

TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 6, 1993

VOL. 33, NO. 36

SUMMARY-INDEX OF NEWS

Broadcast - Cable

TELCOS CAN OWN WIRELESS CABLE: FCC says telco ban doesn't apply. Court appeal possible. Schmidt says telcos are anxious to enter business. (P. 1)

YANKEE GAMES TARGETED FOR CABLE: MSG Network wants WPIX to pay \$15 million annually to continue to air 50 games, rejects alternatives suggested by station. INTV protests. (P. 2)

CABLE DIFFERENTIATION ATTACKED: Groups agree FCC can't distinguish between small independents and MSOs on cable rules. Amount of relief for small cable systems disputed. (P. 3)

CABLE RATES DEBATED: Markey hits Sept. 1 increases. Quello promises review of hikes that 'appear to go beyond what the rules permit.' Court won't delay start. (P. 3)

N.J. BELL MODIFIES VDT: Telco to limit programmer to half of VDT capacity, tells FCC that VDT will pay full share of upgrade costs. (P. 4)

MURDOCH TO EXPAND: News Corp. plans CNN competitor, to launch digital satellite data system on 3 continents. Sky News to expand to 18 channels from 6, will reach Americas, Asia, Europe. (P. 4)

BOSTON COURTS TELCO: Mayor asks New England Telephone to discuss entering cable. Telco is interested. Cablevision defends service. (P. 5)

TELCOS CAN OWN WIRELESS CABLE: Telco-cable cross-ownership ban doesn't apply to wireless cable, FCC said in 3 little-noticed decisions on instructional TV fixed service (ITFS) applications involving Roanoke, Va. Losing applicants in all 3 cases had claimed that local school districts weren't entitled to licenses because they planned to use facilities provided by local telco, subsidiary of Roanoke & Botetourt Telephone Co., in violation of telco-cable cross-ownership ban. FCC decisions still could be appealed to courts.

Losing applicants claimed that ban does apply to wireless cable, since 1992 Cable Act refers to all "video programming." They said that means that telcos can't be involved in any business providing programming directly to subscribers. FCC agreed with winning applicants (Salem School Board for G1-G4 channels, Roanoke County School Board for D1-D4 and Botetourt County School Board for B1-B4) that ban doesn't apply to wireless cable.

"We believe that the intent of the statute is to proscribe the transmission of video programming by a common carrier by way of cable systems, and not wireless cable," FCC said in 3 virtually identical decisions Aug. 30. Backing its claim, FCC said ban is part of "larger statute" that defines "cable system" as one that includes "closed transmission paths" such as actual wires, rather than open broadcasts as in wireless cable.

Consumer Electronics

BERLIN SHOW IS WIDESCREEN TV FEST, although slumping European economy keeps innovations to minimum. Renewed emphasis is seen on PALPlus. (P. 8)

UPBEAT TCE SLATES SOFTWARE ENTRY once finances are in shape, says Chmn.-CEO Prestat, who cites improved U.S. performance 'without destroying market.' (P. 9)

VIDEO CD CONFUSION CONTINUES, with executives of proponents continuing to disagree over possibility of playing discs on audio CD players with adapters. (P. 11)

MINIDISC AND DCC PROPONENTS state cases in Berlin, with Sony's Ohga declaring MD is 'firmly on target,' Philips' Bodt saying DCC always will be stepup from analog. (P. 12)

W-VHS SPECIFICATIONS SET set by JVC, following technical talks with Mitsubishi, Matsushita, Sharp, Hitachi on next-generation VHS-compatible system. (P. 13)

3DO SETS SIGHTS ON CABLE, hoping to participate in 'major trial' of set-top box next year. Hawkins satisfied with launch plan for Panasonic unit next month. (P. 14)

'NEW' EMERSON IS GOAL of latest administration, as company seeks to work way out of financial difficulties, capitalize on strength of brand. (P. 14)

JUNE AUDIO SALES up slightly, due to surprising success in market for separate components, EIA says. (P. 15)

Decision is significant because "a lot of telephone companies want to get involved in video," said Washington attorney William Freedman, who represented school districts. "Since the Bell Atlantic case [TVD Aug 30 p2] probably will be appealed, it may be a long time before they can. This gives them another avenue." Freedman said FCC has issued ITFS licenses to telcos in past, but never directly had to address issue of telco-cable ban because oppositions raising issue weren't filed.

Decision will have "far-reaching ramifications" for wireless cable, said Robert Schmidt, pres. of Wireless Cable Assn.: "For some time, there has been more than casual interest by telcos in our industry, but there always was the question of whether the restrictions applied. This clears that up. The prospect of telcos' buying in is real." Schmidt said wireless cable "welcomes" telco entry into business, in part because wireless cable often has been starved for investment capital. He acknowledged that telcos could set up competing wireless cable systems: "If they want to compete with us, so be it. But I think it would be prudent for them to look at our business."

ALL YANKEE GAMES TARGETED FOR CABLE: MSG Network claims that it would be economically unfeasible to permit WPIX N.Y. to continue to air 50 N.Y. Yankee games per season on free TV, saying it would shift games to its cable sports network unless station pays \$15-million annual fee. MSG has had rights to Yankee games since 1991 as part of \$485-million contract with team and has been cablecasting 75 games per season, paying WPIX \$5 million annually to air 50 games, with cable network selling spots in over-air telecasts. MSG said it has lost \$22 million in 3 years that deal has been in force.

Threat of WPIX's losing Yankee telecasts was major issue in Congress when MSG obtained team rights, and if INTV has its way it will become so again. "This is what we argued was eventually going to happen," INTV Pres. James Hedlund told us Sept. 3. "The FCC and Congress are going to have this issue on their desks early next week." Last spring, Commission sent report to Congress saying that sports migration to cable hadn't been major problem. Unrelated to MSG-WPIX dispute, FCBA will sponsor seminar Sept. 27 on sports law, at which House Telecom Subcommittee Chmn. Markey (D-Mass.) will speak.

WPIX said it offered MSG Network 3 proposals, all rejected, but parties said they plan to meet again. WPIX Pres.-Gen. Mgr. Michael Eigner said that more than 80% of homes in Bronx and Brooklyn boroughs of N.Y.C. don't subscribe to cable and will lose Yankee telecasts if MSG takes them all. Said MSG Network Pres. Douglas Moss in N.Y. Times: "All we're trying to do is make a reasonable deal, but we can't continue to suffer losses." WPIX, owned by Tribune Co., has aired Yankee games since it went on air in 1948. MSG Network and Madison Sq. Garden are owned by Paramount.

FRANCHISING AUTHORITIES BEGIN FILING FOR FCC CERTIFICATION

Applications for FCC certification of franchising authorities will be available beginning Sept. 7 at its hq, Rm. 250, Commission said. Opponents have 30 days after filings, which began with 22 received Sept. 1, to object to certification, but Commission has no immediate plans to distribute list of applications, only to make them available for viewing at FCC hq. Agency has predicted that thousands of communities could file FCC Form 328s, applying for certification to regulate rates.

Warren's Cable Regulation Monitor has assigned staff to excerpt filings, list of which it will publish each week. Information on all applications will be available from Warren's Market Research & Data Sales Div. Additional details on Monitor subscriptions are available at 202-872-9202, ext. 201. Computerized details on franchising authorities and cable systems they regulate are available from Data Sales Div. at 202-872-9202, ext. 264 or 281.

FCC Form 328 includes: (1) Name of franchising authority. (2) Mailing address. (3) Telephone number. (4) Contact person. (5) Cable systems within authority's jurisdiction, including address and FCC community unit identifier. (6) Name of systems subject to regulation.

FCC said Sept. 1 it would implement "as expeditiously as possible" new fee schedule signed by President Clinton Aug. 10 (TVD Aug 9 p2). New rules will be issued laying out procedures, with fee collection expected to start April 1, 1994, Commission said.

SaskTel and Acme Video will test fiber video-on-demand on 200 households in Regina, Sask. Companies providing equipment for year-long trial include Beck Technology, Develcon Electronics, Earthvision Systems, Northern Telecom.

CABLE DIFFERENTIATION ATTACKED: FCC doesn't have legal right to distinguish between small independent cable systems and small systems owned by MSOs when it eases regulations for small systems (TVD Aug 16 p2), most commenters said in rulemaking. Cities and others said that means that FCC can grant only most limited relief for small systems, while cable operators said it means that MSO-owned systems should get same extensive relief as independent systems.

Cable systems should get only "procedural relief" from rate rules because Cable Act doesn't permit subscribers to small systems to receive less complete rate protection than those of large systems, said joint filing by National Assn. of Telecommunications Officers & Advisers (NATO), National League of Cities, U.S. Conference of Mayors, National Assn. of Counties. Whatever relief FCC grants "should not exempt any small systems from [FCC's] substantive rate regulations," cities said.

FCC doesn't have legal authority to differentiate between independents and MSO-owned systems, NCTA said, and Cable Act does require Commission to grant regulatory relief to those with fewer than 1,000 subscribers: "The statute says what it says." NCTA said changes would affect only 2.1 million subscribers, 3.5% of total. Rate rules would have same impact on MSO-owned cable systems as on independents, CATA said. In rulemaking, FCC suggested that MSO central offices could ease compliance burden for MSOs' small systems. CATA acknowledged there could be some savings, but "not sufficient to outweigh the burden shared by all of the systems." National Telephone Cooperative Assn. (NTCA), whose members own 160 small cable systems, estimated that cost of filling out FCC's rate regulation form (Form 393) would amount to \$2.29 per subscriber per month every year for 500-subscriber system, based on \$25-per-hour labor cost. Cost studies of required equipment would add another \$1.25 per subscriber per month, NTCA said. Falcon said MSO central offices can't help absorb burden because they don't have "resources to deal with the hundreds of virtually simultaneously occurring proceedings."

FCC should use franchise area to determine system size, rather than headend definition, several cable groups said. Joint filing by 18 "medium-sized" MSOs (with total of 25% of all cable subscribers) said franchise area definition is needed to "harmonize" with other FCC Cable Act rules and because headend definition would be disincentive to upgrade and consolidate systems through fiber-connected headends.

Other comments on rulemaking: (1) Union Telephone said administrative burdens of rate rules "may compel it to abandon its cable business." (2) Tele-Media said that if FCC limits relief allowed to MSO-owned systems, limit should apply only to MSOs with more than one million subscribers. (3) NTCA said FCC should allow small systems to negotiate rates with franchise authorities, rather than go through FCC process, or simply to file their rates with authorities.

New TV stations on air, both independents: (1) WTMW (Ch. 14) Arlington, Va., licensed to Urban Bctg. Corp. Pres.-Gen. Mgr. Theodore White is 55% owner (Silver King Bctg. owns 45%), Page Silver vp-secy., Curtis Garris chief engineer, Lloyd Palmer sales mgr., G.G. Hinton program dir. (2) WEYS (Ch. 22) Key West, Fla., owned by Penny Drucker; David Solomon is gen. mgr., sales mgr. and program dir., Steve Gnandt chief engineer. New starts raise operating U.S. TV stations to 1,509, of which 1,143 are commercial, 366 educational.

CABLE RATES DEBATED: House Telecom Subcommittee Chmn. Markey (D-Mass.) and FCC Chmn. Quello commemorated beginning of rate cable regulation Sept. 1 by continuing debate on possible effects of new rules. In Aug. 31 letter to Commission, Markey said he was concerned that (1) rate increases were possible under new rules, (2) some cable operators were trying to persuade local authorities not to regulate rates, (3) operators were trying to evade intent of Congress by raising prices for basic services and equipment. Quello voiced "serious concern" about number of rate increases after reregulation (TVD Aug 23 p2). U.S. Appeals Court, meanwhile, rejected last-min. bid to delay start of rate regulation.

"If cable operators find that they can increase their rates for programming and recapture any losses on equipment, clearly they are charging prices for programming far above their actual cost, to the detriment of consumers," Markey said. "Nobody's cable bill should be going up unless they get more services." If operators can follow that strategy, cushion should be eliminated as FCC reduces benchmark rates, Markey said. He pressed agency for tougher oversight of cable: "Some cable operators will continue to price-gouge if they are not watched closely."

FCC, meanwhile, was kept busy responding to frequent reports from around country of dozens of cases in which cable subscribers would pay more under reregulation. Responding to Washington Post report that many cable rates in Washington, D.C., area would go up, Quello sent memo to Congress Sept. 1 saying that analysis was misleading because, in one example he cited, increases affect only 2.4% of customers. Rate increases are subject to review by local authorities and FCC, Quello pointed out. He acknowledged that some rates "at first blush, appear to go beyond what the rules permit." He called situation one of "serious concern" and pledged FCC would "watch the situation closely." Telecom Subcommittee is likely to hold oversight hearing this fall.

Appeals Court refusal to delay cable rate rules allowed them to take effect on schedule Sept. 1 despite appeals by CATA, InterMedia Partners, others (TVD Aug 23 p4). Order said only that cable groups "have not satisfied the stringent standards required" for granting stay. They had claimed that Congress improperly pressured FCC to accelerate rate rules to Sept. 1 from Oct. 1, and that speed-up violated Administrative Procedure Act. CATA Exec. Vp James Ewalt said he wasn't surprised at decision, and that group won't appeal. Main appeal of rate rules now is original case filed by Daniels and others.

Key Senate Republicans, including staff of Minority Leader Dole (R-Kan.), said they know of no plans to put hold on nomination of Reed Hundt to be FCC chmn. pending selection of Republican commissioner (TVD Aug 30 p5). Dole staffer said there was "nothing to it [report of hold]. Maybe somebody else out there is doing it, but not us." Similarly, spokesman for Sen. Burns (R-Mont.), leading Republican member of Senate Commerce Committee, said Burns has no plans to hold up Hundt's nomination, while other offices said they hadn't heard of such plans. Commerce Committee is expected to hold hearing on Hundt's nomination late this month.

Radio ad revenue was up 9% in July, vs. same month year ago, although growth rate was lower than in June, RAB said. Both national spot and local rose 9% for month (vs. 10% and 14%, respectively in June). For year-to-date, local revenue is up 9%, national spot 7%, RAB said.

N.J. BELL MODIFIES VDT: N.J. Bell (NJB) will limit single programmer to half of capacity of its proposed video dial tone (VDT) networks in Florham Park and Dover, N.J., at least until fully operational 384-channel systems are available, telco told FCC. It also said VDT service would be allocated full prorated share of construction, common and overhead costs. NJB filed virtually identical amendments to its VDT plan with FCC Sept. 2 in response to Commission demand for more information about project.

NJB is accepting orders for all or part of remaining 32 channels on first 64-channel systems, but said no contracts have been signed. Customers, Sammons in case of Florham, FutureVision in Dover, agreed to interim 32-channel limit, but would retain right to expand to 60 channels when 384-channel system is ready. Commission had questioned whether NJB was offering true VDT if 60 of 64 channels were allocated to single programmer. Full 384-channel capacity will be available by Sept. 1994, telco said. Change requires software upgrade to allow video to be compressed to 1.5 Mbps, rather than be carried in current 45 Mbps channel. NJB told FCC that future channel expansions are possible, to as many as 1,536 channels.

NJB will "separately account for the direct incremental costs" of adding VDT to already planned fiber upgrade to assure that expenses are recovered from incremental revenue rather than from telephone subscribers, it told FCC. For example, it said cost of fiber to deliver programming to central server would be allocated to VDT, but fiber-to-curb to telephony because that upgrade is being done independently of VDT. Telco said overhead and common costs would be allocated between VDT and regular telephony based on percent of total capital spending on each. It said figures aren't final, but estimated that VDT would account for 40-50% of total.

Other information provided to FCC included: (1) Additional VDT channels would be allocated on first-come, first-served basis. First 60 channels were allocated to Sammons and FutureVision on same basis. (2) Florham Park system will be completed about Sept. 1994, Dover 2 years later. (3) NJB contract with Sammons includes option to use latter's drops from curb to home, with NJB to pay Sammons if it exercises option. (4) NJB said only that "revenue expectations were developed through proprietary market studies and direct negotiations with prospective customers," in response to FCC question on how it set its revenue estimates. (5) Revenue estimates for Dover, where there's competing cable operator, assume that 35% of homes passed will take VDT.

FCC said it will begin processing existing applications for instructional TV fixed service (ITFS) licenses, but won't accept new ones immediately. In near future, staff will release list of existing applications for new ITFS licenses or major changes that have been accepted for filing, agency said, and there will be 60-day window after list is released to file competing applications and petitions to deny. Commission said it's beginning procedure because comments in ITFS processing rulemaking have raised several "important and complex issues" that will postpone completion of rulemaking and extend application freeze longer than expected originally. Commission said processing of existing applications would help meet need for new ITFS channels in meantime.

Cox Enterprises plans to test Qualcomm Code Division Multiple Access (CDMA) technology for PCS, using its San Diego cable system.

MURDOCH PLANS SATELLITE SERVICES: Rupert Murdoch unveiled plans Sept. 1 in London for expansion of satellite TV news services and formation of international digital satellite data system on 3 continents. Murdoch said Sky News -- 24-hour news network run by British Sky Bestg. (BSkyB), which he announced was being expanded to 18 channels from 6 -- will be broadcast to Americas, Asia and Europe and eventually rest of world. Industry observers expected that Murdoch would use recently acquired Star TV to broadcast news programs to Asia and that Sky News eventually would grow to be serious competitor to CNN International.

New 18-channel package will increase BSkyB's subscriber base by 15 million viewers, Murdoch said. Announcement of expanded package brought in 65,000 subscribers in one day, he said. BSkyB will own only 2 channels in package, with rest as partnerships. Lineup will include Movie Channel, MTV, Nickelodeon, Sky One, Sky Sports, UK Living and home shopping and educational channels.

Murdoch's News Datacom signed agreement with Comstream, British research and telecommunications organization, to develop digital satellite system for Europe, Asia and Americas that would use satellite and telephone technology. Service will allow users access to news, educational materials, other information. News Corp. said it's buying on-line service Delphi Internet Services for undisclosed amount as part of effort to create "electronic newspaper."

Strong NPR member station interest in beefed-up coverage of breaking news is highlighted in recent survey. Some 50% of 100 stations polled by NPR said they would be "very interested" in carrying breaking news outside of NPR's flagship newsmagazine shows such as Morning Edition and All Things Considered. Another 18% said they would be "interested" and 27% were "somewhat interested." In another finding, 55% of surveyed stations said they were "likely" to break away from regular programming for breaking coverage, 41% said that would be "possible" and only 2% indicated they wouldn't. Poll came as NPR planned to begin offering 24-hour newscasts weekdays beginning next month, up from current 18 hours. It's also talking with undisclosed commercial networks on occasionally using their feeds of breaking events.

Deadline for comments on FCC proposal for partial return of antitrafficking rule has been extended by Commission at request of Media Access Project (MAP). Rulemaking was issued Aug. 12, with comments originally due Sept. 13. MAP successfully argued that short filing period coincided with "strict statutory deadlines" imposed by Cable Act. As result, FCC extended comments deadline to Oct. 13, with replies due Oct. 28. Proposal would require applicant that wins frequency in comparative hearing to hold onto station minimum of 3 years.

NBC must pay back overtime to journalists, U.S. Magistrate Kathleen Roberts, N.Y.C., ruled in settling 1985 case involving 149 newsroom employees. Roberts didn't set specific damages, but said NBC should use her ruling to settle case. NABET and employees argued that they were entitled to overtime under federal law because their work isn't professional in nature, instead is "routine" and "mechanical." Network, in turn, claimed that employees weren't entitled to more money because their work required "talent to the highest degree" and therefore is professional.

BOSTON COURTS TELCO: Boston Mayor Thomas Menino asked New England Telephone (NET) to meet with him to discuss options, possibly including entering cable TV to compete with Cablevision Systems and keep rates down. Cablevision Systems has 103,000 subscribers in city. Menino's Aug. 25 letter to NET Pres. Donald Reed followed decision by U.S. Dist. Court in Alexandria, Va., that affirmed Bell Atlantic's right to enter cable (TVD Aug 30 p2).

Menino said rate increases are possibility as result of Cable Act and city should "evaluate every contingency" for video service. His press secretary, Howard Liebowitz, said that after mayor heard complaints he realized that he had received mailings from Cablevision at home "crying about how rates would be going up and it wasn't their fault. They had a lot of justifications, but it just didn't ring well. The mayor figured it would be better to get some other participants involved."

NET plans to meet with Menino to discuss entering cable. NET spokesman said: "We fully support open competition for telecommunications, for entertainment and for information services, because this would increase quality and will really result in a virtual explosion of choices of services for customers." Spokesman said company is looking at "regulatory, legal, business and infrastructure issues" related to entry.

Cablevision is holding cable rates down, said William Quinn, pres.-cable operations: "The notion that our rates are a problem is somewhat puzzling." In Boston, basic rate will drop to \$7.52 from \$9.95, although expanded basic will increase to \$21.31 for 52 channels from \$20.45. Quinn downplayed significance of letter, saying that mayor often calls cable operator in to discuss issues. He also discounted city's role in determining whether telcos enter cable in city because, if Bell Atlantic decision stands, they can do so regardless of whether cities invite them.

"The telcos will do whatever they want," Quinn told us. "Any of the governments will have nothing to say about whether these guys are in or out." Quinn also said that telcos probably won't have to pay franchise fee to start cable service since they already have right to build their facilities across govt.-controlled rights of way.

Senate Communications Subcommittee hearing Sept. 8 on omnibus telecommunications legislation (S-1086) will feature AT&T Chmn. Robert Allen and Ameritech Chmn. William Weiss, among others. Also scheduled to testify are Dean (Joe) Miller of Ida. PUC, chmn. of NARUC Communications Committee; Mitchell Kapor, Electronic Frontier Foundation founder; Gene Kimmelman, legislative dir. of Consumer Federation of America. Other witnesses are yet to be firmed up. Bill deals with local competition, telco entry into cable, MFJ information services, interLATA restrictions. Hearing will be at 9:30 a.m., Rm. 253, Russell Bldg.

Political consultant Roger Ailes was named pres. of CNBC, also will oversee planned NBC cable channel, America's Talking. NBC CEO Robert Wright said Ailes' programming and promotional skills also will be used in other parts of company. Ailes will report to NBC Pres. Robert Wright and NBC Cable Pres. Thomas Rogers "with respect to CNBC's role in the cable industry." Ailes consults on such shows as Hard Copy, Entertainment Tonight, John and Leeza Show, is exec. producer of Rush Limbaugh Show. Current Pres. Al Barber will leave CNBC after transition period to "pursue other opportunities," spokesman said.

MISS. ETV CRITICIZED: Board of Miss. Authority for Educational TV (MAET) "relied excessively on MAET executive managers to formulate and implement policy without appropriate review and control." That's key finding of investigation of state network and its private fund-raising foundation by Miss. legislature's oversight agency, Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER). Report was 2nd on MAET by joint legislative panel in 5 months. Committee said it undertook latest review following "numerous allegations" by agency employees, private citizens and "anonymous complainants."

It came shortly before resignation of Interim Exec. Dir. Sarah White, who succeeded A.J. (Jody) Jaeger when he stepped down several months ago in wake of PEER probe. Production Dir. Jeff Judin is new interim exec. dir. White was foundation's development dir. until Dec. 1989 when she was promoted to deputy MAET dir. PEER was critical of "financial responsibilities" she retained for foundation, which is supposed to have arm's-length relationship with network. Jaeger strongly disagreed with report in interview.

As result of claimed lack of involvement by board, which PEER said "compromised fulfillment of [board's] statutory responsibilities," report said that then-MAET management: (1) "Without board oversight, determined agency mission and planning, and directed expenditures, production projects, contractual services and capital assets." Committee said that management significantly decreased funding of and emphasis on instructional TV over several years "without obtaining the board's input or approval. (2) Expended \$347,000 in state funds and \$510,000 in private foundation dollars for "questionable or uneconomical purposes," including \$201,000 for 2 consulting contracts "lacking written agreements and board approval." (3) Spent nearly \$43,000 to employ PR consultant "who actually worked in the governor's office."

Five groups with total of 26 TV stations have formed Partner Stations Network L.P. (PSN) to produce first-run TV programs for themselves and syndication. Goal is to reduce costs, said Michael Lambert, pres. of general partner Lambert TV Management. He said PSN also will provide cost-effective proving ground for new shows, since members can conduct short trials on their stations before committing to full seasons. Partners include LIN Bcstg. (7 stations), Malrite (4), Pappas Telecasting (2), Providence Journal Co. (9), River City Bestg. (4). Lambert was pres. of 20th Century Fox Domestic TV until forming own firm in 1992, earlier was senior vp, HBO Enterprises. "PSN gives us an opportunity to control our destiny by creating a proprietary source of quality programming," said Gary Chapman, pres.-LIN Bcstg. Henry Pappas of Pappas Telecasting said group is concerned that 2 studios control 15 of top 20 syndicated programs.

Judge John Sprizzo, U.S. Dist. Court, N.Y.C., said after oral argument in Primestar antitrust case that he would sign proposed consent decree between company and 40 states attorneys gen. Attorneys for Hughes DirecTv and Wireless Cable Assn. urged Sprizzo to reject decree as anticompetitive, but he said it would improve competition, wouldn't make lawful anything that was made unlawful in 1992 Cable Act, wouldn't extinguish anyone's rights and wouldn't make any parties worse off. Decree contains controversial provision that allows for exclusive provision of programming to proposed direct broadcast (DBS) operator U.S. Satellite Bestg.

DOJ WARNS AGAINST CHILD PORNOGRAPHY: Justice Dept. (DoJ) Aug. 31 unveiled campaign to crack down on transportation of child pornography using computer graphics and technologies. Officials said they had obtained indictments of 6 individuals who imported pornographic images from computer bulletin board in Denmark.

George Burgasser, acting chief of DoJ's Child Exploitation & Obscenity section, said effort was continuation of 7-year campaign to force child pornographers out of business. Effort was largely successful, Burgasser said, but "cottage trade" continued and has flourished with ability to send computer graphics over telephone lines. Now, he said, material formerly found in print is turning up on computer bulletin boards.

About 300 agents, Customs and other officials were involved in "Operation Long Arm," investigation that resulted in tracking down and seizure of subscribers to Bamse BBS, bulletin board in Aalborg, Denmark, that offered pornographic images. Customs Service said 45 Americans were "knowingly involved" in importing child pornography from Bamse BBS. Burgasser said other investigations were continuing.

Alexander acknowledged that federal law protects electronic mail. He said DoJ's general policy is that if private E-mail is found, investigators are told: "Don't read it." But he acknowledged that E-mail could be in form of pornographic graphics file, not only in text form. In that case, he said, if govt. knew from BBS operating records what file was transmitted, it could obtain search warrant and use that method to read electronic mail containing pornographic images.

There's no question that on-line sex is integral part of on-line culture. Sept. 1993 issue of Boardwatch magazine, which covers bulletin boards, lists 100 most popular boards in U.S., based on 20,200 votes by subscribers. Of those, about dozen, including 3 of top 10, offer sexually explicit content, including computer graphics images.

Legends Graphics Online, Riverside, Cal., BBS that offers sex photos and video, carries no warning, although operator Joe Marquez told us he's thinking of copying one from another board. He said he didn't believe child pornography was problem among large BBS systems and is confined to much smaller boards.

Industry tradition will go by boards this fall when Howard Stringer, pres. of CBS Bestg. Group, speaks at opening fall lunch of International Radio & TV Society (IRTS) Sept. 23 in N.Y. That spot traditionally has been taken by FCC chmn., but James Quello, who is holding seat on interim basis, wasn't invited. Democrat Reed Hundt has been nominated by White House to fill seat on regular basis and is awaiting confirmation hearing later this month. As result, Hundt will be invited in Nov. or later, IRTS Exec. Dir. Steven Labunski told us. IRTS Pres. Peter Lund, who also is exec. vp of CBS Best. Group, "will pose the questions" provided by audience, IRTS said.

Koplar Communications is negotiating possible sale of KPLR-TV St. Louis (Ch. 11, Ind.) to Tribune Bestg., Chmn. Ted Koplar said. If deal falls through, Koplar told St. Louis Post-Dispatch, firm will consider selling it to others. He said station has been losing money for years, largely because of expensive deal to acquire broadcast rights for Cardinals baseball. Koplar was a leader in INTV effort to stem what it termed migration of sports programming to cable.

Unusual request faces FCC Comr. Barrett, who told us he won't honor it: Caucus for Media Diversity (CMD) -- which has filed for reconsideration of Commission's grant of permanent waiver of cross-ownership rule to permit Rupert Murdoch's News Corp. to acquire N.Y. Post in bankruptcy proceeding (TVD July 5 p8) -- asked Barrett to withhold his vote until 4th commissioner is on board. He had dissented to waiver, which was approved on 2-1 vote, and without his vote, CMD reasoned, there wouldn't be majority of 5 authorized commissioners voting as required by law. Caucus actually asked FCC to hold "in abeyance" its petition for reconsideration until Chmn.-designate Reed Hundt has been confirmed by Senate and sworn in. Short of that, it asked Barrett to withhold his vote, which would prevent agency from reaffirming its decision. Said CMD: "The FCC's first permanent waiver ever of this preeminent ownership rule should not be supported on the thin reed of a 2-1 vote of a Commission that has 2 vacancies... CMD respectfully submits that Commissioner Barrett should use his lawful power to prevent a quorum in order to ensure that this petition for reconsideration is held in abeyance pending its review by Chairman-designate Hundt." Barrett said from Chicago that he would reject request: "I don't play games with the process for nobody... not even my mother... It seems that group has an economic interest and I just wonder where they have been in my battles with my colleagues on EEO matters." He said his dissent was based on concern that action without hearing would set precedent for future waiver requests.

Cable MSO Bresnan Communications is asking WLUC-TV Marquette, Mich., to pay \$1 per subscriber per month for carriage of its signal in Mich.'s Upper Peninsula. Money would be passed on to subscribers in form of reduced monthly bill, Bresnan said. Request is latest step in months-long fight between Bresnan and WLUC-TV, which has been seeking retransmission consent fee of \$1.25 per subscriber per month. "Nowhere in those rules is there any language saying a broadcaster can't pay a cable company for carriage of its signal," said Bresnan Gen. Counsel Robert Bresnan. "Once a station chooses to go the retransmission consent route, it puts the ball into play. We examined the relative value received... and reached the conclusion that [WLUC-TV] receives far more value from Bresnan than vice versa." Bresnan said station admitted that 70% of its viewers get signal via cable. He charged that station had mounted "a vigorous anti-Bresnan campaign," including on-air editorials and news stories, as well as generating negative coverage in other media. Station is affiliate of ABC and NBC.

FCBA will sponsor sports law symposium 5 p.m. Sept. 27, Cannon House Office Bldg. Caucus Room. House Telecom Subcommittee Chmn. Markey (D-Mass.) will speak on sports and cable. Other panelists include INTV Gen. Counsel David Donovan, ESPN Gen. Counsel Edwin Durso, FCC's Jonathan Levy, NHL Gen. Counsel Jeffrey Pash, Showtime Chmn. Winston Cox -- 202-833-2684.

NBC and Times Mirror signed retransmission consent deal. Under multiyear agreement, Times Mirror gets consent for NBC-owned stations in return for renewal of CNBC carriage, plus "substantial launch" of America's Talking channel. Times Mirror also gets distribution rights for NBC's planned 24-hour Spanish-language news channel Canal des Noticias.

FCC began distributing Form 393, which is used to determine whether cable rates and equipment prices are reasonable, Sept. 1. Form can be obtained from: FCC, Cable Form Request 393, Box 18238, Washington, D.C. 20036.

Personals

FCC Chmn. **Quello** speaks at Sept. 29 banquet of Pa. Assn. of Bestrs. at which **Lew Klein**, who retired this summer as pres. of Gateway Communications, will receive Assn.'s Gold Medal award, Adam's Mark Hotel, Philadelphia... **Mark Higgins**, gen. sales mgr., WTWT Tampa, advanced to vp-dir. sales... **Sara McCormack** promoted to local sales mgr., WMTV Madison, Wis... **Brian Grief**, ex-WHO-TV Des Moines, appointed news dir., WSVN Miami, succeeding **Joel Cheatwood**, now senior vp of parent Sunbeam TV... **Robert Gordon**, ex-Gordon Group pres., named pres.-CEO, WQTV Boston... Promotions at KTBS-TV Shreveport: **George Sirven** to gen. sales mgr., **Susan Yarbrough** to local sales mgr., **Melissa Buford** to dir.-community projects... **Terry Crofoot**, pres.-gen. mgr., KABC-TV L.A., will leave to "pursue a more hands-on career in the news business."

Bert Gould advanced to vp-mktg., promotion and program strategy, Fox Children's Network... **Christopher Savage**, former Bell Atlantic Network Services senior attorney, joins Cole, Raywid & Braverman, Washington law firm, as partner... **Caroline Reyes** promoted to vp-production management, Showtime... **Jim Schuster** promoted at Crawford Satellite Services to vp-satellite services... **Robert Bruce**, former FCC gen. counsel, joins Debevoise & Plimpton law firm London office.

Michael McMullen, former Michael W.D. McMullen & Assoc., joins Home Shopping Network as pres.-international div... **Larry Mihalchik**, ex-Loyalty Management, Boston, appointed senior vp-chief financial officer, M/A Com... **Alan Foster**, ex-WITF-TV Harrisburg, Pa., joins public TV's American Program Service as dir.-national syndication, new post... **Philip Kane** promoted to engineer-in-charge, FCC San Francisco office... **Charles Coleman**, ex-Radio City Music Hall Productions, appointed controller-administration dir., Worldwide TV News.

Gregg Maday, Prime Time Entertainment Network senior vp-programming, also named senior vp-movies and miniseries, Warner Bros. TV, in consolidation with Lorimar TV... **Richard Easthouse** promoted to vp-domestic TV, northeast region, ITC Entertainment... **Debra Hunt**, ex-KHSC Ontario, Cal., appointed vp-station mgr., co-owned KHSH Alvin, Tex... **Marilyn Solomon**, ex-KCOP L.A., appointed dir.-public affairs program development, parent Chris-Craft TV... **Adele Rifkin** promoted to program dir., WNBC-TV N.Y... **Frank Ratermann**, ex-WBAL-TV Baltimore, appointed local sales mgr., WHTM-TV Harrisburg, Pa... **Robert Casazza**, vp-audience development, WJLA-TV Washington, joins KING-TV Seattle as dir.-mktg.

Jane Jackson, chief, FCC Common Carrier Bureau Accounting & Audits Div., joins Dow, Lohnes & Albertson, Washington law firm... **Mary Bitterman**, communications consultant, appointed pres.-CEO, KQED San Francisco... **Thomas Stanley**, FCC chief engineer, will address Utilities Communications Council on PCS, Sept. 8, 9:15 a.m., Doubletree Hotel, Arlington, Va... FCC Comr. **Duggan** will be keynote speaker Sept. 10, noon, at National Assn. of Telecommunications Officers & Advisers, Disney Resort, Orlando... Promotions at Viacom International: **Michael Cruz** to vp-assistant controller; **Richard Rothstein** to vp-corporate information services.

FCC Mass Media Bureau reduced fine for WBHL(FM) Florence, Ala., to \$1,250 from \$5,000 because of station's poor financial condition. Noncommercial station was fined for violating commercial notice rules.

FCC should delay lifting freeze on MDS (Multipoint Distribution Service) applications at least until it has completed planning for transition to digital wireless cable, Wireless Cable Assn. (WCA) told Commission. Group said, however, that FCC should "view with favor" requests by "bona fide wireless cable system operators" for additional MDS channels. WCA predicted that if FCC lifts freeze "there will be a massive filing of speculative and greenmail applications," including many by "application mills." Main unintended benefit of freeze, which has been in place since last year, has been that it afforded "breathing room" that could help wireless cable make transition to digital from analog, WCA said: "The transition to digital technology will present a host of fundamental issues for the Commission to resolve. Not the least of these will be to establish an appropriate service area for each licensee and to develop appropriate interference protection standards." WCA said work of its research center should allow it to present petition for rulemaking in first half of 1994, proposing rules for transition. Group also said FCC should process all pending MDS applications, create database and establish procedures before ending freeze. WCA said FCC should define "bona fide" cable operator as one that already has 12 channels, including at least 4 full-time MDS channels.

Objecting to comments by House Telecom Subcommittee Chmn. **Markey** (D-Mass.) on Bell Atlantic court victory in telco-cable cross-ownership case (TVD Aug 30 p2), USTA Pres. **John Sodolski** said there never has been demonstrated case of telco-cable cross-subsidies. Markey said "Christians had a better chance against the lions" than consumers and competitors will have against telcos unless safeguards are established. Sodolski, in letter to Markey, said several hundred local telcos operate cable systems, without proved case of cross-subsidies: "It has often been the case that the localities have come to their local telephone company and asked for us to provide cable service [and] numerous surveys have documented that the public would prefer to allow telephone companies to compete in this field." Sodolski said he was "particularly incredulous that it is the poor cable companies who are now being cast as faithful and defenseless Christians led to the slaughter."

FX is name of new Fox TV cable network, to be launched March 1. Fox said it also has signed deals with 6 more MSOs -- Adelphia, Booth American, Bresnan, Newhouse, TKR, Triax. Fox earlier had signed carriage deals with Cox, InterMedia, Prime, TCI, TeleCable, Times Mirror, Viacom. FX will include live "breakfast show" produced by Fox Circle Productions. Lineup will include other live and original programs, as well as programming from 20th Century Fox library, company said.

Lenfest will participate in Australian pay TV through "significant" ownership interest in 2 Australian companies expected to receive licenses, company said. Australian Communications Dept. said it will grant licenses to UCOM Australia Pty. Ltd. and New World Telecommunications, which bid total of \$143 million for rights to 8 nationwide pay-TV channels. Details of deal for Lenfest to become part owner are to be finalized in Sydney next week. Terms weren't disclosed.

Providence Journal Co. said it will spin off Colony Communications. New firm, to be publicly traded, will include cable operations with 670,000 subscribers, plus TV stations in Boise, Honolulu, Portland, Ore., Seattle, Spokane. Restructuring, to be completed in 1994, will leave original company with newspapers and with TV stations in Albuquerque, Charlotte, Louisville, Tucson.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	AUG. 14-20	1992 WEEK	% CHANGE	AUG. 8-14	33 WEEKS 1993	33 WEEKS 1992	% CHANGE
TOTAL COLOR.....	446,800	513,187	-12.9	365,994	13,262,499*	12,045,652	+10.1
DIRECT-VIEW...	441,658	506,401	-12.8	359,966	13,050,779*	11,845,614	+10.2
TV ONLY.....	417,916	493,748	-15.4	346,423	12,337,879*	11,376,961	+ 8.4
TV/VCR COMBO.	23,742*	12,653	+87.6	13,543*	712,900*	468,653	+52.1
PROJECTION....	5,142	6,786	-24.2	6,028	211,720*	200,038	+ 5.8
VCR DECKS.....	223,529	312,316*	-28.4	160,915	6,604,846	6,662,249	- 0.9
CAMCORDERS.....	36,481	55,379	-34.1	23,558	1,647,373*	1,521,020	+ 8.3
LASERDISC PLYRS#	3,610	2,874	+25.6	2,649	121,511	121,761	- 0.2

Direct-view TV 5-week average: 1993--445,391; 1992--400,664 (up 11.2%).

VCR deck 5-week average: 1993--232,641; 1992--274,314 (down 15.2%).

Camcorder 5-week average: 1993--52,603; 1992--61,226* (down 14.1%).

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

BERLIN SHOW EMPHASIZES WIDESCREEN TV: Berlin's huge Internationale Funkausstellung

(IFA)--subtitled "World of Consumer Electronics" -- which ended 10-day run Sun., was undeniably a TV show. With European TV sales down 9% in first half, VCR sales off 15% and camcorders sagging 15%, it wasn't exactly a show chock full of innovations.

Past editions of biennial event have highlighted hopes for pan-European HDTV system -- hopes that have been dashed for time being by European Commission (EC) rejection of HD-MAC high-definition system and imminence of digital system in U.S. Nevertheless, IFA remains showcase for TV, and TV's best foot forward at this show was widescreen, most visible remnant of Europe's hopes for HDTV. TVs carrying more than 50 brand names were on display at IFA's nearly million sq. ft. of exhibits. All major TV exhibits and many minor ones -- including some from China and Eastern Europe -- displayed widescreen sets, despite fact that sales are minimal because of price.

TV still is consumer electronics' showcase, and showcases of TVs themselves sometimes eclipsed product and feature messages. Prime example was breathtaking display of video sculpture in giant Philips pavilion in which artists were given free rein, producing such giant-sized novelties as huge waterwheel adorned with TV sets, each showing waterfall, which revolved slowly, hovering over exhibit as laser light swept across interior of hall. All sculptures have been donated by Philips to museums after show closes.

Whether this sells TV sets is open to question, but it made for tremendously impressive show for estimated 500,000 consumer and trade attendees.

As for actual product, once again it emphasized dramatic design. And there were several product and feature debuts that already have been exploited in U.S. -- Dolby surround, just reaching European TV, and Continental European debut of ShowView video programmer (known in U.S. as VCR Plus), simultaneously premiered by every major European TV-VCR marketer except Bang & Olufsen. Also making big splash was flat-faced picture tube, Thomson and Philips unashamedly appropriating Panasonic's "superflat" label, while Panasonic reverted to its trademarked "Gaoo."

Widescreen TV sets emphasized middle-sized 30W version (32W" in European measurement) -- size that has been scorned in U.S. in favor of largest 34" (Thomson already is talking of even larger tube). Projection TV is beginning to make impression in Europe but isn't nearly as omnipresent as it is in U.S.

Fewer "products of the future" were demonstrated than is usual at Berlin show. One of most impressive was Panasonic's new FlatVision 14" thin TV using its beam matrix display, just now being commercialized in Japan (TVD Aug 10 p10). Colors were excellent, with sharp and bright picture. Sets were displayed as stand-up table models and wall-mounted versions.

Most attention-getting far-out product of future was Laser TV, displayed by Schneider. Shown in rear-projection 200" theater-sized version and front projection on screen about 40", it was described as "world's first laser TV" (incorrectly, since Zenith displayed and abandoned laser projection TV many years ago). Schneider called laser TV wave of future, dispensing with "both picture tube and screen." Giant rear-screen projector used 3 colored laser beams landing on what appeared to be virtually invisible screen composed of net or mesh.

Schneider pointed to "drastic reduction in energy consumption" and elimination of nonrecyclable materials in picture tube. Company described system as providing "highest definition pictures in the world." However, demonstrated pictures were blurry and colors indefinite with characteristic sparkle of laser beam. Nevertheless, Schneider promised to bring laser TV to market in "about 3 years."

With end of hopes for HD-MAC, there was renewed emphasis on PALPlus, ingenious compatible widescreen system that delivers full-resolution picture to 16:9 sets and letterboxed picture to conventional screens by encoding extra information in black bands above and below transmitted picture. PALPlus receivers at IFA were supplied with off-air pictures from 2-w transmitter near fairgrounds, and showed excellent images that easily could be mistaken for HDTV.

