

TELEVISION DIGEST®

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

With Consumer Electronics

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

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STATIONS SEEK CASINO ADS: Nev. outlets airing spots during court challenge, representing 2-track strategy to end limits. Language attached to Senate telecommunications infrastructure bill has been introduced before and almost passed. (P. 2)

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DUGGAN DEFENDS PBS against congressional claims of refusal to air human rights programming, saying issue is raised throughout program schedule and there's too little air time for every program. (P. 5)

FCC COULD MAKE TAKEOVERS OF NBC AND CBS DIFFICULT: FCC network-cable cross-ownership rules and station ownership limits could provide roadblocks to both of rumored network sale deals -- Time Warner purchase of GE's NBC and Disney's of CBS, FCC and industry officials said. At very least, TW and NBC would appear to need waiver of cross-ownership rules to complete deal. None of companies involved would confirm reports.

TW and GE were said to have discussed sale of all or part of NBC to Time Warner. Sale of TV stations reportedly isn't included in talks, and other reports claimed deal might be limited to NBC's cable holdings. Reports speculated that price for network alone could reach \$2.5 billion.

Two FCC rules apparently would prohibit TW from owning more than 5% of broadcast network without waiver: (1) MSOs can't own network if their cable systems pass more than 10% of U.S. cable households. Estimates based on research in Warren Publishing's TV & Cable Factbook show TW systems passing 12.1

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NO-MOVING-PARTS CAMCORDER promised by Hitachi within 5 years as it demonstrates early prototype of 10-oz. model it says will record 30 min. on flash memory. (P. 9)

U.S.-ASSEMBLED TVs DROPPED 13% in first half, while imports rose 33%. Domestic assembly at low of 41.4% of total color TV supply as Mexico base grows. (P. 9)

MAGNAVOX GAINS MARKET SHARE to solidify grip on 2nd place in direct-view, while RCA displaces Mitsubishi as No. 1 in projection, our survey shows. (P. 10)

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EIA SHOW BUSINESS: (1) 'Specialty Audio & Video Show' announced for Chicago in June. (2) Reportedly offers \$1 million guarantee for endorsement of CES Interactive by IDSA, which is backing competitive E3 show. (P. 13)

GEMSTAR HAS SOLD 15 MILLION VCR Plus systems since introduction in 1990, prospectus discloses. (P. 14)

SONY RAISES PRICES on selected audio products by 'single digits' due to strength of yen. No action seen for TV. (P. 14)

AT&T PULLS PLUG ON EDGE 16 videogame modem that would have allowed conversation and game play on same line. (P. 15)

million homes -- 13.2% of 92 million homes passed nationally. (2) MSO can't own network if its cable system passes more than 50% of homes in any one TV ADI. TW meets test in several ADIs.

FCC Cable Bureau Deputy Chief William Johnson said enforcement of cross-ownership rule hasn't come up in past and would have to be looked at if proposed mergers take place. Legal sources speculated that Time Warner-NBC could ask for waiver or utilize FCC declaratory ruling procedures. One Commission source said it would be difficult to judge how agency would rule on waiver request. Broadcast station-cable common ownership rules wouldn't apply to deal if NBC-owned stations aren't sold. Industry sources said NBC would be likely to seek long-term affiliation agreement with TW as part of deal to avoid risk of losing major-market coverage.

Finsyn rules also would present problem for Warner Bros. TV syndication arm if proposed merger took effect before finsyn expiration date in Nov. 1995. Rule would mean that company affiliated with network couldn't syndicate off-network programming to domestic stations or own or syndicate first-run syndication product. FCC also could decide in required 1995 proceeding to extend rule past that cut-off date.

Industry speculation continued to focus on legal problems of reported deal. Washington lawyers predict close scrutiny by Justice Dept. Antitrust Div. of numerous competition issues, including combined cable-network ownership, program supply, vertical integration and impact on planned Warner Bros. TV network. Justice officials wouldn't comment.

Time Warner cable systems could face channel scheduling problems under Cable Act vertical integration rules limiting system from ownership interest to no more than 40% of channels. NBC stations would be included in calculation in addition to NBC cable channels CNBC and America's Talking. Sources said that issue shouldn't affect issue of approval of merger.

On Disney side, regulatory problem could involve station ownership limits if it took over CBS's 7 major market stations. Walt Disney Co. owns only one station, KCAL (Ch. 9, ind.) L.A., but Vice Chmn. Roy Disney is chmn. of Shamrock Bestg., which owns 2 more, and several Disney family members are owners of Retlaw Enterprises, which owns 5.

Officials of Warner Bros.' WB network said they were "moving ahead" with network plans despite rumored deal, and had no comment on deal itself. Network partner Tribune Co. said it also has received assurances of moving ahead with plans. Federal laws limiting entities to owning single broadcast network apparently would bar Warner network if TW bought NBC.

Paramount officials wouldn't comment on prospect of Warner's dropping new network if NBC deal went through. Competing Paramount network has 45 affiliates and expects national coverage of 85% of TV households by time of 1995 launch. WB network has 35 stations signed up, covering 73% of country, officials said.

Media analysts said interest in deals by program producers such as Time Warner and Disney could be heightened by expected growth of network revenues through strong affiliate activity, 1995 end of finsyn restrictions, increased network production of own TV product, continued strength in winning national advertising. Analysts see Disney in stronger position for potential deal because of absence of cable regulatory roadblocks. They also suggest cash-rich Disney could be interested in NBC if rumored talks with CBS don't result in deal.

Media analysts have questioned reported NBC sale price of \$2.5 billion, estimating that value should be much higher. One source said that prospect of end of finsyn revenue restrictions and current station interest in network affiliations pointed to higher values for networks now and in future. Regardless of price, some analysts questioned whether TW could pull off deal considering its current debt load of up to \$15 billion. However, others speculated that GE could provide financing for TW takeover.

BROADCASTERS TRYING TO LIFT CASINO ADS RESTRICTION: Even as Sen. Bryan (D-Nev.) was offering language for Senate telecommunications legislation (S-1822) to allow broadcasters to accept ads for casinos (TVD Aug 15 p1), gambling establishments in his home state have been airing such ads for more than year while law he wants to change is challenged in court.

Situation represents 2-track strategy broadcasters are following in latest chapters in battle that reaches back to mid-1980s, when U.S. Supreme Court set broad guidelines for types of behavior for which advertising

could be banned, including gambling. But for advocates of changing law, issue is more narrowly focused. Congress in 1988 lifted ban on virtually all types of gambling, including casino gambling on Native American reservations and by nonprofit groups. Commercial casinos were only category still subject to ban. Legislation as originally written would have allowed casino spots, but opposition by Reps. Wolf (R-Va.) and Shaw (R-Fla.), backed by religious organizations, forced sponsors to take out casino-related provisions.

Since his election in Nov. 1988, Bryan, through his seat on Commerce Committee, has tried to reverse what he sees as discriminatory situation, said his legislative dir., Andrew Vermilye: "We got left at the station." Vermilye said Bryan had attached language to other bills similar to that he proposes for S-1822. Two years ago, Bryan sponsored same language in legislation offered by Communications Subcommittee Chmn. Inouye (D-Hawaii) that more generally would have set up stronger rules for use of 900 numbers. Filibuster by Sen. D'Amato (R-N.Y.) on issue unrelated to gambling or 900 numbers created time crunch so that Senate negotiators had to accept House language, which didn't include Bryan's amendment. This year, his amendment was included in middle of S-1822 in section dealing with utility issues.

Changing law would be "win-win" situation, Vermilye argued, being good for broadcasters, tourists and casinos. He said he doesn't expect much opposition this time around because times have changed: "There's not a great feeling that gaming is the most evil thing in the world since 48 states have legalized gambling." Experience with Nev. broadcasters has proved beneficial, he said. Broadcasters there challenged 1988 law, and in April 1993, U.S. Dist. Court Judge Philip Pro in Las Vegas agreed that law was unconstitutional. Ninth U.S. Appeals Court, San Francisco, is expected to rule soon on FCC's appeal. In meantime, Commission has said it won't enforce rules against broadcast ads, giving casinos and stations window to try out new spots, they said.

James Rogers, pres. of Sunbelt Bctg. which filed challenge, said casinos "didn't jump on it [new ad opportunity]." Rogers, who owns TV stations in Las Vegas and Reno (as well as Yuma, Ariz., which isn't affected by controversy) said casinos started to advertise on radio first because production costs are less. One establishment, Palace Station in Las Vegas, has begun to advertise its promotion of giving away one car per day. Rogers said revenue from casino ads is "up some, but not as great as we first anticipated." In part, that's because many large hotels, which have casinos, already have been on TV with ads for their shows or restaurants. They continue to advertise, but may change text or substitute shots of casinos rather than producing all-new ads.

Lawson Fox, gen. mgr. of Rogers' Reno station, KTVN, said casino advertising there is "growing steadily." He said casinos were cautious at first, but now are finding that they're getting results with ads. Stations have to exercise some caution to make certain that ads are accurate, according to Peter Bannister, gen. mgr. of KTNV Las Vegas. Station must determine that claims made in ads, such as that casino has more winners than other casinos, are justifiable. No complaints have been filed against casino spots, broadcasting executives said. However, without Bryan's amendment, or one like it, their opportunity to run those ads may be short, Vermilye said, because it's expected that Ninth Circuit Court will overturn Dist. Court ruling.

Metromedia International Group has been formed by Orion Pictures, Metromedia International Telecommunications, Actava Group, MCBG Sterling. Metromedia Chmn. John Kluge is chmn., Metromedia Exec. Vp Stuart Subotnick vice-chmn., Actava CEO Jack Phillips pres. Kluge said plan is to "create a new global media, entertainment and communication company." Orion and MCEG Sterling have 1,000-title film library.

More than 450 companies have rented exhibit space at World Media Expo, joint convention Oct. 12-15 at L.A. Convention Center including NAB Radio Show, RTNDA, Society of Best. Engineers and SMPTE, organizers said. Radio/audio pavilion is 25% larger than exhibit area at 1993 NAB Radio Show, including at least 221 exhibitors occupying 53,400 sq. ft. There also will be 230 video exhibitors, with 75,800 sq. ft.

Cox Cable said it will offer competitive access service in Oklahoma City area through Cox Fibernet. Vp-Gen. Mgr. David Bialis said Fibernet has more than 120 miles of fiber in area, plans to add 300, providing redundant ring serving all major business areas. Cox Fibernet will operate as affiliate of Teleport Communications Group, which Cox jointly owns with other cable MSOs.

Comcast and MCI scrapped plans to invest \$1.3 billion in Nextel, wireless communications firm, ending agreement signed Feb. 28. In 103-word statement, companies said they were continuing "to explore the possibility of a strategic alliance." Spokesman of companies involved declined to elaborate. He said no guarantees of future deals were given, "but any deal... will look much different" from what was proposed originally.

CBS News consolidated affiliate newsfeeds onto single dedicated transponder and renamed service CBS Newspath, effective Sept. 5. Traditional network feed, specialized stories and headline service every hour are available on single transponder. In past, up to 4 transponders were used for feeds. Network has expanded service to include 5 correspondents and D.C. remote operation.

Turner Bctg. Chmn. Ted Turner is expected to make complete recovery from skin cancer on lip after surgery Aug. 27, company said. Turner, 55, disclosed condition in speech at graduation ceremony at Ga. State U.

FCC Mass Media Bureau notified KKLZ(FM) Las Vegas that indecent material broadcast March 2 and March 16 this year could result in forfeiture of \$8,000.

VIACOM DEAL FACES REVIEW: Viacom sale of Madison Sq. Garden (MSG), associated cable network and sports teams to partnership of ITT and Cablevision Systems will face antitrust oversight. N.Y. Attorney Gen. Oliver Koppell said Aug. 29 that deal "raises significant antitrust concerns" because Cablevision would own both regional sports networks serving N.Y.C. metropolitan area, as well as 2 professional teams that provide much of programming for channels. U.S. Justice Dept. or FTC also is expected to review deal, but neither would comment.

Partnership agreed to pay \$1.075 billion cash for properties, well above \$600-\$800 million that analysts had predicted before bidding war emerged between partnership and TCI. MSG had \$360 million revenue in 1993, only about \$30 million cash flow, and virtually broke even. Viacom plans to use proceeds to repay portion of its \$9.7-billion debt. TCI had hoped MSG deal would be cornerstone of wider deal with Viacom that also would involve San Francisco cable systems, small premium cable channels owned by both companies and settlement of Viacom's antitrust suit against TCI. Viacom CEO Frank Biondi said he plans to continue talks with TCI involving other portions of deal.

ITT will own 85% of MSG properties at first, but Cablevision would raise its stake to 50% within year by giving ITT either minority share of its Rainbow Programming networks or cash. Deal brings together Rainbow properties, which includes SportsChannel regional network serving N.Y.C., which already has TV rights for N.Y. Mets, N.Y. Islanders, N.J. Nets and N.J. Devils, and 5-million-subscriber MSG Network, another regional sports channel, plus N.Y. Knicks, N.Y. Rangers and Garden facility itself. Cablevision also owns cable systems with 1.4 million subscribers in metropolitan area, plus stakes in 7 other SportsChannel regional sports channel, Prime Network, NewSport, 7 other cable channels, other cable systems with 1.1 million subscribers.

Koppell said he was concerned mainly about 2 regional sports channels: "The consolidation of these 2 channels under single ownership is disturbing, and we will investigate whether it may lead to unfairly high prices or restricted choice for consumers." He also raised issue of vertical consolidation, with Cablevision controlling sports franchises, program networks and cable systems: "Cablevision, after this acquisition, would have nearly unfettered discretion to control when consumers would have access to sports television and how much they would have to pay."

Cablevision Chmn. Charles Dolan said companies have received legal advice indicating that purchase will pass antitrust muster: "The advice we have is that we are in good shape on antitrust. The way we are doing it is making the games available to a maximum audience." Cablevision said there are no plans to merge 2 sports channels, although there eventually could be some cost savings from joint use of facilities. It also said there were no plans to raise rates for channels. Dolan said acquisition brings closer "our long-held dream of an 'electronic stadium' that gives everyone a front-row seat at every game."

N.Y. Gov. Cuomo praised fact that deal would keep ownership in N.Y. William Finneran, chmn. of N.Y. Cable Commission, said that his group has no immediate plans to investigate deal and that arrangement could benefit consumers. Citing recent bidding war between 2 networks over N.Y. Yankees games, which resulted in MSG's paying \$486 million for rights through year 2000, Finneran said: "The only one who benefits is George Steinbrenner, and the

viewers eventually pay." Two networks compete not for subscribers but for rights to carry games, Finneran told us: "That means that the prices of sports programs are inflated to outrageous heights, and that is passed on to the subscribers."

FCC INVESTIGATES IVDS: FCC is investigating "one or more bidders" in July interactive video & data service (IVDS) auctions for possible misconduct (TVD Aug 15 p3). Action follows Commission report that 28 bidders had failed to submit down payment by Aug. 8 due date. FCC Gen. Counsel William Kennard said investigation "should come as no surprise" since agency "has stressed repeatedly the need to ensure the integrity of the auction process." Meanwhile, FCC is looking into possibility that at least 6 of those 28 bidders may actually have met down payment deadline, and IVDS bidders are forming their own association.

James Hartley, COO of Commercial Realty St. Pete, largest IVDS bidder, who failed to make \$3.5 million down payment, said he looks forward to "action clearing the air and allowing the FCC to redirect its focus to the technical obstacles facing this industry." Commercial Realty, meanwhile, repeated its argument for delaying deadline for down payments, in new FCC filing. It said IVDS equipment isn't likely to be available in time to meet FCC construction deadlines and EON Corp. is only equipment maker that has received FCC type approval for IVDS equipment. Commercial Realty said it "objects to any requirement that it purchase from a monopoly which has the power to set prices."

Commission will investigate whether bidders misrepresented their status as designated entities, whether failure to make down payments on time involved misrepresentation or bad faith and whether one or more bidders may have encouraged others to default in making down payments. FCC order repeated intention to impose "substantial penalty" on defaulting or unqualified bidders. Commission also said it will do "routine audits" of winning bidders.

Six additional auction winners for IVDS licenses made down payments, reducing to 22 number failing to pay. Four asked for extensions of time. FCC has collected \$14,163,499 from 88% of auction winners.

IVDS licensee winners plan to form Interactive Coalition of America (ICA). Winners of about 100 small and intermediate markets in license auction plan to join, said Eagle Interactive CEO Phillip Tullis, chmn. of ICA Exec. Committee. He said issue of licensees' receiving interactive equipment in time to meet startup deadlines will be among Assn.'s concerns.

Wireless cable operator CAI Wireless will provide programming for Rochester Telephone (RT) video-on-demand trial in Rochester under new agreement. CAI will provide package of basic and expanded basic programming to supplement RT's video-on-demand. Package to be delivered via wireless cable channels includes 29 full-time channels plus 2 pay-per-view channels. Pricing hasn't been determined. RT's video-on-demand is delivered via telephone network.

BET signed agreement with Comsat Video Enterprises for distribution to more than 300,000 hotel rooms on Comsat's nationwide "Free-To-Guest" video channel. Terms weren't announced.

SENATE BILL KEYS STANDARDS DEBATE: Senate Technology Subcommittee Chmn. Leahy (D-Vt.) is expected to introduce amendment to bill (S-1822) that would rework crucial concept of "interoperable" National Information Infrastructure. That concept is central to making certain that consumers will be able, easily and seamlessly, to access programming through telephone, cable and other electronic networks. Leahy's effort is being driven by coalition that includes Computer & Business Equipment Mfrs. Assn. (CBEMA), Business Software Assn., Apple Computer, consumer electronics retailers, others.

At same time, however, Sun Microsystems is leading charge against Leahy initiative, arguing that language CBEMA and allies want to add to bill would help create closed information systems subject to control of Microsoft and other large-scale companies. Issue is expected to be one of major topics at joint hearing Sept. 20 of Senate Antitrust Subcommittee, chaired by Sen. Metzenbaum (D-O.), and Leahy's Technology Subcommittee. Both are part of Judiciary Committee.

Other amendments to bill sponsored by Commerce Committee Chmn. Hollings (D-S.C.) and others are expected to be floated this week as parties prepare for Congress's return next week. CWA last week proposed 2 changes it would like, including one that would allow telcos into video services in 18 months. Media Access Project (MAP) is critical of allowing cable operators wide discretion to ban indecent material or programming containing nudity, citing First Amendment infringements. In addition, state regulators and legislators announced their opposition to current form of Hollings bill. USTA reiterated its opposition.

Amendment package that Leahy, with industry backing, will propose would eliminate under "public access" portion of bill requirement that FCC set functional or performance standards, including interoperability, for public institutions connected to network, while changing goal for consumers in rural and noncompetitive markets from having access to "quality, interoperable telecommunications network facilities and capabilities" to objective of giving consumers access to "quality, advanced telecommunications services." Leahy package would substitute entire new title for bill giving FCC authority to set standards for key network interfaces and for making certain that converter boxes would be offered in competitive environment.

Sun Open Systems Technology Dir. Andrew Maisel said his coalition of computer firms and public interest groups, including Oracle, Amdahl, 3Com and Computer & Communications Industry Assn. (CCIA), regarded amendments as attempt by Microsoft, IBM, Apple and other leaders of amendment backers to "establish monopolies over critical interfaces" in national information network.

NARUC launched broad attack on bill, with Ida. PUC Comr. Dean (Joe) Miller, chmn. of Communications Committee, giving speeches Aug. 29 and Aug. 24 lambasting bill, and signing Aug. 29 letter to members of Senate. In letter, Miller said that bill would lead to higher local rates and "undercut universal service" while slowing competition and creating "regulatory gridlock." He told us language in bill would virtually do away with distinction between interstate and intrastate jurisdictions at time when state regulators have been vigilant in making certain that telephone rates have been frozen or reduced. He made same point in letter to Senate, saying that if FCC had been in charge of local rates, there would have been increases rather than decreases, "perhaps as much as 30% on a yearly basis."

National Conference of State Legislatures (NCSL) took back its support for bill, telling Hollings, its chief sponsor, of its "strong opposition" to measure. Hawaii State Sen. Carol Fukunaga (D), chmn. of NCSL's Communications Committee, said in Aug. 31 letter to Hollings that her group, which supported S-1822 originally, objects to preemption features in bill that passed committee Aug. 11 that are stronger than in bill as originally drafted. Many services identified in measure, such as distance learning and telemedicine, will be delivered by state and local govts., NCSL said, arguing that bill as approved by committee "removes all incentives for state governments to aggressively adopt meaningful public/private sector partnerships" to provide those services. NCSL asked that legislation be amended to designate states as having "primary responsibility" for universal service.

DUGGAN DEFENDS PBS: In letter to Rep. Owens (D-N.Y.), PBS Pres. Ervin Duggan defended network against congressional accusations that it refuses to air human rights programming, specifically Charlayne Hunter-Gault-hosted Rights & Wrongs. He said although PBS won't carry that program because of limited schedule, many others on PBS deal with human rights. Congressional Human Rights Caucus and Congressional Black Caucus, which includes Owens, had sent letters questioning PBS's refusal to air program they referred to as "balanced and responsible." Show's producers, station managers and Santa Monica-based Coalition vs. PBS Censorship, also have accused network of excluding human rights programming.

Duggan said competition for time on National Program Service is "fierce," and "we find it inescapable that we must decline to distribute many, many programs." He said several PBS series such as Frontline, MacNeil/Lehrer NewsHour and P.O.V., and documentaries such as *Haiti: Killing the Dream* and *Bosnia: We Are All Neighbors*, "focus squarely upon human rights stories and present them with the kind of background, context and analysis viewers expect from PBS." He also said PBS's decision on Rights & Wrongs doesn't preclude any stations from carrying it. Program, produced on nonprofit basis by Globalvision, is available via American Programming Service on 90 PBS stations.

Duggan also attacked producers and on-air personalities of shows that don't make it to PBS lineup who then "attempt to pressure our editorial process" by appealing to media or politicians "in attempts to alter the result." He said artists whose projects have been rejected sometimes find censorship cry will bring attention to their works. Coalition vs. PBS Censorship spokesman Paul Rosenberg said human rights coverage on MacNeil-Lehrer and other programs is done repeatedly through eyes of "limited group of experts." He said PBS role, as suggested by Carnegie Commission, is to act as voice for groups that normally wouldn't have opportunity to express views.

Meanwhile, Independent TV Service has agreed to provide some funding and marketing for show, although it was unclear whether it would be enough to ensure its survival. Rights & Wrongs Exec. Producer Rory O'Connor said earlier that show most likely would go off air in mid-Sept. at least until next fall season if PBS sponsorship didn't come through. Although PBS said it won't fund or distribute program this season, Rosenberg said he still hoped pressure from Congress, station managers and viewers would change network's mind.

Nearly 70% of U.S. households have more than 2 TVs, with bedroom most popular location, according to Statistical Research report. Study, compiled from interviews with 3,131 homes in Jan.-Feb., also showed that 33% owned more than 3 TVs and 81.9% had VCRs. Bedroom was TV site in 41% of homes, living room 33%, family room 17%. Combination of income and interest also is creating "information technology elite" with annual incomes above \$30,000, said report, which was commissioned by Committee on Nationwide TV Audience Measurement (CONTAM). So-called "elite" are 8 times more likely to own fax machines and 6 times more likely to have cellular phones than persons with incomes under \$30,000. More than half of homes with either cellular phone or fax also have PC.

Interactive Notes: Advanced Digital TeleCorp said it's ready to begin licensing interactive TV technology to broadcasting and cable following what it termed successful beta testing. System transmits interactive data in vertical blanking interval... Joint venture of Nederlander Communications, Bertelsmann and Pixtel Multimedia will develop interactive multimedia sports titles based on major league sports, companies said... U.S. West affiliate Interactive Video Enterprises said it hired Customer Communications Group to develop direct marketing for its interactive TV... Media Vision said it signed letter of intent with TCW Group for \$10-million revolving line of credit. Loan must be approved by U.S. Bankruptcy Court, San Francisco.

Only 7-8 FCC supervisors were expected to accept early buyout offer by Sept. 2 deadline, said Michelle Oppenheimer, FCC assoc. managing dir. Offer of \$25,000 in cash was available to supervisors in GS 13-15. Office of Management & Budget had authorized buyouts for up to 20 employees, she said, but many in that range are young, and \$25,000 isn't enough lure unless they have other jobs lined up. Buyout offer is part of Chmn. Hundt's effort to reduce supervisor-employee ratio at Commission in keeping with White House campaign. All of those who accepted offer are div. chiefs. They include engineer, information manager, operations research analyst, EEO specialist, 3 attorneys.

Japanese TV stations will start testing EDTV-II, widescreen version of Clearvision compatible extended-definition system, early this month. Ministry of Posts & Telegraph gave 135 TV stations permission for about 160 min. daily tests after scheduled programs go off air, with regular broadcasting to start next summer. EDTV-II provides additional improvements over current EDTV system.

Program Notes: Cal. company said it plans to launch cable shopping service called Baby Bear Boutique, targeting new parents, Oct. 3. Network will provide 2 hours daily of unscrambled programming via Galaxy 7 TR 12, with hours gradually expanding over next 6 months... U.K. version of Learning Channel will increase daily programming to 7 hours from 4 beginning Oct. 1... Showtime will add Spanish-language audio feed Sept. 1.

FCC now has software to enable large companies to file user fee data electronically on discs rather than on paper. DOS version software can be obtained either by downloading it from Internet or ordering it by phone. Electronic filing is offered only to companies filing more than 50 fees -- 202-418-0266.

FCC issued TV Channel Utilization report on status of all channels available by market updated as of June 30. Copies are available from Policy & Rules Div. -- 202-632-5414.

Meetings: FCC Chmn. Hundt is to speak on ethics in communications Sept. 13, United Church of Christ, N.Y.C. Also speaking is John Seigenthaler, pres., Freedom Forum First Amendment Center -- 212-870-2137... St. John's U. sponsors conference on violence in media Oct. 3-4, N.Y.C. Hilton -- 718-990-6052... NATPE sponsors seminar on TV's Emerging Alliances Oct. 5, Plaza Hotel, N.Y.C. Speakers include NBC TV Network Pres. Neil Braun, CBS Affiliate Relations Pres. Anthony Malara, ABC Exec. Vp-Affiliate Relations George Newi, Fox Network Distribution Pres. Preston Padden, executives of A&E, Lifetime, USA Network, Family Channel, HBO -- 310-453-4440... Community Bcstrs. Assn. annual convention is Nov. 5-7, Hyatt Regency Crystal City, Arlington, Va.

Broadcast networks told FCC that Comsat still is dominant carrier of international video, in comments opposing Comsat petition for relaxed procedures for future tariff changes. ABC, CBS, NBC and Turner filing rejected Comsat argument that transoceanic cables and new separate satellite systems justify reduced tariff procedures. Comsat had requested reduced notice period, presumption of lawfulness and reduced cost support for tariffs for video and other transmission services. Networks argued that there still isn't true competition in international carriage, so current tougher regulation is justified.

FCC has set aside close to \$70,000 in fines as result of U.S. Appeals Court, D.C., decision July 12 that threw out Commission's schedule enumerating size of fines for violations of Communications Act. FCC Field Operations Bureau set aside \$66,700 in fines against 11 small companies and individuals for violations such as unlicensed activities and marketing unauthorized equipment, and put their cases back on pending status, saying action doesn't preclude future fines. Mass Media Bureau also delayed \$2,500 forfeiture against Jacor Bcstg. because of Appeals Court decision and returned Jacor petition for reconsideration to pending status.

Canadian Federal Court of Appeal will allow Country Music TV (CMT) to appeal Canadian Radio-TV & Telecommunications Commission decision that Canadian cable systems can't carry CMT. Order means that court will proceed to oral argument on appeal. "We are gratified by the speed at which the Canadian legal system has acted," CMT said. "This indicates the importance of the issue" to court.

TRW will provide one million cable descramblers to Beijing Cable TV in joint venture with Suman Group of Guangdong, China, companies said. First units will be delivered by end of year.

It's Against the Law...

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Cable attempts to block Bell Atlantic VDT project in Dover Twp., N.J., are "based on blatant misrepresentations of the Commission's VDT orders," BA said in FCC filing. Objecting to cable's request for reconsideration of VDT approval, BA said: "The mere grant of a construction permit poses no risk of immediate, irreparable harm" since teleo "must still undergo a detailed tariff review process." Meanwhile, GTE and Pacific Telesis endorsed Bell Atlantic request that FCC eliminate restriction on VDT systems providing programming directly to subscribers, rather than through unaffiliated programmers. Both telcos said restriction is unconstitutional and has been overturned by courts.

European Commission's Competition Directorate has drafted order that, if finally adopted, would require each European Union (EU) country to allow cable operators to provide all types of telecommunications services except basic local exchange service. Order uses Article 90 of EU treaty, which allows Commission itself to issue such directives without obtaining approval of individual countries. Action isn't likely to be immediate, however, because Commission isn't expected to release discussion paper formally until end of year.

Bell Atlantic (BA) announced first retailers that will participate in test of Stargazer, front end for its video-on-demand project -- J.C. Penney, Lands' End, Nordstrom. Test will involve 1,000 participants, BA said.

Correction: Reference to NBC's looking for Boston affiliate (TVD Aug 29 p2) was incorrect. Network has signed 10-year affiliation agreement with CBS affiliate WHDH-TV (Ch. 7).

TCI's enhanced video-on-demand trial in Denver suburb is generating usage rate about 12 times national average, company said. Test, formerly called Viewer's Choice TV, uses multiple channels to provide near-video-on-demand. It's adding Discovery's Your Choice TV (YCTV) to program lineup, with individual broadcast programs available at 79¢ to \$1.49. Discovery Senior Vp Nancy Stover said channel will commission Nielsen meter test of YCTV viewing in Denver area. YCTV also is launching test on Continental system in Dayton Sept. 13.

Public TV and radio can be "strong partner" -- or even sponsor -- of local community-based computer networks, according to study funded by CPB and conducted by Steven Vedro, senior consultant at Network Resources, Madison, Wis. Some stations already are involved in networks through CPB's Community-Wide Education and Information Systems (CWEIS) grants, but for most public broadcasters, use of those networks, called freenets, is "pretty arcane subject," report said.

A.H. Belo formed joint venture with Edward Wilson, senior vp-syndication of Columbia Tri Star TV, to produce and distribute programming to syndication, broadcast, cable and international markets. Wilson, who is leaving Tri Star, will be "significant" equity partner in venture, he said, but terms weren't disclosed. He said partnership already has some distribution deals in works, but wouldn't provide details. More partners are expected to be added.

Viacom sold WTXF (Ch. 29) Philadelphia to Fox for \$200 million. Station, currently part of Paramount TV Group, will remain Fox affiliate but is expected to become secondary affiliate of United/Paramount network in Jan.



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Personals

James Hart, vp-gen. mgr., Multimedia's WBIR-TV Knoxville, named pres., Multimedia Bestg... **Larry Perret**, ex-KCAL L.A., appointed news dir., KCBS-TV L.A... **Jordan Levin**, ex-Walt Disney TV, named head of comedy development, Warner Bros. TV Network... **Shannon Adams**, ex-Continental Cablevision, appointed KSEE Fresno dir.-sales promotion; **Doug Loos**, ex-KSFY-TV Sioux Falls, joins as production mgr... Appointed to ABC TV Network Affiliates Assn. board: **Peter Desnoes**, Burnham Bestg., immediate past pres.; **Andrew Fisher**, Cox Bestg., vice chmn.; **David Barrett**, Hearst Corp., secy.; **Sandra Benton**, KEYT-TV Santa Barbara, treas... **Janet Schoff** promoted to vp-station mgr., KCAL L.A... **Laurel Lambert** advanced to dir.-ads & promotion, KCET L.A.; **Carolyn Aguayo** promoted to mgr.-special promotion and cable relations.

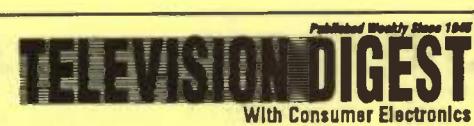
Fred Nichols, pres.-COO, TCA Cable TV, elected CATA chmn... Appointments at A&E: **Aaron Arnston**, ex-KBL-TV Orange County, and **Elizabeth O'Shea**, ex-Visnews, N.Y., to account mgr.-affiliate sales, western region and dir.-production administration at A&E TV Networks, respectively; **David Walmsey**, ex-American Express, to mgr., A&E Home Video; **David Charmatz** promoted to dir.-research, programming and services, A&E Networks... **Carole Robinson** advanced to senior vp-communications, MTV Networks... **Suzanne Hayes**, ex-National Academy of Cable Programming, joins Your Choice TV as senior vp-programming... **Stephanie Garcia** advanced to dir.-business planning and development, Jones Education Networks; **Joan Rossiter**, ex-KMGH-TV Denver, joins as network scheduler... **Steve Smallwood** promoted to vp-mktg., Baruch/BET Entertainment, and **Valerie Cooley** to mktg. dir... **Rick Colletto**, ex-Oceanic Cable, named dir., video-on-demand, Time Warner Cable Full Service Network... **Sueann Ambron** promoted to exec. vp, Viacom On-Line Services... **John Robson** advanced to vp-programming, international subsidiary being formed by Video Jukebox Network.

William Wiehe promoted to senior vp-ad sales, Landmark Video Networks and Enterprises; **Dalton Delan** advanced to senior vp-programming and production for subsidiary, Travel Channel... Additions at Catspaw Productions: **Allan Simmons**, ex-WMDN Meridian, Miss., as dir.-production; **Richard Doughty**, ex-IBM, as account exec... **Kathleen Haff** and **Donna Stiles** promoted to co-op ad dirs., MGM/UA Distribution Co... **Robert Liuag** advanced to exec. dir.-research, Group W Productions... **Bernard Schaeffer**, ex-Hay/Huggins, named dir.-benefits, General Instrument... **Rex Golding**, ex-3DO, joins Enter TV, Silicon Valley consumer on-line entertainment company, as CFO-vp-finance & operations... **Rick Brattin** promoted to pres.-COO, Superstar Satellite Entertainment.

OBITUARY

William McMenamin, 81, former U.S. Information Agency (USIA) branch chief, died Aug. 25 at Arlington (Va.) Hospital. He had Alzheimer's disease. He had been E. Asian and Pacific branch chief of USIA's International Press & Publications Service. McMenamin joined Washington bureau of United Press in 1946, moved to State Dept. in 1950. He's survived by wife, son, daughter.

Fox will air children's programming in S. America beginning Oct. 17 on 3-million-subscriber Fox Latin American Channel.



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CBS signed affiliation deal with ABC affiliate KOVR (Ch. 13) Stockton-Sacramento, replacing KXTV (Ch. 10), which is switching to ABC (TVD Aug 29 p2). In St. Louis, ABC also will move, to KDNL-TV (Ch. 30, Fox), replacing hole left by former affiliate KTVI (Ch. 2) that will be moving to Fox next summer in New World deal. ABC's deal with KDNL is for 10 years. River City agreed to 10-year extensions for its 2 other ABC affiliates, WSYX (Ch. 6) Columbus, O., and WLOS (Ch. 13) Greenville-Spartanburg-Asheville. River City purchase of KDNL, WSYX and WLOS awaits FCC final approval, expected next month.

Moody's said it will review debt ratings of Viacom and Paramount for possible upgrade following agreement to sell Madison Sq. Garden to ITT and Cablevision Systems. Rating service also cited "improved likelihood" that Viacom-Blockbuster merger will occur. Despite upgrade, Moody's said Viacom's credit rating is likely to remain in speculative category.

Macrovision licensed DiviCom to use its anticopying technology in DiviCom's digital set-top decoders. DiviCom is producing MPEG-2-based decoders for Bell Atlantic's VDT system.

WRH

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

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

	AUG. 13-19	1993 WEEK	% CHANGE	AUG. 6-12	33 WEEKS 1994	33 WEEKS 1993	% CHANGE
TOTAL COLOR TV.	572,540*	446,800	+28.1	450,121*	14,594,730*	13,262,499	+10.0
DIRECT-VIEW..	559,926*	441,658	+26.8	441,406*	14,295,893*	13,050,779	+ 9.5
TV ONLY.....	537,481*	417,916	+28.6	414,334*	13,201,243*	12,337,879	+ 7.0
TV/VCR COMBO	22,445	23,742*	- 5.5	27,072*	1,094,650*	712,900	+53.5
PROJECTION...	12,614*	5,142	+145.3	8,715*	298,837*	211,720	+41.1
VCR DECKS.....	222,875	223,529	- 0.3	114,496	6,639,587	6,604,846	+ 0.5
CAMCORDERS.....	44,445	36,481	+21.8	28,766	1,743,976*	1,647,373	+ 5.9
LASERDISC PLYRS	3,778	4,834r	-21.8	2,984	161,650	161,438r	+ 0.1

Direct-view TV 5-week average: 1994--533,574*; 1993--445,391 (up 19.8%).

VCR deck 5-week average: 1994--260,393; 1993--232,641 (up 11.9%).

Camcorder 5-week average: 1994--60,964; 1993--52,603 (up 15.9%).

* Record for period. r Reflects revision by EIA.

NO-MOVING-PARTS CAMCORDER DUE 'WITHIN 5 YEARS': Prototype of tiny 10-oz. palm-size camcorder using flash memory instead of tape was demonstrated by Hitachi in Tokyo last week, and company said production model of digital solid-state camcorder should be available to consumers within 5 years.

Digital camcorder would realize longtime industry goal of removing mechanical component from video recording, making possible reduction in size and power consumption and improvement in reliability. Prototype was demonstrated at Hitachi's corporate technology show in Tokyo offering moving color video image. Hitachi says production model will provide 30-min. recording using 400-Mb multilayered flash memory about size of sugar cube. As outlined, camcorder would use one-chip MPEG-1 encoder/decoder and electronic zoom.

Hitachi conceded single-chip MPEG-1 encoder might not produce adequate picture quality and is developing proprietary compression algorithm. Although company thinks solid-state memories will be video recording media of future, it's also working on hard disc as possible camcorder memory.

In less distant future -- next spring -- Hitachi says it will introduce "wiring-free" Hi8 camcorder with built-in frequency modulated infrared transmitter to play through TV without physical connection.

U.S.-MADE TV DOWN 13% IN 1st HALF, IMPORTS UP 33%: While total U.S. color TV supply rose by 9.2% in first half, number of sets assembled in U.S. declined 12.7% while imports rose 32.8%, our quarterly analysis of EIA and Commerce Dept. figures indicates. Thus, trend that started just after N. American Free Trade Agreement went into effect continued through first half, with U.S. production hitting what is probably historic low of 41.4% of total supply.

Total supply of color TVs was 12,464,000, including TV/VCR combos but not projection, based on EIA's "production" figure, which includes imports as well as domestic output. Commerce Dept. figures show first-half imports at 7,304,000 (TVD Aug 29 p9). Subtracting import figures from EIA total supply (production) data yields 5,160,000 domestically assembled.

Drastic change in ratio of imports to U.S. assembly is due to leap in shipments from Mexico since first of year -- up more than 1.8 million. If Mexican shipments had remained same in this year's first half as in last year's (assuming unchanged total supply), 55.8% of sets would have been assembled in U.S., 44.2% imported -- virtually reversing ratio.

When monochrome TV sets are included in figure, imports total 61.3% supply, since all b&w sets are imported. Total supply of TV sets -- color plus monochrome -- came to 13,318,000 in first half, up 8% from first half 1993.

Picture in 2nd quarter is similar to that of first half, except that domestic color TV output actually was up slightly -- 3.2% -- with imports rising 33.2%. From standpoint of domestic production, 2nd quarter is improvement over first, when domestic assembly was down 25.5% and imports up 32.3%, imports comprising 59.1% of total color (TVD June 13 p14). In 2nd quarter, 58.1% of color supply was imported. Comparisons in table below are in units. Since more expensive sets generally are domestically assembled, picture in dollars would be different.

TOTAL TV SUPPLY, FIRST HALF 1994 vs. 1993

		U.S.- Assembled	% Change	% of Total	Imports*	% Change	% of Total	Total Supply	% Change
Color TV	1994....	5,160,000	-12.7	41.4	7,304,000	+32.8	58.6	12,464,000	+9.2
	1993....	5,908,000	+15.8	50.7	5,502,000	+10.9	49.3	11,410,000	+13.4
B&W TV	1994....	0	--	--	854,000	-7.1	100.0	854,000	-7.1
	1993....	0	--	--	919,000	+4.4	100.0	919,000	+4.3
Total TV	1994....	5,160,000	-12.7	38.7	8,158,000	+27.1	61.3	13,318,000	+8.0
	1993....	5,908,000	+15.8	47.9	6,421,000	+10.0	52.1	12,329,000	+12.7

2ND QUARTER

Color TV	1994....	2,730,000	+3.2	41.9	3,791,000	+33.2	58.1	6,521,000	+18.8
	1993....	2,645,000	+2.1	48.2	2,847,000	+10.1	51.8	5,491,000	+6.1
B&W TV	1994....	0	--	--	450,000	-21.1	100.0	450,000	-21.2
	1993....	0	--	--	571,000	+23.2	100.0	571,000	+23.3
Total TV	1994....	2,730,000	+3.2	39.2	4,236,000	+24.0	60.8	6,966,000	+15.6
	1993....	2,645,000	+2.1	43.6	3,417,000	+12.0	56.4	6,062,000	+7.5

* Imports include assembled sets and unassembled but complete kits (chassis with tubes).

