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With Consumer Electronics

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Broadcast - Cable

RHCs ENTER VIDEO: Bell Atlantic, Nynex and Pacific Telesis plan \$300-million production venture and broadband navigator. Distribution projected for next year. Ovitz on board. (P. 1)

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DBS DEAL OPPOSED: DirecTV and Echostar try to block Tempo license transfer. Deal would give cable bigger DBS role. Companies cite lack of precedent, say takeover would frustrate Cable Act. (P. 4)

TELCOS COULD SUFFER in competition with cable, Moody's predicts. Revenue may grow only 1.4%, and superhighway could cost \$240 billion. Cable and telephone companies are called about even in marketing clout. (P. 4)

FEW DECERTIFICATIONS SEEN for local regulators, despite municipal concerns about cable rules. Number dropping regulation expected to grow. FCC grants first city requests. (P. 5)

SATELLITE RULES SOUGHT: Markey bill would regulate most large carriers of video, other intercontinental services. White House presses for privatization of Intelsat. (P. 5)

RHCs PLUNGE INTO VIDEO PROGRAMMING: Nynex, Bell Atlantic (BA) and Pacific Telesis unveiled \$300-million plan to compete with cable TV and build relationships with video producers for entertainment, information and interactive programming. Companies hired Michael Ovitz of Creative Artists Agency to advise on programming and technology for fees rather than equity. Key aspect of venture is development of navigator software to help customers find programs or services. First programs could be distributed by telephone in 2nd half of next year, probably in Northern Va., R.I. or Cal., where companies are testing video dial tone (VDT).

Partners wouldn't discuss programming content, but Ovitz hailed development as outlet for new producers as well as for large studios for films, series and other products now limited to commercial and cable TV. Pacific Telesis Chmn. Philip Quigley said venture doesn't need FCC approval: "These are businesses we can be in, without question." Commission rules set limits on percentage of RHC ownership of video producing unit, although RHCs have challenged rules successfully in U.S. Dist. Courts. Officials predicted favorable opinions in other cases pending before federal judges.

Consumer Electronics

QUASAR MOVING INTO PANASONIC fold, dealers urged to take it on as low-end line, although company says it will keep separate sales force. (P. 10)

PHILIPS PROFITS TRIPLED in 3rd quarter, despite flat sales. Consumer electronics had \$67-million operating profit. Near-term growth to be 'limited' by weak dollar. (P. 11)

VCR, CAMCORDER EXPORT PRICES held down by Japan, compensating for rise in yen. Sept. is best month of year for Japanese consumer electronics shipments to U.S. (P. 12)

HOME THEATER INDUSTRY ASSN. absorbed by EIA Consumer Electronics Group as subdivision reporting to Audio and Video Divs. Tribeman to be chmn. (P. 12)

ROY POLLACK, WIFE killed in Mexico helicopter crash. RCA veteran, who rose to post of exec. vp, headed all electronics operations. (P. 13)

3DO 2nd-QUARTER LOSS WIDENS \$12.8 million, but revenues from software royalties begin to flow. Hawkins says fences are being mended with protesting publishers. (P. 13)

OCT. RETAIL SALES at major chains solid, Best Buy, Circuit City showing big same-store gains. Tandy, Sears, REX, Audio King, Ultimate Electronics also strong. (P. 14)

BA Chinn, Raymond Smith said venture would spark actions by others to develop information technology: "This combination will be a major acceleration of the information superhighway. This will allow standards to be set. This will allow open systems to be developed." Executives said venture will compete with cable, expanding market much as radio expanded market for books in 1920s and TV broadened market for radio in 1950s.

All 3 companies are active in software and hardware development and those efforts are part of \$100-million investment to be made by each company over 3 years, executives said. BA Video Services unit in Reston, Va., which is developing Stargazer navigation system for video-on-demand, provides substantial asset for venture, companies said. Assets also are provided by: (1) Nynex's work on asynchronous transfer mode (ATM) needed for transmission, as well as alliance with Viacom. (2) PT's work on prototype navigator called Fanfare. (3) Development of customer service operations. Companies serve 30 million homes in Northeast, Mid-Atlantic and West Coast, including 5 of top 7 markets -- N.Y., L.A., Boston, Philadelphia, Washington, San Francisco. Nynex is planning VDT test in Warwick, R.I., BA is working in Northern Va., PT is testing in Silicon Valley. First programming could be launched in any of those markets, officials said.

New venture will consist of 2 companies, each with about 100 employees: (1) Media company based in N.Y. and L.A. that will establish national brand and develop programs for 3 RHCs' VDT services. Unit also will license, package, acquire, invest in and create traditional and interactive programming. Officials said interactive programming could be dominant content by 1997-1998. Programs also will be sold to other systems, possibly other RHCs, executives said. (2) Technology company based in San Francisco and Reston to develop systems to deliver programming over VDT networks. Each company will be headed by CEO and management committee with 2 representatives from each RHC. Top executives are to be named by end of 1995 first quarter. By year-end, media company will begin brand-name development, product license agreements, alliance activities. Next year, video-on-demand will be tested and programming and services will be ordered, including video-on-demand for VCR functions for movies, video, music.

Technology company will work on centralizing video compression and digital encoding by end of year and will identify common vendors and technical support for navigator next year. Mission also includes development of technical, business and operation systems to support delivery of traditional programming, video-on-demand and interactive programming using VDT networks of each company. Unit will provide content processing and technical support for navigator systems. Another goal is to influence development of open standards allowing licensing of technology to other users, officials said. Part of technology unit will be based at BA's Video Services Group in Reston, where video-on-demand service is being developed for testing when company wins FCC approval for VDT test.

FCC TO ACT ON EBS, STATION AUTOMATION: After 3 long years of trying, FCC finally is ready to act on its plan to automate and revamp Emergency Broadcast System (EBS) at its Nov. 10 meeting. Also on agenda are long-awaited rate rules for new cable services (with which industry already is upset), some cable program access issues, rules for automated operation of broadcast stations and plans for auctioning new MMDS licenses and clearing big chunk of backlog of MMDS cases.

Long-awaited action on EBS rules, some of which NAB has opposed, will include whether to replace current EBS system with automated equipment, "silent" testing of EBS equipment, shorter test tone and "smart messaging" capabilities that could regionalize local emergency warnings. Key issue has been cost, with Comr. Quello reluctant to move to add to broadcaster costs (system could cost \$1,100-\$5,000 per station).

Commission is expected to avoid picking particular maker of automated EBS equipment, merely will set standard that any maker must meet, plus timetable for switchover to automated EBS. Proceeding has included question whether cable systems should be required to add EBS capability, but Commission is expected to begin further rulemaking on that issue. Cable operators have claimed that automatic EBS equipment could cost \$40,000-\$50,000 per headend.

Commissioners also will consider broadcast transmitter control and monitoring requirements to reflect technological developments in automation and eliminate "transmitter duty operator" rules.

Cable rate rules, called "going-forward" rules, have been delayed for months (TVD Sept 19 p4) because of division among commissioners over what they should contain, including how much cable operators should be allowed to charge for new channels and how much oversight FCC should have over a la carte packages.

Some commissioners are said to believe charge should at least be close to 25¢ per subscriber per month that cable wants, while Chmn. Hundt is among those believing figure should be much lower.

Commission will consider several other options in going-forward rules, including: (1) Whether to allow cable networks to migrate from regulated tiers to a la carte tiers. (2) Whether to allow cable operators to apply same 7.5% markup on program price increases for new channels as allowed for existing channels. NCTA Vp-Law & Regulatory Policy Daniel Brenner sent letter to commissioners Thurs. saying that eliminating markup would reduce incentives that FCC is trying to create for operators to add cable networks. (3) Whether to create mechanism for prior approval of rate increases needed to finance system upgrades.

Cable also objects to Hundt proposal to retain option to regulate packages of a la carte channels when package price is lower than total price of individual channels. In separate letter to commissioners, Brenner said such tiers don't fall under definition of regulated tiers in 1992 Cable Act and "it is imperative to avoid unnecessarily extending regulation over services which [FCC] does not and has never exercised authority." He said all premium services offered in packages should be unregulated, regardless of when systems began carrying them, as long as they also were available on per-channel basis.

Some petitions for reconsideration of cable program access rules are to be decided at meeting, but Commission has deferred National Rural Telecommunications Co-op (NRTC) petition at least until Dec. meeting. Petitions to be considered are Viacom bid for exemption from rules on ground that its cable systems account for less than 5% of viewers of its networks, and GTE proposal that program access rules apply to all cable networks, not only those affiliated with MSOs. NRTC petition deals with whether program access rules, which say that satellites and others must have access to cable programming, also apply to satellite-originated programming.

Commission is expected to continue its effort to clear regulatory hurdles for wireless cable at Nov. 10 meeting. Wireless cable agenda items include setting rules for auctions for new licenses for MMDS channels, including whether single bid can be made for all channels in market. In one of biggest actions ever, FCC will consider 4,560 MMDS reconsideration petitions in single agenda item. Petitions are said to be virtually all routine items that normally would be handled at bureau level, but Commission decided to deal with them at meeting to "send a message" and avoid extra administrative step of having bureau decisions appealed to full Commission.

Testing of Microsoft's interactive broadband network system next year will include companies in Australia, Germany, Japan and U.S., Microsoft announced. Telstra Corp. of Australia, Deutsche Telekom of Germany and U S West agreed to test early versions of system in labs, Microsoft said, joining previously announced NTT, Rogers Cablesystems, SBC Communications. Tests are to be done in labs or on networks beginning next year, following completion of "technology-development milestones" in Seattle trial with TCI. TCI plans to begin trial before end of this year with limited service into homes of several TCI and Microsoft employees, expanded to wider area in 1995. Microsoft disclosed commitments from companies in various phases of network: Alcatel, Anderson Consulting, Lockheed, NTT and Olivetti as systems integrators; Hewlett-Packard and NEC as set-top box developers (along with previously announced General instrument); NEC as server maker (joining Compaq and Intel). Although other systems are being developed by international consortia and industry groups, Microsoft is only company that has organized international test of its own system.

Political advertising for Nov. 7 elections is running 76% above last non-Presidential election year rate and is projected to exceed \$350 million, TvB Vp-R&D Harold Simpson said. Total advertising in 1992 Presidential year was \$299.6 million. Simpson said figures through Sept. 30 were \$150 million, up 76% from \$85 million in same period in 1990. Projection of \$350 million is derived by applying 76% rate to \$203 million total 1990 spending. Simpson said projections "could even be low" because of traditional heavy Oct. ad spending, additional week in Nov. because of late election date, tightness of many races.

Canadian Bcst. Standards Council (CBSC) issued opinion that Mighty Morphin Power Rangers exceeds violence guidelines of year-old voluntary TV Violence Code. Decision in response to parental complaints was first under code. Cable system is withdrawing program. CanWest Global TV Network said it will withhold decision on cancelling show: "We are currently exploring with the show's producer, Saban International, ways in which the series can be modified to comply with the code." Canadian Assn. of Bcstrs. (CAB) supported CBSC decision and criticized Canadian cable systems carrying U.S. Fox stations that air show: "For Canadian services to have to adhere to CAB's code while foreign signals ignore it is inconsistent and unfair and undermines our efforts to reduce violence on TV." CAB statement said it previously had "vigorously opposed cable applications to carry Fox on grounds it would further Americanize the broadcasting system." Last month, Scandinavian and Swedish networks temporarily took show off air following reports of child violence.

TvB said TV station 3rd-quarter combined local and spot ads increased 13.9% over 1993. Spot ads rose 16.7%, local 11.8%. Affiliates of ABC, CBS, and NBC increased 16.3%: 14.1% local, 19.2% spot. Fox affiliates and independents gained 8.0%: 6.6% local, 10.2% spot. Figures for 343 stations were reported by 73 group owners, not by individual stations.

Ad prices for Jan. Super Bowl XXIX are expected to average record \$1 million per 30-sec. spot. Prices at 1994 game averaged \$950,000. NBC source confirmed that of 58 spots available in game telecast (not counting pregame show), 50 have been sold, some for as much as \$1.2 million.

DBS DEAL OPPOSED: Primestar's announced plans to become high-power DBS operator by exercising option with Tempo, which has applied to obtain license from Advanced Communications, met challenges last week from DBS permittees DirecTv and Echostar. Tempo is part-owned by TCI and Loral; Primestar is co-owned by TCI and several other cable companies. Primestar announced it would expand its limited medium-power service and go to high-power DBS after proposed transfer of Advanced license to Tempo, with which Primestar has option agreement on operating capacity. DirecTv and Echostar filed petitions to deny transfer of Advanced's DBS license for several reasons. Dominion Video Satellite, another DBS permittee, filed similar petition last month.

DirecTv said Advanced's assignment of 2 orbital positions shouldn't be transferred to Tempo for 3 reasons: (1) Validity of Advanced's standing in proceeding. DirecTv said company didn't meet due diligence requirements for raising capital and granting contracts and therefore doesn't have legal right to license. (2) Lack of FCC precedent for "wholesale selling" of DBS licenses. Transfer appears to be attempt for outright sale, it said. Echostar said: "What this transaction comes down to is a huge payment -- in excess of \$40 million -- going to Advanced's sole shareholder in exchange for a conditional right to construct a DBS satellite system whose construction has not yet begun a full 10 years after the permit was first granted." (3) Transfer isn't in public interest. DirecTv said allowing cable MSOs to control DBS would be contrary to plans for DBS to provide competition to cable.

"We're concerned about the largest cable company in the world and others controlling 1/3 of the orbital slots for DBS. How will that affect DBS's competitiveness with cable? Does that make the most sense?" asked David Carlson, vp-sales & mktg., Echostar. Petition said: "TCI's control over, and Primestar's use of, the largest numbers of DBS assignments would also frustrate the 1992 Cable Act's mandate of promoting competition to cable from alternative distribution technologies, especially since TCI and Primestar are already on their way to controlling half of all U.S. satellite capacity available for distribution of cable TV programming. The instant application further demonstrates TCI's interest in foreclosing noncable-affiliated DBS operators from effectively competing against cable TV services."

Dominion Pres. Robert Johnson said "Tempo is playing a shell game with satellites" by planning to option slots it receives in Advanced deal to Primestar. He said neither Advanced nor Tempo has exercised due diligence in proceeding and aren't eligible for license transfer. "The FCC has beat up on us for silly stuff. But this is blatant," he said. Primestar's high-power plans were portrayed as done deal in media, but "this is not a open-and-shut case," he said because other govt. agencies, including Justice Dept., are concerned about competitive implications of deal.

Media Access Project and People for the American Way asked FCC to reconsider ruling that broadcasters don't have to sell federal political ads in "odd" program lengths, such as 5 min., if they don't make same periods available to commercial advertisers (TVD Oct 10 p8). Petition said: "The effective result of the Commission's decision is that candidates will purchase only 15, 30 or 60 second spots...[The decision] relegates those candidates to the same status afforded car dealers and fast-food vendors and allows the rules of Madison Avenue to determine the terms of political discourse."

MOODY'S ON COMPETITION: Telephone companies facing competition from cable and others could be limited to 1.4% revenue growth through 1998 compared with 2% in 1989-1993, Moody's said in annual industry report. "The combination of competitive pressures and the move into new markets will make revenues more volatile, pressure operating margins and impair balance sheets," said Stephen Gutkowski, vp-senior credit officer. He also estimated information superhighway would take 30 years and \$240 billion to develop. Moody's said telcos have edge in financial resources, political capital, customer satisfaction, service quality, long-term relations with regulators, market structure. It said cable and telcos are about even in marketing clout.

Moody's predicted new markets would open to full-scale competition within 3 years by federal legislation, court decision or regulatory action. It said successful companies would offer low-cost services, marketwide coverage and improved network performance, and survivors would be ready to dominate information superhighway. Telephone-cable competition "will rage" as industries fight for each other's core revenues, service said.

Telco entry into cable will require companies to float additional debt, Gutkowski said, although effect of investment will be eased by 3 factors: (1) Cash will continue to increase as aggressive depreciation practices offset lower profitability. (2) Shift from rate-of-return regulation to new forms will focus on price. (3) Rate cuts ordered by regulators will cause less damage to revenues. Since cable has greater bandwidth but no interactive capability, he said: "Weighing all these factors suggests that the telcos have the deep resources and tools to win in the long run, but this is far from certain." Gutkowski said telcos face limited opportunity to capitalize on dissatisfaction of cable subscribers and must move quickly to develop services. He said studies suggest 25-30% of cable customers would consider alternatives because "we do not believe this window of opportunity will stay open for an extended period. Thus, any delays in deploying a video product could conceivably work against the telephone industry in the long run."

Moody's said development of information superhighway "will be an enormously complex undertaking" that could cost telephone industry \$164 billion and cable \$75 billion. It also questioned forecasts of public demand for interactive service. "Even when convergence is finally achieved, more development will be needed before the vision of a single, national, all-purpose interactive multimedia network will be realized," it said.

CNN is guilty of criminal contempt of court for airing taped telephone conversations in 1990 between Gen. Manuel Noriega, former leader of Panama, and his lawyers, U.S. Dist. Judge William Hoeveler, Miami, ruled Nov. 1. Hoeveler said use of tapes violated gag order he had imposed. He said he was "mindful" of importance of free press but "I must also be mindful of the vital importance of compliance with the orders of the court." Sentencing is set for Dec. 9, and CNN could face up to \$100,000 in fines. CNN carried segments of tapes on 11 newscasts over 2 days in Nov. 1990, after Hoeveler warned that doing so would violate order. Judge later lifted gag order, saying tapes didn't violate right to fair trial.

FCC warned consumers on using modified cable converter-decoders. It said devices advertised as providing free satellite or cable TV may be illegal and subject user to \$1,000 fine and 6 months in jail.

FEW DECERTIFICATIONS SEEN: Only 39 of thousands of cities that so far have certified with FCC to regulate cable rates have requested to opt out, agency staffers said, but more requests may arrive as cities review Form 1200s and other documents over next few months. Although requests are only about 1% of certifications received by Commission, they highlight long-standing municipal concerns over costs and time required to enforce 1992 Cable Act. "The fact that there have been any has been a real surprise," said Cable Bureau attorney Jeffrey Steinberg. Issue wasn't even addressed in first rulemaking and came up in 2nd order only after FCC received inquiries from cities. Agency spokesman said most requests come from rural areas.

FCC granted first decertification requests last month for Danville, Ill.; Macungie and Monongahela Twp., Pa.; Clyde Hill, Wash.; Big Piney, Wyo. It ruled that Inverness, Ill., and Houlton, Me., cases were moot. Most reasons for requests centered on cost and anticipated paperwork, but some city officials cited good relationships with operators that made rate scrutiny unnecessary. Carol Steffy, borough mgr. in Macungie, Pa., said original certification was mistake because borough officials thought city would forfeit any control if it chose not to certify. After learning about complaint process and FCC role, she said first action was viewed as "misunderstanding."

In Rochester, N.Y., Communications Bureau staffer Richard Goldstein said decision to decertify came after change in city administration that involved review of operations. Because N.Y. is one of few places with state cable authority, he said view was "it just didn't make any sense to duplicate it at the local level." City estimated cost of hiring consultant at \$10,000-\$25,000. Ill. attorney Rita Garry, who consults for several cities, said FCC rules "have been great for lawyers and accountants" whom cities often hire to figure out forms but are frustrating for her clients: "[City officials] are not designed to be the enforcement arm of the federal government."

Officials in Big Piney, Wyo., cited "lack of expertise and adequate resources" for request while Centralia, Kan., City Clerk Dorothy White complained that \$215.41 city expects to collect in franchise fees "does not appear to be sufficient to hire someone to administer these regulations." Charlotte and Mecklenburg County, N.C., recently wrote joint letter to FCC Comr. Barrett complaining: "Implementing the FCC's written guidelines in this arena has been very time consuming, and assistance from the FCC itself has been of little use. These may be perceived as events deliberately orchestrated to work in the favor of cable companies when municipalities, who are unable to muster additional resources or FCC assistance, are left with no alternative but to drop rate regulation." Pending requests for decertification include: Mountain View, Ariz.; Buellton, Contra Costa County, Lathrop and Newark, Cal.; Cherokee County and Port Wentworth, Ga.; Stickney, Ill.; Kingsford Heights, Ind.; Lawrence and Lindsborg, Kan.; Edmonton and Seneca Gardens, Ky.; Frederick County, Md.; Concord Twp., Pulaski and Sciota Twp., Mich.; Kensington, Lake Success, Oneonta and Thomaston, N.Y.; Rowland and Stokes County, N.C.; Wayne Twp., O.; Greenville County, S.C.; Denver City, Tex.; Uniontown, Wash.; Marbleton, Pinedale and Sundance, Wyo.

Cap/ABC formed joint venture with Imax, Toronto-based giant-screen theater operator, to produce large Imax-format films for world distribution and to explore productions for videocassette, CD-ROM, other multimedia applications.

SATELLITE RULES SOUGHT: FCC should regulate as dominant carrier any entity that controls transmission capacity over 4,000 MHz in each ocean region, according to draft bill released by House Telecom Subcommittee Chmn. Markey (D-Mass.). That amount of capacity could be utilized by 2-3 satellites, which clearly would include Intelsat. PanAmSat attorney Henrietta Wright said provision was meant to warn policy-makers that just privatizing Intelsat and Inmarsat wouldn't be enough to ensure competitive satellite market. Meanwhile, White House Office of Science & Technology Policy (OSTP) released internal statement of Administration policy on privatization of international satellite organizations (ISOs) to U.S. delegation to Intelsat Assembly of Parties meeting last month.

Statement said U.S. would support privatization as means, but not as end result, of competitive markets, FCC International Bureau Chief Scott Harris said. He said privatization may be "necessary, but not sufficient" to achieve fair and full competition. Richard Dal Bello, senior policy adviser, OSTP, said statement suggested 3 options: (1) Retain international governmental character but institute changes designed to "increase operational efficiency," including removal of some privileges and immunities. (2) Transform organization into private companies "without government involvement." (3) Divestiture.

Markey proposal said FCC should blur distinction between international and domestic satellite providers and require that competitive services offered by ISOs be offered through separate affiliates "to ensure fair competition." Hughes Galaxy and DBSC have applied to offer international satellite TV, and Columbia wants to provide domestic service.

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Ninth U.S. Appeals Court, San Francisco, refused to overturn FCC decision withdrawing waiver that had allowed GTE to operate Cerritos, Cal., cable system (TVD Nov 29/93 p7), saying GTE's First Amendment argument is moot. Court, in 2-1 decision, said GTE's right to operate system expired when original waiver's 5-year term expired July 17 and FCC didn't grant Sec. 214 approval, so it didn't matter that Commission rejected telco's bid for stay of order terminating Cerritos license. Court noted that GTE didn't actually challenge telco-cable cross-ownership ban in this case, although other RHCs have convinced courts to overturn ban. Jeffrey Sinsheimer, attorney of Cal. Cable TV Assn., said decision will force other appellate courts to "take a very close look at what district courts have done." He said it's unclear whether decision has any direct precedential value, but "the very important thing here" is courts will "have to look very closely at what Congress intended to do."

Cablevision Industries (CI) is talking again with suitors, including Time Warner, officials confirmed last week. They indicated that it appeared that no final deal was imminent, but said that could change quickly. TW is considered prime candidate to buy CI because that would further clustering strategy in N.Y. and Fla. At least 2 other MSOs are said to be interested, but CI officials wouldn't identify them. Eighth-ranked CI has 1.34 million subscribers, \$1 billion debt.

HBO received 99 CableACE nominations, leading all networks, followed by Arts & Entertainment with 32, TNT 28, Showtime 27, and 24 each for CNN, ESPN and Disney. HBO's Dream On had most individual show nominations, 12, followed by its And the Band Played On, 10. Winners will be announced Jan. 15.

Financials: Turner Bcstg. lost \$5 million in 3rd quarter ended Sept. 30, vs. \$1-million profit year ago, even though revenue rose 47.5% to \$739 million because of acquisitions and even though operating profit was up 46.7% to \$88 million. Entertainment revenue, including addition of cinema operations as well as WTBS Atlanta and TNT, nearly doubled to \$542 million. News revenue increased 18% to \$163.5 million... Jones Spacelink shareholders will get 200,000 fewer shares of Jones Intercable stock in takeover deal, as result of renegotiation of terms. Minority shareholders will continue to receive same number of shares, with majority holders Jones International and Glenn Jones absorbing reduction... TCI filed SEC registration for \$500 million Preferred Redeemable Increased Dividend Equity Securities (debt convertible to Class A common after 3 years). TCI will use proceeds to repay variable rate debt... Citicasters reported 3rd-quarter net revenues of \$50.9 million -- TV, \$33.6 million and radio \$17.3 million -- and pretax earnings of \$75.1 million. In quarter, company completed sale of 3 of its 6 TV stations. It said comparisons couldn't be made with 3rd-quarter 1993 because of bankruptcy reorganization completed in Dec. 1993... Data Bcstg. Corp. had \$1.4-million profit in quarter ended Sept. 30, vs. \$927,000 year ago. Revenue rose to \$19.1 million from \$14.8 million... Houston Industries' KBLCom cut loss in quarter ended Sept. 30 to \$2.5 million from \$7.2 million. Cable revenue increased to \$65 million from \$61 million, operating profit to \$21 million from \$19 million.

More Americans watch CNN and CNN Headline News to follow breaking national news events than watch any one of traditional TV networks, according to study commissioned by Audit Bureau of Circulations. Poll, released last week in Chicago, said that of 2,000 persons surveyed, 18.9% watched CNN and 8.2% CNN Headline News. Total, 27.1%, tops 26.3% who picked ABC, 25.7% for CBS and 20% for NBC, said survey by America's Research Group. It also found that 36.9% said they watch network news every night, 50.5% watch local news every night and 7 in 10 subscribe to newspaper that's read once a day. Asked to rank most important programs they watch, 22.6% said local news, 19.2% movies, 16.9% sports, 14.6% evening network news, 10.3% other national news. Of group that believes news is important, however, 51.8% said they never heard of term "information superhighway." Respondents also had doubts about information they're receiving. About one in 6 believe that network evening news is biased to liberal point of view. About 75% said they never have watched home shopping and have no plans to do so. Britt Beemer, chmn. of research firm that conducted study, said findings show home shopping isn't growing. It also found 74.7% believe TV has contributed to breakdown of American families, and 83.8% believe TV and movies have influenced or caused increase in crime.

EIA Consumer Electronics Group (CEG) plan to invest as much as \$1 million to promote Radio Best. Data System (RBDS) to broadcasters and consumers apparently has been tabled. Plan would have offered cash incentives to stations that installed RBDS encoders and agreed to promote system. Rest of money was to be spent on ads and promotion. Goal was to have 1,000 additional stations transmitting RBDS by end of 1995, compared with 180 estimated by EIA on air now and to use increased station participation as leverage to convince receiver makers to market more RBDS radios. We're told CEG will consider scaled-down plan in meetings next month. Sources said new effort could involve cash infusion of \$300,000-\$500,000 with goal of 500 stations on line by end of next year. CEG Vp Gary Shapiro repeated his group's support for RBDS, but refused to comment on proposal.

Public interest in "significant" legal issues, rather than "lurid details of a celebrity's life," has generated most media interest in coverage of O.J. Simpson trial, according to joint brief filed by 15 media groups. Brief, aimed at convincing L.A. Superior Court to allow continued TV coverage of trial, cites legal issues such as "competing claims of celebrity favoritism and racial prejudices" and questions on conduct of govt. agencies and police. Case also has "led to greater public awareness of the broader issue of domestic violence [and] generated substantial interest about the workings of the American criminal justice system," brief said. Interest will escalate as trial progresses, groups predicted, and complete information about proceedings is important to increase public confidence that trial was fair. There's no doubt coverage is allowed, brief says, so only question is whether it would disrupt fair trial. "This court's expressed concerns about certain instances of media conduct are unrelated to the presence of cameras in the courtroom, and removal of those cameras would not solve (and might well exacerbate) those concerns," media groups said. Brief was filed by RTNDA, NAB, CNN, ABC, CBS, NBC, Society of Professional Journalists, AP, L.A. Times, Copley, Gannett, City News Service of L.A., First Amendment Coalition of Ariz., Reporters Committee for Freedom of the Press, American Society of Newspaper Editors.

Viacom is discussing sale of its 5 major network affiliate TV stations and purchase from New World Communications of WSBK-TV (Ch. 38, Ind.) Boston. Viacom spokesman declined comment on published reports that consortium led by Smith Bcstg. had made unsolicited offer of as much as \$400 million for 4 Viacom stations -- KMOV (Ch. 4, CBS) St. Louis; WVIT (Ch. 30, NBC) New Britain, Conn.; WNYT (Ch. 13, NBC) Albany-Troy-Schenectady; WHEC-TV (Ch. 10, NBC) Rochester, N.Y. -- and that Ellis Communications is interested in 5th station, KSLA-TV (Ch. 12, CBS) Shreveport. Smith Pres. Robert Smith was unavailable for comment. None of stations was set to be affiliated with United Paramount Network (UPN) being launched in Jan. Purchase of Boston UHF would fill major market hole in UPN. New World VHF stations are affiliating with Fox. Viacom's separate Paramount Group of stations includes 4 affiliates of UPN, will add 2 stations being purchased in Philadelphia and Miami and is selling 3 Fox affiliates. Smith consortium is said to include minority principal that would enable Viacom to receive tax certificate allowing deferral of capital gains on sale. Smith owns 5 medium-market network affiliates in Cal., N.Y. and Pa., is awaiting closing of sale of 2 Kan. stations and their 2 satellite stations.

Bell Atlantic Video Services (BAVS) reached agreement with StarSight Telecast to use its on-screen video program guide in 6 markets next year. BAVS also acquired warrants to buy one million shares of StarSight through 1998, half at \$15-\$35 and rest at 85% of market price at purchase, company said. StarSight guide provides 7 days of schedules, channel selection by program title or theme and VCR recording and is designed for traditional TV programming. BAVS Stargazer navigator will help viewers with interactive and video-on-demand services in 1996, Dir. Jeff Bellin said. BAVS's first markets: Baltimore, Hampton Roads, Va., northern N.J., Philadelphia, Pittsburgh, Washington.

NATPE and INTV agreed to continue combined conventions for 3 years through 1998. In 3rd year (1995), under current agreement, INTV holds day-and-half conference Jan. 22-23 at Sands Hotel in Las Vegas, concluding with joint INTV/NATPE govt. affairs session afternoon Mon., Jan. 23. NATPE 3-day conference continues until Jan. 26.

FCC Political Programming Branch (PPB) issued 2 declaratory rulings on exemptions from political candidate equal opportunity rules: (1) It said TTT West Coast's EXTRA -- The Entertainment Magazine falls under political equal opportunities "bona fide newscast" exemption whenever political candidates appear. Opinion said that 6-day half-hour program "appears to follow a traditional newscast format" and cited past rulings that Entertainment Tonight and Entertainment This Week were exempt. (2) It used same rationale to agree that King World's Inside Edition and American Journal are exempt newscasts, citing earlier ruling that Hard Copy satisfied criteria. Branch also said news interviews on King's Rolanda syndicated talk show met "bona fide news interview" test to qualify for exemption. FCC also sent letter of admonition to KGVO(AM) Missoula, Mont., for not filing list of principal officers of Healthcare Leadership Council at time station aired group's spot on health care reform, as required by Commission on "controversial issues of public importance."

Wireless cable shouldn't be covered by telco-cable cross-ownership ban because it doesn't use "closed transmission path" and therefore doesn't meet definition of "cable system," FCC argued in brief to U.S. Appeals Court, D.C. Commission responded to suit by 3 applicants for ITFS licenses in Roanoke. They said Commission violated ban by awarding licenses to 3 area school boards (Botetourt County, Roanoke County, Salem City) that have lease agreements with LEC Botetourt Communications. FCC also rejected as "unpersuasive" argument that leases were "too contingent" to provide "reasonable assurance" that telco would build ITFS stations. Under lease deal, Botetourt can opt out if it doesn't obtain at least 16 channels, but Commission said that was unlikely because 19 were available and licensees would have "sufficient time" to find another operator. Oral argument is Jan. 13.

FCC Comr. Ness and Sen. Pressler (R-S.D.), member of Senate Commerce Committee, will be keynoters at FCBA telecommunications policy and regulation conference Dec. 5-6, Washington Hilton. Other FCC speakers include Common Carrier Bureau Deputy Chief Kathleen Levitz, Adviser to Chmn. Hundt Ruth Milkman, Chief Engineer Thomas Stanley, Office of Plans & Policy Chief Robert Pepper. Hill staffers include John Windhausen of Senate Communications Subcommittee, Gerard Waldron of House Telecom Subcommittee, Kevin Curtin of Senate Commerce Committee. Others include Vonya McCann, deputy asst. secy. of state-international communications, Bell Atlantic Pres. James Cullen, Mass. Dept. of Public Utilities Chmn. Kenneth Gordon -- 202-736-8149.

N. American Digital Group (NADG) has been formed "to develop consensus on nonproprietary Standard Definition Television standards for North America." Charter meeting in Washington last week was attended by representatives from broadcasting, programming, satellite, cable, telephone and consumer electronics manufacturing. Group said: "All of those attending have confirmed their interest in [agreeing on] digital compression standards for North America that [are] built upon existing worldwide ISO MPEG-2 standards and open architectures, and not on proprietary de facto standards." Ad Hoc Working Group was formed to gather standards data from 28 U.S. standard groups and reconvene in Jan.

SMPTE will hold 1995 Advanced TV and Electronic Imaging Conference Feb. 9 at Westin St. Francis Hotel, San Francisco, before SMPTE 1995 TV Conference, "New Foundations for Video Technology" Feb. 10-11 -- 914-761-1100.

Low-power TV (LPTV) stations should affiliate with new TV networks and not worry about cable must-carry coverage, FCC Comr. Quello says in speech set for delivery Nov. 7 (today) to Community Bestrs. Assn. (CBA) convention at Hyatt Regency Crystal City, Arlington, Va. "I would urge this group not to focus on must-carry. 'Want-carry' in my view is the key to the future of LPTV. Cable, phone companies and emerging networks will want to carry you," Quello says in speech on his acceptance of CBA Lifetime Achievement Award. He says that Fox has affiliation agreements with 10 LPTVs and that Paramount and Warner networks are in "active discussions" with others: "There is a demand for low-power stations to affiliate with these 4th, 5th and 6th networks. What you have is what these new networks need -- over-the-air access to the public in urban communities and a strong backbone of local public interest and news programming." In speech, Quello reports that Commission will release public notice Nov. 7 announcing assignment of first round of 4-letter LPTV station call signs.

FCC disposed of 21 petitions for reconsideration of must-carry and retransmission consent rules in actions that were called relatively routine decisions that further clarified rules. Must-carry actions included: (1) Defining "qualified local noncommercial educational television station." (2) Stipulating number of stations that must be carried. (3) Describing obligations for importing distant station. (4) Defining local commercial broadcast station. (5) Stating channel position requirements. (6) Analyzing signal quality issues. (7) Defining copyright issues. (8) Explaining special relief circumstances. Retransmission consent decisions resulting from reconsideration petitions included: (1) Carriage of microwave-delivered superstations. (2) Partial carriage retransmission consent agreements. (3) Carriage rules for FM radio. (4) Ownership of UHF/VHF TV antennas used in conjunction with wireless cable.