At news conference, PALPlus group announced that Germany's ZDF network is prepared to start transmission later this year "if EC funding is granted to them" -- more than year ahead of schedule. PALPlus was described as interim standard between today's PAL pictures and tomorrow's digital HDTV. Nokia, Europe's 3rd largest TV manufacturer, has promised to build PALPlus receivers, establishing 16:9 format as standard transmission for Europe. PALPlus receivers were also demonstrated by Philips and other TV manufacturers.

While 10 major European companies already are at work to develop digital HDTV system, Nokia announced it will make prototype receivers for "HD-Divine" digital system proposed by Scandinavian consortium, with goal of beginning transmissions from 1994 Winter Olympics in Norway and commercial introduction in Sweden in 1995.

Back on earth, this year's IFA was first to feature full-scale U.S.A. pavilion. Sponsored by EIA Consumer Electronics Group, pavilion drew surprising number of visitors considering relative lack of glamorous new products. Exception: Virtual Vision video goggle system, which probably attracted more showgoers per sq. ft. than any other exhibit in Berlin, just as it did at Summer Consumer Electronics Show in Chicago.

UPBEAT TCE EYES ENTRY INTO SOFTWARE: Thomson Consumer Electronics is on track for profitability in 1994, and will be planning strategic move into software market. So said Chmn.-CEO Alain Prestat in rare open discussion with selected representatives of world press attending Internationale Funkausstellung (IFA) electronics show in Berlin.

To succeed in consumer electronics (CE) today, Prestat said in wide-ranging 2-hour talk, company must be global and must integrate hardware and software. "To remain credible, I will make no announcements" now, he said, but "when we are in a better [financial] situation, we will make moves in that direction." He said TCE has no plans to "take over a TV network," but expects "to move more and more into software." He said that "when it has been necessary to be present" in particular technology or market, "we have been there" -- indicating software would be no exception.

Celebrating 18 months at helm of world's 4th largest consumer electronics manufacturer, former deputy chief of staff to France's prime minister said he "came in to shake up the organization," said company has "fixed goal and global vision," adding that employees "understand our strategy and know they're part of a worldwide company."

TCE's finances are improving despite poor state of world economy, Prestat said, repeating message in company's annual report. Results were "stabilized" in 1992, he said, despite overall consumer electronics industry 2.5% decline in sales. In 1993, it's on track for turnaround. Even if Europe's economic recession

continues, "we will meet our goal" of turnaround in 1993. "Financially, we are still negative" because of debt he said, but he forecast profit in 1994. He cited "tremendous improvement" in U.S. operations this year. "The atmosphere of the American team has completely changed," with "new enthusiasm, new dynamism," he said. Over last year, according to TCE data, U.S. operation gained 3% in TV market share, 4% in VCR and 5% in camcorders, now is back to 20% TV share -- same figure as when TCE took over in 1988, after which it dropped to 17%.

"We improved our financial situation" in U.S. "without destroying the market," Prestat said. "We are not sacrificing price for share. That's not the way we do business." Secret of success in U.S. can be traced to management changes that started within 2 months of his appointment as CEO.

To be successful, any CE company must be global, Prestat said, and TCE is making major drive to improve market share in Asia, setting up new hq in Singapore. Domestically in Europe, it has changed nature of its brands from competing to complementary operations, reducing number of models and eliminating overlap. Telefunken now is positioned as mainstream line, appealing to traditionally minded customers, Nordmende (and Thomson in France, Ferguson in U.K.) emphasizing technological advancement and avant garde design, and Saba positioned to appeal to youth. All have chassis in common. Other points made by Prestat:

Sale or privatization of TCE: "That's not new news" -- it's a story that's 5 years old. He explained that Thomson was on govt. list for privatization in 1986, and when new list was published this year it still was there. "We are not really concerned -- this process will take a number of years."

Extension of GE patent rights: At end of 1991 "we made a deal with GE" that gave GE control of RCA consumer electronics patents until 1998 for reported \$200 million. He said TCE always had been scheduled to get full ownership of patents in 1998, increasing its stake annually from 1994 to 1998. Instead, it settled for 1% ownership until 1998, when all patents go to TCE. Company got needed cash immediately in tradeoff of resources now for future. In addition, he said, TCE received right to GE brand name on electronics for 10 more years.

Multimedia: "I don't like that word" because nobody knows what it is. The key word is interactive -- a merger of telecommunications, computers and consumer electronics. What is new is data compression... We will be present in this new arena -- we have made major steps in this direction." In technology, as in marketing, he stressed: "There are no boundaries, no passports required." Asked about CD-I, he called it "too complex," adding that consumers don't understand it. "The consumer wants more market-ready products. Any launch must be market-driven." TCE will make no commitments to interactive products this year.

HDTV: Widescreen TV is format of future, he said, calling it part of "the legacy of MAC." Most of developments in Europe's ill-fated HDTV system will be used in digital TV, he said. Asked whether U.S. should stop development of HDTV and wait for worldwide system, he replied: "The simple answer is no." Although eventually there could be single system, he said requirements of 2 regions are different, as are timetables. "We have a precise schedule in the U.S., so let's keep going."

Digital audio: "We will produce both MD and DCC, but will listen to the market. It is a matter of software availability." Although TCE has technology pact committing it to DCC, "we will start with MD in U.S. and Europe, but as insurance it's important to be ready to produce both." TCE will have more complete digital audio line in 1994, he said. Patrick Samier, senior vp-corporate business development, commented that company will be "very cautious" in that area, conserving its resources to cut down risk of backing wrong product.

New building projects: New TCE U.S. hq, now under construction in suburban Indianapolis, will cost about \$50 million, Prestat said. Asian hq in Singapore will be "less expensive."

* * * * *

Philips has had own product reorganization, now offers same line in all of Europe, instead of fielding different lines in different countries. Company is distributing 7 million copies of elaborate Philips Magazine, lavishly illustrated color catalog in various languages, throughout Europe.

Philips also is aiming at Asian markets. Consumer Electronics Chmn. Henk Bodt told IFA news conference: "It is clear that the growth CE markets are in Asia, China, Latin America and Eastern Europe. The Chinese market, for example, will double in the 5 years from 1992 to 1997. Our investments are thus targeting these growth areas -- a recent example is the move of our audio headquarters to Singapore."

MORE VIDEO CD CONFUSION REIGNS: News conferences at Internationale Funkausstellung in Berlin that were intended to clear up confusion over new Video CD standard (TVD Aug 30 p16) only added to it. Conflicting views by executives of Panasonic and Philips -- both charter proponents of system -- appeared to add up to comedy of errors.

Conference at which 4 Panasonic executives answered questions from press added new element to confusion. Asked whether Panasonic-backed 3DO multimedia system could play CD-I discs, they answered yes. Even when given opportunity to back out they repeated their answer. At Philips news conference next day, John Hawkins, pres.-gen.mgr. of Interactive Media Systems & Distribution, when asked to comment on Panasonic's declaration, responded: "It's very difficult to confirm that anything will play on a 3DO player" -- snipe meant to reinforce Philips' oft-stated reminder that it has 2 years' experience in multimedia market, while 3DO won't sell first player until next month. Hawkins added that perhaps Panasonic executives "meant that a White Book Video CD would play on a 3DO player."

But Philips itself did little to clear up confusion over playability of Video CD on audio CD player with video adaptor. Its own news release, distributed at news conference, repeated exact wording Hawkins had called "nonsense" one day earlier (TVD Aug 30 p13) -- that Video CD discs would play on "CD players (with a digital data output) with an add-on 'Video CD' adaptor." Diagram in Philips press kit also indicated audio CD players could play Video CDs if adapted properly. Panasonic also talked of black box adaptor to let audio players play Video CDs through TV set.

Asked to explain Philips' position, Hawkins told news conference: "We will not offer black box add-ons for CD audio players. First, not every player has a digital [outlet.] Second, it would only confuse consumers." When asked point-blank whether adaptor could work on audio player, he replied: "I don't want to get technical, but you'd get noise through your speakers. It would be a mess."

Hawkins said Philips doesn't "currently plan" to introduce noninteractive linear Video CD player, position apparently different from that of JVC, although Pres. Takuro Bojo at Berlin show was quoted as saying no decision had been made.

Another fine point of compatibility issue became apparent in Berlin. There actually will be 2 kinds of 5" CDs carrying 74 min. of full-motion (FMV) material. First version will be specifically for CD-I players equipped with FMV cartridge, offering degree of interactivity. Those discs won't be playable on Video CD players when they're produced. However, 2nd kind of disc -- those produced according to Video CD standard -- will be playable on both Video CD players and CD-I machines.

Philips clearly wants to use Video CD as extra added attraction for FMV CD-I players. Hawkins told news conference, as expected, that Philips would introduce new low-end CD-I player (Model 210) at about \$399 in U.S., although no details were revealed. (Philips spokesman in U.S. declined comment on Hawkins' announcement, which confirmed our earlier speculation [TVD Aug 30 p14.] High-end model was repriced at about \$499 including Compton's Interactive Encyclopedia disc. Also as expected, FMV adaptor was priced at around \$250 for U.S. markets, Touch Pad game controller at \$29. Professional portable model CD-I will have floppy disc drive.

CD-I is being sold now in 11,000 retail outlets worldwide, which will grow to 13,000 by year-end, Hawkins said, repeating earlier assertions that company will sell 200,000 players in world this year. More than 100 titles are on market, with 250 in development, he said, with "more than 850 companies involved in the CD-I business" in various fields.

As for Video CD, he announced that CIC Video, international marketing arm of such major studios as Paramount and MCA, will distribute Paramount movies on CD-I discs in Europe; although it wasn't apparent at the time, 50-movie deal announced between Paramount and Philips at Summer Consumer Electronics Show (TVD June 7 p12) covered only N. America and Asia. Hawkins said 10 studios now are capable of encoding digital video, with real-time encoding tools expected to be available by early next year, making cost of putting video on CD-I disc comparable with price of putting it on tape.

Demonstrations of FMV at Berlin were impressive, appearing as good as VHS even when blown up to large projection screen. As added fillip, Philips' Bernard Luskin, in CD-I program presentation, indicated that version of "7th Guest" interactive movie would be available in stereoscopic form, using viewing glasses -- system he called "3D-I."

AUDIO TAKES LOWER PROFILE IN BERLIN THOUGH MD AND DCC BATTLE ON: Perhaps due to worldwide economic slump that has slowed product innovation, audio products took lower profile at Berlin Internationale Funkausstellung than at last tradefest in 1991. Major story this year -- as it was then -- was jousting between Sony and Philips over relative prospects for MiniDisc (MD) and Digital Compact Cassette (DCC).

Sony executives held news conference on eve of show to depict MD launch as huge success thus far. Among most exuberant was Sony Pres. Norio Ohga, who pulled ultrasmall prototype of record-playback MD portable from his pocket, declaring MD sales are "firmly on target [and] now growing at twice the rate of CD sales during its introductory period."

Sony said other MD products in offing include car player with built-in 4-channel amplifier, 4-disc in-dash car changer, complete minicomponent system with MD recorder, CD player and receiver, and full-feature, full-size home hi-fi recorder. But executives weren't specific about when those products would become available, indicating only that they were likely to be marketed first in Japan by year-end.

Ohga and others emphasized growing MD support among non-Sony-affiliated hardware and software licensees, saying that 18 MD products were being shown by 16 companies at Berlin show. Buoying support, they said, was worldwide sales volume that has exceeded 300,000 units shipped thus far in 1993 by all manufacturers, with Sony pressing facilities alone having produced 3 million prerecorded MDs to support hardware launch. Sony is projecting that 10 million MD players will be sold worldwide by 1995.

Other facts and figures released by Sony included claim that more than 800 software titles are available, including 400 in Europe, 300 in U.S., "no fewer than" 415 in Japan. It said 4 independent pressing facilities (3 in Japan, plus Denon Digital Industries plant in Madison, Ga.) have joined 3 Sony factories in world in producing prerecorded MDs. Company also said "range of manufacturers" now are supplying production equipment. Sony couldn't resist taking implied slap at Philips, specifically mentioning that Eindhoven-based ODME, leading CD equipment manufacturer, has announced glass mastering and manufacturing package that allows CD plant "to convert simply and cost effectively" to MD production.

New MD supporters announced in Berlin included BASF, which showed its first media product and was represented at Sony news conference by senior officials who had worked closely with Philips on DCC project. Mindful that Philips had hoped at Berlin to exploit strong DCC support among major European car makers and autosound manufacturers, Sony also won MD endorsement from likes of Volkswagen and Becker, latter releasing testimonial praising MD as perfect accompaniment to CD in car audio application.

Meanwhile, Philips at news conference same day broke relatively little new ground on DCC developments. But Philips Consumer Electronics Chmn. Henk Bodt, in interview, attempted to elaborate on remarks attributed to him in mainstream news reports over last 2 weeks that he's "not completely satisfied" with DCC launch (TVD Aug 23 p13). Reports had quoted him as saying that he would have preferred to have had portable and car DCC versions earlier, but that such configurations were held up by technical problems last year.

Aim of recent assignment of Eureka HD-MAC boss Piet Bögels as Philips DCC coordinator (TVD July 5 p17) is to create unit so entire DCC team can be pulled together under one roof, Bodt told us. Bögels has proved organizational skills and crucial knack for new technology, Bodt said. Referring to internal problems at Philips that required Bögels' appointment, Bodt said "next time we will do better because we are learning -- there is nothing against that. We would be concerned if we were not learning."

Bodt continued to praise DCC as simple system that's basically low cost, but conceded Philips faces serious challenge in bringing hardware pricing down to mass-market levels. "DCC will always be more expensive" than analog tape system, because of factors such as chip complexity and power requirements, he said, but "this is true of all digital systems." Philips never will succeed in marketing DCC competitor to \$45 analog tape deck, Bodt conceded, although contending price of DCC decks eventually will be close enough to analog to encourage consumers to trade up. Concession was in sharp contrast to Philips' predictions about DCC 2 years ago when it touted format's attractiveness on ground that DCC would rely on same tape mechanism used in conventional analog recorder and manufacturing DCC heads like microchips would make them cheaper than conventional analog heads. "The tradeoff [for DCC] is another \$75 to \$100 over analog decks," Bodt said, but it would take "some 2 years" for DCC developers to reach that point.

* * * * *

Philips Europe, in bid to boost sluggish DCC sales, plans to offer "substantial" savings toward purchase of DCC900 home recorder to consumers who trade in old analog tape decks, starting in Oct. or Nov.

Executives wouldn't comment when asked to specify actual cash incentives, but they said program is alternative to sharp price cuts.

Meanwhile, U.S. operation has launched "extensive" 4th-quarter promotion under banner of "Free Music For A Year" to boost sales of DCC130 DCC portable arriving next month and existing DCC900 home deck. Consumers buying either hardware product Sept. 15-Dec. 31 can receive 12 free prerecorded DCC albums from PolyGram and affiliated labels worth estimated \$150, Philips said.

DEMAND VIDEO BONANZA: Recent court decision in Bell Atlantic case permitting telephone companies to enter video distribution (TVD Aug. 30 p2) could be multibillion-dollar bonanza for consumer electronics industry. Philips already is staking its claim and has plans to manufacture consumer and other terminal equipment in its Greeneville, Tenn., TV plant.

Philips International's New Business Development Chief R.L. Van Oostenbrugge sees court decision as beginning of end of cable monopoly and dawn of new age of 2-way digital video communication. With single standard for broadband digital communication via fiber, he said, telcos can do "what cable companies can't do." Implications go "far beyond entertainment." Consumer market should be gigantic, with equipment sold by retailers to consumers, in place of rental boxes supplied by cable systems, he told us in interview last week in Berlin.

"We will manufacture in the states to be close to the market," he said. Among first products will be home decoder, product he sees eventually becoming price-sensitive. He said standard almost certainly will be tied to Moving Picture Experts Group (MPEG) parameters, but Phillips "will aggressively pursue that equipment market regardless of standards."

Telcos will offer networking service and phone lines, unlike cable systems, for many of which programming has become principal product, he said. Telcos won't sell or rent terminal equipment themselves, he said, noting that will open up vast retail market. Unlike cable, which uses variety of standards and systems, he said video-on-demand will have single standard, and "if there is standard, [interactive receiving equipment] will be sold through consumer channels."

JVC plans to begin selling Sega-compatible videogame console with built-in Sega CD drive in U.S. early next year, spokeswoman said last week. Known as WonderMega in Japan, where it first went on sale in spring of 1992, JVC has marketed version through consumer electronic shops there, beginning at price equivalent to about \$650. Sega earlier this year stopped selling its version of integrated console in Japan, saying \$700 retail price was too high for toy channels in which it was distributing product. Sega had been manufacturing units for Sega, which said it sold only about 10,000 in first 9 months it was on market. JVC will display console in demonstration room at Winter Consumer Electronics Show, plans to sell it to its traditional consumer electronics channels early in year at price still to be determined. It will be handled through JVC's Home Audio & Entertainment Div.

Retail Notes: Sun TV & Appliances said it will push farther into N.Y. next year by entering Syracuse, following its thrusts into Buffalo and Rochester this year. Company will open 3 stores in Buffalo in balance of 1993, another next year; 2 stores will open in Rochester this year. Sun also signed lease for distribution center in Rochester to serve new markets... Edison, N.J.-based Tops last week officially opened first Long Island store in Westbury.

W-VHS SPECIFICATIONS SET: JVC last week announced specifications for W-VHS (TVD Jan 18 p14), next-generation VHS-compatible recording system, following technical discussions with Matsushita, Mitsubishi, Sharp, Hitachi. System would be upward-compatible with current generation of VHS recorders.

As we have reported, format allows for varied recording and playback modes -- widescreen HDTV, high-quality NTSC and simultaneous recording or playback of 2 NTSC programs. Earlier this year, JVC said it hoped to introduce W-VHS recorder to market at target price of 600,000 yen (about \$5,700). We were unable to reach spokesman following release of announcement for update on marketing plans.

W-VHS system accomplishes baseband recording of HDTV economically by adding Hi-Vision signal processing circuit and Hi-Vision heads to conventional VHS, JVC said, maintaining same tape and drum rotation speeds as standard VHS, permitting manufacturers to make HDTV recorders on conventional VHS recorder production lines with minimal investment. JVC executives at Technofair technology showcase in Japan in Feb. said that while digital VCR is product of future, for near term W-VHS is superior since it's system-independent, while digital VCR must be designed for specific broadcast system (TVD Feb 8 p11).

System uses metal heads and high-performance metal powder tape, with thickness equivalent to current T-180. It would have 3-hour recording capability in HD mode, 6 hour in standard NTSC mode, 3 hours in SD-2 (2-channel standard NTSC) mode.

Ads & Promotions: Fuji renewed sponsorship of U.S. Swimming, governing body for amateurs in U.S., extending beyond 1996 Olympics in Atlanta... Radio Shack has begun ad agency review, reportedly drawing interest from 40-45 companies that want to participate in effort to change consumer perception of chain. Company plans to make decision by Oct.-Nov... Sony and Nabisco will launch joint promotion Nov. 1, offering rebates on some Sony software products with proof-of-purchase seals from both companies. Offer will be featured on packaging and POP material for at least 12 cookie and cracker products... Acclaim Entertainment launched \$10 million ad campaign for Mortal Kombat videogame which will hit market Sept. 13 for Super Nintendo Entertainment System and Sega Genesis. Campaign includes TV and radio spots, ads on more than 1,600 movie screens, POP displays, co-op, print.

Number of TV homes in U.S. increased 1.1 million in year ended Aug. 30, according to Nielsen, which said 94.2 million of nation's 95.86 million homes -- 98.3% -- have TV.

THIS WEEK'S YEN RATE

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

3DO SETS SIGHTS ON CABLE: On eve of launching its "interactive multiplayer" into homes, 3DO also is throwing hat into ring for piece of networking pie, with hope of participating in "major cable trial" in first part of next year, Chmn.-CEO William (Trip) Hawkins said in interview last week. Test, and others like it, should be part of "period of competition" in field trials for converging industries to determine best solutions, which should then be made widely available as "multivendor open license," along lines of how Compact Disc industry developed, Hawkins said. He envisioned 2-year testing period before standard for network architecture is settled upon.

Meanwhile, Hawkins said he's satisfied with progress of forthcoming Panasonic 3DO launch, saying that all indications are that "what's going to go in the December quarter is going to exceed everyone's expectations." He said Panasonic is holding up its end of launch, particularly in amount of dollars it will spend. "I always looked at the Panasonic sales and marketing role as having more to do with throw weight than technique," he said. He said that new Matsushita Pres. Yoichi Morishita has taken personal interest in project, noting that he's "promotionally oriented person" who came up through Matsushita's sales organization.

Machine supply from Matsushita should be adequate, he said. Although he refused to give specific quantity expectations, he didn't disagree with analyst projections that more than 100,000 consoles would be shipped by end of year. Chips are coming mainly from Matsushita and Toshiba, he said. Company recently boosted machine RAM from 3 Mgb to 2 Mgb. Hawkins said that "what it boiled down to is that we were able to meet the [targeted] \$700 price and still put more memory in there." He said first generation of software that will be out this year wouldn't use extra RAM, since developers hadn't known it would available.

Sanyo, which earlier this year became first nonequity partner to sign 3DO hardware license, "is making good progress on a product," Hawkins said. He said 3DO is "in discussions with a lot of other people" on hardware licenses, but "right now, we're not in a big hurry and neither is anyone else," since they still have "plenty of time" to develop and build (or source) device for introduction by next Christmas. Acknowledging 3DO business model entails gaining broad support from hardware marketers, he said that "if we get to February and we haven't made an announcement, that's a danger sign." He conceded company felt internally generated pressure to add outside licensee earlier this year -- which turned out to be Sanyo -- as affirmation that its system could succeed. "We wanted to get one more to convince ourselves we really can do this," Hawkins said.

—

Antiviolence chip proposed by Chmn. Markey (D-Mass.) of House Telecom Subcommittee (TVD Aug 9 p1) has working counterpart in Europe. Grundig boasts "station-controlled channel identification," based on signal sent by station during vertical blanking interval as part of teletext-based video programming signal (VPS). Station's signal contains special code indicating suitability for family viewing. Parents can lock out all programs classified as unsuitable. Picture darkens if program isn't family fare. After kiddies go to bed, parents can watch adult entertainment by entering 4-digit code.

LCD TVs at Berlin show were highlighted by 5" color monitors displayed by Hitachi, with no availability date or other information. For first time major Korean effort was in evidence, Goldstar showing active matrix TFT color LCDs in 3", 4", 5.6", 9.5" and 12.1" nonoperating prototypes.

'NEW' EMERSON IS GOAL: Even as Emerson tries to dig itself out of financial hole, recently installed sales and marketing team says it will try to capitalize on inherent strengths to build business and trade relations.

Company last week said it cut loss for quarter ended June 30 to \$17.4 million from \$25.2 million in same period year ago. Sales in quarter fell 43.3% to \$102.7 million.

Within last 3 months, company has hired 2 former Philips executives -- Gerald Calabrese and Merle Eakins -- as vps for marketing and sales, respectively. Eakins says that meetings with major customers have shown inherent strength in Philips name, particularly for mass merchandisers, but that "the biggest problem has been that nobody's been communicating" with dealers about plans and direction. He says company plans to maintain current rep force -- "we have no plan of going in-house" -- supplemented by new regional sales managers. Emerson has opened new regional offices in St. Louis and Atlanta, while maintaining offices in L.A. and at hq in N.J.

Calabrese said Emerson has invested "significant amount of money" in new tooling for next year's line as part of effort to create "a more contemporary Emerson in terms of product and approach to the market." Its overall model count probably won't change significantly at upcoming Consumer Electronics Show, and products will remain as "good value brand" priced just below first-tier products on mass merchandise shelves.

In addition to boosting current lines, Emerson is seeking new markets, "looking at other businesses that are synergistic to the CE business or to our distribution," Calabrese said, noting that company recently hired David Schwartz as dir. of new business ventures.

In addition to new product look, Calabrese said Emerson is developing new packaging -- important in self-service environment -- and improved trade and consumer communications plan.

First evidence of new Pres. Leonard Roberts' efforts to turn Radio Shack into more service-oriented retail is ad last week promoting "advanced reservation system" for launch of Acclaim Entertainment's "Mortal Kombat" videogame cartridge. System allows customers to prearrange for delivery of new titles directly to homes on same day they become available at retail. Ad that began running last week said cartridge will be shipped to homes via 2-day air service on Fri. before much-promoted Mortal Monday Sept. 13. Ad listed sharp prices (\$57.88 for Genesis version, \$67.88 for SNES cartridge), but additional shipping and handling charge (\$5 for Genesis, \$6 for SNES) raises them to about same level that's expected at most retail stores. Radio Shack has had "Express Order" system that allows customers to order computer software, prerecorded video, karaoke cassettes and Digital Compact Cassette (DCC) tapes for home delivery, but this is first time it has been used to prebook upcoming product.

Hong Kong exhibit at Berlin show occupied major space, far larger than its traditional Consumer Electronics Show display. TV sets were shown there by 12 Chinese companies: Luks Industrial, Sanwai Industries, Skyworth Electronics, Tai Wah TV Industries (Beon brand), Great Wall Electronics, MTC Electronics, DRS Electronics, Futix Electronics, Bright Power Electronics (Powasonic brand), Kong Wah Holdings (Onwa brand), Hanwah Holdings (Plantron brand), Electric & Electronic Industries (B&W brand).

Consumer Electronics Personals

Changes in Matsushita Electric Corp. of America (MECA), effective Oct. 1: **Toshinobu Saito**, now pres. of Panasonic Co. West of America (PCWA), to become pres. of Quasar Co., replacing **Yasuo (Mike) Nakamura**, who will move to vp of Panasonic Co. Merchandising Group, reporting to Panasonic Co. Pres. **Ted Inoue**; **Hideaki Iwatani**, gen. mgr., Panasonic National Accounts Group, to succeed Saito as PCWA pres.; **Kenichiro Kakuo**, currently with Video Movie Div. of parent Matsushita Electric Industrial Co. (MEI) in Osaka, will be gen. mgr., Panasonic National Accounts Group; **Syunzo Ushimaru**, vp, Matsushita Electric of Canada, to be pres., succeeding **Takahashi Shikata**, who returns to MEI's Corporate Management Div. for the Americas (COMDA), in charge of foreign relations; **Masanori Echigo**, continuing as pres. of Matsushita TV Co., Franklin Park, Ill., adds role as MECA vp and assoc. dir. of COMDA; **Takao Takahashi**, pres. of Matsushita Logistics Co. (MLC), to become vp-treas., MECA Finance Div., succeeding **Takamichi Hanaki**, returning to MEI; **Akihiro Higashi**, vp, MECA Executive Office, will be assigned to COMDA for environmental protection; **Eugene Bruno**, group gen. mgr., MECA N. American Personnel dept., to be MLC vp; **Robert Parson**, vp-gen. mgr., MECA Special Products Group, to be vp, MECA Corporate Sales Group Sept. 21, replacing **Shigenaru Minakami**, retiring; **Akio Matsumoto** to report to Parsons as Corporate Sales Group gen. mgr.; MECA Business Engineering Center now headed by Vp **Patrick Griffis**, replacing **Akira (Adam) Yokoi**, returning to MEI in Japan.

Albin Moschner advanced to Zenith pres.-COO from senior vp-operations... **Bob Brown** departs Lenbrook Industries Oct. 1 to join ADS Technologies as exec. vp-sales and mktg.; **Victor Moorhatch**, who will continue to be based in Lenbrook's Walpole, Mass., branch office, appointed national sales mgr. for NAD and PSB brands in U.S... **Charles Boornazian**, ex-Carver, joins JBL Consumer Products as dir., eastern sales operations-home audio.

PolyGram Video Sales & Mktg. Vp **Bill Sondheim** promoted to senior vp-sales and mktg... LIVE Home Video Special Markets Sales Dir. **Beth Bornhurst** promoted to dir.-general interest and special projects sales and mktg... **Natalie Anderson**, ex-LIVE, named Paramount Home Video Account Mgr. for Nina Stern Public Relations... **Brian Blair**, ex-Strand Home Video, appointed New Line Home Video publicity coordinator... Trimark Holdings Exec. Asst. **Gary Rosenfeld** promoted to dir.-Trimark Interactive business operations... Universal Pictures National Publicity Mgr. **Tracy Masington** named national publicity dir... Changes at West Coast Video Duplicating: **Ralph Tribbey**, ex-MGM/UA, to senior vp-mktg.; **Jack Gerts**, ex-3M, to midwest sales dir.; **Mardu Gallo**, ex-TV Assoc., to southwest account exec.; Western Regional Sales Mgr. **Dan Owen** to dir.-new business development; Customer Service Mgr. **Ann Leirer** named national sales vp.; **Jim Gasparovic**, ex-Prism, appointed regional sales mgr.

Warrantech net income for first quarter ended June 30 dipped 43% to \$219,932 on 3.2% decline in gross revenues to \$10.8 million. Service contract firm forecast increased revenue for 2nd half, partly due to expected resurgence of car sales.

Portable CD-I player for commercial use is being offered by Sony in Japan at equivalent of \$1,175. New model weighs 2 lb., is company's 2nd portable. First, at \$1,940, has built-in color LCD monitor.

JUNE AUDIO FACTORY SALES UP SLIGHTLY: Audio factory dollar sales eked out minor increase in June, EIA Mktg. Services Dept. reported. But big news was fact that statistics drew help from extremely unlikely source in formerly beleaguered audio components category, which climbed unthinkable 20.5% in month.

Overall June audio sales rose 2.8% compared with same month year earlier. Biggest star was components category, which skyrocketed 20.5%, offsetting sizable decreases in portable audio (down 7.9%) and systems (down 4.6%). Holding its own was aftermarket autosound, which gained 9%.

In first half, factory dollars broke through \$3-billion barrier, rising 4.8% to \$3.05 billion from \$2.91 billion in Jan.-June 1992. Strongest category through first 6 months was systems, which, despite modest June decline grew 10.3% in first half. Aftermarket car stereo also tracked steady growth curve through 6 months, increasing 7.9% from year earlier. Meanwhile, portable audio and components had slimmest of first-half increases, with separates inching up 1.9% and portables 1.4%.

EIA said June was first month since April 1991 that separate components sales led audio market and 20.5% increase was largest gain category has posted since Feb. 1989. EIA said category was buoyed by 26% first-half rise in receiver sales to \$220 million and 11% climb in speakers to \$157 million. Assn. singled out 2% rise in sales of home carousel CD changers in first 6 months, but didn't mention fate of other home CD configurations.

Here's EIA breakdown of factory audio dollar sales for June and first 6 months of 1993:

FACTORY SALES OF AUDIO EQUIPMENT (add 000)

Product	June 1993	June 1992	% Chg.
Portable audio*	\$171,022	\$185,724	- 7.9
Components	128,955	107,011	+20.5
Systems	97,950	102,638	- 4.6
Autosound (aftermarket)	151,834	139,282	+ 9.0
TOTAL	\$549,761	\$534,656	+ 2.8
	6 Mo. '93	6 Mo. '92	% Chg.
Portable audio*	\$990,950	\$977,023	+ 1.4
Components	694,277	681,202	- 1.9
Systems	582,640	528,168	+10.3
Autosound (aftermarket)	782,244	724,731	+ 7.9
TOTAL	\$3,050,111	\$2,911,124	+ 4.8

* Includes home radio.

European consumer electronics sales for 1993, as estimated by trade association at Berlin show, will decline about 6% from record set in 1992 to just over \$14 billion. TV set sales are expected to drop to 5.5 million units (from 5.75 million), VCRs to 2.93 million (3.23 million), camcorders to 1.03 million (1.18 million), CD players 2.18 million (2.3 million), amplifiers and receivers 1.8 million (1.93 million), combination audio systems 2.4 million up from (2.2 million), cassette decks 1 million (1.1 million), record players 330,000 (460,000), aftermarket autosound 4 million (4.7 million). Portable radios and carphone portables are expected to continue at last year's pace of 14 million, but blank audio tape will drop to 130 million from 144 million, blank videocassettes to 110 million from 120 million.

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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

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

EDITORIAL & BUSINESS HEADQUARTERS

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

WASHINGTON HEADQUARTERS

Albert Warren	Editor & Publisher	Roy W. Easley III	Business Controller
Paul L. Warren	Sr. Ed. & Exec. Publisher	Gary Maderon	Marketing Director
Daniel Warren	Sr. Ed. & Assoc. Publisher	Gene Edwards	Advertising Director
Dawson B. Nail	Executive Editor	Betty Alvine	Circulation Mgr.
Arthur Brodsky	Managing Editor-Washington	Deborah Jacobs	Information Systems Mgr.
R. Michael Feazel	Senior Editor		
Brock Meeks	Associate Editor		
Myron Struck	Associate Editor		
Michael French	Assistant Editor		

Television and Cable Factbook

Michael Taliastero	Managing Editor & Asst. Publisher-Directories	David Lachenbruch	Editorial Dir.
Mary Appel	Editorial Director	Paul Gluckman	Senior Editor
Richard Koch	Asst. Managing Editor & Asst. Director	Martin Brochstein	Senior Editor
Maria B. Lawrence	Asst. Managing Editor	Michael Peck	Associate Editor
Susan B. Woodruff	Production Manager		
Gregory H. Deahl	Sr. Ed. & Ed. Supv.	Barry Fox	
Brian C. Meeley	Assoc. Ed. & Ed. Supv.	5 Denning Rd.	

CONTRIBUTING EDITOR, EUROPE

Hampstead, London NW3 1ST
Phone: (071) 435-6244

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

Market Research & Data Sales Division
Lynn Levine

Director
Associate Director

State _____ Zip _____

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

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

Signature _____
Name _____
Company _____
Address _____
City _____

Recycling is major preoccupation in ecology-conscious Europe, as demonstrated at Berlin show. Set manufacturers have established recycling centers and pledge to break down discarded TV sets to basic elements for reuse. BASF was promoting its development of automatic recycling equipment for video and audio cassettes. They now are made of materials that can be reused in manufacture of new cassettes. BASF will promote same recycling capability in U.S., noting on cassette boxes fact that product is "100% recyclable."

Audio King, 9-store Minneapolis-based retailer, posted sharply increased sales and earnings for quarter and year ended June 30 (see financial table). Pres.-CEO Gary Thorne said results showed "continuing improvement as a result of our 'promoting specialist' marketing plan," and said company has completed remodeling and expansion of 6 stores, with move of 7th store to larger quarters scheduled for Nov. 1.

United Servicers Assn., nonprofit trade group serving independent service industry, will sponsor its first professional management conference Oct. 15-17 in St. Louis -- 708-968-6752.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audio King			
1993-year to June 30	34,313,825	381,666	.14
1992-year to June 30	29,239,500	207,105	.09
1993-qtr. to June 30	7,976,308	43,945	.02
1992-qtr. to June 30	7,054,608	(47,685)	--
Emerson Radio			
1993-year to March 31	741,357,000	(56,000,000)	--a
1992-year to March 31	801,316,000	(52,750,000)	--a
Fretter			
1993-6 mo. to July 31	167,080,000	4,332,000	.30b
1992-6 mo. to July 31	159,826,000	1,240,000	.08
1993-qtr. to July 31	87,637,000	1,130,000	.08
1992-qtr. to July 31	85,310,000	857,000	.06
Gray Communications			
1993-year to June 30	25,226,000	2,904,000	.95
1992-year to June 30	23,528,000	(416,000)	--c
1993-qtr. to June 30	6,394,000	378,000	.12
1992-qtr. to June 30	6,224,000	852,000	.27c
International Family Entertainment			
1993-6 mo. to June 30	87,085,000	12,675,000	.36
1992-6 mo. to June 30	64,521,000	9,439,000	.40c
1993-qtr. to June 30	43,883,000	5,313,000	.15
1992-qtr. to June 30	32,127,000	4,992,000	.19c
Rex Stores			
1993-6 mo. to July 31	114,838,000	1,768,000	.24
1992-6 mo. to July 31	90,827,000	828,000	.12
1993-qtr. to July 31	62,028,000	1,167,000	.15
1992-qtr. to July 31	47,406,000	580,000	.09

Note: aAfter special charge. bIncludes special credit.

cRestated.

Best Buy, which crested \$1 billion in annual sales last year for first time, reached same milestone in first half of current fiscal year. Company last week reported that sales in 4 weeks ended Aug. 28 soared 94% to \$186 million, boosting 2nd-quarter revenues to \$563 million and first half to \$1 billion -- 88% ahead of last year. Comparable-store sales were up 26% in Aug., 27% in quarter and 21% in half, even as company maintained rapid expansion pace. It currently has 124 locations, 70 of them considered as comparable... **REX Stores** reported 29% sales increase to \$19.7 million in Aug., with 13% comparable-store gain. In first 7 months of fiscal year, sales jumped 27% to \$130.5 million with 11% comparable store gains.

European burglars apparently are more easily discouraged than American type. Nokia TV sets boast "burglar function is activated, the TV set responds as if somebody was feeding it commands with the remote control. The user can preprogram a time when the receiver will automatically switch itself on. All on its own, it will then change channel, change the volume and skip through the teletext images -- all to confuse an eventual burglar."

Thomson's "superflat" tubes, premiered in Berlin last week for European market, will be available in 23", 27" and 35" sizes, all with Invar masks and dark glass, with antireflection coatings available. Thomson said it was first with superflat tube -- its Super Planar (SP) tube introduced in 1988 in Europe as well as in U.S.

Hitachi (Japan) will transfer 300 employees from its audiovideo and automotive parts divisions to heavy machinery operations in austerity bid to cope with higher costs of stronger yen and sluggish consumer electronics demand, Japanese news reports said.

TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 13, 1993

VOL. 33, NO. 37

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FOX CALLS CONSENT TRUCE: Affiliates asked to grant 60-day extensions. Other broadcasters hit splintering. More consent deals signed. (P. 1)

DUGGAN DEFENDS CABLE RULES, admits rates caused 'unsettling side effects,' but said they have been effective overall. Regulators say cable finding loopholes. (P. 2)

GORE PUSHES REFORM in telecommunications as part of overall govt. performance review. White House project calls for data availability, regulatory agency reforms. (P. 4)

TELCOS SEEK WIDE ENTRY into cable ownership, ask federal court to expand Bell Atlantic ruling. Justice Dept. seeks to limit scope of decision. (P. 4)

NAB TO FIGHT FEES, Fritts tells NAB Radio Show. Performance rights bills and fairness doctrine attacked. Perot wows crowd. (P. 5) NAB Notebook (P. 5)

OWNERSHIP RULES HIT: Telco calls program access more important than cable ownership limits. NCTA says new safeguards make limits less important. (P. 6)

CBS JOINS NEWS GROUP: International satellite newsgathering consortium in operation. (P. 6)

PEROT DISTORTION CLAIMED: Political scientists call for broadcast and on-line versions of town meetings to include more participation and discussion. (P. 7)

FOX CALLS CONSENT TRUCE: In another major break in retransmission consent wars, Fox affiliate board recommended that all Fox stations grant at least 60-day extensions to cable systems, allowing them to carry stations until at least Dec. 6, instead of current Oct. 6 deadline. If, as expected, most stations comply with recommendation, that would mean systems would be able to continue carrying Fox programming while negotiations for final retransmission consent agreements continue. Cable operators have been asking for such extensions, saying it's impossible to get all consent deals signed by Oct. 6, so subscribers could lose programming on their systems. First major break came when CBS became last of 4 networks to say it would consider noncash consent deals (TVD Aug 30 p1).

Another broadcast official, however, said Fox agreement to consent extension "splinters the industry... and puts one station against another." Problem, he said, is that most ABC, NBC and CBS stations are expected to "hang tough" on Oct. 6 deadline.

Fox affiliates want to avoid undue disruptions for cable subscribers, said Gregg Fildandrinos of KDNL-TV St. Louis. He said Fox already has signed consent deals with 13 MSOs with total of 19 million subscribers, but more time is needed to conclude rest. Fox affiliates will be provided with draft letter to use in granting extensions of consent, he said.

Consumer Electronics

STRONG AUG. SALES TO DEALERS led by TVs and TV/VCR combos, as industry appears ready to smash several volume records this year. VCRs off strong, camcorders flat. (P. 9)

CAMCORDER EXPORT PRICES from Japan to U.S. up slightly in July, reversing 4 months of steady drops in yen value. Shipments off in all video areas except TV. (P. 10)

HOME THEATER BUSINESS targeted by furniture makers with marketing tie-ins, integrated packages in effort to lure customers with one-stop shopping. (P. 10)

LASER PROJECTION TV shown at recent Berlin show dismissed by some, but Schneider insists it will be commercial in 3 years, claims patents. (P. 12)

NEW SMALL VCR from Matsushita, to be introduced in Japan next month, uses new downsized deck mechanism that also will be used in TV/VCR combo next year. (P. 12)

AT&T MULTIMEDIA HEAD TO KEYNOTE Winter CES, indicative of continuing stress on technologies outside traditional A/V business. (P. 13)

SONY TO ENTER WIDESCREEN TV in Japan with 4 models with Trinitron tube originally developed for HDTV. Company has no plans to introduce sets overseas. (P. 13)

STEREO TV SALES GAINED IN JULY, included in highest percentage of color TVs sold for any month this year. (P. 13)

There's no way of knowing how many consent deals have been signed nationwide because some stations have to negotiate deals with as many as 200 cable systems, NAB Senior Vp James May said in NAB-sponsored satellite news conference Sept. 8. NAB officials said retransmission cash deals so far averaged 25¢ per subscriber per month. At conference, Bruce McGorrill, NAB TV board member and Me. Bcstg. exec. vp, said company's WLBZ-TV Bangor has cash retransmission deals with 5 small cable systems, WCHS-TV Portland with 3. Gary Chapman, pres. of LIN TV and NAB immediate past chmn., said LIN has "about a dozen" cash deals with small systems. On other hand, he said that LIN's KXAS-TV Ft. Worth-Dallas has been dropped by TeleCable system with 120,000 subscribers and that LIN stations have been replaced on other systems by American Movie Classics or Turner Network TV.

NAB panel predicted up to 1/3 of cable subscribers would cancel if local stations weren't carried. Said May: "There's going to be... a train wreck on the 6th of October." They also said MSOs' "pattern of behavior" on retransmission is "somewhat strange," and members of Congress have questioned whether there's "a deliberate pattern" in their negotiations with stations. Question of antitrust implications was raised.