U.S.-produced sets include those made from imported chassis.

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

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

TV SHARE -- MAGNAVOX GAINS, RCA LEADS PROJECTION: RCA became top brand in projection as well as direct-view TV in year ended July 1, jumping 2 percentage points to displace Mitsubishi. In direct-view TV, Magnavox was biggest gainer for 2nd consecutive year, solidifying its hold on 2nd place. Those are highlights of our 27th annual TV brand share survey, including projection TV for 3rd year.

RCA continued to have solid hold on first place in direct-view color, its share (including sub-brand ProScan) up statistically insignificant 0.2 percentage point to 16.5%. Magnavox, which rose into 2nd place last year by 1/4 of percentage point (TVD Aug 30/93 p10), took firm control of that notch in 1994 model year (July 1993-June 1994), increasing its share by 1-3/4 points, biggest gain in direct-view tally, to 12%. As recently as 1987, Magnavox had only 5% share of color TV market.

Zenith continued as solid No. 3 at 10%, with Sony remaining in 4th place, up 0.4 point to 7% of market. Thomson's GE brand made 2nd biggest gain in direct-view, 3/4 of point, displacing Sharp as No. 5, although Sharp's share was unchanged. Only other changes of any significance were in shares of Sanyo and, strangely, Philco -- now private brand -- both up 0.4 point. Sanyo displaced Mitsubishi as No. 10, rising from 13th. Only significant declines were 1/2 point for Sylvania, being discontinued by parent Philips, and 0.4 point for Sears' LXI brand, which has been declining ever since chain added major brand products through its Brand Central program.

Rankings are by brand, not manufacturer. Our market share surveys represent best thinking of industry's marketing experts, whom we ask to give their competitors' market shares, but not their own companies' (if they do cite their own companies' shares we don't use them in our computations). Our rankings are based on medians, and where medians result in tie for ranking, we break tie by using simple average. This system doesn't result in complete accuracy, but it has been quite reliable over last 26 years. Of course, our pages are always open to those who believe their brands got short shrift.

In terms of companies' shares, Thomson -- RCA and GE -- totaled 22.25% of market (exclusive of OEM business), up from 21.3% last year. Philips -- Magnavox, Philco, Philips and Sylvania -- had 14.4% share vs. 12.75% one year ago. Top 3 brands accounted for 38.5% of total market in 1994 model year, up from 36.55% preceding year. Top 5 moved to more than half of market (51.25%) from 48.65%.

Table below lists share by brand on basis of replies to our survey of TV manufacturers and marketers. It's based on total 1994 model-year sales to dealers of 25.4 million direct-view sets, including TV/VCR combinations (next year we will add special tally for combos only). Thus each percentage point represents 254,000 sets. Range represents highest and lowest estimate submitted by respondents for that particular brand.

SHARE OF U.S. DIRECT-VIEW COLOR TV MARKET BY MODEL YEAR
Sales to Dealers in Units

Rank	Brand	1994 Model Year % Share	1994 Model Year Range	1993 % Share	1992 % Share	1991 % Share	1990 % Share	1989 % Share	1988 % Share
1	RCA/ProScan...	16.5	14.0-18.3	16.3	16.1	16.5	16.6	16.25	16.15
2	Magnavox.....	12.0	10.0-16.0	10.25	9.0	8.0	7.75	6.4	5.85
3	Zenith.....	10.0	9.0-12.7	10.0	10.3	11.0	11.65	12.0	12.75
4	Sony.....	7.0	6.0-8.0	6.6	7.0	6.85	6.5	6.4	6.45
5	GE.....	5.75	4.9-6.7	5.0	4.9	5.0	5.65	5.9	6.0
6	Sharp.....	5.5	4.5-6.1	5.5	5.5	5.2	5.0	4.8	4.4
7	Toshiba.....	4.6	2.6-6.0	4.6	4.8	4.6	4.0	3.5	3.0
8	Emerson.....	3.8	1.0-5.0	4.0	4.0	3.6	3.8	3.5	3.25
9	Panasonic.....	3.45	2.0-4.5	3.5	3.75	3.15	3.2	3.15	3.8
10	Sanyo.....	2.5	2.0-7.0	2.1	2.0	1.9	1.5	1.4	1.5
11	Mitsubishi.....	2.45	2.0-3.0	2.55	3.0	3.5	3.5	3.6	3.5
12	Samsung.....	2.4	1.8-3.5	2.3	2.4	2.0	1.8	1.75	1.7
13	JVC.....	2.0	1.6-2.5	2.0	2.0	2.0	1.5	1.0	1.0
14	LXI (Sears)...	2.0	1.4-2.4	2.45	3.0	4.0	4.9	5.0	5.5
15	GoldStar.....	1.7	1.0-2.0	1.7	1.8	2.0	2.0	2.05	2.0
16	Montgomery Ward	1.7	1.0-2.2	1.7	1.85	2.0	2.4	2.5	2.5
17	Hitachi.....	1.5	0.7-1.9	1.5	1.7	2.35	2.5	2.5	2.5
18	Quasar.....	1.0	0.1-1.2	1.2	1.5	1.75	1.85	2.0	2.5
19	Sylvania.....	1.0	0.5-1.5	1.5	2.0	2.8	3.2	3.25	3.3
20	Philco.....	0.9	0.2-2.0	0.5	0.5	0.5	0.65	0.8	1.0
21	Symphonic/Funai	0.68	0.2-2.8	0.5	0.3	0.2	0.25	0.2	0.2
22	Daewoo.....	0.6	0.4-1.9	0.5	0.4	0.3	0.3	0.5	0.5
23	Fisher.....	0.5	0.3-3.0	0.5	0.5	0.3	0.3	0.5	0.55
24	KTV.....	0.5	0.2-1.0	0.55	0.6	0.4	0.2	0.2	0.2
25	Philips.....	0.5	0.3-1.0	0.5	0.5	0.6	0.6	0.65	0.5
26	J.C. Penney...	0.5	0.3-1.0	0.5	0.5	0.5	0.9	1.0	1.0
27	Memorex.....	0.5	0.1-1.0	0.5	0.5	0.5	0.5	--	--

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Projection TV table shows significant changes from year earlier, sparked by 2-point gain for RCA brand, making it No. 1, presumably taking share from former leader Mitsubishi (down one point) and No. 3 Magnavox (down 0.4). RCA moved from 13% to 19% of market in 2 years, while Mitsubishi dropped to 18% from 22.6%. Rankings are on basis of units -- dollar volume could result in different order. Top 3 brands represented just over 50% of market.

In other significant gains, Hitachi, No. 4, was up one full point, Toshiba up 0.6, displacing Zenith as No. 8, with Sony and Sears' LXI brands both up half point. In addition to Mitsubishi's one-point loss, Philips brand dropped one point (falling to 1% from 3% in 2 years), while GE declined 1.2 point. Thomson's RCA and GE shares combined came to 20% of market, while Philips' Magnavox, Sylvania and Philips brands totaled 15.75%.

Table below lists brands by percentage of consumer projection market, whose sales totaled 532,000 sets in 12 months ended June 1994, each percentage point equaling about 5,320 sets.

Rank	Brand	1994 Model Year % Share	1993 Range	1993 %	1992 %	Rank	Brand	1994 Model Year % Share	1993 Range	1993 %	1992 %
1	RCA/ProScan	19.0	18.0-22.2	17.0	13.0	9	Zenith.....	2.2	1.3-5.0	2.4	2.5
2	Mitsubishi.	18.0	12.0-22.0	19.0	22.6	10	Panasonic..	1.35	0.2-3.0	1.5	--
3	Magnavox...	13.6	4.1-16.0	14.0	14.0	11	Sharp.....	1.2	0.5-1.5	1.35	1.3
4	Hitachi....	11.0	10.0-14.0	10.0	10.0	12	Sylvania...	1.15	0.2-2.3	1.25	1.3
5	Sony.....	9.0	2.0-11.0	8.5	8.0	13	Philips....	1.0	0.5-2.0	2.0	3.0
6	Pioneer....	7.0	4.5-8.5	7.0	6.75	14	GE.....	1.0	0.4-2.0	1.5	1.7
7	LXI (Sears)	4.5	3.5-7.2	4.0	4.0	15	Quasar....	1.0	0.5-1.3	1.2	1.5
8	Toshiba....	2.6	2.0-6.0	2.0	1.9	16	Montgy.Ward	0.5	0.5-1.0	0.5	0.5
						17	JVC.....	0.5	0.3-0.5	--	--

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150 CES MEXICO EXHIBITORS: Sponsor EIA Consumer Electronics Group (CEG) said more than 150 exhibitors have been signed for CES Mexico Oct. 4-6 (Tues.-Thurs.) at Mexico City's Palacio de las Deportes and Ramada Inn.

Program of seminars will be held during show at Hotel Presidente Intercontinental. Highlights listed by CEG: "How to Deal with Legal Regulations in a GATT/NAFTA Mexico," chaired by John Harris, commercial attache of U.S. Embassy in Mexico; "How to Merchandise New Products Visually for Multiple Sales," and session on Mexican satellite industry. Attendance at seminars is free for exhibitors and media representatives. For others, charge will be \$120 (U.S.) per day or \$275 for all 3 days. Admission to show is \$40 for preregistrants and \$50 for others who don't have invitation from exhibitor.

CEG announced major Mexican trade associations representing domestic consumer electronics manufacturers, importers and high-end audio and home theater manufacturers have endorsed show, as has Mexican govt.'s Commerce & Standards Dept.

Comeback for Taiwan in consumer electronics is goal of 10-year plan by Industrial Development Bureau (IDB), focusing on high-end video. Emphasis will be shifted to video from audio, and IDB will invest in production of key components and manpower training for HDTV. Taiwan's consumer electronics industry produced \$1.95 billion worth of products last year, according to IDB, of which audio represented 40%, video 36%. IDB hopes to boost production value to \$4.6 billion by 2004, increasing video's share to 43%. Taiwan's 1993 electronics production value trailed that of Japan, Korea, mainland China, Malaysia, Hong Kong, Singapore.

Semi Tech Group will raise stake in financially ailing Sansui to 47.3% from 44.1% by investing 3.8 billion yen (\$38 million) to purchase 12,660,000 newly allocated shares of common stock. New cash infusion by Hong Kong firm follows release of financial results for first half ended June 30 in which Sansui posted 400 million yen net loss.

RETAIL EARNINGS RISE: Best Buy, citing increased sales of promotional products, reported 77% gain in Aug. to \$330 million on 23% rise in same-store sales. For 2nd quarter ended Aug. 27, sales rose 66% to \$933 million from \$563 million. Revenues were boosted by opening 15 stores.

Audio King sales rose 20% to \$3,804,920 from \$3,167,442 year earlier. For year to date, sales climbed 28% to \$7,607,410 from \$5,936,594. Same-store sales were up 9% for month, 15% for year to date.

Rex credited new store sales as net income jumped 68% in 2nd quarter to \$1.96 million from \$1.1 million. For quarter ended July 31, sales rose 31% to \$81.1 million on 9% gain in same-store sales. Chain will open 30-35 stores by end of fiscal 1995 in Jan., with majority expected by Nov.-Dec.

Japanese Video CD hardware introductions: Hitachi bowed Video CD karaoke system for sale in Japan starting Sept. 21 at about \$1,200. System has 3-disc changer that can accommodate regular music CDs, CD+G discs and Video CDs in 3" and 5" configurations. It also contains cassette deck, amplifier, speakers... Sony said it will market one Video CD player for consumer market and 2 for professional applications. Spokesman emphasized products are being targeted only for Japanese market. Consumer model is 5-disc carousel changer scheduled for sale in Japan starting Oct. 21 at about \$700.

"**Hitline**" is Hitachi's 2nd brand in Japan, designed to sell at lower prices to cope with spread of discounting (TVD July 11 p16). Line of electronics and appliances at start will include 13" color TV and monaural VCR, made in Hitachi's China and Malaysia factories, respectively.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 100 yen = \$1, except where noted.

EIA AUDIO SHOW FOR CHICAGO: There's no business like show business, EIA Consumer Electronics Group is discovering, with action on 2 different fronts reported last week: (1) Move back to Chicago next spring for high-end audio/video show. (2) Struggle to win endorsement of multimedia software trade group for Philadelphia show that replaces Chicago Consumer Electronics Show (CES) -- said to involve 7-figure offer.

CES Specialty Audio & Video Show was formally announced at last week's end in response to letters of support from 66 would-be exhibiting companies. Show will be held at unspecified June date in unspecified Chicago hotel -- not familiar Chicago Hilton high-end audio haunt, which won't be available for 4-day trade event, CEG Vp Gary Shapiro said. He turned aside our questions as to whether EIA viewed pending high-end show as profitable. EIA has agreed to back show because "our members have asked us to," Shapiro said, praising "grass-roots efforts" of organizers including Thiel's Kathy Gornik and Conrad-Johnson Design's Lewis Johnson.

Effort to mount proposed show next spring in Chicago grew out of poll Gornik and Johnson conducted among Chicago Hilton exhibitors at close of last Summer's CES indicating strong interest in event. While organizers received 66 letters of endorsements, Johnson last week reiterated that he's confident exhibitor count exceed that of 80 companies that purchased display space at last Chicago show.

Commitment from EIA -- approved at Aug. 29 meeting of CEG Exec. Board -- wasn't surprising, since organizers had received assurances from CEG Chmn. Jerry Kalov that show would be approved if there were sufficient interest among at least 50 prospective exhibitors.

In letters to prospective exhibitors, Gornik and Johnson described petition drive as "a unique opportunity to establish a separate audiovideo-only show, rather than being a small part of the entire spectrum of consumer electronics represented at the CE shows." They said successful event would "reassert the importance of our industry as well as offer all of us a venue that we need." Specialty audio companies, when polled earlier by CEG, had turned overwhelming thumbs down on proposal to exhibit in Philadelphia during multimedia-oriented CES Interactive '95 (CESI) show May 11-13.

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Competition for exhibitors at that show with Electronic Entertainment Expo (E3) on same dates in L.A. reportedly has resulted in offer by EIA of \$1 million guarantee plus other incentives to Interactive Digital Software Assn. (IDSA) if it reverses field and endorses CESI.

Sources close to CEG say its Exec. Committee last week raised its offer above \$750,000 reportedly guaranteed to IDSA by organizers of Electronic Entertainment Expo (E3), scheduled for same May 11-13 period in L.A., and that IDSA board voted to endorse (CMR July 18 p10).

Same sources said they held out hope of at least getting those exhibiting at E3 also to mount significant exhibits in Philadelphia. IDSA Pres. Douglas Lowenstein declined comment on report. CEG's Shapiro also declined to comment, other than to say "we have been in continuing communication with IDSA since they were created and we intend to have a long relationship with them."

Sega of America Mktg. Vp William White, who hadn't heard of offer, said he considered it "an insult to have the

EIA believe that IDSA's endorsement could be bought." When it announced its endorsement of E3, IDSA stressed that decision was predicated on more than money, although E3's offer was more lucrative. Lowenstein said then that IDSA believed E3 "offers us the best opportunity to be part of an event which will dramatically and positively heighten the profile and stature of our industry."

Sega and Sony Electronic Publishing early last week issued joint news release confirming they had signed contracts to attend E3 -- first attendees to announce their trade show intentions. Organizers of both shows have been distributing lists of companies "committed" to their respective events, but such commitments must be viewed with caution, since neither show requires exhibitors to pay large amounts of nonrefundable money up front. Over last 2 weeks, trade show issue continued to flare, IDSA putting out combative release titled "Let's Set The Record Straight about E3" and EIA spokesman responding in kind.

PANASONIC 3DO PRICE TO \$399: As expected, Panasonic last week announced immediate \$100 price cut on FZ-1 REAL 3DO player to \$399.95 (TVD Aug 22 p13). Consumers who buy players between now and Oct. 31 will get free copy of Crystal Dynamics' Total Eclipse. Gene Kelsey, Panasonic asst. gen. mgr., said he hopes new price will help company expand distribution of REAL player into more mass market channels, acknowledged company is "doing something" with Wal-Mart. He said player is carried in "well over 4,000" stores in U.S.

Kelsey said company hasn't finalized plans for releasing MPEG cartridge for 3DO player, saying it wants to get better feel for how much Video CD software will be on market. "We're more concerned about having a peripheral out there that doesn't have anything to support it," he said, denying reports that add-on has run into technical difficulties. Panasonic plans to release similar module in Japan next month.

Sanyo, meanwhile, officially disclosed plans to introduce its 3DO player in Japan in Oct. at same 54,800 yen (about \$550) suggested retail price at which Panasonic's player is listed (though latter is commonly seen for \$100 less than that). Nicknamed "TRY," Sanyo player will have virtually same specifications as Panasonic's player. Sanyo, which had shown working prototype at Summer Consumer Electronics Show, and originally had said it would introduce machine this summer, plans to manufacture 20,000 players per month at Japanese factory.

Sanyo's first thrust with 3DO players will be through toy stores, where it already has presence with its ROBO line of children's electronics. Company doesn't plan to emphasize distribution through its traditional audiovideo channels, at least at start. (Panasonic player, sold primarily through Matsushita-controlled network of about 10,000 stores in Japan, also is edging into toy distribution. Japanese press reported Toys 'R' Us Japan is testing REAL player in 4 of its 18 outlets, with plans to add 3-4 more by end of year if results warrant.)

Sanyo official predicted company will sell 60,000 players this year, 250,000 in 1995, 400,000 in 1996.



Bose invited British audio journalists to its Framingham, Mass., hq Sept. 11-14 to introduce new consumer product that it said will represent "one of the most significant developments in the history of radio."

VCR PLUS SALES HIT 15 MILLION: Gemstar has sold 15 million VCR Plus systems worldwide since 1990 and signed licensing agreements with 7 consumer electronics manufacturers to build Index Plus into TVs and VCRs, according to prospectus accompanying stock offering.

It said substantial part of \$59.5 million projected to be raised in 6-million-share offering is to fund Index Plus (IPlus) and Instant Info, extension of technology. IPlus, ad service that uses VCR Plus technology to deliver ads and other data through vertical blanking interval (VBI), would receive \$12.5 million and VCR Plus \$5 million.

Introduction of Index Plus VCRs, expected this year, was delayed until 1995 because availability of technology didn't coincide with product development cycles (TVD July 25 p13). Hitachi, JVC, Matsushita, Mitsubishi, Sanyo, Sharp and Thomson have signed licenses, prospectus said. Technology captures extended data service material carried by TV stations and cable and uses it to provide on-screen index of programs taped on cassette. Index Plus would add \$50-\$75 to VCR price. System has been tested with ABC, NBC, cable.

Instant Info, which will allow consumers with Index Plus TVs or VCRs to view program-related or text information on demand through VBI, still is under development. Information could include baseball statistics or cooking recipes, which may be encoded on prerecorded tape. Advertiser would be charged fees for inserting Instant Info into broadcast commercials, prospectus said.

New technologies aren't expected to generate "significant revenues" for at least 3 years and there's "no assurance that such activities will ever be profitable," it said. As result, Gemstar will rely on advances in VCR Plus, including addition of CallSet feature to VCR Plus VCRs in 1995. CallSet, introduced in late 1993, allows consumers to program VCR using telephone.

VCR Plus sales include 4.7 million add-on "handsets" and 10.8 million VCRs equipped with technology. Handset sales fell to 1.18 million in fiscal 1994 ended March 31 after peaking at 1.59 million in fiscal 1993. Sales of VCR Plus-equipped VCRs, introduced in 1992, rose to 6.3 million in 1994 from 1.9 million year earlier and hit 2.3 million in first quarter ended June 30. Seventeen manufacturers -- including recent additions of Aiwa and Daewoo -- have licensed technology, generating \$27 million in revenues in 1994, \$7.8 million in first quarter. Fees from publications printing PlusCode numbers increased to \$875,000 in first quarter from \$653,000 year ago. Combined circulation of publications is 264.4 million.

Despite slowdown in VCR Plus, sales were up in first quarter to \$3 million from \$2.3 million year ago as net income jumped to \$1.1 million from \$80,000. However, for year ended March 31, sales fell to \$23.4 million from \$36.4 million, although net income rose to \$11.6 million from \$9.7 million.

Income could be affected by legal fights pitting Gemstar against StarSight and Universal Electronics in separate suits. Company also is undergoing IRS audit, prospectus said. Universal's 2 and StarSight's 3 lawsuits involve allegations of patent infringement and were filed in Cal., Ohio and N.Y. federal courts Feb. 1993-May 1994.

On manufacturing side, Samsung and NEC are top ROM chip suppliers for VCR Plus handset. About 60% of

Gemstar's products are assembled in China by manufacturers including C.G. Development Ltd.

Top Gemstar shareholder is Dynamic Core Holdings Ltd., company set up by Gemstar Chmn. Thomas Lau that owns 24.5 million shares. Gemstar founder Henry Yuen, has 4.7 million shares and draws \$450,000 salary. Yuen and executives Roy Mankovitz, Wilson Cho and Daniel Kwoh have agreement giving them 20% of gross receipts from Index Plus technology.

SONY HIKES AUDIO PRICES: Sony last week announced factory price increases on some consumer products designed to "offset the impact of the yen's continuing escalation against the dollar." It didn't specify magnitude of price rises and products affected, but increases effective Oct. 1 appear to be concentrated in audio categories in which Sony enjoys significant or dominant market share.

Sony spokesman would say only that price increases would be in "single digits" and for now would affect such categories as CD players, receivers and Digital Signal Transfer (DST) products targeted to custom installers. Spokesman said TVs were relatively invulnerable to yen's recent rise because of high volume of Sony's stateside production. As for video products, he said there has been no decision on price boosts. Company said increases on some consumer audio products follow those instituted "during the course of the year" on selected business and professional products.

Apparently unaffected are categories for which Sony increasingly has shifted production to sites outside Japan. For example, it recently announced plans to expand production at Malaysia factory that produces CD boombox portables.

How Sony audio price increases might play at retail was difficult to assess at our deadline, since many dealers at weekend were awaiting faxes from company spelling out specific terms. Wall St. Journal quoted unnamed source at J&R Music World in N.Y. as saying hikes would average 5-8%. Another merchant said Fri. that details still were sketchy, but that he was led to believe by Sony officials earlier in week that increases would affect dealer and retail prices. One dealer said he expected \$2-\$3 price increase on factory cost of low-end CD player, but no corresponding raise in retail ticket. He said high-end products generally are expected to rise \$20 in dealer cost, \$50 at retail.

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Sony will make laser CD pickups at Shanghai Suoguang Electronics in China, established year ago as joint venture with Shanghai Video & Audio Electronics. To pave way for planned production of CD pickups, Sony is expected to make additional capital investment of \$6 million. Goal is monthly production of 300,000 pickups by next spring. Output will be targeted for export market, serving OEM audio accounts mainly in Asia.

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ESPN and ABC-TV will provide pay-per-view (PPV) college football this fall for Thomson's new RCA Digital Satellite System (DSS) that's expected to roll out nationwide in late Oct. Five PPV games will be available through DirecTV every Sat. with "season ticket" at \$59.95. Current DirecTV subscribers will receive coupon offering \$10 discount on season package, with single Sat. game slates at \$9.95. Single Sat. will be ordered through on-screen guide. DirecTV is said to be negotiating with professional sports leagues for additional packages.

AT&T PULLS PLUG ON EDGE 16: AT&T, which has been wagering on vast array of multimedia technologies and projects in last few years, has decided that videogame hardware isn't going to be bet that pays off. Company last week disclosed that it had abandoned plans to market Edge 16 videogame voice/data modem that had been scheduled to be introduced later this year as peripheral for Sega Genesis console. AT&T, which holds about 4% stake in 3DO, earlier this year also said it wouldn't sell 3DO systems, ironically explaining it wanted to concentrate on bringing Edge 16 to market.

AT&T's decision leaves startup Catapult Entertainment as standardbearer for on-line videogame play for rest of this year. Company, backed by Blockbuster and Davis Video Enterprises -- founded by financiers Marvin and John Davis -- plans to roll out its modem and network service in 5 major markets Nov. 1, with national distribution to follow in 1995. Modem is expected to sell for \$59, with monthly user fees expected to run at \$5-\$10. Launch in Atlanta, Dallas, L.A., N.Y. and San Francisco will be supported by major ad campaigns. It's also believed that Sega is working closely with Catapult to coordinate early marketing plans.

AT&T decision was byproduct of "strategic" refocusing by AT&T Consumer Products toward "digital wireless telephones, globalization of our telephone products, and new intelligent devices for homes and small businesses," areas that have "higher potential payoff for us than do videogame players and peripherals," company said. Edge 16, developed in conjunction with PF. Magic -- small San Francisco-based interactive entertainment company -- was based on AT&T's VoiceSpan technology, would have allowed players to compete over standard phone lines while maintaining voice conversations. Base unit also would have accepted memory cards to stop and restart game at any point, enhance and customize earlier versions. Price was expected to be about \$150. AT&T also had said it would incorporate VoiceSpan into 3DO modem, and would build it into stepup 3DO player -- plans that apparently have been abandoned.

At formal Edge 16 unveiling at last winter's Consumer Electronics Show (during which Sega of America Pres. Thomas Kalinske and AT&T Multimedia Products & Services Exec. Vp Robert Kavner played game against each other from their respective booths), company also said it planned to introduce Edge 16 "network kit," including keyboard, that would let users connect to "on-line services such as The ImagiNation Network (IN)." Company owns 22% share of IN, on-line service formerly known as Sierra Network, and is negotiating with Sierra On-Line (SOL) to purchase all remaining IN shares.

Recent moves away from marketing multimedia consumer hardware came in same general time frame as Kavner's departure to take post with Creative Artists Agency in L.A. AT&T spokesman said refocusing had begun before Kavner's departure and said he had endorsed moves while with company.

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Federal judge dismissed copyright suit by American Softworks against Beam International and Acclaim Entertainment. Suit filed in Oct. 1993 charged that Acclaim's 8-bit Nintendo Entertainment System game, "George Foreman Boxing," was "derived" from "Power Punch II," title developed for Beam in 1992. American had sought injunction barring further infringement and portion of profits from sale of game. Its attorney Frederick Polak didn't return phone call seeking comment. Acclaim spokeswoman declined comment.

MATSUSHITA'S HDTV PUSH: Japan's largest TV manufacturer and prime proponent of Hi-Vision made it clear last week that it has no intention of abandoning satellite-delivered analog high-definition system there.

Matsushita announced it will start selling Hi-Vision receiver with newly developed circuitry at just over half price of current model. New 32W" (Japanese size) receiver, due Oct. 13, will have full-spec MUSE decoder based on new LSI, Matsushita said, and will be priced at 550,000 yen (\$5,500). Current 32W" model, introduced in May 1993, carries list equivalent to \$9,800. Coming Nov. 25 will be 26W" version at \$4,500.

New decoder improves picture quality, but number of parts in set is cut to 4,500 from 6,800 and LSIs to 147 from 269, resulting in 40% reduction in size of circuitry. Sets are smallest in industry -- at 21.4", depth of 32W" model is 3.7" shorter than conventional TV, and weight has been reduced 24 lb. to 132 lb.

In addition, Matsushita Nov. 15 will introduce 30W" widescreen TV with built-in MUSE-NTSC converter, permitting viewers to watch Hi-Vision broadcasts with standard NTSC picture quality, at \$3,500, with converter offered separately at \$550.

To reduce costs, 30W" Hi-Vision set will have same cabinet as current NTSC widescreen set. Company said it has sold 8,400 Hi-Vision TVs and 150,000 widescreen NTSC sets. It plans to produce 3,000 30W" sets and 2,000 28W" sets monthly.

Matsushita noted that beginning in late Nov., commercial stations as well as NHK will offer Hi-Vision programming over current satellite (TVD Aug 15 p14) and that "introduction of hardware such as W-VHS video decks and MUSE laserdisc players as well as [an] increase of MUSE LD software titles, will attract further market attention." NHK currently broadcasts Hi-Vision 10 hours daily; multichannel broadcasting is scheduled to start in 3 years.

In answer to question, spokesman said Matsushita doesn't plan to introduce direct-view widescreen TVs in U.S. for time being. Company's presence on widescreen market here currently is via Panasonic projection TV.



Lechmere, in another move after acquisition by Montgomery Ward (MW), has delayed plans for smaller "Home Zone" stores. Proposed 50,000-sq.-ft. Home Zone sites in Milford and N. Haven, Conn. (TVD Nov 22 p19) will open late this year as full-size, 60,000-70,000-sq.-ft. Lechmere stores. Waterbury, which also was among proposed Home Zone sites, is not part of current plans, sources said. Home Zone concept, designed to eliminate less profitable product categories that were drain on bottom line and to sharpen focus on consumer electronics products, was said to be last-ditch effort to remain independent. MW spokeswoman said Home Zone was "still a strategy for consideration when the appropriate sites become available." MW, which acquired Lechmere in Feb., has said it will continue to expand company in New England, adding 5 stores in each of next 4 years (TVD June 13 p19).

First "worldwide" TV/VCR combo was introduced in Japan last week by Aiwa for sale there starting Sept. 21. New 13" Trinitron model can be used in almost any country, has worldwide TV tuner, can receive, record and play back NTSC, PAL and SECAM. Sony affiliate Aiwa is selling multistandard VCRs in U.S.

Consumer Electronics Personals

James Longson appointed exec. vp-gen. mgr., Compton's New Media (CNM), replacing ousted **Norman Bastin**. Longson was senior vp-technology for CNM parent Tribune Co., and will continue to chair Tribune's Technology Advisory Board... **Brenden Maloof**, vp-international sales, named vp-business development & licensing at Accolade... **Rex Golding** leaves as 3DÔ CFO to become CFO-vp-finance & operations at Enter TV, on-line entertainment company that recently hired **Keith Schaefer** as pres.-CEO... IBM executives named to Digital Domain board: **James Cannavino**, senior vp-strategy & development, and **Abby Kohnstamm**, vp-corporate mktg.

John Argenbright, ex-Sears, named Montgomery Ward computer buyer... **Bruce Market**, onetime national sales mgr., Yamaha rack systems, joins Onkyo USA as west coast regional sales mgr.; **Steve Gramig**, ex-Harman Kardon, appointed Onkyo vp-OEM sales... **Richard Kwasneski**, ex-Orion Industries, joins ADS Technologies as western regional sales mgr., reporting to **Rob Mainiero**, newly appointed vp-sales.

Motorola Vice Chmn.-CEO **Gary Tooker** will receive American Electronics Assn. 1994 Medal of Achievement Sept. 20... **Stephen Booth**, ex-Video Review, Popular Mechanics and Audio Times, named contributing editor at Rolling Stone, responsible for computer and consumer electronics beats; Asst. Managing Editor **Tish Hamilton** adds title of technology editor.

Lon Von Hurwitz, ex-Carlson Marketing Group, named vp-mktg., Columbia TriStar Home Video... **David Newman** promoted to vp-purchasing, Canada's Rogers Video... **Shelly Davine**, ex-dir., VSDA in Canada, named dir.-Canadian operations, Coliseum Video... Appointments at MGM/UA Distribution: **Sharon Holliday**, ex-TriStar Pictures, joins as exec. dir.-production publicity services; **Kathleen Haff** and **Donna Stiles** promoted to dirs., co-op ads.

Even as Tops opened 60,000-sq.-ft. Queens, N.Y., store last week, chain was readying plans for another 1-2 outlets in 1995, company said. Bergen (N.J.), Bronx, Brooklyn and Suffolk County (N.Y.) are said to be under consideration. At new store, Tops expanded CD-ROM software to 100 titles from 25, majority priced under \$50. Overall, PC and CD-ROM software was increased to 400 titles from 250. Titles are 40% education, 40% games and 20% productivity, company said. Chain last week launched TV ad campaign featuring 10-, 30- and 60-sec. commercials that will run through 4th quarter. Ads are part of move to soften Tops image from "Forget About It" campaign that scorched N.Y. metro airwaves for 2 years.

Circuit City is expected to open 2 50,000-sq.-ft. megastores in Bellevue and Portland, Ore., this fall. New outlets are expected to expand software to 60,000 titles. Opening is said to be designed to beat Good Guys (GG) to northwest markets. GG is expected to add first stores in Portland and Seattle areas by year-end and has scheduled Nov. financial analysts' meeting in Seattle to detail plans.

Consumers' intentions to buy TV sets increased moderately in Aug., according to Conference Board survey that indicates buying plans for next 6 months. Some 6.8% of households surveyed planned to buy TVs, according to preliminary data for Aug., up from revised 6.2% in July and 6.7% in Aug. 1993.

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
Century Communications 1994-year to May 31	374,599,000	(41,927,000)	—
1993-year to May 31	345,131,000	(37,791,000)	—
1994-qtr. to May 31	95,970,000	(15,894,000)	—
1993-qtr. to May 31	89,341,000	(9,427,000)	—
Certron 1994-9 mo. to July 31	6,375,000	(126,000)	—
1993-9 mo. to July 31	8,100,000	(47,000)	—
1994-qtr. to July 31	2,248,000	(32,000)	—
1993-qtr. to July 31	2,551,000	38,000	.01
Jones Intercable 1994-year to May 31	132,436,000	(25,277,000)	—
1993-year to May 31	122,592,000	(56,790,000)	—
Rex Stores 1994-6 mo. to July 31	150,256,000	3,101,000	.36
1993-6 mo. to July 31	114,838,000	1,768,000	.24
1994-qtr. to July 31	81,122,000	1,958,000	.22
1993-qtr. to July 31	62,028,000	1,167,000	.15

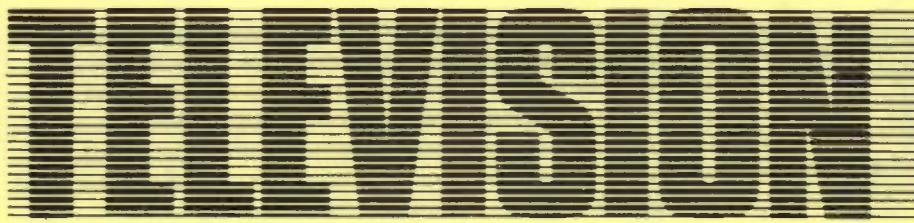
Notes: ^aAdjusted. ^bAfter special charge.

Intertan, which operates Tandy stores outside U.S., cited closing of continental Europe operations in reporting income for 4th quarter ending June 30 rose to \$12.4 million from \$95.8 million loss year ago. Sales for quarter dropped to \$93 million from \$105 million. For year, Intertan net income increased to \$19.6 million from \$109 million loss despite dip in sales to \$453.1 million from \$630.3 million. Intertan, which operates 1,800 stores in Australia, Canada and U.K. under Radio Shack (RS), Tandy Electronics (TE) and Tandy names, completed shutdown during 4th quarter of 302 Tandy stores in France and Belgium in move that laid off more than 500 workers. Chain now has 875 RS franchised and company-owned stores in Canada, 352 TE in Australia and 502 Tandy in U.K.

Widescreen Goes Superflat: Philips will launch superflat tubes in 16:9 widescreen format in 1995 in 28W" and 32W" sizes (European measurement). Philips Components officials said European markets have shown definite preference for superflat tubes. Original widescreen tube, 36W" European size (34W" viewable diagonal) -- only widescreen tube in use in U.S. -- has been phased out as consumer product in Europe and now is used only for professional products, Philips Components U.K. Technical Mgr. Dick Kirkham said, adding: "You need 2 men to lift the set."

BMC's Mask Operation, which makes shadow masks for color tubes, showed 25% improvement in profitability and 24% sales increase in 2nd quarter, contributing to record sales and earnings (TVD Aug 1 p15). Sales of invar masks exceeded those of 1993's quarter by 32%, BMC said, while jumbo mask sales were up 21%. Business is benefiting from "transition... into larger mask sizes" and from "a strong U.S. TV market and a European economy that appears to be reviving."

High-end home LCD projector from Sharp has 250-w lamp for 600-lux brightness, 3 LCDs (309,120 pixels each) for 500 lines of horizontal resolution, line-doubling system, motorized lens shift to eliminate keystoning, reversible picture for rear projection. It's claimed to provide front projection picture of 25-200" diagonally, has \$10,000 suggested list price.


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

With Consumer Electronics

SEPTEMBER 12, 1994

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

BROADCASTERS SLAM COPYRIGHT REPORT: NAB says it was ignored by Administration Working Group on performance rights issues. Others, including record companies, generally supportive. (P. 1)

TELCO-CABLE BAN APPEALED by USTA, which claims it violates First Amendment, equal protection. Court action would extend end of ban nationwide, rather than require piecemeal court action. (P. 2)

FCC VDT DECISION APPEALED by Adelphia and NCTA. MSO asks for stay of FCC's Dover decision, saying telcos planning to spend \$3 billion. FCC accused of being institutionally unable to handle issue. (P. 3)

HDTV FIELD TESTS OKAY: Task force to get full report Sept. 16, but members say alliance system 'looked quite good.' Revised schedule to be set. (P. 3)

LMDS PROBLEMS SOLVED: Developer of cable alternative has proposed deal with satellites on 2 of 3 main issues. Satellite interference into LMDS still unresolved. (P. 4)

CANADIAN SPECTRUM ADEQUATE for conversion to digital radio, task force says. FM contours to match present, AM to match FMs. U.S. border stations to have lowest priority for spectrum. (P. 4)

CABLE GROUPS MISS DEADLINE for final U.S. Supreme Court action on must-carry appeal. (P. 5)

NAB UPSET WITH ADMINISTRATION COPYRIGHT REPORT: NAB and Recording Industry Assn. of America (RIAA) used their comments submitted last week on Administration proposal for new copyright policy as another battleground in their continuing debate over performance rights (TVD July 11 p4). NAB was highly critical, while RIAA, along with many others in sampling of comments, supported plan suggested by Intellectual Property Rights Working Group, part of Administration's Information Infrastructure Task Force. Effort was headed by Bruce Lehman, head of Office of Patents & Trademarks.

NAB blasted working group for apparently disregarding all of industry's arguments against including performance rights recommendations in its report, issue that NAB said wasn't relevant for NII implementation. NAB said NII Working Group "appears to have adopted the recording industry's rhetoric hook, line and sinker without a shred of critical objective analysis or explanation for discounting broadcasters arguments. Indeed, these arguments are not even acknowledged in the Preliminary Report."

NAB added that record companies, which by Administration group's reasoning are supposed to fear satellite distribution of digital material, are pioneers in new distribution methods, such as making available

Consumer Electronics

TUBE GLASS SHORTAGE reaching critical levels despite imports of 5 million pieces this year. No relief seen before late 1995 as scarcity becomes global. (P. 8)

AUG. SALES WERE RED HOT, shattering all records for month. If 8-month trend continues, year should see 26.4 million direct-view color sales, 13 million VCRs. (P. 9)

99-YEN DOLLAR hurts Japanese competitiveness as exports to U.S. continue fall. All-time low VCR price (in yen) turns out to be price increase (in \$\$). (P. 10)

DIGITAL VIDEODISC ANNOUNCEMENT expected within next couple of weeks, Philips' Hawkins says, but cautions consumer systems won't come until 1996 or 1997. (P. 11)

2ND-GENERATION DCC products postponed in U.S. by Philips, which says all available supplies will be targeted to Europe, where demand is greater. (P. 11)

2ND CAMCORDER PRICE CUT by some manufacturers prompted by rising retail inventories, but high yen is seen pushing high-end tags upwards. (P. 12)

HARMAN OUT OF VIDEO, shutting down front projection operation but holding out prospect of re-entry on basis of digital or LCD technology developments. (P. 12)

DESPITE STRATEGY TO SELL only through cable operators, Primestar Partners' high-powered home satellite system is trickling into retail. (P. 13)

music over CompuServe. NAB also said that panel should make it clear that free broadcast transmissions would constitute type of distribution that could violate copyright laws. One of thorniest issues in report is notion that in digital world, duplicate of original can be transmitted in digital form without control of actual object leaving possession of originator, leading to conclusion that transmission can be considered in some cases as copyright violation.

Broadcasters said that Working Group apparently planned its recommendations so that even if performance rights policies weren't adopted, group "hopes through its transmission/distribution proposal to ensnare at least some broadcasters who might be found to engage in a distribution" of other material.

Bottom line for broadcasters is that while new digital technology and online services may lead to need for new guidelines to implement traditional fair-use policies, "there does not appear to be any need to tamper with the elements of the [fair use] doctrine itself."

RIAA praised working group and Lehman "for his vision, leadership, and stewardship of this important initiative." RIAA said it fully supported conclusions in favor of performance rights and in favor of recommendation that transmission of material could be considered as distribution in some circumstances. But RIAA said policy should be more clearly drawn to make distinction between distribution of work and transmission of performance. RIAA also wanted report to make more clear what rights should be of record companies when works are used in other environments, other than movies, which are specifically mentioned in report.

Creative Incentive Coalition (CIC), which includes 14 companies and associations ranging from book and newspaper publishers to MPAA, Cox, Time Warner, Turner Bestg. and Viacom, said it supported many of report's recommendations. Coalition said govt. shouldn't set standards in encryption, which many copyright users employ to protect their works, but should have tough laws against cracking such encryption codes.

