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With Consumer Electronics

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CBS WINDS DOWN RETRANSMISSION CONSENT FIGHT: Month after CBS surrendered on demand for cash retransmission consent fees (TVD Aug 30 pl), network said it had given up on getting any consent deals at all for its owned stations -- at least for this year -- and will grant free consent to all relevant cable systems. Statement came as number of announced consent deals grew to rush in anticipation of Oct. 6 deadline and was seen as possibly signaling that relatively few viewers would lose service because of retransmission consent. Meanwhile, U.S. Supreme Court said it would hear must-carry appeal, putting issue on fast track, and cable interests filed with U.S. Appeals Court, D.C., for immediate stay of retransmission consent.

CBS officials wouldn't say what would happen next year, after grant expires, but Chmn. Laurence Tisch warned: "We will explore the possibilities offered by the emergence of the regional telephone companies and other competitors to cable." He also hinted that CBS, which has raised antitrust concerns about MSOs' near-unanimous refusal to pay cash for consent, will continue pressing its case in Congress, FCC, Justice Dept. "We have concluded that it is not possible to reach any meaningful retransmission consent agreement with the major cable operators at this time," Tisch said. He said MSOs first rejected cash deals, then refused CBS offer to launch new cable channel: "We are at a loss as to what the cable industry does want

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MATSUSHITA SHARPLY DOWNGRADES profit forecast for current fiscal year as gloom continues to spread in Japan with no signs of recovery in sight. (P. 11)

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CAMCORDERS ARE ONLY PRODUCT category to show increase in Japanese exports, as other video products start to decrease toward insignificance. (P. 12)

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short of our abject surrender." Tisch said network proposed new news channel, entertainment channel based on "vintage" comedies and dramas, and "innovative" sports/news channel, but "various segments of the cable industry took turns killing off each of those channel proposals."

Decision applies only to CBS-owned stations, but it could provide "new option" for some CBS affiliates, said William Sullivan of KPAX-TV Missoula, Mont., chmn. of CBS affiliates group: "If they feel that nothing is going forward and they want to stay on the system, it would be an option." He said it's too early to tell whether cable operators are likely to use network decision to pressure affiliates. Sullivan said his station has signed mix of consent and must-carry deals with 26 of 27 cable systems in its area.

CBS originally had sought 10¢ per subscriber per month in first year, 20¢ 2nd year, 30¢ in 3rd, for retransmission consent for its owned stations, amount that Tisch called less than 1% of average cable bill: "It was far less than the cable industry had claimed retransmission would cost, and it could easily be handled by that \$20-billion industry." Continental Chmn. Amos Hostetter said CBS's efforts failed because network insisted on "cash-only" deals at first, then "failed to come forward with any reasonable alternatives until well past the eleventh hour." He said he was "disturbed by the inflammatory tone of [CBS's] statement" and noted that other networks were able to craft deals.

Supreme Court will hear cable must-carry case in term beginning today (Oct. 4). Case is expected to focus on cable's oft-repeated arguments that must-carry violates its First Amendment rights (TVD Sept 20 p7). Court deferred decision on whether it would hear arguments that must-carry favors some religious broadcasters over others. Cable groups say must-carry rule is content-based and limits editorial discretion of cable operators, contrasting it with absence of govt. rule that newspapers must carry certain stories. However, broadcasters said Court should uphold rule because it's just way to promote competition and because cable isn't entitled to same First Amendment protection as newspapers (TVD Sept 13 p8).

Court notice probably means that it will make decision by end of term, in mid-July, officials said, although attorney Wesley Heppler, whose firm represents cable interests, said arguments probably aren't likely before end of year. NCTA spokeswoman said Assn. "always believed that the must-carry rules are unconstitutional, and we're delighted to have a chance to present our case to the Supreme Court." NAB said it "expected that the Supreme Court would want to have a full briefing and oral argument in a case because it involves an act of Congress," Gen. Counsel Henry Baumann said. "We fully expect that the Court will... uphold the constitutionality of must-carry."

In its bid for stay of retransmission consent, Daniels said quick action is needed by U.S. Appeals Court, D.C., since rules take effect Oct. 6 and it couldn't appeal until Judge Thomas Jackson formalized his decision Sept. 27. Daniels repeated claims that consent is "facially unconstitutional" violation of First Amendment and that cable operators will suffer irreparable injury if rules take effect before judgment on constitutionality.

Retransmission Consent Scorecard: (1) NBC said it had signed noncash consent deal with **TCI** calling for MSO to renew and extend carriage of CNBC and distribute new America's Talking in return for consent for NBC-owned stations. Network already has signed deals Adelphia, Booth American, Colony, Columbia International, Continental, Jones, Post-Newsweek, Sammons, Simmons, Times Mirror, Time Warner, Triax. (2) **Nielsen** said it won't release ratings after retransmission consent deadline 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. (3) **Cartoon Network** and **E!** **Entertainment** are offering free carriage of their cable networks to systems that must drop broadcast channels because of retransmission consent. In bid to sign new long-term deals, Cartoon Network is offering 60 days free carriage, E! will allow carriage through end of year. (4) Suburban Cable received consent for Tribune-owned **WPHL-TV** Philadelphia in return for agreeing to carry Tribune's planned TV Food Network. Agreement involves 400,000 Suburban subscribers. As part of same deal, Suburban subsidiary Bridge Cable gets consent for **WPIX N.Y.C.** (5) In separate deal, Suburban gets one-year consent for CBS-owned **WCAU-TV** Philadelphia and **WCBS-TV N.Y.C.** (6) Lenfest systems received consent for Chronicle-owned **KRON-TV** San Francisco until Dec. 31. Deal affects 125,000 subscribers in San Francisco area.

(7) NBC's Washington, D.C., owned station, WRC-TV, finally signed consent deal with Media General, which has 201,789 subscribers in Va. suburbs, ending long fight (TVD Sept 27 p7). Like other NBC deals, cable system will extend CNBC carriage contract and agreed to begin rolling out America's Talking. (8) **NBC** signed deals with Colony Communications, Newhouse and Telecable on similar terms. (9) Nation's 7th-largest system, **Paragon San Antonio** with 250,000 subscribers, said it had reached carriage

agreements with all 7 TV stations in area. It said deals include variety of production, repackaging and program-sharing strategic alliances, but no cash. (10) **Group W TV** will be paid by NBC for trading retransmission consent rights for its 5 stations to cable systems that agree to carry NBC's new America's Talking network, under new agreement. Terms weren't disclosed. Group W also said it has signed such deals with Times Mirror, Sammons, Lenfest. (11) NBC signed deals with Colony Communications, Newhouse and Telecable on similar terms. (12) **Cablevision Systems** signed noncash deals with Cap/ABC and Hearst, extending through 1999. Separate agreement calls for MSO to carry ESPN2.

DECISION EASING TELCO-CABLE OWNERSHIP LIMITED: End of telco-cable cross-ownership ban applies only to Bell Atlantic and only in Va. Circuit, at least for now, U.S. Dist. Judge T.S. Ellis, Alexandria, Va., ruled Sept. 30. He also refused to allow other telcos to intervene in appeal as full parties, although they may file amicus briefs. Decision sets stage for similar suits to be filed in many, if not all, districts around country, said attorneys familiar with case.

Ellis said from bench that he was tempted to allow telcos to at least intervene in case (TVD Sept 13 p4), but was persuaded by Justice Dept. lawyers that there was chance that intervention could prejudice appeal. He's expected to issue written decision later. Appeal is expected to be heard on expedited basis, and officials expect that it eventually will reach U.S. Supreme Court. Lawyers said Supreme Court probably couldn't hear case this term, even if appeal is expedited.

Telcos were considering their options in series of telephone conferences Oct. 1, but no decisions had been announced on whether or where to file additional suits. Ameritech Vice Chmn. Richard Brown said: "Ameritech intends to pursue aggressively our right to compete in the cable TV industry in all appropriate judicial and legislative arenas." At very least, he said, Ellis's decision "still stands as an important precedent establishing that local telephone companies must be permitted to provide video programming in their service territories on First Amendment grounds." BellSouth plans to participate in litigation "to the fullest extent allowed," Vp-Govt. Affairs David Markey said. "We understand that the government plans to take a prompt appeal and we will be filing to support the District Court's determination."

Telco-cable cross-ownership ban "directly abridges" telcos' First Amendment rights, Ellis said in original decision. In their joint filing with Ellis, telcos (Ameritech, BellSouth, GTE, Nynex, Pacific Telesis, Rochester Telephone, Southwestern Bell) pointed out that judge had said there were no circumstances in which federal govt. could enforce ban, so they claimed that his order should be applied nationwide. Telcos also had claimed that failure to apply decision nationwide would result in "inefficient, wasteful and duplicative" filing of similar suits, arguing exactly same issues in every court district where telcos do business. However, Justice Dept. said nationwide application would be "overly broad. This is not a class action."

GTE had hoped that Ellis at least would apply his decision to GTE and Contel within Va. District, saying that it wouldn't be proper for different telcos in same district to operate under different rules. However, Ellis declined to apply decision to other telcos in Va.

NBC agreed to buy majority of Europe's Super Channel, take over management control and provide much of programming for network delivered by satellite to cable systems and satellite dishes serving estimated 56 million in Europe. Terms weren't disclosed, but Financial Times put price tag at \$61.6 million for 75% ownership. Rest will be owned by Crédit Lyonnais. NBC News Pres. Andrew Lack said much of programming will be from News Div., with Nightly News and Today distributed daily, specials on regular basis. He also said News Div. will try to create partnerships with European broadcasters, improving coverage in Europe and U.S. NBC entertainment programming, including *Tonight Show*, along with original and local programming, will be carried on Super Channel, Exec. Vp Thomas Rogers said. Company said NBC eventually may begin customizing programming and languages for different regions.

Southern Co. awarded Convergent Media Systems contract for satellite-based TV network expected to reach 271 locations in 4 states. Network will be extension of Ga. Power TV Network. Terms weren't disclosed.

Federal court jury has awarded former KARE (Ch. 11) Minneapolis sportscaster Tom Ryther, 56, \$716,000, ruling that he was fired in 1991 because of his age. Ryther testified he was told he was fired because he didn't have youthful image. KARE countered that Ryther wasn't attracting viewers and that younger sportscaster might have more potential to improve ratings. Ryther had been at station since 1979 when his \$160,000 annual contract wasn't renewed in 1991. Attorney for KARE said station hadn't decided on appeal.

House Telecom Subcommittee Chmn. Markey (D-Mass.) said Sept. 28 he intends to press for House vote to codify fairness doctrine into law, but wouldn't commit to timetable. Speaking with reporters after hearing on cable regulations, he said doctrine had "served the country well since 1948" and had helped "make broadcasting a better industry... I am committed to putting the fairness doctrine back on the books." Markey also said he had spoken with officials of Paramount and Viacom about their impending deal and planned to talk with QVC executives.

CABLE ACT DEFENDED: In what amounted to continuation of debate over Cable Act, House Telecom Subcommittee Chmn. Markey (D-Mass.) sought at hearing Sept. 28 to stress positive developments since law took effect, while Republicans adopted "I-told-you-so" stance, arguing that their warnings of disaster have come true.

FCC generally was spared from criticism, with many panel members praising Commission for doing difficult job of compiling rules under poor circumstances. There was consensus that agency had acted wisely in ordering survey of cable rates and that no action should be taken until it determines whether anecdotal evidence about rates as shown in news accounts and letters to lawmakers and to Commission is borne out by more comprehensive data. Markey at end of hearing said he and FCC Chmn. Quello agreed that Commission would act to reduce rates if data showed agency's intent had been evaded. FCC Comr. Barrett said that even if rates were high, they still haven't been shown legally to be unreasonable or illegal. He also said some of problems came up because FCC was rushed into completing complicated rulemakings.

Quello said that none of announced increases had been reviewed by local franchising authorities or by FCC, and that rate freeze remained in effect. He said new rules had been in effect for less than 4 weeks, so "any assumption of widespread rate increases inconsistent with the statute is premature." Certain degree of confusion "is unavoidable" in trying to regulate massive industry, Quello said. Rate survey responses were due Oct. 1, and he said after hearing that it would take about 2 weeks to analyze results. He pointed out that statute didn't provide rate reductions for all subscribers. Comr. Duggan listed news accounts of rates that were reduced as result of cable rules, including report that 80-85% of TCI subscribers would have lower bills. Commissioners again contended that most basic rates affect only 6% of cable customers, but Quello and lawmakers agreed they were among most vocal.

Markey led Subcommittee defenders of cable rules by framing legislation and FCC actions as steps that would create competition in delivery of programming to services other than cable and by abolishing exclusive franchise agreements, thus setting stage for widespread consumer benefits. Markey, noting that FCC had predicted in April that its regulations would reduce bills for 2/3 to 3/4 of subscribers, said: "If 3/4 of subscribers receive a rate reduction, as the FCC predicted in April, these regulations would have substantially reached our goals." However, he said he was worried that fewer subscribers were receiving reductions, and was puzzled by increases.

Some kinks in system still have to be worked out, Markey said. He said Time Warner inadvertently included some access fees in cable bills for residents of his home area in Mass., and has promised refund. Rep. Tauzin (D-La.) said that promise of 1992 bill wasn't that FCC would reduce cable rates dramatically, but that as long as cable was monopoly, Commission would restrain rates while waiting for competition to develop. Tauzin again raised question debated several times in FCC proceedings of why systems with less than 30% penetration had been included in Commission benchmark calculations, leading to benchmark rates higher than they otherwise would have been. Rep. Boucher (D-Va.) said Commission hadn't carried out congressional intent and pressed for support for his legislation (HR-1504) that would allow telcos into cable. Legislation also is sponsored by Rep. Oxley (R-O.). Rep. Wyden (D-Ore.), who previously had opposed Boucher bill, said he now would sign on because he's persuaded that competition to cable must be advanced.

Oxley again hit legislation, rather than FCC: "The real culprits in this mess are the proponents of this ill-considered legislation, and specifically those members of Congress whose micromanagement of the rate regulation-implementing process at the FCC has led to a series of miscalculations and poor decisions with disastrous results for consumers." Rep. Barton (R-Tex.) was one of chorus of Republicans who attacked cable bill and rules, saying program had failed "painfully, miserably, publicly." He introduced legislation to repeal all of Cable Act except for retransmission consent and did so (HR-3157) same day as hearing.

While debate generally involved effectiveness of rules and whether increases were widespread, there was little attempt to pin down central question why rates were going up. Most attention cited FCC's controversial decision to include cable systems with less than 30% penetration in benchmark calculations. Tauzin said that calculation resulted in rates higher than they should have been; FCC responded it had no choice under law than to include them.

Before hearings began, Senate Minority Leader Dole (R-Kan.) directed his anticable-regulation comments at Markey in brief floor speech Sept. 24. Saying that cable regulation is responsible for loss of C-SPAN from many systems in favor of multiple PBS stations and shopping channels, Dole said he had heard several lawmakers say those types of incidents were unintentional: "Perhaps the most vocal has been Representative Markey, who has probably held hearings now on what went wrong. I should remind my colleagues, however, that he is one of the principal authors of the cable TV law and over the last year pressured the FCC into writing the regulations the way he wants. If [Markey] is going to blame anyone, maybe he should take a good look at those who supported this deregulation. I know he did it with best of intentions, but I suggest, as often is the case when we start mandates, this is what happens."

House Ways & Means Committee is considering stronger measures to make certain that tax benefits for minority purchasers of broadcast outlets go to those for whom benefits were intended. That suggestion, along with proposal to extend 3% telephone tax to cable, is only one of hundreds floated by Select Revenue Subcommittee that would see light of day only if Committee Chmn. Rostenkowski (D-Ill.) pulls together new tax-raising measure. Proposal on broadcast sales, described in only general terms, would modify Internal Revenue Code "by adding antiabuse rules to ensure that tax incentives are available only for sales that actually foster minority ownership of broadcast stations," according to summary of proposed changes published by Joint Tax Committee. Change was proposed because some news reports suggested that tax certificates had been issued to buyers who weren't "significantly fostering" minority ownership, such as by reselling property after original sale, or by participating in partnership not controlled by minority partners. News organizations also would see their taxes increased. Under existing rules, news services are exempt from 3% telephone tax along with American Red Cross, nonprofit groups, state and local govts. and other entities. Proposal is to repeal exemptions for news services.

Radio revenues in 1993 are "growing at a far faster rate" than print and TV, said Gary Fries, pres. of Radio Ad Bureau (RAB). He said combined radio local and spot ad dollars were up 9% for first 8 months of year vs. 1992, and Aug. revenues were up 8%. Local spot showed 9% gain in Aug., national 7%.

RATHER TAKES AIM AT BROADCAST NEWS: Dan Rather, speaking at RTNDA last week in Miami Beach: Broadcast reporters and news executives, and their station owners, have "in too many important ways... allowed this great [broadcast news] instrument, this resource, this weapon for good, to be squandered and cheapened. About this, the best among us hang their heads in embarrassment, even shame. We all should be ashamed of what we have and have not done... ashamed of many of the things we have allowed our craft, our profession, our life's work to become."

Rather's speech was high point of convention that also included decision by RTNDA to broaden its base by opening organization to broadcast journalists generally.

Rather spoke at opening dinner at convention Sept. 29. He blamed himself and other reporters for lack of courage, along with station owners and managers, and market researchers who he said "will keep getting away with their games so long as you and I and the people we work for let them... Those market researchers, with their surveys and focus groups, are playing games... with this entire country. We actually pay them money to fool us -- money... that could better be spent on news coverage." Rather repeatedly used name of late CBS correspondent Edward Murrow, who made similar speech at 1958 RTNDA convention.

To succeed in turning tide, Rather said, broadcast news must "change the voice and the face of broadcasting, honestly and fairly, on the basis of excellence and ethics, talent and intelligence [and] shatter false and cheap notions about news." By doing that, he said, "we can prove that our audience wants electronic journalism that is ethical, responsible and of high quality." He took several shots at so-called reality journalism, including program that later proved totally false, that aired on CBS. Journalists, Rather said, should pause in the "constant scratching and scrambling for even better ratings and the money and the bosses' praise" to ask: "How goes the real war... how goes the battle for quality, for truth and justice, for programs worthy of the best within ourselves and the audience?... The answer, we know, is: Not very well... We all should be ashamed of what we have and have not done, measured against what we could do..."

Rather noted that Murrow didn't live to see "the glut of inanities now in access time. He never lived to see the cynicism and greed that go into the decisions to put on much of that garbage... Kiss ass, live with the mass, and for heaven and the ratings sake, don't make anybody mad." Private profit from TV "is fine," Rather said, "but there should be a responsibility to news and public service that goes with it."

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Year-long study by Assn.'s Task Force 2000 concluded that "thousands" of potential RTNDA members don't know they qualify for active membership. As result, drive is planned to broaden base. First step will be to drop word "director" from title, with name to be changed to Radio-TV News Assn. (RTNA).

Task Force, headed by ex-RTNDA Chmn. Jeffery Marks, concluded that future members will come from telcos, databases and "even newspapers that use electronic delivery... Beyond those are media just now on the horizon... The words Radio-Television News Directors Association simply do not describe who we are any more."

Task force also recommended that RTNDA establish daily fax for members and hold 4-6 satellite conference annually on breaking news events. Assn. should be able to

respond to such issues with 72 hours, task force said. RTNDA Chmn. Gary Hanson, who had made task force "hallmark" of his chairmanship, said: "This emphasis on developing new information services and marketing them only makes sense for an organization whose members deal in information. It provides dramatic opportunities for the organization to improve its impact as a representative of electronic journalism."

Assn. dues structure is "confusing and unfair," task force said. Treas. Louis Prato reported that RTNDA spent 5% over its budget of \$1.7 million for fiscal 1993. However, he said economic outlook is "promising" and investment portfolio has grown 11% since Jan.

In annual report to members, Bartlett pledged that if Congress restores fairness doctrine, RTNDA will be in forefront in court challenge. That, he said, could "put a severe burden" on Assn. finances. And, he said, "politicians and special interest groups see the electronic media as tempting targets for criticism. The public sends mixed messages about what it really wants from radio and television news."

RTNDA had record 1,846 registered Oct. 1, half-way through convention. Previous high was 1,581 in Denver in 1991. Last year, 1,531 attended in San Antonio.

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Public broadcasting has "open invitation... to be an active, pioneering participant" in Administration's "dream" of designing new telecommunication highway, FCC Comr. Duggan told Southern Educational Communications Assn. in Atlanta Sept. 27. "After all," he asked, "who knows more about public/private partnerships among our nation's great telecommunications media than public broadcasting?" Duggan, who has been widely speculated as possibility for pres. of PBS, outlined "3-part strategy" for public broadcasting to make sure it continues to be allocated spectrum: (1) Continue to capitalize on new technologies. (2) "Make the strongest factual case you can." (3) Build alliances with others to encourage, strengthen and broadly disseminate "your kind of product -- what I call public culture." In recent years, public TV has been "attacked as an idea whose time has come and gone," Duggan said. "Your challenge will be to defend and advance public television as an enterprise that has earned a place in the pantheon of great public institutions in this country." He said FCC missed important opportunity when it failed to reserve "special place" for public TV in its video dial tone rulemaking. Issue needs to be raised again, he said.

Reflecting overbuild impact on price, Acton Corp. sold cable system with 44,000 subscribers in Anne Arundel County, Md., to InterMedia Partners for \$76 million. At \$1,727 per subscriber, price is well below \$2,200-\$2,400 tag on several similar systems recently. Acton system competes directly with Jones with 40,700 subscribers, but has 54 channels, is interactive, has begun transition to fiber. Penetration rate is 65% of 67,600 homes passed and franchise expires 2006. "We've done very well in an overbuild situation," Acton Chief Financial Officer Glenn Kennedy said. "We really haven't suffered because of it." It had contract to sell system to Jones in 1989 for \$80.4 million, but deal fell through because of FTC investigation into antitrust implications. System is last owned by Acton, Kennedy saying it made "strategic decision" several years ago to leave cable business. Deal remains subject to approval of franchise authority, as well as antitrust review. It would give InterMedia total of 610,000 subscribers, moving it up to 20th largest MSO less than 5 years after it started.

HUNDT VOTE SET: Senate Commerce Committee Chmn. Hollings (D-S.C.) dropped plan for informal poll of panel members to approve confirmation of Reed Hundt to be FCC chmn. Instead, Committee will meet Oct. 6, 10 a.m., Rm. 253, Russell Bldg., to consider nominations of Hundt and possibly Diane Blair to CPB board. Full Senate confirmation is possible by end of week.

Sources said change in plans had nothing to do with approval for Hundt, which is expected, but more to do with belief by some senators that nominations should be acted on in formal session. Sources also said that because Commerce panel has had only 2 markup sessions all year, there was push to hold another to deal with pending legislation. Agenda for session hasn't yet been set for legislative items.

In written responses to several follow-up questions from his confirmation hearing, Hundt again declined to take positions on hot-topic issues. For example, he said that before concluding whether Cable Act changes are needed, some questions would have to be answered, including: (1) How have program offerings changed? (2) What are programming rates on per-channel basis, tier basis and aggregate basis for each franchisee? (3) Has number of subscribers changed as result? Hundt said that if rules "have had unintended consequences, they should be adjusted."

Hundt also promised to make certain that public interest considerations would be prominent in his decisions on broadcast licensee qualifications. He told Sen. Inouye (D-Hawaii), chmn. of Communications Subcommittee, that broadcasters "are public trustees and they must serve the communities to which they are licensed." In reviewing applications that would result in greater concentration of media ownership, Commission "should consider whether grant of an application would serve the public interest, including the important interest in preserving diversity of media voices."

On cable-telco questions, Hundt was equally cautious. Asked by Hollings whether convergence of technologies might lead to changes in regulation of service, Hundt said he would approach issue by "focusing on market definition and determining the existence or absence of effective competition in particular markets." Asked by Inouye whether cable operators should be able to include purchase price of system in rate base for regulatory purposes, Hundt replied: "In the transition from an unregulated environment to a regulated one, regulators may find that some investments by cable operators were made in good faith, while it may be imprudent to permit the inclusion of other expenses in the rate base." Without prejudging any FCC action, he said, "the risks and rewards both go to the investors and entrepreneurs in our economic system."

In response to question from Sen. Pressler (R-S.D.), Hundt said he wouldn't recuse himself from any DBS rulemaking as result of his (Hundt's) representation of Hughes. However, he said he would recuse himself for year since he last represented Hughes from any adjudicatory proceedings in which company is party.

Court decision invalidating must-carry in 1985 didn't evaluate section of rules defining local broadcast signal, NAB said in reply comments Sept. 27 to U.S. Copyright Office (Doc. 93-5). MPAA had said definition was invalidated by Quincy Cable TV case, so Copyright Office could set its own. NAB wants Office to use same definition as FCC's in setting cable compulsory license copyright liability.

VIACOM AND QVC MANEUVER: Tactical maneuvering in battle between Viacom and QVC over Paramount continued last week, with Paramount board questioning whether QVC actually has financing for its bid, Viacom continuing to press claims of TCI's alleged monopolization of cable industry (TVD Sept 27 p1) and Viacom signing up surprise partner for its bid. Paramount board took no action on QVC bid for studio at meeting Sept. 27, and Chmn. Martin Davis said only that "Paramount will consider the QVC proposal when there is satisfactory evidence of financing."

Mention of financing apparently was result of provision in original Viacom deal (TVD Sept 20 p3) saying that Paramount can consider only other bids that aren't contingent upon financing. QVC Chmn. Barry Diller had sent letter to Davis before meeting saying that its offer "is not subject to any condition with respect to financing... there is no question as to the financing of the QVC offer" but Viacom officials said that didn't dispel doubts. Viacom, meanwhile, said it has accepted fully underwritten commitments for total amount of funding necessary to close its deal with Paramount. Commitments were underwritten by commercial banks led by Bank of N.Y., Citibank, Morgan Guaranty Trust.

Viacom lined up new partner, but it was unclear how much impact action would have on contest with QVC since partner's \$600-million contribution is well below \$2 billion that Viacom is said to need to match QVC offer. Identity of partner, Blockbuster, was surprise -- Viacom had been reported to be in talks with most of telcos at one time or another, with speculation centering on multibillion-dollar investment in return for some or all of Viacom's ownership of cable systems. Blockbuster said it would put up \$600 million for preferred stock that could be converted into undisclosed amount of equity in Viacom, and eventually in Paramount Viacom. Deal already has been approved by Paramount board, parties said. Blockbuster last month invested \$93 million for 70% of Spelling Entertainment and Republic Pictures. Meanwhile, Home Shopping Network board said it would defer deliberations temporarily on whether to go ahead with previously announced merger with QVC.

Viacom's antitrust suit is remarkably similar to one Viacom filed against Time Inc. 4 years ago, claiming it was improperly refusing to carry Showtime in order to benefit Time's HBO. Year ago, Time Warner, possibly fearing impact of long public suit on cable industry image, agreed to settlement in which it in effect paid Viacom \$75 million and agreed to promote Showtime more heavily to its cable customers.

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Viacom's Showtime lost another round to Liberty Media and TCI Sept. 29 when Disney agreed to license more than 350 movies to TCI and Liberty's Encore, rather than to traditional customer Showtime. Viacom's antitrust suit charges that Liberty and TCI are trying to destroy Showtime to aid Encore. Disney movies will move to Encore in 1997, when current Showtime contract ends, continuing through 2003 for Disney itself and for 10 years for Disney-owned Miramax, beginning in 1994. Financial terms of deal weren't disclosed.

Reuters has set up TV correspondent service, Reuter Reports, to supply news via satellite to U.S. stations beginning Nov. 1. Service will transmit 2 feeds daily, 5-10 items of 60-90 sec. each, at 11 a.m. and 4:15 p.m. (Eastern time).

CABLE RULES 'DISCOURAGING': Cable operators could receive less revenue if they add new channels under some FCC proposals, NCTA said in response to Commission's latest rulemaking fine-tuning rate regulation rules. Proposed rules (TVD Aug 30 p4) could even cause "highly impolitic" increase in basic rates under some circumstances when only expanded basic is changed, NCTA said. City groups said FCC must continue to require cable systems to use same rate regulation approach for both basic and expanded basic to prevent "gaming" by operators.

FCC proposal to set rates for new channels based on current benchmarks "unduly emphasizes the disincentives to adding programming created by the curve in the Commission's flawed benchmarks," NCTA said. CATA and MSOs said proposal, in which per-channel benchmark would drop as number of channels increased, would unfairly cut into rates cable operators can charge.

Cities generally supported FCC's proposed rules, although with some exceptions. For example, Mass. Cable Commission said: "At the very least... benchmarks should not create disincentives for additional channels." Joint filing by National League of Cities, U.S. Conference of Mayors, National Assn. of Counties and National Assn. of Telecommunications Officers & Advisers (NATO) supported proposal for information sharing between FCC and local regulators, but disagreed that rate regulation decision of one could be binding on other. NATO agreed with FCC that cable systems shouldn't be allowed to pass through upgrade costs automatically. Joint filing by several franchising authorities said Commission should require single rate regulation method (benchmark vs. cost-of-service) for both tiers to avoid "gaming" of rates by cable operators.

Tier-neutral approach drew most cable attention, with virtually all of industry's filings saying that rate variations between basic and expanded basic should be allowed. Tier-neutral approach will discourage systems from adding channels, according to joint filing by 10 medium-sized MSOs, and Newhouse said tier-neutral would force systems with low basic rates to increase them, "thereby transforming systems under the benchmark into bad actors." Cable systems that have upgraded recently should be allowed to increase rates to benchmark, rather than frozen, NCTA said: "Operators... should not be penalized because they decided to phase in rate increases over time." CATA said same should apply to upgrades started after regulation.

Other comments on rulemaking: (1) NCTA said cable operators that add channels should be able to begin charging higher rates within 30 days, subject to refund if regulators find them unacceptable. (2) Cablevision Systems said FCC cost-of-service determinations should be binding on local regulators. (3) TCI said Commission should allow use of independent accountants to verify rate calculations. (4) Tele-Media said FCC should set specific procedures for rate reviews by local regulators. (5) Cable operators said requiring amortization of new plant over franchise term or useful life is too long because most plant is replaced before end of life. (6) Hearst said widespread a la carte offerings could become practical alternative for new channel offerings if systems couldn't charge enough on regulated tiers. (7) Continental said FCC can't abdicate ratemaking responsibilities by deferring to local regulators.

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

Despite being longtime friend of President Clinton, who earlier this year proposed freeze on CPB appropriations, CPB board nominee Diane Blair expressed belief Sept. 27 that public broadcasting is "underfunded." Blair, 25-year U. of Ark. politics prof. and former chmn. of Ark. Educational TV Network (AETN) (1985-1986), said at confirmation hearing before Senate Commerce Committee that she wasn't fully up on funding issue and hadn't discussed it with Clinton. House in July voted to freeze CPB's FY 1996 spending at \$292.6 million; Senate Appropriations Committee in recent vote approved \$320 million. Also at half-hour hearing, Blair: (1) Said CPB should take careful look at ancillary revenues earned by shows it helps fund; recent Washington Post story, cited on Senate floor by Minority Leader Dole (R-Kan.), revealed that CPB and PBS had received nothing from their \$2-million-plus investment in popular kid's show *Barney & Friends*, which has reaped millions in merchandising license fees for its for-profit producer. PBS has said since that it will seek unspecified return on its investment from producer, Lyons Group. (2) Said that public broadcasting fare "always" should be fair and balanced. Sen. McCain (R-Ariz.) contended at hearing that CPB is "in total violation" of its objectivity/balance requirements and complained that it hasn't "changed" or "canceled" any shows on those grounds since Congress gave CPB board explicit fairness mandate.

FCC must reject N.J. Bell (NJB) video dial tone (VDT) proposal because telco doesn't justify costs, offer evidence of adequate revenue or provide adequate access to other programmers, cable groups said in FCC filings Sept. 30. "The Commission cannot grant this application and... preserve the integrity of the Section 214 process," NCTA said. Assn. said N.J. Bell hadn't justified or explained its plant investment costs, had excluded VDT from sharing in common costs of telco and VDT plant, hadn't identified specific VDT costs. It also said FCC should void NJB's contract with Futurevision for bulk of VDT capacity. N.J. Cable TV Assn. (NJCTA) said NJB has "persisted in its obfuscation" about cost justifications and provided "almost no additional cost information" in response to repeated FCC queries. NJCTA said information now available isn't enough to determine whether VDT plan is justified. Monmouth Cablevision said latest NJB filing "has done nothing except to change some numbers (without explanation) and argue that an economic justification or cost allocation process is not required at this stage."

USA and Arts & Entertainment filed suits against C-TEC and Century Communications, charging them with violating contracts, infringing on trademarks and violating Communications Act by moving networks to a la carte service without authorization. A&E, in suit filed in U.S. Dist. Court, Stamford, Conn., claimed that Century planned to offer network for 79¢ a la carte or as part of a la carte package, even though contract requires carriage on expanded basic.

Community Bcstrs. Assn. (CBA), which has met regularly in Las Vegas, shifted this year's Nov. 13-16 convention to Washington. Said CBA: "This exciting change of venue is an important step in taking our LPTV constituency directly to the policy-makers." Keynoter: Alexandra Wilson, chief of FCC Cable Div. Final day will be devoted to lobbying Congress and Commission -- Jud Colley, 904-233-5575.

Major League Baseball picked USA Today Sky Radio to provide play-by-play via satellite to airlines, terms undisclosed.

MARKEY HITS SIPHONING: Congress will work "to protect the public interest in sports television [and] for the foreseeable future, my job is to preserve free, over-the-air television," said House Telecom Chmn. Markey (D-Mass.). Speaking at sports siphoning seminar in Washington, he said that as professional sports salaries go up and owners engage "in their annual free agent frenzies, the pressure to produce new revenues will become overwhelming [and] the temptation will be great to charge a per-game price."

Of pay-per-view (PPV), Markey said: "If it adds to choices, it's a plus; if it subtracts games from the [free] TV schedule, then it's a big minus." World Series, Super Bowl and playoff games "are shared national events and the leagues, at a minimum, should repay the fan with [free] access to those games." Technology is advancing so fast that before end of decade term "'television,' as we know it today, could be rendered obsolete or at least terribly inadequate," Markey said. "We're just taking baby steps down the road toward technological convergence... Already in this country we are losing a democratizing force -- mass market television."

INTV's David Donovan repeated Assn.'s complaint: Real issue is economic, since cable has 2 revenue streams (subscribers and advertisers), free TV only advertising, so cable can outbid TV for most sports rights. He charged that subscriber fees have increased "dramatically" since cable was deregulated in 1984 and that cable's revenues make it "difficult if not impossible" for TV stations to bid successfully on local sports rights: "We think the problem is going to get worse." Jeffrey Pash, senior vp-gen. counsel of National Hockey League, countered that 90% of Donovan's concerns involve college football and that studies (including FCC's) have shown no major pro sports migrations to cable from TV.



Adoption of aviation radio receiver standards "is but one critical component" in larger process in allowing radio stations to "operate and expand free of irrational restrictions imposed" by FAA, NAB said. In comments on FCC rulemaking (PR Doc. 93-199), Assn. said those issues cause great concern in light of FAA plan to extend its regulatory program to other communications services. FCC should go beyond its proposed rules, NAB said, and take further action to set regulations based on "substantiated engineering principles, rather than on the illusory results of the interference prediction model and assumptions employed by the FAA."

Judge Thomas Jackson in U.S. Dist. Court, D.C., refused to immediately grant consumer and other groups right to intervene as full-fledged defendants in appeal of his decisions overturning portions of 1992 Cable Act. In final order in case released Sept. 27, Jackson deferred action on granting them defendant status, saying they still can raise issues in amicus briefs, although they said they need full defendant status to protect their rights.

FCC will hold lotteries for 60 low-power TV (LPTV) licenses Oct. 13 at hq. Two to 10 applicants have applied for each, with biggest group the 10 seeking Ch. 19 Dallas. FCC will announce tentative selectees after lottery and give winners 15 days to file full-scale applications.

Christian Bcstg. Network (CBN) subsidiary bought Zapnews, which provides news for small broadcasters, from Tribune Co. for undisclosed price.

Four board members and development vp of WLVT-TV (PBS) Allentown, Pa., resigned recently after its president acknowledged that he had directed that bid prices on some of its televised auction items be raised artificially to stimulate higher bidding by viewers. Matter is being investigated by several federal and state organizations including CPB, whose pres., Richard Carlson, plans to recommend withholding station's \$680,000 Community Service Grant until Corp. has completed audit. Sheldon Siegel, 29-year head of station, said "house" bidding, which he said he ordered stopped in May 1992, "affected a few items that had received either no bids, or bids far below market price. These low bids could have embarrassed the donors of the items and discouraged their future support of the item." However, station's former development dir., Jane Wrisley -- whom we couldn't reach -- reportedly told Easton, Pa., Express Times that station had inflated prices of at least 30% of "special" items offered each night of annual auction. Siegel, 58, said it's "more accurate to look at these incidences for what they are -- a case of misguided enthusiasm for the success of the auction, mixed with concern for the feelings of the station's donors and the desire to have every item universally productive."

U.S. Dist. Judge Harold Greene gave Southwestern Bell (SWB) MFJ waiver from interexchange restriction for use with cable franchises SWB purchased in Washington area. Order allows SWB to own and operate receive-only antennas, SMATV antennas and satellite earth stations and to own and operate interLATA distribution facilities between LATA serving Montgomery County, Md., and one serving Hagerstown, Md., where about 60 Cable TV Montgomery customers live. Greene made it clear SWB couldn't use interLATA facilities to provide interexchange services except those involved with cable distribution. Order also said SWB wouldn't be able to select or recommend uplink or transponder services.

Sens. Burns (R-Mont.) and McCain (R-Ariz.) introduced bill (S-1497) Sept. 29 to create loan program for educational satellite uses. Bill would offer loan guarantees to nonfederal, nonprofit public corporation that could use funds to finance purchase or lease of satellite system used for education only. Burns said measure would give programmers assurances they would be able to have affordable transmission time without fear of preemption and would allow educators using programming to have full-time availability of satellites.

Greater Miami Convention & Visitors Bureau distributed 3 flyers to RTNDA attendees on safety program for visitors. One said 50 officers had been added to patrols following shootings of foreign tourists, most recent on eve of start of RTNDA Sept. 29. "It is important to remember that these crimes are not unique to Florida," pamphlet said. Rental cars at airport also had flyers on safety.

BBC is establishing permanent transatlantic TV link via Intelsat using digital compression. BBC reached agreement with British Telecom, IDB Communications and Teleglobe to transmit between U.K. and N. America on 2 video channels and up to 8 audio channels through transponder on Intelsat 513. Canadian Bestg. Co. will have access to 2 video and 4 audio channels.

Adelphia will use Scientific-Atlanta addressable interdiction equipment for a la carte services on all cable systems, companies said. Terms weren't disclosed.

ABC GOES INTERACTIVE: Cap/ABC signed agreement with Eon (formerly TV Answer) to provide proposed interactive TV service with its first network programming. Under terms of nonexclusive pact, various ABC news, sports, public affairs and entertainment programs will be available by mid-1994. While amount of ABC programming to be provided wasn't immediately available, Eon said it would focus on "high-profile" events such as Mon. Night Football. ABC said it would form alliances with other interactive services in addition to Eon.

"We believe interactivity will be an important programming enhancement that cements those important relationships with our audience and our affiliates," said Stephen Weiswasser, pres., ABC Multimedia Group. Programs available through interactive service include ABC's Good Morning America, General Hospital, Nightline. Weiswasser said network entered venture because Eon has head start on competition and has manufacturing agreement with Hewlett-Packard to build hardware. Also involved is NTN Communications, which will develop interactive programs for baseball, basketball, football, hockey.

Eon said system will allow consumers to conduct banking, pay bills, order pizza, play along with sporting events and game shows, vote in opinion polls. Heart of system will be set-top receiver expected to ship in mid-1994 at under-\$700 retail. Programming will be delivered to receivers through cell sites in each market.



Congress didn't intend that FCC rule on public service benefits of particular type of programming, but on service provided by station overall, NAB said in opposition to bid to reverse Commission decision granting must-carry to home shopping stations. In response to Center for Study of Commercialism's petition for reconsideration, NAB said "plain language" of Cable Act requires look at station's overall performance. NAB also said that FCC's new notice of inquiry on commercial time limits is appropriate place to raise Center's concerns.

Associated Press is raising rates 2.9% for all subscribers (1,350 newspapers, 5,900 TV/radio stations) which it pointed out is below inflation rate. Increases will become effective Jan. 23. "Nontraditional businesses" (which aren't news organizations) will provide 24% (\$94 million) of AP's \$386-million budget in 1994, said AP Chmn. Frank Daniels, publisher of Raleigh (N.C.) News.

Amendment that would have frozen CPB's FY 1996 appropriation at already approved FY 1995 level of \$292.6 million was defeated, 25-72, on Senate floor Sept. 28. It was offered by Sen. McCain (R-Ariz.), who noted that President Clinton had requested freeze on 1996 funding, which was approved by full House in July. Failure of amendment makes it likely that Senate will approve \$320-million appropriation adopted earlier by Senate Appropriations Committee.

GTE Spacenet and Orion Satellite have developed international Satellite News Gathering service that will operate via Orion-1 beginning late next year. Service, called Eur-Express, will offer transatlantic transmission, GTE's Global News Express voice system, simultaneous downlinking to Europe and U.S. International service bureau is located in McLean, Va.

Chancellor Communications is buying KFBK(AM)-KGBY(FM) Sacramento from Group W Radio for \$48 million. Group W Pres. Dan Mason said company is concentrating on top 10 markets.

Fla. Cable TV Assn. (FCTA) may be facing criminal inquiry by state Dept. of Law Enforcement (FDLE) over cable group's surveillance of state PSC. FDLE spokesman said he couldn't comment, but FCTA Pres. Steve Wilkerson, who wasn't available for comment, told Wall St. Journal that group began surveillance 4 years ago because of concerns that telephone companies had "improper" influence on PSC. Journal, quoting sources, said FCTA hired private investigator, obtained phone records and monitored activities in homes and parking lots. Commission had no knowledge of surveillance, PSC Chmn. Terry Deason told us. Another PSC official stressed that "we're not a party to the investigation" and said Commission didn't tip off state investigators. Former PSC Comr. Thomas Beard said he was target of investigation, and that investigators working for FCTA improperly obtained his personal long distance bills. Beard, who resigned after reports of his romantic involvement with Southern Bell employee (whom he subsequently married), said: "I had an instinct I was under surveillance." He said no investigations found evidence of his violating law.

Conus Communications tripled satellite newsgathering transponder capacity under agreement to use portion of Hughes' capacity in addition what Conus already leases. Terms weren't disclosed. Conus said agreement will add second 2-way audio communications system to its newsgathering facilities, allowing trucks with analog Skyswitch units to establish direct satellite telephone links and to book time on Conus and Hughes transponders through Conus's control room. Conus Pres. Charles Ducher said company will limit number of members to 125 because "quality is more important than size" and news cooperative larger than that "cannot maintain the standards of quality and personal service" members expect. Members now total 105 and negotiations in progress could bring number close to limit, Ducher said. When limit is reached, he said company will shift from recruiting to improving service.

New methods of analyzing cable ratings data will produce unreliable results that shortchange cable, Cable Ad Bureau and ad-supported cable networks said Sept. 29. Group attacked recently adopted practice of some ad agencies of analyzing cable ratings on specific day/quarter-hour basis, rather than program average for full week used for broadcast networks and syndicated shows. They said weekly postanalysis produces larger effective sample, reducing statistical error compared with quarter-hour postings.

Prodigy is offering polls on entertainment, courts, sports and politics to TV/radio stations with capability of interacting with Prodigy subscribers on air. It said subscribers also will be permitted to use Prodigy's E-mail to interact with audience. Prodigy said that it has 2 million members and that more than 50,000 have commented so far about new fall TV season.

Britain's Independent TV Commission (ITC) approved BT proposal to distribute video programming over telephone lines. BT could begin video-on-demand tests as early as next year, using fiber network under construction. U.K. cable companies said they may appeal ITC decision to courts.

CNN and Spanish-language Univision announced long-term agreement giving Univision access to CNN news. Agreement also permits CNN Newsources to use output in U.S. and Latin America. Univision says it reaches 91% of U.S. Hispanic households.

Personals

Barbara Corday, former Columbia Pictures TV pres.-COO, named pres.-New World TV... **Ex-Rep. Vin Weber**, (R-Minn.), elected to BHC Communications board... **Donna Rosenstein**, ABC Entertainment vp-casting, promoted to senior vp-talent and casting... **James Young** advanced to dir.-news operations, WNBC-TV N.Y... **Gerard Bocaccio**, ex-Warner Bros. TV, appointed dir.-development, Spelling TV... **Franklin Lowe** promoted to vp-sales, Cap/ABC national TV sales.

Bill Stakelin, pres.-CEO, Apollo Radio, appointed chmn., NAB Radio Show Steering Committee... **Bonnie Richardson**, Office of U.S. Trade Representative, joins MPAA Oct. 18 as dir.-federal affairs, succeeding **Frances Seghers** who's moving to Brussels to open office for Sony Software Corp... **Stephanie Dumeyer**, WAVE Louisville account exec., appointed vp-programming and professional development, American Women in Radio & TV board... **Grace Ascolese**, ex-CLT Research Assoc. senior mgr.-client services, named vp-research, CTAM... **Andrew Kreig**, ex-Latham & Watkins law firm and reporter for Hartford Courant, joins Wireless Cable Assn. International as vp-dir. media relations.

Nora Ryan advanced to senior vp, new Showtime Business Development Div... **Nancy Anderson**, ex-Reiss Media Entertainment vp, appointed pay-per-view vp, Jones Intercable-Jones Spacelink, and mktg. vp, Jones Entertainment, new post... **John Pinocci**, Home Shopping Network dir., promoted to vp-Celebrity Mktg. Div... **Daniel Forey**, Daniels & Assoc. cable TV broker, promoted to senior managing dir.-international services... **Alan Hall**, ex-Ericson Mktg. Communications vp-PR, appointed vp-corporate communications, Gaylord Entertainment... **Barbara Jaffe**, ex-HBO vp-technology operations, named pres.-CEO, newly formed Time Warner Transmission, satellite uplink and transmission provider... **Alan Angelich** resigns as CEO, Jones Capital Markets., Jones International Exec. Committee member and Jones Intercable vice chmn... **Philip Callaghan**, Graff pay-per-view vp-European operations, elected chief financial officer.

Elected to 3-year terms on NPR board: **Carl Matthusen**, KJZZ-FM Phoenix, current chmn.; **Lamar Marchese**, KNPR-FM Las Vegas (incumbent); **Regina Dean**, KUAR-FM/KLRE-FM Little Rock; **Jack Mitchell**, Wis. Public Radio; **Patricia Dennis**, former FCC commissioner, returns to board as public member.