In other retransmission consent developments last week: Latest deals signed by **Cap/ABC** and Hearst include Century, Greater Media, Multimedia, Newhouse, Post-Newsweek, Service Electric. Each MSO agreed to carry ESPN2 in return for retransmission consent for stations owned by Cap/ABC and Hearst, which have signed deals with 27 MSOs with 27 million subscribers. **Continental** reached agreement with Radio Shack for its subscribers to get 10% discount on A/B switches, which would be needed to receive over-air programming if consent deals aren't signed. **Sammons** said it signed similar deal with Radio Shack. Like **Continental**, **Sammons** will insert discount coupons in cable bills. **Continental** still is "hopeful" that it will reach consent deals, Senior Vp-Programming Robert Stengel said, "but we have to be realistic and face the possibility that there may be some stations that ultimately will refuse permission to be carried on cable."

Jones signed 2 major retransmission consent deals, including first involving Tribune Bcstg. In Tribune deal, Jones will launch ChicagoLand TV News cable channel for its 178,000 Chicago-area subscribers in return for rights to carry Tribune stations WGN-TV Chicago, KTLA L.A., KWGN-TV Denver, WPHL-TV Philadelphia. Jones also agreed to launch Tribune-owned Food Channel on several cable systems. In NBC deal, Jones will carry new America's Talking channel in return for consent for NBC-owned stations in Chicago, Denver, L.A., Miami, Washington.

E.W. Scripps said it will revive long-dormant Scripps Howard Productions, basing it in L.A. Scripps, which recently said it will launch Home & Garden TV Network in part because of retransmission consent negotiations, said it sees expanded programming opportunities for broadcast and cable. Lee Enterprises, meanwhile, signed 6-year affiliation deal with Home & Garden. Lee's 9 stations will offer retransmission consent in return for carrying Scripps cable channel, as well as providing programming for local insertion in channel.

King Bcstg. said it will launch all-news cable channel serving Wash., Ore., Ida. It said NorthWest Cable News will require 100 staffers, and King will use channel as part of retransmission consent talks for its 4 owned stations in region... **ESPN2** said it has signed carriage agreements with more than 200 cable systems, about half of which include retransmission consent for Cap/ABC and Hearst stations... **Chronicle Bcstg.** signed retransmission consent agreement with Viacom calling for launch of 24-hour Bay Area cable news channel next summer.

DUGGAN DEFENDS CABLE RATE RULES: FCC's cable rate rules caused some "unsettling side effects," FCC Comr. Duggan acknowledged at National Assn. of Telecommunications Officers & Advisers (NATO) convention in Orlando Sept. 10, but he said "evidence remains strong that much of what Congress wanted, and what the Commission predicted, in fact is happening." Other speakers at convention, meanwhile, warned that cable operators are finding loopholes in rules.

FCC can order additional rate reductions and refunds if it finds that rates remain unreasonable, Duggan said, but he said headlines on rate increases miss point that majority of subscribers will pay less: "It would be unwise for us to leap to the barricades and begin pronouncing cable rate regulation a failed experiment. I think we should let the dust settle for a time before rushing to judgment." He said FCC should conduct rate survey and make "a prompt report to Congress." (Note: FCC has been called to Hill Sept. 20 by House Telecom Subcommittee for hearing on cable rates.) Duggan also told local regulators not to assume that FCC would take over local rate regulation if they opted not to: "We will be busy regulating the services over which we have exclusive jurisdiction."

NTIA Dir. Larry Irving, one of authors of Cable Act when he was aide to House Telecom Subcommittee, said it's "not a perfect bill" but "we're beginning to see emerging signs of competition. We're breaking the grip the cable industry had on community programming." Irving asked NATOA members to help local providers sift through new regulations to better serve consumers, promote local competition, continue commitment to public, educational and govt. channel access. He also pushed NTIA plan for national infrastructure and echoed Commerce Dept. support of N. American Free Trade Agreement.

FCC Cable Div. Chief Alexandra Wilson called rate regulation "the most difficult subject and the most controversial" because cable is a "very diverse industry... We have true mom-and-pop operations [but also] multinational conglomerates like TCI." She said: "We are all working very hard and the system will eventually work, but we should not expect there's a magic formula you can apply and pop out the right rate." Wilson chided some franchise authorities and cable operators who cut "side deals" to avoid complexities of Cable Act regulations and warned NATOA: "Don't let local operators scare you out of rate regulation."

NATOA members should use detailed checklists in annual reviews to assure compliance with rules, said Adrian Herbst of Moss & Barnett law firm, Minneapolis. He cited several cases in which operators were finding loopholes. For example, he said, some systems are abandoning ownership of in-home wire, which enables them to charge subscribers monthly "insurance" for service calls. Michael Ruggiero of Broadcast-Cable Assoc. of Indianapolis warned of "negative marketing" trend that he said operators are using to avoid rate regulation. Neil Lehto of O'Reilly, Rancilio, Nitz, Andrews & Turnbull in Sterling Hts., Mich., said most Adelphia systems are offering new basic channels without notifying subscribers and itemizing them on bills. Subscriber must notify operator in order to eliminate any new channel. In one case, Adelphia charged \$2 to block out channels, reinstated higher monthly rate and charged \$6 per month blocking fee. TCI recently attempted to apply similar procedure in Wis. and argued that practice doesn't fit "negative marketing" definition because overall rates didn't actually rise.

Norman Sinel of Arnold & Porter, whose law firm represents NATOA, cited what he called "sleepers in the Cable Act" that will become focal point of changing industry landscape: Govt. encouragement of multiple franchises and newly bestowed power of local govt. to deny franchise to operator whose "level of programming" (number of channels offered) doesn't meet national standards. Success of Cable Act hinges on 3 issues, Sinel said: (1) Increased power of franchise authorities. (2) Enhanced local competition. (3) Must-carry/retransmission consent rules. All 3 could lead to more choices and lower rates, he said.

WNET N.Y.-Newark said it will continue to withhold further PBS broadcasts of controversial documentary on liberation of 2 World War II concentration camps until independent firm that produced program corrects "factual inaccuracies." Station said that review by independent team it commissioned found that several black battalions "did not liberate Buchenwald and Dachau," as contended in 90-min. documentary Liberators, but that one of battalions was at former camp within week. WNET said 3-member review panel also found "a substantial number of less egregious errors" in program, ranging from inaccurate dates for military events to misattribution of still photographs and film footage of concentration camps. William Miles, principal in Miles Educational Film Productions, which produced documentary in association with WNET, said "we do not feel that WNET has conducted an independent assessment of the program. We stand by the testimony of the liberators and survivors who have given substantive oral testimony."

Minorities still are "vastly underrepresented" in broadcast and cable employment and own only 2.6% of TV-radio stations, 0.5% of assets, according to Minority Media Ownership & Employment Council, which has launched drive to improve situation. Council said it has written FCC Chmn.-designate Reed Hundt asking him to convene Best., Cable and Telecommunications summit. Council also said it would take "aggressive steps to fill dozens of the new vacancies" in Mass Media Bureau with minorities.

PR executive Sheila Tate will seek her 2nd one-year term as CPB chmn. at board's annual meeting Sept. 20-21. Tate, who was press secy. to Nancy Reagan, isn't believed to face opposition. She has served as chmn. since March 1992, when Marshall Turner left as term expired. Seeking post as vice chmn., also without apparent opposition, is former news anchor Martha Buchanan. She would succeed Leslee (Honey) Alexander, wife of Lamar Alexander -- former Republican Tenn. gov. and U.S. Secy. of Education.

Clear Channel Communications, on station buying and local marketing agreement binge, has filed registration at SEC to offer 1.9 million shares of common. Of those, 1.5 million will be sold by company, 200,000 by Clear Channel Pres. Lowry Mays, 200,000 by unnamed outside dir. Proceeds will be used to repay debt under revolving credit agreement. Underwriters include Alex. Brown & Sons, A.G. Edwards, First Boston, PaineWebber. Clear Channel owns or operates 31 radio stations, 8 TVs, 3 state news networks.

Licensed U.S. TV and radio stations, as of Aug. 31, according to FCC: UHF commercial 595, VHF commercial 556, UHF educational 240, VHF educational 125; AM 4,950, FM commercial 4,920, FM educational 1,633; FM translators and boosters 2,035, UHF translators 2,436, VHF translators 2,392; UHF low-power TV 871, VHF low-power TV 481.

GOVT. PERFORMANCE REVIEWED: Information technology and telecommunications are pivotal elements supporting many of proposals put forward Sept. 7 in Vice President Gore's National Performance Review of how govt. operates. Report said: "Failure to adapt to the Information Age threatens many aspects of government."

Performance review report, *From Red Tape to Results: Creating A Government That Works Better and Costs Less*, has recommendations for regulatory agencies, among other things calling for use of alternative dispute resolution similar to one already in use in pilot project in FCC Common Carrier Bureau. So far, half-dozen formal complaints have been resolved, attorney Gerald Zuckerman said. Report also proposed that agencies have "greater freedom" in setting fee levels and in how revenues from fees may be used.

Report contained another 7 recommendations for regulatory agencies. One sure to raise eyebrows on Capitol Hill is that agencies establish "technical drafting services" for congressional committees and subcommittees as means of improving their relationships with Hill. Others included: (1) Use of new technologies. (2) Streamlined rulemaking for "direct final" rules in noncontroversial proceedings. (3) Improvement in regulatory science through advisory boards. (4) Improved training for appointees picked for regulatory jobs.

Mix included plan that had been put forward in past -- to consolidate all nonmilitary U.S. international broadcasting into USIA (TVD June 21 p6). This would include Radio and TV Marti, Radio Free Europe, Radio Liberty and planned service directed primarily toward China. Report also suggested creating single civilian polar satellite system. It said 2 such systems now collect weather data -- Defense Dept. and Commerce Dept. -- and NASA is planning yet another. Those 3 systems could cost taxpayers \$6 billion over next 10 years, it warned. Report suggested Congress consolidate systems, for \$1.3-billion saving.

Information technology recommendations cut across agency boundaries, but it will be up to each agency to implement them, senior Administration officials said. Recommendations include: (1) Providing "strong, clear leadership" to integrate information technology into govt. One way to do that would be through creation of Govt. Information Technology Services group to develop "strategic vision" for govt. use of information technology and to implement other recommendations. Task force would be part of already existing Information Infrastructure Task Force. (2) Providing more electronic access to govt. information and services, including creating one-stop 800 number, kiosks and govt.-wide electronic bulletin board system. (3) Encouraging regulatory agencies to use information technology to "increase opportunities for early, frequent and interactive public participation" in rulemaking processes and to help with program evaluations.

(4) Planning, demonstrating and providing govt.-wide electronic mail for use among agencies. (5) Establishing govt. information infrastructure to use govt. resources more effectively and to support govt. applications. (6) Using information and communications technologies for other tasks ranging from benefit programs such as food stamps to national law enforcement network to data systems for international trade and environment and greater availability of Census data. Report recommended specifically that Commerce Dept. set up "business and economic information node." For example, Gore's report was posted on Internet as it was released in printed form by White House. (7)

Establishing single point of electronic contact for program and grant information in Education Dept.

TELCOS SEEK CABLE ENTRY: U.S. Dist. Court, Alexandria, Va., should rule that decision allowing telcos to own cable systems in their service area (TVD Aug 30 p2) should apply nationwide, 6 RHCs, GTE and Rochester Telephone said in joint court filings there. Alternative, they said, would be for "splintered litigation" in every federal court district, and potentially conflicting decisions. Justice Dept., meanwhile, asked court to apply ruling only to Bell Atlantic and otherwise limit its impact, but didn't ask it to stay ruling pending appeal. NCTA and other parties didn't file, although NCTA said it could appeal later.

RHCs said they believe order already applies nationwide, but they want clarification and asked to intervene in case "out of an abundance of caution." Intervention would allow other telcos to participate in expected appeals, since "the original plaintiffs [Bell Atlantic] have little incentive to defend this court's holding as it applies to telephone companies other than themselves." Only alternative, they said, would be "inefficient, wasteful and duplicative" filing of separate suits everywhere companies do business. They said expanding case nationwide wouldn't be significant burden on any parties because "this court has held that there are no facts under which the statute could be applied constitutionally." As result, they said, there's no need for discovery or other processes to gather additional facts. They said consumers would be "badly disserved by splintered litigation" that could result in differing decisions and delay arrival of telco-provided cable competition.

GTE in separate filing raised same arguments, but specified that even if court didn't agree with nationwide application, it at least should say that end of ban applies throughout Va. Circuit, where GTE has telephone systems: "This court's power to order relief in favor of... GTE companies is beyond dispute."

Justice Dept. conceded that "literally construed," injunction would bar enforcement of telco-cable ban nationwide: "An injunction of such scope would be plainly overbroad. This is not a class action." Justice said that Bell Atlantic didn't even seek broader injunction, that law requires that injunction shouldn't be more burdensome on defendant than necessary, and that nationwide decision would violate principle that court can't attempt to determine rights of persons not before it. DoJ asked court to clarify that ruling doesn't apply to several sections of Cable Act that don't involve cable-telco cross-ownership, including limits on broadcast-cable cross-ownership, cable ownership of SMATVs and MMDS, rules to enhance cable competition.

Rep. Slattery (D-Kan.), member of House Telecom Subcommittee, said Sept. 8 he wouldn't run for reelection to 7th term in 1994. He sponsored legislation to lift MFJ manufacturing ban and has spoken out frequently against violence on TV. He's expected to run for gov. in effort to succeed incumbent Gov. Joan Finney (D), who said she won't seek reelection.

Senate Commerce Committee will holding hearing Sept. 22 on nomination of Reed Hundt to be FCC chmn., Rm. 253, Russell Bldg.

NAB TO FIGHT FEES: Congress and Clinton Administration "are furiously outdoing themselves to pass new rules, raise revenues and conduct classes in social engineering," NAB Pres. Edward Fritts told broadcasters at NAB Radio Show in Dallas last week. Giving session feel of boisterous political rally was keynote speaker Ross Perot, who wowed capacity crowd with biting one-liners criticizing N. American Free Trade Agreement (NAFTA), foreign lobbyists, U.S. trade deficit.

Fritts urged broadcasters to use computers set up in Dallas Convention Center to write Congress opposing performance rights legislation backed by Recording Industry Assn. of America (RIAA), saying bills would require stations to pay royalties to record companies in addition to fees they pay to copyright societies. Also on Fritts hit list were FCC spectrum user fees, which he said were approved "at the last minute" (TVD Aug 23 p5). Private radio operators, cable, cellular and others decided not to fight user fees, "but we will," Fritts said.

Legislation to reimpose fairness doctrine has been "affectionately dubbed the Hush Rush bill," Fritts said, in reference to conservative commentator Rush Limbaugh. "This battle is over broadcasters' First Amendment rights and ultimately will be resolved in the courts, as will the indecency issue," Fritts said. While praising interim FCC Chmn. Quello as "a very strong advocate for broadcasters," Fritts said NAB also is "looking forward" to working with incoming Chmn. Reed Hundt on "a wide variety of issues," including "fine-tuning" radio ownership rules changes to enable smaller market stations to move more easily into local marketing agreements and duopoly arrangements. He said broadcasters also seek dialog with Hundt and rest of Commission in working toward "development of a level playing field" on DAB and competition from satellite digital radio.

Fritts and RAB Pres. Gary Fries held news conference in Dallas to praise legislation introduced Sept. 10 by Sens. Bryan (D-Nev.) and D'Amato (R-N.Y.) eliminating requirement that radio stations include lengthy disclosures in certain kinds of advertising. Instead, legislation permits advertisers to include toll-free number for consumers to obtain more information. Fritts said he expects similar legislation to be introduced in House this week by Rep. LaRocco (D-Ida.). He said "consumers still would have access to all the required disclosures. Those disclosures simply would no longer have to be read aloud as part of the radio ad itself." Fries estimated that if Senate bill passes, additional \$20 million can be expected "immediately" from car companies nationally, without counting increased local spending by car dealers.

A vintage Perot told NAB crowd that U.S. trade imbalance was growing rapidly for "simple reason" that "the rest of the world is manufacturing more and more things and we're manufacturing fewer and fewer things." Perot said "the 2 principal exports" leaving N.Y. harbor are "scrap steel and scrap paper going to Japan. It comes back as Japanese automobiles and cardboard boxes in which they place the sophisticated consumer electronics that fills our houses." Of NAFTA, Perot said: "Thanks to the millions of Americans who've become active in politics, that sucker's in trouble." He said "fallback position" in case NAFTA clears Congress is that pact can be terminated 6 months after passage, which would coincide with 1994 congressional elections.

Memprecomm Inc. bought cable systems with 3,500 subscribers in 9 Vt. communities from Newport Cablevision, broker Daniels reported. Terms weren't disclosed.

NAB RADIO NOTEBOOK: "We cannot stop technology, and certainly we shouldn't try," National Radio Systems Committee (NRSC) Chmn. Charles Morgan, Susquehanna Bestg., told NAB radio convention in Dallas last week. "I do not fear satellite [DAB] delivery. If satellite delivery is successful, it simply will be another competitor, and we did survive television." Summarizing history of NAB's rift with EIA on digital radio standardization and broadcasters' preference for in-band on-channel (IBOC) DAB format, Morgan said: "I believe that the NRSC is the only place for IBOC evaluation and standards-setting," but standardization proceeding will work only if broadcasters and receiver manufacturers work toward "common solution." Morgan said most receiver executives "want in-band on-channel to work." He said there's "no assurance" that existing broadcasters will win spectrum allocations in new-band DAB technologies also under consideration by EIA. "If IBOC will work, the public and the broadcasters will both be winners" because system is spectrum efficient compared with other DAB solutions. "The cost of developing L-band or satellite receivers will be very high -- consumers are going to pay the bill," he said.

If broadcasters collectively decide to embrace Radio Best. Data System (RBDS) technology, "we could forestall" development of satellite DAB by 7-8 years because of competitive advantage for terrestrial radio service, Bud Paxson, Paxson Bestg., said. Responding to question whether RBDS standardization effort was wasted on broadcasters who failed to recognize benefits of technology, Paxson said: "There's no other reason to spend \$3,000 on an RBDS transmitter" other than to slow development of direct-broadcast satellite DAB, adding "that's why I support it." Carl Davis, Voyager Communications, said that if broadcasters don't support RBDS, "we're going to wind up with another AM stereo fiasco."

AM improvement guru Ted Snider, recipient of 1993 National Radio Award, described AM as "the foundation of our industry" and force that "spawned, supported and nourished all that has followed. AM is a national treasure that needs to be preserved." But AM and AM stereo appeared to get short shrift in Dallas presentations by 2 IBOC DAB proponents -- AT&T/Amati Communications and USA Digital Radio. Former said it plans to submit FM-only DAB system to EIA for testing in Dec., while USA Digital, which said it simultaneously will deliver AM and FM portions for testing by EIA, conceded that stations transmitting digital AM would be precluded from beaming analog AM stereo, although receivers won't be affected. Asked whether USA Digital consortium still is eyeing ways to make AM DAB compatible with Motorola C-Quam AM stereo standard designated by FCC, Glynn Walden, Group W Radio, said: "We're out of time." Deadline for delivery of systems to EIA is Dec. 31.

U.S. Appeals Court, D.C., will hear 2 arguments this week on broadcast indecency: (1) About 10:30 a.m. today (Mon.) (3rd case on docket), on constitutionality of FCC's mandatory midnight-6 a.m. safe harbor for public broadcasting. Appeal was filed by Action for Children's TV, others. (2) 10 a.m. Tues., indecency on cable access. Court already has stayed FCC rulings in both cases and same panel will hear both arguments: Judges Patricia Wald, Abner Mikva, Harry Edwards.

Pulitzer Publishing closed on \$22.2-million purchase of KCCI-TV Des Moines (Ch. 8, CBS) from H&C Communications. Buyer said Paul Fredericksen will continue as gen. mgr. and has been named vp of Pulitzer Bestg.

OWNERSHIP RULES HIT: Strict enforcement of FCC's ownership rules actually could undermine development of cable competition if it causes resources to be diverted from enforcement of program access rules, Bell Atlantic said in reply comments in FCC rulemaking. Cable operators said new safeguards imposed by Cable Act make tough ownership limits less important. Bell Atlantic said cable has history of impeding arrival of competitors by denying them access to programming: "Stringent vertical or horizontal ownership limits on cable will do little to address this problem." Only solution, RHC said, is "strict enforcement of the Commission's program access rules."

NCTA said safeguards such as program access, leased access and must-carry/retransmission consent are adequate to "address competitive abuses." Cable groups generally said that MSOs should be allowed to own systems with at least 25% of cable subscribers, and that systems could allocate at least 40% of their channels to networks affiliated with MSO. Liberty Media said that ownership limit could be as high as 35% and that MPAA and municipalities, which wanted tougher limits, had provided no evidence backing their claims. Several MSOs said FCC should accommodate video compression by expressing channel occupancy limits in terms of bandwidth, rather than 6-MHz channels.

Ownership limit shouldn't be any higher than 20% (figure that could require some divestiture by TCI), Consumer Federation of America (CFA) said: "Allowing a greater, rather than lesser, level of horizontal ownership would not adequately address the concerns of policies of Congress." CFA said FCC concern that MSOs not be required to divest cable systems is "misplaced" and said channel occupancy limit should be 25%. NAACP said there should be incentives within limits to encourage investment in minority owned businesses, saying govt. has "no meaningful minority ownership policy stimulating cable system ownership."

Other comments: (1) Time Warner said FCC should review ownership limits every 5 years and enforce them only when it receives complaints. (2) TCI said any limits should clarify that if system is at peak, its subscriber count still could grow as existing systems expand. (3) Rainbow and Affiliated Regional Communications, in separate filings, said Commission should exclude local and regional channels from occupancy limit. (4) Viacom warned that channel limits "could not withstand constitutional scrutiny" and said that FCC, rather than local govts., should enforce ownership rules.

TeleWest International -- consortium of TCI and U S West -- agreed to buy 6 cable franchises in central Scotland potentially passing 421,000 homes from Washington Post Co. for undisclosed price, subject to regulatory approval there. Systems in Cumbernauld, Dumbarton, Falkirk, Fife, Strathclyde and Tayside pass 92,000 homes, have 19,000 subscribers. TeleWest International Pres. Gary Bryson said systems "are a perfect complement to our cable TV and telephone operations in the United Kingdom," which already include Edinburgh. Besides new systems, TeleWest has 17 franchises potentially passing 3 million homes. Post COO Alan Spoon said company had been interested mainly in offering multichannel video, but "since our entry into the U.K., regulatory changes there have strongly encouraged cable companies to provide local telephone services as well. To construct both cable and telephone would require a very substantial increase in capital spending and we believe we have other opportunities that more closely match our investment criteria." Spoon said Post will focus on PCS.

CBS JOINS NEWS CONSORTIUM: Three international broadcasters have joined with CBS News to form satellite newsgathering consortium to expand live coverage around world. Other partners in untitled venture are Sky TV of U.K. and VTM of Belgium, with Tokyo Bestg. System (TBS) to join shortly. Other international groups from Germany, Italy and Russia are expected to take part. Financial details weren't announced, but CBS is putting up "a significant amount of the costs," we're told. Members will share facilities and satellite time, cooperate on special projects.

Sky TV currently offers 24-hour news service using Astra satellite serving Europe and much of Middle East. VTM is Belgium's top commercial broadcaster and has been leader in developing private satellite transmissions for European broadcasters. It has fulltime Eutelsat transponder and 4 satellite newsgathering units. TBS operates Japan's largest electronic newsgathering system, helped plan consortium.

"This consortium will help each organization gain immediate, easy access to breaking news," CBS News Pres. Eric Ober said. "It will greatly increase the ability to cover and transmit major events, improve editorial communications between each group and help us share the coordination of technical resources and personnel." Consortium began operating last week from CBS London news bureau, is headed by Marcy McGinnis, dir.-CBS News Net-Europe and deputy chief of London bureau.

Paramount board met Sept. 9 without acting on proposed merger with Viacom, which would leave Viacom as surviving company after stock swap. Talks on merger, in which Viacom reportedly would issue 0.915 shares of its stock for each of 120 million shares of Paramount (for total of about \$7.2 billion based on Viacom's stock price), have been continuing through most of summer, but deal apparently isn't final. Key issue reportedly continues to be Paramount Chmn. Marvin Davis's desire to retain control of company. Paramount, meanwhile, said its profit increased to \$120.4 million for quarter ended July 31, from \$114.3 million year ago. Revenue was up 27% to \$1.4 billion. TV programming operating profit dropped because of investments in new programming, increased programming costs at USA Network and startup of Sci-Fi Channel. TV stations reported moderately higher results.

Joe Robinowitz, WTTG Washington news dir., was forced to resign last week after memo he had written -- but never sent -- suggested that he would fire reporters with liberal political views. Memo, addressed to Fox TV Chmn. Les Hinton, was discovered by employees in computer and leaked to Washington Post. In memo, Robinowitz said he would consult with conservative activists (some of whom were named), stating: "It is going to be a pleasure in coming months to replace WTTG news staff who are inept, politically correct, shallow and/or otherwise unsuitable..." Said WTTG, in announcing resignation: "It is the policy of WTTG to provide balanced and objective news. On this score, we stand proudly on our record." Robinowitz, who had been at WTTG only 2 months, is former editor of TV Guide and Boston Herald, both owned by Rupert Murdoch (as is WTTG).

Major League Baseball has signed 6-year deals with ESPN for \$255 million and CBS Radio for \$50.5 million. Both figures are below what ESPN (\$403 million) and CBS Radio (\$52 million) paid for 4-year rights that end this year.

PEROT HIT ON ELECTRONIC TOWN MEETINGS: Ross Perot's concept of, and use of, electronic town meetings is "a complete distortion and disruption" of what they should be, according to Auburn U. political science Prof. Christa Slaton. At panel discussion at annual convention of American Political Science Assn. (APSA), her comments were among strongest directed at what some in academic community view as wrong turn taken in development of electronic communications to allow voter participation in govt.

Problem with Perot's approach, Slaton said, is that he presents information he deems relevant that is "one-sided and biased," and makes no attempt to include broader perspectives, debate or discussion. Slaton, who has made electronic political participation her specialty, also criticized news media for adopting Perot's description of electronic town meetings using TV, telephone call-in and instant voting by phone while ignoring other, more substantive, projects.

Slaton said that in her view, and view of others who study issue and have conducted experiments, true electronic town meetings include long periods of time for public to study issues and to debate, not quick presentation and instant voting. In paper, "Designing the Next Generation of Electronic Town Meetings," she listed 4 goals of electronic proceedings: (1) Developing communities. (2) Expanding "democratic franchise" by making process accessible to wide groups of people. (3) Enhancing democratic process through neutral discussion and informed debate. (4) Improving political outcomes. She also listed numerous factors on which to evaluate electronic town meetings, ranging from whether sessions were neutral on issues to whether they're accountable to and educate public.

Others on panel made many of same points. George Washington U. Prof. Amitai Etzioni said electronic town meetings could be "useful addition" to political debate. However, he criticized concept of having televised presentation followed by telephone poll on yes-or-no question as process that would "vulgarize the public voice" by overlooking complexities of issues. He said "instant telepolling" after TV shows should be "declared illegal as subversive to democratic systems."

Rutgers U. Prof. Benjamin Barber said each type of technology used for electronic town meetings has limitations. TV is "deeply problematic" as good vehicle because it's one-way medium that doesn't deal well with words and ideas, he said. As result, TV isn't likely to stay interested in prolonged discussion of issues, he said. On-line applications are better for discussion and debate, Barber said, but they have weakness of allowing participants to be anonymous.

Auburn U. Prof. Theodore Becker said new technologies have to be "made to work for democracy or we will have a worse system" than now. He and Barber disagreed over attractiveness of electronic town meetings for TV. Barber contended such programming would have to be profitable to be put on TV or cable, but wouldn't be. Becker said he designed business plan for electronic town meeting channel for TCI that could make money, but said he had "no great faith that it would work out right."

Financials: TCA Cable had \$5-million net profit in 3rd quarter ended July 31, vs. \$3.9 million year ago. Revenue was up 9% to \$38.3 million and operating profit before depreciation grew 9% to \$17.7 million.

Alliance of Continental Cablevision and Performance System International (PSI), first such venture that plans to provide high-speed multimedia service access to Internet via cable system, is evaluating 12 vendors to provide hardware linking computers to installed cable system. PSI Vp Martin Schoffstall said choice would be made in Dec. System will bow commercially in Jan., will be marketed as "InterCable," he said. Main piece of hardware is RF modem that will hook into co-axial cable. User's computer would connect to modem via Ethernet connection, but wouldn't require any other additional installation on users' part. PSI is looking beyond Continental deal, Schoffstall said: "We're close to announcing several other similar ventures in major cities across the U.S." PSI plans to have 2 tiers of service, business and residential. Network security problem has been solved, using "on-the-fly" data encryption, he said. One issue that hasn't been fully resolved by Continental is reliability, Schoffstall said. "Cable companies are used to supplying entertainment. If their network goes down for a day, well, their customers just rent a movie or go see one," he said. "But when people start depending on that same cable system to provide their data, essentially their livelihood in the case of business users, well, there's going to have to be much better understanding of how to provide some guarantees of service." Price for service in homes is to be \$75-\$100 per month at start, but is expected to drop rapidly as economies of scale grow.

Responding to dispute over possibility that WPIX N.Y. may lose rights to air Yankee games (TVD Sept 6 p2), Madison Sq. Garden (MSG) official told us that it's "continuing to negotiate with WPIX to keep Yankee games available on free over-the-air television." He said MSG has offered WPIX 50 Yankee games per year over next 7 years at same price Garden pays -- \$300,000 per game. That's same amount, he said, that KTLA L.A. pays for Dodger games, which have lower ratings than Yankees' WPIX (both stations are owned by Tribune Co.). No other major N.Y. TV station is willing to carry Yankees, MSG official said.

Several hours after satellite programming packager PrimeTime 24 sent news release Sept. 9 saying CBS was refusing to grant retransmission consent to about 200 small cable systems, network wrote company saying it would like to reach agreements. CBS Washington Vp Martin Franks denied letter was result of PrimeTime's news release, saying network had refused to negotiate in violation of FCC rules. Network, he said, had been working on draft of letter for more than week and was in middle of negotiations with much larger entities. PrimeTime spokeswoman said company is pleased CBS is willing to negotiate agreements.

House Telecom Subcommittee will hold cable oversight hearing Sept. 20. Time, place and witness list have yet to be set, although it's expected FCC commissioners will be asked to testify. Commission unsuccessfully sought to have hearing delayed until after its Sept. 24 meeting, when several cable items will be on agenda. Subcommittee also will hold hearing on TV violence effects on minorities Sept. 15, 9:30 a.m., Rm. 2123, Rayburn Bldg. Hearing coincides with Black Caucus Week. Witness list wasn't available.

Cable ad firm Crane Media Sales said it's planning expansion after receiving capital infusion from European media company EC Television. Chmn. Albert Crane said research indicates there's \$50-million ad market for niche cable markets, but "a national major market sales force is required to successfully compete for these billings." He said EC investment (terms not disclosed) will allow Crane to set up sales force.

Personals

Perry Simon, former NBC Entertainment exec. vp, prime-time programs, appointed pres.-TV programming and production, Viacom TV, West Coast... **Tom Carson**, ex-MGM, joins Spelling Entertainment as senior vp-CFO... **William Murray** advanced to senior vp-theatrical, TV and home video, Motion Picture Export Assn. of America; **Michael Connors** promoted to senior vp, Asia-Pacific office; **Jeffrey Hardee** advanced to vp, same office... **David Peeler**, sales dir., Best. Data Systems, promoted to vp-ad services, succeeding **Terrence Meacock**, advanced to vp-international... **Barbara Sparks**, ex-HTS/Echosphere, named gen. mgr., Jones Satellite Programming.

Promotions at Viacom: **Abby Kaiser-Silverman** and **William Bradley** to vps-asst. treas., **Kathryn Charles** to dir.-cash and financial services... **Stephen Chao**, former pres., Fox TV, named consultant-producer, Q2, new home shopping channel owned by QVC.

Mary Neagoy, ex-National Basketball Assn. dir.-business PR, named vp-corporate communications, NBC... **Michelle Ray**, former Cable Academy competitions asst., appointed NCTA asst. dir.-competitions, new post... Washington Post Co. appointments: **Donald Graham**, CEO, elected chmn., succeeding **Katherine Graham**, who remains chmn. of 3-member exec. committee; **Alan Spoon**, exec. vp, promoted to pres., remains COO... **Jeffrey Timmons** joins Irwin, Campbell & Crowe, Washington law firm... **Mort Crim**, vp-community affairs, WDIV Detroit, opens Mort Crim Communications, Harper Woods, Mich... **James Burke**, ex-Warner Bros. Domestic TV, named senior vp-syndication, Rysher TPE.

Sandy DiPasquale, ex-WPRI-TV Providence, appointed news dir., KWCH-TV Hutchinson-Wichita... **Mike Sandrose** promoted to news dir., WHDH-TV Boston... **Karen Frankola**, ex-KOMU-TV Columbia, Mo., and U. of Mo. asst. prof., appointed news dir., WKJG-TV Ft. Wayne... **Rhonda Shelby**, ex-KOMO-TV Seattle, joins KATU Portland, Ore., as community relations dir.

President Clinton announced intention to make 2 nominations to Office for Science & Technology Policy -- **M.R.C. Greenwood**, U. Cal.-Davis dean of graduate studies, as assoc. dir.-science, and **Jane Wales**, Carnegie Cooperative Security Program chmn., as assoc. dir.-international affairs and national security... **William Billick**, ex-Paul, Hastings, Jonofsky & Walker law firm senior partner, joins MPAA as senior vp-gen. counsel... FCC Comr. **Barrett** participates on panel, "Minority Business Summit," House Committee on Small Business, Sept. 17, 9 a.m., Rayburn Bldg... FCC Comr. **Duggan** participates on panel, "New TV and Public Good," International Institute of Communications and Center for Mass Media Research, U. of Colo., Boulder, Sept. 18, 10:30 a.m.



NPR has reached verbal agreement for ABC to provide occasional feeds of breaking news that NPR can't otherwise get. Pete Michaels, NPR senior editor-newscasts, described arrangement as "basically a stopgap, last-resort kind of thing," and said ABC would receive fee for each feed. There may be times when ABC is unwilling to make feeds available for competitive reasons, he said. In related development, NPR said it's close to deal with CPB for loan of up to \$100,000 through end of month to cover breaking events. NPR probably will request funding for specific coverage and repay debt next month when it starts new fiscal year.

Published Weekly Since 1945

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newsnet and Predicaster and also may be received through facsimile service.

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

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

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

WASHINGTON HEADQUARTERS

Albert Warren	Editor & Publisher	Roy W. Easley III	Business
Paul L. Warren	Sr. Ed. & Exec. Publisher	Gary Maderom	Controller
Daniel Warren	Sr. Ed. & Assoc. Publisher	Gene Edwards	Marketing Director
Dawson B Nail	Executive Editor	Betty Alvine	Advertising Director
Arthur Brodsky	Managing Editor-Washington	Deborah Jacobs	Circulation Mgr.
R. Michael Feazel	Senior Editor		Information Systems Mgr.
Brock Meeks	Associate Editor		
Myron Struck	Associate Editor		
Michael French	Assistant Editor		

Business

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

NEW YORK BUREAU
 276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001
 Phone: 212-686-5410
 Facsimile: 212-889-5097

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

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

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

Market Research & Data Sales Division
 Lynn Levine Director
 Karen Fahle Associate Director

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

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

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

U.S. Supreme Court should uphold constitutionality of must-carry even if it finds U.S. Dist. Court, D.C., decision lacking, NAB said in motion asking high court to affirm lower court decision. NAB said there's no question lower court was right in upholding must-carry, but even if there were problems with ruling, Supreme Court should affirm doctrine because "facilitating competition through the monopolized cable conduit does not require the same First Amendment scrutiny as regulation of the editorial discretion of the traditional press." Motion said cable shouldn't get same First Amendment protection because cable isn't principally engaged in generating news, is simply acting as conduit: "Performance of this conduit function involves 'editorial discretion' only in the limited sense that cable operators choose an overall package of channel offerings designed to maximize the operator's profits." Broadcasters also said cable has economic incentive to harm TV stations and cable's dominant role is result of 3 decades of govt. assistance.

KCNC-TV Denver anchor Aimee Sporer said yes to surprise live, on-air marriage proposal from legal correspondent Dan Caplis during 5 p.m. newscast. After accepting, Sporer said on-camera: "This is totally bizarre."

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 Aug. and year to date:

	AUG. 21-27	1992 WEEK	% CHANGE	AUG. 14-20	8 MONTHS 1993	8 MONTHS 1992	% CHANGE
TOTAL COLOR.....	837,972*	575,740	+45.5	446,800	14,100,471*	12,621,392	+11.7
DIRECT-VIEW...	818,402*	561,702	+45.7	441,658	13,869,181*	12,407,316	+11.8
TV ONLY.....	765,249*	539,028	+42.0	417,916	13,103,128*	11,915,989	+10.0
TV/VCR COMBO.	53,153*	22,674	+134.4	23,742*	766,053*	491,327	+55.9
PROJECTION....	19,570*	14,038	+39.4	5,142	231,290*	214,076	+ 8.0
VCR DECKS.....	473,428*	337,938	+40.1	223,529	7,078,274	7,000,187	+ 1.1
CAMCORDERS.....	136,404*	97,811	+39.5	36,481	1,783,777*	1,618,831	+10.2
LASERDISC PLYRS#	6,545*	5,059	+29.4	3,610	128,056	126,820	+ 1.0

Direct-view TV 5-week average: 1993--539,691*; 1992--435,351 (up 24.0%).

VCR deck 5-week average: 1993--285,934; 1992--284,204 (up 0.6%).

Camcorder 5-week average: 1993--71,414*; 1992--64,152 (up 11.3%).

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

TV AND COMBO SALES LEAD STRONG AUG. RESULTS: Industry appears poised to break unit volume records established only last year, according to analysis of 8-month report on sales to dealers from EIA. Sales in Aug. maintained strong pace set early in year in almost all categories, notable exception being VCRs, which had 2nd straight reduced month, although sales in category still were running ahead of 1992 pace.

Sales of direct-view color TVs have boomed in late summer, particularly in context of seasonally adjusted annualized rate. They hit 2nd straight monthly record in Aug., and seasonally adjusted annualized rate was 25.1 million, trailing only July rate of 26.3 million as highest of year. For first 8 months, sales rate stood at 23.9 million, more than 8% ahead of 1992, when record total of just under 22 million sets were sold to dealers.

TV/VCR combo sales continued to zoom toward relative stratosphere, with Aug. sales showing largest percentage increase of any month so far in 1992. With entry of more major brands, and dealers increasing assortments, sales of combos are cinch to crack million-unit figure for first time this year. Sales of projection TVs rebounded from July slump -- only month so far this year in which 1993 units lagged behind 1992 performance -- to register slight Aug. increase. Seasonally adjusted annualized rate was 472,400 sets in Aug., 464,200 through first 8 months -- both of which would far surpass record 404,303 sold in 1992.

Aug. sales performance in video lagged behind TV, at least in comparison with same 1992 month. However, it should be noted that 930,050 VCRs sold to dealers in Aug. was 2nd highest total ever for that month, trailing only phenomenal 1,041,887 sold last Aug., which represented 30% increase over same month year earlier.

Sales of VCR decks were running at seasonally adjusted rate of 12.9 million through first 8 months, which if maintained would be about 5% ahead of 1992's record 12.3 million. Aug. annualized rate of sales was 12.5 million, lowest since March. Similarly, camcorder sales, although inching ahead of performance last Aug., were at lowest seasonally adjusted rate (2.9 million for month, 3.3 million for first 8 months) of 1993. Either of those results still would surpass 2.8 million sold in 1992.

With 43.3% increase in Aug., laserdisc player sales had inched ahead of last year's pace through first 8 months. That was 4th month of last 5 in which player sales ran ahead of 1992, but weak sales in early part of year left category in perpetual catch-up position. Here are EIA's figures on sales to dealers for Aug. and first 8 months:

Product	Aug. 1993	Aug. 1992	% Change	Aug. 1991
Total color.....	1,884,987*	1,733,734	+ 8.7	1,506,752
Direct-view...	1,850,314*	1,699,158	+ 8.9	1,475,135
TV only.....	1,749,802*	1,645,082	+ 6.4	1,423,844
TV/VCR combo.	100,512*	54,436	+84.6	51,291
Projection....	34,673*	34,216	+ 1.3	31,617
VCR decks.....	930,050	1,041,887*	-10.7	801,550
Camcorders.....	213,418	211,535	+ 0.9	232,422*
Laserdisc plyrs..	14,948*	10,430	+43.3	11,486

* Record for any Aug.

JAPANESE CAMCORDER EXPORT PRICES UP SLIGHTLY IN JULY: Japanese export prices for camcorders shipped to U.S. edged up slightly in July, reversing 4 months of steady drops in their yen value, according to Finance Ministry figures. At same time, number of camcorders exported to U.S. was down slightly in July, first time that's happened since Feb. Double-digit increases that had been rule since then represented major turnaround in export pattern, since camcorder shipments had been off each month for nearly 18 months as manufacturers struggled to balance swelling inventories here.

Average value of camcorder shipped to U.S. in July was 57,344 yen, up 2.2% from June; dollar value also rose 2.2% in month to \$535.93 since yen value was relatively stable. Yen value was off 11.1% from year-earlier, although dollar value actually was up 4.7%, since average value of yen rose 15.1%.

Despite slight drop in unit shipments in July, they still were running 22.9% ahead of 1992 pace through first 7 months as industry appeared ready to move toward record sales year in category. Since camcorders -- alone among major video products -- still are overwhelmingly manufactured in Japan, exports to U.S. should relatively parallel sales performance here.

Average value of VCRs exported to U.S. in July was off 14.4% from year earlier to 24,785 yen, although dollar value actually was up 0.8% to \$231.64. As we have reported, fact that increasing number of low-end VCRs are being manufactured outside Japan, combined with declining export prices from within Japan, would seem to indicate significant decline in prices for more highly featured models.

Shipments of laserdisc players to U.S. were off 28.6% in July, with average yen value dropping 12.8% since July 1992 to 36,246 yen (although dollar value increased 2.7% to \$338.74). CD player shipments dropped 23.3%, but average value inched up 0.8% to 14,447 yen (up 18% in dollar terms to \$135.02).

Seven-month exports from Japan to Canada (July figures in parentheses): Color TV 1,009, down 68.8% (428, up 48.9%); VCR decks 135,622, down 46.6% (47,903, down 21.7%); camcorders 111,709, down 2% (18,316, down 26.2%); laserdisc players 10,154, up 10.1% (1,364, down 21.7%); CD players 263,275, down 12.6% (42,433, down 13.9%). Here are video and CD figures for Japanese exports to U.S. for July and first 7 months:

Product	July '93	July '92	% Chg.	7 Mo. '93	7 Mo. '92	% Chg.
Color TV.....	12,580	8,447	+48.9	58,793	69,710	-15.7
VCR decks.....	410,549	527,956	-22.2	2,414,120	3,411,295	-39.2
Camcorders.....	282,300	289,230	- 2.4	1,630,690	1,327,319	+22.9
Videodisc players	30,870	43,258	-28.6	150,339	192,422	-21.9
CD players.....	571,996	745,441	-23.3	3,494,865	3,812,169	- 8.3

FURNITURE MAKERS VYING TO EXPLOIT HOME THEATER BOOM: For several years, audio/video equipment manufacturers have been scrambling to make home theater products more attractive in bid to make electronics more palatable for nonhobbyists. Lately, traditional and familiar names in furniture business have been vying to get in on home theater boom, moving beyond ready-to-assemble (RTA) racks and stands into pieces designed to integrate electronics into room settings.