Comments from leading online services, including America Online, CompuServe and Prodigy, among others, said Working Group should pay attention as well to that industry, warned that current trends in copyright enforcement could have chilling effect on online activities. In particular, companies said Working Group should examine whether service providers, as opposed to subscribers or other information providers, should be held liable for copyright infringement. Recent string of court decisions "makes no sense" when applied to service providers who don't control or monitor trillions of bits of data flowing through their systems. To do so would "result in no less than bringing their businesses to a halt almost immediately," online group said, adding that service providers do investigate allegations of copyright infringement and have user guidelines against inappropriate use of copyrighted material. Service providers should be liable only when they had actual knowledge of copyright violations and ability to stop transmission of unauthorized material or pull it from system, companies recommended.

In addition, services raised questions that new technologies will bring. For example, should digital file which can be read to produce music be considered in same category as sound recording, and is downloading such file a "performance" under copyright law?

Alliance to Promote Software Innovation and Information Industry Assn. also filed comments that supported Working Group's recommendations. However, U S West argued that Working Group should look at issue from different perspective. Noting that it has interests in cable and other material, U S West noted that Working Group report addressed issue "almost entirely from a negative perspective," that users were copying information but not paying. Meaningful system of protection should be "more responsive to the behaviors and expectations of the marketplace," U S West said, saying that "copying and replications should not constitute 'automatic illegal behavior.'"

U S West said copyright law, particularly in digital world, should protect only authors who want to have content protected and expect to be paid. U S West asked that Working Group look further at issues of how current laws may inhibit use and sharing of information and how current legal structure may drive up costs of technology protections.

TELCO-CABLE BAN APPEALED: USTA will move today (Sept. 12) to widen judicial review of prohibition against telcos providing video within their service areas, asking U.S. Dist. Court, D.C., to issue injunction prohibiting enforcement of ban against any USTA member. Case, which follows similar local actions by 6 RBOCs, raises same issue of telcos' First Amendment rights, as well as issue of unequal treatment of telcos since other utilities can provide video service and cable can do telephony.

Telco-cable cross-ownership ban in 1984 Cable Act "violates the First Amendment and needs to be overturned," USTA Pres. Roy Neel said. "This provision has also violated the rights of consumers to receive programming that telcos could be providing." Two federal courts have overturned ban, including U.S. Dist. Court, Seattle (TVD June 20 p2), and U.S. Dist. Court, Alexandria, Va. (TVD Aug 30/93 p2), but both decisions affected only those circuits. USTA action asks court to, in effect, overturn ban nationwide. RBOCs pursuing separate challenges of ban are Ameritech, Bell Atlantic, BellSouth, Nynex, Southwestern Bell, U S West.

"Video programming is a form of speech protected by the First Amendment," USTA says, and ban is "an unconstitutional prior restraint on speech" that's "substantially overbroad." Like other suits, USTA claims that, since govt. must distinguish between cable-like video and other video in enforcing ban, govt. is forced to investigate content, making ban "content-based and subject to strict scrutiny." Complaint also claims that govt. can't prove that there's no less-restrictive method of achieving govt. interest in preserving diversity of voices.

Ban violates constitutional guarantee of equal protection, USTA charges, because it doesn't apply to other regulated utility companies that own poles and conduits. Meanwhile, cable firms are "taking advantage of... the one-sided prohibition" in ban by beginning to provide long-distance telephony, cellular, PCS, competitive access and other telephone services in competition with telcos, complaint claims.

FCC VDT DECISION APPEALED: Adelphia is asking for stay of FCC decision approving Bell Atlantic's (BA) VDT system for Dover Twp., N.J. (TVD Aug 22 p3, Aug 8 p5), in appeal to U.S. Appeals Court, D.C. Adelphia and NCTA also filed separate appeals of FCC decision, though MSO will be lead in suit because it's most-aggrieved party due to its large cable operations in N.J., officials said.

In motion to stay FCC decision, Adelphia told court that Dover order "is of enormous public policy significance. It is the first case in which the Commission has permitted a monopolistic telephone company to provide video and telephone services... on a commercial basis over an integrated network." Adelphia said applications already on file at FCC propose spending more than \$3 billion on VDT facilities, and if stay isn't granted court will have to handle separate proceedings for each of 28 VDT applications. MSO also said stay is justified because Adelphia would "unfairly" lose customers and goodwill.

Dover decision "demonstrates the Commission's institutional inability to address the complicated cross-subsidy issues created when a monopolist telephone company enters a competitive market," Adelphia said. Dover action "will open the floodgates to telephone company investment of unprecedented magnitude without sufficient safeguards," it added: "Rather than fixing the Commission's blunders after the fact, the court must insist that the Commission protect the public interest before it allows construction of VDT facilities." MSO attacked FCC decision not to address cost allocation issues until tariff-setting process: "This is a meaningless protection... because the tariff process is intended primarily to ensure that VDT customers pay reasonable rates based on the costs allocated to the service by the telephone company. It is not intended to determine whether the telephone company is improperly shifting costs." Result, Adelphia said, is "regulatory shell game."

NCTA petition claims that FCC exceeded its statutory authority with VDT decision, based on claim that VDT system isn't common carrier allowed under Sec. 214. It repeats NCTA's earlier claims that BA proposal didn't qualify as true VDT, that it wasn't economically justified and that it would result in cross subsidies. Adelphia's separate petition for review of VDT decision said it's not supported by evidence and FCC didn't have sufficient information on which to base VDT approval.

HDTV FIELD TESTS POSITIVE: Field Testing Task Force of Advanced TV Service Advisory Committee will present positive report Sept. 16 on HDTV transmission subsystem field tests held in Charlotte, N.C. in Aug. Task Force Chmn. Jules Cohen told us tests provided no surprises and system "looked quite good." Systems Evaluation and Testing Working Party (SETWP) Chmn. Mark Richer called tests "incredibly successful." System had been tested earlier on electronic testbed at Advanced TV Test Center (ATTC) in Alexandria, Va., but over-air field tests were considered critical.

Cohen said final report draft won't be completed until shortly before presentation at Task Force Sept. 16 meeting at NAB Washington hq. He said that meeting will begin with "quiet hour" for participants to read draft before discussion. Charlotte test used 8-level vestigial sideband (VSB) transmission modem to generate digital data stream for measurement of AT&T and NTSC signals on VHF and UHF channels at 199 sites.

SETWP meets Sept. 12 at NAB hq to set procedures for lab testing of full system this winter at ATTC lab. Advisory Committee Chmn. Richard Wiley said he expects Grand Alliance equipment manufacturing group to finish building full HDTV system prototype by end of year. Technical Sub-Group of Advisory Committee has set Oct. 3 as date to finalize schedule for next year's full system ATTC tests and over-the-air field tests in Canada and U.S. Transmission tests in Charlotte were last sub-system tests. Committee had previously endorsed other components of full system, including MPEG-2 compression, mixed interlaced and progressive scanning, 1,080 active lines, Dolby sound. Committee could make its final recommendations to FCC by early summer.

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Canadian Radio-TV & Telecommunications
Commission (CRTC) ruling to waive licensing requirements for domestic DBS providers "won't work" because grey market for U.S.-based services will develop, said John Anderson, pres., Norsat International. In prepared statement blasting CRTC ruling, he said: "Consumers want alternative program viewing of their choice, provided by satellite, not some government-mandated list of 'Can View,' 'Can't View' programs imposed by the CRTC to the benefit solely of the cable industry." DirecTV hasn't determined strategy to address ruling, said John McKee, vp-gen. mgr., DirecTV Canada, but "we're not folding our tents."

LMDS-SATELLITE ISSUES: Suite 12, developer of technology for local multipoint distribution service (LMDS), which some are touting as viable alternative to cable, proposed solution to 2 of 3 main issues dividing satellite and LMDS. Industries are trying to find way to share 28-GHz band. Proposals would solve problem of LMDS interference into satellite by placing "certain restrictions on LMDS that don't hurt the service" but effectively preclude possibility of interference, Suite 12 partner Shant Hovnanian said. Remaining issue -- and largest one all along -- is FSS interference into LMDS hubs. Proposed rules were submitted to full committee, don't necessarily represent its opinion until they're reviewed and sent to FCC, sources said.

Hovnanian said Hughes and Teledesic, which plan new FSS systems in Ka-band, are remaining parties that need to agree with LMDS on rules to avoid FSS interference into LMDS. "There's a possibility that satellite can do things to mitigate the problem... There are a lot of things that can be done" to avoid FSS into LMDS interference, he said, including imposition of equipment requirements. Committee source said "there are so many possibilities" for this type of interference and "no agreement on any specific measures" has been reached. Wayne White of NASA Lewis Research Center said it would be "optimistic" to expect proposed rules for FSS into LMDS interference by Sept. 13 meeting of full negotiated rulemaking committee.

Motorola/Suite 12 joint rules call for 75-nautical-mile protection zone between feeder link earth stations and LMDS sites. Other Big LEOs (low-earth-orbiting satellites) weren't part of joint proposal because they have expressed interest in locating feeder links in other bands, mainly 5-7 GHz. Hovnanian said proposed rules were designed to accommodate other Big LEOs if necessary. Motorola/Suite 12 proposed sharing rules say that since FCC's proposed Big LEO rules require that operators keep feeder link earth stations at least 75 nautical miles from largest 100 U.S. cities, problems should be minimal.

To avoid LMDS interference with FSS, Suite 12 proposed various power reduction techniques, including: (1) Alternate polarizations. Half of LMDS hub transmitters would use vertical linear polarizations, other half horizontal. (2) Frequency Interleaving. Half of LMDS hubs would employ "channel center frequencies which are different by one half the channel bandwidth" of other hubs. (3) Other alternatives to achieve reductions in average power density that FSS satellite systems would receive.

Argyle TV Holding II will buy 3 stations from Northstar TV Group: ABC affiliates WZZM-TV (Ch. 13) Grand Rapids, WAPT-TV (Ch. 16) Jackson, Miss., and Fox affiliate WNAC-TV (Ch. 64) Providence. Argyle II Chmn. Bob Marbut said he doesn't expect affiliation changes. Despite common management, Argyle II is separate company from Argyle TV Holding, which sold option to buy its 5 stations to New World Communications Group.

Education Secy. Richard Riley urged families to limit student TV viewing to 2 hours on school nights. Dept. released report citing "excessive television viewing" as one of 3 major factors under parental control that affect student performance. Other 2: Student absenteeism and variety of reading materials in home.

Britain's Independent TV Commission is nearing decision on whether to seek bids for 5th national channel. U.S. groups, including NBC and Time Warner, have expressed interest.

CANADIAN SPECTRUM ADEQUATE: There's enough L-band spectrum for all Canadian radio stations to at least duplicate their current coverage when they switch to digital radio, according to Canada's Task Force on the Introduction of Digital Radio. Govt.-industry group recommends that AM service area duplicate that of largest FM station in city of license, that larger coverage areas be allowed, and that U.S. border stations have lowest priority for allocation of spectrum. First commercial digital radio service in Canada is expected to begin in about year.

Report is based on spectrum capacity study, which concluded that Canadian stations can move to digital within 40 MHz of L-band spectrum currently allocated to digital radio. Group recommended, however, that Canadian govt. ask "appropriate" World Radio Conference to allocate additional L-band spectrum to digital radio to ensure adequate spectrum for long-term growth. Conversion to digital provides "a rare opportunity... to create digital service areas which are tailored to the needs of stations," task force said. Report recommends that largest Class C FM stations at least get to duplicate their analog service area after transition, that lower-class stations duplicate their service areas with potential to expand to area of largest station in market, that allotments be included for expanding to new audiences.

Allotment planning for AM stations would be similar to that for FM. AM stations would get same coverage area as largest FM station in market. Change would eliminate difference between daytime and nighttime coverage and place AM stations on same footing as FM, task force said. Other recommendations include: (1) Any significant gain in coverage area would require regulatory approval. (2) There's no need for special rules for suburban stations, which also would essentially duplicate their analog service areas. (3) Stations would be allowed to shape and improve their coverage area through use of repeaters and similar technologies.

Priorities for allocating frequencies, in descending order, are: (1) Duplicating existing terrestrial services. (2) Implementing approved but unimplemented radio services. (3) Launching new terrestrial digital radio services. (4) Satellite digital radio services, national and regional program services, international program services. (4) Meeting requirements of U.S. border stations.

Blackstone Capital signed non-binding agreement to invest \$40 million in wireless cable operator People's Choice TV (PCTV), firms said. Investment would be in form of convertible preferred stock and would potentially make Blackstone largest investor in PCTV. Deal is expected to close within 60 days.

FCC Mass Media Bureau Chief Roy Stewart was recovering at home after open heart surgery Aug. 26 at George Washington U. Hospital for endocarditis. He's said to be progressing well. Deputy Bureau Chief Renee Licht is acting chief.

British broadcasters have begun exploratory meetings about coordinating transition to digital TV, officials said. Talks included representatives of BBC, Channel 4 and ITV. Success of talks is likely to depend on adoption of Europe-wide digital terrestrial TV standard, they said.

Cosmos Bctg. is buying ABC affiliate WLOX-TV (Ch. 13) Biloxi-Gulfport-Pascagoula from Love Bctg., terms undisclosed.

Coalition of state and local govt. groups, including organizations that represent governors, state legislatures and regulators as well as others representing cities and counties, have come up with their own package of amendments to legislation pending in Senate (S-1822). Among other items, package would require telcos offering video to obtain cable franchise, take out language in bill preempting state and local authority and allow state and local govt. to be eligible for preferential rates for advanced services. Meanwhile, Electronic Frontier Foundation (EFF) and Electronic Mail Assn. (EMA) have joined ranks of groups questioning whether amendments that Sen. Exxon (D-Neb.) added to S-1822 dealing with provision of indecent material and related issues violate First Amendment. Media Access Project has also been highly critical of Exxon proposal. Notice posted online by Daniel Weitzner, EFF's deputy policy dir., said Exxon's proposal "threatens to limit the free flow of all kinds of information in the online world" by putting potential for criminal liability on carrier, as opposed to originator, of content. EMA said that Exxon amendment would "potentially prohibit a wide array of currently allowed electronic communications." Rocky Mountain Telecommunications Assn., representing telcos in 7 states, also said it opposes bill.

Cable groups missed long-shot deadline for final U.S. Supreme Court action on must-carry appeal this term, lawyers familiar with case said. Some had hoped that lower court action on remand (TVD July 4 p2) could be completed by Thanksgiving, allowing Supreme Court followup by next summer, though others said such schedule was nearly impossible. Instead, Supreme Court rejected bid by lawyer John Cole for rehearing late last month, meaning that 3-judge panel of U.S. Dist. Court, D.C., will rehear case. Court is expected to call status conference on case within next few weeks. At conference, court would typically set schedule for evidentiary hearing, argument, briefs. Consensus is that lower court is likely to take close to year to decide case, meaning decision will be next summer "at the very earliest," one lawyer said. Case then could go back to Supreme Court for session beginning in Oct. 1995, though court, which has already heard case once, could act quickly then.

Program Notes: Jones Computer Network became 24-hour channel effective Sept. 6. Network debuted year ago as 4-hour block on Mind Extension U... Dow Jones and affiliate of TCI plan to launch European Business News cable channel in Europe in first quarter 1995, firms said. Dow Jones would own 70%, TCI affiliate Flextech 30%. Channel would be transmitted 18 hours daily at first, later expand to 24 hours, be carried on Eutelsat. Service also will include provision of digital information and video to be transmitted to desktop computers... Two separate cable channels focusing on women's sports are in works. TCI's Liberty Sports plans to launch channel next year as complement to its 14 regional sports channels. Other is Women's Sports Network being planned by former NBC Sports Exec. Producer Michael Weisman and former Major League Baseball Productions Senior Vp Terry Hassel.

Financials: Jones Spacelink net loss dropped to \$10.4 million for year ended May 31, from \$13.4 million year ago. Revenue grew 8% to \$166.9 million, operating profit 4% to \$63.9 million... Century Communications lost \$15.9 million in quarter ended May 31, vs. \$9.4 million loss year ago. Revenue grew 7.4% to \$96 million, but operating profit dropped 0.7% to \$51.8 million... Dick Clark Productions profit grew to \$5.1 million in quarter ended June 30, from \$3.2 million year ago, while revenue dropped to \$12.4 million from \$15.4 million.

DirecTv will add Fox affiliate WFLD Chicago and PBS affiliate KRMA Denver to network TV package. DirecTv spokesman said KRMA was chosen among other PBS contenders because it was "simpler to pick up" station in same city as its hq. KRMA Pres. James Morgese said station was approached by DirecTv first. Deal, which makes KRMA only PBS station on DirecTv, hasn't drawn criticism from other affiliates. "We realize we're in an envious position," Morgese said, "but what we're doing is providing service to areas not being served by terrestrial networks." He said he sees no need to change programming because what's "suitable for Colorado-Rocky Mountain area happens to be suitable" for rest of country. Biggest effect will be increase in membership. Currently, membership outside local area accounts for less than 10%. "It would be difficult to ascertain amount of increase due to current satellite carriage on Netlink, but "it wouldn't be insignificant," Morgese said. Fox and PBS will be included in \$3.95 per month Prime Time 24 package or offered individually for 99¢.

Syndicated show Main Floor is program-length commercial pitching products made by show's sponsors, rather than news program, according to complaint filed at FCC by Consumer Federation of America, Center for Study of Commercialism (CSC), Media Access Project, Center for Media Education and Telecommunications Research & Action Center. Half-hour show was scheduled to debut Sept. 11. "The whole premise of Main Floor is that it tries to trick viewers into thinking that they are watching a real program instead of an advertisement," said CSC co-founder Michael Jacobson: "Viewers have a right to know when they are seeing advertising." Groups have asked FCC to require continuous sponsorship identification during program-length commercials.

Instability of Turner Bestg. relationship with co-owners Time Warner and TCI could result in ownership change for Turner, according to J.P. Morgan Securities investment report. Media analyst Larry Petrella said Turner could be "put in play" if either company sells interest, and both companies are "at odds with Turner." Report said Turner is undervalued, since syndication activities will hike profits and cable networks will increase in value.

City of Amsterdam hired Union Bank of Switzerland to manage auction of at least 90% of city-owned cable operator, Kabletelevisie Amsterdam (KTA). KTA is 3rd-largest cable operator in Netherlands and 6th-largest in Europe, with more than 400,000 subscribers. City plans to complete divestiture by end of year. In addition to price, city officials said they're interested in buyer that will improve infrastructure.

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Federal court judge issued split decision on magistrate's ruling that gave TV stations option of music rights under blanket contract or per-performance basis. U.S. Dist. Judge William Conner, N.Y., upheld both Magistrate Michael Dolinger's decision that stations should be able to choose between 2 agreements and his calculations for 1995 blanket contracts. But Conner ordered that per-performance rate for same year be reworked, although he agreed with per-performance fee ceiling at 133% of blanket license for locally-produced and syndicated programming. Case stems from action brought by Buffalo Bestg. Co., representing 963 stations, in 1984 seeking ruling that would set "reasonable per-performance and blanket license fees" for Feb. 1983-Dec. 1995. In 1987, 3 networks filed similar request for fees for Jan. 1978-Dec. 1995. Cases were merged in 1987.

Press, particularly broadcasters, should be "watchdog rather than attack dog," FCC Comr. Quello said in speech scheduled for delivery today (Sept. 12) at Commission on Radio & TV Policy in St. Petersburg, Russia. Quello said media should "re-examine its attitudes, its manners and -- most importantly -- its tendency to act primarily as an adversary." Adversarial role of media is simplistic, he said: "The proper role of the press is to seek the truth and to inform... in the most truthful, complete manner possible." Quello noted that original justification for limits on broadcast freedoms, spectrum scarcity, "is becoming much less a factor" in multichannel environment.

Low-power TV network Channel America is looking for partner or sale to stabilize financing, Chmn. David Post said: "We have operated our company from interim financing to interim financing." He said he's confident of program distribution system but "we do not have the capital to turn that into the profitable business it can be. It is more sensible to find a partner who takes what we've built and grows it to the next level." Darien, Conn., network was launched in 1987, has 90 affiliates, reaches more than 16 million homes.

House Telecom Subcommittee will hold 2 hearings this week. Today (Sept. 12) at 2:30 p.m., will be hearing on CPB FY 1995 authorization in Rm. 2123, Rayburn Bldg. Witnesses will be CPB Pres. Richard Carlson, PBS Pres. Ervin Duggan, APTS Pres. David Brugger, NPR Chmn. Carl Matthuson and filmmaker Ken Burns. On Sept. 13, there will be hearing on digital telephony and wiretapping in Rm. 2123, Rayburn Bldg. Time of hearing and witness list weren't set at our deadline.

The American Lawyer magazine dubbed FCC Chmn. Hundt "most powerful lawyer in Washington" in profile in Sept. issue. It notes that Hundt's "political clout skyrocketed" after success of first spectrum auctions, cites his "Alfred E. Neuman smile."

News-Press & Gazette, St. Joseph, Mo., is buying KVIA-TV (Ch. 7, ABC) El Paso from Marsh Media for \$19.9 million. News-Press Pres. David Bradley told us he doesn't expect affiliation change. News-Press owns cable systems in Mo. and Ariz.

FTC requested additional information about proposed takeover of QVC by Comcast and TCI, firms said. Request will delay antitrust waiting period until 20 days after firms provide information.

GE spokesman declined comment on N.Y. Times report that company has retained N.Y. firm Allen & Co. to handle sale of NBC.

Fox TV network can be offered on Canadian cable systems, CRTC ruled. As result of decision, cable systems can carry any 3 of 4 major U.S. commercial broadcast networks on basic, and 4th as part of expanded basic package. PBS also can be included in basic. Systems with fewer than 2,000 subscribers can have 4 commercial networks in basic package. Canadian Cable TV Assn., citing audience demand, had asked for right to carry Fox. CRTC Chmn. Keith Spicer said viewers want as many Canadian channels as possible but "they also expect to have access to a wide range of foreign services."

Network prime time portrayal of Hispanics was criticized by Center for Media and Public Affairs in report of 1992-93 season commissioned by National Council of La Raza. Study said Hispanics comprised 9% of U.S. population but only 1% of characters portrayed, and were portrayed negatively 18% of time, compared to 8% of Anglo-Americans and 6% of blacks. Study said 2.7% of Fox characters portrayed were Hispanic, followed by CBS and NBC 2.5% and ABC 1%. Fox was cited for highest portrayal of Hispanics in criminal or negative roles -- 38% -- followed by NBC 26%, ABC 25%, CBS 17%.

CableLabs created "Convergence Forum" to work with computer companies that have products for wide-area enterprise computing. Forum is intended to speed development of information highway, officials said. Forum's first project will be designing and implementing demonstration of Internet over cable at Western Show in Anaheim. CableLabs CEO Richard Green said Forum was created because "computer suppliers need to know more about the functional requirements of cable architecture, and we need to know more about their ideas and developments."

Home Shopping Network (HSN) bought Internet Shopping Network (ISN), will use it to launch online merchandising subsidiary called HSN Interactive. ISN, founded in June 1993, was one of first companies to sell merchandise via Internet, has catalog of about 20,000 computer-related products from about 1,000 companies. HSN officials said catalog will be greatly expanded as result of deal. "We are now positioned at the forefront of digital technology applications," said HSN CEO Gerald Hogan.

Encore will sponsor forum on children's TV programming at noon Sept. 20 at National Press Club, Washington. Panelists are to include Children's TV Act sponsor Rep. Bryant (D-Tex.), Telecom Subcommittee member Tauzin (D-La.), Encore Chmn. John Sie, representatives from U.S. Education Dept., National Education Assn., National Assn. of Secondary School Principals. Encore also will announce launch of commercial-free channel for 8-16 year olds.

Music Choice (MC), digital music subscription service, will become available on DirecTV for first time starting Sept. 12, MC announced. It said DBS carriage on DirecTV will allow MC to promote itself nationally for first time. MC said it projects subscriber base of 500,000 by year-end and 2 million by end of 1995 through cable and DirecTV.

Former NBC CEO Grant Tinker has written history of network, published by Simon & Schuster. Book, *Tinker In Television*, was written with former NBC spokesman M.L. (Bud) Rukeyser.

American Women in Radio & TV will conduct seminars on workplace cultural diversity in Hershey, Pa., Sept. 24, Chicago Oct. 1, St. Petersburg Oct. 8, Austin Oct. 15, L.A. Oct. 22 -- 703-506-3290.

Personals

Jeff Sagansky, ex-CBS Entertainment pres., named Sony Corp. of America exec. vp... **Leslie Hinton**, Fox TV Stations chmn.-CEO, named exec. vp-strategic development, Fox TV... **Rosalyn Weinman** promoted to senior vp-bcst. standards and practices, NBC; NBC Entertainment West Coast Program Research Dept. promotions: **Geoff Huntington** to dir.-program research; **Peggy Einnehrer** to ad & promotion research dir.; **Tom O'Connor** to administrator.

Cheryl Rice, ex-WOWK-TV Huntington-Charleston W.Va., joins WFSB Hartford as promotion mgr... **Debra Corson**, ex-KSDK St. Louis, named KPLR-TV national sales mgr... **Michael Martinez**, ex-Nuestro Tiempo, L.A., joins KVEA Corona-L.A. as vp-gen. mgr... **Gerald Smith**, WTVS Detroit dir.-community development, also appointed to Detroit Cable Commission... **Henry Marcotte**, ex-WTZA Kingston, N.Y. news dir., joins KDUB-TV Dubuque as operations mgr... **Josh Elbaum** promoted to senior vp-international TV distribution, MGM/UA Telecommunications Group... **Diana Vargas** promoted to vp-gen. sales mgr., KTTV L.A.... **Richard Tedesco**, ex-Seven Arts magazine sales consultant, named dir.-mktg., WHYY-TV-FM Wilmington, Del.

Andy Russell advanced to dir.-station development and system projects, CPB... **David Pickeral**, ex-WETA-TV Washington, joins PBS as development assoc.-individual giving; **Steve Johnson**, ex-WGBY-TV Springfield, Mass., named development assoc.-corporate support services... **Pamela Johnson** promoted to dir.-educational telecommunications, Ia. PTV... **Gail Long** advanced to vp-education and telecommunications, Md. PTV, new post... **Nina Romontio**, ex-Children's TV Workshop, named mgr.-family services, KQED San Francisco's Center for Education and Lifelong Learning... **Lawrence Heileman**, ex-PBS, named dir.-development, WHYY-TV Wilmington, Del., replacing **Willo Carey** who will run station's capital campaign... **Sandy Stuckmann** resigns as WMVS Milwaukee asst. dir.-development/auction mgr. to set up consulting company to PTV stations... Elected to Ark. Educational TV Commission and Ark. Educational Telecommunications Network Foundation: Chmn. **Caroline Whitson**, U. of Ozarks; Vice Chmn. **Jerry McIntosh**, Marmaduke schools supt.; Secy. **Lavenia Craig**, United Way Board pres.; **James Williamson**, Citizens Bank & Trust, Van Buren, chmn.-CEO, elected treas. of foundation only.

Arts & Entertainment Network appointments: **Nikki Pesusich** moves to L.A. office as publicist-western region; **Mimi Falcone** ex-Drug & Market Development pharmaceutical newsletter business mgr., named corporate publicist; **Marlea Willis** advanced to publicist... **Lisa Stewart** advanced to program administration mgr., USA Networks... **Harold Gronenthal** promoted to Prism dir.-on-air promotions... **Rick Krim**, ex-MTV Networks, joins EMI Music Publishing as vp-talent acquisition and mktg., new post... FCC Events: Chmn. **Hundt** speaks Sept. 13 at "Everett C. Parker Ethics in Telecommunications" lecture, Interchurch Center, N.Y.C... Gen. Counsel **William Kennard** participates Sept. 15 on "Washington Update" panel sponsored by Congressional Black Caucus Telecommunications Braintrust, Washington Convention Center.

Prime Sports cable network will launch 24-hour radio sports network Sept. 12. Programming from Prime Sports Radio will be syndicated to individual radio stations.

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NTIA Dir. Larry Irving will meet with cable industry officials 3:45-5 p.m. Sept. 14 to discuss cable's concerns about information infrastructure. Among speakers: NCTA Pres. Decker Anstrom, Discovery Chmn. John Hendricks, Cox Vp-Engineering Alex Best. Meeting will be in Rm. 1414 Commerce Dept. -- 202-482-1551.

Commerce Dept. gave export licenses to EchoStar so it can launch 2 Martin Marietta-built DBS satellites on Chinese Long March rockets in 1995 and 1996. U.S. policy had been to deny applications to export high-technology equipment to China on national security grounds, but in July President Clinton waived those restrictions.

There was no oral argument on telco-cable cross-ownership Sept. 8. U.S. Appeals Court, D.C., decided it would rule without oral argument in case (92-1521) involving whether restrictions apply to Teleport Communications Group and other non-traditional telcos.

Consideration of proposal to begin new FCC prime-time-access-rule (PTAR) rulemaking has switched from Sept. 19 agenda to Oct. FCC is to decide whether to consider relaxing rules barring off-network syndication in top 50 markets.

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th week of Aug. and year's first 8 months:

	AUG. 20-26	1993 WEEK	% CHANGE	AUG. 13-19	8 MONTHS 1994	8 MONTHS 1993	% CHANGE
TOTAL COLOR TV.	1,029,283*	837,972	+22.8	572,540*	15,567,124*	14,100,471	+10.4
DIRECT-VIEW..	1,008,907*	818,402	+24.8	559,926*	15,247,911*	13,869,181	+ 9.9
TV ONLY.....	895,129*	765,249	+17.0	537,481*	14,096,372*	14,100,471	+ 7.6
TV/VCR COMBO	56,889*	53,153	+ 7.0	22,445	1,151,539*	766,053	+50.3
PROJECTION...	20,376*	19,570	+ 4.1	12,614*	319,213*	231,290	+38.0
VCR DECKS.....	598,444*	473,428	+26.4	222,875	7,238,031*	7,078,274	+ 2.3
CAMCORDERS.....	139,123*	136,404	+ 2.0	44,445	1,883,099*	1,783,777	+ 5.6
LASERDISC PLYRS	7,752	8,444 ^r	- 8.2	3,778	169,402	169,882 ^r	+ 0.3

Direct-view TV 5-week average: 1994--643,320*; 1993--535,391 (up 19.2%).

VCR deck 5-week average: 1994--345,370*; 1993--285,934 (up 20.8%).

Camcorder 5-week average: 1994--80,109*; 1993--71,414 (up 12.2%).

* Record for period. ^r Reflects revision by EIA.

RECORD IMPORTS FAIL TO DENT GLASS SHORTAGE: The 3 U.S. TV glass makers will import record 5 million pieces this year -- 3 million faceplates, 2 million funnels -- in battle to keep pace with record demand that has devoured glass supply and left industry struggling with first major shortage of color TV glass. Figure is above and beyond any glass imported directly by N. America's 9 picture tube makers. However, imports are increasingly difficult to come by in view of worldwide shortage as color TV and computer monitor sales soar.

With demand exceeding combined 20 million U.S. capacity, companies here are scrambling to import from every conceivable source, including Germany's Schott (25"), China (19"), Taiwan and Japan (27" and larger). Top U.S. glass suppliers Corning Asahi and Techneglas have relied heavily on Japanese parent companies, while Thomson is supplementing Circleville, O., plant's output with glass from China. Corning Asahi's Korean affiliate Samsung Corning is sold out, much of its glass going to PC monitors, said Corning Asahi Business Mgr. Willard Boyer.

"A year ago we had turned the corner and didn't quite believe" glass shortage was happening, Boyer said. "Now, sales growth has been at this level for about a year -- we're used to it and can anticipate it -- but I don't know what we can do about it."

Consumer fears were fueled by recent London Financial Times article quoting Philips Components CEO Wim de Kleuver as projecting world demand for tubes at 160 million, with enough glass available to make only 150 million (TVD Aug 29 p12). Article stated that world demand for TVs is growing 25% annually, while glass makers cut investments during recession, and 25% of industry capacity is shut down for maintenance.

Philips executives in Eindhoven later tended to minimize situation, saying that article -- which conjured up visions of 10 million potential customers having to do without TV sets -- overdramatized situation and any shortages might be in cheapest off-brand models, such as Chinese 13" sets. However, one glass industry executive called de Kleuver's projection "a little light," putting world demand closer to 170 million tubes.

In view of increasing demand, situation could get worse before it gets better. Because of long lead time in expanding or creating new glass capacity, no relief is in sight before late 1995. Techneglas has begun plans to add production line to Columbus, O., plant to increase capacity by 3rd quarter 1995 to 13 million funnels annually from current 11 million (TVD April 4 p12), and panel production at its Pittston, Pa., plant

will be boosted to 9 million with addition of line by mid-1995. Corning won't be able to increase capacity at its State College, Pa., plant until at least next scheduled glass tank repair in 1997, Boyer said. In U.K., Philips is planning \$15.5 million investment to increase glass capacity, and Schott-Nippon Electric Glass joint venture will build plant in Wales to supply glass to Sony Trinitron factory there.

"There has been no significant investment in capacity [in U.S.] in the last 5 years; during that time the number of [N. American] tube makers has gone from 4 to 9, and with the larger size mixes there has been greater tank pull [of glass]," said Thomson N. America Tube Div. Vp Robert Lorch. "China has made the investments that have not been made locally and [glass makers there] are willing to sell for export in exchange for hard currency. That's been a welcome addition to an otherwise impossible situation."

To some extent, shortages depend on screen sizes tube makers emphasize, executives said. For example, Thomson is pushing 31- and 35-in. and Sony 32-in. "Every company is talking shortages and we've been trying to shift our business to a variety of vendors to ensure supply," said east coast retailer. "Higher-end vendors have dried up in the commodity price points."

But with big-screen and widescreen TVs, hot-selling TV/VCRs and PC monitors devouring all available glass worldwide, executives said 19-20" and some 13" could get caught in crossfire. Promotional 19" TVs (\$199) are already in short supply. And with 20" carrying heavier inventory, some observers believe it could replace 19" as promotional price leader. "If everyone acts responsibly, the shortage could be a positive because it could help stabilize pricing, but if there are irresponsible actions like the subbing of one product [20"] for another [19"] then it's going to be a problem," said Toshiba TV Mktg. Dir. Stephen Nickerson.

In view of industry history, TV set pricing appears unlikely to stabilize. In 25", where sales were up about 15% so far this year, advertised prices have hit as low as \$249. As for tube prices, Thomson is "proceeding on track" with its plans for 4-7% tube price increase (TVD July 4 p12), although Lorch said he doesn't have "any clear insight" into whether other manufacturers will follow lead.

Zenith CRT Div. Pres. Harlan May said company hasn't set 1995 pricing, but plans increases, though "maybe not as high" as those by Thomson. "There are price increases on glass, and glass makes up a huge component of the total [tube] cost -- and you're dealing with a mature product where it's very difficult to get any cost out," said Philips TV Mktg. Vp Mark Stephenson. "So it's inevitable that the price of tubes goes up. But how far through the system that will flow is anybody's guess."

RED-HOT MONTH SHATTERS ALL AUG. RECORDS: Providing solid underpinning for year's main selling season, last month was best Aug. in history by double digit percentages for all major TV/video products, according to EIA data on sales to dealers. Records also were set by all major products for year's first 8 months, VCR decks finally joining others in record column.

Here's how year will shape up, if trend continues, based on seasonally adjusted figures for year to date, as compared with all-time records set last year: Direct-view color (including TV/VCR combos), 26.4 million sets, up 7.2% from 24.6 million. TV/VCR combos only, 2.24 million, up 37.4% from 1.63 million. Projection TV, 643,000, up 38.3% from 465,000. VCR decks, 13 million, up 4.8% from 12.4 million. Camcorders, 3.5 million, up 12.9% from 3.1 million.

Sales have actually improved in most products as year unfurled, trend which could result in higher sales than those projections. In Aug., direct-view TV exceeded 2 million for first time in any 4-week month this year (March and June have 5 weeks in EIA calendar), and month's final week was first this year to see sales of million direct-view sets. Projection TV experienced best month of year in total sales, even exceeding those of the two 5-week months. VCR decks had best 4-week month and first month of year to exceed million sales.

For year's first 8 months, total color TV sales were up almost 1.5 million from last year's record period, while TV/VCR combos were up 50.3% and projection TV up 38% (see State of the Industry). In 5-week moving average -- current sales pace -- direct-view TV, VCR decks and camcorders were all at record levels.

In seasonally adjusted sales rate, direct-view color in Aug. alone was at near-record 30.5 million sets (July's 30.7 million was record), projection TV at 672,300, VCR decks at 14.3 million, camcorders at 3.3

million. As TV/VCR sales increases relaxed, their annual rate was 1.84 million, lowest for any month this year, but still well above last year's record. Here are EIA figures on sales to dealers for Aug.:

Product	Aug. 1994	Aug. 1993	% Change	Aug. 1992
Total color.....	2,292,492*	1,884,987	+21.6	1,733,734
Direct-view...	2,241,870*	1,850,314	+21.2	1,699,158
TV Only.....	2,121,750*	1,749,802	+21.3	1,645,082
TV/VCR Combo.	120,120*	100,512	+19.5	54,436
Projection....	50,622*	34,673	+46.0	34,216
VCR decks.....	1,081,496*	930,050	+16.3	1,041,887
Camcorders.....	238,382*	213,418	+11.7	311,535
Laserdisc Players	20,828	19,559 ^r	+ 6.5	10,430

* Record for any Aug. ^r Revised to include players with karaoke features.

99-YEN DOLLAR JACKS UP JAPANESE CE COSTS: Effect of soaring yen on Japanese competitiveness is demonstrated dramatically in figures on Japan's exports to U.S. in July, first month of 99-yen dollar, as released last week by Finance Ministry.

Continuing effort to reduce costs resulted in all-time low average price for VCR shipped to U.S. -- in yen. Average cost of deck was 24,245 yen, down 2.2% from average in July 1993 (which at that time was all-time low). However, if translated to U.S. dollars, price would be up 5.7% to \$244.90, because dollar averaged 99 yen in July 1994 vs. 106 yen in July 1993. In July 1992, average camcorder shipped to U.S. cost 28,971, or 19.5% more than in July 1994. But in dollars -- at then-prevailing 126-yen rate -- it would have been \$229.93, or 6.1% less. All-time low average VCR price in dollar equivalent was \$214.10 in Sept. 1990; at that time, dollar bought 141 yen and average VCR cost was 30,188 yen, or 24.5% above July 1994.

Japan currently supplies only about 25% of all VCRs to U.S., manufacturers there having shifted much of production to other Pacific rim countries. However, Japan still has virtual monopoly on camcorders, as source of well over 90% of total imported here. For first time this year, average camcorder yen price has turned upward -- at 58,356 it was up 1.8% from July 1993 and 7.7% from June 1994. Dollar equivalent would be \$589.45 in July 1994, up 10% from \$535.93 one year earlier.

In major mass-market products, Japan's exports to U.S. continued to drop -- VCRs down 13.2%, CD players down 26.6% in July. Camcorders were off 2.6%, enough to bring cumulative 7-month total to 1.6% decline. Videodisc player and color TV exports -- both low-volume items -- were up substantially for both periods. (In year's first 7 months, Japan supplied less than 1% of U.S. TVs.)

Japanese exports to Canada in July (7 months in parentheses): Color TV 540, up 26.2% (560, down 44.5%); VCRs 17,539, down 63.4% (88,927, down 34.4%); camcorders 18,731, up 2.3% (90,211, down 19.2%); videodisc players 5,350, up 305.4% (11,791, up 16.1%); CD players 24,760, down 41.7% (151,515, down 42.4%). Summary table of Japanese exports to U.S. for July and year's first 7 months:

Product	July '94	July '93	% Chg.	7 Mo. '94	7 Mo. '93	% Chg.
Color TV.....	23,548	12,580	+87.2	95,010	58,793	+61.6
VCR Decks.....	356,178	410,549	-13.2	2,091,008	2,414,120	-13.4
Camcorders.....	275,063	282,300	- 2.6	1,605,161	1,630,690	- 1.6
Videodisc players	53,220	30,870	+74.7	223,464	150,339	+48.6
CD players.....	418,009	571,996	-26.9	2,252,160	3,494,865	-35.5

Videonics will launch first TV ad campaign Sept. 19 with 30-sec. spot for Thumbs Up video editor on ESPN and CNN Headline News. Device allows consumers to edit video by pressing "thumbs up" button to mark good footage and "thumbs down" to designate bad segments. Tandy's 1995 Radio Shack (RS) catalog carries OEM version of Thumbs Up under RS brand at \$199. Videonics has completed 12,000 sq. ft. addition expanding Campbell, Cal., plant to 27,500 sq. ft., increasing capacity by 77%.

Entertainment Software Rating Board (ESRB) established by Interactive Digital Software Assn. (IDSA) said it has rated its first program. Ironically, given IDSA's identification with videogame industry in jurisdictional battle with Software Publishers Assn., first program on which ESRB gave its judgment was personal computer game -- DOOM 2 -- to be published by GT Interactive. ESRB officials wouldn't say what rating game received, and GT executives weren't available for comment.

DVD ANNOUNCEMENT IMMINENT? Worldwide announcement on high-density CD (HDCD) and next-generation digital videodisc (DVD) is expected "within a couple of weeks," Philips Interactive Media Systems Pres. John Hawkins told us in London last week. He said agreement on form of announcement, expected to have blessing of core companies such as Philips, Matsushita and Sony, is likely within days.