Newly elected officers of Society of Best. Engineers: Pres. **Charles Kelly**, Best. Electronics, succeeding **Richard Farquhar**, Industrial Video Inc.; Vp **Terry Baun**, Criterion Best. Services; Secy. **Keith Kintner**, KLCS L.A.; Treas. **Robert Goza**, KMOV St. Louis... FCC Chmn. **Quello** addresses Intelevent '93 Annual Conference, "Personal Communications Age: Competing for the Customer," Oct. 4, Grand Hotel, Amsterdam, Netherlands... FCC Comr. **Barrett** is keynote speaker at 9th Annual Caribbean Telecommunications Council Convention, Oct. 5, 9:30 a.m., Condado Plaza Hotel, San Juan... **Helena Mitchell**, chief, FCC Emergency Best. System Office, participates on Atlantic Cable Show panels, "EBS Field Test Update" and "FCC Update," Oct. 5, 11 a.m. and 3 p.m., Atlantic City Convention Center.

League of United Latin American Citizens has challenged renewals of KAME-TV and KNFB (public station) Reno on EEO grounds. Stations denied charge.

Cox Enterprises is using "sham" in effort to circumvent FCC's cross-ownership and duopoly rules to acquire WYAI-FM LaGrange (suburb of Atlanta) without obtaining waiver, according to Atlanta competitor **Jacor** Communications. **Jacor** and fellow protestor **Media Access Project** said case presents novel and "highly important question" since WYAI licensee **NewCity Communications** has proposed to reduce station's power -- covering only "tiny sliver" of Atlanta's listeners -- so that Cox wouldn't have to obtain waiver from FCC. Cox owns 2 daily newspapers and WSB-TV-AM-FM Atlanta. **NewCity** has told Commission it won't cut power if transfer isn't approved. FCC Mass Media Bureau has approved power reduction, saying it shouldn't 2nd-guess "this marketplace decision." **Jacor** asked full Commission to assume jurisdiction over transfer application, saying that if it's approved, same loophole would be available "in virtually every major market." **Media Access Project** said fact that power reduction would cut WYAI audience, combined with stated intention not to close deal without lower power, "shows that the object is to serve private, not public, interest... This is a matter of great precedental significance."

Sen. Moseley-Braun (D-III.) and CBS correspondent Charles Osgood speak at Oct. 7-9 annual meeting of National Best. Assn. for Community Affairs, Chicago Marriott Downtown Hotel -- NBACA Exec. Dir. Deborah Barnett, 602-325-0940.

NBC and E! Entertainment approved joint venture to provide daily entertainment reports for NBC affiliates beginning Oct. 25. Network will distribute daily 90-sec. report prepared by cable network, plus weekly 105-sec. "week in review."

Jones said **cable customers** in Alexandria, Va., where operator is expected to face competition soon from Bell Atlantic, will get broadband access to Internet beginning Dec. 1. First test will be in limited area, with rollout throughout system later, Jones said.

BBC has signed agreement with British Telecom, Teleglobe (Canada) and IDB Communications to transmit 4 video and up to 16 audio channels via Intelsat 513. Terms weren't disclosed.

In major upgrade of production facilities, NBC is buying Sony studio and hand-held cameras, plus other equipment. Equipment will be installed first at studios in Burbank and N.Y., then at network's owned TV stations.

FCC granted another 2-year extension to charter of its Advanced TV Advisory Committee, which will make recommendation on U.S. HDTV broadcast standard. New charter expires Sept. 19, 1995.

Gannett will sell 2 St. Louis radio stations to **EZ** Communications, price undisclosed. Stations are KUSA(AM) and KSD(FM), but **Gannett** will retain right to KUSA call letters.

Obituary

Harlan J. Rosenzweig, 46, gen. mgr. of Westinghouse Industrial Services Business Unit and former Group W Satellite Communications pres., died of cancer in Pittsburgh Sept. 27. He had held several positions with Westinghouse, including Industry Products chief counsel and Westinghouse Bestg. vp-chief counsel and exec. vp. Wife, 2 children survive.

Consumer Electronics

A Section of *Television Digest* with Consumer Electronics

STATE OF THE INDUSTRY

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

	SEPT. 11-17	1992 WEEK	% CHANGE	SEPT. 4-10	37 WEEKS 1993	37 WEEKS 1992	% CHANGE
TOTAL COLOR.....	557,396	587,320	- 5.1	378,697	15,449,532*	14,024,187	+10.2
DIRECT-VIEW...	546,296	576,686	- 5.3	371,154	15,187,056*	13,784,824	+10.2
TV ONLY.....	523,358	550,067	- 4.9	355,738	14,352,372*	13,244,073	+ 8.4
TV/VCR COMBO:	22,938	26,619*	-13.8	15,416*	834,684*	540,751	+54.3
PROJECTION....	11,100*	10,634	+ 4.4	7,543	262,476*	239,363	+ 9.7
VCR DECKS.....	240,148	292,444*	-17.9	120,484	7,657,125*	7,604,683	+ 0.7
CAMCORDERS.....	46,981	53,115*	-11.5	25,880	1,898,484*	1,729,804	+ 9.8
LASERDISC PLYRS#	2,773	3,236	-14.3	1,165	138,501	134,725	+ 2.8

Direct-view TV 5-week average: 1993--515,567; 1992--489,050 (up 5.4%).

VCR deck 5-week average: 1993--255,162; 1992--250,930 (up 1.7%).

Camcorder 5-week average: 1993--57,518; 1992--52,833 (up 8.9%).

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

MATSUSHITA DOWNGRADED AS JAPAN GLOOM SPREADS: Mighty Matsushita, world's biggest consumer electronics producer, last week sharply lowered profit forecast for current fiscal year ending next March, and others are expected to follow. Company's reduced expectations come just week after its subsidiary JVC revised forecast of this year's losses to number considerably greater than it had projected before (TVD Sept 27 p15).

Matsushita said it now expects consolidated pretax profit to total 150 billion yen (\$1.43 billion), down 11% from last year, replacing earlier forecast of 210 billion yen, up 25%. It reduced forecast of consolidated sales to 6.55 trillion yen (\$63.38 billion), down 7%, supplanting prediction that sales would be flat. It expects net income to rise 4%, compared with earlier 46% forecast. For Japanese parent alone, it now sees recurring profit down 35%, vs. increase of 3%.

Matsushita blamed "prolonged sluggish economic conditions in Japan and overseas," cool summer that hurt air conditioner sales "as well as slow demand for audiovisual products" and rapid appreciation of yen. Company's revised forecasts were foreshadowed by uncharacteristic belt-tightening moves by U.S. subsidiary, announced week earlier by Matsushita Electric Co. of America (MECA) Pres. Richard Kraft (TVD Sept 27 p14).

Japanese parent said it plans further cost-cutting moves. Spokesman said expected 2nd-half recovery isn't happening and no sharp improvement in consumer demand is in sight. Company hopes to cut capital spending this year to 280 billion yen from earlier goal of 330 billion yen, but spokesman said there's no plan to reduce R&D spending.

Toshiba is expected to reduce its profit forecast slightly, and downward revisions in projections by other Japanese consumer electronics companies are expected.

PIONEER DEBUTS OWN 5" DIGITAL VIDEODISC: Add yet another digital videodisc format to already complex market. Pioneer last week announced it has developed Alpha Vision format for commercial karaoke market that revolves around high-density recording on 5" optical disc with transfer rate of 4.7 Mbps -- more than 3 times rate of regular audio CDs and of proposed video CD format. System will be introduced in Japan in March; company announced no plans for introduction elsewhere.

Teruhiko Isobe, senior managing dir. in charge of laserdisc business, stressed that Pioneer doesn't plan to introduce Alpha Vision to home, saying company is pursuing completely different digital videodisc paths for home and commercial marketplaces. Pioneer executives for last several months have talked about inevitability of digital videodisc format for home market, but repeatedly said that commercially viable solution won't make it to market for at least 5 years. Pioneer plans to showcase its progress in digital compression at Japan Electronics Show (JES) this week near Tokyo. We will carry full report on developments at JES in future issues.

Pioneer Alpha Vision system is capable of recording 60 min. of video with resolution equivalent to laserdisc, 4-channel audio and can store data for interactive purposes. System uses MPEG-1 compression, with source image compressed to about 1/40 of original, Pioneer said. Main Alpha Vision karaoke system, consisting of 500-disc changer module and necessary controllers, will be priced at about \$16,000, compared with \$24,000 for existing Pioneer laser karaoke system and \$13,000 for JVC Digital Vision karaoke CD. Pioneer expects first monthly sales of 1,000-1,500 Alpha Vision systems.

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Denon parent Nippon Columbia has started production of Video CDs in Japan and at stateside CD plant, based on authoring system created in multimedia studio in Tokyo hq office, Japanese news reports said. They said discs are being produced at Nippon Columbia Kawasaki factory. Reports said corollary production capability is being set up at Nippon Columbia affiliate Denon Digital Industries' facility in Madison, Ga., is intended to service multimedia clients on both sides of Pacific. It's not known whether or how reports of Nippon Columbia Video CD might have bearing on announcements week earlier that next-generation Sega videogame hardware would be built around Hitachi-developed 32-bit RISC (Reduced Instruction Set Computing) chip (TVD Sept 27 p12). Sega and Hitachi -- with which Nippon Columbia has had closer and closer ties recently in Japan -- said they had reached "fundamental agreement" to cooperate in multimedia product development.

Reports said also Nippon Columbia had completed work on commercial-use Video CD karaoke system and plans first shipments in early 1994. System is composed of Video CD commander capable of controlling 3 changers and 200-disc CD module, reports said, indicating home adaptation is planned for introduction next year.

CAMCORDERS NOW JAPAN'S ONLY STRONG SUIT: With soaring yen and move of production to other Far East countries and Mexico, camcorders constitute only major video or audio end-product category to show consistent increases in shipments from Japan.

Finance Ministry figures show that Japan exported more camcorders than VCRs to U.S. in Aug. for first time ever. And 8-month data indicate how dramatically Japan has declined as source in single year. Color TV from Japan has long vanished as significant product. This year so far, VCR decks are down 30.4%, CD players down 10.3%. However, 95% of all camcorders still come from Japan, and shipments are up 22.3% over 1992.

While Japan has been pricing itself out of market in other products, its manufacturers are reducing average prices of camcorders. In Aug., average price of 56,880 yen was 2nd lowest for any month in history, narrowly missing being 4th month out of year's first 8 with record low average camcorder price. In yen, price was 12.2% below year earlier. However, average price in dollars was \$546.92, up 7.3% from all-time low in dollars (\$509.84), set one year earlier when dollar bought 123.5 yen. In Aug. 1993, average yen-to-dollar ratio was at all-time low of 104.

VCRs from Japan also have been declining in average price, but Aug. was exception, average yen price being 30,276, up 2.8% from year earlier and 22.2% from all-time low of 24,785, set in July this year. In Aug., average dollar price of VCR exported from Japan was \$291.12, up 25.6% -- whopping \$60 from just one year earlier. This year's decline in yen prices of VCRs from Japan is somewhat surprising in view of fact that production of low-end VCRs increasingly has been farmed out to countries other than Japan. Rise in average yen price this month may signify greater emphasis on high-end VCRs in Japan.

Aug. Japanese exports to Canada (8-month figures in parentheses): Color TV 100 units, down 50.2% (1,109, down 67.8%); VCRs 23,608, down 45.9% (159,230, down 46.5%); camcorders 13,287, down 47.7% (124,996, down 10.4%); laserdisc players 2,780, up 4% (12,934, up 8.7%); CD players 50,887, up 8.1% (314,162, down 9.8%). Here are figures on Japanese exports to U.S. in Aug. and year's first 8 months:

Product	Aug. '93	Aug. '92	% Chg.	8 Mo. '93	8 Mo. '92	% Chg.
Color TV.....	6,947	9,072	-23.4	65,740	78,782	-11.6
VCR decks.....	312,136	503,811	-38.0	2,726,256	3,915,106	-30.4
Camcorders.....	317,492	265,911	+19.4	1,948,182	1,593,230	+22.3
Videodisc players	32,043	23,425	+36.8	182,382	215,847	-15.5
CD players.....	576,585	726,681	-20.7	4,071,450	4,588,850	-10.3

BIG-SCREEN IMPORTS DOUBLE BUT REMAIN LOW: Big-screen TV remains a domestic assembly business, despite proximity of Mexico to many U.S. cities. Analysis of Commerce Dept.'s first-half import figures indicates that while imports of sets with screens larger than 20" more than doubled last year's number, they still represented less than 20% of U.S. sales of sets in that size.

By contrast, figures verify that substantially all 13" color TV sets -- 98.3% -- are imported. They also show that more than 77% of 19" sets sold here are imports, but only 32% of 20" sets are assembled out of country. If you take Commerce Dept. figures literally, 20% more sets in 10" and under category are imported than are sold here.

These conclusions are based on comparison of Commerce Dept. data with EIA screen size breakdown of first-half sales to dealers (TVD Aug 9 p12). Figures aren't directly comparable, so data show only broad-brush trends. Commerce data, in fact, historically are subject to misclassification.

Nevertheless, data show that 717,500 sets with screens 21" and larger were imported in first half, more than 96% of them from Mexico. This compares with EIA figure of 3,617,200 direct-view sets with screens 25" and larger sold here in same period. Of 13"-14" sets, 1,690,200 were imported, substantially all of the 1,718,600 in same categories sold domestically. Of 19" models, 1,517,000 out of 1,966,400 were imported, but 20" remains predominantly U.S.-assembled size, only 728,000 of 2,251,900 coming from other countries. If you take all figures as gospel, small-screen sets must be piling up in inventory here, since 285,400 in under-10" bracket were imported but only 237,700 sold.

Here are Commerce Dept. figures on first-half imports by screen size. These data are subject to errors because of difficulty in equating metric sizes with U.S. inch measurements and fact that some sizes may have been measured on overall diagonal, rather than U.S. standard of viewable diagonal. (Combinations refer to TV-radio or TV-cassette combos, not VCR.)

Size or Type	Total	% Change	% of Total		Dominant Source
			1993	1992	
8" & under.....	71,500	- 5.7	1.3	1.5	Japan
9-10".....	213,900	-17.6	3.9	4.1	Thailand
11-12".....	348,300	+76.2	6.3	4.0	Mexico
13".....	1,682,700	+ 9.1	30.6	31.1	Mexico
14-15".....	7,500	-97.3	0.1	3.5	Philippines
16-18".....	13,500	+406.6	0.2	0.05	Korea
19".....	1,517,000	+ 8.7	27.6	28.1	Malaysia
20".....	728,700	- 1.5	13.2	14.9	Mexico
21" & over.....	717,500	+117.1	13.0	6.7	Mexico
Combinations.....	109,500	+42.5	2.0	1.5	Malaysia
Monitors.....	54,300	- 4.7	1.0	1.1	Japan
Unclassified.....	37,800	-38.8	0.7	1.2	Mexico
TOTAL COLOR ...	5,502,100	+10.9	100.0	100.0	Mexico
TOTAL B&W.....	919,000	+ 4.4	100.0	100.0	China

TV set buying plans in Sept. were up full percentage point from year earlier, according to preliminary monthly figures in Conference Board's survey, but were down slightly from Aug. In Sept., 6.5% of households expressed plans to buy TV in next 6 months, compared with 5.5% in Sept. 1992 and revised 6.7% in Aug. Highest percentage in last 12 months was 7.6% in Jan., lowest was 4.3% in July.

THIS WEEK'S YEN RATE

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

VCRs FROM CHINA HERE: Funai is first known company to ship VCRs from mainland China to U.S. in quantity. Samsung is expected to offer VCRs from its China plant here next year.

According to Commerce Dept. figures, U.S. imported 45,000 VCRs from China in first half of 1993 (see separate report, this issue). Fact that Funai was main, or only, importer here was verified last week by Funai U.S.A. Mktg. & Sales Vp Koshiro Hashimoto, who said his company was importing 2-head models from its own factory in China.

Funai's plant in Guangzhou has goal of 300,000 monthly capacity by next April. Reports in Far East say it has developed new proprietary mechanisms and production technology to lower production costs. Funai, which sells on OEM market and uses Symphonic trade name in U.S., also has plants in Japan and Malaysia, latter plant reportedly shifting production to TV/VCR combos.

Samsung VCR plant in Tianjin has exported some 3,000 VCRs this year on trial basis and plans export of 100,000 next year, according to sources in China. At least some of those will go to U.S. if they pass quality tests by company's American operation, said VCR Product Mgr. Jon Lezon, who said China may supply 2-head VCRs and VCR/TV combos to operation here. Samsung also has VCR factories in Korea and Indonesia.

Meanwhile, China Daily reports that nation's annual VCR production capacity will reach 1.5 million by next June and expand to 3 million in 1995, based on program launched by govt. in cooperation with Matsushita. Built at investment totaling \$517 million, govt. program includes one key VCR components factory, 10 assembly plants, 3 development centers, 43 "supplementary projects."

Key components manufacturer will be China Hualu Electronic Ltd. in Dailan, which will start trial production by year-end. It's owned jointly by 10 VCR assembly companies, some of which "will become joint ventures with Matsushita." Development centers will be established and operated with know-how from Matsushita. About 70% of parts will be domestically produced. China Daily said country will assemble about 800,000 VCRs this year from parts supplied by Matsushita, 60% increase from last year's 580,000. Article quoted forecasts that domestic demand for VCRs would reach 1.5 million this year, 2 million in 1994.

VCR plant in Tianjin is only one of many being established by Samsung. It also has invested in microwave oven and stereo plants, among others, at total of about \$120 million.

Japanese audio manufacturers are shifting some production to China. Sony CD players and CD boomboxes will be made in Guangdong by subsidiary of Hong Kong's Tomei International, Nikkei reported, with monthly production of 4,000 to start in Dec. Products will be exported to U.S., Japan, other countries. Pioneer is planning joint venture to produce minicomponents and car audio in China by 1996, mainly for domestic Chinese market. Kenwood plans to start production of stereo components in China for U.S. and China.

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China's magnetic tape manufacturers have asked govt. to reduce current 100% duties on imports in what at first glance would appear to be self-defeating move. However, Secy. Gen. Li Zhuqing of National Magnetic Recording Materials Industry Assn. explained that high tariff "leads to rampant smuggling, which is sabotaging the

domestic market." Govt. has responded by agreeing to cut duties to 50% after China rejoins GATT, and Li expressed hope that they would be lowered further.

Chinese color TV production totaled 8,256,400 in first 8 months of year, down 1.9% from same 1992 period, State Statistics Bureau said. Monochrome output totaled 9,624,500, raising total TV production to 17,800,900, down 0.9% from last year.

China's Shenzhen Special Economic Zone, next to Hong Kong, accounted for 30% of country's total electronics exports in year's first 8 months, China Daily reported last week. Output in Shenzhen in period totaled more than \$1.3 billion, 70% of which was exported. Electronics represents more than 40% of value of city's total industrial output.

Area surrounding Shenzhen railway station on Kowloon-Shenzhen line has about 30 stores selling pirated and counterfeit CDs at average price of about \$3.20, with 20% discounts on orders of 10 or more, according to London-based International Federation of the Phonographic Industry (IFPI). "Many Hong Kong residents were seen purchasing CDs in bulk before boarding trains and buses for their return journey" home, IFPI said.

IFPI said 23,000 pirate CDs were seized from 30 shops in Shenzhen Sept. 9 in what it described as "a major antipiracy offensive" conducted jointly with Chinese govt. Group said raids were conducted after investigation revealed there was widespread availability of pirated and counterfeited pop music CDs as well as those of "every popular Cantonese and Mandarin title."

China is world's largest market for pirate CDs, with 1992 sales of unauthorized copies estimated at 215 million worth \$380 million, IFPI said. "There is a danger that piracy sales will escalate rapidly because of the number of CD plants being set up across the region," leading to "gross excess production capacity."

Samsung has signed agreement with Go-Video to build 8mm/VHS dual decks that are expected to enter U.S. market in 1994 at \$999-\$1,299. Samsung has built more than 100,000 VHS dual decks for Go-Video since product was introduced in 1990. Meanwhile, Go-Video reported \$5.9-million 4th-quarter net loss despite 77.2% increase in sales (see financial table). Scottsdale, Ariz., company had \$377,535 4th-quarter net loss year earlier on sales of \$4.6 million. For year ended July 31, Go-Video reported \$116,706 profit compared with \$1.3-million loss year ago. Year-end sales jumped 91% to \$30.9 million as Go-Video expanded dual deck line to 9 models including first 8mm/VHS unit.

3D without glasses is claim for new projection TV system developed jointly by Japan's NHK, Sanyo, Toppan Printing. Picture source is LCD projector, whose images are separated into left and right images by lenticular lens, then projected onto lenticular screen. Two models will be available on "selective order basis" next Aug. -- 40" using single 310,000-pixel LCD projector and 70" using 2 similar projectors -- priced at equivalent of \$57,000 and \$85,700, respectively. The 40" model will be demonstrated in Sanyo exhibit at Japan Electronics Show this week.

Japan's TV imports in July hit record 333,327 sets, up 56% from year earlier, while exports dropped 13.2% to 252,025, EIAJ said. Some 90% of imports came from other Asian countries, led by Malaysia, where virtually all of sets came from Japanese-owned plants.

3DO HITS RETAIL SHELVES: 3DO made relatively low-key entry onto retail selling floors Oct. 1 with introduction at San Diego-based Dow Stereo & Video. Although other dealers have said machines are on way, Dow was only one that reported it had units for sale before weekend.

Dow was anything but low-key about its participation, however, making its usual foray into pages of USA Today with picture and description of its involvement as among first dealers carrying product. Dow spokesman said stores had significant quantities of Panasonic REAL 3DO machines available at \$699 for launch, but wouldn't have any software beyond what's packed with hardware until this week. Most retailers slated to carry machine should have it on shelves by middle of month, Panasonic said.

Panasonic next weekend begins series of mall events around country to promote launch of REAL 3DO player, beginning with event at N. Shore Mall, Boston. Others are scheduled at Del Amo Fashion Center and Los Cerritos Mall in L.A. (Oct. 16-17); Tysons Corner Center outside Washington (Oct. 23-24); Valley View Mall, Dallas (Oct. 23-24); Garden State Plaza, Paramus, N.J. (Oct. 29-30); Mall of America outside Minneapolis (Oct. 30-31).

Panasonic at end of month plans to begin REAL 3DO ad campaign that includes "aggressive schedule" of local and national print, as well as cable and network TV spots. Company wouldn't say how much it's spending in ad and marketing to back 3DO launch this year, although Communications Div. Vp-Gen. Mgr. Robert Greenberg called it "the single most aggressive product launch in my 25 years here."

Meanwhile, WEA Mfg. Div. of Warner Music Group (WMG) became first company to sign agreement with 3DO to replicate discs for its software licensees. Spokeswoman for 3DO said company expects to name "a couple more" authorized pressers within 2-3 weeks. Agreement requires pressing plant to act as 3DO's agent for collecting royalty payments from software licensees before "delivery of inventory to software publishers," then pass funds on to 3DO. Company will limit number of authorized pressers to select few "to ameliorate the risk of collection by [3DO] from these licensed pressing facilities."

Spokesman said WEA has pressed all titles to be available for system's launch early this month with exception of Crystal Dynamics' Crash 'N Burn, which was pressed in Japan, since it's being packed with Panasonic players. WMG is unit of Time Warner, one of top equity investors in 3DO.

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Philips introduced in Japan consumer CD-I player bundled with Digital Video cartridge at about \$930 list. Cartridge by itself will be sold to existing CD-I player owners at about \$330. Company expects to sell about 500 units of player/cartridge combinations per month at start. Frank Pauli, regional mktg. mgr. for interactive media systems at Philips Japan, said at Tokyo news conference that Philips projects worldwide CD-I hardware sales of one million in 1994, although he said projection depends on whether major companies such as Sony and Matsushita enter consumer market. Both have been selling players for industrial and commercial use in Japan.

RENT-TO-OWN LEGISLATION: As promised, Rep. Gonzalez (D-Tex.), chmn. of House Banking Committee, last week introduced bill (HR-3136) that would make rent-to-own (RTO) transactions subject to same regulations as credit sales under state and federal laws (TVD Sept 27 p16).

In introducing bill, Gonzalez was hardly gentle on RTO industry, whose practices he said "all too often look like racketeering." He said legislation was designed to "plug the legal loopholes that [RTO] operators sneak through to gouge consumers by charging exorbitant fees and usurious interest rates."

RTO industry, represented by Assn. of Progressive Rental Organizations (APRO), countered that its transactions have little in common with credit sales, since its customers aren't borrowing money, don't go into debt to its dealers and have right to terminate agreements without further liability.

Gonzalez attacked industry that he said commonly charges "300% and 400% interest rates" and employs "strong-arm collection tactics."

Among its principal provisions, bill would: (1) Prohibit RTO dealers from charging more in interest, finance charges or other fees than state laws allow creditors to charge. (2) Require tags in RTO stores to include cash price, extra services available and their cash value, annual percentage rate, amount of incremental payments required for ownership, indicate whether product is new or used. (3) Require disclosure of all fees in advance. (4) Put into law consumer's right to terminate contract at any time. (5) Prohibit threatening, coercive or harassing collection practices and unfair or deceptive trade practices.

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International Conference on Consumer Electronics (ICCE) June 21-23 at Westin O'Hare Hotel, Rosemont, Ill., (TVD Sept 27 p17) has singled out these areas in its call for papers: (1) Video -- advanced TV, ghost-cancellation, image compression, recording technology, receivers, displays. (2) Video transmission -- cable, terrestrial. (3) Interactive TV. (4) Home information systems. (5) Personal communications. (6) Home bus. (7) Design automation. (8) Audio -- digital, audio for TV, recording, broadcasting. (9) Emerging technologies -- fuzzy logic, automotive, marine, aviation. (10) Human factors -- user interface. (11) Electronic imaging. (12) Manufacturing technology. However, notice says it welcomes "papers with results of recent work on systems, circuits, technology, processes and applications in all areas of consumer electronics" -- Diane Williams, conference coordinator, 716-392-3862, fax 716-392-4397.

Sun TV & Appliance, citing boost in air conditioner sales tied to warm summer, reported 75% increase in 2nd-quarter net income on 53.2% gain in net sales for period ending Aug. 31 (see financial table). Comparable-store sales rose 21.5% from year earlier -- 14% if air conditioners were excluded. Six-month net income jumped 71% to \$5.7 million and net sales were up 46.6% to \$218 million. Comparable-store sales rose 15.2% in 6-month period. In 2nd quarter, Sun TV opened stores in Johnstown, Pa., and Henrietta, N.Y., plans to add outlets in Rochester and Buffalo by end of year.

Damark International filed with SEC for 2-million-share offering. Offering would increase Minneapolis catalog firm's stock to 9 million shares.

FIRST-HALF IMPORTS BY SOURCE: Singapore, where Thomson and Toshiba have joint venture, was biggest gainer as VCR source, according to Commerce Dept. import data, its shipments more than doubling same period last year. Other significant increases were shown by Malaysia, strong No. 2 to Japan, and Indonesia.

In color TV, Mexico rose 21.2% to represent more than 61% of total imports in first half, with Malaysia posting significant increase. China continued to dominate in monochrome, and was source of more than 70% of total sets.

VCR Decks

	June	% Chg.	1st Half	% Chg.
TOTAL....	1,250,900	+ 2.1	6,097,100	- 5.9
Japan....	395,100	-33.9	2,100,000	-25.9
Malaysia.	229,700	+36.8	1,383,000	+39.0
Korea....	298,900	+51.5	1,339,800	+ 0.4
Indonesia	147,600	+59.9	499,000	+45.6
Thailand.	72,900	-45.6	383,600	-48.4
Singapore	54,400	+239.5	261,700	+121.6
Taiwan...	25,200	-28.0	64,300	-36.9
China....	22,100	*	45,400	*

TV Sets

TOTAL....	1,314,600	+14.9	6,422,000	+10.0
color....	1,125,500	+18.0	5,502,100	+10.9
b&w....	189,100	- 0.9	919,000	+ 4.4
 Mexico				
color...	700,650	+21.6	3,361,400	+21.1
 China				
total...	188,100	+52.7	803,600	+62.0
color...	23,200	-70.1	338,150	+19.6
b&w....	121,900	+82.6	465,500	+118.3
 Malaysia				
total....	161,300	+109.2	564,100	+41.2
color....	152,000	+173.8	642,000	+56.7
b&w.....	9,300	-56.9	83,400	+25.1
 Thailand				
total....	117,000	+44.3	500,600	+ 2.7
color...	117,000	+46.4	492,000	+ 1.2
b&w.....	0	*	8,600	+631.1
 Korea				
total...	33,800	-70.9	346,900	-46.8
color...	23,200	-70.1	233,700	-41.8
b&w.....	10,600	-70.9	113,250	-54.9
 Taiwan				
total...	42,300	-26.7	213,700	-33.0
color...	11,600	+34.8	51,600	-40.9
b&w....	30,700	-26.7	162,100	-30.0
 Japan				
total...	28,500	-23.6	182,100	+ 1.3
color...	19,600	-25.2	125,000	+15.3
b&w....	8,900	-19.6	57,100	-19.7
 Singapore				
color...	16,000	-70.5	130,200	-52.5
 Hong Kong				
total...	7,850	-14.9	66,000	-14.3
color...	5,200	-40.9	49,500	-11.2
b&w....	2,600	+574.1	16,600	-22.4
 Canada				
color...	11,600	+795.0	39,800	+32.2
 Philippines				
color...	1,400	-82.9	34,100	-21.0

* No significant shipments in 1992.

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

PARAMOUNT'S CE LICENSEE: Paramount Pictures licensee Home Theater Products (HTP), fresh from month-old public stock offering (TVD Sept 20 p19), plans to introduce 60-disc CD changer in 1994 and is marketing write-once recordable CD (CD-R) with \$7,000 tag, according to 8-K report.

In SEC filing covering 3-million-share offering, HTP said Philips-made CD-R targets professional market, while 60-disc changer will have provision to be daisy-chained to additional 60-disc modules. Changer will be available in 1994 first quarter at \$599 retail with added modules at \$249, HTP Chmn.-CEO Paul Safronchik said.

Safronchik said CD-R and 60-disc changer also will be marketed to record store chains for use in creating CDs containing consumer's choice of selections. Typical disc would have 8 songs and sell for \$28-\$33, he said. Discussions are under way with Tower Records and ASCAP, he said.

RIAA Exec. Vp-Gen. Counsel David Leibowitz told us that nothing legally prevents company such as HTP from negotiating with individual record companies on required authorization for music software that would be backbone of in-store CD recording service. Leibowitz said neither he nor RIAA had personal knowledge of HTP, but said that didn't necessarily mean HTP hadn't contacted individual Assn. member firms.

HTP, based in Brea, Cal., reported \$1.7-million net income for 9 months ended March 31, vs. \$2.5-million loss year earlier. Nine-month sales increased to \$10.1 million from \$4.6 million. Profit and sales gains were tied to expansion of distribution and products, largest customers being Rent-A-Center, representing 20% of its sales, Pace 16%, Montgomery Ward 10%.

Company's 10-year license to use Paramount name carries \$600,000 annual fee and expires in 2000. Paramount-licensed products accounted for 65% of HTP's operating profits for 9 months ending March 31, 8-K showed.

In other products, HTP is developing one-piece in-wall audio system to retail at \$1,500 and markets Acoustivision Home Entertainment Centers consisting of 46", 50", and 60" Hitachi projection sets and HTP speakers. Audio system will consist of CD player, tape deck, AM/FM tuner, 50w amplifier. It will be back-lit, turning to black when power is off. It will be aimed at builder market, company said.

Acoustivision system, test-marketed since late 1992, carries \$399-\$799 retail prices, but has yet to reach commercial production because of lack of "significant orders," according to filing.

HTP said it employs 113 and buys materials and components from 80 companies in U.S., Canada, Western Europe, Far East. Ten percent of materials and components are bought from SSI Products, its largest supplier. Safronchik controls 22.2% of outstanding HTP shares, HTP Pres.-COO Jerome Adamo 22.2%, other executive officers 44.4%, other 11.2% by small shareholders.

Incredible Universe unit of Tandy will officially open doors of its 3rd "gigastore" Oct. 11 in Dallas. Company has 4th store planned for Miami later this year.

MPEG-1 decoder chip set, claimed to be first in industry, will be sampled by Sony starting in March. Samples of 2-chip set will be priced at equivalent of \$76.

MD, DCC INTRODUCTIONS: Silence on DCC/MiniDisc (MD) front was broken last week when major Japanese format developers held pre-Japan Audio Fair news conferences to announce 2nd-generation lineups for delivery in domestic market before year-end. Announcements highlighted week in which Kenwood Japan declared Sony format "winner" over DCC in Japanese market.

Matsushita announced 2 new DCC decks and DCC minicomponent system. It said it plans monthly production at start of 5,000 units of RS-DC8, available in Japan at \$940 under Technics brand starting Nov. 25. RS-DC8 replaces first-generation Panasonic RS-DC10 (\$1,275). Company said new model incorporates new component parts and mechanisms, including Matsushita-made transport applicable to range of models. Search speed -- major complaint against RS-DC10 -- is twice as fast on RS-DC8, company said.

Similarly featured minicomponent DCC recorder, RS-DCM1, will be available Dec. 1 in Japan at \$665 as separate component and as built-in feature of system sold under Panasonic brand at \$1,400, including amplifier, CD player, sound processor, speakers. It will be produced at rate of 5,000 monthly at start.

All 3 models will be available in U.S. and Europe in spring, Matsushita spokesman told us. All incorporate "conventional" DCC thin-film heads developed by Philips. Ted Abe, Matsushita DCC Promotion Office, conceded company is behind schedule on DCC in terms of market progress, condition he blamed on worldwide economic sluggishness. Matsushita said it has sold 3,500 RS-DC10 in Japan and 11,000 overseas (roughly half in U.S., half in Europe). Executives conceded volumes fell short of goals of 5,000 in Japan and 15,000 overseas. Thus far, Matsushita said, it has sold 6,000 playback-only portable in Japan and 15,000 overseas.

Company also blamed worldwide recession in down-scaling projections of overall DCC demand in 1997 to 15 million from previous 20 million. Company is projecting demand of 1.3 million in 1994, 4.2 million in 1995, 8.7 million in 1996.

Sony, meanwhile, introduced spate of MD models for Japanese domestic delivery in Nov. and Dec. Spokesman said variety of new MD models will be available in U.S. and Europe in first quarter of 1994, but products outside Japan could vary from those introduced last week. Sony U.S. executives said additional details of 1994 lineup would come around time of Jan. Consumer Electronics Show.

Lineup includes new Walkman playback-only portable and record-playback model available Dec. 1 in Japan at \$520 and \$715 respectively. Common to Walkman models is 40% smaller chipboard featuring new ATRAC coding and DSP chips, 30% smaller pickup mechanism, compared with first-generation MD portables and longer battery playback time due to more energy efficient mechanism and lithium-ion battery. Completing MD lineup are car player (\$750), 4-disc in-dash car changer (\$1,145), minicomponent sized recorder (\$800) and MD minisystem (\$1,300), available in Japan in Nov.

Spokesman said Sony has sold 300,000 MD products thus far, 100,000 each in Japan, U.S., Europe. He said 90% of sales have been portables, record-playback MZ-1 comprising 80% of portables. Sony has no plans to change previous projection that 10 million MD will be sold in 1995, spokesman said.

In separate announcement keyed to Audio Fair, Kenwood Japan said it will start selling 2 minicomponent MD recorders at \$820 and \$860 starting next month in Japan, marketing them later in Europe and U.S. As for DCC, spokesman said Kenwood hasn't abandoned study of Philips-Matsushita format, but he brazenly declared MD winner in Japan because of format's quick random-access feature.

DIGITAL VIDEO WORKSHOP: James McKinney, chmn. of Advanced TV Systems Committee, will be keynote speaker at next week's Digital Video Workshop sponsored by EIA Consumer Electronics Group and IEEE Consumer Electronics Society. Three-day event, Oct. 13-15, at Hyatt Regency Cambridge, Cambridge, Mass., will feature industry speakers covering gamut of subjects related to digital broadcasting and consumer electronics.

McKinney will speak at Oct. 14 lunch following full-day tutorial on digital video, presented by Terry Smith, dir. of Sarnoff Center's TV Research Lab. Oct. 14 morning session will be devoted to digital video and telecommunications, moderated by AT&T's Robert Keeler and featuring Randall Sharpe, Broadband Technologies; John Mitchell and Edward Szurkowski, Bell Labs; Terence Woolsey, Fairfax County (Va.) Public Schools; Paul Whitehead, Bellcore. Session will include papers on video dial tone network architecture, multimedia bridging, integrated consumer video services platform, distance learning and telecommunications, video telephony.

Oct. 14 afternoon session on Digital Video in Consumer Products, moderated by Panasonic's Sai Naimpally, with panelists Imran Shah, Philips Labs; Frank Lane, Hitachi, and Robert Peloso, Panasonic Advanced Video Lab, and papers on consumer digital VCR standardization, fast forward and reverse for MPEG-2-compatible HDTV VCR, NTSC ghost-cancelling.

Later session same day on Video in Computers will be moderated by Scott Stevens, Carnegie Mellon U., with panelists Michael Bove, MIT Media Lab; Tom Firman, Microsoft; David Fisher, NIST; Arturo Rodrigues, Kaleida Lans; Larry Ryan, Intel. Papers will be presented on digital video tools and desktop video computing. Evening panel discussion will include session chairmen and industry executives.

Digital Video & Bestg. will be subject of Oct. 15 morning session, with Matsushita Applied Research Lab's Jukka Hamalainen moderator. Panelists: Johann Safar, Panasonic; Tom Cavanaugh and Andre Van Kesteren, CBC; Neal Neubert, JVC; Patrick Devaney, Matsushita.

Afternoon session on Cable TV, moderated by Paul Moroney, General Instrument, will hear panel with Tom Eliot, TCI; Woo Paik, GI; Richard Prodan, Cable Labs. Papers: TCI's plans for digital video, Grand Alliance video compression, cable channel characterisation, digital video transmission -- David Lewis, Eastman Kodak, 716-781-1075.

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Multimedia and computer exhibits will take on increasing importance at Winter Consumer Electronics Show in Las Vegas Jan. 6-9, according to sponsor EIA, which said last week that its survey of 1993 attendees indicated 23% came to that show ready to buy multimedia hardware or software. As already reported here, Microsoft is major new exhibitor (TVD Sept 13 p13). Other multimedia and computer exhibitors include AST, Boca Research, Compaq, Creative Labs, Hewlett Packard, IBM, 3DO, Toshiba.

TELEVISION DIGEST

With Consumer Electronics

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Zenith sold 750,000 shares of newly issued common stock to Fletcher Capital Markets, pursuant to earlier agreement. Price per share wasn't given, but agreement called for it to be "related to transactions on the N.Y. Stock Exchange during a specified period." Fletcher in May bought 1.5 million shares. If none of that was sold, its ownership of 2.25 million could make it Zenith's 2nd biggest shareholder after company's pension fund.

Emerson board last week approved proposed restructuring, including filing of Ch. 11 bankruptcy petition (TVD Sept 20 p16). After restructuring, plan envisions company with 60% of its common shares owned by Fidena Investments, 30% by other current shareholders, 10% by creditors.

Zenith will move into growing TV/VCR market with introduction of 19" model in late March, company told dealers privately at recent NATM Buying Corp. meeting. Goldstar-made set will retail at \$499. Zenith officials declined comment.

Hitachi will spend \$47.2 million to expand semiconductor plant in Tex. for 20-30% greater capacity to make logic ICs.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
BET Holdings			
1993-year to July 31	74,218,000	12,640,000	.61a
1992-year to July 31	61,655,000	11,678,000	.58
1993-qtr. to July 31	20,289,000	2,702,000	.13a
1992-qtr. to July 31	17,443,000	3,007,000	.14
Go-Video			
1993-year to July 31	30,928,531	116,706	.01
1992-year to July 31	16,188,205	(1,362,956)	--
Sound Advice			
1993-year to June 30	158,089,000	1,128,000	.30
1992-year to June 30	137,670,000	(2,487,000)	--
1993-qtr. to June 30	33,703,000	107,000	.03
1992-qtr. to June 30	29,593,000	(1,745,000)	--
Sun Television & Appliances			
1993-6 mo. to Aug. 31	218,441,000	5,794,000	.33
1992-6 mo. to Aug. 31	149,021,000	3,387,000	.24b
1993-qtr. to Aug. 31	120,642,000	3,763,000	.21
1992-qtr. to Aug. 31	78,760,000	2,149,000	.15b

Notes: aAfter special charge. bAdjusted.

Consumer Electronics Personals

Dennis Corcoran, ex-EIA vp-Consumer Electronics Show, named pres., Argos Trade Shows, Atlanta... **Steven Considine** resigns as Macy's northeast video buyer, succeeded by **John Kelly**... **Curt Henninger** resigns as Circuit City national buyer-car audio, replaced by **Blaine Altaffer**... **Sean O'Brien**, ex-Philips and Sony, joins StarSight Telecast Inc. as dir. of Mfrs. Mktg. Dept., responsible for marketing onscreen interactive program guide to consumer electronics suppliers.

Michael Kupfer, national sales mgr. of Sharp Appliance Div., shifts to dir., Sharp Special Accounts Dept., responsible for premium, incentive, direct mail and military markets... **Barry Light**, ex-Sharp audio mktg. mgr., named Emerson mktg. dir., audio and microwaves... **Bonnie Richardson**, ex-Office of U.S. Trade Representative, joins Motion Picture Assn. of America Oct. 18 as dir.-federal affairs, succeeding Vp **Frances Seghers**, who moves to Sony Software as vp in new Brussels office... Correction: **Ivan Steinberg**, Steinberg's, is new treas. of NATM Buying Corp.; **Jack Luskin**, Luskin's, is secy.

William Mechanic leaves Walt Disney Studios post of pres.-international distribution and worldwide video post to become 20th Century Fox pres... **Nancy Anderson**, ex-Reiss Media Entertainment, appointed vp-PPV, Jones Intercable-Jones Spacelink, and mktg. vp, Jones Entertainment.

URGENT: To Our News Contacts

There's nothing as stale as last week's news. If you are still using the old address of our N.Y. Bureau, your news may be too stale to use by the time it reaches us, since the Post Office's average delay in forwarding our mail is well over a week. Please check all of your address files to make certain you're using the proper address for our N.Y. Bureau: 276 Fifth Ave., N.Y. 10001. Or better still, send your news releases by fax to our same old number -- 212-899-5097.

TELEVISION DIGEST®

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

With Consumer Electronics

OCTOBER 11, 1993

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 33, NO. 41

Broadcast - Cable

CONSENT TRUCES DECLARED: Only minor skirmishes seen as deadline passes. Stations stay on more than 95% of cable. More deals done at week-end. Corpus Christi one of main hot spots. (P. 1)

TELCO-CABLE MOVEMENT SEEN: Markey endorses telco ownership of cable. Ameritech to press courts to widen Bell Atlantic decision. NCTA says telco ownership is okay -- with conditions. (P. 3)

TCI AND LIBERTY TO MERGE: Combined company to be more attractive to telcos, have better shot at Paramount. Viacom repeats antitrust issues. (P. 5)

NYNEX BUYS INTO VIACOM, becomes 2nd telco investor in media. Redstone says deal is unrelated to Viacom bid for Paramount. QVC puts financing on table, presses Paramount to consider its bid. (P. 5)

SMALL CABLE SYSTEMS HURT most by retransmission consent, Atlantic Show speakers say. Interactivity, 500-channel systems highlighted. (P. 6)

COPYRIGHT GROUP HIT: House Committee approves bill to abolish Tribunal, assigns duties to Librarian of Congress; Senate debates move. (P. 6)

RATE PASSTHROUGH DISPUTED: Cable says it should pass on upgrade and programming costs; cities say it shouldn't. Costs of retransmission consent debated. (P. 7)

RETRANSMISSION CONSENT TRUCES DECLARED: Once-expected substantial battle over retransmission consent dissolved into handful of isolated but heated skirmishes as raft of deals were made just before Oct. 6 deadline. NAB Senior Vp Charles Sherman estimated that at least 95% of cable subscribers saw no disruption at all, and said even some cases where stations were dropped were likely to settle quickly: "The disruption has been minimal." In joint survey by NAB and Tvb, based on responses from about 51% of NAB member stations, 91.7% said they still were able to reach at least 99% of cable households in their areas via cable, and 97.1% at least 90%.

Loss of TV station coverage "amounts to only a small fraction," said Tvb Pres. Ave Butensky. "Much of the withholding of consent seems to have occurred in smaller markets, [and] just because a station is not being carried by a tiny percentage of cable systems doesn't mean that people in those areas won't still be able to access their favorite programs through other means such as on a noncable set, with an A/B switch or with antennae." Butensky said survey results should reassure TV advertisers.

TCI Senior Vp Robert Thomson said fewer than 10% of TCI's 10 million subscribers were affected by retransmission consent. "A wave of realism swept over the broadcast industry," he said, including awareness

Consumer Electronics

TOUGH CABLE COMPATIBILITY RULES proposed by FCC in report to Congress, generally following EIA/NCTA recommendations but adding number of stricter requirements. (P. 11)

VIDEO CD STARS IN JAPAN at electronics show, featured by Hitachi, JVC, Matsushita, Sharp, Sony. CD-I downplayed as consumer product. (P. 12)

JAPAN SANK TO 2ND RANK in VCR imports in July, displaced by Korea, but still leads for 7 months. Camcorder imports soar as CD players plunge. (P. 13)

3DO AND U S WEST PLAN TEST of interactive system, aiming at 100,000 homes in Omaha area. First software deliveries in Panasonic rollout. (P. 14)

NINTENDO CUTS FORECAST of profit for fiscal year 29%, with sales down 18% from earlier prediction as result of yen's strength. (P. 14)

MD IN FORD'S FUTURE, to be offered as factory authorized dealer option on 1994 Mustang. Other auto makers evaluate DCC and MD. (P. 15)

SEPT. RETAIL SALES: Best Buy up 72%, Good Guys in 18% rise, Rex gains 27%, Tandy ahead 17%. (P. 15)

EMERSON FILES CHAPTER 11 plan, giving Fidena's majority ownership. Judge releases funds to pay suppliers. (P. 16)

of impact on broadcasters of not having signal on cable and understanding of benefits of deals that give stations access to "multichannel world." None of TCI deals (involving all but 7 TV stations in more than 1,000 communities that MSO serves) involves direct cash payments for retransmission consent, Thomson said. "Retransmission consent could well be the basis for a more permanent peace between our industries" if cable continues to see "innovative deals" that provide more programming and partnerships. About 1/3 of TCI's consent deals are temporary, Thomson said, ranging from few days to year: "I think ad hoc negotiations will continue into next year, and perhaps the year after." If stations don't grant consent, TCI plans to offer to simulcast competing stations during Nov. sweeps, Thomson said.