"Furniture is the key part to the whole home theater," said Ken Furst, acting exec. dir. of Home Theater Industry Assn. (HTIA), which has been courting furniture makers for possible membership and reports that those efforts are beginning to produce results. He said HTIA will have booth at furniture industry's biannual convention in High Point, N.C., next month, where it hopes to add more manufacturers to roster of 5 furniture makers -- Ameriwood Industries, Custom Woodwork & Design, England/Corsair, Franklin Corp., Pa. House -- that already are card-carrying HTIA members.

Furst said he expects HTIA rolls to increase after Oct. 17, when Assn. plans meetings of furniture makers and consumer electronics suppliers in N.C. -- heart of furniture country -- in effort to forge networking relationships. "Furniture companies are using home theater as a way to change their image," he said, citing Ethan Allen as typical: "You think of Ethan Allen as a stodgy colonial furniture company, but when you go into one of their stores now you see this home theater stuff, and then you think, 'this Ethan Allen stuff is hip.'"

Concept of audio/video furniture is by no means new; furniture makers have been offering simple A/V racks and TV stands for years. What's different now, Furst said, is how they're accommodating home theater accouterments in systematic manner. Jasper Cabinet Co., which displayed its furniture along with Denon components at Custom Electronic Design & Installation Assn. (CEDIA) annual meeting last week in Dallas, has met with Denon several times to determine how furniture could best serve needs of home theater. As result, Jasper line of 4 cherry or oak wall units will include home theater-dedicated frills, such as infrared repeaters that enable user to operate equipment remotely even with cabinet doors closed. Jasper line also has cavity designed to accommodate center-channel speaker for Dolby Pro Logic systems. Despite their networking, Jasper and Denon say they have no plans to offer equipment bundles, unlike alliances in which RCA has formal collaboration with American Drew and Philips pursued similar relationship with Thomasville.

Pa. House, maker of traditional cherry and oak furniture, has 4 products designed to house Mitsubishi projection TVs, including new wall unit for Mitsubishi 40" direct-view TV set. Despite Mitsubishi tie-in, however, Pa. House is typical of companies looking more and more to distance themselves from exclusive relationships with audio/video suppliers. Pa. House spokeswoman said that of 20-odd styles of cabinets sold for audio/video products, only 4 are designed for Mitsubishi gear. "We're the first to acknowledge that our furniture is by no means exclusively designed for Mitsubishi," she said.

At same time, Pa. House is using Mitsubishi products for demonstrations on sales floor. "The biggest thing about home theater furniture is that it's not just furniture," spokeswoman said. "You can't just display it, you have to experience home theater with surround sound in its fullest manifestation." Although partners have no contractual obligations, Mitsubishi has made equipment loans easier by partnering local Mitsubishi dealers with neighboring Pa. House dealers. "Our dealers could go to whoever they want for equipment," spokeswoman said, "but Mitsubishi makes the most sense." Pa. House also recently began offering packages of select Mitsubishi products for consumers who don't want to shop around for electronics.

While furniture company executives are keen on idea of expanded market, retail salespeople aren't as sanguine about new products they have to sell. Pa. House dealers are being trained to sell electronics either by Mitsubishi or by contractor hired by manufacturer, spokeswoman said. "In some cases, a salesperson takes to electronics like a duck to water," she said. "The other 90% shake in their boots if they have to do more than turn on the TV."

LADD's American Drew, which recently announced marketing alliance with Thomson Consumer Electronics (TCE) for RCA Custom Home Theater line of wall units and flush-mount in-wall audio/video equipment (TVD Aug 23 p13), also took pains to note that agreement with RCA isn't exclusive. Custom Home Theater -- 4 systems priced at \$2,000-\$8,000, depending on configuration of RCA audio and video components -- tops out with all-in-wall A/V system, including Video Acoustics speakers and flush-mount TV that strongly resembles Philips Wallvision line. RCA gear will be sold through furniture dealers as well as traditional RCA equipment retailers, while RCA will handle servicing and financing arrangements. TCE executives said salespeople in furniture stores shouldn't be placed in position of selling attributes of electronics per se, since customer who would buy preselected components package at furniture dealer probably is more interested in ease of making single integrated purchase than in product specs.

Meanwhile, Thomasville, which helped pioneer home theater furniture market with Philips 2-1/2 years ago, is expanding its line, Styling & Design Vp Guy Walters said. Thomasville home theater system currently is placed in 300 stores, he said, but he believes hefty \$10,000-\$12,000 tag has prevented some people who liked concept from buying. Sales have varied widely by region, he said. Also trying to dispel idea that it can

be faithful to only one electronics manufacturer, Thomasville is expanding its A/V line to include more generic, affordable wall units. Although new offerings have been displayed with Philips-brand A/V components, units represent "lower end line that could accept anybody's electronics," Walters said. Cabinets are available in 5 styles and configurations based around 27", 31" and 35" TVs. Prices are \$2,000-\$8,000.

Sony said it's talking with Lane Co. on possible electronics-furniture alliance, although Sony spokeswoman declined to discuss specifics other than to suggest any such relationship with Lane wouldn't mirror other collaborations that have preceded it. Wayne Morris, mgr. of Lane Home Entertainment Div., said arrangement with Sony will involve 8 different groups of products in what he called "a broad system approach." "We're matched up to Sony products for a major introduction at the October Furniture Market," Morris said, although additional specifics won't be made known until preshow announcement scheduled for today (Sept. 13). Products will accommodate direct-view and rear-projection TVs and media and audio/video component storage, Morris said. He said Lane plans "soft launch" of first offerings to large retail accounts: "We have to walk before we run."

Zenith spokesman said company also has deal cooking with unidentified furniture supplier, but he wouldn't elaborate.

LASER TV -- FOR REAL? Some observers at recent Berlin consumer electronics show tended to dismiss claims by German TV manufacturer Schneider AG that it would commercialize Laser TV within 3 years, particularly in view of relatively low quality of demonstration (TVD Sept 6 p8). Nevertheless, Schneider's arguments were impressive, and company claimed patent protection for system. Laser projection TV was demonstrated by Zenith many years ago and presumably abandoned.

In literature accompanying demonstration, Schneider said it now was possible to transmit "the perfect picture," but not to show it, because "picture representation is still based on the medium we have been using for more than 60 years -- the picture tube. Now this has reached its limits. Because HDTV needs size... a tube with a diagonal [of at least 5 ft., required for HDTV] would require a length which would be unacceptable..." It dismissed projection TV as viable alternative because of incompatibility with HDTV and "economic or ecological problems."

Laser TV is described as eliminating any vestige of x-ray hazard and reducing material and energy requirements of TV because it "dispenses with the picture," since 3 color lasers are employed and no phosphor screen is required. "The light beam emitted from the Laser TV system and deflected by a scanner unit carries all the picture information in the TV colors red, green and blue, and is thus capable of representing any TV or video picture on any front or rear-projection surface. Without essential light loss. Without convergence problems. And in any desired size with laser precision."

Laser TV permits "flattest screen in the world," Schneider said, and can provide "highest definition pictures in the world." Its power requirements are given as 20% of those of picture tube, "and all materials are recyclable."

Whether Laser TV is elaborate publicity stunt or achievable and superior system still is very much up in air.

Sega will establish first Asian subsidiary in Singapore Oct. 1 as base for procuring low-cost materials, according to Japanese news reports. Subsidiary, which will deal primarily with plastic molds, printed circuits and other subcomponents, is expected to purchase \$50 million in materials in year ending March 1994, \$350 million in following year.

MATSUSHITA'S NEW SMALL VCR: Matsushita will introduce mini-component-sized hi-fi VCR in Japan Nov. 1 that it says is about 1/3 size of conventional models. It says it doesn't currently plan to introduce model, which measures 12.2x9.5x2.75" and will retail for about \$800, overseas. Matsushita plans monthly production of 20,000.

Central to new unit -- nicknamed "Mideo" as as conjunction of "mini" and "video" -- was development of miniaturized "Flat Real" deck mechanism that includes 35.5mm cylinder (7mm shorter than standard). New capstan motor is 60mm wide, 6mm high -- 3.8mm thinner and 4mm shorter than in conventional VCR. Slot for tape insertion was reduced 35mm in width, 4mm in height. High-density mounting of ICs and other peripherals reduced audio circuits by 1/4, company said. Matsushita said new unit also consumes 1/5 less power.

Matsushita said it plans to introduce TV/VCR combo based on minideck next fall. Model coming in Nov. also includes VCR-Plus recording system.

TV Allowance, timing device that forces individual viewers to budget TV-watching time, is being shipped to retailers under Magnavox brand name under agreement signed earlier this year with developer Randal Levenson. Under agreement, Philips is exclusive brand-name national marketer of TV Allowance device, although Levenson's company still can sell them on limited basis, Philips spokesman said. Device allows several users to be allotted specific amounts of viewing time during a period; each time set is turned on, "account number" must be entered so proper viewer's account has time taken off. It is primarily designed to control TV watching by children. TV Allowance, \$99.95 suggested retail, also allows viewing to be blocked out during specific time periods.

Digital Audio Disc Corp (DADC) pressed 30 millionth CD-ROM in July. Sony subsidiary also said July was first month in which it produced 3 million discs in one month.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 106 yen = \$1, except where noted.

AT&T'S KAVNER TO KEYNOTE WCES: Robert Kavner, named earlier this year by AT&T to spearhead company's efforts in multimedia as exec. vp-CEO for Multimedia Products & Services, will be keynote speaker at Winter Consumer Electronics Show (CES) Jan. 6-9 in Las Vegas. Kavner is latest in line of keynoters -- 3DO's William (Trip) Hawkins, Apple's John Sculley, IBM's Jack Kuehler, are most recent examples -- reflecting changing nature of CES to a show with broad range of new technologies outside mainstream TV, audio and video.

Changes at upcoming show range from physical to fiscal. "Main floor" (South 3, 4, 5) will be reconfigured, with Panasonic occupying expanded 25,000-sq.-ft. space, Thomson taking larger booth next to "concourse" level, and AT&T moving onto main floor for first time, with 13,000-sq.-ft. exhibit.

Videogame area will be supplemented by new pavilion next to one formerly occupied by Nintendo and its licensees. At Jan. show, Nintendo and Sega will be in South 6 hall -- permanent structure that formerly housed Sega booth and assorted videogame and computer-oriented exhibits. Those booths now move into adjacent pavilions.

Computer and multimedia exhibits again will be in same North 1 and 2 halls they occupied last year. Notable new exhibitor there will be Microsoft, which has taken 2,500-sq.-ft. booth to showcase CD-ROM and home and educational software.

EIA is starting new registration charges for several classifications of attendees. For first time, trade attendees other than buyers, manufacturers and press are being charged \$10-per-badge for preregistration, which spokeswoman said was established to help keep preregistration to "a cleaner, more verified group," cutting down on number of badges ordered but never used. Exhibitors can request 4 badges per 100 sq. ft. of exhibit space up to 750 badges. Nonexhibiting manufacturers will be charged \$75 per badge, although EIA members get 5 free. Anyone other than nonexhibiting manufacturers who registers on-site will be charged \$35. Spokeswoman said charges are in line with those of other trade shows.

Go-Video announced it has been issued 4 new patents, one of which -- credited to Chmn.-CEO Terren Dunlap -- is for VCR with videophone answering capability. Company said patent covers dual-deck VCR with answering machine logic, with decks capable of switching between normal VCR and videophone answering functions. Three other patents granted were for (1) circuitry making possible high-quality duplicating (currently marketed as trademarked "Americhrome" by Go-Video); (2) internal video switching system; (3) "Cable Select Box Supplemental Splitter," which company already is marketing as "Cable Ready Plus" device. Go-Video also announced suit filed against it last year by 4 shareholders (TVD May 18/92 p18) has been dismissed by U.S. Dist. Court, Phoenix. Suit charged improper loans to directors, overcompensation to Dunlap for nonexistent legal services, excessive payments to Samsung for manufacturing dual-decks, misleading stockholders.

Correction: Sentence in last week's story on Emerson attributed to Sales Vp Merle Eakins should have read "Eakins says that meetings with major customers have shown inherent strength in Emerson name, particularly for mass merchandisers..." Name of company was misspelled inadvertently.

SONY WIDESCREEN TV IN JAPAN: Sony will introduce its first widescreen TVs in Japan next month. Lineup includes two 32" models (at about \$4,100 and \$3,200) and two 28" versions (\$3,200 and \$2,300). Higher-end model in both sizes includes MUSE/NTSC converter. Sets incorporate "superflat" fine-pitch Trinitron originally developed for HDTV; aperture grill pitch is 0.56 mm in 28" versions, 0.65mm in 32". Top 3 models also have 3-dimensional comb filter.

Sony said it doesn't have plans to introduce widescreen sets outside Japan, but decided to do so domestically because consumers are able to differentiate between Hi-Vision and standard widescreen formats. It also cited wider availability of wide-aspect-ratio software. Spokesman said Sony considers widescreen important step to era of HDTV.

Meanwhile, Sony said it has sold 100 million Trinitrons since they were introduced 25 years ago. Suehiro Nakamura, senior gen. mgr., TV Group, said half those units were sold within last 5 years.

STEREO TV SALES UP IN JULY: Percentage of color TVs sold to dealers that include stereo reached highest point this year in July, according to figures released by EIA Mktg. Services Dept.

In 3rd straight month in which percentage exceeded 40% mark, 43.1% of sets sold in July had stereo, up slightly from 42.7% year ago. It also was 3rd straight month in which percentage was up over last year, following string of 4 months at beginning of year in which it had fallen. In each case, however, number of sets that had stereo actually increased even as percentage slumped.

Here are EIA's figures on stereo in color sets for July and first 7 months:

MTS STEREO IN DIRECT-VIEW COLOR SETS

Month	1993	% of Total		1992	% of Total	% Change
		1993	1992			
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	
July.....	672,999	43.1	586,531	42.7	+14.7	
TOTAL....	4,481,295	39.5	4,021,483	39.2	+11.4	

Commodore threw hat into advanced videogame ring last week by introducing Amiga CD-32, 32-bit game console based on Amiga architecture, with Advanced Graphics Architecture, incorporating double-speed CD-ROM drive. Game is scheduled to ship next month, will come with 11-button controller and connectors for standard Amiga mouse, joystick or keyboard. Device can be connected to standard TV set, composite monitor or monitor with SVHS connector. Company said about 50 software titles would be available at launch, about half of which would be programs previously released for failed CDTV multimedia machine, which also was version of Amiga. CD-32 also will be able to accept MPEG cartridge for playing movie segments. Commodore was among companies first announced as supporting Video CD format when agreement was reached earlier this summer (TVD July 5 p13, June 28 p16).

Consumer Electronics Personals

Joseph Clayton, Thomson Consumer Electronics exec. vp, mktg and sales-Americas, given additional responsibility for product management, marketing and sales in Asia-Pacific area. He will continue to be based in Indianapolis... **Audio King** vps **Sam Nichols** and **Phil Ward** promoted to senior vps, merchandising and sales, respectively... **Greg Tarr**, former HFD electronics, most recently editor of housewares section, joins TWICE magazine.

Promotions at Electronic Arts (EA): William (Bing) Gordon, senior vp-entertainment production, named exec. vp, N. American Product Development; **Mark Lewis** adds title of senior vp-international, to duties as pres.-managing dir., Electronic Arts Ltd., company's U.K.-based European Div.; Vp **Steve Salyer** promoted to senior vp-business development; **Robert Garriott**, ex-pres., Origin Systems, which EA acquired last year, named vp-business development; **Nancy Smith** promoted from vp to senior vp-sales; **Scott Orr** and **Don Traeger**, exec. producers, Electronic Arts entertainment software, named company vps... **Peter Hudson**, ex-Eastman Kodak, appointed vp, international sales group, Franklin Electronic Publishing... **Robert Moore**, ex-Transamerica, named western regional sales/support mgr. in Southern Cal., VAC Service Corp... **Victor Moorhatch**, regional sales mgr., Lenbrook Industries, appointed national sales mgr.

SOLID AUG. RETAIL GAINS REPORTED: Reports issued by major consumer electronics retailers continue to paint picture of strong volume sales last month.

Circuit City said Aug. sales jumped 26% to \$311 million, with 6% gain in comparable stores. It noted that Aug. had one less Sat. in 1993 than in 1992, with negative effect on sales comparisons. Company opened its 4th Chicago-area store in Aug., and expects to add 14 more there by Thanksgiving.

Company's sales for 2nd quarter ended Aug. 31 were \$905.9 million, up 26% from year earlier. Circuit City will report full 2nd-quarter financial results later. Company concluded quarter with 228 superstores, 7 smaller Circuit City stores, 38 Impulse locations.

As we reported (TVD Sept 6 p16), **Best Buy** earlier said Aug. sales rose 94%, with comparable stores up 26%, while REX Stores had 29% sales increase and 13% comparable-store gain.

Tandy reported 17% sales increase in Aug. to \$289.7 million on strength of 7% comparable-store gains. Comparisons don't include stores closed as part of restructuring announced earlier in year.

—

Goldstar has reached agreement to supply Sony with TV/VCR combos for U.S., Canada and Central and S. America, Japanese press reported. Report said contract, to be signed at end of year, would call for Goldstar to produce in Mexican factory 100,000 units of 13" model and 50,000 of 19" version. Goldstar has been OEM audio manufacturer for Sony since 1989 and is scheduled to supply 200,000 cassette recorders and 470,000 CD players this year, report said. Sony spokesman confirmed company has received TV/VCR proposal from Goldstar, but said it hadn't made decision on whether to pursue deal. Meanwhile, Goldstar formed joint venture with Hong Kong and Chinese companies to manufacture audio products in Guangdong, China. Goldstar will own 65% of venture, which is capitalized at \$9 million. Hong Kong-based Great Wall Co. will own 20%, Chinese Telecommunication Co. 15%.

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
Emerson Radio 1993-qtr. to June 30 1992-qtr. to June 30	102,667,000 181,051,000	(17,484,000) (25,212,000)	— —
Jones Intercable 1993-year to May 31 1992-year to May 31	122,592,000 130,989,000	(56,790,000) 19,579,000	— 1.59
Jones Spacelink 1993-year to May 31 1992-year to May 31	154,574,000 158,693,000	(13,412,000) 8,940,000	— .12b
National Semiconductor 1993-13 wk. to Aug. 29 1992-13 wk. to Aug. 30	558,900,000 472,400,000	57,100,000 21,900,000	.43b .17
TCA Cable TV 1993-9 mo. to July 31 1992-9 mo. to July 31 1993-qtr. to July 31 1992-qtr. to July 31	112,799,000 103,250,000 38,305,000 35,072,000	14,838,000 11,226,000 4,988,000 3,878,000	.60 .46c .20 .16c

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

^cRestated.

Blockbuster Entertainment catalog due out Nov. 1 will include 5 recently launched or soon to be available consumer electronics hardware products, including Pioneer's LaserActive player and Virtual Vision's TV goggles. Twice yearly catalog, which will be sold for \$2, will feature merchandise that doesn't make it into Blockbuster's retail stores, Vp Cary Vollintine said. "Ever since opening the first Blockbuster store and choosing among the products, we've had the idea of putting the next-best assortment in a catalog," he said. "It's a way to bring out brand new product that doesn't have the marketing muscle to make it to retail." Each edition will include all new products, he said, with software offerings all nontheatrical, with emphasis on special-interest titles and those difficult to find in stores. Charging for it is intended to make sure only customers who want catalog get one, otherwise "all those households would take one and it'd litter every parking lot in America," he said. Blockbuster is offering customers \$5 off per order and free shipping for orders of more than \$250. Otherwise, orders carry \$4.50 minimum shipping charge.

Contributions: **JVC of America** Exec. Vp Harry Elias for 3rd consecutive year presented \$300,000 check to Muscular Dystrophy Assn. (MDA) during group's annual Labor Day telethon... **Nintendo of America** sponsored 24-hour 4-market "Mario All-Stars Mariothon" that raised more than \$12,000 for American Red Cross Flood Disaster Relief Fund. Event was conducted in Boston, Minneapolis, Orlando, Philadelphia.

In first known OEM deal for Sharp on Viewcam camcorder, Nikon said it will begin selling equivalent of top-of-line version in Japan Oct. 1 at equivalent of \$2,075. Company said it expects to sell 2,000 monthly, but doesn't plan to sell it in overseas markets.

Sanyo said it has completed joint development with SGS-Thomson of 4 chips of LSI chipset for CD-I full-motion video (FMV) applications. Availability is set for early next year. Chips are designed to be applicable to CD-I FMV player, TV game machine, karaoke CD.

TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 20, 1993

VOL. 33, NO. 38

SUMMARY-INDEX OF WEEK'S NEWS Consumer Electronics

Broadcast - Cable

DIVERGENT VIEWS EXPRESSED ON TV VIOLENCE:

Surgeon gen. says programmers must take responsibility, Valenti says parents should control viewing. Simon hits 'finger-pointing' about who is responsible. (P. 1)

SPLIT CABLE DECISION: Court overturns ownership limits, upholds rate rules and retransmission consent. Content called key. More appeals likely. (P. 3)

VIACOM-PARAMOUNT BEGINNING: Bidding war possible. Viacom looking at telco-cable deals. Few regulatory hurdles likely. New network possible. (P. 3)

FCC STUDYING RATE ACTIONS: New survey to begin in days. Agency responding to Hill pressure on 'creative' cable pricing. City complaints expected. (P. 5)

3RD ROUND FOR INDECENCY: Mikva says FCC is 'between a rock and a hard place' on indecency. (P. 6)

CABLE INDECENCY RULES DEFENDED: Cable Act called 'de facto... ban' on access channel indecency. (P. 6)

TRINITY BCSTG. HELPED by Cable Act, other religious groups tell Supreme Court. Trinity to add 36 million viewers. (P. 7)

CABLE 'PARITY' DEBATED: Cable says telco proposals on cost of service are illegal, hurt consumers. Telcos say cable is trying to delay regulation. (P. 8)

DIVERGENT WASHINGTON VIEWS ON TELEVISED VIOLENCE: Audiences heard very different views about televised violence and who's responsible at 3 different forums in Washington last week. Surgeon Gen. Jocelyn Elders blamed programmers, MPAA Pres. Jack Valenti said it's parents' responsibility to control viewing of their children and Sen. Simon (D-Ill.) said there's too much "finger-pointing" and little concrete action to curb violence on TV.

Elders, testifying at House Telecom Subcommittee hearing Sept. 15, said networks were irresponsible in not following through on promise to provide violence warnings for new fall programming (TVD July 5 p1). And, she said, it would be "slow process" to try to limit violence by targeting advertisers. She urged legislators to go back and make sure programmers understand what is expected of them, and if they don't take responsibility to provide "V" for violence rating more seriously, regulation may become necessary.

Elders said there should be detailed rating scale for programmers to follow because, depending on who is doing rating, effect will vary greatly. When Subcommittee Chmn. Markey (D-Mass.) suggested Congress mandate building "V" rating into chip that provides closed-captioning so that parents could better police what children were watching, Elders replied that it probably would be waste of money since only one program, NYPD Blue, carries warning. "We need a better rating system first," she said.

Prevention, rather than effects, of violence should be issue, Elders said. Prevention must start early and be part of education. "TV is our babysitter. It helps us do what we need to do," she said. "TV has become the educators of our children," and "TV has to take responsibility" for violence. TV violence is especially harmful to minority children, not because of race but because of socioeconomic status, Elders said. Many children of poor spend more than 13 hours each day watching TV programs, many with high violence content, she said, and effects are being seen as children involved in violent crimes get younger and poorer.

Addressing TV violence alone isn't enough, Elders said, and other factors must be looked at: "To understand the effect of media violence on our children, we must look at how it fits into that larger picture of violence in our society." There's no one cause of violence, she said, and there will be no easy solution.

Simon claimed "there is solid research" available linking violence on TV as cause of violence on streets, in speech Sept. 16 at National Press Club. Bad news, he said, is that "the majority of those who speak from the television and film industry" don't acknowledge that. He said there have been at least 2,000 studies -- "many of which are substantial" -- that "all deliver the same message that glorified violence on the TV screen harms our society."

"We have a culture of violence in our society," Simon said, and industry's agreement to include parental advisories "is helpful, beyond the obvious assistance to parents." But, he attacked what he called television's refusal to cover statements of U.S. surgeon gen. on televised violence "with the same thoroughness as it has similar statements on the cigaret threat. The fact that the National Institute of Mental Health twice has warned about this problem is almost unknown. Research on this issue is overwhelming and points in one direction... that glorified violence on the TV screen harms our society... Today, research is solid and unquestioned by any serious scholar."

There's still too much "finger-pointing" about who is responsible for televised violence and crime and too little concrete action, Simon said: "Broadcasting blames cable, which blames the movies... And they all point the finger at others... They're all in this grimy business together." However, he said that he would prefer industry solution to govt. action and that some of legislation proposed would go too far: "Some of my colleagues in Congress say that the only answer is legislation... Lawmakers should be cautious about entering the field of content, but television moguls, who worship the dollar more than responsibility to society, invite legislative solutions."

While conceding that networks have shown improvement for prime-time season just starting, Simon said he fears that will be temporary. That's why, he said, "I strongly favor an independent monitoring committee" charged with reporting annually "about what... broadcast and cable networks are doing in presenting glamorized violence... This is not a Hays Commission that precensors, but a body that reports the facts, after viewing, to the public." Simon has suggested as members of blue-ribbon commission ex-FCC Chmn. Newton Minow and retired network correspondents Walter Cronkite and John Chancellor. If independent monitoring group isn't established, "then we're going to have a legislative reaction," Simon said. "What that will be, I don't know." Asked about V-chip proposed by Markey, Simon said, "frankly it's not an answer to our problem," but he said he doesn't oppose concept.

Speaking at Media Institute lunch Sept. 15, Valenti said he's "insufficiently impressed" with research attempting to link violence on TV and in movies to violence on street, that responsibility to control what their children watch on TV rests with parents. Most of research linking TV and violence on streets is "porous," he said. Valenti said TV networks and programmers are closely examining televised violence, are holding meetings "right now" with creative community. He said that he also has met personally with all those involved but he believes fact that parents bear responsibility is clear: "Children must be taught values by their parents... The way to deal with this is in the home." However, he said, if TV violence is shown to be responsible "for even the minutest part" of street violence, industry must attempt to remedy situation. He didn't say what steps should be taken, but did say that if "you cut the wires of all TV sets today" there would be no less violence on streets in 2 years.

If something is too violent, creative talent and networks are trying "to do something about it," Valenti said. Best way to treat violent movies is "don't patronize them," he said, adding that there's "an honest resolve" voluntarily in industry not to "glamorize" violence. Alternative (govt. action) will "get you into quicksand" of content regulation, he said.

Valenti asked why, in 1993, televised violence became such a big issue: "Why not 1990? It never seemed to catch fire like it has now." He said "most politicians, but not all," want to avoid imposing govt.

regulations. "Violence on television is an easy target," he said, but issue is much more difficult than it appears. Noting that as MPAA pres. he makes many trips to Hollywood for talks with producers, he said that after movie grosses are discussed, conversation always turns to "fear" of being on streets. Clint Eastwood, he said, now drives old pickup around L.A. Asked about Simon (who's a leader among congressional critics of TV violence), Valenti said he "trusts [Simon's] instincts" and is convinced he doesn't want to get govt. involved, but "I can't say that for some of his colleagues."

CABLE GETS SPLIT COURT DECISION ON CABLE RULES: Cable MSO ownership limits, public service obligations for direct broadcast satellites, and notice provisions for cable previews "appear clearly unconstitutional," U.S. Dist. Judge Thomas Jackson, D.C., ruled in 28-page order Sept. 16. He said, however, that 10 other Cable Act provisions, including rate regulation, retransmission consent and vertical integration rules, are constitutional because they aren't content-related and aren't excessive. Cable groups immediately indicated they will appeal on rate regulation, consent and other issues. "We always expected that the constitutional issues would be resolved by the Supreme Court," NCTA spokeswoman said. Largest MSO TCI, however, said it was "very happy" with rejection of ownership limits.

Citing earlier decision by 3-judge panel on must-carry, Jackson said Cable Act "is essentially a regulatory measure of economic rather than ideologic import." As result, he said, crucial question isn't just whether rules "fetter the speaker's discretion" or favor some speakers, but whether rules are content-based: "Constraints on speech, even if deriving from an exercise of governmental authority, need be strictly scrutinized only if the government has specified the speaker's message. The provisions at issue here may impose some limit on the autonomy of cable operators to speak [but] most do so only to serve regulatory goals unrelated to content. Accordingly, these provisions... are constitutional."

There appear to be no circumstances in which govt. could make horizontal integration limits "constitutionally compatible," Jackson said: "Even content-neutral regulations may not burden substantially more speech than necessary, and must leave open ample alternative means of reaching an audience. Any governmentally ordained quota on the number of subscribers a cable operator may reach leaves the operator with absolutely no intramedium means of speaking to the remainder of its potential audience."

DBS rules clearly are unconstitutional, Jackson ruled, because "there is absolutely no evidence [to] conclude that regulation of DBS service providers is necessary to serve any significant regulatory or market-balancing interest." On provisions requiring advance notice of free previews of R-rated premium channels, Jackson said rules are "content-based" because they make judgments on material on basis of MPAA ratings, which are content-based. He said that govt, by using ratings, isn't determining that they actually would include indecent material: "It is not difficult to envision less onerous alternatives."

Jackson found in favor of 3 other provisions -- those abrogating statutory immunity that cable operators enjoyed from liability for transmission of obscenity, immunizing municipally owned cable operators from civil liability, retransmission consent. On retransmission consent, judge said Congress could have amended Copyright Act to provide for payments from cable operators to broadcasters, "but it is not constitutionally significant that Congress has done in the Cable Act what it otherwise could have done in the Copyright Act."

Rate regulation rules "are wholly unrelated to content," Jackson ruled. He said they're intended only to reduce anticompetitive behavior and keep rates affordable. Rules include standards "of an accounting nature," he said, "eliminating any incentive on the part of the FCC to make discretionary rate-making judgments on the basis of perceived programming merit." Vertical integration rules also are "entirely unrelated to the content," Jackson said, and are based on speech-neutral characteristics such as economics of ownership: "Congress discovered an altogether understandable tendency on the part of operators to give preferential treatment to those programmers in which the operator has an economic interest." He also said burden of rules is "relatively minor."

Jackson's findings were much the same on other Cable Act issues: (1) Public, educational and govt. channel and leased access rules were enacted to serve significant regulatory interest and are content neutral. (2) Leased access provisions are content-neutral and encourage competition.

VIACOM-PARAMOUNT DEAL COULD BE JUST THE BEGINNING: Viacom agreement to take over Paramount in \$8.2-billion deal may be followed by some form of cable joint venture with a telco, Viacom Chmn. Sumner Redstone said. It also could be start of bidding war for Paramount, as investment banker Allen & Co. confirmed that it's advising group led by QVC Chmn. Barry Diller on possible competing offer. Redstone said telco deal not only would "contribute to the bottom line" of Viacom, but also could set stage

for acquisition of more cable systems. Merger is subject to regulatory approval, but legal experts said hurdles should be minor because only TV station licenses would have to be transferred, and dozen stations to be owned by merged companies don't appear to violate any cross-ownership rules.

Under deal that Redstone said was 4 years in making, Paramount stockholders would receive \$69.14 per share of common stock (\$9.10 cash, rest Viacom stock). Merger would leave Redstone, to become chmn. of new Paramount Viacom International (PVI), with 69.8% voting control of combined companies and 38.5% of stock. Paramount Chmn. Martin Davis would become CEO of merged company. Transition team, including Viacom CEO Frank Biondi and Paramount COO Stanley Jaffe, will oversee changeover, particularly in deciding what positions those 2 would have in new company. Biondi acknowledged that one of challenges would be to "keep everyone under the umbrella and motivated," but Jaffe said "it's a big company. There's room for everyone." Paramount and Viacom each would name 6 members of PVI board, in addition to Redstone as chmn.

Reports that Redstone artificially inflated Viacom share price by buying thinly traded stock are "malicious innuendo," company said in statement issued following report in Wall St. Journal. Article claimed that Redstone's purchase of 413,600 shares of Viacom (15% of total trading volume) between July 5 and Aug. 20 helped boost price 26% during period, increasing value of stock part of company's purchase price for Paramount. Viacom said that purchases by Redstone-controlled National Amusements were part of "long-standing, well-known" program to buy its stock, that purchases were fully disclosed to Paramount and that none occurred while Paramount deal was likely: "Any suggestion, hint or innuendo that these stock purchases were at any time inappropriate, much less improper, is baseless and false."

Deal is subject to "customary regulatory approvals," but is expected to be completed late this year or early next, officials said. Merger would give PVI 12 TV stations, 14 radio stations, full ownership of 8 cable networks (Flix, Madison Sq. Garden Network, Movie Channel, MTV, MTV Europe, Nickelodeon, Showtime, VH-1), part ownership of 5 cable networks (All News Channel, Comedy Central, Lifetime, Sci-Fi, USA), Paramount Pictures with 890-film library, cable systems with 1.1 million subscribers, Paramount TV (which produces 30 hours of weekly TV programming and has library including Cheers, Happy Days, Star Trek and others), Viacom's TV syndication business (Cosby Show, Matlock, Montel Williams, Roseanne, etc.), 4 book publishing firms, 5 theme parks, interactive multimedia divisions at both Paramount and Viacom, interests in total of 1,582 movie screens in U.S., 345 overseas screens.

None of 12 TV markets overlaps, and none of Paramount stations appears to overlap with any Viacom cable systems. Paramount stations whose licenses would have to be transferred to PVI include KRRT (Ch. 35, Fox) Kerrville, Tex., KTXA (Ch. 21, Ind.) Ft. Worth-Dallas, KTXH (Ch. 20, Ind.) Houston, WDCA-TV (Ch. 20, Ind.) Washington, WLFL-TV (Ch. 22, Fox) Raleigh-Durham, WTXF (Ch. 29, Fox) Philadelphia, newly acquired WKBD-TV (Ch. 50, Fox) Detroit. Viacom stations include NBC affiliates WHEC-TV (Ch. 10) Rochester, N.Y., WNYT (Ch. 13) Albany-Troy-Schenectady, WVIT (Ch. 30) New Britain, Conn., and CBS affiliates KMOV (Ch. 4) St. Louis and KSLA-TV (Ch. 12) Shreveport. Some of Viacom's cable franchises could be subject to review because of change in corporate management, but lawyers familiar with subject said that's likely to affect only minority, if any. Washington law firm Wiley, Rein & Fielding represents both parties in transaction (meaning, according to one wag, that it stands to lose a client) and ex-FCC Chmn. Richard Wiley (senior partner in firm) called on commissioners last week to explain transaction.

PVI will "look at" possibility of 5th broadcast network, Davis said: "The possibilities of our combined assets are unlimited. We are both opportunistic, but I won't comment on individual possibilities." He did say that Paramount is interested in terminating its partnership on Lifetime network and "we are interested in buying."

"The shape of the industry will never be the same" after deal, which has been compared with Time Warner merger, Redstone said enthusiastically. "We will become the most powerful software-driven company in the world." He said merger would create "the critical mass to build a worldwide entertainment and publishing company" and would "enable us to extend our franchises into new product areas, emerging programming outlets and untapped geographic markets." Company will have net combined debt of about \$3.4 billion, but market value of more than \$18 billion. "We will have a balance sheet like no other that ever existed for a merger of this size," Redstone said. He said PVI would have positive cash flow and earnings increases "from day one." Standard & Poor's immediately said it was considering improving Viacom's debt rating. It said business future of merged company was more favorable than for either individually. It also said using stock for much of purchase would provide "a relatively strong balance sheet and good flexibility." Moody's also said it may upgrade Viacom debt, but may downgrade Paramount's: "Although it appears unlikely, a competitive bid for Paramount is possible. In such a case, the impact on Paramount's debt ratings could be more severe."

Davis and Redstone downplayed likelihood of competing bid for Paramount, despite reports that TCI and QVC might be interested. Merger deal includes \$100-million payment to Viacom if Paramount backs out, and Redstone said "I don't expect any offers from either." He also said he believes that political environment might not be right for TCI or Liberty Media to be involved in another acquisition. Davis said someone else might offer few dollars more per share, but "no other potential mergers give the same potential value" to stockholders.

Redstone and Davis both emphasized plans for rapid growth after merger, including continuing negotiations for cable deals with telcos. Redstone wouldn't identify "2 or 3" telcos that he's talking with, wouldn't even specify whether they were BOCs or long distance carriers. He said Viacom recently "walked away from" deal that would have valued MSO's cable systems at \$2.4 billion for joint venture purposes, but "others are being actively pursued."

FCC STUDYING RATE ACTIONS: Facing congressional pressure to toughen cable rate rules, FCC expects to begin new survey of rate changes within next few days. Chmn. Quello said there has been "some creative pricing going on" and Commission wants to document it in time possibly to take action as early as its Oct. 15 meeting. Commission said Sept. 17 that it will require each of 25 largest MSOs to provide information on rate changes at their 10 largest systems, plus some systems that will be subject to cost-of-service rules.

MSOs will have to provide rate cards and channel lineups for included system that were in effect April 5 and Sept. 1, giving FCC opportunity to analyze changes. Information is due to FCC by Oct. 1. FCC said top-25 MSOs have about 75% of cable subscribers. It's still unclear what action Commission would take if it found unwarranted rate changes. Options range from adjusting benchmarks downward to taking enforcement actions against cable systems that violate rules. One staffer said there are even indications that some of rate hikes are result of "simple math errors." Survey will simply measure rate changes, not whether they're justified under rules, staffers said.

Several municipal franchising authorities are expected to file complaints with FCC beginning this week on cable rate changes Sept. 1. They believe that changes, which often involve cuts in some tiers and boosts in others, violate FCC rate freeze, which requires that average cable bill not increase. Despite freeze, cable rates continued to outpace inflation in Aug., according to Bureau of Labor Statistics (BLS) figures released Sept. 14 that showed they increased average of 0.5% in Aug., vs. 0.3% growth in overall Consumer Price Index (CPI). For previous 12 months, cable rates were up 6.3%, vs. CPI's 2.8%.

House Telecom Subcommittee Chmn. Markey (D-Mass.) and Rep. Shays (R-N.J.) are circulating letter to be sent to FCC asking Commission to reconsider rules that have resulted in higher rates. In Sept. 14 letter to other members of House, Markey and Shays said agency had "snatched defeat from the jaws of victory" as rates went up after Cable Act that had been hailed as most important consumer victory in 20 years. It would be "perverse result" if cable monopolies used FCC rules to raise rates, letter said. In asking for signatures of House members, Markey and Shays said rate hikes "force us to question whether something fundamental has gone wrong with the Commission's regulations." Higher rates "are not consistent" with intent of Cable Act, letter said, noting that goals of 3-year battle to pass legislation were to promote new technologies and competition and to "put an end to cable's rate gouging" of consumers. They hoped first goal would be met, but Markey and Shays said FCC's processes "have frustrated Congress' intent to make cable rates reasonable."

Senate Minority Leader Dole (R-Kan.) in Sept. 13 statement said legislators who supported cable law should get ready "to eat a big helping of crow" as result of increases in rates and side effects such as dropping of C-SPAN from cable systems as result of must-carry rule. Dole characterized last year's legislative fight as effort by Democrats to embarrass President Bush, who he said vetoed bill not because he was siding with cable companies but because of costly regulations that would result.

Meanwhile, House Telecom Subcommittee rescheduled cable regulation oversight hearing, originally scheduled for today (Sept. 20) to Sept. 28, time and place not set yet.

Comment of Steven Bochco, producer of *NYPD Blue* premiering Sept. 21 on ABC TV, on passel of affiliates that are refusing to carry program because of sex, nudity and violence: "You're not going to find much representation of America's greatest heroes among affiliates. I find it regrettable that there are station managers out there who are acting as community censors..." Program caused uproar among affiliates when it was screened for them last spring (TVD June 14 p6). Bochco has cut 15 sec. from sex scene since then, refused to make other trims. ABC won't say how many stations aren't carrying opening episode but nearly all are in small markets. Donald Wildmon, head of American Family Assn. who launched campaign against *NYPD Blue*, claims about 30 affiliates have dropped program, largest being WFAA-TV Dallas. ABC said last week that all 12 min. of advertising in premiere of *Blue* have been sold, with price averaging \$115,000 per 30-sec. spot.

TV stations will save \$240 million in music licensing fees for period 1983-1994 under agreement with ASCAP, TV Music License Committee said. In long court proceeding, ASCAP had sought increase in fees stations pay, and payments have been made since based on 1983 fees. Under agreement, interim fees will remain in force through next year and stations will pay ASCAP additional \$4 million in 1993 and \$10.65 million in 1994. New rates are expected to become effective in Jan. 1995, with ASCAP retaining right of appeal. "This agreement is important... because it eliminates any uncertainty regarding the amount of performance rights fees due ASCAP through 1994, while continuing the interim per-program license applied to syndicated programming," Committee Chmn. Willard Hoyt said. Based on agreement with ASCAP, Committee said it would start negotiations with BMI soon.

CPB board nominees Diane Blair, U. of Ark.-Fayetteville politics prof. who's personal friend of President and Mrs. Clinton, confirmation hearing is Sept. 27 by Senate Commerce Committee, 2 p.m., Rm. 253, Russell Bldg.

3rd COURT ROUND FOR INDECENCY: "I am very much aware of the fact that the FCC is between a rock and a hard place" in trying to come up with constitutional restrictions on indecent programming -- as has been decreed by Congress. So stated Judge Abner Mikva at last week at 3rd hearing on issue before U.S. Appeals Court, D.C. He made statement to Jane Mago, FCC asst. gen. counsel, as she defended Commission's latest attempt to adopt rules that would withstand court challenge. Judges Patricia Wald and Harry Edwards joined Mikva in extensive questioning of lawyers -- Timothy Dyk for plaintiffs ACT and several industry groups, and Eric Lieberman for Pacifica Foundation.

After hearing ended -- it went overly long because of questions -- there was consensus among observers, including govt. employees, that Commission effort would be declared unconstitutional for 3rd time. Earlier cases were ACT I in 1988, ACT II last year -- because Action for Children's TV was leader in appeals. Latest appeal, ACT III, deals with FCC's establishing "safe harbor" of midnight-6 a.m. for airing of indecent programming, which is protected by First Amendment, while obscene programming isn't.