Intelsat provision of direct-to-home satellite TV via high-powered Ku-band satellites cleared one hurdle last week at Intelsat Assembly of Parties meeting in Venezuela. Assembly agreed that DTH will be considered normal "public telecommunications service" that can be provided by Intelsat without special provisions, rather than specialized service that would have to be funded directly by users or be separate from Intelsat's regular space segment unless it received unanimous support. DTH service still faces major hurdle of convincing Intelsat board and assembly that there's adequate business justification. Assembly also approved previously announced plan to set up working party on future structure of Intelsat, with group to report to Assembly late next year.

Bcst. Pioneers, Washington Chapter, presents annual awards at Dec. 2 banquet, Kenwood Country Club. Recipients: FCC Comr. Quello; consulting engineer Ogden Prestholdt; Bill Trumbull, WMAL(AM) Washington; George Michael, WRC-TV Washington; Elizabeth Campbell, founder, WETA-TV Washington; John Oxendine, Best. Capital; Thom Winkler, FCC. Station honored is WJZ-TV Baltimore. Details: Wallace Johnson, chmn., 703-824-5660.

Turner Home Satellite (THS) will add CNN International, scheduled for launch in Jan., and Nickelodeon services to Turner Super, Basic and Expanded Packages. It also has added A3, Showtime and Movie Channel as options in Expanded and Super Packages, and said Sci-Fi Channel, KDVR Denver and Travel Channel are available to all Super Package subscribers.

Hewlett-Packard will use Integrated Systems' software in its first interactive set-top boxes, companies said. HP has contract to build boxes for TCI and Comcast.

Alliances among communications industries soon will become norm and "appear to make strategic sense," FCC Comr. Barrett told N.Y. Society of Security Analysts Nov. 2. Final test is whether players will find "killer application," task that may be made more difficult by continuing popularity of broadcast networks, he said. Barrett also said cost allocation issues raised by VDT proceeding may undermine basic price cap structure. "Given that the Commission's decision will rely on a new price cap basket for [VDT] service, the combination of voice and video services will raise new policy concerns for the current price cap structure of baskets and bands... We will have to consider the significant implications of the [VDT] decision for the Commission's use and review of the LEC price cap mechanism."

USTA asked U.S. Dist. Court, D.C., to expedite action on suit seeking nationwide end to teleco-cable cross-ownership ban. USTA and National Telephone Cooperative Assn. filed request for summary judgment, which means court would act without holding hearing. Suit filed Sept. 12 seeks injunction to prohibit enforcement of cross-ownership ban against any USTA member. Similar to local actions taken by RHCs, suit urges that cross-ownership ban be declared unconstitutional on First Amendment grounds because it bars telephone companies from providing video in their service areas while other utilities can offer video, and cable can provide telephony. According to USTA, Dist. Judge Gladys Kessler could issue decision in early 1995 if summary judgment request is accepted.

Several N.M. TV stations rejected National Rifle Assn. political ad featuring actor Charlton Heston saying Sen. Bingaman (D) "voted for the first federal gun ban in American history" and urging support of GOP opponent Colin McMillan. Fox affiliate KASA-TV Santa Fe and cable systems ran ad. Bingaman had complained to stations that ads made false charges. Albuquerque stations KOAT-TV and KOB-TV declined ad on ground they didn't accept 3rd-party campaign ads. KRQE Albuquerque rejected ad because of questions about accuracy of ad claims, according to regional sales mgr. Nolan Snook. NRA/Heston ad, substituting candidate names, was used in 4 other states.

FCC Political Programming Branch Chief Milton Gross has given 4 Cal. radio stations "informal advice" to assure full sponsorship identification is included in political ads supporting statewide smoking initiative. Public interest groups had complained to FCC that ads didn't identify Philip Morris and other tobacco companies as sponsors of committees airing ads. Gross said agency doesn't have time to decide case formally before election Nov. 8, but that Branch staff called Cal. stations to advise them to list full sponsor name so that "at least the stations know the way we are thinking."

Adelphia said it had agreed to buy all cable systems owned by WB Cable Assoc., Clear Channels Cable TV and Benjamin Terry family. Systems have 69,200 subscribers. Purchase price was \$106.3 million cash plus \$16 million in Adelphia stock. WB has system in W. Boca Raton, Fla., where Adelphia has 300,000 subscribers. Terry Family systems are in Henderson, N.C., area and Clear Channels' are in Kittanning, Pa., area.

Hong Kong's TV Bcasts. announced plans for Dec. 1 launch of 24-hour Cantonese and Mandarin language satellite service to U.S. via Hughes Galaxy 4 at 99 degrees W. Company said it will offer 3 months free. It plans in long term to launch one U.S. channel exclusively for Mandarin programs, one for Cantonese.

Continental said it agreed to buy 50% of Argentina's largest cable operator for \$150 million. Continental, which claimed deal is largest investment by U.S. cable operator in existing overseas cable systems, will get 50% equity in Fintelco, holding company for Video Cable Comunicacion (VCC), which has 550,000 cable subscribers in Buenos Aires, Cordoba, Rosario and other cities. Deal, subject to approval of Argentine govt., was made possible by recent U.S.-Argentina trade treaty. Continental has cable ventures in Singapore and Australia.

FCC should let radio stations continue using AM stereo system developed by Kahn at least until court appeal is completed, Kahn said in petition for stay of March 31 deadline for ending use of system. Petition pointed out that oral argument on appeal was set for March 13 and that FCC often stays action pending decision on appeal. Kahn also said maintaining deadline would "significantly disrupt existing broadcast service" and "unnecessarily inconvenience... listeners," in addition to causing "irreparable harm" to concept of AM stereo.

New poll commissioned by Audit Bureau of Circulations said 51.8% of Americans never have heard of "information superhighway" and 25% don't believe superhighway is important to themselves or families. Other results of poll: (1) 29.7% of Americans have computers and 72.9% of those who don't say they never will. (2) Almost 75% said they never have watched home shopping program and more than 90% have no plans to use interactive services.

Two members of O.J. Simpson trial jury panel were rejected because they listen to radio news. When one 60-year-old woman told Judge Lance Ito she listens to classical music station KKGO, he dismissed her, saying he knows station runs newscasts because he listens to it himself. Another woman was dismissed for listening to traffic reports on her car radio.

Hughes-built Astra 1D, European broadcast satellite, was launched Oct. 31 aboard Ariane 42P booster from Kourou. Hughes said bird was "functioning well" and would be moved into geostationary orbit this week. It will undergo tests for several weeks before being put into service at 19.2° E, company said. Satellite, operated by Société Européenne des Satellites, will provide direct-to-home TV and radio.

AP TV crew was released by Rwanda officials Nov. 2 after being held by local authorities in Northern Rwanda for nearly week. AP said producer Jarrod Harlow and cameraman Graham Walsh were detained Oct. 27 near Urmuli, jailed for one night, then held in local hotel, before authorities in Rwandan capital of Kigali ordered them freed. Reason for detention was unclear.

French space agency CNES (Centre National d'Etudes Spatiales) was awarded launch and early orbit phase (LEOP) contract for Hot Bird 2, Eutelsat TV direct-to-home TV-radio satellite to be launched in Aug. 1996. Contract also includes options for LEOP maneuvers for any additional Hot Bird series satellites. CNES said LEOP activities will last about 10 days following launch.

RAB reported combined national spot and local radio ad revenue increased 10% in Sept. from year ago -- 12% national, 9% local. Southeast and Southwest local markets showed 12% increase, East 11%, West 9%, Midwest 6%.

Scientific-Atlanta said it will announce its multimedia partners at news conference Nov. 7. Company would say only that several major companies will participate.

Personals

Richard Parsons, Dime Bank Corp. CEO and Time Warner board member, named Time Warner pres., effective Feb. 1; **Richard Bressler** promoted to senior vp-finance, effective Jan. 1... **Frederick Ryan**, ex-chief of staff to former President Reagan, named senior vp-vice chmn., Allbritton Communications... **Mark Gray**, pres.-COO, adds chmn.-CEO, succeeding **Antonio Borja**, resigned; **Peter Lance** to vp-chief administration officer-secy.; **Patricia Lampe** to CFO-treas... **Jim Glass** advanced to promotion mgr., WFAA-TV Dallas-Ft. Worth... Promotions at KCPT Kansas City: **John Long** to vp-engineering, **Michael Connet** to vp-education... **Madelene Dowler**, ex-Tribune Entertainment, named mgr.-affiliate relations, MCA TV... **Linda Bayley**, ex-KCRA-TV Sacramento, appointed vp-div. mgr., Kelly News & Entertainment... **Michael Sullivan**, ex-pres., Michael Sullivan Productions, named pres., United Paramount Network Entertainment.

Barry Elson advanced to exec. vp-operations, Cox Cable... Promotions at ESPN: **Steve Risser** to vp-programming, **Eric Stricoff** to vp-finance & planning... **Eugene Connell**, Nynex CableComms pres.-CEO, appointed U.K. Cable Communications Assn. chmn... **Dan Casciato**, ex-Showtime Networks, joins USA Networks as dir.-affiliate relations, central region.

Carl Folta promoted to senior vp-corporate relations, Viacom, succeeding **Raymond Boyce**, who remains communications consultant... **Victoria Rosellini** appointed vp-legal affairs, 20th Century Fox... **Kate Barker** and **Nina Jacobson** advanced to senior vps-production, Universal Pictures... **Mitch McDowell** promoted to Sony Pictures Entertainment TV Group vp-financial planning and analysis.

Gwen Whitson, Warner Bros. International TV Distribution vp-gen. counsel, promoted to senior vp-gen. counsel... **Kate Grunwald** advanced to vp-business affairs, Buena Vista TV... **Jeffrey Korchek** promoted to senior vp-business affairs, Universal Pictures; **Mary Ledding**, ex-Weissman, Wolff, Bergman, Coleman & Silverman, named senior vp-legal affairs.

Three members of FCC Cable Bureau -- **Gregory Vogt**, deputy chief, **Elizabeth Beaty**, special asst./legal adviser, and **Kathleen Franco**, Policy & Rules Div. attorney/adviser -- will participate on cable regulation panel Nov. 7, Community Bestrs. Assn. convention, 1:45 p.m., Hyatt Regency Crystal City, Va.... **NTIA** Dir. **Larry Irving** addresses International Society for Technology in Education "Tel-Ed '94" symposium, Nov. 11, Albuquerque; **NARUC** convention, Nov. 14, Reno; National Black Caucus of State Legislators conference, Nov. 29, Memphis; serves on panel with FCC commissioners, Nov. 30, Western Cable Show, Anaheim... **Comsat** Pres. **Bruce Crockett** speaks Nov. 17 at FCBA lunch, Washington Marriott Hotel... **Donald McClellan**, ex-Intel and ex-office of Sen. **Burns** (R-Mont.) joins Republican staff of Senate Commerce Committee... **Hubbard** Bstg. appointments: **David Jones**, ex-Rogers Communications, named gen. counsel; **John McDonough** advanced to senior counsel; **James Barnum** promoted to assoc. gen. counsel.

Martin Stern, ex-Sidley & Austin and FCC Cable Bureau Competition Div., named deputy chief, Competition Div., FCC Office of Gen. Counsel... FCC events: **Comr. Barrett** addresses Salomon Bros. Telecommunications Conference Dec. 14, 9:45 a.m., Marriott Marquis, N.Y.C.; **Comr. Chong** speaks at Community Bestrs. convention Nov. 7, noon, Hyatt



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Regency Crystal City, Va.; she speaks at Cal. Public Utility Counsel Conference Nov. 14, 9:15 a.m., Monterey Plaza Hotel, Monterey; at Catholic U. School of Law, Washington, Nov. 21, 5-5:30 p.m.... **Meredith Jones**, Cable Bureau chief, addresses American Bar Assn. Nov. 15, Sidley & Austin, 1722 Eye St. NW, Washington; participates on Western Cable Show panel Nov. 30, Anaheim Convention Center, Anaheim, Cal.

Gerald Isenberg resigns as pres.-COO, Hearst Entertainment... **Gregory Clark** named pres., News Technology Group, News Corp... Promotions to vp at DirecTV: **Thomas Bracken**, communications; **Theresa Ferguson**, business development; **Glen Friedman**, consumer mktg.; **Edward Huguez**, programming acquisition; **Christine LaValle**, program planning & promotion; **Eric Moe**, sales; **Steven Orland**, operations... **James Faust**, General Instrument vp, also named senior vp-gen. mgr., satellite systems... **Peter Boylan**, ex-Hallmark Cards, appointed exec. vp-CFO, United Video Satellite... **Victor Herman**, ex-KABC-TV L.A., named dir.-programming, Interactive Network... **Steve Gelmann**, former exec. editor and exec. vp, UPI, joins Warren Publishing Inc. as senior editor, covering telephone industry; he's also secy.-treas., Society of Professional Journalists.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

| | OCT. 15-21 | 1993 WEEK | % CHANGE | OCT. 8-14 | 41 WEEKS 1994 | 41 WEEKS 1993 | % CHANGE |
|-----------------|---------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL COLOR TV. | 762,354* | 665,386 | +14.6 | 561,667* | 20,767,270* | 18,768,959 | +10.6 |
| DIRECT-VIEW.. | 744,248* | 653,224 | +13.9 | 548,566* | 20,317,594* | 18,442,645 | +10.2 |
| TV ONLY..... | 680,850* | 587,993 | +15.8 | 501,070* | 18,771,514* | 17,363,048 | + 8.1 |
| TV/VCR COMBO | 63,398 | 65,231* | - 2.8 | 47,496* | 1,546,080* | 1,079,597 | +43.2 |
| PROJECTION... | 18,106* | 12,162 | +48.9 | 13,101* | 449,676* | 326,314 | +37.8 |
| VCR DECKS..... | 440,124 | 301,439 | +46.0 | 205,589 | 9,781,155* | 9,398,711 | + 4.1 |
| CAMCORDERS..... | 72,355 | 60,555 | +19.5 | 60,392* | 2,405,636* | 2,301,011 | + 4.5 |
| LASERDISC PLYRS | 5,958 | 6,575† | - 9.4 | 5,082 | 215,722 | 219,910† | -1.9 |

Direct-view TV 5-week average: 1994--718,760*; 1993--651,138 (up 10.4%).

VCR deck 5-week average: 1994--403,396*; 1993--348,317 (up 15.8%).

Camcorder 5-week average: 1994--87,885; 1993--80,505 (up 9.2%).

* Record for period. † Reflects revision by EIA.

QUASAR MOVING INTO PANASONIC FOLD: After operating for 20 years as separate entity, Quasar appeared to be on path to gradual merger with Panasonic. During product previews in Fla. last week, Panasonic announced it will introduce VHS-C camcorder with 3" LCD by midsummer at \$999 and officials said it will phase out its "premature" widescreen projection TVs.

While Panasonic officials said Quasar will remain largely independent, with separate sales force, Panasonic VHS Vp-Gen. Mgr. Stanley Hametz said brand will be "promotional line that should share shelf space with Panasonic... a promotional item that is used as a lead to a Panasonic product or as a replacement for another brand because it meets the same need at the same price point."

However, Panasonic has assumed responsibility for Quasar's marketing and product development and in "some secondary markets [there] might be factors that indicate we might have merged," Hametz said. Gradual movement of Quasar under Panasonic wing was signaled April 1 with creation of Matsushita Consumer Electronics Co. (MCEC). Since then, Panasonic officials have maintained that Quasar will remain as Ill.-based company with 100-150 employees, and no staff reductions will result from distribution change (TVD Dec 13 p16).

Quasar has taken low-price position in almost every video category. For example, it will feature 19" TV at \$199 street price, a size absent from Panasonic line, retailers said. And in 20", Quasar starts at \$399 with more-featured Panasonic \$50 higher, retailers said, some noting that Quasar TV line also has been consolidated, cutting 51" projection and 58W" widescreen TVs from 1995 lineup. "Quite honestly, [projection] wasn't their shtick," Panasonic TV Asst. Gen. Mgr. Robert De Young said. "This will give us 2 different brands on 2 different floors."

Panasonic officials denied company was forming relationship with Quasar similar to Thomson's GE-RCA. While many GE products are sourced, Matsushita will continue to build Quasar line, Hametz said. GE also is a "brand name that is very prominent in the world via the advertising and the presence of the GE Corporation," Hametz said. "Many people don't realize GE doesn't represent General Electric so they have a much higher and prominent profile than we do."

Consumer electronics dealers have been "supportive and positive" about change, but have held off full endorsement until "they see how we position" Quasar, Hametz said. Many Panasonic dealers attending

meeting awaited final details before deciding on Quasar. "It's a good move for them because Quasar has languished for years," said vp of major Midwest retailer. "I'm going to sit down with a list of GE, Magnavox and Quasar products and then decide who offers the best deal." Beyond Electronics Pres. Mario Rosen, whose Fla. chain has carried Quasar cordless phones, said brand had to change its "image" and still must "reduce amount of overlap" with Panasonic.

Decision to phase out its 50W" and 58W" widescreen projection sets came as Panasonic conceded it and other companies were "premature" in introducing models 2 years ago. It hasn't decided whether it will return to market with direct-view or projection sets, although likely widescreen reintroduction would be in 1996, retail sources said. Although Panasonic currently sells 28W," 30W" and 34W" direct-view TVs in Japan, U.S. consumers favor larger screen sizes, De Young said. "We don't have domestically produced 16:9 [direct-view] tubes and we're not likely to get them real soon. It's also going to be a slow transition until we get enough software."

Philips shifted sales emphasis on its 34W" direct-view widescreen set from consumer to professional market last year (TVD Dec 13 p11). Current Thomson Consumer Electronics promotion, running through year-end, offers free Digital Satellite System (DSS) dish, receiver and installation with each 34W" RCA Cinemascreen set (TVD Oct 17 p13).

While Panasonic plans to deliver 3" LCD camcorder, "jury is still out" on format, Asst. Gen. Mgr. William Mannion said. New model will have twist-top design, built-in speaker and light, electronic image stabilization, 10x zoom and can be operated with one hand, Mannion said. In adding LCD camcorder, Panasonic joins JVC, RCA, Sony, Fuji and Sharp, which started craze in 1993. "We feel we have to participate in it and support it, but I'm not certain the consumers [in the U.S.] have responded like they have in Japan," Mannion said.

CE PROFITS HELP PHILIPS TO 3rd-QUARTER SURGE: Boosted by continuing surge in consumer electronics, Philips last week reported 3rd-quarter profits were more than triple those of 1993 despite nearly flat sales. But company cautioned that income growth of year's first 3 quarters "is not expected to continue at the same rate, given the impact of a weak dollar and taking into account the already high income level in the 4th quarter of last year." Finance Dir. Dudley Eustace was quoted by Reuters as telling news conference "we're positive about the future, absolutely no doubt, but don't expect us to do more than is humanly possible."

Although sales in quarter inched up 0.4% to 14.2 billion guilders (\$8.34 billion, at current rate of 1.7 guilders = \$1), net income from normal operations more than tripled to \$268 million; sale of interest in Taiwan Semiconductor Mfg. brought another \$44 million to bottom line.

In first 9 months, Philips sales were up 1.8% to \$24.8 billion, while net income from normal business operations (excluding sales of semiconductor interest) gained 216% to \$658 million. Overall net income showed 18% decline to \$700 million, but that's because year-earlier period included \$650 million gain from sale to Matsushita of Philips' stake in Matsushita Electronics Corp. of Japan.

CE sector continued turnaround. Net sales in 3rd quarter rose 1.6% to \$2.97 billion, as sector produced \$67 million in operating profits, compared with \$55 million operating loss in last year's quarter. In first 9 months of year, comparable CE sales (eliminating such factors as change in exchange rates) were up 6%, same as in first half. Philips said income rose despite "continuing price erosion." It also said that "all businesses in this sector contributed to this favorable performance development."

Formal statement included no specific mention of Grundig, whose losses have been characterized in past as dragging down overall CE performance, but published reports on news conference included references to continuing losses there. Grundig apparently has been hurt by overall slump in German business. "The Germans have their pockets zipped up. They're just not spending," Eustace is quoted.

CE continued to account for largest share of Philips business (35.6% of 3rd quarter sales), but biggest share of profits came from component and semiconductor business, where net sales increased 12.3% to \$1.25 billion while operating income soared 61% to \$255 million. Philips ascribed continuing strength in sector to "favorable market situation for semiconductors as well as strong demand for color picture tubes."

JAPAN HOLDS DOWN VCR AND CAMCORDER COSTS: Although much of VCR production has moved from Japan to other Asian countries, Japan is doing good job of holding down costs, at least to export market. In Sept., average price of VCR shipped from Japan hit all-time low in yen (24,206, down 17.9% from Sept. 1993 price) and low for year in dollar equivalent (\$244.51, down 12.1% or \$33.75 from year earlier).

Japan currently supplies less than 25% of U.S. VCR imports and generally concentrates on high-end products, so decline in average prices is very telling in terms of state of that market. Reason dollar value of average VCR declined less than yen value is that dollar bought average of 99 yen in Sept. 1994 and 106 one year earlier.

Japan still dominates camcorder manufacture, representing more than 90% of total U.S. supply (Korea having rest). In Aug., average cost of camcorder shipped from Japan to U.S. fell below 50,000 yen for first time ever and below equivalent of \$500 for only 2nd time in history (TVD Oct 17 p11). In Sept. average recovered somewhat -- to 50,352 yen and \$508.61 -- but still 10.5% below Sept. 1993 in yen and down 4.2% in dollars.

In terms to unit shipments, Sept. was best month of 1994 so far for all products we record -- but quantities of VCRs, camcorders, videodisc players and CD players still were below figures for Sept. 1993. As reflected in U.S. import figures (TVD Oct 31 p18) as well as Japanese export data, color TV shipments from Japan to U.S. are increasing sharply, although there's no apparent reason. In fact, Sept. exports to U.S. were highest for any month since Aug. 1987, but still represent relatively minor figure compared with major source countries.

Japanese exports to Canada for Sept. (9 months in parentheses): Color TV 850, up 220.8% (1,410, up 2.6%); VCRs 32,193, up 18.1% (138,931, down 25.5%); camcorders 20,481, down 35.1% (121,107, down 22.6%); videodisc players 7,166, up 266.3% (22,006, up 55%); CD players 29,884, down 17.3% (209,546, down 40.2%). Here are Japanese exports to U.S., from Finance Ministry:

| Product | Sept. '94 | Sept. '93 | % Chg. | 9 Mo. '94 | 9 Mo. '93 | % Chg |
|-------------------|-----------|-----------|--------|-----------|-----------|-------|
| Color TV..... | 39,179 | 10,796 | +262.9 | 152,122 | 76,536 | +98.8 |
| VCR decks..... | 397,762 | 401,013 | - 0.8 | 2,825,342 | 3,127,269 | - 9.7 |
| Camcorders..... | 343,230 | 396,871 | -13.5 | 2,244,726 | 2,345,053 | - 4.3 |
| Videodisc players | 55,598 | 55,771 | - 0.3 | 317,126 | 238,153 | +33.2 |
| CD players..... | 499,068 | 628,427 | -20.0 | 3,150,811 | 4,699,877 | -32.9 |

EIA ABSORBS HOME THEATER INDUSTRY ASSN.: After weeks of talks and canvassing, EIA Consumer Electronics Group (CEG) last week announced it was absorbing Home Theater Industry Assn. (HTIA) and forming new Home Theater Subdivision.

"Merger," as development was being billed officially, had been subject of speculation since summer, after resignation of HTIA Exec. Dir. Ken Furst. HTIA critics had warned privately that fledgling trade group faced prospect of folding if it didn't go EIA route. But defenders suggested that HTIA wasn't as strapped financially as detractors claimed and maintained that group would have flourished as standalone entity if EIA option had fallen through.

Official CEG announcement said most HTIA members would have opportunity to join EIA as "full" members, while others -- presumably furniture companies that had joined HTIA -- would be offered "associate" member status. Formula was reminiscent of that used when CEG absorbed Mobile Electronics Assn. and offered associate memberships to retailers who had subscribed to that trade group.

New Home Theater Subdivision will report jointly to Audio and Video Divs. It will be chaired by Atlantic Technology Pres. Peter Tribeman, former HTIA board member believed to have played instrumental role in bringing about EIA-HTIA union. Tribeman told us that Michael Heiss, ex-Harman Video executive who had been rumored to be leading contender to succeed Furst as HTIA exec. dir. if group had remained independent body, will serve in consulting role to EIA on home theater.

In announcing HTIA development, CEG Vp Gary Shapiro told reporters that while his trade group can't claim all credit for current home theater boom, category "is something we started promoting several years

ago." He said CEG has "invested over a million dollars in home theater at this point." Shapiro said that "for years, we have been promoting the home theater market, but HTIA brings a new dimension to EIA. We will be representing virtually all of the home theater audio and video manufacturers, accessory providers, service providers and furniture manufacturers. We can pool our resources to help this segment of the consumer electronics market maintain its momentum and continue to provide consumers the latest in technology and life-style enhancements."

ROY POLLACK, WIFE DIE IN CRASH: Roy Pollack, 67, and his wife, Linda Taber, 53, were among 14 killed Nov. 1 when tourist helicopter plunged into Caribbean off Cozumel, Mexico.

Pollack, along with other directors of Silicon Valley Group (SVG), were traveling aboard cruise ship for a board meeting, and with his wife and others had taken helicopter side trip for sightseeing. Among others killed in crash were William Einsweiler, chief financial officer of Perkin-Elmer Corp., also an SVG director, and his wife. Official casualty list hadn't been released as of our deadline late Fri.

Pollack was RCA veteran whose 35-year career in electronics virtually spanned TV-video age; he rose from junior engineer in 1970 to exec. vp and board member, once was considered prime candidate for RCA presidency. At RCA, he served 20 years in technical posts and 17 in general management. He briefly was GE exec. vp after that company bought RCA, retiring at end of 1986 to become Distinguished Lecturer and Senior Counselor at Fordham U. Graduate School of Business, post he held until his death. He retained active interest in electronics and was scheduled to keynote ITA's 25th annual membership meeting Nov. 22 in N.Y.

At RCA, Pollack served in variety of posts, and at time of RCA's sale to GE he was responsible for all of company's electronics businesses. He left RCA to become Fairchild Camera vp in 1970, returning in 1973. In addition to his Fordham post, at his death, he was consultant to Sharp Electronics and U.S. West as well as U. of Ill. and served on boards of Triax Corp. and Lattice Semiconductor, as well as to SVG, San Jose manufacturer of semiconductor processing equipment.

In consumer electronics, Pollack probably is best known for carrying on marathon negotiations in 1977 with Konosuke Matsushita, founder and then chmn. of Matsushita, and other Matsushita officials, that resulted in Matsushita's development of 4-hour VCR and contract for RCA to buy up to million machines over 3-year period -- deal that's credited with establishing VHS as world home VCR standard and vanquishing Betamax.

Taber had headed her own PR firm, Linda Taber & Co., since 1982 after serving in various posts at Ketchum PR, including 9 years as senior vp. She was pres. of Women Executives in PR. Pollack is survived by 2 sons, daughter by previous marriage, Taber by father. Memorial service for both is scheduled for 10:30 a.m. Nov. 9 at Unitarian Church of All Souls, N.Y.C.

Voice Powered Technology cut its loss for 3rd quarter ended Sept. 30 to \$290,000 from \$3.15 million. Year-earlier quarter included \$2-million charge for reserve related to restructuring costs. Revenues in quarter grew 72.9% to \$3.8 million. Company attributed loss in most recent quarter to cost of expanding marketing capabilities and setting up distribution in Europe and Mexico. It also noted growth in sales of Voice Organizer, saying it sold 80% more in 3rd quarter than in 2nd.

3DO 2ND-QUARTER LOSS WIDENS: 3DO lost \$12.8 million (-55¢ per share) in 2nd quarter ended Sept. 30, including \$2.7 million charge related to stock issued to hardware licensees under terms of much-publicized incentive program. In preceding year's quarter, company lost \$7 million (-35¢). Revenues nearly doubled to \$5 million from \$2.6 million; company said primary revenue source in recent quarter was software royalty payments (about \$2.3 million), as opposed to earlier period, when almost all revenues came from sales of development systems.

In conference call with financial analysts, Chmn. William (Trip) Hawkins conceded that 3DO is going through intense period of damage control with major software licensees who have loudly protested \$3 royalty surcharge suddenly imposed last month (TVD Oct. 31 p14, Oct. 24 p14). He said he wasn't ready to give details of how "Market Development Fund" (MDF) program is being "fine-tuned" in response to outcry, but implied that surcharge for goods being pressed for this quarter might be payable on delayed basis to lessen shock to publishers' balance sheets.

Hawkins said major new ad program to be supported by MDF is showing early success, although major effect won't be felt until next year. 3DO is spending "several million" dollars on ad campaign in 4th quarter, he said. As for impact of MDF on hardware manufacturers, Hawkins said he's convinced they will be making 2-3 times as many players next year as they would have without program, although he wouldn't give specific projections. When program was announced, Hawkins said prime reason was to begin reimbursing hardware makers for losses they were incurring to build market.

Hawkins also disclosed that Toys 'R' Us this month will begin testing 3DO hardware and software in about 60 stores in Chicago area and that 80-store Wal-Mart test is showing early strength. He said he expects major growth in U.S. next year for 3DO system in toy and mass merchandise channels.

JVC's return to black ink, on nonconsolidated (parent-only) basis, was forecast last week by company, which reported sharply decreased recurring loss -- 1.96 billion yen (\$20.1 million) for first fiscal half to Sept. 30, compared with 9.87 billion yen year earlier. Nonconsolidated sales were 259.7 billion yen (\$2.66 billion), up from 251.4 billion, and net loss was cut to 2.9 billion from 10.6 billion yen. Company forecast recurring profit of 1 billion yen for full fiscal year, vs. loss of 19.5 billion, on sales of 530 billion yen, up from 507.7 billion.

Double-deck VCR sold in Europe by U.K.'s Amstrad has been discontinued. Official told us cost of production was so high it couldn't be sold at suitable margins.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 97.5 yen = \$1, except where noted.

OCT. RETAIL SALES REPORT: Major consumer electronics chains reported generally strong Oct. performance in total sales and comparable-store gains.

Best Buy said sales in 4 weeks ended Oct. 29 rose 75% to \$379 million on strength of 26% comparable-store increase. That raised sales for first 8 months of fiscal year to \$2.6 billion, up 74%, with comparable stores up 25%. Company opened 9 stores in Oct., including first 8 in Baltimore/Washington.

Gains in Brand Central operation helped Sears to 6.9% increase in U.S. store revenues, including 7% comparable-store gain. Sears Mdse. Group Chmn.-CEO Arthur Martinez said Brand Central sales were propelled by, among other things, "big-screen TVs and the continual rollout of the Digital Satellite System."

Tandy said sales at its U.S. retail operations rose 28% to \$406 million, with comparable stores increasing 6%. Chmn. John Roach cited "particularly strong performance" by Radio Shack and strong grand openings of Incredible Universe stores in Sacramento and Columbus, O.

REX Stores said overall revenues rose 28% last month to \$26.8 million, raising 3rd quarter revenues to \$77.9 million, up 31% from year earlier. Comparable-store sales inched up 4% in Oct., 6% in quarter. Through first 9 months, sales increased 31% to \$223.8 million, including 7% comparable-store gain.

Ultimate Electronics (UE) sales rose 101% in Oct. to \$14.4 million on 28% same-store increase; latter figure excludes revenues from recently moved Denver store. Sales for quarter rose 85% to \$36.9 million, including 25% comparable-store gain. For first 3 quarters, sales were up 88% to \$95.1 million, including 32% gain in comparable stores. At end of month, company opened first Las Vegas store -- 33,000-sq.-ft. location that will be joined by another store in that city toward end of first quarter. UE expects to open 2 more before Christmas.

Audio King sales rose 31% to \$4.5 million in Oct., as comparable-store revenues increased 19%.

Circuit City said Oct. sales rose 36% to \$417.9 million, partly on strength of 6 new stores and 18% comparable-store increase. Company opened first 2 stores in Portland, Ore., and first in Lubbock, Tex., last month. Chmn.-CEO Richard Sharp said Circuit City is "extremely confident" sales growth will remain "extremely healthy" through Christmas season.

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Looney Tunes consumer electronics line will be made by Toshiba under Warner Bros. license, companies announced last week. Line is expected to include "such items as cordless telephones, stereo headphones, radios and audiocassette recorders featuring Bugs Bunny, Daffy Duck and other Looney Tunes characters, who also will serve as spokesmen in Japan for Toshiba products. License includes rights for N. America, Far East countries, Australia, Brazil. Toshiba and Time Warner signed multimedia agreement in 1991 and are partnered in pushing joint digital videodisc (DVD) system.

Curtis Mathes is offering shareholders 3 VCRs with VCR Plus at special prices -- 2-head model at \$199, 4-head at \$219, stereo at \$289. Offer, wrote Chmn. Patrick Custer in mailing, "is our way of saying 'Thanks'!"

1/4" HI-RES COLOR CCD: New 1/4" CCD with 410,000 pixels -- resolution generally found only in bulkier 1/3" types -- is being offered in U.S. through Sharp Electronics' LCD facility in Camas, Wash. Tiny high-resolution imager is being used in Sharp's new high-end "multimedia Viewcam" that can double as still-picture videophone (TVD Oct 3 p10).

Chip is 30% smaller than 1/3" models, Sharp says, with increased sensitivity and higher gain. It has density of 811x507 pixels, is available in U.S. now at \$80. Sharp said chip "will help reduce the size and weight of S-VHS and Hi8 video cameras [and] is also ideal for other applications, including security monitors, videophones, imaging and video conferencing."

Mkt. Development Mgr. Vijay Auluck in Camas, commenting on reduction in size and cost of CCDs, said: "We're moving toward a vision of pen-sized cameras for PDAs and cameras that can be easily built into mobile computing devices. At the same time we continue to improve resolution for more demanding imaging applications."

WINTER CES ENLARGED: Winter Consumer Electronics Show in Las Vegas Jan. 6-9 will feature expanded exhibit space for current hot products, including mobile office, cellular, paging and wireless, computers, home theater and custom installation, multimedia and car audio, EIA Consumer Electronics Group (CEG) officials told N.Y. news conference last week.

Among major changes are addition of 3 temporary pavilions of type never used before in U.S. for electronics gaming exhibits, which can accommodate 2-story displays, CEG Vp Gary Shapiro said. New pavilion is devoted to "intelligent transportation systems." CEG Staff Vp Sam Lippman said show space will be larger than last year, meaning it will be biggest ever.

In survey of preregistered buyers, more than 30% expressed interest in home and portable audio, phones and video, with 20% citing computers, home theater, car audio, cellular. Among specific items, gaming was cited by 14%, phone answering devices by 19%, cordless phones 18%, high-end audio 17%, blank media 12%, mobile security 17%, navigation equipment 6%. International buyers cited audio (28%), video (21%), home theater (19%), mobile electronics (19%), computers (14%).

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Federal judge dismissed suit against Gemstar, ruling that VCR Plus technology didn't infringe on patent allowing TV viewer to choose label, number and alphanumeric expression to correspond to broadcast station. U.S. Dist. Judge Dickran Tevrisian, San Jose, wrote in 20-page decision issued Nov. 2 that VCR Plus controller "does not include either the memory means or process means" for storing "operator-assigned" or "operator-selected" channel designation required in inventor Jack Beery's patent. "Gemstar's act of preassigning channel select designations to cable and broadcast stations is an act which is outside the acts recited in the claims, and therefore does bar Beery's claim of infringement." Beery sued Gemstar and Hitachi in Aug. 1993 and reached out-of-court settlement with Hitachi in Sept. (TVD Sept 19 p15). Gemstar Gen. Counsel Lawrence Goldberg said Tevrisian's decision was "absolutely correct." Jonathan Hokanson, attorney for Beery, couldn't be reached for comment.