Hawkins said he believes some sectors of video software industry have set their sights too high in expectations of how quickly HDCD and DVD could comprise real business. "Talk of 2 years is unachievable. It's not do-able," he said. According to Hawkins, if worldwide standard on HDCD can be set by end of 1994, manufacturers then can start to design hardware and be ready to develop consumer systems by 1996 or 1997 -- considerably later than commonly quoted timetables that would have first systems introduced by end of 1995.

Hawkins said mass-market pricing of HDCD or DVD players is at least 8-10 years away, noting first-generation hardware is likely to command pricing as high as \$1,000-\$1,200. Software industry sees movie on single 5" CD as "Utopia," Hawkins said, but even if hardware pricing can be squeezed down to below \$800 mark, "that is still too expensive for the mass market."

Though much of speculation surrounding HDCD anticipates capability of storing 2 hours or more of MPEG-2 video, Hawkins said MPEG-1 will continue to play significant role. Although MPEG-2 would be used in most set-top scenarios, MPEG-1 and MPEG-2 could co-exist in future "based on application." As example, he said, portable CD-I player with compact LCD screen (for which MPEG-2 quality would be overkill) could use 3" or other small HDCD to store MPEG-1 video for digital maps, restaurant guides, etc.

* * * *

Sanyo became latest Japanese company to flex its technological muscle in high-density CD derby. Tokyo-based firm announced development of quad-density CD-ROM technology, saying innovation has "important" ramifications for "many possible applications," including playback of full-length movie on 5" CD.

Sanyo initiative is latest in parade of announcements recently on technological pieces that one day will comprise big DVD puzzle. Sanyo said keystone of its development is optical pickup with shorter wavelength 635-nanometer laser diode and disc mastering process capable of producing smaller pits on disc's surface. Increase in recording density was based on improvements in resolution of optical pickup compared with those of conventional CD systems, Sanyo said. Like others, Sanyo said system is capable of playing back 135 min. of high-quality MPEG-2 video on 5" CD. Capability of accommodating entire full-length movie "will be a boon to the software markets," Sanyo said. Company said it will demonstrate technology at Japan Electronics Show, set for Oct. 4-8 at Tokyo's Harumi Fairgrounds.

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Video Update will expand its reach in Midwest with purchase of 9 Lee Video City stores, terms not disclosed. Purchase, to be completed later this month, would boost company-owned Video Update stores to 26, adding locations in Mo., Ia., S.D.

Correction: Combative news release entitled "Let's Set The Record Straight about E3," was issued by E3 show organizers. In our last issue, it was incorrectly attributed to Interactive Digital Software Assn.

PHILIPS DEFERS DCC INTROS: New DCC home recorder and record-playback portable introduced at spring line showings won't be marketed in U.S. until next year, according to Philips Audio Mktg. Vp Franz Schmetz. Originally scheduled for sale here last month, products' U.S. marketing has been postponed because Philips plans to target all available supplies to Europe, where DCC launch has been slightly more successful, Schmetz said.

Second-generation products originally announced were home deck at street price of \$499 and company's first record-playback portable at \$399. Still being studied for possible 1995 introduction in U.S. is minicomponent system with dual-transport DCC-analog cassette dubbing deck. Second-generation Philips DCC offerings in Europe will be much broader than those to be introduced here next year and will include ultra-small playback-only portable.

In U.S., Philips will extend life of first generation DCC home deck, now available at street price of about \$499. It will continue to be focus of direct mail test now being conducted by Philips Key Modules Group. Schmetz said Philips and affiliates in Far East are building the new DCC products for worldwide consumption.

Meanwhile, rival MiniDisc camp has shipped total of 130,000-150,000 in Japan in first 8 months of this year, according to Sony affiliate Aiwa, which introduced MD products to be shown at next month's Japan Audio Fair in Tokyo. Included is portable recorder, claimed to be first with monaural mode capable of doubling record and playback time to 148 min. on 74-min. blank MD, for spoken word applications. To be priced at about \$700 on Japanese market, it will be produced at rate of 3,000 monthly.

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High-speed product development and planning operation for special consumer electronic products has been instituted by Hitachi to short-cut complicated decision-making processes traditional at Japanese companies. Hitachi has assigned about 100 staff members to "DaVinci" project. Each team, recruited from all levels of company from design to sales, will be responsible for new product from planning to marketing. Among products being developed are camcorder with wireless infrared connection to TV (TVD Sept 5 p9) and camcorder which automatically follows specified person or object, both scheduled for introduction next year. Company hopes DaVinci projects eventually will account for about 15% of its CE and appliance business.

Sharp smells success in its remedy for British tendency to overcook food. Pres. Haruo Tsuji is expected to tell news conference today (Mon.) at Sharp's U.K. plant in Wrexham, England that company will introduce microwave oven with "electric nose" -- sophisticated smell sensor computer -- which tells when food is properly cooked. Neural network will be pre-programmed at factory. Urgency of Sharp's announcement is underscored by report that "a govt. minister" is scheduled to attend news conference. Official of Sharp in U.S. said she knew of no plans to introduce product in U.S. Sharp microwaves here use humidity sensor to detect status.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 99 yen = \$1, except where noted.

CAMCORDER PRICE MOVES: Camcorder manufacturers, faced with rising inventories at retail, have slashed prices for 2nd time in month despite higher costs due to strong yen -- which paradoxically have resulted in some increases in high-end prices.

Hitachi and Sony are most recent to report \$50-\$100 cuts in prices on 8mm camcorders. Sony lowered tags on some camcorder models in Aug. along with JVC, Panasonic and Quasar (TVD Aug 15 p13). However, at same time, Sony has raised prices \$10 on two 8mm VCR decks.

Sony dropped retail on 2 models in Aug. and 4 other models this month, retail sources said. Camcorders involved in Sept. 1 price move: CCD-FX530, \$799 from \$899; CCD-FX630, \$899 from \$999; Hi8 CCD-TR400, \$1,299 from \$1,399; CCD-TR70, \$799 from \$899. Dealer cost was raised on CCD-TR91, although retail remains unchanged, sources said. All camcorders have either 10x or 12x zoom with TR91 adding Steady Shot and FX530 stereo sound. In 8mm decks, models were increased to \$359 from \$349 and \$459 from \$449, retail sources said.

Sony officials declined to comment on latest price cuts. In Aug., Sony Senior Vp-Gen. Mgr. Yuki Nozoe denied there were price changes, but conceded that in current market "it is hard to see if price adjustments were made or not" because competition among retailers is "keener than before."

Hitachi will cut \$50 from minimum advertised price on 2 camcorders but hasn't yet determined which models will be affected, said Sales Vp Gary Bennett.

Strong yen has hit Japanese CE manufacturers hard and camcorders are particularly vulnerable, since about 95% of them come from Japan. At factory level, inventory picture is improving -- presumably due to cautious importing -- with about 6 weeks supply in late July (TVD Aug 29 p14). Inventory balance was 79% compact and 21% full-size.

But retail inventories have increased, according to dealers. Midwest retailer reported 65-70 days inventory at time when 30-40 days is norm. "I'm buying the camcorders that I'm contracted to buy, but eliminating the fringe models," video buyer said. "It's been very slow and I might not see a break until November." Picture was mixed, however, and others said they were unscathed so far.

"The trend seems to be taking the low-end models down just a tad to make them more competitive and maybe taking some of the high-end models and adding a little extra cost into them," said video buyer at east coast retailer. "This is how [manufacturers] are dealing with their dollar-yen situation."

Bennett held to industry projected sales of 3.1-3.2 million this year, but noted that prices are dropping "so we can hit the mark." Inventory appears tied to retail, he said. "I think manufacturers have really been watching camcorders. You're scrutinizing the yen situation and you're planning your sales by bringing in enough to get by and make budgets."



Hitachi and Incredible Universe (IU) have parted ways. Hitachi didn't renew dealer agreement with IU or other Tandy chains, McDuff's and Video Concepts. "We were looking for dealers that have value-added retail salesmen and Incredible Universe didn't have them," Hitachi Sales Vp Gary Bennett said. "Right now our philosophies are a little different."

HARMAN LEAVES VIDEO: Harman Consumer Group last week acknowledged what industry generally had taken for granted for weeks -- that company, "after much consideration," had decided to fold its Harman Video large-screen video projection division. For unexplained reasons, company officials for last 4 weeks had been evasive when asked about demise of video operation.

Announcement last week said cessation of Harman Video operations became official Aug. 31. It quoted Consumer Group Pres. Tom Jacoby as saying "large-screen video projectors have been part of Harman International's product portfolio for over 6 years, [but] we have come to realize that the resources expended to support Harman Video will prove far more fruitful" for dealers and company "if applied to those new emerging areas of our specialty business." In interview, Jacoby told us first priority for diversion of funds will be Harman Kardon bid within next 6 months to field line of multiroom electronics for specialists and custom installers.

Statement said company has assured dealers "that there will be an ongoing availability of parts and service" products already installed. It said "there is sufficient inventory to cover all outstanding orders and a limited amount of inventory is available to address any needs that may as yet not have been identified."

Statement said Harman has "decided to exit the 2-piece video projector business," but also noted that "Harman Consumer Group remains active in research pertaining to many areas of the video business, [and as it] explores new technology for display and projection... options remain open with regard to a return to the video business."

Asked to elaborate, Jacoby told us company is studying future of digital video signal sources and LCD technology, but said video reentry would require "a baseline rethinking" of how it conducted Harman Video operations. He said company is watchful of developments in computer industry, saying it "will drive the video business in very interesting directions."

Jacoby sidestepped our questions on sales volume Harman Video generated, saying specifics were proprietary. But he said company was "a significant shareholder" in niche front projector business and did "respectable job" in luring specialty accounts and high-end customers. Nevertheless, he conceded share held by more established brands "may have been somewhat larger" than Harman's.

Decision to shut down Harman Video had been foretold for weeks by departure of Vp Michael Heiss, who has started his own consulting business with Harman Consumer Group as his first client, and Walt Henry, division's mgr. of product development. Henry's plans were unknown at our deadline. Besides Heiss and Henry, Harman Video employees have been shifted to other jobs within Harman International, Jacoby told us.



Variation on theme of computers with built-in TV: Toshiba's TV which can serve as VGA computer monitor, introduced last week in Japan. The 27" TV has RGB input terminal for non-interlace scanning, with fine-pitch tube which can provide 640x480, 640x400 or 640x350 dot resolution. Suggested price is about \$4,240.

Random House is making "significant investment" in Knowledge Adventure, Cal. software company, first product to be CD-ROM version of Random House Kid's Encyclopedia.

PRIMESTAR TRIES RETAIL: Despite strategy to sell only through cable operators, Primestar Partners' high-powered home satellite system is trickling into retail channels.

Abbott's Audio/Video in Las Vegas has sold Primestar integrated receiver descrambler (IRD) and 39" dish since Aug. at \$1,095 installed or roughly same cost as high-end RCA Digital Satellite System (DSS) with installation. Programming for 68-channel system carries \$21.95 monthly fee.

Primestar has consistently said sales would be limited to cable operators who lease equipment and programming to consumers starting at \$29.95 monthly. Primestar is backed by 6 MSOs including Tele Communications Inc. (TCI) whose affiliate Netlink struck deal with Abbott's.

Abbott's pact "relates to how Primestar distributors do their business," Primestar spokesman said. "They [Netlink] felt that a relationship with Abbott's would make sense in terms of augmenting their distribution. We think you will see a number of these relationships come about as the Primestar distributors make their decisions about how to best serve their territories." Other distributors have entered similar agreements with satellite dealers on "case-by-case basis," spokesman said.

Las Vegas retailer has sold and installed 170-180 of first 200 Primestar units it received in Aug., Pres. Charles Abbott said. "We didn't have quite the splash dollars to spend for a big rollout like RCA did in a few cities, but [Primestar has] been continuing to pick up momentum and I'm very pleased with the product and the customer acceptance of it," said Abbott, adding that chain will receive another 300 Primestar units this month along with first DSS deliveries.

At same time, Primestar has expanded promotional campaign with 2nd 30-sec. TV commercial. TV spots, introduced in June, are set to resume this week and run on networks through Nov., said Primestar National Ad and Promotions Dir. Mark Dunn. New ads will contain toll-free number for information on locating Primestar distributors, he said. Ads will air on network and continue as "image building campaign," he said.

As part of campaign, TCI of N.Y. will provide residents of Arietta, N.Y., near Albany, with free programming and installation for 60 days to "demonstrate the impact that DBS service can have," Primestar officials said. Town's 301 residents will have access to 68-channel service that's expected expand to 77 by year-end and 150 by 1996. Primestar earlier projected 95 channels by year-end, but conceded it will fall short of goal because of negotiations. Arietta doesn't have cable; although line passes within 4 miles of town, high construction costs have prevented hookup, company said.

Primestar system has more than 90,000 subscribers, up from 70,000 at midyear, spokesman said. Earlier this year, company projected 225,000 by year-end. Upgrade of 70,000 IRDs to digital is complete and system will move to MPEG-2 data compression by 1995, company has said.

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Acclaim Entertainment completed purchase of minority interest in Digital Pictures (DP), publisher and developer of CD-based software. Terms weren't disclosed. Acclaim and DP have also finalized agreements under which Acclaim Distribution has exclusive worldwide distribution rights to DP products for next "several" years, with first 5 products scheduled for release by end of 1994.

REVAMPED RADIO SHACK CATALOG: As part of effort to revitalize image, Radio Shack has revamped catalog, cutting back Memorex brand, adding RCA Digital Satellite System (DSS) and adding editorial material.

New 1995 catalog, being sold for first time at \$2, is 220-p. compendium that adds 24 pages of charts, graphs and answers to frequently asked questions. "We were able to add more information and emphasize areas that are considered core categories for Radio Shack," said RS Mds. Vp Richard Borinstein, who cited batteries, accessories and speakers as core products.

Catalog signaled phasing out video Memorex brand on video products and rise of Optimus, former audio-only name that is shifted to video in new catalog. "We'll probably be converting things to Radio Shack, Optimus and Tandy," said Borinstein, who declined to give timetable of phaseout. With Tandy's sale last year of Memtek, which owns Memorex brand, change was necessary, he said. Catalog has Memorex 8mm VCR deck, \$499; 9" TV/VCP, \$499, and 5" TV/8mm VCR (\$699). Optimus name was added to camcorders and VCRs.

RS, long-time satellite dealer, added RCA brand DSS system. Catalog carries both \$699 and \$899 packages that include 18" dish, integrated receiver descrambler (IRD), low-noise blocker (LNB) and remote. Additional receiver is available with step-up package at \$649. Tandy is studying bringing out own brand when Thomson product exclusive expires. DSS is carried in 50 RS stores in markets where Thomson has launched system. "There is more demand than supply," Borinstein said. "That's one reason we're limited in rollout because we do not want to put ourselves in a position of disappointing our customers. We're sticking right to what RCA can supply us with."

Camcorder lineup, which contains just 3 models is shorn of VHS-C. New catalog carries Sharp-built 3" ViewCam (\$999) and full-size (\$799) and Sony 8mm (\$799). Slimmed-down line focuses on 8mm because "market has gravitated" toward it, Borinstein said. "We have put our inventory into the faster turning models."

RS also continued Optimus brand DCC home deck, but has cut price \$200 to \$499. There are no plans to add models this fall. "It's been a slow mover for us not a fast mover and for me to add other models from a store inventory standpoint wouldn't seem very prudent," Borinstein said.

Catalog promotes new Gift Express and Repair Shop services introduced earlier this year and adds letter to customers from new Pres. Leonard Roberts, who joined RS in 1993.



New Sony headphones designed to deliver 360-degree sound field will be called Orbit Video when they hit select retail shelves in Oct., suggested price not set. Device, shown as Soundfield Entertainment Headset at CES in June (TVD June 27 p18), features open earpieces and is based on gyroscopic technology developed for car navigation system and remote. Headphones self-adjust to make it appear that sound is coming directly from TV screen regardless of listener's position or location in room.

HTP International reported gain in net income during fiscal 4th quarter to \$687,000 from \$155,505 year earlier. Sales during quarter ended June 30 rose 46% to \$9.7 million from \$6.6 million. For year, net income increased to \$2.4 million from \$357,249 on 117% gain in sales to \$36.4 million.

Consumer Electronics Personals

Toshiba America Consumer Products Pres. Hitoshi Ohashi assumes additional post of vice chmn., Toshiba America, N.Y.-based U.S. holding company... Stephen Williams joins Carver as vp-gen. mgr. for consumer products following one-year stint as Onkyo-international operations vp... Rebecca Wilcox, staff dir.-mktg., EIA Consumer Electronics Shows, appointed to coordinate CES Specialty Audio/Video Trade Show, set for next June in Chicago, site and dates not yet determined (TVD Sept 5 p12)... Charles Riotto, ex-N.J. Society of Hospital Pharmacists, joins ITA as dir. of operations.

Sadaharu Kato appointed pres., Kenwood Electronics Mexico... Toshiharu Nabeshima, former gen. mgr., Pioneer (Japan) Ad Dept., shifts to senior managing dir., Sohbi Corp., Pioneer-affiliated agency now handling all of company's ad and promotion functions... Don Palmquist, former Yamaha pres., named an advisor to HTP International (Paramount brand AV products)... Howard Lee, ex-Sun Microsystems, joins Apple as senior vp, Personal Computer Div... Doug Wright, ex-Acclaim Entertainment, joins Daniel S. Roher Inc., N.Y. PR firm, to handle Kenwood account.

THX Div. of Lucasfilm announced certification program for laserdisc players at CEDIA (Custom Electronic Design & Installation Assn.) conference last weekend in Dallas. First licensee will be high-end supplier Runco. Lucasfilm said THX certification process will involve testing players at manufacturer level for "performance factors which together assure superior picture and sound quality" but can vary greatly from machine to machine. Criteria in new standard include video tests for resolution, transient response, color level, noise, shadow and highlight detail. Audio tests include signal level, frequency response, dynamic range, and variety of digital audio phenomena such as jitter. THX Licensing Dir. Anthony Grimali sidestepped questions on whether Lucasfilm was preparing THX certification program for TVs. He said THX laserdisc software certification program introduced 2 years ago has yielded 30 announced or released titles to date.

Target has limited PC hardware to 100 west coast stores and added pagers nationally with newspaper insert Sept. 11. Target, which once carried Packard Bell, IBM and Laser PCs in 300-400 stores nationally, has limited products to West Coast where sales are stronger, spokesman said. However chain is said to be expanding PC software. Discount, which entered hardware business 3 years ago, pulled back because "you can't make any money on it," spokesman said. Target will expand distribution of Motorola-built Pagemart and Pactel pagers to 550 of its 600 stores this fall. Chain began testing category in Jan. and will carry 4-5 models at \$79-\$99. Pagers will be merchandised in showcase alongside cellular phones.

Audiovox announced completion of agreement with Shintom and its Japanese export agent Rainbow Star to form new Tokyo-based venture, Talk Co. Ltd., to develop, manufacture and sell cellular phones, pagers, VCRs and other consumer electronics products for China, Indonesia, Japan, Korea, Vietnam and unspecified Middle East markets (TVD Aug 1 p13).

Britain's Psion, which supplies handheld computers and communication equipment, reported first-half profits more than doubled to \$4.78 million on 57% increase in sales to \$44.4 million. Company said its products are sold in 1,500 outlets in U.S., including Radio Shack and Office Depot.

Philips has purchased increased stake in Navigation Technologies (NavTech) Corp., Sunnyvale, Cal., developer of digital map databases, by acquiring nonvoting preferred stock, terms undisclosed. Company said investment gives it majority financial stake in NavTech, but limits its voting interest to 35%. Philips has had financial interest in NavTech since 1988. New arrangement gives NavTech majority interest in its Dutch-based counterpart, European Geographic Technologies (EGT). Philips said NavTech database is "key component" of every major public and private car navigation system now being tested, including Oldsmobile system expected to be offered by General Motors as dealer-installed option starting this month. BMW system in Europe is based on EGT database, Philips said. NavTech said map databases for top 30 U.S. markets are scheduled for completion by end of 1995. NavTech Chmn.-CEO Russell Shields said Philips investment "will allow us to accelerate our development of seamless navigable databases, on a continental scale, on both sides of the Atlantic." Philips Media Pres.-CEO Scott Marden said "we can envision a day when every car is equipped with a navigation system using NavTech's database and technology."

Only 2.9% of U.S. families listed themselves as "extremely likely" to buy first computer in next 6 months, according to 1,524-household study by Oddysey ventures, reported in Ad Age. Of homes with computers, 1.4% said they were "extremely likely" to buy replacement. Survey indicated 27% of households have computer, but only 6% of those are equipped with CD-ROM. Of those with CD-ROM drives, mean number of programs owned was 8, with purchases of only 2.8 programs planned in next 6 months. Surprising 21% of PC users didn't know brand name of their computers, with 17% owning Apple, 11% IBM, 9% Packard Bell, 6% Tandy, 2% each Compaq and Gateway. Separate survey by Porter/Novelli PR firm, quoted in Newsweek, asked users to rate difficulty in learning of various products (10 = hardest). PC came out at 5.4, videogames 4.3, VCR 3.6, microwave oven 1.9.

Casio convertible: Rear-projection TV with built-in 10" screen and optional 60" or 100" screens will be marketed in Japan by Casio in Nov. When used as 10" TV, it's self-contained unit about 5.5" deep. For larger picture, 10" screen slides downward and optional translucent 60" screen is placed about 30" in front of projector. "Act Vision" has active matrix 2.4" LCD with 245,960 pixel resolution and will retail for \$1,290. The 60" screen will cost about \$280, and 100" screen will be \$500 when available in March. Casio plans monthly production of 5,000. No export plans were given.

Ultimate Electronics, citing increases in home office business, reported 79% sales growth in Aug. to \$10.6 million on 27% gain in same store sales. Sales of home office products including PCs, fax machines, telephones and accessories were up 119%, company said. This week chain will begin move to increase size of SoundTrack stores in Denver. New 35,000-sq.-ft. store is scheduled to open Sept. 15, replacing 8,000 sq. ft. outlet. Retailer opened first of larger Ultimate Electronics stores in Utah last fall and is expected to retain SoundTrack name in Denver but shift to bigger sites.

Four widescreen TVs with high definition Trinitron tubes were introduced by Sony last week for sale in Japan starting in mid-Oct., along with converter to let them convert Hi-Vision transmission to NTSC (at about \$555). Two 26W" and two 30W" sets are priced \$2,200-\$3,530; one model of each size contains 2 tuners to display 2 pictures side by side.

TELEVISION DIGEST®

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

USTA WANTS BILL CHANGES: Telcos circulate amendments on cable entry as Senate may take up telecommunications legislation as early as this week. Metzenbaum panel holds hearing tomorrow. (P. 1)

TIME WARNER GETS NEWHOUSE cable systems as part of joint venture. Miron says deal was needed to keep Newhouse competitive in new environment. (P. 2)

CPB AUTHORIZATION BACKED at congressional hearing. Officials defend \$425 million, say they're trying to eliminate overlaps. (P. 3)

PANAMSAT PICKS LORAL for DTH satellite. Reaction to Hughes effort to provide international service cited. (P. 3)

VDT OFF FCC AGENDA for 2nd month in row. Officials say more delay is possible if congressional move is likely. (P. 4)

FCC ACTS ON CABLE: Rate decisions beginning to trickle out. Productivity offset idea dies. Going-forward action possible soon. (P. 4)

TELCO-CABLE WORRIES CITED: Issues such as 911 service and white page listings could cause problems, NCTA's Bailey says. (P. 5)

CABLE CRITICIZES ROADBLOCKS to NII, tells Administration group regulatory certainty is needed. Interactive boxes on way. (P. 5)

USTA PROPOSES CABLE ENTRY TERMS: Cable companies should be kept out of telephony until telephone companies are allowed to offer video, USTA suggested last week as part of 23-page package of proposed amendments to Senate telecommunications legislation (S-1822) it circulated.

With possibility that Senate bill could go to floor later this week, USTA and other interest groups are making their pitches for changes in measure. Senate Commerce Committee filed report on bill last week, making it eligible for floor action. Senate Majority Leader Mitchell (D-Me.) in floor statement Sept. 12 listed telecommunications legislation as a bill on which he hoped to complete action before session ends, but Republicans may not agree. Mitchell's list also included banking, housing, General Agreement on Tariffs & Trade treaty, campaign reform and lobbying reform, plus some time for health care bill.

Senate consideration wouldn't come before Sept. 20 (Tues.), when Senate Antitrust Subcommittee will hold hearing on bill. Subcommittee Chmn. Metzenbaum (D-O.) placed hold on S-1822 to make certain it wouldn't be called up before his hearing, sources said. He said he will offer procompetition amendments. Hearing, at 9:30 a.m., Rm. 226, Dirksen Bldg., will cover antitrust and open network issues. First panel of

Consumer Electronics

SAMSUNG TV-TUBE-PARTS complex to be built in Mexico at \$400 million, to employ 4,000. New 65-acre plant will include first border picture tubes. (P. 11)

DALLAS CEDIA EXPO draws 3,044 attendees, 158 exhibitors as carriage-trade audiovideo finds showcase in line with industry fragmentation. (P. 12)

RCA IS 'FASTEST GROWING' audio brand, Thomson says in introducing new products geared to CD. TCE audio and communications sales seen near \$1 billion. (P. 14)

TANDY QUIETLY TESTING new retail format with opening of 12,000-15,000-sq.-ft. AV&C Superstores in Ala., Ga., Tex. (P. 14)

PIONEER INTRODUCES CD-R DECK at \$4,000 as part of high-end Elite line. Company says it's considering more mainstream-priced decks for next year. (P. 15)

HITACHI SETTLES PATENT SUIT that could have impact on all companies using VCR Plus technology. (P. 15)

BLOCKBUSTER MULTIMEDIA TEST moves to East Coast, but without human or hardware demonstrators in stores. It will be in 15 stores by Thanksgiving. (P. 16)

SAMSUNG SCRAPS VIDEO CD plans for this year, citing 'confused' software market, but hopes to have limited amount in 1995 for retail market research. (P. 16)

witnesses will be NTIA Dir. Larry Irving, Asst. Attorney Gen. Anne Bingaman, Wash. Utilities & Transportation Commission Chmn. Sharon Nelson, Colo. Consumer Counsel Ronald Binz. Second panel, to be chaired by Sen. Leahy (D-Vt.), will feature representatives of Alliance to Promote Software Innovation and Sun Microsystems, which disagree strongly on network standards part of bill. Also on panel will be representatives of Circuit City, Eastman Kodak, General Instrument.

Group representing possibly as many as 20 associations will hold news conference today to highlight concerns about bill. Those groups, all of which supported S-1822 earlier in legislative process, said they had developed concerns after changes were made between introduction and committee approval on Aug. 11. Included in group are consumers, state regulators and legislators, business users, equipment makers, enhanced service providers. Groups said they were concerned that too much attention had been focused on long distance and cable issues, to detriment of their concerns about federal preemption, cost allocation, local authority, other issues. And National Consumers League is sponsoring separate session Sept. 20 to voice view that S-1822, which cable supports, will "ensure that consumers remain captive to high cable TV rates and poor service." Included are 6 local viewer organizations.

USTA circulated 23 pages of proposed amendments. In addition to its parity proposal on telephony, it said several flaws still remained in cable section of bill: (1) Separate subsidiary requirements for cable aren't comparable with "more extensive" requirements imposed on telcos. (2) Conditions for RHC entry into long distance service would delay telco entry into cable. (3) Telcos that want to be cable operators, rather than simply common carrier video platform providers, would be required to obtain franchise. (4) Bill would grandfather only telcos that have won their cases to offer video, not all cases decided before enactment. (5) Ability of telcos and cable operators to purchase cable systems and local exchange facilities would be "seriously constrained." (6) Waiver of buyout and joint venture provisions should be available to all, and not just to telcos and cable companies serving 100,000 or fewer population.

Bill report argued in favor of spectrum flexibility for broadcasters, and has further explanation of amendment by Sen. Bryan (D-Nev.) to allow broadcasters to air commercials for gaming. Under his proposal, states would be given responsibility to permit gaming advertisement: "The [Commerce] Committee believes that the States must act affirmatively to permit such advertisements rather than having to act affirmatively to prohibit them."

NEWHOUSE CABLE IN JOINT VENTURE WITH TIME WARNER: Newhouse will contribute all its cable assets to joint venture with Time Warner that's aimed at increasing clustering of cable systems and overall mass of Newhouse systems. Joint venture will include Newhouse systems with 1.4 million subscribers and TW systems with 2.8 million (just under 40% of all TW cable subscribers). TW will own 2/3 of joint venture and assume day-to-day control of all systems; Newhouse will own rest. Newhouse-owned systems include NewChannels, Vision Cable and MetroVision.

In 2nd deal announced Sept. 12, Time Warner said it will buy 3 cable systems with about 160,000 subscribers from Summit Communications in tax-free stock exchange. Summit properties are 2 systems with 100,000 subscribers in Winston-Salem area, next to TW operation in Greensboro, and 60,000-subscriber system in Atlanta suburbs. Summit shareholders will get about 900,000 shares of TW common stock plus 3.2 million shares of newly-issued convertible preferred stock with \$3.75 annual dividend. Closing, subject to regulatory approvals, is expected in early 1995.

Both deals are subject to local govts. approving transfer of franchises. Newhouse Bestg. Pres. Robert Miron said he doesn't expect that to be major hurdle because "they have a good reputation and we have a good reputation."

TW continued to be subject of more rumors, even after announcing those deals. USA Today said TW is nearing agreement to acquire 8th-ranked Cablevision Industries with 1.34 million subscribers, and Wall St. Journal said TW still is talking with Houston Industries about acquiring 22nd-ranked KBLCom with 611,210. TW officials wouldn't comment.

Newhouse did joint venture deal because "we didn't want to be a seller," Miron told us. Some transaction was needed, he said, because competitive environment requires larger critical mass of subscribers, more-extensive geographic clustering and technological expertise. Deal gives Newhouse access to all 3, Miron said, without impact on financial structure. It does force Newhouse to give up day-to-day control of systems, he acknowledged, but "that was not important to our long-term strategy." Miron said Newhouse will be much more than an investor in venture, will remain active in management.

No other MSO clustered as well with Newhouse as TW, Miron said. Main clustering will be in N.C., where venture will have nearly 800,000 subscribers, Fla. (640,000), and N.Y. (625,000). Deal doesn't include TW's N.Y.C. operations with 1 million subscribers, but does include TW systems in Albany, Ithaca and Rochester, plus Newhouse systems in Binghamton, Rome, Syracuse, Troy and elsewhere. In N.C., venture includes TW systems in Charlotte, Fayetteville, Greensboro and Raleigh/Durham, and Newhouse systems in Charlotte (Mecklenburg), Morehead/Jacksonville and Wilmington. In Fla., TW is contributing Orlando system with full service network testbed, and Newhouse its Clearwater-Pinellas operation. Other TW systems in joint venture include Austin, Bakersfield, Birmingham, Houston, Indianapolis, L.A., San Diego, Savannah.

Deal increases TW's total subscriber base to 8.9 million, Chmn. Gerald Levin said, in addition to enhancing key clusters: "Large-scale clusters like these improve the growth prospects not only for our core cable business and in advertising sales, but in the telephone business and future interactive services." TW Cable Chmn. Joseph Collins said deal is "an extremely good fit" and clusters will "open important new revenue streams."

CPB AUTHORIZATION BACKED: Officials from CPB, PBS and NPR defended \$425-million CPB authorization for FY 1997-1999 before House Commerce Committee last week, but some committee members questioned how realistic request was since funding appropriated in recent years has been considerably less than amount authorized. CPB had \$425 million authorization for FY 1996 but was appropriated only \$312 million, and of \$375 million authorized for FY 1995, only \$292.6 million was appropriated. Authorization freeze and low appropriations level is indication that CPB must be ready to "do more with less," said Telecom Subcommittee Chmn. Markey (D-Mass.).

CPB Pres. Richard Carlson said CPB needs \$425 million authorization to "show the appropriators that the authorizers believe in supporting public broadcasting." Some members said, however, that there's question why so much money is authorized if corporation can be run on lower appropriation.

Some members worried that public broadcasters were wasting money on duplicated programs and overhead, and not taking advantage of potential revenues from merchandise sales for popular shows such as *Barney*. Rep. Oxley (R-O.) said there are 3 PTV stations in Washington market that often duplicate programming. Carlson said CPB has begun providing incentives for stations to eliminate "wasteful duplication." PBS Pres. Ervin Duggan joked that if there were "generous flow of funding from Capitol Hill," public broadcasters could afford to fund new productions and do away with program overlap and duplication altogether.

Markey also asked broadcasters to justify spending to produce shows such as *Barney* that commercialize on their success yet don't share revenue with PBS or CPB. Partial revenue returns from just one "good hit" could alleviate funding pressure, Markey said. Duggan said PBS has new policy to make revenue sharing part of any new programming contract, but public broadcasters have to be careful how much payback they require from producers, because they could switch to commercial TV rather than give up revenue.



National Hockey League (NHL) last week signed 2 contracts for TV coverage. Fox Sports won 5-year TV deal for reported \$155 million. Coverage will begin with Jan. 21 all-star game. Contract is first NHL broadcast network deal in 20 years. ESPN signed 5-year cable deal in 1992 to cover NHL, and renewed it for another 5 years, providing for carriage beginning in Oct. Deal gives ESPN exclusive international cable and satellite rights through 1999, opportunity for out-of-market pay-per-view, fewer regular season blackouts, exclusive coverage of conference and Stanley Cup finals. ESPN will continue carrying about 100 NHL games per year.

PANAMSAT PICKS LORAL FOR DTH: PanAmSat unveiled plans to provide international direct-to-home (DTH) satellite TV to Latin America on PAS-3 and PAS-5 satellites. PAS-3, being constructed by Hughes, is set for launch in Nov. Company also said contract for PAS-5 goes to Loral instead of Hughes like other satellites. Spokeswoman said PanAmSat Chmn. Rene Anselmo objected to Hughes Galaxy's petition to provide international satellite TV service under its domestic service permit. Spokeswoman said Loral 1300 series satellite had more power and other favorable characteristics.

Business plans for PanAmSat's Latin American DTH service remain sketchy. Spokeswoman said subsidiary would be created at undecided location to oversee marketing. Still unresolved are questions about partners, manufacturing agents for consumer equipment and terms under which devices will be built. DTH service is scheduled to begin in spring on PAS-3, which she said is already 60% booked with programmers. PAS-5, set for launch at end of 1996, will have 32 hybrid C- and Ku-band high-power (100 w) transponders. Signal is capable of reaching 24-26" dishes, company said. Programming will be in English, Spanish and Portuguese.

Meanwhile, Canadian Heritage Minister Michel Dupuy and Industry Minister John Manley said they would review recent CRTC decision to exempt satellite TV systems using Canadian satellites from requiring operating licenses. Decision would give advantage to consortium of Canadian cable, telco and satellite companies which plan to use Canada's Anik E1 satellite for DBS. Jowell Bell, chmn. of Power DirecTv, DirecTv's Canadian operator, while not overly optimistic about chances for reversal of CRTC policy, said: "At least the government is prepared to review the policy... think it through in an open process with public debate."



CBS signed affiliation agreement with Gaylord Bestg. for KTVT (Ch. 11, Ind.) Ft. Worth-Dallas and KSTW (Ch. 11, Ind.) Tacoma-Seattle. Affiliation dates weren't announced. Dallas deal fills hole left by CBS affiliate KDFW-TV (Ch. 4) in move to Fox in March in New World deal. A.H. Belo, which announced purchase of Seattle CBS affiliate KIRO-TV (Ch. 7) from Bonneville International for \$160 million, already had said it would operate as station independent if CBS struck deal with Gaylord. Legal problems could affect deal: Last Nov., Gaylord announced intention to join Warner Bros. network but in July filed suit in Tex. court seeking order that it wasn't legally obligated to affiliate with WB. WB filed breach-of-contract countersuit in Aug. WB officials declined to comment on CBS/Gaylord announcement.

VDT OFF FCC AGENDA: For 2nd month in row, VDT failed to make agenda for Sept. 19 FCC open meeting, and 8th-floor sources indicated that it might not even make Oct. agenda if congressional action on legislation still seems likely. Brief Sept. 19 agenda includes only annual report on status of cable competition, plus common carrier items.

Every commissioner's office still had problems with VDT rules (TVD Aug 1 p2) that Commission had originally hoped to have on Aug. 2 agenda, we're told. Rules would flesh out FCC's original 1992 decision to allow telcos to provide cable-like video service on common carrier basis, including determining such issues as how to allocate costs between video and traditional telephone services, what carriage obligations VDT systems should have, how much freedom telcos would have to control programming. Recent telco bid to be allowed to have interest in "anchor tenant" that would program group of channels much like cable operator caused some of concern. Telcos said anchor tenants are necessary to make VDT fully competitive with cable, but cable called them major deviation from original VDT concept that would give telcos unfair advantage.

Cost allocation also remained major issue for each commissioner, staffers said. They said most commissioners were uncomfortable with cost-allocation rules originally proposed by Common Carrier Bureau, and it's "just a matter of time" until acceptable alternatives emerge. "This is very complex, there's no easy solution," one said.

Final determinant of whether VDT makes Oct. agenda could be Congress, we're told. "I think the chairman's office is looking over its shoulder at Congress," one official said. "I think they'll defer to Congress as long as there's a possibility of action." Predictions are that if it remains moderately likely that Congress will pass S-1822 or similar bills that would address same issues of telco entry into video, FCC is likely to continue deferring action on VDT.

In other VDT developments: (1) Sprint filed FCC application for VDT network in Wake Forest, N.C., where it operates telephone system through Sprint/Carolina Telephone. Hybrid fiber/coax network would be installed in new subdivisions being built, will have about 1,000 subscribers. Work would begin in early 1995 if FCC's Sec. 214 approval arrives in time, spokesman said. (2) Nynex is "gaming" cost allocation rules to allocate "unreasonably small portion" of VDT system costs to video, New England Cable TV Assn. (NECTA) said in petition to deny telco's VDT application. Petition also raises usual issues of lack of equal access to VDT channels, lack of financial data. (3) FCC doesn't have to change its VDT rules to allow telcos to own programming on VDT networks, Bell Atlantic said in FCC filing. BA said portion of original VDT rules barring telcos from owning programming was meant to enforce statute which courts have overturned. Since ban was overturned by U.S. Dist. Court, Alexandria, Va., "this aspect of the Commission's rules simply no longer applies," BA said.

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FCC wants to become "the Federal Promotion of Competition in All Communications Markets and Protection of Consumer from Monopoly Commission," Chmn. Hundt said Sept. 13 at Everett Parker Ethics in Telecommunications lunch in N.Y. He said FCC's role isn't to act as "censor" in ethical debate, and "it should not be necessary for government to step in to deal with violence on broadcasting." But Commission does have role in guaranteeing access to information revolution by all citizens since access will "provide to all Americans the tools to participate in ethical consensus."

FCC ACTS ON CABLE RATES: First of what is expected to be flood of cable rate decisions is beginning to trickle out of FCC. Commission made expected decision last week not to include productivity offset in price caps that will be used to govern cable rates after initial rates are established. Meanwhile, officials confirmed that FCC may not wait until next open meeting, likely in mid-Oct., to act on "going-forward" and other cable rate rules.

Commission had tentatively concluded in March that productivity offset should be included in cable deregulation scheme, but Chmn. Hundt clearly signaled as early as May that offset idea probably would be dropped (TVD May 30 p2). Under price cap, rates would normally be allowed to rise at rate of inflation, but productivity offset would assume that some of inflation costs are offset by productivity improvements. FCC tentatively concluded that offset should be 2%, so if inflation grew 3% cable operators could raise rates only 1%.

In making decision to drop idea, Commission said any offset should be based on observed efficiency gains, and record doesn't provide adequate factual basis for offsets. Commission did say that future technology developments could warrant renewed consideration of offsets. Decision was welcomed by NCTA Pres. Decker Anstrom, who said it "removes a cloud of uncertainty that has affected cable companies and the financial community." At NCTA convention in May, Hundt had said that he didn't "know of any reason to adopt" productivity offset.

On going-forward rules, cable industry has been trying to convince Commission that time is critical because cable companies are currently working on business plans for next fiscal year, and FCC is said to be taking argument seriously. Commission typically handles major items, such as rate rules, at open meeting to give commissioners chance to make public statements on them and to highlight items for press and public. But officials are said to consider timing of rate rules to be important enough to forego open meeting and make decision by circulation. Going-forward rules govern how cable systems can pass along to consumers costs of improvements in cable systems. For example, cable is asking that going-forward rules include ability of cable operators to charge customers 25¢ per month for each new channel, up to 6 per year, to have incentive to add channels.

Some FCC officials, including Hundt, are said to consider cable-proposed markup for new channels to be too high. Cable operators also are awaiting action on such rate rules as how to handle rebuilds and a la carte services. Cable industry, for example, wants FCC to set up mechanism for prior approval of rate increases needed to justify rebuilds in order to provide certainty necessary to obtain financing, according to CATA.

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ABC TV Network Group Pres. Robert Iger is slated to become pres.-COO of Cap/ABC this year, possibly at board meeting this month. He will succeed Daniel Burke, who stepped down as pres.-CEO in Feb. Chmn. Thomas Murphy assumed CEO title at that time. Sources at ABC say David Westin, pres.-production, ABC TV Network Group, will succeed Iger.

FCC set up fax-on-demand service to make some information easily accessible to public. At first, service will be limited to FCC daily digest, news releases, speeches by Commission officials, calendar of events, some public notices and fact sheets. Fax-on-demand number: 202-418-2830.