Asked by Mikva for purpose of safe harbor, Dyk said it's to assure access for adults to constitutionally protected programs. Peppered Dyk with questions, Wald said "I've got a real problem" as to what constitutes unsupervised children watching TV (midnight-6 a.m. was chosen because it's assumed there are few children under 17 watching then). Dyk responded that FCC has absolutely no data on watching by unsupervised children. He said network-sponsored study showed that children under 12 have "no interest" in indecent programs and that govt. hasn't disputed that study. Broadcasters have been "living under a regime we believe is unconstitutional" for 5 years, Dyk said, but he conceded there's "legitimate government interest" in protecting unsupervised children. To which Edwards responded: "You're really carrying your argument way too far." He said later that he disagreed with much of Dyk's argument.

Pacifica's Lieberman said court must consider that argument is about children up to college age and their viewing is unsupervised. "There must be a broad and clear safe harbor" for airing of indecent programming, he said, charging that current FCC restrictions are "Draconian." Rules have "a substantial chilling effect" on First Amendment rights of broadcasters, he said.

Mago argued that Commission has no choice because it has been ordered by Congress to regulate indecent programming. Midnight-6 a.m. was chosen, she told Wald, because of paucity of children in audience. She said FCC decided that 6 hours were sufficient to provide indecent programming for adults who wanted it. Mikva told Mago that "the evidence you've come up with is very thin," to which she cited figures showing major drop in child viewing after midnight. Mikva responded that FCC never has explained adequately its reasons for doing what it did and merely has given "lip service."

Edwards wanted to know how FCC could justify trying to "block all these kids" from indecency where there's big difference between wants of 17-year-olds and "9 or 8 or 7" year-olds. Mago disagreed with Edwards' contention that FCC "is trying to block all kids." In answer to Mikva's suggestion that Commission adopt different rules for different age groups, Mago responded "it would be extraordinarily difficult and cumbersome." In rebuttal to Mago, Dyk said FCC's arguments are "exactly the same" as those used in ACT II case, which Commission lost. He also said that broadcast indecent programming isn't nearly as bad as that seen on cable.

INDECENCY RULES DEFENDED: Cable Act amounts to "de facto... complete ban" on indecent programs on cable access channels (TVD May 10 p6), Michael Greenberger, attorney for Alliance for Community Media, argued in U.S. Appeals Court, D.C., Sept. 14. He charged that statute doesn't use "least restrictive means" to protect some viewers from indecent material. FCC argued that statute is necessary to protect some viewers, especially children with little parental supervision, while Alliance countered that lockboxes already address issue and fear some operators simply would ban all questionable material to avoid controversy.

FCC attorney Gregory Christopher said Sec. 10 of Cable Act "supplements and complements a lockbox," argued that "there are always going to be some timid programmers" who won't air controversial programs, "but that's not the fault of the regulatory scheme." Chief Judge Abner Mikva said parental interest is "a fallback" and cautioned against passing laws that subject whole population to "programming suited for a 5-year-old."

Judges focused on what constitutes "least restrictive means." When Judges Patricia Wald and Mikva asked for Christopher's definition, he replied that current lockboxes suffice. When judges pressed Greenberger on "safe harbor" issue, in which questionable programming would be put on separate lockable channel, he said that would be preferable to Sec. 10. Mikva suggested handling indecency on case-by-case basis instead of instituting broad-based regulation, and he challenged FCC to find "some more difficult route" to achieve regulatory goals.

Question isn't whether telcos will enter cable business, but when and under what rules, NCTA Chmn. Richard Roberts of TeleCable told Washington Cable Club. He said cable industry is willing to reexamine its opposition to telco entry as technology blurs distinctions between industries, but said there needs to be transition period and controls on telcos to prevent cross-subsidies. Telcos shouldn't be allowed to provide video until local telco markets face effective competition, including opportunity for cable to compete, Roberts said. He said he couldn't define effective competition -- saying that's policy issue for regulators. Roberts suggested "staged entry" into video competition by telcos, saying there's no need for continuing rules limiting joint ventures between telcos and cable companies. He said it would be "disastrous" if govt. opens video to telcos overnight. Cable rate regulation was "a torpedo hit right at the water line," Roberts said, costing 700,000-subscriber TeleCable \$9-\$10 million in revenue just when it needed cash flow most to finance upgrades. He said TeleCable is getting less subscriber reaction than expected to rate changes, although he said "special interest groups are trying to stir up complaints."

In complex deal that gives Blockbuster effective control over Spelling Entertainment and Republic Pictures, Spelling and Republic signed agreement in principle to merge, with Spelling paying \$13 cash for each of 7.1 million Republic shares, for total price of about \$93 million. At same time, Spelling agreed to sell 13.4 million of its shares to Blockbuster for about \$100 million, with proceeds to finance Republic purchase. Deal, which would give Blockbuster 70.5% of Spelling stock, is expected to close in Jan.

Public Service Div. of FCC will sponsor brown-bag lunch today (Sept. 20) on agency's new forfeiture schedule (noon, Rm. 856). Commission staffers Mary Beth Richards, Myron Peck, David Solomon and Charles Kelley will participate -- Kara Casey, 202-632-0244.

MUST-CARRY HELPS TRINITY: Cable Act unconstitutionally benefits Trinity Bstg. over other religious broadcasters by granting Trinity's stations must-carry status, according to brief filed in U.S. Supreme Court by Vision Interfaith Satellite Network (VISN) and Atlanta Interfaith Bstrs. (AIB). In separate filing, cable programmers repeated claims that cable networks are unconstitutionally disadvantaged by must-carry.

Satellite- and microwave-delivered religious channels such as VISN and AIB don't have must-carry and are being bumped off cable systems, they said. Groups claimed that full-power TV stations carrying primarily religious broadcasting account for 25% of all independent stations entitled to must-carry, in addition to noncommercial and low-power religious broadcasters. Trinity is biggest religious broadcast network, they said, and "with must-carry, Trinity's programming will squeeze out competing religious programming on cable." Brief estimated Trinity could add 36 million households because of must-carry.

VISN and AIB said must-carry amounts to unconstitutional subsidy for Trinity and denies equal access to other religious programmers. They said 3-judge panel of U.S. Dist. Court, D.C., failed to address whether Cable Act gives equal access to all religious programmers or denies access to some: "The Cable Act gives Trinity such a decided preference over... other religious programmers in accessing cable subscribers that as a practical matter it 'establishes' Trinity's brand of religious programming," brief said.

Must-carry rule clearly is content-based and therefore needs strictest First Amendment scrutiny, said brief by cable programmers led by Turner Bstg. They cited congressional findings leading up to Cable Act that justified must-carry on basis that TV stations provided local news and public affairs programming that was "critical to an informed electorate," meaning that Congress believes that broadcast programming is "especially worthy." Cable programmers said Congress enacted must-carry because its prefers such broadcast programs over cable programs, so rule is content based.

"The central vice of the must-carry law is its speaker-partiality -- its enactment of an explicit preference for one group of speakers at the direct expense of cable programmers," they told Court. "Programmers have no governmentally conferred access to the airwaves and thus no alternative means of disseminating their messages." Even if it were true that some cable systems dropped broadcast stations for anticompetitive reasons, brief said, "divesting all cable operators... for the benefit of all broadcasters... at the expense of all cable programmers [is] about the most blunt instrument imaginable" for solving problem. NAB earlier defended rule to Supreme Court, saying cable operators aren't entitled to same protections as print press (TVD Sept 13 p8).

Mass Media Financials: TCA said it plans to spend \$100 million over next 3-5 years to upgrade cable systems, with money to come from internal cash flow. It also said cable rate regulation will cut its revenue by less than 1% in fiscal 1994. "This modest reduction is the result of many years of controlling expenses... which allowed TCA to charge rates at the low end of the industry averages," Chmn. Robert Rogers said... Alternative access telco **Northeast Networks** signed deals for \$10 million in new senior debt and equity, said broker Daniels. Company is building fiber network in conjunction with C-TEC in several upstate N.Y. counties.

REGULATION, FINSYN STILL ISSUES: Threat of govt. attempts to censor TV programming in such areas as sex, violence and language was recurring theme at seminar "Television: A View from the Top" at Beverly Hilton Hotel in Hollywood last week. Some panelists (including network and program executives) called for PR counteroffensive against Congress, while others urged more moderate and conciliatory approach. Other issues discussed included finsyn rules, syndication trends, multimedia, 500-channel universe that lies ahead.

Ex-NBC Entertainment Pres. Brandon Tartikoff, who moderated luncheon panel of 4 current network programming heads, asked them to comment on charge by author Tom Clancy, following House violence hearing early this summer (TVD June 28 p1), that industry is full of "wimps" who won't fight against intimidation by Congress. Jeff Sagansky of CBS said violence issue had united networks: "We're taking our message to Washington and to the public because it's important. If anyone is really serious about [curbing] violence in this country then there should be gun control legislation." ABC programming head Ted Harbert said: "We don't want Congress to tell us how to do our programs. They made their point and we got the message. There's no congressmen losing any votes in their districts by coming down hard on the networks."

In panel on program policies, ex-FCC Comr. Sherrie Marshall, Marshall Co., disagreed with Sagansky, saying that while fight against govt. program strictures has wide support, it also has divided industry. She urged opponents of censorship "to speak with a single voice." On finsyn issue, Marshall said only lawyers and lobbyists have benefited, statement to which Fox Inc.'s George Vradenburg took exception. He said old rules tended to "keep competition out of the syndication business."

Richard Cotton, NBC exec. vp-gen. counsel, said in today's programming universe only way traditional networks can compete is with more in-house production. But, he said: "All network programming will never be done in-house. I don't know anyone who believes that the networks have that as an agenda." He also thought it ironical that current congressional push against violence comes at time of "the least violent programming in network history... The networks do have standards and the standards are appropriate to the audience."

On finsyn issue, Bonny Dore, head of her own production firm, said issue is "who owns the program. Do people who create own on both ends? Do producers have an opportunity to profit from their own labors?" She said she believes programmers have lost finsyn battle, but there "may be a negotiated agreement" with networks. However, she said, if Congress tries to legislate standards, result would be "pablum or things that don't work... The First Amendment is absolute. The minute you start to chip away at it, you'll soon find there's nothing left." Seminar was co-sponsored by Hollywood Radio-TV Society and Bstg. & Cable magazine.

FCC is scheduled to make another round of decisions on program access and cable ownership rules at agenda meeting, 9:30 a.m. Sept. 23, FCC hq. Commission approved original set of ownership rules (MM 92-264) in June, but left open questions of what percentage of cable systems single MSO could own and number of channels that can be occupied by affiliated programmers. On program access (MM 92-265), Commission will consider rules on prohibited practices in negotiation of program carriage agreements. Also on agenda is reconsideration of network finsyn rules.

'REGULATORY PARITY' DEBATED: Telco proposals to impose "regulatory parity" on cable would be illegal and hurt consumers, virtually all cable parties said in latest round of comments on FCC's cost-of-service rate rules (TVD Aug 30 p4). However, joint filing by Bell Atlantic, Nynex and Pacific Telesis said cable industry simply is trying to delay any "meaningful regulation" of rates and seeking preferential treatment to get "artificial advantage" in competition with telcos.

Congress would have declared cable common carrier if it had wanted regulatory parity between telcos and cable, NCTA said. Assn. said cable already faces tougher regulation in many ways because telephone terminal equipment and enhanced services are deregulated and because, while telcos are regulated only by FCC and states, cable is regulated by FCC and "potentially by tens of thousands of local communities." So-called regulatory parity would deny cable right to reasonable return on investment and potentially would deny customers right to improved cable service since systems couldn't raise investment capital, NCTA said. Continental called regulatory parity "a smokescreen for applying costly new rules to cable" that would handicap telcos' emerging competitors with insufficient return.

Cost-of-service could open up new avenues for cable to abuse monopoly position by including acquisition cost premiums in cost base, telcos said. Rules also could allow depreciation rates in excess of telcos' and "excessive" rates of return, they said. RHCs said they would endorse proposed rules if applied to them, but "until the Commission takes that step, it must avoid tipping the competitive balance by treating one industry more favorably than another." Unless cost rules are administered carefully, they said, "cable will be able to expand a small outlet designed to govern exceptional circumstances into a gaping loophole that will overwhelm the benchmark and price caps."

TCI and Time Warner said FCC shouldn't set industrywide cost-of-service rules. TCI said rules should be administered on case-by-case basis to account for diversity of cable industry. Time Warner said Commission shouldn't set industrywide rules on accounting, cost allocation, depreciation schedules or rate of return since not all cable systems would opt for cost-of-service. Small Cable Business Assn. said "one-size-fits-all" cost rules afford no protection for small systems because, among other things, they are riskier, so their cost of capital and other needs is higher.

Cost-of-service will be "a tremendous administrative burden," according to joint filing by National Assn. of Telecommunications Officers & Advisers, National Assn. of Counties, National League of Cities, U.S. Conference of Mayors. They again said that FCC should set high threshold for cable systems to use cost rules, and that systems should have to use same rate regulation approach (benchmark vs. cost) for all regulated tiers. Joint filing by group of municipal franchising authorities said Commission should use benchmarks exclusively, but if it did use costs, it should require "complete" cost-of-service cases and not allow cable systems to "cherry-pick" their costs that are unusually high.

—

FCC has been named one of "arts censors of the year" by ACLU. Civil liberties group cited long-running debate on "indecent" material on radio and TV and what it called FCC's "accelerated... punitive crusade against those who offend the agency's vague and subjective indecency standard." ACLU also cited FCC's new cable indecency rules.

DAB NEWS PUSHED: New program services developed by public radio for DAB should "first and foremost look to build on and/or supplement the existing news/information franchise," according to 2nd phase of 3-part DAB study by Bortz & Co. commissioned by CPB. Final report, on specific implementation and policy recommendations, is expected next month.

Latest 90-page report said that while new public radio services for DAB should seek audience appeal similar to that of existing news/information programming, "subtle shift" to "heavy" consumers of information from current "selective" users might be advisable because of limitations on public radio in expanding its core listenership. Report stressed that new DAB services should be "ancillary" to public radio's existing programming due to early limitations on technology's audience reach. They should require only "modest" initial investment, it said, adding that "more ambitious efforts" such as "high-profile" subscription news channel "would in our judgment be very likely to fail."

While report evaluated potential services ranging from fulltime music and/or news channels to pay-per-listen and interactive/transactional services, principal focus was on 3 types of services that it said had potential to be self-sustaining and "are suitable for direct-to-listener and/or auxiliary bandwidth distribution": (1) All-news or world news service. (2) Radio version of C-SPAN. (3) Radio version of public TV's prospective "Horizons TV" venture based on lectures, symposia and speeches delivered primarily at academic institutions and cultural centers. Study discounted viability of subscription-based all-music services, such as classical and/or jazz, saying they "could threaten tax-based funding sources, especially if pursued on a 'for-profit' basis" and "may be viewed from a public service perspective as inappropriate even as a 'nonprofit' venture." Report also was downbeat on prospects of nonradio DAB ventures for public radio, such as data transmission and transactional services, saying such offerings were "more likely to evolve primarily as [computer-based] on-line' services not tied to the evolution of digital audio."



European Commission (EC) may block American-based satellite programming from entering Continent because it fears programming is "too American" and European content may not be high enough to meet quota set by EC. EC Comr. Joao de Deus Pinheiro wrote British officials Sept. 16 criticizing them for allowing Turner Bestg. to broadcast TNT and Cartoon Network throughout Europe via satellite. Commission informed U.K. National Heritage Secy. Peter Brooke of concerns that network, which began to offer programming Sept. 17, might not broadcast majority of European works as required under 1989 EC directive that opened up cross-border satellite broadcasting. U.K. has 15 days to respond. Commission's inquiry is linked to French concerns about number of U.S.-made programs and films being shown in Europe. French cable operators have been warned that they risk being fined if they carry network. Turner's plans to broadcast network won't be affected immediately, officials said, but letter is hint of battles to come. French Communications Minister Alain Carignon has complained that British govt. has violated voluntary directive by authorizing London-based TNT and Cartoon Network to be broadcast throughout EC.

Some 100 persons are expected at first NPR reunion at Washington Marriott Hotel Oct. 8-9. History, futures and "nostalgia" sessions are planned, as well as visit to NPR Archives at U. of Md.-College Park -- Donald McNeil, 202-833-7613.

CABLE INFRASTRUCTURE ROLE: Clinton Administration presented its national telecommunications infrastructure agenda report Sept. 15 and President Clinton signed Executive Order creating 25-member private sector advisory council on information infrastructure. Indicating how seriously Administration is taking issues, Vice President Gore spoke on information technology and FCC Chmn.-designate Reed Hundt made rare preconfirmation public appearance, although he didn't speak. Other FCC commissioners and staffers also were present at news briefing in Old Executive Office Bldg. Briefing for industry is scheduled this week.

Chief among problems in plan is how to extend concept of universal service to make certain that information resources are available at affordable rates. Administration had no specific proposals on how to accomplish goal. Commerce Secy. Ronald Brown said he hoped competition among service providers would keep costs down and said Administration would confer with state regulators, consumer advocates and others in defining universal service. NTIA will sponsor conference on new theories of universal service later this year.

Cable could have role in assuring that universal access to superhighway is affordable, White House officials said. USTA noted that several studies have shown that \$20 billion in internal subsidies make universal telephone service possible, but White House source said pricing for advanced services could be considered in context of cable TV or telephone rates. Cable packages considerable video bandwidth in monthly flat fee for most services. Under that type of arrangement, motion and graphics sent over telephone lines through advanced networks become more affordable while services such as electronic mail have negligible cost.

Policy paper recommended "passage of communications reform legislation," but took no position on either cable/telco or MFJ issues: "The Administration will work with Congress to pass legislation by the end of 1994 that will increase competition and ensure universal access in the communications market -- particularly those, such as cable television and local telephone markets, that have been dominated by monopolies."

Meanwhile, coalition led by private industry formed 17-member group to build prototype data superhighway network. Consortium plans to test how high-speed computer networks might be interconnected and what types of applications are most appealing commercially. Universities and govt. labs also are part of group, called National Information Infrastructure Testbed (NIIT).

—

Cablevision Systems agreed to buy 50% of American Movie Classics from Liberty Media for \$170 million, in response to Liberty's Aug. 3 buy/sell offer. Deal will give Cablevision's Rainbow subsidiary 75% of channel, and Cablevision plans to negotiate with NBC on whether network will increase its 25% share or sell out. Partnership agreement gave Liberty right to offer to buy out partners, but they had option to buy Liberty's share for same \$170-million offered price. Deal is scheduled to close Nov. 30.

Your Choice TV (YCTV) said it signed contract with Electronic System Products (ESP) to design and test technology for field trials of YCTV's new cable programming system. ESP will develop computer-based custom management system to deliver program menus.

NAB disagreed with conclusion of satellite broadcasting working group preparing U.S. position for International Telecommunication Union (ITU) Radiocommunication Group meeting in Geneva next month. Document prepared by CD Radio said "detailed study of interservice frequency sharing would not be necessary at this time for BSS-S [Broadcast Satellite Service-Sound] systems operating in the 2310-2360 MHz band." NAB representative to group, Kenneth Springer, said Assn. "objects to the conclusions to the whole paper" because issue still needs to be resolved by FCC. Paper said "studies should be deferred until BSS-S implementation plans mature and detailed technical characteristics are provided by Administration to the Radio Regulatory Board."

NTIA Dir. Larry Irving said he would be "surprised if a significant number of telephone companies don't seize the opportunity" to enter cable as result of court decision on Bell Atlantic case in Alexandria, Va. But, in interview to be aired on public broadcasting's Technopolitics program over last weekend, Irving said decision "leaves more questions unanswered than it answered." For example, he said it didn't clarify whether telco-delivered cable would be regulated by local authorities or states, since telephone service is regulated by states and cable locally. "Courts are almost fundamentally incapable of answering those types of thick policy questions," Irving said. "That's the role of Congress and the FCC and the federal government." He also said govt. must protect consumers until "truly competitive marketplace" emerges.

FCC shouldn't have difficulty filling 240 jobs in new Cable Div. By Sept. 10 deadline, Commission had received more than 2,500 applications for first group of 100 jobs advertised, including nearly 800 for 18 supervisory and management positions (GS-14 and GS-15 paying \$56,627-\$86,589), 1,195 for 60 attorney jobs, 514 for 22 clerical positions. We're told that some partners in major communications law firms applied. FCC also has placed ads for another group of management positions and applicants have until Oct. 8 to submit resumes.

There were no big names among tentative selectees for FCC's first 18 interactive video and data service (IVDS) licenses, according to unofficial results. Official list of winners is expected to be released as early as today (Sept. 20), and selectees then will have 48 hours to submit licensing form that will be used to determine their qualifications as licensees. Two licenses each are for N.Y.C., L.A., Chicago, Philadelphia, Boston, San Francisco, Washington, Dallas, Houston. Meanwhile, lottery drawing Sept. 15 set off scramble among IVDS firms to set up joint ventures or other relationships with lottery winners.

In complex deal that gives Blockbuster effective control over Spelling Entertainment and Republic Pictures, Spelling and Republic signed agreement in principle to merge, with Spelling paying \$13 cash for each of 7.1 million Republic shares, for total price of about \$93 million. At same time, Spelling agreed to sell 13.4 million of its shares to Blockbuster for about \$100 million, with proceeds to finance Republic purchase. Deal, which would give Blockbuster 70.5% of Spelling stock, is expected to close in Jan.

Bcst. Cable Financial Management Assn. (BCFM) is promising "fast-paced, provocative day" for certified public accounts who attend Oct. 21 seminar, Rihga Royal Hotel, N.Y.C. Registration is \$119 for BCFM members, \$149 for nonmembers -- 708-296-0200.

WAGA-TV (Ch. 5, CBS) Atlanta joined Conus Satellite News Cooperative.

Cable groups continue to disagree on whether FCC can distinguish between MSO-owned small cable systems and independent systems, according to latest round of comments on granting regulatory relief for small operators (MM 92-266). Coalition of Small System Operators said in reply comments there's no legal basis for distinction between independent and MSO-owned systems, and none of commenters in first round gave evidence supporting differentiation. GTE said FCC can distinguish between them, as long as there's "some floor of relief" for all small systems. Bell Atlantic said MSO-owned systems shouldn't be exempted from substantive cable regulation. Coalition and others said FCC should set 1,000-subscriber limit for relief based on franchise area, rather than entire system, because regulatory cost is imposed for each franchise area and putting limit on system as whole would be disincentive to consolidate systems. Grass Roots Cable Systems Inc., which has 6,399 subscribers in Me. and N.H., said 1,000-subscriber figure shouldn't be "hard-and-fast threshold" and would provide "zero incentive to combine systems." MSO said rate rules give it "no choice" but to use cost-of-service basis. Bend Cable Communications said rules disallowing some closely held cable owners from including tax costs in rate base would have "a serious adverse impact on small systems."

Only 3% of TV stations have completed retransmission consent negotiations with all cable systems in their area, according to survey by Cable Networks Inc. Another 13% said they had deals with systems with at least 50% viewer coverage, many through combination of must-carry and retransmission consent. Survey was conducted Aug. 18-Sept. 8. Meanwhile, NBC signed retransmission consent deals with 8 more MSOs, allowing them to carry NBC-owned TV stations in return for renewing and extending carriage of CNBC and new channel America's Talking. Agreements include provisions for non-owned NBC affiliates to negotiate consent deals that include offering local inserts in America's Talking. Deals are with Adelphia, Booth American, Columbia International, Continental, Jones, Sammons, Simmons, Triax. Network earlier signed deals with Time Warner and Times Mirror for total of 12.6 million subscribers. Hauser Communications systems in Montgomery County, Md., and Arlington, Va., signed noncash consent deal with ABC affiliate WJLA-TV Washington. Deals call for "enhanced" carriage of 24-hour regional cable news channel operated by WJLA-TV affiliate.

FCC granted Time Warner and U S West 18-month waiver of cross-ownership rules prohibiting video programming by common carrier within its service area, clearing another hurdle for telco purchase of 25.51% of Time Warner Entertainment for \$2.5 billion. Commission said waiver is to allow orderly sale of 8 TW cable systems with 84,000 subscribers in U S West service area. FCC said waiver would be consistent with policy of encouraging innovation and competition in telecommunications. USW and Time Warner immediately closed deal. Companies said investment, which gives U S West 25.51% of TWE (parent Time Warner has 63.27%, C. Itoh and Toshiba the rest), will speed arrival of TW's planned full-service networks. Partly as result, Moody's upgraded TW debt rating to Baa3 from Ba2. Rating firm said USW investment will help reduce TW's debt leverage and liquidity. TW, meanwhile, said its Warner Communications subsidiary called \$259 million of subordinated debt for redemption.

FCC waived its overlap rule and approved purchase of KCTZ Bozeman, Mont., to operate as satellite of KXLF-TV Butte. In approving sale, Commission said that Bozeman is "an underserved area" and that Grade A contours of 2 signals won't overlap.

PBS is seeking financial return on its investment in popular children's show *Barney & Friends*, which reportedly has spawned hundreds of millions of dollars in related product sales and \$50 million in licensing revenues for for-profit producer, Lyons Group. PBS and CPB provided half of \$4.5 million cost of first 30 *Barney* installments, Lyons other half. PBS Senior Vp Peter Downey declined to discuss specifics, but said that under such return-on-investment arrangements, "customarily one would expect to see a percentage of gross receipts." Matter comes as PBS and Lyons are negotiating for 3rd set of *Barney* shows. Downey said PBS is "now taking a much harder look" at ancillary income earned by all shows it supports "to make sure that PTV stations that contribute substantial funds [to those shows] are getting a fair return on their investment." He declined to say whether PBS is seeking similar returns for other shows; Washington Post reported recently that another PBS kid's show, *Shining Time Station*, earns its for-profit producer, Quality Family Entertainment, as much as \$40 million per year in licensing fees. Downey said matter represents "new territory" for PTV because so few of its programs have earned significant ancillary income.

ASCAP announced "dramatic changes in many aspects of its operations, from management to governance to organization." Changes were approved unanimously by music licensing group's 24-member board. Pres. Morton Gould said entertainment world "is changing rapidly and ASCAP has acted to ensure our continued success and primacy" in TV-radio-movie music licensing. Changes were made following 5-month study by Booz Allen & Hamilton. As part of restructuring, Managing Dir. Gloria Messinger and Gen. Counsel Bernard Korman retired. John LoFrumento was appointed to new post of COO in charge of all internal operations. Fred Koenigsberg, of White & Case law firm, was appointed special counsel to board in charge of all legal matters. Post of CEO/managing dir. hasn't been filled.

Financials: TCA said it plans to spend \$100 million over next 3-5 years to upgrade cable systems, with money to come from internal cash flow. It also said cable rate regulation will cut its revenue by less than 1% in fiscal 1994. "This modest reduction is the result of many years of controlling expenses... which allowed TCA to charge rates at the low end of the industry averages," Chmn. Robert Rogers said... Alternative access telco **Northeast Networks** signed deals for \$10 million in new senior debt and equity, said broker Daniels. Company is building fiber network in conjunction with C-TEC in several upstate N.Y. counties.

Federal judge in Spokane, Wash., dismissed lawsuit filed by 20 Washington state apple growers against CBS and 60 Minutes seeking \$250 million in damages because of Feb. 26, 1989, program. Program linked chemical Alar, used by apple growers, to cancer. Judge William Nielsen ruled that plaintiffs hadn't proved they were damaged. He said CBS statement hadn't been proved false and was protected under First Amendment. CBS attorney said network is "delighted." One of apple growers filing suit said he expected decision to be appealed.

Philips Consumer Electronics began airing 30-min. infomercial on TV stations (including unnamed affiliates in major markets in prime time) and cable networks to sell its CD-I (Compact Disc-Interactive) player. Company also is running one-min. and 2-min. commercials on Headline News, CNN and ESPN promoting player. Infomercial had prime-time debut Sept. 15 in L.A. area. It's produced in 3 standalone "pods" of 8 min. each, separated by 2-min. segments with 800 number.

Personals

Victoria Clarke, Edelman PR Worldwide senior vp and former press secy. for President Bush's reelection campaign, joins NCTA as vp-public affairs/strategic counsel Oct. 1... **Cecilia McIntress**, ex-Bond Donatella lobbying firm and special asst. to President Reagan, appointed vp-federal policy, CBS Washington... **Fritz Attaway**, MPAA senior vp-govt. relations, also named gen. counsel, Washington office... **Carolyn Wean**, KPIX San Francisco vp-gen. mgr., promoted to vp-news development, Group W TV, parent company; she's succeeded by **Rick Blangiardi**, vp-new business development, CBS.

Eugene Kimmelman, legislative dir., Consumer Federation of America, appointed chief counsel-staff dir., Senate Antitrust Subcommittee... Sen. **DeConcini** (D-Ariz.), member of Senate Judiciary Committee, announced he won't seek reelection... **Ron Lightstone** resigns as Spelling Entertainment COO, saying he feels "it is time to move on," will announce new affiliation soon... **John O'Toole** resigns as AAAA pres., plans to write... **James Joyella**, ex-TvB pres., appointed senior vp-mktg., Petry... **Phil Metlin**, WTTG Washington news exec. producer, appointed acting news dir., succeeding **Joe Robinowitz**, resigned... Correction: **Eric Lerner**, ex-WPRI-TV Providence, appointed news dir., KWCH-TV Hutchinson-Wichita.

Robert Gordon, pres.-Gordon Group best. consulting firm, appointed pres.-CEO, WQTV Boston... **Michael Zinberg** promoted to pres.-creative affairs, NBC Productions; **John Agoglia** signed long-term contract as pres., NBC Productions and NBC Enterprises... USA Networks appointments: **Elsie Walton**, ex-Barry Weitz Films, as dir.-movie development; **Cindy Fabian**, ex-Universal TV, as dir.-series development.

Jot Carpenter, ex-legislative asst. to Rep. Oxley (R-O.), named dir.-govt. relations, Telecommunications Industry Assn... **Joel Babbit** advanced to pres.-chief mktg. officer, Whittle's Channel One... **Fiona Gawad** promoted to dir.-programming, PBS Adult Learning Service... **Barbara Krug** advanced to dir.-mktg., WOUB-TV-AM-FM Athens, O... **Lloyd Scott** promoted to dir.-programming, Fox Net and Fox Latin American Channel... **Joanne Sucherman**, ex-Time-Life Video & TV, appointed gen. mgr.-direct response TV, Home Shopping Network.

Lee Scalzott, ex-MCI, named vp-applications software development, Cable & Wireless, new position... **Javier Avitia**, ex-Katten, Muchin, Zavis & Weitzman law firm, joins Univision as senior legal counsel... Promotions at NATPE International: **Nick Orfanopoulos** to senior vp-conferences and special events, **Ron Gold** to senior vp-mktg... **Matt Cooperstein**, ex-New Line TV, appointed pres.-western region, ITC Entertainment Group... **Lisa Sumja**, ex-ESPN, joins DIC Entertainment as vp-domestic sales... **Penelope Selwyn-Levy**, ex-Warner Bros. TV, named vp-PR, Stephen Cannell Productions.

Elizabeth McLean, ex-Fleishman-Hillard PR firm vp, appointed dir.-corporate communications, Comsat... Changes at CPB: **Philip Smith** promoted to senior vp; **Michael Schoenfeld** to dir.-communications; **Maria Eltel**, ex-MCI senior mgr.-communications, named dir.-public affairs... **Laura Calhoun** named to head Bank of America's Entertainment & Media Group.

—
U.K. ITV broadcaster Carlton TV plans to launch satellite and cable news channel for Asia to compete with BBC and with CNN's planned Asia venture.

TELEVISION DIGEST

Published Weekly Since 1945
With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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

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

EDITORIAL & BUSINESS HEADQUARTERS

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

WASHINGTON HEADQUARTERS

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

Business

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

NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001
Phone: 212-686-5410
Facsimile: 212-889-5097

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

CONTRIBUTING EDITOR, EUROPE

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

JAPANESE REPRESENTATIVE

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

Market Research & Data Sales Division

Lynn Levine	Director
Karen Fahe	Associate Director

CPB's FY 1996 appropriation reportedly would grow by \$27.4 million (9.4%) to \$320 million under bill adopted Sept. 14 by Senate Labor Appropriations Subcommittee. House in July approved \$292.6 million -- unchanged from CPB's already approved FY 1995 funding. Same Senate panel also reportedly approved \$27 million FY 1994 appropriation for Star Schools distance learning program, up from \$22.7 million voted earlier in House.

Loral signed agreement for option to launch up to 5 satellites on Russian Proton rockets. First to be launched -- source familiar with agreement said it "will be for DBS satellite, fixed or mobile satellite service" -- is scheduled for end of 1995 from Baikonur Cosmodrome in Kazakhstan. Loral has option for 4 more launches 1996-1998. Financial terms weren't disclosed.

Movie Network will complete changeover to VideoCipher II Plus scrambling system in late Oct. by switching off VideoCipher II commercial data stream. VC II decoders no longer will be able to unscramble signal, so affiliates must upgrade equipment before switch-off date, which company said will be announced soon.

FCC announced that it won't begin collecting new spectrum user fees authorized by Congress before April 1.

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

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

	AUG. 28- SEPT. 3	1992 WEEK	% CHANGE	AUG. 21-27	35 WEEKS 1993	35 WEEKS 1992	% CHANGE
TOTAL COLOR.....	412,868	413,536	- 0.2	837,972*	14,513,339*	13,034,928	+11.3
DIRECT-VIEW...	400,325	404,585	- 1.1	818,402*	14,269,506*	12,811,901	+11.4
TV ONLY.....	370,148	391,545	- 5.5	765,249*	13,473,276*	12,307,534	+ 9.5
TV/VCR COMBO.	30,177*	13,040	+131.4	53,153*	796,230*	504,367	+57.9
PROJECTION....	12,543	8,951	+40.1	19,570*	243,833*	223,027	+ 9.3
VCR DECKS.....	218,219	171,670	+27.1	473,428*	7,296,493	7,171,857	+ 1.7
CAMCORDERS.....	41,846	31,328	+33.6	136,404*	1,825,623*	1,650,159	+10.6
LASERDISC PLYRS#	6,507*	3,245	+100.5	6,545*	134,563	130,065	+ 3.6

Direct-view TV 5-week average: 1993--450,128; 1992--420,749 (up 7.0%).

VCR deck 5-week average: 1993--229,654; 1992--242,711 (down 5.4%).

Camcorder 5-week average: 1993--51,053; 1992--48,573 (up 5.1%).

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

INDUSTRY ASSESSES DIXONS SALE OF SILO TO FRETTER: At our deadline, vendors generally were tight-lipped in reactions to announcement Thurs. that British Dixons Group had made tentative deal to sell Silo operations to Fretter. Many executives we canvassed late in week still were awaiting first substantive contact with Silo or Fretter executives, so they declined comment on all but most speculative matters related to product and merchandising plans for crucial 4th quarter.

Under terms of agreement, due for completion in Oct. or Nov., Dixons will sell Silo to Fretter for \$45 million in preferred stock and 30% stake in Fretter. Dixons will own 49% of Fretter if it exercises option to convert 2/3 of preferred stock. Dixons also will provide Fretter with \$40-million secured standby credit facility, available for 13 months following completion of deal. New corporate entity will be Yes! Your Electronics Superstore, although various retail chains under corporate umbrella will retain individual Fretter, Silo, Fred Schmid, Yes! and Dash Concepts names.

Fretter Pres. John Hurley will become pres. of Livonia, Mich.-based Yes!, while Peter Morris will remain Silo pres. and "will help in the integration of the two companies before returning to the U.K." next year to take up unspecified senior post at Dixons, according to memo sent last week to Silo employees by Dixons Group Managing Dir. John Clare. Named as chmn. of new entity was Ernest Grove, retired vice chmn., chief financial officer and dir. of Detroit Edison Co. Fretter announcement said that in addition to Morris, Silo Chief Financial Officer Ian Livingston will remain with new company "for a transitional period" and later will join board.

Total sales of new entity will be more than \$1.3 billion, Clare said in memo, adding that it "will have significant opportunities to improve profitability by integrating the service, distribution and central support functions." Fretter operates 101 stores, while Silo has 182. Sources we contacted didn't hesitate in saying that merger would place entity among top 5 U.S. consumer electronics retailers. It also will boast "a strengthened retail position in the important Chicago and Denver markets," where Fretter and Silo currently compete. All Denver stores will be changed to Fred Schmid brand, while Chicago outlets will become Silo units, Clare said. He said new company is expected to be profitable in its first year of operation, although separate Dixons statement said "it will be some years and will require further investment before Silo can be restored to an adequate level of profitability."

Thomson Exec. Vp Joseph Clayton said that while merger would provide capital for upgrading Silo stores, some cost-cutting would be needed before new entity reached its final form. Panasonic Asst. Gen.

Mgr. Thomas Edwards said Fretter's current reach from Rocky Mountains to New England has prepared it for handling "diversity of marketing" that will be necessary. Main challenge will be blending 2 distinct marketing philosophies, he said. Toshiba Mktg Dir. Stephen Nickerson said "it's been no secret that Fretter wanted to get out West [and] suddenly they [Fretter] get into some pretty good marketplaces where Silo may not have been living up to its potential."

"I am personally convinced that this agreement represents the best future for Silo," Clare told employees. He conceded that "the next few weeks may be unsettling as we all face a period of change," but said Silo's future prospects "depend upon a successful period of autumn and Christmas trading, and a smooth integration with Fretter when the agreement is completed." He said "bonus payments" will be offered to employees whose jobs "will not be required by the new company in the longer term," although Silo Gen. Counsel Brian Friedman flatly denied reports Fri. that company already had started distributing pink slips. In interview, Morris told us that no layoffs are planned for balance of 1993 and that "integration process is going to be extremely long." He was noncommittal when asked about possible layoffs in 1994, saying such long-term plans hadn't yet been formulated.

Fretter announcement added little that hadn't been revealed in earlier Dixons statements, although Fretter news release quoted Pres. John Hurley as saying deal would create "a tremendous opportunity for our respective companies, the shareholders, employees, vendors and customers." New entity will "create a powerhouse in the retail appliance and consumer electronics industry," Hurley said, pledging that "we will continue our philosophy of offering our customers a broad range of brand-name appliances and electronics at the lowest possible prices, and tremendous customer services both before and after the sale." Fretter statement said "it is anticipated that continued and expanded lines of credit for working capital, inventory, store expansions and renovations will be provided by a combination of Fretter's existing lenders, new lenders and an affiliate of Dixons."

News of deal first appeared in inimitably blunt British papers late Thurs. London's Evening Standard ran prominent story headlined "Dixons Gets Rid of U.S. Disaster Silo," accompanying story reporting that British parent was "offloading its loss-making" American chain in deal that would "all but rid it of its greatest headache." News reports on both sides of Atlantic overwhelmingly agreed that Silo, purchased by Dixons in 1987 for \$245 million in what one account called "the boom days" of consumer electronics, proved disastrous investment for prosperous British parent, noting that Silo posted \$34.6 million net loss in 1992.

Immediate speculation among vendors we canvassed revolved around how quickly newly combined venture might move to pare down store count in markets with obviously excessive coverage. Most pointed to example of Chicago where Silo and Fretter, operating in past as competitors, have opened total of 45 affiliated stores. Most vendors agreed that complex issues such as which product lines are to be sold in which Yes!-affiliated stores could become fodder for intense discussions later, but few executives were willing to guess how distribution policies might change or disputes might shake out. Morris described possible distribution problems as "a nonissue," saying any such situations would be resolved on case-by-case basis with individual vendors. As of late Sept. 17, Morris told us, Silo hadn't yet communicated officially with vendors.

PHILIPS LAUNCHES CD-I INFOMERCIAL, \$399 MAGNAVOX PLAYER: Can medium that sells Ginsu knives, spray-on hair and exercise equipment do effective job for CD-I? Philips Consumer Electronics is betting most of its 4th-quarter promotional budget that answer is yes. Company last week unveiled 30-min. infomercial that will run this fall on variety of cable networks and select TV stations -- in some cases during evening prime time on network affiliates, Philips officials said. In addition, company will lift materials from infomercial for 1-min. and 2-min. commercials to run on Headline News, CNN and ESPN, and will make 55-sec. commercial with room for local tag available to dealers.

As Philips formally added lowest priced CD-I player -- widely anticipated \$399 version under Magnavox label -- Pioneer disclosed comparatively steep pricing on its LaserActive (LA) system, but its executives were confident they would be able to sell 100,000 pieces of hardware in U.S. by end of 1994. With 150,000 sold elsewhere around world, they expect player base will be high enough to attract software developers. (Details on Pioneer's LaserActive launch will be found elsewhere in this issue.)

Philips effectively cut price of existing Philips-brand CD-I player \$100 while officially unveiling Magnavox player that commonly will retail for \$399 when it hits shelves later this month. Model, which Philips executives first started discussing with retailers at last summer's Consumer Electronics Show (TVD June 14 p15), has dual aim: Providing lower priced entry into CD-I and using leverage of Magnavox name to

extend reach into retail channels that don't carry Philips brand. Philips Interactive Media Systems (PIMS) Mktg. Vp Paul Fredrickson said addition of Magnavox brand should bring hardware distribution to 4,000 storefronts by end of year from current 3,000.

Everyday selling price of existing Philips CDI220 stays at \$499, but once again it's bundled with Compton's Interactive Encyclopedia (CIE). Disc was dropped earlier this year when street price was reduced to \$499 from \$599 (CMR June 28 p2), so latest move amounts to \$100 price cut.

Magnavox player differs only marginally from Philips model, lacking S-video output, and having less upscale cosmetics with more exposed buttons on faceplate. Introductory promotion, whose time period wasn't defined, will give purchasers chance to buy CIE for \$99, so buyer who's interested in having CIE gets same value with both Philips and Magnavox versions.

Some dealers that now carry Philips CDI220 are adding Magnavox CDI200. Without offering specifics, Fredrickson said Philips unit offers dealers better financial incentives, as befits brand targeted to retailers with active selling floors. Dealers with whom we spoke said margin on Magnavox player is about 25%, or 7-8 points less than for Philips model. One major retailer who plans to carry both units, when asked what incentive he had to sell Magnavox player, clarified his position, while requesting anonymity. "I plan to advertise the Magnavox player" in hope of stepping consumers up to Philips piece, he said.

Fredrickson said Digital Video Cartridge (DVC) won't be bundled with any full-motion video software when it becomes available in mid-Oct. at \$249 suggested retail price, citing difficulty of choosing title with broad appeal and amount it would add to DVC's selling price. He said Philips doesn't plan immediate direct marketing campaign for DVC to CD-I player owners, although he believes there's significant pent-up demand for cartridge.