PANASONIC CLAIMS VHS-C GAINS: Citing expansion of VHS-C camp, Panasonic said last week at news conference in Fla. that format had moved to within one percentage point of 8mm in market share and would pull even by 1995. Although 8mm retains lead at 38%, it's followed closely by VHS-C at 37% and full-size at 25%, Asst. Gen. Mgr. William Mannion said. Figures differed slightly from Panasonic projections year ago: 8mm 40-45%, VHS-C 36-37%, full-size 20-25% (TVD Nov 8/93 p10).

VHS-C gains have been fueled by moves by manufacturers, such as Thomson, in pushing format as well as emphasis on compatibility with VHS VCRs, Panasonic VHS Vp-Gen. Mgr. Stanley Hametz said. Similar rise in share has been posted in videotape, Hametz said. Company will introduce T-40 high-grade (\$6.99) and S-VHS-C (\$9.99) tape in 1995 first half.

"It's getting closer to 50-50, and that's a long way from where it was 5 years ago when the question always was when are we going to shift over [to 8mm]," Hametz said. "The 8mm share of the mix has been exaggerated," he said, citing Commerce Dept. import figures as basis for claim. Asked to comment, Sony source said 8mm still was leading VHS-C by 8-10 percentage points.

Panasonic officials engaged in rare criticism of Matsushita subsidiary JVC, arguing that new EZ-1 point-and-shoot VHS-C camcorder (TVD Sept 26 p15) has "little value" and was introduced for "shock value." Without naming JVC, Hametz said some products have been introduced in U.S. to "use up parts and production capacity" in Japan, where economy continues to sag. "It's more than a prudent business decision based on facts," Hametz said. JVC officials weren't immediately available for comment.

Declining prices continue to plague camcorder market, and starting retail for all 3 formats has dropped to \$599, company said. "I don't know if anybody's profitable at \$599," price that exists "only because the market demands it," Mannion said. "To give reasonable profit to the dealer and reasonable profit to Panasonic... it's just not there right now." Cost of lenses, CCDs and tape transports have limited ability of manufacturers to lower prices while still generating profit, Mannion said. "It's unlikely the lenses are going to change and I see nothing on the horizon that will replace CCD" imagers, Mannion said. "It's possible in the long term that the tape transport will be replaced and that will make possible a less expensive camcorder."

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First video CD product announced by Matsushita for U.S. has been abandoned. Company said last week that lack of software and delay in production of MPEG-1 chips forced it to drop plans for Technics minisystem previously announced for Sept. at \$1,200 (TVD May 16 p12). Instead, it will add component changer by spring, retailers attending company's product preview in Fla. said. "We think the emphasis on going into a standard component look makes a lot more sense than a minisystem," Asst. Gen. Mgr. Andrew Nelkin said. Decision to delay delivery follows similar move by Samsung, which also cited lack of software in postponing launch planned for this fall.

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Lazarus has opened consumer electronics depts. in 8 of 10 former Joseph Horne dept. stores in Pittsburgh area. Cincinnati-based chain, unit of Federated Dept. Stores, acquired Horne earlier this year and has converted outlets to Lazarus. New 3,000-sq.-ft. departments will carry mix of consumer electronics products including Panasonic, RCA and Sony TVs, VCRs, camcorders.

RICOH DROPS CAMCORDERS: Ricoh has joined growing list of traditional camera companies to leave camcorder business amid tough competition, low sales, shrinking profits.

Company, which joined camcorder craze in late 1980s, purchased most of its models from Sony. It said cost and lower margins made it difficult to compete. Ricoh's last model, 8mm with 10x zoom at \$1,499 retail, was introduced in late 1993, Mktg. Coordinator William McGuire said.

In dropping camcorders, Ricoh joins other camera makers Chinon, Olympus, Pentax and most recently Yashica. Others such as Minolta and Nikon have remained in market along with most major consumer electronics companies except Zenith and Mitsubishi. Most recent Minolta introductions were two 8mm models sourced from Hitachi and VHS-C LCD monitor camcorder purchased from JVC.

Ricoh and other companies that buy rather than build camcorders have been especially hard hit by slimmer margins stemming from declines in some retail prices to below \$500. "More people have camcorders these days and the demand hasn't been rising fast enough for us to remain in the business," McGuire said.

Ricoh has moved large segment of Consumer Products Div. to Sparks, Nev., resulting in some layoffs, sources close to company said. McGuire declined comment and said division would maintain operations in Fairfield, N.J.

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Set-top caption decoders, of which 600,000 have been sold since introduction in 1980, will be phased out by 1996, National Captioning Institute (NCI) spokesman said. Decoders to aid hearing-impaired gradually are being replaced by 13" and above TVs, which under federal law must contain caption chip. About 30 million TVs equipped with closed captioning have been sold and nearly all sets in U.S. homes will have new chip by 2000, NCI spokesman said. Most recent TeleCaption decoders were introduced in 1992 at \$180 and \$130. Caption law "has dampened the sale of set-top units and we're selling [standalone decoders] in the thousands but not at the pace we thought we would this year," NCI spokesman told us.

Proposed standard for measuring light sensitivity of camcorders is being circulated to EIA members. EIA Engineering Committee undertook development because there appeared to be no standardized measurement system -- manufacturers charged that some products sold with rating of 8 lux in Japan are listed as 1 lux when shipped here for marketing under different brand name (TVD Nov 8/93 p12).

Hitachi will end picture tube production, except for HDTV tubes, at main Japan CRT plant in Mabora, Chiba prefecture, by March. Plant will be remodeled as production base for LCDs, according to Nikkei. Most conventional CRTs have been shifted to Hitachi's Singapore factory. Japanese CRT output will be centered on Sakura plant, also in Chiba, which will produce mainly large widescreen tubes. Hitachi also manufactures tubes in U.S. plant in Ga.

"Photo-Video Imager" has been introduced in U.S. by Fuji Photo. Device permits viewing of 35mm negatives, slides, photo prints, objects and printed materials to be viewed on TV screen, input into computer or VCR. It's equipped with 410,000 pixel CCD imager, 2x zoom lens, has \$995 suggested retail.

Consumer Electronics Personals

Jim Ireton, ex-Sega and Child World, named vp-sales & mktg., GoldStar's new Multimedia Div... **Alford Rodgers**, Philips Consumer Electronics Co. (PCEC) international operations dir., appointed vp in charge of new Specialty Products Group (SPG), responsible for ghost-canceler manufacturing and marketing (see report, this issue); **Linda Schumann**, new business and advanced products planning, named SPG product management dir.; **F.J. (Buzz) McFadden**, international product mktg. mgr., appointed mktg. & mdsg. mgr.

Peter Tribeman, Atlantic Technology, becomes chmn., new Home Theater Subdivision, EIA CEG, following merger into CEG of Home Theater Industry Assn. (HTIA) (see report, this issue)... **Brian Durwood**, ex-Virtual Vision, joins Tektronix in undisclosed post... **Jerry Salesin**, ex-ABC Warehouse, named gen. mgr., Business TV Video Systems, commercial AV distributor.

John Kasberger, ex-division mdse. mgr.-home electronics, appointed division mdse. mgr.-kitchens; **Thomas Mills**, ex-Best Buy, joins as division mdse. mgr.-home electronics... **Harajiri Yuo**, ex-Fujitsu, joins Hong Kong-based Nam Tai Electronics, OEM consumer electronics manufacturer with plants in China, as R&D chief engineering mgr... **Jarl Salmela**, ex-ADS Technologies, joins MB Quart as customer service mgr., succeeding **Paul Von Feldt**, recently promoted to field & mktg. support mgr.

Michael Karaffa advanced to exec. vp, New Line Home Video... **Eleanor Richman** promoted to vp-programming, Buena Vista Home Video... **Pamela Hogan**, ex-National Geographic TV, named dir., Reader's Digest U.S. Video Publishing, new post... Appointments at AstralTech Americas Div., Canada's Astral Communications: **Bob Petitt**, ex-U.S. Optical Disc, dir.-corporate development; **Tom Graves**, ex-Nimbus Manufacturing, customer service mgr.

APPLE LICENSING MACLASERDISC? Despite Oct. 31 forecast by Nikkei that Apple and Pioneer would announce first deal for Macintosh clones last week, at our deadline Fri. afternoon, Pioneer merely acknowledged that it was negotiating with Apple. Fujitsu also confirmed it was in talks about possible Macintosh license.

Pioneer, which made unsuccessful entry into computer field in 1980s with ill-fated MSX format, hopes to develop new type of multimedia PC by combining it with laserdisc format as well as adapting it to TV sets and home stereo systems, according to Nikkei, which even quoted unnamed Pioneer official as saying company would "start producing the new product by September 1995 at a plant in Tokorozawa," about 20 miles from Tokyo.

Japanese manufacturers increasingly are marrying computers with TV sets. Products include those from IBM Japan, Matsushita, NEC. Nikkei Weekly indicates Pioneer may try also to introduce new kind of CD-ROM. "Presumably," paper said, "Pioneer's larger laserdiscs... would offer users more flexibility in storing and manipulating moving images and fanciful graphics" than CD-ROMs. Perhaps to be called "LD-ROM?"



Hi8 monitor camcorder introduced by Sony in Japan has 3" LCD, 6x optical zoom, 12x digital zoom, optical viewfinder, at equivalent of \$1,725.

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 |
|--|----------------|---------------|-------------------|
| Citicasters | | | |
| 1994-9 mo. to Sept. 30 | 159,780,000 | 48,260,000 | 4.23 ^a |
| 1994-qtr. to Sept. 30 | 50,908,000 | 44,851,000 | 3.93 ^a |
| Graff Pay-Per-View | | | |
| 1994-9 mo. to Sept. 30 | 29,196,534 | 1,714,864 | .17 |
| 1993-9 mo. to Sept. 30 | 14,681,508 | (846,526) | -- |
| 1994-qtr. to Sept. 30 | 10,301,603 | 1,106,108 | .11 |
| 1993-qtr. to Sept. 30 | 5,318,609 | (482,580) | -- |
| J2 Communications | | | |
| 1994-year to July 31 | 1,818,000 | 305,000 | .09 |
| 1993-year to July 31 | 1,693,000 | (1,310,000) | -- |
| Lee Enterprises | | | |
| 1994-year to Sept. 30 | 402,551,000 | 50,854,000 | 2.17 |
| 1993-year to Sept. 30 | 372,907,000 | 41,236,000 | 1.76 |
| 1994-qtr. to Sept. 30 | 102,519,000 | 13,606,000 | .58 |
| 1993-qtr. to Sept. 30 | 94,608,000 | 11,383,000 | .49 |
| Philips Electronics^b | | | |
| 1994-9 mo. to Sept. 30 | 24,763,807,000 | 700,353,000 | 2.12 |
| 1993-9 mo. to Sept. 30 | 24,308,461,000 | 853,702,000 | 2.69 ^c |
| 1994-qtr. to Sept. 30 | 8,337,250,000 | 311,400,000 | .93 |
| 1993-qtr. to Sept. 30 | 8,302,585,000 | 78,143,000 | .25 |
| Recoton | | | |
| 1994-9 mo. to Sept. 30 | 109,395,000 | 7,245,000 | .70 |
| 1993-9 mo. to Sept. 30 | 80,649,000 | 4,233,000 | .50 ^d |
| 1994-qtr. to Sept. 30 | 46,129,000 | 3,649,000 | .33 |
| 1993-qtr. to Sept. 30 | 33,536,000 | 2,085,000 | .25 ^d |
| Turner Broadcasting System | | | |
| 1994-9 mo. to Sept. 30 | 1,983,840,000 | (5,318,000) | -- ^e |
| 1993-9 mo. to Sept. 30 | 1,386,574,000 | (253,776,000) | -- ^e |
| 1994-qtr. to Sept. 30 | 738,889,000 | (4,613,000) | -- ^e |
| 1993-qtr. to Sept. 30 | 501,289,000 | 1,018,000 | .02 ^e |
| Voice Powered Technology | | | |
| 1994-9 mo. to Sept. 30 | 9,545,000 | (326,000) | -- |
| 1993-9 mo. to Sept. 30 | 11,453,000 | (10,803,000) | -- ^e |
| 1994-qtr. to Sept. 30 | 3,787,000 | (290,000) | -- |
| 1993-qtr. to Sept. 30 | 2,190,000 | (3,149,000) | -- ^e |
| Warrantech | | | |
| 1994-6 mo. to Sept. 30 | 30,958,000 | 1,158,000 | .08 |
| 1993-6 mo. to Sept. 30 | 22,927,000 | 15,000 | -- |
| 1994-qtr. to Sept. 30 | 17,018,000 | 540,000 | .04 |
| 1993-qtr. to Sept. 30 | 11,940,000 | (205,000) | -- |

Notes: ^aComparative results not available. ^bAt rate of 1.7 guilders = \$1. ^cIncludes special credit. ^dAdjusted. ^eAfter special charge.

PHILIPS 'GHOSTBUSTER' GROUP: Philips Consumer Electronics Corp. (PCEC) announced last week that it has established new Specialty Products Group responsible for "worldwide marketing and manufacturing" of ghost-canceling system for broadcasters and cable networks as well as manufacture of decoders for consumer TV sets.

Philips' ghost-canceling system was selected as U.S. standard by FCC and has been recommended as world standard by International Telecommunications Union (ITU). European Best. Union (EBU) is expected to consider standards later this year.

Philips already has announced that next year it will offer consumer ghost-cancelers, which respond to ghost-canceling reference (GCR) signal transmitted over Line 19 of vertical blanking interval (VBI), including plug-in models for Philips and Magnavox projection TVs already available with dedicated jack for GCR as well as set-top decoders with and without tuners, due in early 1995 at \$200 and up (TVD April 25 p10). For names of key officials of Specialty Products Group, see Consumer Electronics Personals.

TELEVISION DIGEST®

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With Consumer Electronics

WITH THIS ISSUE: Warren Publishing White Paper on Digital Videodisc

NOVEMBER 14, 1994

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 34, NO. 46

Broadcast - Cable

REP. FIELDS ACTION LIKELY on eliminating cable rate rules following Republican congressional wins. NAB expects TV violence, beer and wine ads, other issues to rise again. (P. 1)

CABLE RATE RULES EASED by FCC, but not enough for industry. Barrett agrees. Some basic increases are allowed. New channel tier set. Program access upheld by Commission. (P. 3)

NEWVENCO PLANS SET: ABC affiliates to develop 'new streams of revenue and profits.' Ventures set in programming, interactive media, pay-per-view. (P. 5)

CABLE JOINS TELCOS in bid for state action on telco competition. NCTA to target 6 states. Few details on joint plans available. (P. 5)

FCC SETS PRECEDENTS in first cable rate orders. Refunds average \$1.77. Most rates upheld, but 6,500 are left. Precedents to speed future decisions. (P. 6)

EBS GOES DIGITAL: FCC orders switch to Emergency Alert System. Cable must join by 1997. Rulemaking begun on satellite, VDT. Comment also sought on allowing unattended operation of stations. (P. 6)

PRICE CAPS FOR VDT: FCC uses common carrier plan to limit subsidies. Cable appeals decision, saying cost allocation in latest decision isn't adequate. (P. 7)

NEW CONGRESSIONAL LEADERSHIP AIMS TO ACT ON TELECOM BILLS: Heads of revamped House and Senate panels expect to take lead on telecommunications issues under Republican-controlled Congress next year. They, and other legislators expected to be key players, were optimistic that bipartisan efforts started under Democrats could continue under new regime.

Sen. Pressler (R-S.D.), new chmn.-to-be of Senate Commerce Committee, said he expects to provide "strong leadership" to pass telecommunications legislation in Senate. He said he expects to spend next few months talking with other senators and heads of companies of all sizes, but wouldn't go into details as to what bill might contain. He said: "We almost got a bill together [in last session]," and with more competition and other changes, it will be one of his "leading priorities." While Pressler was known for his leadership on rural issues last session, he said bill also should include inner cities and other places "where people might not be accustomed to working on the information superhighway."

Consumer Electronics

PICTURE TUBE GLASS PLANT planned by Sony and Corning Asahi at Sony's Pittsburgh plant to turn out 9-32" bulbs for Trinitron tubes. (P. 11)

INTERACTIVE 'VIDEOGUIDE' to debut at CES offers on-screen channel navigation, news and sports, based on under-\$100 set-top box. (P. 12)

BOOM KEEPS ROLLING ALONG, EIA figures showing Oct. as best 4-week month for sales of all major products, which also set 10-month records. (P. 13)

FTC SCREEN-SIZE RULE left unchanged in response to industry requests. Agency says it will look into computer monitor screen size claims. (P. 13)

TV/PC MONITOR with stereo TV tuner at \$999 unveiled by Toshiba as glimpse of what it says could be industry standard in 10-15 years. (P. 15)

TOSHIBA DIGITAL VIDEO DISC may use same principles as 2-sided 3-1/2" optical drive that claims highest transfer rate, storage of 40-min. MPEG-2 video. (P. 15)

PACIFIC NORTHWEST is retail hotbed, Good Guys and Circuit City opening stores, Best Buy due in 1995. (P. 16)

FIRST 40,000-SQ.-FT. STORE opened by Circuit City in Bedford Park, Ill., signals move to larger format in 15 outlets by Feb. (P. 16)

Rep. Fields (R-Tex.), next chmn. of House Telecom Subcommittee, said he wants to have telecommunications legislation pass House by April. Fields, who said he will take over from current Chmn. Markey (D-Mass.), said in interview he's committed to "a very aggressive schedule." In taking Telecom Subcommittee, Fields gave up chance to chair full Merchant Marine Committee. Chances are that Fields/Markey bill, built on last year's measure, would be more deregulatory than Markey/Fields bill that passed House by overwhelming margin this year. Fields wouldn't commit to acting on any specific issue, but elimination of rate regulation of cable is expected to be on agenda.

New House lineup is likely to feature Rep. Bliley (R-Va.) as chmn. of Commerce Committee, sources said. Although Rep. Moorhead (R-Cal.) has more seniority, he's not close ally of next House Speaker, Rep. Gingrich (R-Ga.). Bliley is, and he supported Gingrich's earlier runs for Republican leadership positions. Because Gingrich has said seniority won't be absolute determination in assigning chairmanships, Bliley looks to take over in Jan. However, Moorhead also has seniority on Judiciary Committee, but could face opposition from Rep. Hyde (R-Ill.). Rep. McDade (R-Pa.) may take over Appropriations Committee, with Rep. Rogers (R-Ky.) chairing Commerce Subcommittee.

On Senate side, with Pressler heading Commerce panel, Sen. Packwood (R-Ore.) is expected to chair Communications Subcommittee. He and Sen. Breaux (D-La.) introduced bill this year to set deadline for lifting local competition entry barriers and lifting of MFJ. Sen. Danforth (R-Mo.) retired and Sen. Mathews (D-Tenn.) didn't run for full term. Judiciary Committee is expected to go to Sen. Hatch (R-Utah), and Appropriations to Sen. Hatfield (R-Ore.). However, number of members on each House and Senate committee, as well as which members those will be, will be determined only after final election results are known. Chances are some Democrats will have to leave committees on which they now serve.

Rep. Oxley (R-O.), who will chair another Commerce subcommittee (to be determined), still plans to be active in telecommunications. He said in interview he would "love to put a sunset provision or repeal" of price regulation into telecommunications legislation. Based on what he's read about backlog of complaints on cable rates, Oxley said: "The FCC might like it, too." Any bill produced by new panel will be "less bureaucratic and less regulatory and more based on competition," he said, and won't have 180-degree difference "by any means." He said he also plans to be active on foreign ownership issues, looking to lift restrictions on foreign companies' owning U.S. broadcast and telephone properties. Such restrictions, he said, have "been a major impediment to American companies' expanding overseas." Along same line, Rep. Boucher (D-Va.), who has always been in majority party during tenure in state legislature as well as in Congress, said he's anticipating "little practical effect" as result of House turnaround. Boucher also predicted passage of bill next year.

Fields and representatives of telecommunications industries said they expect that spirit of bipartisanship that generally has prevailed on their issues to continue as Republicans take over House in Jan. for first time in 40 years. When Congress reconvenes, there will be decidedly different look to House Commerce Committee, while Senate counterpart will have many of same players in different roles.

For Fields, results fulfill prediction he made earlier this year that Republicans could take over House. Gearing up to take on new responsibilities, he said he plans "a very aggressive schedule," with first items of business consisting of meetings with leaders of telecommunications industries to "talk about where the industry is at this moment and what is necessary for total fulfillment of the information superhighway." Fields said his objective is to have hearings in late Jan. and into Feb., adding that he saw no reason why subcommittee and full committee couldn't mark up bill by March. He said: "My goal is to have a piece of legislation off the floor prior to Easter."

Fields said bipartisan spirit will continue and he will give Markey same courtesies that Markey gave Committee Republicans. There were times when Markey, as chmn., prevailed, but discussions weren't disagreeable, Fields said. He said he now has good relationship with FCC Chmn. Hundt after admittedly rocky start. He called NTIA Dir. Larry Irving "one of my better friends in Washington" and said he's friend of Vice President Gore as well. He said there's "no question" that fix is needed for Communications Act.

Fields said there will be no jurisdictional battles between Commerce and Judiciary, as there were between Brooks and Commerce Committee Chmn. Dingell (D-Mich.), because Republicans work well together, with Commerce members having close ties to those on Judiciary. Fields said he expects House and Senate to work in cooperative fashion, so that bills in each chamber advance at same pace, rather than having Senate wait so long for House to finish its work, as happened this year.

One unknown factor in legislative strategy forecasting is what role Sen. Dole (R-Kan.) will have in his job as majority leader. Dole introduced his own telecommunications bill last year that basically set out landmarks for quick deregulation. There's some speculation Dole might want to take control of issue. Pressler voted to override President Bush on Cable Act veto, angering some Republicans. He said Dole is "one of my closest friends in the Senate" and he would work closely with him on telecommunications. Sources also said that Pressler has angered some Democrats and Republicans with his use of arcane Senate rules to oppose bills, particularly maritime reform, and that relationships won't be as smooth as they might at first seem.

Although Markey won his reelection contest easily, other Commerce Committee Democrats who were in tight races lost. They included Reps. Lehman (D-Cal.), Schenk (D-Cal.), Margolies-Mezvinsky (D-Pa.). Election of Rep. Kreidler (D-Wash.) still was too close to call at our deadline. In addition, some members of House Judiciary Committee, led by Chmn. Brooks (D-Tex.), lost -- Reps. Mann (D-O.) and Glickman (D-Kan.). On House Appropriations Committee, 3 of 6 Democrats on Commerce Subcommittee won't return. Subcommittee Chmn. Smith (D-Ia.) was beaten, along with Rep. Price (D-N.C.), while Rep. Carr (D-Mich.) lost bid for Senate seat.

Meanwhile, representatives of industries expressed hope that bipartisan method of operation would continue, stressing that issues haven't been caused by divisions along party lines. NAB Pres. Edward Fritts said that his group "has worked well with Republicans and Democrats" and many of same issues, including TV violence, beer and wine advertising, performance rights for digital recordings, spectrum fees and others are expected to come up again. Fritts and Exec. Vp James May declined to speculate on what new bill may look like, saying that S-1822 introduced by Senate Commerce Committee Chmn. Hollings (D-S.C.) in expiring Congress could look very different under Pressler and Packwood. They said financial issues are likely to come into play as Republicans strive to achieve balanced budget, and might look again to spectrum fees as means of reaching that goal. Hollings challenged Republicans to vote against GATT, saying it could cost \$31 billion. How Republicans handle GATT issue will determine whether they're serious about balanced budget, he said.

NCTA Pres. Decker Anstrom declined to comment on how new Congress might affect cable. USTA Pres. Roy Neel, in speech to Media Institute Nov. 9, said legislation is necessary, but will take while to develop. Many new members will have to be brought up to speed on issues, he said. Other issues telcos would like to see addressed are telephone excise tax and franchise fees. Neel did admit, however, that telcos could come out winners if new bills don't have many of regulatory safeguards pushed by long distance carriers and cable.

In midst of all predictions of bipartisan cooperation, Neel is painting different picture. In speech, he said session of Congress starting next year "will be even crankier and more ornery and partisan" than this year as Republicans "try to soften up the President and his party for '96." He said: "I don't for a moment believe that a general spirit of cooperation will emerge from divided government next year." And yet, he said, such "miserable political environment" might help chances for passing telecommunications bill as key players, such as new Senate Communications Subcommittee Chmn. Packwood (R-Ore.) will have better idea of how they will proceed in 1995.

Meanwhile, Congress gained one broadcaster and lost one, while one moved across Capitol. Ex-TV newswoman Margolies-Mezvinsky lost her bid for reelection, while J.D. Hayworth, ex-sportscaster at KSAZ-TV Phoenix, won election to House as Republican. Rep. Grams (R-Minn.), former newscaster in Minneapolis, was elected to Senate.

For Republicans to build on their gains this year, they will have to continue victories in 2 years -- Presidential election year. In 1996, 17 Republican and 16 Democratic Senate seats will be up for election. For Republicans, 6 of those will be committee chairmen, including Pressler, Hatfield, Thurmond (Armed Services), Stevens (Rules), Helms (Foreign Affairs), Domenici (Budget). If legislation is caught up in deadlock, as some other observers believe is possible, industry watchers are looking ahead to 105th Congress. One executive said there's good chance that Republicans could blow their time at control, noting that many new House members are known for extreme positions on issues that could backfire with voters.

FCC OKAYS RATE INCREASES FOR NEW CHANNELS: Divided FCC approved new incentives for cable operators to add programming channels to current tiers, created new tier of unregulated channels, retained right to regulate a la carte packages but said it wouldn't and set eased rules for small system upgrades. FCC

Chmn. Hundt said new "going-forward" rules will make it more likely that systems will add program channels at reasonable cost, but Comr. Barrett said rules are too restrictive, could put cable at disadvantage to telcos and would cause uncertainty as to whether Commission eventually will regulate a la carte tiers.

Decision marked first nonunanimous FCC decision at agenda meeting since Hundt became chmn. (he dissented on circulation item), following 59 consecutive unanimous votes. In 4-1 vote Nov. 10, Barrett voted no on whole decision; Comr. Chong objected in part but supported rest of ruling. Barrett said decision provided little incentive for adding channels, didn't offer certainty for cable operators, created "a tangled regulatory web." He said decision to ease telco entry into video "required us to demonstrate greater flexibility" in going-forward rules. Chong said she supported much of item, but believed rules were "exceedingly complex."

Cable industry executives said rules provide some incentives for adding channels, but worried about possibility of a la carte regulation. NCTA Pres. Decker Anstrom said he was "deeply disappointed" that FCC failed to say that a la carte is exempt from regulation and that "going-forward" will provide "some much-needed -- although very limited -- incentives." He also asked for quick FCC action on allocating costs of rebuilding systems. CATA Pres. Stephen Effros said rules "are nowhere near what's required for cable services to grow and flourish," accused FCC of micromanaging cable.

Rules will allow cable systems to raise rates up to 20¢ each for 6 new channels to be added to expanded basic by Dec. 31, 1996, plus 20¢ for 7th to be added in 1997. Systems also can increase rates another 30¢ if that's necessary to recoup program costs in excess of 20¢ per channel. Rules were proposed by Hundt after cable operators said existing regulations, which allow cable operators to recoup costs plus 7.5% markup, don't provide enough incentive for them to add channels. FCC said 20¢ markup was based on its best estimate of what systems would add to rates in competitive environment, and that number of channels it could be applied to was based on historical cable channel growth. However, Barrett said channel additions normally would grow faster because of rebuilds and new competition from telcos and satellites, and Chong said cap represented undue reliance on historical practices.

Commission created new unregulated cable tier, named "new product tier" (NPT). Operators can put any new channels on tier, charging any reasonable price for tier. Hundt called NPT "a very interesting and useful concept." FCC said it will assume any rates are reasonable because NPT in effect would compete with expanded basic tier for subscribers. Conditions for NPT include: (1) Basic and expanded basic must be offered. (2) Systems can't move programming from existing tiers to NPT. (3) Subscribers must affirmatively assent to NPT. Same networks can be offered on existing tiers and on NPT, FCC said, and new networks that are added to expanded basic can move later to NPT. Networks dropped from expanded basic can be added to NPT only after 2 years. Barrett said limits on migration of channels among tiers could violate cable operators' First Amendment rights and eliminate need for cable networks to compete to remain on existing tiers.

FCC said it was wrong earlier when it said it wouldn't regulate a la carte packages. Officials said 1992 Cable Act clearly says FCC should regulate any program packages, regardless of whether channels also are offered individually. However, Commission said that it "cannot envision circumstances in which any price for a collective offering... would be found to be unreasonable." Barrett particularly objected to that provision, saying FCC didn't specify conditions under which rates would be considered unreasonable, and cable "must always be mindful of the threat of rate regulation for virtually all services which they offer."

Under brisk questioning from Barrett, Cable Bureau Deputy Chief Gregory Vogt said retaining right to regulate a la carte is required by Cable Act. He said, however, that FCC doesn't expect to exercise right because a la carte and NPT tiers in effect will compete with expanded basic, making it difficult for operators to charge excessive prices. Barrett also questioned differences in regulatory treatment between regulated and other tiers. Cable Bureau Chief Meredith Jones said Act specifies only that FCC must determine that rates are reasonable, not how it will make determination.

New small system rules provide eased cost-of-service option for small operators that are independent or part of small MSOs. Rules allow operators automatically to pass through headend equipment costs up to \$5,000 per channel, plus 11.25% rate of return on investment, plus program costs. Rules apply to maximum of 7 new channels in 3 years, leave open option of using existing rules to set rates.

In other decisions, Commission: (1) Affirmed that adding, deleting or replacing channels is exempt from negative option billing rules. (2) Rejected proposal to limit application of prevailing company price as

measure of reasonableness of affiliate transactions. (3) Asked for comment on whether it should continue to allow 7.5% markup for program costs.

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FCC generally affirmed earlier decisions on program access rules, in another decision Nov. 10, saying: (1) No showing of harm is needed to file complaint. (2) Differences in distributor costs can't justify different charges by networks themselves. (3) Rules apply to contracts in existence before rules were adopted. (4) 5% attribution standard is correct. Commission did agree to extend confidentiality protections, clarify financial liability rules, amend rules on subdistribution arrangements. It also said that, while it has authority to award damages for program access violations, that's "not necessary at this time."

FCC eliminated estimated 60% of backlog of MMDS cases in single action at Nov. 10 meeting, rejecting petitions for reconsideration of 4,560 staff decisions that had dismissed MMDS applications. FCC Chmn. Hundt said action was significant because Commission is "trying to create the opportunity for those who should get channels to get them. We have got to get through the process so we can create cable competitors." FCC staffers said many defective applications were virtually identical, and many were alleged to have been filed by speculators. Of those rejected, 2,325 also were filed after deadlines, officials said. Mass Media Bureau Chief Roy Stewart predicted that another 15% of MMDS backlog would be eliminated by Feb., with rest handled by spring.

FCC at Nov. 10 meeting began process it expects to lead to lifting freeze on MMDS and ITFS applications. Commission launched rulemaking to streamline licensing procedures, including requiring competitive bidding for licenses. Among alternatives to be considered in rulemaking: (1) Various forms of filing windows, for limited geographic areas and nationwide. (2) Whether to conduct competitive bidding and how. (3) Whether to implement electronic filing. FCC staffers said competitive bidding would speed process because staff then would have only to determine whether winning bidder is qualified.

NEJVENCOS PLANS SET: While withholding details of exactly what is planned, ABC TV affiliates announced formation of "for-profit" company NewVenco Inc. to "develop new streams of revenue and profits for its affiliate shareholders," Affiliates' Chmn. John Garwood of WPLG-TV Miami said. Details of NewVenco's plans were sketchy, reportedly because of lawyers' concerns about antitrust problems, but programming ventures are expected to be in forefront. ABC-owned TV stations have been excluded from participation in NewVenco.

Garwood said NewVenco, announced last spring (TVD June 13 p1), is being formed to "take advantage of the unique marketing and programming resources each affiliate has within its local service area." He said Cap/ABC has been "very supportive of our efforts" and venture will "work very closely" with network. Patrick Scott, Fisher Bestg. pres., chmn. of NewVenco, pointed out that other media companies are diversifying beyond their core businesses. "The ABC affiliates decided to form this new national consortium... to work together to become more competitive and more profitable in a rapidly expanding multichannel environment," Scott said. NewVenco may "pursue interests in programming, interactive media, transactional media, place-based media and pay-per-view." But, he said, "it is premature to announce plans for specific activities or investments."

Retired Allbritton Communications exec. Thomas Cookerly has headed formation of NewVenco, but he has said he isn't interested in leading company fulltime. Scott said that search is under way for NewVenco pres.-CEO and that it will be in N.Y. CBS TV affiliates have formed business task force to work out for-profit plan similar to that of ABC affiliates. Task Force meets later this month on details with CBS executives.

RTNDA announced first in series of "short course" professional development courses: "The 10 Commandments of Visual Storytelling," Nov. 19, Sheraton Hotel, Seattle -- 202-659-6510.

CABLE JOINS TELCOS: Signaling increased effort by cable to compete with LECs for local service, NCTA Pres. Decker Anstrom joined host of executives from long distance and competitive access providers (CAPs) to announce plans to push for elimination of state regulatory barriers to local exchange competition. Groups pledged to work together on state-by-state basis to encourage state PUCs and legislatures to open local markets by eliminating laws and regulations that bar competition with LECs.

Action isn't new to IXC or CAPs which have been pressing states for several years -- with some success -- to eliminate regulations that impede competition in LEC-dominated local loop service. Group's members didn't announce any particular game plan, other than to say they may form ad hoc coalitions when significant battles emerge in states -- strategy already used by CAPs and some IXC.

Fact that cable held media conference to announce plans to battle state regulatory barriers was significant enough to merit sharp response from Bell Atlantic Vp Edward Young, who said session was "latest example of cable industry whining designed to keep cable customers from enjoying the benefits of choice." He said cable doesn't really want competition because it seeks to open telco market without equal openness in cable market.

Anstrom singled out 6 states -- Fla., Ga., N.C., Ohio, Tex., Va. -- where cable industry will focus first efforts. He said move isn't reaction to failure of federal legislation that would have eased state barriers to competition on uniform basis throughout country. Anstrom said barriers still exist in 40 states that prevent these companies from competing with the local phone monopolies.

NBC formed NBC Data Network to provide data transmission business services using network's over-air signal. At start, service will be broadcast by NBC owned stations and later opened up to affiliates. NBC said first client will be Faxcast Best., which plans to offer fax network.

FCC SETS RATE PRECEDENTS: FCC ordered refunds averaging about \$1.77 per subscriber in first round of cable rate complaint decisions issued Nov. 8, resolving 36 complaints. Refunds totaling about \$500,000 were ordered for Viacom systems in Nashville and Goodlettsville, Tenn., (117,000 subscribers) and Comcast's in Baltimore County, Md. (166,000 subscribers), all based on benchmark rate calculations. Commission also rejected complaints against 8 other systems, saying their rates complied with regulations. Bureau still has about 6,500 rate complaints to deal with, but Cable Bureau Chief Meredith Jones said Bureau is targeting completing action on at least 80% of them by spring.