TELCO-CABLE WORRIES CITED: Cable entry into telephony is littered with snags such as where to find phone numbers, whether to offer 911 service and how to do white page listings, said Wendell Bailey, NCTA vp-technology. Bailey said cable entry won't be easy because there remain "lots of questions" about how to operate switched networks. He told Frost & Sullivan conference in Washington that one certainty is "more networks, not less" but predicted little change in size or number of data bases because "there are so darned many of them now."

Issue of intellectual property rights "will rear its ugly head" as digital compression arrives, Bailey said, because of ease with which thieves could break down digital codes and change protected material. He said there's no method to detect changes or prevent digital tampering. That could prompt operators to demand cut of software applications or other digital spinoffs that aren't possible in analog environment, he said.

Except for video on demand, Bailey said cable industry is "just guessing" what consumers want. Despite "paralysis" caused by FCC rate rules, Bailey said companies are being forced by 3 "Fs" -- fear, finances, fun -- to upgrade and plan new services without knowing which will sell. Ideas like videogames-on-demand also present uncertainty, Bailey said, because "we don't have a clue in the cable industry about games." He said "even an idiot should be able to claw off a small chunk" of estimated videogame cartridge sales of \$6 billion a year.

Cable operators will spend more on equipment R&D as digital compression nears and manufacturers struggle to meet demand, said Robert Jones, pres. of Malarkey Taylor. Though cable has spent little on R&D in past, he said, competition and prospect of 2-way services will prompt more partnerships with manufacturers. He said some larger MSOs recently invested in R&D because of likely telco competition. Jones said 5 strategies are starting to drive cable: (1) Transactions -- companies are consolidating operations and clustering, but acquisitions are only "opening salvo." (2) Investment -- some are buying stakes in programming ventures and overseas systems to increase revenues, while others are pouring money into rebuilds of existing systems. He said spending on upgrades is bigger risk because it's unclear whether consumers will want interactive services and there's no immediate return on investment because pay-per-view alone can't support cost.

(3) Alliances -- Jones said push to obtain better equipment will further fuel R&D partnerships with manufacturers, but as result MSOs may pass up alliances with others sporting more compatible or better technologies. (4) Financial restructuring options include refinancing, buying out minority owners, shifting revenue to unregulated services. (5) New business development -- starting interactive trials, bidding for Personal Communications Systems (PCS) or entering telephony are possible new, but risky markets for cablers, he said.

Vito Brugliera, Zenith vp-technology, said consumer access to HDTV and standard-definition digital TV (SDDTV) will hinge on whether EIA and NCTA can agree on compatibility standards before FCC does it for them. He said presence of VCRs and improved tuners on TVs are making settop converters obsolete. He said standard is essential for uniform introduction of digital services to customers.

CABLE CRITICIZES NII ROADBLOCKS: Govt. needs to remove roadblocks to cable expansion into information highway, cable officials told Administration's Telecommunications Policy Committee Sept. 14. NCTA Pres. Decker Anstrom, Discovery Chmn. John Hendricks and Cox Vp Alex Best told committee that cable must stimulate consumer spending to justify replacing current \$100 cable boxes with \$300 digital boxes. Committee, headed by NTIA Dir. Larry Irving, is part of Information Infrastructure Task Force chaired by Commerce Secy. Ronald Brown.

Among federal actions suggested by cable officials: (1) Govt. should at least monitor standard-setting process so all cable boxes can receive single digital signal. (2) Govt. should eliminate unnecessary regulatory hurdles, and at least provide regulatory certainty so financial markets will be willing to provide financing for upgrades. (3) Local govts. must be willing to negotiate to move less popular cable channels to digital tier to free analog channel capacity. Hendricks said cable operators generally will need to free about 15 analog channels to be converted to up to 150 digitally compressed channels, and about half of 15 will mean moving current analog channels.

Best estimated that digital set-top boxes will begin entering service in quantity in June or July, although Hendricks said it could be Oct. 1995 before enough are in use to justify expense of programmers' adding digital satellite feed. He estimated that there must be at least 250,000 digitally equipped households to justify digital feeds. Cable officials also again pressed for congressional legislation to free telecommunications markets.

Advanced TV (ATV) transmission system tested in Charlotte in Aug. performed significantly better than NTSC. Advanced TV Service Advisory Committee Field Testing Task Force reported (TVD Sept 12 p3). Report said reception of ATV signal was better than NTSC reception "at all distances from the transmitter" and that system "performed well under real-world conditions of multipath and other propagation phenomena such as impulse noise and cochannel interference." Tests involved generation of digital data stream to multiple sites within 55-mile area from 8-level vestigial sideband (VSB) transmission modem selected by Grand Alliance consortium of equipment manufacturers and endorsed by Advisory Committee. In VHF tests, using Ch. 6, satisfactory ATV reception was found at 81.7% of 169 locations, compared with 39.6% for NTSC. In UHF tests, using Ch. 53, satisfactory ATV reception was observed at 91.5% of 199 locations, compared with 76.3% for NTSC. VHF testing wasn't conducted at 30 sites because of interference with cable. Task Force said cable test results using 16 VSB cable system on 8 systems in Charlotte area were "equally encouraging." It tested 16-VSB receiver in May and June at 51 sites, including 10 headend and 41 remote locations. Task Force Chmn. Jules Cohen said he was "heartened" by showing of superior ATV performance, and was looking forward to followup in Charlotte next year using live picture transmission. Task Force report will be reviewed by working parties of Advisory Committee systems subcommittee and planning subcommittee, and by Technical SubGroup, which meets Oct. 3 to plan next year's testing schedule of complete ATV system prototype being built by Grand Alliance.

Labor Dept.'s Bureau of Labor Statistics confirms that cable rates have dropped in past year. Consumer price index (CPI) released Sept. 13 showed cable costs down 0.6% for Aug., down 2.8% in previous 12 months. Overall CPI was up 0.3% for month, 2.9% for year.

Telcos are trying to "launch a sneak attack" to derail pending legislation "so it can be shelved and forgotten in the final weeks of the congressional session," said Larry Wangberg, NCTA chmn. and Times Mirror Cable CEO. He told Washington Cable Club Sept. 14 that Congress will pass bill this session because legislation has "tremendous resiliency despite its powerful opponents in the telephone industry." He said cable industry is concerned that S-1822 as written would promote "unequal treatment between rural cable and telephone companies" and would create "possibility that cable companies could be denied interconnection to rural phone companies." Wangberg said cable doesn't oppose video dial tone (VDT) "as it was originally conceived by the FCC" but current crop of applications are "little more than an attempt by the phone companies to enter the cable business outright, without any of the safeguards... that would be provided by the legislation pending in Congress." He said NCTA is working with Consumer Federation of America (CFA), which supported 1992 Cable Act and has criticized cable industry in past, to oppose VDT applications.

RBOCs still support telecom reform legislation, but only if it results in less regulation, not more, BellSouth Chmn. John Clendenin said in keynote speech Sept. 13 to Telco-Cable IV conference in Washington. He said S-1822 and Markey-Fields bill could increase regulation, leading to "unintended consequences" and there's "a compelling argument against regulation whose aims far exceed the capacity of mere mortals to govern a complex system prudently." He said Aug. markup of S-1822 resulted in bill doubling in size, adding "regulation after regulation, cost allocation after cost allocation... Those of you in the cable industry have seen the damage that overcooked regulation can bring." Clendenin said bills would require FCC to conduct more than 4 dozen new proceedings: "How many more hundreds of employees will it take?... And if these new proceedings will slow communications advances, then in these closing weeks of Congress we need either to drastically change these provisions or simply decide to try again in another session."

National Assn. of Telecommunications Officers & Advisers (NATO) conference in Reno this week lost at least 10 speakers because of schedule conflicts and inaccessibility of location, conference chmn. Donna Mason said. Many of conflicts are in N.Y.C., where so-called cable "hell week" includes Kaitz dinner, NCTA meetings, CTAM breakfast, meetings of CableACE PR committee, Cable Academy board, Cable in the Classroom board, Women in Cable (WIC) board, National Assn. of Minorities in Cable, other conferences. Also this week in Washington (Sept. 20) is Senate hearing on telecommunications competition bill S-1822. Among previously confirmed speakers who dropped out was NCTA Pres. Decker Anstrom. NATO Pres. Susan Littlefield said that despite loss of cable speakers, Assn. was "still tremendously lucky" to have secured FCC Cable Bureau Chief Meredith Jones and 2 staff attorneys.

Nielsen added 6 basic cable networks to those it monitors for use of video new releases, public service announcements and similar programming. Beginning Sept. 15, tracking included ESPN, Nickelodeon, Discovery, TNN, MTV, Lifetime. Networks previously tracked by Nielsen's SIGMA system are CNN, Headline News, CNBC, E! Entertainment, USA.

Four Federal Bcstg. TV stations joined TvB: WLUC-TV Marquette, Mich., WPBN-TV Traverse City, Mich., WCFT-TV Tuscaloosa, Ala., WDAM-TV Laurel-Hattiesburg, Miss.

Canadian Radio-TV & Telecommunications

Commission (CRTC) ruled last week that video-on-demand (VOD) trials are exempted from "detailed regulation" and don't need license from Commission. However, CRTC stressed that only tests would be exempted and actual VOD deployments would be subject to full regulation. Exemption applies only to "true" VOD in which consumers actively choose programming, Commission said, not "near" VOD such as pay-per-view. To get exemption, CRTC said, trials must: (1) Aim to determine VOD's "technical feasibility." (2) Meet Dept. of Industry, Science & Technology requirements. (3) Use facilities of Canadian telecommunications carrier or licensed distributor. If using telecommunications carrier, CRTC said company must limit trial to either 400 terminals, 95% of which are in same local calling area, or 5% of subscribers, whichever is less. (4) Run fewer than 2 years and take place only once unless test involves educational purpose or uses "substantially different" equipment. (5) Obtain distribution rights for protected material. (6) Be nonprofit test with no advertising.

Prevue Networks plans to place first \$10 million equipment order this week en route to its \$50-million nationwide network of digital video servers, according to Michael Hanafee, COO of Prevue's Interactive Services Div. Order, to be placed with Scientific-Atlanta or General Instrument, will be for DigiCipher II-compatible integrated receiver/decoders for cable headends, he said. Overall network is designed to expand Prevue from provider of cable program guides, navigation and promotions to provider of entertainment and information, Hanafee said. Content could include near-video-on-demand movies, cross-channel promotions, home shopping, ad insertion and infomercials, he said.

INTV urged FCC Chmn. Hundt to conduct Notice of Inquiry review on reexamination of Prime Time Access Rule before starting rulemaking proceeding. Pres. James Hedlund in letter expressed concern of independent stations and potential 5th and 6th networks over allowing current networks to begin syndicating their own off-network programs. Hedlund said: "Eliminating the off-network rule is tantamount to a repeal of the entire Prime Time Access Rule."

Minority ownership of TV-radio stations increased to 2.9% in 1994 from 2.7% in 1993, NTIA announced. Hispanic ownership increased 28% -- to 120 stations from 94 -- while Afro-American ownership declined to 193 from 200. Asian-American ownership increased to 5 from 3, and Native American ownership remained at 5. Of TVs, Afro-Americans own 21, Hispanics 9, Asians 1, Native Americans none.

Bell Atlantic said Adelphia suit seeking to block VDT system in Dover Twp, N.J. is premature because service hasn't even been fully authorized by FCC. In filing at U.S. Dist. Court, D.C., BA said it must undergo "detailed tariff review process" before it can begin service, so Adelphia is relying on "purely hypothetical chain of [future] events."

U. of Denver changed name of business school to Daniels College of Business in honor of cable entrepreneur Bill Daniels in ceremony Sept. 13. Among other things, Daniels provided \$11 million matching grant to school to develop graduate curriculum in business ethics.

EchoStar Communications subsidiary Echosphere introduced RCA digital satellite system featuring 18" dish, digital receiver, remote control and delivery of 150 channels. System is available through 18 Colo. retailers.

Financials: **TCA Cable** said net profit grew 7% to \$5 million in 3rd quarter ended July 31. Revenue also was up 7% to \$41.1 million, and operating profit grew 4% to \$20.2 million... Shares of Canadian cable equipment maker **Cabletel** began trading on American Stock Exchange Sept. 13. Company is 65%-owned by ARC International... Moody's confirmed **CBS**'s senior unsecured debt ratings. It had put rating under review after CBS announced \$1.1 billion share repurchase program following collapse of QVC merger. Moody's said CBS cash flow would benefit from improved ad market and cost control... Wireless cable operator **People's Choice TV** (PCTV) said it agreed to give BCI Growth, L.P., 180,000 shares of new common PCTV stock in return for dismissal of \$4.5 million promissory note. BCI was original institutional investor in PCTV and one of largest stockholders... **United International Holdings** filed SEC registration for \$200 million of new senior subordinated debt... Merger of **Scripps Howard Bcstg.** (SHB) into parent E.W. Scripps was approved by stockholders. SHB shareholders will receive 3.45 shares of Scripps Class A common for each SHB share... **CBS** announced 5-for-1 split of common, paying dividend of 4 new shares on each outstanding common share... **Lancit Media Productions**, for-profit creator of PBS children's series *Reading Rainbow* and *The Puzzleworks*, announced \$34,874 net income for fiscal year ended June 30, vs. \$996,823 loss year earlier. Revenue was up 143% to \$8,914,698 from \$3,670,990... **Citicasters** purchased 350,000 shares of its Class A common stock from entities affiliated with **Fidelity Management & Research** for \$20 per share... Duff & Phelps set BBB- rating for **TCI** offering of \$300 million of 8.65% debt. Rating service cited TCI's strong cash flow, dominant position and opportunities in international and other services, as well as high degree of debt leverage.

Two-thirds of U.S. households are interested in receiving cable and telephony from same provider, but 47% don't care whether provider is telco or cable operator, according to survey of 1,000 households by EDS consulting group. Even among those who expressed preference between telco and cable or other alternative provider, "neither... emerged as a clear winner" since preferences were about evenly divided, said Barry Goodstadt, who handled survey for EDS. Partnership of cable operator with interexchange carrier was about 3 times as popular as cable operator alone for providing bundled telephony and cable, survey showed, and current cable subscribers were more likely to buy bundled service from cable. Goodstadt said data indicates that early entry into bundled services will be critical because consumer preferences haven't solidified: "While local telephone companies have access to all of the households in their service area, it is quite clear... that they have yet to win the hearts and minds of their customers."

Combined convention of NAB Radio Show, SMPTE, RTNDA and Society of Bcst. Engineers (SBE) is expected to attract 12,000-15,000, NAB Exec. Vp John Abel said. Pre-registrations are coming in too fast to make predictions, NAB Pres. Edward Fritts said, but Abel based estimate on more than 6,000 who attended NAB Radio Show last year, expected 6,000-7,000 for SMPTE, 2,000 for RTNDA, several hundred for SBE. Expected more than 130,000 sq. ft. of exhibit space moves combined convention into top-200 among U.S. conventions, Abel said. Even though NAB will spend \$900,000 more on meals and entertainment at show this year than last, Fritts said it expects to make \$900,000 profit without hiking registration fees. Though 4 conferences share same convention center, Abel said "very few" people have signed up to attend more than one. All will have access to all exhibits. Convention is Oct. 12-15 at L.A. convention center.

Program Notes: State court in L.A. last week threw out Elizabeth Taylor's suit against **NBC**. Judge Diane Wayne said Taylor's bid to stop airing of NBC miniseries about Taylor's life would be unconstitutional "prior restraint." Taylor sued for \$10 million, claiming that planned shows would hurt her reputation and violate her trademark... **ESPN2** reached 15.2 million subscribers 11 months after launch last Oct... **Talk Channel** signed carriage deals with Adelphia, American Cable, Cox, Newhouse, Triax. Deals give network, due to launch Oct. 1, commitments for 25 million homes passed... Time Warner finalized deal to carry *Prevue's Quikvue* data to households equipped with interactive boxes... **Turner International** signed deal with Videoland adding Chinese-subtitled feature programming on CNN International and distribution of TNT and Cartoon Network on Taiwan cable systems. Videoland is CNN distributor in Taiwan... **HBO** acquired exclusive premium channel rights to all 20th Century Fox films through year 2004, terms not disclosed... **Continental** signed agreement to test **Your Choice TV** in Dayton, O., suburbs for 4 months.

BBC, vying to become world's first broadcaster to start full-fledged terrestrial digital audio broadcasting (DAB), said it will launch Eureka-147 digital radio in 217.5-230 MHz next Sept. BBC plans to build its own DAB transmitters that first will be beamed to London area. Aim is to cover 60% of British population by 1998, according to Philip Laven, BBC controller-engineering policy. With BBC's declared intentions for Sept. 1995 DAB launch, "it now behooves the set makers to deliver [DAB] receivers," said Richard Norman, chmn. of exec. council, British Radio & Electronics Mfrs. Assn. (BREMA). Seminar organizers said British chip manufacturer Ensigma is working to develop VLSIs for first-generation DAB receivers. Laven acknowledged that U.S. is unlikely to adopt Eureka-147 system, though technology sponsored in U.S. by Thomson is being tested by EIA. He and Temple agreed that "the rest of the world is up for grabs" for DAB.

In step toward worldwide standard for ways to control equipment used to produce television programs, SMPTE and European Bestg. Union approved ESlan-1 standard and is moving toward more advanced ESlan-2 standard. Consultant Merrill Weiss, chmn. of SMPTE television production committee, said ESlan standards would eliminate need for special interfaces or translators and for special software for each connected device. "This will be especially important as the convergence between computers, telecommunications and television continues," Weiss said. ESlan schemes allow communications among many types of equipment, including editors, VTRs, routing switchers, release switchers, production switchers, digital effects, graphics equipment, audio tape recorders.

Syndicated show **Main Floor** is program-length commercial pitching products made by show's sponsors, rather than news program, according to complaint filed at FCC by Consumer Federation of America, Center for Study of Commercialism (CSC), Media Access Project, Center for Media Education and Telecommunications Research & Action Center. "The whole premise of Main Floor is that it tries to trick viewers into thinking that they are watching a real program instead of an advertisement," said CSC co-founder Michael Jacobson. Groups have asked FCC to require continuous sponsorship identification during program-length commercials.

China USA Entertainment, L.A., will air U.S. popular music on China National Radio (CNR) under 5-year deal. Terms weren't disclosed.

Meetings: Impact of media on ability to conduct fair trials will be subject of Annenberg Washington Program conference 4:30-5:30 p.m. Sept. 21 at Annenberg hq, 1455 Pennsylvania Ave., Washington -- 202-393-7100... NAB Service to Children TV Symposium is Sept. 22-23 in Washington. All-day seminar Sept. 23 at ANA Hotel includes programming and FCC rules -- 202-429-5368... Institute of Electrical & Electronics Engineering (IEEE) holds broadcast symposium Sept. 22-23 in Washington. Advanced TV transmission session includes overview of Coded Orthogonal Frequency Division Multiplexing (COFDM), and report on recent Charlotte ATV transmission subsystem field tests. Best. TV engineering session includes report on transition to digital operation for wireless cable. -- 202-785-0017... Philadelphia Phillies owner Bill Giles will speak at conference of Cable TV Administration & Mktg. Society (CTAM) Oct. 3, Trump Plaza, Atlantic City -- 703-549-4200.

Direct Bcst. Satellite Corp. (DBSC) asked for FCC permission to amend its application to provide international as well as domestic DBS service. Company plans to begin operating 2 Martin Marietta DBS satellites from 61.5° and 175° W in 1998. Company said one satellite can provide service to all of Latin America and parts of Europe and Africa; other could reach parts of China, Australia, Japan, Korea and Philippines. Company said allowing it to provide international service would help it compete against well-funded, entrenched DBS competitors, would enhance efficient use of orbital slot/spectrum resources and increase exports of U.S. programming.

Cable could have "a good thing going" if it can "figure out how to stitch together the nation's cable networks into a single, interoperable supernetwork," Comcast Pres. Brian Roberts said in keynote to Telco-Cable IV conference in Washington. Despite that, he said, immediate, all-out competition between telcos and cable wouldn't be fair because of telcos' advantages such as size, market presence, inability of cable to compete in local telephony in 44 states, lack of telephone number portability, unfair sharing of telephone revenue.

There was no ruling last week on criminal contempt charges against CNN resulting from its airing of tapes of telephone calls between Manuel Noriega and his lawyers. In contempt hearing Sept. 14-15 in U.S. Dist. Court, Miami, CNN lawyers said network didn't believe it violated gag order because order involved illegal censorship and because Noriega's attorney had waived attorney-client privilege. U.S. Dist. Judge William Hoeveler, who issued original order, was expected to take arguments under advisement. CNN could face fine up to \$100,000.

Lucille Salhany, former Fox Bestg. chmn., was named pres.-CEO of United Paramount network. Network expects to begin Jan. with 4 hours of programming weekly and has signed up 41 affiliates with 85% national coverage. Rival network planned by Time-Warner (TW), which also begins in Jan. with 2 hours of programming weekly, has lined up 35 affiliates with 73% coverage.

Liberty Cable, Nynex and Sprint agreed to market their services jointly in 6-month trial to determine consumer response to joint offering of cable and telephony. New "Triple Saver" package will be available to 5,000 apartments in 6 Manhattan buildings beginning in Oct.

Clear Channel Communications is buying WXXA-TV (Ch. 23, Fox) Albany, N.Y., from Heritage Bestg. Group for \$25.5 million.

U.K. govt. ended ban on appearances of members of IRA and Sinn Fein on British media. British Prime Minister John Major said ban no longer was serving purpose. BBC and others had been using actors to read statements from IRA and Sinn Fein officials. Meanwhile, U.S. broadcasters can carry BBC news reports about Northern Ireland without notifying audience that reports were censored by British govt., FCC ruled in rejecting complaint filed by Irish National Caucus. Rebroadcast of BBC reports by some U.S. stations violates FCC rules prohibiting news distortion, Caucus claimed. Complaint cited WHYY-TV and WHYY(FM) Wilmington, Del. as well as American Public Radio, as among those carrying BBC reports. However, FCC said such broadcasts don't violate any rules or other laws, and suggested that if Caucus wants that changed it should petition for rulemaking.

New World Communications Group completed previously announced purchase of KSAZ (Ch. 21, CBS) Phoenix, WGHP-TV (Ch. 8, ABC) Greensboro-High Point, WDAF-TV (Ch. 4, NBC) Kansas City, from Citicasters. Citicasters changed name from Great American June 8. Stations will be switching affiliation to Fox. Kansas City station switched Sept. 12. KSAZ will do so by end of year. Sale of WBRC-TV (Ch. 6, ABC) Birmingham in same deal will be completed in Oct. New World has agreed to sell Greensboro and Birmingham stations to company to be designated by Fox, and stations will switch affiliation to Fox at that time.

Thomson and France Telecom will unveil digital satellite decoder system at International Bestg. Conference (IBC) in Amsterdam beginning Sept. 16. MPEG-2-compatible decoder is based on DBS system developed for U.S. market, will be available in versions for cable headends and for direct-to-home use. Units are compatible with European digital video broadcast specification, with either 4:3 or 16:9 aspect ratios, will use smart cards.

New board of Nostalgia Network voted to accept \$2.30 per share offer of Concept Communications to acquire control of network. Action came after new board members were elected at annual meeting Sept. 9. In addition to incumbent board members, all affiliated with Washington Times Corp., new members are consultant Larry Howe, lawyer Farley Jones, Masahisa Kobayashi of International Oceanic Enterprises, Phillip Sanchez of American Freedom Coalition, Washington Times Managing Editor Josette Shiner.

Only 5 companies have widespread, strong reputation in interactive multimedia, according to survey of 115 telecommunications executives by Kalba International, Lincoln, Mass. Firm said only AT&T, Bell Atlantic, Microsoft, Time Warner and Viacom were named as industry leaders by at least 25% of those surveyed.

GE, NBC and Disney officials declined comment on reports Sept. 14 that Disney is discussing purchase of network. Disney deal with NBC reportedly would include stations. Media analysts questioned whether Disney would be willing to spend premium, up to \$5 billion, that GE is said to be seeking.

Harris Corp. won contract to provide equipment to Radio TV Malaysia, including mobile satellite newsgathering systems and 78 VHF and UHF transmitters.

Infinity Bcstg. is buying KLUV(FM) Dallas-Ft. Worth for \$51 million from TK Communications. Infinity owns KVIL-AM-FM there.

With DBS-2 operational, DirecTV said it will offer expanded service beginning today (Sept. 19) with introduction of Total Choice programming package, available through consumer electronics and satellite dish dealers for \$29.95 per month. Total Choice contains 40 subscription services, including A&E, Bloomberg Direct, Cartoon Network, CMT, CNBC, ESPN, others. Package also includes Disney Channel, Encore, TNT, 28 channels of digital music and \$2.50 coupon to apply toward first pay-per-view purchase each month. DirecTV also replaced Personal Choice package with new Direct Choice package that includes 25 basic subscription channels for \$21.95 per month.

FCC denied petition to reinstate audio sponsorship identification for TV political advertisements requested by People for the American Way and Media Access Project. Commission rejected argument that it had acted without soliciting reply comments, and said action was dictated by "urgent need" to provide guidance to candidates and stations during campaign period.

U S West's Matthew Salmon Aug. 13 edged out Ariz. Cable TV Assn.'s (ACTA) Susan Smith for GOP nomination to run for House seat being vacated by Rep. Coppersmith (D). Salmon, community affairs dir. and 2-term state senator, was favored to win. Smith is ACTA exec. dir. Coppersmith is leaving to run for Senate seat being vacated by retirement of Sen. DeConcini (D).

TCI isn't commenting on reports that it was discussing buying part of America Online (AOL). Wall St. Journal, citing unnamed sources, said MSO also is talking to Microsoft about starting competing online service. AOL deal reportedly would involve buying 9% held by Microsoft co-founder Paul Allen.

Vice President Gore praised federal workers for making good use of telecommunications technology as part of his "reinventing government" program. In Sept. 14 update to report issued in March, he lauded FCC for creating new Cable Div. as recommended in earlier reports. Gore said expansion of FCC was fine, because it was carrying out responsibilities mandated by Congress. He also praised agency for conducting auction with updated technology and systems not tried before.

Primestar said it's now serving more than 100,000 subscribers in 48 states. Company attributed 48% growth since Aug. to local efforts of distributors and national ad campaign that kicked off in June. It said TV commercials, which include 1-800 number, are generating more than 10,000 calls a day, and more than 1,000 subscribers are being added daily.

Wireless cable firm People's Choice TV (PCTV) asked Del. Chancery Court to force wireless operator Preferred Entertainment to hold annual stockholders meeting, in petition Sept. 13. PCTV owns about 22.6% of Preferred stock, is seeking representation on board. Stockholders meeting originally scheduled for mid-July was cancelled, hasn't been rescheduled.

U.K.'s Mirror Group and 5 U.S.-based cable operators said they plan to launch British cable network focusing on live events, called Live TV. U.S. partners are Nynex, Southwestern Bell, U S West, TCI, Comcast.

BT agreed to buy Scientific-Atlanta digital video compression equipment for use in its 350-site internal business TV network. Digital network, replacing analog system, is to be operational in Nov.



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Personals

Marty Loughman, Shamrock Bestg. pres., adds CEO responsibilities, succeeding **Bill Clark**, who remains chmn... Congress approved nomination of **Frank Cruz**, Gulf Atlantic Life Insurance pres. and a founder of Telemundo, to CPB board... **Henry Cauthen** confirmed by Senate to another term on CPB board... **Gregory Kasparian** moves up to vp-TV audience measurement, CBS Best. Group; **Theodore Reynolds** advanced to dir.-affiliate and international research... **Mauro Sardi** promoted to senior vp-international pay TV-administrative operations, Warner Bros. International TV Distribution.

Tom Ehlmann, ex-KDNL-TV St. Louis gen. sales mgr., takes same post at KOVR Stockton-Sacramento... **Les Schulte**, ex-WDWS-AM/WHMS-FM Champaign, Ill., appointed dir.-corporate support, WILL-TV-AM-FM Urbana... **Christian Wilse** advanced to head of international TV sales-Asia, Africa, Middle East and E.W. Europe, International Best. Network... Named to NAB Alcohol Education Advisory Board: **Frances Cooper**, Communications Technologies, San Francisco; **Anderson Johnson**, dir., Institute for Health Promotion & Disease Prevention Research, dir., USC Health Behavior Research; **Patti Munter**, National Organization on Fetal Alcohol Syndrome; **David Musto**, National Advisory Committee Robert Wood Johnson Foundation; **Everett Rogers**, Dept. of Communication & Journalism, U. of N.M.; **Beverly Schwartz**, Academy for Educational Development; **Lyn Weiner**, Boston U. School of Medicine.

Alexandra Wilson, former FCC Cable Bureau chief, named Cox Enterprises dir.-public policy... **Wendell Bailey**, NCTA vp-science & technology, appointed vice chmn. of steering committee for FCC's Network Reliability Council... **Rod Perth**, ex-CBS Entertainment senior vp-late night and nonnetwork programming, appointed USA Networks Entertainment pres. and USA Networks programming exec. vp... **Thomas McGrath**, ex-Time Warner International Bestg. pres. and senior vp-new business development of HBO unit, named exec. vp, Viacom Entertainment Group... **Joseph Waz**, exec. vp-gen. counsel, Wexler Group, will join Comcast as vp-external affairs and public policy counsel Nov. 1... **Bruce Gillman**, ex-Viacom Cable, becomes vp-human resources, Showtime Networks; **Kim Lemon** promoted to vp-research... **Rex Wilder**, ex-Rex Wilder Ad agency, and **Linda Evans**, ex-HBO national ad mgr., join TBS Mktg. as vp-creative dir. and senior dir., respectively... **Adene Lacy**, ex-Imagine Films Entertainment vp-controller, joins Viacom Productions as vp-finance and operations... **Kim McQuilken** advanced to vp-sports and brand licensing, Turner Home Entertainment... **Barry Augenbraun** named exec. vp-gen. counsel, Home Shopping Network... **Lee Tenebruso**, ex-Showtime vp-special projects, appointed vp-mktg., Talk Channel.

FCC appointments: **Anthony Williams**, ex-W&J Management Co., as dir., Office of Small Business Activities; **David Solomon** as acting deputy gen. counsel; **Catherine Kissée-Sandoval** moves to deputy dir., Office of Small Business Affairs; **Carol Mattey**, NTIA Office of Policy Analysis & Development, named deputy chief, FCC Common Carrier Bureau Policy & Program Planning Div.

Hal Krisbergh resigns as corporate vp, General Instrument and head of company's Communications Div. to pursue other opportunities, no replacement named... **Scott Martin** moves up to vp-intellectual property, Paramount Motion Picture Group... **Clint Clifford**, ex-Lowe & Partners/SMS N.Y., named People's Choice-TV vp-mktg.

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OBITUARIES

James Aubrey Jr., 75, CBS TV Network pres. 1959-1965, died Sept. 3 at UCLA Medical Center after heart attack. He was MGM pres. 1969-1973, later independent producer. Aubrey wasn't popular at CBS, was termed "the smiling cobra." At one time, he was expected to become pres. of whole CBS network, but Chmn. William Paley and Vice Chmn. Frank Stanton became concerned about his harsh mode of operation, moved him out. LaSalle, Ill., native, Aubrey is survived by son, daughter.

Leo C. Lee, 77, Western Public Radio founder and pres. since 1978, died of cancer at home in San Francisco Sept. 14. Lee, also former NPR western regional editor and bureau chief, was 1989 recipient of Edward R. Murrow Award for outstanding contributions to public radio. Two sons, 3 daughters, 2 stepdaughters and stepson survive.

Edwin Jorgensen, 48, asst. chief, FCC FM radio branch since 1987 and FCC lawyer since 1974, died Sept. 12 at Washington home. He had AIDS. Iowa native, he obtained law degree from George Washington U. He's survived by mother, 3 brothers.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	AUG. 27- SEPT. 2	1993 WEEK	% CHANGE	AUG. 20-26	35 WEEKS 1994	35 WEEKS 1993	% CHANGE
TOTAL COLOR TV.	488,911	412,868	+18.4	972,394*#	16,056,035*	14,513,339	+10.6
DIRECT-VIEW..	472,062	400,325	+17.9	952,018*#	15,719,973*	14,269,506	+10.2
TV ONLY.....	438,232	370,148	+18.4	895,129*	14,534,604*	13,473,276	+ 7.9
TV/VCR COMBO	33,830*	30,177	+12.1	56,889*	1,185,369*	796,230	+48.9
PROJECTION...	16,849	12,543	+34.3	20,376*	336,062*	243,833	+37.8
VCR DECKS.....	197,748	218,219	- 9.4	598,444*	7,435,779*	7,296,493	+ 1.9
CAMCORDERS.....	16,839	41,846	-59.8	139,123*	1,899,938*	1,825,623	+ 4.1
LASERDISC PLYRS	5,799	7,703 ^r	-24.7	7,752	175,201	177,585 ^r	- 1.3

Direct-view TV 5-week average: 1994--542,786*; 1993--450,128 (up 20.6%).

VCR deck 5-week average: 1994--255,849; 1993--229,654 (up 11.4%).

Camcorder 5-week average: 1994--51,044; 1993--51,053 (down .0002%).

* Record for period. ^r Reflects revision by EIA. # Correction of typographical error.

HUGE SAMSUNG TV-TUBE-PARTS COMPLEX IN MEXICO: Samsung is expected to start construction on what will be of one of biggest integrated TV production facilities in N. America late next month, to be operational by end of 1995. New \$400-million Tijuana facility, which eventually will employ 4,000, will be one of biggest in Mexican border zone and quite likely largest devoted to TV.

The 65-acre plant will produce everything from picture tubes to microprocessors to remote controls, in addition to assembled TV sets, said Eduardo Rojo Lopez, promotion dir. for Baja Cal. Dept. of Economic Development, as quoted in San Diego Union-Tribune. Newspaper said deal involved 2 years of negotiations between Samsung and Mexican and Baja Cal. govt. officials.

Samsung already has large TV assembly and components plants in Tijuana, and it's unclear whether new facility will replace or be in addition to those. Although Mexican commerce secy. and Baja Cal. governor were involved in formal announcement in Tijuana last week, according to Union-Tribune, there was no verification of magnitude of plant by Samsung Electronics in U.S., nor -- so far as we could determine -- in Korea.

It has been known for several months that Samsung planned to build picture tube plant to feed its TV set operation -- and other set makers -- in Tijuana (TVD July 4 p12). Samsung's TV plant in Suwon, S. Korea, also is adjacent to its tube plant there. It also has picture tube plants in Malaysia and Germany and TV glass-making joint venture with Corning in Korea. Recent Reuters dispatch from Seoul said that Samsung would start building \$150-million tube plant in Tijuana, scheduled for completion in Sept. 1995, noting that tube facility will come under Samsung Display Devices Co., while existing TV and components plants there are operated by Samsung Electronics Co. and Samsung Electro-Mechanics Co., respectively.

Samsung will be 9th TV picture tube manufacturer in N. America and first in Mexican border zone, where TV assembly has increased sharply since N. American Free Trade Agreement went into effect Jan. 1. Only other TV tube maker with Mexican plant is Thomson, which makes 19" and 20" tubes near Mexico City. Other picture tube plants in N. America are owned by Thomson, Philips, Zenith, Sony, Hitachi, Toshiba and Matsushita, all in U.S., and Mitsubishi in Canada. Reuters report quoted Samsung spokesman in Seoul as saying of new tube plant: "At first our main customers will be the factories of our affiliates, but our supply to other manufacturing firms there will grow steadily later."

Samsung once operated large-screen TV assembly plant in Roxbury, N.J., but shifted operations to its Mexican plant in 1991 (TVD Nov 4/91 p10). Korea's other 2 major TV manufacturers -- GoldStar and Daewoo -- also have large assembly operations in Mexican border zone.

Samsung is zooming to worldwide dominance as consumer electronics and appliance manufacturer, spending huge sums on factories outside Korea. In addition to Mexico, company is focusing on China -- as both production and sales site -- and has been quoted as saying its trade with China will exceed \$1 billion this year. It's building \$100-million electronics plant in Tianjin to make camcorders, TVs, stereos, VCPs and cameras for both Chinese market and export, reportedly with ultimate goal of producing 3 million VCRs and 2-3 million TVs there to compete in world market (TVD Aug 29 p15).

Another Samsung China project, reported from Seoul last week, is \$500-million plant complex in Suzhou to make ICs, air conditioners, refrigerators and microwave ovens, starting in late 1995. Samsung's main Korean rival GoldStar says it plans to invest nearly \$1 billion in Chinese production ventures by 2000, when it expects 30% of its worldwide sales to be products made there.

CEDIA EXPO IN DALLAS DRAWS 3,044: Carriage-trade audiovideo has found showcase in Custom Electronic Design & Installation Assn. (CEDIA) Expo as industry's trade shows continue to fragment into smaller, more specialized displays in line with trend in consumer electronics in general.

Exuberant organizers of last weekend's Expo at Dallas Infomart were basking in success of event, which broke records in attendance and exhibitor participation. Organizers said event drew total of 3,044 (up from 2,100 year ago at same site), including 1,600 dealer-installers, 930 supplier executives, 350 manufacturers reps.

As enthusiastic as promoters were about quality and breadth of exhibits by 158 companies, they resisted suggestions that CEDIA conference could fill void left by demise of annual Summer Consumer Electronics Show in Chicago. CEDIA Pres. Eric Bodley of Sound Advice said failure of June CES as audiovideo trade show may have played only indirect role in CEDIA's ability to raise total exhibit area to 40,000 sq. ft. at this year's event from 25,000 sq. ft. year ago. "The big issue here is that in the past, we've had a number of manufacturer members, but they haven't all exhibited," he said, while this year virtually all are exhibiting. "They're all finally coming here rather than dividing their attention between 2 shows."

CEDIA Treas. Rob Gerhardt, who chaired Dallas expo, said "the commitment to education" always has been primary focus of CEDIA conferences. "To be quite blunt about it, we discovered [in the process] that manufacturers are willing to pay reasonable amounts of money [for exhibit space] to have access to a lot of people at the same time." Future conferences are likely to offer "an increasing focus on education" because "there is an insatiable appetite for information in this new industry at this point... Apparently that theme is more popular than the one that just focuses on just walking by looking at merchandise. And in an industry where the trade show is declining and ours is soaring, I think it would be foolish for us to turn our backs on this magic formula."

Gerhardt said it was "unfortunate" that Summer CES "was forced to close," and that "we didn't step forward to fill that vacuum. I think the result is beyond a doubt good. We've given these manufacturers the ability to get a better signal-to-noise ratio in talking to the people they want to."

Financially, CEDIA, which operates on annual budget of \$1,146,000, "has never been as healthy as it is now," Gerhardt said. Annual show "is clearly the machine that allows CEDIA to do what it does," he said, generating about 3/4 of total CEDIA income, with 28% from membership dues. This year's show was expected to return \$760,000 in revenues and cost \$520,000 to produce, he said. Vp Jeffrey Zemanek said that following recent lull in subscriptions, CEDIA's designer-installer membership has climbed to 390, with total membership at previously set target of 620.

In Dallas, CEDIA exhibitors we canvassed were so enthralled with event that most expressed ambivalence about need for Chicago summer audiovideo trade show announced recently by EIA (TVD Sept 5 p13). "I will go wherever my dealers go," Denon Vp-Sales & Mktg. Stephen Baker said, noting that CEDIA provided kind of exposure his company is seeking. As for planned EIA-backed Chicago show, Baker said: "I have to feel comfortable that a lot of my dealers will attend. I'm not sure of the viability of the concept. We just saw the death of Summer CES from the audiovideo side of the business. The organizers of the show are going to have to do a really good job to sell the concept if it's to be successful."

Soundstream, absent from Summer CES for 5 years, won't miss that event, Managing Dir. Lee Adams said. "It's not a bad idea," Adams said of would-be EIA-backed high-end show next June in Chicago, "but we'd rather spend our marketing dollars on local events for our dealers and the niche shows. If it turns out that we're conspicuous by our absence from the high-end show, then we'll go, but I think there's really no need for it from our standpoint."

Mounting specialty audio exhibits at recent Chicago shows wasn't cost-effective for Canton, Pres. Steven Teachout said. If specialty audiovideo trade show were reconfigured and brought in broader cross-section of dealers and reps as result, "it could be interesting," he said. "All manufacturers have budgets for travel and entertainment, and they'll go to whatever gives them the best bang for the buck." Using that yardstick, Teachout said, CEDIA, with its targeted focus, is providing Canton with much "bang."

Equity Group, parent company of B&W, Custom Woodwork & Design, Rotel and Rock Solid Sounds brands, also is comfortable with exposure provided by niche shows such as CEDIA, Exec. Vp Chris Browder said. "The industry has branched off into several significant niches that are well served by smaller meetings and shows," he said, "and the high end is served by the Stereophile show. To the extent that that's true and that most of these shows occur before June, we could debate the need for another show."

Equity Group was one of some 65 companies to sign letter of support for high-end summer show, Browder said, noting that his position as pres. of Academy of High-End Audio swayed him to take that action. "The Academy's board of governors voted to support the show, and I applaud that because of the significant interest from a number of companies that constitute the membership," he said.