Main hot spots were Corpus Christi, where all 3 network affiliates disappeared from main cable systems; Laredo where 2 were dropped, and Portland, Me., where WCSH-TV (NBC) and WGME-TV (CBS) failed to reach agreements. WWMT Kalamazoo (CBS) and WAVY-TV Portsmouth-Norfolk-Newport News, Va. (NBC) also were among stations that lost carriage on major cable systems. Others that lost carriage included Indianapolis, Paulding, O., Rockford, Ill., Lansing and Arrowhead, N.C., Marceline, Mo., Lewiston and Bangor, Me., Northern Westchester County, N.Y., Bluefield, W. Va., Wichita Falls, Tex., San Diego.

Negotiating last-minute deals was "excruciating process," NAB spokeswoman said, "but no one is interested in turning back the clock. Most broadcasters, while they don't believe they got full value for their signal, expect that as competition to cable emerges they'll be able to receive full value. If there is one lesson in this, it is that it is extremely important to promote competition to cable." Busse Bestg. appeared to be among hardest hit station groups, losing carriage in Lincoln, Neb. (TCI), Eau Claire, Wis. (Time Warner and Marcus), Kalamazoo, Mich. (TCI and Continental). Pres. Lawrence Busse acknowledged that group "has taken a pretty hard stand on principles, but we haven't been inflexible." Busse told us he couldn't quantify net gain to group, but it's "very significant, strictly in terms of new cash coming in the front door."

Hundreds of deals were done in last 72 hours before deadline, including many where difficulties had been expected. For example, NBC said it signed with virtually all cable operators in 6 owned-station markets. Exception was Miami, where it didn't have deals with 4 cable systems with total of 69,000 subscribers. Expected fight in N.Y.C. metropolitan area didn't develop as Cablevision Systems signed with WNBC for largest U.S. cable system with nearly 600,000 subscribers. Cap/ABC Chmn. Daniel Burke said owned stations had deals covering 98% of cable households in their markets: "It doesn't get much better than this."

Comcast said it signed 175 deals covering every broadcaster requiring consent for its 62 cable systems. WNBC N.Y.C. signed with most metropolitan area cable systems, except 4,387-subscriber United Video system in N. Salem, N.Y. WRC-TV Washington (NBC) said it signed with systems with 96% of subscribers in its area. Exceptions were 9 systems in outer suburbs in Va. and Md. and in W. Va., Gen. Mgr. Allan Horlick said.

Retransmission Consent Scorecard: (1) TCI said its Cal. systems had agreements with all broadcasters in state. Some negotiations continued until midnight deadline, Vp-State Mgr. Dale Bennett said. MSO has 153 systems and one million customers in state. (2) KNBC-TV L.A. (NBC) headed off what could have been major fight, signing last-minute 6-year deal with Century in return for system's carrying NBC's new America's Talking network. Century said it had received estimated 30,000 calls in response to KNBC-TV ads on consent dispute. (3) WJBK-TV Detroit (CBS) said it signed with all major cable systems in area, including local news inserts on Headline News, possibility of additional local channel in future, promotional time on cable channels. (4) WPXI Pittsburgh (NBC) said it signed with 25 cable operators with about 100,000 subscribers and was close to signing with all others in its service area except one. (5) KPIX San Francisco (CBS) signed with virtually all Bay Area systems, in most cases in exchange for America's Talking carriage.

(6) Media General, with 200,000 subscribers in Washington suburbs, signed up WUSA (CBS), giving it deals with 3 network affiliates. Fox affiliate WTTG Washington requested 6-month extension. (7) TeleCable reached agreement with all but one of 180 TV stations in its areas. (8) Cox said it had deals with all but 2 of 160 stations that didn't choose must-carry. (9) KJEO Fresno (CBS) signed with main cable operator, Continental, but still was off 3 smaller systems. (10) Southern Cal. Cable Assn. said all 100 cable systems in its region had obtained consent from all eligible TV stations. (11) KCNC-TV Denver (NBC) said it signed with virtually all cable systems serving 750,000 subscribers in its area. Most deals involved carriage of CNBC and America's Talking.

(12) Fox said it signed carriage deals for its new FX network, which was launched to provide vehicle for consent deals, with 10 MSOs -- Cablevision Industries, Century, Crown, Colony, Marcus, Pegasus Capital, Post-Newsweek, Telesat Cablevision, Western. Fox claimed new network now has 23 million subscribers,

40% of U.S. cable households. (13) Cap/ABC and Hearst signed with TCI, granting consent for their stations in return for "substantial rollout" of ESPN2. Network now has deal with all top-20 MSOs. (14) Lenfest signed consent deal with NBC and Group W in return for carrying America's Talking. (15) KGTV San Diego signed 3-year deal with Times Mirror, which has more than 100,000 subscribers in area. (16) Scripps Howard said it signed with 4 MSOs -- Nationwide, Rifkin, Time Warner, Times Mirror -- trading consent for carriage of Home & Garden TV Network.

(16) Group W TV will be paid by NBC for trading retransmission consent rights for its 5 stations to cable systems that agree to carry America's Talking network. Terms weren't disclosed. Group W also said it has signed such deals with Lenfest, Sammons, Times Mirror. (17) Cablevision Systems signed noncash deals with Cap/ABC and Hearst extending through 1999. Separate agreement calls for MSO to carry ESPN2.

* * * * *

FCC stayed 2 minor retransmission consent provisions late Oct. 5, hours before midnight deadline, pending final action on petitions for reconsideration: (1) Wireless Cable Assn. and National Private Cable Assn. want provision exempting them from consent if they provide VHF/UHF rooftop antennas at no charge as part of their service. (2) Media-Com wants grandfathering of existing agreements that allow carriage of part of station's daily signal, rather than entire day's programming as currently required.

RHCs AND MARKEY PUSH FOR TELCO ENTRY INTO CABLE: House Telecom Subcommittee Chmn. Markey (D-Mass.) gave push to telco efforts to enter cable, announcing last week that he had change of heart. Addressing USTA annual meeting in Boston week after hearing of his Subcommittee dominated by anger over rising cable rates as result of Cable Act, Markey told USTA he now supports telco entry. Industry sectors also were active. Ameritech is preparing to file suit in Midwest home region challenging telco-cable cross-ownership ban, said Thomas Quarles, vp-assoc. gen. counsel. And NCTA said it would accept telco entry into cable under certain conditions that include head start for cable to enter telephony.

Markey told USTA he had changed his mind and now favors telco entry into cable because he has been "persuaded of the benefits" of dropping ban. "This prohibition should now be repealed," he said, but it shouldn't have been done earlier because of lack of competition. Markey said bill by Rep. Boucher (D-Va.) was "good starting point" for discussions, but there should be 4 adjustments: (1) Ending restriction on entry as favored option to "patchwork that could result from leaving issue up to the courts." (2) Requiring telcos to operate cable as separate subsidiary. (3) Prohibiting telcos from buying existing franchises, to promote competition. (4) Allowing video platforms to become part of network regulated as common carrier. He said those elements could be incorporated into broader package being planned by House Commerce Committee Chmn. Dingell (D-Mich.), but should be crafted with cooperation of Boucher and Rep. Fields (R-Tex.), ranking Republican on his Subcommittee.

Ameritech decision to file its own suit comes after U.S. Dist. Court Judge T.S. Ellis in Alexandria, Va., ruled that his decision allowing Bell Atlantic (BA) to offer cable services couldn't be applied to other telcos. He also refused to allow other telcos to intervene in appeal as full parties, although they can file amicus briefs. Decision sets stage for similar suits to be filed in many, if not all, districts around country, said attorneys familiar with case. Meanwhile, Ellis amended his order to include all of BA's local telephone companies and BA Video Services company.

Ellis said from bench that he was tempted to allow telcos to at least intervene in case, but was persuaded by Justice Dept. lawyers that there was chance that intervention could prejudice appeal. Appeal is expected to be heard on expedited basis, and officials say that it eventually will reach U.S. Supreme Court. Lawyers said Supreme Court probably couldn't hear case this term, even if appeal were expedited.

Ameritech hasn't determined where to file its case, but expects to decide by end of month, Quarles said. Ameritech strategy, which developed after round of intense telephone conferences with other RHCs, is aimed at driving case to Supreme Court if need be, he said. If BA case is reversed on appeal, Supreme Court could refuse to hear case, ending telco fight. Playing off precedent of BA case, Ameritech hopes to win same ruling allowing it to offer cable within its own region. With strength of that decision, Supreme Court would be forced to hear case -- if govt. succeeded in overturning favorable Ameritech ruling -- to resolve conflicting decisions, Quarles said. "The underlying story in the Bell Atlantic case is that cable rates didn't go up in Alexandria where this case was tried," Quarles said. That should send message to Congress that threat of competition works, he said. Other RHCs still were considering options.

Meanwhile, cable industry is willing to start negotiating terms for telco entry into its industry, with go of creating competitive markets for video and other services, according to senior NCTA official who

outlined broad policy goals at news briefing but asked not to be quoted by name. He said cable now favors "staged entry" approach in which telcos could enter cable business when there's effective facilities-based competition for voice services, or after period of 7 years, whichever comes first. At root of NCTA's new stance, however, is strong belief that policy-makers should recognize that cable is at substantial disadvantage in financial markets, contrasted with local exchange carriers, which have highest bond ratings and exceptionally easy access to financing.

Policy, approved by NCTA board at meeting last month, calls for staged entry so that cable could establish itself as competitor to telcos by financing and building cable telecommunications capabilities before telcos could enter cable within their (telco) service territories. Without that head start, he said, there never will be true competition because cable systems won't be able to obtain money to upgrade networks to handle new services. He noted that U.K. imposed similar staged entry to allow cable-based telephony to develop there.

However, official stressed, telcos would be involved in entertainment and broadband offerings through upgrading network and offering video dial tone, even if they didn't have cable franchises. Cable, while willing to accept responsibilities of making certain that universal service is maintained, would want to have its voice services regulated under flexible regime, as nondominant carriers are regulated in interstate market, while telcos would be regulated as they are now. Cable also would like federal law to preempt state laws that keep cable from offering telephony services.

Official said he recognized that Capitol Hill isn't favorably disposed toward cable industry these days, and that main goal of lawmakers is creating competition for cable -- not for telephone companies. But he said cable can get over that hurdle by focusing on public policy goals that legislators endorse -- such as emergence of fully competitive market. That goal is contained in bill (S-1086) by Sens. Danforth (R-Mo.) and Communications Subcommittee Chmn. Inouye (D-Hawaii). While cable favors preemption features of measure, official said it doesn't believe bill recognizes need for staged entry. Cable also wants to make certain that legislation allows for sufficient flexibility for joint ventures or mergers between cable franchises and telcos in areas that economically couldn't sustain separate operation for each.

Also last week, AFL-CIO at annual meeting in San Francisco adopted resolution supporting lifting of cable-telco ban on local exchange carriers and asking for review of MFJ restriction on participation in interLATA business. Resolution, sponsored by CWA, urged Administration, Congress and FCC to support policies that would permit local telephone companies to "fully participate in all aspects of cable TV."

WPFW-FM Washington was off air more than 2 days weekend of Oct. 2-3 when new Gen. Mgr. Phil Watson, supported by parent Pacifica Foundation, ordered plug pulled after Program Dir. Tom Porter essentially took control of station. Upon hearing that Watson had been appointed station head by Pacifica, which was meeting in Houston, Porter, acting manager and candidate for fulltime post, announced on air that he was resigning and reportedly solicited listener response. Watson told us that he directed Bob Doughtry, Pacifica national staffer who works at WPFW-FM, to regain control of station but he was unable to: "We were no longer in control of our air... They physically took over the facility... and the regular programmers were locked out." Plug was pulled about 4 p.m. Oct. 1; station returned to air 5 a.m. Oct. 4, day that Watson began work. Handful of Porter supporters picketed outside station Tues. morning.

Views on future by Rupert Murdoch, CEO of News Corp. and Fox Bestg., as expressed in recent speech in London: "Technology is racing ahead so rapidly that the media mogul has been replaced by a bevy of harassed and sometimes confused media executives, trying to guess at what the public wants... Convergence is seeing some of the world's largest industries trying to accept a new age in which few of the old rules seem to apply and traditional distinctions are breaking down... Five of the world's biggest industries -- computing, communications, consumer electronics, publishing and entertainment -- are converging into one dynamic whole."

Senate last week recessed without taking vote to confirm Reed Hundt to be FCC chmn. Senate Commerce Committee had approved nomination with little discussion at markup session Oct. 6. Nomination was said to be held up by Republicans who are unhappy with lack of GOP nominees for govt. commissions and boards. At markup, Sen. Stevens (R-Alaska) said he hoped nomination could be taken up quickly by full Senate because many important issues, such as those related to Federal-State Joint Board on Alaska, required decisions by new Administration. Commerce Committee Chmn. Hollings (D-S.C.) suggested that Stevens work with Republican leadership to make quick passage possible. Also approved by Committee were Apple Computer executive David Barram to be deputy secy. of Commerce and Diane Blair to be member of CPB board. Barram's nomination was approved by full Senate Oct. 7, but Blair's wasn't. Senate returns Oct. 13 from recess.

Cap/ABC formed new Cable & International Div. as "a signal of our commitment to these areas," CEO Daniel Burke said. Unit will oversee domestic cable programming ventures including ESPN, ESPN2, Arts & Entertainment and Lifetime, as well as investments in Eurosport, TV Sport, Japan Sports Network, RTL-2, U.K. facilities company Lafayette, Tele-München, Tesauro, Hamster Productions, Molinare, ABC Distribution. Div. will be headed by Group Pres. Herbert Granath, formerly pres.-Cap/ABC Video Enterprises, who will report to Burke. Cap/ABC's cable and international activities have "grown exponentially," Burke said, and "will be a primary area of growth."

TCI AND LIBERTY TO MERGE: TCI and Liberty Media have agreed to reintegrate, 2 years after TCI spun off most of its programming and minority cable interests into Liberty. Deal values Liberty at \$3.2-\$3.3 billion, more than 5 times its market value when spun off. Analysts reacted positively to deal, saying it could position merged company for major telco investment and make it easier for QVC to complete purchase of Paramount. However, TCI competitor Viacom said deal wouldn't affect its acquisition of Paramount and "is one more calculated step in [TCI CEO John] Malone's monopolistic endeavors."

TCI and Liberty would be merged into still-unnamed holding company under tentative agreement subject to stockholder and regulatory approvals. TCI shareholders would get one share of holding company for each TCI share and Liberty shareholders 0.975 shares of holding company each. TCI owns about 5% of Liberty. Deal would give Liberty owners 22.8% of new company. Earlier reports on deal had suggested TCI would make cash offer for Liberty.

Deal is important to TCI and Liberty, analysts said. John Field of Denver's Hanifen Imhoff said Liberty needs it because "it was becoming apparent that Liberty didn't have the deep pockets to do what it wanted to do." Jessica Reif of Oppenheimer said it could strengthen bid of Liberty-controlled QVC for Paramount because TCI has \$1-billion annual free cash flow to help finance any sweetened offer. Putting TCI and Liberty together also would make it easier for TCI to lure major telco investment, Field said: "The telcos are much more interested in investing in integrated companies. And with the FCC's vertical and horizontal integration rules, TCI and Liberty were being treated as one company anyway for legal purposes." Reif said returning Liberty's programming assets to TCI "brings the sizzle back to TCI." She also said it's "very important to shareholders" that Malone no longer would have to divide attention between TCI and Liberty.

Deal will have "no effect" on Paramount-Viacom merger, Viacom said in statement: "The TCI move merely confirms what we have known all along -- QVC is just a stalking horse for TCI and John Malone." Viacom said merger "underscores" issues in its antitrust suit against TCI. Field and Reif discounted antitrust concerns, saying that TCI and Liberty always had generally common ownership and management and always were treated as single entity by FCC and antitrust officials. "If the Justice Department wanted to go after TCI, it didn't need an excuse," Field said. Neither FTC nor Justice Dept. Antitrust Div. would comment on merger, as usual. No Capitol Hill reaction was available immediately because Congress is in recess.

Original reason for spinning off Liberty no longer applies, TCI said in statement. TCI spun it off because of fears that FCC's vertical integration rules would prohibit owning both cable systems and program networks. However, TCI said rules attribute Liberty programming interests to TCI for FCC purposes anyway. TCI said merged companies won't violate Commission rules and merging them would make it easier for "the companies themselves, and the government, to monitor the continued regulatory compliance."

TCI also said it was spinning off Liberty to get stock market recognition of value of Liberty assets. In 500-page prospectus at time of spinoff, TCI assigned Liberty 12% of TCI's assets, valued at \$600 million. TCI stock price didn't drop when Liberty was spun off and has climbed steadily since. Liberty stock price has increased in 2 years since spinoff from about \$1.60 (adjusted for split) to \$28.50 before

deal was announced. Reif said price increase, and value assigned to Liberty in merger, weren't surprising given runup in price of several companies that Liberty controls, including Encore, QVC, Black Entertainment TV.

Malone has been one of biggest beneficiaries of Liberty price increase. At time of spinoff, he converted most of his TCI shares into Liberty stock, giving him 20% of Liberty equity and 50% voting control. Market value of Malone's Liberty stock climbed in 2 years from about \$120 million to about \$660 million. Malone also owns about 2.2% of TCI.

NYNEX BUYS INTO VIACOM: Nynex became 2nd RHC to invest in major entertainment company, announcing last week it's taking \$1.2-billion stake in Viacom. U S West in May acquired \$2.5-billion share in Time Warner. Viacom Chmn. Sumner Redstone hastened to say that deal with Nynex had nothing to do with his pending purchase of Paramount. Viacom has all of financial backing necessary to do that deal, he said at news conference, and there would be no need to sweeten offer. He and Nynex Vice Chmn. Fred Salerno said companies had been talking about strategic alliance for months.

Meanwhile, in bid to get Paramount to negotiating table, QVC presented studio with commitment letters for \$4 billion cash financing for its \$9.5-billion cash-and-stock bid. At \$30 cash per share, QVC needs \$3.6 billion cash to complete deal. Commitments include \$3 billion in bank loans, plus \$500 million each from TCI and Comcast. QVC apparently didn't sign rumored deals with telcos for additional cash. Paramount board has said repeatedly that terms of its merger agreement with Viacom block it from negotiating with any other bidder until it receives proof of financing.

FCC and Nynex officials said they saw no federal regulatory roadblocks in way of Nynex investment in Viacom, which will give Nynex Chmn. William Ferguson seat on Viacom board. FCC Common Carrier Bureau Chief Kathleen Levitz said regulatory problems would arise only if Viacom had cable facilities in Nynex's region. Nynex Vp Thomas Tauke said: "This was done as an investment decision." Levitz said: "On its face, I saw no problems."

Ferguson said his deal with Viacom wouldn't hinder development of telephone network in Northeast. He said telephone companies have been investing \$2.3 billion "year after year" in Nynex's service territory, and there's "more digital switching in the Northeast than any place else." There will be "wide-open marketplace in the future" in which consumers will have choice of cable, telephone and other services, Ferguson said, adding that despite this deal, there's still need to change laws barring telcos from offering cable within their service territories.

Nynex will pay \$1.2 billion for nonvoting preferred stock. One link to Paramount deal is that if acquisition isn't completed by Aug. 31, Nynex can cut its investment in half -- to \$600 million. Moody's said it was reviewing Nynex debt rating for possible downgrade as result of investment in Viacom.

First of 2 high-power DBS birds has completed final integration and systems test at Hughes Cal. facility and is being readied for Dec. launch, DirecTV said. Company's DBS-1 will begin service to N. America in April; DBS-2 will be launched in mid-1994, colocated with DBS-1 at 1°

SMALL CABLE SYSTEM IMPACT: Small rural cable subscribers are biggest losers in retransmission consent/must-carry battles (see separate story this issue) because broadcasters have "no incentive to be reasonable" in negotiations, said Daniel Brenner, NCTA vp-law and regulatory affairs. Low subscriber numbers in rural areas translate into little advertising clout and usually no Nielsen households, he said at Atlantic Cable Show in Atlantic City last week. That gives bargaining advantage to broadcasters over systems least able to afford retransmission fees and subscribers who usually lack even nominal antenna reception, he said. Telco entry, cable regulation and interactivity also were among key topics at convention.

Celeste Fasone, N.J. state cable regulator, said regulators "need to deal with the anger and frustration" bound to grip subscribers if major broadcast networks disappear from cable because of unresolved retransmission consent. She said regulators should make complaint forms easily available to subscribers so FCC can better gauge consumer opinion. Fasone said subscriber confusion over 1992 Cable Act has boosted phone traffic to her office 100-400% since Sept. 1.

NCTA Chmn. Richard Roberts of TeleCable said telco restrictions should remain because "telcos must not be able to exercise monopoly power... as the lines between voice, video and data begin to blur." Stephen McGaw, assoc. dir.-corp. development, Southwestern Bell, said market, not govt., should decide whether telcos and cable operators form alliances or rivalries. Douglas Dunn, vp-visual communications and multimedia strategy, AT&T Network Systems, said telcos and cable operators should adopt each other's expertise to form competitive ventures that give consumers entertainment and information "any time, anywhere and anyhow."

Consumers will decide what type of interactive TV comes into their homes over next decade, panelists said. Discovery Chmn. John Hendricks said question for marketers of new technology is how to strike balance between control over programming that consumer will want and overkill for majority of "keyboard phobic" viewers: "Don't bet the ranch on people doing a lot of work when they get home."

Key to making 500-channel technology work is helping viewers navigate through stations, said Thayer Bigelow, Time Warner pres.-cable programming. "We've got to make it very simple, very friendly" by providing "road signs, billboards" that guide viewers through programming choices without confusing them. Bigelow said "big drivers" in interactive TV will be video-on-demand, videogames-on-demand and home shopping, which he said could turn from \$2 billion industry to \$10 billion by decade's end. He predicted \$20-billion videotape rental industry could explode into \$60-billion business as video-on-demand increases availability of movies.

Recent TV tests show analog and digital signals can be transmitted via single transponder simultaneously without loss in quality, Comsat said. Comsat worked with BBC World Service TV, which sent analog signal from London to Cal. and digital signal from London to Toronto via 72-MHz transponder. Comsat said tests showed quality of digital and analog signal was better than 2 analog signals sharing transponder.

Comsat won Emmy award Oct. 5 for pioneering development of portable satellite Earth terminals for newsgathering and entertainment.

COPYRIGHT GROUP HIT: House Judiciary Committee approved bill (HR-2840) to abolish Copyright Royalty Tribunal (CRT). Measure, by Copyright Subcommittee Chmn. Hughes (D-N.J.), was passed on voice vote with 2 amendments from Hughes. Bill would assign CRT duties to Librarian of Congress, who would appoint ad hoc arbitration panels to hear disputes now considered by 3-member CRT.

Amendments would allow Library of Congress to assume any unspent funds from CRT budget, and would finance arbitration panels totally from royalty fees. Rep. Moorhead (R-Cal.) said he "meekly, quietly" recommended favorable vote, in part because he had proposed what he said was better system last year that would have created central royalty pool that would be distributed to broadcasters. But, he said, broadcasters killed that bill because they didn't like mechanism.

Senate Copyright Subcommittee held its hearing on companion bill (S-1346), by Chmn. DeConcini (D-Ariz.) and senior Republican Sen. Hatch (Utah). DeConcini made it clear he hopes that Senate and House will complete their "final act of downsizing" agency, which had number of commissioners cut to 3 from 5 just 3 years ago. He said there's no reason why remaining chores involving cable and home recording also can't be handled by arbitration.

CRT Chmn. Cindy Daub, as in House hearing, was most vigorous defender of agency, while 2 other commissioners, Bruce Goodman and Edward Damich, called again for its abolition. Group of religious broadcasters said CRT should be retained, but with procedures changed. NPR said in letter to Subcommittee that it had concerns about measure. Daub said bill wouldn't save govt. money by abolishing agency because arbitration panels could cost more. She also questioned whether arbitration would be effective.

While proponents of killing CRT have argued that panel has held few, if any, open meetings and hearings, Daub said most of work has been done outside of meetings. As example, she cited 1989 cable royalty distribution proceeding, which involved more than 700 claims. That case covered almost 9,000 pages of testimony, Daub said, and there were 75 procedural motions with which CRT had to deal, yet it had just 36 days of public testimony.

Daub said CRT received 88% of funding from parties involved in cases, not from govt. She also said that satellite arbitration model, on which legislation is based, dealt only with 2 parties, while there are many more in cable proceedings, and questioned whether arbitration would work as well.

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FCC set Nov. 29 comment date for inquiry (MM 93-254) into TV commercial limits, replies due Dec. 14. Two-page notice released Oct. 7 contains few details beyond those that emerged from Sept. 23 Commission meeting. Inquiry seeks comments on: (1) Whether and how excess commercial programming hurts public. (2) Whether public acceptance should be used to define excess. (3) Whether expansion in number of viewing options affects conclusions. (4) Whether there's distinction between "commercialism" and formats such as home shopping. (5) Whether it should set any limits by hour, ending program-length commercials, or for longer period. (6) Whether TV stations should have to maintain ad logs again. (7) What are First Amendment implications?

Communications Equity Assoc. established Malaysian affiliate, CEA Services (Malaysia), in Kuala Lumpur, headed by Bashir Shariff -- 603-292-5792.

CABLE PASSTHROUGH DISPUTED: Cable systems should be able to pass through to subscribers cost of system upgrades, particularly those required by franchise authorities, cable groups said in reply comments in FCC's rate rulemaking. However, cities cited recent rash of rate increases and said "cable operators are attempting to undermine the limited rate protection" currently given by FCC's benchmark rate rules.

Benchmarks don't reflect full costs for upgraded systems, which constituted only minority of those included in FCC's rate survey, so they don't cover cost of upgrades, said joint filing by 7 MSOs including Cablevision Industries, Cox, Comcast: "The Commission should reject suggestions that recovery of upgrade costs be possible only through a cost-of-service showing [that] would subject operators to expensive and burdensome cost of service proceedings."

External treatment of upgrade costs and new programming costs, which would allow cable operators to pass through costs regardless of benchmarks, "would eviscerate" benchmarks, according to National Assn. of Telecommunications Officers & Advisers, National League of Cities, U.S. Conference of Mayors, National Assn. of Counties. They said external treatment would give systems "free rein to pass through to cable subscribers upgrade costs for services that may not benefit subscribers to regulated tiers." BellSouth agreed that external treatment "would undermine the efficacy of price cap regulation."

External treatment is "necessary to protect operators against cities' manifest hostility to allowing rate increases to cover these wholly legitimate costs," NCTA said. Assn. said cities could delay passthrough of cost of adding new channels for up to 4 months, "creat[ing] enormous disincentives to the addition of channels." NCTA said allowing recently upgraded systems to raise rates to benchmark isn't special treatment, but "an effort to level an otherwise unlevel field." If FCC requires operators to use same method to set rates for both tiers, it must set rules to avoid duplicative cost-of-service filings for both FCC and local regulators, it said.

Cities' claims that systems shouldn't be allowed to pass through cost of new channels added as part of retransmission consent deals would cause "unsurmountable practical difficulties," Continental said. In earlier comments, cities had said paying for ESPN2 in return for ABC consent, for example, would be same as paying retransmission fee that couldn't be passed through. However, Continental said system should be able to charge for channels because they provide additional programming and because FCC could be drawn into "intractable editorial judgments" as to whether added channels are justified independent of consent deals.



FiberVision has applied for franchises to overbuild cable systems passing estimated 450,000 homes in Bridgeport, New Britain and New Haven, Conn. Applications filed with state of Conn. said that Hartford firm plans to install fiber systems costing estimated \$94 million. FiberVision apparently would compete with systems operated by Cablevision Systems, Comcast, TCI.

Comsat and Interstate Electronics (IE) of Anaheim will collaborate to build global satellite-based bandwidth-on-demand (BOD) service. IE will manufacture terminals for BOD technology developed by Comsat. Service will be launched next year in Europe and Asia-Pacific region, and modified version will be introduced to Latin America. Financial terms weren't disclosed.

Clinton Administration has revoked 12-year exemption to Freedom of Information Act (FOIA) in move designed to make information more readily available to public. "Federal departments and agencies should handle requests for information in a customer-friendly manner," President Clinton said. "Our commitment to openness requires more than merely responding to requests from the public." To that end, Administration rescinded 1981 rule that permitted federal agencies to withhold information under FOIA if they could show "a substantial legal basis." New policy presumes information requested should be made available, Justice Dept. announced. Changes came in response to policy paper submitted jointly to Clinton transition team by variety of media groups, led by Newsletter Publishers Assn. and American Society of Newspaper Editors. Paper was written in large part by James Grossman of Washington firm Ross, Dixon & Mosback. Administration also said Dept. won't defend govt. in FOIA suits unless agency involved can show it was "reasonably foreseeable that disclosure would be harmful." Said Assoc. Attorney Gen. Webster Hubbell: "This is an important step and a big first step. A responsible government is a government that lets people know what it is doing." More than 500 lawsuits currently are pending against govt. under FOIA, with huge additional backlog of pending requests that haven't yet received agency action. Justice held meeting Oct. 5 with 600 FOIA officials from throughout govt. to discuss specific ways to administer new policy, with public invited. In another development, govt. employees will be allowed to accept compensation for speeches and articles not related to their govt. work. Ban, which was overturned as unconstitutional by U.S. Appeals Court, D.C., had been in place for 3 years as part of 1990 ethics law. Justice Dept. let deadline pass without appealing.

Jerrold Div. of General Instrument (GI) has postponed introduction of analog set-top converters for interactive cable services until June because of difficulties in harnessing necessary technology, Jerrold Pres. Harold Krisbergh told us at Salomon Bros. interactive multimedia conference Oct. 5 in N.Y. Analog converters, designed as part of GI's previously announced alliance with Microsoft and Intel, were to be available by Dec., with digital version to follow in late 1994. Deadline for digital converters is unchanged, Krisbergh said. "If you think about it, we have to put a computer into a converter so we're just going to have to work our way through this," he said. He said analog converters are expected to cost cable operators \$230-\$250 each, digital \$350-\$400. Digital upgrade ultimately would be available by purchase of separate dedicated converter and/or by digitally retrofitting analog version. Jerrold has said converters would use technology from Microsoft Windows operating system, designed for interactive TV application with Intel 386 chips. Result will be family of addressable converters and satellite receivers that will turn TVs into gateways for variety of services including video-on-demand, home shopping, on-screen programming guides, on-screen data services, multichannel pay-per-view. Home shopping and electronic data services currently available through personal computers are expected to reap greatest benefit since cable's installed base of 60 million homes dwarfs that of PCs. Third party service suppliers are expected to provide new applications for converter's interactivity, but no agreements have been signed yet.

FCC accepted 201 applications for ITFS (Instructional TV Fixed Service) licenses in markets where there isn't competing applicant and opened window for competing applications in those markets. New applicants have until Dec. 30 to file. Commission at same time accepted 18 others that conflict with applications filed previously. Petitions to deny those 18 are due Nov. 9.

To be successful in today's rapid technology changes, broadcast engineers must be "the translators, the interpreters, the facilitators of a new area in broadcasting," NAB Exec. Vp John Abel told Society of Best. Engineers (SBE) convention Oct. 2 in Miami Beach. "You are definitely the people on the hot seat" in making transition for TV and radio stations, he said. "If you do not do it right, you may find yourselves working in other industries." Many TV-radio station mgers. have only "a faint grasp" of how their stations work technically, Abel said: "Consider how confusing the [coming] switch to digital and to new transmission systems is... Many of them would like to see the trend to digital broadcasting just go away... but it probably won't... The future is packed with technologies that we cannot even contemplate today." Engineers need to focus on 4 interrelated areas, Abel said: "Computer technology, convergence, telecommunications and business communication." Convergence, he said, means merger of many "delivery and programming systems into each other... Much of this convergence is fostered by digital technology" and business deals, such as U S West's buying into Time Warner and Southwestern Bell's purchasing 2 Washington-area cable systems.

FCC appeared to go well beyond NCTA-EIA compromise on cable/consumer electronics compatibility (see separate story in Consumer Electronic section) in recommendations in its report to Congress Oct. 6. Commission's recommended short-term fixes include prohibiting scrambling on basic tier, requiring consumer education, giving consumers option of having signals passed directly through to cable-ready sets and supplementary set-top devices with multiple descramblers, allowing consumers to use their own remotes with system's set-top converters. Compromise suggested use of decoder interface, multiple descramblers, consumer education and setting new definition of "cable-ready."

Petition by Assn. of Federal Communications Consulting Engineers (AFCCE) for reconsideration of relaxation of strict "hard look" processing procedures for commercial FM applications has been denied by FCC. More lenient rule adopted in July 1992 permits parties to amend applications after filing to correct what Commission formerly considered "uncorrectable defects fatal to their applications." AFCCE said that new minimum filing requirement would improperly allow applicants to correct omission of engineering data. In denying petition, Commission said: "A few errors or omissions... can be tolerated at the early stages of processing to allow for greater flexibility of the system as a whole." Under old "hard look" procedure, hundreds of applications were returned as incomplete.

In what both sides consider major victory for TV networks, U.S. Appeals Court, D.C., transferred appeals of FCC's latest finsyn rules (adopted in April) to 7th Circuit in Chicago. It was that court that last fall declared syndicated programming restrictions on networks unconstitutional and stayed its order to give FCC time to adopt new rules. Those new rules have been appealed by both sides -- networks because of continued ban on their participation in domestic syndication, Hollywood coalition because networks now are permitted to make financial investments in such programming, but must assign syndication rights to others. "Obviously" change in courts is favorable to networks, official on Hollywood side said.

Final registration at RTNDA Sept. 29-Oct. 2 convention in Miami Beach was 1,906, topping by far previous record of 1,581 in Denver in 1991. Last year's convention in San Antonio attracted 1,531.

Most military units aren't prepared, with equipment or manpower, to accommodate reporters on battlefield, "let alone getting the stories back to the rear areas once they've been written or put on tape," said NBC correspondent Pete Williams, who was Pentagon spokesman during Gulf War. Speaking Oct. 2 at RTNDA lunch in Miami Beach, he said issue of battlefield coverage "is only going to get more complicated as the methods for filing stories continue to improve." There's no industrywide agreement as to whether reporters should be able to file live from battlefield, Williams said, and journalists are "understandably reluctant" to agree in advance to any restrictions. Retired CBS producer Edward Bliss, accepting RTNDA's Paul White Award, said that in his many years at network "I neither saw, nor heard, the anchor of a hard news program laugh. News was too serious a business." He said: "Flashy graphics [are] no substitute for the bright and shining insight... Skill is no good without integrity. No good without honesty. No good without truth."

Federal funding of CPB is likely to increase \$12.4 million (4.2%) to \$305 million in FY 1996. House-Senate conference committee Oct. 5 approved that hike, along with \$7 million separately for Ready to Learn. House in July had followed request of Clinton Administration in freezing CPB's FY 1996 funding at already approved \$292.6 million for FY 1995, but Senate last week approved bill containing \$320 million. Observers said it's likely that conference actions will be approved by full House and Senate, and that President Clinton will sign overall bill, which includes labor, health and human services programs.

MPAA settled about 85% of its 3,000 copyright suits against cable operators before Oct. 1 deadline, MPAA attorney Dennis Lane said. Settlement terms weren't disclosed. Most involved group of large cable operators that jointly negotiated deal for interest on copyright royalties withheld in 1986-1987. MPAA originally estimated that \$10-\$15 million was at stake. Smaller operators are responding every day to MPAA's proposed settlement, Lane said. Cable operators had until Oct. 1 to file court replies to MPAA's original suits.

Discouraging speculation that he's candidate for PBS presidency, FCC Comr. Duggan wasn't interviewed by search committee in Atlanta week ago, despite fact that he delivered speech to public broadcasters there Sept. 27. Search panel, chaired by immediate past PBS Chmn. Ted Capener, is believed to be compiling list of semifinalists, with hopes of picking successor to Bruce Christensen late this month.

FCC is overhauling Emergency Best. System (EBS), which has alerted viewers to disasters on broadcast channels but not on cable channels, said Helena Mitchell, chief, FCC EBS office. FCC plans to discard old system, initiate automated EBS not only on broadcast TV and radio but also via satellite, wireless, cable. "We want to make sure that whatever we come up with will be something the cable industry can live with," she said.

Crown Media said rates went down for 99% of its cable subscribers in Mo., Ill. and Wis., 86% in Alhambra, Cal. It released results of FCC survey comparing rates April 5 and Sept. 1. Crown said survey represented 44% of its 820,000 subscribers.

Temic Telefunken, German electronics company specializing in telecommunications equipment, satellite and TV manufacturing, will invest \$14.5 million to expand in Philippines. All output will be exported to mother company.

Public TV venture Learningsmith opened retail stores last month in Portland, Me., and Syracuse, N.Y., plans 5 more in next few months in Palo Alto and Pleasanton, Cal.; Long Island, N.Y.; Stamford, Conn.; Springfield, Va. Chain's head, Marshall Smith, declined to provide overall or station revenue figures, but said outlets were "extremely pleased" with Learningsmith's performance. Stores, which stock such items as books, audio and videotapes and toys, will total 14. They're joint ventures of Smith's company and PTV stations.

Nynex said FCC should reconsider decision to exclude low-penetration cable systems from database used to set rate benchmarks. In petition for reconsideration, company said FCC doesn't have to redefine effective competition to exclude such systems because it's "quite clear" that Cable Act allows it. FCC "has erected this obstacle itself -- it cannot blame Congress," Nynex said, and Commission is required to exclude low-penetration systems to fulfill congressional mandate to lower cable rates.

FCC waived one-to-market rule to allow Scripps Howard to sell WMC-TV-AM-FM (Ch. 5, NBC) Memphis to Elcom. Scripps Howard ownership of stations and newspaper in same city normally would be prohibited, but had been grandfathered. Stations' sale to Elcom, which still would be prohibited, is in public interest because separating ownership of stations and newspaper would increase media diversity, FCC said.

FCC's Field Operations Bureau again is busy in forfeiture area, announcing 22 fines Oct. 4 ranging from \$400-\$20,000. Nine companies were fined \$7,000 each for selling unauthorized equipment. Other fines included operating without license, on unauthorized frequency, transmitting with non-type-accepted equipment and failure to respond to official notice from Commission.

Worldwide broadcasters should unite against performance fees for sound recordings, NAB Pres. Edward Fritts told Federation of Australian Commercial TV Stations Oct. 6 in Canberra: "It is clear that the performance rights movement is well coordinated around the world by the recording industry, and it is time for broadcasters to stand up for their rights." He said U.S. broadcasters already spend \$300 million per year for music rights, and performance royalties would add hundreds of millions. Fritts said NAB will act as information clearinghouse on issue for international broadcasters.

Fox TV Stations is buying 25% of Boston Celtics Bstg. Ltd., which owns WFXT (Ch. 25 Fox affiliate) Boston, and acquired 10-year option to buy additional 26% for \$15 million. If option is exercised, Fox could have cross-ownership problem under FCC rules as parent Rupert Murdoch's News Corp. also owns Boston Herald.

Public TV (PTV) stations won 7 of 12 charter National Endowment for Children's Educational TV (NECET) awards, totaling nearly \$2.4 million. S.C. ETV received largest, \$350,000, as KCET L.A., WGBH-TV Boston and L.A.-based Foundation for Advancements in Science & Education each won \$300,000. Programming funded by NECET under children's TV law must air on PTV for 2 years before it can be offered to commercial stations.

Average salary of general mgr. of TV station increased 5.2% since 1991, according to NAB survey. Other gains include 14.9% for operations mgrs., 6.4% for chief engineers, 7.6% for news directors, 1.6% for news anchors, 4.7% for reporters, 0.6% for sportscasters -- 202-429-5376.

Financials: **Time Warner** said it will keep open until Oct. 28 its offer to exchange \$1 billion senior debt. Offer was to expire Oct. 6... Jones Entertainment Group, subsidiary of **Jones International**, filed with SEC for initial public offering of 1.35 million shares... SEC filed civil suit against SMATV operator **Future Communications**, alleging distribution of "false and misleading information." Suit charged that Chmn. Sergio Bosco gained at least \$300,000 on inflated stock price... **Oak Industries** said it will have \$1-million nonrecurring gain in 3rd quarter because of IRS refund... **Graff Pay-Per-View** filed SEC registration to issue 2.75 million new shares of common... **Shaw Communications** bought additional 1.5 million shares of **International Cablecasting Technologies**, owner of DMX cable audio service, for \$6.9 million in private placement. Deal increased Shaw stake to 13.4% from 9.4%... **Clear Channel Communications** said underwriters exercised option for additional 225,000 shares of stock at 35-3/8, beyond original 1.9-million share offering.

Telephone groups filed oppositions to NAACP bid for reconsideration of FCC's EEO rules for cable. U S West, GTE and USTA, in separate filings, said EEO rules shouldn't apply to video dial tone and other common carriers because they don't control program content. Control over content is "a reasonable test" of whether EEO rules should apply, U S West said.

Concept Communications said Nostalgia Channel board must act by midnight Oct. 8 (after our deadline) on Concept's \$2-million offer to buy one million shares of Nostalgia stock. Concept said offer is conditioned on removal of Nostalgia CEO Michael Marcovsky; offer originally expired Sept. 26.

Proposed automated marine telecommunications service (AMTS) would cause unacceptable interference to thousands of TV households, MSTV said in FCC filing objecting to Orion Telecom plan. AMTS would operate in 216-220-MHz band, near Ch. 10 and 13. Filing also charged that Orion application contained methodological flaws.

Hughes signed multimillion-dollar contract with Luxembourg's Société Européenne des Satellites to build 4th high-power TV broadcast satellite for Europe. Astra 1F will be launched into position at 19.2° E in 1996, provide digital direct-to-home service into next decade via 20 transponders, company said.

Nielsen reported that 98% of U.S. households (94.2 million homes) have TV sets, with 99% of TV households having color sets. Of TV households, 38% have 2 or more sets, 28% 3 or more, 77% have VCRs, 62% subscribe to cable. TV set is viewed in home average of 6 hours, 47 min. daily, with women heaviest users at 4 hours, 19 min.

Viewers for Public TV Accountability (VPTVA) has lodged challenge against license renewal of KCET (PBS) L.A. for alleged violation of open meetings requirement. KCET spokeswoman Barbara Goen said Oct. 6 that station abides by requirement and that VPTVA's attorney and secy., Richard Perkins, "is welcome to attend them as he has in the past." She said Perkins, former ally of David Horowitz, co-chmn., Committee on Media Integrity, isn't believed to have attended KCET board meetings "in many, many months."

Adelphia will use Scientific-Atlanta addressable interdiction equipment for a la carte services on all systems, companies said. Terms weren't disclosed.

Personals

Appointments at FX, Fox cable network: **Mark Sonnenberg**, ex-KTLA L.A. dir.-original programming and development, as vp-programming; **Michael Colacchio**, former II Forraio America vp-mktg., to same position at FX... Promotions at NBC Talent Relations & Media Services Dept.: **Larry Hart**, senior producer-media services, to dir.-media services and production; **Margaret Hodge**, production administrator, to producer-media services and production; **Gail Joseph**, mgr.-media services, to mgr.-media services and production; **Rima Simon**, coordinator-media services, to mgr.-media services and production; **Robert Fitzgerald**, broadcast production services operations mgr., to administrator, media services... **Michael Katchman**, Orion Home Video regional sales mgr., named dir.-national sales.

John Burke, Jerrold product mgr.-addressable terminals, promoted to mgr.-multimedia development, new position... **William Baker**, ex-Artisoft vp-chief financial officer, named Racotrek vp-finance and administration-chief financial officer... **Reese Stone**, ex-Philip Morris, joins Children's TV Workshop as vp-corporate communications... **Joan Robins**, ex-dir.-mktg. services, WNET N.Y.-Newark, named WETA-TV-FM Washington dir.-station relations and research, new post.

Lawrence Herbster, former WIVB-TV Buffalo station mgr., joins KOCO-TV Okla. City as pres.-gen. mgr., succeeding **Tom Kirby**, resigned... **Kenneth Hansely**, former Arbitron western region mgr., named KMEX-TV L.A. research mgr... Appointments at Encore Media: **Jeff Lampas**, Paragon Cable sales mgr.-Digital Music Express project mgr., appointed western region district mgr., succeeding **Lori Ramsey**, promoted to senior district mgr.; **Scott Perlmutter**, former Intercontinental TV Group mgr.-affiliate sales and mktg., named district mgr.-L.A., Nev., N.M.; **Tom Snethen**, central region district mgr., promoted to senior district mgr., opens satellite office in Dallas; **Elizabeth Loyola**, former Disney Channel mktg. coordinator, named affiliate mktg. rep, northeast region.

Katie Markman, Time Warner dir.-human resources, promoted to vp-human resources... Named at Q2: **Ford Ennals**, ex-Reebok International senior vp, as senior vp-mktg.; **Harlan Bratcher**, ex-Go Silk vp-sales, as senior vp-mdsg.; **Cynthia Basciani**, ex-Cap/ABC Video Publishing vp-acquisitions, programming and production, as gen. mgr.-mdsg.; **Patrick Gates**, ex-Barneys N.Y. vp-mgr.-divisional mdse., as mgr.-divisional mdsg.; **Tina Sharkey-Nederlander**, ex-Frankfurt Gips Balkind senior dir.-client services, as vp-mktg.; **Jay Scharer**, former Playboy Entertainment consultant, as vp-business development; **Kristy Loveman**, ex-MTV dir.-mktg. and sales publicity, as dir.-PR; **Betsy Perry**, former Cosmopolitan senior editor, as editor-program development.

John Wolfe, pres.-publisher Columbus Dispatch, also appointed chmn.-pres., co-owned WBNS-TV Columbus, Video-Indiana and RadiOhio, succeeding **Eugene D'Angelo**, retired... **Armando Nunez**, ex-Trimark TV, named exec. vp-international sales, Viacom Enterprises... **Christopher Keenan**, ex-Warner Bros. Animation, appointed dir., ABC Children's Entertainment.

Mary Dewhirst, former NTIA dir.-legislative affairs and public programs, joins Assn. of America's Public TV Stations as telecommunications policy lobbyist... **Mario Vecchi**, ex-Bellcore project mgr.-internetworking, named -network architecture, design and development, Cable TV

Labs... **Joseph Kennedy**, former Burson-Marsteller vp-communications mgr., appointed vp-PR, BBC Lionhart TV, succeeding **Jonathan Marder**, who becomes Random House dir.-promotion and special events... **Glen Adilman**, CBS Entertainment Productions mgr.-series development, promoted to dir.-series development... **Mike Lennon**, ex-WYZZ-TV Bloomington, Ill., named pres.-gen. mgr., WHOI Peoria.