"These first cases settle issues that we expect will also appear in subsequent complaints," said Mary Ellen Burns, chief of Cable Bureau Consumer Protection Div. However, cable officials pointed out that MSOs may well appeal decisions, either at FCC or in courts, since they believe rates were set correctly. Precedents set by cases mean that "we expect to see our decisions on individual rate cases start coming out at a very regular pace," Burns said.

FCC upheld rates charged by systems ranging from 728-subscriber Cable TV of Ga. in Dahlonega, Ga., to 160,290-subscriber TCI system in Washington, D.C. In most cases, Commission found errors in systems' calculations, but said rates still were low enough to comply even with errors. Others whose rates were found to be acceptable were MetroVision, Lincoln, Neb.; United Video, Harvard/Berlin, Mass.; Mid-Atlantic of Howard County, Md.; Star Cable, Lexington County, S.C.; U.S. Cable, Lake Forest, Ill.; TCI franchises 1 and 5, Chicago. Of those found acceptable, one was based on benchmarks, 7 on cost-of-service showings.

Decisions that apparently could set precedents include following in which Bureau: (1) Allowed only 2 years of startup losses to be counted as costs, based on FAS Standard 51. It also said losses must be amortized over 18 years. (2) Said 11.25% rate of return is reasonable. (3) Said in Howard County case that calculations involving state and federal income tax must include deductibility of federal income taxes. (4) Said in Chicago case that TCI violated rules by responding only to franchise authority complaints, not subscribers, but decided not to set fines. (4) Also in Chicago, disallowed \$13.1 million in costs for plant under construction because TCI didn't show that plant was used and useful. (5) Said in Goodlettsville case that Viacom can't count channels that carry satellite programming 8 hours per day and broadcast channel 16 hours as satellite channel, since they must be classified according to "preponderance of use." As result, Bureau lowered allowable rate to \$11.70 from \$12.32.

(6) Said that in Lake Forest and Harvard/Berlin, U.S. Cable and United Video can't attribute 8-year useful life to headend, trunk and distribution equipment for depreciation since industry standard is 15 years. (7) Said in Baltimore case that Comcast can charge only \$14.55 per month under benchmark, not \$15.33, because majority of programming on several channels listed as satellite is nonsatellite programming. (8) Said that in Nashville, Viacom's benchmark is \$11.70 instead of \$12.22 because bulk of programming on several channels listed as satellite channels is nonsatellite programming. (9) Said in Harvard/Berlin that United Video must allocate statewide costs on per-subscriber basis, instead of United's "various allocation methodologies." (10) Said that since Commerce Dept. occasionally corrects inflation figures, if Bureau decides some rate calculations are wrong, it will require operators to use updated inflation figures, rather than figures current when calculations are made.

EBS GOES DIGITAL: FCC replaced Emergency Broadcast System (EBS) with new digital Emergency Alert System (EAS) Nov. 10 and added requirement for cable system participation by July 1997. Commission also launched rulemaking on requiring future EAS participation by satellite, VDT and other new transmission systems and extending current small broadcaster waiver to small cable systems.

Broadcasters must modify existing EBS equipment by July 1 to be capable of decoding shortened 8-sec. version of current 2-tone alerting signal and have until July 1, 1996, to replace EBS equipment completely with new EAS system. FCC staff estimated cost of new equipment for broadcasters would be \$600-\$1,000 per station. Low-power TV stations and Class D FM stations must modify decoders by next July but won't be required to add encoding equipment. Commission, as expected (TVD Nov 7 p2), didn't select any particular equipment and said it would issue nonproprietary protocol.

Cable systems were given additional year to implement system "because the cable industry is new to EAS." Cable systems with more than 10,000 subscribers must provide interrupt, audio and video message on all channels. Systems with 10,000 or fewer must provide interrupt and audio message on all channels but video message on only one. FCC staff estimated cost of equipment for 40-channel cable system at \$10,000-\$12,000.

Features of new system include: Shorter 8-sec. alert tone, automated and remote control operations, new weekly "unobtrusive" test, ability to issue alerts in Spanish and other languages, provisions for hearing-impaired and visually impaired, digital equipment allowing participants to send and receive alerting information, digital codes to allow regional system activation in localized emergencies, automatic access to National Weather Service bulletins.

Broadcasters and cable systems can install new EAS equipment in advance of deadline "in order to encourage [its] rapid manufacture and deployment." But new EAS operating system won't be implemented in state or local areas until "all broadcast stations in an EAS local area have installed the required EAS [and] demonstrated representation of cable systems in their state or local emergency communications committee plans."

In related action, Commission began rulemaking to allow unattended operation of full-power and low-power broadcast stations and waive requirements for station duty operators to be licensed. FCC said: "The availability of modern monitoring and control equipment may have rendered unnecessary the continuous attendance of the duty operator for many, if not all, stations." Commission warned that rule change wouldn't eliminate station responsibility for technical rule violations.

U.S. Supreme Court let stand, without comment, lower court ruling requiring public TV stations sponsoring candidate debates to provide valid "viewpoint-neutral" reasons for excluding some candidates. U.S. Appeals Court, St. Louis, had ruled that 1992 independent congressional candidate could sue Ark. Educational TV (AETV) Commission for right of access to TV debate it arranged jointly with AP. Case now returns to Dist. Court that originally dismissed candidate's lawsuit. Appeals Court had said ruling wouldn't apply to debates only carried or reported, but not sponsored, by public stations or to debates sponsored by privately owned stations.

PRICE CAPS FOR VDT: More extensive form of price caps will be basis of FCC rate regulation of video dial tone (VDT) systems, according to text of Oct. 20 decision (TVD Oct 26 p1) released Nov. 8. In 150-page order fleshing out earlier decision, Commission said price caps are adequate to prevent cross-subsidies, but warned that "the large amounts of investment involved, and the serious concerns about cross-subsidization... suggest that VDT rates will be subject to intense scrutiny." As result, FCC said, VDT applicants will have to submit tariffs with more detailed identification of costs than in other price cap new service filings.

Bell Atlantic said it expects VDT licenses to "come tumbling out of the Commission" since policy issues have been resolved. But, despite what FCC considered more extensive safeguards against cross-subsidies, NCTA indicated that it's not satisfied with decision. Spokesman said concerns remain largely same as on Oct. 20, when NCTA said FCC didn't do enough to set cost allocation rules, leaving open possibility that VDT systems would be built without determining who pays for them. NCTA won't make decision on whether to file court appeal or new petitions for reconsideration until it completes close review of text, spokesman said.

Price caps will be "our primary means of protecting the telephone customers," FCC said, since they mean "a LEC has no guarantee that it will be able to recover increased costs." Telcos will have to make cost-based showing under new services price caps test before establishing VDT rates, FCC said, and that process provides "an adequate vehicle for full consideration of the reasonableness of proposed VDT rates." Telcos also will have to seek Part 69 waivers before they can establish permanent VDT rate structure, order said.

VDT doesn't fit within existing price cap baskets, FCC said, so it tentatively concluded that separate VDT price cap basket would help prevent cross-subsidies by preventing cut in VDT rates from being offset by higher non-VDT rates. Common Carrier Bureau Deputy Chief Kathleen Levitz said setting up separate price cap basket would further insulate VDT rates from telephony rates. Commission said it will seek comment on separate basket plan in LEC price cap performance review.

On cost allocation, FCC said it won't set specific rules immediately but left open possibility of establishing specific procedures after it gains VDT experience. Chief Economist Michael Katz again emphasized that VDT service must recover all costs that can be attributed directly to VDT, plus share of overhead and other indirect costs, so it's impossible to set rates below cost. He said FCC will give VDT operators "a great deal of flexibility" in how overhead and indirect costs will be shared, but net result must be lower proportion of costs attributed to telephone-only customers. Commission will decide on case-by-case basis whether cost allocation is correct, Katz said.

Commission refused to change Sec. 214 licensing process, but said telcos may make generic Sec. 214 filings for portions of VDT systems that are common to all systems and don't require case-by-case analysis. It also said it expects to ease Sec. 214 scrutiny over time as precedents are established. Other decisions include: (1) Telcos must establish subsidiary accounting records and file revisions to their Cost Allocation Manuals. (2) Telcos are allowed to provide enhanced and other nonregulated services, such as billing, video gateway and collection, in connection with video services, but can't enter into nonownership relationships that would allow programmers to participate in operating VDT platform.

Decision appears to clear way for RHC-controlled program production ventures such as that planned by Bell Atlantic, Nynex, Pacific Telesis and Creative Artists (TVD Nov 7 p1), although FCC officials wouldn't comment on specific cases. Agency said that 1984 Cable Act doesn't prohibit telco ownership of programming, only ownership of programmers (defined as those who select, market and distribute programming directly to customers). As result, order said, telcos could own both VDT system and programming, as long as unaffiliated programmer buys programming from telcos then places it on VDT system for distribution. Commission also said it expects to relax 5% ownership limit for programmers when it becomes easy to expand VDT channel capacity to limit ability of telcos to discriminate against competing programmers.

Common carrier model of VDT is "critical to our determination that video dial tone is in the public interest," FCC said in rejecting "anchor programmer" concept. Commission said VDT operators generally have to provide channel capacity to any programmers, but only if it's technically and economically feasible: "We will address claims by LECs that expansion is not technically feasible and economically reasonable on a case-by-case basis."

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Bell Atlantic (BA) anticipates FCC waiver "before Thanksgiving" for market test of video over phone lines, delaying experiment to at least mid-Jan., Group Pres. Stuart Johnson said in interview. He criticized Commission for year-long delay in granting waiver to provide video service over telephone lines for 2,000 customers. BA had expected action by March and he said it's time for commissioners "to get off their butts" and act on request. Delay has cost BA access to commercial operations and forced it to shut down some aspects of operation, Johnson said, although he said some delays were expected when project began.



Financials: NFL coverage boosted Fox Station Group results in quarter ended Sept. 30, but helped keep network earnings flat, parent News Corp. said. Station revenue was up 30% in Sept. alone because of NFL, it said. Overall TV revenue increased 24% to \$413 million, but TV operating profit dropped 8% to \$50 million. At network, higher revenue was offset by greater costs of launching NFL coverage. Company said BSkyB had "significant increase" in revenue and operating profit for quarter, and STAR TV's loss was "in line with expectations." Overall profit grew 24% to \$229 million... Comcast cut loss for 3rd quarter ended Sept. 30 to \$17.2 million from \$35.7 million loss year ago. Revenue grew to \$345.7 million from \$335.4 million, and cash flow dropped to \$146.1 million from \$154.3 million... Cablevision Systems loss increased to \$66.9 million in 3rd quarter ended Sept. 30 from \$55.4 million because of higher interest expenses and one-time charge for restructuring. Revenue was up to \$223.5 million from \$169.6 million, mainly because of acquisitions... King World Productions said 3rd-quarter revenues increased 1% to \$480.7 million... Spelling Entertainment Group said writedowns on first-run TV program syndication contributed to 3rd-quarter \$531,000 loss from continuing operations, compared with \$7.5-million profit year earlier.

TV coverage of O.J. Simpson murder trial will be allowed, Judge Lance Ito ruled Nov. 7. Only restriction imposed is that TV cameras must be operated by remote control during testimony. Prosecution and defense attorneys had supported televising trial. Ito said there have been no repeats of leaks of DNA test results that had prompted him to schedule hearing: "I take as a good sign what I see as a restraint on the news media's part."

LPTV CALL LETTERS OKAYED: Low-power TV (LPTV) stations licensed by 1987 can request 4-letter call signs, replacing current 5-character alphanumeric identifications, FCC announced. Applications can be made after Dec. 5. Decision, expected since Commission approval of "phased implementation" plan (TVD May 23 p8), received standing ovation from attendees at Community Bestrs. Assn. (CBA) convention in Arlington, Va. CBA had asked for FCC order.

LPTV 4-letter call signs will be assigned on "first-come, first-served" basis and will include "-LP" suffix. In case of requests received on same day for same call sign, sign will go to station "having the longest continuous record of broadcast operation under substantially unchanged ownership and control." Notices will be issued announcing times for call sign applications for licenses assigned in 1988 and later. Call signs can't be reserved.

Comr. Chong told CBA convention that LPTV stations will be part of information superhighway because of their "focus on local issues... By serving the specialized needs of your communities... you can capitalize on your strengths and make the most of it," she said. Comr. Quello, who received CBA Lifetime Achievement Award, urged LPTV stations to pursue "want-carry" policies for coverage of their local programming on other TV networks. LPTV Branch Chief Keith Larson said unit was processing 1,818 new station and 208 major change applications from latest April 11-15 filing window.

FCC staff still is debating leased access rules, which LPTV stations hope to use to get carriage on cable systems, said Gregory Vogt, deputy chief, Cable Bureau. Staff isn't quite ready to make recommendation to Commission, he said, but hopes FCC will issue rules within a few months. Agency has received 19 leased access complaints to date, said Kathleen Franco of Bureau's Policy & Rules Div.

FCC has granted 7 LPTV requests for carriage under cable must-carry rules, has denied one and has 13 pending, said Elizabeth Beaty of Bureau's Consumer Protection Div. Vogt said Bell Atlantic's "will-carry" proposal isn't specific enough yet to determine whether it would apply to LPTV. Other FCC comments at convention: (1) Vogt said multichannel LPTV "holds great promise" as way to introduce competition to cable. (2) Cities can't force cable systems to carry LPTV stations or any other programmers, as part of franchise, Beaty said, but could allocate public, education & govt. channel to LPTV.



Eleven companies representing service, transmission and equipment providers have created new Residential Broadband Services Forum (RBSF) to promote development and acceptance of new services. Members include America Online, Bellcore, CNN, Media General. Group described itself as industry forum that will work to understand consumer needs and interests and attempt to help in development and education of market, including joining together in proceedings before FCC or NTIA. RBSF also raised possibility of collaborating in testbed of different architectures. Other members of organization are Advisory Group, MicroMail, Newbridge Networks, Regis McKenna, Texas Instruments, U.S. Postal Service, Zenith Electronics.

Broadcom Corp. said it's offering first single-chip digital receiver capable of 64/256-QAM operation. Receiver can handle speeds up to 40 Mbps in 256-QAM mode, company said. Broadcom said Scientific-Atlanta committed to buying at least 500,000 units for cable installations, Hewlett-Packard for 100,000.

FTC was urged Nov. 4 by Assn. of National Advertisers (ANA) to adopt sunset provision to terminate all consumer protection orders within 10 years. Under current rules, such orders remain in force indefinitely. That shouldn't be allowed, ANA Pres. John Sarsen said: "Unlimited orders lock both the company and its customers into a straitjacket that stifles business and hurts consumers." FTC last Sept. announced new policy to sunset orders on competition after 20 years, and ANA asked agency to adopt 10-year rule for consumer protection orders. Such orders are anticompetitive and often contain significant restrictions on commercial speech, raising First Amendment issues, ANA said, and "it would be completely incongruous for the Commission to provide more favorable treatment to competition orders, which regulate economic activity, than it provides for consumer protection orders, which regulate a constitutionally protected activity."

FCC Nov. 7 denied NBC request that Commission not accept application of SF Bestg. of Green Bay (SF) for WLUK-TV (Ch. 11, NBC) Green Bay. NBC had claimed Fox interests in SF could allow Fox to circumvent FCC ownership limits. SF corporate structure subsequently was modified, leaving Fox subsidiary FTS Investment with 25% nonvoting interest. FCC order said: "Acceptance of an application means only that [it] has been the subject of a preliminary review by the Commission's staff as to completeness. Therefore, we need not determine at this time whether [SF's] showings are sufficient to demonstrate that it is fully qualified to hold the [license]." FCC also deferred NBC request to extend deadline for filing petition to deny for additional 30 days, but said: "We shall determine the period of time within which an interested party may respond to any new submissions by the applicants."

Program Notes: Home & Garden TV said it signed carriage agreements with ACI Management, American Cable Entertainment, Comcast, Donrey, Falcon, Fanch, Green Tree Cable, Montgomery Cablevision, Plantation Cablevision, Post Newsweek, Sammons, TBA, Telesat, United Video Cablevision. Deals increase potential subscriber base to 27 million... Jones Satellite Networks said Z Spanish Radio Network will program its 8th radio format. Z Spanish Radio operates Spanish-language FM stations in Sacramento and San Francisco... TCI said it will set up subsidiary called CyberMedia with former managers of AND Interactive Communications to build interactive multimedia studio in Denver area... Shopping channel Catalog 1 will be tested on Channel America. Trial is expected to last 8 weeks.

FCC Mass Media Bureau says more data is needed to evaluate effect of 1992 rule changes on radio ownership and content diversity. In Radio Station Ownership Report, Bureau said there's "no consistent approach by duopoly owners that would indicate how the acquisition of additional stations affects the diversity of voices available" and said it needed more information on "changes in the amount of news and public affairs programming and general changes in formats." Report was released with text of order adopted at Commission's Oct. 20 meeting that increased radio minority ownership limits to 25 AM and FM stations from 23 each and increased level of noncontrolling but attributable interests of nonminority broadcasters to 5 stations above 20 AM-FM limits.

NAB is joining Maxagrid International of Dallas as co-sponsor of Marketing & Revenue Management Conference for TV station executives Jan. 5-7 in Dallas. Agenda includes sessions on network compensation, commission, advance revenue techniques, elimination of debts -- 1-800-738-7231.

New FCC must-carry decisions issued Nov. 4 include provision allowing stations for first time to negotiate for partial carriage as part of retransmission consent deals. Original rules said stations that don't qualify for must-carry can negotiate only for full-time carriage in consent deal. Other decisions announced in response to 21 petitions for reconsideration include: (1) Good quality signal is defined as -45 dBm for UHF stations, -49 dBm for VHF. (2) Cable operators can require stations to pay them for carriage as part of retransmission consent agreement. (3) Cable operators must carry entire program schedule of must-carry stations unless carriage of specific programming is prohibited. (4) Exclusive retransmission consent agreements are prohibited, so TV stations that provide programming to one multichannel operator make it available to anyone else on comparable terms.

Author Rick Namey filed complaint at FCC against Rush Limbaugh radio program for alleged violation of personal attack and political editorial rules in program's "ongoing attacks on individuals that identify themselves as liberals." Complaint seeks FCC ruling that Limbaugh and stations airing program are required to provide notification, transcripts and response time to individuals and groups attacked. Namey complained that he had been "personally attacked" within meaning of FCC rules and that Limbaugh's show "is a 3-hour program-length political editorial."

FCC Cable Bureau isn't processing cable complaints "as fast as we had hoped," Deputy Chief Gregory Vogt said at Community Bestrs. Assn. convention in Arlington, Va., Nov. 7, "but we are working on it." He said Bureau has been preoccupied with hiring and training staff, working on going-forward rules, and such issues as how to compensate cable operators for large-scale system upgrades and standards for cost-of-service rate proceedings. Vogt said FCC has received more than 11,000 rate complaints, many appeals by cable operators of local rate decisions, "large number" of must-carry complaints.

FCC renewed license of KSBW-TV (Ch. 8) Salinas-Monterey, Cal., but imposed \$15,000 fine for "deficient" minority recruitment efforts. It said "minorities were absent from a significant number of the licensee's applicant pools, it failed to contact minority specific sources for over 1/3 of its vacancies [and it] failed to maintain adequate records for meaningful self-assessment." Renewal had been challenged by NAACP and League of United Latin American Citizens.

Nielsen Japan was attacked by Japanese TV networks for plan to measure Japanese TV viewing by audience age and sex in addition to households. Japanese broadcasters said additional demographic data could hurt them by giving advertisers more control over placing ads in specific shows. Broadcasters are part owners, along with major advertisers, of Nielsen Japan's competitor, Video Research, which measures only household data.

AT&T joined Alfa industrial consortium of Mexico in \$1-billion venture to provide telecommunications when deregulation begins in 1997. Companies will concentrate first on domestic and international long distance but expect to provide wireless, business services and other products in competition with other companies.

Echostar Communications picked Engineering & Technical Services (ETS) and TIW Services to provide all satellite earth station equipment for former's DBS uplink center in Cheyenne. TIW will provide four 13-m TV uplink antennas for installation by 1996.

Zenith and Teledyne said they will develop military-grade security system for use on cable and telephone networks carrying video-on-demand, home shopping and other digital services. Venture with Zenith is Teledyne's first effort to make commercial version of patented "Dynamic Substitution Device" military cryptographic security systems, it said. Companies said system is compatible with MPEG-2 digital compression and Zenith's 16-VSB transmission system.

Cox will buy cable system with 48,000 subscribers in Newport News, Va., from American Cable TV Investors (managed by TCI) for undisclosed price, companies said. System is across James River from Cox's Hampton Roads systems, which have 197,000 subscribers in Norfolk, Portsmouth and Virginia Beach, and will be incorporated into Hampton Roads operation. Broker: Daniels.

FCC Chmn. Hundt gave communications industry job in speech Nov. 4 on opportunity for women in industry. He told Women of Wireless conference that Commission discovered in reviewing makeup of trade associations that CTIA has 44 board members, all men; NCTA has 31, one a woman; USTA has 45, 2 of them women; NAB has 63, 5 of them women.

Nielsen said it's expanding TV rating service to Latin America and will start people meter measurements in Brazil, Colombia and Ecuador early next year. Nielsen also said it had signed merger agreement with IPSA S.A., TV rating firm in Argentina, with Nielsen having majority control.

Incorporated Society of British Advertisers (ISBA) said it believes BBC2 TV channel should be allowed to accept ads. ISBA said mixture of funding sources would enable BBC to compete with growing cable, satellite and multimedia services.

National Data Bcstg. Committee, sponsored by NAB and EIA, selected Advanced TV Test Center (ATTC), Alexandria, Va., to conduct tests of NTSC data broadcasting systems. Tests will begin this month, conclude by end of year.

ESPN agreed to buy 80% of SportsTicker 24-hour sports news service from Dow Jones for undisclosed price. DJ will retain 20%, plans to cooperate with ESPN on running service and in other ventures.

ABC TV Network Group formed production venture with BMG Entertainment N. America to produce music- and non-music-based programming for ABC TV Network and cable units using BMG recording artists.

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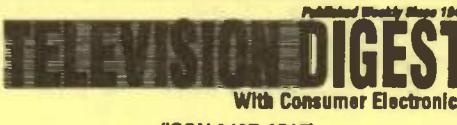
Bill Korn promoted to chmn.-CEO, Westinghouse Bestg. Co., succeeding **Burton Staniar**, who remains chmn.-CEO, subsidiary Knoll Group... **Michael Sullivan**, former Warner Bros. TV producer, named pres.-entertainment, United Paramount network... **Beth Rockwood**, ex-Young & Rubicam, named vp-new business development and media planning relations, CBS TV Network Sales... **Peter Murray** advanced to vp-photography, Network Communications Dept., ABC TV Network Group; **Janice Gretemeyer** promoted to vp-media relations... WTTW Chicago appointments: **Len Watson**, ex-Leo Burnett, named vp-senior sales & mktg. exec.; **Elizabeth Richter** promoted to vp-national development... **Steve Thaxton**, ex-KUSA-TV Denver, named vp-creative services, KARE Minneapolis; **Susan Loyd** advanced to dir.-programming and research... **Michael Pulitzer** promoted to station mgr., WXII Greensboro-High Point, N.C... **Steve Rollison**, ex-NPG Best. Group, appointed managing editor, WKBD-TV Detroit... **Ronald Perelman**, New World Communications Group chmn., speaks on outlook for TV broadcast marketplace, NAB/TvB luncheon, NAB convention, April 10, Las Vegas... Radio veteran **Gary Owens** will be inducted into Bestg. Hall of Fame during NAB '95 luncheon, April 11, Las Vegas.

Elected to Viacom board: **Steven Berrard**, Blockbuster Entertainment pres.-CEO; **George Johnson**, Blockbuster pres.-retail operations; **Shari Redstone**, exec. vp, Viacom parent National Amusements... Appointments at Turner: **Glenn Kessler**, ex-CNN, named dir.-on-air-promotions, Turner Classic Movies (TCM); **Shannon Forsyth** advanced to TCM art dir.; **William Chapman**, ex-Crawford Communications, appointed dir.-advanced operations, Turner Production.

Cheryl Leslie, ex-vp-media group head, Wells Rich Greene BDDP, named CableTV Ad Bureau dir.-national spot advertising... **Martin Gallogly** appointed CFO, Nostalgia TV... **Gary Stevenson**, ex-PGA Tour, named exec. vp-CEO, Golf Channel... **Patrick McClenahan** promoted to vp-programming and production, Prime Ticket Network, replacing **Don Corsini**, named vp-original programming, parent Liberty Sports... **Rasco** appointments: **Jonathan Jones**, ex-CBS and Time Warner, dir.-business systems; **Nan Keeton**, ex-Cable Ad Bureau, creative services mgr.

Byron Marchant, senior legal adviser to FCC Comr. **Barrett**, resigns Nov. 17 to "explore exciting new challenges"... FCC International Bureau staffer **Diane Hofbauer** leaves to become attorney with Discovery Communications... **Haldean Calore**, ex-Convention Management Group vp, named NAB senior vp-conventions and exhibitions; NAB Vp-Govt. Affairs **Daniel Phythyon** leaves to become senior attorney, FCC Wireless Bureau... **Anne Flowers**, ex-Hogan & Hartson law firm, becomes partner, Cole, Raywid & Braverman... **John Glicksman** advanced to Adelphia Communications deputy gen. counsel-operations.

FCC schedule: Chmn. **Hundt** keynotes NARUC convention, Reno, Nov. 15, 2 p.m.; participates in Aspen Institute "Communications in Society" forum, Eastern Shore, Md., Nov. 18; addresses FCBA chairman's dinner, Washington Hilton, Dec. 5, 7:30 p.m.; Comr. **Chong** speaks at Cal. Public Utility Counsel conference, Monterey Plaza Hotel, Nov. 14, 9:15-10 a.m., and addresses Catholic U. Columbus Law School, Washington, Nov. 21, 5-5:30 p.m.; Comr. **Barrett** speaks at World Telecommunications Conference, London International Continental Hotel, Dec. 6, and at Salomon Bros. Telecommunications Conference,



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Marriott Marquis, N.Y.C., Dec. 14; Cable Bureau Chief **Meredith Jones** addresses American Bar Assn. Communications Law Committee, Sidley & Austin, 1722 Eye St. NW, Washington, Nov. 15. She's panel member on "The FCC and Cable," Western Cable Show, Convention Center, Anaheim, Nov. 30; International Bureau Chief **Scott Harris** addresses TIA/CSIS conference on China, Loews L'Enfant Plaza Hotel, Washington, Nov. 16; he's panel member on "The Cable Telco Tango," Center for Strategic & International Studies, 1800 K St. NW, Washington, Nov. 17; appears on USIA Worldnet, "Telecommunications Markets/Developments," Nov. 22, 8:30 a.m.-9:30 a.m.; Chief Economist **Michael Katz** participates in seminar, "Building the Information Superhighway," Brookings Institute, 1775 Mass. Ave. NW, Washington, Dec. 6.

Veronika Kwan promoted to vp-international theatrical distribution, Warner Bros... **Jerry Dolod**, independent producer, appointed exec. vp, All American TV Productions... **Doug Roberts**, ex-Vidfilm, named dir.-program mktg., National Captioning Institute Hollywood office; **Sheila Kirwin**, ex-Home Team Sports, joins as program mktg. representative, N.Y. office... **Nancy Hirata** promoted to account dir.-entertainment advertising, NBC Entertainment.

Consumer Electronics

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STATE OF THE INDUSTRY

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

| | OCT. 22-28 | 1993 WEEK | % CHANGE | OCT. 15-21 | 10 MONTHS 1994 | 10 MONTHS 1993 | % CHANGE |
|-----------------|---------------|---------------------|-------------|---------------|-------------------|----------------------|-------------|
| TOTAL COLOR TV. | 1,167,714* | 1,157,117 | + 0.9 | 762,354* | 21,934,984* | 19,926,076 | +10.1 |
| DIRECT-VIEW.. | 1,134,606* | 1,132,459 | + 0.2 | 744,248* | 21,452,200* | 19,575,104 | + 9.6 |
| TV ONLY..... | 1,027,629 | 1,028,081* | - 0.04 | 680,850* | 19,799,143* | 18,391,129 | + 7.7 |
| TV/VCR COMBO | 106,977* | 104,378 | + 2.5 | 63,398 | 1,653,057** | 1,183,975 | +39.6 |
| PROJECTION... | 33,108* | 24,658 | +34.3 | 18,106* | 482,784** | 350,972 | +37.6 |
| VCR DECKS..... | 718,172* | 613,052 | +17.1 | 440,124 | 10,499,327* | 10,011,763 | + 3.7 |
| CAMCORDERS..... | 189,212 | 201,585* | - 6.1 | 72,355 | 2,594,848* | 2,502,596 | + 3.7 |
| LASERDISC PLYRS | 12,547 | 16,359 ^r | -23.3 | 5,958 | 228,269 | 236,269 ^r | -3.4 |

Direct-view TV 5-week average: 1994--816,028#; 1993--750,662 (up 8.7%).

VCR deck 5-week average: 1994--482,845#; 1993--401,922 (up 20.1%).

Camcorder 5-week average: 1994--113,543#; 1993--107,490 (up 5.6%).

* Record for period. ** Full-year record. # All-time record period. ^r Revised by EIA.

SONY AND CORNING ASAHI TO BUILD GLASS PLANT: Corning Asahi and Sony have signed letter of intent to form venture that would produce picture tube glass at Sony's projection TV plant near Pittsburgh. Details of new partnership were sketchy, although "current plans" call for glass produced at plant to be used in Sony 9"-32" direct-view TVs manufactured at San Diego tube facility, Sony spokesman said. Financial terms of deal weren't immediately available and decision hasn't been made on when production will begin or whether glass will be produced in separate factory or within existing 2.5 million-sq.-ft. plant, spokesman said.

Plant will be designed to produce glass exclusively for Sony Trinitron tubes, said spokesman, who declined to say whether facility eventually would supply other manufacturers. Funnels and faceplates used in Sony's cylindrical faced Trinitron design aren't interchangeable with those for conventional tubes. Much of world's picture tube industry currently is plagued with severe shortage of glass. Glass manufacturers say it would take at least 2 years and \$200 million to get plant built and operating. Plans for new glass and tube plants suggest Sony may be planning to offer Trinitron tubes to other TV manufacturers. Currently, they're used in TVs offered by Sony and affiliate Aiwa, and are sold on OEM market for monitors.

New Stanton, Pa., factory currently assembles Sony 46"-61" rear-screen projection sets and began production of 7" projection tubes earlier this fall, Sony spokesman said. When Sony bought former Volkswagen facility in April 1990 it said plant would build Trinitron tubes, focusing on 27", and eventually would add HDTV (TVD April 23/90 p9). Factory is located on 800 acres and employs about 600, less than 1,000 predicted in 1990. Sony's Chemical Div. also said in Oct. that it would start production at site in mid-1995 of coating for bar code symbols.

Partnership with Sony comes about month after Samsung announced that its 50-50 joint venture with Corning -- Samsung Corning -- would join projected \$500-million integrated Mexican plant complex to produce glass for Samsung's tube plant, starting in 1996 (TVD Oct 3 p9). Before report, Corning had said it expected to support Mexican plant with existing facility in Korea and had no plans to produce glass in Mexico. Samsung officials later backtracked, saying there were no "definitive plans" for glass plant in Mexico and that company officials would meet with Corning (TVD Oct 10 p18, Oct 3 p8).

Samsung Mktg. Vp John Garrison said Corning's agreement with Sony had "no connection whatsoever" with Samsung's proposed Mexican complex. Sony has been studying possibility of producing glass at Pa. plant

for several years, but was searching for partner, sources said. Sony buys glass from Corning Asahi and other Japanese suppliers, Sony spokesman said. Corning officials couldn't be reached for comment at our deadline. Corning Asahi is 51% owned by Corning, 49% by Japan's Asahi Glass.

INTERACTIVE 'VIDEOGUIDE' TO DEBUT AT CES: On-screen interactive program navigator and data system based on under-\$100 set-top box -- to be sold by consumer electronics retailers -- will get public premiere at Consumer Electronics Show in Las Vegas in Jan. Scheduled for nationwide rollout next year, VideoGuide is direct competitor to StarSight in some of its applications, resembles teletext and computer access in others.

System developed by veterans of videogame and computer software industries uses simple 4-button remote to operate on-screen program grid, permitting access to any program and/or one-button VCR recording. It also can provide up-to-minute sports scores, weather, news. It has major differences from StarSight, which is being offered as feature in high-end TVs: (1) VideoGuide will be aimed primarily as add-on sale for any TV set, merchandised via in-store demo kiosks. (2) It will employ BellSouth's nationwide paging network instead of using network or cable vertical blanking interval (VBI) to transmit data.

Most striking feature of VideoGuide is clarity and detail of graphics, including color logos of networks (NBC peacock, etc.) and color-coded entries matching color codes on simple universal remote. Tiny set-top box, to be made in Mexico by Sanyo, serves as infrared receiver (for remote), infrared transmitter (for VCR) and radio frequency receiver (for BellSouth transmissions) with tiny antenna couple of inches long. Like StarSight, VideoGuide users must sign up for service -- program grid (including VCR setting) will sell for \$4.99 monthly, less on annual basis. Other features, such as sports scores and "customized newspaper" (AP and UPI service), add \$1.99 each -- with full services at \$10 monthly (\$7-\$8 on annual basis).

VideoGuide's program guide, which can be scrolled horizontally and vertically, is based on material transmitted by satellite and leased lines through WilTel network from TV Data in Ga., one of companies that also supplies StarSight (which will announce its own standalone attachment shortly at \$199). Interesting feature of VideoGuide is series of computer-like on-screen instructions and status reports (example: "Tape needed for next 24 hours: 2:00").

Pres. of Bedford, Mass.-based VideoGuide is Douglas Macrae, engineer who was co-founder and chmn. of GCC Technologies (formerly General Computer Corp.), which developed such videogame products as Ms. PacMan and Centipede. Sales & Mktg. Vp is former Philips National Accounts Vp Frank Reitter, who most recently was consumer marketing vp of EON Corp. (formerly TV Answer); names of other executives will be found in Consumer Electronics Personals.

System currently is operating in Boston, with next test to be in 6 unidentified cities, including at least one in each time zone, Macrae told us last week at N.Y. demonstration, with regular service to begin next spring in Northeast (Richmond north to New England) and nationwide rollout scheduled for Sept. 1995. Reitter told us system has been demonstrated to most of largest retailers to favorable reviews. Macrae conceded that under-\$100 retail price of set-top box and remote was below cost. In reply to our question, he said he expects his company to be sued by StarSight, which has filed suits against Gemstar and United Satellite. VideoGuide's defense will be different from approach of those companies, which are challenging StarSight's patents -- "we say we don't violate StarSight's patents."

Among features of VideoGuide system is automatic arrangement of TV channels on program grid so that viewer's most-viewed channels are listed first; similar system arranges news headlines in order of past subject preferences. To tune by categories, viewer can choose sports or movies to get lists of available programs -- fewer category choices than those offered by StarSight. However, VideoGuide can arrange program or movie titles alphabetically on request and, like StarSight, provides description of each program. "SportsGuide" provides details of scoring, or highlights of games, in information box at bottom of screen.