Several Paramount feature films will be released on disc when DVC hits market, including *Top Gun*, *Apocalypse Now*, *The Hunt for Red October*. Philips Media Distribution Vp Emiel Petrone said company also will release 2-3 games this fall that make use of extra 1 MB of RAM that DVC adds to overall system; those games will carry sticker warning consumers they need DVC to play game. Petrone said Philips is "in daily conversations with studios" about putting their films on 5" discs for CD-I or Video CD formats, but had no further deals to announce.

Petrone also announced that CD-I software now is packaged in same standard jewel box that holds audio CDs; CD-I programs will be encased in cardboard sleeves to differentiate them from audio discs on store shelves. CD-I software until now has been in oversized plastic cases that were same height as environmentally incorrect CD "long boxes" that have disappeared from retail shelves, so CD-I move to smaller cases means they can be displayed on same fixtures as audio CDs. All new titles will have new packages, and existing products will be shipped in new versions as old ones are sold out. Company is augmenting current 100-plus titles with another 30 through year-end, plans 100 more in 1994.

Infomercial, which debuted Sept. 15 in L.A. area -- follows "everyman" character named Phil in quest to discover meaning of life -- search that has him communicating with Oz-like "Wall" that in course of half-hour explains CD-I player and exposes about 20 different software programs. Infomercial is sliced into three 8-min. "pods" separated by 2-min. segments inviting viewers to call toll-free number for information and name of local CD-I dealer. Infomercial was designed by TYEE Productions, Portland, Ore., so that any pod can stand on its own, although overall story is linear and nonrepeating, so conceivably enthralled viewer could watch entire 30-min. program without getting repeat information.

Philips Ad Dir. Michael Keel said aim was to present complex product in way that would enable Philips to presell customers before they walk into store, reduce demonstration time once they're there, increase sellthrough rate. Copies of infomercial, which features high production values, will be made available to dealers as demonstration videos. In addition to last week's prime-time debut in L.A., piece also was scheduled at our deadline to run in prime time on stations in Cal., Pa. and Fla., Philips said, and also will be shown during nonprime hours in host of other major metropolitan markets and on cable networks such as A&E, CNBC, The Discovery Channel, Lifetime, VH-1, WTBS. Philips declined to disclose cost of producing infomercial or amount to be spent on CD-I marketing this fall, other than to say it would be more than in same period year ago, which was estimated at slightly over \$20 million.

COLOR IMPORTS TOPPED U.S. OUTPUT IN 2ND QUARTER: Imports zoomed to 51.8% of total color TV supply in 2nd quarter, completely reversing pattern of first quarter when 55.1% of sets were assembled

domestically. However, our analysis of EIA and Commerce Dept. figures shows that first-quarter head start kept domestic output at 51.8% of total supply for full first half of 1993.

Total supply of color TV sets -- figure that EIA labels as "production" -- reached first-half record of 11,410,000 units, up 13.4% from 1992's same period. Of those, 5,908,000 were assembled or manufactured in U.S. and 5,502,000 were imported. U.S.-assembled sets increased 15.8%, while imports grew just 10.9%. However, all of push behind domestic production came in first quarter. In 2nd quarter, when total supply rose 6.1% from year earlier, imports maintained pace of first quarter, rising 10.1%, while domestic sets rose paltry 2.1%.

Reason for reversal couldn't be ascertained, but may be connected with continued shift of some production from U.S. to Mexico. More complete analysis of first-half imports is scheduled for these pages next week.

Monochrome TV -- all of which is imported -- experienced unusual increase in 2nd quarter. That 23.3% rise to 571,000 sets was enough to wipe out 16.5% decline in first quarter and bring first half b&w units to 4.4% increase over last year. In total TV -- monochrome plus color -- imports accounted for 56.4% in 2nd quarter and 52.1% in half.

Our domestic assembly figures are derived by subtracting Commerce Dept. import unit totals from EIA's "production" figures, in units.

TOTAL TV SUPPLY, FIRST HALF 1993 vs. 1992

	U.S.-Assembled	% Change	% of Total	Imports*	% Change	% of Total	Total Supply	% Change
Color TV	1993.... 5,908,000	+15.8	51.8	5,502,000	+10.9	48.2	11,410,000	+13.4
	1992.... 5,104,000	+20.6	50.7	4,959,000	+23.5	49.3	10,063,000	+22.0
B&W TV	1993.... 0	--	--	919,000	+ 4.4	100.0	919,000	+ 4.4
	1992.... 0	--	--	880,000	- 7.7	100.0	880,000	- 7.7
Total TV	1993.... 5,908,000	+15.8	47.9	6,421,000	+10.0	52.1	12,329,000	+12.7
	1992.... 5,104,000	+20.6	46.6	5,839,000	+17.6	53.4	10,943,000	+19.1

2ND QUARTER

Color TV	1993.... 2,645,000	+ 2.1	48.2	2,847,000	+10.1	51.8	5,491,000	+ 6.1
	1992.... 2,590,000	+46.9	50.0	2,586,000	+22.7	50.0	5,176,000	+33.7
B&W TV	1993.... 0	--	--	571,000	+23.3	100.0	571,000	+23.3
	1992.... 0	--	--	463,000	-41.5	100.0	463,000	-41.5
Total TV	1993.... 2,645,000	+ 2.1	43.6	3,417,000	+12.0	56.4	6,062,000	+ 7.5
	1992.... 2,590,000	+46.9	45.9	3,050,000	+16.8	54.1	5,639,000	+28.9

* Imports include assembled sets and unassembled but complete kits (chassis with tubes). U.S.-produced sets include those made from imported chassis.

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

"% change" is comparison with same period of preceding year.

Eveready has purchased Gates Energy Products, strengthening its position in rechargeable batteries. Transaction caps negotiations begun in Feb. and gives Eveready access to Gates's Millenium line of rechargeables, introduced in 1990. Terms of agreement weren't disclosed, although industry analysts have valued Gates's Battery Div. at \$174 million. Gates's manufacturing facilities are expected to remain in Gainesville, Fla., while marketing responsibilities may shift to Eveready's hq in St. Louis. In related development, Timothy Hill resigned as Gates mktg. dir. to become vp-mktg., Falcon Micro Systems.

Matsushita will introduce W-VHS compatible HDTV recorder in Japan next spring, according to Japanese press report. First model will be made for it by JVC, which developed system.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 106 yen = \$1, except where noted.

LASERACTIVE AIMED UPSCALE: Pioneer last week disclosed U.S. pricing and marketing plans for LaserActive (LA) system announced originally at last Winter Consumer Electronics Show (CES) (TVD Jan 18 p15). Company will start shipping players to retailers by end of month, with expected street price of about \$800 for base LA player, \$500 for modules that will allow it to play Sega games or TurboGrafx software, and \$300 for Laser karaoke module, said Michael Fidler, senior vp, Home Electronics Mktg., Pioneer Electronics (USA).

Initial ads will offer \$400 in free software with hardware purchase, assortment depending on which additional module is bought.

Fidler said target customer for pricey system is male aged 30-48 with annual household income of more than \$60,000, who already owns videogame and home theater components and is "positively predisposed to laserdisc." Company will stage targeted retail promotions in 6 major markets: N.Y., Chicago, Dallas/Ft. Worth, L.A., Miami, San Francisco. Four pieces of software specifically designed for system will be available at launch, with another 4 due by end of year, 30-35 more in 1994.

As they have for last several months, Pioneer officials stressed quality of sound and images brought about by combining analog laserdisc with interactivity. Kaneo Ito, senior managing dir. of Japanese parent company, said combination of linear and interactive media "is exactly what Pioneer had in mind when we first developed laserdisc players a decade ago."

Ito reiterated statements by Pioneer officials that while high-quality digital compression technologies are coming, "it will be 5 to 8 years before we see a product based on this technology that will satisfy general consumers -- especially in terms of image quality, interactivity and price." He said Pioneer will show its progress in digital compression at next month's Japan Electronics Show and subsequently at Winter CES in Jan.

Pioneer said LA storage capabilities allow system to surpass performance of other formats by using same 540 Mb used by existing interactive formats to store application program, images, sound and other data, but adding separate 60 min. of analog image and FM audio storage.

Mark Smith, business planning and coordination vp, said Pioneer has had detailed talks on software development with "over 50 companies," but will work in near term with core of 7: Digital Pictures, ICON Productions, Magic Box Productions, New Learning Project, PBS, Sega of America, Virgin Games/Trilobyte. He said they will begin working on programs this fall, with first finished titles "some time next summer." Delay in beginning program development, Pioneer said, was due to delay in finalizing authoring systems. News release said Mega LD authoring system (for programs to work in conjunction with Sega module) combines Pioneer rewritable videodisc recorder and CLD emulator with Sega CD authoring system.

Pioneer is establishing several new ventures to support LA project: Multimedia Studio to be used by software developers, to be open by early next year; Multimedia School, to provide developers' training programs, opening next spring; new division at U.S. hq in Long Beach, Cal., to coordinate software development, under direction of Steve Kurita, exec. vp-Pioneer Home Electronics Mktg. Div. Company plans to begin marketing system, which was launched within last month in Japan with initial sell-in of 10,000 machines in first 3 weeks, in Europe and Asia next fall.

MAJOR EMERSON 'RESTRUCTURE': Emerson has reached agreement with major creditors on plan that would get it out from under its heavy debt burden, reducing its \$223 million of outstanding debt to \$45 million, figure that Mktg. & Sales Vp Gerald Calabrese called "completely manageable."

Plan for restructuring, which will involve filing Ch. 11 bankruptcy petition, will be worked out in detail at board meeting scheduled for this week. However, secured bank creditors, which hold \$168 million of debt, have agreed in advance on major aspects of reorganization, Emerson said. Plan will involve new \$75-million investment by Fidena Investment Ltd., Emerson's biggest shareholder. Banks will accept that \$75 million plus "certain assets of Emerson and equity securities in a reorganized Emerson" as payment in full. In exchange for added investment, Fidena would receive \$30 million equity in new Emerson, with remaining \$45 million becoming senior secured debt.

"While the restructuring, as currently contemplated, would not permit existing shareholders to retain an interest in Emerson," company said in release, definitive agreement will "provide an opportunity for such shareholders to acquire up to 30% of the reorganized company at the same price per share as that paid by Fidena."

Ch. 11 filing will be necessary, Emerson said, because its insurance company lenders, which hold \$55 million of debt, "have not accepted the proposal and have made demand for immediate payment." Reorganization "is intended to permit the company to conduct business as usual and not to interfere with [its] ability to meet any commitments to its suppliers, customers or employees." Agreement envisions completion of reorganization by end of first quarter 1994. Emerson's Hong Kong and Canadian subsidiaries aren't affected.

MGM-BRAND PROJECTION TV: Two new brands of home projection TV are envisioned under agreement between Projectavision Inc., N.Y., and CMC Magnetics Corp. of Taiwan. Projectavision, which holds patent on "depixilization" technology for LCD projection, now will "be able to control its own destiny rather than relying upon the marketing plans of other licensees," CEO Marvin Maslow said.

Under nonexclusive license, according to Projectavision, CMC can use Projectavision patents in manufacture and marketing of home projection TV systems. CMC, which uses MGM brand for its magnetic tape and audio equipment, "has commenced construction of a premanufacturing prototype" for inexpensive home theater system to be sold under "MGM Home Theater" brand, Projectavision said.

Licensing agreement also provides for Projectavision to distribute systems "to major U.S. retailers under its own brand label." At our deadline, we couldn't reach officials of either company for further information.

New Address for New York Bureau

N.Y. editorial bureau of Warren Publishing Inc. is now located at 276 Fifth Ave., Suite 1111, 10001. Telephone numbers are unchanged -- phone 212-686-5410, fax 212-889-5097. Please change your records accordingly. Main editorial and business offices of Warren Publishing Inc., continue to be at 2115 Ward Court NW, Washington 20037.

PHILCO TO BE HOUSE BRAND? Philips is considering making adjustment in its U.S. brand strategy, with Philco becoming house brand for single national retailer. Sales Vp Ralph Palaia declined to identify retailer involved or possible ramifications or parameters of plan, but said "the jury is still out" on possibility of that arrangement.

Company is unveiling "shift in emphasis" in national ad strategy, highlighting specific features under banner of "Friendly, Useful, Smart, Easy" (FUSE). Last year's Magnavox campaign took image tack, stressing breadth of line by showing multiple products in same commercial without pushing any one of them. Palaia said 3 of commercials this fall will use spokesman John Cleese to spotlight such features as "Smart Sound" automatic voice level control on TVs, "Smart Talk" voice-activated remote control on pair of VCRs, overall color TV technology with color PIP.

"We think the campaign can improve the dealer's ability to get better sellthrough," Palaia said. Campaign will run from next week through March. Although Palaia wouldn't disclose budget, he said spending on Magnavox brand would be 20% higher this fall than year ago. Advertising of Philips brand, Palaia said, will be limited to "some print."

Magnavox brand also is being supported by additional merchandising programs such as 4-color circular distributed in major markets earlier this month promoting "Smart Buy Days" Sweepstakes that, in addition to top prize of \$100,000, offers screen protector and filter, easy remote and surround sound speakers free with purchase of either one of 2 projection TVs.

Palaia said retail sales have been "very strong" since mid-July, that company is doing particularly well with 27" sets and 25" business is up "substantially" from last year, though at highly competitive prices beginning at \$299. On whole, he said, pricing for TVs and VCRs has "stabilized," and he doesn't foresee major changes through rest of year, given leanness of industry inventories.

Strong sales of air conditioners this year have left dealers with healthy open-to-buy and optimistic outlook, Palaia said, projecting solid business through rest of year, with industry achieving 1% rise in VCR volume to about 13 million units and 6% gain in color TV to 22.5 million sets. He expects sales of TV/VCR combos to surpass 1.3 million units. Palaia said category has potential to become staple for future, although growth into high-end product is doubtful because customers look at performance with more critical eye as their costs increase. Pricing necessary for bigger and better combos, he said, would outstrip reasonable price points.

Sales of large-screen direct-view TVs with screens 27" and larger totaled 373,000 units in Aug., up 32% from 283,000 in same 1992 month, EIA announced last week. Large sets thus represented about 21% of total TV sales (excluding combos and projection) last month as opposed to 17% in Aug. 1992. EIA also noted that sales of full-size camcorders rose 35% in Aug., while compacts dropped 8% from year earlier.

GoldStar's profits increased 5-fold on 9.4% sales increase in first half, marking sharp recovery from low point of \$51.2 million loss in 1989. Increased emphasis on higher quality and higher priced products was credited. Wall St. Journal quoted official of Korean company as saying net earnings should far exceed earlier projection (of equivalent of \$49.5 million) by end of year, given current pace.

JAPAN CD RECORDER FLAP: Fragile peace between Japanese consumer electronics manufacturers and copyright community on home taping front appears to be endangered by some companies' bid to expand semipro recordable CD (CD-R) market to hobbyists and ultimately mainstream consumers.

Group of audio hardware and media companies announced plans late last month to commercialize CD-R products for consumers, apparently to dismay of Recording Industry Assn. of Japan (RIAJ), according to Japanese news accounts. RIAJ responded by charging that unilateral plans to market CD-R would violate 1989 Athens agreement providing for discussions between hardware and software interests in advance of commercialization.

Group including Kenwood, Nippon Marantz, Pioneer and Yamaha and media companies Mitsubishi Kasei, Mitsui Toatsu, Taiyo Yuden and TDK announced CD-R products would be offered in first quarter 1994. Hardware companies said recorders would contain Serial Copy Management System (SCMS), which was basis of Athens agreement compromise, but conceded that first products at around 500,000 yen (\$4,700) would be targeted only to most serious of audio "maniaes." However, they plan to reduce prices based on economies of scale, with goal of annual sales of 100,000 units after 3 years, with blank CD-R discs (costing more than \$30 at start) reaching 300,000-unit plateau by that time.

U.S. affiliates of those hardware companies generally referred us to Japanese parents, saying announcement referred only to domestic market there. Kenwood noted that it had shown CD-R deck at recent Berlin Internationale Funkausstellung and might well showcase it at Winter Consumer Electronics Show in Las Vegas, but only as display of technical prowess, not as forerunner of launch here.

In Japan, Sony spokesman said company had no interest in consumer CD-R because of high price and because Sony views MD as best recordable optical digital format for mainstream consumers.

Skittishness of Japanese hardware makers was exemplified in Pioneer introduction of new line last week in Tokyo. Company demonstrated CD-R, distributing brochure indicating it was scheduled for sale this month, but reference was crossed out and corrected to read "availability undecided."

Trade deficit in consumer electronics (CE) totaled \$5.7 billion in first half of 1993, up 3.9% from \$5.488 billion year ago, EIA reported on basis of Commerce Dept. figures. CE deficit was about same as that for entire U.S. electronics industry in first half -- \$5.746 billion, up from \$2.553 billion. U.S. imports of consumer electronics totaled \$7.2 billion in 1993 period, increase of 3.4% from \$6.96 billion, while exports rose only 1.7% to \$1.5 billion from \$1.476 billion. Positive trade balances were registered in electron tubes, solid state products, telecommunications, defense communications, industrial electronics and electromedical equipment, while red ink in trade was posted by passive components and computers and peripherals, in addition to consumer electronics.

Industry's sweet music is "noise" to EIA. Announcing new policy of soundproofing audio exhibits at 1994 Winter Consumer Electronics Show, EIA said that "excessive noise tends to disrupt the overall show environment." Hint to TV manufacturers of what's to come: Keep that picture brightness down.

PRICE CONSCIOUSNESS AT CEDIA: Competitive pricing and diversification in home theater gear were hallmarks of 4th annual Custom Electronic Design & Installation Assn. (CEDIA) convention in Dallas. As custom installation industry continues to seek opportunities beyond bread-and-butter audiovisual (AV) business, some 90 exhibiting companies showed products ranging from video projectors and screens to gear aimed at lighting and window automation.

Biggest political buzz followed election of new officers Sept. 12, after many attendees already had left Dallas. Election of Eric Bodley, Sound Advice, as new CEDIA pres. caused some smaller installation firms to complain that seat of power of trade organization formed 4 years ago to protect interests of "the little guy" now had fallen into hands of power retailer. But another CEDIA installer, asking anonymity, was pleased by Bodley's election: "I'm glad that the club has been broken up. If there was anything negative about CEDIA it was the way the board members were cliquey and clubby, and they kept it within themselves... I think with the new blood we'll see a change of direction, and I'm kind of glad."

As for CEDIA-based business affairs, lighting companies such as Lutron and Litetouch said they are finding increasing synergy with custom installers who want to diversify into home automation. Even window treatment companies attended CEDIA to forge alliances. "As the commercial market is slowing down we're seeing a definite increase in residential business," said Darren Blank, marketing and sales manager for Bautex, Dallas-based window automation company. "It's not just from home theater but all around home automation. At CEDIA, the response has been unbelievable."

Exhibitors included AMX Corp. and Audio Design Assoc. (ADA), which represent high end of custom installation realm, showed less expensive products designed to appeal to broader segment of custom market. Bruce Christianson, vp-business development at AMX, said company hoped to enlarge residential dealer base of 40 through membership in CEDIA.

AMX's new Axcent home automation controller has 8 infrared ports for AV equipment, 6 input/output ports for relays and 4 RS-232 computer interface ports that can control intelligent heating, ventilation and air conditioning systems, security systems and lighting systems within home. Axcent is priced at about \$1,700, 1/3 less than comparably configured \$5,000 Axcess system.

ADA, which helped pioneer multiroom hi-fi in late 1970s, is feeling competitive pinch as well. Having seen its biggest competitor, Audioaccess, absorbed last summer by well-heeled Harman Consumer Group, ADA used CEDIA to show prototypes of 3-zone multiroom preamplifier (\$1,995) along with 6-channel surround-sound power amplifier (\$1,196). "We've taken our old system and brought it down a third," ADA Pres. Peter McKean told us. "There are a lot of smaller installations that need this type of control -- condos, co-ops that don't need more than 3 zones. We're trying to bring it to a more affordable price range."

Among CEDIA show-stoppers was Lexicon compact touch-screen universal remote control developed by custom installing specialist Andy Willcox of Pro Line Audio, St. Paul. Lexicon said device will be sold exclusively through installers who agree to program it to needs of individual customers. It will be priced between \$1,500 and \$3,000, depending on complexity of software programming at dealer

level, Lexicon National Sales Mgr. Buzz Goddard said, adding that device marks "first application of touch-screen technology at an affordable price." In one custom-programmed application, Goddard said, single button can be made to dim room lighting, lower ceiling-mounted screen and turn on power to amplifier, projector and laserdisc player.

Frox returned to CEDIA touting revamped product and new staff, acknowledging that it fell flat on its corporate face 2 years ago with ill-fated try at launching integrated AV system. "We're the turnaround story of the industry," Sales & Mktg. Vp Ross Hunt said: "There was a lot of hoopla around our initial product, but then it didn't work when it was delivered." Hunt said company in its earlier manifestation miscalculated market and tried to bite off more than it could chew. "We had a mass-market dealer base, but it wasn't that kind of product," he said, referring to systems that carried price tags well into 5-figure range. Frox pulled product from market year ago, he said, and since has brought out stripped-down versions with focus on central computer. Overall system has 4-source, 7-zone capability for \$15,500 ticket.

BEST BUY 2ND-QUARTER SALES DOUBLE: Best Buy's 2nd-quarter sales soared 97% to \$563 million on strength of continued expansion, including opening of 8 stores in Detroit. Comparable-store sales increased 27% in quarter, boosting average sales per store to \$19.2 million. For first 6 months, sales increased 89% to \$1 billion and same-store sales 21%. Earnings jumped 190% in quarter, 89% in half (see financial table). Other retailers' financial highlights:

Circuit City, boosted by continued expansion into Boston, Chicago, Philadelphia and Tucson markets, reported 25.7% increase in 2nd-quarter sales to \$906 million. Comparable-store sales were up 6%. Pres.-CEO Richard Sharp said that while comparable-store sales were "in line" with projections, "the results continue to reflect the challenging economic climate in Southern California." Second-quarter net earnings rose 30%.

Harvey Electronics, citing soft market conditions, reported 22.2% drop in 2nd-quarter sales to \$4 million. Decline came as Harvey showed slight increase in 2nd-quarter net loss to \$459 million from \$450 million year ago. Chain opened its first 5,000-sq.-ft. store inside N.Y.-based ABC Carpet and Home in early Sept.

Retail Notes: **Harvey Electronics** obtained \$400,000 five-year subordinated convertible term loan through Interequity Capital Partners to help finance startup costs associated with new 5,000-sq.-ft. store within ABC Carpet & Home in N.Y. C. (TVD July 26 p16), which had official grand opening last week... **Damark International** completed acquisition of COMB Corp. assets from parent Fingerhut Cos... **Best Products** filed proposed reorganization plan with U.S. Bankruptcy Court, N.Y. Company filed for bankruptcy protection Jan. 4, 1991. Under plan, Best Products would distribute \$70 million in cash and issue 31.7 million shares of new stock to creditors.

Promotion Notes: **Samsung Electronics America** selects HWH, N.Y., as its PR agency for consumer electronics. HWH also represents Samsung's Information Systems Div... **Sony** and **Allsop** join forces in promotion offering 2 free Sony AA batteries with purchase of Allsop's new Power Clean CD cleaner.

Consumer Electronics Personals

Akira Saito, Denon America exec. vp-treas., promoted to pres., filling post vacated in spring in ouster of **Robert Heiblim**, now U.S. pres. of Kinergetics Holdings; **Hideo (Hank) Kushida** appointed vp-sales administration and product development... **Michael Shorrock**, ex-T&E Soft of America and Sega of America, named vp-programming, The Sega Channel... Changes at Electronic Arts (EA): **William (Bing) Gordon**, senior vp-entertainment production, promoted to exec. vp, N. American Product Development; **Mark Lewis** adds title of senior vp-international to duties as pres.-managing dir., Electronic Arts Ltd., company's U.K.-based European division; **Steve Salyer**, vp, advanced to senior vp-business development; **Robert Garriott**, ex-pres. of Origin Systems, which EA acquired last year, promoted to vp-business development; **Nancy Smith** promoted from vp-sales to senior vp-sales; **Scott Orr** and **Don Traeger**, exec. producers of entertainment software at EA, named vps.

Elected by Custom Electronic Design & Installation Assn. (CEDIA): **Eric Bodley**, Sound Advice dir., custom design and engineering, as pres.; **Jeffrey Zemanek**, Viewings Audio/Video Automation, Cincinnati, as vp; **Rob Gerhardt**, Electronic Environments, Dallas, as treas.; **Keith Rich**, Integrated Systems by Rich, Naperville, Ill., as secy.; **Sean Fields**, Audio/Video Entertainment, Laguna Niguel, Cal., and **Mark Hoffenberg**, Audiovisions, Irvine, Cal., as board members... **Elie McLaren**, ex-National Academy of Design, joins Polk Audio as mktg. services asst.

Peter Hudson, ex-Eastman Kodak, named vp, international sales group, Franklin Electronic Publishing... **Adam Sohmer**, ex-Edelman, joins Dobbin/Bolgia, N.Y. PR firm as account exec. for Toshiba consumer products... **Kristina Mason** departs Kenwood USA to pursue other opportunities, her duties being assumed by Ad-PR Mgr. **Skip Whelan**... **Tom Adams**, ex-Paul Kagan Assoc., named managing dir., Advanstar Associates, to create research projects, seminars, etc.

Thomas Linnen, vp-finance, secy. and treas., Continental Circuits, and **William Walker**, Walker Assoc. chmn.-pres., named to Go-Video board... Appointments at Turner Home Entertainment: **Russell Kelban**, ex-Kelban Adv., vp-domestic home video mktg.; **Craig Van Gorp**, ex-LIVE, vp-domestic home video sales; **Ronnie Gunnerson**, who headed own PR firm, vp-PR; **Sharon Levere**, ex-Mattel, mgr., domestic home video sellthrough product mktg.; **Peter Van Raalte**, former Norman Rockwell artwork collection marketer, vp-domestic sales... **Rob Anderson**, ex-Contact Software International, appointed mktg. dir., GoodTimes Entertainment GT Software Div... Promotions at Motion Picture Export Assn. of America: **William Murray**, vp-theatrical and TV, to senior vp-theatrical, TV and home video; **Michael Connors**, vp, Asia-Pacific office, to senior vp; **Jeffrey Hardee** replaces him... **Alan Sherman**, ex-Kino On Video consultant, named vp-acquisitions and sales, newly formed Arrow Video.



Internationale Funkausstellung, 10-day Berlin consumer electronics show that closed Sept. 5, attracted 445,989 paying visitors from 68 countries, show's promoters reported. Trade visitors comprised 20% of total. Some 40% of trade attendees were from former W. Germany, 16% from former E. Germany, 15% from outside Germany. Of general public attendees, 44% were from Berlin, 23% each from former W. and E. Germany, 6% from other countries. Some 3,500 attendees were from Eastern Europe, as compared with 1,500 at 1991 show.

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
Best Buy			
1993-26 wk. to Aug. 29	1,004,899,000	8,685,000	.44a
1992-26 wk. to Aug. 29	531,911,000	3,859,000	.22a
1993-13 wk. to Aug. 29	562,980,000	7,594,000	.36a
1992-13 wk. to Aug. 29	285,430,000	2,615,000	.15a
Circuit City Stores			
1993-6 mo. to Aug. 31	1,705,628,000	45,197,000	.46
1992-6 mo. to Aug. 31	1,366,091,000	32,834,000	.34a
1993-qtr. to Aug. 31	906,678,000	27,967,000	.29
1992-qtr. to Aug. 31	721,251,000	21,450,000	.22a
Harvey Group			
1993-6 mo. to July 31	9,115,000	(836,000)	---
1992-6 mo. to Aug. 1	11,582,000	(441,000)	---
1993-qtr. to July 31	4,069,000	(459,000)	---
1992-qtr. to Aug. 1	5,227,000	(450,000)	---
Paramount Communications			
1993-qtr. to July 31	1,351,700,000	120,400,000	1.01
1992-qtr. to July 31	1,063,900,000	114,300,000	.96b
Prism Entertainment			
1993-6 mo. to July 31	8,802,000	377,000	.18
1992-6 mo. to July 31	10,234,000	553,000	.26
1993-qtr. to July 31	4,431,000	186,000	.09
1992-qtr. to July 31	4,693,000	224,000	.10
Tektronix			
1993-13 wk. to Aug. 28	290,070,000	9,731,000	.32
1992-13 wk. to Aug. 29	304,624,000	9,482,000	.32

Note: ^aAdjusted. ^bRestated.

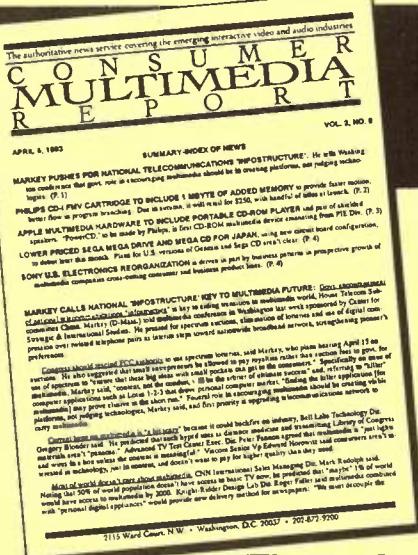
Home Theater Products (HTP), licensee of Paramount Pictures trademark for audio/video products, has retained Gruntal Capital Markets as its investment banker and financial adviser. New publicly held company sells home theater products, including A/V receivers, surround sound speakers, amplifiers and 46", 50" and 60" rear-projection TVs, largely to rental and warehouse club channels. HTP, based in Brea, Cal., signed 10-year licensing agreement with Paramount in 1990 and was listed on Nasdaq with 3 million shares Aug. 23. Beverly Hills-based Gruntal is headed by Bran'sMart founder Stanley Hollander.

Nintendo took advantage of hoopla over Acclaim's "Mortal Monday" launch of Mortal Kombat videogame to fax letter to news media concerning its stance on videogame violence, as well as "Video Game Content Guidelines" under which its licensees develop authorized software. Nintendo highlighted fact Acclaim "chose to revise Mortal Kombat to meet our standards" that ruled out "death sequences" present in arcade and Sega-compatible versions. Letter said that although "our position may result in some lost revenues in the short term, we believe manufacturers should take responsibility for their product's content before it is released -- not after."

U.S. demand for its high-end projection TV systems and video display products was credited by Belgium's Barco for 34% increase in first-half net profits to \$10.9 million. U.S. accounted for 27.5% of sales of those products, company said, forecasting improving results despite Europe's recession. "A slight recovery of the economy can, as in the U.S., bring with it a significant increase in turnover," company is quoted in Financial Times.

Recoton declared 33-1/3% stock dividend, distributing one new share for every 3 outstanding Oct. 14 to holders of record Sept. 27.

Become a Charter Subscriber to the *biweekly* business publication devoted entirely to consumer **multimedia** electronics . . .



. . . from the publishers of *Television Digest* With *Consumer Electronics*, the publication Sony's Chairman Akio Morita called "the leading U.S. trade journal"

CONSUMER MULTIMEDIA REPORT

The authoritative newsletter covering the emerging interactive video and audio industries

Every other week, CMR brings you *up-to-the-minute* news of the latest multimedia issues, technological advances, legal developments, prospects and problems. With *focused* coverage that is forthright, hard-hitting and independent. And because **Consumer Multimedia Report** carries *no* advertising, it is responsible *only* to its subscribers. Responsible only to *you*. Responsible for producing the facts, without coloration or outside influence.

Multimedia is covered in a comprehensive, insightful and businesslike fashion . . . by a trustworthy publication totally devoted to it . . . and free of jargon and computerese hocus-pocus. **Consumer Multimedia Report** is a one-of-a-kind information service with the same high standards as *Television Digest* (the newsletter, by the way, that originated the term "consumer electronics").

NOW is the time to become a subscriber . . .

Yes, now is the very best time to sign on for **Consumer Multimedia Report**. You'll become a Charter Subscriber at a rate that will never be lower. *Send along your check or credit card instructions with your order and you'll get a baker's dozen of months (13 for the price of 12) in your 1-year subscription* (and our "thanks" for saving us the cost of billing procedures). Send in your order today!



(clip and mail the order certificate below)

Charter Subscriber Order Certificate



CONSUMER MULTIMEDIA REPORT

(This Charter Subscriber price can be guaranteed only for 90 days.)

I ACCEPT. *Consumer Multimedia Report* sounds like the publication I've been waiting for. Send me a 1-year subscription (24 issues) at the special introductory *Charter Subscriber* rate of \$395 per year (Washington, D.C., subscribers add \$23.70 sales tax). Subscribers outside the U.S. and Canada add \$40 for delivery and handling.

NO-RISK GUARANTEE: I understand that if I am not completely satisfied with *Consumer Multimedia Report* after receiving 2 issues, I may simply notify you that I wish to cancel my subscription and you will send me a *full refund*. Or I may write cancel on your invoice and owe you nothing. **FURTHERMORE**, if I am not 100% pleased with *Consumer Multimedia Report* at any time during the lifetime of my subscription, I may cancel my subscription and receive a refund on all unmailed copies (with no questions asked).

SPECIAL OFFER: *Send check or credit card instructions with your order and receive 13 months of Consumer Multimedia Report for the price of 12!*

Check enclosed. Credit Card Authorization. Bill me.
(Make checks payable to Warren Publishing, Inc.)

American Express. MasterCard. VISA.

Card number _____

Expires _____ Signature _____

Name _____ (please print)

Organization _____

Address _____

City/State/Zip _____

SEND IN YOUR ORDER TODAY!

TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 27, 1993

VOL. 33, NO. 39

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TCI-VIACOM WAR ERUPTS over Paramount. Viacom files suit saying TCI is trying to monopolize cable. QVC ups bid. New cable, broadcast networks possible. (P. 1)

HUNDT APPROVAL NEARS: FCC Chmn.-designate could be confirmed this week under expedited process. Hearing is a breeze. Few details of Hundt's plans disclosed. (P. 2)

OWNERSHIP RULES BACKED: Duggan presses for appeal of Jackson cable decision. Justice, others undecided. FCC sets 30% MSO ownership limit, other rules. (P. 3)

PROGRAMMING 'FRAGMENTED,' Stringer tells IRTS, and networks should nurture current programming rather than new channels. TV and cable 2 'squabbling giants.' (P. 4)

AFRICAN CAPACITY SOUGHT for TV feeds. Broadcasters seek use of new Intelsat satellite during elections. (P. 4)

FCC EYES NEW TV AD LIMITS: Distinction between shopping stations and others is target. Finsyn reconsideration petitions rejected. (P. 5)

FCC MOVES ON SPECTRUM: Broadcast licenses exempt from auctions, but wireless cable and DBS may not be. FCC sets framework for PCS. (P. 6)

CONSENT DEADLINE NEARS: Few deals seen, with 9 days left. Broadcasters and cable trade jabs. Fox stations begin signing extensions. (P. 7)

TCI-VIACOM WAR ERUPTS OVER PARAMOUNT: Viacom entered 2-front war with its largest customers for Viacom cable networks, TCI and Liberty Media, over right to acquire Paramount in deal that's likely to result in major new media player, no matter who wins. QVC, controlled by TCI and Liberty, countered Viacom's original \$8.2-billion offer for Viacom (TVD Sept 20 p3), with bid valued at \$9.5 billion. Viacom opened new front by filing antitrust suit claiming that offer for Paramount was latest of attempts by TCI and Liberty to monopolize cable programming.

Like others, QVC is said to be interested mainly in Paramount's large program library. It was speculated that library could be used to launch new cable channels, with carriage virtually assured on TCI, Time Warner and Comcast systems, which account for about 1/3 of all cable subscribers. Library and stations also could contribute to QVC Chmn. Barry Diller's reported goal of launching 5th broadcast network.

TCI control of satellite authorization center is "cornerstone" of its effort to "monopolize national programming and programming distribution markets," Viacom said in 67-page antitrust suit filed in U.S. Dist. Court, N.Y.C., against TCI and others. Lawyers downplayed suit as just another ploy in bidding war, but it aired new charges against TCI. TCI officials immediately termed suit frivolous, pointing out that company itself isn't involved in Paramount bidding (although TCI and Liberty Media are major owners of QVC).

Consumer Electronics

SHORTAGE OF 25" & 27" TVs results from bargains due to intense price competition as well as shortfall in tube glass. Problem seen continuing into 1994. (P. 11)

SEGA 32-BIT SYSTEM to be developed in conjunction with Hitachi for expected launch in Japan in late 1994. Plans for U.S. introduction uncertain. (P. 12)

VIDEO PRODUCT IMPORTS rose in first half, led by 18% surge in camcorders. Flat-panel TVs up 71.3%. Color TVs rising 10.9%, in line with U.S. sales. (P. 12)

MATSUSHITA TIGHTENING BELT in U.S. Kraft reveals moratorium on new plant building here. Tube plant seen as eventual home for advanced display technology. (P. 14)

CHANGES AT MITSUBISHI aimed at 'flattening' management structure begin with elimination of exec. sales vp post, melding service operation into CE group. (P. 14)

FRETTER DEAL BUOYS DIXONS, seen limiting British retailer to \$50-million cost as opposed to \$151-million alternative of closing Silo. (P. 15)

JVC PLANS NEW CUTBACKS, including move of hq from Tokyo to Yokohama, cut of work force by 2,000 in face of sharp upward revision of fiscal year loss forecast. (P. 15)

RENT-TO-OWN INDUSTRY TRASHED in Journal article about 'obscure' Thorn-EMI that 'profits on poverty.' (P. 16)

Viacom said TCI deal with General Instrument on video compression technology (TVD Dec 7 p5) mandates use of single authorization center, being built by TCI: "Through the TCI authorization center, TCI intends to and will control the distribution of programming services not only to its own cable and [satellite dish] customers, but to the headends of other cable systems throughout the country." Viacom charged that TCI planned to refuse to distribute any cable channel that wasn't uplinked through authorization center and "deny competitive distributors direct access to the TCI authorization center." Denial of access also would eliminate competitors to Netlink and Primestar, satellite dish program distributors in which TCI has interest, Viacom said.

TCI and Liberty are abusing monopoly power of their cable systems to exclude competing cable networks, Viacom suit said. It said, for example, that TCI and Liberty have refused to renew affiliation agreements to carry Showtime Networks, which expired in Jan. and March, unless Viacom agrees to merge Showtime and Movie Channel with Encore on favorable terms. Suit claimed that TCI and Liberty have refused to make payments due, although they have continued carrying services without affiliation deal on most systems, and have refused to include networks in normal promotions. Viacom said TCI has dropped Movie Channel from 28 systems since March and plans to drop it from at least 27 more.

Viacom charged that TCI and other defendants conspired to "manipulate the price of both Viacom and Paramount stock" through "calculated statements" about likelihood of QVC bid, bid by German company Bertelsmann (which Bertelsmann later denied), and possibility of Turner Bestg. bid (also later denied). Suit also accused TCI of intentionally timing announcement of new MTV-like channel for Europe, to be launched with Bertelsmann, to drive down Viacom stock. Statements "did cause the value of Viacom's stock to drop precipitously," Viacom said.

Other charges in suit include: (1) TCI and Comcast (partner in QVC) will use their control of 25% of U.S. cable systems to "destroy competition in the development, launch and continued operation of [competing] programming services." (2) TCI CEO John Malone used "bully-boy tactics and strong-arming of competitors, suppliers and customers" to injure virtually all cable customers. (3) TCI has "unparalleled power to dictate terms to cable television programmers, such as Viacom." (4) Acquisition of Paramount would be "but the latest step in a systematic and broad-ranging conspiracy to monopolize the American cable industry." (5) TCI and Encore plan to launch direct competitor to Showtime in Jan., in addition to previously announced Encore plan to launch 6 single-theme movie channels.

Antitrust suit seeks treble damages and injunction, but Viacom said it hadn't yet determined how much damages are. It said suit was contemplated long before QVC's counterbid for Paramount. "Malone's monopoly power has intimidated the entire cable industry, but we could no longer sit idly by as he and his controlled companies excluded competing programmers from his cable systems and undermined our services and those of other programmers," Viacom said.

QVC offered package valued at \$80 per share for Paramount, including \$30 cash, rest QVC stock. Viacom's original offer was valued at \$69.14, including \$9.10 cash, rest Viacom stock. Value of that offer has declined since to about \$63 as Viacom's stock has fallen. There's little doubt that QVC can raise money for its bid, its officials said. It would have to provide about \$3.5 billion for cash portion of offer, but Liberty and Comcast already have committed to providing \$1 billion, and Paramount has about \$1 billion in cash reserves that could be used to secure portion of loan. However, Viacom's original deal with Paramount requires Paramount to pay Viacom \$100 million if it pulls out, as well as allowing Viacom to buy 20% of Paramount's stock at \$69.14 (provision has been challenged by suits in Del. Chancery Court). Diller said in letter to Paramount Chmn. Martin Davis that QVC investment adviser, Allen & Co., "has assured us that all of the financing for our proposal is readily available." QVC's annual revenue is \$1.1 billion, Paramount's \$4.3 billion.

Offer raised questions about QVC's proposed merger with Home Shopping Network (HSN), which has been on hold pending FTC inquiry. In statement, QVC said only that "proposal is being considered by a special committee of the HSN board and remains the subject of ongoing negotiations." HSN merger would appear to cause some TV station cross-ownership problems, since HSN and Paramount own stations in Dallas-Ft. Worth, Houston, Washington.

HUNDT SEEN WINNING QUICK SENATE APPROVAL AS FCC CHMN.: FCC Chmn.-designate Reed Hundt could have his nomination approved as early as this week. He eased through his confirmation hearing before Senate Commerce Committee Sept. 22 so smoothly that panel may not even wait for mark-up session to approve nomination. Communications Subcommittee Chmn. Inouye (D-Hawaii) suggested that panel

Chmn. Hollings (D-S.C.) simply poll committee members to get their votes. Hollings said he would attempt that, as long as members recognized that objection from any one senator would halt procedure. Inouye made suggestion because panel hasn't scheduled another markup for 2-3 weeks, and said nomination should be approved sooner than that.

Sen. Danforth (R-Mo.), senior Republican on Committee, said that he didn't know of any objections to nomination and that there was "widespread admiration" for Hundt. Danforth suggested Committee members meet in Senate chamber to report out nomination. Hollings discounted rumored threat that Senate Republican Leader Dole (Kan.) would hold up nomination until Administration announced non-Democratic nominee for what would be last open FCC seat. Because of pressures to install new FCC chmn., holding up nomination would be "bad politics," Hollings said, adding that Dole "is not a bad politician."

Hundt was questioned on wide range of issues, from TV violence to cable rates and universal service. As nominees usually do, he declined to get into specifics of many complex issues, but pledged generally to carry out mandates of Congress. His top priorities, Hundt said, were to make certain that technologies continue to contribute to growth in economy and that universal telephone service continues to be affordable.