OBITUARIES

Bruce E. Lovett, 66, former gen. counsel and chmn. of NCTA, died Oct. 3 of kidney failure at Sibley Hospital, Washington. During 1950s, he worked as civil service investigator at Commerce Dept. and FTC while attending night law school at Georgetown U., where he received degree in 1960. Lovett joined NCTA legal department in 1965, later became gen. counsel. He was with American TV & Communications 1970-1976, was elected NCTA chmn. in 1974. Lovett was very active in passage of Copyright Act of 1976. In 1977, he formed consulting firm Telesystems Development Inc., which he continued to head after becoming partner in McLean, Va., law firm Masselli & Lane in 1989, where he remained until his death. Divorced, he's survived by son, 2 daughters.

William A. Corley, 77, retired NBC News executive and former reporter for Washington Daily News and N.Y. Daily News, died of cancer Oct. 2 at Calvary Hospital, N.Y.C. After World War II Army service, he joined AP in N.Y., moved to NBC in 1955 as news editor. In 1963, he became NBC News bureau chief in Chicago, later serving in same capacity in Moscow. In 1966, Corley wrote and produced TV program The First Television War, which won Emmy. He received 2nd Emmy in 1968 as producer of 8-1/2-hour yearend review on radio. There are no immediate survivors.

On its own motion, FCC Mass Media Bureau has reduced proposed \$20,000 fine of WWWT(AM) Randolph, Vt., to \$15,000, citing Aug. policy statement on forfeitures. WWWT was fined for repeated violations of authorized power. Meanwhile, Field Operations Bureau continued to issue many fines against nonbroadcast violators, latest being: (1) 16 fines of \$5,600-\$20,000 for selling unauthorized power amplifiers. (2) 9 fines of \$200-\$350 in maritime service for transmitting without proper authorization. (3) 4 fines of \$100-\$10,000 for operating unlicensed stations.

Program Notes: Weather Channel is developing all-local weather multiplexed service as no-cost addition to systems with Weather STAR 4000 equipment, which was designed to carry 2nd service. Network also said it will provide affiliates with local weather insertion opportunities with local ad availabilities... **Mind Extension U.** said it added 1.5 million new or fulltime subscribers (some previously parttime) in 3rd quarter. It signed deals for new subscribers with Cablevision Systems, Comcast, Continental, Cox, Falcon, Rifkin, TCI, Time Warner.

More than 80% of college student respondents to survey conducted by U magazine consider Barney of PBS Barney & Friends fame "a foe" rather than "friend," magazine reported. Tone of more than 2,000 student calls to toll-free phone line established by U, which is distributed on more than 300 campuses, reportedly ranged from "disdain" to "dislike" to "hatred."

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	SEPT. 11-17	1992 WEEK	% CHANGE	SEPT. 11-17	38 WEEKS 1993	38 WEEKS 1992	% CHANGE
TOTAL COLOR.....	646,264	726,123*	-11.0	557,396	16,095,680*	14,750,310	+ 9.1
DIRECT-VIEW...	634,836	714,750	-11.2	546,296	15,821,792*	14,499,574	+ 9.1
TV ONLY.....	601,490	686,327	-12.4	523,358	14,953,862*	13,930,400	+ 7.3
TV/VCR COMBO.	33,346*	28,423	+17.3	22,938	867,930*	569,174	+52.5
PROJECTION....	11,428*	11,373	+ 0.5	11,100*	273,904*	250,736	+ 9.2
VCR DECKS.....	345,024	355,341*	- 2.9	240,148	8,002,149*	7,959,924	+ 0.5
CAMCORDERS.....	66,640	92,790*	-28.2	46,981	1,965,124*	1,822,594	+ 7.8
LASERDISC PLYRS#	4,740	6,999	-32.3	2,773	143,241	141,724	+ 1.1

Direct-view TV 5-week average: 1993--554,203; 1992--530,792 (up 4.4%).

VCR deck 5-week average: 1993--279,461; 1992--259,535 (up 7.7%).

Camcorder 5-week average: 1993--63,550; 1992--60,315 (up 5.4%).

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

FCC PROPOSES TOUGH CABLE COMPATIBILITY RULES: FCC added stronger seasoning to NCTA/EIA compromise recommendations on cable/consumer electronics compatibility (TVD July 26 p10) in its report to Congress last week. Required under Cable Act, report will form basis for proposed FCC regulations.

Among major proposals going beyond compromise reached by cable and consumer electronics industries: (1) "Immediate" prohibition on scrambling of basic tier channels. (2) Requirement that cable systems built or rebuilt after certain date use standard channel numbers and frequencies (EIA/ANSI IS-6), ending practice of "channel mapping," or use of channel designations that differ from standard. (3) Addition of specific, relatively tough, requirements for TV sets marketed as "cable-ready."

Although following industry proposals in general, FCC's recommendations appeared stricter in many aspects. Commission is required by Cable Act to "issue regulations for ensuring compatibility" within 180 days, or by next April 1.

Among FCC proposals "to provide immediate improvement:" (1) Eliminate basic tier scrambling. (2) Give consumers option to have all unscrambled signals delivered directly to TV sets or VCRs, bypassing set-top boxes. (3) Require cable systems to provide boxes with multiple descramblers, timers, etc., to let consumers use features of their equipment, on request. (4) Require systems to permit use of commercially available remote units with their cable boxes. (5) Require cable systems to provide subscribers with information on their options to improve compatibility.

In its longer term proposals, FCC specifically noted that its goal is to eliminate delivering of scrambled signals to consumers' tuners and to end use of set-top boxes. It would require all systems built or rebuilt after specified date to use IS-16 channel plan originally developed in 1983 (TVD May 30/83 p13) and since amended, which specifies numbering and frequencies for 153 channels, with IS-16 to be expanded as needed.

Commission strongly endorsed compromise proposal to develop new "decoder interface" for TV sets and VCRs that would allow analog or digital signals to enter and exit consumer device for external descrambling, permitting use of TV tuners and special features of consumer products such as PIP, recording while watching another channel, etc. Cable systems would be required to "provide service in a form that is compatible with the decoder interface" and to supply component descramblers, etc., as needed "to process compressed video

service through the component interface connector... without separate charge for the equipment or its installation."

Standards for consumer electronic equipment marketed as "cable-ready" or otherwise implying it's meant for connection to cable would be established, as required by Cable Act. Commission's proposals for basic cable-ready equipment standard would include: (1) Built-in decoder interface connector. (2) Ability to tune all of channels specified in IS-6 standard. (3) Improved tuner performance and shielding.

Initial reactions of both EIA and NTSC were positive, noting that Commission had followed lines of compromise they had reached. EIA Consumer Electronics Group (CEG) called plan "a major positive step in assuring that TV sets will work with any cable system" and expressed hope that Commission "will also ensure the creation of digital standards" to avoid incompatibility problems in digital era. NCTA spokeswoman said Assn. was "still analyzing the proposals but it appears the FCC has been very attentive to recommendations made jointly by EIA/NCTA." She added that joint working group would examine and analyze proposals in more detail.

VIDEO CD STARS AT JAPAN ELECTRONICS SHOW: Showcased product at this year's Japan Electronics Show (JES) was Video CD, shown in various prototype forms by quorum of Japan's major consumer electronics manufacturers -- Hitachi, JVC, Matsushita, Sharp, Sony. JES closed 5-day run at Makuhari in Tokyo area Sat. While Philips continues to make mighty effort to promote CD-I and its digital video version for consumer market, interviews with Japanese manufacturers strongly suggest that they will rush to linear Video CD format, skipping CD-I.

On eve of show, Philips officials in Japan said final specs for linear version Video CD had been shipped to licensees from Eindhoven. Satoru Takahashi, mgr. of Marantz Japan (Philips) CD-I development office, said manufacturers had received "Version 1.1," covering basic system but not including special effects such as still video and other optional extras, which are due next year after testing. Takahashi said he was gratified at acceptance of Video CD by Japanese manufacturers, which he said will widen appeal of CD-I. He reiterated that Philips had no plans to introduce dedicated Video CD player.

Dedicated Video CD players abounded at JES, however. Matsushita demonstrated first Video CD changer, which accommodates 3 discs -- total playing time of more than 3-1/2 hours -- as well as single-play deck. Demonstrator at Matsushita exhibit also showed 3DO system and pointedly noted that it would play Video CDs with full-motion video (FMV) cartridge, due next spring. He downplayed CD-I, which Matsushita currently sells in Japan, as educational and commercial product not for consumer market. Like other manufacturers, Matsushita declined to give marketing date, but indicated Video CD would be available within year.

Sony demonstrated Video CD player in minideck format, but noted that unit was developed for JES and wasn't production prototype. Demonstrator said Sony would introduce player in mid-1994 at price equivalent to \$185-\$285 higher than audio-only players, with software probably including music videos and movies. Hitachi showed first combination color TV set and Video CD player, designed, according to attendant, for movies, karaoke, Photo CD. Next to Hitachi's combo, affiliate Nippon Columbia demonstrated 200-disc Video CD changer for commercial karaoke market.

JVC showed 3 prototypes -- standard and minicomponent sized decks and Wonder Mega videogame system equipped with Video CD. JVC, which was first to sell forerunner of Video CD as commercial karaoke system, said through spokesman that it had consumer product in mind during development, but will continue to concentrate on commercial karaoke market -- using newly finalized specs -- before introducing consumer product. Sharp demonstrated mini stereo component system with Video CD, but attendant said company hasn't decided on actual products or marketing dates.

Video CD market may grow faster than CD-I at start, it was conceded by Wataru Fujihira, secy.-gen. of CD-I Consortium Japan. However, he said that CD-I player is being positioned as "superplayer" in CD family, that Video CD itself was made possible by CD-I and that ultimately CD-I will be recognized as high-end line.

Matsushita said some 200 software titles are being developed for Japanese market debut of 3DO, scheduled for spring. Demonstrator insisted on repeating assertion of Matsushita officials at Berlin show that 3DO player would be able to play back CD-I discs (TVD Sept 6 p11), which has been flatly denied by officials of Philips and as recently as last week by Panasonic officials in U.S.

With Japanese hi-fi industry's showcase Audio Fair scheduled for later in month in Tokyo and Matsushita and Sony already having lifted cloak on new-generation DCC and MiniDisc (MD) products in news conferences previous week (TVD Oct 4 p17), little digital audio drama remained to be found at JES.

Exhibit attracting longest lines of showgoers was Sanyo's 3D projection TV system that requires no glasses (TVD Oct 4 p14). American product that drew crowds at last 2 Consumer Electronics Shows and Berlin Fair gave repeat performance at JES. This was Virtual Vision "personal projection TV" goggle system, scheduled for introduction in Japan in Dec. at suggested price of about \$1,130. Officials said they expect to sell 60,000 in Japan in first year, increasing output to 50,000 monthly after introduction in Europe and Southeast Asia next spring. Product currently is manufactured in U.S.

JAPAN SINKS TO 2ND RANK IN VCR IMPORTS: Japan fell to No. 2 as source of imports of VCR decks to U.S. in July for first time in any month. Displacing Japan was Korea, source of 398,100 VCRs in July, as opposed to 353,500 from Japan. For year's first 7 months, Japan still was leading source of VCRs for U.S., but its shipments were down 26.2%, while imports from Korea, Malaysia, Indonesia and Singapore were up, with only Thailand and Taiwan showing declines from same 1992 period. China was new to list this year, as source of 69,800 decks, most of which are believed to come from Funai plant there (TVD Oct 4 p14).

In July, imports of VCRs from Japan were down 28.3%, and Korea pulled ahead with only 1.2% increase over July 1992. For first 7 months, it passed Malaysia for No. 2 spot, according to Commerce Dept. import data. In July, Japan was source of only 28.9% of total VCR imports, record low; for 7 months, its share was 33.5%. Showing up at bottom of 7-month VCR import list were 8,800 from Mexico and 8,600 from Panama, presumably transshipments.

Camcorder imports continued to climb, up 26.3% for month and 19.6% for 7 months. Trend toward decrease of 8mm's share of total supply continued -- that format constituted only 29% of total supply in July, down from 35% in July 1992. Unlike other products, camcorders continued to be almost exclusive domain of Japan, which was source of 95.6% of total in July. Only other source countries of any significance in 7-month period were Korea (both 8mm and "other"), which shipped 79,600, and Malaysia -- showing up for first time in July, with 3,800 in both formats.

Mexico solidified its position as primary source country for color TV, supplying 65.9% of imports in July, up whopping 57% over year earlier to 646,400. While no other country came close, Thailand was No. 2 in July with 159,400. Color TV imports from Mexico passed 4 million in 7 months, with Malaysia as runner-up with 716,400. With total color imports ahead 9% in July, only country other than Mexico to show increase over last year was Thailand, up 7.6%. In monochrome, China widened its lead over every other country, supplying 64.9% of b&w sets in July, 53.2% in Jan.-July.

Flat-panel color TVs took 400% jump in July. While bulk continued to come from Japan, there was smattering of shipments from Malaysia, Singapore, Mexico and China in 7-month period.

CD players took real walloping in July, dropping 36.1% from year earlier to 671,500, with year-to-date figure down 11.7%. Japan's shipments in month were off 48.3%, with only Malaysia showing increase (up 222% to 89,600). First shipments from Hungary showed up in July (7,800), unusual since Eastern Europe hasn't figured in mainstream consumer electronics imports so far. Here's summary of imports derived from Commerce Dept. data:

Product	July 1993	July 1992	% Chg.	7 Mo. '93	7 Mo. '92	% Chg.
Color TV.....	980,700	898,600	+ 9.1	6,482,800	5,858,000	+10.7
Monochrome TV....	198,000	150,900	+31.2	1,116,900	1,015,700	+10.0
Flat TV, color...	60,900	27,400	+122.4	274,800	152,300	+80.5
VCR decks.....	1,222,800	1,372,600	-10.9	7,320,000	7,850,700	- 6.8
Camcorders.....	353,600	272,000	+26.3	1,693,400	1,415,900	+19.6
8mm.....	99,700	95,100	+ 4.8	607,900	585,800	+ 3.8
Other.....	243,900	176,900	+37.9	1,085,400	830,100	+11.7
Videocass. players	146,900	66,100	+122.1	484,300	323,400	+49.8
CD players.....	671,500	1,020,000	-36.1	4,269,684	4,836,000	-11.7

3DO-U S WEST TEST: U S West and 3DO announced joint test of interactive TV in Omaha in move that could boost former's efforts to secure support for its multimedia technology. Under agreement, 3DO will supply U S West with graphics chips and software for TV decoders allowing consumers to call up usual variety of services, including videogames, electronic shopping, video-on-demand. FCC must approve trial designed to reach 100,000 consumers in Omaha by end of 1994.

Silicon Graphics is supplying decoders for Time-Warner trial in Orlando later this year and Microsoft and Intel have teamed with Jerrold. Jerrold project has been postponed until June, but is to feature digital converters by late 1994.

Agreement also represents departure for 3DO, which has concentrated on developing home market. Multimedia player hit retail shelves under Panasonic banner Oct. 1 and extensive ad and promotional campaign is scheduled for fall selling. Manufacturer of converters for Omaha trial hasn't been selected.

Sales of multimedia player were said to be brisk, with Wall St. Journal quoting Software Etc. store manager as saying "we've had people slobbering over the phone" to obtain product. Panasonic has declined to say how many players were shipped, but some retailers reported receiving as few as 3.

Software Toolworks and Sanctuary Woods broke from gate early last week to ship titles for multimedia player. Sanctuary Woods claimed to have supplied first title to retail when it released Shelley Duvall's *It's a Bird's Life* at \$54.95, while Software Toolworks pitched titles to analysts at Salomon Bros. interactive multimedia conference. Software Toolworks CEO Robert Lloyd said company will ship five 3DO titles at \$49.95 by end of fiscal year in March. Software Toolworks has invested \$450,000 in 3DO development, with break-even on each title at less than 5,000, Lloyd said.

Software Toolworks also will sell off remaining inventory and scrap Miracle piano teaching system hardware by late 1994 to concentrate on software applications, Lloyd said. Teaching system, which attaches to TVs and personal computers, has been drag on publicly held company's earnings in recent months and represents 10% of revenues. Overall, it will expand software offerings to 106 titles from 56.

Voice Powered Technology, citing costs related to recently abandoned telemarketing campaign, projected \$2.5-\$3 million 3rd-quarter loss. Loss comes as Canoga Park, Cal., company shifts focus of VCR voice programmer from telemarketing to retail and projects lower revenues and losses for 3rd quarter ended Sept. 30. Company forecast \$1 million operating loss with \$1 million reserve to cover costs of ending year-old telemarketing program that included 30-min. infomercial. It's expected to introduce 2nd voice-powered product, Voice Organizer, this week. Organizer serves as memo pad, calendar, calculator, stores 100 names and 400 telephone numbers, company said. Voice Organizer, designed to compete with such products as Sharp's Wizard, will be available in 1994 first half at \$129-\$149 retail.

Sega shipped record one million Genesis units in Sept. and reported 200% increase in sales of handheld Game Gear system, company said. Sega also is preparing to ship 3 new games based on Sonic Hedgehog character in late Nov.

NINTENDO CUTS PROFIT FORECAST: Nintendo conceded decade of rising growth may be at end as it trimmed year's earnings forecast in face of yen's strength against dollar. For year ending March 31, Nintendo expects consolidated pretax profit of <157>121 billion (\$1.14 billion), down 29% from earlier forecast. Videogame maker also projected sales of <157>550 billion (\$5.19 billion), 18% drop.

Nintendo appears to have been caught by decision to concentrate production in Japan where impact of yen's strength against dollar has been greatest. Archrival Sega assembles 70% of products in China, Hong Kong, Taiwan.

While Nintendo has yet to adopt countermeasures, officials have said some Game Boy production may move to China in April. They also reported plans to reduce reliance on exports in 2nd half and launch sales drive in Japanese market. "In the first half, our export ratio was 59% of sales, but we expect it will fall to 42% in the 2nd half," Nintendo said.

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Sanyo/Fisher, citing strength of yen against dollar, has postponed shipment of industry's first 8mm camcorder to use LCD panel as external viewfinder (TVD May 3 p12). Shipments of Fisher FVC-30, scheduled to begin last month, will be postponed until camcorder can be exported at more competitive retail price, Mktg. Vp Michael Shoemaker said. Model was to have had \$999 street price. FVC-30 features 2.2" color LCD monitor remote control with built-in speaker. Fold-down monitor remote connects to either camcorder hot shoe or to supplied 8.2-ft. wire. Optional tilt head (\$250) enables users to move camcorder manually or via remote. Shoemaker said camcorder isn't at "the [price] level it needs right now" to be competitive.

3DO is creating 2 affinity organizations: (1) "3DO International Organization," geared to "developers, publishers, producers, hardware manufacturers, dealers and distributors -- everyone with a business interest in 3DO technology and products." Membership is \$95 for individuals, \$250 for 3 registrants from single company, \$50 for each additional registrant from same firm. Benefits include newsletter, forum on 3DO Infoserver, access to market research and reports, participation in special interest groups. (2) "3DO Club," consumer organization whose members will get quarterly newsletter, merchandise, etc., for \$16.95. 3DO has moved to new hq at 600 Galveston Dr., Redwood City, Cal. 94063, phone 415-261-3202, fax 415-261-3230.

Luskin's has been ordered to set up \$500,000 fund for customers induced to shop at consumer electronics chain by free air fare promotion, Md. Attorney Gen. office said. Report in Oct. 7 Annapolis Evening Capital said Columbia, Md., retailer ran ad in summer 1992 offering free air fare to Hawaii, Fla. and Bahamas to customers making minimum \$200 purchase. To redeem ticket certificates, customers had to pay Fla.-based Vacation Ventures hundreds of dollars for hotel rooms and other fees for trips to Fla. and Bahamas, Attorney Gen. Joseph Curren said. Thousands of dollars were paid for trips to Hawaii, he said. Number of customers eligible for fund wasn't available immediately, but will be determined by sales receipts, report said.

THIS WEEK'S YEN RATE

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

FORD TO OFFER MD PLAYER: MiniDisc camp drew first blood in high-stakes contest to win support of automotive OEM community on new digital audio format when Ford announced that 1994 Mustang will be first car in U.S. to offer MD player as "factory authorized" dealer option.

Ford Audio executives generally sidestepped our questions on pricing or source of Ford MD player, but Ford has long-standing technology partnership with Sony, which supplied it with DAT car player several years ago. Ford Audio spokesman said MD player will be available "concurrent" with official launch of 1994 Mustang Dec. 9, but "preselling" will allow some dealers to stock MD inventory as early as Nov. Player is being offered as dealer installable option on Mustang models equipped with optional cassette radios or top-of-line Mach 460 audio systems.

Jim Corwin, Ford Electronics dealer sales and service mgr., described MD as "the next-generation product in the digital audio family" that will be "particularly well suited to the youthful on-the-go life-styles of Mustang owners." He said MD "should be a hit with youthful Mustang buyers" because of its shock resistant and random access features.

Ford MD commitment isn't surprising when judged in context of comments by other company executives who seemed favor Sony format over DCC (TVD Aug 2 p15).

Other big automakers seemed to content to watch Ford from sidelines. Delco Mktg. Mgr. Bill Jenkins said his company has evaluated DCC for longer period than rival MD because Philips announced technology earlier. Delco has taken DCC to point at which it would be ready for market and is preparing to "get up to speed" on MD as well. Jenkins said "we need to be prepared to market both" digital audio formats, but decision "is going to be made by consumers."

Multimedia market will hit \$30 billion in 1998, according to report from Information Workstation Group consulting firm. However, study titled "Multimedia Opportunities" cautions that market is being portrayed incorrectly as single entity, and projections of its growth are overly optimistic. Top 3 applications in 1998, report said, will be entertainment (\$9.1 billion in gross revenues), publishing (\$4.7 billion), education and training (\$4.3 billion). Some of those will be included in interactive multimedia services to home, which are projected at \$8.1 billion that year. Report costs \$1,890, phone 703-548-4320, fax 703-838-9271.

Thomson shipped record one million consumer electronic products in Sept. under RCA, GE and ProScan brands, company said, representing \$400 million in factory sales. TCE Exec Vp Joseph Clayton expressed confidence that Sept. shipments would set pace for strong sales in holiday season. Overall, industry TV sales are up 7% from year earlier and are projected to reach 23.5 million, Clayton said. He tied TCE's increases to programs that continue this month with "RCA Championship Series" print ad campaign and promotion offering consumers Nipper and Chipper replicas with purchase of RCA TVs, VCRs, camcorders, audio systems, laserdisc players.

Roberd's, poised to open 6th store in Tampa, filed with SEC for 2.7-million-share stock offering. Fifteen-store Dayton, O., chain, which sells furniture and consumer electronics, projects expansion to 20 outlets by end of 1994, with new stores slated for Sarasota and St. Petersburg.

SEPT. RETAIL SALES: **Best Buy** said sales in 5-week period ended Oct. 2 jumped 71% to \$266 million from \$156 million in same year-earlier period. Year-to-date sales rose 85% to \$1.27 billion from \$688 million. Same-store sales increased 22% in Sept., 21% in year's first 31 weeks. Company said it opened 3 stores in month, including first in Tyler, Tex., and 19th in Chicago area.

Good Guys posed 18% sales increase in 4th quarter ended Sept. 30 to \$141.5 million from \$119.8 million year earlier. For 12 months, sales were up 10% to \$552.4 million from \$503.9 million. Same-store sales rose 7% in quarter but were flat for 12 months. Company said it entered San Diego area Oct. 1, opening one store each in Carlsbad, Encinitas, La Mesa.

Rex Stores (formerly Audio/Video Affiliates) said it had 27% sales increase in month to \$19 million from \$15 million year earlier. For year to date, sales rose 27% to \$149.5 million from \$117.8 million. Same-store sales were up 7% for month and 10% for year.

Tandy's U.S. retail operations unit said Sept. sales increased 17% to \$298.3 million from \$255 million year earlier and same-store sales 8%.

Fretter reported net income rise to \$1.13 million in 2nd quarter ended July 31 from year-earlier \$857,500 on 2.7% sales increase to \$87.64 million. However, new competition in Boston and Chicago from Best Buy and Circuit City led to 1.8% drop in comparable-store sales. For 6-month period ended July 31, net earnings rose to \$4.3 million from \$1.24 million on 4.5% sales gain to \$167.08 million. Comparable-store 6-month sales were unchanged due to 97% rise in air conditioner sales.

Franklin Electronic Publishers, expanding distribution of digital book system (DBS) to business channels, will supply Allen-Bradley Div. of Rockwell with customized PocketView models in Nov. PocketView, sold to Allen-Bradley in \$100,000 deal, contains specs and illustrations of some of Milwaukee company's 350,000 products. Five-line LCD unit will be distributed to company's 1,000-member U.S. sales force at cost of \$75 for hardware and \$25 for IC, company said. Paging feature will be available at additional \$50. Franklin has formed Custom Electronic Book Group to target commercial channels and is negotiating other agreements, it said. Franklin also said it will ship low-end DBS system in early 1995 at under \$50 retail. New unit is expected to be smaller and lighter than existing \$100 system, but have less memory than current 20 Mb. Franklin said DBS has sold 80,000 units since introduction in 1992, half to medical market.

GoldStar and **Samsung** were spared heavy penalties in latest color TV antidumping findings by Commerce Dept.'s International Trade Administration (ITA). Final determination for period ended March 31, 1991, found Samsung's dumping margin to be 0.37%, GoldStar's 0.8%. Margins for other Korean manufacturers: Cosmos 16.57%, Daewoo 4.1%, Samwon 16.57%, Tongkook 16.57%. Quantronics' margin continued at earlier 3.63% because it had no shipments in one-year period under review. Dumping margins determine amount of cash deposits that must be paid upon importing color TVs, effective until next final determination.

Help wanted: Thomson Consumer Electronics advertises for patent counsel for U.S. hq in Indianapolis. Opening is "immediate."

SONY'S WIRELESS MOUSE REMOTE: "VisionTouch" gyroscopic wireless mouse remote handset that operates multiple brands of audio/video components via onscreen graphics was unveiled officially by Sony in N.Y. news conference. Event served to preview merchandising plans and products designed to "elevate the home entertainment experience to a higher power."

Effort, code-named "e³", was described by John Briesch, deputy pres., Sony Sales & Mktg. of America, as "a better solution" to demonstrating home entertainment systems at retail and communicating benefits to consumers.

Egg-shaped VisionTouch handset beams "primary" RF signal to receiver, which acts as translator, converting commands to "secondary" infrared beam that controls other components. Sony said it will emphasize versatility of VisionTouch, which among other capabilities allows user to create custom screens for operating other infrared-controlled devices in home beyond audiovideo realm.

Although system is confined currently to company's high-end ES product, there was speculation that versions of VisionTouch would be applied to other Sony video and audio systems. Products shown in N.Y. include receiver, scheduled to ship next month to ES-franchised dealers at \$1,700 list. VisionTouch feature drew rave reviews from dealers who were given sneak peak at last June's Consumer Electronics Show.

In merchandising support area, Sony has created freestanding display modules that simulate home living room setting and are adaptable to space requirements of individual dealers. Displays feature console that at push of red button plays self-demonstrating laserdisc presentation on range of home entertainment products available generically and in Sony line.

Briesch said that although U.S. consumers spend \$20 billion annually "on their love affair" with home entertainment, their ability to enjoy experience "is limited by the type of home entertainment products that they own." At time when software markets are "exploding," he said, only half of U.S. TV households have installed sound systems. Moreover, although virtually all prerecorded videocassettes have hi-fi capability, only 25% of VCRs sold today are hi-fi-equipped.

"While nearly every electronics manufacturer today makes products that can reproduce the total home entertainment experience, unfortunately our industry has not been able to communicate the capabilities and possibilities of these products to the consumer at retail," Briesch said. "As a result, most retailers continue to struggle in their attempt to merchandise and demonstrate home entertainment in their stores. Most of them continue to present audiovideo components by categories, which has resulted in endless walls of nondifferentiated models."

Alliances between furniture makers and consumer electronics suppliers (TVD Sept 13 p10) "are a step in the right direction" in encouraging retailers and consumers to envision possibilities of home entertainment integration, Briesch said, but "they still fall short of delivering an exciting and impactful demonstration. Clearly, we must deliver a better solution."

Sharp will enter U.S. cordless phone market, shipping from plant in Malaysia, according to Japanese reports, which said company is aiming for sales of 500,000 units here next year.

EMERSON FILES CHAPTER 11 PLAN: As expected, Emerson Radio last week filed restructuring plan in U.S. Bankruptcy Court, Newark, under which principal shareholder Fidena Investments Ltd. would invest \$90 million -- previously announced \$75 million plus \$15 million debtor in possession financing -- and at start would own 90% of reorganized Emerson.

If all rights were exercised, Fidena would hold 60% of Emerson's stock, former shareholders 30%, creditors 10%, company said. In filing, Emerson said it had \$208.3 million in assets, liabilities of \$254.3 million. It's in default on \$223 million of debt and has reached agreement with major creditors, but not with holders of \$55 million in privately placed notes.

Emerson said Bankruptcy Court Judge William Touhey granted its emergency motion for authorization to pay \$3.5 million to Otake Trading Corp. and related companies and \$30,000 to parts vendors. Otake is related to Orion, principal supplier of TVs and other products to Emerson.

N.Y. Stock Exchange suspended trading in Emerson common stock Oct. 5 and said it will apply to SEC to delist it. NYSE noted that company had fallen below its continued listing criteria relating to aggregate market value of publicly held shares, net tangible assets, income, etc. Stock was last traded Sept. 29, when it closed at 15.6¢. In last 52 weeks, high was 2-5/8.

European consumer electronics market will decline this year to \$45 billion from \$46.6 billion in 1992, according to BIS Strategic Decisions. BIS estimates, covering 16 Western European countries: Color TV, 22.4 million units at \$14.8 billion in 1993, from 22.3 million at \$15.4 billion in 1992. VCR, 12.2 million at \$6.7 billion, down from 12.3 million at \$7.1 billion. Total audio, \$17.8 billion from \$18 billion. CD players, 6.1 million at \$1.6 billion, from 6.4 million at \$1.7 billion.

EIA has identified 19 different consumer electronics retail categories as aid to classification of dealers. In alphabetical order, classifications are: Camera store, catalog showroom, CD/record/tape store, computer and software store, dept. store, drug and grocery, electronic appliance and TV, electronic specialty, electronic superstore, mass merchant, mass merchant superstore, mail order, miscellaneous, mobile electronic, office supply, rental, TV shopping network, warehouse club.

Korea's Daewoo Electronics said it has contract for initial export of 50,000 VCRs to Wal-Mart. Four-head units are claimed to be first "fully Korea developed VCRs" to be exported. Model uses "Super Simple System" (3S), featuring "greatly simplified" programming and other systems. Company said success "could lead to large-scale exports in the future."

Hitachi has no relationship with Home Theater Products (HTP), Sales Vp Gary Bennett told us in commenting on 8-K report filed by HTP that claimed its Acoustivision Home Entertainment Centers incorporate Hitachi projection sets (TVD Oct 4 p16). HTP couldn't be reached by our deadline.

Beyond Electronics opened 3rd kiosk-based store Oct. 1 in Pembroke Lakes Mall outside Ft. Lauderdale. Newest outlet in 15-store chain of in-line, freestanding and kiosk stores is 180 sq. ft., offers personal CD players and other portable electronics.

KOREA LEADS IN VCRs: It may be only temporary, but Korea leapfrogged over Malaysia and Japan to become America's No. 1 source of VCRs in July (see separate report, this issue). In color TV, Mexico was only country to post increase in July, although 7-month figures show China, Malaysia and Thailand also ahead of last year. Here are imports by country, derived from Commerce Dept. figures:

VCR Decks				
	July	% Chg.	7 Months	% Chg.
TOTAL....	1,222,800	-10.9	7,320,000	- 6.8
Japan....	353,500	-28.3	2,453,500	-26.2
Korea....	398,100	+ 1.2	1,737,900	+ 0.6
Malaysia.	196,000	+ 7.7	1,579,000	+34.2
Indonesia	121,000	+31.0	620,100	+42.4
Thailand.	45,600	-73.0	429,200	-52.9
Singapore	72,900	+285.2	334,600	+144.2
Taiwan...	7,500	-65.3	71,800	-41.9
China....	24,400	*	69,800	*
TV Sets				
TOTAL....	1,178,700	+24.1	7,588,700	+10.6
color....	980,700	+ 9.0	6,482,800	+10.7
b&w....	198,000	+31.2	1,116,900	+10.0
Mexico				
color...	646,400	+57.0	4,007,800	+25.7
China				
total...	177,400	+110.8	981,000	+69.2
color...	48,900	- 2.7	387,000	+15.9
b&w....	128,500	+279.5	593,900	+141.8
Malaysia				
total....	95,200	-13.5	822,600	+ 0.7
color....	74,400	-25.0	716,400	+40.7
b&w....	20,800	+91.2	106,200	-65.5
Thailand				
total....	159,400	+ 7.6	661,000	+ 4.0
color...	159,400	+ 7.6	652,400	+ 2.9
b&w....	0	*	8,600	+633.1
Korea				
total...	37,400	-45.1	384,300	-51.1
color...	20,300	-75.2	254,000	-47.4
b&w....	17,100	+131.7	130,350	-56.9
Taiwan				
total....	17,600	-55.2	236,000	-33.4
color...	3,000	-55.6	59,300	-34.2
b&w....	14,600	-55.1	176,700	-33.2
Japan				
total...	17,400	-39.9	199,500	- 5.0
color...	9,200	-55.6	134,200	+ 3.4
b&w....	8,200	- 1.0	65,300	-18.3
Singapore				
color...	11,500	-77.4	141,700	-55.3
Hong Kong				
total...	8,600	-68.6	69,900	-34.6
color...	5,600	-74.2	50,400	-35.6
b&w....	3,000	-46.3	19,600	-31.9
Canada				
color...	1,600	-51.3	41,400	+24.5
Philippines				
color...	40	---	34,100	-26.5

* No significant shipments in 1992.

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

PHILIPS SELLING SUPER CLUB: There will be no immediate move to bring Super Club music and video software outlets under Blockbuster umbrella, Senior Vp-Treas. Gregory Fairbanks told us after company's well-publicized agreement to purchase U.S.-based Super Club operations from cash-hungry Philips for reported \$150 million.

Under deal, Blockbuster may opt to pay cash or combination of cash and shares for 430-store Super Club subsidiary, owned by Philips since 1992. Philips, which currently has 7-1/2% stake in Blockbuster, could see its share rise to 10-1/2% if Blockbuster decides to swap its own shares for subsidiary.

While U.S. Philips sources told us company would have no official comment on transaction at least until deal is completed next month, Financial Times quoted unnamed Philips officials as saying divestiture shouldn't be construed as setback for Dutch company because it will remain closely involved in U.S. software retail market through its Blockbuster investment.

However, that's far cry from scenario once envisioned by former executives of Super Club N. America, who viewed chain's impending alignment with Philips as "catalyst and influencing agent of how hardware is defined."

Super Club Retail operates about 270 stores under names Record Bar, Tracks, Turtles, Rhythm and Views and owns about 160 video superstores in 13 states. Deal announced last week doesn't affect Philips ownership of Super Club stores in Netherlands and Belgium, where chain is market leader.

In separate transaction, as Philips sell-off continued, subsidiary of Selectron Corp., U.S. custom manufacturer, bought Philips Circuit Assemblies business in Dunfermline, Scotland. Contract assembler's U.S. counterpart, also called Philips Circuit Assemblies, was sold to Group Technologies Corp. (TVD July 5 p15).

First public 3-way faceoff among consumer multimedia formats is scheduled for Grand Rapids, Mich., Oct. 22-23 by Classic Stereo & Video, 2-store dealer. In display at "Big Boys Toy Show" staged by local radio station, Classic will let consumers test-drive CD-I, 3DO and LaserActive systems, with representatives of Pioneer, Philips and Panasonic on hand to answer questions. Pres. Dan Johnson said company has been relatively successful selling CD-I machines and 3DO "has gotten a fair amount of play in the local press," but expects Classic to be giving most showgoers first exposure to all 3.

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Consumer Electronics Personals

Shoichi Yamada named pres., Pioneer N. America, continuing as pres., Pioneer Electronics (USA); **Tom Haga**, 23-year Pioneer veteran in various posts, including gen. sales mgr., International Business Group, becomes pres., Pioneer New Media Technologies, succeeding **Pete Inamura**, who returns to Tokyo-based parent company in unspecified role... **Philip Petesia**, Goldstar national TV mktg. mgr., promoted to dir.-TV and VCRs; **Keith Davies**, ex-Sharp, joins as northeast sales dir... **David Olek**, ex-Selectronics CEO, named Franklin Electronics gen. mgr.-custom book group.

Orrin Charm, Interior Systems Design, L.A., named chmn., Systems Integration Council, Custom Electronic Design & Installation Assn. (CEDIA), succeeding **Michael Avery**, who has left CEDIA board... **Hope Neiman** joins JBL Professional Group as exec. vp-mktg... **Malcolm Miller** appointed managing dir., Amstrad's worldwide parent company, succeeded as Amstrad Group sales and mktg. dir. by **Bernhard Steiner**; **Bordan Tkachuk** shifts to sales and mktg. dir. for Amstrad U.K., but will continue to supervise Australian operations.

Departures from Cap/ABC Video Publishing: **Cynthia Basciani**, vp-acquisitions, programming and production, to become Q2 gen. mgr.-mdsg.; **William Cooper** to be senior vp-chief financial officer, DIC Entertainment... **Myers Co.** appointed PR agency for Orion Pictures and Home Video; **Michael Katchman**, Orion Home Video regional sales mgr., appointed dir.-national sales... **Stephanie Long**, ex-Ronnie Gunnerson Assoc., named LIVE Home Video PR dir... **John Blake**, ex-Entertainment Direct, joins Northstar Entertainment as national sales mgr.

STEREO TV AT RECORD: Aug. seems to be month when dealers buy stereo TV. At least, record for stereo's share of color TV sales set in Aug. 1992 -- 44.1% -- remained on books until Aug. 1993, when it was beaten by more than 2 full percentage points.

EIA reported last week that 46.4% of color TVs sold to dealers in Aug. 1993 had broadcast stereo audio capability. For year's first 7 months, 40.4% were stereo, up from 39.2% in same 1992 period. In Aug., stereo sales rose 12% and total color sales 6.4%. Total of 812,379 sets had stereo in Aug. 1993 vs. 725,307 in Aug. 1992.

In 1993's first 7 months, sales of color sets with stereo increased 11.5% and total color 10%. Sales of stereo-equipped sets in period totaled 5,293,674, up from 4,746,790 in 1992's first 7 months.

RIAA has scrapped plans to release midyear music industry sales statistics. Spokesman said decision by Assn.'s market research committee followed "minor uproar" that arose in some industry circles last spring among those who questioned accuracy of 1992 year-end statistics. Spokesman said committee decided in recent weeks not to release additional statistics until methodology could be reviewed or modified.

Rayovac returns to TV this fall after 2-year absence with \$20-million campaign to promote first rechargeable alkaline batteries. Three 30-sec. spots will air through first quarter of 1994 highlighting Renewal AA, AAA, C and D batteries retailing for \$5-\$6. Campaign also will include print ads.

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Recoton has settled lawsuits against 2 of 9 vendors accused of violating patents covering device to prevent phone cords from tangling. Consent judgment and permanent injunction were part of settlements with Coby Electronics and Outwater Plastics stemming from suit filed in U.S. Dist. Court, N.Y., in June. Under agreement, Coby and Outwater were granted licenses. Negotiations are continuing with other vendors -- Arista, Jan Lien Co., L.K.G. Industries, Saiko, Sanbor, Sprint, Steren Electronics. Recoton alleged companies infringed on 5 patents covering its Tanglefree device. Suit also charged trademark infringement, noting that Saiko and Outwater used variations of "Tanglefree" name.

Warrantech Corp. shareholders approved deal giving American Insurance Group (AIG) 20% (\$6.4-million) stake in service contract company. Agreement sets up TechMark Services, Northampton, England, joint venture that will sell 3- and 5-year contracts for consumer electronics and major appliances in Europe.

Sony is expected to introduce first 5" color Watchman with CRT in Nov. Sixth in Watchman line-up, set is expected to retail at \$299. Sony markets 5" mono Watchman.

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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HURDLES FOR BA/TCI: House, Senate plan hearings. FCC review suggested. Thousands of local regulatory actions likely. Yet partners see few problems. (P. 1)

MERGER NUMBERS, STRATEGY: Bell Atlantic/TCI deal is 2nd largest ever. Telco pays premium price. Partners cite telecommunications infrastructure boost. (P. 2)

CBS, GE PROFITS JUMP: CBS up 177% to \$118.3 million, led by network. NBC, other reports. (P. 4)

STATION PROFITS UP in 1992, NAB says. Average top-10 market station had \$67 million revenue, pretax profit of \$16.5 million. (P. 4)

BUDGET CONFEREES KIND TO FCC: FY 1994 House-Senate appropriations recommendation includes \$30-million increase, more staff, permission for fees. (P. 5)

BELLSOUTH GOES PRIME, buys 22.5% of midsize cable MSO, gets option for rest. Telco to finance Las Vegas system rebuild. (P. 5)

CONSENT PRESSURE CLAIMED: McKinnon says TCI links Beaumont retransmission deal to Corpus Christi, where stations still are off cable. (P. 6)

FCC SETS AUCTION RULES, says microwave links are subject to competitive bidding. Broadcast spectrum generally excluded, cable affected. (P. 6)

TCI/BELL ATLANTIC FACES REGULATORY HURDLES: Bell Atlantic takeover of TCI could result in thousands of local franchise actions, FCC decisions and congressional oversight. Attorney Gen. Janet Reno and Vice President Gore said federal govt. would conduct careful antitrust review of merger (see separate story, this issue), and both House and Senate are planning hearings related to merger. Justice Dept. and FTC haven't determined which will take lead in antitrust area, Justice spokeswoman said. House Telecom Subcommittee Chmn. Markey (D-Mass.) also has asked FCC to conduct inquiry. Despite all that, BA Chmn. Raymond Smith said: "I really expect we will have no real problem with this transaction."

FCC Chmn. Quello called BA takeover "the most momentous deal of the decade." Despite "positive potential," he said, "it would be inappropriate to prejudge the merits of this transaction before a detailed review of the facts" that FCC will be required to make.

Issue isn't whether telcos should be allowed into cable, but under what conditions, Markey said. He said it's "clearly unacceptable" for Bell Atlantic to own both cable and telephone wires into homes of subscribers, as it would in Washington and Pittsburgh, where TCI has systems. He said FCC should "assess the potential technological and market bottlenecks created by mergers, acquisitions and alliances among cable, telephone

Consumer Electronics

FIRST 3-MILLION-SET MONTH in color TV sales to dealers reported by EIA for Sept. It also was all-time best month for projection and VCRs. (P. 10)

2 OLD-LINE TV SET NAMES changing hands: Curtis Mathis is bought by Enhanced Electronics; Emerson files terms of reorganization plan with Bankruptcy Court. (P. 11)

SHARP TIES GROWTH to development of LCD technology, earmarking more than \$760 million for project for next 3 years. Is 25" version in future? (P. 12)

HONG KONG ELECTRONICS FAIR heralds role as gateway to China, as exhibits prepare for Mainland takeover. (P. 12)

MATSUSHITA AND AT&T agree to jointly develop applications for 3DO, with Matsushita supplying OEM hardware to AT&T, Japanese report says. (P. 13)

JAPAN AUDIO FAIR features prototypes and mockups of new versions of DCC and MD digital audio systems. Toyota to feature MD system from Sony. (P. 14)

LUSKIN'S FILES APPEAL of order to reserve \$500,000 for consumers who responded to 'free air fare' offer. Other dealers used similar promotions. (P. 14)

VOICE ORGANIZER is new addition to pocket memo arsenal from Voice Powered Technology, storing dictated memos, phone numbers, for instant recall. (P. 15)

and computer companies." Sen. Metzenbaum (D-O.), chmn. of Antitrust Subcommittee, condemned deal, said he too will hold hearings and called for FTC and Justice to step in. He said merger is "a double whammy for consumers -- they could face overcharges for both TV and local phone service." House Judiciary Committee Chmn. Brooks (D-Tex.) said his panel also will take interest in BA/TCI deal. While not committing to holding hearings, he said: "We are increasingly moving to a situation where there may be 3 or 4 media/telecommunications giants that have vertically integrated operations over production, supply, distribution and even retail delivery to consumers."

For sponsors of bill (HR-1504) to allow telcos into cable business in their service territories, BA/TCI merger is another argument for legislation. Rep. Boucher (D-Va.) said merger "underscores more than any other event to date the need for repeal of the cross-ownership restrictions to allow full competition in cable and phone service." He said he wasn't worried about possible consolidation in communications industries, predicting that in few years there could be only dozen large companies offering services. Rep. Oxley (R-O.), other major sponsor of HR-1504, said merger would help passage of bill because there's "some need for certainty out there."

Merger "of this magnitude warrants particular scrutiny" by local franchising authorities, said William Squadron of N.Y.C. Dept. of Telecommunications, pres. of National Assn. of Telecommunications Officers & Advisers. "We all have a responsibility to look at whether it enhances competition or has an adverse effect. Consolidations, mergers and joint ventures may enhance competition, but a continuous stream of them may undermine it." He predicted that "a large majority" of local authorities would conduct formal ownership transfer proceedings. Franchising authorities typically must approve any ownership changes and new owner can't be held accountable for shortcomings of predecessor. "That means that any franchising authority that's on its toes will address any and all outstanding issues before it approves the transfer," said lawyer who often represents cities. For example, he said many franchises require "state-of-the-art" cable system, and authorities could use ownership change to force major upgrades: "This opens it [cable operator] up to anything." Merger raises competitive concerns for some local authorities. Washington, D.C., which is served by both BA and TCI, had hoped that BA would be prime candidate as telco to overbuild TCI cable system. "We are looking at eliminating one potential competitor," said Elizabeth Lawson, exec. dir.-D.C. Office of Cable Communications.

Merger of telcos and cable "changes the whole regulatory structure," said William Bradley, dir.-Denver Office of Telecommunications. For example, he said, full-service networks make traditional cable just small part of much larger network, and current regulatory structure is set up to oversee cable as "a discrete industry." Merger could create conflicts among local, state and even federal regulators, he said: "I wonder how much we have on the books now that has become obsolete. There could be all kinds of new situations and someone needs to sit down and sort them out -- what role the states will play, what will be left for cities and the federal government."