BellSouth has plenty of capacity to serve system with programming, news and other information. Macrae said, because bulk of basic information -- such as program grids -- will be transmitted at night when pager traffic is low, with only last-minute changes and other up-to-minute details transmitted during daytime.

Asked if VideoGuide planned to seek TV or VCR companies to build system into their products, Macrae said eventually that was possibility, but system is "aimed primarily as an aftermarket product or an add-on sale with TV sets," goals that appear to be opposite of StarSight's. Set-top box has expansion port for new services, but Macrae said company would be careful not to burden viewers with information "overload." He

said such services as access to databases weren't being considered, "because people who want that already have computers."

OCT. WAS BEST 4-WEEK SALES MONTH IN HISTORY: Video boom keeps rolling along, from one record month to another. If 5-week Sept. was best sales month in history for most products (TVD Oct 17 p8), Oct. was history's best 4-week month for all major products -- all color TV categories, VCRs and camcorders. Oct. 1994 easily topped same 1993 month, previous record 4-week month, but for color TV categories only (TVD Nov 15/93 p11).

Two full-year records were broken in final week of Oct. TV/VCR combos hit 10-month total of 1,653,057, exceeding 1993's 12-month record of 1,628,847, while projection TVs reached 482,784, passing 465,359 high for any year, also set in 1993 (see State of the Industry).

Oct.'s biggest gain was scored by projection TV, up 40% in 14th consecutive month of double-digit gains. It was followed by TV/VCR combos, up 22.5%, and by VCR decks, up 16.3%, matching best percentage increase of year (set in Aug.). Direct-view color (excluding combos) rose 6% and camcorders 3%. All of these products set numerical records for Oct. and for any 4-week month. Direct-view color, without TV/VCR combos, ended month with 3rd week ever to see sales of more than a million -- yet that week still trailed (by just 452 sets) sales of corresponding 1993 week, which was first million-unit week in history. (Final Sept. 1994 week, with sales of more than 1.1 million, was best ever.)

All major products tallied by EIA on weekly basis (except laserdisc players) set records for year's first 10 months and appeared headed for record year. Five-week moving average for sales of direct-view TV sets, VCR decks and camcorders set all-time high -- meaning more were sold Sept. 24-Oct. 28 than in any other 5-week period on history.

Annual sales rates for Oct. and 10 months remove any doubts industry is headed for records. Direct-view color TV (including TV/VCRs) ran at rate of 27,890,000 in Oct. and 26,930,000 for 10 months, both well above record 24,633,449 of 1993. TV/VCR component of color was at 2,230,000 in Oct., 2,200,000 for year to date and -- as noted above -- already was ahead of 1993's 1,628,847 record. Projection was at 692,000 and 645,000 rate for 2 periods and also already had exceeded 1993 record (465,359). VCR decks' annual rate of 14,660,000 in Oct. and 13,400,000 in 10 months compares with 1993 record of 12,447,847, while camcorders were at 3,470,000 and 3,350,000 for 2 periods vs. record of 3,088,427 in 1993. Here's summary of EIA sales-to-dealer data for Oct.:

| Product | Oct. 1994 | Oct. 1993 | % Change | Oct. 1992 |
|-------------------|------------|---------------------|----------|-----------|
| Total color..... | 2,041,900* | 2,725,457 | + 7.9 | 2,279,894 |
| Direct-view... | 2,867,261* | 2,672,145 | + 7.3 | 2,232,253 |
| TV only..... | 2,617,763* | 2,468,550 | + 6.0 | 2,123,743 |
| TV/VCR combo. | 249,498* | 203,595 | +22.5 | 108,510 |
| Projection.... | 74,639* | 53,212 | +40.0 | 47,641 |
| VCR decks..... | 1,516,869* | 1,303,964 | +16.3 | 1,497,908 |
| Camcorders..... | 345,279* | 332,983 | + 3.7 | 327,290 |
| Laserdisc players | 26,312 | 27,976 ^r | - 5.9 | 21,900 |

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

NO MAJOR CHANGES IN FTC SCREEN-SIZE RULE: Federal Trade Commission is heeding industry's pleas to let sleeping dogs lie and will make "no substantive changes" in its rule defining how TV screen sizes should be measured and advertised.

Industry was put in unusual position of urging that FTC keep it honest by leaving unchanged set of regulations that -- when issued in 1966 -- made "most of industry... stupefied, speechless" (TVD Feb 18/66 p7). At that time, FTC decreed that TV screen sizes should be measured in horizontal picture dimension, picture area or "viewable diagonal" -- method that differs from way rest of world measures screens. Last year, Commission asked for industry comments on whether rules should be changed (TVD April 26/93 p13).

Reaction was far cry from that 28 years ago. Industry comments, by EIA Consumer Electronics Group (CEG) and Zenith, said rule has, in FTC's words, "provided significant benefits to the public and the

consumer electronics industry, and imposed very little costs." Zenith expressed concern that if rule were repealed, "then other manufacturers would return to using deceptive measurements in their advertisements," in words of FTC, which found "that there is a continuing need for the Picture Tube Rule."

FTC did reveal in its notice that it's "considering measurement problems with regard to computer monitors" after one commenter noted that he had bought "a monitor advertised as 14 inches, but discovered that the actual dimensions of the viewable area were 13 inches." Commission said current rule applies only to TV sets and it won't issue amendment to cover monitors "at this time," but is "reviewing the extent of problems in that area, and is exploring other possible options in addressing such problems." Commission didn't mention whether monitors for computers that can receive and display TV programs are considered to be "TV receiving sets" and thus come under screen size rule.

FTC decided not to make any changes in rule to differentiate 16:9 widescreen screens from standard ratio types, stating that industry practice of using viewable diagonal measurement could properly identify them. Noting that "TV Digest... has suggested adding a 'W' (for widescreen) to the diagonal measure of the new 16:9 TV sets," Commission said "nothing in the existing rule would prohibit this designation," but it wasn't necessary to require that label. (Actually, we didn't "suggest" that designation to FTC or anyone else. We use "W" to differentiate 16:9 from standard ratio screens, since, for example, 34W" tube has same height as conventional 28".)

While noting that U.S. is "to this day the only country that requires screen measurements to be limited to the viewable picture area," FTC said in footnote that it was "aware of an effort by the Canadian government to adopt similar provisions" there, and "the Canadian TV industry is considering adopting a voluntary standard" with same aim. Commission didn't mention fact that Mexico uses U.S. viewable measurement system.

FTC didn't take note of violations of letter of its rules, and even declined to loosen requirement that when diagonal measurement is advertised, the word "diagonal" must be in "close connection and conjunction" with screen size measurement, and neither footnote nor single mention in ad for many sets would be adequate. FTC also rejected industry requests to "eliminate the horizontal dimension as the default measurement." In other words, it emphasized in its order that when word "diagonal" isn't alongside screen size, number given refers to picture's horizontal measurement. Although all of industry abides by requirement for "viewable" measurement, we found almost universal violation of FTC's strict rule for use of "diagonal."

Only changes made by FTC in rules were to comply with current govt. regulations -- in examples of correct and incorrect usage it included measurements in centimeters as well as inches, but emphasized that metric measurements weren't required. Slightly revised rules go into effect Dec. 2.

U.K. camcorder market was "dominated by Sony and Sanyo" in 1993, while "Panasonic lost market share... and slipped into 3rd place," according to study, U.K. Photography, by Datamonitor, London. Report compares 1989 market shares with those of 1993, indicating Sony held onto first place but dropped to 23% from 28%, while Sanyo, which didn't show up in 1989 rankings, in 1993 had 18% of market. Panasonic was tied for first place (28%) in 1989 but fell to 16% in 1993. Canon moved to 4th place with 13% share in 1993 from 5% in 1989, while JVC dropped to 8% from 14%. Ferguson (Thomson) and Philips fell to 1% from 7% and 3%, respectively. Amstrad had 5% of market in 1989, but now is out of camcorder business. Brands ranked in 1993 but not listed in 1989: Sharp, 5%; Samsung, 3%. Datamonitor forecasts that by 1998 camcorders will be largest segment of photography market with sales of £437 million, up 2.65% from 393 million this year, while film cameras and accessories decline and film and developing and printing hold their own. -- Datamonitor, 011-71-625-8548.

Matsushita will produce 51% of its VCRs outside Japan in year ending March 31, 1997, up from 39% in current fiscal year. Malaysia factory's current output will be doubled to 1.2 million. Matsushita expects to make 9.3 million this year, which will climb to 11.2 million, of which 5.7 million will be produced overseas, with Japanese plants eventually to be used for S-VHS and digital VCRs.

Recoton earnings increased 75% on 37.6% sales gain to \$46.1 million in 3rd quarter ended Sept. 30 (TVD Nov 7 p16). For first 9 months, net income was up 71% on 35.6% sales rise. Company said line of 900-MHz wireless products continued to "grow rapidly" in quarter, and products to be added to that line will include home theater system (25w front speakers, rear surround speakers, subwoofer), microphone system and, in first quarter of next year, outdoor battery-powered speaker system. Meanwhile, company announced it has signed letter of intent to purchase assets of Naki Electronics, videogame accessory manufacturer. Price for transaction, which Recoton said it expects to close late this year or early in 1995, wasn't disclosed.

Latest Sharp LCD projector is 20-lb. transportable system little larger than briefcase, for presentation use. Compatible with computers and video, it can provide pictures up to 120", will be available in late Jan. at under \$9,000.

THIS WEEK'S YEN RATE

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

TOSHIBA TV/PC MONITOR: Taking tentative step toward merging computer and TV technologies, Toshiba last week unveiled 20" multimedia monitor as precursor to "what TV industry will be in 10-15 years."

Toshiba Integrated Multimedia Monitor (TIMM), which will be delivered in Feb. at \$999, is TV set with stereo TV tuner that combines FST Black picture tube, invar shadow mask, 10w audio system and 500 lines resolution with VGA and Macintosh compatibility. It's claimed to have dot pitch "up to 26% finer" than conventional TVs. Company also showed its first 61" projection set, joining Sony in category at \$4,495.

Monitor will be sold through consumer electronics (CE) dealers although Toshiba will introduce product formally at Comdex in Las Vegas this week and is targeting business as well as consumer applications, said Toshiba Asst. Mktg. Vp Stephen Nickerson. Company expects to sell fewer than 100,000 in 1995, he said in preview at Lebanon, Tenn., plant.

In adding TIMM, Toshiba Consumer Products Group appears to be signaling closer ties with own PC unit in Cal. Although Toshiba officials said there are no plans for CE sales force to carry PCs, they acknowledged test is being conducted in Canada with laptops through CE operation.

TIMM is ripe for expansion. Toshiba sells similarly featured 27" monitor in Japan, and 2nd-generation model here will be 27" or larger with higher resolution, Toshiba TV Product Mgr. Craig Eggers said. Current unit has 640x480 resolution for VGA applications. Company also may bundle TIMM with other PC products, Nickerson said. Monitor consists of tube produced at Toshiba's Horseheads, N.Y., plant, chassis from Mexico and assembly at Lebanon.

Toshiba officials said there are no U.S. plans for new "microfilter" picture tube screen introduced in Japan in July (TVD July 18 p13) for use with PCs and TV monitors. Screen is designed with each color phosphor having "microfilter" of same color (red, green, blue) on surface. System is claimed to improve efficiency of phosphors, reduce reflections by 2/3. "We haven't looked at its applications for the U.S. market yet and there are cost considerations," Eggers said.

New 61" projection set will expand 2-year-old Cinema Series line that already includes 48" and 56W". Set contains 7" Hitachi tubes, went into preproduction stage at Lebanon plant late last month, features 68w Dolby Pro Logic sound, high-contrast dark screen, 2 tuners, 800 lines resolution, advanced DSP, 27" depth.

This addition to 4:3 Toshiba projection line, introduced with 40" model in 1987, is first since it added 48" and 55" TVs in 1990. Nickerson predicted projection TVs will sell 750,000-900,000 in 1995 as Toshiba's market share rises to 10% from 8% with gains at expense of Mitsubishi and Pioneer. Following Panasonic's decision to leave widescreen projection (TVD Nov 7 p10), Eggers conceded market "didn't grow as we had anticipated," but said Toshiba would remain focusing on projection for expansion.

Toshiba is continuing to study possible introduction of Digital Satellite System (DSS) product, has no immediate plans, executives said. Company may bide time until 3rd manufacturer joins market following Thomson and Sony. "At one point, we wanted to be No. 2 [after Thomson], but now we want to have time to differentiate our product," Nickerson said, noting DSS entry would be "natural extension" for company's Satellite Div., which makes C-band receivers.

TOSHIBA TIPPING DVD HAND? In announcement that may have implications for digital videodisc (DVD), Toshiba in Japan said it has developed prototype optical disc drive system "that achieves the large storage capacity, high data transfer rate, overwritability, simple structure and compact size required for sophisticated, next-generation personal multimedia systems." Prototype will be shown at Comdex this week in Las Vegas.

New drive "exceeds any other system in its ability to store moving pictures," with single 3.5" disc capable of accommodating 40 min. of MPEG-2 video, Toshiba said.

Toshiba said 2-sided rewritable phase-change disc can store 1.3 gigabytes of data, which it called world's highest capacity of any existing optical disc system. It can boast data transfer rate as high as 16.4 Mbps, Toshiba said. Company said technology will provide basis for commercialization of large-capacity rewritable optical disc-based multimedia systems starting in late 1995.

System, Toshiba said, "will take full advantage of the simplicity of the phase-change design to produce compact, light, very competitive" personal multimedia products. Toshiba said it's confident that phase-change technology has potential for further increases in storage capacity, accommodating perhaps as much as 12 gigabytes of data on 5" disc.

Toshiba said standardization of 3.5" phase-change optical discs is under way. It said International Standards Organization (ISO) is weighing proposal "that reflects the views" of group composed of 32 Japanese companies, of which Toshiba is member.

Double-sided phase-change disc used in Toshiba system is formed by back-to-back bonding of two 650-MB layers, company said. Recordability is achieved using so-called modified constant angular velocity (MCAV) method, which adjusts system's clock speed to allow recording of data readable at various transfer rates in 9.8-16.4-Mbps range. Prototype shown in Las Vegas uses laser diode that generates short wavelength beam of 685 nanometers.

Description sounds remarkably similar to details leaked thus far on DVD proposal that Toshiba is promoting with Time Warner. Company has declined to respond to our questions on basic elements of Time Warner-Toshiba DVD proposal. Toshiba earlier announced development of video encoder that it said offers real-time compression of digital movies to resolution specified in MPEG-2 standards (TVD Oct 17 p11). Company said then that encoder would find home in "a wide range of products and systems," ranging from interactive TV and video-on-demand to DVD players.

Roberts, crediting "aggressive pricing" and promotional and financing programs, reported net income rose in 3rd quarter to \$1.8 million from \$1.4 million year ago. Revenues for quarter ended Sept. 30 rose 13% to \$64.2 million on 5% gain in same-store sales. For 9 months, net income increased to \$4.1 million from \$2.7 million on 18.4% gain in sales to \$180.9 million. Chain said it would open stores in Beavercreek, O., and Port Richey, Fla., next spring and add 2 more in Athens and Fayetteville, Ga., by midyear.

Sony and Texas Instruments have signed agreement to develop digital cameras for use with computers, Sony said in Japan. Cameras will use TI's high-speed chip set to produce digital pictures directly, eliminating need to convert analog signal to computer language.

POWER RETAILERS MOVE NORTHWEST: Good Guys' (GG) formal expansion into Pacific Northwest this week and arrivals of Circuit City (CC) and Best Buy (BB) signal first challenge to regional chains that have had virtual lock on Seattle-Portland, Ore., markets for years.

But size and scope of expansion may pale in comparison to invasions of Chicago or L.A. that brought 20-40 new stores, industry officials said. Smaller populations combined with less accessible markets presumably will limit number of cities that stores can serve. GG, for example, plans 12 stores for Wash. and 8 for Ore. vs. upward of 20 opened when it entered San Diego area in 1993.

Northwest also will serve as launch for GG's new 18,000-27,000-sq.-ft. "Generation 21" stores that feature streamlined sales approach in which cashier and checkout lines are replaced by sales force that demonstrates products and retrieves them from stockroom. Stores are expected to generate \$15 million each in annual sales, roughly same as BB and CC, analysts said.

"For Circuit City, Best Buy and Good Guys it's not a 40-to-50-store type market like Southern California," GG Pres. Robert Gunst said. "For many other chains it's also geographically farther away." CC opened first stores in Portland area in Oct. and BB is expected to follow in 1995.

Power retailers will face stiff challenge from homegrown chains such as Smith's Home Furnishings in Portland and Magnolia Hi-Fi and Video Only in Seattle, new arrivals Future Shop and Incredible Universe, as well as Silo Div. of Fretter which has made stand in Seattle area for 12 years. "Many of them will have to change their [promotional] styles," Hitachi Sales Vp Gary Bennett said. "They're going to be up against people that not only do immense amounts of advertising, but have loss leaders and step-up products in the same ads."

Since GG quietly opened first stores in Tacoma and Olympia, Wash., in late Oct., Fretter Vp Daniel Hourigan said, Silo hasn't noticed impact on sales, but he conceded that will change when BB and CC arrive. Silo, which operates 12 stores in Seattle area, will respond with increased advertising and sharper prices, Hourigan said.

High-technology corridor running from Seattle to Portland makes market conducive to PC sales, and area consumers are 4th highest in U.S. per capita spending on consumer electronics products, Gunst said. With higher incomes in mind, he said PCs at outset will form large part of merchandise mix for GG stores in Northwest, although he conceded edge may be lost with entrance of CC and BB. Magnolia also recently added first PCs.

"The new arrivals will create more awareness of electronics in the marketplace, and the existing players will have to find a way to compete by differentiating themselves," Toshiba Asst. Mktg. Vp Stephen Nickerson said. "Otherwise, there could be some fallout."

Sega Forum was launched on Compuserve Nov. 7. Company also opened "Home Page" on Internet's World Wide Web. Services allow users to download still photos and game play clips and participate in chat sessions. Sega has scheduled several on-line conferences during month: Nov. 15 with Roger Hector, who oversees Sega Technical Institute; Nov. 18 with Product Development Vp Joe Miller; Nov. 30 with development team that worked on bringing "Doom" to Genesis 32X, which launches Nov. 21.

CIRCUIT OPENS LARGER STORES: After months of denying it planned larger stores, Circuit City (CC) opened first 40,000-sq.-ft. outlet Sat. in Bedford Park, Ill., and plans to add another 14 by end of fiscal 1995 in Feb., spokesman confirmed.

Move to bigger outlets comes after CC as recently as Sept. said it would remain in 32,000-sq.-ft. format. But officials told analysts last week that chain would add 32 larger stores in fiscal 1996 and 30-35 in fiscal 1997. Chain is adding larger stores to expand product offerings, including home theater rooms and PCs, CC spokesman said. Its current stores generate \$16-\$17 million in sales annually, but projections for larger outlets weren't immediately available.

CC also will renovate or relocate 20-25 stores in fiscal 1996 and 40-50 in 1997 to accommodate bigger size, officials told analysts. Bigger stores also are set for L.A. this week followed by Atlanta, Cleveland, Chicago, Kansas City, Portland, Ore., Salt Lake City. Overall, CC will open 60 stores in fiscals 1995, 1996 and 1997, spokesman said.

Expansion comes in wake of arch-rival Best Buy's (BB) launching of Concept III format in Washington, D.C., area in late Oct. BB was expected late last week to open 58,000-sq.-ft. Concept III outlets in L.A. that expand software offerings to 60,000 titles from 45,000. CC has dismissed 55,000-58,000-sq.-ft. stores as not economically viable.

STEREO TV SHARE DIPS: Although stereo-sound color TVs sold in record numbers in Sept., along with total color TV (TVD Oct 17 p8), stereo's increase over year earlier dropped to 4.7% in month, first gain of less than double digits since May 1993. Percentage of sets sold with stereo dropped to 42.7%, down from 44.6% in Sept. 1993 and far below record 46.9% set last July.

Total direct-view color sets (excluding TV/VCR combos) hit record 3,085,008 in month, increase of 9.4% from year earlier, and number with stereo totaled 1,318,423. For year's first 9 months, 43.5% of sets sold to dealers were stereo, up from 41% in same 1993 period. While number of color sets gained 7.9%, total with stereo rose by 14% to 7,470,963 from 6,552,349, according to EIA figures. (For monthly 8-month figures, see TVD Oct 10 p17.)

Discovision Assoc. (DVA) said it filed suit Nov. 4 against CD replicator Technicolor Optical Media Services, Camarillo, Cal., charging infringement on 3 U.S. patents. DVA said suit in U.S. Dist. Court, Del., seeks unspecified damages and injunction barring additional infringement. DVA Pres. Dennis Fischel said Technicolor has refused to sign licensing agreement on CD replication. DVA, as co-developer of optical videodisc, said it was responsible for much of early research on optical disc technology and now manages portfolio of 1,400 CD-related patents. In 1974, DVA and Philips established joint patent office to license players. Technicolor executives couldn't be reached for comment.

Mexican battery plant will be built by Matsushita in Tijuana to start packaging of NiCd batteries next April and full production of NiCd cells year later. Company said subsidiary in future also will produce nickel hydride cells. Goal is to produce 16 million batteries in 1996, 31 million in 1997. Plant will have work force of 140 at start, expanding to 550 in 1997.

LIMITED JAPAN GROWTH SEEN: Bright spots in relatively static forecast for audiovideo product sales in Japan by 2000 are widescreen TV sets, TV/VCR combos and car navigation systems, according to EIAJ.

Japanese manufacturers' group predicts widescreen TV set market will grow to 10 million sets in 2000 from 1.55 million in 1994, accounting for 81% of total color TV sales. TV/VCR combos will expand to 2.05 million from this year's 950,000, representing 16.6% of color sales, EIAJ said. However, those new products merely will replace conventional TVs, with total color TV market growing less than 4% annually to 12.35 million sets in 2000 from 10.25 million this year.

One of brightest spots in market, EIAJ said, is car navigation systems. Its forecast envisions sales of 2 million in 2000, mostly on aftermarket, from 300,000 this year.

HiVision HDTV market will take off in about 2000, 3 years after 1997 launch of new broadcast satellite, EIAJ predicted. As for radical new TV form factors and services, such as large-screen flat TV and 3D, they won't emerge as market factors by 2000, in opinion of EIAJ. LCD color sales will be unchanged, remaining at about 700,000 in 2000. VCRs will grow slightly to 6.8 million from 6.4 million, while camcorder market will be static at 1.25 million annually. EIAJ sees videodisc player sales growing to 800,000 in 2000 from this year's 600,000.

While total audio market is expected to show little growth, EIAJ predicted one or both of new digital recording formats would take over market. "MD or DCC" decks are seen increasing to 900,000 in 2000 from this year's 80,000, portables with either system to 3.6 million from 200,000, stereo combinations to 1.6 million from 50,000 and radio recorders to 2.2 million from 50,000.

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Patent & Trademark Office (PTO) has rejected last of original patent claims -- along with 6 other claims filed in June -- made by Compton's New Media (CNM) last year in action that led to broad review of software patent process. But fight may not be over. Spokesman for Tribune Co. said it will meet "soon" with representatives of Encyclopaedia Britannica -- companies share ownership of disputed patent -- to decide what if any further action they might take to challenge latest ruling. PTO move was lauded by Philip Dodds, exec. dir. of Interactive Multimedia Assn., who said agency was "very thorough in its investigation, citing multiple references in a detailed rejection of every claim." IMA news release quoted Jim Shay, attorney with Morrison & Foerster, San Francisco, as saying ruling "provides a glimpse of the benefits of proposed changes to the patent system, such as 3rd-party participation in reexamination proceedings and early publication of patent applications. Both would clean up patent problems earlier and more efficiently." Patent 5,241,671 was issued Aug. 31, 1994, but remained in background until Comdex news conference year ago at which CNM said it planned to license developers to use patented process in return for 1% royalty, or for signing distribution or other deals with CNM. Patent holders have 60 days to file comments or appeal; if no action is taken, patent is declared void.

Samsung's Investment in Chinese electronics complex in Tianjin will total \$3 billion over next 30 years, with about 30,000 workers employed, China Daily reported. Samsung previously announced \$1 billion consumer electronics plant for Tianjin and \$500 million IC and appliance complex in Suzhou (TVD Sept 19 p12, Aug 29 p15).

TCE TOUTS DIGITAL ADVANTAGE: Thomson Consumer Electronics is positioning itself as leader in digital compression for all types of video transmission, Exec. Vp Joseph Clayton made clear last week at ceremonies in N.Y. marking 40th anniversary of color TV.

Speaking before background of avant garde TV set models by TCE's staff designers, Clayton said that just as color TV propelled predecessor RCA to industry leadership, company's "digital advantage" will position it for next 40 years. "If I had to identify one factor responsible for our competitive edge," he said, "it would be our clear lead based on experience in digital compression."

Citing Digital Satellite System (DSS) receivers, Clayton asked: "Who else has already brought an all-digital video technology to the marketplace?" Noting that DSS is "already a reality," he said receivers already have "produced sales of over \$200 million," and company will end year "close to our goal of 600,000 DSS... systems produced in just 6 short months." He didn't detail how short TCE would come of its previously stated year-end goal.

"No matter what delivery medium or combination of media wins consumer acceptance -- satellite, over-the-air, cable or telco -- digital video compression will be central to that delivery to the home," he said. Looking to future of consumer electronics, he forecast that "tomorrow our competitors could well carry computer or telephone company names, or names that today are not remotely associated with consumer electronics," but in 40 years RCA brand "will still be the leader" in home electronic entertainment.

TRADER HORN FILES CH. 11: Citing more than \$49 million in liabilities, dealer Trader Horn has filed for Chapter 11 bankruptcy.

Hasbrouk Hts., N.J., chain filed petition in U.S. Bankruptcy Court, Newark, listing \$27 million assets, \$49.1 million liabilities.

Decision to seek bankruptcy protection came after months of financial difficulties that many industry observers felt had been eased by strong air conditioner sales last summer. Trader also had been hit hard by recent incursions into N.J. market by Wiz and P.C. Richards.

To offset competition, chain had sought in 1993 to change image as one of N.Y. area's largest transshippers by hiring financial officer and retaining R.G. Quintero & Co. as consultant. At same time, Trader launched new format, opening 40,000-sq.-ft. warehouse-style store in Edison, N.J.

In light of filing, Trader was reported to be preparing to close some of its 18 stores and retreat to northern N.J. base.

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Responding to Panasonic claim that EZ-1 point-and-shoot camcorder was introduced for "shock value" (TVD Nov 7 p15), JVC Video Gen. Mgr. William Simms said model shouldn't be considered "stripped down" to hit price point, but as "item designed for mass appeal." Camcorder was designed to expand market, "not just increase our market share," Simms said. EZ-1 has power zoom, playback and offers "simplicity for those who desire it," he said. "While our competition is spending time ridiculing our product and strategy, we're focusing our energy on trying to meet and fill our substantial backorders on EZ-1," Simms said.

Consumer Electronics Personals

Tomomi Itoh, asst. gen. mgr., Overseas Promotion Office, Hitachi hq in Tokyo, becomes pres. at Hitachi Home Electronics (America), Dec. 6, succeeding **Takehiko Kataoka**, who moves to London as pres. in charge of consumer products, Hitachi European Centre... **Hajime (Jim) Yamaguchi** named Teac America pres., succeeding **Norio Tamura**, who returned to Tokyo recently to become pres. of Japanese parent firm.

Executives of **VideoGuide**, developer of interactive on-screen system (see separate report): **Douglas Macrae**, ex-chmn. of **GCC Technologies**, pres.-CEO; **Frank Reitter**, ex-Philips and **EON**, sales & mktg. vp; **Jacques Hugon**, ex-GCC engineering dir., engineering vp; **Thomas Westberg**, ex-GCC, chief technical officer; **Richard Sinclair**, ex-Philips, national sales mgr.; **Thomas Ward**, ex-Atlantic Cellular mktg. dir., dir.-subscription mktg.; **David Wu**, ex-Intel, dir.-retail mktg.; **Glen Dudek**, ex-Object Design, broadcasting information dir.; **Charles Santos**, ex-Digital Equipment Corp., quality engineering dir.

Thomas Mills, ex-Best Buy, joins **Lowe's** as div. mdse. mgr.-home electronics, succeeding **John Kasberger**, now div. mdse. mgr.-kitchens... **Todd Schrader**, ex-Panasonic national sales & mktg. mgr.-accessories, moves to national sales & mktg. mgr.-batteries... **Gary Witkin**, ex-Saks Fifth Ave., appointed Service Merchandise pres.-COO, new position.

Thomas Steckbeck Jr., ex-Pioneer and son of former **Toshiba** and **Sony** executive, joins **Matsushita Consumer Electronics** as national mktg. mgr., **Panasonic** car audio... **Joan Palango**, onetime senior brand mgr., **Pioneer** car stereo, joins **Yamaha** as mktg. mgr., reporting to **National Mktg. Dir. Tom Graham**... **Michael Peikoff** promoted to vp-property development and worldwide PR, **Warner Bros. Consumer Products**... **C-Cube Microsystems** Exec. Vp **Alex Balkanski** adds COO title, sharing responsibility for all operations with Pres.-CEO **Bill O'Meara** in newly created Office of the President.



GoldStar officially launched 3DO player that will appear in about 1,500 U.S. stores this year at \$399 suggested retail price. Player differs cosmetically but not functionally from **Panasonic** REAL player at same price. **GoldStar** player comes packaged with "Shock Wave" from **Electronic Arts**, "Putt-Putt Joins The Parade" from **Humongous Entertainment**, Photo CD offer from **Kodak**. **James Iretton**, former **Sega** executive recently named vp-sales & mktg. for **GoldStar's** MultiMedia Div., said **Babbage's**, Software Etc., **Electronics Boutique** and **FAO Schwarz** are carrying **GoldStar** player this year. **GoldStar** officials said company is getting behind 3DO player as its entry into interactive games, and is positioning CD-I as product aimed at educational and professional markets.

Compaq is latest computer manufacturer to become obsessed with combining TV features and PCs. **Wall St. Journal** reports company is designing "computer-based" machines intended to replace videogame machines, stereos, TVs. **Compaq** is designing friendly looking computer products for children and, according to article, "has been hiring people from consumer electronics companies... to build part or all of the TVs, game players, video-on-demand boxes and other home gizmos that will be constructed around a computer in coming years." Article named **Philips**, **Sony**, **Sega** and **Nintendo** as companies raided by **Compaq**.

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 |
|-------------------------------------|---------------|---------------|-----------|
| Babbage's | | | |
| 1994-9 mo. to Oct. 29 | 139,953,000 | (3,998,000) | -- |
| 1993-9 mo. to Oct. 30 | 130,627,000 | (1,038,000) | -- |
| 1994-qtr. to Oct. 29 | 47,232,000 | (921,000) | -- |
| 1993-qtr. to Oct. 30 | 46,821,000 | (343,000) | -- |
| Cablevision Systems | | | |
| 1994-9 mo. to Sept. 30 | 591,645,000 | (178,732,000) | -- |
| 1993-9 mo. to Sept. 30 | 494,756,000 | (159,902,000) | -- |
| 1994-qtr. to Sept. 30 | 223,468,000 | (66,881,000) | -- |
| 1993-qtr. to Sept. 30 | 169,563,000 | (55,427,000) | -- |
| Comcast | | | |
| 1994-9 mo. to Sept. 30 | 1,015,087,000 | (57,482,000) | -- |
| 1993-9 mo. to Sept. 30 | 1,000,713,000 | (819,374,000) | --a |
| 1994-qtr. to Sept. 30 | 345,744,000 | (17,246,000) | -- |
| 1993-qtr. to Sept. 30 | 335,405,000 | (35,655,000) | --a |
| Koss | | | |
| 1994-year to June 30 | 35,561,322 | 2,800,855 | .75 |
| 1993-year to June 30 | 32,137,448 | 2,790,759 | .82 |
| News Corp. | | | |
| 1994-qtr. to Sept. 30 | 2,203,000,000 | 223,000,000 | .88b |
| 1993-qtr. to Sept. 30 | 1,857,000,000 | 164,000,000 | .70b |
| Silver King Communications | | | |
| 1994-year to Aug. 31 | 46,563,000 | (3,878,000) | --c |
| 1993-year to Aug. 31 | 46,136,000 | (6,386,000) | -- |
| 1994-qtr. to Aug. 31 | 11,554,000 | 2,058,000 | .23 |
| 1993-qtr. to Aug. 31 | 11,621,000 | (943,000) | -- |
| Spelling Entertainment Group | | | |
| 1994-9 mo. to Sept. 30 | 301,389,000 | 15,030,000 | .21 |
| 1993-9 mo. to Sept. 30 | 177,178,000 | 10,790,000 | .20 |
| 1994-qtr. to Sept. 30 | 136,744,000 | (531,000) | -- |
| 1993-qtr. to Sept. 30 | 55,082,000 | 7,482,000 | .14 |
| 3DO | | | |
| 1994-6 mo. to Sept. 30 | 9,947,000 | (28,887,000) | --d |
| 1994-qtr. to Sept. 30 | 5,007,000 | (12,775,000) | --d |

Notes: aAdjusted. bPer ADR. cAfter special charge. dComparable figures not available.

3M, following trend toward longer VHS-C camcorder tape, will ship 40-min. **Scotch** S-VHS-C (\$9.99) and high-grade (\$6.99) in 1995 first half, Mktg. Dir. **Lee Kennedy** said. In introducing 40-min. tape, **3M** will join **Matsushita**, which is supplying **Scotch** brand and selling own version under **Panasonic** label. Kennedy said that although no final decision has been reached on raising prices to offset increased cost of raw materials, any action taken would occur in 1995 first half. Company plans to unveil range of cleaning accessories at Winter CES, including new versions of video and audio cassette head and CD laser lens cleaners.

HTP International said it signed agreements to supply product to **Incredible Universe**, **Curtis Mathes** and **McMahon's** Furniture outlets. It said **Incredible Universe** will take delivery of **HTP** multimedia sound systems in time for Christmas shopping. It said it will supply "turnkey" home theater consoles to **Curtis Mathes** and **McMahon's**.

Sound Advice reported drop in net in first quarter to \$436,000 from \$470,000 year ago. Decrease came despite 12.2% increase in net sales to \$46.7 million on 13.4% gain in same-store sales. **Dania**, Fla., chain began offering PCs this month, plans to expand into Washington-Baltimore in spring.

"Pure Flat" color tube will be displayed by **Matsushita** this week at **Comdex** in Las Vegas, will go into production in spring, company said. New 16" "multimedia" tube has completely flat surface, producing "paper-like" image for computer monitors.