One of Committee's top priorities will be TV violence -- first issue on which Hollings questioned Hundt. Hollings said station mgr. at WCBD-TV, Charleston, S.C., ABC affiliate, went on air to urge viewers not to watch NYPD Blue. That, Hollings said, "is a crisis." He said Committee plans hearing Oct. 20 on TV violence legislation. There's possibility that Attorney Gen. Janet Reno will testify. Hollings has introduced legislation that would require FCC to set periods when violent shows could be shown similar to that created for programs with indecent content. Hundt said he was concerned about problem and said one of main ways of addressing it was to make certain there is supply of "positive, useful programming." Sen. Dorgan (D-N.D.) asked Hundt whether nominee would endorse his bill that would require FCC to issue quarterly reports on TV violence. Hundt declined to do so, but said hearings on issue would be "a good thing."

On cable rates, Hundt said congressional intent was clear in passing law, but said he needed to learn more about issue. Inouye said after hearing that he isn't planning any cable oversight hearings, preferring to wait for FCC to take further actions. House Telecom Subcommittee has set oversight hearing for Sept. 28.

GROUPS PONDER APPEAL OF CABLE DECISIONS, FCC GOES AHEAD: Justice Dept., consumer groups and others still were deciding last week whether they would appeal U.S. Dist. Court, D.C., decision invalidating parts of Cable Act (TVD Sept 20 p3), but cable groups said they definitely would appeal portions upheld by U.S. Dist. Judge Thomas Jackson. Jack Cole, attorney for Daniels, said MSO would continue to appeal other rulings, including rate regulation and retransmission consent. NCTA spokeswoman said: "We always expected that the constitutional issues would be resolved by the Supreme Court."

Justice Dept. should "defend vigorously" horizontal ownership rules rejected by Jackson, FCC Comr. Duggan said at Commission meeting Sept. 23, because overturning them would have serious implications for other FCC structural regulations. FCC Gen. Counsel Renee Licht said Justice hasn't made final decision on appealing decision, but "I think it's a reasonable assumption that Justice will appeal."

Despite Jackson's ruling, FCC went ahead with decision setting horizontal ownership rules. Single MSO will be able to have interest in systems passing 30% of all U.S. homes, under new rules, increasing to as much as 35% if additional 5% are passed by minority-controlled systems. Limit is up from 25% originally proposed; MSOs had sought 40%. Commission also stayed effective date of rule pending appeal of Jackson's ruling. Largest MSO, TCI, has attributable interest in systems passing 20-25% of U.S. homes. "Attributable interest" definition is same as for broadcasting, which says that entity is owner of station for rule's purpose if it owns 5%. TV station ownership rules set limit at stations reaching 25% of U.S. population.

Commission also finalized its proposed 40% limit for number of system's channels that can be occupied by affiliated programming services, but agreed with operators that number could climb 5% if additional channels are minority controlled, and that local and regional channels are exempted from limit. It also said 40% limit applies only to first 75 channels of capacity, so there are no occupancy limits beyond that. Cable had hoped that FCC would set limit at 54 channels.

Program access rules essentially codify Cable Act provisions saying that cable owners can't coerce programmers into granting ownership interests in network or exclusivity in return for carriage on cable system. Commission said rules are intended to prohibit all unfair or anticompetitive actions without restraining amount of programming available.

Judge Jackson said limit on MSO ownership violates First Amendment because it absolutely forbids cable owners to "speak" to 75% of population. Bradley Stillman of Consumer Federation of America (CFA) said: "That principle is simply a bad principle, so it has to be challenged. That opinion is completely without merit. There is nothing more content-neutral than that." He said, however, that CFA is trying to determine whether it has resources to appeal decision. Largest MSO, TCI, said it was "very happy" with rejection of ownership limits. Govt. has imposed such limits on broadcasters virtually since start of industry.

Cities considered decisions "a victory for cable consumers across the nation," said William Squadron of N.Y.C., pres. of National Assn. of Telecommunications Officers & Advisers. "It is especially important that the court recognized the compelling public interests served by the Cable Act." Squadron told us that group still was looking at MSO ownership decision, but had focused largely on rate regulation and public, educational and govt. channel rules, which "most affect local authorities."

STRINGER SUGGESTS 'WORTHIER GOAL': Over-air TV networks should "worry less about breeding new networks" and pursue "a worthier goal -- how to nurture programming we do have. If we do not, the electronic superhighway will be the road to nowhere." That was message delivered Sept. 23 by CBS Best. Group Pres. Howard Stringer at IRTS lunch in N.Y.

Of finsyn, he said: "Every one of our new competitors is hell-bent on becoming that global communications giant, while broadcasters watch enviously through their prison bars" because of finsyn restrictions on networks and prime-time access restrictions on top-50 market affiliates' carrying off-network programming. "We are still waiting for judicial relief" from finsyn strictures, he said.

Discussing several recent mergers and "those telephone companies lurking in the fiber optic wings," Stringer said all have one thing in common: "They are all vertically integrated, global multinationals still protected by government regulation from 3 aging networks."

On televised violence, Stringer said: "The argument that guns don't kill people, but television does, finds favor with liberals and conservatives alike... After all, television executives are perfect adversaries. Unlike drug runners and killers, we'll show up at a hearing in D.C." He opposed V-chip to reduce children's viewing of violence, saying it "might be followed by a chip for sex, a chip for political correctness, soon chips with everything."

Turning to cable, he said that as result of retransmission rules "broadcasters and cable operators have evolved as 2 squabbling giants which... threaten to crush the viewer." But, he said, at least there's more dialog now than ever before. As for proliferation of channels, he said: "I continue to believe that the more channels there are, the less is on them. How do we get better television when the medium is endlessly diluted and fragmented?... A cacophony of channels may come to be the enemy of original programming..."

IRTS said that FCC Chmn.-designate Reed Hundt (whose Senate confirmation hearing was held Sept. 22) has been invited to speak Nov. 17. Assn. also announced that Daniel Burke, Cap/ABC pres.-CEO, will receive its highest honor, Gold Medal Award, April 6. Burke has said he plans to step down early next year.

Landmark Communications filed for Canadian license to launch travel channel there. Canadian version of Landmark's Travel Channel would be owned by partnership of Landmark, VOCM TV Inc. of Newfoundland, Newfoundland Capital Corp.

AFRICAN CAPACITY SOUGHT: Group of international broadcasters asked whether Intelsat would allow them to use planned Intelsat 702 satellite to assure ample capacity to cover national elections in S. Africa in April. Bird is scheduled for launch in Feb. ABC's Mary Frost, chmn. of Inter-Union Satellite Operations Group (ISOG), asked Intelsat Dir. Gen. Irving Goldstein whether group's members might "borrow Intelsat 702 while it's payload testing." Goldstein responded that testing phase is "important," but organization is determined to find way to get necessary capacity. He entertained idea of acquiring "used" satellite -- possibly from Russians.

Some ISOG members were concerned that since Intelsat cut rates 19% last year, some signatories haven't passed savings along to users. Frost said that while that "still needs to be addressed" and was "still a problem," most signatories had reduced rates. Goldstein said signatories have slashed rates "dramatically." He said organization was "working in the direction" of encouraging direct access to separate satellite systems, but that also is decision to be made by sovereigns. "We can't force a country" to allow direct access, he said, but "flexible arrangements make that easy."

Intelsat is "more customer oriented" than in past, Goldstein said. Changes in international community have caused changes in Intelsat and way it does business, he said. Since "global broadcasting is a growth business" and "broadcasters are our best customers," it's trying to meet their demands for better rates, access, capacity: "The earlier you [broadcasters] let us know what your overall forecast and planned requirements are, the easier it is for us to tailor capacity and service options to better meet your needs."

Controversial documentary *Liberators*, which WNET N.Y.-Newark recently decided to continue to withhold from future broadcasts, will be part of "Banned by PBS Film Festival" being organized by Coalition Against PBS Censorship, coordinator Mark Mori told us Sept. 22. Festival remains in planning stage, but Mori -- independent producer whose documentary on nuclear weapons industry was rejected for broadcast by PBS -- said it's expected to take place early next year. Mori said he's talking with representatives in 6-7 cities, and that some of local festivals probably would be scheduled during station pledge drives. He said plans also are in early development for series of public forums on *Liberators*, including possible feature in which some Holocaust survivors who Mori said insist that they were liberated by black troops would make such acknowledgements. Plan for forums came out of Sept. 21 meeting in N.Y. at which PBS Exec. Vp Jennifer Lawson met with disaffected groups, including independent producers, ACLU Arts Censorship Project, Fairness & Accuracy in Reporting, entertainment industry's Creative Coalition.

FCC TO STUDY TV AD LIMITS: FCC launched inquiry last week into amount of advertising on TV stations, despite statement by Chmn. Quello that "the Commission's interest in preventing overcommercialization is far different today" from when it had strict limits. Inquiry is partly follow-on to decision granting must-carry to home shopping stations (TVD July 5 p6), but Comr. Barrett said shopping stations shouldn't become sole focus. Commission also upheld most of its finsyn decision last spring (TVD April 5 p3), although it made some minor modifications.

Among questions Commission will ask about ad limits: (1) Whether and how excess commercial programming diserves public. (2) Definition of "excess" commercial programming. (3) Distinction between "commercialism" and service of home shopping stations. (4) Whether FCC should enact strict rule. (5) Whether any limit should be per-hour, which would preclude most program-length commercials, or for longer period. (6) How Commission should ensure compliance, including whether stations again should have to maintain ad logs.

Quello said he doesn't necessarily believe FCC should impose new rules, but it's appropriate to reconsider policy in light of changing environment. He warned that decisions shouldn't be made on basis of past: "We are obligated... to look to the future, and not to simply parrot homilies from the past." Barrett said any action shouldn't "create one standard for home shopping stations and another for commercial matter broadcast by television licensees." He also said decisions couldn't be based on program content alone because of First Amendment.

Petitions for reconsideration of finsyn produced nothing justifying changes in earlier decision, FCC said. Minor changes include: (1) End to requirement that networks provide proprietary lists of foreign customers. (2) End to requirement that networks disclose identity of parties negotiating pre-1970 program rights. (3) Technical correction of wording of one section.

Quello said he would have preferred more changes, including encouraging parties to seek expedited review of remaining rules if market keeps changing, and streamlining some reporting condition. However, he did support 2-year sunset period, saying that FCC should be able to accelerate process of eliminating rules entirely in response to changing market.

Meanwhile, Justice Dept. disclosed that it will continue to support ABC, NBC and CBS in their quest for end of consent decrees that have been in force since 1978 and 1980. They're based on FCC's finsyn restrictions, which Commission has proposed to sunset 2 years after decrees are removed. Antitrust Div. Chief Anne Bingaman wrote U.S. Dist. Court Chief Judge Manual Real in L.A. last week that Justice had reevaluated position adopted by Bush Administration, that "its position... remains unchanged, i.e., the Department continues to support" networks' motion to end decrees. However, Bingaman said, "in the interest of fairness," State of Cal. should be permitted to intervene. That request was denied by Judge Robert Kelleher, who had jurisdiction before turning case over to Real last month. Real has set argument for Oct. 18; Justice said it would participate.

Day-long symposium on children's TV will be sponsored by NAB Oct. 8 in Chicago, Oct. 27 in Washington. Panels will discuss changes in programming, children's needs, interpretations of rules -- 202-429-5368.

International markets are laced with risk and uncertainty, but also with opportunities for companies willing to seize them, cable leaders said at World Economic Development Congress in Washington Sept. 23. Companies should carefully consider language, customs, govt. support, foreign ownership rules and existing competing technologies to determine whether to invest in particular country, said Jeffrey Schwall, pres. of International Time Warner Cable Ventures. He said foreign investments represent "tremendous opportunities," but cautioned that they were "not for the faint of heart" or for companies interested in short-term profit. "There's a tremendously large capital investment involved. You have to have deep pockets and a long-term point of view." Assimilation into foreign market takes time, said Robert Hersov, head of media for Richemont International. He said that especially in less developed countries, cable providers must "skim the cream at the beginning and broaden it from there" by targeting high-income consumers first. To assess how much money, if any, consumers might pay for cable, Hersov said Richemont studies theater ticket sales, VCR rentals and other entertainment-related revenues.

Apparently signaling tough stance on cable rate freeze, FCC denied request by Fidelity Cablevision, owner of 5,600-subscriber Rolla, Mo., system, for temporary waiver of freeze. Fidelity bought system in Feb. 1992 and committed to spending \$526,000 to upgrade it. It said city approved higher cable rates, but they were to be introduced gradually over several years. Freeze blocked planned July hike, cutting cash flow \$204,409 for year ending April 30, 1994, Fidelity said, and "continued provision of cable service to Rolla is threatened by violation of loan covenants that could lead to foreclosure on its acquisition loan." FCC said cash flow loss actually is only about \$90,000, since freeze ends Nov. 15, and Fidelity then can increase rates if justified by costs. "Fidelity has not shown that the forgone revenue... is causing severe financial hardship," FCC said. "While this practical impact will require Fidelity's owners to advance additional funds, we cannot conclude that this constitutes a severe hardship." Commission said it doubts that cable service is threatened because "any foreclosure is most likely to be accompanied by mechanisms seeking to prevent any disruption of service."

TV revenue is expected to grow 5-7% in 1994, according to TvB projections. Despite deregulation, TvB predicted cable ad revenue would show highest increase in 1994 -- 11-13% -- followed by syndication (up 7-9%). Local TV revenue will gain 5-7%, TvB said, but spot TV and network TV will rise only 4-6%. Much of increase will be result of "continuing gradual improvement in the economy," TvB Research Vp Harold Simpson said. Revenue growth is expected from 1994 Winter Olympics and "heavy political ad spending, which may even outperform the 1992 Presidential year on the station side of the business because of the strongly localized, targeted campaign," Simpson said.

Proposed 3% excise tax on cable TV would raise average bill \$1 per month, boosting rates more than \$700 million annually and probably causing some subscribers to cancel entirely, NCTA acting Pres. Decker Anstrom said in written testimony Sept. 23 to House Ways & Means Subcommittee. Since some subscribers are likely to drop cable because of higher cost, Anstrom said result would be lower revenue when rate regulation "has already jeopardized the ability of the cable industry to pay its existing debt." He pointed out that cable already pays estimated \$1.1 billion per year in franchise fees, average of \$1.60 per subscriber per month, and recent budget bill imposes new \$20-million-per-year "regulatory fee" on cable.

FCC MOVES ON SPECTRUM: In series of related actions Sept. 23, FCC set regulatory framework for PCS, which has become a major interest of cable, and launched rulemaking on spectrum auctions. Commission said it will exclude "most mass media services from competitive bidding" for spectrum, decision that could leave wireless cable and new DBS licenses subject to competitive auctions -- issue will be resolved after rulemaking comments are received. Decision doesn't bar mass media, including broadcasters and cable, from bidding on PCS or other licenses, FCC officials said.

Auctions will be held for services outside of PCS, under congressional order, including some regulated by Private Radio and Common Carrier Bureaus, agency said. Commission said it's required to use auctions if 3 criteria are met, leaving number of possibilities in doubt. Criteria are: (1) Mutually exclusive applications must be accepted by FCC. (2) Applications must be for initial license or construction permit. (3) Service applied for must principally involve sale of communications services to "subscribers for compensation."

Action on competitive bidding will have to proceed quickly because law requires plans to be laid out by March 8. FCC officials told us that deadline for comment period on rulemaking is likely to be tight, perhaps in early Nov., with replies end of Nov. Commission plans to lay out strict criteria for broadband PCS auctions to ensure that they result in new services rather than warehousing for future use or "collusion among bidders."

FCC allocated 160 MHz to PCS. Country would be divided into 51 Major Trading Areas (MTAs) and, within them, 492 Basic Trading Areas (BTAs), with 7 PCS licenses available in each location. Vote was 2-1, with Comr. Barrett issuing 16-page dissent saying ruling was "complicated labyrinth" that would promote bad public policy and was flawed rationally and technically. Channel allocations for licensed PCS services feature 2 equal 30-MHz blocks auctioned at MTA level in so-called "lower" 2 GHz. It also would have single 20 MHz auctioned at BTA size. Unlicensed PCS would be allowed in 2 of 20-MHz blocks, one for devices that provide voice-like, or isochronous, services in 1890-1900 and 1920-1930 MHz, and one for data, or asynchronous, service in 1900-1920 MHz. Commission emphasized that spectrum allocation is 4 times that given to cellular originally.

In other elements, decision: (1) Set 10-year licensing terms, with provisions for renewal expectancy similar to those of cellular. (2) Allowed licensees to aggregate up to 40 MHz in any one service area. (3) Set technical standards. (4) Encouraged industry to promote interoperability. (5) Set service penetration requirements at 1/3 of population in each market within 5 years of licensing, 2/3 within 7 years, 90% within 10.

Justice Dept. said it doesn't oppose Southwestern Bell (SWB) application for MFJ waiver needed to purchase and operate Hauser cable systems in Washington, D.C., area. SWB said it needed waiver for receive-only earth stations and SMATV antennas owned by Hauser and to send cable signals from Montgomery County, Md., to subscribers in Hagerstown, Md., in different LATA. Justice told U.S. Dist. Judge Harold Greene that revenue generated from 65 customers in Hagerstown would be "greatly outweighed" by costs of any alternative that SWB might have. Neither SWB nor MCI, which objected to interLATA waiver, have identified any other carrier willing to carry signal, DoJ said in Sept. 15 filing.

Telcos should at least be able to intervene in Bell Atlantic cable-telco cross-ownership case in Alexandria, Va., if court doesn't agree simply to extend end of ban to them, they said in Sept. 20 court filing. Justice Dept., filing same day, said it would be "highly irregular and unfair" to extend ruling to Ameritech, BellSouth, GTE, Nynex, Pacific Telesis, Rochester Telephone, Southwestern Bell, U S West. DoJ said that telcos "belatedly seek to secure benefit of a judgment for which they risked nothing," so request is untimely. Even if court said it was timely, Justice said, nationwide injunction against cross-ownership rule would be "far more burdensome to the government than necessary." Govt. filing said it's "not credible... given the enormous stakes" that applicants decided months ago to intervene in case but were deterred by complication of proceeding. It also said that failing to intervene prevented govt. from trying to bind them to ruling if court upheld statute. Telcos said that if, as court decided, statute never could be applied in constitutional way "broad relief is both necessary and appropriate." They said that allowing them at least to intervene in case would eliminate Justice Dept. arguments against applying decision to them.

Bellcore has linked its experimental video-on-demand (VOD) system with Philips' CD-I technology in prototype demonstration. Bellcore said prototype system -- hooking CD-I player to TV -- delivers multimedia information, including full-motion video, to CD-I over copper phone lines using asymmetrical digital subscriber line (ADSL) technology. It said CD-I players, generally operating as standalone units, can work as 2-way interactive devices when linked to ADSL, supporting applications such as distance learning and interactive videogames. Prototype network enables CD-I users to receive updated information, supplementing data on player's local disc, scan through programming menus and retrieve material from various information sources, Bellcore said. It gave as example of typical application: Department store catalog of products on disc, updated with weekly sales information.

Competing applicant for license of WRC-TV Washington, National Capital Communications (NCC,) wants FCC to drop its restriction on settlement agreements before initial decision on license renewal. NCC and NBC filed settlement agreement May 14, but Commission hasn't acted. "By compelling parties who desire to settle to first expend their resources (and those of the Commission) on a hearing which neither desires... the rule compels useless and wasteful activity," they said in petition Sept. 16. Petition claimed that FCC rules limiting reimbursement to "legitimate and prudent expenses" meant there was no potential profit for early settlement.

NAB continues to support FCC effort to upgrade Emergency Bstg. System (EBS) under certain conditions, Pres. Edward Fritts said in letter to FCC Chmn. Quello. Letter pointed out that some broadcasters opposed upgrade because of "current system's documented failings" and belief that emergency alerts can be handled adequately on existing programming. Conditions for support include: (1) Opportunity for another round of comments after completion of testing. (2) Minimizing costs. (3) Timetable longer than one year after final decision to implement new EBS system.

Eutelsat has joined European Launching Group, signing memorandum of understanding to promote European standards for digital TV. Company said it's preparing to meet market growth via increased capacity on Eutelsat II-F1, to be joined next year by 16-transponder TV satellite Hot Bird. Specifications for 3rd satellite, Hot Bird Plus, to be launched in 1996, are being finalized.

CONSENT DEADLINE NEARS: With retransmission consent deadline just 9 days away, only trickle of consent deals were announced last week, and broadcasters and cable continued sparring over who will be at fault if channels go dark. Few details were available on handful of deals announced, although they appeared to be largely noncash and to involve expanded carriage of affiliated cable program networks in exchange for right to carry station. Several Fox stations also began signing 60-day extensions of retransmission consent deadlines, allowing cable systems to continue carrying them into Dec. while final deals are worked out.

NAB letter claiming cable is trying to "punish" Congress, broadcasters and viewers by refusing to sign retransmission consent deals is "a new low in the substitution of rhetorical excess for fact," NCTA acting Pres. Decker Anstrom said in Sept. 24 letter to Congress. NAB Pres. Edward Fritts' Sept. 21 letter said that cable operators "are simply refusing to negotiate in good faith," and that actions such as dropping C-SPAN are "a bald-faced political attempt to blame the new law by misleading Congress and the public." Fritts said that if cable systems drop stations they ought to lower their prices. NCTA's reply said "NAB has defined cash payments as the only 'reasonable' result" of retransmission consent negotiations, but "the Cable Act does not dictate the outcome of these business negotiations."

TCI has "no firm plans" to launch new cable channel to fill cable slots left empty because of retransmission consent, spokeswoman said. She said MSO was considering several options, ranging from alphanumeric channel explaining why broadcast station isn't on air, to barker-type channel suggesting cable network programming, to possibility of channel that would carry programming from cable networks. Spokeswoman dismissed Wall St. Journal article saying that TCI had settled on full programming channel, dubbed "The October Channel," as inaccurate.

NBC offer to end retransmission consent disputes doesn't necessarily mean that war is over, Washington, D.C., TV viewers learned last week. NBC-owned WRC-TV began airing ads attacking Media General, which has 201,789 subscribers in Va. suburbs, for failing to reach agreement, urging them to call operator. Media General Chmn. Thomas Waldrop said he was "disappointed" by what he called "heavy-handed tactics" of station and said he remained hopeful that talks would be successful. He said system has channel capacity for America's Talking, which NBC wants to be carried in return for consent, "but I won't do things that don't make economic sense." He said ads caused only "a little blip" in calls to system. Company did sign retransmission consent deal with Allbritton-owned WJLA-TV (ABC). Terms weren't disclosed, but cable operator will continue to carry Allbritton-owned all-news local cable channel.

Retransmission Consent Scorecard: **KFMB-TV** and **KGTV** San Diego ran ads in San Diego Union attacking local cable systems for failing to sign consent deals. Daniels responded by running its own ads offering \$5 cable bill credit to help subscribers buy A/B switches... NBC signed consent deal with **Continental**. Like other NBC deals, MSO agreed to carry America's Talking in return for right to carry NBC-owned stations... **Hauser Communications** systems in Montgomery County, Md., and Arlington, Va., signed noncash consent deal with WJLA-TV. Deal calls for "enhanced" carriage of 24-hour regional cable news channel operated by WJLA-TV affiliate.

TCI signed noncash retransmission consent deal with Tribune Bestg., allowing MSO to carry Tribune's 5 stations in

return for carrying Tribune-owned TV Food Network... **Lenfest** cable systems with 120,000 subscribers in San Francisco Bay area signed interim consent deals with Fox affiliate KTVU Oakland-San Francisco, terms not disclosed... As part of retransmission consent deal, **WBIR-TV** Knoxville (NBC) will launch local news, talk and entertainment channel for region in partnership with Scripps Howard... Fox affiliate **WPMT** York, Pa., signed retransmission deal with Suburban Cable's Lancaster and Hershey systems (91,000 subscribers), terms undisclosed... Fox affiliate **WNYW** N.Y. signed temporary retransmission deal with Lenfest system with 3,000 subscribers in Hunterdon and Mercer Counties, N.J. Deal gives consent until Dec. 6, while negotiations continue... **Lenfest** said it signed deal for its systems to carry ABC-owned stations in return for carriage of ESPN2.

Mobile satellite services (MSS), simplification of radio regulations and space matters, were suggested to State Dept. as top agenda items by FCC and NTIA for ITU Conference (WRC-93) in Geneva Nov. 15-19. In Sept. 17 letter from Chmn. Quello and NTIA Administrator Larry Irving, agencies said primary purpose of WRC-93 is to develop agenda for major conferences in 1995 and 1997. They said it should "focus on accommodation of the needs of the [MSS], the work of the Voluntary Group of Experts which is looking toward simplification of radio regulations, and space-related matters. We will be continuing discussions on use of certain additional frequencies (312-315 MHz, 387-390 MHz, 1492-1525 MHz, 1675-1710 MHz) for MSS." Letter said that while progress was made at WARC '92 on MSS, "the spectrum needs of this service remain unresolved." Meanwhile, NAB said it reached agreement on issue of U.S. position at WRC-93 on sharing studies for Broadcast Satellite Services-Sound. Assn. said position was changed from "sharing studies are unnecessary" for BSS-Sound to "sharing studies are unfeasible at this time."

Western Tex. telco and electric company consortium paid \$1.5 million to become DirecTV exclusive franchise holders in 22-county area of state. **Poka-Lambro Telephone Cooperative**, S. Plains Electric Cooperative of Lubbock, S. Plains Telephone Cooperative of Lubbock, Lyntegar Electric Cooperative and Lamb County Electric Cooperative of Littlefield, formed Digital Satellite TV consortium to market DirecTV's DBS in competition with Cox Cable Lubbock. Digital Satellite TV will sell service in satellite, electronic and appliance stores. **Poka-Lambro** will manage project, to start next year.

Broadcast Pioneers Library board voted Sept. 22 to move facility to U. of Md., College Park, subject to negotiation of final agreement to be voted on by board at Nov. 10 meeting. Two other proposals were considered -- from George Washington U., Washington, and U. of Ga., Athens. Board concluded that Ga. location was too remote and that U. of Md. offered better program than GWU. Library has been housed at NAB hq without charge, but NAB will be vacating building, hasn't decided whether to move back in after remodeling or choose another location, doesn't plan to provide space for Library.

State-owned Vietnam TV and Australian-owned Vietnam Investment Review (VIR) weekly plan pay-TV channel in Vietnam. French companies Les Films du Triangle and Sicomor also are partners in venture, which has yet to be approved by prime minister's office. Initial investment will be \$2 million, VIR said, and companies said they hope to begin service to Hanoi in 3 months, later to Ho Chi Minh City.

"**Patently unfair**," Reps. Oxley (R-O.) and Fields (R-Tex.) wrote Republican colleagues last week of effort by House Telecom Subcommittee Chmn. Markey (D-Mass.) and Rep. Shays (R-N.J.) to pressure FCC to revise cable rate rules (TVD Sept 20 p5). In "Dear Republican Colleague" letter, Oxley and Fields said Markey-Shays effort "is nothing more than an attempt to shift the blame for the 1992 Cable Act debacle" to FCC. In setting cable rates, Commission "was merely following a statute passed by Congress and specific instructions as to its implementation," they said. Noting that FCC is surveying cable rates, they said it would be "imprudent and would cause further disruption if the FCC were to reconstruct its rate regulations before thoroughly analyzing the results of its survey." Republicans shouldn't support effort, which "is nothing more than a cynical attempt to pass the blame for a bad law," they said. Markey-Shays letter attracted signatures of 128 House members -- 105 Democrats, 22 Republicans, 1 Independent. Markey said Commission may have "frustrated Congress' intent" to make rates more reasonable. His Subcommittee holds hearing Sept. 28 on FCC implementation of cable law, 9:30 a.m., Rm. 2322, Rayburn Bldg. Commissioners will testify.

Cable shouldn't be distracted by Cable Act fight and "must not lose sight of the other dramatic changes in the telecommunications industry," NTIA Dir. Larry Irving said Sept. 23 at National Assn. of Minorities in Cable (NAMIC) convention in N.Y.C. Noting that NAMIC "could just as easily stand for National Assn. of Minorities in Communications," Irving said minorities should look for new opportunities in national infrastructure and emerging 500-channel cable world. "It will not suffice to have only one Black Entertainment TV network," he said. Irving credited Cable Act, which encourages operators to add channels to justify higher rates, with causing cable networks to sign up subscribers in "record numbers." He said, for example, that 5 networks have added at least 3 million subscribers since Cable Act became law, and 10 have added 2 million.

Federal Elections Commission (FEC) Sept. 23 ordered minister Pat Robertson to pay almost \$400,000 to U.S. govt. and to news organizations as result of improper expenses from 1988 Presidential campaign. FEC said religious broadcaster's campaign had to pay \$290,793.66 to govt. for tax penalties, money spent over limit in Ia. and N.H. primaries, and failing to document transfer of funds from national to state accounts, among other items. Another \$105,634.56 should go to news organizations for overbilling reporters for travel expenses, FEC said. Robertson said he would appeal.

Preregistration for Sept. 29-Oct. 2 RTNDA convention in Miami Beach is running 15% ahead of last year and Assn. is expecting record, topping 1,586 in Denver in 1991. Former CBS producer-editor Ed Bliss will receive Paul White Award and ex-RTNDA Chmn. Robert Priddy the Rob Downey Citation, Assn.'s 2 highest honors. Speakers include Dan Rather, Catherine Crier, Walter Cronkite, Carole Simpson, Peter Arnett, Abba Eban, Larry King.

Vt. Educational TV Pres. Hope Green apparently is among candidates for Republican seat on FCC. Green, 13-year head of state network, acknowledged Sept. 23 that she had submitted her resume at request of Clinton Administration, but said she has no idea how seriously she's being considered. She's member of APTS board, served on PBS board 1981-1987.

KTAB-TV Abilene and KIII Corpus Christi, ABC affiliates, join Conus Satellite News cooperative.

Without "significant" increases in federal support of public broadcasting last year, public TV "would have experienced a 2% loss in total support in current dollars," CPB management told board last week in report on Nonfederal Financial Support (NFFS). "Because CPB's 1995 appropriation is not expected to increase," report warned, "stations will not see larger grants next year if their NFFS remains the same." Paper said public radio system revenues, by comparison, are "growing steadily." On TV side, CPB said only 52% of 200 Community Service Grant recipient stations increased their NFFS last year, vs. 61% in 1991, 74% in 1990. Viewer and business support, which make up 47% of PTV's revenues, inched up only 1.1% from 1991, it said, while underwriting, which grew significantly in 1991, dropped 5.5% -- "the first time this has happened." CPB concluded that PTV "needs to find new ways to appeal to its traditional sources" -- viewer and business contributions -- "before loss of revenue affects quality of service and its ability to bear the costs of implementing" HDTV.

Public Telecommunications Facilities Program (PTFP) has offered \$20.18 million in FY 1993 grants for distance learning and public TV-radio technical extension and upgrade projects. Distance learning projects have higher profile than previously. NTIA-administered PTFP awarded grants to 17 projects, including largest overall -- \$969,000 to U. of Hawaii, in part to add 6 microwave links to ITFS system and build video classrooms. Largest of 46 public TV and 40 public radio grants was \$715,807 to Wis. Educational Communications Board to improve signals of 5 radio and 3 TV stations. PTFP estimated that public radio portion of grants, including 2 to Indian reservations for new stations, would provide first public radio service to 1.8 million people.

NCTA will add 2 seats on board for cable programmers as result of board action Sept. 22 in N.Y.C. Decision will increase programmer representation to 8 seats from 6. Board tentatively decided to appoint 2 programmer members at Nov. meeting, with regular elections for seats next spring. Also at meeting, board got update on activities of committee searching for new NCTA pres., took no action.

Spar Communications signed \$20-million contract to supply International Cablecasting Technologies with DBS audio digital receivers. Units will receive up to 120 channels of stereo. DMX for Business, ICT commercial div., said it will offer at least 60 channels this fall, eventually 120.

Sky TV has signed agreement for state-owned S. African Bestg. Corp. (SABC) to retransmit Sky TV's Sky News channel beginning Oct. 3. SABC TV said it probably would broadcast service only 12-13 hours daily, mostly during night after normal programming has ended. Terms of deal weren't released.

FCC released official list of tentative selectees Sept. 21 for interactive video and data service licenses in 9 of top 10 markets. Selectees had until Sept. 24 to submit qualification forms.

FCC is proposing to fine Westerville Bestg. \$25,000 for misrepresenting or omitting information in data submitted to Commission. Company was applicant for FM station in Westerville, O.

Black Entertainment TV will launch new jazz and blues channel in fall 1994, CEO Robert Johnson said. BET on Jazz will be marketed as a la carte, ad-supported channel

Telesat Comunicacoes for Satellite is name of startup company formed by China, Macao, Portugal. Macao-based company will offer TV, telephone, data.

Interactive multimedia will be "well under way" by end of century, years ahead of some earlier predictions, according to survey of top executives of 100 media and computer companies. "Delphi" survey -- which involves interviews with industry figures -- by Deloitte & Touche also showed executives' belief that fiber to neighborhood would be offered by cable and telcos in "substantial portion" of U.S. by end of decade and that boundaries between cable and telcos would crumble permanently. Other findings: (1) Most popular multimedia products would be movies on demand, electronic shopping, videogames, airline communications, videoconferencing. (2) There would be "major shift" to wireless devices, including portable PCs and small personal communicators capable of voice and data.

Sen. DeConcini (D-Ariz.) introduced bill Sept. 22 (S-1485) that would: (1) Extend satellite compulsory license indefinitely. (2) Require no burden of proof for satellite carriers to show that their viewers live inside local TV stations' ADI and can't receive signal. (3) Eliminate "fair market value" provision in House version (HR-1103). Senate bill contrasts with key provisions of measure by Rep. Hughes (D-N.J.) reported out of Copyright Subcommittee with support of broadcasters in Aug. that's expected to be marked up by Judiciary Committee next month. Senate bill is likely to face opposition from MPAA, NAB, TV networks and their affiliates.

Hearing-impaired lawyer has sued Cleveland Browns, National Football League, TV networks and Cleveland affiliates for \$350 million, claiming local TV blackouts of NFL games violate Americans With Disabilities Act, which became law in 1992. In class action suit, Thomas Stutenborough asked U.S. Dist. Court in Cleveland to order end of blackouts, saying they discriminate against hearing-impaired people because they can't listen to games on radio. NFL requires blackouts when home game isn't sold out 72 hours in advance. As solution, suit suggested that such games be telecast without audio or on 15-min. delayed basis.

Program Notes: Cable viewing improved 8% in 12 months ended in Aug., Cable Ad Bureau (CAB) reported. CAB said cable's total day viewing share was 28 points, up 2 points. Biggest gain was in prime time, up 13% to 27 points, CAB said in analysis of Nielsen data... **Trakker Interactive Services** is available to Scripps Howard cable subscribers in Knoxville under new agreement. Company is offering interactive sports information service called Sports Trakker... International Family Entertainment will launch **Cable Health Club** channel Oct. 4.

Vice President Gore will be among those honoring ex-House Telecom Subcommittee Chmn. Van Deerlin (D-Cal.), who's now columnist for San Diego Union, and Arthur Barron, Time Warner International chmn., at Dec. 15 banquet, San Diego State U. They will be honored for "Leadership in Communications and World Community." Seminar on "The Future of Interactive Communications" will be held next day. Participants include C-SPAN CEO Brian Lamb, Time Warner Pres. Gerald Levin, Discovery Channel CEO John Hendricks.

Philips Consumer Electronics is airing 30-min. infomercial on TV stations (including unnamed affiliates in major markets in prime time) and cable networks to sell its CD-I player. Company also is running one-min. and 2-min. commercials on Headline News, CNN and ESPN. Infomercial had prime-time debut Sept. 15 in L.A. It's produced in 3 standalone "pods" of 8 min. each, separated by 2-min. segments with 800 number.

NTIA's Public Telecommunications Facilities Program (PTFP) again has rejected grant for WFUV(FM) N.Y. Station is believed to have had 2nd highest PTFP funding priority, since its project would provide first public radio service to 170,000 residents. Reason for rejection presumably was its one hour of weekly religious programming -- previous NTIA administration contended that that made it ineligible for PTFP support. PTFP spokesman declined comment, saying it has policy of not speaking to press on such matters. WFUV Gen. Mgr. Ralph Jennings said station was "extremely disappointed" with decision, which he said would prompt "an appropriate response" from its licensee, Fordham U. Station "desperately needed" PTFP grant, he said, because it must relocate facility due to its proximity to classrooms, and its FCC construction permit for project expires next June.

Japanese telecommunications companies Kokusai Denshin Denwa (KDD) and International Telecommunications Japan (ITJ) filed applications with Ministry of Posts & Telecommunications (MPT) to provide new satellite communications services via non-Intelsat birds. Govt. recently allowed use of non-Intelsat satellites as part of deregulation. KDD will start international TV transmission via Russia's Intersputnik satellites. ITJ said it plans to use Columbia Communications' planned satellite to offer international leased line service. MPT, KDD and Nippon Telegraph & Telephone also plan to establish R&D company to produce advanced broadcast and telecommunications satellite technology.

Nielsen said it won't release ratings after retransmission consent deadline Oct. 6 until it has verified whether stations are carried on cable systems. Rating firm estimated that verification would require delay of 3-5 days in releasing ratings, which normally are available next morning. "Our first priority is to provide information that meets Nielsen's standards for quality," Pres. John Dimling said. "Under the present circumstances, we feel a brief delay in reporting is unavoidable to ensure the reliability of the data." Nielsen said it has seen unprecedented number of cable lineup changes because of FCC cable rate rules that took effect Sept. 1. It said it had more than 13,000 lineup changes in first 2 weeks of Sept., vs. normal 3,500 for period.

Discovery Channel agreed to form joint venture with Mexico's Grupo Televisa to produce Spanish-language version of Discovery for Mexico and Latin America. Discovery will own 60%, Televisa 40%. Channel is to be launched Feb. 1 on PanAmSat and Mexican Solidaridad 1 satellites, is expected to reach 2 million homes by late 1994. Spanish-language version also will be available to U.S. cable systems. Discovery said it hopes to have Portuguese version for Brazil by late 1994. It also said it will begin transmitting limited version of planned Discovery-Asia Dec. 1 on Indonesia's Palapa B2P satellite. Service will move to Apstar 1 April 1.

Turner Bcstg. agreed to pay \$352 million over 4 years for rights to carry NBA games, 28% over previous contract. Deal gives Turner right to carry 35 additional games per year on WTBS Atlanta, other games on Turner's TNT.

Number of radio station sales increased 62% in first 2 quarters of 1993, vs. same period year ago, NAB said. Sales figure was up 73% from 1991. Figures are included in book, Trends in Radio Station Sales, distributed by NAB for \$140 to members -- 800-368-5644.

FCC delayed Oct. meeting, originally scheduled for Oct. 14, to Oct. 21. Comr. Barrett has schedule conflict Oct. 14.

Personals

Cecilia McInturff, ex-Bond Donatelli exec. vp, joins CBS Washington office as vp-federal policy... **Trevor Fetter**, MGM exec. vp, also named chief financial officer... NATPE promotions: **Ron Gold**, vp-mktg., to senior vp-mktg.; **Nick Orfanopoulos**, vp, to senior vp-conferences and special events... **Whit Jackson** advanced to vp, Video Encryption Technologies... **Richard North**, ex-Court TV, named senior vp-ad sales, Tribune Entertainment... **Don Browne**, ex-NBC News exec. vp who ran division for several months, appointed pres.-gen. mgr., NBC-owned WTVJ Miami, replacing **Richard Lobo**, resigned.

John Severino, former Primetime Ticket Network pres., named pres., Avtex Interactive Media... **Dominic Ambrosio**, ex-Telemation vp-gen. mgr., appointed senior vp-network operations, Home Shopping Club... **David Leive**, ex-Intelsat gen. counsel, joins Latham & Watkins, Washington law firm, as senior communications counsel... Promotions at Warren Publishing's TV & Cable Factbook: **Brian Meeley** to assoc. editor-editorial supervisor; **Lucy Gildersleeve** and **Sarah Fintel** to senior editor; **Page Sullivan** to asst. production editor; **Kelly Holder** to asst. editor.

Promotions at CBS Media Relations: **Brooks Cantini**, mgr.-entertainment publicity, to assoc. dir.-entertainment publicity; **Sheri Wohl**, press representative, to mgr.-entertainment publicity... Elected FY 1994 CPB board officers, as expected: Chmn. **Sheila Tate**, PR executive (incumbent); Vice Chmn. **Martha Buchanan**, former San Antonio broadcast reporter-anchorwoman.

Neil Wertlieb, IDB Communications Group vp-corporate law, advanced to vp-gen. counsel... **Joe Zuckerbrod**, ex-Private Satellite Network, appointed mgr.-business TV sales, Group W Satellite Communications... **Garry Ritchie**, ex-Diversified Communications Best. Div. pres., named gen. mgr., WOWK-TV Huntington, W. Va... **Tom Tucker**, ex-KMST Monterey station mgr., joins KRCR-TV Redding, Cal., as gen. sales mgr... **Gary Kessler**, founder and independent producer, Main St. Films, named NBC west coast dir.-motion pictures and miniseries... Changes at General Instrument's VideoCipher Div.: **Krishnanand Kelkar**, former Nobel Systems mgr.-engineering development and mktg., joins as vp-business development; **Rick Segal** promoted to vp, responsible for sales and marketing of DigiCipher satellite products; **David Brown** joins as dir.-N. American business development.

James Waldron, Viacom dir.-creative affairs, named vp, Gerber/ITC Productions... **Gig Barton**, Court TV eastern mgr.-national sales, appointed dir.-ad sales... **Stephen Twomey**, ex-Nynex Network Systems vp-engineering and operations, joins C-COR Electronics as vp-sales and mktg... TV critics **Michele Greppi**, N.Y. Post, **Marvin Kitman**, Newsday, **Eric Mink**, Daily News, and **John O'Connor**, N.Y. Times, speak at IRTS luncheon Oct. 14, Waldorf Astoria, N.Y... **Emmy Davis**, ex-Paramount Domestic TV, joins Warner Bros. Domestic TV as executive in charge of production... **Robert Jordan**, ex-KING-TV Seattle, appointed news dir., KCBS-TV L.A., succeeding **John Lippman**, resigned.



Fairness doctrine wouldn't change broadcast practices much if Congress reinstated it, FCC Chmn. Quello said at Media Institute dinner Sept. 21. He said rule hasn't existed since 1988, and way news has been covered hasn't changed significantly: "The fairness doctrine doesn't belong in a nation devoted to freedom of speech and of the press."