Pa. is biggest area of overlap between BA and TCI. TCI has 59 systems there with more than 500,000 subscribers. Other BA areas where TCI has systems are D.C., Del., Md., N.J., Va., W. Va. TCI has total of 100 cable systems in BA area, with 1.6 million subscribers, 2 million homes passed and 22,000 miles of plant, according to Warren Publishing's Market Research & Data Sales Div.

BA/TCI officials said federal antitrust regulators would have "certain amount of concern... [and a] legitimate need to be concerned about the implications." They said new company would "divest those competitive assets that will at first blush seem to cause some difficulty." Among other things, BA would need waiver of interLATA rules to allow it to take over TCI/Liberty's programming interests. Officials said they would begin that process immediately.

BABY BELL GETTING ACCESS TO 40% OF U.S.: Bell Atlantic (BA) agreement to buy TCI and Liberty Media in stock exchange valued at \$11.8 billion (also assuming \$9.6 billion of TCI debt) moves company into ranks of largest of all U.S. corporations. If it passes regulatory muster (see report above), deal would give BA access to estimated 40% of all U.S. households, either through its own telephone lines or TCI cable systems. Merger is 2nd largest in U.S. history (after RJR Nabisco in 1989) and would create \$60-billion company. BA and TCI officials repeatedly emphasized that merger would accelerate move to national information superhighway and enhance U.S. technological competitiveness.

BA would pay significant premium for TCI and Liberty cable systems, pricing them at 11.75 times cash flow, rather than 8-9 times that has been typical in recent transactions. BA plans to issue 220 million shares of common to TCI and Liberty shareholders, at about \$54. Exchange ratio values TCI stock at about \$35 per

share, premium of more than 20% over TCI's closing stock price before announcement. BA Chmn. Raymond Smith said company agreed to pay premium because "that's what it took to complete the merger. We feel the premium is relatively small compared to the size of the deal and the synergies available."

Deal would give TCI/Liberty shareholders just over 1/3 of stock of new BA, and 5 of 15 board seats, with TCI CEO John Malone becoming vice chmn. (although he quipped at news conference that he's "going fishing"). Deal wouldn't immediately include TCI cable systems within BA service area (which have 1.6 million subscribers) or TCI/Liberty programming assets, which can't be transferred without FCC waiver of interLATA rules. Cable systems, and potentially programming assets, would be spun off to TCI/Liberty shareholders, creating new publicly traded company. BA would be allowed to reacquire new company on deferred basis when regulatory restraints are removed.

Deal is very good for TCI and Liberty shareholders, said Hanifen, Imhoff analyst John Field: "This sets some new cash flow multiple records." Other telcos will need to scramble to make similar deals to remain competitive, other analysts said. George Dellinger of County NatWest said: "This [BA/TCI] is the premier combination of phones and cable/programming." Biggest impact on other telcos could be pressure to move more quickly to upgrade their networks to remain competitive with BA/TCI, another analyst predicted. Moody's said it may downgrade BA debt, but upgrade TCI. Rating service said its review will include "an assessment of Bell Atlantic's ability to effectively integrate TCI into its own operations." Moody's is concerned that "synergies that appear to be the rationale driving this acquisition are not likely to be achievable over the intermediate term, and may prove difficult to realize even over the longer term."

Network that eventually evolves as result of merger will be capable of delivering "virtually all a person's communications needs," Malone said. Companies outlined wide-ranging plans for "information superhighway" that they hoped would become delivery platform for everything from home shopping to PCS. Network of future begins with TV, Malone said. Robert Rich, Dataquest analyst, said companies have "great natural synergy," making them "perfect match" to deliver network, based on Malone's view of future.

Several obstacles lie in path of information superhighway, analysts said. First, there are no industrywide standards spanning cable, computer and telecommunications networks. "This ability to deliver a vast assortment of services requires enormous coordination among a number of industries," Malone said. BA/TCI network, through sheer size, could write de facto standards, forcing building of hardware and writing of software just for its network, analysts said. Malone acknowledged BA/TCI network could have that kind of power, but he said preferable situation would be "open architecture" network available to all information providers.

While regulatory and legal situations play out, companies said they would continue upgrading network with fiber. BA currently is conducting trial in Northern Va. that delivers video over telephone line using Asymmetrical Digital Subscriber Loop (ADSL) technology. That service still is year away from commercial offering, BA spokesman said. Because merger isn't likely to be completed for at least year, "we're going to full bore" with ADSL, he said. BA said ADSL will provide competitive alternative to cable programming until its fiber infrastructure is complete, allowing full cable services.

International joint cable ventures involving U S West and TCI won't be affected by merger, U S West said. To make sure all was well on partnership front, Malone called U S West Chmn. Richard McCormick early on day of merger to alert him to deal and underscore his desire to continue doing business together. U S West and TCI are partners in cable in U.K., Norway, Sweden and Hungary.

Companies can be partners in one area and competitors in another. BA plans eventually to offer telephone services using TCI's cable backbone, which would make it direct competitor of U S West. Meanwhile, U S West and BA are partners in cellular companies operating in Czech Republic and Slovakia. U S West and TCI currently share technology and market research in video-on-demand trial in Colo. That test is expected to end in 1994 first quarter and won't be affected by merger. BA/TCI merger is "another example of the convergence of the information, entertainment and communications industries," U S West said.

NAB has joined with Mothers Against Drunk Driving (MADD) to promote 30-min. TV program, Hollywood Gets MADD, portraying consequences of drinking and driving. Program includes appearances by Hollywood celebrities. NAB will transmit it by satellite to TV stations Oct. 22 (Galaxy C-4, TR 23), 2 a.m. and 11 a.m.

Gray Communications is buying CBS affiliates WKYT-TV (Ch. 27) Lexington and WYMT-TV (Ch. 57) Hazard, Ky., from Bluegrass Bestg. for \$34 million. Earlier this year, Gray had considered selling its 3 TV stations -- WALB-TV Albany, Ga., KTVE Monroe, La.-El Dorado, Ark., WJHG-TV Panama City, Fla.

CBS 3RD-QUARTER PROFITS JUMP: CBS 3rd-quarter net income from continuing operations increased 177% to \$118.3 million on net sales of \$752.6 million, up 12%, company reported Oct. 13. For same 1992 quarter, net income was \$42.7 million on net sales of \$672.2 million. Increases were led by "substantial gains in sales [15%] and operating income at the CBS TV Network," company said, and nonrecurring gains of \$3.20 per share as result of legal and tax audit proceedings and adjustment of deferred tax benefits. Earnings per share for 3rd quarter were record \$7.39, up from \$2.76 in 1992, and benefited from lump-sum payment in settlement with Viacom.

CBS Pres.-CEO Laurence Tisch said results reflected strong programming schedule, increased cost of advertising on network and "active cost control." He said outlook for 4th quarter is positive: "Aided by its top-rated position, the [TV] network's unit pricing in the scatter market... has so far sold at a premium to the upfront in all dayparts, despite a slow-growth national economy." CBS gave no breakout, but said profits rose at its owned TV stations and Radio Div.

For first 9 months of 1993, CBS reported net income of \$279.9 million on net sales of \$2.467 billion.

Gannett profits for 3rd quarter were up 12% to \$88.8 million (61¢ per share), compared with \$79.1 million (55¢) year earlier. Revenue rose 3% to \$876.5 million from \$848.6 million. Company said new federal taxes, retroactive to Jan., hurt profits for 3rd quarter. Broadcasting revenue gained 3% and newspaper revenue 4% as outdoor advertising dropped 4% because of cutback in cigaret advertising.

GE 3rd-quarter earnings were record \$1.2 billion, up 9% from same 1992 period, with earnings on continuing operations up 21%. No breakout by divisions was given, with GE saying only that NBC operating profit had "double-digit" increase.

Other financials: Scripps Howard Bcstg. net profit slipped to \$8.36 million from \$8.43 million in 3rd quarter ended Sept. 30 as operating profit dropped 6.3% to \$19.3 million. Broadcast revenue was flat at \$67.2 million, cable revenue rose 2.7% to \$28.9 million. Parent E.W. Scripps net profit jumped to \$14.1 million from \$9.1 million... United TV profit increased to \$7.3 million in 3rd quarter ended Sept. 30, from \$5.2 million year ago. Revenue was \$29 million, up from \$26 million... Fitch rated Jones Intercable senior subordinated debt B+, marking first time it has rated Jones debt. Rating cites large interest burden, significant capital requirements and negative impact of reregulation, but acknowledges company's reduction of debt last 3 years.

BHC Communications net profit dropped to \$24.5 million in 3rd quarter ended Sept. 30, from \$28.7 million year ago, when it had \$21.5-million gain on Time Warner stock. Core TV business had record results, with pretax income rising to \$48.8 million from \$41.9 million and revenue 28% to \$100.2 million... **Nostalgia Network** formed special committee to consider Concept Communications' offer to buy one million new Nostalgia shares, as well as buyout offer by International Family Entertainment. Committee also will consider other proposals for equity infusions, statement said... **Westwood One** net loss increased to \$9.1 million in 3rd quarter ended Aug. 31, from \$7.7 million loss year ago. Revenue dropped to \$25.8 million from \$27.8 million.

Media General profit jumped to \$5.1 million in 3rd quarter ended Sept. 26, from \$1.8 million year ago and revenue rose 5.4% to \$147.5 million... **C-Cor** profit inched

up to \$1.1 million from \$1 million in quarter ended Sept. 24, and revenue grew 14.8% to \$15.7 million.

TV STATION PROFITS INCREASED IN 1992: NAB 1993 TV Financial Report found that average TV station in top 10 markets in 1992 had \$67.298 million in time sales, with net revenue of \$57.895 million, expenses of \$41.337 million, leaving pretax profit of \$16.557 million, up from \$13.9 million in 1991. Local ads accounted for \$39.2 million of revenues at top 10 market stations, national-regional ads \$27.2 million, network compensation \$809,364.

Figures dropped sharply for markets 11-20, where average station had \$33.4 million in time sales, total expenses of \$22.6 million, pretax profit of \$5.6 million. For markets smaller than top 175, time sales averaged \$2.9 million, pretax profit \$356,300. Stations with revenues above \$50 million averaged 220 fulltime employees, those in markets below 175 had 39.

Independent stations in top 10 markets averaged \$40 million in net revenue and \$33.5 million in expenses, with pretax profit of \$7.4 million. Independents in markets 11-20 had \$19.7 million net revenues, \$17.2 million expenses, pretax profit of \$2.5 million. Independents in markets 21-40 averaged \$11 million net revenues, \$10.9 million expenses, pretax profit of \$138,199. Independents in markets 81-100 averaged pretax loss of \$209,763, those smaller than 101st market averaged loss of \$287,257.

UHF independents in top 10 markets had pretax profit of \$2.25 million, markets 11-25 had \$658,028, markets 26-50 had \$86,009. VHF independents in top 15 markets had pretax profit of \$20.7 million. Copies of 1993 TV Financial Report are available from NAB Services (800-368-5644), \$125 for members, \$225 for nonmembers. Report is based on 75% usable responses from 1,100 commercial stations surveyed.

Time Warner will add 2 new capabilities to its planned Full Service Network (FSN), being developed for Orlando and eventually to be expanded to other TW systems. TW Entertainment announced joint venture with Hewlett-Packard to allow FSN subscribers to print virtually any image that's on TV screen on plain-paper PC printer. Core new technology is derivative of HP's VidJet Pro print manager, to be available in Dec. VidJet allows user to collect color images from virtually any source, then print them on most HP printers. For example, TW Senior Vp Geoffrey Holmes said system can print coupons, retail promotions, maps, images, invoices, magazine articles, etc., simply by pressing button. James Olson, gen. mgr.-HP Video Communications Div., said deal allows company to expand professional video communications and printing technology into emerging consumer video and multimedia markets. In 2nd FSN development, TW said it signed deal with CUC International to provide interactive video shopping services to FSN subscribers. Companies jointly will produce marketing videos for CUC's 250,000 products to be stored and distributed by FSN's video file server. CUC will use existing ordering system to process purchases.

Robert Corn-Revere, chief counsel to FCC Chmn. Quello, has recused himself from all cable matters. He has been with Quello since Feb. 1990 and before that was associate with Hogan & Hartson law firm.

Westwood One is buying Unistar Radio Networks from Infinity Bcstg. for \$101.3 million. Infinity/Unistar CEO Mel Karmazin will become CEO of Westwood One, current CEO Norman Pattiz will remain Westwood One chmn.

FCC GETS BUDGET INCREASE: FCC's months of diligent slogging through cable regulatory morass apparently were rewarded Oct. 13 when House-Senate conferees approved FY 1994 appropriation of \$160.3 million -- \$30 million more than House and Senate had passed separately. Measure (HR-2519) has been set tentatively for House floor action Oct. 19.

FCC's good news is industry's bad news, because latter will be required to supply about \$60.4 million through fees, leaving Congress to appropriate about \$99.9 million. Version approved by conferees is significantly different from that passed separately by House and Senate. In original versions, FCC would have received \$128.9 million, all from appropriations, without fees. If conference recommendation is approved, Commission will have more money to spend, even if it comes from different sources. Total appropriation includes FCC's full request, plus \$9.3 million to start upgrade of computers and other technical equipment and \$5 million to handle additional workload from Administration technology initiatives. Commission also would receive equivalent of 240 fulltime workers more than agency requested.

As is customary with appropriations bills, this one comes with some strings attached. It prescribes that FCC: (1) Can't use its money to cut number of VHF channels assigned to noncommercial broadcasting. (2) Can't repeal, retroactively change policy or continue reexamination of Commission policies dealing with minority ownership of broadcast licenses, other than to restate existing policy and allow pending deals to go through. (3) May establish "more liberal policy" for cross-ownership of newspapers and radio stations. However, conferees said new policy allowing waivers is to be granted only in top 25 markets where "at least 30 independent broadcast voices remain in the market after the transfer is completed."

Conferees split difference on NTIA's budget, appropriating \$19.9 million for basic salaries, instead of \$18.9 million recommended by House or \$20.9 million by Senate, and \$24 million for Public Telecommunications Facilities Planning (PTFP) instead of \$20.2 million House passed or \$28 million by Senate. NTIA was given additional \$26 million for information infrastructure grants. Conferees said they expect NTIA to run "competitive solicitations" for grants, listed 7 proposals worthy of examination.

Controversial international broadcasting again survived attempts to kill it. Although House had no provision for Radio Free Europe/Radio Liberty, conferees included them in \$210-million appropriation for Board for International Bstg. Conferees said they support Administration's initiative to start broadcasting aimed at Asia, and said funds were included as part of \$730 million appropriated for USIA to start program. But conference report also noted that "broadcasting priorities of the United States government are changing," and it expects USIA to provide plan consolidating international broadcasting.

Agreement authorized continued radio and TV broadcasting to Cuba and set up independent advisory panel to determine whether those services are working as promised. Panel has 90 days to make findings on topics outlined in conference report, including: (1) Whether broadcasting is cost-effective. (2) Extent to which broadcasts are received in Cuba. (3) Whether TV Marti is technically sound. Panel is to have 3 members, appointed by USIA dir., who have expertise in "government information and broadcasting programs, broadcast journalism, journalistic ethics and the technical aspects of radio and television broadcasting."

BELLSOUTH BUYS INTO PRIME: In undisputably 2nd largest teleco/cable deal of last week, BellSouth bought 22.5% of Prime Cable and option to acquire rest for undisclosed price, believed to be \$200 million. As part of deal, BellSouth also agreed to provide \$250 million of debt financing to joint \$450-million venture with Prime to upgrade 203,000-subscriber Prime cable system in Las Vegas. Prime has 500,000 subscribers in Chicago, Houston and Las Vegas areas, making it 25th largest MSO.

Companies billed deal as partnership to pursue interactive TV and multimedia opportunities, mainly through Las Vegas upgrade. "This is a unique opportunity for BellSouth to expand its relationships and position in a complementary line of business," BellSouth Chmn. John Clendenin said. "This transaction will allow us to work with an accomplished cable operator and a proven management team." William Reddersen, BS senior vp-broadband, said deal would help position telco to benefit from expected broadband world.

Deal is subject to regulatory approvals, but officials predicted they would be minimal because of relatively small size of deal and fact that none of Prime cable properties are in BellSouth area. They also said that if deal results in broadband networks for Prime systems, it could mean additional competition for other telcos, including Ameritech, Pacific Telesis, Southwestern Bell.

House Telecom Subcommittee Oct. 14 passed FY 1995 and FY 1996 authorization for NTIA (HR-2639) that includes \$150 million for pilot programs connecting libraries, schools, health care facilities and local govts. with advanced technology. At request of telephone industry, Subcommittee Chmn. Markey (D-Mass.) added amendment to prohibit any organization receiving pilot project grant from reselling any excess capacity that would compete unfairly with commercial providers. To meet objections of public broadcasters, Markey changed language so that funding for replacement of existing equipment would have equal standing as criterion for grant as other reasons. Original version said that replacement should "have a lower priority for grants" than 4 other criteria, such as establishing new service or expanding existing service. Panel also adopted amendment by Rep. Fields (R-Tex.) that would require NTIA within 6 months to conduct feasibility study of resources needed to provide satellite-based educational network in Africa. Program would be established in honor of late Rep. Leland (D-Tex.), member of Subcommittee.

We're told that as many as 5 Republican senators have put hold on confirmation of Reed Hundt as FCC chmn. -- but none entails opposition to him as such. Instead, senators want to know whom White House is going to appoint to several non-Democratic vacancies on regulatory agencies, particularly FCC and Federal Elections Commission. Meanwhile, we're told that Hundt has picked his chief of staff -- noncommunications lawyer from outside Beltway. Chmn.-designate hasn't selected anyone for bureau and office chiefs, but 3 women are in line for major jobs on his personal staff: Merrill Spiegel, legislative dir. for Rep. Boucher (D-Va.), who will be special assistant, and Karen Brinkmann, attorney with Hundt's law firm Latham & Watkins, will become legal adviser. His confidential assistant will be Ruth Dancey, also from Latham & Watkins.

Thomson Consumer Electronics has named 5 distributors of DBS equipment: Echosphere Corp., Denver; Warren Supply, Sioux Falls, S.D.; DSI Distributing, Grimes, Ia.; CSS, Fishers, Ind.; Earth Terminal, Bow, N.H.

CONSENT PRESSURE CLAIMED: TCI is refusing to sign retransmission consent deal with McKinnon Bestg. station in Beaumont, Tex., largely because of continuing dispute with McKinnon station in Corpus Christi, Pres. Michael McKinnon said. TCI spokesman said McKinnon is "asking for things we're not comfortable with" for KBMT (Ch. 12, ABC) Beaumont-Port Arthur, but "if he gets his way in Beaumont, he'll get it elsewhere as well." McKinnon-owned KIII (Ch. 3, ABC) Corpus Christi is one of 3 network affiliates there still off cable as result of consent disputes with TCI.

McKinnon dropped original demand for 26¢ per subscriber per month for KBMT just before Oct. 6 deadline, he told us. After realizing that KBMT would be only affiliate in Beaumont without cable carriage, he lowered demand to his choice of channel placement and end of station's earlier contract provision with TCI (in return for favored channel placement) in which station gave up syndicated exclusivity, allowing TCI to carry syndicated programs from other stations on its system without blackouts.

"We were ready to give them consent in Beaumont," McKinnon said. "But [TCI Senior Vp Robert] Thomson said in a press conference that they were holding KBMT hostage for Corpus Christi." TCI officials acknowledged that Thomson had said MSO wouldn't sign Beaumont deal until Corpus Christi was resolved. "We are not flexing our muscle," TCI spokesman said. "We believe we are doing the right thing. We came down there and shot straight, knowing that people would be unhappy." Spokesman said giving up on channel placement and syndicated exclusivity could be costly for TCI.

Corpus Christi stations have made several offers to end impasse. For example, McKinnon offered to give consent free if TCI would reduce basic cable bill 60.2¢, amount TCI can charge per channel under benchmarks for carrying KIII. Other stations supported plan, but TCI said it couldn't afford revenue reduction. Stations were planning to offer binding arbitration in bid to end dispute. TCI spokesman said MSO wouldn't comment on arbitration until it sees details. TCI offered to allow Corpus Christi stations to program local cable channel in return for consent. McKinnon said stations rejected that because it would be too costly to provide programming. Meanwhile, he said, fact that other affiliates are on cable in Beaumont "is killing us."

One of big winners in Corpus Christi standoff is Omnidvision, local wireless cable operator that earlier signed retransmission consent deals with broadcasters. Omnidvision is paying each station per-subscriber fee, believed to be slightly less than 15¢, making it only local cable operator carrying broadcast stations. System added 2,000 subscribers in first 2 weeks after it announced consent deal in mid-Sept., giving it 14,000 total to date, Vp-Gen. Mgr. Kathleen Roach said. She said Omnidvision had received orders from another 2,200 potential subscribers in last 2 weeks and was working to get them served.

Meanwhile, In San Francisco Chambers Cable has dropped KGO-TV and KRON-TV in dispute over retransmission, causing more than 100 subscribers to picket system seeking return of stations' signals. ABC-owned KGO-TV hosted Mon. Night Football party at local high school, providing food, beverages and music for disenfranchised subscribers at cost of some \$7,500.

KWHM (Ch. 21) Walluku, Hawaii, has gone on air as satellite of independent KWHE (Ch. 14) Honolulu. Stations are owned by Le Sea Bestg.

FCC SETS AUCTION RULES: FCC said intermediate microwave links are subject to competitive bidding requirements of Omnibus Budget Reconciliation Act of 1993. Provision would cover cable companies that transmit programming to different points within or among systems. In Notice of Proposed Rulemaking, it also proposed using oral bidding, but said it would test alternatives -- including sealed bids for licenses awarded as part of group. FCC also concluded that PCS licenses should be awarded by auction.

Commission said legislation and conference report are "silent" on whether licenses should be auctioned, but House Report No. 103-111 said FCC should determine "auctionability" when service or class of service meets certain thresholds. Generally, criteria would exclude broadcast spectrum from auctions. FCC said it would seek comment on which mass media services should be subject to competitive bidding, including DBS, and specifically requested that comments address how statutory criteria for competitive bidding should apply. Private services would be excluded from bidding, including frequencies used by Broadcast Auxiliary Services and for subcarriers and other services where signal is indivisible from main channel signal.

Fact that some TV licensees may receive compensation from cable under retransmission consent provisions of Cable Act won't trigger licensing of broadcast stations, Commission emphasized, citing language in House report. Hill also specified that Instructional TV Fixed Service (ITFS) wouldn't be subject to bidding even if licensees receive payments from Multichannel Multipoint Distribution Service (MMDS) licensees.

Handling of intermediate links was troublesome to FCC, requiring set of conditions to be met before it could clarify findings. It said law requires that for competitive bidding to occur, spectrum involved must allow subscribers to "receive communications signals" or "transmit directly communications signals." Commission said examples of cellular carriers' transmitting subscriber traffic between cell sites or cable's using point-to-point to transmit TV programming within or among systems "would fall within this criterion." It said "microwave licenses are used as an integral part of an end-to-end service offering enabling paying subscribers either to transmit directly or receive communications signals."

FCC said auction plan would facilitate efficient aggregation of licenses for those seeking wide-area or national systems. "If the auction system does not provide for such aggregation, most of it will occur eventually in the aftermarket," Commission said. Goal is to make money for govt., FCC affirmed.

Washington law firm Wilkinson, Barker, Knauer & Quinn has opened office in Frankfurt, Germany, with German attorney Richard Leitermann as resident partner. Frankfurt office will concentrate on international telecommunications, finance, commercial transactions. Address: Goethestrasse 23, 60313, Frankfurt, phone 011-49-69-20876.

U.S. News Online will be offered electronically via CompuServe by end of year, U.S. News & World Report said. Subscribers will be able to access news stories and other information weekend before magazine goes on newsstand. They also will be able to interact with magazine's editorial staff.

Cable's Court TV has established broadcast clip service for use by TV stations -- Robin Levine, 212-692-7892.

S-A GOES INTERNATIONAL: In major reorganization, Scientific-Atlanta (SA) will assign "hundreds of people" to newly formed International Satellite Systems (ISS) unit, said Dwight Duke, who will head ISS. Unit of Broadband Communications Group will be responsible for all Canadian operations, plus international marketing of MPEG-based digital compression products, direct-to-home (DTH) satellite systems, SMATV products, B-MAC encryption units, business TV, distance learning systems.

New unit is big step toward SA corporate goal of generating half its business from international markets by end of decade, Duke told us. Reorganization combines 4 existing SA units, Canadian operations and some additional engineering and program management staff, he said: "This is clearly an operating business, not some kind of shell." Division will oversee recently announced contract to build \$125-million DBS system serving Middle East for Orbit Communications, plus several other contracts "in the pipeline," Duke said. Orbit deal includes turnkey uplink, backhauls, provision of integrated receiver/decoders and other hardware, billing services.

Duke predicted major growth in international DBS because of digital compression and availability of additional programming. He said previous efforts had been difficult to get off ground because single video channel per transponder wasn't viable financially. Demand will be strong in Pacific Rim, he predicted, "and Europe won't be far behind." SA also believes there's big international potential for SMATV, Duke said, although market is "hard to quantify." He said there's surge in demand for TV all over world, and rest of world is more conducive to SMATVs than U.S. because larger percentage of housing is multifamily. Duke previously was vp-gen. mgr. of S-A Canadian subsidiary Digital Video Systems and vp-strategic operations of Network Systems Group.

On-line working exhibit of information network technology will be presented by CableLabs at Western Cable Show Dec. 1-3 in Anaheim, Pres. Richard Green said. Exhibit, called CableNET 93, will include all building blocks of interoperable, end-to-end information network, including computer, cable and asynchronous transfer mode (ATM) technologies. Companies participating in 2,700-sq.-ft. CableNET 93 include Antec, C-Cube, Comstream, Consortium for School Networking, Digital Equipment Corp., DSC-Optilink, EDS, General Instrument, Grass Valley Group, IBM, Mind Extension U., Multivision Cable, NEC, Northern Telecom, Scientific-Atlanta, Sun Microsystems, SynOptics, Teleport Communications, Tellabs, 3DO, TRW, Unisys, Zenith. Also at show, TCI CEO John Malone will be panelist at opening general session, and Art Bushkin, pres.-Bell Atlantic Information Services, at closing session -- 510-428-2225.

Cox Cable will provide competitive access telephone service in Hampton Roads area of Va. through new entity, Cox Fibernet. Operating as affiliate of Teleport Communications Group, it has deployed 9,000-mile fiber network using ring architecture. Cox has 187,432-subscriber cable system in Hampton Roads. Network serves entire area, including Norfolk, military institutions, major industrial parks. Dana Coltrin, technical operations mgr. for Hampton Roads system, adds title of gen. mgr., Cox Fibernet.

European Commission (EC) was asked by MPAA to ban unauthorized satellite TV decoders. France and U.K. have such bans, but most other EC countries don't.

BARRETT BACKS MERGERS: FCC Comr. Barrett said telco, or telco/cable, mergers "will not, in general, adversely impact our ability to move toward a residual long-term regulatory role in a competitive telecommunications industry." His comments, at Hewlett-Packard seminar in London, were made before Bell Atlantic and TCI announced their megadeal. "Those who do not participate in a meaningful way risk being relegated to niche status at best," Barrett said.

Barrett said it appears MCI is angling to acquire stake in cable, wireless or large data services company in addition to changing international playing field with its receipt of \$4.3 billion from U.K.'s BT. He said deals between U.S. West and Time Warner, and Nynex with Viacom, are changing shape of industry.

"The FCC has clearly defined responsibilities to analyze each individual merger or other consolidation involving telecommunications entities it regulates," Barrett said. "But the Commission must also view these in a broader context." He said questions must be asked about: (1) What motivates those consolidations, joint ventures and alliances? (2) How will they affect evolution of industry? (3) What should future regulatory model look like in world of converging industries?

Barrett said concentrating telecommunications in few companies would leave those on fringe to supply demand "not well served by the core firms." Such market structure, which he said is promoted by economist Joseph Schumpeter, would be preferable in "virtually every respect" to monopoly in LECs. Emergence of "one-wire" concept, he said, "appears to me to be unlikely." He said competition in local exchange and multichannel video market "is only a matter of time. Regulation can only hasten or delay it."

Society of Professional Journalists (SPJ), on eve of weekend convention in Miami Beach Oct. 14-16, took issue with finding of Bureau of Alcohol, Tobacco & Firearms (ATF) that Branch Davidians were tipped off by TV cameraman before raid outside Waco in Feb. "We said on Sept. 9 there was no concrete evidence that journalists tipped the Davidians to the raid," said Georgiana Vines of Knoxville News-Sentinel, pres. of SPJ. "We have revisited the issue since the ATF released its report 2 weeks ago [and] the ATF report is based on 2nd and 3rd sources -- what a court of law would say is hearsay evidence." While Davidian confrontation was under way, SPJ established task force to examine media ethics in coverage of such crises; it recommended that media adopt guidelines for such situations.

House passed bill (HR-2840) Oct. 12 to abolish Copyright Royalty Tribunal on voice vote under suspension of rules. House Judiciary Committee had cleared measure, sponsored by Copyright Subcommittee Chmn. Hughes (D-N.J.), Oct. 6. Similar bill (S-1346) is pending in Senate Copyright Subcommittee, which has held hearing, but hasn't scheduled vote.

Viacom signed deals with AT&T and CUC International to develop interactive shopping service for Viacom's Castro Valley, Cal., interactive cable testbed, which begins operation in mid-1994. Products to be offered are same as those CUC now sells through telephone and computer access.

Graff Pay-Per-View signed letter of intent to buy software firm PSP Holding in stock transaction. PSP developed pay-per-view software for small hotels. Terms weren't disclosed.

AM FACES \$250,000 FINE, LOSS OF LICENSE: KARW(AM) Longview, Tex., was notified by FCC Oct. 18 that it's subject to \$250,000 fine and license renewal hearing for "willful and repeated" violations of Communications Act and FCC rules. Fine would be largest ever levied for non-indecency violation. And, on agenda for Commission's Oct. 21 meeting are 4 fines against TV stations for exceeding commercial limits in children's programs.

FCC said that KARW renewal application was filed on behalf of person who had died 3 months earlier and that individual who signed application had no legal authority to do so. Commission said that despite repeated attempts to obtain information from KARW, persons operating station "have refused to identify who controls the station and have refused to describe how such control was obtained." No application for transfer of control has been filed, FCC said.

On TV agenda, KPLR-TV St. Louis, KTTM Huron, S.D., KTTW Sioux Falls, S.D., and KXRM-TV Colorado Springs, Colo., will be fined for devoting more time in children's programming for ads than permitted under Children's TV Act of 1990. KPLR-TV is independent, other 3 are Fox affiliates; KTTM is satellite of KTTW. Fines range \$25,000-\$30,000 and commissioners must vote on them since top amount for staff fines under delegation is \$20,000. Item originally had been on circulation, was added to agenda for open meeting as only 2nd mass media item.

Currently being circulated among commissioners for votes are proposed fines for several stations for violations of FCC EEO guidelines. Under new forfeiture policy (TVD Aug 16 p1), staff was given discretion of reducing fines under certain circumstances. Comr. Barrett is said to favor increasing proposed children's TV and EEO fines to show consistency with actions of past, while Chmn. Quello repeatedly has favored holding fines as low as possible.

Also last week, FCC fined 13 broadcast stations \$125-\$13,600 for violations of various rules -- from not locking fence around tower to operating above authorized power. Stations: KBAI(FM) L.A., KWNK(AM) L.A., WRJN(AM) Chicago, and, all from Tex.: KINE(AM) Kingsville (which was assessed \$13,600), KBEN(AM) Carnizo, KHER(FM) Crystal City, KBNL(FM) Laredo, KORO-TV Corpus Christi, KVLT(FM) Victoria, KQTX(FM) Corpus Christi, KDOS(FM) Laredo, KRME(AM) Hondo. In nonbroadcast fines, Certified Computers and Electrocomputer Advanced Products, both Golden Grove, Cal., were assessed \$7,000 each for selling or leasing personal computers without type acceptance.

Public TV's WTTW Chicago was to start offering home shopping Oct. 16 in 2-week experiment. Station planned to sell products from its Holiday Gift Exchange, plus merchandise for several nonprofit cultural institutions, which will receive most of proceeds. If 45-hour test is successful, WTTW said it could be expanded for cable or broadcast syndication.

Greece will launch country's first satellite within 3 years in \$300-million project. Athens News said satellite would provide TV to large part of Asia and Africa. Ministry of Transport & Communications has filed application for orbital position with ITU.

Ghost-canceling is being used by 142 of 742 TV stations responding to NAB survey. Another 192 plan to begin using system within 18 months, Richard Ducey, NAB senior vp-research and planning, told Minn. Assn. of Bestrs. convention.

PBS, WGBH-TV Boston and public TV (PTV) regional Pacific Mountain Network (PMN) will collaborate on development of coordinated PTV approach to multimarket local underwriting, they announced. Project is designed to tap into funding source that's been pursued haphazardly, if at all, by most PTV stations, while safeguarding value of national underwriting -- bread and butter of its corporate support. It's felt that some for-profit concerns, such as N.Y.-based Public Best. Mktg., sometimes have jeopardized national support by enabling funders to air cheaper spots with more liberal credits in cherrypicked list of markets. Under year-long collaborative test: (1) PMN, with 2-year \$247,000 funding from CPB Development Project, will develop database of stations' local corporate support inventory that can be accessed via modem. Service will be funded by station and underwriter user fees. (2) PBS will license its logo to WGBH-TV Boston to develop multimarket underwriting. PBS said that won't prevent other stations from pursuing such efforts, but told system that WGBH-TV will have "exclusive access" to and use of related communications materials to be developed jointly with PBS for project. WGBH-TV is believed to be only PTV station with dedicated staffer for multimarket underwriting. (3) Unspecified finder's fee will be offered to stations identifying multimarket support in element that PBS said would offer outlets "the benefit of multimarket income... without the direct and indirect expenses of staff time." (4) PBS will clear all multimarket credits stemming from initiative, and will establish ceiling on number of permissible markets for specific underwriting commitment.

Ex-Fla. PSC Comr. Thomas Beard, who was investigated by Fla. Cable TV Assn. for alleged ties to Southern Bell, won partial victory Oct. 12 in battle to clear his name. Beard had been accused by his ex-wife and by former neighbor, James Owens, of asking Owens in 1991 to supply urine sample for drug test Beard had to take as part of his duties as major in Fla. National Guard. Owens' employer, state Dept. of Environmental Protection (DEP), issued report Oct. 12 in which Owens recanted his testimony. Owens, who is Fla. marine patrol employee, said he was intimidated by investigators from Fla. Dept. of Law Enforcement into making false claim. Owens has been charged with civil violations of committing perjury during investigation and could be subject to further charges. Beard said Owens disclosure "removes the only stigma that was remaining" from incident that forced him to resign early from PSC. However, Beard, ex-chmn. of NARUC Communications Committee, wasn't cleared entirely. DEP said he skipped out on drug test, which he later took and passed, and "sought aid of friends in overcoming the National Guard's drug screening" -- allegation that Beard also denied.

"Guns, Violence and Public Health" is subject of panel at Oct. 20-21 seminar, "Mass Communications and Social Agenda Setting," sponsored by Annenberg Washington Program, Willard Office Bldg., Suite 200, 1455 Pa. Ave. NW, Washington. Panelists include Mark Moore, Harvard U. prof.; Michael Pertschuk, ex-FTC chmn. and co-dir. of Advocacy Institute; George Strait, ABC medical correspondent; Franklin Zimring, U. of Cal. prof. Session will close with presentation by TV violence critic Sen. Simon (D-Ill.) on: "Can the mass media become a positive force for violence prevention?" Other speakers include ex-FCC Chmn. Newton Minow, dir. of Annenberg Washington Program, and Sen. Moynihan (D-N.Y.).

Spanish govt. has awarded franchises for 3 new satellite TV channels -- Telesat 5, Antenna 3 and unnamed channel owned by France's Canal Plus -- to begin broadcasting next year. Govt. spokesman said new channels would provide 6-13 hours of programming daily via Hispasat.

Personals

House Telecom Subcommittee Chmn. Markey (D-Mass.) is keynote speaker at Information Industry Assn. 25th Anniversary & Global Congress, Oct. 20, 12:30 p.m., Washington Renaissance Hotel, Washington... NTIA Dir. **Larry Irving** keynotes "Information Superhighway: Building an L.A. On-Ramp," Oct. 29, USC Annenberg Auditorium, L.A.

Senate Oct. 14 confirmed **Diane Blair** as member of CPB board... **Marc Apfelbaum**, Time Warner Cable assoc. gen. counsel-asst. secy., promoted to vp... **Nathaniel Fuchs**, Showtime Networks dir.-human resources and development, promoted to vp-human resources development... **Sage Swanson**, ex-National Video Industries senior vp, joins USA Networks as dir.-postproduction... **Matthew Aden**, Jerrold/General Instrument Dallas central region mgr., promoted to sales dir. based in U.K... **Jody Horwitz**, ex-Rogers & Cowan, named TBS West Coast dir.-human resources... **Mike Lazzo**, Cartoon Network programming dir., promoted to vp-programming.

Rick Keilty, KHOU-TV Houston, named chmn., TvB Sales Advisory Committee; **Nancy Dodson**, Blair TV, vice chmn... **John Figueroa**, Spanish Media International owner, appointed vp-mktg., Action Pay Per View... **Russell Case**, ex-Kilpatrick & Cody law firm, Atlanta, appointed counsel, Broadband Communications Group... Newly elected officers, Minn. Bcstrs. Assn.: Pres. **John Mayasich**, Hubbard Bcstg., succeeding **Lewis Latto**, WAKX(AM)-KXTP(FM) Duluth; Radio Vp-Pres.-elect **Wayne Eddy**, KYMN(AM) Northfield; TV Vp **Kenneth Rees**, WCCO-TV Minneapolis; Treas. **Jo Guck Bailey**, KYSM-AM-FM Mankato; Secy. **Susan Anderson**, KSAX Alexandria.

Colleen Boothby, assoc. chief, Tariff Div., FCC Common Carrier Bureau, leaves to become partner in Levine, Legapa & Block law firm... **Janet Gray**, WPIX N.Y. promotion dir., named writer-director, Creative Services Group-Atlanta... **Joe Lewin**, gen. mgr., WRIC-TV Richmond-Petersburg, appointed vp-gen-mgr., WMAR-TV Baltimore... **KING-TV Seattle** Asst. News Dir. **Andy Beers** promoted to news dir., succeeding **Robert Jordon**, named news dir., KCBS-TV L.A... **Lynn Starr**, ex-law firm Reed, Smith, Shaw & McClay, named legislative dir. for Rep. Boucher (D-Va.), replacing **Merrill Spiegel**, who will become special asst. to incoming FCC Chmn. **Hundt**.

Promotions at Time Warner: **Keith Burkley** to vp-construction; **Paul Gemme** to vp-plant engineering... TV producer **Gary Hoffman** becomes Fox Bcstg. senior vp, made-for-TV movies and miniseries, succeeding **Rick Bieber**, Fox West Pictures pres., who returns to independent production... **Robert Mendez** promoted to vp-business affairs, Paramount Domestic TV... **Joe Fedele**, ex-WCBS-TV N.Y., appointed dir.-network engineering, Telemundo.

FCC speeches: Oct. 18, Chmn. **Quello** at Communications Forum luncheon, Jefferson Hotel, Richmond; Comr. **Duggan** at Competitive Telecommunications Assn. (CompTel) luncheon, Walt Disney World Dolphin Hotel, Orlando. Oct. 19, Comr. **Barrett** at Fla. State U., Moore Auditorium, Tallahassee, 2 p.m.; **Patricia Paoletta**, senior attorney-adviser, Office of International Communications (OIC), participates in OIC panel discussion, "Telecommunications Policy-Making," Southeast Asian Telecommunications Conference, Sentosa Island Beaufort Hotel, Singapore.

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Independent KNWS-TV (Ch. 51) Katy, Tex. (Houston suburb), went on air Oct. 5, raising operating U.S. TV stations to 1,511, of which 1,145 are commercial, 366 noncommercial. KNWS-TV is owned by Johnson Bcstg. Inc.; Douglas Johnson is gen. mgr., Alvin Saltzman chief engineer, Graham McKernon gen. sales mgr., Howard Levinson national sales mgr., Mike Crew news dir.

IDB Bcst. has signed agreement with International Channel for full-time transmission to channel's transponder on Satcom C-1. Agreement runs through 1996, with additional multiyear options, and allows occasional transmission services by IDB for additional ICN Enterprises programming, including pay-per-view. Agreement also includes option for IDB to provide future digital compression.

TVB said it plans annual seminar on research following success of first one Oct. 5-6 in N.Y. TvB had expected about 20-30 attendees, had to cut registration off after it reached more than 100. Seminar was geared toward making researchers "creative marketing analysts as opposed to simply information gatherers," TvB said.

Turner Bcstg. will acquire New Line Cinema in tax-free stock swap, according to definitive agreement on previously announced deal.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	SEPT. 24- OCT. 1	1992 WEEK	% CHANGE	SEPT. 18-24	9 MONTHS 1993	9 MONTHS 1992	% CHANGE
TOTAL COLOR....	1,104,923#	646,907	+70.8	646,264	17,200,619*	15,397,217	+11.7
DIRECT-VIEW..	1,081,167#	631,791	+71.1	634,836	16,902,959*	15,131,365	+11.7
TV ONLY.....	968,717#	589,609	+64.3	601,490	15,922,579*	14,520,009	+ 7.3
TV/VCR COMBO	112,450#	42,182	+166.6	33,346*	980,380##	611,356	+60.4
PROJECTION...	23,756#	15,116	+57.2	11,428*	297,660*	265,852	+12.0
VCR DECKS.....	705,560#	388,876	+81.5	345,024	8,707,799*	8,348,800	+ 4.3
CAMCORDERS.....	204,489#	95,390	+114.4	66,640	2,169,613*	1,917,984	+13.1
LASERDISC PLYRS**	9,918*	6,669	+48.7	4,740	153,159	148,393	+ 3.2

Direct-view TV 5-week average: 1993--606,756*; 1992--544,810 (up 11.4%).

VCR deck 5-week average: 1993--325,705; 1992--269,723 (up 20.8%).

Camcorder 5-week average: 1993--77,169; 1992--59,831 (up 29.0%).

All-time record week. * Record for period. ## Exceeds record for full year.

** Includes combi players, excludes karaoke types.

SEPT. WAS FIRST 3-MILLION-SET COLOR MONTH: July sales were good. Aug. sales were better. Sept. sales were best. Not only best Sept. in history -- but best month in history. If Sept. is any portent -- and it usually is -- 1993 will smash all records in sales of TV and video products.

For first time in any month, total direct-view color sales exceeded 3 million. That's not all. TV-VCR combos, projection TVs and VCR decks chalked up their best monthly sales in history. For camcorders and laserdisc players, it was best Sept. ever.

As in all other months this year, Sept. trailed 1992 for most of month, then ended in smashing climax. Fifth and final week of Sept. 1993 was first million-unit color TV sales week. TV/VCR combo sales in same week were higher than for any month so far this year, except 5-week June. Those all-time weekly records are indicated in our State of the Industry table. However, it's becoming increasingly difficult to compare EIA's weekly figures with year-earlier ones because of accelerating tendency of sales to be concentrated statistically in each month's final week. This reportedly is due to increasing sales to major national chains, which settle accounts at end of each month; as result, most sales are credited by reporting manufacturers to month's final week in their reports to EIA's statistical pool.

Months are something different, however. It presumably is perfectly legitimate to compare last month with Sept. 1992 -- whose all-time monthly sales record stood until Sept. 1993, when it was shattered by big 11.4%. TV/VCR combos, in high double-digit gains all year, exceeded full-year sales record set in 1992 in just 9 months of 1993. Sept. sales of VCR decks, at nearly 1.63 million, pushed year-to-date figure up to 4.3% ahead of 1992 after months of being slightly above or slightly below last year on cumulative basis. For year's first 3 quarters, all video products were at record highs, with possible exception of laserdisc players, data for which aren't available far enough back to be certain.

On seasonally adjusted annual basis, all major products were at record pace for both Sept. and year-to-date. Direct-view color TVs' annual rate in Sept. was 24.6 million, more than 2 million ahead of 22 million record set last year. For 1993's first 9 months, color sales were at 24 million pace and for 3rd quarter they ran at sizzling rate of nearly 25.2 million. Projection TV sales were at seasonally adjusted 457,400 rate in Sept. (vs. 404,300 record set last year), at 462,600 for 9 months and 457,200 for 3rd quarter.

VCRs sold at annual rate of 13.1 million in Sept., well above 12.3 million record of last year. For 9 months, seasonally adjusted rate this year was 13 million and for 3rd quarter it was 13.4 million.

Camcorders seemed virtually certain to break 1990 record of 2.96 million, with Sept. pace working out to 3.12 million, 9-month to 3.26 million and 3rd quarter rate at 3.13 million.

Sept. sales generally indicate trend of 4th quarter, as dealers buy in anticipation of year's windup season. If that rule of thumb holds up in 1993, industry is in for extraordinary year. Here are Sept. figures on sales to dealers from EIA (for weekly and year-to-date figures, see State of the Industry):

Product	Sept. 1993	Sept. 1992	% Change	Sept. 1991
Total color.....	3,100,148**	2,775,825	+11.7	1,506,752
Direct-view...	3,033,778**	2,724,049	+11.4	1,475,135
TV only.....	2,819,451**	2,604,020	+ 8.3	1,423,844
TV/VCR combo.	214,327**	120,029	+78.5	51,291
Projection....	66,370**	51,776	+28.2	31,617
VCR decks.....	1,629,525**	1,348,613	+20.8	801,550
Camcorders.....	385,836*	299,153	+29.0	232,422
Laserdisc players	25,103	21,573	+16.4	11,486

* Record for any Sept. ** Record for any month.

2 OLD-LINE TV SET NAMES CHANGING HANDS: Two of TV's historic brand names -- Emerson and Curtis Mathes -- are changing ownership again, both looking to rebirth of financially troubled businesses.

Both companies bear names of former TV producers, but actually are brand names rather than actual manufacturers. Emerson Radio is namesake of pioneer in radios, phonographs and TVs, but has no other relationship to former Emerson Radio except for fact that it purchased brand name from National Union Electric, last parent of original Emerson. Curtis Mathes (CM) started as regional manufacturer of air conditioners and then TVs in 1950s, became known as stalwart niche manufacturer of big consoles and TV/phono combinations. Both companies have been through various stages of Ch. 11 bankruptcy proceedings -- Mathes in 1992; Emerson has filed proposed terms of reorganization plan with U.S. Bankruptcy Court in Newark (TVD Oct 11 p16).