TELEVISION DIGEST®

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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

PRESSLER UNDECIDED ON MASS MEDIA ISSUES: Cable rules 'on the table,' almost-Commerce Committee chmn. says. He wants to pass telecom bill next year with Administration help. (P. 1)

TELEPHONY BID SUSPENDED: Southwestern Bell plan for telephony on former Hauser cable system slowed. SBC won't accept Bell Atlantic's interconnection plan, questions impact of going-forward rules. (P. 2)

TRIBUNE MINORITY VENTURE with Quincy Jones set. Group to buy TV stations in Atlanta and New Orleans, raising FCC cross-interest issues. Affiliate switches seen, possibly impacting WB Network. (P. 3)

CABLE DIVIDED ON RULES, may not appeal going-forward, will seek FCC modifications. Discovery cites them for launching 4 channels, Americana for killing one. (P. 3)

MUST-CARRY BOOSTED by copyright definition. Fewer stations subject to fees, more may seek cable carriage. Less demand for LPTV translators. (P. 4)

A LA CARTE CLARIFIED: FCC says 3 packages violate rules, but only Adelphia is subject to refunds. Others less definite because of unclear rules. (P. 4)

SPRINT HAS CABLE STRATEGY: Alliance with TCI, Cox and Comcast is mainly to challenge local telcos, won't be altered by PCS auction. (P. 5)

PRESSLER VAGUE ON MASS MEDIA PLANS: Senate Commerce Committee agenda for next Congress could be increased oversight of FCC and some fixing of cable rules, but continued pursuit of TV violence legislation could well be left off plan, Sen. Pressler (R-S.D.), who will take over panel in Jan., said last week.

Pressler also said that after hours and hours of hearings and hours and hours of lobbying, it's time to let senators get down to making deals necessary to craft telecommunications legislation. At informal briefing for reporters, Pressler appealed to lobbyists to lessen pressures from last session so that bill can be passed in 1995.

Pressler wouldn't elaborate on possibility of changes in cable rules. Pressler, who voted to override President Bush on cable legislation, said he was pleased with how program access portions of bill turned out, not as pleased about rate rules imposed on small cable companies. At this early point in process, there's no plan for dealing with cable rules, although Pressler said he would "like to see some adjustments made." Issue is "on the table," he said. He's looking forward to amicable relationships all around, noting that he plays tennis with FCC Comr. Quello and Rep. Bliley (R-Va.), who could be next Commerce Committee chmn.

Consumer Electronics

QUASAR MERGED INTO PANASONIC, becoming promotional brand and ending 20 years as separate entity. Panasonic sales force takes over short Quasar line. (P. 9)

1994 SALES OF COLOR TVs will approach 28 million, sparked by 648,500 projection TVs and 2.26 million TV/VCR combos, far above early forecasts. (P. 10)

DIGITAL VIDEO LEGISLATION on copyright issue is aim of EIA as Shapiro expresses hope of reaching agreement with MPAA before end of 1995. (P. 10)

SONY'S \$3.2 BILLION LOSS keyed to devaluation of movie property hides electronics pickup. Matsushita's strong profit rebound. Loss at Pioneer. (P. 11)

INCREDIBLE UNIVERSE to invade N.Y. market with 185,000 sq. ft. outlet in Westbury, N.Y. by 3rd quarter 1995. (P.13)

TIME WARNER INTERACTIVE pulls out of CES and E3, explaining 'new policy for 1995' calls for hotel suite meetings 'away from melee of show floor.' (P. 13)

PROJECTAVISION LICENSES SAMSUNG under its LCD projection TV patents. Commerce Dept. awards grant to Kopin and Philips to develop HD LCD projector. (P. 14)

SONY CONSOLIDATES customer relations and consumer information operations in 3 states to establish highly automated telephone center in Ft. Myers, Fla. (P. 14)

Apparently not on table, however, is TV violence, in which current committee Chmn. Hollings (D-S.C.), Sen. Dorgan (D-N.D.) and others were interested in in last congressional session. Pressler said he opposes "government regulation of programming," and prefers that industry take voluntary steps to solve problems.

On question of broad telecommunications legislation, which last Congress included cable-teleco ownership and broadcast spectrum issues, Pressler said that after legislation (S-1822) died in closing days of last session of Congress, RHCs and rest of industry realized they would be better off if bill had passed because it would have benefited all parts of industry. New bill, if passed, would be last major legislation before world goes totally wireless, he predicted, saying that it's necessary now to set ground rules for next 5-10 years. He said, as has Hollings, that each interest group has ability to block passage, but he asked that they not do so. Pressler said he gets along with industry, even with U S West, which opposed his reelection. RHCs are "big enough and strong enough to be cooperative," he said.

In addition to asking for cooperation from industry, Pressler also said he would like to see more active role by Administration, which he said "vanished during last summer's consideration" of bill. He said White House still wields "enormous power" in legislative deliberations, and telecommunications could be example of how Democratic Administration and Republican-controlled Congress could work together. There's enough credit to go around, he said.

Some substantive pieces of bill haven't been settled yet, he acknowledged. His goal is to find some compromise among House bill, Hollings bill and versions offered by Sens. Packwood (R-Ore.) and Breaux (D-La.) in one bill, and Sen. Dole (R-Kan.) in another. Pressler said he doesn't know how market test for long distance entry would work out. Part of problem is that telecommunications industry is extraordinarily complex, with industries at same time filling roles of competitors and customers of each other's services. Pressler said that if bill isn't passed by Sept., when Congress focuses on appropriations, it won't have another chance until 1997. He said he has talked with Rep. Fields (R-Tex.), who will chair House Telecom Subcommittee, who also wants to work on parallel tracks so that pressures are evenly distributed. Pressler also has consulted with Republican members of Commerce Committee, and said one early step in drafting process would be to have meeting of GOP senators on bill.

However, Pressler did say that domestic content requirement for RHC manufacturing wouldn't be in new bill because it would violate General Agreement on Tariffs & Trade (GATT). He said he has been strong free-trade advocate, but is in increasingly tough position now because of what he sees as troubling actions by Canadians, who have put restrictions on U.S.-generated cable programming as well as on host of commodities from wheat to timber to fishing.

New bill probably would have fewer rulemakings in it, lightening regulatory burden on FCC as part of general deregulatory philosophy that will take over in Congress. At same time, however, Pressler said he would like to increase oversight of agency, perhaps through hearings on authorization legislation, and including visit to agency hq. Paraphrasing Dwight Eisenhower's campaign promise of visit to Korea, Pressler said: "I will go to the FCC."

SBC SUSPENDS TELEPHONY BID: SBC Media Ventures, formerly Southwestern Bell, asked Md. PSC to postpone action on company's bid to offer switched residential telephony over cable system that it bought from Hauser last year. Hearings are set for next month. Company said interconnection rates charged by another telco, Bell Atlantic (BA), are too high and FCC's going-forward rules (TVD Nov 14 p3) created "substantial uncertainty concerning whether cable operators have adequate incentives to enhance system capacity." Bid follows speculation that SBC may sell system, rumor it has denied.

PUC allowed BA to delay submitting interconnection until Dec. 15, meaning SBC would have to present plan without clear picture of final rates, SBC said. BA said it needs time to finish cost study that will set rates, but SBC spokesman said it didn't expect results before early 1995.

Interconnection rates will determine whether SBC is able to provide telephony, spokesman said. Although company has no formal plans to sell system, he said interconnection could become "determining factor" that might force such action. He wouldn't say what numbers SBC might find acceptable, saying company preferred rate negotiations over finding based on cost study. SBC wants to wait for PSC ruling on interconnection rate for MFS Communications, he said, but SBC wants lower rate to reflect its interest in residential rather than business customers.

Going-forward rules were side issue, he said, but mention of them along with interconnection argument is "something else in there to back them up." He said SBC accountants are studying going-forward rules to determine whether company will be able to recover rebuild costs -- part of which will make switched service possible -- through new channel offerings.

TRIBUNE MINORITY VENTURE: Tribune Bestg. announced major investment in new minority-owned joint venture with entertainer Quincy Jones. Venture will buy TV stations in Atlanta and New Orleans where Tribune already owns stations, raising FCC cross-interest issues. Tribune's Atlanta independent WGNX (Ch. 46) will become CBS affiliate, stirring questions of effect on Tribune-backed Warner TV Network (WB). CBS backed away from earlier plan to buy and upgrade Atlanta's WVEU (Ch. 69, Ind.) but is proceeding with similar purchase of Detroit's WGPR-TV (Ch. 62, Ind.) (TVD Sept 26 p7).

Tribune will own 45% of Qwest Bestg. (QB) and Jones's minority-owned partnership, QwestCom L.P., 55%. QB will be capitalized with 20% equity, 40% bank loans, 40% convertible debentures held by Tribune. QB will buy WATL (Ch. 36, Fox) Atlanta from Fox for \$150 million and WNOL-TV (Ch. 38, Fox) New Orleans from Jones for \$17 million. Fox is switching Atlanta affiliation to WAGA-TV (Ch. 5, CBS) in New World deal. Tribune will provide administrative and financial services for each station. WATL will be WB affiliate.

Cross-ownership issues arise because Tribune owns WGNX in Atlanta and WGNO (Ch. 26, Ind.) New Orleans. Because QB is controlled by single majority stockholder, Tribune's 45% interest isn't "attributable interest" under FCC multiple ownership rules but arrangement will incur cross-interest scrutiny. Tribune spokesman Robert Carr said operating agreements between stations haven't been finalized but would involve combining "back-shop administrative operations," with QB stations keeping programming, operational and management control: "Qwest and Tribune will have separate voices in each community. We will be doing everything possible to accommodate the spirit and letter of FCC rules."

Operating agreements appear to raise novel point at FCC. FCC source said key in reviewing cross-interest issues would be "control" and "arm's-length competition." Another official said Tribune proposal is "creative" but FCC will take "careful look" to ensure that minority ownership also is "consistent with [FCC] overall ownership restrictions." Legal sources also wondered how Tribune plans would fit into new rulemakings Commission is expected to undertake to ease ownership restrictions and to expand incentives for minority ownership.

CBS affiliation with Tribune's WGNX gives network existing news operation in Atlanta, rather than building one from scratch at WVEU. CBS will complete WVEU deal, then "seek an acceptable purchaser." CBS will begin programming Detroit's WGPR-TV under Local Management Agreement Nov. 26 and start CBS network programming Dec. 11. Long-time CBS station news dir. and station mgr. Jay Newman will be on-site executive in charge.

In addition to CBS in Atlanta, Tribune had discussed affiliating its Denver independent, KWGN-TV (Ch. 2) with Fox, sources confirmed, but Fox agreed to buy its Denver affiliate, KDVR (Ch. 31), from Renaissance Communications (RC) for \$70 million, and to sell KDAF (Ch. 33, Fox) Dallas-Ft. Worth to RC for \$100 million.

Tribune's Exec. Vp. Dennis FitzSimons has voiced strong support for WB network, but source said increased value of network affiliations since New World/Fox deal makes affiliation attractive at this time, particularly if it's in markets that have alternative outlets for WB.

CABLE DIVIDED ON RULES: Cable may not launch full-fledged appeals of FCC's going-forward rules, CATA Pres. Stephen Effros said, but will try to convince Commission to modify some portions. At least one member of Congress charged that rules (TVD Nov 14 p3) are FCC attempt to "micromanage" cable. Programmer reaction was divided, with Discovery saying new rules create opportunity for launch of 4 more niche channels, while Americana TV said rules don't provide enough opportunities so it's scrubbing plans for channel.

Effros told reporters that one problem with rules is limit on applying small system rules to systems owned by large MSOs. Rules are intended to increase incentives for small systems to add channels by allowing them to pass through cost of upgrades. Effros said small systems owned by TCI need same economic incentives to add channels as do independent systems, and aren't allowed to cross-subsidize from other MSO-owned systems. He said he hopes FCC will fix problem on circulation or as part of another reconsideration requested by CATA and Small Cable Business Assn.

FCC action on cable going-forward rules "will further limit consumer choice, micromanage cable marketing strategies and perpetuate the damaging uncertainty in the industry," Rep. Schaefer (R-Colo.) said following decision: "Every time the FCC has been faced with the choice between less regulation and more regulation, it has invariably chosen more." Schaefer said Commission apparently didn't get message from Nov. 8 election that voters want less govt. interference.

Discovery said it will launch 4 new niche channels in 1995 2nd quarter, each featuring 24-hour programming. Pres. Gregory Moyer said niche channels could be first of many to be offered by Discovery. He said company announced channels now because FCC's going-forward rules could give them new opportunities for carriage. Channels are nature network called Animal Planet, science channel Quark, history network Time Traveler, "home network" Living. Each network will include 25% original programming, 25% from Discovery library, 50% acquired from outsiders. Each will have 6-hour programming block repeated 3 times daily at start, is expected to be ad-supported in future.

Americana TV, after reviewing going-forward rules, said it will cease trying to become full-fledged cable network, effective Dec. 31, and will refocus on producing and distributing programming through other networks. "Following 11 months of stifling regulations, the recent ruling became too little, too late for Americana," Chmn. Stanley Hitchcock said. "The operators' hands were tied by a combination of FCC rulings and the retransmission consent rules, which further narrowed channel capacity."

DEFINITION BOOSTS MUST-CARRY: Cable and broadcasters are trying to sort out impact of little-noticed provision of Satellite Home Viewer Act that changed definition of "local service area." Provision, which means stations will use FCC's latest must-carry rules to define "local," instead of old must-carry definition, could mean more stations demanding must-carry status, lower copyright fees for stations and cable operators and reduced demand for LPTV stations to serve as translators, officials said. Change could affect up to half of TV markets, according to one estimate, although others say figure probably is lower.

New definition of local means that fewer stations are subject to copyright fees as distant signal. Fees can amount to 3.75% of gross revenue of cable system carrying station, broadcast analysts said, and could total hundreds of thousands of dollars annually for some stations. Since stations must reimburse cable operator for copyright liability, under new must-carry rules, cost was so high that many broadcast stations were looking for LPTV stations to buy or lease, planning to use them as repeaters of their signal that are closer to cable headends, making them local signals exempt from copyright fees, officials said.

"This certainly will eliminate much of the demand to use LPTV stations as translators," said Peter Tannenwald, attorney for Community Bestrs. Assn., which represents LPTV stations. "A lot of deals have now been stopped." He said no hard numbers were available on number of deals being discussed, but at least several LPTV stations were sold to become translators, mainly in geographically large TV markets. NAB Asst. Gen. Counsel Benjamin Ivins said using LPTV translator has been option, but he recommended lease deals rather than purchases.

Change was "very significant" for Fox, which had pressed for provision, Govt. Affairs Vp Molly Pauker said. Fox's UHF affiliates "often weren't being carried" by some cable systems, particularly in large markets such as Dallas and Houston, she said, because copyright fees were "just too much money." As result of change, which is retroactive to July 1, Fox stations are being carried in Dallas and Houston: "This will make a real difference."

Cable officials doubt there will be wave of must-carry demands from stations newly freed from copyright liability. "My sense is that most stations are already being carried," CATA Exec. Vp James Ewalt said. "Cable systems may get some new requests, but I don't think it will be that many." TCI spokeswoman agreed that few carriage requests are expected. They could be limited by continuing requirement that stations deliver good quality signal to headend (sometimes still requiring LPTV translator), and by fact that cable systems are allowed to reject carriage requests after percentage of channels are taken by broadcast stations, but "some systems will be affected," Ewalt said.

Cable systems could save on copyright costs as result of new rule, Ewalt said, particularly if some broadcasters aren't indemnifying operator against copyright fees. In most cases, however, reduced copyright liability will be "wash" since cable operator stops paying fees and broadcaster stops reimbursing operator. Even when cable operator can benefit, drop in copyright fees might be considered external cost decrease that must be passed on to subscribers in form of lower rates, officials said.



Time Warner's Full-Service Network scheduled Dec. 14 "grand opening" and press preview of first "concept house," located near Apopka, Fla., north of Orlando.

FCC CLARIFIES A LA CARTE: FCC said 3 cable a la carte packages violate current a la carte and going-forward rules for rate regulation, but said only one of them is subject to refunds and retiering because Commission's previous rules weren't clear. Adelphia system in Dade County, Fla., is subject to refunds, but Comcast in Tallahassee and Time Warner (TW) in Milwaukee aren't, agency said. "These orders will bring certainty and clarity to the Commission's treatment of a la carte packages," Cable Bureau Chief Meredith Jones said. She said FCC will issue additional a la carte orders soon.

Adelphia is clearest violation of a la carte rules, according to order. Operator moved entire 32-channel expanded basic tier to new a la carte service and automatically signed up expanded basic subscribers. Bureau said Adelphia tier wasn't "realistic service offering" because only about 100 of 50,000 customers subscribed to individual a la carte channels, so new tier was attempt to evade rate rules that would have required 10% rate cut. FCC ordered Adelphia to make a la carte tier into rate-regulated tier and said it could be subject to refunds from Sept. 1, 1993, if proceeding determined that rates exceeded benchmark.

Comcast and Time Warner cases are less clear because they involved only 4-channel a la carte tiers, although all channels were moved from regulated tiers. Orders said FCC rules were unclear as to whether moving small number of channels from regulated tiers to a la carte would be evasion of rate rules, so operators aren't subject to refunds: "Our experience to date indicates that our efforts [to set a la carte rules] did not produce the intended result and... there has been confusion as to whether collective offerings of a la carte channels constituted an evasion of rate regulation." FCC also said that it would cause undue disruption both to operator and subscribers to require that a la carte tiers be converted back to regulated tiers.

Comcast and TW services complied with some portions of a la carte rules, orders said, but not with others, and "our test does not explain how the factors are to be weighed against each other." Recent decision on going-forward rules (TVD Nov 14 p3) clearly would require that both a la carte services be regulated tiers, FCC said, but rules shouldn't be applied to services started before a la carte rules were clarified.



AP has begun London-based international video news service called APTV. CNN's N. American and international channels have signed on, along with networks from 7 other countries. APTV will use own leased satellite channels for 24-hour feeds to N. America and Asia, and European Broadcasting Union's Eurovision satellite system for Europe and N. Africa.

Six members of family that controls Adelphia Communications will buy Pittsburgh Pirates of National League for estimated \$85 million. Deal, approved by city Nov. 14, includes new lease for city-owned Three Rivers Stadium. Purchasers include Adelphia Chmn. John Rigas.

Cable prices continued to decline in Oct., according to Consumer Price Index (CPI) released by Bureau of Labor Statistics. CPI showed cable rates down 0.2% in month, 3.9% for year, while overall CPI was up 0.1% for month, 2.6% for year.

Middletown, R.I.-based KVH Technologies will work with DirecTV and U.S. Satellite Bctg. to provide DBS to boats via new TracVision. System keeps antenna pointed at

SPRINT STRATEGY BASED ON CABLE: Sprint's "triple play" alliance with TCI, Cox and Comcast is chiefly basis for challenging local telephone companies and won't be altered by outcome of PCS auction Dec. 5, Senior Vp John Hoffman said at news briefing Nov. 17. He said joint venture aims to pump money into cable partners and new allies in rebuilding 20-year-old coaxial network with equipment to handle video, voice and data and provide local telephone service.

"Clearly, the dominant strategy is to provide landline dial tone, competitive with the RBOCs," Hoffman said. "This is the first real serious competitive alternative to local telephone service." Corporate structure of company, known internally as Newtelco, is being worked out by lawyers, and Oct. 25 announcement was dictated by FCC deadline for PCS bid notification, he said. By mid-Dec., structure and other arrangements will be completed. He said other cable companies have said they were interested in joining alliance, and further announcements could be made next month.

On another subject, Hoffman said Republican sweep of House and Senate would provide best opportunity for telecommunications reform in 1995. He predicted Senate would act first, using defeated Hollings bill as starting point for new version. Action in House won't come before summer, he said, as Republicans act on "Contract with America" issues: "Telco reform will not get onto the radar screen until the summer." By 1996, pressure of "difficult" Presidential campaign will overshadow chances for passage of any significant legislation, Hoffman said. He said lawmakers developed "extremely attractive" proposal for RHCs that offered access to cable TV, information services, manufacturing and long distance, while opening up local markets for competition. CEOs, meeting behind closed doors on eve of vote, panicked, he said, and lobbied hard to defeat bill. "I think they got overrun" by thought of losing market share.



Information Superhighway will become "tricentric world" in which TVs, PCs and videophones co-exist in homes with their functions split from one data pipeline, said Hal Krisburgh, ex-pres., Jerrold, at Washington Cable Club Nov. 17. Much-debated question whether TVs or PCs will command interactivity is moot, he said, because they will operate separately to maximize each one's strengths. TVs will handle simple interactivity such as video-on-demand while PCs will operate more complex procedures such as home banking, he said. However, video telephony probably will be separate because people won't want to interrupt tasks to answer phone. That, combined with time to complete rebuilds, means that "broadband interactive multimedia" won't be reality for 3-5 years, Krisburgh said, with telcos enjoying short-term "rapid use" of existing narrowband technology in meantime. He said DBS "won't be a major threat" to cable because cable will be first to have 2-way interactivity and doesn't require initial \$700 investment: "It will be a successful business, but it won't be a significant business." He predicted that "7 out of the top 10 MSOs won't be [in those positions] in 5 years" as competitive forces renew focus on industry consolidation between cable and RHCs. Krisburgh also said his position on PCS networks has become "less negative" from 2 years ago because of new technology that increases service range. He said PCS will prove to be "vital nucleus" that merges in-home and mobile phones into one.

C-Cor signed 15-year lease with option to purchase 60,000 sq. ft. of additional cable equipment manufacturing space in Reedsville, Pa. It plans to begin shipments from new facility early next year.

U.K. may be most deregulated telecommunications market, but it's still not fully level playing field, speakers said at U.K. cable-telco seminar in Washington Nov. 17 sponsored by Center for Strategic & International Studies. Andrew Neil, founding chmn. of Sky TV, said for example that cable can provide telephony, but telephone companies can't provide video. Mercury Dir.-Strategy Maeve Sullivan said there's "still an amazing regulatory imbalance in place" in Britain, but it doesn't seem to be hurting BT since company's profits have tripled since 1984. Neil predicted that information highway's impact on economy would be "a repeat performance of the industrial revolution, but on a far larger scale because it will be global... We're on the verge of one of the greatest financings in history, rivaled only by the construction of the railroads." However, Sullivan said U.K. "has yet to see the real economic boost of the superhighway." To date, she said, main economic beneficiaries are construction companies engaged in "trench warfare" to build cable systems. Acceleration of British economy is boosting U.K. cable, said Alex Netchvolodoff, Cox vp-public policy. He said Cox joint ventures had cable systems passing 371,000 homes at end 1993, growing to 511,000 this year and 703,000 next year. He said telephone penetration has been slowed by regulation, but cable-delivered telephony eventually will outstrip video in Britain. Cox estimates that its U.K. cable businesses are worth about twice what it invested in them, Netchvolodoff said. In U.S., 1994 "was the year that consensus emerged that we need to change the regulatory structure," said Richard Blackburn, pres.-Nynex Worldwide Services. Only details need to be worked out, he said.

Multimedia consultants said information superhighway remains confusing, chaotic and vague concept for potential users and uncertainties must be cleared up if industry is to succeed. Speaking at "Convergence '94" conference in Washington, they said media hype contributed to confusion. Although technical and regulatory barriers are falling, Robert Mercer, pres. of Hatfield Assoc., said market acceptance remains sluggish. Several experts pointed to recent legal challenges involving Internet, including case in which lawyer sued Prodigy for libel, as sign legal community takes technology seriously. Larry Yokell, pres. of Convergence Industry Assoc., used poker analogy to discuss industry developments as high-stakes game involving cable TV, telephone companies, computer manufacturers, software designers. "The high stakes they're all betting in the great convergence poker game of 1994 makes the fur traders, gold miners and railroad builders of days gone by look like a bunch of penny-ante pokers," he said.

Viacom has agreed to put talks with TCI on sale of its cable systems on hold at least temporarily, it told financial analysts in conference call last week, according to persons familiar with briefing. Viacom officials left impression that TCI had sought delay in completion of cable system sale primarily because of concerns about impact of deal on other antitrust investigations involving TCI (TVD Oct 31 p9). Viacom officials told analysts that, while they agreed to delay, it must be limited or Viacom would exercise "other options," apparently including sale to other parties, fairly quickly.

Scientific-Atlanta will provide "end-to-end" fiber system for Diamond Cable, which has 550,000-home franchise in U.K. System includes Model 8602 interactive set-tops.

U.S. West filed new VDT applications at FCC, saying it expects to build systems costing \$550 million in Albuquerque, Cedar Rapids, Colorado Springs, Des Moines.

Financials: TCI had \$22-million net profit (4¢ per share) in 3rd quarter ended Sept. 30, vs. \$66-million loss (-14¢) year ago. Revenue increased 23.2% to \$1.3 billion, but cash flow dropped to \$437 million from \$464 million. Exec. Vp Brendan Clouston said TCI was able to weather rate regulation because of "high levels of sustained subscriber growth" (5.1% annually). Among big gains was TCI share of Liberty earnings, \$101 million in quarter, vs. \$11 million year ago... Viacom net profit rose to \$327.3 million in 3rd quarter ended Sept. 30, from \$22 million year ago, while merger activity boosted revenue to \$2.1 billion from \$508 million. Quarter incorporated full Paramount results, but not Blockbuster's. MTV Networks revenue grew 17% to \$217.5 million and operating profit 15% to \$87 million. Showtime Networks revenue increased 17% to \$155.6 million, and operating profit 56% to \$10.7 million. Cable revenue dropped 3% to \$100.4 million, and operating profit 33% to \$17.2 million. TV station revenue rose 15% to \$24 million, operating profit 33% to \$5.4 million. Entertainment segment revenue, including Paramount, was \$864.6 million, vs. \$47 million year ago, and operating profit was up to \$181.3 million from \$6.3 million... **International Family Entertainment** had \$5.5-million net profit in quarter ended Sept. 30, vs. \$4 million year ago. Revenue dropped to \$57.7 million from \$64.4 million, but operating cash flow increased 53.4% to \$12.9 million... **StarSight Telecast** lost \$9.8 million in quarter ended Sept. 30, vs. \$4.4 million loss year ago. Development-stage company had no revenue... **New World Communications** reported 3rd-quarter net loss of \$16 million, compared with prior-year loss of \$3.9 million, but revenue increased 18% to \$94.5 million. Company said costs of financing and acquisition of TV stations contributed to results... **Adelphia** lost \$24.3 million (-99¢ per share) in 2nd quarter ended Sept. 30, vs. loss of \$23.8 million (-\$1.55) year ago. Revenue grew to \$90.8 million from \$79.4 million and operating profit to \$23.8 million from \$20.8 million.

Existing wireless cable operators should get first opportunity to obtain additional channels to build out their systems, Sen. Pressler (R-S.D.) said at Private Cable & Wireless Show Sun. in Atlanta. Pressler, who's expected to become chmn. of Commerce Committee, endorsed FCC proposal to limit applications for new channels to existing wireless cable operators. He also supported concept of auctions for wireless cable channels, saying they would eliminate speculators, and called program access most successful provision of 1992 Cable Act. Pressler said it's time for Congress to act on telecommunications reform, and he will make it top priority: "As a result of the massive Republican tide... you can and should expect that a new telecommunications bill will emerge... which is more aggressively procompetitive and deregulatory." He said communications regulation has been based on "faulty premise" that communications over wire can be distinguished from that over air: "Progress is being stymied by a morass of regulatory barriers which balkanize the telecommunications industry into protective enclaves." Addressing wireless cable concerns with failed S-1822, Pressler said some of problems were "drafting ambiguities" that will be corrected: "The Committee did not intend wireless cable to be regulated as a common carrier. Nor would we require video programming service providers... to contribute to universal service."

Group W stations WBZ-TV (Ch. 4, NBC) Boston and WJZ-TV (Ch. 13, ABC) Baltimore will switch affiliation to CBS Jan. 2. CBS-Group W affiliation deal was reached last summer. Two Group W stations already are CBS affiliates: KDKA-TV (Ch. 2) Pittsburgh and KPIX (Ch. 5) San Francisco. Start-up date for switch to CBS of 5th station, KYW-TV (Ch. 3, NBC) Philadelphia, hasn't been set.

EIA Consumer Electronics Group (CEG) is "hopeful" of reaching agreement with movie industry before end of 1995 to pursue copyright legislation on future era of digital video recording, Vp Gary Shapiro said, but he declined to elaborate. Asked whether possible agreement with MPAA might be modeled on Audio Home Recording Act (AHRA) that mandated royalty payments by consumer electronics manufacturers to copyright community and use of copy-inhibit circuitry similar to Serial Copy Management System (SCMS), Shapiro said: "That's only speculation." MPAA Pres. Jack Valenti, guest speaker at recent CEG board meeting in Cal., urged consumer electronics industry to work closely with creative community "to develop policies and craft legislation" similar to AHRA on copyright issues raised by digital video home recording. While refusing to speculate on whether agreement on digital video recording legislation could be modeled after AHRA, Shapiro earlier revealed that his group has been involved for 2-3 years in discussions with movie industry on home copying implications of consumer digital VCR technology. He has indicated only that talks with movie industry began as outgrowth of digital audio recording technology (DART) agreement between EIA and creative community that later served as basis of AHRA.

Cable-owned Teleport Communications Group (TCG) applied to Tex. PUC for authority to provide local exchange telephony in Dallas and Houston areas, in competition with Southwestern Bell. TCG said services would range from simple telephony to ISDN and would include connections to long distance carriers. Even if PUC approves application, TCG Vp-Gen. Mgr. John Reese said, "we still must overcome numerous hurdles with Southwestern Bell, namely establishing all the technical, operational and economic interconnections that are necessary to make competitive service possible." TCG already has 235 miles of fiber in Dallas, serving 90 business buildings, and 275 miles in Houston with 107 buildings.

Cable Bureau ordered refunds in 3 more rate cases late Nov. 18, and said rates were justified in 3 other cases. Decisions bring to 17 number of rate cases decided to date (TVD Nov 14 p3). Cable Bureau Chief Meredith Jones said she also set up special task force to analyze complaint process and determine if any changes are needed to speed it. Task force is to make its recommendations by year end. Bureau ordered refunds totaling \$900,000 in cases of Time Warner in Milwaukee, Cox in Virginia Beach and United Cable in L.A. Rates were found to be justified in 3 Buckeye Cablevision cases, involving cities of Toledo, Rossford and Oregon, O. All 6 cases involved benchmark rates.

Time Warner failed to provide key information in its application to provide local telephone service in Ohio, Ameritech said in petition to PUC. RHC claimed TW hadn't provided adequate information on prices, relationship between cable and telephony, form of regulation it seeks, how it would interconnect with other LECs, how it would protect customer privacy, how it would provide 911 service. Ameritech Regulatory Vp James Smith said his company must file detailed proposals, and "competing companies should operate under similar conditions."

C-SPAN is back on People's Choice TV, at least through March, as result of out-of-court settlement between programmer and Tucson-based wireless cable operator. As part of settlement of dispute whether People's Choice could drop C-SPAN despite carriage agreement, both sides agreed to end all litigation. Carriage agreement expires in March, but C-SPAN Senior Vp Robert Kennedy said he hopes for renewal.

In bid to increase its overall stock value, TCI took first step toward long-planned split-up of operating divisions. TCI board gave preliminary approval to issuing 4 new classes of stock, one for each of 4 new operating groups. Four divisions would be: (1) Domestic cable and telephony distribution, headed by Brendan Clouston. (2) Programming and software, including Liberty Media, Peter Barton. (3) International, Fred Vierra. (4) Technology ventures, Larry Romrell. If shareholders approve at expected meeting in March, board could okay issuing stock to existing shareholders, effectively allowing shares of each division to trade separately. TCI CEO John Malone told analysts last spring that split-up might be best way to convince stock market to give full value to all TCI assets, boosting overall value of company. Analyst John Reidy of Smith Barney said effort probably will increase stock value somewhat, although he wouldn't speculate on how much: "Some of the more obscure values in the TCI empire will be made clear by the market." Malone said split-up would "give TCI investors and the company itself enormous financial flexibility, tax efficiencies and new capabilities. The company's capital structure could more accurately reflect underlying values [and] the company would have more versatility in attracting capital and strategic allies." Reidy said one of advantages of new structure would be to make it easier for outside companies to form joint ventures with TCI divisions. Deal would be structured so TCI would keep legal title to assets, plus retained interest in business groups, so no franchise transfers, for example, would be involved. Stockholders would retain TCI shares, presumably with lower value, and would receive stock in individual divisions. Reidy said it will be impossible to tell value of various divisions until TCI announces what will be in each in proxy materials expected to be distributed next year.

Advanced TV Systems Committee (ATSC) officially declared Dolby AC-3 as digital audio format of choice for Grand Alliance HDTV system. ATSC said decision resulted from 6 weeks of balloting that ended Nov. 9 in which 40 members voted in favor of AC-3 proposal and only one against it. Dissenter wasn't identified. ATSC Chmn. James Kinney said: "It is clear from the overwhelming support garnered by the Dolby system that we are on the right track with the Grand Alliance system." He said 50-member committee now will turn to remaining technical aspects of HDTV system for recommendation to FCC and Commission's Advisory Committee on Advanced TV Service "so that a final decision on all aspects of advanced television for the U.S. can be rendered by the end of 1995." Action by ATSC came almost exactly one year after Grand Alliance announced selection of AC-3 for HDTV digital audio, with Musicam system designated runner-up and Adaptive Coding System from MIT in 3rd place.

Media Research Center (MRC) published rating guide and summary of prime-time network TV shows for parents using traffic light rating symbols: Red for "sitcoms and dramas which frequently attack traditional values and conservative views;" yellow for "series which may contain themes offensive to conservatives or inappropriate for younger viewers;" green for shows "parents will find acceptable." MRC Pres. Brent Bozell said first guide gave Fox most "reds" (7), NBC most "yellows" (14), ABC most "greens" (12). Spokesman said 100,000 copies will be distributed through other "profamily" organizations and from MRC.

USSB paid first quarterly commissions to 1,000-plus retailers of Digital Satellite System (DSS). Company said commissions, paid on sales of its programming, are available to 7,000 retailers.

CBS News Pres. Eric Ober reprimanded 60 Minutes' Mike Wallace and producer Bob Anderson for secretly taping interview in Wallace's office with freelance writer Karon Haller, who was assisting him on story. Ober said: "It was a clear-cut violation of CBS News standards. It was the wrong thing to do and a case of very poor judgment. The interview will not be aired, and the tape will be destroyed." Haller had received national attention after writing Connecticut Magazine story on how William Meyer had helped his terminally ill father commit suicide that led to prosecution and conviction of Meyer for manslaughter. Haller was willing to help Wallace with 60 Minutes story but had refused on-camera interview. Anderson said they wouldn't have used interview without her permission, but wanted her to see tape to overcome objection to being on air. Permission from Ober for surreptitious taping, required by CBS rules, hadn't been obtained.

BellSouth Chmn. John Clendenin "fundamentally misrepresented" cable position on universal service in speech to NARUC Nov. 15, NCTA Pres. Decker Anstrom said in letter to Clendenin. Clendenin said cable industry hasn't shown willingness to provide universal service, but Anstrom said cable has "strongly supported" universal service throughout legislative process and in congressional testimony: "You may have overlooked that aspect of the legislation in your haste to encourage BellSouth shareholders to oppose it." Anstrom also said claims that BellSouth isn't monopoly "would certainly come as a surprise to the millions of BellSouth customers who have no other choice for local phone service."

Cable Bureau will "strictly apply" its deadlines for appeals of local rate actions in future rate cases, FCC said in decision on appeal of rate orders for 26 Minn. communities served by Meredith. Decision overrules earlier decision in Ellis Thompson case, in which Bureau indicated more flexibility. Decision turns down Meredith appeal of Bureau rejection of petitions for stay of local rate orders, but says that since Meredith may have relied on Thompson decision, Bureau should go ahead with consideration of petitions for review of local rate order. Bureau said new guidelines mean that operators can file after 30-day deadline only in case of "something beyond the control of the party."