Arab Satellite Communications Organization (Arabsat) has obtained \$104 million in loans from 8 banks to help finance construction of 2 Aerospatiale satellites, which cost \$258 million each for delivery-in-orbit, said Gulf International Bank (GIB). GIB provided \$54 million, Riyadh Bank and Saudi Hollandi Bank \$10 million each, Bank of Oman Bahrain & Kuwait, National Bank of Abu Dhabi, National Bank of Egypt and Bank of Bahrain & Kuwait \$5 million each. Loans total 40% of required capital, and Arabsat said it would provide rest from cash resources.

Need for FCC oversight of children's TV programming may be diminishing as more educational and informational programming becomes available, INTV Pres. James Hedlund said in letter Sept. 22 to FCC Chmn. Quello. Hedlund said stations have "been hampered" in complying with children's TV requirements by lack of programming, but number of new shows is growing. He cited fact that only 5 new educational children's shows were launched at NATPE convention in 1991 and 1992, but number jumped to 21 at 1993 session.

Cablevision Systems and **Motorola** said they're conducting joint trials of cable-based PCS equipment. Tests are to establish engineering parameters, as well as to measure technical and economic viability of integrating Motorola technology with Cablevision's PCS architecture. Research is being done at Cablevision's Evanston, Ill., test facilities. Meanwhile, Cablevision Systems said it would conduct joint test with Ameritech on interoperability of MSO's coaxial plant with Ameritech's ISDN for PCS.

SEC enforced continued suspension of stock trading of Dallas-based SMATV operator Future Communications. SEC said it has "questions concerning the adequacy and accuracy of publicly disseminated information concerning, among other things, the valuation of the company's assets, liabilities of the company... recent acquisitions and transactions [and] recent market activity" in company's stock. SEC suspension is for 10 days, but National Assn. of Securities Dealers had suspended trading since Aug. 31.

"**There is a correlation** between the lack of [students'] adequate reading skills and excessive amounts of television watching," Education Secy. Richard Riley said in releasing study by National Assn. of Educational Progress last week. Study reported that 59% of 4th graders, 69% of 8th graders and 75% of 12th graders had only basic reading skills for their age group. Majority also reported watching TV 3 hours or more daily. Riley said parents are to be blamed for permitting their children to watch too much TV.

Mass Media Financials: Spelling Entertainment said it had signed definitive agreement for previously announced stock sale to Blockbuster... Canadian cable product distributor **Cabletel Communications** will go public by year-end with initial public stock offering by parent ARC International. Parent will retain 51% ownership... **Time Warner** said it will redeem \$6.7 million of outstanding subordinated debt due in 1994.

All PrimeTime 24 customers, including cable and SMATV systems, will use General Instrument (GI) VideoCipher II Plus beginning Oct 18, replacing VideoCipher II. Also, VideoCipher Div. has named Best Reception Systems, Knoxville, as distributor of GI products to most of Tenn., Miss., La., Ala., Ky., Ark., northern Ga., parts of Fla.

Harte-Hanks registered with SEC to sell 6.25 million common shares, with Goldman, Sachs and First Boston handling offering.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	SEPT. 4-10	1992 WEEK	% CHANGE	AUG. 28- SEPT. 3	36 WEEKS 1993	36 WEEKS 1992	% CHANGE
TOTAL COLOR.....	378,697	401,939	- 5.8	412,868	14,892,036*	13,436,867	+10.8
DIRECT-VIEW...	371,154	396,237	- 6.3	400,325	14,640,660*	13,208,138	+10.8
TV ONLY.....	355,738	386,472	- 8.0	370,148	13,829,014*	12,694,006	+ 8.9
TV/VCR COMBO.	15,416*	9,765	+57.9	30,177*	811,646*	514,132	+57.9
PROJECTION....	7,543	5,702	+32.3	12,543	251,376*	228,729	+ 9.9
VCR DECKS.....	120,484	140,282	-14.1	218,219	7,416,977	7,312,139	+ 1.4
CAMCORDERS.....	25,880	26,530	- 2.5	41,846	1,851,503*	1,676,689	+10.4
LASERDISC PLYRS#	1,165	1,424	-18.2	6,507*	135,728	131,489	+ 3.2

Direct-view TV 5-week average: 1993--478,301; 1992--446,854 (up 7.0%).

VCR deck 5-week average: 1993--239,315; 1992--244,970 (down 2.3%).

Camcorder 5-week average: 1993--52,834; 1992--48,809 (up 8.2%).

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

RETAILERS FEEL 25" AND 27" TV SHORTAGES: Intense price competition and short supply of picture tube glass have combined to create severe shortages of 25" and some 27" TVs as retailers embark on fall selling season. With scarcities expected to continue into 1994, retailers said they face "major problems" as demand for moderately priced large-screen sets outstrips supply. "Retailers better have a sound relationship with their suppliers if they're going to get promotional goods in those screen sizes," said general merchandise manager at Southern retailer.

In part, 25" shortfall is result of high sales geared to promotional pricing. Zenith, Philips' Magnavox and Thomson's GE brand sets have been advertised at \$299, while Sanyo sets have been sold by Wal-Mart at \$279. Hot 25" pricing has hampered sales of 19" and 20" sets as consumers step up to larger, more featured screen sizes, industry officials said. EIA statistics showed 50.9% increase to 1,444,600 in 25" table model sales in first half over same 1992 period (TVD Aug 9 p12). Estimated 250,000 25" consoles also were sold during period. Sanyo Mktg. Vp Issac Levy said his company's 25" production "hit the wall" 2 months ago and only about 75% of orders are being filled. Sales met projections for first 3 months, he said, but trend changed in April. "It's run counter to everything we expected," he said.

Maintenance on some production lines by glass suppliers Corning Asahi and OI/NEG has contributed to shortages, vendors said. OI/NEG Sales & Mktg. Vp Lawrence Weaver said that while TV set sales are projected to hit 23 million this year, glass capacity in U.S. is 20 million, forcing companies to go offshore for added supply. He said there were glass shortages in 19-35" sizes. Aggravating shortfall, he said, are increased sales of larger sets requiring more glass and need for separate production of new high-contrast "dark glass" tubes with 42% light transmission (standard tubes have 52%). "Capacity is being chewed up because of the shift to larger sizes -- specifically 25, 27 and very large-screen categories -- because you have to run the [glass-making] equipment slower." Weaver said adding 25" accounts for 17% of U.S. glass supply and 27" represents 22%.

Corning Asahi Business Mgr. Willard Boyer agreed that demand for dark glass tubes added new wrinkle to production this year and problems were compounded by strength of yen against dollar. He said additional glass supplied by Japan has become "incredibly expensive," and Japan's ability as "safety valve" for U.S. market "has been disappearing." Capacity can't be increased at U.S. plants soon, and expansion would take 2 years, he said.

Thomas Carson, sales and mktg. gen. mgr. of Thomson's Tube Div., said there's "very little opportunity for incremental glass" in 25", condition that will continue into 1994. Thomson, which supplies its own RCA and GE brands as well as unaffiliated set makers, makes some 25" glass at Circleville, O., plant, but also relies on outside sources. Thomson also suffered setback when fire gutted Marion, Ind., warehouse in July (TVD July 26 p11). "We should be okay, but if we went out to get more glass, we might have a hard time," Carson told us. "We're finding glass availability very tight."

Strength of 25" -- revived and resuscitated as bargain large-screen category -- took much of industry by surprise. As long ago as 1987, that size was considered dying breed, with "flatter squarer" tubes -- 26" and over -- ready to banish it to obsolescence. However, 25" actually killed off newer 26" size. But picture appeared far different 6 years ago -- in first half 1987 alone, 25" table model sales were down 15.7% and consoles down 35.3% from same year-earlier period (TVD July 27/87 p12).

SEGA AND HITACHI IN MULTIMEDIA DEVELOPMENT PACT: First concrete information about Sega's plans to develop next-generation videogame system came into view last week with announcement that product will be built around Hitachi-developed 32-bit RISC (Reduced Instruction Set Computing) chip. Companies said they had reached "fundamental agreement" to cooperate in multimedia product development. It's been open secret that Sega was planning advanced system to be introduced by end of next year. Reports from Japan said first offering would consist of basic 32-bit console (\$300 retail) and optional CD-ROM drive (\$200), shipments to begin next fall in Japan.

Sega of America spokeswoman was noncommittal on whether company would introduce 32-bit system here next year, saying Sega "has got a really robust 16-bit business going now, and we think 1994 will be a very strong year for 16-bit cartridges and CD-ROMs." Company has said it expects this year to sell 6.5 million Genesis consoles and about one million Sega CD peripherals, and projects that it and its licensees will sell 25 million Genesis cartridges and 3-3.5 million pieces of CD software. Industry source noted that Sega's share of home business is healthier in U.S. than in Japan, so pressure to introduce higher level system may be more intense there.

On other hand, market conditions could dictate bringing 32-bit system to U.S. market in time for Christmas 1994. Widespread acceptance of such systems as 3DO, Atari Jaguar or even Philips CD-I probably would compel Sega to launch advanced system here in 1994. Also lurking in background is 64-bit system that Nintendo and Silicon Graphics are developing for intended launch at end of 1995 at under-\$300 price point (TVD Aug 30 p15), although some in market are skeptical that machine actually will be completed in time for 1995 launch at that price.

Several software developers in Japan have been given specifications so they can start on products for new 32-bit system, according to Sega spokesman in Japan. Rest of licensees there will receive specs by year-end. It's not believed that any developers in U.S. have specs. Although it generally takes at least year to create quality programming, software developers we queried said that anyone already developing for another 32-bit system probably would be able to convert programming to 32-bit Sega system in much shorter time. At core of Sega system will be custom-designed member of Hitachi's SH chip series. Series was announced last Nov. and first version made it to market earlier this year. Company is expected to use SH chip in modems, disc drives and within such handheld products as personal digital assistants (PDAs) and portable computers.

Hitachi plans to sell multimedia hardware for business and educational markets and to begin developing multimedia software for business applications, Japanese press reported. Sega and Hitachi also said Sega's machine might be sold through Hitachi's distribution network in Japan.

Atari released list of 20 developers it said have signed licensing agreements to create software for Jaguar system. System is planned to debut in early Nov. in N.Y. and San Francisco, with about 5 titles available immediately, others soon thereafter. Company said that other "high-profile developers and publishers are expected to be announced in the coming weeks." Developers named last week: Anco Software, Beyond Games, Dimension Technologies, Eurosoft, High Voltage Software, Krisalis Software, Loriciel S.A., Maxis, Micros, Midnight Software, Ocean Software, Rebellion Software, Retour 2048, Silmarils, Telegames, Tiertex, Titus, Tradewest, Trimark Interactive, U.S. Gold.

VIDEO PRODUCT IMPORTS UP IN FIRST HALF: Led by 18% surge in camcorders, U.S. imports of all video products except VCRs were above 1992 levels in first half 1993, according to Commerce Dept.

figures. Although VCR decks lagged for 6-month period, they were up slightly over last year's figure in June for 2nd consecutive month.

Biggest percentage advance was 71.3% rise in imports of flat-panel TV, presumably mainly pocket LCD sets. But conventional color TV sets, as reported last week (TVD Sept 20 p14), rose 10.9%, about same percentage as domestic sales to dealers in same period. In camcorders, VHS (both full-size and compact) gained at more than 4 times rate of 8mm.

In June, VHS camcorder imports were up 139.8% over June 1992, with camcorder category as whole up 63.6% in 4th month of increases after more than year of declines. Videocassette players continued to show healthy gains for both month and 6-month periods, and CD players were in-plus column in June after several months of minuses.

Following is table of June and first half 1993 imports, by product, with 1992 comparisons:

Product	June 1993	June 1992	% Chg.	6 Mo. '93	6 Mo. '92	% Chg.
Color TV.....	1,125,500	953,400	+18.0	5,502,100	4,959,400	+10.9
Monochrome TV....	189,100	190,900	- 0.9	919,000	880,400	+ 4.4
Flat panel TV....	47,500	29,500	+61.4	213,900	124,900	+71.3
VCR decks.....	1,250,900	1,224,700	+ 2.1	6,097,100	6,478,200	- 5.9
Camcorders.....	339,900	207,700	+63.6	1,349,700	1,143,900	+18.0
8mm.....	130,700	120,500	+ 8.4	508,200	490,700	+ 3.6
Other.....	209,200	87,200	+139.8	841,500	653,200	+28.8
Videocass.players	68,700	47,600	+44.5	337,400	257,300	+31.2
CD players.....	870,100	804,500	+ 8.2	3,598,200	3,816,000	- 5.7

NEW SHARP LCD TECHNOLOGY: Sharp announced it has overcome one of major deficiencies of active matrix TFT (thin film transistor) LCDs -- compromises in viewing angle -- and plans to switch entire line to new process that currently more than doubles vertical viewing angle.

New technology makes possible LCDs with vertical viewing angle of 80°, as compared with conventional LCD's 35. It's based on new film that can orient LCD molecules on 2 planes simultaneously, increasing vertical angle without sacrificing horizontal. Sharp says process can be used on conventional TFT production lines without affecting yield or substantially increasing price.

Masaya Hijikigawa, Sharp dir. and deputy gen. mgr. of LCD Group, said all of company's TFT production would switch to new technology starting in spring. He said it will make possible new applications, including more varieties of LCD TVs. Sharp's goal, he said, is vertical viewing angle of 160°.

Sharp hopes to have 50% share of estimated \$4.8 billion in TFT LCD sales anticipated in 1995, Hijikigawa said. Total market for LCDs of all kinds in 1995 is estimated at \$8-\$9.4 billion. Technology to produce 20-25" LCD TVs is available now, he said, but costs and other problems bar introduction of over-20" models, although he hinted that Sharp might introduce one in large size before 1995.

Company demonstrated 14" multimedia color LCD with low light reflection panel at news conference. That and other aspects of its LCD technology are due for demonstration at Japan Electronics Show next month.

Meanwhile, Sony announced highest resolution small LCDs designed for camcorder viewfinders and projection TV. Polysilicon 0.55" TFT LCD with 113,000 pixel resolution and 0.7" unit with 180,000 pixels are sample-priced at about \$215 and \$350, respectively, for availability in Oct. and Jan. The 0.55" version has 260 lines of horizontal resolution and larger model has 400.

Sony plans Nov. 10 opening for 10,000-sq.-ft. retail showcase at Sony Plaza, lower levels of former AT&T hq building in Manhattan that serves primarily as Sony Entertainment hq. Retail Operations Dir. Michael Lyons said N.Y. store will serve same purpose as Sony Gallery that opened nearly 2 years ago in Chicago (TVD Dec 16/91 p8) -- to showcase breadth of line, display products that might not be in normal retail mix, promote Sony name, sell merchandise. Sony has "no sales forecast" for store, which will include electronics and software, Lyons said. As in Chicago, salespeople will be noncommissioned. Pricing will be determined by "senior management in the sales company," but "certainly will never be predatory," Lyons said. He said Chicago operation is successful, drawing as many as 40,000 shoppers per week. Lyons said he doesn't have good feel for how many people N.Y.C. store will draw, although Sony Plaza Pres. Guy Liebler said he hopes to make complex "destination point" for tourists and residents. It will include store, enclosed courtyard with food stands, variety of retail shops (including 1,500-sq.-ft. store to sell Sony Signatures licensed products), TicketMaster ticket booth. Last unit to open will be Sony Wonder Museum, educational center and technology lab, direct descendant of AT&T InfoQuest Center that previously occupied same space.

Jury in Detroit rejected claims of Mich. woman that Nintendo should have warned consumers that playing its videogames could cause epileptic seizures and that product is unsafe. Nintendo Senior Vp Howard Lincoln, although expressing sympathy, was happy that jury agreed that "photosensitive epilepsy is a rare preexisting condition which in some cases may be triggered, but never caused, by any source of flashing light."

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 106 yen = \$1, except where noted.

MECA TIGHTENS BELT: With continued strength of yen against dollar, Matsushita's U.S. operation has begun financial belt-tightening that could expand if currency situation doesn't improve, said Pres.-COO Richard Kraft of Matsushita Electric Corp. of America (MECA).

Speaking after tour of \$210-million Troy, O., TV tube plant, Kraft said MECA hoped to avoid job cuts through "cost reductions and efficiency improvements." Early retirement program already is being offered some employees, although he declined to disclose number signing up.

Kraft also projected slight downturn in U.S. economy in late 1994 and late 1995, although not on scale of recent recession, and said economic conditions in Japan put cap on U.S. plant building for 1-2 years. Last plant to open will be 220,000-sq.-ft. microwave oven facility in Franklin Park, Ill. in Oct. to make Panasonic and Quasar brand ovens.

Yen-to-dollar problem is "one of the most difficult situations we face," Kraft said. "We and Japan are working to rationalize our activities. We have taken action at MECA to freeze head count increases and introduced significant efficiency improvements. If the yen should remain at 100 or 105 for an extended period of time, we're going to have to find other, more drastic ways to improve our business." (Another Matsushita affiliate, 51%-owned JVC, announced new austerity program in Japan last week; separate report appears in this issue).

Turning to Quasar, Kraft said reorganization of Matsushita division should be completed by end of year. Changes will be aimed at strengthening Quasar brand name, which has lagged in recent years. Kraft declined to comment on proposed changes, but admitted strategies used with Quasar brand "in the past have not been that effective." Toshinobu Saito, former pres. of Panasonic Co. West of America, was appointed pres. of Quasar in Sept., replacing Yasuo (Mike) Nakamura, who moved to vp of Panasonic Merchandising Group.

Kraft's comments came as company showed off 430,000-sq.-ft. tube plant that Kraft said could serve as catalyst for supporting "all TV operations in the United States." Tour also came 4 months after Matsushita purchased Philips' 35% stake in Matsushita Electronics, parent of both TV tube plant and semiconductor facility in Seattle, for \$1.7 billion.

Company officials said 4-year-old factory eventually could be home for advanced technologies such as widescreen, HDTV and Matsushita's newly introduced flat panel matrix displays if they become successful. There are no immediate plans for adding screen sizes to existing line of 20", 27" and 31" conventional, high-contrast and SuperFlat tubes. Factory builds tubes for Panasonic, Quasar, other customers. Plant has 2-million tube capacity, but is running about 1.7 million annually, Mgr. Michael Rimas said.

Factory employs 616 and is adding tubes with iron mask as lower cost alternative to invar shadow mask. First conventional and high-contrast tubes with iron mask are due in Feb. or March, Rimas said. Iron mask, which could save \$50-\$60 in manufacturing costs on typical \$350 tube, won't be used with Gaoo SuperFlat, he said.

Products manufactured at Troy plant contain 72% U.S. components, with goal of reaching 90% by next year. Remaining 10% of components, including electron guns and some flat panels for Gaoo tubes, will continue to be

imported. Overall, Matsushita expects to meet goal of 70% U.S. content nationwide by next year and 50% U.S. manufacturing by 1995, Kraft said. Troy facility exports about 10% of production to Japan, officials said.

Kraft said Panasonic will continue to market 50" and 58" rear-projection 16:9 sets and has no immediate plans to add direct-view widescreen models to line.

CHANGES AT MITSUBISHI: Consumer Electronics Group of Mitsubishi Electronics America last week eliminated position of Exec. Vp James Bennison in move that Pres. Jack Osborn said was part of effort aimed at "flattening our management structure to bring senior management closer to both our dealer network and to our customers." Mitsubishi also is bringing its Product Service Group (PSG), until now separate entity, under Consumer Electronics Group. PSG Pres. Robert Rosipaglia has resigned effective Jan. 7, Osborn said, will continue as consultant.

Changes announced last week obviously are beginning of larger process that Osborn foreshadowed at national sales meeting in May, barely 2 weeks after he assumed current position, when he talked of "product and policy changes that inevitably flow from a new administration" (TVD May 17 p13). Last week's news release announcing new order in Sales Dept. said "future personnel changes due to restructuring have yet to be announced." In same release, Osborn said company "now, more than ever... must understand the daily challenges facing our dealers -- with fewer layers in our management structure we can do just that."

Mitsubishi's 5 regional vps now report directly to Osborn, who said they will have "significantly more autonomy in their decision-making on things that [previously] had to come back to headquarters."

Although Osborn expressed "deep respect for what Jim accomplished," and said Bennison "always conducted himself as a gentleman in his dealings with me," sources within industry said they were aware of friction between them that at very least would be attributed to "big differences in style," in words of one major dealer. Bennison, 22-year Mitsubishi employee, said move caught him by surprise. "While the decision was certainly theirs to make, the way they handled it was tasteless and classless," he said.

One major Mitsubishi dealer, told of Bennison's exit, said "I wouldn't be surprised if Mitsubishi is back in Circuit City in 6 months," implying that Bennison had engineered acrimonious split with country's largest consumer electronics retailer (TVD May 31 p11), and that his departure would change Mitsubishi's attitude. But Osborn said: "Jim and I were in 100% agreement on that decision. We would not have gone ahead with it if we weren't. I don't anticipate that situation changing." He said increases in orders from current Mitsubishi dealers would cover about 70% of expected Circuit City volume for rest of this year, and he expected additional business next year to surpass lost business.

Digital VCR Conference held first meeting Sept. 20 in Tokyo, attended by 40 hardware and magnetic media manufacturers from Japan and abroad. Conference was called to develop consumer digital recorder for HDTV and standard TV signals based on proposal developed by Matsushita, Philips, Sony and Thomson using 1/4" tape in cassette (TVD July 5 p12). Matsushita's Saku Nagasaki was named chmn., post that will be rotated every 4 years among major members.

FRETTER DEAL BUOYS DIXONS: Dixons' \$45-million sale of Silo to Fretter (TVD Sept 20 p12) frees British retailer of major drag on earnings while granting Fretter long-sought access to West Coast.

Since buying Silo for \$245 million in 1987, Dixons has been hampered by chain's continuing losses, including \$34.6 million in 1992. Dixons, also faced with what financial analyst figured would be \$151 million cost if forced to close Silo, has limited itself to \$50-million loss in reducing interest in chain to 30%. Dixons retains option for 19% more and thus can take up to 49% stake if Fretter makes Silo into viable business.

"The only mistake Dixons made was buying Silo in the first place," London-based stock analyst said. "What they have done since then has had a logical rationale to it."

Fretter's plans for Silo remained unclear at our deadline, although Livonia, Mich., retailer had filed \$10-million bid with U.S. Bankruptcy Court in Detroit for former rival Highland Superstores' 532,950-sq.-ft. Plymouth, Mich., hq. Fretter officials didn't return phone calls for comment.

Proposed purchase, which must be approved by Bankruptcy Court, would give Fretter added warehouse and office space, leading some industry officials to speculate about fate of Silo hq in Philadelphia and Fretter's Mktg., Merchandising and Advertising Divs. that were moved to Denver from Mich. earlier this year. Fretter has 95,000-sq.-ft. hq and 40,000-sq.-ft. warehouse in Livonia. Highland, which was liquidated in March, purchased its former hq for \$3 million from Western Electric in 1985.

Industry officials have said Fretter may reduce 182-store Silo chain to eliminate conflicts such as those in Chicago, where they have 45 stores combined. Combined chains will be named YES! Your Electronics Superstore, but Fretter officials have said Silo name would be retained in Chicago, and outlets in Denver would be changed to Fred Schmid.

While purchase gives Fretter outlets in L.A., analysts noted Silo locations there have been poor performers. "They've been losing a lot of money in California," analyst said. He estimated earlier that although representing about 20% of Silo's square footage, Southern Cal. stores accounted for 75% of company's U.S. operating shortfall.

Since sale was announced, vendors have been uneasy about fate of Silo shipments in all-important 4th quarter. However, they were told orders will be honored through Jan. 1, Hitachi Exec. Vp Gary Bennett said.



Philips Airvision business will be sold to BE Aerospace (BEA) about Oct. 1, terms undisclosed. Airvision is Philips N. America subsidiary based in Valencia, Cal., that develops, makes and markets personal entertainment systems for aircraft. It also has offices in Hilversum, Netherlands, and Seattle. BEA says it's world's leading supplier of commercial aircraft interior products, already sells passenger entertainment systems. Companies have agreed to enter agreement giving BEA access to "certain Philips products, technology and services."

Still in running, apparently, for Eastman Kodak chmn.—CEO is Apple Chmn. John Sculley, whose name has been listed among candidates since Kodak search began last month.

JVC PLANS BIG CUTBACKS: Projecting losses far greater than original forecasts last May, JVC announced series of emergency restructuring actions to be taken in Japan in current and next fiscal years, including moving its hq to company-owned facility in Yokohama from rented building in Tokyo.

In filing with Tokyo Stock Exchange, it increased its forecast of consolidated pretax loss for fiscal year ending next March 31 nearly 39 times earlier estimate, to 31 billion yen (equivalent of \$292.45 million), from 800 million yen (\$7.55 million), reducing sales estimate 10.3% to 700 billion yen (\$6.6 billion) from 780 billion yen (\$7.36 billion). That would represent declines of 9% in sales and 21.7% in pretax loss from last fiscal year.

Company's emergency measures are aimed at making profit at current sales level by March 1995. That will entail reducing costs 20 billion yen (\$188.7 million) annually, cutting work force 2,000 by same date by attrition, transfers, early retirement and not renewing part-time workers' contracts. Some 400 workers will be transferred from hq and factory staffs to domestic sales force. "New management committee" will begin this week for "stronger promotion of new business and development of new products and new markets."

Move of hq to Yokohama will be accomplished by next March. Company also plans to strengthen overseas production, with China prominently featured. Spokesman in Tokyo said that didn't mean new foreign plants, but company will "further increase efficiency at each existing production base" and increase local content, mainly at factories in Malaysia (VCR, audio), Shanghai (VCR, audio), Beijing and Guangzhou (camcorders) and Thailand (color TV, deflection yokes).

JVC spokeswoman in U.S. said there would be no direct effect on operation here and that no layoffs or major changes are planned. Company already has expanded TV production in U.S.

* * * * *

Toshiba will reorganize operations into 4 business groups: (1) Information & Communication Systems. (2) Information, Video & Electronic Media. (3) Power Systems & Industrial Equipment. (4) Electronic Components & Materials. Within Information, Video & Electronic Media Group will be new information equipment operation designed to cover all multimedia systems, combining personal computer, word processor, copier, TV and video equipment. No further details were available.



Hitachi will end VCR production in Germany by year-end and shutting subsidiary Hitachi Consumer Products Europe (HCPE) in March. Company said it was casualty of European consumer electronics depression and poor profits due to appreciation of mark against other European currencies. Established in 1982, HCPE produced 13,000 units in first half of 1993, down from peak of 45,000 in full year 1988, and operated in red for last 2 fiscal years. It has 330 employees there. Hitachi also produces VCRs in U.K., and will supply European market from there and from Malaysia plant. Hitachi assembled VCRs in U.S. at Anaheim, Cal., until 1991 (TVD Jan 13/92 p12). It reportedly reached peak of 70,000 annually there. Production at Anaheim was transferred to Malaysia.

3DO Co. has moved to new hq, 600 Galveston Dr., Redwood City, Cal. 94063. Phone: 415-261-3202, fax 415-261-3230.

JOURNAL TRASHES RENT-TO-OWN: Devastating lead article in Sept. 22 Wall St. Journal -- covering full column on p. 1 and full page inside -- appears to be damning indictment of rent-to-own (RTO) business in general and its largest participant Thorn EMI.

News peg for article is bill scheduled for introduction this week by House Banking Committee Chmn. Gonzalez (D-Tex.) to classify RTO transactions as credit sales, which would subject them to laws limiting installment interest in most states.

Journal article said Thorn EMI's Rent-A-Center (RAC) chain "controls 25% of the \$2.8 billion U.S. (RTOO market" with more outlets than its 4 biggest competitors combined, and headline describes it as "a Marketing Giant [that] Uses Its Sales Prowess to Profit on Poverty."

Noting glamour of Thorn EMI's recording stars, article said "a very different group of people is now making Thorn rich." Largest single contributor to its operating profit "is its most obscure, and by far its least genteel, unit," RAC, which rents brown and white goods, jewelry and furniture "to America's urban and rural poor."

Quoting mostly former employees, article outlined long list of high-pressure tactics allegedly used by RAC and related tales that some employees used intimidation in repossessing rented items and in some cases accepted sexual favors as payment. RAC CEO Walter Gates is quoted as saying his company is improving standards in RTO industry and he's cracking down questionable collection and repossession practices.

Table accompanying article showed "the high cost of renting to own." Assuming item is rented for full period, after which it becomes owned, chart calculated equivalent of annual interest charges on basis of total payments. It showed TV set with \$299 suggested retail price costs \$920.10 to own (\$11.70 a week for 78 weeks), equivalent to 200% effective annual finance charge; \$290-list VCR at \$1,003.56, (231% interest); \$1,999-list projection TV at \$4,851.30 (87% effective annual rate). Journal said "RAC disagrees with the notion that the charges are equivalent to interest."

Commenting on Journal article, Thorn EMI is quoted in Financial Times as saying charges would be investigated and "Thorn EMI is in discussion with its U.S. management about the allegations, which are being taken seriously." On basis of article and pending introduction of legislation, Thorn stock fell slightly on London exchange -- 11 pence to 977 (about 16.5¢ to \$14.65) -- day after article appeared.

Journal article "creates a grossly inaccurate picture of the of [RTO] industry," we were told by Bill Keefe, exec. dir. of Assn. of Progressive Rental Organizations (APRO), trade group for industry. "Of the 17 individuals quoted," he said, "15 were terminated employees... [Journal] didn't speak to the [industry's] 50,000 other employees." He said article quoted "2 disgruntled customers out of 3.6 million customers who frequent our stores." Article "leaves the impression that we serve only lower income individuals, but we provide benefits to many others who need short-term rentals."

Keefe said he expected that Gonzalez bill would characterize RTO rentals as credit sales. That's incorrect, he said, because "our customers aren't borrowing money, never go into debt and have the right to terminate agreements with no further liability."

AUDIO SALES SLIPPED IN JULY: Audio industry, which finished first 6 months of 1993 with relative bang, began 2nd half with whimper, as July factory audio dollar sales registered modest decline, EIA Mktg. Services Dept. reported.

Overall July sales dipped 2% to \$565.15 million from \$576.7 million year earlier, EIA said. Sluggish July performance was attributable to decline in 3 of 4 broadbased categories for which Assn. releases monthly statistics. Only category to salvage gain, aftermarket autosound, climbed 9.3% in factory dollars. But portable audio declined 6% and systems 9.9%. Components, which in June jumped unthinkable 20.5% (TVD Sept 6 p15), suffered 0.8% drop in July.

Industry fared slightly better through year's first 7 months, rising 3.7% overall in Jan.-July to \$3.62 billion from \$3.49 billion year earlier. Aftermarket car audio was strongest category year-to-date as it was in July, rising 8.1%. Systems also did well in 7-month period, up 6.8%. Components, still riding coattails of June increase, saw dollar sales gain 1.5% in Jan.-July. Finally, industry's largest category, portable audio, managed to eke out 0.2%.

Here's EIA breakdown of factory audio dollar sales for July and first 7 months of 1993:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	July 1993	July 1992	% Chg.
Portable audio*	\$189,157	\$201,228	- 6.0
Components	129,073	130,147	- 0.8
Systems	99,464	110,383	- 9.9
Autosound (aftermarket)	147,457	234,946	+ 9.3
TOTAL	\$565,150	\$576,704	- 2.0
	7 Mo. '93	7 Mo. '92	% Chg.
Portable audio*	\$1,180,106	\$1,178,251	+ 0.2
Components	823,350	811,349	+ 1.5
Systems	682,104	638,551	+ 6.8
Autosound (aftermarket)	929,701	859,677	+ 8.1
TOTAL	\$3,615,261	\$3,487,828	+ 3.7

* Includes home radio.

Ad & PR notes: Atari names Cunningham Communications, Santa Clara, Cal., as PR agency... Sega said 11 agencies are in running for \$8-\$10-million ad effort aimed at children under 10, with decision due in Oct.

It's Against the Law . . .

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

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

CD PLAYER SALES DROP 15.5%: Home theater craze carried the day for audio components in first 6 months of 1993, according to unreleased EIA factory unit sales statistics quoted in Sept. 20 Audio Week newsletter. Home CD player sales, once considered invigorator of sluggish hi-fi component business in U.S., fell deeper into decline in first half, dropping 15.5% from year earlier.

Figures showed overall component market rose 9.3% in unit sales to 5.6 million from 5.2 million. Hi-fi receivers were among chief beneficiaries of home theater boom that spurred overall increase, rising 24%. Of 961,100 sold in 6-month period, 55% were equipped with some sort of surround capability.

However, as home theater business moved more and more mainstream, gain in receiver sales appeared to be at expense of specialty oriented surround processors, which declined 16.4%. Still, high-end separates such as power amplifiers and preamps appeared to flourish even as receiver sales approached million-unit plateau. EIA said power amps jumped 51.4% and preamp sales were on a tear, more than doubling to 16,600.

Home theater also spurred strong performance in most speaker categories except for shelf models (largest speaker classification), which dipped 0.5%. Wall-mount speakers climbed 60% to 157,400 but, curiously, subwoofers fell 10.3% to 32,200. Most notable speaker category to ride home theater coattails was classification labeled "other," which included center-channel and satellite surround speakers. Such shipments soared whopping 319% to just under 400,000.

In home CD, only bright spot appeared to be carousel changers, which increased 7.2% to 595,000 and salvaged modest gain in overall CD multiplay models despite 3.6% decline in magazine changers. But there was no salvaging single-play CD player sales, which plunged 41.2% to 346,000 and comprised mere 30% of overall home CD player market in first half of 1993. Faring little better were single-well cassette decks, which declined 26.5% and constituted paltry 19% of home tape deck category; only dual-well dubbing

decks held their own, declining modest 4% to just over 520,000.

Few could explain nearly 40% rise in component turntable sales to 163,700 -- easily exceeding number of single-well cassette deck units sold in same 6-month period.

Breakdown of unreleased EIA unit figures for major audio component categories, rounded to nearest hundred:

FACTORY UNIT SALES OF AUDIO COMPONENTS

Product	6 Mo. '93	6 Mo. 1992	% Chg.
Receivers.....	961,100	775,400	+24.0
Tuners.....	14,000	21,100	-33.6
Preampifiers.....	16,600	8,300	+101.1
Power amplifiers....	45,000	29,700	+51.4
Integrated amps.....	53,600	57,400	- 6.6
Surround processors.....	32,000	38,300	-16.4
Equalizers.....	68,000	71,700	- 5.1
Turntables.....	163,700	118,000	+38.7
Total home CD decks.	1,150,100	1,360,700	-15.5
Total single-play	346,000	588,500	-41.2
Total multiplay..	804,200	772,200	+ 4.1
Carousel.....	595,000	555,230	+ 7.2
Magazine.....	209,200	217,000	- 3.6
Tot. cassette decks.	644,400	712,400	- 9.6
Single-well....	121,600	165,500	-26.5
Dual-well.....	520,200	540,800	- 3.8
DAT.....	N/A	6,200	N.A.
Total speakers....	2,488,600	1,965,000	+26.6
Shelf.....	1,285,200	1,291,900	- 0.5
Wall-mount....	157,400	98,700	+59.5
Floor.....	617,000	456,100	+35.3
Subwoofers....	32,200	35,900	-10.3
Other.....	396,800	82,400	+318.6
GRAND TOTAL.....	5,637,200	5,157,900	+ 9.3

International Conference on Consumer Electronics (ICCE), sponsored by IEEE's Consumer Electronics Society, will be held just before next year's Summer Consumer Electronics Show in Chicago instead of usual dates just after it. SCES next year will be later than usual, June 23-25, and ICCE now is scheduled for June 21-23 at Westin O'Hare Hotel, Rosemont, Ill. Sponsor issued call for papers last week; information is available from Diane Williams, conference coordinator, 716-392-3862, fax 716-392-4397. Consumer Electronics Society and EIA are discussing possibility of semitechnical session at or just after Winter CES, starting with Jan. 1995 event, at which industry's leading engineers would address technical trends in industry for benefit of nontechnical executives and others.

Sony's "Handycam Snap," U.S. name for camcorder with built-in 3" LCD screen that debuted in Europe at Berlin Show as "Handycam Vision" (TVD Aug 30 p12), carries suggested list of \$1,200. However, like its European counterpart, street price will be in same range as Sharp's lowest priced Viewcam -- about \$1,000. Sony this week is expected to show \$1,700 audio/video system in its high-end ES line with unique user interface, described by those who have seen it as "mouse-like" and "gyroscopic."

Amstrad, British consumer electronics company, has entered mobile communications business with acquisition of Dancall Radio, Danish cordless, cellular and mobile telecommunications company, for about \$9.85 million.

Did you know that Communications Daily, Television Digest With Consumer Electronics, Audio Week, Video Week, Common Carrier Week, Public Broadcasting Report, Satellite Week, Warren's Cable Regulation Monitor, Consumer Multimedia Report and Mobile Satellite Reports are now all available electronically via Newsnet?????????

**FOR MORE INFORMATION CONTACT WARREN PUBLISHING, INC.
OR CALL NEWSNET TOLL FREE AT (800) 345-1301
IN PENNSYLVANIA, CALL (215) 527-8030**

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newswire and
Predcasts and also may be received through facsimile service.

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

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

EDITORIAL & BUSINESS HEADQUARTERS

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

WASHINGTON HEADQUARTERS

Albert Warren	Editor & Publisher	Business
Paul L. Warren	Sr. Ed. & Exec. Publisher	Controller
Daniel Warren	Sr. Ed. & Assoc. Publisher	Marketing Director
Dawson B. Nail	Executive Editor	Advertising Director
Arthur Brodsky	Managing Editor—Washington	Circulation Mgr.
R. Michael Feazel	Senior Editor	Information Systems Mgr.
Brock Meeks	Associate Editor	
Myron Struck	Associate Editor	
Michael French	Assistant Editor	

Television and Cable Factbook

Michael Tafisferro Managing Editor &
Asst. Publisher—Directories

Mary Appel Editorial Director
Richard Koch Asst. Managing Editor &
Asst. Editorial Director

Maria B. Lawrence Asst. Managing Editor
Susan B. Woodruff Production Manager

Gregory H. Deahl Sr. Ed. & Ed. Supv.

Brian C. Meiley Assoc. Ed. & Ed. Supv.

Market Research & Data Sales Division
Lynn Levine Director
Karen Fahle Associate Director

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

NEW YORK BUREAU
276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001
Phone: 212-686-5410
Facsimile: 212-889-5097

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

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

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

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

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

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

Consumer Electronics Personals

James Bennison ousted as Mitsubishi Consumer Electronics Group exec. vp, his post "eliminated" in management restructuring in which regional sales vps will report directly to Pres. **Jack Osborn**; Mitsubishi Product Service Group Pres. **Robert Rosipaglia** resigns Jan. 7, his Group to be dissolved as separate division and its functions incorporated into Consumer Electronics Group under Osborn; Rosipaglia will remain Mitsubishi consultant.... **Charles Cebuhar** promoted to Sears Brand Central vp-gen. mgr. for home electronics and home office products; **David Griesbaum** moves to mdse. mgr. from video buyer.... **Terrence Valeski**, onetime Intellivision founder-CEO, appointed Atari ad and mktg. dir. for Jaguar game system.... **Robert Brown**, ex-Interface Group regional mgr., appointed sales mgr.—EIA Consumer Electronics Show exhibits and sales.... **Thomas Sutula**, ex-Hitachi vp-mktg., starts CustomerFocus, Roswell, Ga.-based mktg. services company.

New NATM Buying Corp. officers: **Glen Grodern**, Smith's Home Furnishings, pres.; **Kenneth Flummerfelt**, Lechmere, vp; **David Shepard**, American TV of Madison, vp-merchandising—consumer electronics; **Jerry**

Throgmartin, H.H. Gregg, vp-merchandising—major appliances; **Jack Luskin**, Luskin's, treas... **Hirosi Yamazaki**, Oki senior mgr.—Japan corporate planning, named pres.—CEO... **Dennis Horowitz**, appointed Philips Technologies pres.—COO... **Frank Lloyd**, Motorola vp-ass't gen. mgr.—paging, named vp-gen. mgr.—information systems.

Appointments at KEF America: **Ray Lepper**, KEF managing dir. since 1989, shifts to parent KH America (formerly Kinergetics Holdings U.S.) as vp-international projects for KEF and Celestion brands, reporting to Pres. **Robert Heiblum**; **James Sullivan** and **Steven Ravinski**, ex-ADS, join KEF as vp-gen. mgr. and mktg. mgr., respectively; **Daniel Beggs**, ex-Denon & Boston Acoustics, named KEF dir.—sales... **Mark Knox**, ex-Denon, joins Samsung as mktg. mgr. for audio and laserdisc products... Sony Music Pres. **Thomas Mottola** advanced to pres.—COO, Sony Music Entertainment, reporting to Chmn.—CEO **Michael Schulhof**.

COMPACT CAMCORDERS SLIP: Compacts' share of camcorder sales to dealers dropped in Aug. to 73.3% from July's 79.2%, according to EIA data. For year's first 7 months, traditional 3-1 ratio prevailed -- 75.1% compacts, 24.9% full-size.

Sales of full-size models increased 35.1% over July 1992, while compacts slipped 7.7% (TVD Sept. 20 p17). Those figures distort picture somewhat, inasmuch as compacts represented 80% of total in July 1992, highest share for any month in history. For year's first 7 months, full-size models were up 12.9%, compacts up 9.3%. Seven-month ratio last year was 75.7% compacts, 24.3% full-size.

In Aug., dealers bought 156,221 compacts, 57,197 full-size models. Year-to-date figures were 1,339,134 and 444,643 respectively. At end of 7 months, inventories were numerically equivalent to about 6 weeks' supply at current sales rate. However, stocks were somewhat heavier on compact side than current sales rate -- 79.3% of inventories were compacts, 20.7% full-size as compared with sales ratio of 75.1% and 24.9% in same period.

In tally of VCR deck features for Aug., EIA said 27.6% were 2-head mono, 46.1% 4-head mono, 26.3% stereo, 19% included VCR Plus, 0.6% were S-VHS. For 7 months, 30.2% were 2-head mono, 44.4% 4-head, 25.4% stereo, 15.9% VCR Plus, 0.7% S-VHS.

Matsushita has signed as a "Worldwide Official Sponsor" of 1994 Lillehammer Winter Olympics and 1996 Atlanta Summer Olympics and has exclusive right to use Olympic marks and designations in connection with TV and video equipment, including broadcasting and professional products.

Obituary

David McCarty, 72, leader and pioneer in consumer electronics market research, died Sept. 8 in Laguna Hills, Cal., after long illness. Most of his career was spent with RCA, where he served for 23 years, starting in 1952 in Camden and rejoining company when consumer electronics operation moved to Indianapolis in 1959, after working as gen. sales mgr. of Pass & Seymour, Syracuse. McCarty retired in 1982 but remained active as consultant. For long period, he served as chmn. of EIA Mktg. Services Dept.'s Video Committee and was member of Conference Board's Council of Research Dirs. He was influential in developing EIA's statistical program now accepted as guide for industry. He's survived by wife, daughter.