Enhanced Electronics Corp. (EEC), Dallas, announced last week it has acquired Curtis Mathes, also based in Dallas. Enhanced's Pres. Pat Custer said CM would incorporate EEC's "current and future technologies" for sale in N. American market. CM, which had changed ownership once before it filed Ch. 11, once manufactured consumer electronics in Athens, Tex., but more recently has been procuring line of TVs, VCRs, camcorders and audio products from outside sources for sale through its franchised dealers, mostly in rent-to-own (RTO) business. It has been known in recent years for its 4- and 5-year inboarded warranties, which some sources blamed for its latest financial distress.

EEC is best known for obtaining marketing rights to ID Logic, whose main product is system that identifies radio stations by format, enabling car radio listeners to locate stations by type at touch of button. It also has developed related systems for TVs and VCRs. In addition to CM, EEC is buying most assets of WRC Inc., which supplies CM's warranty and repair work, terms not given. WRC's Pres. Gary Whitaker has been pres. of CM since reorganization under which WRC eventually was to own 80% of CM stock.

EEC hopes to "take Curtis Mathes back where it was," while adding new products and financial strength, we were told by EEC Exec. Vp Philip Scheldt. He said company hopes to integrate ID Logic into some CM products and said EEC will announce products and "agreements with major companies" on ID Logic in Tokyo this week. Scheldt said no major changes would be made in company personnel. He said CM now has 178 "dealers" but no longer exclusive franchisees, about 60% of which were rent-to-own dealers, 40% pure retail. He said EEC is examining mix, hopes to reemphasize retail but "won't slight" RTO operations.

While CM has been mainly midwest and western phenomenon, Scheldt said EEC plans to make it national brand again, with program of "strong dealer support." CM's current 4-year warranty will be retained, he told us.

* * * * *

Emerson has filed outline of principal terms of reorganization plan with court, noting that there could be changes. As previously noted, under plan Swiss-owned Fidenas Investments Ltd., investing \$75 million, would own 90% of "new Emerson" after reorganization and offer up to 30% of company's total stock to former shareholders (who would get nothing under plan except opportunity to acquire stock at same price as Fidenas).

Proposed plan has escape clause to be exercised at Fidena's discretion, letting it back out if: (1) Emerson "has failed to achieve 95% of [projected] gross core sales" from Sept. 1, 1993 until end of month before plan is confirmed. (2) "Final and nonappealable order approving the plan" hasn't been entered by court by March 15, 1994. In either case, Ch. 11 could convert to Ch. 7.

Plan noted that "gross core sales" are based on Emerson's business plan attached to reorganization proposal. That indicates company anticipates "total gross sales" of \$504.7 million for 1993 calendar year and expects "total consolidated net sales" of \$478.8 million in 1994 and \$520.3 million in 1995. In 1993 and 1992, when Emerson was on fiscal year ending March 31, company reported total revenues of \$741.4 million and \$801.3 million, respectively (TVD Sept 6 p16). Spokesman for Emerson said there was no question company would make projected sales goals on basis of contracts with major retail accounts.

SHARP TIES FUTURE GROWTH TO LCD DEVELOPMENT: Sharp will continue to pour money into development of LCD technology to achieve stronger market position. Pres. Haruo Tsuji said last week that company plans to invest more than \$760 million over next 3 years in continuation of efforts that have seen Sharp's LCD product sales rise to \$1.6 billion this year -- up \$300 million from 1992. In year when many companies are retrenching, Sharp plans to hike R&D spending to 10% of sales in fiscal year ending next March from 9.3% last year.

Increasing portion of Sharp's efforts apparently will be in joint development with other companies. "The question is where do you utilize resources," Tsuji said. "Toward the 21st Century, I don't think it's the answer for any company to be energized in all areas. The key is where you concentrate." He cited Intel as example of company that grew by concentrating on its specific strength.

As for LCD's place in color TV, Senior Exec. Vp Atsushi Asada, who heads Sharp R&D, said that while he expects it to co-exist with CRT, "LCD is in its first generation" and eventually will move into common screen sizes. "The wall-mounted TV of 20 to 25 inches with LCD is quite possible," he told U.S. journalists at company's Osaka hq. LCD Group Exec. Dir. Isamu Washizuka said LCD displays are making great strides as display media for desktop computers where "the most important issue is power consumption." In past, he said, LCD was considered primarily as display for portable computers, "but that situation is changing drastically."

Improvement in viewing angles and ruggedness -- including use of plastic in place of glass -- should increase LCD usage in cars, Washizuka said. Yields have been increasing rapidly, he said, from 50-60% last year to slightly more than 70% now. But he cautioned that "we have already passed through the area of rapid improvement" in yield with future saving to come from manufacturing and material costs.

Consumer digital VCRs could appear in market at end of next year or early in 1985, R&D chief Asada forecast. "Technologically, it is quite feasible to determine a standard," he said. "However, when it comes to commercializing, cost is a problem. If the cost is 2 to 3 times as much [as analog VCR], no one will want it." Key to commercially viable product, he said, will be reducing cost of manufacturing LSIs.

Pres. Tsuji said he doesn't foresee major change in yen-dollar relationship in immediate future from current 105-yen range, although he held out hope Japanese govt. could come up with financial package after talks in Washington next month that could help stimulate Japanese economy. He said that "fair exchange rate, from the point of view of a manufacturer, would be 115 to 120" yen per dollar.

Sharp will continue to deal with current economic woes by expanding efforts to localize operations, especially manufacturing, overseas. "If the high yen continues, we naturally will make efforts to increase production in overseas markets," he told journalists. "The plan is always to localize operations, and to be vertically integrated," procuring parts locally wherever possible.

Sharp is studying establishment of additional R&D center in U.S., said Shoei Kataoka, who heads R&D base at ultramodern year-old building in Makuhari complex near Tokyo, but he declined to forecast where or when it would begin operation. Company recently began LCD research at Sharp facility in Camus, Wash. Sharp officials said they plan to produce 16:9 widescreen TV sets at Memphis plant next year -- which would appear to be year's postponement from similar prediction made year ago (TVD Oct 26 p13).

HONG KONG FAIR HERALDS ROLE AS CHINA GATEWAY: Growing influence of China on Hong Kong electronics industry was well reflected at Hong Kong Electronics Fair that concluded 4-day run last weekend. First-ever China pavilion featured wares and services of more than 60 companies, many of which

have benefited from increasing shift of manufacturing from Hong Kong primarily to nearby Guangdong Province, which incorporates city of Guanzhou, Shenzhen Special Economic Zone, Pearl River Delta Open Economic Zone.

"What Hong Kong was in the 60s and 70s in terms of capability and manufacturing, most of China is today," said Lui Ming-Wah, chmn. of Hong Kong Electronics Assn. He said that while China is gaining ground in terms of technical expertise, country isn't yet "able to turn technology advances into commercially viable products" because of relative dearth of sophisticated manufacturing techniques and facilities compared with other countries in Far East and Pacific Rim.

Hong Kong industry officials generally agreed with Lui's assessment that British crown colony, due to be turned over to Chinese govt. control in 1997, needs "to increase basic research capability [so that] people come to Hong Kong to license technology from us." Allan Wong, chmn. of electronics advisory committee for Hong Kong Trade Development Council, said colony's electronics exports have increased by double digits recently (with shipments to U.S. up 20% in first 6 months of 1993). But Wong conceded Hong Kong lacks fundamental R&D capability and reputation enjoyed by many of its Far East competitors. He said industry is expecting R&D boost from creation of new Institute of Science & Technology and from \$200 million in govt. funding to support startup companies for advanced R&D projects. Meanwhile, Hong Kong manufacturers, like others around world, are positioning themselves to become major suppliers to vast -- and largely untapped -- Chinese consumer market.

Hong Kong Fair itself drew 650 exhibitors (of which 240 were from outside colony) with overall projected attendance of 24,000. Show featured expected mix of basic audio and video products, as well as novelty items and array of key components for various existing technologies. Yung Fu Electrical Appliances, Taiwanese company that markets gear under Lasonic brand in U.S., showed CD+G boombox with optional 4" LCD monitor (sourced from Citizen) that attaches to special "shoe" on top of unit. Boombox will sell from \$160 next year in U.S. with LCD monitor additional \$170. Company also showed DCC home deck that it tentatively plans to sell in U.S. next year at \$500, according to booth attendant. He said company is first Taiwanese licensee of DCC system from Philips.

DCC turned up in several other unexpected corners of Hong Kong expo. One application that received much show attention was concept prototype of DCC Video Walkman (name itself probably would raise eyebrows at Sony). Mockup wasn't of product destined for sale to consumers, but was entered in preshow design competition. Book-sized device, described as "portable technofreak's dream," proposed using DCC as video record and playback medium and incorporated 3" LCD TV and stereo tuner. (See related report elsewhere in this issue.)

MATSUSHITA-AT&T 3DO DEAL: Licensees Matsushita and AT&T have agreed to develop communications hardware and applications for 3DO system, according to Japanese report. Companies will work jointly to develop dedicated modem for 3DO multiplayer by next summer, enabling 3DO hardware owners to communicate with other users via phone. Pact also calls for AT&T to source 3DO multiplayers from Matsushita, thereby making AT&T first 3DO OEM hardware client of Panasonic parent.

Meanwhile, Macromedia, San Francisco, announced separate agreement with 3DO under which it will develop software player that will allow Director, Macintosh or Windows files "to port easily and quickly" to 3DO multiplayer. Macromedia said that with Director Player for 3DO, Macintosh and Windows software developers now can deliver titles to "wider consumer audience" by making it possible to develop sophisticated 3DO programs on either Macintosh or Windows systems.



Portent of future for consumer electronics? Panasonic announced last week that it will raise wholesale prices on "selected models" of its telephone products line Jan. 1 average of 11% due to "rapid appreciation of the yen." Much of line will be new, and Panasonic spokesman told us increases will apply to 6 of 22 holdover cordless phones, 5 of 11 answering machines, 8 of 9 feature phones.

Zenith announced alliance with Bassett Furniture Industries to develop line of "integrated home theater furniture systems." Zenith spokesman recently told us company had deal cooking with unidentified furniture supplier (TVD Sept 13 p10). Bassett and Zenith said they "hope to capture a strong share of the growing market for large-screen home theater systems." Furniture offerings will be built around Zenith 32" and 35" color TVs and rear-projection sets with Dolby Surround. Zenith Sales Co. Pres. Gerald McCarthy said that "with the Bassett collaboration, consumers will be able to incorporate our large-screen products in wall systems and other fine furniture specifically designed to complement them."

Circuit City, citing continued expansion in Boston and Chicago, reported 26% gain in Sept. sales to \$299 million from \$237 million year earlier. Comparable-store sales were up 4%. Sales also reflected continued weak Southern California market, Pres.-CEO Richard Sharp said. In Sept., 233-store chain opened 2 superstores in Boston, 3 in Chicago.

THIS WEEK'S YEN RATE

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

MD AND DCC AT JAPAN AUDIO FAIR: Annual showcase of Japanese hi-fi industry, Audio Fair concluded 5-day run Oct. 17 at Tokyo's Ikebukuro Sunshine City exhibition complex featuring 5 fewer exhibitors than 66 companies that took display space at 1992 event.

Financially strapped Sansui, no longer Japanese-owned, was among those missing, as was Fujitsu Ten, which hadn't been regular annual participant anyway. Major companies that remained generally seemed to have decided to leave prototypes and new technology showcases back at factory, instead emphasizing here-and-now products such as minicomponent systems.

In DCC, companies showing prototypes or mockups included Alpine, Matsushita, Philips Japan. MD support was displayed by Aiwa, Alpine, Clarion, JVC, Kenwood, Sony. Alpine showed working prototypes of DIN-sized car DCC and MD players as well as nonworking mockup of 4-disc in-dash MD changer, but booth attendant said company hadn't decided on introduction date. Clarion, too, showed nonworking mockup of 4-disc MD car changer, while Sony sought to trumpet MD support among major car makers by building MD system into Nissan Skyline GTS 25.

As Fair opened, Toyota (Japan) announced it would begin offering Sony-sourced single-disc MD players in 3 models of family cars positioned for younger buyers. Toyota is projecting monthly sales at start of 500 units of player that will be sold for equivalent of \$730. It said it plans gradually to offer MD player as option on additional models and to follow suit by offering DCC as option, too.

MD program marks first time Toyota will have sourced products on OEM basis from Sony, having previously procured car audio products only from Fujitsu Ten, Matsushita, Pioneer. Matsushita booth attendant said company would begin offering car DCC products to OEM clients next fall in time for 1995 models. Meanwhile, Philips demonstrated mockups of DIN-sized car DCC deck and DCC personal audio system as well as working sample of DCC minicomponent system. Attendant said products are destined for sale in 1994. Sony said MD licensee roster as of Sept. 29 included 35 hardware firms, 16 recording media companies, 18 prerecorded disc replicators.

According to recent survey by EIAJ, domestic Japanese unit sales of hi-fi audio declined 60.2% in period from 1988 to 1992.

Brazil Consumer Electronics Show attendance projection by sponsor EIA Consumer Electronics Group (CEG) apparently has been scaled back. EIA said last week trade attendance expected at CES S. America scheduled for Sao Paulo Aug. 3-7 to be around 20,000. Assn. said Brazil was chosen "because it is a fast-growing market for consumer electronics and home appliances and its potential is tremendous." CEG's most recent estimate is lower than originally stated "principal goal" of 30,000-50,000 trade visitors, mostly dealers (TVD June 28 p11). Show apparently has decided to admit consumers on final day. Plan to open doors to public had been under consideration originally when proposal was presented to CEG Exec. Committee in June, but consumer days hadn't been mentioned in later publicity material. Show producers haven't wavered from original goal of attracting 150-200 exhibitors.

Speakers at EIA Fall Conference in Chicago: Rep. Crane (R-Ill.) at lunch Oct. 18; Ira Magaziner, adviser to President Clinton, via satellite at lunch Oct. 19.

LUSKIN'S APPEALS MD. CHARGES: Luskin's has filed appeal with Md. circuit court of order to set up \$500,000 fund to compensate consumers induced to shop at its stores by promotion offering free air fare, office of Md. attorney general said. Appeal, which won't be heard until early Jan., comes after investigation into 1992 promotion that offered trips to Hawaii, Fla. and Bahamas to customers making minimum \$200 purchase.

However, when redeeming tickets, customers were required to pay Orlando-based Vacation Ventures hundreds, and in some cases thousands, of dollars for hotel rooms and other fees, state said. Md. Asst. Attorney Gen. William Leibovici said fund may not be sufficient to meet claims, although no customers had filed for refund as of Oct. 15. Luskin's officials weren't available for comment.

NATM Buying Corp., of which Luskin's is member, said several of its retailers used promotion. It said some ads for promotion stated that hotel and other fees would be charged. Adray's, another NATM member, reached settlement with Ventura County (Cal.) Dist. Attorney in Feb., agreeing to pay \$20,000 fine and give 9,000 customers \$20 certificates to purchase merchandise, Asst. Dist. Attorney David Fairweather said. Adray's promotion was similar to Luskin's and required \$200 minimum purchase for trip to Fla., \$300 for Hawaii, \$400 for Bahamas, Fairweather said.

Victoria Martin, owner of Vacation Ventures, couldn't be reached for comment. Vacation Ventures approached NATM with promotion plan at meeting 2 years ago, industry officials said. Luskin's was target of separate Md. probe in early 1980s involving advertised pricing and reached out-of-court settlement, Leibovici said.

■ ■ ■

Antidumping duties on Korean color TV sets would be reduced for some manufacturers on basis of preliminary results of administrative review by Commerce Dept.'s International Trade Administration for year ended March 31, 1992. Subject to change in final form, ITA preliminarily found these dumping margins for latest period, with margins for year earlier (TVD Oct 11 p15) in parentheses: Daewoo 0.46% (4.1%), GoldStar, 0% (0.8%), Samwon 0.53% (16.57%), Cosmos 16.57% (unchanged), Tangkook 16.57% (unchanged). Samsung and Quantronics had no shipments during period, so former margins of 0.37% and 3.63% were continued.

Widescreen patent battle coming up? Last year, JVC gave first demonstration of 16:9 projection set that uses clever trick to display conventional 4:3 pictures on widescreen set without cropping off major parts of top and bottom of picture or stretching picture sideways. JVC's set stretches only edges of picture in nonlinear way so center of picture is unaffected and there's no noticeable distortion. Philips followed with system that works in similar way. But European patent application filed in Dec. 1991 has come to light, covering what appears to be exactly same principle. It was filed by Korea's GoldStar.

"Unofficial" daily in Las Vegas during Winter Consumer Electronics Show will be published by HFD, which announced in 2-page ad Oct. 11 that it "decided not to participate in the EIA's bidding process to be called 'Official CES daily.'" Ad said HFD doesn't think EIA "should become a publisher for a day or 2." EIA's Consumer Electronics Group chose TWICE magazine as publisher of official daily (TVD Aug 16 p16), with exclusive distribution rights at show. HFD said its daily will be distributed at hotels in Las Vegas during show.

VOICE-POWERED ORGANIZER: New twist on pocket organizers is one without keyboard by Voice Powered Technology (VPT), developer of VCR Voice Programmer (TVD Oct 11 p14). Easily palm held and pocketable, device combines voice recognition with solid-state digital record and playback system and LCD readout.

Priced at \$200, Voice Organizer can remember up to 99 spoken memos or calendar entries, calling them up at prearranged time and reading them back in user's own voice. It can be programmed for as much as year ahead. It also can remember 400 phone numbers (up to 100 names) that can be read into it; they're recalled by speaking name of person, and phone number is displayed on readout and confirmed in user's own voice. Device also has 4-function voice-activated calculator.

Digital recorder itself can hold up to 4 min. of speech. Capacity of system can be doubled (to 8 Mb of memory) with optional 4 Mb card. It's powered by nickel cadmium batteries, comes with recharger and built-in lithium backup battery. Like VCR Voice Programmer, Organizer must be set for voice of user, who reads words and numbers from display into built-in microphone. Basic components in device are microprocessor and random access memory.

Organizer already is available through ad in American Airlines inflight magazine and 800 telemarketing number, with kickoff of retail sales expected next year. Unit is assembled in Malaysia, and VPT Pres. Edward Krakauer said availability is limited by short supply of semiconductors. He told us he expects production of about 15,000 units by year-end. Second generation, to be introduced in 1994, will add auto phone dialer and expense account function, he said.

Krakauer said company may sign deal with major marketer to distribute product to retail stores -- presumably patterned after arrangement by which Philips markets Voice Programmer. He said decision would be made in 35-45 days after conclusion of discussions now under way.

Engineering Dir. George Fischer conceded "some mistakes" in launch of Voice Programmer and said 2nd-generation model, to be available soon, will be preprogrammed with universal codes for various brands of VCRs, in place of elaborate "learning" system now required.

Programmer was launched with direct marketing infomercial -- major factor in VPT's red ink. Krakauer said infomercial costs have risen so high that approach won't be used for Organizer.

Service Merchandise, plagued by sluggish sales, reported \$4.1 million 3rd-quarter net loss, compared with \$1.7 million loss year ago. Poor showing came despite slight increase in 3rd-quarter net sales to \$704 million from \$698.2 million. Comparable-store sales dipped 1.8% on decrease in consumer spending, company said. For 9 months, Service Merchandise said net loss increased to \$6.4 million from \$5 million even as net sales for 9 months inched up 1.7% to \$2.18 billion from \$2.14 billion. In 4th quarter, company will open 15 new stores and launch national TV ad campaign featuring Bill Cosby.

Philips will add color computer monitor tubes to production at its Lebring, Austria, picture tube factory at investment of about \$10.5 million. Production of 15" monitor tubes will start in last quarter of 1994, with 17" to be added later. Philips, which produces monitor tubes in Taiwan, said it will be only company making them in Europe.

'VIDEOSNAP' IN HONG KONG: Hong Kong Electronics Show generally isn't too long on innovation (see related report, this issue). It's not surprising that biggest shot of preshow publicity went to Kong Wah Electronics, which showed 40" LCD projection TV and Videosnap device that produces Polaroid picture from screen shot (TVD Jan 18 p15).

Kong Wah will manufacture both products on OEM basis for VideoSnap, San Pedro, Cal., company headed by Vincent Donohoe. Prototype of VideoScope 2000 LCD rear-projection set used 3 Matsushita 330,000-pixel 16:9 monochrome LCD panels with color filters, Donohoe said. When standard NTSC program is displayed, he said, motorized system would retract portion of screen and bring side-mounted speakers closer to middle to create 4:3 viewing area; model at show didn't have that capability.

Donohoe said Kong Wah would begin production of VideoScope in Sept., with retail price expected to be under \$3,000. VideoSnap screen photographer, which spokesman said would be released next year either via direct marketing or as OEM product under major brand, uses 1" Matsushita LCD to display digitally frozen image, produces photo print with resolution claimed to be equivalent of about 240 lines. Price is planned at "under \$500."

Perils of innovation, as stated by Amstrad Chmn. Alan Sugar in review of results for fiscal year ended June 30, in which sales declined but company moved to operating profit: "We were able to make quite good profits [in earlier years] on a short-term basis when breaking into those new areas [of audio rack systems, home computers, satellite receivers], but the loyalty from the retailers diminishes when our competition catch up. The company has learned that there is a price to pay for concentrating its efforts on innovation and it has now to consider stabilizing its business to be more active in a more 'me-too' environment..."

Color printer may become part of interactive TV of future, on basis of Time Warner's cable test in Orlando. Company will provide 4,000 test subscribers with modified Hewlett-Packard inkjet color printers for use in connection with home shopping, distribution of coupons, other services.

Steinberg's will open 2 superstores in Cincinnati area this month. They will replace older 8,000-sq.-ft. outlets with 21,000-23,000-sq.-ft. versions that contain chain's first home theater rooms. Retailer opened first superstore in May as part of move to upgrade and expand its 16 outlets.

"**Bull Market's Top Stocks**," listed in Oct. 11 USA Today included Best Buy and Recoton.

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Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acclaim Entertainment 1993-year to Aug. 31	327,092,000	28,185,000	.63
1992-year to Aug. 31	214,627,000	13,846,000	.37a
Apple Computer 1993-year to Sept. 24	7,976,954,000	86,589,000	.73b
1992-year to Sept. 25	7,086,542,000	530,373,000	4.33
1993-13 wk. to Sept. 24	2,140,789,000	2,664,000	.02
1992-13 wk. to Sept. 25	1,767,734,000	97,612,000	.81
Audiovox 1993-9 mo. to Aug. 31	281,809,000	9,802,000	1.09c
1992-9 mo. to Aug. 31	244,910,000	4,942,000	.55c
1993-qtr. to Aug. 31	94,478,000	2,642,000	.29c
1992-qtr. to Aug. 31	84,708,000	2,220,000	.25c
BMC Industries Inc. 1993-9 mo. to Sept. 30	140,506,000	18,841,000	3.07c
1992-9 mo. to Sept. 30	136,527,000	4,558,000	.80
1993-qtr. to Sept. 30	45,208,000	1,487,000	.24
1992-qtr. to Sept. 30	42,795,000	898,000	.16
Broderbund Software 1993-year to Aug. 31	95,583,000	13,628,000	1.36
1992-year to Aug. 31	75,085,000	9,659,000	.99
1993-qtr. to Aug. 31	22,223,000	2,944,000	.29
1992-qtr. to Aug. 31	18,721,000	1,931,000	.20
CBS 1993-9 mo. to Sept. 30	2,467,000,000	279,900,000	17.62
1992-9 mo. to Sept. 30	2,534,700,000	47,700,000	3.08b
1993-qtr. to Sept. 30	752,600,000	118,300,000	7.39
1992-qtr. to Sept. 30	672,200,000	42,700,000	2.76
C-COR Electronics 1993-13 wk. to Sept. 24	15,719,000	1,136,000	.25
1992-13 wk. to Sept. 25	13,692,000	1,026,000	.22
Gannett 1993-39 wk. to Sept. 26	2,659,031,000	268,775,000	1.84
1992-39 wk. to Sept. 27	2,533,869,000	85,503,000	.60b
1993-13 wk. to Sept. 26	876,532,000	88,780,000	.61
1992-13 wk. to Sept. 27	848,609,000	79,116,000	.55
General Electric 1993-9 mo. to Sept. 30	42,475,000,000	2,838,000,000	3.32b
1992-9 mo. to Sept. 30	40,872,000,000	3,384,000,000	3.95d
1993-qtr. to Sept. 30	14,858,000,000	1,206,000,000	1.41
1992-qtr. to Sept. 30	14,272,000,000	1,110,000,000	1.30d
Media General Inc. 1993-39 wk. to Sept. 26	444,300,000	16,648,000	.64
1992-39 wk. to Sept. 27	428,727,000	11,419,000	.44d
1993-13 wk. to Sept. 26	147,527,000	5,095,000	.20
1992-13 wk. to Sept. 27	139,967,000	1,803,000	.07d
Motorola Inc. 1993-9 mo. to Oct. 2	11,970,000,000	682,000,000	2.41
1992-9 mo. to Oct. 2	9,592,000,000	272,000,000	1.01a
1993-qtr. to Oct. 2	4,408,000,000	254,000,000	.88
1992-qtr. to Oct. 2	3,396,000,000	127,000,000	.46a
Park Communications 1993-9 mo. to Sept. 30	123,607,000	11,858,000	.57
1992-9 mo. to Sept. 30	115,749,000	11,105,000	.54
1993-qtr. to Sept. 30	41,483,000	3,855,000	.19
1992-qtr. to Sept. 30	39,044,000	3,777,000	.18
Scripps Howard Broadcasting 1993-9 mo. to Sept. 30	294,416,000	31,349,000	3.04c
1992-9 mo. to Sept. 30	283,208,000	23,188,000	2.25
1993-qtr. to Sept. 30	96,124,000	8,362,000	.81
1992-qtr. to Sept. 30	95,257,000	8,436,000	.82
United Television 1993-9 mo. to Sept. 30	91,575,000	34,788,000	3.42c
1992-9 mo. to Sept. 30	81,618,000	8,001,000	.76
1993-qtr. to Sept. 30	28,950,000	7,253,000	.72
1992-qtr. to Sept. 30	26,070,000	5,180,000	.49
Westinghouse Electric 1993-9 mo. to Sept. 30	6,234,000,000	208,000,000	.48
1992-9 mo. to Sept. 30	6,693,000,000	(110,000,000)	—d
1993-qtr. to Sept. 30	2,060,000,000	65,000,000	.15
1992-qtr. to Sept. 30	2,268,000,000	14,000,000	—d

Notes: ^aAdjusted. ^bAfter special charge. ^cIncludes special credit. ^dRestated.

Consumer Electronics Personals

Bruce Huber, Consumer Products Div. mktg. vp since 1984, leaves Zenith to become pres. Nov. 15 of Telemarketing Div. of Ruppman Marketing Technologies, Peoria, which services companies with 800 numbers, answering nearly 12 million calls annually; Dean DiBiase, ex-senior vp, Antex Corp. (cable TV components), joins Zenith Oct. 18 as corporate mktg. vp, reporting to Sales & Mktg. Exec. Vp Gerald McCarthy... John Sculley resigns as Apple Computer chmn., succeeded by Vice Chmn. A.C. (Mike) Markkula; Chief Financial Officer Joseph Graziano elected to board; Robert Puette resigns as pres.-gen. mgr., Apple U.S.A., his duties assumed by Ian Diery, exec. vp-PC Div.

Appointments at Emerson Radio: Jerry Galya, ex-Memtek, joins as southeast regional sales mgr., based in new Duluth, Ga., branch office; Mike Johanningmeyer, ex-Gran Prix autosound supplier, named midwest regional sales mgr., based in St. Louis; Scott Staff becomes mgr., special markets, based in company's Parsippany, N.J., hq; all report to Sales Vp Merle Eakins... Philips Labs Pres. Peter Bingham elected to board of Fluke Corp. (formerly Philips subsidiary John Fluke Mfg. Co.).

Charles Cerole, ex-Lechmere video buyer, joins Tops Appliance City in same capacity, succeeding Christopher DiOrio, now Tops major appliance buyer... Robert Mainiero, ex-Alpine/Luxman zone mgr., named ADS Technologies national sales mgr. for car audio... Rex Halverson, ex-sales dir., specialty products at Sound Advice, joins Warrantech as national training specialist, reporting to Andrew Impavido, dir. of training... Anthony Jenkins promoted from Gran Prix Electronics regional sales mgr. to sales vp.

Panasonic has supplied 2,526-room Luxor Hotel in Las Vegas with consumer electronics and office products. Pyramid-shaped hotel opened Oct. 15 and features Panasonic color TVs in variety of screen sizes in guest rooms. Luxor also showcases Panasonic's 16x20-ft. Astrovision LCD TV, suspended above atrium and containing information, seasonal messages and live video from casino and entertainment areas. Panasonic also supplied 2.45-million-sq.-ft. hotel with fax machines, laser printers, copiers, vacuum cleaners, microwave ovens, lighting, professional AV. Value of deal wasn't disclosed.

Govt.-industry consortium to develop flat panel display manufacturing infrastructure in U.S. has selected San Jose as its permanent hq. U.S. Display Consortium (USDC) picked Silicon Valley location over proposals submitted by Ann Arbor, Mich., and Austin. USDC, which received initial funding of \$20 million from Pentagon's Advanced Research Projects Agency (ARPA), is headed by Peter Mills. Corporate members include AT&T, Electro-Plasma, Kent Digital Signs, Norden Systems, OIS, Photonics Imaging, Planar Systems, Plasmaco, Silicon Video, Standish Industries, Tektronic, 3-5 Systems, Xerox.

Gemstar's 2nd product -- Index Plus, automatic videocassette indexing system utilizing FCC-approved "extended data service" in TV picture's vertical blanking interval, is expected to debut before year-end. System was described exclusively in these pages in our report on last Winter Consumer Electronics Show, where it was given sneak preview to manufacturers (TVD Jan 18 p11).

TELEVISION DIGEST®

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With Consumer Electronics

OCTOBER 25, 1993

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Broadcast - Cable

RENO HITS TV VIOLENCE: Attorney Gen. says it's 'constitutionally permissible' to regulate TV violence, urges industry to clean up act. (P. 1)

HDTV DECISIONS MADE: Experts group boosts international standard with MPEG decision, backs Dolby sound, multiple scanning formats. (P. 2)

FCC PLANS CABLE INQUIRY as incomplete survey shows 68% of rates down. Quello wants investigation of rules evasions. Cable touts results. (P. 4)

ARBITRON GIVES UP after 43 years competing with Nielsen on measuring local TV station audiences. Cable ratings also to be dropped. (P. 4)

HEALTHY TV 3D QUARTER: Cap/ABC, Tribune, Time Warner among media firms with strong results. ABC network revenue up significantly. (P. 5)

FREE AIR TIME SOUGHT for candidates by public interest groups. NAB opposes idea. Legislation pending. (P. 6)

TCI/BA HEARING SET for Oct. 27 by Senate Antitrust Subcommittee. House hearing possible in Nov. Nader and others seek Justice investigation. (P. 6)

U.K. EXPANSION LIKELY as cable subscribers and networks grow. 'Critical mass' approaching as emphasis shifts from building to marketing. (P. 7)

RENO ENDORSES BILLS TO DEAL WITH TV VIOLENCE: Attorney Gen. Janet Reno told Senate Commerce Committee Oct. 20 that it's "constitutionally permissible" to regulate violence shown on TV, and she sent strong message that industry should clean up its act immediately. Committee Chmn. Hollings (D-S.C.) said after hearing he would like to move legislation quickly, but doubted it could be done before targeted Thanksgiving date for congressional recess.

In statement, which she changed while testifying, Reno said: "I want to use this forum to challenge television to reduce substantially its violent programming now." Her text had said she wanted violent programming reduced in "one year's time." Also testifying at hearing, Sen. Simon (D-Ill.) gave industry yet another deadline -- this one Jan. 1, 1994 -- to reduce violence. Reno, who testified after Simon, said she could agree with that deadline as well.

Reno praised work done by entertainment industry to use programming advisories: "I believe these are positive steps. They are, however, extremely small steps -- itty bitty steps." She said she was "tired of the shoulder shrugging and the finger pointing," adding that she was asking industry to acknowledge responsibilities and pledge to work with Administration "and start doing something about it now."

Consumer Electronics

APPLE INTRODUCES 'MACINTOSH TV,' full-featured computer combined with TV set and Trinitron tube at street price of \$2,000. Is Sony inside? (P. 12)

ZENITH LOSS DECLINED 65% in 3rd quarter. Sales down 3.5%, but company says color TV unit sales rose sharply as other products declined. (P. 13)

SAMSUNG AIMS AT 4-5% of U.S. consumer electronics market through advanced technology and higher ad budget. It claims 11.6% of world's VCR sales. (Pp. 13 & 18)

COLOR TV IMPORTS DOWN in Aug. for first time this year. Mexico supplied 69.8% of sets. Japan is No. 2 in VCRs for 2nd consecutive month. (Pp. 14 & 18)

STARLIGHT SUES GEMSTAR, charging patent infringement on cable recording system and illegal threats to licensees. Gemstar calls claims 'without merit.' (P. 15)

SONY TO MAKE PROJECTION TUBES at Pittsburgh plant starting in April, transferring production from Japan. Will offer 1/3 of output on OEM market. (P. 15)

DYSAN SAID TO BUY MEMTEK magnetic media and electronics marketer from Tandy. (P. 16)

SONY TO MARKET SATELLITE receivers for Hughes DirecTV system, winning 6-month semiexclusive rights after Thomson exclusivity expires. (P. 16)

Reno's recommendations fit Hollings' mood. He began hearing by listing 40 years of congressional hearings on TV violence. When Reno commented on Simon's Jan. 1 date, Hollings, alluding to time he has been in Congress, said: "They have been given 27 Januaries in my experience." He repeatedly read from FCC news release of 1975 quoting agreement on TV violence that was expected to end problem.

Bills before committee are: (1) S-1383, by Hollings and Sen. Inouye (D-Hawaii), chmn. of Communications Subcommittee, to set "safe harbor" in which violent shows couldn't be shown. (2) S-973, by Sens. Dorgan and Conrad (both D-N.D.), that would require FCC to compile violence "report card." (3) S-973, by Sen. Durenberger (R-Minn.), that would call for visual and audible warning labels before programs. In addition, Sen. Levin (D-Mich.) introduced bill to require TV stations to maintain copies of promotional commercials for 30 days, in cases of complaints about violent promo spots shown during otherwise tame shows. In written statement submitted for hearing record, FCC Chmn. Quello endorsed Hollings' bill as "the most practical legislative step" toward curbing violence, while saying that Durenberger's bill "provides another possible legislative solution" that could stand up to First Amendment challenge. However, Quello said he had 2 concerns about Dorgan bill: (1) First Amendment "ramifications of having programming evaluated in this manner by a government agency." (2) Administrative burden of quarterly reports, particularly as number of channels increases.

Reno repeatedly said that bills under consideration were "constitutionally sound," although in answer to question from Sen. Pressler (R-S.D.), she said she didn't know whether safe harbor concept had been struck down by appellate courts. Civil libertarians disagreed with Reno's view. Robert Peck of American Civil Liberties Union (ACLU) said she was mistaken in her interpretation, which relied on FCC v. Pacifica.. Peck said that case dealt only with legendary "7 dirty words" and didn't cover whether indecent programming could be broadcast. He said all attempts by FCC to set time limits on when indecent programming could be shown had been thrown out of court. Peck said he was "rather shocked" Reno would endorse policy based on cases for which she hasn't read subsequent litigation. Media Access Project Dir. Andrew Schwartzman called Reno's position "a broad, questionable interpretation" of law and said courts haven't dealt with question of violent language.

Reno tagged one of key issues when she noted that defining violence would be one of most important tasks in any rating system or report card. Hollings provided demonstration of just how subjective defining violence would be. In panel of network and entertainment executives, Howard Stringer, pres. of CBS Bestg. Group, said that on several nights of his network's prime-time schedule, "no one dies." Hollings then asked whether having someone thrown through jukebox or punched would qualify as violence. Hearing room was then treated to tape of 5-min. fight in bar during CBS show Love and War from Oct. 18 in which characters repeatedly were punched, kicked, thrown through windows and shoved into jukebox while one character was pleading for fight to stop. After tape ended, MPAA Pres. Jack Valenti, also testifying on panel, quipped, "No one died," and Hollings replied: "Except the credibility of the panel." However, Sen. Burns (R-Mont.) said he thought fight was funny, calling it slapstick. Network executives, including Stringer, said their schedules were less violent than in past, with Stringer telling panel that this year's "May Mayhem" during sweeps week wouldn't be repeated. He also said, as he had in past, that cable also should be responsible for violence guidelines.

Also testifying, actress Lindsay Wagner said violence should be reduced on TV, while Gael Davis, pres. of National Council of Negro Women chapter in L.A., said TV was "the number one educational tool" for many children. After hearing, Davis, who is from south-central poorer part of city, elaborated on her brief testimony. She said children were impressed by characters in TV shows who are shown committing violence -- who drive big cars and who carry guns. In 80% of cases, parent isn't home to supervise children's TV watching, she said.

MPEG-2, DOLBY AND MIXED SCANNING SELECTED FOR HDTV: In major move toward international TV compatibility, experts group of FCC's Advanced TV Advisory Committee gave preliminary approval to MPEG-2 compression system for HDTV (TVD Aug 16 p4), same standard that's likely to be used in rest of world. Group also selected Dolby as winner for HDTV audio system, and endorsed earlier compromise that will allow both interlaced and progressive scanning for HDTV (TVD May 31 p1). Key decision on transmission system is expected in Feb. Action on all but one of major remaining HDTV factors clears way for start of work on final prototype if full Advisory Committee endorses decisions at meeting tentatively set for Nov. 8.

There's high probability that most of world will agree on MPEG-2 compression system, as result of U.S. decision. Europe already has backed away from MAC compression, and lack of major supporter for any non-MPEG system makes it unlikely any other major candidate will emerge. Experts subgroup agreed Oct.

21 that MPEG-based system is at least equal in quality to every other proposed system, and superior in many ways. It also believed that conforming to MPEG-2 standards would help reduce HDTV costs and increase U.S. HDTV exports because much of rest of world would select MPEG anyway, and compatibility would make possible lower costs for computer chips needed for HDTV and more opportunities for U.S. component manufacturers to export equipment.

Dolby Labs executives hardly could contain their glee at selection of Dolby AC-3 for HDTV digital audio. AC-3 -- coding system that forms backbone of Dolby Stereo Digital cinema sound system being adapted for introduction in consumer products next year -- won out over Philips Musicam system, on which Grand Alliance of HDTV manufacturers will conduct additional testing to determine whether it can fit bill as backup audio system. Third-place finisher was Adaptive Coding System from MIT. Mktg. Vp Edward Schummer told us Dolby is hopeful decision will create "a ripple effect" in licensor's effort to adapt cinematic Dolby Stereo Digital as next-generation Dolby Surround Digital products for consumer market starting next year.

Audio industry observers we polled said selection of Dolby wasn't surprise because of bugs discovered in Philips Musicam during testing last July and Philips' unsuccessful bid to have system retested. Philips said Musicam bug appeared on only one of 8 music test sequences but "was discovered too late to halt testing." Problem involved incorrect transcription of "psychoacoustic model" into software code that resulted in audibility of key artifacts. Philips said that "after correcting the error, exhaustive laboratory testing by Philips has shown that the artifact is no longer present." Musicam surround "is fully compatible with MPEG-2 and, unlike Dolby, is backward compatible with MPEG-1," Philips said. Experts group agreed to continue testing Musicam as backup to Dolby.

HDTV alliance had proposed multiple scanning formats, but idea had been criticized as difficult and too expensive. Experts group agreed to endorse idea under which HDTV hardware would be compatible with 5 different progressive scanning speeds/line counts, as well as 1,080-line interlaced scanning, after being convinced that multiple format would increase HDTV equipment cost only 2-5%. Current plan "strikes an appropriate balance among the various needs of all potential users of this technology -- including broadcasters, cable service providers, the telecommunications and computer industries, and the medical, educational and scientific communities," said Advisory Committee Chmn. Richard Wiley.

Bestr. Caucus of Advanced TV Systems Committee endorsed expert group decisions, including multiple scanning formats. Computer groups had hoped group would settle on progressive scanning, which is more compatible with computers, while broadcasters thought interlaced systems would cost less and provide higher initial quality. Michael Sherlock, chmn. of Caucus and executive at Alliance member NBC, said group "fully supports the inclusion of both progressive and interlace scanning parameters. This will give the system enormous flexibility." Broadcasters also were pleased that selection of MPEG would make it easier to distribute their programming overseas.

Sole remaining major decision is on transmission system. Further tests are expected in Jan., with experts group to make that decision as early as Feb. Advisory Committee officials may ask full Committee in Nov. to delegate final decision on transmission system to experts group, we're told. Main remaining candidates are 4-VSB, 6-VSB and 32-QAM transmission systems proposed by various Alliance members, as well as associated higher data rate systems that could be used by cable to compress 2 HDTV signals onto single cable channel.

TvB said it plans annual seminar on research following success of first one Oct. 5-6 in N.Y. TvB had expected audience of 20-30, had to cut registration off after it reached more than 100. Seminar focused on making researchers "creative marketing analysts as opposed to simply information gatherers," TvB said.

French govt. said Oct. 20 it will file formal complaint with European Commission (EC) on Turner's TNT and Cartoon Network programming broadcast via Astra satellite from Britain, Agence France-Presse reported. Communications Ministry has charged Britain with breaking EC rule that says at least half of content of TV network's output must be European. Ministry said it decided on move after analyzing first week of broadcasts, which began Sept. 17, when it said it found 100% of cartoons and 97% of films were American.

Cable Transactions: Benchmark bought system with 5,000 subscribers in Leesburg, Va., from Multivision for undisclosed price, broker Waller Capital said. Manassas, Va.-based Benchmark has 58,000 subscribers in Cal., Fla., Va.... **Sammons** bought cable system with about 1,800 subscribers in Cumberland County, Pa., from Flight Systems, price not announced, broker Communications Equity Assoc. reported.

NAB has sent **fairness doctrine** "primer" to all members of Congress in effort to forestall return of doctrine through legislation. In covering letter, NAB Pres. Edward Fritts called revival of doctrine, which FCC repealed 6 years ago, "terrible public policy [that] would constitute an attack on the First Amendment. It would not serve the interests of Congress, America's broadcasters nor the American people."

CABLE RATE INQUIRY PROMISED: Next step following FCC release of preliminary report on cable rates will be "widespread inquiry with investigatory overtones" on whether or not cable systems' 1993 rate increases complied with Commission's rate freeze and benchmarks "or constituted an evasion of rules," Chmn. Quello said. Cable bills for regulated services declined 8% (\$2 per month) at 14 MSOs surveyed, FCC said. Overall, 68% of cable subscribers had lower bills as result of deregulation and 32% had increase, survey showed. Study also showed that equipment charges for subscribers dropped substantially for period covered in FCC survey -- April 5-Sept. 1. Monthly charges for remote controls plunged nearly 90% and for additional hookups 95%, Commission said.

Addressing Long Island Coalition for Fair Bestg. Oct. 22, Quello said that if cable evaded rules "enforcement actions... must be taken." If complaints received by FCC of "creative pricing and rate violations prove true," then cable industry again is open "to the charge of being the monopolistic evil empire of the telecommunications world. We won't hesitate to take correction action if warranted."

In Washington following FCC's Oct. 21 meeting, Quello told reporters results of survey of additional 11 MSOs weren't included in preliminary report because information was incomplete. He said Commission doesn't expect to see "negatives" in followup report. Those systems had offered unregulated "a la carte" services, making information submitted "more complicated" to analyze, it said, and additional information will be sought from them. Commission said it hopes to release full report on impact of Cable Act on rates about mid-Nov.

House Telecom Subcommittee Chmn. Markey (D-Mass.) said Commission's results were "too incomplete to draw any serious conclusions" on whether rate regulation was effective and asked General Accounting Office to conduct its own survey of rates: "Clearly a significant number of subscribers have been victimized by loopholes in the regulations or by unscrupulous practices by cable operators." Rep. Boucher (D-Va.), member of Markey's Subcommittee, said that fact that 32% of subscribers had increases showed that situation "is not what Congress had in mind" when it passed bill last year. Survey provides more evidence that telephone companies are needed to provide competition to cable, as provided in his bill (HR-1504), he said.

NCTA said survey showed that FCC rate regulation rules have achieved their objective: "Regulated cable rates are lower, both on average and for the majority of individual subscribers." CATA Pres. Stephen Effros said study demonstrated that "cable companies are striving to comply with both the letter and the spirit of the law."

In action unrelated to survey of rates, which had been mandated by Congress, FCC this week will send letters of inquiry to unspecified number of cable systems in response to specific subscriber complaints against individual systems about rate increases. Commission official told us that some systems may be fined or admonished.

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About half-dozen semifinalists for PBS presidency have been selected by search committee headed by immediate past board Chmn. Ted Capener, and appointment is expected by early Dec. Original target for vote by PBS board -- meeting last week in Alexandria, Va. -- wasn't met, Capener told us. Candidates include public broadcasters and people outside field, both men and women, he said.

ARBITRON THROWS IN TOWEL: After 43 years competing with Nielsen in measuring local TV station audiences, Arbitron announced last week it would get out of business Dec. 31. It also will drop its fledgling cable rating service. Arbitron Exec. Vp Marshall Snyder told reporters in teleconference: "The first reality is that we have lost money in this part of our business for several years... and there is no reasonable prospect of putting the business onto a profitable footing for years to come, if ever." Arbitron said its radio rating business is profitable and will continue. NAB said it's "a matter of concern for broadcasters" that only one company will be measuring TV audiences.

Snyder said that in last 10 months, Arbitron "explored every available option to reposition the [TV rating] business for growth and profitability." However, he said: "The facts are that... no longer can stations afford to buy both Nielsen and Arbitron... The consistent trend is one of a declining number of contracts and price per contract, resulting in unsustainable business economics." Nielsen and Arbitron had waged price war, he said, while "there are not clear quality differences" in their services. Nielsen said that it has 634 commercial TV station clients, 359 of them exclusive; that Arbitron has 455 station clients (down from 509 in Nov. 1991), 180 exclusive to Arbitron. Nielsen has 31 metered markets, Arbitron fewer than 20.

Action means that 733 of 1,200 Arbitron employees will lose jobs, Snyder said. They will receive 60 days' notice, severance package of unannounced amount, job search counseling "and whatever additional assistance we can reasonably provide." Terminations will be staggered, depending on jobs. Arbitron parent Ceridian Corp. announced \$67-million tax write-off for 4th quarter.