FCC will release today (Nov. 21) official list of 74 low-power TV (LPTV) winners determined by lottery drawing Nov. 17. Original list of 132 lottery blocks was reduced by companies' dropping out or combining applications. April 11-15 window resulted in filing of 2,500 applications. In last few weeks, Mass Media Bureau returned nearly 600 applications because proposed LPTV stations would interfere with existing stations or had other engineering deficiencies. Nearly 900 "singleton" applications that didn't compete with others and had no interference problems were granted in Aug. and Oct.

PanAmSat said its PAS-2 satellite will start first 24-hour global Chinese information network. Chinese TV Network (CTVN) Chmn. Kelly Cheng said company will broadcast for 8 hours Nov. 25 and gradually increase to 24 on 2 channels beginning Dec. 12. PanAmSat said CTVN will be transmitted over PAS-2's C-band Pacific Rim Beam and will reach Australia, Hong Kong, N. America, Philippines, Singapore, Taiwan and Thailand in first year.

Singapore Telecom will buy Stjarn TV Group, Stockholm's prime cable TV service, for \$82 million in deal that includes Stjarn's \$25-million purchase of equipment and cable now leased from city.

Personals

John Lansing, news dir., WCCO-TV Minneapolis, takes same post at WBBM-TV Chicago... Marilee Mahoney leaves her own firm, MPM Communications, to become dir.-entertainment press & publicity, East Coast, NBC Entertainment... Pamela Dill, ex-ABC Video, joins WCBS-TV N.Y. as dir.-press relations... Wendy Ruderman advanced to public information assoc., WHYY-TV-FM Wilmington, Del.; Jay Goldman promoted to dir.-media services... Joanne Burke, senior vp and dir.-media research, FCB Advertising, will chair new Systems for Measuring & Reporting TV Committee on children's audience ratings, established by major networks, NAB... Carri Rotar promoted to vp-operations, Grove TV Enterprises... Melvin Ming, ex-WNET N.Y.-Newark, joins WQED Pittsburgh parent QED Communications as exec. vp-COO... Madison Sq. Garden Network Pres. Douglas Moss leaves Dec. 9 to become pres.-CEO of NHL's Buffalo Sabres; Senior Vp-Programming & Production Martin Brooks will be interim replacement.

Larry Kaschinske, promoted to Jones Intercable comptroller... Anne Droste, ex-Showtime, appointed vp-affiliate sales, western region, Talk Channel; Geoff Figgis, ex-Court TV, appointed dir., affiliate sales, central region... Earl Rector, advanced to vp-production and operations, Prevue Networks, new position... Linda Corradina, ex-MTV, named VH1 senior vp-programming and production... John Reece, ex-Alexander & Alexander insurance brokerage, named vp-information technology, Time Warner; Russ Thyret and David Altschul promoted to new posts of vice chmn. at Warner Bros. Records... Bob Gold promoted to vp-mktg. and communications, Prime Ticket Network... Mona Gerdes, ex-CBS, becomes dir.-financial planning, A&E TV Networks... David Reese promoted to ACTV Entertainment pres., new post; William Samuels, pres.-CEO, also appointed chmn., succeeding Michael Freeman, who resigned from board but remains advanced technology development liaison.

Saul Shapiro, ex-Sony, appointed dir.-technology policy, FCC Office of Plans & Policy... FCC schedule: Comr. Ness will be keynote speaker at Practising Law Institute's meeting on Telecommunications Policy & Regulation, co-sponsored with FCBA, Washington Hilton, Dec. 5, 9 a.m.

Walker Feaster, FCC Office of Managing Dir., named acting inspector gen., replacing James Warwick, retiring... Neil Dick, ex-Craig Murray Productions, named vp-advertising, Samuel Goldwyn... Promotions at Paramount's Domestic TV Div.: Cynthia Teale to vp-legal; Christine Cunningham to vp-business affairs and legal; Marilyn Anderson to exec. dir., product systems... Larry Deutchman advanced to senior vp-production and mktg., Entertainment Industry Council... Melinda Farrell, ex-Walt Disney Co. vp-production, named Warner Bros. senior vp-creative affairs.

David Brenner promoted to senior vp-sales and marketing, ad-supported programming, MCA TV and Home Entertainment Groups... Andrew Prozes, pres., Canada's Southam City and Community Newspapers, elected Information Industry Assn. chmn., succeeding Hugh Yarrington, head of CCH Knowledge Organization... N.Y. Times Co. Information Services Group promotions: Steve Rago to group dir.-new media; Ann Blinkhorn to dir.-new products, Nicole Chong and Dina Roman to dirs., Melanie Rosen to dir.-educational media... Martin Yudkowitz, NBC senior vp-strategic development, will head network's new NBC Multimedia unit... Laurence Osterwise, ex-IBM, named

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pres., General Instrument Communications Div., elected corporate vp... Alan Duke, ex-Bud Grant Productions, named senior vp-business and legal affairs, Walt Disney TV.

OBITUARY

Peter Shuebruk, 82, communications attorney, died Oct. 31 after long illness, in United Hospital Medical Center, Port Chester, N.Y. Native of Mass., he was graduate of Harvard Law School, served with FCC 1942-1945, then formed law firm with former FCC Chmn. J. Lawrence Fly; firm later became Fly, Shuebruk, Blume & Gaguine. He retired in 1989 to Larchmont, N.Y., where he lived for 50 years. Survivors include wife, 2 daughters.

Sidney L. Brown, 62, NPR CFO since 1986, died Nov. 15 at George Washington U. Hospital in Washington of leukemia and lymphoma. Brown joined NPR after 26-year career with federal govt. that included posts as U.S. Senate Budget Committee budget review chief and senior budget technician. Before joining Senate staff he worked for AID as chief of budget 1968-1973 and as controller 1973-1975. In 1961-1968, he was with Bureau of the Budget, now known as Office of Management & Budget, and served with Army Counterintelligence Corps 1954-1956. Wife, daughter survive.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

| | OCT. 29- NOV. 4 | 1993 WEEK | % CHANGE | OCT. 21-28 | 44 WEEKS 1994 | 44 WEEKS 1993 | % CHANGE |
|-----------------|--------------------|--------------------|-------------|---------------|------------------|----------------------|-------------|
| TOTAL COLOR TV. | 541,863* | 409,398 | +32.4 | 1,167,714* | 22,476,847* | 20,335,474 | +10.5 |
| DIRECT-VIEW.. | 524,863* | 401,833 | +30.6 | 1,134,606* | 21,977,063* | 19,976,937 | +10.0 |
| TV ONLY..... | 485,481* | 375,538 | +29.3 | 1,027,629* | 20,284,624* | 18,766,667 | + 8.1 |
| TV/VCR COMBO | 39,382* | 26,265 | +49.8 | 106,977* | 1,692,439** | 1,210,270 | +39.8 |
| PROJECTION... | 17,000* | 7,565 | +124.7 | 33,108* | 499,784** | 358,537 | +39.4 |
| VCR DECKS..... | 243,023 | 138,186 | +75.9 | 718,172* | 10,742,350* | 10,149,949 | + 5.8 |
| CAMCORDERS..... | 37,566 | 32,251 | +16.5 | 198,212 | 2,632,414* | 2,534,847 | + 3.8 |
| LASERDISC PLYRS | 5,615 | 6,119 ^r | - 8.2 | 12,547 | 233,884 | 236,269 ^r | -3.5 |

Direct-view TV 5-week average: 1994--678,425*; 1993--614,795 (up 10.3%).

VCR deck 5-week average: 1994--351,978*; 1993--288,430 (up 22.0%).

Camcorder 5-week average: 1994--76,569*; 1993--73,049 (up 4.8%).

* Record for period. ** Full-year record. ^r Revised by EIA.

MATSUSHITA MERGES QUASAR INTO PANASONIC: In widely anticipated move, Matsushita moved Quasar under Panasonic umbrella. Quasar will become promotionally priced auxiliary to Panasonic, formally ending 20 years as separate entity.

Move was signaled in brief one-page statement and came 2 weeks after company officials said at national sales meeting that Quasar would remain largely independent with separate sales force (TVD Nov 7 p10). Brand will be sold through Panasonic sales offices in Secaucus, N.J., Elgin, Ill., Cypress, Cal.

Most Quasar personnel, many based in Elgin and numbering fewer than 100, will join Matsushita. Sales Gen. Mgr. David Bearden will be given new post, Panasonic spokesman said, although title hadn't been determined at our deadline. Product line has been slimmed to about 10 TV models and company has left projection TV and audio.

Quiet merger, first signaled nearly year ago when Matsushita announced formation of Matsushita Consumer Electronics Co. (TVD Dec 13 p16) and later combined some financial and accounting functions, is stark contrast to bitter battle company waged to acquire Quasar from Motorola in 1974. Matsushita-Motorola deal was consummated only after Justice Dept. investigation into whether Motorola had diligently sought purchaser for TV business as alternative to Matsushita (TVD May 27/74 p7). Magnavox and Zenith made offers, and latter threatened to sue to block sale.

"When they purchased Quasar years ago they had some good ideas about the viability of the brand name and what to do with it, except they didn't want to invest any money," said source familiar with company. "It became an overhead that they couldn't put the advertising money into, because they wanted that for Panasonic, so they didn't develop the brand any further."

Indeed, when deal went through in 1974, Motorola's Quasar had 5-6% and Matsushita 8-9% of U.S. TV market, prompting late Sen. Bayh (D-Ind.), who represented home state of Magnavox and RCA Consumer Electronics, to urge congressional subcommittee to look into sale (TVD April 8/74 p7). Since then, Panasonic and Quasar market shares have fallen to 3.45% and 1%, respectively, according to our annual survey (TVD Sept 5 p11). Matsushita has carved niche for Panasonic brand camcorders and telecommunications and Technics audio, while Quasar made name in TV and microwave ovens.

Quasar name actually was first used by Motorola as high-tech, innovative part of Motorola TV line in late 1960s, including first solid-state TV set made in U.S. and first modular TV. Its "set with the works in a drawer" had chassis with 10 plug-in modules for easy replacement in days when solid-state TV was unfamiliar to service personnel. However, in early 1970s, when Motorola was planning to leave TV business, it gradually deemphasized Motorola name and pushed Quasar as brand, giving it something to sell in addition to its factories and dealer organization.

With purchase of Quasar, Matsushita got 3 TV production plants, at Franklin Park, Pontiac and Quincy, Ill., that gave it foothold in U.S. TV manufacturing -- indeed, giving it prestige of being first Japanese manufacturer to make TVs here. Sole remaining TV plant, in Franklin Park, is being closed, and production is being transferred to Mexico (TVD Aug 8 p11).

Many retailers said Matsushita appears to be "testing the waters" for Quasar, but future of brand remains uncertain. Typical Matsushita salesman already has hands full with higher margin Panasonic brand and by adding Quasar "he's got a bag that's overflowing," industry source said: "How much can he pay attention to?"

"If they make the [Quasar] cosmetics and pricing a little different [from Panasonic] then maybe they could have a pull line instead of a push line and make a little more profit," said Mel Haller, pres. of Syracuse-based Ralin, which has carried Quasar TVs, camcorders, VCRs, microwaves. "If that doesn't happen then it's adios."

1994 SALES RECORDS CONFFOUND FORECASTERS: Industry will sell nearly 28 million TV sets this year, including 648,500 projection sets and 2.26 million TV/VCR combos. VCR decks and camcorders also will set new year's records, both categories up close to 7%.

With only 8 weeks of EIA statistics left to go, here is how 1994 sales to dealers will stack up -- give or take a percentage point or 2 -- as compared with 1993 and 1992, on basis of seasonally adjusted data and allowance for recent trends:

SALES TO DEALERS, 1991-1993

| Product | 1994 | 1993 | % Change | 1992 | % Change |
|-----------------|-------------|------------|----------|------------|----------|
| Total color TV. | 27,748,500* | 25,098,808 | +10.6 | 22,396,202 | +12.1 |
| Direct view.. | 27,100,000* | 24,633,449 | +10.0 | 21,991,899 | +12.0 |
| TV-only.... | 24,840,000* | 23,004,602 | + 8.0 | 21,056,255 | + 9.3 |
| TV/VCR..... | 2,260,000* | 1,628,847 | +38.7 | 935,644 | +74.1 |
| Projection... | 648,500* | 465,359 | +39.4 | 404,303 | +15.1 |
| VCR decks..... | 13,300,000* | 12,447,847 | + 6.8 | 12,328,788 | + 1.0 |
| Camcorders..... | 3,300,000* | 3,088,427 | + 6.9 | 2,814,979 | + 9.7 |

* Record.

Although industry expected some records this year, magnitude of boom was surprise when compared with EIA's industry consensus forecast as recently as last June (TVD June 27 p13). Color sales will come out more than million higher than consensus forecast of 23.7 million direct-view TV-only sets. Projection TV sales confounded all forecasts, running 21.2% above midyear consensus and near top of range (625,000-650,000) predicted in revised forecast by U.S. Precision Lens in late Aug. (TVD Aug 29 p8). EIA consensus forecast was pretty much on the nose for TV/VCR combos at 2.3 million and camcorders at 3.2 million, but was about 800,000 too low for VCR decks, based on anticipated Christmas season pickup.

EIA-MPAA PLAN PUSH FOR DIGITAL VIDEO LAW: EIA Consumer Electronics Group (CEG) is "hopeful" of reaching agreement with movie industry before end of 1995 to pursue copyright legislation on future era of digital video recording, Vp Gary Shapiro said, but he declined to elaborate.

Asked whether possible agreement with MPAA and Hollywood studios might be modeled after Audio Home Recording Act (AHRA), which mandates royalty payments by consumer electronics manufacturers to copyright community and use of copy-inhibiting circuitry, Shapiro responded: "That's only speculation."

MPAA Pres. Jack Valenti, guest speaker at recent CEG board meeting in Cal., urged consumer electronics industry to work closely with creative community "to develop policies and craft legislation" similar to AHRA on copyright issues raised by digital video home recording (TVD Oct 24 p11). While declining to speculate whether agreement on digital video recording legislation could be modeled after provisions of AHRA, Shapiro earlier had revealed that his group has been involved for 2-3 years in "ongoing" discussions with movie industry on home copying implications of consumer digital VCR technology (TVD Aug 1 p9). He has indicated only that talks with movie industry began as outgrowth of digital audio recording technology (DART) agreement between EIA and creative community that later served as basis of AHRA.

Commenting on results of elections, meanwhile, Shapiro said he was "personally disappointed" by defeat of House Speaker Foley (D-Wash.), whom he praised as long-time friend of consumer electronics industry. He recalled that Foley had been strong supporter of Home Recording Rights Coalition causes, including group's successful fight in early 1980s to defeat tax on VCRs. Foley also was among few "true audiophiles" in Congress and supported EIA position against restrictions on DAT technology, Shapiro said.

Nevertheless, EIA looks forward to working with Republican-controlled Congress, Shapiro said, saying benefits could accrue to consumer electronics industry from likely agenda of new House and Senate leadership. For example, he said, new Congress presumably will put less emphasis than in past on resale price maintenance legislation and will take relatively strong free-market approach to industrial policy. He said he also expects legislatures to devote more attention to reducing employer mandates, which he said could bode well for consumer electronics manufacturers and retailers.

SONY FILM LOSS MASKS JAPANESE PICKUP: Sony's unexpected and devastating loss of \$3.2 billion in fiscal 2nd quarter, including \$2.7-billion write-off in value of its 1989 purchase of Columbia Pictures, completely overshadowed glimmerings of recovery in consolidated sales and earnings of major Japanese electronics companies, including jump for Matsushita and continued progress by Sony. Pioneer, however, fell into loss column as sales declined (see financial table).

Sony's misery was concentrated in film business, and enormity of its loss gave it lead-story status in Nov. 18 Wall St. Journal and N.Y. Times, along with interpretive pieces suggesting that neither Sony nor Matsushita has found "synergy" between consumer electronics hardware and software. Financial Times suggested that Sony and Matsushita would have been better off investing more in "buying channels to distribute the programs" -- cable, satellite, etc. -- than buying program production itself. Ironically, N.Y. Times' lead story on Sony's suffering was in same issue as rave review of new 12-theater Sony Theaters complex in N.Y. with its 8-story Imax theater as showpiece (TVD June 13 p13).

Matsushita's difficulties with subsidiary MCA were dragged into limelight again in interpretive newspaper stories tied to Sony write-off. And Wall St. Journal reported at last week's end that Matsushita had retained Allen & Co. investment firm and Hollywood agent Michael Ovitz "to explore alternatives" for MCA.

While Sony's total sales for 2nd quarter and first half were up about 4%, its electronics sales rose 6.7% in quarter and 5.5% in fiscal first half to Sept. 30, with entertainment sales dropping 7.7% in quarter and 1.8% in half, and with 21.2% and 13.7% declines in Pictures Group partly offset by 2.1% and 6.6% increases in Music Group revenues. Electronics operating income rose 139.9% in quarter and 52.4% in half, Sony said, "due to the sales increase and the success in cost-cutting."

U.S. sales were down 5.5% in quarter and 2.4% in half due to Sony Pictures loss (\$510 million in quarter). On local currency basis, Sony said, 2nd-quarter sales in U.S. increased about 6% in electronics, 10% in Music Business and dropped 22% in Pictures Business. In 2nd quarter, widescreen TV sales in Japan sparked 1.9% sales increase there. Total electronics sales "increased in all product groups despite the appreciation of the yen." In video, broadcast Digital Betacam VCR sales were good, with audio sparked by car stereo and significant increase in "unit sales of CD players."

For 2nd quarter, worldwide sales of Sony video equipment were up 6.7% (2.7% in half), audio 5% (5.1%), TV sets 11.8% (11%), others 4.7% (4.1%). Sony expects continuation of "challenging" business environment and plans to further cut costs and introduce "appealing" consumer products. For full year to March 31, assuming yen/dollar rate remains in "upper 90s," Sony forecast sales increase of 5% over preceding year, consolidated net loss of about 285 billion yen (\$2.9 billion).

Sony said its total MiniDisc player and recorder sales reached 700,000 as of Sept., indicating first- and 2nd-quarter sales came to 100,000 each. Sony said it sold 2.45 million color TVs in 2nd quarter (vs. 2.2 million year earlier), and forecast fiscal year sales at 10.6 million (unchanged from last year). Other sales: 8mm VCRs (including camcorders), 800,000 in quarter (down from 900,000), 3.1 million forecast for year (unchanged); 1/2" VCRs 1.1 million in quarter (unchanged), 4 million for year (unchanged); CD players, 5.5 million in quarter (from 4.15 million), 19 million for year (from 14.25 million); Walkman, 4.2 million (from 4.5 million), 15 million for year (from 13.7 million). Sony expects to ship 150,000 car navigation systems this year, up from 90,000 last fiscal year.

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Matsushita reported 61% increase in consolidated net income for 2nd quarter, with increases of 59% and 93% in operating and pretax profits respectively on 6% sales growth. First-half net was up 46%, operating profit up 51% and pretax profit up 46% on 5% sales increase. Company credited modest revival in Japanese consumer spending and continued expansion of U.S. and Asian economies with profit improvement due "mainly to companywide efforts to lower manufacturing costs and to improve efficiency in all other areas." Domestic sales were up 6% in quarter, overseas sales up 7%.

Video equipment sales by Matsushita declined 4% in quarter, 2% in half, due to "inactive" sales in Japan and shift to lower priced models, but color TV sales increased in all regions outside Japan. Audio sales rose 2% in quarter and 3% in half, due to overseas gains, as Japanese sales decreased. Appliances were up 30% and 12% in 2 periods, sparked by strong sales of air conditioners and refrigerators, "buoyed by a hot summer in Japan." Communications and industrial sales rose 13% and 12%, with fax and phone sales up in Japan, CD-ROM drives and other peripherals up worldwide. Component sales were up 5% and 8%, batteries and kitchen equipment up 4% and 7%. Entertainment sales dipped 4% in quarter, 6% in half, "due mainly to the higher yen value, which reduced an increase in U.S. dollar sales revenues of MCA."

Matsushita increased upward its forecasts for current fiscal year, now sees 4% increase in sales, with pretax income up 64%, net up 194%. It previously had forecast flat sales, 48% increase in pretax income, 145% in net.

Pioneer said it had net loss of \$10.4 million in 2nd quarter, \$7.8 million in half, compared with profitable operation in last year's periods, with consolidated net sales down 1.3% and 3.9% for 2 periods. Company attributed sales decline to strength of yen against dollar and weak sales in Japan and Europe, but noted that N. American sales were "generally higher." Pioneer's electronics sales dropped 1.6% in quarter, 2.3% in half, with audio sales down 0.8% in quarter, 2.9% in half; video down 11.7% and 4.9%; car electronics down 4.7% and 6.6%; "other" up 30.6% and 51.7%. Sales of software (including laserdisks, CDs and other media) were up 2.9% in quarter but down 20.1% in half.

"Still severe" is Pioneer's forecast for near future business climate. Company said it has "taken a number of measures, such as introducing affordable LD players and a new on-line karaoke service as well as strengthening our lineup of car navigation systems." Pioneer said it's cutting expenses and "strongly promoting overseas production" to reduce costs and hedge against currency rate fluctuations and is strengthening R&D and development of "market creating products." Company lowered its forecast for parent-only results, made no predictions of consolidated finances.

Sega Enterprises said it expects consolidated net income for year ending in March to reach 11.5 billion yen (\$118 million), about equal to last year, but less than half of company's forecast at beginning of year, when it predicted it would earn 24 billion yen. It blamed problems in European market and sluggish U.S. business in 16-bit games for shortfall, with worldwide sales expected to be off 5%. European operations now are expected to lose \$71 million on sales of \$330 million -- about half those generated in preceding year. U.S. operations are expected to break even, with sales forecast at just over \$1 billion -- 27% behind prior year.

Gordon Bricker will be keynote speaker at ITA membership meeting Nov. 22 in N.Y., replacing former RCA contemporary Roy Pollack, who was killed in helicopter crash Nov. 1 (TVD Nov 7 p13). Like Pollack, Bricker had 35-year career at RCA. He was active in videodisc and VCR development, served as ITA chmn.

JVC will introduce 10.5-hour (T-210) VHS tape Dec. 1 at about \$20 in Japan. Last year, JVC offered S-VHS tape with same capacity -- 3.5 hours at SP, 10.5 hours at EP, but new product is first known standard T-210 VHS tape.

Creative Point Marketing will expand Laserline brand with introduction of 4 videotape storage products at Consumer Electronics Show in Jan. Models will include modular, "spinner" and tower designs with 10-, 24-, 25- and 48-unit capacities at \$9.98-\$39.98.

Recoton has been granted 3rd patent for 900 MHz wireless technology that it uses on home theater speakers, microphones, VCR transmitters, other products. Company also received its first patent for cassette tape head demagnetizer.

INCREDIBLE N.Y. UNIVERSE: Tandy Corp. will open first N.Y.C. area Incredible Universe (IU) in 3rd quarter of 1995 and eventually add 2 more, possibly in Northern N.J. and Westchester County, N.Y., company said last week.

New 185,000-sq.-ft. IU will be located at former Roosevelt Raceway in Westbury, N.Y., within striking distance of N.Y. consumer electronics retailers Harvey Electronics, P.C. Richard, Tops and Wiz. Among other sites Tandy is said to be reviewing is Willowbrook, N.J. Chmn. John Roach, in Hempstead, N.Y., last week for announcement, declined to comment on timing of other N.Y. IUs, but conceded stores will draw from smaller 15-sq.-mile radius than up to 100 miles in some markets.

"It's a little bit different ballgame from what we've seen around the country because in this market, with the difficulties in travel, the area for each store will be smaller," Roach said, noting that radius translates into maximum 30-min. drive vs. up to hour elsewhere. Store will carry same merchandise as rest of chain, but with some products tailored to N.Y. area.

With projected annual sales of \$100 million, single IU store immediately would rank among top N.Y. retailers. Wiz, with 53 stores, had estimated \$750 million in sales in 1993; Tops, 8 stores, \$411 million; P.C. Richard, 30 stores, \$350 million. Tops may suffer greatest impact from new competition since its superstores follow IU pattern, but on smaller scale. Some others -- 47th St. Photo and Trader Horn -- are in Chapter 11 bankruptcy.

"I think it is going to be as tough on them as they make it on other retailers," said Philip Bettan, pres. of Broadfield Distributing, Glen Cove, N.Y. "The question is whether people are going to be more interested in one-stop selection -- New Yorkers are shoppers who will go from store to store to find deals."

Although N.Y. has dubious reputation as price-cutting mecca, Roach said it's no different from other markets. IU stores generate 18-20% margins, analysts have said. "I don't think it will necessarily be that tough," Roach said. "We've done a lot of shopping of the market and quite frankly the prices are no lower here than they are in some of the other highly competitive markets that we're already in, like Dallas-Ft. Worth, Phoenix and Miami."

But unlike other cities, N.Y. also has vibrant gray market business with some chains specializing in transshipped merchandise. "Unauthorized dealers are so prolific in their access to products that they become a factor," said executive at area retailer. "These dealers are factors in other markets, but not to the extent of New York."

Tandy began discussions in N.Y. market in Oct. 1993 and originally planned 200,000-sq.-ft. store that was later reduced to 185,000 to expedite project, Roach said. Company has "concern" about being able to "warehouse enough merchandise" for store because of smaller size and expected sales volume.

Project will be boon for Town of Hempstead, which has struggled to promote site since raceway closed in July 1988. New store is expected to generate \$700,000-\$750,000 in annual property taxes for Hempstead, Industry & Commerce Commissioner William Heins said. Raceway project has allotted 525,000 sq. ft. for retail, he said.

TIME WARNER DROPS TRADE SHOWS: Time Warner Interactive (TWI) last week announced "new trade show policy for 1995," explaining decision not to exhibit at shows but to host potential customers and media at hotel suites, starting at Consumer Electronics Show (CES) in Jan. and including Electronic Entertainment Expo (E3) in L.A. in May.

Interesting aspect of announcement is fact that TWI issued relatively detailed explanation for its new policy. "Trade show exhibitors spend millions of dollars building bigger and better booths to introduce their product lines to the trade," news release quoted TWI Entertainment Div. Pres. Terry Hershey as saying. "We feel the same results can be achieved, on a more focused and comfortable way, through one-on-one presentations in a suite away from the melee of the show floor."

TWI Games Div. Pres. Dan Van Elderin said, also in news release: "This move allows us to commit our resources to the development of comprehensive marketing and sales programs which are key to effective sellthrough in a competitive retail environment. Our new strategy better supports our retailers and customers by ultimately moving products off the shelf with focused promotions, advertising support and powerful cross-media campaigns."

TWI will "begin booking sales and media appointments in early December" for suite of presentation and meeting rooms "at a nearby hotel" during CES, release said. Developer and publisher of interactive entertainment products, including videogame cartridges, CD-ROM programs and coin-op games had 25x40-ft. exhibit at 1994 Winter CES.

"We regret Time Warner's decision not to exhibit" at CES, said spokesman for sponsor EIA Consumer Electronics Group. "We think they will be the losers by not getting the traffic of buyers and media" generated on show floor, he said. "This diminishes the benefits of having a trade show -- buyers don't want to get in a cab or a bus and get away from the show floor. We'll welcome [TWI] back when they recognize their error."

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Bib America sold 13,000-sq.-ft. Littleton, Colo., hq and will open new 26,000-sq.-ft. facility in same town in spring, company said. Bib has set up temporary quarters in Englewood, Colo., 303-761-3999. It will unveil ProLine CD storage system at Consumer Electronics Show combining color-coded vinyl pages and 3-ring binder. Pages, each of which can contain up to 4 CDs, will be sold in 4 colors in packages of 12 at \$4.99. Binders will be sold with pages for music (\$19.95) and multimedia (\$29.95) CDs and have capacity for 48 discs. Products will be delivered in mid-Dec.

Buyers of CDs and cassettes at Wherehouse Entertainment stores in Cal. can qualify for cash discounts when showing Bank of America ATM card at time of purchase. Cross-promotion, which runs through Dec. 18, offers \$3 discount on CD, \$2 off on cassette. Bank of America said large commercial bank and music retailer "may be strange bedfellows, but in the emerging new world of co-branding, such an unusual alliance can mean big profits for consumers."

THIS WEEK'S YEN RATE

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

PROJECTAVISION LICENSES SAMSUNG: Projectavision, N.Y.-based developer of LCD projection optics, said at last week's end that it had entered "definitive patent license agreement" with Samsung to use its depixilization and brightness technology in new home theater TV systems.

Samsung is Projectavision's first major licensee. Last year, company signed Hong Kong's CMC Magnetics Corp., which sells products here under MGM brand and has demonstrated early prototypes using Projectavision technology (TVD Nov 22/93 p14 et seq.). Projectavision has displayed shoebox-size portable projectors and folding rear-projection system using single LCD as picture source.

At our deadline, Samsung officials couldn't be reached for details of plans for single LCD projectors, but Mktg. Vp John Garrison was quoted in news release as looking forward to "the opportunity to apply Projectavision technology in our future products." Projectavision Pres. Martin Holleran called pact "landmark" merging "U.S. technology innovation with Korean manufacturing excellence."

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High-definition projector could result from grant by Commerce Dept.'s Advanced Technology Program to joint venture of Kopin Corp., Taunton, Mass., Philips N. America, MIT. Three-year development project has cost of \$12.4 million, about half to be funded by govt. Project is designed to develop "next-generation projection display technology" using Kopin's Smart Slide active matrix LCDs.

At time of founding of joint venture, Philips Labs Pres. Peter Bingham forecast Smart Slide technology could bring LCD cost to "equal to or less than CRTs" (TVD Aug 29 p12). Kopin process permits manufacture of LCD using standard semiconductor fabrication equipment. Kopin claimed projectors using single Smart Slide LCD could achieve same brightness as one using 3 conventional LCDs.

NEW SONY INFO CENTER IN FLA.: Sony will establish highly automated customer relations telephone system in Ft. Myers, Fla., area next year, consolidating 4 operations currently located in 3 states. Permanent location hasn't been determined, but Lee County (Fla.) Office of Economic Development said project will be located temporarily in Lee Civic Center.

Move will consolidate customer relations centers in N.J., Ill. and Cal. and consumer information center in N.J., at start will employ more than 100 early next year, rising to 300 over next 2 years, according to county officials and verified by Sony spokesman. Lee County Economic Development Dir. Thomas Kucharsik forecast center would bring more than \$200 million into county over next 5 years.

When Sony selects permanent location, center will occupy 75,000 sq. ft. and handle "millions of telephone discussions with... customers throughout the U.S.," Lee County release said. Sony spokesman said center will handle everything from requests for model numbers and information about available products to complaints and questions about warranties on purchased products.

PC/TV tuner on flat plug-in board is being sampled to computer makers by Sharp. Demonstrated at Comdex was version in bay-type package designed to drop into IBM notebook computer. Other versions will be available on PCMCIA cards and plug-in boards. Samples are \$45 each. Final price is subject to negotiation by Sharp's U.S. and Japanese factories.

STARLIGHT SET-TOP TO PHILIPS: Philips has signed licensing pact with StarSight to start selling Magnavox brand standalone on-screen guide in early 1995, sources familiar with negotiations said.

Formal announcement was expected late Fri. and Philips will show model at CES in Jan., sources said. Features and pricing weren't immediately available, although StarSight officials have said standalone unit could retail at \$199 and may go lower. StarSight officials weren't available for comment and Philips declined comment.

Final agreement with Philips was long time coming. Philips began discussions with StarSight in early 1993 and signed licensing pact for TVs and VCRs by year-end (TVD Dec 13 p12). Philips is expected to deliver 2 StarSight-equipped 4-head hi-fi VCRs during first quarter and add TVs later in year, company officials have said.

Deal for standalone unit would be first for StarSight which most recently signed pact with Panasonic for TVs that are expected to ship in late 1995. Seven other CE companies have agreements covering TVs and VCRs, along with Uniden, General Instrument, Bell Atlantic. Magnavox standalone adaptor will be made by PCI, Hong Kong.

GO-VIDEO ADDS NEW DECKS: Go-Video will launch new series of VHS/VHS dual-deck VCRs, starting in June, company confirmed. New 4000 series decks will be "more competitively priced" than 2-year-old 3000 line and will be previewed at Consumer Electronics Show (CES) in Jan., Sales Vp Kevin Sullivan said. Pricing wasn't immediately available, although 3000 series retailed at \$849-\$949.

Series will consist of 3 models starting with 2-head VCP/4-head mono VCR and moving to 2-head with 4-head hi-fi, topped by dual 4-head hi-fi, Sullivan said. Samsung-made VCRs will feature new chassis, but will retain many of same features as 3000 series including Video Sequencing, which enables user to continuously record and play programs of more than 2 hours on high-quality SP setting. With 2 tapes, dual deck automatically starts and stops tapes in proper sequence.

New decks also will signal end to use of model names Epic, Encore, Images, Mirage, Montage, Visions and Wizard, Sullivan said. Models will be sold through Sept. 1995, but will be replaced by numbered series such as 4000, he said. Company introduced dual-deck VCRs in June 1990.

TV/VCR combos are rated in Dec. Consumer Reports, which says they have "improved considerably over the past few years, but they aren't yet the perfect marriage of components." It notes, for example, that they don't permit watching one program while taping another and that "with 2 components combined, the weaker one determines the level of overall performance." Tested combos ranged \$300-\$500, or \$80-\$100 less than comparable TV and VCR, CR said. Top-rated 13" models were by Sharp, GoldStar and GE, with GoldStar 19" set topping 19-20" list.

U.K.'s Amstrad, mass manufacturer of consumer electronics and computer products, shocked British dealers last week by announcing it was switching from retailers to direct marketing of computers and fax machines. Chmn. Alan Sugar told news conference retail price squeeze left no room for profits. Amstrad will continue to sell satellite dishes, VCRs and other consumer electronics through retailers.

ZENITH LOSES REMOTE APPEAL: Federal appeals panel upheld lower court ruling that Universal Electronics remote controls don't infringe on Zenith infrared patent, but Zenith vowed to take case to U.S. Supreme Court.

U.S. Appeals Court, D.C., in one-page decision, affirmed ruling by U.S. Dist. Court Judge John Nordberg, Chicago, that in effect consumers using multibrand remote weren't guilty of infringing on patents on remote control codes (TVD Feb. 28 p16). Universal remotes were "staple article" with "substantial noninfringing uses" and didn't contribute to infringement on Zenith patent, Nordberg wrote.

Universal Pres. Thomas Tyler said: "This latest affirmation clearly shows that our products do not and have never infringed Zenith's patent."

John Calimafde, attorney for Zenith, said he expects to file petition with U.S. Supreme Court by mid-Dec. based on many of same arguments made in appeal filed in May (TVD May 30 p22). In appeal, Zenith argued that it didn't grant consumers "implied license" to use multibrand remotes by not telling them of possible patent infringement. Appeals Court ruling "was no decision so it was very disappointing from that viewpoint," Calimafde said.

Universal filed suit in Jan. 1992 seeking ruling that its remotes didn't infringe on Zenith patent. Zenith countersued same year claiming that replacing original remote was "2nd creation of patented entity." Universal has said 68% of purchasers of its remote were replacing lost or broken device.