Marantz America is supportive of separate high-end show, Mktg. & Training Mgr. David Birch-Jones said. "The June show last year was as busy as I've ever been," he said, "and that's the way it's supposed to be. Three or 4 years ago I wouldn't have given a high-end show any attention at all, now I'm looking at it." He said he will base decision on participating at next June's Chicago specialty show on new product plans.

Meanwhile, product highlights from CEDIA Expo included Sonance's foray into high-end video, first in evidence at last Chicago CES. Audio manufacturer, well known for its line of in-wall speakers, signed agreement with commercial video supplier Captain N.Y. to distribute, market and sell JVC-made W-VHS HDTV VCR (TVD July 4 p15). "We're proud to be the not-so-big company that brings HDTV to the U.S." Sonance Pres. Scott Struthers said. "We wanted to make a big statement about home theater, and the way for us to do that was to make a dramatic one."

FLASH MEMORY SURGE SEEN: Nonvolatile flash memory cards "will usher in a new era of storage technology and help open the door to truly consumer-oriented computing applications," Dataquest industry analyst Rod Watkins forecast. "It is realistic to imagine that in the near future flash cards will be found shrink-wrapped and on the shelves of consumer electronics stores," he said.

Worldwide PCMCIA flash card market will grow from just over 250,000 cards this year to more than 8 million in 1998, according to Dataquest, which sees them as particularly significant in hand-held applications. Watkins told us flash cards should see major applications in handheld computers and communicators, including "super cellular phones" and as "electronic film" in still cameras near end of century.

Dataquest analyst Roger Bohm forecast "flash will even begin to exert pressure on volatile memory and magnetic storage technologies, especially in some enabling mobile applications." Hitachi already has announced it will have flash memory camcorder within 5 years (TVD Sept 5 p9). That system won't use PCMCIA cards but stacked flash memory array little larger than sugar cube. Details on Dataquest flash car research: 800-419-DATA.

Serviceability ratings by International Society of Certified Electronics Technicians on basis of evaluations at recent convention in Portland, Ore.: RCA 84.4, JVC 83.1, Hitachi 81.8, Magnavox 80.6. Last year, 4 tested sets scored only in 70s, IS CET said.

Arista Technologies has delayed introduction of Commercial Brake, device designed to eliminate commercials from videotaped programs (TVD Jan 17 p16). Production delays have forced company to push delivery date to Dec.-Jan. from late summer, spokeswoman said. Commercial Brake, which will retail at \$200, attaches to VCR, TV and AC outlet and contains microprocessor that senses commercials, putting VCR in fast-forward mode. Arista is marketing unit through exclusive agreement with Arthur D. Little Enterprises and product's inventor Jerry Iggleston. Little is negotiating with CE manufacturers on building technology into VCRs, although no agreements are expected before year-end, company spokesman said.

TV viewing limiter that can monitor and control viewing time of up to 8 people is being marketed by Synaptic Designs, Raleigh, N.C. "Time Slot" lets parent allot specific number of viewing hours to each viewer on daily, weekly or monthly basis, but lets user budget how that time is used. System, operated from magnetic cards, can also be used to lock out certain viewing hours. Device comes with parent's cards and 4 children's cards for \$150. Additional cards can be purchased.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 99 yen = \$1, except where noted.

RCA 'FASTEST-GROWING' AUDIO BRAND: RCA Audio line, introduced 2 years ago as youthful, music-oriented alternative to "utility-oriented" GE audio gear, now is "fastest-growing brand in the audio industry," buoyant Thomson Consumer Electronics (TCE) executives told N.Y. news conference last week.

Officials credited CD technology -- which figures prominently in 75% of 29 models that comprise RCA Audio product line -- for sales surge they said has boosted brand to No. 2 market share position (behind Sony) in all portable audio and shelf-system categories in which company has fielded product.

Audio is part of Audio & Communications Div. of TCE, which also encompasses telephone equipment and is located in Syracuse, reporting to TCE Americas hq in Indianapolis. Vp-Gen. Mgr. Robert Giordano said GE is No. 2 brand in cordless and corded phones and TCE's audio and communications have sales "approaching \$1 billion" annually. Products are sourced mainly from Thomson-owned plants in Singapore, Malaysia, China.

News conference introduced first GE-brand 900MHz cordless phone, expected to sell below \$200, and first phone designed specifically for bedroom -- incorporating clock, night light, alarm, timed "do not disturb" switch, etc. -- at \$49 list. Communications Div. Mgr. Andy Laria said TCE will develop other phones for specific room use and showed mockup of proposed kitchen phone.

Audio Product Management Mgr. Dan Collishaw said RCA brand has climbed average of 6 market share points in CD-based products. "The successful launch of RCA and its phenomenal consumer and retail acceptance as a leading audio brand has stepped up our investment in R&D," he said, citing establishment of Key Components Group. Headquartered in Germany but with input from all of TCE's operations, group now is exploring manufacture of parts such as optical pickups, transport mechanisms and ICs for CD players, plans factories throughout world, including U.S., and will supply other manufacturers in addition to TCE, Collishaw said.

"The bottom line is that the success of RCA Audio gave us the confidence to go forward aggressively, expanding our presence in current segments, strengthening our leadership position through investment in digital technology and continuing to leverage the RCA momentum in TV, video and Digital Satellite Systems (DSS)." In jab at its key audio competitor, Collishaw referred to RCA's familiar Nipper trademark when he said: "Beware Sony, the big dog has come to play."

TCE executives seemed less than enchanted with sales performance of Sanyo-sourced RCA playback-only MiniDisc portable. RCA-brand model introduced year ago at \$599 (TVD June 7/93 p13) later was slashed by \$200 and now is out of stock, with no successor currently planned.

"We're still exploring what conditions make [MD] an attractive mass-market product," including issues such as pricing and software support, Collishaw said. "We are actively mastering the technology" from key component standpoint "and we'll be ready when the time is right." Asked what lessons company has learned from its MD experience, Collishaw said that "people are pretty satisfied with their current type of software." He said there may come point at which consumers are willing to "exchange" CDs for new format such as MD, "but we haven't found that yet."

In size and portability, MD "is really not there" compared with cassette, Collishaw said, when asked whether he agrees with Sony positioning of MD as long-term replacement for analog cassette. He criticized MD's antishock feature as being technically fallible. "You can jog with a personal cassette stereo, you can't jog with a MiniDisc" except in "9-second leap sprints," he said, "so I'm not sure it's a direct replacement for the cassette -- yet." He also admitted that if company could do it over again, it would opt to sell record-playback MD portable instead of playback-only model. He agreed that sales thus far of record-playback MD devices have outpaced those of playback-only models by wide proportions because of novelty of digital optical recording function and dearth of available prerecorded MD software.

On viability of DCC, Collishaw said Philips format does sport joggability comparable with that of analog cassette personal stereos. But DCC, like MD, hasn't reached price points where it can be considered "a viable mass market product," he said. He cited "potential" for DCC in Europe because pricing there has become "very aggressive" -- apparently referring to recently announced closeout pricing on first-generation DCC products by Philips U.K. and other European subsidiaries. But Collishaw declared that "neither format has lived up to original expectations."

Collishaw speculated that current CD and cassette could continue to dominate audio field until "the end of software" -- era when music is "downloaded from satellite to black box."

TANDY TESTS NEW FORMAT: Tandy is quietly testing new retail format in secondary markets that features audiovideo products mixed with heavy emphasis on home office.

AV&C Superstores have opened in College Station, Tex., Brunswick, Ga., and Dothan, Ala. in last 6 months, although Tandy has released few details.

Stores are 12,000-15,000 sq. ft. with 1,600 products including branded big-screen TVs, VCRs, camcorders, stereo components, cellular phones, PCs, fax machines, copiers. Outlets also emphasize broad selection of accessories including batteries, blank tape and cable hook-ups, approach that Tandy's Radio Shack also has taken. Stores have noncommissioned sales force and offer delivery, installation and repair of products.

Tandy officials didn't return phone calls seeking comment. Tandy Senior Vp-Gen. Mgr. David Thirion said in news releases sent only to individual markets that "you will find a significantly larger computer department, more televisions and a wider selection of sound products."

If expanded, AV&C would be Tandy's 7th retail chain following Computer City (CC), The Edge in Electronics, Incredible Universe, McDuff's, Radio Shack, VideoConcepts. New chain seems to follow format similar to McDuff's and VideoConcepts, both of which were cut back. It also seems to complement Computer City Express stores that are smaller version of full-size CC outlets. AV&C also comes as Tandy undergoes major changes, including selling off manufacturing businesses, revitalizing Radio Shack, expanding Incredible Universe.

PIONEER BOWS \$4,000 CD RECORDER: Pioneer, long proponent of CD-R but skittish for years about marketing product because of copyright debate, introduced \$4,000 CD recorder at Custom Electronic Design & Installation Assn. (CEDIA) Expo in Dallas to bow. Product, available immediately, is being sold through company's high-end limited-distribution Elite dealers, but executives said Pioneer is eyeing possible introduction of more mainstream-priced machines in U.S. next year.

As accommodation to dealers and consumers, Pioneer is selling companion blank CD-R discs at \$25 each (executives wouldn't reveal where they were sourcing supplies). But Audio Brand Mgr. Matthew Dever said Elite retailers would be encouraged to tell their customers that blank CD-Rs are becoming more readily available at lower prices.

Pioneer announcement hailed introduction as "a move that will revolutionize the digital audio world and create a new marketplace" for CD format. Statement quoted Home Electronics Mktg. Vp Kerry McCammon as saying company expects it will be "very well received as an addition to consumers' music systems, supporting both the hardware and software industries." Announcement mentioned nothing about copyright debate that inhibited Pioneer from delivering product years ago, when it first started showing technology at Japan Audio Fairs and other worldwide trade shows. Dever confirmed unit contains Serial Copy Management System (SCMS) mandated by Audio Home Recording Act (AHRA), as unit will be positioned expressly for consumer market.

Year ago, loosely assembled group of Japanese hardware manufacturers and media companies banded together to announce collective intention to market CD-R products sometime this year. Initiative drew negative reaction from trade group Recording Industry Assn. of Japan (RIAJ), which said marketing of CD-R would constitute violation of 1989 Athens agreement in which hardware and software companies agreed to convene working group discussions in advance of commercialization. Japanese copyright compromise on digital audio is far less sweeping in scope than American AHRA as it applies only to introduction domestically of DAT, DCC and MiniDisc products.

Asked what had changed to permit Pioneer to feel more comfortable about marketing CD recorder, Dever told us company had been given "blessing" by RIAA to forge ahead with marketing plans. As "goodwill gesture," Dever told us early in week, Pioneer planned to send RIAA officials copy of PDR-09 news release via overnight courier. But RIAA Exec. Vp-Gen. Counsel David Leibowitz said his group "is not a certifying entity" and never aspired to role of giving hardware companies green light to market any products. As long as Pioneer PDR-09 contains SCMS in compliance with AHRA, RIAA considers home copying aspects of CD-R to be closed issue, he said. RIAA's concerns with CD-R technology relate to finding ways of mitigating commercial piracy of CDs, he said.

47th St. Photo has paid \$300,000 that N.Y. state claimed it owed in sales tax for early part of year, informed sources said. N.Y.C. retailer was required to pay tax by Sept. 15. Asst. N.Y. Attorney Gen. Audrey Wohlgemuth declined comment and 47th St. Vp Stuart Held didn't return our call. State also has \$12-million claim for sales taxes for 1988-1992. 47th St., which has operated under bankruptcy protection since 1992, secured \$3 million in financing from Israeli manufacturer in Aug. (TVD Aug. 29 p15) in exchange for 22.5% stake in chain.

HITACHI SETTLES VCR PLUS SUIT: In action that could affect vendors of VCR Plus-equipped VCRs, Hitachi last week settled suit with inventor who claimed patent for part of technology. Same suit had named Gemstar, developer of VCR Plus, as defendant, but it couldn't be learned at deadline whether Gemstar had settled as well.

Jack Beery, in suit filed in U.S. Dist. Court, L.A., in Aug. 1993, charged that Hitachi and Gemstar infringed on patent for TV control system for selecting channel corresponding to preassigned designation. Patent applied to TVs as well as VCRs, satellite receivers and "any apparatus capable of tuning a television signal from a multiple channel source." Invention also permits viewer to choose desired channel through "select code," patent says.

Full impact of settlement is unclear since terms weren't disclosed and Matthew Clark, Hitachi vp and corporate counsel, didn't return call for comment. Hitachi said in prepared statement that settlement was reached on "mutually satisfactory terms and without admission of liability." Gemstar General Counsel Raymond Menkovitz didn't return our call. Jon Hokanson, attorney for Beery, declined comment, including whether he would file similar actions against other companies selling VCR Plus VCRs.

Gemstar said earlier this month in stock prospectus (TVD Sept. 5 p14) that 10.8 million VCR Plus VCRs had been sold since introduction in 1992. Sales rose to 6.3 million units in fiscal 1994 from 1.9 million year earlier and hit 2.3 million for first quarter ended June 30, prospectus said. Gemstar introduced technology with standalone model in Sept. 1990.

Motorola last week unveiled first pager with Flex technology that boosts data transmission speed to 6,400 bps. Existing Post Office Code Standardization Advisory Group (POCSAG) rate is 2,400 bps. Flex, introduced in June 1993, can also transmit at 1,600 and 3,200 bps and is compatible with existing POCSAG system, said Motorola Mktg. Dir. Robert Pollack at N.Y. news conference. Technology will be built into numeric Pro Encore pagers expected to available late this year at \$195. Pager contains 16-message memory, built-in alarm clock, 5 different alerts and 165-day battery life vs. current 30-day. Beta testing was conducted during past 3-4 months using Internet, MobilComm and AirTouch carriers that have systems capable of handling both Flex and POCSAG, Motorola Engineering Mgr. David Petreye said. Eleven companies have licensed technology, including NEC and Maxon for pagers. Motorola will launch TV ad campaign promoting pagers Oct. 10 on network and cable. Campaign will feature 30- and 15-sec. spots supporting Memo Express pager introduced in Jan.

Sun TV, seeking to fund construction of new 800,000-sq.-ft. hq., warehouse and service center in Columbus, O., reported \$30 million private placement with Teachers Insurance & Annuity Assn. of America and John Hancock Mutual Life Insurance. Warehouse and distribution center are expected to open by end of fiscal 1995, with hq to follow. Money also will be used to open new stores in Cincinnati, Dayton and Lima, O.

CompUSA stock jumped 20% to \$12.65 by week's end amid rumors that Tandy was negotiating to buy chain. Price also was buoyed by recent purchase of 138,000 shares by 9 directors including Pres. James Halpin. Tandy denied it was holding talks to buy Dallas-based retailer. Stock purchased in late Aug. ranged from 2,000 shares by directors Warren Feldberg and Vp James Skinner to 75,000 by Halpin.

BLOCKBUSTER MULTIMEDIA TEST GROWS:

Blockbuster plans to decide on cities to which it will offer multimedia rentals in next "couple of weeks," New Media Dir. Jack Ferry told us. He said company will choose at least 2 cities in East that have demographic profiles similar to San Francisco as validation of test begun there last fall (TVD Nov 15 p12).

New Business Development Dir. Mike van der Kieft said company is evaluating whether to test with several stores in each of 2 markets, or in smaller number of locations in more markets. Philosophy of test is different in East than it was in original Northern Cal. rollout. In latter, company was trying to determine whether multimedia rentals would work anywhere, figuring Bay Area was most likely venue where customers would be open to renting new technology. Now, idea is to evaluate whether program can work (or how it must be fine-tuned) in areas with lower concentration of high-technology consumers. For example, van der Kieft said 3DO has much higher profile in San Francisco area than elsewhere, so high percentage of customers already recognized name -- situation that might not be same on East Coast.

Ferry said he expects chosen cities to begin offering multimedia rentals before Thanksgiving and to have national rollout plans formulated by end of Dec. Of course, all plans could be considered tentative, given imminence of Sept. 29 vote on Blockbuster's pending merger with Viacom. Ferry said Blockbuster has pared number of San Francisco locations offering multimedia to 15 as well as number of sites that will be used in Eastern cities.

All 5 formats used in San Francisco test -- Sega CD, CD-I, 3DO and CD-ROM for IBM-compatible PCs, Macintosh -- will remain in program, Ferry said, although number of titles offered has been reduced. Company will continue to rent hardware for each of game platforms, but not of computer systems (although van der Kieft said Blockbuster is talking with some computer makers on possible future business). Ferry said customers expect Blockbuster to be "price competitive" and offer "compelling titles" -- games more than educational fare. He said that while first wave of titles "did not take full advantage of what multimedia has to offer," quality of software has "improved in the past 3-4 months" because developers have become more aware of what customers are looking for -- "fun and excitement." Van der Kieft said Blockbuster is closely screening titles for IBM PC platform, intending to carry only programs that show least number of compatibility problems with plethora of machine configurations that characterize PC world.

Other changes Blockbuster will be making in original test will be elimination of on-site demonstrators -- both human and hardware; display will be "more standard" with other products Blockbuster carries. Ferry said on-site demonstrators no longer are necessary because users have become much more aware of multimedia in last year -- "they've already been introduced to it."

Today is deadline for former Emerson shareholders to buy shares of its new stock at \$1 each on pro rata basis equal to holdings in old stock, now canceled. Company extended deadline from Sept. 12.

Sony Online is new interactive service available to computer users over Internet. Company said most divs. eventually will participate, but Sony Music will be available first.

SAMSUNG DELAYS VIDEO CD: Samsung, citing "confused" software market, has scrapped U.S. plans for Video CD this year.

Combination Video CD-laserdisc player was to have been delivered in 4th quarter (TVD May 2 p14). Same LD player combi that can play CDs and CD+G discs will ship this month to U.S. minus MPEG cartridge at \$429, Samsung National Mktg. Mgr. Mark Knox said. Decision on Video CD comes on heels of similar move in May to abandon plans for CD-I this year.

"The situation has if anything become more confused rather than less confused right now in terms of how much software is really available and which software will play," Knox said. "Physically and technically we could start tomorrow [shipping Video CD] but with all this confusion, I'm just hesitating to make any commitment."

Samsung introduced Video CD player and 5-disc carousel changer for 5" discs in S. Korea earlier this year. Knox said he hoped to import "limited amount" of Video CD players in 1995 first half to conduct market research at retail.

In other news, Samsung will close deal this month on purchase of Alpine's 51% stake in Japanese manufacturer Lux. Corp., Knox said. Canton N. America will continue to distribute Luxman brand through 1995, although meetings are continuing as to "what role Samsung will play and what level of investment we will use," Knox said.

There are no immediate plans to bring Luxman product under Samsung brand. "Not for the near term future would you see a Technics, Elite or Optonica kind of approach," Knox said, noting that first phase of venture will involve sharing parts and "engineering expertise."

Sound Advice announced in net income in 4th quarter more than doubled to \$218,000 from \$107,000 year ago on 11% rise in sales to \$37.4 million. For fiscal year ended June 30, net income rose to \$1.7 million from \$1.1 million on 10% jump in sales to \$174.7 million. Net income included \$1.2 million pretax charge for settlement of shareholder lawsuit (TVD Nov 15 p19)... Circuit City reported 29% rise in net income in 2nd quarter to \$36.1 million despite one percent drop in gross profit margin to 25.4%. Sales for quarter ended Aug. 31 were up 34% to \$1.22 billion on 14% gain in same-store sales. Chmn. Richard Sharp said "competitive environment" and increase in home office and music software as part of sales mix contributed to lower gross profit margins. At same time, expenses dipped to 20.6% of sales from 21.9% year ago. For 6 months, net income jumped 23% to \$45.2 million on 33% increase in sales to \$2.27 billion. Same-store sales rose 13%.

Latest monitor camcorder is VHS-C model from Minolta that appears to be identical to one introduced by JVC last spring and scheduled for shipment this month (TVD June 20 p15). It has 3" color LCD that can be rotated for use as viewfinder or monitor. Minolta didn't give pricing plans, but JVC model carries nationally advertised price of \$1,099, accessory TV tuner \$249.

Recoton will buy back 500,000 shares, 5% of common stock. Pres. Robert Borchardt said board believed stock was "undervalued" and would buy shares at current \$14-\$15 range. Recoton stock price fell in recent weeks following Customs probe launched in July into possible label of origin violations (TVD July 25 p12).

JULY AUDIO UP 12.1% -- EIA: Audio factory dollar shipments, riding coattails of phenomenal 28.6% rise in systems sales, climbed by double digits in July and first 7 months of year, EIA Mktg. Services Dept. reported.

Overall July sales jumped 12.1% to \$633.66 million from \$565.15 million in same month year earlier. Only components failed to record increase in month, declining 2.2% from year earlier. But decline was overshadowed by strong performance in systems and portable audio. Shipments of systems jumped 28.6%, while portables climbed 17.1%. Aftermarket autosound rose 7.2% to \$158.02 million from \$147.46 million.

For 7 months, overall shipments topped \$4-billion mark, up 11.2% from Jan.-July period year earlier. Year-to-date increase was spurred mainly by 19% gain in aftermarket autosound shipments. Strong July performance pushed systems to 15% increase for 7 months, while portable audio and components climbed 9.3% and 1.9%, respectively.

Here's breakdown of EIA factory audio dollar sales for July and year's first 7 months:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	July 1994	July 1993	% Chg.
Portable audio*	\$221,577	\$189,157	+17.1
Components	126,195	129,073	-2.2
Systems	127,867	99,464	+28.6
Autosound (aftermarket)	158,022	147,457	+7.2
TOTAL	\$633,661	\$565,150	+12.1
Product	7 Mo. '94	7 Mo. '93	% Chg.
Portable audio*	\$1,290,312	\$1,180,106	+9.3
Components	839,244	823,350	+1.9
Systems	784,424	682,104	+15.0
Autosound (aftermarket)	1,106,279	929,701	+19.0
TOTAL	\$4,020,259	\$3,615,261	+11.2

* Includes home radio.

Silo store in Baton Rouge will be converted to Your Electronics Store (YES) within 3-4 weeks as Fretter moves concept into south. At 70,000 sq. ft., YES store will be largest to date and will be last conversion this year, Fretter Vp Daniel Hourigan said. No conversions are planned for 5 Silo outlets in New Orleans area, he said. Move comes as Fretter nears anniversary of Silo purchase from Dixon's (TVD Sept 20 p12). In months since, Fretter has closed many Silo stores or converted them to YES, concept launched by Silo in Rochester, N.Y., area in July 1993. At same time, Fretter reported \$1.5-million net loss in 2nd quarter, reversal from \$1.1-million profit year ago. Sales for quarter ended July 31 soared 134.5% to \$205.5 million, although same-store sales increased just 5.7%. Net loss was tied to costs of "integrating" Silo, which Fretter purchased from Dixon's for \$45-million deal.

Universal Electronics Super Bowl Sweepstakes entry forms are packaged with remotes. Winners, who will receive 4 tickets, will be selected in early Jan. Sweepstakes will be promoted in TV and print ads Nov.-Dec.

Digital still camera for professional use to be introduced next spring by Nikon and Fuji Photo will carry both brand names. Storage will be by 1.3-million pixel CCD card.

THOMSON TO ADD NEW CHASSIS: Thomson, in move to increase picture brightness in high-end ProScan and RCA direct-view TVs, will introduce models with new chassis starting in early 1995. Company also is said to be developing projection sets with 9" tubes.

So-called 179 chassis is expected to be built into select 31" and 35" ProScan and RCA sets. Thomson spokesman confirmed that "very-high-end" ProScan sets will have new chassis and said natural progression would be to top-of-line RCA. Prices weren't set, but high-end ProScan TVs retail for around \$3,000.

Dealers briefed on plans said sets were expected to contain Dolby Pro Logic and PIP with one set possibly containing built-in center channel speaker. New TVs also were said to feature flatter and darker picture tube (FDT) introduced with ProScan 27" earlier this year. Left unclear was future of IDTV line-doubling technology that has been ProScan hallmark since introduction in 1990.

In projection, Thomson is expected to introduce sets with 9" tubes that also would boost picture brightness. New tubes, change from 7" version, will appear first in 52" in Feb.-March and later move to 46", dealers said. "These tubes may also allow Thomson to increase screen size, providing Mitsubishi with competition in 70", one dealer said. Thomson's 60" RCA is largest screen in current lineup.

In apparent response to our report that it had been offered \$1 million guarantee and other incentives by Electronic Industries Assn. to switch its support to next year's CES Interactive (TVD Sept 5 p13), Interactive Digital Software Assn. (IDSA) said Fri. that it "remains fully committed to the Electronics Entertainment Expo (E3) as the preferred trade show for the interactive entertainment software industry." Neither side has confirmed that offer was made or received, but source close to EIA Consumer Electronics Group exec. committee told us group made late bid to garner support of IDSA and its members, top videogame industry powers, most of whom have said they will show at E3. IDSA statement reiterated comment that group has "made no commitments" about 1996 trade shows. "We are now conducting a feasibility study on trade show options [for 1996 and beyond] and believe there are a number of exciting possibilities to explore." EIA issued news release saying it has had "and will continue to have dialog with IDSA to determine what is best for the industry. We prefer not to comment on any specific proposals we may have made to IDSA."

NAFTA is luring increasing numbers of Japanese companies to Mexico, Nikkei notes in roundup covering previously reported moves to Mexico by Hitachi, Toshiba and Matsushita. Under NAFTA, duty-free entry of some TV components for assembly in Mexico for export will be phased out. Article states that Japanese investment in Mexico in first half 1994 totaled \$155.9 million for all industries, vs. \$73.6 million in all of 1993. Latest to announce Mexico plant is Kenwood, which will start production of car amplifiers in Juarez in March. At start, it will employ 90 and make 10,000 amplifiers monthly, doubling number of workers in 2nd year.

New logo for VHS-C camcorders has been adopted by Matsushita and JVC in Japan for use in brochures and ads. Schematic picture shows camcorder shaking hands with VCR, carrying legend noting that only camcorders with "VHS" mark are compatible with home VCRs.

FLCD OUTPUT IN DEC.: Canon will start long-awaited mass production of ferroelectric LCDs in Japan in Dec. with 15" version, to be produced at rate of 5,000 monthly, Japanese press report said.

FLCD technology, rejected by virtually all manufacturers except Canon and Thorn EMI, makes possible large-screen LCDs at about half price of conventional active matrix TFT types, Canon said. First output will be flat thin computer monitors priced at \$7,500-\$10,000.

Canon says FLCD is ideal for large-screen displays because it's thinner, weighs less, has lower power requirements and wider viewing angle than conventional LCDs (TVD May 25/92 p11). Unique property is lack of flicker. FLCD molecules have memory -- once switched on they remain on until fresh electrical charge is applied. This property is considered ideal for digital TV because only parts of picture that change need to be switched.

Canon demonstrated FLCD panels in 15" and 21" color versions as well as monochrome types at its Techno Expo '93 in N.Y. last year (TVD March 15 p13). Color panels had 1,280x1,024-pixel resolution. At that time, Canon said it would produce high-resolution TV and video panels in next 2-3 years. Company said it would "pioneer new applications in LCDs which were previously undreamed of" through ferroelectric applications.

Also in Japan, meanwhile, NEC announced it will offer high-resolution 9.5" LCD consumer color TV at \$3,000. Largest consumer LCD TV, "NexTV" has TFT display with 920,000-pixel resolution, line doubling noninterlaced scanning (IDTV). It's less than 4" deep, weighs under 6 lb. Monthly production is 500 sets.

STEREO TV UP 21.8% IN JULY: Color TV sets with stereo sound registered biggest sales growth of year in July, according to EIA figures released last week. Increase of 21.8% in direct-view sets with stereo came in month when total direct-view sales to dealers (excluding combos) were up 12% (TVD Aug 15 p9). July also set record for year to date in terms of percentage of color sets with stereo -- 46.9%, compared with 43.1% in July 1993.

July's stereo percentage wasn't all-time high, however. Record of 48.6% set in Nov. 1993 still stands. For year's first 7 months, stereo TV passed 5 million, with 43.8% of total sales including stereo sound, up from 39.5% in same 1993 period. Stereo TV was up 17% in period, as compared with total direct-view TV-only sets, up just 5.5%. Here are EIA figures on stereo sound in color TV sets (excluding projection, of which virtually all sets have stereo):

STEREO SOUND IN DIRECT-VIEW COLOR SETS

Month	1994	% of total	1993	% of total	% change
January..	649,022	45.6	556,014	37.4	+16.7
February..	718,014	44.7	608,792	37.2	+17.9
March....	865,361	44.0	738,012	36.9	+17.3
April....	676,444	41.4	575,270	38.9	+17.6
May.....	593,140	39.9	532,444	40.3	+11.4
June.....	919,021	43.5	797,770	42.7	+15.2
July.....	820,020	46.9	672,999	43.1	+21.8
TOTAL....	5,241,012	43.8	4,481,301	39.5	+17.0

CURTIS MATHES SALES, NET UP: Curtis Mathes, in first year-end financial results under new ownership, said net income increased to \$1.3 million from \$72,711 year ago (see financial table). Sales for year ended June 30 jumped to \$79.2 million from \$26.2 million, but still fell short of \$100-million projection (TVD June 13 p15).

Increased revenues were tied to greater demand for CM's consumer electronics (CE) products and components sold through Southwest Memory subsidiary, said Chmn. Patrick Custer, whose Enhanced Electronics Corp. bought CM in Oct. 1993 (TVD Oct 18 p11) and changed own name to Curtis Mathes Holding Corp. in June. With CM central to holding company's strategy, demand for CE products will increase in first 2 quarters of fiscal 1995, Custer said. Company has projected \$150 million in sales for fiscal 1995

CM has continued to expand, adding 157 franchisees in last 2 months to base of 220 "active" dealers, Custer said. There are no plans to open new company-owned stores, and dealers recently added Pioneer audio nationwide, he said.

New line of audio components will be rolled out by early 1995 focusing on CD players, cassette decks, amplifiers and speakers, Custer said. CM will maintain 7.25% stake in Pierre Schwab's ID logic tuning technology for short term, although Custer conceded investment is "low priority" for company. CM slashed stake to 7.25% from 25% earlier this year.

TV lineup is likely to include 32", 35" and 40" sets by next year in addition to recently introduced 31" model, Custer said. Design for 34W" widescreen TV, first shown at Winter Consumer Electronics Show in Jan., has been "finalized," but there are no plans to introduce it until market improves, Custer said. Product will be sourced from Asian companies through year-end, but CM is studying plan "in 6-month time frame" for joint TV production venture with non-CE company, he said.

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Antidumping duties of 20-30% on color TVs from 5 Asian countries and Turkey are expected to be announced by European Commission soon, according to London Financial Times. Duties will be provisional, based on 18-month investigation. After duties are imposed, EU has 4-6 months to complete investigation. Then it either can close inquiries, revoking provisional duties, or if it finds dumping has occurred, ask its Council or Ministers to impose duties, which can be different from provisional duties. Asian countries involved are Malaysia, Singapore and Thailand (all color TVs), China and S. Korea (big-screen sets). Companies include Hitachi, Fuji, Sanyo, GoldStar, Samsung. Inquiry was prompted by complaints from Philips and Thomson and was vigorously opposed by U.K., which said action would raise prices to consumers.

All that Jazz, CE edition: This is week of Panasonic Village Jazz Festival in N.Y.'s Greenwich Village, which comes on heels of Sony Jazz Day Sept. 2 in Chicago. Both have some distance to go to catch up with JVC, which sponsored 10 jazz festivals this year (7 in U.S.) and has been on world jazzfest circuit for some 11 years.

Radio data computer system, due from Advanced Digital Systems in Oct., is circuit board adapting computers to receive Radio Best. Data System (RBDS), displaying data on screen. It also has 5-band graphic equalizer and on-screen digital paging system for subscribers. It will be priced at less than \$250.

CATAPULT ONLY ON SEGA THIS YEAR: When Catapult Entertainment rolls out XBand modem and network for on-line head-to-head game play in 5 cities this year, version for Sega Genesis will be only one available. Companies announced agreement that allows Catapult to use Sega trademarks and titles in its ads. Super Nintendo Entertainment System (SNES) version of XBand modem is scheduled to be on market early next year.

Catapult Pres. Adam Grosser stressed that although only Sega version will make it out this year, company considers SNES version also to be important to long-term success. He said Catapult was "running a little behind on the Nintendo version anyway. We probably could have [had] it out this year, but it would have been tight." Company will be able to produce about 150,000 modems this year, he said. Sega officials said they have been working with Catapult for "several months," although agreements only recently were signed formally. Nintendo spokeswoman said Catapult has all technical agreements necessary to produce SNES-compatible modem.

Modem will have suggested retail price of \$69 for Nov. launch, with players paying monthly \$7.95 subscription fee for connection to XBand network that will let them play against others over standard phone lines. Network also will be used to transmit scores, game play tips, updates on competitions, carry preconfigured and/or original E-mail messages to others on network. Players who compete with opponent in local area will incur only local phone charges; those who specify they want to be connected to player in distant market will have to pay long distance fees. Among most important properties of Catapult technology is that system doesn't require any modification in basic game cartridge for network play (although both players must have same cartridge to go head-to-head). Some modification is required for optimal play, but it can be achieved through firmware in modem itself, sources close to project said. The Edge 16 system, on which AT&T pulled plug last month (CMR Sept 5 p1), required specially configured versions of games.

As we have reported, service will launch in early Nov. in Atlanta, Dallas, L.A., N.Y., San Francisco, supported by aggressive TV and print advertising schedule. T-HQ will handle distribution and marketing.

Cambridge SoundWorks said it reached "amicable" settlement with Bose, terms undisclosed, in lawsuit in which Bose had charged it with infringement on design patent for home theater subwoofer. Bose also had accused Cambridge of running false and misleading ads. Cambridge, which denied infringement and false ad charges, filed countersuit seeking to have Bose design patent invalidated. Cambridge said settlement involves no financial terms.

China produced 8.61 million color TVs in 1994's first 7 months, according to State Statistical Information Center, up 20% from same 1993 period. Indicated monochrome production was 7.56 million, down 11.3%. China Daily reported, meanwhile, that sample of imported TV sets showed that 20% hadn't passed customs inspection and lacked govt. safety seal, "but they are already being sold on the market."

AT&T will deliver first portable cellular telephone produced at Little Rock plant in 4th quarter at \$179. Company previously purchased portables from Oki, Novatel, others. New 8 oz. model has nickel-metal hydride battery, 70-min. talk time, 12-hour standby and 16-number memory.

COUNTERFEIT CHIP SUIT: Nintendo last week filed suit in U.S. Dist. Court, San Francisco, against Taiwan Semiconductor Manufacturing Co. (TSMC) and its San Jose-based U.S. subsidiary, alleging illegal production of chips for counterfeit Nintendo hardware and software. Nintendo is seeking unspecified damages and injunctive relief. Nintendo said TSMC, which it called Taiwan's largest chip manufacturer, generates 61% of its sales in U.S. and is owned principally by Taiwan govt. and by Philips.

Nintendo has long been vocal about software piracy problem and has filed "hundreds" of suits, but this is first major instance in which company has filed suit over chips for counterfeit hardware, NOA Gen. Counsel Lynn Hvalsoe said. She said counterfeit hardware, which has been found in Latin America, Japan, Asia and Europe, represents "real safety hazard," and was discovered when counterfeit units were turned in for servicing.

Hvalsoe said TSMC chips were "contained in illegal Nintendo video game products in at least 9 countries across 3 continents. The discovery of these counterfeit chips clearly demonstrates that Taiwan remains a worldwide center for videogame counterfeiting, despite its government's repeated pledges to halt the manufacture and sales of these illegal products."

TSMC-USA issued statement acknowledging receipt of complaint, protesting that it merely is manufacturer "for dies which are designed, developed and wholly owned by its customers, semiconductor companies." Statement quoted TSMC-USA Pres. John Luke as saying "one of the cornerstones of TSMC's business is not to allow the comingling of intellectual properties between our customers who actually market the finished semiconductor products," and that since customer owns design and tooling, TSMC "has no way to identify by the designs the final customers which violate patents held by other companies."

Meanwhile, Chinese govt. ordered Shenzhen Shenchu Electronic Equipment Factory to stop manufacturing and selling game hardware that includes games that it said infringe on Sega copyrights. Sega had filed suit earlier this year, leading to investigation and subsequent order by China's National Copyright Administration.

Lenbrook America, new U.S. distributor of NAD and PSB lines, announced acquisition of Home Systems Plus (HSP), Baltimore-based distributor of home system integration products, from security products supplier Arius, terms undisclosed. HSP will operate as new Home Automation Div. of Lenbrook, to be headed by Richard Goldman, now HSP pres.-CEO.

Nan Ya Plastics, Taiwan's biggest plastics producer, is building \$45 million LCD plant in Taoyuan in northern Taiwan. After completion at year-end, its sales should total \$75 million annually, company spokesman said. Nan Ya also will build \$564 million DRAM (dynamic random access memory) chip plant next year in Taiwan, moving much of its plastics investments to mainland China.

Cheapest 2" color LCD TV is claim of Citizen for model assembled in China to sell at \$149 on Japanese market starting next month. Production is set at 20,000 monthly, of which half are for markets outside Japan... Lightest 3" color TV/radio combo, according to Sharp, is new 3" active matrix LCD TV with AM/FM radio, weighing 8 oz. Only 1.3" thick, it's priced at equivalent of \$440 in Japan.

Consumer Electronics Personals

Richard Burns leaves as senior vp-sales, Sega of America (SOA) to head sales at Rocket Science Games, Sega affiliate label in which parent Sega Enterprises is major investor; Burns's duties will be filled by newly named Group Vp-Sales **Len Cicirutto**, formerly vp-sales for regional accounts, and new Group Vp-Sales Administration & Mds. **Bud Werner**, formerly vp-mds... **Bradford Jones** resigns as chmn. and board member, Media Vision, replacement being sought... **Tom Ishii**, ex-Emerson, named Onkyo vp-engineering... **Walter Schofield**, ex-Cambridge SoundWorks, joins Custom Woodwork & Design as national sales mgr., replacing **Bob Scranton**, recently appointed store mgr., Linn/Chicago audio salon... **Robert LeValley**, ex-Solelectron Corp., appointed IEC Electronics sales & mktg. vp, new position.

Strauss Zelnick to depart Jan. 2 as Crystal Dynamics pres.-CEO to assume same posts at BMG Entertainment N. America; no successor was named at Crystal Dynamics, but Zelnick will remain on board... **John Kelly**, Sony Software dir.-sound technology mktg., to assume all marketing responsibilities for Sony applications software using General Magic's "Magic Cap" operating system... **Musicland Group** Chmn.-CEO **Jack Eugster** will give keynote speech at NARM Convention, Feb. 22-25, San Diego.

Appointed members of nominating committee to choose officers for EIA Consumer Electronics Group digital radio caucus: **Randall Brunts**, Delco, chmn., EIA Digital Radio Subcommittee; **Robert Heilblim**, KH America, chmn. EIA Audio Div.; **Robert Finger**, Matsushita Electric... WMS Industries Pres. **Neil Nicastro** named also co-CEO, now sharing duties with chmn.-co-CEO **Louis Nicastro**... **Nicholas Broome**, ex-FOS-CD, named to head Media King, Camelot Corp.'s new London-based European CD-ROM distribution subsidiary.

Herbert Dorfman, Orion Home Video senior vp, promoted to pres., Orion Home Entertainment, new position... **Dick Longwell** to leave as senior vp-sales & distribution, Buena Vista Home Video, when contract expires Dec. 31... **Ellen Pittelman** promoted to vp-production & acquisitions, LIVE Entertainment... **Jeffrey Sagansky**, ex-CBS Entertainment pres., named exec. vp, Sony Corp. of America.

Electronics companies dominate Nikkei's list of top 10 R&D investors for current fiscal year. No. 1 is NTT, investing \$3 billion, followed by NEC (\$2.8 billion), Toshiba (\$2.75 billion), Fujitsu (\$2.7 billion) and Mitsubishi Electric (\$1.17 billion). Sharp (\$1.1 billion) is 7th, followed by Sanyo (\$810 million) and Fuji Photo (\$730 million). Only non-electronics companies in top 10 are Mitsubishi Heavy Industries (No. 6) and Mazda Motor (No. 10). Five of the companies are increasing R&D spending over last year, while 4 are decreasing by less than 1% and one is unchanged.

Recoton completed deal last week to buy Sound Quest, car audio installation and accessories supplier. Recoton signed letter of intent in July (TVD Aug. 1 p13) to buy some assets of Sound Quest, which had sales of \$6 million in 1993.

"Even if the venture is less than a smashing success, the days of no competition for cable operators are certainly over." -- Forbes magazine article on Digital Satellite System (DSS).

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
Curtis Mathes 1994-year to June 30 1993-year to June 30	79,267,113 26,228,275	1,321,241 72,711	.16 .01
Fretter 1994-6 mo. to July 31 1993-6 mo. to July 31 1994-qtr. to July 31 1993-qtr. to July 31	387,550,000 167,080,000 205,546,000 87,637,000	(4,470,000) 4,331,000 (937,000) 1,131,000	-- .58 ^a .15
Jones Spacelink Ltd. 1994-year to May 31 1993-year to May 31	166,900,000 154,574,000	(10,409,000) (13,412,000)	-- .22 ^b
National Semiconductor 1994-13 wk. to Aug. 28 1993-13 wk. to Aug. 29	553,800,000 558,900,000	59,000,000 57,100,000	.42 .43 ^a
Sound Advice 1994-year to June 30 1993-year to June 30 1994-qtr. to June 30 1993-qtr. to June 30	174,760,907 158,089,736 37,441,810 33,703,511	1,727,143 1,127,667 218,053 107,218	.46 ^b .30 .06 .03
TCA Cable TV 1994-9 mo. to July 31 1993-9 mo. to July 31 1994-qtr. to July 31 1993-qtr. to July 31	120,204,000 112,799,000 41,078,000 38,305,000	14,981,000 14,838,000 5,354,000 4,988,000	.61 ^b .60 .21 .20
Tektronix 1994-13 wk. to Aug. 27 1993-13 wk. to Aug. 28	312,728,000 290,070,000	15,990,000 9,731,000	.53 .32

Notes: ^aIncludes special credit. ^bAfter special charge.