Snyder said Arbitron will continue to be media information company serving radio, TV and cable, as well as agencies and advertisers. In TV and cable, it will work on information tools to help stations with advertisers and agencies. Arbitron also will continue development of passive "people-pocket meter" for radio and TV. Said Arbitron Pres. Stephen Morris: "We are in the television business for the long term. That means making some very tough -- and painful -- business and investment decisions now."

NAB was unhappy about Arbitron action, saying competitive services benefit industry through improved methodologies and price competition: "This announcement effectively ends the ratings price war which has benefited many TV stations and [it] has lessened Nielsen's incentive for innovation."

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Communications equipment makers were among companies that showcased products exported to Mexico on White House lawn Oct. 20 to support N. American Free Trade Agreement (NAFTA). President Clinton toured displays and met with industry executives who have supported NAFTA. EIA Pres. Peter McCloskey said organization would conduct "lobbying blitz" on Capitol Hill Nov. 10 in support of trade pact.

Digital Cable Radio (DCR) said it has signed exclusive 10-year agreement with Cablevision Industries (CVI) to provide digital audio service to CVI's 1.2 million subscribers. Service already has launched on CVI systems in Orange and Suffolk counties, N.Y. CVI Chmn. Alan Gerry said digital audio debut "marks the beginning of CVI's move to provide an even broader range of services and products to our subscribers." DCR is 24-hour commercial-free music service.

INDUSTRY HAS HEALTHY QUARTER: Led by Cap/ABC, Tribune and Time-Warner, companies in broadcasting, cable and related industries reported strong results for 3rd quarter. Cap/ABC 3rd-quarter profits were \$78.3 million, up from \$62.2 million year earlier. Net revenue rose 7% to \$1.3 billion, as ABC network revenues "increased significantly" and owned stations reported "slight gains." Video operations, led by ESPN, had "substantial" revenue increase, company said, leading to 11% overall broadcasting revenue growth despite "moderate" radio operations increase.

Cap/ABC said unspecified increase in network profits was due to "improved market conditions" and absence of competition from Summer Olympics. Network had "small" operating loss in 1992 3rd quarter. Overall broadcasting operating income jumped 42% to \$127.3 million, with company's total operating income at \$148 million, up 27% from 1992's \$116.5 million.

Time Warner (TW) reported pretax earnings of \$726 million for 3rd quarter, up 8% from same 1992 period, on \$3.7 billion revenue, up from \$3.5 billion. In Entertainment Group, cable had \$268 million in pretax earnings, filmed entertainment \$204 million, programming and HBO \$57 million. TW attributed record cable results to subscriber growth and increases in advertising and pay-per-view.

Tribune Co. posted net income of \$38.6 million for 3rd quarter, up 14%, despite lower broadcasting and entertainment operating profits. Revenues for quarter were down 8% from 1992 to \$487 million and down 7% to \$1.44 billion for first 9 months of 1993. Broadcasting and entertainment 3rd-quarter profits fell 8% to \$34.8 million, caused by higher salaries paid Chicago Cubs players. Profit at TV stations increased.

Viacom 3rd-quarter profit was off more than 50% from year earlier, to \$22 million from \$45 million, but revenue increased to \$508 million from \$471 million, and operating earnings were record \$110 million, attributed in part to performance of MTV Networks, whose earnings were up 44%. **Times Mirror** net almost doubled in 3rd quarter ended Sept. 26 to \$77.7 million, mostly as result of one-time items, including sale of QVC Network. Year-earlier profit was \$40.7 million. Revenues increased 4% to \$924 million. **Jones Intercable** said it had 19% increase in revenue to \$32.4 million in fiscal 1994 first quarter. First-quarter revenue from subscriber fees rose 22% to \$28 million from \$23 million. Basic service rate adjustments contributed 28% of increase, Jones said.

Chris-Craft TV Bestg. Div. had record 3rd-quarter pretax operating profit of \$43.7 million, up from \$42.2 million year ago, but tax increase cut net to \$13 million from \$19.4 million. Division revenues were up 28% to \$100.2 million, reflecting full quarter of results from WWOR-TV N.Y. and "strong" performance of company's other 7 stations. **Multimedia** net earnings grew to \$30,241,000 for quarter from \$15,080,000 year ago, due in part to favorable tax changes, and revenues were \$153,296,000, up from \$140,538,000. Broadcasting revenues were down 7.8% to \$37.6 million, but cable revenues increased 14.5% to \$41,023,000. **McGraw-Hill** had 3rd-quarter loss of \$91.9 million after write-off on \$337.5-million buyout of textbook partner Macmillan/McGraw. Revenues fell 2.2% and operating profit was 9.9%, in Bestg. Div., which includes 4 TV stations.

Jacor Communications said it filed with SEC to cover 4.75 million in newly issued shares through Donaldson, Lufkin & Jenrette and Smith Barney Shearson. Jacor, which owns

13 radio stations in 6 cities, said proceeds would be used "for the company's benefit," but didn't elaborate. Standard & Poor's put **Adelphia** on credit watch, saying it could lower rating on \$755 million of debt because of continued weak financial measures. Rating firm said Adelphia benefited from lower interest rates by refinancing, but has been unable to deleverage. S&P said "recent industry dynamics may encourage Adelphia to align itself with a strategic partner," but if there's no equity infusion or other deal to improve capital structure, debt rating is likely to be downgraded.

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General Motors is threatening to reconsider its 7-figure support of public TV (PTV) "if programs such as *Frontline* reflect a value shift on the part of PBS." PBS series Oct. 12 presented 90-min. profile of company that GM spokesman Bruce McDonald called "yellow journalism." He said show "either ignored or unfairly distorted" positive aspects about company, such as new management team. *Frontline* producer Stephen Talbot said GM had declined to cooperate on research for program. GM spokesman William O'Neil said company has no immediate plans to reduce its funding of PTV and it's "simply declaring that we will look carefully at future programming. If [PTV is] a hostile environment, we should think twice about contributing to it." In fiscal year ended last June 30, GM was one of 22 corporations or foundations that provided at least \$1 million for PBS shows. It had put up significantly more in some recent years -- for example, \$1 million in promotion alone for Ken Burns's *The Civil War*, and it's sole corporate underwriter of Burns's upcoming multi-hour history of baseball. Jonathan Abbott, PBS senior vp-development and corporate relations, said GM "has been a significant and loyal supporter of [PTV] for many years, and we hope they will continue to be our partners."

With revival of megamerger activity, FCC must balance consumer, economic and industry trends and companies should "maintain an awareness of market signals" to prevent "being relegated to niche status, at best," FCC Comr. Barrett said Oct. 20 at Fla. State U. He said chance that any single company will monopolize industry is "small," but he predicted "the pace of change will be brisk." He said trends will require cable companies to switch to fiber from coaxial. With cost of industry upgrade estimated at \$43 billion, he said many cable companies will be forced to form joint ventures with deep-pocketed telcos. Barrett cited recent court decision permitting Bell Atlantic to enter cable business in service area as indicator that courts will shape regulation of industry in future if federal govt. doesn't step in. He said industry is speculating that Congress will pass legislation as early as 1995 to "modify" telco ban. To protect consumer choice and prevent monopolies, Barrett said, regulators must create environment "that will foster investment and preserve the legitimate, dynamic and competitive aspects of both the cable and telecommunications industries."

Seventh U.S. Appeals Court, Chicago, has assigned same panel to appeal of FCC's new finsyn rules, adopted in spring (TVD April 5 p2), that year ago unanimously vacated earlier rules but stayed its decision to permit Commission to adopt new ones that would be constitutional. Panel consists of Judges Richard Posner (who wrote Nov. 1992 decision), William Bauer, Thomas Fairchild. Posner now is chief judge of court, and finsyn supporters had attempted to get him disqualified because in 1977, before he was appointed to bench, he was expert witness for CBS before Justice Dept. in consent decree proceeding. Bauer was chief judge when court ruled in 1992. Said supporter of Hollywood coalition seeking retention of finsyn restrictions on networks: "I think it's over. The fat lady is singing."

FREE AIR TIME FOR CANDIDATES ASKED:

Acknowledging that political climate has changed, even if issues haven't, ex-NTIA Administrator Henry Geller, Benton Foundation, Common Cause and others asked FCC last week to approve plan that would require broadcasters to provide free air time for political candidates. NAB opposed petition.

Bills already are pending in Congress on issue, but Geller's petition puts it before FCC. He acknowledged at news briefing Oct. 21 that issue has been debated in past and that there are few new arguments. What have changed, he said, are political circumstances. Broadcasters were exempted from spectrum auction because they claimed to be public trustees, Geller said, and part of upholding that public duty is to provide time for political candidates so that public has more information about them than is provided in short TV commercials.

Petition asked FCC to start proceeding to require broadcasters to "devote a reasonable amount of free time to appearances where the candidate uses the station facilities as an 'electronic soapbox.'" It suggested 30 days in even-numbered (congressional elections) years, 15 days in odd-numbered years. TV licensees would be required to devote 20 min. each day between 6 a.m. and midnight in 5-min. segments, one of which would have to be in primetime. Radio would have to devote 6 min. per day in one-min. segments, one of them in primetime.

Geller said quantitative approach is necessary, with petition characterizing proposal as "simply a floor -- not a ceiling." Broadcasters would have complete discretion to determine which election contests and candidates would receive air time, he said. Geller said legal obstacles from 1984 kept cable out of petition, but he hoped industry would adopt similar policy.

Geller said he wouldn't have filed petition 8 or even 4 years ago because Republican FCC chairmen believed strongly in market control. But he said there's "a new day at the FCC." Also signing pleading were American Assn. of Retired Persons; ex-Sen. Clark (D-Ia.), now senior fellow of Aspen Institute; Center for Responsive Politics; Democratic Leadership Council; Public Citizen.

NAB called proposal unnecessary, saying it would "inevitably embroil stations in disputes" over which races and candidates would receive free time. Broadcasters already serve public interest by providing "large and growing amount" of free TV and radio time through newscasts, carriage of debates, talk shows and other programs, NAB said. In addition, Steven Bookshester, NAB associate gen. counsel, said election law isn't clear whether broadcasters are allowed to give away time. Last summer, Federal Election Commission deadlocked on proposal by EZ Communications to provide free time in order to comply with complex FCC lowest unit rate rules.

Montgomery County, Md., Executive Neal Potter recommended Oct. 18 that Southwestern Bell-Media Ventures (SBMV) be allowed to buy Hauser cable system there. Hearing is set for Nov. 2, with County Council final vote expected in late Nov. Potter said he "deliberated long and hard before approving the transfer," but did so only after receiving assurances from SBMV that rates wouldn't rise any more than they would have under old ownership. County also received \$6 million from Hauser to improve "G-Net" system, which connects police, fire and emergency services. SBMV also is buying Hauser cable system in Arlington, Va., in deal that has been approved by County Council there.

BELL ATLANTIC/TCI HEARING THIS WEEK:

Senate Antitrust Subcommittee said it would hold hearing Oct. 27 on proposed Bell Atlantic-TCI merger. Witnesses so far confirmed include Bell Atlantic Chmn. Raymond Smith and Viacom Chmn. Sumner Redstone. TCI CEO John Malone will be out of country and not available for this hearing. TCI officials said they haven't decided whether to participate in followup. Hearing will be 10 a.m., Rm. 226, Dirksen Bldg. House Telecom Subcommittee may hold hearing first week of Nov., staff member said.

Also last week, Ralph Nader and group of public interest organizations asked Asst. Attorney Gen. Anne Bingaman to investigate Bell Atlantic/TCI deal.

In Oct. 19 letter, Nader and others said they were concerned about cable's ability to offer content while being conduit, saying large companies were leveraging their control over network. Citing Viacom antitrust suits against TCI and Time-Warner, letter said: "Given TCI's track record of anticompetitive abuses, it is alarming that they are proposing to merge with Bell Atlantic, providing the new merged entity with even greater power." Without "more effective common carrier protection," combined market power of BA and TCI, "will adversely affect independent providers of information and lead to less competition and less diversity," letter said. In addition to Nader, letter was signed by Jeffrey Chester, dir., Center for Media Education; James Love, dir. of economic studies, Center for Study of Responsive Law, and ex-FCC Comr. Nicholas Johnson, who heads National Citizens Communication Lobby.

BA/TCI merger could be seen as item on list of infrastructure-related issues because it revolves around central point of who will build network, and who will have access. That wider debate continues to evolve. Chester also is heading public unveiling of Telecommunications Policy Roundtable, group of about 60 nonprofit public interest organizations that will announce this week principles for "information superhighway." Broad coalition includes such groups as American Library Assn., Center for Civic Networking, Computer Professionals for Social Responsibility, Electronic Frontier Foundation, People for the American Way, United Cerebral Palsy Assn., others. Core group has been meeting for year or so, but this is expanded version constructed to deal with National Information Infrastructure issues, Chester said, adding that goal of umbrella organization is to provide support for more groups not traditionally active in telecommunications to become so.

Washington chapter of Best. Pioneers will honor WRVA(AM)-WRVQ(FM) Arlington, Va., and WHSV-TV Harrisonburg, Va., at annual black-tie banquet Dec. 3, Kenwood Country Club, Bethesda, Md. Individuals to be honored: Earl Abrams, retired Bestg. & Cable magazine reporter; Len Deibert, former news dir., WMAL(AM) Washington; Catharine Heinz, dir., Pioneers Library; Catherine Meloy, gen. mgr., WGMS(AM)-WBIG(FM) Bethesda; engineer Robert Silliman; James Silman, ex-CBS and WTOP(AM) Washington and now consultant; Ronald Townsend, pres. of Gannett TV. Cost is \$75, Wallace Johnson, 703-824-5660.

Home Shopping Network (HSN), based in St. Petersburg, said it plans to open N.Y.C. office before end of year. Pres. Gerald Hogan pledged to improve merchandising, quality and services. Douglas Bailey, pres. of Home Shopping Club, and Joe Isola, senior vp-purchasing, will head N.Y. operation (no address or phone number yet).

U.K. EXPANSION LIKELY: Number of U.K. cable subscribers is reaching "critical mass" necessary to begin expanded marketing and programming efforts, which in turn should attract more subscribers, speakers said at European Cable Communications conference in London last week. Number of networks available on cable made big jump Sept. 1 with launch of Sky's satellite package, and officials predicted as many as dozen more could be available within year.

Cable-only networks are one of big goals in distinguishing cable from satellite-to-home, which has estimated 2.5 million British subscribers vs. 500,000 for cable. Only handful of cable-only channels are available now, including C-SPAN-like Parliamentary Channel, Wire TV, Landscape Channel, Bravo-like Performance Channel, Learning Channel, handful of ethnic channels.

Four London-area MSOs, which account for 1/3 of Britain's cable subscribers, are close to agreement to launch news/life-style London Channel, TeleWest Mktg. Vp Bruce Smith said. Group is negotiating with 2 newspaper groups and companies that program London's ITV station for joint venture on London Channel. Network would be distributed via new London Interconnect, which also is used to distribute ads and other programming. Interconnect hasn't announced any other cable channels, but officials predicted it could launch another 5 in next year.

Other larger cable systems are considering own local or regional news channels. "You have to have a critical mass" of subscribers to afford local channels, said William Geppert, managing dir. of Cox's Cable North West. "It is doable at 40,000 to 50,000 subscribers," figure his system is approaching. Another option for local channel to distinguish cable from satellite is time-shifting local broadcast TV shows and news, Geppert said.

Sky satellite package already has been big boost for U.K. cable. Package launched Sept. 1 includes 2 Sky channels, UK Gold (largely reruns of popular British shows), UK Living, Bravo, Children's Channel, Country Music TV, Discovery, Family Channel, MTV, Nickelodeon, QVC. Package will add VH1 and Nick at Nite early next year.

Plethora of cable channels, which also include many foreign channels, is big increase from 1985, when many systems retransmitted only 4 broadcast channels plus 4 other networks. "For the first time, we have more product than we can afford to put on the system," Smith said. Many new services are getting little viewing, with most recent ratings showing that several newly launched channels were averaging only 6-7 min. viewing per week per household. Even though ratings are low, Smith said, new networks "are a tremendous tool for selling" cable to potential subscribers.

Some U.K. cable operators are angry about Sky's package. Per-channel price to dish owners is said to be less than 25¢, while cable price may average 45¢. Some operators said price differential should be investigated by govt. because they believe that Sky is using virtual monopoly over distribution of must-have networks to keep lid on cable subscribers.

It's "critical for cable to work on building demand in the market," Geppert said. "You can't just add programming, you must promote it." Cable must work to build up entire multichannel TV audience, not only cable, said Roger Wilson, managing dir., Southwestern Bell's Midlands Cable. "The cable trap was the mindset that you can't afford to advertise because you haven't built enough cable, and then you don't build cable because there's not enough demand."

QVC TENDERS FOR PARAMOUNT: QVC said it will continue trying to negotiate to buy Paramount while its tender offer for 51% of Paramount stock is outstanding and that success in merger could result in termination of offer. QVC offered to buy 51% of Paramount stock beginning Oct. 27 for \$80 per share cash. In 2-tiered offer, shares that aren't bought in tender would get only QVC stock later. Total bid price remains \$9.5 billion, but 2-tiered approach is seen as way to attract arbitrageurs and others interested in quick return on Paramount.

QVC Chmn. Barry Diller complained that Paramount has refused to negotiate with QVC. QVC said one of purposes of tender "is to empower the shareholders of Paramount to make their displeasure evident to their board of directors regarding their actions with respect to our offer." QVC also said it would file suit against Paramount in Del. Chancery Court, charging "breach of fiduciary duty." Suit will seek to invalidate "lockup" agreement whereby Viacom agreed to pay Paramount \$100 million if deal falls through and option would allow Viacom to buy 20% of Paramount's outstanding shares at \$69.14 per share.

If its bid is successful, QVC reportedly has told analysts that it plans to sell off Paramount's TV stations. Walt Disney Co. reportedly is interested.

CNN will launch teletext service throughout Europe Nov. 15, said officials who were demonstrating prototype in London. Teletext, which will be carried in vertical blanking interval of TV feed on Astra satellite, will be available free to majority of European TV sets with teletext capability, Teletext Coordinator Nadine Wyatt said. Basic service will include printed news, program guide, hotel guide, weather, travel information, sports, business information, ads. She said Turner Bestg. expects to make profit by increasing CNN penetration. Service also will include pay data service produced by Reuters, providing more detailed financial data that can be displayed only on personal computer equipped with special card produced by hyperCom. CNNText will have about 80 pages of basic data at first, plus 90 pages of Reuters' data, gradually will increase offerings. CNN said it plans to expand service gradually, probably to Arabsat first, then to Asia. U.S. introduction is well into future because of lack of teletext-capable U.S. TV sets.

To boost its bid for Paramount Communications, QVC announced Oct. 17 that Cox Enterprises and Advance Publications (Newhouse) would advance \$500 million each in support of QVC. Cox and Advance will purchase \$250 million each in QVC common at \$60 per share, plus another \$250 million each in preferred shares convertible to common. Viacom has deal to acquire Paramount for about \$8.8 billion, but QVC claims its offer is worth nearly \$9.7 billion. Responding to QVC announcement, Viacom cited what it said were "onerous terms imposed on QVC by its investors... The combination between Paramount and Viacom offers far more rewards for Paramount shareholders than a Paramount-QVC merger and, in fact, Viacom has all the financial flexibility it requires. The Paramount-Viacom merger will be completed." Paramount has agreed to negotiate with QVC while pursuing deal with Viacom.

Native American Public Bestg. Consortium and Indigenous Communications Assn. (ICA) plan American Indian Radio on Satellite (AIROS) project for native public radio network. Consortium funds Native TV, radio and film productions, while ICA represents 25 native-owned radio stations.

BT VIDEO PLANS HIT: BT video-on-demand (VOD) plans for U.K. "aren't about entertainment at all, this is about trying to unsettle the cable industry," said Richard Woollam, dir. gen.-U.K. Cable TV Assn. "We're taking 20,000 telephone lines a month from them," Woollam told European Cable Communications (ECC) conference in London Oct. 18. U.K. cable operators are actively lobbying govt. and Parliament to rescind Independent TV Commission (ITC) approval month ago of BT's VOD service, but ITC Chmn. George Russell said that's not likely to succeed.

BT should have to follow same rules as cable for entertainment services, Woollam said. He said rules should include same building milestones and universal service requirements as cable faces. Woollam also suggested that, like U.S. telcos, BT should be allowed to provide video only outside its service area, which includes 99% of British homes.

VOD never was part of exclusivity granted to U.K. cable operators, Russell said at conference: "Cable naturally wants a video-on-demand monopoly, but the fact that it doesn't have it doesn't seem to undermine cable." Patrick McLoughlin, parliamentary undersecy. responsible for communications in Dept. of Trade & Industry (DTI), agreed that granting VOD rights to BT "fully falls within government policy."

U.K. cable systems hooked up 250,000th telephone line last week, Woollam said, up from 80,000 year ago, and is adding 20,000 per month. Operators believe telephony has been major factor in driving cable penetration in U.K., with nearly half of all customers also subscribing to telephone, which bypasses BT's local network. Cable currently passes about 2.8 million of U.K.'s 21.6 million TV households, and has 504,000 subscribers, for nationwide penetration rate of 18% of households passed. More importantly, some operators estimate that churn -- number of subscribers that disconnect from cable in year -- approaches 50%. Figures have disheartened some investors, but cable officials said they were similar to penetration and churn rates in early days of U.S. cable. They believe arrival of wave of new program networks, many of them spinoffs of U.S. cable networks, will improve performance.

Russell and McLoughlin welcomed high level of American investment in U.K. cable, but suggested that U.S. should make its market as open to British investors, and that U.K. cable operators buy U.K.-built equipment when available. "There may be too much American equipment," Russell said. He acknowledged that there's often little alternative, but said British technology should be used when possible: "There must be an effort to keep the seeds of controversy from flourishing."

DTI also is pleased that many franchises in U.K. are changing hands, McLoughlin said: "Perhaps we're moving into a consolidation phase." British govt. is threatening to revoke some franchises because of failure to build systems quickly -- currently only 62 of 130 franchises have been activated. DTI expects to act quickly on 6 recent requests to interconnect franchises, McLoughlin said. It also will publish standards soon for start of microwave services, including wireless cable, he said.

Digital Equipment Corp. (DEC) entered video-on-demand market Oct. 19, saying it will build video server platform for U.S. West's broadband trial in Omaha later this year. DEC will team with RHC and 3DO to provide video and other interactive services on network.

PA. CABLE STUDIES FIBER NET: Cable operators in Pa. are pooling capital to fund study that could lead to statewide fiber network. Move is believed to be first such, said Harold Etsell, pres. of FiberSpan Pennsylvania, nonprofit corporation created by Pa. Cable TV Assn. (PCTA).

Operators are contributing \$25,000 each, will be paid back when venture becomes profitable, PCTA spokesman William Cologie said. That assumes study will deem fiber network is feasible, but he said most parties involved "are confident it's going to be feasible."

Preliminary "soft numbers" indicate building system would cost about \$300 million, but further research will determine final estimate, said Allan Tumolillo, vp-Probe Research, which will conduct study. Assisting: Cincinnati Bell, which will propose billing and business support systems; Engineering Technologies Group (ETG), which will coordinate network design and engineering using Rochester Telephone for switching and transmission interfaces and IBM for multimedia and video server platforms.

PCTA seeks "broad base of participation" to ensure that "a very substantial portion of the system is completed in 3 to 4 years" with full completion by 2000, Etsell said. Spokesman for Bell Atlantic, parent of Bell of Pa., said company welcomes competition but wants to offer video itself because "we think we've got a pretty good network today... We see the world developing into a competitive world."

Justice Dept. (JD) said it would appeal federal court ruling lifting cable/telco cross-ownership ban in Bell Atlantic (BA) region. NCTA also plans to appeal as intervenor. JD spokeswoman said agency also would "keep a close eye" on BA/TCI merger (TVD Oct 18 p1). Decision to appeal affects fate of cable properties owned by TCI in BA region because Congress and regulators have raised questions on anticompetitive nature of proposed merger. TCI has 1.6 million subscribers in areas served by BA. BA has said it would sell TCI-owned systems in region "to avoid any hint of anticompetitive activities," spokesman Eric Rabe said. BA is planning to build its own cable system in Alexandria, Va., as result of court ruling that held cable/telco ban unconstitutional, he said.

Noncommercial WFUV-FM N.Y.C. took NTIA to court for not awarding it \$262,000 Public Telecommunications Facilities Program (PTFP) grant for tower relocation. While NTIA hasn't disclosed reasons for not awarding project, which had high standing under PTFP's grant criteria, Fordham U. station contended funding was withheld "because the station broadcasts a weekly one-hour church service." Suit, filed by Fordham U. in U.S. Dist. Court, D.C., charges that NTIA action violated WFUV-FM's free speech rights and section of Communications Act prohibiting govt. from direct supervision or control of public stations. Station is seeking temporary restraining order to bar NTIA from distributing its recently announced FY 1993 PTFP grants until issue is resolved.

Idea that telephony has to be more reliable than cable may not meet consumer demand, said Roger Wilson, managing dir. of Southwestern Bell's Midlands Cable. He said consumer surveys indicate that viewers are pleased with Midlands' telephony reliability, but not necessarily satisfied with cable reliability -- even though they use same network: "The telephone can often be out for hours without anyone noticing, but TV can't be out for 5 minutes. This may mean that there has to be a higher service standard [for cable] than we initially believed."

U.K. 'EUPHORIC' ON CABLE: Market value of U.K. cable franchises soared tenfold as result of International CableTel (ICT) stock sale on N.Y. Stock Exchange, panelists said at European Cable Communications conference in London last week. Deal makes it likely that first public stock offering of U.K. cable firm on London exchange will occur "in the near future," said Garry Stephen of NatWest Markets. Officials confirmed that one possible public stock offering was being discussed. Stock offerings are important because they set public market value on U.K. cable systems, speakers said, but they also are seen as way to gain political support for industry.

There's "a little bit of euphoria" in U.K. cable as result of ICT deal, Stephen said, as well as recent \$200-million investment in U.K. cable by Singapore Telecom, \$300-million debt placement by TeleWest, and \$240-million debt and equity placement by Jones. ICT stock issue puts market value of more than \$300 per home in franchise area on ICT system. Value is up from as little as \$15 per home 2 years ago, and \$30 recently.

Market "may be a bit ahead of itself," Stephen warned, but Stephen Davidson, TeleWest exec. vp-chief financial officer, said it "is absolutely not overheated." In fact, Michael Connelly, managing dir.-Donaldson, Lufkin & Jenrette, said cable "could be vastly underpriced" if assumptions of cable and telephony growth are nearly accurate. However, he said, value of British franchises varies widely: "A home doesn't have value until you can prove that you can deliver video and telephony." Franchises that don't have financing in place to continue buildout until break-even, for example, would have much lower value.

Fears of toughened cable regulation in U.K. are one concern of financial markets. Some regulatory speakers at conference worried, for example, that: (1) New European Community (EC) telecommunications policy being developed could force rollback in British liberalization. (2) Sheer volume of new U.K. applications would clog regulatory system. (3) Volume of new building could cause backlash. New EC policy shouldn't be problem, said Hans Schoof of EC Telecommunications Directorate: "There is nothing in this process that would prevent Britain from liberalizing even quicker." Number of new entrants in British market is "rather daunting," said Philip Kirby, who oversees telecommunications licensing for U.K. Dept. of Trade & Industry (DTI).

Govt. goal is to continue decreasing regulation over long term as competition can replace regulation, Kirby said. However, lawyer Edward Mercer of Allison & Humphreys said he believed that "the role of policeman will be around for a very long time." Consolidation of U.K. cable ownership has been good, said Jon Davey, Independent TV Commission dir.-cable and satellites. Large British MSOs have been gradually buying up smaller systems as well as franchises owned by U.S. companies that have decided to withdraw from U.K.

Evergreen Media plans stock offering of 1.6 million shares of convertible preferred at \$50 per share. Stock bears dividends at \$3 per share annual rate and is convertible to company's Class A common at \$24 per share. Offering is being handled by Donaldson, Lufkin & Jenrette and Smith Barney Shearson. Offering is expected to raise \$77.2 million, of which \$63 million will be used to redeem outstanding preferred shares, rest to reduce borrowing. Evergreen said it's nation's 7th largest radio-only broadcaster.

WHITE HOUSE TO SUPPORT EASING MFJ: Administration will announce its position soon on lifting remaining MFJ restrictions, Commerce Secy. Ronald Brown told conference on National Information Infrastructure (NII), in Washington Oct. 20. He declined to outline President Clinton's position but hinted he was leaning toward lifting restrictions: "I think it is obvious that our paramount policy is effective competition." Commerce source told us draft of position is "in the final edit," could be released this week. Panel on converging technologies that followed Brown included heads of TCI, Bell Atlantic (BA), BellSouth, McCaw, MCI, BT.

Brown declined to discuss proposed BA/TCI merger because it's under formal review. He did comment on process of convergence, saying "rush of activity" is clue that private sector is preparing for "the networked economy." That flurry of converging technologies proves Administration's goal of NII "is within grasp," he said.

"Megadeals" of last few months have set stage for "nothing less than the reinvention of television and the reinvention of the telephone," said John Sculley, pres., Spectrum Technologies, in keynote speech: "I think there needs to be a little reality check on all the multimedia hype." Early trials of broadband media haven't been successful, Sculley said, and it's not clear whether viewers "will hit a wall" in spending more than average of \$30 per month they do now for cable.

Others on panel didn't share Sculley's views. TCI CEO John Malone said consumer services trials have been "overwhelming success." BA Chmn. Raymond Smith said his company is counting on "pent-up demand" to push new services into use. But none of that will happen if govt. doesn't get out of way, said BellSouth (BS) Chmn. John Clendenin. He said govt. also will have to give guidance to state regulators or NII development will face "regulatory bottlenecks in all states."

BA Chmn. Smith said future network, built on cable/telco backbone, would have to be open to all comers to be successful. Openness means network would be welcome mat for fringe services such as video-porn-on-demand or Ku Klux Klan services, he acknowledged. "We'll walk a fine line between what constitutes appropriate services and what doesn't," and BA will "follow the letter of the law" in allowing programming of all types on its network. "We just won a huge First Amendment case," he said, in getting cable/telco cross-ownership declared unconstitutional. "I doubt very seriously we want to start another First Amendment case on the other side."

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FCC chief of staff under upcoming chairmanship of Reed Hundt will be Blair Levin, partner in Raleigh-Durham law firm Parker, Poe, Adams & Bernstein. He's old friend of Hundt, 1980 Yale Law School graduate, was active in Clinton-Gore campaign. His principal practice has been in corporate and public finance law. Levin had dinner in Washington Oct. 18 with current Chief of Staff Brian Fontes, who has been asked to stay on for transition period of undetermined length. Meanwhile, Hundt (whose confirmation currently is tied up in Senate by Republicans) has been preparing himself for his stewardship of FCC. While he has refused to talk with reporters, he has met with all 3 commissioners, all former FCC chmn. who live in Washington area, other media figures. He also has met more than once, mostly on Cable Act issues, with Roy Stewart, chief of Mass Media Bureau, and Alexandra Wilson, chief of Cable Div. Sources said Senate could act this week on nomination.

Four TV stations were fined by FCC last week, as expected, for repeatedly going over maximum commercial time in children's TV programming (TVD Oct 18 p8): KPLR-TV St. Louis \$30,000; KTTW Sioux Falls and satellite KTTM Huron, S.D., \$27,500; KXRM-TV Colorado Springs \$25,000. Mass Media Bureau's Larry Miller told commissioners at Oct. 21 meeting that they were "most egregious violations that we have encountered" and that 23 other TV stations have been admonished for exceeding commercial time limits in children's programs (10.5 min. per hour on weekends, 12 min. on weekdays). KTTW/KTTM logged 121 violations in 1992, KXRM-TV 87, KPLR-TV 197. Comr. Duggan said fines should send "clear and unambiguous signal to licensees" that FCC takes such repeated violations seriously.

National Consumers Week Oct. 25-29 will be observed by FCC with functions in Rm. 856 unless indicated otherwise: Oct. 25 -- Workshop on new technologies, with demonstrations by AT&T, Bell Atlantic, Apple Computer and EON, 9:30 a.m.-3 p.m. Oct. 26 -- Workshop on 1992 Cable Act, Alexandria, Va., Public Library, 6:30-8:30 p.m.. Oct. 27 -- Workshop on reference operations, 10 a.m.-noon, plus brown-bag lunch on PCS. Oct. 28 -- "The Telephone Consumer Protection Act and You," 6:30-8 p.m., Bowie, Md., Public Library. Oct. 29 -- Workshop on Americans With Disabilities Act, 10 a.m.-noon. "Focus on Fraud" is theme of week and Commission will distribute booklets "Information Seekers Guide" and "Communications Glossary," with new cable section, at all workshops.

House on 303-100 vote Oct. 19 approved appropriations conference report that includes FCC budget for FY 1994. In separate voice vote, House approved specific provision allowing FCC to collect \$60 million in fees. During debate, Rep. Skaggs (D-Colo.), who opposes funds for TV Marti, inserted into Congressional Record copy of 4 declassified reports on its reception problems showing substantial jamming of signal, yet signal from commercial station in Tampa was received well in Cuba. In 3rd vote, House approved compromise allowing funds for Radio Marti and TV Marti, but mandating that panel be established to determine whether TV Marti is "technically sound and effective" and whether there's sufficient Cuban audience to warrant continuing program.

NCTA is trying to increase participation by small and medium-sized cable operators by asking them to contact recently formed Ad Hoc Committee of Small System Operators to address "additional burdens" of 1992 Cable Act faced by such systems, NCTA Chmn. Richard Roberts said Oct. 21. He encouraged operators to contact Committee members by phone, fax or mail to offer input. Ad Hoc Committee: Co-chairs -- Marvin Jones, Marvin Jones Assoc. pres., (303-721-5407), and James Monroe, Apache Cablevision pres., (602-721-1904); Members -- Carolyn Chambers, Chambers Communications pres.; Tommy Gleason, Galaxy Cablevision pres.; James Hirshfield, Summit Communications pres.; Michael Pohl, Douglas Communications senior vp; Paul Schonewolf, Schonann Entertainment pres.; Richard Sjoberg, Sjoberg's pres.-CEO.

Viacom pulled its programming from Discovery Channel's Your Choice TV (YC) just minutes before service launched last week. YC is test of interactive service that lets cable subscribers order popular programs when they want them. It had planned to air Viacom's Showtime and MTV. Discovery is partly owned by 3 QVC backers -- TCI, Cox and Advance Publications -- in QVC's counteroffer to Viacom's for Paramount. Viacom said that had nothing to do with decision to withhold programming from YC.

Telesat Canada said it has applied to Canadian Radio-TV & Telecommunications Commission (CRTC) on behalf of Canadian DBS providers for class exemption, under Bestg. Act, Sec. 9(4), in attempt to spur development of Canadian DBS. If approved, exemption would mean DBS providers meeting accepted criteria related to ownership, programming and fees wouldn't need license, although they would remain under CRTC jurisdiction. Telesat Pres.-COO Laurier Boisvert said that although several Canadian organizations are preparing for DBS introduction, license exemption is necessary to hasten arrival of Canadian packages that will be able to compete with U.S.-based DBS.

Video-on-demand will be accessible to 1,500 homes in W. Hartford, Conn., when Southern New England Telephone (SNET) runs market test there early next year, company said. SNET will start construction in early Nov. of new system combining fiber and coaxial lines to deliver choice of "hundreds" of movies to estimated 500 homes it expects will participate. Completion is expected by late Dec., with full services operational by early Jan., SNET Multimedia Services Pres. Leon Wendelowski said. AT&T will provide video computer complex, headend equipment, fiber, support systems. SNET plans to provide 110 channels through network using platform that will allow for both digital and analog transmission.

CPB plans to withhold first installment of WLVT-TV Allentown, Pa., FY 1994 Community Service Grant (CSG) pending results of CPB audit and possible punitive actions in few weeks. First half of CSG payment for station, which has acknowledged it fixed bids on some items sold during televised auction, is \$350,000. CPB, as is customary, will begin making CSG payments to hundreds of stations Nov. 1, but its final deliberation on WLVT-TV -- response by Pres. Richard Carlson to recommendations from its Inspector General's Office -- isn't expected by then. Station, meanwhile, elected 4 board officers to replace those who resigned recently and hired PR firm.

Your Choice TV will try to simulate digital on-demand set-top converger technology when it launches year-long tests using analog converter boxes to gauge consumer interest in a la carte cable programming. Discovery Communications subsidiary will hold first test in W. Palm Beach, with Comcast subscribers there being able to choose from 8 programs. Subscriber will tune in channel, push order button and watch program, which will run on continuous basis as many times as desired. Company admitted ordering system won't be as "consumer friendly" or provide as many options as expected in digital systems of future. However, it said "the analog test equipment should provide a reliable simulation of the abundant television choice environment to be offered through digital cable television."

Mr. Rogers' Neighborhood will have forum on PBS Learning Link (LL) computer network beginning in Feb., it was announced last week at LL annual meeting. PBS COO Robert Ottenhoff said project "marks the first of what will be many on-line projects centered on our Ready to Learn initiative for preschoolers, child care providers and parents." Mr. Rogers' computer forum, offshoot of show's child care initiative, will include: (1) Discussion center with responses by Fred Rogers and other Family Communications Inc. staff to user queries. (2) Suggested activities for children to be used in conjunction with show. (3) Articles on child care and child development. (4) Book lists.

Jefferson-Pilot is buying WMXJ(FM) Pompano Beach, Fla., from Sconnix Bestg. for \$17.8 million. Blackburn is broker.

Personals

Time Warner Cable (TWC) appointments to senior management group: **Thomas Morrow** pres.; **Richard Davies**, vp-finance-treas., to chief financial officer; **Bonnie Blecha**, vp-multimedia, to senior vp-planning; **Paul Jones**, senior vp-corporate development, to senior vp-regulatory and public affairs; **Graham Powers**, ex-Telecommunications Strategies pres., to senior vp-new markets; **Robert Rapp**, ex-U S West Cable vp-business strategies, to senior vp-operations; **Terald Voorhees**, ex-TeleWest-U.K. exec. vp-operations, to vp-operations; **Christie Doherty**, ex-U S West Communications exec. dir.-carrier service operations, to vp-mktg.; **Chris Barnhouse**, ex-U S West Cable vp-technology, to vp-engineering and technology.

Ellen Kaden, CBS vp-gen. counsel-secy., promoted to senior vp; **Michael Mischler** advanced to senior vp-advertising and promotion, CBS/Best. Group... **Robert Mendez** promoted to vp-business affairs, Paramount Domestic TV... **Carolyn Daughtry**, ex-Buford TV vp-gen. mgr., joins Harron Communications as gen. mgr.-Tex. region... **Caroline Vanderlip**, CNBC senior vp-mktg. and affiliate relations, promoted to senior vp-NBC Cable, new position... **Jeffrey Smith**, Fox Bestg. assoc. dir.-national media, advanced to dir.-national media... **Paul Stern**, former Northern Telecom chmn.-CEO, joins Forstmann Little & Co. as special limited partner.

Rip Riordan, vp-gen. mgr., KSAS-TV Wichita, appointed to same post at co-owned (Clear Channel Communications) KITN-TV Minneapolis, succeeding **Gail Brekke**, resigned... **Paul Quinn**, ex-station mgr., WRAL-TV Raleigh, appointed vp-gen. mgr., WGAL-TV Lancaster, Pa., succeeding **David McAtee**... **Richard Harbison**, ex-WTWO Terre Haute, gen. mgr., named to same post at KATC Lafayette, La.; he's succeeded at WTWO by **Christopher Jones**, ex-WNWO-TV Toledo operations mgr... **Russell Hamilton**, ex-WHTM-TV Harrisburg named pres.-gen. mgr., KWQC-TV Davenport, Ia., succeeding **John Sloan**, now pres.-gen. mgr., WPTA Ft. Wayne... **Thomas Pratt**, ex-WTNH-TV New Haven, appointed asst. news dir., KFOR-TV Oklahoma City... **Steve Doerr**, ex-WCAU-TV Philadelphia, named news dir., WSYX Columbus, O... **Tim Larson**, KSDK St. Louis asst. news dir., promoted to news dir.

Laura Cheshire, ex-J. Walter Thompson, joins Turner Network TV as vp-creative services... **Jody Horwitz**, ex-Rogers & Cowan, named dir.-human resources West Coast, Turner Bestg... **Laurent Sciniaz**, ex-Andrew Corp., appointed vp-business development, Antec... **John Clark** elected NABET International pres., succeeding **James Nolan**, resigned... **Laura Sikorski**, Sikorski-Tuerpe & Assoc., elected pres., Society of Telecommunications Consultants... **Walter Cronkite** will be guest speaker at 6th Annual Media & Corporate Awards luncheon, Dec. 9, 11:45 a.m., Waldorf-Astoria, N.Y.

Promotions at Warren Publishing Inc.: **Michael French** to managing editor, Satellite Week and Mobile Satellite Reports; **Elena Lucini** to asst. editor, Satellite Week and Mobile Satellite Reports; **Michael Grebb** to asst. editor, Warren's Cable Regulation Monitor.

M/A-Com will take \$29-million pretax charge in 4th quarter to cover 10% reduction in work force and closing of microwave parts plant in Merrimack, N.H. It said it will eliminate 390 positions through attrition and layoffs.

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British Telcom (BT) has begun negotiating interconnect deals with other cable operators, using "benchmark agreement" it signed with Nynex in July as model, said Linda Ward, BT mgr.-local carrier services. Benchmark primarily covers only basic telephony, but she said BT met with cable operators week ago to begin expanding it to other products: "We've talked to pretty much every U.K. operator about interconnects."

Viewers watching candidate on large-screen TV are more likely to regard that person favorably than those watching on small sets, said Byron Reeves, Stanford U. prof. of communications. "We've found in the laboratory that big pictures automatically take more of a viewer's attention," he said.

Gaylord Entertainment said Oct. 21 it would sell its 27 cable franchises in Cal., N.C. and S.C. and hired Daniels & Assoc. to seek buyer. Systems, which are managed by Crown Media, have total of 169,300 subscribers.

Annenberg Washington Program will sponsor Oct. 28 colloquium on "Libel Reform," 9-11 a.m., Suite 200, 1455 Pa. Ave. NW, Washington. Registration is free -- Lisa Spodak, 202-393-7100.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	OCT. 2-8	1992 WEEK	% CHANGE	SEPT. 24- OCT. 1	40 WEEKS 1993	40 WEEKS 1992	% CHANGE
TOTAL COLOR....	382,684	428,558	-10.7	1,104,923#	17,584,303*	15,825,775	+11.1
DIRECT-VIEW..	374,614	422,153*	-11.3	1,081,167#	17,277,573*	15,553,518	+11.1
TV ONLY....	360,246	411,994	-12.6	968,717#	16,282,825*	14,932,003	+ 9.0
TV/VCR COMBO	14,368*	10,159	+41.4	112,450#	994,748##	621,515	+60.1
PROJECTION....	8,070	6,405	+26.0	23,756#	306,730*	272,257	+12.3
VCR DECKS.....	128,743	185,882	-30.7	705,560#	8,836,542*	8,534,682	+ 3.5
CAMCORDERS....	29,968	44,352*	-32.4	204,489#	2,199,581*	1,962,336	+12.1
LASERDISC PLYRS**	1,094	2,234	-51.0	9,918*	154,253	150,627	+ 2.4

Direct-view TV 5-week average: 1993--601,613*; 1992--548,323 (up 9.7%).

VCR deck 5-week average: 1993--308,010; 1992--272,565 (up 13.0%).

Camcorder 5-week average: 1993--74,792; 1992--62,435 (up 19.8%).

All-time record week. * Record for period. ## Exceeds record for full year.

** Includes combi players, excludes karaoke types.

APPLE 'MACINTOSH TV' -- SONY INSIDE? Newest TV set brand: Would you believe Apple? Well, actually it's a combo -- with Macintosh computer and CD-ROM player. It will be sold starting this week through such mainstream consumer electronics retailers as Best Buy, Tops, VideoConcepts and YES, according to Apple. Street price is \$2,000.

Apple is quick to add it's full-function Macintosh computer first, with TV added -- not other way around. Combo has Sony Trinitron color tube, and Apple calls it "14-inch color TV." That's misnomer, as those familiar with FTC rules will understand -- since color TV tubes and computer monitor tubes are measured differently. Therefore, "Macintosh TV" has distinction of being computer with 14" display combined with 13" TV, both using same cathode ray tube. Sony spokeswoman confirmed that tube is 13" Trinitron. Apple described tube as having 640x480 pixels, 0.26mm dot pitch. Apple and Sony have worked together in many directions in past. Sony builds Apple's low-end Powerbook notebook computers in Japan.

Computer section is identical to Apple's LC520, introduced last June to education market, except for cabinet color. It has 32 MHz clock speed, 5 MHz RAM and 160 MHz hard disc, incorporates 2-speed CD-ROM drive, plays audio CDs and Photo CDs, has 6 bundled software titles including Grolier Encyclopedia, World Atlas, Time Almanac.

TV section has "cable-ready" tuner, closed captions, auto programming (using computer's memory), antenna/cable, AV inputs. Wireless remote controls TV and CD-ROM drive. Unlike some add-on computer video interfaces, Macintosh TV can't be used for video editing because TV and computer can't be used at same time. TV picture can occupy only full screen, although user can listen to TV or CD-ROM audio while using computer and still-video image can be captured and stored in computer. Unit has 2 built-in left and right stereo speakers with separate volume controls and headphone jack.

"Think of this product as a special edition Macintosh," said Apple Entry Systems Group Product Mgr. Bruce Gee, who added: "We see this being sold in the computer department. If you want a TV, it's going to be a very expensive 14-inch [sic] Trinitron." It's aimed, he said, "at people who are looking to buy a computer and see the value of combining the 2 into one machine. This [TV] is an added feature." He indicated that it might be ideal in college dormitory rooms where space is limited. Apple will offer it through stores on 30 campuses -- including Harvard, Yale, UCLA -- at about \$1,900. It also will be sold through Apple catalog at \$2,079.

Focus group studies showed people were interested in such a combo, Gee said. "We believe this is a concept that will take off in the future." If it does, future product might have VCR as well as TV built in. Experiments with such combinations haven't been notably successful in past. Sony offered computer monitor with TV tuner built in that had few takers. Gee emphasized: "We aren't saying this is the direction technology will go -- having TVs built into computers. But it's an interesting capability that we think has some appeal to our customers, [particularly] new users."

ZENITH'S LOSS DOWN ON 'IMPROVED' RESULTS: "Higher color TV unit volume and major cost reductions" helped reduce Zenith's 3rd-quarter net loss 65% from last year's same period, company reported last week. It was 7th consecutive quarter in red for only U.S.-owned TV manufacturer. Although loss was higher than expected, one analyst speculated that Zenith made profit on color TV. Company had no comment.

Third-quarter net loss was \$14.5 million, down from \$41.8 million in same 1992 quarter, which however included restructuring charges of \$23 million (see financial table). Pretax operating loss totaled \$10 million this year vs. \$17 million in 1992 before the special charges. This year's figures include \$3 million of increased royalty from Zenith's patent licenses on cable-compatible tuners.

Sales in quarter declined 3.5%, however, although consumer electronics revenues increased, with "color TV unit sales to dealers up sharply... reflecting the strength of U.S. industry sales" and acceptance of company's redesigned line, Zenith said. (Industry's 1993 3rd-quarter sales rose 11.6% to 6,527,071 direct-view color TV sets from 5,846,787 in 1992 quarter.) "While color TV selling prices have been relatively stable this year," Zenith said, 3rd-quarter prices were lower than year ago due to effect of 4th-quarter 1992 industry price cuts. Sales of computer monitors, cable decoders and other products declined during quarter.

For year's first 9 months, Zenith's loss fell 28.7%, with sales up about 1%. Company said net royalties from its tuner patents totaled \$17 million in first 3 quarters of 1993 vs. \$16 million in 1992 period. In 3rd quarter, company listed cost of products sold at \$284.6 million, down from \$295.9 million year earlier, while its selling, general and administrative expenses stayed relatively constant at \$22.5 million from \$22.7 million and engineering and research costs dipped to \$12.1 million from \$14.1 million. For 9-month period, product costs rose to \$828.8 million from \$824.1 million, with general expenses at \$68.2 million vs. \$69.2 million, engineering and research declining to \$36.6 million from \$41.1 million.

SAMSUNG PLANS AD AND TECHNOLOGY BLITZ: In effort to boost its brand image in market where its name -- like that of Korea itself -- traditionally is tied to low price, Samsung will pour money into advertising and new technologies as it seeks to grab 4-5% share of U.S. consumer electronics market within 5 years.

Samsung officials outlined that goal to visiting U.S. journalists in Korea last week. Speaking after tour of its TV and VCR plants in Suwon, Senior Audiovideo Overseas Mktg. Mgr. Jeong Han Kim acknowledged that Samsung has lagged in U.S. in past. But he said its image will be enhanced by its strides in such new technologies as its digital videodisc recorder (D-VDR), widescreen TV, MiniDisc and DCC hardware -- along with \$120 million worldwide ad budget. "In the past we didn't invest a lot of money in advertising in the U.S.," Kim acknowledged. "But we are now trying to invest money both in advertising and relationships with our customers" in attempt to "broaden... awareness" of Samsung on worldwide basis.

Samsung's 1993 worldwide electronics sales this year were projected at \$9.7 billion, about 60% representing own brand and 40% OEM. Audiovideo (AV) products will account for 54.4% of sales (\$4.2 billion), followed by semiconductors 21.1% (\$1.7 billion), information systems 19.3% (\$1.49 billion) and personal computers 4.2% (\$323 million), officials said.

Overall goal is to achieve 5th place among world's consumer electronics manufacturers by 2000 with \$30 billion annual sales. Totaling own-brand and OEM products, officials said Samsung this year will supply 12.3% of world's TV/VCR combinations, 11.6% of VCRs, 6% of color TVs, 3% of camcorders. "Most of our product categories are supplied to OEM customers," Kim told journalists who had just seen RCA brand VCRs rolling off its production lines. "Next year, we will try to expand our own market share and try to limit the number of OEM customers [to major] strategic alliances."

Samsung's R&D investment in fiscal 1993 will be \$600-\$700 million -- 7.5% of total revenues, with semiconductors accounting for 45% of total, consumer electronics 28%, industrial electronics 27%. In consumer field, among top subjects of research will be DCC, MD, Video CD, widescreen TV, D-VDR LCDs, HDTV camcorders and VCRs. Among major moves:

(1) Construction of Korea's first mass-production thin film transistor (TFT) plant will begin in Kiheung in early Nov. Initial production of 3.1", 9.4" and 12.1" displays is to start in Jan. 1995 at 30,000 units per month. Most of production at start will be in 9.4" units, with 3.1" color projection and monochrome LCDs to be added. (2) Development work on D-VDR, following announcement last winter that startled industry (TVD Feb 22 p9), is continuing, with introduction still set for 1995. Developed with assistance of scientists from Russia -- where principle may have been adapted from military project -- aim is to put 110 min. of video recording capability on 2-sided 5" disc. D-VDR's underlying green laser diode technology is in prototype, while more advanced blue laser remains in lab, said Hye Keun Kwag, managing dir. for computer and information R&D. Officials said they expect discs to replace videotape after 5-10 years of co-existence.

(3) Samsung's first Video CD player will be shipped next month in Korea, at equivalent of about \$1,000, but there currently are no plans for U.S. introduction, company said. Domestic model is combined with laserdisc player, accommodates 12" analog videodiscs and 5" Video CDs and has audio CD and CD+G capabilities, AV Business Senior Managing Dir. Kim Soon said. (4) Planning for U.S. market next year includes VCRs incorporating StarSight on-screen program guide as well as dual-deck 8mm/VHS decks. Samsung plans 3-5 StarSight VCR models by mid-1994 in 2- and 4-head mono and hi-fi stereo models, but no prices have been set, said Thomas Rhee, senior mgr., mktg. research. Samsung and Korean rival GoldStar signed licensing agreements with StarSight earlier this year.

(5) Dual-deck VCR is planned for shipment in U.S. and Korea by late 1994 at \$1,300-\$1,500. Samsung, which manufactures Go-Video's dual-deck recorder, said model will differ from one to be offered by Scottsdale, Ariz., company in its capability to play back Hi8 cassettes. It will be hi-fi model with flying erase heads on both decks, remote jog-shuttle, one-touch copy, front and rear AV jacks, on-screen display. Samsung said it reached agreement with Go-Video to introduce dual deck under its own brand. Go-Video official confirmed agreement, but said it provided for 6-month Go-Video exclusive on 8mm/VHS deck before Samsung could enter U.S. market. (Additional report on Samsung and its plans for U.S. and world markets is elsewhere in this issue.)

COLOR TV IMPORTS OFF IN AUG., FIRST TIME THIS YEAR: Even as sales to dealers continued to run at record pace, imports of color TVs were off slightly in Aug., first month this year to show decline. Imports in Aug. were 2.8% behind same month in 1992, although they continued to outpace last year by 8.4% through first 8 months.

Mexico continued to increase its domination as color TV source for U.S. market, supplying 69.8% of color TVs (796,500 sets) brought into country in Aug., compared with just under half year earlier. By comparison, Thailand was 2nd largest foreign source, accounting for 114,900 color TVs in Aug. Through Aug., Mexico supplied 63% of sets that came into U.S.

Imports of VCR decks rose 5.3% in Aug., cutting shortfall for first 8 months to 4.9%. As in preceding month, Korea supplanted Japan as top VCR source country, accounting for 28% of units shipped into U.S. (more than 406,000 decks), compared with Japan's 24% share, all-time low. Through first 8 months, Japan continued as largest source of VCRs, although lead over Korea continued to shrink as effect of Japanese companies' decision to move more production offshore became increasingly evident.

Camcorder imports leveled out somewhat in Aug. after boomlet in July. Shipments of VHS and VHS-C models into U.S. rose 23.7%, more than offsetting 17.3% drop in 8mm models. After weak Aug., shipments of 8mm for first 8 months now have fallen behind 1992 pace. Japan was source of virtually all 8mm shipments, while about 20,000 of total 186,000 "other" camcorders came from Korea, with almost all of rest from Japan.

CD player imports continued to slide, off 20% in Aug. and 13.2 through first 8 months. Japan continued as source of majority (60%) of units shipped to U.S. Shipments of flat-panel TVs saw 2nd straight month of triple-digit increases; they now are running at double last year's pace. Videocassette player imports also were well ahead in Aug., and were up 68.5% so far this year. Here's summary of imports for Aug. and first 8 months of 1993, as derived from Commerce Dept. data:

Product	Aug. '93	Aug. '92	% Chg.	8 Mo. '93	8 Mo. '92	% Chg.
Color TV.....	1,140,700	1,173,600	- 2.8	7,623,500	7,031,550	+ 8.4
Monochrome TV....	184,800	145,500	+27.0	1,301,700	1,174,100	+10.9
Flat-panel TV....	105,000	37,200	+182.4	379,800	189,400	+100.5
VCR decks.....	1,467,900	1,393,700	+ 5.3	8,787,900	9,244,400	- 4.9
Camcorders.....	299,700	287,600	+ 4.2	1,993,100	1,703,500	+17.0
8mm.....	113,000	136,600	-17.3	720,900	722,400	- 0.2
Other.....	186,700	151,000	+23.7	1,272,200	981,000	+29.7
Videocass. players	119,700	35,000	+242.1	604,000	358,400	+68.5
CD players.....	819,000	1,023,000	-20.0	5,088,700	5,859,300	-13.2

STARSHOOT SUES GEMSTAR: StarSight Telecast, which plans to launch interactive broadcast electronic program guide system next year, has filed suit in U.S. Dist. Court, San Jose, against Gemstar Development Corp., alleging infringement on StarSight patent for "coordinating setup of a VCR and cable decoder box for unattended future recording" of TV programming.

Suit also charged violation of Sherman Act on restraint of trade, alleging Gemstar had told VCR and TV makers that StarSight was infringing on earlier Gemstar patent, and that Gemstar threatened to sue them as infringers and cancel their existing technology agreements (presumably for Gemstar's VCR Plus system) if they signed StarSight license.

StarSight claims VCR Plus system infringes its patent 5,151,789, issued Sept. 29, 1992, which covers means by which channel tuning information is stored in memory and then transmitted to cable decoder at same time as recording commands are activated in VCR. Company seeks preliminary and permanent injunctions against Gemstar and its licensees, along with unspecified damages.

Suit charged that Gemstar obtained interest in U.S. patent 4,908,713 from inventor (and co-defendant) Michael Levine, and has tried to intimidate potential StarSight licensees from signing agreements by asserting that StarSight system infringes on Levine's patent. StarSight denied it was infringing, and further challenged patent's validity, saying inventor had failed to disclose "prior art which predates" Levine's patent application.

Gemstar CEO Henry Yuen said suit is "without merit," adding that "StarSight's single infringement claim is based on only one of many available methods of controlling a cable box." Statement said Gemstar is exploring legal options and is "committed to vigorously defending and enforcing all of its patent and other rights..."

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"HDTV will invigorate Taiwan's consumer electronics industry." That's prophesy of Philip Wang, chmn. of island's HDTV Promotion Program Office, as quoted in Taiwan's Free China Journal -- but cautiously prefaced by word "hopefully." Wang, who also heads Industrial Development Bureau of Ministry of Economic Affairs, said locally developed HDTV system would be on air "in just a few years." Govt. program for HDTV already has resulted in 3 new receiver products, demonstrated in prototype recently in Taipei: (1) HDTV decoder for proposed U.S. digital HDTV system, by Industrial Technology Research Institute (ITRI) (2) Advanced widescreen direct view TV, by Proton. (2) LCD projection TV with auto-zoom, developed by Tatung and Shinlee. Members of ITRI, including set makers, are pooling their know-how and developments.

SONY STARTING TUBES IN PA.: Sony's long-delayed picture tube plant near Pittsburgh is scheduled to start up next April -- but with different product than originally planned. Plant's first product category will be projection TV tubes, whose manufacture will be transferred from Japan.

Sony builds projection TVs in Pittsburgh plant, transferring work from Mexico. Spokesman called decision to make projection tubes there part of its plan for vertical integration, following development of design capability at plant. He said equipment installed for manufacture of direct-view tubes will be used to make projection tubes.

When Pittsburgh picture tube plant was announced 3 years ago, it was scheduled to start production -- beginning with 27" direct-view tubes -- in spring of 1992 (TVD April 23/90 p9), but that was postponed later to first half of 1994. However, spokesman at U.S. HQ said last week no decision had been made on start of production of direct-view tubes there. Sony produces direct-view Trinitron tubes in U.S. in San Diego plant. Pittsburgh complex houses TV set as well as tube plant.

Sony official in Japan said Pittsburgh plant will produce 70,000-80,000 projection TVs in 1994, up 30% from 1993. Each projection set uses 3 tubes. Spokesman in U.S. said capacity of plant in fiscal year beginning next April would be 80,000 projection TVs and 350,000 tubes, all 7". Sony thus would consume about 2/3 of tube production, with rest being sold on OEM market.

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Ads & Promos: RCA brand will sponsor annual college basketball "Player of the Year" competition as chosen by U.S. Basketball Writers Assn. for 2nd straight year, awards to be announced on special TV program April 3, day before NCAA championship game... Fuji Tape is sponsoring U.S. Marine Corps Reserve "Toys for Tots" campaign, setting up bins in malls in Atlanta, Chicago, Dallas, L.A., Miami and Washington areas beginning Nov 1, and donating \$1 for every toy collected, up to \$25,000... Radio Shack is only retailer authorized to stock and accept ballots in fan voting for National Football League (NFL) Pro Bowl all-star contest. This in first time fans will participate in voting. Stores will have ballots beginning Nov. 15, with each voter eligible for sweepstakes grand prize of trip to game, held Feb. 6 in Honolulu.

THIS WEEK'S YEN RATE

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

DYSAN SEEN BUYING MEMTEK: At our deadline, Tandy reportedly was nearing completion of sale of Memtek Products, marketer of Memorex-brand electronics, magnetic media and accessories, to Dysan International and its Hong Kong-based parent, Hanny Magnetics, for \$65 million.

Memtek Products Gen. Mgr. Linda Lambert declined to elaborate on Tandy announcement released early last week that company had reached agreement to sell Memtek to unidentified buyer. News accounts quoted Tandy as saying it expected to receive cash payment for Memtek, while TE Electronics unit would be paid \$30 million from sale of Memtek receivables. Lambert told us buyer would be named upon completion of deal, which she said was subject to "necessary board approvals."

While Lambert turned aside our questions about identity of buyer, she said she personally had met with prospective new owners and has been assured that operations would proceed under new regime with no substantive change in product direction or philosophy for Memorex brand.

Common thread between Memtek and new owner is Jack Battaglia, who now is Dysan International vp-gen. mgr. at its Milpitas, Cal., hq and previously served in similar capacity at Memtek. But status of his new day-to-day role, if any, at Memtek wasn't immediately certain at our deadline, informed sources indicating that current Memtek management would be retained under new owner.

Tandy acquired Memorex consumer tape business from Burroughs in spring of 1982 for undisclosed sum, following ruling by FTC that it wouldn't block deal (TVD May 3/82 p12). Agency had reviewed antitrust implications for 7 months, citing possible problem area of audiocassettes because Tandy, as major manufacturer, also marketed highly ranked Realistic brand through Radio Shack stores.

Dysan's 1992 annual report described Hanny Magnetics as Hong Kong-based investment holding company whose subsidiaries manufacture virtually all products in Zhuhai, China, and Hong Kong for sale overseas. U.S. was company's largest market in 1992, accounting for 54% of sales volume that exceeded \$58 million that year. Report said sales through U.S. mass merchant channels began in early 1992 "and will provide a strong earnings stream" in coming years.

Dysan's use of "environmentally friendly" packaging in N. America is designed to "create a better image" for Hanny "and encourage sales," report said. Company's ad/PR slogan is, "Save the Things that Matter Most." Hanny said it also had derived "substantial" benefits as OEM supplier to BASF for 3-1/2" and 5-1/4" floppies and 8mm videocassettes. Company said it expected to fully capitalize on Dysan label "by launching more new magnetic media products under this brand worldwide," making Hanny "one of the world's leading suppliers of a complete portfolio of magnetic media products."

Paramount Home Video Pres. Eric Doctorow is expected to shed further light on his company's launch of full-length movies on full-motion video CD-I when he speaks Oct. 26 on "The Video Business and New Products," during Smart Media Week multimedia convention at Sheraton Hotel, N.Y. Scheduled keynote speaker following morning is Olaf Olaffson, pres., Sony Electronic Publishing. Final keynote address Oct. 28 will be given by Bernard Luskin, pres., Philips Interactive Media, on "Digital Publishing: The Need to Change and the Need to Remain the Same" -- 212-682-6565.

SONY TO MARKET DSS RECEIVERS: Sony has signed agreement to manufacture and distribute home receiving equipment for Hughes DirecTv Digital Satellite System (DSS). Sony will be eligible to begin marketing and selling DSS hardware once Thomson Consumer Electronics (TCE) has sold millionth unit, or its 18-month exclusivity agreement runs out. Sony's agreement with Hughes specifies additional 6-month window during which only TCE and Sony may sell DSS receiving hardware.

Agreement with Hughes includes licensing arrangement with Thomson, developer of DirecTv compression technology, and News Datacom, which provides conditional access and encryption system. Launch of Hughes DBS 1 satellite is planned for Dec., with DirecTv occupying 11 transponders and United States Satellite Broadcasting (USSB) subsidiary of Hubbard Broadcasting, other 5. Another satellite with 16 more transponders is scheduled for launch next summer. DirecTv service is to go into operation in April.

Alpine of America plans significant expansion of Mexican factory set up last April to boost local product and parts procurement amid rising costs of Japanese yen. Japanese news accounts said company would invest \$7 million for new Mexican production line to turn out tuners and finished car stereos at annual rates of 40,000 and 30,000 units, respectively. Products will be delivered directly to Alpine of America for distribution in U.S. Expansion will boost work force to 500 employees from present 50 by June 1994, when operations are scheduled to begin. Alpine's Japanese parent since May has contracted for car stereo production through joint ventures in China, where production will be expanded to 30,000 units monthly by next spring. Malaysian production of Alpine car stereo cassette mechanisms will be raised to 120,000 units monthly from present 80,000 by year-end.

Selection of Dolby AC-3 by "Grand Alliance" of HDTV proponents for digital audio component (see Best./Cable Section) was hailed by Dolby as "likely to impact all future consumer audio and video formats." AC-3 is coding system that forms backbone of Dolby Stereo Digital cinema sound system being adapted for introduction in consumer products next year. Dolby Engineering Vp Steve Forshay was quoted as saying that "the suitability of the decision, however, is reinforced by our ability to manufacture the professional encoding equipment that will be required, plus the fact that we have an ongoing licensing arrangement with all major consumer electronics manufacturers."

Royalty payments by manufacturers of consumer digital audio recorders and blank media stood at \$395,752.48 Oct. 8, of which \$152,667.32 was collected in 1992 (from Oct. 28 effective date of law), \$136,153.12 for shipments in 1993's first quarter, \$106,716.04 for 2nd quarter and \$216 for 3rd quarter (payments are due 45 days after close of quarter). Meanwhile, as House passed bill (HR-2840) on voice vote to abolish Copyright Royalty Tribunal (CRT), agency announced adoption of final rule on distribution of royalties: Copyright parties "claiming to be entitled" to share of funds should file claim each Jan. or Feb. on shipments made in preceding year.

Fully digital HDTV broadcast quality camera has been developed at Matsushita Applied Research Lab, Burlington, N.J. Company said it believes it's first such camera, based on digital video processor, uses principles on which Matsushita has applied for 12 U.S. patents.

HIGH-END VCRS HOT IN SEPT.: That Sept. record in VCR sales (TVD Oct 18 p10) apparently included record proportion of decks with high-end features. Unreleased EIA figures show Sept. was high point of year -- and possibly of all time -- in percentage of decks sold with VCR Plus feature, stereo audio and S-VHS record and playback capability. Percentage of basic low-end 2-head mono decks was at low point for year.

Some 22.3% of VCRs sold in Sept. had VCR Plus, up from previous high of 19% (in both April and Aug.) and more than double 10.9% in Jan. Stereo decks represented 30.4% of total in Sept., up from 26.3% in Aug., and more than one percentage point above previous record of 29%, set in July. Real surprise was S-VHS; although still relatively low, 2.5% of decks with S-VHS recording was more than double best previous percentage -- 1.1% in Feb. Sept.'s 2.5% was more than 4 times 0.6% of Aug.

Among mono decks, 43.6% were 4-head and 26% were 2-head in Aug. Latter category has been declining almost steadily throughout year -- from more than 33% in Jan. and Feb. to Sept.'s low of 26%. All-time records are difficult to ascertain, since EIA started compiling VCR feature data only this year.

For year's first 9 months, 26.3% of decks sold had stereo, 22.3% VCR Plus, 1.1% S-VHS, 44.2% were 4-head mono, 29.4% 2-head. Translated into approximate units, 2,290,250 stereo units were sold in Jan.-Sept., along with 3,848,850 4-head mono and 2,560,000 2-head mono models. Included in figures are 1,489,200 decks with VCR Plus and 95,800 S-VHS models.

VCR deck pipeline inventories (at importer and distributor levels) were down slightly in Sept. from year's peak in Aug. and were equivalent to less than 4 weeks' supply at current sales rates.

CAMCORDERS -- 3-1 COMPACT: Camcorder sales to dealers in year's first 3 quarters continued to be roughly 3 compact (8mm or VHS-C) models to every full-size, according to EIA data. For Jan.-Sept., compacts represented 74.8% of total, although for Sept. they were just under 34%.

With total camcorder sales up 13.1% for 9-month period, full-size model sales increased more than those of compacts -- 15.4% to 12.4%. Inventories at end of period represented just under 4-week supply at current sales pace and were 71.8% compact and 28.2% full-size. Here's table of monthly sales of camcorders by size category:

Month	Total	Full-Size	%	Compact	%
January...	167,318	40,608	24.3	126,710	75.7
February...	158,484	46,275	29.2	112,209	70.8
March.....	214,967	46,395	21.5	168,572	78.4
April....	253,527	62,633	24.7	190,894	75.3
May.....	239,680	65,112	27.2	174,568	72.8
June.....	294,367	76,192	25.9	218,175	74.1
July.....	242,016	50,231	20.8	191,785	79.2
August...	213,418	57,197	26.8	156,221	73.3
September	<u>385,836</u>	<u>101,400</u>	<u>26.3</u>	<u>284,436</u>	<u>73.7</u>
TOTAL...	2,169,613	546,043	25.2	1,623,570	74.8

Aiwa opens 200,000-sq.-ft. sales, distribution and service facility in City of Industry, Cal.

TANDY, HARMAN, UNIVERSAL POST GAINS: Buoyed by 17% increase in continuing U.S. retail sales, **Tandy Corp.** reported 32% jump in net income on 7% revenue increase for 3rd quarter ended Sept. 30 (see financial table). Company said sales at Computer City and The Incredible Universe stores were particularly strong, with comparable-store sales at Computer City up 40% and at Radio Shack up 6%.

Harman International said net income rose to \$1 million in first quarter ended Sept. 30, compared with net loss of \$1.4 million year earlier; sales gained 13.1%. Chmn. Sidney Harman said he and other senior officials "are most encouraged by these results." He said sales increase was achieved despite end of Maxell tape distribution operations in Germany that had contributed sales of \$10.1 million in year-earlier quarter. He said U.S. operations of Harman Consumer Group "were particularly strong," with JBL and Infinity showing unspecified gains.

Harman said international consumer product operations "showed some weakness as a result of soft economic conditions in many parts of Europe and Japan." Automotive Group had "excellent" sales and earnings, buttressed by introduction of Infinity audio systems in Jeep Grand Cherokee and several Mitsubishi models as well as "continued success" of Harman-sourced hi-fi systems by Ford and Chrysler.

Harman filed registration statement with SEC for proposed 2.85-million-share public offering, with proceeds earmarked to pay down debt. Offering is being co-managed by Montgomery Securities, Lehman Brothers and Donaldson, Lufkin & Jenrette.

Universal Electronics, crediting improved volume in each of its product categories, posted increases of 64.4% in sales and 75.2% in net income for 3rd quarter ended Sept. 30. Pres.-CEO Thomas Tyler said order rates "continue at a high level" due to expanded product line, larger international business and seasonal factors, and said company is "developing new products that will expand our infrared technologies into new applications, such as interactive media."

Software publisher **Electronic Arts** announced 53.6% profit gain on 50.3% revenue increase for 2nd quarter ended Sept. 30, showing revenue gains in all geographic areas except Europe, which had slight drop in dollars due to changes in exchange rate; in local currency, revenues there were up 21%, in N. American 74% and in Australian 35%. EA Victor, joint venture with JVC, contributed \$2.5 million.

Franklin Electronic Publishing said it had been able to increase gross margins despite introduction of low-priced line of spellers and thesauruses in posting 24.5% increase in net income on 0.8% sales drop in 2nd quarter ended Sept. 30. Chmn. Morton David said "outlook for the next 6 months is not what we would like on the revenue side, but earnings should remain strong overall."

Philips is reducing production of TV picture tubes in Austria and increasing it in U.K. TV tube output at Lebring, Austria, plant will decline with start of monitor tube production there (TVD Oct 18 p15), company indicated in clarifying statement. Plant's output will remain at 2 million tubes per year, but TV tubes will decline to 1.6 million, with monitor output of 400,000. Philips Components (U.K.) announced that it will increase capacity of color tube plant in Durham, England, to 2.3 million from 2 million.

IMPORTS BY COUNTRY: For 2nd consecutive month, Japan was also ran as source for VCRs, playing 2nd fiddle to Korea. For year's first 8 months, however, Japan still was leader, although its shipments were down 26.2%. China passed Taiwan as top VCR source for year-to-date. In color TV, Mexico, China and Taiwan were only source countries to show increases.

VCR Decks				
	Aug.	% Chg.	8 Months	% Chg.
TOTAL....	1,467,900	+ 5.3	8,787,900	- 4.9
Japan....	347,600	-26.1	2,801,100	-26.2
Korea....	406,050	+21.7	2,144,000	+ 4.0
Malaysia.	275,600	+ 0.4	1,854,600	+27.8
Indonesia	209,800	+125.7	829,900	+57.1
Thailand.	91,200	-39.0	520,400	-51.0
Singapore	63,300	+39.8	397,900	+118.3
China....	49,000	*	118,831	*
Taiwan...	24,900	- 7.8	96,700	-35.8
TV Sets				
TOTAL....	1,325,500	+ 0.4	8,925,200	+ 8.8
color....	1,140,700	- 2.8	7,623,500	+ 8.4
b&w....	184,800	+27.0	1,301,700	+10.9
Mexico				
color...	796,500	+38.0	4,809,100	+27.7
China				
total...	162,400	+ 1.8	1,145,100	+53.6
color...	46,000	-57.9	434,750	- 3.3
b&w....	116,500	+130.9	710,400	+139.9
Malaysia				
total....	112,500	-15.5	935,100	+30.0
color....	96,900	-12.4	813,300	+31.3
b&w....	15,600	-30.4	121,800	+21.8
Thailand				
total....	116,500	--	780,800	+ 0.1
color...	114,900	-20.4	770,600	- 1.0
b&w....	1,600	*	10,200	+768.6
Korea				
total...	40,700	-58.2	423,300	-52.0
color...	27,400	-59.6	279,700	-49.2
b&w....	13,300	-54.8	143,600	-56.7
Singapore				
color...	14,800	-80.5	156,500	-60.2
Japan				
total...	26,600	-19.7	226,100	- 6.7
color...	17,600	-18.5	151,700	+ 0.3
b&w....	9,000	-19.1	74,300	-18.4
Taiwan				
total...	40,200	+18.0	276,200	-29.7
color...	16,900	+41.5	76,300	-28.1
b&w....	23,200	+ 5.2	199,900	-30.2
Hong Kong				
total...	3,900	-89.7	73,800	-49.0
color...	200	-99.3	50,600	-54.6
b&w....	3,700	-20.3	23,200	-30.3
Canada				
color...	1,200	-86.7	42,500	+ 6.2
Philippines				
color...	100	-99.3	34,200	-43.1

* No significant shipments in 1992.

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

SAMSUNG'S MARKET PLANS: Among Samsung products scheduled for U.S. market (in addition to those mentioned in story elsewhere in this issue) is "simple" 8mm camcorder with optical viewfinder, to be introduced here late next year.

Despite Samsung's drive for increased sales here, it has no plans to resume TV assembly in U.S. It closed plant in Roxbury, N.J., in 1991, moving major assembly for U.S. market to Tijuana, Mexico, where it produces 25", 27" and 31" TVs as well as TV/VCR combos, at 800,000 units annually. It also has smaller plants in England, Germany, Hungary, Thailand, Turkey. Biggest TV plant, in Suwon, Korea, makes 5.7 million direct-view and projection sets annually. (Samsung plans to open personal computer assembly plant in Jan. at site of its former N.J. TV facility.)

Samsung seems to be ambivalent in new fields of multimedia and digital audio recording. While it showed CD-I player at last summer's Consumer Electronics Show (CES), one official said consumers are confused with proliferation of formats and conceded "we don't know which way we should go." Although company currently is marketing CD-I player in Korea and plans to ship one with built-in full-motion video (FMV) early next year at \$600-\$700, it doesn't plan to offer one in U.S. Part of reason for indecision may be that it's seeking 3DO license and met with west coast developer this month.

In audio, Samsung may be leaning toward MD while also pushing DCC. It will introduce both DCC home deck and portable MD player this year in Korea at more than \$1,000. Thomas Rhee, senior mgr., mktg. research, said that while company was early DCC supporter because of its backward compatibility, MD may be winning out on basis of quality. He emphasized that no decision has been made on U.S. market, but said it's ready to offer either format.

In return to market it exited 3 years ago, Samsung will resume shipment of air conditioners to U.S. next year. It also plans to introduce its first 900 MHz cordless phone here provided it receives FCC approval and market moves below current \$300 retail price.

Samsung demonstrated unique 4-head hi-fi VCR, which it plans to show at Winter CES, featuring 4" touch-screen LCD that folds down from front panel for operation of recorder. Although product is being shipped now in Korea (at about \$700), company has no immediate plans to offer it in U.S.

On domestic Korean market, Samsung plans to introduce 30W" widescreen TV set at \$3,000 retail, but has no U.S. plans. However, it's talking about smaller widescreen set for U.S. as well as 50-55" projection set for sale here. Officials said there were no plans to offer direct-view sets larger than 31" in U.S.

Technicolor Video Services said it's launching optical media services unit and hopes to have it running by 2nd quarter 1994. It will offer premastering and mastering replication, custom packaging and other services for CD-ROM, CD-I, Photo CD, CD audio. Company said it has lined up roster of custom-pressing clients, but declined to name them. New unit will be based at 4-month-old hq in Camarillo, Cal., which has 1,200 employees.

Universal Electronics' VCR PRO 4 remote programmer was "a bit easier to use" than Gemstar's VCR Plus, in opinion of Consumer Reports' staffers who tested it, according to size-up in Nov. issue.

Consumer Electronics Personals

Jon Lezon, ex-Samsung, joins Sharp as product mktg. mgr., TV... **David Ginsberg** promoted to new post of vp-gen. mdse. mgr. at Hifi Buys... **Jeanne Chircop** advanced to staff dir., membership communications, EIA Consumer Electronics Group (CEG); **Sally Browne** retires as EIA/CEG exec. dir., consumer affairs, continuing as independent consultant... **Ram Nomula**, ex-Disc Manufacturing Inc., appointed pres. of new Optical Media Div., Technicolor Video Services... Columbia House Pres. **Richard Wolter** advances to chmn.-CEO Dec. 31 with retirement of current Chmn.-CEO **Cornelius (Neil) Keating**... **Thomas Sheehan** appointed pres., Delco Electronics-Asia/Pacific, new Singapore-based subsidiary.

Dave Kronemyer, former vp-business affairs, CEMA Div. of Capitol Records, joins Time Warner AudioBooks as senior vp-business and administration... **Stuart Graber**, managing dir., Time Warner International, appointed CEO, Music Choice Europe (MC Europe), CD-quality music service marketed in U.S. under name Digital Cable Radio; **Simon Bazalgette**, ex-KPMG Peat Marwick consultant firm, joins MC Europe as dir., strategy and business affairs.

Joseph Giannuccio, ex-Coronet/MTI Film & Video, named Allied Film & Video Chicago sales and customer service mgr... **Stewart Kleiner**, ex-Thunder Entertainment, appointed LIVE legal and business affairs vp... **Sergei Kuharsky**, ex-Walt Disney Home Video, named vp, Warner Home Video's Family Entertainment label... Promotions at Golden Entertainment: **Todd Davis**, national account exec., to dir./national sales mgr.; **Regional Sales Mgr. Jim Davis** to national account mgr... **Alfred Cleaves** joins Unapix and Mystic Fire as multimedia/interactive consultant.

OBITUARY

Sylvester R. (Ted) Herkes, 82, long-time TV industry marketing executive, died recently in Woodstock, Ill. His 40-year association with Motorola began as salesman for its Chicago distributor in 1940. He joined company later that year and became mktg. vp for Motorola Consumer Products Div. and pres. of sales subsidiary Motorola Consumer Products Inc. in 1956, post he held until 1967. Herkes was vp-gen. mgr. of unit for brief period. He resigned from Motorola in 1967 but continued to work for company as independent marketing consultant. Wife, 2 daughters, survive.

Canon offers step-up from its 2-year-old flagship L1 camcorder for semiprofessionals and advanced amateurs at \$4,000. Hi8 L2 version uses VL Mount system for interchangeable lenses, features RC time code with data and index search functions. Date scan and search make possible scanning of 99 days' recordings in fast forward or rewind. Digital effects include wipe, overlap, freeze, solarization, enlargement. It has 15-element zoom lens, 410,000-pixel 1/2" CCD, remote shuttle.

Merger of Costco and Price Co. was approved by shareholders of 2 warehouse club chains, which will operate as subsidiaries of new entity called Price/Costco. New company encompasses 206 locations with annual sales revenues of more than \$15 billion. Companies said combined sales volume "should result in enhanced purchasing efficiencies with merchandise vendors, enabling the new company to pass along even greater savings to its members."

Software notes: **Media Vision**, in its first major push into CD-ROM, will release first 10 titles this month. Titles would be first generated by Fremont, Cal. company's multimedia publishing group formed earlier this year and will retail at \$49.95-\$79.95. Five titles will target the youth market including *Forever Growing Garden*, *Peak Performance*, *Professor Gooseberry's I Can Read Club*, *Always Arthur*, *Who Wants Arthur* and *Buster's First Thunderstorm*. Other releases include *Critical Path*, *Quantum Gate*, *Personal Daily PlanIt*, *PlanIt Earth* and *PlanIt Paradise*... **Davidson & Associates** has launched new line of CD-ROM titles featuring Comic book heroes. CD-ROMIX will consist of three releases containing adventures of *Malibu Comics*' heroes, *Prime*, *Hardcase*, *Freex*. Software, which has \$20 street price, was jointly developed by Davidson and *Malibu Comics*... **THQ** has shipped *Thomas The Tank Engine and Friends* for Super Nintendo Entertainment System (SNES) at \$59.95. Game will also be available for Sega Genesis and Nintendo Entertainment System in this month. Title is derived from PBS TV show and targets 3-7-year-old children... **Viacom New Media** released *Dracula Unleashed* as CD-ROM interactive horror movie at \$59.95 street price. Title was developed by ICOM Simulations which Viacom acquired in May 1993. Disc uses compression technology to deliver 96 min. of video using 256 colors, company said.

Imports of portable electric typewriters from Singapore are injuring domestic industry, International Trade Commission ruled, clearing way for imposition of 15.5% antidumping duties on typewriters Smith Corona imports from its plant there. Complaint was filed by Brother, which has been ruled an American manufacturer, in long-running battle between 2 manufacturers.

Japanese companies will hire fewer new college graduates from class of 1994, according to Nikkei survey, which gave hiring plans for class of 1994 by major manufacturers, with percentage decline from 1993: Toshiba 950 new graduates (down 24%), Matsushita 850 (-29.2%), NEC 850 (-29.1%), Mitsubishi 800 (-39.3%), Sony 400 (-45.9%).

Matsushita opened highly automated microwave oven factory in Franklin Park at last week's end. New 112,000-sq.-ft. facility will increase company's annual production next year to 1.5 million from 1.1 million units, which would give Matsushita more than 20% of 7.2-million-unit N. American business.

Sanyo joins rush to TV/VCR combos with 13" at \$400 and 19" at \$450. Both sets have "picture quality selector" with "normal" and "rental" settings, latter creating softer image for worn rental tapes. Other features are automatic power-on with tape insertion, on-screen programming, 3-speed recording, 31-key remote, audio and video inputs.

Emerson Radio already has exceeded sales goals in proposed reorganization plan, Exec. Vp Eugene Davis said. Plan could be aborted at option of Fidena Investments if company failed to achieve 95% of sales goal (TVD Oct 18 p11). Davis said commitments in place from customers already have run 5-10% ahead of schedule.

Hong Kong Electronics Show this month (TVD Oct 18 p12) generated confirmed orders worth \$360 million, 80% higher than last year, Hong Kong Trade Development Council reported. Total attendance at fair rose 12% to 26,425, with overseas buyer attendance jumping 35% to 10,243.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1993-9 mo. to Sept. 30	48,697,000,000	(3,527,000,000)	---
1992-9 mo. to Sept. 30	47,400,000,000	2,807,000,000	2.11
1993-qtr. to Sept. 30	16,662,000,000	1,073,000,000	.79
1992-qtr. to Sept. 30	16,180,000,000	963,000,000	.72
BHC Communications Inc.			
1993-9 mo. to Sept. 30	302,996,000	193,073,000	7.45a
1992-9 mo. to Sept. 30	203,522,000	75,565,000	2.80
1993-qtr. to Sept. 30	100,216,000	24,516,000	.95
1992-qtr. to Sept. 30	78,358,000	28,650,000	1.08
Blockbuster Entertainment			
1993-9 mo. to Sept. 30	1,503,307,000	162,351,000	.76
1992-9 mo. to Sept. 30	879,126,000	100,623,000	.53b
1993-qtr. to Sept. 30	577,450,000	69,699,000	.32
1992-qtr. to Sept. 30	310,772,000	42,623,000	.22b
Capital Cities/ABC			
1993-9 mo. to Sept. 26	3,918,534,000	288,520,000	17.51
1992-9 mo. to Sept. 27	3,702,031,000	108,186,000	6.46
1993-qtr. to Sept. 26	1,301,371,000	78,271,000	4.75
1992-qtr. to Sept. 27	1,215,289,000	62,160,000	3.74
Chris-Craft Industries			
1993-9 mo. to Sept. 30	323,287,000	124,987,000	4.55a
1992-9 mo. to Sept. 30	221,060,000	47,413,000	1.74c
1993-qtr. to Sept. 30	106,725,000	13,012,000	.47
1992-qtr. to Sept. 30	84,219,000	19,430,000	.71c
Comsat			
1993-9 mo. to Sept. 30	472,900,000	57,100,000	1.41
1992-9 mo. to Sept. 30	407,100,000	26,000,000	.66c
1993-qtr. to Sept. 30	152,500,000	17,400,000	.43
1992-qtr. to Sept. 30	146,000,000	(6,400,000)	--c
Electronic Arts			
1993-6 mo. to Sept. 30	161,590,000	15,353,000	.31
1992-6 mo. to Sept. 30	104,700,000	9,984,000	.21c
1993-qtr. to Sept. 30	82,090,000	8,035,000	.16
1992-qtr. to Sept. 30	54,601,000	5,230,000	.11c
Franklin Electronic Publishers			
1993-6 mo. to Sept. 30	33,075,000	3,517,000	.46
1992-6 mo. to Sept. 30	31,820,000	2,722,000	.37
1993-qtr. to Sept. 30	18,429,000	2,255,000	.30
1992-qtr. to Sept. 30	18,580,000	1,811,000	.24
GTE			
1993-9 mo. to Sept. 30	14,685,000,000	1,366,000,000	1.43
1992-9 mo. to Sept. 30	14,851,000,000	(1,171,000,000)	--d
1993-qtr. to Sept. 30	4,943,000,000	468,000,000	.49
1992-qtr. to Sept. 30	4,965,000,000	465,000,000	.52
Harman International Industries			
1993-qtr. to Sept. 30	163,661,000	1,044,000	.10
1992-qtr. to Sept. 30	144,745,000	(1,364,000)	--
Heritage Media			
1993-9 mo. to Sept. 30	193,330,000	(4,342,000)	--
1992-9 mo. to Sept. 30	163,084,000	(24,932,000)	--
1993-qtr. to Sept. 30	65,886,000	(1,483,000)	--
1992-qtr. to Sept. 30	55,479,000	(10,767,000)	--
Home Shopping Network			
1993-9 mo. to Sept. 30	750,100,000	(21,100,000)	--
1992-9 mo. to Sept. 30	794,600,000	22,400,000	.25
1993-qtr. to Sept. 30	260,500,000	1,100,000	.01
1992-qtr. to Sept. 30	261,700,000	7,000,000	.08
Jones Intercable			
1993-qtr. to Aug. 31	32,373,000	(5,852,000)	--
1992-qtr. to Aug. 31	27,264,000	(8,848,000)	--
Jones Spacelink			
1993-qtr. to Aug. 31	40,829,000	(2,003,000)	--
1992-qtr. to Aug. 31	35,174,000	(2,653,000)	--
Meredith			
1993-qtr. to Sept. 30	182,291,000	3,444,000	.24
1992-qtr. to Sept. 30	177,449,000	3,441,000	.22
Multimedia			
1993-9 mo. to Sept. 30	460,892,000	78,038,000	2.04a
1992-9 mo. to Sept. 30	409,389,000	41,263,000	1.10
1993-qtr. to Sept. 30	153,296,000	30,241,000	.79
1992-qtr. to Sept. 30	140,538,000	15,080,000	.40

Company & Period	Revenues	Net Earnings	Per Share
Musicland Stores			
1993-9 mo. to Sept. 30	697,143,000	(7,306,000)	--
1992-9 mo. to Sept. 25	599,507,000	(13,348,000)	--
1993-qtr. to Sept. 30	251,263,000	(3,816,000)	--
1992-qtr. to Sept. 25	213,533,000	122,000	--
New York Times			
1993-9 mo. to Sept. 30	1,383,608,000	30,245,000	.39
1992-9 mo. to Sept. 30	1,305,348,000	(41,039,000)	--
1993-qtr. to Sept. 30	445,574,000	(3,032,000)	--
1992-qtr. to Sept. 30	426,213,000	(35,018,000)	--
Oak Industries			
1993-9 mo. to Sept. 30	169,024,000	17,030,000	.94
1992-9 mo. to Sept. 30	107,429,000	10,146,000	.58c
1993-qtr. to Sept. 30	51,578,000	6,450,000	.35
1992-qtr. to Sept. 30	33,242,000	1,736,000	.10c
Orion Pictures			
1993-6 mo. to Aug. 31	70,223,000	(47,054,000)	--
1992-6 mo. to Aug. 31	115,885,000	(22,162,000)	--b
1993-qtr. to Aug. 31	30,632,000	(30,205,000)	--
1992-qtr. to Aug. 31	35,103,000	(11,427,000)	--b
Pulitzer Publishing			
1993-9 mo. to Sept. 30	304,753,000	14,841,000	1.24
1992-9 mo. to Sept. 30	292,007,000	(11,088,000)	--c
1993-qtr. to Sept. 30	106,833,000	3,295,000	.25
1992-qtr. to Sept. 30	97,434,000	3,989,000	.35c
Silver King Communications			
1993-year to Aug. 31	46,197,000	(6,386,000)	--
1992-year to Aug. 31	46,776,000	(15,222,000)	--
1993-qtr. to Aug. 31	11,634,000	(943,000)	--
1992-qtr. to Aug. 31	11,060,000	(3,742,000)	--
Spelling Entertainment			
1993-9 mo. to Sept. 30	179,250,000	10,790,000	.20
1992-9 mo. to Sept. 30	193,359,000	6,492,000	.13
1993-qtr. to Sept. 30	55,772,000	7,482,000	.14
1992-qtr. to Sept. 30	74,623,000	3,481,000	.07
Tandy			
1993-9 mo. to Sept. 30	2,647,720,000	368,000	--
1992-9 mo. to Sept. 30	2,493,371,000	95,347,000	1.14
1993-3 mo. to Sept. 30	939,897,000	42,559,000	.52
1992-3 mo. to Sept. 30	875,850,000	32,143,000	.40
Texas Instruments			
1993-9 mo. to Sept. 30	6,149,000,000	339,000,000	3.60
1992-9 mo. to Sept. 30	5,453,000,000	170,000,000	1.68
1993-qtr. to Sept. 30	2,161,000,000	146,000,000	1.54
1992-qtr. to Sept. 30	1,892,000,000	57,000,000	.58
Time Warner			
1993-9 mo. to Sept. 30	4,621,000,000	(228,000,000)	--d
1992-9 mo. to Sept. 30	4,438,000,000	18,000,000	--b
1993-qtr. to Sept. 30	1,535,000,000	(133,000,000)	--d
1992-qtr. to Sept. 30	1,510,000,000	6,000,000	--b
Times-Mirror			
1993-9 mo. to Sept. 26	2,695,235,000	155,353,000	1.21
1992-9 mo. to Sept. 27	2,613,804,000	(4,915,000)	--b
1993-qtr. to Sept. 26	923,953,000	77,707,000	.60
1992-qtr. to Sept. 27	888,045,000	40,735,000	.32b
Tribune			
1993-39 wk. to Sept. 26	1,438,660,000	130,531,000	1.76
1992-39 wk. to Sept. 27	1,552,821,000	77,819,000	.99b
1993-13 wk. to Sept. 26	486,669,000	38,595,000	.51
1992-13 wk. to Sept. 27	526,488,000	34,000,000	.45b
Universal Electronics			
1993-9 mo. to Sept. 30	59,224,000	3,247,000	.58
1992-9 mo. to Sept. 30	29,258,000	358,000	.06
1993-qtr. to Sept. 30	24,727,000	2,503,000	.39
1992-qtr. to Sept. 30	15,035,000	1,429,000	.42
Viacom			
1993-9 mo. to Sept. 30	1,474,571,000	144,626,000	1.20
1992-9 mo. to Sept. 30	1,353,119,000	37,311,000	.31
1993-qtr. to Sept. 30	508,122,000	22,034,000	.18
1992-qtr. to Sept. 30	471,498,000	45,049,000	.37
Video Display			
1993-6 mo. to Aug. 31	26,923,000	701,000	.17
1992-6 mo. to Aug. 31	31,385,000	1,230,000	.30
1993-qtr. to Aug. 31	12,256,000	387,000	.09
1992-qtr. to Aug. 31	15,484,000	618,000	.15
Zenith			
1993-9 mo. to Oct. 2	867,000,000	(61,000,000)	--
1992-9 mo. to Sept. 26	858,500,000	(85,600,000)	--
1993-3 mo. to Oct. 2	301,800,000	(14,500,000)	--
1992-3 mo. to Sept. 26	313,300,000	(41,800,000)	--

Notes: ^aIncludes special credit. ^bRestated. ^cAdjusted.
^dAfter special charge.