REVISED JAPANESE FORECASTS: Citing beginnings of economic recovery, EIAJ last week revised upward its Dec. forecasts of 1994 electronics production in Japan (TVD Jan 3 110). However, it cut consumer electronics forecasts, primarily as result of continuing recession, which has reduced personal spending.

EIAJ raised its total electronics production forecast to 21.5 trillion yen (currently \$217 billion), increase of 2.2% over 1993. Earlier forecast was for 0.7% gain. However, in consumer electronics, Assn. saw decline of 8.9% to 3 trillion yen, as opposed to earlier forecast of 3.3% dip to 3.17 trillion yen.

Decline in VCR production was increased to 17.6% from 9% (new forecast 492.3 billion yen); color TV to 2.5% dip from 1.1% (730 billion yen); audio tape recorders and players down 15.1% (517 billion yen), stereo equipment down 12.5% (433.6 billion yen). Earlier forecasts for last 2 categories aren't available.

Computers and related equipment are seen rising 4.6% vs. initial forecast of 0.1%, with IC production up 13.2% from 5.4%. Total components and devices are predicted to rise 6.3% (from 2.6%), while industrial electronic equipment is forecast to gain 2.6%.

Electronic Arts (EA) Chmn. Lawrence Probst said Sega "may have to go back to the drawing board" in designing Saturn advanced videogame system, Wall St. Journal reported in profile of EA. Article also quoted Probst as saying that Sony's PlayStation has "better technology" than Saturn, and that latter "is not as easy to develop software for." Both systems are scheduled to launch this fall in Japan, next year in U.S.

TELEVISION DIGEST®

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SEPTEMBER 26, 1994

VOL. 34, NO. 39

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TELECOM LEGISLATION DEAD: Hollings declares that opposition from Dole and Bell companies made passage impossible this year. They deny responsibility. Others hold out slim hopes for revival. (P. 1)

COURT COVERAGE BLOCKED in federal courts by Judicial Conference, despite favorable recommendation by own committee and good results in state trials. (P. 3)

CABLE PLANNING A LA CARTE ATTACK: Industry says regulation of new channels is illegal. FCC wants ability to regulate abuses. Compromise effort in doubt, with situation called 'fluid.' (P. 4)

FCC WARNS OF MORE FINES if broadcasters exceed limits on children's TV ads. Broadcasters discuss children's programming at NAB symposium. (P. 4)

CABLE LARGELY NONCOMPETITIVE, FCC says in report. New technologies mean potential competition, but cable still is dominant. Industry healthy despite regulation. (P. 5)

PTV IN 'SELF-RENEWAL,' Duggan says. Claims of 'identity crisis' disputed. Underwriting, pricing initiatives cited. PTV to be 'place for families,' source of adult learning. (P. 5)

FCC FRUSTRATES NATOA: Cities tell FCC staffers they can't understand cable rules, can't get answers from Cable Bureau. Agency accused of slow decisions. Movement on rate rules promised. (P. 6)

MAYBE NEXT YEAR FOR TELECOM BILL: Telecommunications legislation in Senate (S-1822) is apparently dead for this year. Commerce Committee Chmn. Hollings (D-S.C.) made announcement unexpectedly at panel markup Sept. 23, blaming opposition from RHCs and intransigence from Republican leader Dole (R-Kan.) as reasons for deciding not to proceed.

Bill would have opened way for cable to offer telephone services and set other conditions for local competition. Broadcasters would have gained some flexibility in use of newly assigned advanced TV spectrum, while some stations in areas that permit gambling would have been permitted to carry advertising on their stations.

NCTA Pres. Decker Anstrom said he was disappointed that bill wouldn't move this year, noting cable worked "extremely hard and in good faith" to support bill. He added that NCTA regretted that hard work and leadership of bill's sponsors "has been undermined by the local telephone monopolies, who clearly were not interested in passing comprehensive telecommunications legislation this year." TCI added company hoped RHCs "can be more supportive of the process in the next Congress." NAB President Edward Fritts said it was "truly unfortunate" that bill couldn't be pushed this year, paid tribute to "heroic effort" made by Hollings and others.

Consumer Electronics

DIGITAL VIDEODISC GROUP formed by movie studios to recommend single 5" system with best quality. Matsushita seen endorsing Sony-Philips approach. (P. 9)

DIGITAL VCR READY IN EARLY 1996, manufacturers say, year later than original target. Postponement seen related to Sony-Matsushita rivalry. (P. 10)

COLOR TV IMPORTS UP 30% IN JULY, slightly off from prior months, Mexico still dominant source. (P. 11)

LAST MAJOR HOLDOUT, SONY, to enter TV/VCR market this fall with 13" and 19" models at \$550 and \$700 using Trinitron tube, VCR sourced from GoldStar. (P. 12)

SAMSUNG MEXICAN PLANT will produce 3 million 19" and 20" tubes annually on 2 lines. Full output scheduled to start in Oct. 1995. (P. 12)

TANDY LAUNCHES AV&C superstores to boost sales in secondary markets and provide upscale alternative to McDuff chain, analysts say. (P. 13)

CES MEXICO NEXT WEEK will emphasize audio, communications and accessories. Some 20,000 expected to view 150 exhibits in 2 venues. (P. 13)

'ELECTRONIC AVE. & MORE' standalone stores to be opened this week by Montgomery Ward, featuring consumer electronics, appliances, furniture, jewelry. (P. 14)

Dole and telephone industry scrambled to dodge accusation that they were responsible for death of bill. Some in industry were trying to keep legislation alive, with USTA and RHCs sending letters to Hollings Sept. 23 following Commerce panel meeting asking him to reconsider decision to kill bill, which he announced unexpectedly Fri. morning during markup of maritime legislation.

Some industry observers were speculating that Hollings was trying again to force compromise, as he did earlier this year when he sent blistering letter to Senate Majority Leader Mitchell (D-Me.) excoriating RHCs for their opposition to bill. Negotiations on bill, which had been dragging up until that point, speeded up and some new agreements were reached.

Some govt. and industry officials believe there's still time for legislation to be considered. Greg Simon, domestic policy aide for Vice President Gore, said Administration would like to have bill revived this year. Simon said it would be up to RHCs to choose "between monopoly advantage or reform." He said negotiations had been proceeding smoothly, but said RHCs "started to get greedy" at end, putting Hollings in position of having them ask for more than they were able to get. NTIA Dir. Larry Irving said he thought Hollings has become frustrated at "bait and switch" tactics of RHCs, who lobbied by themselves and through USTA. Irving said it was unfortunate that bill that would have accomplished so much didn't succeed, added: "This was a truly great opportunity. They don't come along very often."

USTA Pres. Roy Neel said in interview that he was puzzled by Hollings' decision to pull bill with couple of weeks left in session: "I hope there is a way to revive it." Neel wrote to Hollings late Fri.: "We strongly urge you to reconsider your decision to withdraw S-1822, in the hope of salvaging what could be important economic legislation for not only our industry but the entire country." Along same line, Albert McGann, exec. dir. of Competitive Long Distance Coalition, said in interview he would continue to work on issues until Congress recesses. Top corporate officials from coalition, including AT&T Chmn. Robert Allen and MCI Chmn. Bert Roberts, had meetings scheduled with Hollings and Dole, among others, set for today (Mon.). McGann said he expected those meetings to take place. McGann's view: "I think it's dead, but I'm not sure it's dead."

Hollings' decision to kill bill surprised most in industry, although word started to seep out late Thurs. night to Washington representatives of RHCs. Chairmen of RHCs, GTE and Neel were in meeting with Dole when they got word that Hollings had announced bill would be pulled. They didn't know ahead of time, and neither did Dole, sources said. Members of Commerce Committee also were taken by surprise. Sen. Pressler (R-S.D.) told us he thought "he [Hollings] would bring something to the floor and see how it would go." Pressler said issue is dead for this Congress but, looking ahead to next year, he said that if he's chairman of committee if Republicans take control of Senate, "I will provide leadership and have a bill in March or April."

In statement during committee meeting, Hollings fingered Dole and RHCs as reasons he had decided "we will be unable to pass comprehensive telecommunications reform legislation in this Congress." He said there "simply wasn't enough time left in this session" to overcome opposition: "We will not be held hostage at the last minute to ultimatums and to the desires of certain parties to substantially rewrite a bill that passed the committee by an overwhelming and bipartisan vote." Hollings said only telcos and RHCs continued to oppose bill despite fact that it had been changed significantly to help them. He charged that RHCs violated terms of agreement they reached with him and others, continuing to seek changes in long distance portions of bill through USTA, noting that BellSouth and Ameritech sent letters to shareholders criticizing long distance provisions. Hollings said RHCs advertised against bill, including provisions on cable entry that they had "supported in committee and which were adopted by the committee in good faith."

Hollings told reporters following meeting that RHCs were continuing to object on one hand, while telling others that they still wanted legislation. He noted particularly BellSouth Chmn. John Clendenin's Sept. 1 letter to shareholders asking them to "write or call your senators and ask them to keep S-1822 from coming to a vote this year." BellSouth was one of RHCs that said in other statements that it would continue to press for bill. Hollings cancelled meeting with RHC and GTE chairmen that had been set for 11:45 a.m. Fri.

Hollings' announcement put RHCs on defensive. Later, CEOs of RHCs sent letter to Hollings saying it wasn't accurate to state that RHCs had been attempting to stop process: "Laying the blame on our companies ignores the myriad of organizations and senators opposing S-1822 for reasons other than RBOC concerns." They said they had worked constructively and had made major concessions along the way, noted there were many other opponents of bill.

Hollings' other reason for pulling bill was nonnegotiable demands presented by Dole on Thurs. Hollings said GOP leader was "unwilling to allow the bill to go forward unless we agree to accept substantial revisions to the bill. His office handed us language and informed us that portions of this language were 'nonnegotiable.'" He called changes "ludicrous" and said they would gut regulatory portions of his bill. Among other items, Dole's changes would have made interconnection and unbundling subject to negotiations between carriers and telcos, with FCC making final nonappealable decision.

Dole said on Senate floor that Hollings bill was too regulatory and attracted opposition because it "increased local phone bills, government regulation and stifled innovation," and that opponents included major groups and industry as well. He didn't mention that some proposals to decrease regulation would be "nonnegotiable." With more than 250 differences between House and Senate, it would have been "major feat" to pass bill in so short time period, Dole said. Lott, in interview, agreed that conference between Senate and tough House negotiators such as Commerce Committee Chmn. Dingell (D-Mich.), Judiciary Committee Chmn. Brooks (D-Tex.) and others would be difficult. Lott said critical moments came in Aug., when bill needed attention, but key members were distracted by health care, in cases of Sens. Danforth (R-Mo.) and Breaux (D-La.), and by Hollings' work as sponsor of appropriations bills. He said Senate should have moved more quickly to take up legislation following House passage. Lott said bill could have been passed, but "we let it slip away."

House Telecom Subcommittee Chmn. Markey (D-Mass.) said Congress has "an historic opportunity to pass legislation" updating communications laws, but: "That opportunity is now gone and I have trouble seeing another opportunity coming our way." Senior Subcommittee Republican Fields (R-Tex.), who had worked to persuade Senate to adopt bill, said: "The simple truth is that you can't draft complicated legislation in the waning hours of a session." He said it was "bitter disappointment" for House supporters of bill that Senate wasn't able to complete task. Several industry sectors, including cable and broadcasters, said they were disappointed bill wouldn't be brought up this year.

Earlier in week, issue of cable-telco buyouts had been debated at hearing of Senate Antitrust Subcommittee. Chmn. Metzenbaum (D-O.) said he disagreed with bill's provision allowing buyouts and joint ventures in communities of 50,000 or fewer. He suggested 10,000 as cutoff point, and witnesses Irving and Asst. Attorney General Anne Bingaman agreed.

TV COURT COVERAGE BLOCKED: U.S. Judicial Conference rejected proposals for TV-radio coverage of federal courts, despite favorable recommendation of its own committee that had conducted 3-year civil court pilot program. Decision came despite studies in 12 state courts and analysis of federal pilot program concluding electronic media have minimal or no detrimental effects on jurors or witnesses. However, conference spokesman said full Conference concluded that "any possible negative impact on jurors and witnesses, no matter what the magnitude, justifies denying electronic media coverage."

RTNDA Pres. David Bartlett said that decision was "cop-out" and that Conference explanations were "legal gibberish covering up a political decision that the federal courts didn't want the experiment to take place or to succeed." Court TV CEO Steven Brill said decision "flies in the face of the absolutely undisputed results of the federal courts' own successful experiment."

NAB Pres. Edward Fritts criticized Conference for basing decision "on an extremely remote possibility that broadcast coverage might have a negative impact on some juror or witness." John Rockwell, who studies issue for National Center for State Courts, Williamsburg, Va., said: "Every state, including all 12 states cited in the report, that has tried electronic media coverage has either continued their experiment or made coverage permanent." He said problems for jurors or witnesses in 12 studies were "so slight they didn't affect the fairness of the trials."

Bartlett said he didn't expect any negative effect of Conference decision in 47 states allowing electronic media coverage but said issue probably was "dead" in D.C. Brill said matter should be taken up by Congress, and predicted future passage of federal rule or law overruling Conference.

After rejecting coverage in civil cases by 2-1 margin, Conference turned down criminal court coverage by voice vote. Conference is composed of chief appellate judge and one district court judge from each of 13 judicial districts, plus Chief Justice William Rehnquist.

In 2-year period July 1, 1991-June 30, 1993, media applications for electronic coverage were approved in 186 cases, disapproved in 42. Pilot program, conducted in 6 district courts and 2 appellate courts,

concludes at end of year. Committee on Court Administration & Case Management, which ran test, could vote to continue test at Dec. meeting, but it would need approval of full Conference, which doesn't meet until March. Favorable recommendation for electronic coverage in criminal cases was made by Committee on Rules of Practice & Procedure.

FCC RATE PLAN ATTACKED: FCC efforts to forge consensus with cable industry on rate rules may have hit major hangup, industry sources said last week. While industry appears ready to live with most of proposed provisions on so-called "going forward" rules, it isn't willing to accept possibility that Commission would have right to regulate a la carte program packages that include only cable networks that are newly added to cable systems, we're told. Concerns may be premature, one 8th-floor staffer said: "The proposal is very much fluid right now. It's too early to say where it will go."

Key issue is how safe "safe harbor" will be, FCC officials said. Cable Bureau proposal is based on premise that Cable Act requires Commission to preserve ability to regulate tiers, including packages of a la carte channels. Proposal is that Commission would regulate a la carte tiers that include formerly offered cable channels, but create safe harbor that would preserve right to regulate tiers of all-new channels -- but that FCC wouldn't do so unless there were abuse. However, cable operators believe that Act precludes regulation of any a la carte channels and that even threat of future regulation will discourage investment in new services.

NCTA Pres. Decker Anstrom would say only that he's "very discouraged" with progress of talks with FCC on going forward rules, which would govern how much cable can charge for new services. Commission said new rules are intended to provide incentives for cable to improve service. FCC staffers have said that agency could act on rules quickly in order to meet MSO deadlines for making investment decisions for next year.

Concern is that senior FCC staffers appear interested in extending going forward rules to include a la carte packages made up only of new services, cable executives said. At very least, they said, plan wouldn't end uncertainty that has blocked investment in new cable services.

Cable is willing to accept regulation of any a la carte packages that include any channels that migrated from basic or expanded basic tiers, we're told. "We understand that they're concerned that cable might migrate channels to a la carte to evade regulation," one official said. "The industry is prepared to concede that [safe harbor] shouldn't include packages that include networks that migrate. But if a cable operator adds 5 new services and packages them as an a la carte package, we don't think the Cable Act contemplates the FCC's regulating them."

Rest of package of going forward rules is "workable," cable executives said, although not exactly what industry would like. "We're discouraged because this has come so far and we're so close to getting the going forward rules," one executive said. "Now it's not clear that we'll be able to resolve this." Officials wouldn't talk about options if FCC were to adopt rate rules that are unacceptable to industry, but cable has appealed previous rules in court. Heart of package is set fee that cable could charge for new cable channels. Industry has asked that it be able to charge at least 25¢ per month for new channels, although FCC has suggested 3¢-8¢. Likely compromise is said to be 10¢-20¢, with cap of \$1.50 increase.

KIDVID FINES THREATENED: FCC will levy "substantial fines" for violation of children's TV commercial ad limits among group of 40 stations in Commission "renewal analysis stage," NAB children's TV symposium was told Sept. 23. Barbara Kreisman, chief of Commission's Video Services Div., said those 40 stations were among 245 out of 889 in current license renewal cycle whose licenses were held up for review of ad "overages" in children's programming.

Kreisman said additional 6-7 stations may receive sanctions by end of year for ad overages appearing in FCC Field Services Div. Nov. 1993 audit. She said overall compliance level of 98% in audit was "excellent" and improvement over 1992. She said FCC recently has levied 20 fines ranging \$7,500-\$80,000 for overage violations, and issued "admonition" rather than forfeiture where violations were only few seconds, with decision on imposing fine based on "how many and how long." Ad limits are 10-1/2 min. per hour weekends, 12 min. per hour weekdays.

On issue of new Children's TV Act requirement to provide "educational and informational programming," Kreisman advised broadcasters to list such programming separately from other shows on renewal application form and to "rely on your own independent judgment" in determining whether network or syndicated program material met criteria.

ABC, CBS, Fox and NBC representatives told luncheon session they have increased collaboration with educational and creative communities to meet Act's "educational and informational" standard. Fox Vp-Public Service Dir. Helen Boehm described "developmentally appropriate themes" in Fox children's programming, and said: "This shows that what is good for kids can also be good for the kids' business."

CBS/Best. Group Vp Beth Bressan said FCC should be conscious of "economic realities" of commercial broadcasting and suggested that Commission should include public TV and subscription-based children's programming available in "overall video market" when analyzing issue. NBC Vp-Legal Policy and Planning Ellen Agress said broadcasters can't serve every kid's age group and said NBC is limiting children's programming to teen market.

In separate "Idea Exchange" session, broadcasters advised each other to consult with local teachers and increase promotional efforts at different dayparts for their children's programming. No statistics were cited, but many broadcasters conceded they were preempting network children's programs on Sat. mornings for locally produced news and magazine shows.

At symposium, NAB awarded 3 "Best of the Best" Service to Children awards: Best General Programming, WPIX N.Y., "Walk a Mile in My Shoes"; Best Public Service Campaign, WCSH-TV Portland, Me., "Color Me Green"; Best Public Service Announcements, KODE-TV Joplin, Mo., "Bike Helmets."

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FCC Chmn. Hundt will discuss "FCC's Commitment to Competition in Communications" at Networked Economy Conference, 12:30 p.m., Sept. 26, Washington's Mayflower Hotel. Other speakers: AT&T Chmn. Robert Allen, TCI CEO John Malone, Microsoft CEO William Gates.

CABLE LARGELY 'NONCOMPETITIVE': Potential for cable competition has increased markedly since last report on competition in 1990, according to latest version approved by FCC Sept. 19, but Commission said multichannel video market remains largely uncompetitive. Report, required by 1992 Cable Act, pictures generally healthy cable industry since deregulation in 1992, with more subscribers, more channels, higher revenue and much higher capital investment, but Comrs. Quello and Chong warned of possible bad effects of regulation. Report eventually will go to Congress after final edits, but no immediate action is likely.

Multichannel TV market remains heavily concentrated at local level, despite potential of new competitors, according to report, since most consumers have no alternative to cable. FCC said there also has been moderate increase in horizontal concentration as large MSOs acquire smaller ones. It noted that most recent mergers would increase "clustering" or regional concentration, but FCC officials said they hadn't decided whether that's good or bad. James Olson, head of Cable Bureau's Competition Div., said clustering limits chance that neighboring cable systems will overbuild each other, but there's "clearly some economies of scale" from clustering that could be passed on to subscribers. He also said clustering makes it easier for cable to compete with telephone companies, so it's "much too early" to decide whether benefits outweigh problems.

Competing technologies have made major strides since 1990, report says: (1) DBS now is reality, and demand for dishes outstrips supply. (2) More wireless cable systems are being built, subscribership is up and program access rules and other regulatory changes have helped wireless cable operators obtain new financing. (3) SMATV is growing in terms of systems and subscribers. (4) FCC has begun approving VDT applications, and pending applications would allow VDT service to more than 8.5 million homes. (5) New technology may allow many other services to become multichannel competitors, including traditional broadcast TV, LPTV, MDS, electric utilities. (6) Potential new competition would be allowed by new legislation. Despite potential, new technologies haven't attracted enough subscribers to affect cable's actions, report says.

FCC officials highlighted cable growth in era of deregulation. Cable Bureau Chief Meredith Jones said early data indicate that subscriber growth rate is higher than before regulation and that cable construction expenditures jumped to \$3 billion in 1993 from \$2.2 billion in 1992 and are expected to reach \$3.8 billion this year. She also noted "significant improvement" in customer service and satisfaction. Comr. Barrett asked whether construction figures reflect higher cable spending on telephony rather than on traditional cable. Olson said Bureau believes that telephony spending is just beginning, so most of increase is on pure cable upgrades in anticipation of competition.

It's too early to have "definite idea" of impact of regulation, Chong said. She said report doesn't try to "paint a complete picture" and despite rosy numbers many cable operators are expressing concerns about survival, let alone thriving on information highway. Quello said any cable regulation must be done "in a balanced way so it doesn't totally stifle cable's ability to expand."

GE issued statement saying it has had no discussions with Time Warner on possible acquisition of TW. Latest rumor of GE interest in TW follows 2 weeks of speculation that TW was considering purchase of NBC network and cable interests from GE. TW official declined to comment.

PTV IN 'SELF-RENEWAL': PBS Pres. Ervin Duggan blasted "conventional wisdom" that PTV is in identity crisis, in keynote speech at PBS Development Conference in Anaheim last week. He said industry is going through period of "striking self-renewal" with goal of becoming leader in public education, entertainment, culture and information over airwaves and through new technologies.

PBS has spearheaded several initiatives, Duggan said, including National Underwriting Climate Project in which PBS sought to identify ways to make local underwriting standards look more like national standards. He said PBS also is studying ways to price and package National Program Service (NPS) programming to better meet needs of stations, especially smaller ones and those that subscribe to only part of service.

NPS of future will be "place" for families with children "to go in television that they can trust," Duggan said. "If PBS doesn't do it, who will?" he asked. Duggan said public broadcasters must get public to realize they're not "poor country cousins" chasing commercial broadcasters' "meatwagon of success." Continued quality programming, whether on TV, CD-ROM or videocassettes, is best way to appeal to public and carve niche in new, confusing multichannel environment, he said.

Duggan forecast that largest role of PTV will be as "preeminent agency of lifelong learning for everyone." Largest user group of PBS's educational services will be "untapped" older population, he predicted. Also in future will be more partnerships with strong media companies, such as one formed with Disney to produce Bill Nye the Science Guy, Duggan said.

House approved conference report on CPB appropriation that cut funds \$7 million for FY 1995, to \$285.6 million. This is first time that Congress has cut funding approved previously in 2-year budget cycles. Reduction could have been larger because House version of bill had cut FY 1995 budget \$21.1 million, while Senate had voted full budget of more than \$330 million. However, Nancy Neubauer of America's Public TV Stations said there was some good news in appropriations figures that came out of House-Senate conference. She said FY 1996 budget would rise to \$312 million and in FY 1997 to \$315 million.

In survey by Opinion Research Corp., 18% of women and 9% of men said they would rather give up sex than TV remote control. Other findings on impact of remote: (1) 55% said they lose remote up to 5 times per week, 11% 6-10 times per week. (2) One-third of households said control of remote is source of conflict. (3) 62% of men and 37% of women said they were most likely to handle remote. (4) 25% use remote to "channel surf," and 62% said it's rude when person handling remote constantly surfs.

Robert Iger was named pres.-COO-board member, CapCities/ABC, as expected (TVD Sept 19 p4), succeeding Daniel Burke, who stepped down as pres.-CEO in Feb. Chmn. Thomas Murphy assumed CEO title at that time. Iger is expected to become chmn.-CEO when Murphy retires in next 12-18 months. David Westin, pres.-production, ABC TV Network Group, was named to succeed Iger as pres., ABC TV Network.

FCC Chmn. Hundt will open TV workshop on political advertising, 2 p.m., Sept. 27, FCC hq. Fairness-Political Programming Branch Chief Milton Gross will participate on panel with political ad experts -- 202-632-7586.

FCC FRUSTRATES NATOA: Just like last year, FCC officials went to National Assn. of Telecommunications Officers & Advisers (NATOA) conference last week to talk rules and, like last year, they got earful from frustrated NATOA members. Members meeting in Reno said that they still can't understand rules and that FCC is slow to make decisions and often can't answer basic questions. Adding fuel were consultants who painted FCC as overworked agency with little command of its own mandates. Matthew Leibowitz, Miami municipal consultant, said it's unfair for FCC to set strict filing deadlines for cities when it can't make timely decisions itself.

"I'm not sure I want answers from the FCC," said Washington attorney Joseph Van Eaton. He said most of his municipal clients would rather acquire regulatory freedom than FCC guidance: "The key is to treat cities as co-regulators here." He said cable lobbyists meet with FCC "almost every week" while municipalities haven't kept up. Issues affecting franchisers could end up favoring cable as result, Van Eaton said.

Despite criticism, FCC attorney John Spencer said rate orders "are in draft form right now" and will clarify many uncertainties. He gave no timetable for releasing first decision on roughly 80 rate order appeals now at Commission but said franchisers could help by making sure orders are complete. Cable Bureau attorney Mary Ellen Burns acknowledged that a la carte issue, which has been hot topic since rules were implemented, has "caused frustration" among cities because it's unclear what channels are regulated. Spencer said Cable Bureau is almost fully staffed now, but number of staffers doesn't change fact that rules still are "very much a work in progress."

Survey of 500 NATOA members showed that more would give up rate regulation to state rather than local franchise enforcement. About 80% said they have no long-term plan and see cable as ad hoc issue.

SEC obtained federal court order prohibiting further operation by Keys Microcable, Satellite Microcable, Key West Wireless Partners or any other affiliate marketing wireless cable in Fla. Keys. Order freezes assets pending court hearing Oct. 3, also involves affiliate Lancaster Bctg. Partners, which is marketing wireless cable in Lancaster, Pa. SEC said it began 10 similar court actions in last year and is investigating other cases, prompting it to issue news release warning of potential fraud in marketing of securities involving new communications technologies. Temporary restraining order issued by U.S. Dist. Court, Cincinnati, resulted from investigations by SEC, FTC and others alleging that companies were trading securities illegally, misleading investors, violating previous court orders. As reported earlier (TVD Aug 23/93 p6), Horn's companies were asking investors to put at least \$10,000 each into 32-channel Key West wireless system, even though they have clear right to only 12 channels. SEC announcement noted that there are many legitimate telecommunications companies, but said it's investigating offerings by firms involved in wireless cable, Specialized Mobile Radio, interactive video & data, etc.

BellSouth won its appeal of telco-cable cross-ownership case, following in steps of Bell Atlantic and U S West (TVD Aug 30/93 p2). U.S. Dist. Judge Sharon Blackburn, Birmingham, Ala., granted motion for summary judgment, declaring that ban violates First Amendment, and enjoined FCC, U.S. govt. or U.S. Justice Dept. from enforcing ban against BellSouth or any affiliate.

CABLE TERMED NO THREAT TO PBS: Aside from afternoon children's TV segment, cable isn't much threat to PBS, said Steve Sherman, PBS assoc. dir. of research, at PBS Development Conference in Anaheim last week. He said that while directly competitive cable services such as A&E, Discovery and Learning Channel boast large upscale audiences and claim to steal PTV viewers, actual impact is small. Sherman said new programs in fall schedule will help regain viewers lost to commercial networks and cable. He said that in all other segments, including primetime, PBS "consistently" achieves higher ratings, even quadrupled scores, over "segmented" cable channels, few of which can claim prime average household ratings of more than 1.2 or 1.3, compared with PBS's average 2.2 in 1990-1994.

Concern expressed by some at conference is PBS station placement on cable systems. Many said their stations ended up next to competitors A&E, Discovery, TLC and others on dial, which could confuse viewers. Sherman said challenge is to develop programming that clearly separates PTV from cable.

PBS reaches 99% of all U.S. TV households, Sherman said. Cable reaches only 66.3%, according to Nielsen, figure is expected to be only 75% by 2000, and just because it reaches 66% of households doesn't mean all sets in house are wired. While cable ratings have grown 51% since 1990, Sherman said PBS "consistently" outdraws "broad appeal" cable networks such as TNT, TBS, USA. Underwriters on PBS can reach more viewers collectively than if they ran commercials on A&E, CNN, Headline News, Discovery. Nielsen figures show single episode of Nova or Nature attracts almost 10 times number of viewers as CNN or Discovery, Sherman said.

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FCC's best chance to regulate children's TV programming is at license renewal time, FCC Comr. Quello said at children's TV seminar Sept. 20 marking launch of Encore's WAM children's channel. He cited U.S. Supreme Court statement in must-carry case that FCC can't control program content: "It may be that time constraints are the best that we can do because any quantitative or qualitative constraints that we would impose would be overturned." Quello said, however, that he thinks courts would allow FCC to require stations to keep records of children's programming that they air, and Commission to consider that at license renewal time. Comr. Chong, speaking at same seminar, agreed that FCC can't determine what should be shown but said it can encourage quality programming. Encore Chmn. John Sie said he disagrees that TV has negative impact. He said education is so important that "we can't afford not to use television." House Telecom Subcommittee member Tauzin (D-La.) said Congress is vitally interested in TV content but "we know our limits with the First Amendment." WAM was launched Sept. 14 as digitally compressed cable network, available to cable systems with digital receivers and to DBS customers.

FCC recognizes "crucial role" of local govts. in regulating cable, Cable Bureau Chief Meredith Jones said. She told NATOA convention that "we view you as partners" and said relationship between Commission and local authorities is "critical aspect" needed to implement cable rules. In fact, she said, FCC needs local insight to review filings because franchisers know more details such as fair assessment of franchise areas. Jones said cable industry "remains healthy" and can thank FCC rate cuts for recent subscriber growth. She also promised first of many orders on 11,000 programming complaints at FCC "in near future."

Daniels is dropping out of appeal of must-carry rules (TVD July 4 p1), attorney Jack Cole confirmed. Decision leaves 4 other groups appealing rules, including leader Turner Bestg., which heads group of several cable companies. Daniels filed to withdraw Sept. 19, Cole said, because "our participation in the case was not necessary and I couldn't in good faith recommend spending more money to stay in the case." He predicted that withdrawal would have no effect on appeal. Meanwhile, latest court action on must-carry "may well be resolvable on summary judgment motions" after discovery is completed, NAB said in brief to U.S. Dist. Court, D.C. If material fact issues still are in dispute, NAB said, court might be able to hold "focused" evidentiary hearing. However, broadcasters rejected possibility of any evidentiary hearing before single judge, or even special master, rather than before full 3-judge panel mandated by 1992 Cable Act. Using fewer than 3 judges would violate Act, NAB said, especially since remanded case "raises difficult and sensitive separation of powers issues." Broadcasters again argued that court should uphold must-carry because otherwise cable operators are likely to refuse to carry, reposition "or otherwise disadvantage a significant number of broadcast stations," hurting broadcasters. NAB also said must-carry doesn't unduly burden cable.

CBS filled 2 major market affiliation holes by agreeing to buy WGPR-TV (Ch. 62, Ind.) Detroit (9th market) for \$24 million cash, and WVEU (Ch. 69, Ind.) Atlanta (11th) for \$22 million cash. CBS affiliates WJBK-TV (Ch. 2) Detroit and WAGA-TV (Ch. 5) Atlanta are moving to Fox. Milwaukee (28th) and Austin (65th) are remaining markets where CBS hasn't replaced affiliates lost following New World/Fox agreement. NBC is network with largest remaining market hole -- Philadelphia (4th) -- and still is reported to be negotiating to swap stations for CBS-owned WCAU-TV (Ch. 10) to replace KYW-TV (Ch. 3) which moves to CBS in Group W deal. Other remaining NBC affiliation gaps: Flint-Saginaw (60), Mobile (62), Green Bay (65), Honolulu (70). ABC gaps are all medium-to-small markets: New Orleans (41), Memphis (42), Greensboro-High Point (48), Birmingham (51), Terre Haute (143), Yuma (178).

World Congress of International Confederation of Societies of Authors & Composers (CISAC) adopted resolutions calling for increased international recognition of authors' resale rights, accelerated fight against piracy, greater respect of authors' moral rights. Four-day Washington conference co-hosted by ASCAP and BMI included panels on impact of digital transmission on copyright protection. U.S. govt. panel discussion participants included Bruce Lehman, Asst. Commerce Secy. for Patents & Trademarks; Sen. Leahy (D-Vt.), chmn. of Senate Judiciary Subcommittee on Technology and the Law; Rep. Frank (D-Mass.). Sen. Kennedy (D-Mass.) received CISAC Gold Medal award in recognition of "career-long advocacy of creators and authors and their rights." Group adopted 2-year plan to improve protection of authors' rights.

Cable bears "at least some responsibility for the messages we bring to our customers," according to "Vision Statement" that's basis for year-long examination of industry conducted by National Assn. of Minorities in Cable (NAMIC). Project, funded by Glenn Jones, is intended to be "North Star" to guide cable into next century, NAMIC said in announcing report "Toward and Beyond: Cable and the Next Century." Among goals: (1) Children's programming should "at the least, do no harm." (2) Employees should be treated with "dignity and equality." (3) Work force should mirror makeup of community. Report includes 20-page "Vision Statement" and 90 pages of excerpts and quotes about cable.

E.W. Scripps, in FCC filing, rejected charge by Media America (MA) that it had forced ABC to change Phoenix affiliation from MA's KTVK (Ch. 3) to Scripps Howard's (SH) KNXV-TV (Ch. 15). MA had filed petition at FCC (TVD Aug 29 p2) urging revocation of SH licenses in Phoenix, Detroit and Cleveland, and began direct mail campaign seeking broadcaster support. Scripps filing said ABC initiated multistation affiliation package, including Phoenix, that SH accepted, and said that MA "has no right to smear Scripps Howard through this meritless petition." Scripps Chmn. Lawrence Leser also sent letter to MA to complain about what he called its "reckless campaign to sully [SH's] good name." KTVK wrote to "thousands of station owners and managers," enclosing copy of its FCC petition.

In its first major step into cable, MCI signed deal with Horizon Cable, Lansing, Mich., to deliver and insert ads into Horizon programs. Deal also calls for MCI and Horizon to explore possibility of using MCI network and video servers to provide on-line information and data services, interconnection with distance learning, local telephony. MCI said it could enable cable companies to move to interactive communications and information services without large investments. In Horizon deal, MCI will deliver, store and insert ads into Horizon channels, including managing spot inventory and providing classified ads.

Motorola and Sprint have become investors in Interactive Network (IN) in deal that also includes new financing provided by TCI and NBC. Deal gives IN additional \$42 million in capital, including \$10 million from TCI, \$5.25 million from NBC, \$5 million each from Motorola and Sprint, plus \$24 million in loans. (Figures include \$4 million previously provided by TCI, \$500,000 by NBC, \$250,000 by Motorola). Package gives Motorola right to be involved in manufacturing IN hardware with exception of set-top boxes, and Motorola Exec. Vp Robert Grawney will join IN board.

Halcyon Communications bought cable systems with 4,300 subscribers serving 10 northwest Ark. communities for undisclosed price. Deals give Halcyon nearly 8,000 Ark. subscribers. AAA Cable and Mission Cable sold systems to Halcyon in Avoca, Beaver Shores, Centerton, Gravette, Little Flock, Lincoln, Monte Ne, Pea Ridge, Prairie Creek, Rogers. Halcyon Chmn. Edward Drake said company recently obtained new line of credit, is considering deals to add 8,000 or more subscribers in year.

David Sarnoff Research Labs announced it had spun off affiliate to develop and sell large-capacity digital video servers for use in full-service networks and similar new services. New entity, Sarnoff Real Time Corp., is based in Princeton and has board including former Apple Chmn. John Sculley and former Cray Chmn. John Rollwagen. Server is based on massively parallel computing technology. Company has prototype of server, hopes to do field test next spring.

IRTS Foundation annual dinner at N.Y. Marriott Marquis Hotel Oct. 18 will feature panel discussion, "Media on Trial: Innocent or Guilty?" with participants: CBS anchor Dan Rather, ABC 20/20 correspondent Catherine Crier, defense lawyer Robert Bennett, former Democratic vice presidential candidate Geraldine Ferraro, NBC News Washington Bureau Chief Tim Russert -- 212-867-6650.

N. American Digital Group scheduled charter meeting for Oct. 26 in Washington, according to organizer TV/Com. Company called for forming group to agree on digital compression standards for N. America (TVD July 25 p4). Group is open to programmers, manufacturers, component vendors, cable, satellite users -- 619-451-1500.

Personals

John Pike, ex-Paramount Pictures pres.-network TV and international co-production, joins CBS Entertainment as senior vp-late night and nonnetwork programming... Marion Edwards promoted to exec. vp, 20th Century Fox International TV... Alan Cohen moves up to exec. vp-mktg., NBC... Stuart Walker advanced to vp-midwestern region, Columbia TriStar TV Distribution... Lauren Corrao, ex-MTV, joins Fox Bestg. as vp-alternative and late-night programming... Patrick Mullen promoted to pres.-gen. mgr., WXMI Grand Rapids... Brad Nilsen advanced to vp-gen. mgr., KNX-TV Phoenix... Sam Rosenwasser advanced to vp-gen. sales mgr., KVUE-TV Austin... Dayna Deutch moves up to vp-public affairs dir., KSTP-TV St. Paul-Minneapolis... Pat Search, ex-WPTD Dayton, joins WMHT Schenectady as head of special events.

Sharon Rockefeller elected first vice chmn., WETA-TV Washington, new post; she resigned in May as station pres.-CEO; her responsibilities will include fund-raising, community outreach. Joseph Krushinsky, ex-WITF-TV Harrisburg, named mgr., on-air fund-raising, WETA-TV... Karen Freeman promoted to dir.-PBS's PTV, The Ready to Learn Service... Jeanne Hopkins promoted to vp-corporate communications, WGBH-TV Boston, succeeding Christopher Ridley.

Margo Domon, ex-Washington, D.C., PSC staff, named deputy chief of Policy & Rules Div., FCC Cable Services Bureau... Promoted to senior vps, ESPN: Steve Anderson, remote productions; Rosa Gatti, communications & employee relations; Reggie Thomas, operations, engineering & technology; John Wildhack, programming; David Zucker, senior vp-asst. gen. mgr., ESPN International; Rick Barry advanced to vp-administration & production... Karin Silverstein, ex-CBS Entertainment, named vp-talent & creative development, VH-1... Robert Gordon, pres., Cable TV Arlington (Va.), also named pres., Cable TV Montgomery (Md.)... John Newton, ex-HBO, appointed Time Warner Cable Programming senior vp... Howard Burkat, ex-mktg. consultant, and Nicholas Fiore, ex-International Cablecasting Technologies of London, join Sega Channel as vp-affiliate mktg. and sales support and vp-managing dir.-international, respectively... Dean Gilbert, ex-KBL.COM Houston, joins Positive Communications as pres.-CEO... David Eng, ex-Scientific Atlanta, named vp-sales and services, C-Cor Electronics... In Showtime Entertainment Group realignment: Sharon Byrens promoted to vp-motion picture development, West Coast, where Katy Coyle, ex-Columbia Pictures TV, also becomes vp; Monica Foster, ex-USA Network, named vp-development, motion pictures and series, East Coast; Joan Boorstein, ex-Viacom Pictures, appointed vp-creative affairs, motion pictures; Aylesa Singley promoted to regional mktg. dir., north-central region, Showtime Network Sales & Mktg.

Michael Ozburn advanced to General Instrument Communications Div. vp-program management... Robert Gerrard, ex-HBO senior counsel-cable affiliate operations, appointed vp-gen. counsel, Sega Channel... In MTV realignment: Music Television, Rich Eigendorff, MTV Networks CFO, becomes exec. vp-business operations; Doug Herzog, pres., MTV Productions, adds responsibilities of exec. vp-production and programming; John Cannelli named senior vp-music program development, new post; Van Toffler promoted to senior vp-program enterprises and business development, Abby Terkuhle to senior

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vp-creative dir., MTV... Katherine Cross, ex-Westinghouse Bestg. & Cable, joins USA Networks as ad sales dir., central region... Wallace Griffin, ex-DDx. Inc., named pres., Jones Lightwave and Jones Futurex... Ira Silberstein, ex-New Line Cinema, joins Communications Equity Assoc. as financial analyst.

Sam Sotiriou, Saatchi & Saatchi senior vp-media research dir., named chmn. of Statistical Research Systems for Measuring & Reporting TV Committee... Maureen McPhilmy promoted to vp, DWJ TV... Diana Loomis advanced to vp-east coast publicity, Buena Vista Pictures Mktg... Terry Botwick resigns as pres., Hearst Entertainment Distribution.

OBITUARY

Kevin Rorke, 45, exec. vp, Time Warner Cable, died Sept. 21 in Greenwich (Conn.) Hospital after long illness. He had been cable executive since 1977, joining ATC as trainee in Albany system. He later ran ATC's Ithaca and Orlando systems before being named exec. vp in 1984. Rorke also served on boards of CAB, CTAM, National Assn. of Minorities in Cable, was a trustee of Walter Kaitz Foundation. Washington, D.C., native, he's survived by wife, 3 daughters.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	SEPT. 3-9	1993 WEEK	% CHANGE	AUG. 27- SEPT. 2	36 WEEKS 1994	36 WEEKS 1993	% CHANGE
TOTAL COLOR TV.	393,864	378,697	+ 4.0	488,911	16,449,899*	14,892,036	+10.5
DIRECT-VIEW..	387,830	371,154	+ 4.5	472,062	16,107,803*	14,640,660	+10.0
TV ONLY.....	362,234	355,738	+ 1.8	438,232	14,896,838*	13,829,014	+ 7.7
TV/VCR COMBO	25,596*	15,416	+66.0	33,830*	1,210,965*	811,646	+49.2
PROJECTION...	6,034	7,543	-20.0	16,849	342,096*	251,376	+36.1
VCR DECKS.....	107,390	120,484	-10.9	197,748	7,543,169*	7,416,977	+ 1.7
CAMCORDERS.....	23,180	25,880	-10.4	16,839	1,923,118*	1,851,503	+ 3.9
LASERDISC PLYRS	2,532	1,442 ^r	+75.6	5,799	177,733	179,027 ^r	- 0.7

Direct-view TV 5-week average: 1994--562,648*; 1993--478,301 (up 17.6%).

VCR deck 5-week average: 1994--248,191; 1993--239,315 (up 3.7%).

Camcorder 5-week average: 1994--50,471; 1993--52,834 (down 4.5%).

* Record for period. ^r Reflects revision by EIA.

MOVIE STUDIOS FORM DVD 'ADVISORY GROUP': Major movie studios have formed "ad hoc advisory group" on digital videodisc (DVD). Group said goal was "to encourage public and industry discussion" of 5" DVDs capable of accommodating full-length movie on single disc with picture quality "ideally superior" to current high-end video playback consumer formats.

Meanwhile, Sony and Philips are understood to be poised to proclaim collaboration on DVD system and are on verge of gaining crucial endorsement from Matsushita. Competing system reportedly is being promoted by alliance of Toshiba and Time Warner. Unlike Sony-Philips DVD system shown to studio representatives in recent days and weeks, Toshiba-Time Warner system would be based on 2-piece 5" disc laminated together, but playable on only one side.

Minimization of replication costs is among practical benefits of Sony-Philips system because disc bears much physical likeness to existing music CD. Sources told us another main difference between Sony-Philips and Toshiba-Time Warner systems is how they handle backward compatibility with music CDs. We're told Toshiba-Time Warner proposal originally didn't contain provision for backward compatibility because collaborators viewed it purely as home video carrier. Later manifestations reportedly have tackled compatibility problem by deploying 2nd laser pickup to handle conventional CDs. Common assumption is that new DVD discs won't play on old CD players, but old CDs will play on new DVD machines.

In statement, advisory group of studios said it views 7 features to be "of greatest interest" to industry and consumers: (1) Ability to accommodate full-length feature film on single disc. (2) Picture quality "ideally superior" to that of "current high-end consumer video playback systems," presumably laserdisc. (3) Audio compatibility with matrixed surround and "other high-quality audio presentation systems." (4) Ability to accommodate up to 3-5 languages on one disc, said to be important from standpoint of inventory control. (5) Commitment to unspecified "copy protection" system. (6) Multiple aspect ratios, to allow for future widescreen markets. (7) Parental lockout feature or multiple versions of same program on one disc. Statement made no mention of importance of lower replication or shipping costs compared with tape and laserdisc.

Advisory group resembles "who's who" of major studios, including Columbia (Sony), Disney, MCA/Universal, MGM, Paramount, Viacom, Warner. MGM/UA Home Entertainment Pres. Richard Cohen told us his company has seen technology from several manufacturers -- Matsushita, JVC, Toshiba, Sony/Philips -- and that "each was very impressive." Best system, he said, will be one that can hold most

data to "allow the best visual and audio quality." Also key is "single standard" among manufacturers. He said studio group has held several meetings over last few months and is interested in hearing from any other hardware manufacturers -- or studios, independent or otherwise -- that "want to contribute." He said manufacturers have told him system could be in place "as early as Christmas 1995."

All studio participants agree that they would like to see new format succeed, he said. Beyond that, he said, there's some disagreement on importance of various "wish list" items. For example, some studio executives believe capacity for multiple languages is highly important while others think multiple aspect ratios aren't vitally important.

MCA Home Video Pres. Louis Feola concurred on importance of single standard. Issue was key reason studio executives formed committee, he said. While he has seen systems from Sony-Philips, Toshiba and Matsushita, he declined to comment on relative merits. MCA's requirements for next-generation format include ability to fit at least 135 min. on single disc along with multiple sound and language tracks, aspect ratios, encoding for copy protection. He said "the quality has to be superior to the best format we have now -- laserdisc." Ability to hold great amount of data without compromising quality also is important, he said.

Prepared statement said group's aim "is to include and involve all interested hardware and software producers, including all motion picture producers, in the process to make the discussion and demonstration process as broad-based as possible." Group won't attempt to set actual standards, it said, but "seeks to avoid the kind of technical format incompatibility that characterized the introduction of Beta and VHS, and created confusion and inconvenience for the consumers."

Apparently to avoid any hint of antitrust problems, statement said ideas and proposals discussed by group "are not binding on anyone, and adherence to them will be entirely voluntary for any manufacturer, software supplier or motion picture producer." Group said "all parties interested are invited to deal directly with any other interested party on an individual basis. Each participant will independently evaluate differing formats, and each hardware and software manufacturer and motion picture producer will separately consider which formats it wishes to support."

With regard to key consideration of picture quality, sources close to advisory group said demonstrations of Sony-Philips proposal yielded picture quality on par with that of D-1 digital VTR broadcast video masters.

Group said it has proposed joint demonstration of competing system, time and place not specified. "The advisory group believes that the developments of the past 2 decades have offered consumers enormous opportunities to enjoy movies and educational programming in their homes," statement said. "The group is attempting to encourage development of videodisc technology in a way that will be easily understood and very attractive to the consumer."

DIGITAL VCR SEEN READY IN EARLY 1996: Consumer digital VCR (DVC), whose specs have been standardized by some 50 companies (TVD April 18 p9), won't appear in marketplace before early 1996, according to video executives at International Broadcast Convention (IBC) in Amsterdam last week. U.S. consumer debut may be later, if manufacturers decide it's necessary to incorporate HDTV standards.

Delay may be as political as it is technological. Early this year, Panasonic (U.K.) Best. Managing Dir. Gordon Rafferty said consumer version would be "deliverable in January 1995" and Panasonic would offer virtually "throwaway" broadcast newsgathering version in first quarter of next year (TVD Jan 31 p11). However, at IBC, Panasonic said DVC won't be ready for release until early 1996, with first working samples to be shown at NAB exhibit in spring 1995.

Behind-scenes battle between Sony and Panasonic for broadcast equipment market was reflected in comments at IBC. Panasonic apparently plans to use broadcast version of consumer digital camcorder and VCR as means to combat Sony's domination of broadcast equipment market with low-cost, virtually disposable, digital newsgathering tool. When asked at IBC, Panasonic officials would say only that DVC won't be ready until early 1996 and, according to one Panasonic representative, "it's highly political." Sony's U.S. Advanced Systems Dir. Hugo Gaggioni, also at IBC, said flatly during seminar on compression coding: "DVC is a consumer format."

DVC will use 2 types of small cassette, both loaded with 1/4" metal tape. Smaller one, for camcorders, about size of DAT cassette, will record 60 min. in standard NTSC, PAL or SECAM, while larger type, slightly bigger than audiocassette box, will record 4-1/2 hours. Recording time in HDTV will be half as speed is

doubled. Panasonic's broadcast version would record in double-speed mode for highest picture quality, even for non-HDTV broadcasts.

Even if system is introduced in Japan in 1996, it could come to U.S. later, presumably to coincide with start of HDTV broadcasting and TV set manufacture. It would be extremely difficult to push incompatible digital system at higher price against entrenched VHS format for standard NTSC viewing, even with argument that picture is better. However, digital VCR will be able to record and play back any digital HDTV broadcast standard through HDTV receiver, and camcorder will record and play back HDTV even though camcorder doesn't use same encoding as broadcast system.

COLOR TV IMPORTS SOAR 33% THROUGH JULY: Color TV imports continued to run well ahead of last year in July, although rate of increase slowed somewhat from first-half pace. In July, color TV imports rose 29.6%, leaving increase for first 7 months of 1994 at 33.2% -- slightly below 33.9% increase in first half.

Mexico continued to be dominant source, accounting for 65% of all imported color TVs in July, 66.5% for year-to-date. Through first 7 months, Mexico was source for more than 4 times as many color TVs as next biggest supplier -- Malaysia, with 13.2% share of business. Only other source country with double-digit share was Thailand, source of 10% of color TVs shipped into U.S.

Color TV import figures for first 7 months of 1994 include 80,000 projection TVs, 73,000 of which were assembled in Mexico and more than 7,200 in Japan. Comparable 1993 figures are unavailable. Flat-panel TVs, not included in color TV figures, were off 22.1% in July, down 2.9% for year to date. Monochrome TVs slipped 3.7% in month and were down 6.5% through first 7 months of 1994.

Although import rates of several other major product categories continued to show healthy gains -- VCR decks were up 38.8% in July, CD players ran 39.4% ahead -- there was major shortfall in camcorders. Shipments to this country of 8mm models were up 6.6% in month and were up 3.8% through July, but month saw major shortfall in "Other" category that represents VHS formats. Those models dropped off 28.4% in July, and through first 7 months were down 4.5%.

In July, Japan continued its decline as VCR source for U.S. imports, accounting for 19.8% of total -- first time below 20% mark. By comparison, in same month year earlier, it supplied 28.9% of VCRs shipped into U.S. For year to date, Japan was source for 25% of all VCRs entering country -- still largest share, but closely followed by Malaysia (21.6%), Korea (20.1%) and Indonesia (13.5%), each supplying more than one million to this market.

Story is same in CD players, where Malaysia has risen as source country in market for which Japan continues to hold largest share, but not as dominant as in past, as companies seek lowest-cost manufacturing. CD player imports rose 39.4% overall in July, but those coming from Japan dropped 9%. Imports from Malaysia, on other hand, rose more than 250%, accounting for 34% of total, compared with Japan's 39.6% share.

Here's summary of July and 7-month imports of major consumer electronic products, derived from Commerce Dept. data:

Product	July '94	July '93	% Chg.	7 Mo. '94	7 Mo. '93	% Chg.
Total color TV...	1,270,900	980,700	+29.6	8,636,300	6,482,800	+33.2
TV/VCR combos..	99,900	**	--	728,100	**	--
Projection.....	19,100	**	--	80,100	**	--
Flat-panel color*	47,400	60,900	-22.1	266,700	274,800	- 2.9
Monochrome TV....	190,700	198,000	- 3.7	1,044,600	1,116,900	- 6.5
VCR decks.....	1,697,000	1,222,800	+38.8	8,410,300	7,320,000	+14.9
Camcorders.....	281,100	353,600	-20.3	1,667,600	1,693,400	- 1.5
8mm.....	106,300	99,700	+ 6.6	630,900	607,900	+ 3.8
Other.....	174,800	243,900	-28.4	1,036,600	1,085,400	- 4.5
Videocass.players	90,400	146,900	-38.5	614,300	484,300	+26.8
CD players.....	936,000	671,550	+39.4	5,096,900	4,269,700	+19.4

* Not included in total color. ** Comparable data unavailable.

SONY ENTERS TV/VCRS: Last major holdout in booming TV/VCR combo business, Sony will deliver first 13" and 20" models this fall, spokeswoman confirmed. At same time, GoldStar reported it will reenter 4-head TV/VCR market in March with 13" and 19" models.

Sony's combos, assembled in Mexico with Trinitron tubes and GoldStar VCR assemblies, will have \$550 and \$700 suggested retail pricing. They will feature program and sleep timers, 3-mode record and playback, automatic head cleaner, on-screen display.

Sony's entry comes as TV/VCR market soars. Sales to dealers exceeded 1.6 million last year, and are running at annual rate of 2.24 million this year (TVD Sept 12 p9). "It reached a point where they had to supply what retailers had been asking for under the Sony brand," said video buyer at major east coast chain. Ironically, Sony was one of first with TV/VCR combo -- its Video Walkman portable, combining 8mm VCR and LCD TV was introduced in 1988.

GoldStar, already fixture in 2-head TV/VCRs, will return to 4-head business it launched with 20" unit. "Two-head has become such a commodity business and with 4-head I'm sure the margins will be a lot fatter," GoldStar TV Mktg. Dir. Philip Petescia said. New TV/VCRs will feature continuous play and automatic repeat functions; price hasn't been set.

BrandsMart founder Robert Perlman's income tax trial, scheduled to start in U.S. Dist. Court, Miami, Sept. 26, has been delayed. Asst. U.S. Attorney Edward Stamm and Donald Bierman, Perlman's attorney, were to meet with U.S. Dist. Judge Jose Gonzalez to set new date. Bierman said new trial is likely to be in early 1995 and he asked for delay because "we have a very serious defense and it takes a lot of work to put all the paperwork together to prove Bob innocent of these charges." Perlman, who was indicted in Dec. and is free on \$250,000 bond, was charged with falsifying 1988 income tax returns by saying he made \$1.28 million when he received substantially more, federal officials have said (TVD Dec 27 p15). Indictment said more tax is due for 1985-1988. Perlman has disputed charges, saying BrandsMart's earnings are reflected in his personal income tax returns because he's sole owner of company. Most earnings were returned to business in 1988, he said.

Consumer electronics (CE) exports from U.S. increased 12% in first half to \$1.67 billion from \$1.5 billion, while imports rose 10% to \$7.93 billion from \$7.2 billion over first half 1993, according to EIA compilation of Commerce Dept. figures. Nevertheless, CE balance of trade worsened to negative \$6.26 billion from minus \$5.7 billion. For electronics industry as whole, exports and imports both rose 18%, to \$48.25 billion and \$55.27 billion respectively, balance of trade declining to negative \$7.02 billion from negative \$5.74 billion. Improvements in positive trade balances were reported in electron tubes, solid state products, telecommunications, defense communications, industrial electronics and electromedical equipment, while negative balances worsened in passive components and computers and peripherals, in addition to consumer electronics.

Two-hour VHS-C cassettes will go on sale in U.S. in Oct., JVC announced last week. New cassettes record for 40 min. in SP mode, 120 min. in EP. Set for release early next month is ST-C40XZ S-VHS-C tape at \$14.99 advertised price, to be followed late in month by TC-40EHG VHS-C at price to be announced.

SAMSUNG PLANT--3 MILLION TUBES: Picture tube plant in Samsung's TV, tube and parts complex in Tijuana (TVD Sept 19 p11) will have capacity for 3 million 19" and 20" tubes annually when it goes into production in Oct. 1995, according to Samsung Display Devices in Korea.

Tube plant will involve expenditure of \$150 million, with initial capital outlay of \$40 million, company said. It will have 2 production lines at start and employ approximately 1,000. Opening will be next Sept., with full output scheduled for Oct.

News release issued in Seoul said plant will use glass made by Samsung Corning. That joint venture has plant in Korea.

Apparently boosted by licensing fees from GoldStar for right to produce dual-deck VCR (TVD July 25 p14), Go-Video reported 21% sales increase to \$10.1 million as net income reached \$834,000 in 4th quarter ended July 31. In last year's quarter, company lost \$6,000. For year, it said revenues jumped 33% to \$41.2 million, but profits dropped 9% to \$106,000 (see financial table). Go-Video spokesman wouldn't comment on how much GoldStar had paid for license, which calls for upfront fee and royalty. However, in statement accompanying earnings report, Chmn.-CEO Roger Hackett said licensing revenues "had a positive overall impact on the company's overall financial performance." He noted that Go-Video's core business "rebounded to a record level of profitability."

Program content advisory system standard that would allow production of TV sets that recognize and respond to special codes (violence, nudity, adult language) has been submitted for vote to members of EIA's Video Systems Committee (R-4). The 130-page draft standard was developed by TV Data Systems Subcommittee and is based on proposal by HBO (TVD July 18 p15). Balloting results are expected in early Nov. EIA emphasized that it "continued to oppose legislation for a mandatory violence blocking mechanism in every TV," and that "the TV industry is doing its part on a voluntary basis to make it possible for consumers to have the choice to buy a TV that would respond to a program content rating." There has been no general commitment by program providers to use codes.

Sony is breaking up with ad agency for Sony Electronics, which has handled account for 3-1/2 years. Leo Burnett, Chicago, which currently has \$40-\$50-million account, won't be involved in review. In addition to Burnett, which handles consumer products and special projects, 2 other agencies will be dismissed, according to Wall St. Journal -- Hill, Holliday, Connors, Cosmopolis, Boston, which handles Business & Professional Products, and Burkhardt & Christy Adv., N.Y., Recording and Media Products. New agency will pick up those accounts as well, Journal reports.

Pioneer is developing LaserActive version of "Myst," hottest-selling CD-ROM entertainment program for PCs. Program is scheduled to be out during holiday season, with mass production beginning in mid-Nov. at Carson, Cal., plant. Expected selling price is \$80.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 98 yen = \$1, except where noted.

AV&C MOVES TANDY UPSCALE: In launching AV&C Superstores, Tandy is moving to boost sales in secondary markets and target upscale clientele that has eluded McDuff chain, analysts said.

AV&C stores in Brunswick, Ga., College Station, Tex., and Dothan, Ala., focus on cash-and-carry PC buyers, while many McDuff customers often seek financing, analysts said. Tandy has been quietly opening 12,000-15,000-sq.-ft. AV&C (for "audio, video and computers") stores since March (TVD Sept 19 p14).

"With the new stores we're more upscale," Tandy Senior Vp-Gen Mgr. David Thirion said. "We went from customers that were heavily dependent on the ability to finance their purchases [at McDuff] to customers where that is not nearly as important. But that probably fits the demographics of any computer store."

Move upscale also is designed to boost ailing McDuff stores, analysts said. Tandy closed 79 McDuff stores in Jan. 1993 in shakeup of retail group (TVD Jan 18/93 p10) and later converted 31 McDuff mall stores into VideoConcepts (TVD March 1/93 p13).

"Tandy is not one to be secretive about something that is a big hit," said analyst who follows Tandy. "I find it hard to believe that they think this is a solution other than to beef up McDuff's, which is clearly still limping and barely profitable."

Decision on expanding AV&C is "a little bit off until we're able to analyze the results" from first 4 stores, including one expected to open Sept. 29 in Lawton, Okla., Thirion said. Stores were converted from McDuff's, although it's "certainly a possibility" that 2 chains will share markets. "Brands that we had the best success with in McDuff's and VideoConcepts are the ones we're dealing with here," Thirion said. "We've thinned the lines a little, but we had to if we were going to give the computers more space." McDuff's carries more major appliances, AV&C broader PC lineup.

AV&C stores have 1,600 SKUs including RCA and Sony audio-video products and IBM and Packard Bell PCs. Outlets also highlight accessories, blank tape, batteries, cable hookups. They have noncommissioned sales force and offer installation and delivery service.

Verbatim Corp. and Sanyo Laser Products (SLP) said they had signed letter of intent to create joint venture to produce CD-ROM and audio CD software. Venture will be based at Sanyo's current Richmond, Ind., plant. Although companies didn't specify current capacity, SLP Pres. Hidetaka Iijima said "immediate expansion" will raise annual capacity to 50 million discs, to be doubled to 100 million within 2 years. SLP has been manufacturing in Richmond since 1986.

Sony hasn't lowered prices on select camcorders, although some dealers may be carrying them below suggested tag, Vp Jay Sato said in commenting on our report (TVD Sept 12 p12). Pipeline inventories are low, but retail supplies may be higher in certain markets, such as Fla., where camcorder sales are soft, Sato said.

New LaserDisc combi player from Panasonic includes digital time base corrector, digital servo system and shuttle knob, 4 D/A audio converters and 4 times oversampling at \$450 suggested retail. Delivery started this month.

AUDIO EMPHASIS IN MEXICO: CES Mexico Oct. 4-6 apparently will have stronger emphasis on audio, communications and accessories than on TV or multimedia, judging from exhibitor list and seminar topics.

Keynote addresses will be by troika including Cobra Pres. Jerry Kalov, chmn. of sponsor EIA Consumer Electronics Group (CEG), plus 2 speakers on Mexican market, not identified in program, along with EIA/CEG Vp Gary Shapiro. Seminars will be on high-end audio, multiroom systems, home theater, Mexican regulations, satellite systems.

More than 150 exhibitors will display in about 48,400 net sq. ft. of space at Mexico City's Palacio de los Deportes and at high-end and specialty audio exhibits at Ramada Hotel Aeropuerto. Sponsors expect attendance of more than 20,000.

Among exhibitors will be AT&T Consumer Electronics, Audiovox, BASF, Case Logic, Cobra, Craig, Daewoo, Fisher, Clarion, Fidelitone, GoldStar, Gran Prix, International Jensen, JVC, Klipsch, Kraco, Maxell, Motorola, RCA, Sanyo, Seiko, Singer, TDK, TEAC, Uniden, Unisonic, Universal Electronics, Yamaha, Zenith. In some cases, displays will be by Mexican subsidiaries or distributors.

Seminars will be held 9 a.m.-2 p.m. at Hotel Presidente Intercontinental. Exhibit hours are 4-9 p.m. each of 3 days -- CES, 202-457-8778.

Good Guys, in move to larger stores with streamlined sales, will open first 6 stores in Wash. starting in Oct. First units will be added in Olympia and Tacoma, expanding to Bellingham, Bellvue, Federal Way, Lynnwood. Each outlet of 18,000-27,000 sq. ft., will replace cashier with sales force that handles demonstrations as well as checkout and retrieving product from stock room. GG spokesman declined to comment on chain's plans for Wash. in 1995. However, Pres. Robert Gunst has said that GG will open 12-14 stores in 1995 (TVD March 14 p14). At same time, GG also will open store in Chula Vista, Cal., featuring so-called Generation 21 design. Outlet will be GG's 6th in San Diego area since entering market in 1993.

Legal action settled by Hitachi didn't involve VCR Plus, according to both Hitachi and Gemstar. Suit by inventor Jack Beery (TVD Sept 19 p15) involved "favorite channel" feature on Hitachi sets. Beery has also filed suit against Gemstar, which Gemstar Gen. Counsel Roy Menkovitz called "nuisance" suit, based on Beery's claim to have patented "channel mapping" principle. Gemstar has filed for summary judgment that it hasn't infringed on patent and said it will "vigorously" defend itself, Menkovitz said. We erred in concluding that VCR Plus principle was involved.

China still is importing TV sets and picture tubes despite exponentially increasing domestic production. Beijing govt. figures show 30,000 TVs imported into China in July, up 816% from year earlier, along with 690,000 picture tubes, down 1.4%. China is world's leading exporter of monochrome TV sets.

Half of all camcorders sold in Japan this fiscal year (through March) will be of LCD monitor type, according to one estimate quoted in Nikkei Weekly. Estimate cites some 600,000 monitor camcorders this year, up from 310,000 last year. Sharp hopes to sell 800,000 ViewCams worldwide this fiscal year and one million next year, Nikkei said.

FIRST MW ' & MORE' STORES: Montgomery Ward (MW), seeking smaller stores focused on consumer electronics (CE), is expected to open first Electric Ave. & More outlets Sept. 26 in S.C. and Ky.

New outlets are smaller -- 53,000-63,000 sq. ft. vs. 100,000 sq. ft. -- and shorn of apparel in favor of CE and major appliances, furniture, jewelry. Stores are opening in Florence and Anderson, S.C., and Owensboro, Ky., with 3 more scheduled for Oct.-Nov. in Myrtle Beach, S.C., Onalaska, Wis., and Waterloo, Ia. About 50 Electric Ave. & More stores will open in next 5 years, spokeswoman said.

Electric Ave. & More will carry same CE lines as existing MW stores, but move slightly upscale with addition of Onkyo, ProScan and Technics, MW spokeswoman said. Outlets also will sell MW's private brand Bell & Howell products and PCs from Apple, Compaq and Packard Bell, she said.

"They're looking for synergies from these businesses" (CE, furniture, jewelry), said executive at competitor. "Jewelry is a margin play, and furniture and electronics seem to be somewhat of a natural synergy. It will be a regular full-line Electric Ave. store, only slightly more condensed."

Strategy borrows "most successful" aspects of Lechmere chain MW acquired in Feb. (TVD Feb 7 p12). Before takeover, Lechmere had proposed Home Zone concept featuring smaller 50,000-sq.-ft. stores stocked with more profitable categories. Home Zone plans were shelved after purchase.

"In order to get more consumer awareness of Montgomery Ward being committed to audio-video business it makes a lot of sense," JVC Exec. Vp Harry Elias said. "A lot customers over the years may have viewed them for car accessories, software and major appliances and not so much audiovideo products. It's going to be good for them and probably will stimulate their electronics business."

Electric Ave. & More will allow MW to "probe" new secondary markets, executive said. While MW spokeswoman said new outlets could share markets with traditional MW stores, analysts argued that such move could result in damaging competition. First Electric Ave. & More stores won't be in MW markets, although new MW scheduled to open in Greenville, S.C., in 1995 will be 20-25 miles from Florence.

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Lowe's has added first home office products to consumer electronics (CE) dept. Home center chain based in N. Wilksboro, N.C., is selling 5 Packard Bell and Compaq PCs along with software and accessories at stores in Myrtle Beach and Raleigh. Home office products will be expanded to chain's remaining 340 stores next year. New home office section covers about 40 sq. ft. of 5,000-sq.-ft. CE dept.

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Casio will open R&D center in Silicon Valley, near San Jose, to conduct research on new communications systems as well as planning products such as personal digital assistants for U.S. market. Facility at start will employ 3 Japanese and 12 U.S. engineers, increasing to 20 engineers in year.

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Cowboy Maloney's is expected to reenter Vicksburg, Miss., by year-end with 9th store. Jackson-based chain left Vicksburg in 1989 after 14 years, but is expected to return with 15,000-sq.-ft. leased store, Vp Eddie Maloney said.

BEST BUY EARNINGS FLAT: Best Buy said interest related to \$150 million in notes issued last Oct. was major reason it reported minuscule earnings growth in 2nd quarter ended Aug. 27 (see financial table). It said return on that investment should be realized in 2nd half of year, when new store openings funded by that offering generate added sales and profits.

Operating income in 2nd quarter was up 35% on previously reported 66% sales increase (and 18% comparable-store gains). As in last 2 quarters, gross profit margin of 14.2% was more than 2 percentage points behind year-earlier period, which company said reflected "more competitive market conditions" and larger percentage of personal computers in sales mix. Best Buy opened 15 stores in quarter, has 33 on tap for 3rd quarter ending in Nov.

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Digital Video Workshop Oct. 5-7 in Waltham, Mass., 6th annual event sponsored by EIA Consumer Electronics Group, will feature tutorials on consumer VCRs for digital TV and overview of ATM networks and ATM communications Oct. 5. Next day's events will consist of workshops of digital video in cable TV chaired by consultant Walter Ciciora, digital video in consumer electronics chaired by Thomson R&D Labs' Bailey Neal and digital video in computers by Carnegie Mellon U.'s Scott Stevens. Oct. 7 program will have sessions on digital video in telecommunications and in broadcasting, chaired by AT&T's Robert Keeler and PBS's Mark Richer, respectively.

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Philips Media last week launched fall CD-I ad campaign that focuses on new tag line: "CD-I. CD for your TV." TV spots feature comedian Phil Hartman portraying 14 different characters, aimed at driving home message of new opening \$299 hardware price point, as well as breadth of games, movies, music and educational software available. Spots are scheduled to run in top 12 markets, as well as cable networks including MTV, ESPN, Comedy Central, VH-1, BET. Accompanying print campaign includes newspapers, video and game magazines.

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In further expansion outside U.S., Warrantech has signed agreement with Grupo Elektra to serve as consultant in opening 4 service centers in Mexico. Three of centers will be in Mexico City, Monterrey and Guadalajara starting in 1995, although location for 4th hasn't been chosen, company said. Each will service consumer electronics, home office equipment, major appliances. Move into Mexico comes little more than year after Warrantech opened office in U.K. in joint venture with American Insurance Group (AIG).

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NEW CAMCORDER, VCR FEATURES: As search for magic selling points continues, manufacturers are coming up with new features that they hope will revitalize market. Among reports and announcements last week:

Hitachi's wireless camcorder, requiring no physical connection to TV set (TVD Sept 5 p9), is scheduled to go on sale in Europe next spring in Hi8 format, Japanese press reported, which indicates that its degree of success there will determine whether it will be marketed worldwide, including Japan and U.S. Hitachi is developing chip to control frequency modulation of infrared transmitter for audio and video signals, to be built into camcorder. IR receiver attachment for TV set will be sold as part of system.

Sanyo will offer 2 VCRs this fall with combination wireless remote controls and speakers. FM signal is transmitted from VCR to remote control with built-in 2" speaker, designed for those who want to listen to tape without turning up sound or for private listening via headphone jack built into remote. Both new VCRs are hi-fi, priced at \$835 and, with broadcast satellite tuner, \$940.

Camcorder that lets user integrate favorite color film snapshots into program will be sold by Fuji Photo in Japan starting Oct. 1. Hi8 model includes backlit film holder that can be mounted in front of lens and accommodates 35mm negatives. Camcorder has 18x optical zoom, 72x electronic zoom, 410,000 pixel pickup and color viewfinder at \$1,990. No exports are planned currently.

JVC's new "Easy One" camcorder (GR-EZ1), to be delivered in U.S. in Nov., departs from single-hand type and is designed for simple operation. Held in 2 hands, it includes several new features: QuikPix makes shots 5 sec. long, eliminating long boring sequences and saving tape and battery (it can be overridden). Instant ReShoot automatically winds tape back to start of preceding take, letting user record over unwanted segment in one-step operation. "Seek" feature automatically searches for exact point where blank tape starts if partly recorded cassette is loaded. Camcorder has 3x zoom, will have advertised price of \$399.

NO MEGASTORES--CIRCUIT CITY: Circuit City (CC), denying rumors it would open 55,000-sq.-ft. megastores, told analysts new stores will remain 33,000-40,000 sq. ft.

CC executives indicated chain would expand using current format -- and in slap at Best Buy (BB) said that 55,000-sq.-ft. stores aren't economically viable. CC spokesman confirmed to us that chain has no plans for megastores. Retailer earlier was said to be considering larger stores for new Wash. market. BB is expected to open first 55,000-sq.-ft. Concept III stores in L.A. this fall, offering expanded software and featuring touch-screen kiosks for product information.

In 2nd quarter ended Aug. 31, home office products accounted for 16% of sales vs. 9% year earlier, CC officials were said to have told analysts. PCs constituted majority of home office sales, analysts said. Increase in home office also was partly responsible for lowering gross margin to 25.4% from 26.6%, CC Chmn.-CEO Richard Sharp said after earnings were released.

In first results of new warranty programs, CC officials told analysts that service contracts were 5.9% of overall sales in 2nd quarter. Nearly 47% of warranty sales were through 3rd party administrator, analysts said. Virginia

Surety Co. and GE were retained earlier this year to administer extended service contracts and in-home PC repair program, respectively.

CE SPOTLIGHT ON VIETNAM: Perhaps 2nd only to China in Far East, Vietnam is being viewed as potential producer -- and consumer -- of consumer electronic products.

Samsung, building major TV, tube and parts complexes in Mexico and China (TVD Sept 19 p11), is bidding to displace JVC as biggest color TV brand in Vietnam. Samsung joint venture with Vietnam's Trade Import Export Electronics Co. will build plant in Ho Chi Minh City to assemble 400,000 color TVs, 100,000 refrigerators and one million loudspeakers annually, eventually turning out VCRs, air conditioners, washing machines and telephones, according to Vietnamese govt. news agency. Factory reportedly will employ 500, manufacturing from imported kits at start.

Vietnamese manufacturer has been turning out JVC brand TVs under license at 100,000-120,000 annual rate since 1985, but new competition already has eroded its market share to 30% from 70%, according to JVC Managing Dir. Toshimasa Kumazaki, as quoted in Nikkei.

Matsushita and Hitachi have opened liaison offices in Ho Chi Minh City and Sony has filed with govt. to set up TV-producing joint venture. Five other Japanese manufacturers are preparing to set up TV production and marketing ventures there, Nikkei said.

Angered by Nintendo's criticism of jury that awarded it \$208 million for patent infringement (TVD Aug 8 p15), Alpex has asked federal judge to restrict videogame company's post-verdict interviews with jurors. In letter to U.S. Dist. Judge Kimba Wood, N.Y., Alpex requested interviews be conducted by independent research firm and that jurors not be "subjected to questions which harass or embarrass" them or ask what impact evidence excluded from trial would have had on decision. Nintendo officials said in statements after jury decision that verdict was "preposterous and flat wrong" and damage award was "grossly inflated and completely unsupported by the evidence." Alpex attorney Barry Satine said statement raised "substantial concerns as to the manner and purpose of jury interviews." Nintendo has "First Amendment right" to express views on verdict, Nintendo attorney Robert Gunther said in separate letter to Wood. "We are trying to elicit information which will assist Nintendo and [Nintendo's law firm] Mudge Rose in future matters," Gunther wrote. "This motivation is completely at odds with treating any juror disrespectfully." Wood hasn't ruled on Satine's request.

Nintendo led all Japanese consumer electronics-related companies in taxable income for fiscal year ended last March even though its income was down 32.8% from preceding year, according to tabulation by Nikkei. Nintendo was 7th Japanese company in terms of value of taxable income (113.2 billion yen), according to tabulation, down from 6th year ago. Toyota was top earner at 295.8 billion yen, followed by Tokyo Electric Power. Fuji Photo was No. 5. No traditional consumer electronics companies were among top 15. Nintendo was No. 1 in separate Nikkei survey ranking companies for "excellence." It was followed by Sony Music Entertainment (Japan) and Fuji Photo, in that order, with Sega ranked 13th, Murata 14th. Traits considered in excellence ratings: Market share, financial health, resistance to negative effects of strong yen and deflation.

Consumer Electronics Personals

Edward Volkwein, ex-Sega of America senior vp, joins Philips Consumer Electronics as senior vp and gen. mgr., mktg. & sales... **Chris Garske** promoted to Sega of America vp-new business development & 3rd party licensing... **Stephen Yanklowitz**, ex-Western Publishing exec. vp, named COO, Cobra Electronics... **David Ternotto**, ex-Ogilvy & Mather, joins EIA Consumer Electronics Group as mktg. dir. for Consumer Electronics Shows... **David Donald**, ex-Sonance, joins Triad Speakers as national sales mgr... **Milo Kosich**, ex-CTI Audio, named exec. vp, Audio Potentials, marketer of Design Acoustics and Signet speaker brands.

Gregory Hughes, ex-Incredible Universe, joins Cowboy Maloney, Jackson, Miss., retailer, as electronics mdse. mgr... **James Skinner**, ex-Ernst & Young, named CompUSA exec. vp-CFO-treas... **Kenneth Watson**, ex-pres. of Caribbean retailer Little Switzerland, named K mart exec. vp, mktg. & product development... **Paul Rakov** Circuit City (CC) management recruiting mgr., appointed public and industry affairs mgr., replacing **Julie Mullian**, who moves to CC legal affairs post... Promoted to exec. vps, Eastman Kodak: **Leo Thomas**, pres. of Imaging Group; **Wilbur Prezzano**, pres. of Health Group; **Harry Kavetas**, senior vp-CFO.

Producer **Elliott Kastner** appointed chmn., Prism Entertainment... **James Weiss**, ex-Ingram Entertainment, named senior vp, Rentrak Home Entertainment... Appointments at BMG Video: **Joe Shults**, ex-Polygram, gen. mgr.; **Susan Rosenberg**, ex-Sony Wonder, vp-acquisitions; **William Gaden**, dir.-BMG UK Kidz and Video, promoted to BMG Kidz vp-operations & international... Changes at LIVE Home Video: **Timothy Fournier**, exec. dir.-sellthrough sales, promoted to vp-sales, sellthrough and multimedia based in Chicago, replacing **Beth Bornhurst**, who leaves to pursue other interests... **Lisa Alter**, gen. counsel, Rodgers & Hammerstein Organization and ex-CBS/Fox Video legal & business affairs dir., opens intellectual property and entertainment firm based in N.Y.

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Chromium dioxide videotape duplication poses no occupational health hazard, Thermal Duplication Group (TDG) said, based on findings by Du Pont, inventor of thermal duplication. TDG spokesman Tim Reese said finding supports "trend toward increased use of the EP format, for which thermal duplication technology is the most cost-effective and quality method." TDG is L.A.-based alliance of 6 hardware and software manufacturers to promote EP duplication -- BASF, DIC, Du Pont, Hightree Media, Otari, TDK.

Audiovox announced completion of agreement with Shintom and its Japanese export agent Rainbow Star to form new Tokyo-based venture, Talk Co. Ltd., to develop, manufacture and sell cellular phones, pagers, VCRs and other consumer electronics products for China, Indonesia, Japan, Korea, Vietnam and unspecified Middle East markets (TVD Aug 1 p13).

Orion Electric, Korean picture tube manufacturer and member of Daewoo group, has been honored by Philips Consumer Electronics (U.S.) as "CRT Supplier of the Year" for 1993-1994. Daewoo external house organ boasts that Orion is "first TV tube supplier, American or foreign, to receive the award." Philips itself makes picture tubes in U.S., Europe, Asia.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Best Buy 1994-26 wk. to Aug. 27	1,782,575,000	11,841,000	.27
1993-26 wk. to Aug. 28	1,004,899,000	8,685,000	.22a
1994-13 wk. to Aug. 27	933,172,000	7,600,000	.18
1993-13 wk. to Aug. 28	562,980,000	7,594,000	.18a
Circuit City Stores 1994-6 mo. to Aug. 31	2,267,267,000	55,743,000	.57
1993-6 mo. to Aug. 31	1,705,628,000	45,197,000	.46
1994-qtr. to Aug. 31	1,218,572,000	36,055,000	.37
1993-qtr. to Aug. 31	906,678,000	27,967,000	.29
Go-Video 1994-year to July 31	41,192,644	105,741	.01
1993-year to July 31	30,928,531	116,706	.01
1994-qtr. to July 31	10,087,907	833,721	.08
1993-qtr. to July 31	8,322,009	(5,911)	--
Prism Entertainment 1994-6 mo. to July 31	8,923,000	(593,000)	--
1993-6 mo. to July 31	8,802,000	377,000	.18
1994-qtr. to July 31	3,932,000	(556,000)	--
1993-qtr. to July 31	4,431,000	186,000	.09

Note: aAdjusted.

Saitek Industries, in first move into rechargeable batteries, will ship charger late this month for alkalines and NiCads. Eco Charger will accommodate up to 4 AA, AAA, C or D batteries and be \$49 retail. Device features LCD display that shows strength left in battery, length of charge time and indicates when battery isn't rechargeable. Unit won't charge alkalines more than 80% spent, while NiCads must have used 70% or more of power to be fully restored, said Saitek Mktg. Coordinator Glori Cavin.

Sharp will offer one-year free financing on newest LCD projector for those who buy in Oct. New XV-S90U replaces high-end 80U by adding 250w lamp vs. 150w, 600 lux brightness (TVD Sept 5 p16). Model, which has \$9,995 list, will be advertised along with other projectors in 30-sec. spot during 4th quarter that contains 5-sec. tag for dealers. Sharp LCD line-up, which also includes XV-H35U (\$4,695) and XV-P10U (\$2,295), will be unchanged through first half of 1995, Sales & Mktg. Dir. Juan Collada said.

Long registration lines at Winter Consumer Electronics Show will be avoided at Jan. 1995 event, sponsor EIA Consumer Electronics Group hopes, by changes being made. Preregistration fees have been lowered (to \$10) and mailers have been sent out earlier than last year. Registration facilities on site will be increased 77% in space, 72% in number of terminals, and registration hours will be longer on opening day and day earlier. At 1994 show, more than 10,500 registered on opening day.

Aircraft video server developed by Cal.-based Micropolis Corp. offers passengers 20 feature films simultaneously, letting viewers choose start, stop and pause times. First in-flight use is expected to be by Singapore Airlines, reportedly working with Matsushita for monitors and other equipment.

Ten retailers, including Sears and Target, are among first to sign for TDK promotion that donates portion of tape and computer disc sales to Special Olympics. Donations will help send athletes to 1995 Special Olympics in New Haven. Promotion, which runs Oct. 1-Dec. 31, will be supported by print ads starting in Nov.