Virtual Boy, portable "virtual reality" device, was unveiled by Nintendo at Shoshinkai Software Exhibition in Tokyo. Device, which will have U.S. debut at Winter CES in Jan., will go on sale in Japan (and elsewhere in world) in April at equivalent of \$200, with software expected to retail for \$50-\$70. Company projects it will sell 3 million pieces of hardware and 14 million software packages in first year in Japan. System is "total immersion" device that sits on tabletop; user places eyes close to pair of high-resolution, mirror-scanning LED displays that produce red images against black background, with all external stimuli eliminated through physical design of unit itself. Technology was developed by Reflection Technology (RT), Waltham, Mass., which gave Nintendo exclusive license for games. Nintendo also announced it has taken minority stake in RT -- first time it has gained equity ownership in U.S. company. RT has been touting its technology since late '80s; indeed, in 1989, official of one of company's licensees told us that achieving 3D image would be "a snap" through use of 2 panels, forecasting that it could make possible "great game applications" (TVD Oct 9/89 p10). Reflection's other investors include Nicholas Negroponte, oft-quoted dir. of Media Lab at MIT.

Patrick Ferrell, whose Infortainment World is co-sponsoring E3, called Time Warner's move "insane strategically." He said that particularly at software oriented show such as E3, buyers like ability to go from booth to booth and compare games of same genre. He also stressed value of being on show floor for meeting international market and for media exposure.

Computer monitors are increasing in size, as demonstrated at Comdex last week: Mitsubishi showed 17" (16" viewable) and 21" (20V") monitors. Sony announced 17" (16V") version in its high-resolution Trinitron line. Samsung showed its first 20" (19V") monitor.

LOGONET SIGNS WITH SONY: Sony is entering hotel-motel TV market through deal with Logonet Entertainment, major supplier of pay-per-view movies, interactive games and guest room services. Announcement by Logonet, of Sioux Falls, S.D., Sony will supply modified series of high-end Trinitron TVs featuring Logonet's "Integration Solution" technology.

Sets will be 20", Sony spokeswoman said, and will be sold or leased to lodging market by Logonet. Latter company has had similar deal with Zenith since 1987, arrangement that it said won't be affected by Sony deal. Logonet also supplies set-top boxes to integrate its system with other brands of TV.

Although neither party would comment on number of sets expected to be involved, both sides indicated it would be "substantial." Arrangement involves Sony's Business & Professional Products Group rather than its consumer TV operation. Logonet, developer of video-on-demand systems for lodging market, says it provides services to more than 307,000 guest rooms in more than 2,100 hotels in all 50 states and Canada. Company declined to provide further details, except to say, in response to our question, that Sony sets would have same interactive features as Zenith's Logonet receivers.

Babbage's and Software Etc., which have announced intent to merge, reported similarly troubled results for 3rd quarter ended Oct. 29. Babbage's loss in quarter increased to \$921,000 (-17¢ per share) from \$343,000 (-6¢) year earlier. Sales in quarter edged up 0.9% as comparable stores dropped 10%, with Chmn. James McCurry explaining that strong sales of 3DO-related products and PC CD-ROM titles "were not sufficient to offset" drop in 16-bit videogame cartridges and productivity software for PCs. Similar statement (without reference to 3DO) came from Software Etc. Pres.-CEO Dan Dematteo in reporting \$989,000 loss (vs. year-earlier \$82,000 profit) on 5.2% sales increase. Comparable stores were off 12%. Companies said they're working toward proposed merger and both expect special shareholder meetings next month for approval.

Catapult Entertainment launched XBand videogame modem and network Nov. 17 in Atlanta, Dallas, L.A., N.Y. and San Francisco with "multi-million-dollar" marketing campaign that includes radio, print and 6-week TV campaign with tag line: "Now You're Playing For Real." Spots air on Fox, MTV, NBC. At launch, modem supported on-line real-time play for Sega versions of Mortal Kombat, Mortal Kombat II, NBA Jam, John Madden NFL '95, NHL '94 and NHL '95. Other games will be added "on a regular basis," Catapult said. System, including Super Nintendo Entertainment System version of modem, will be rolled out to rest of country in 1995 first quarter. Modem will sell for \$69.95, with monthly \$7.95 fee for network connection.

Philips has made undisclosed "equity investment" in Gyration Inc., Saratoga, Cal., claimed to be "developer of the world's only remote pointer based on gyroscope technology." Companies said they have signed "strategic development alliance" to explore compatibility of Gyration's motion sensors and Philips multimedia systems. Gyration's GyroPoint is claimed to be only mobile pointing device to control cursor on computer monitor in real time without depending on location or position of device. Cordless version uses RF link. System is aimed at "wide range of industries and applications, focusing on the multimedia and interactive TV markets," Gyration said.

9-MONTH AUDIO SALES UP 13%: Audio factory dollar sales rose 13.1% to \$5.71 billion in 1994's first 3 quarters, EIA reported. Despite strong activity in last 2 months, weakness in components earlier in year prevented sales from advancing more significantly through Sept. Component shipments rose only 4.4%, but remaining 3 broadbased categories fared better. Aftermarket autosound sales were up 20.5%, systems 17.5%, portable audio 11%.

In Sept., shipments continued strong growth curve of last few months, overall Sept. dollars climbing 15.4% to \$938.04 million. Sept. was 5th consecutive month for which EIA reported double-digit rise. Strong performance in Sept. was sparked by 21.7% increase in systems. Aftermarket autosound wasn't far behind, up 18.6%, portable audio shipments up 14.6% and components extended their recent upswing, up 8.3% in dollar shipments.

Here's EIA breakdown of factory audio shipments in Sept. and year's first 9 months:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

| Product | Sept. 1994 | Sept. 1993 | % Chg. |
|-------------------------|--------------------|--------------------|--------------|
| Portable audio* | \$348,764 | \$304,333 | +14.6 |
| Components | 196,594 | 181,506 | + 8.3 |
| Systems | 201,816 | 165,839 | +21.7 |
| Autosound (aftermarket) | 190,869 | 160,959 | +18.6 |
| TOTAL | \$983,043 | \$812,637 | +15.4 |
| Product | 9 Mo. '94 | 9 Mo. '93 | % Chg. |
| Portable audio* | \$1,890,696 | \$1,703,367 | +11.0 |
| Components | 1,193,583 | 1,143,529 | + 4.4 |
| Systems | 1,157,319 | 984,699 | +17.5 |
| Autosound (aftermarket) | 1,466,957 | 1,217,569 | +20.5 |
| TOTAL | \$5,708,555 | \$5,049,163 | +13.1 |

* Includes home radio.

MATSUSHITA BORDER PLANTS: In space of less than 2 weeks, Matsushita announced 3 new facilities in San Diego-Tijuana area.

Matsushita TV Co. design and engineering hq will be built in Otay Mesa, near San Diego, company said last week. It previously had said only that hq would be in San Diego area, near its Tijuana TV plant. Facility will occupy 110,000 sq. ft. on 9.5-acre site, employ about 120 after it opens in April.

Matsushita Electronic Components announced last week that it will build new speaker plant at Tijuana site where it already employs 1,250 making TV and VCR tuners, cable TV terminals, other components. New plant, which will begin production in July with 120 employees, is expected to have 200 by 1997. Company said plant is being built to "meet increasing customer demand for speakers" and will produce 500,000 speakers monthly, raising combined monthly capacity (including Knoxville, Tenn., plant) to 1.5 million speakers in 1996. New plant will aim at supplying needs of U.S. and Mexican auto manufacturers with factories in Mexico.

Matsushita Battery Co. recently announced it will build plant in Tijuana to produce NiCd batteries, employing 140 by next April, 550 in 1997 (TVD Nov 14 p16).

TOSHIBA ADDS NAVIGATION: Toshiba will deliver car navigation system by early 1996, joining what is becoming crowded market even before product hits retail shelves. System will combine portable CD-ROM drive with 4" LCD screen that displays CD-based maps developed by digital map supplier Etak. Model will be similar to system introduced at Japan Electronics Show in Oct. at \$2,500. Product contains Global Positioning System (GPS), uses icons to label locations.

"If there is a place that is not mapped we can put those icons into the database of our system and label the location," said Toshiba Mktg. Dir. Douglas Turner. Users will be able to "customize" maps using menus and submenus built into system, he said.

With introduction, Toshiba will compete with Sanyo and Sony. Latter unveiled system earlier this year featuring 5" LCD, CD-ROM and wireless remote that can be installed or be transportable. Sanyo model has 4" LCD and added 6-disc changer. Etak also said earlier this month that it's cooperating with Avis and Delco in test offering navigation systems to car rental customers in Indianapolis area. Sony and Pioneer are leaders in growing car navigation in Japan.

With Cal. only state mapped and Fla. expected by Jan., Turner conceded market "is moving slower than originally anticipated." But with Chicago area and northeast corridor expected to be mapped during 1995, Turner said future is "matter of having large customer base to use product."

Toshiba system is designed to fit LCD screen into center of dashboard and CD-ROM in glove compartment, under seat or in trunk, Turner said. Ultimately, system could combine 3DO-licensed technology with changer that would handle CD audio, video, graphics and maps, he said. "We feel that all the entertainment that will be used in the vehicle will come in a single piece of hardware," he said.

Tops Appliance City, citing drop in air conditioner sales, reported decrease in net income during 3rd quarter to \$408,000 from \$2.3 million year ago. Drop came as sales for quarter ended Sept. 27 increased slightly to \$123.5 million from \$110.2 million year earlier despite 14.4% decline in same store sales. Gross margins decreased to 24% from 24.3% as expenses rose to \$28.2 million from \$22.7 million tied largely to opening of Queens, N.Y. store in Aug. For 9 months, Tops reported \$821,000 net loss vs. \$2.2 million profit year ago despite 18.5% increase in sales to \$330.4 million. Same stores sales dropped 11.9%.

Compuserve conference on Digital Satellite System (DSS) will be held Nov. 21, 9 p.m. Compuserve members will be able to ask questions of DSS marketing and technical executives during hour session hosted by Compuserve's Consumer Electronics Forum in service's Convention Center. DSS becomes latest in host of companies using on-line services to promote new products, such as Nintendo's recent session pushing Donkey Kong Country, Sega's inauguration of Sega Forum on Compuserve, Sony's hosting of Trinitron 25th anniversary session on America Online promoting results of its survey of most memorable TV events.

Job opportunities for experienced TV engineers: We've learned that major Japanese company is seeking electrical engineering dept. head and production engineer for U.S. TV plant. For contact, call our N.Y. office, 212-686-5410.

Consumer Electronics Personals

Edward Brice, ex-Motorola, joins Sony as mktg. mgr. for consumer navigation products, reporting to Mobile Electronics Vp **Doug Wilsterman**... **Yosuke Kobayashi**, gen. mgr., Pioneer LDC karaoke production division in Tokyo since 1990, named pres., Pioneer LDCA, Long Beach, Cal... **Joseph Napoli** named Sega Channel vp-technology & operations; **James Riewer** appointed mgr.-technical information systems... **William Luehrs**, ex-Scientific Atlanta, named Zenith senior vp-network systems operations, new position.

Robert Tilman, Lowe's exec. mdsg. vp, also becomes COO, elected to board... **Mitch Ravitz**, ex-Konica and Kolon Scena, joins Harman Consumer Group in Woodbury, N.Y., responsible for marketing branded multimedia PC speakers... **Randall Dowdis**, ex-Merisel, Pioneer, Mitsubishi and Toshiba, joins International Jensen's Specialty Audio Group as dir. of mktg., new post, reporting to Gen. Mgr. **Chris Byrne**.

Shigekuni Matsuno, appointed pres., JVC Gulf, new subsidiary in United Arab Emirates... **Robert Grossman**, ex-Voice Powered Technology, forms Manual Labor Ltd. to produce instruction manuals... **Michael Capkanis**, former rep in L.A. area, joins Eclipse as technical sales mgr., Eastern region... **Bill Homer** and **Roberta Markum** promoted to Northeast regional mgr. and L.A. district mgr., respectively, at Fuji Consumer Markets Div.

John Ruscin, ex-Ticketmaster and 20th Century Fox, named pres.-CEO, CBS/Fox Video... **Eitan Gonen** appointed pres., Matrix Video Duplication... **Len Levy**, ex-21st Century Film, named senior vp-home video, PM Entertainment... **Ralph Walin** promoted to senior vp-sales, Columbia TriStar Home Video... Expansion at A-Pix Entertainment: **Mary Flynn**, ex-Ingram, named Western regional sales mgr.; **Timothy McCreary**, ex-Academy Entertainment, Southeastern regional sales mgr.

Elected at United Servicers Assn.: **David Borsani**, A Complete Appliance, reelected pres.; **Mary Halldorson**, CW Services, first vp & acting secy-treas.; **Keith Beecher**, American Appliance & Microwave, 2nd vp.

OBITUARY

Art Westburg, 51, exec. dir. of PRO Buying Group, died of cancer Nov. 17 at his Palm Springs home. Westburg began his consumer electronics career as RCA field sales mgr. in L.A. area, joining Sanyo in 1975 as national sales mgr. for radio and recorder products, advancing to Sanyo post of senior vp-sales & mktg. before leaving in 1983 to serve short marketing stints with other electronics firms in Southern Cal. He was appointed exec. dir. of PRO Buying Group in 1985. Survivors include wife, son, daughter.

Sales of major video products continued to soar in first Nov. week, all up double digits except projection TV, which was ahead of same week by 124.7%, according to EIA data (see State of the Industry). TV/VCR combo advance of 49.8% pushed direct-view TV to 30.6% gain, with total direct-view (TV plus combos) now running more than 2 million sets ahead of last year for year to date. VCRs and camcorders had 75.9% and 16.5% gains respectively, but neither set record for first week of Nov.

CD SPARKS WORLD MUSIC SURGE: CD format was key to 8% overall rise in first-half unit shipments of recorded music in 28 major world markets, London-based International Federation of Phonographic Industry (IFPI) trade group reported.

Data on 6-month period was collected for 28 countries that accounted for more than 90% of total value of shipments worldwide in 1993, when sales rose 5.9% to \$30.489 billion from \$28.794 billion in 1992. Full-year 1993 report, which saw cassettes maintain slight edge over CD in share of total unit shipments was based on input from 64 countries, including many developing territories for which cassette still represents dominant music carrier.

But CDs far outpaced cassettes in sales of album-length recordings in 28 countries. CD shipments their rose 18% in 6 months to 666 million, while cassettes declined 4.6% to 327.9 million. CDs continued to grow at significant rate in many "developed" world markets, IFPI said, with CD sales in U.S. alone increasing more than 25% to 276.8 million in first half of 1994 compared with 219.4 million in same 1993 period. IFPI said U.S. and Canada combined accounted for 38.4% of CD units shipped worldwide in 1993 and 27.3% of cassettes sold globally last year.

Sharp and Fujitsu announced broad agreement to cooperate on products based on information processing, communications and imaging technologies. Alliance will combine Fujitsu's expertise in information processing and communications systems with Sharp's leadership in LCD technology, systems and personal information software. First project will be mobile communications system combining Sharp's handheld Zaurus computer with Fujitsu data network. Fujitsu, which has been in TV market through its General brand, has been moving toward consumer market with multimedia products and has alliance with General Magic. Sharp will introduce English language version of Zaurus pen input electronic organizer at Consumer Electronics Show next Jan. in Las Vegas.

Japanese electronics companies' practice of offsetting drops in earnings by shifting administrative staffers to regional sales subsidiaries is questioned in Nikkei Weekly, which quotes data from Teikoku Databank showing wide variety in sales per employee at sales subsidiaries, led by Sony with 144 million yen in fiscal year ended March 31, 1991, with Sanyo at 104 million, Sharp 100 million, Mitsubishi 85 million, Matsushita 83 million, Hitachi 79 million, Toshiba 75 million. Teikoku official is quoted as estimating Hitachi Sales has 1,000 superfluous staff members, Toshiba 1,600, Mitsubishi 700.

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Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|--|----------------|---------------|-----------|
| Adelphia Communications 1994-6 mo. to Sept. 30 | 174,815,000 | (53,558,000) | -- |
| 1993-6 mo. to Sept. 30 | 159,046,000 | (138,764,000) | --a |
| 1994-qtr. to Sept. 30 | 90,795,000 | (24,267,000) | -- |
| 1993-qtr. to Sept. 30 | 79,388,000 | (23,816,000) | -- |
| Atari 1994-9 mo. to Sept. 30 | 23,523,000 | (8,211,000) | -- |
| 1993-9 mo. to Sept. 30 | 20,280,000 | (26,294,000) | --a |
| 1994-qtr. to Sept. 30 | 7,173,000 | (3,886,000) | -- |
| 1993-qtr. to Sept. 30 | 4,411,000 | (17,633,000) | --a |
| Carolco Pictures 1994-9 mo. to Sept. 30 | 53,266,000 | (31,528,000) | --b |
| 1993-9 mo. to Sept. 30 | 89,836,000 | (31,427,000) | --b |
| 1994-qtr. to Sept. 30 | 19,228,000 | (8,306,000) | -- |
| 1993-qtr. to Sept. 30 | 26,133,000 | (11,189,000) | --b |
| Chyron 1994-9 mo. to Sept. 30 | 31,385,000 | (11,133,000) | --a |
| 1993-9 mo. to Sept. 30 | 26,744,000 | 667,000 | .01 |
| 1994-qtr. to Sept. 30 | 11,006,000 | (11,785,000) | --a |
| 1993-qtr. to Sept. 30 | 9,453,000 | 345,000 | -- |
| Cobra Electronics 1994-9 mo. to Sept. 30 | 61,436,000 | (540,000) | -- |
| 1993-9 mo. to Sept. 30 | 72,249,000 | (4,765,000) | --a |
| 1994-qtr. to Sept. 30 | 21,823,000 | (696,000) | -- |
| 1993-qtr. to Sept. 30 | 29,592,000 | 676,000 | .11 |
| Falcon Cable Systems 1994-9 mo. to Sept. 30 | 39,827,000 | (5,352,000) | -- |
| 1993-9 mo. to Sept. 30 | 40,445,000 | (4,111,000) | -- |
| 1994-qtr. to Sept. 30 | 13,053,000 | (2,147,000) | -- |
| 1993-qtr. to Sept. 30 | 13,591,000 | (1,172,000) | -- |
| Galaxy Cablevision L.P. 1994-9 mo. to Sept. 30 | 15,244,882 | 29,919,347 | 13.83c |
| 1993-9 mo. to Sept. 30 | 14,620,294 | (1,983,109) | -- |
| 1994-qtr. to Sept. 30 | 5,085,018 | 31,453,042 | 14.54c |
| 1993-qtr. to Sept. 30 | 4,957,786 | (527,269) | -- |
| Good Guys 1994-year to Sept. 30 | 724,713,000 | 13,893,000 | 1.06 |
| 1993-year to Sept. 30 | 562,827,000 | 7,651,000 | .60b |
| 1994-qtr. to Sept. 30 | 178,938,000 | 1,809,000 | .14 |
| 1993-qtr. to Sept. 30 | 145,727,000 | 1,241,000 | .10b |
| Image Entertainment 1994-6 mo. to Sept. 30 | 36,372,795 | 2,049,792 | .16a |
| 1993-6 mo. to Sept. 30 | 35,908,900 | 1,889,173 | .15a |
| 1994-qtr. to Sept. 30 | 20,088,075 | 1,310,273 | .10a |
| 1993-qtr. to Sept. 30 | 18,871,646 | 1,116,493 | .09a |
| International Family Entertainment 1994-9 mo. to Sept. 30 | 162,589,000 | 10,001,000 | .25 |
| 1993-9 mo. to Sept. 30 | 151,495,000 | 16,665,000 | .47 |
| 1994-qtr. to Sept. 30 | 57,694,000 | 5,511,000 | .15 |
| 1993-qtr. to Sept. 30 | 64,410,000 | 3,990,000 | .11 |
| Jones Intercable Investors 1994-9 mo. to Sept. 30 | 20,532,939 | 437,234 | .05 |
| 1993-9 mo. to Sept. 30 | 20,344,241 | 406,194 | .05 |
| 1994-qtr. to Sept. 30 | 6,905,746 | 670,641 | .08 |
| 1993-qtr. to Sept. 30 | 6,748,570 | 105,448 | .01 |
| King World Productions 1994-year to Aug. 31 | 480,659,000 | 88,300,000 | 2.33 |
| 1993-year to Aug. 31 | 474,312,000 | 101,936,000 | 2.65 |
| 1994-qtr. to Aug. 31 | 38,600,000 | 5,800,000 | .15 |
| 1993-qtr. to Aug. 31 | 103,600,000 | 20,700,000 | .55 |
| M/A-Com 1994-year to Oct. 1 | 341,596,000 | 6,692,000 | .26a |
| 1993-year to Oct. 2 | 339,890,000 | (21,507,000) | --a |
| 1994-13 wk. to Oct. 1 | 93,413,000 | 572,000 | .02a |
| 1993-13 wk. to Oct. 2 | 89,124,000 | (27,321,000) | --a |
| Matsushita Electric ^d 1994-6 mo. to Sept. 30 | 34,404,000,000 | 243,000,000 | 1.14e |
| 1993-6 mo. to Sept. 30 | 32,865,000,000 | 163,000,000 | .77e |
| 1994-qtr. to Sept. 30 | 17,647,000,000 | 152,000,000 | .71e |
| 1993-qtr. to Sept. 30 | 16,579,000,000 | 95,000,000 | .44e |
| New World Communications 1994-9 mo. to Sept. 30 | 270,417,000 | (28,310,000) | --f |
| 1994-qtr. to Sept. 30 | 94,472,000 | (15,041,000) | -- |
| 1993-qtr. to Sept. 30 | 80,188,000 | (13,947,000) | -- |

| Company & Period | Revenues | Net Earnings | Per Share |
|---|----------------|-----------------|-----------|
| Osborn Communications 1994-9 mo. to Sept. 30 | 23,466,674 | (2,590,022) | -- |
| 1993-9 mo. to Sept. 30 | 19,490,982 | (2,072,697) | .09 |
| 1994-qtr. to Sept. 30 | 11,339,065 | 407,438 | .08 |
| 1993-qtr. to Sept. 30 | 8,494,518 | 264,292 | .059 |
| Pioneer Electronic ^d 1994-6 mo. to Sept. 30 | 2,505,724,000 | (7,765,000) | --e |
| 1993-6 mo. to Sept. 30 | 2,606,694,000 | 77,245,000 | .44e |
| 1994-qtr. to Sept. 30 | 1,318,500,000 | (10,388,000) | --e |
| 1993-qtr. to Sept. 30 | 1,335,490,000 | 8,306,000 | .05e |
| Sony ^d 1994-6 mo. to Sept. 30 | 18,747,018,000 | (3,158,806,000) | --e |
| 1993-6 mo. to Sept. 30 | 18,032,081,000 | 101,704,000 | .27e |
| 1994-3 mo. to Sept. 30 | 9,926,276,000 | (3,198,694,000) | --e |
| 1993-3 mo. to Sept. 30 | 9,575,878,000 | 23,214,000 | .07e |
| Tele-Communications 1994-9 mo. to Sept. 30 | 3,427,000,000 | 63,000,000 | .12c |
| 1993-9 mo. to Sept. 30 | 3,104,000,000 | 14,000,000 | .03c |
| 1994-qtr. to Sept. 30 | 1,286,000,000 | 25,000,000 | .04c |
| 1993-qtr. to Sept. 30 | 1,044,000,000 | (65,000,000) | --c |
| Viacom 1994-9 mo. to Sept. 30 | 4,585,800,000 | 139,800,000 | .49 |
| 1993-9 mo. to Sept. 30 | 1,474,600,000 | 144,600,000 | 1.20 |
| 1994-qtr. to Sept. 30 | 2,131,000,000 | 327,300,000 | 1.41 |
| 1993-qtr. to Sept. 30 | 508,100,000 | 22,000,000 | .18 |

Notes: ^aAfter special charge. ^bRestated. ^cIncludes special credit. ^dAt \$1 = 98 yen. ^ePer ADS. ^fComparative results not available.

^gAdjusted.

Electronic toys and consumer electronics (CE) will be specialty of Trilium Inc., Los Altos, Cal., company formed by Alan Miller, co-founder of Activision and Accolade software companies. New venture, in which Miller is sole investor, expects to introduce first items in 2nd quarter of 1995, with delivery in Sept.-Oct., said Miller, who left Accolade earlier this fall. Although specifics were lacking, he told us focus will be on micropocessor-driven devices. Products will be sold using sales reps to target toy stores and CE chains, he said. Miller said he will "conceptualize" products, but outside companies will build them. He is best known for his role in Activision, which soared to \$157 million in sales in 1983 on strength of its cartridges for Atari game system, but plummeted when game market crashed same year. He founded Accolade in 1984 and helped develop line of Nintendo, Sega, PC and CD-ROM games.

Sony has picked 5 finalists for ad agency to handle consumer and professional electronics and recording media accounts (TVD Sept 26 p12): Foote, Cone & Belding/SF, San Francisco, and 4 N.Y. agencies -- Chiat/Day; DDB Needham Worldwide; Lowe & Partners/SMS; Messner, Vetere, Berger, McNamee, Schmetterer. Goodby, Silverstein also was named, but bowed out of review because of "client conflict." New agency will replace Leo Burnett, Chicago (electronics), Hill Holliday, Connors, Cosmopolis, Boston (business & professional) and Burkhardt & Christy, N.Y. (recording and media). Sony Electronics Pres. Carl Yankowski said last week in announcing review that Sony is seeking "a theme that will link all our advertising in support of our products" to meet "much more challenging and diverse" competition.

China's Panda Electronics now has capacity to produce 4 million TV sets and 2 million audio products annually, according to China Daily, which reiterated company's oft-expressed desire to become international brand (TVD Nov 7/88 p12). Report said company now has production and sales subsidiaries in U.S., Russia, Myanmar, Hong Kong, Macao. To finance major expansion, Panda is preparing to issue stock to be listed on Hong Kong Stock Exchange, Chmn.-Pres. Chen Xiangxing is quoted as saying.

TELEVISION DIGEST

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With Consumer Electronics

IN THIS ISSUE: Warren Publishing's List of Top 100 Cable Operators
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NOVEMBER 28, 1994

VOL 34, NO. 48

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CONTINENTAL ACQUIRES Providence Journal cable systems in \$1.4-billion noncash deal. Companies cite need for size to compete. Pending are 140 local franchise transfers from 38 headends. Continental to become public company. (P. 1)

PAY-TO-BASIC PENETRATION GROWS at Top 100 MSOs for first time in 5 years, modest basic gains continue. Pay subscriptions doubled rate, basic subscribers up 2%, showing steady increase. Top 100 had 56,623,756 basic subscribers as of Sept. 1, serving 59.4% of U.S. TV households. (P. 2)

NBC, CBS/GROUP W JOINT VENTURE: Deals include stations in Philadelphia, Denver, Salt Lake City. CBS/NBC swap Miami stations. CBS/Group W will pay NBC \$124 million for KUTV. CBS has holes to fill. (P. 5)

APPEALS COURT UPHOLDS BELL ATLANTIC VDT: Agrees with lower court that it's unconstitutional to bar telcos from providing programming directly to customers. Appeal to Supreme Court seen. (P. 5)

CBC TO CUT JOBS: About 1,000 of 9,000 jobs to be slashed in plan to revitalize service. More Canadian programming planned. (P. 6)

FCC OKAYS EXPANSION OF SNET VDT TRIAL to pass 150,000 homes in Conn. Hybrid fiber-coaxial network will offer video-on-demand, interactive services, time-switching. (P. 6)

CONTINENTAL BUYS PROVIDENCE JOURNAL CABLE IN \$1.4-BILLION DEAL: Continental Cablevision signed definitive agreement Nov. 22 with Providence Journal Co. to acquire its cable systems in noncash exchange for Continental Class A common. Parties said deal was worth \$1.4 billion, including assumption of \$755 million debt. Continental, privately held, will become public company when transaction is completed; deal will increase its subscriber base to 3.66 million from 2.87 million. Providence owns Colony Communications, 16th-largest MSO, with 787,408 subscribers.

As part of deal, Journal said it will buy out partner N.Y.C.-based Kelso & Co., turn over its cable operations to Continental and acquire remaining 50% of Kelso's broadcast interests, which include independent KFVE Honolulu; NBC affiliates KTVB Boise, KGW-TV Portland, Ore., and KING-TV Seattle; CBS affiliate KREM-TV Spokane. Deal is expected to close in mid-1995, companies said.

Consumer Electronics

MORITA RESIGNS AS SONY CHMN., citing health problems stemming from cerebral hemorrhage suffered last Nov., will remain honorary chmn. (P. 8)

COLOR TV, VCR, CD PLAYER IMPORTS continued to soar in Sept., but camcorder shipments lagged behind 1993. Mexico dominates as TV source. (P. 8 & 13)

SOLID-STATE CD-QUALITY MUSIC could be on market within 5 years, AT&T says, portraying possibility of pager-sized portable by end of century. (P. 9)

PIONEER REPORTS BACK ORDERS on allocations of CD recorder, plans more mainstream product for 1995. (P. 10)

SHARP AND MITSUBISHI reported earnings gains, crediting increased sales of liquid crystal displays and semiconductors. (P. 10)

HITACHI WILL CUT DEALERS by early Jan. as it moves to increase focus on small- and medium-size retailers. (P. 11)

VHS-C MOVED PAST 8MM in market share this year, says JVC exec., who concedes 8mm will make comeback in 1995. (P. 12)

MARANTZ SHIPS 4" LCD color TV typifying what company says will be nonaudio "specialty items" for independent retailers; plans Video CD portable with 4" LCD for 1995. (P. 12)

Journal Pres. Trygve Myhren said transaction would give stockholders "significant ownership" in Continental; he declined to give exact percentage but said it would be under 25%. Myhren confirmed that per-subscriber price of \$1,778 was below average but said important factors are high "multiple of cash flow" and fact that it was "at all levels structured as a tax-free deal... Nobody says, 'Hey, what did you get per subscriber?'" Journal Chmn.-CEO Stephen Hamblett said company is "repositioning... to expand our presence in newspapers, broadcast television and video programming," but merger allows "ongoing investment in the cable industry through a larger and better positioned company."

Although "we really like the cable business," Myhren said turning over management to Continental would improve systems' ability to compete against telco and satellite competitors. He said merging with larger MSO was only way to deliver new services "at a price that's going to be competitive." Deal was "as close to a win-win situation that you can get," he said, because of companies' similar management styles and technical plant capabilities. Continental and Providence mesh especially well in channel offerings, he said, with most systems at 54-60 channels.

Clustering is major advantage of transaction, officials of companies said. It includes systems in Cal., Fla., Minn., New England, N.Y. Continental spokesman said higher revenues from increased subscriber base would allow company to train more employees at one time. He declined to discuss clustering's affect on future telco entry, move industry watchers have said is necessary to expand interconnection. However, Myhren said, "We believe size and clustered market presence are essential to future success in cable and telephone services." Continental Chmn.-CEO Amos Hostetter said Journal systems are "very good fit" because: "Of all the companies in the cable industry, their operations are closest to Continental's in geography, management philosophy, technology and commitment to customer service."

Deal is contingent on SEC approval and transfer of about 140 cable franchises. Myhren said he expects "no significant roadblocks" from federal authorities and faster-than-usual franchise transfers by cities because companies operate so similarly. He said both will work to negotiate "patchwork quilt of municipal demands and desires" expected to stem from transfers. Main goal is to overcome "historical nonaccident" that has splintered MSOs in past through widely varied franchise arrangements. That requires "relatively seamless" operation to deliver new services, he said.

TOP 100 PAY-TO-BASIC PENETRATION UP, BASIC STEADY: For first time in 5 years, ratio of pay units to basic subscribers for Top 100 cable operators grew more than 0.1%. Our latest survey of largest MSOs shows pay units at 40,120,188, with new pay-to-basic penetration of 70.85%, compared with 70.12% March 1 (TVD May 23 p3). Pay subscriptions were up 3%, almost double 1.6% growth rate for previous 6 months. Basic subscribers at Top 100 were up 2%, again, continuing modest but steady growth seen in several previous surveys.

Biggest movers in survey are Marcus Cable and Charter Communications, ranked 34 and 36. Both acquired systems from Crown Media (19th), Marcus bought Star Cablevision and Charter purchased most of McDonald Group, both now gone from Top 100. Also new to Top 100 is Ponca/Universal Holdings (76th) as result of acquisition of several small MSOs.

Here are key figures from our latest semiannual survey: (1) Top 100 had 56,623,756 basic subscribers as of Sept. 1, up 2% from March 1; served 59.4% of U.S. TV households, using Nielsen Jan. 1995 estimates, and 97% of all U.S. basic subscribers, which we now estimate to be 58.3 million. (2) Pay units were 40,120,188, up 3%. Pay-to-basic penetration jumped to 70.85% from 70.12% and 70.4% in 2 previous surveys.

(3) Pace of addressability rollout picked up again. Addressable homes for Top 100 were 21,806,593, up 4.2%. Penetration of addressable homes to basic subscribers grew to 38.5%, up from 37.7% in March. (4) Homes passed were 91,537,563, up 1.76%. Basic subscribers-to-homes passed penetration rose slightly to 61.86%, up from 61.7% and 61.5% in 2 previous surveys.

Note: We continue to offer most up-to-date cable TV data available anywhere, based on our 50 years of tracking TV data. Information is available for use on your own computers or as customized reports. We will be demonstrating services at Western Cable Show in Anaheim Nov. 30-Dec. 2: Booth 168, phone 714-490-2177. Attending for Warren Publishing: Gene Edwards, Mike Feazel, Mike Grebb, Lynn Levine, Brian Meeley, Art Sindlinger.

FIRST 50

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Miles of Plant | Addressable Homes |
|----------------------|---|-----------------------|------------------------|-------------------------|----------------------|------------------------|
| 1. | Tele-Communications Inc. ^a | 10,325,000 | 6,350,000 | 17,608,000 | 220,000 | 2,577,000 |
| 2. | Time Warner Cable ^b | 7,300,000 | 5,100,000 ^c | 12,000,000 ^c | 122,000 ^c | 3,000,000 ^c |
| 3. | Continental Cablevision Inc. ^k | 2,869,796 | 2,443,545 | 5,035,704 | 58,000 ^c | 1,500,000 ^c |
| 4. | Comcast Corp. | 2,747,000 | 2,070,000 | 4,430,000 ^c | 54,000 | 1,000,000 ^c |
| 5. | Cablevision Systems Corp. | 2,582,000 | 4,073,000 | 4,264,000 | 39,717 | 1,324,445 |
| 6. | Cox Cable Communications | 1,824,167 | 1,182,095 | 2,868,345 | 27,833 | 806,492 |
| 7. | Newhouse Bcstg. | 1,405,628 | 1,049,473 | 1,959,100 | 29,956 | 701,261 |
| 8. | Adelphia Communications Corp. | 1,381,041 | 658,464 | 1,942,915 | 23,000 ^d | 684,650 ^d |
| 9. | Cablevision Industries Inc. | 1,372,308 | 818,294 | 2,097,863 | 35,000 | 437,573 |
| 10. | Times Mirror Cable TV | 1,312,902 | 776,576 | 2,107,181 | 21,266 | 571,408 |
| 11. | Jones Spacelink Ltd. | 1,285,231 | 989,385 | 2,139,480 | 28,300 | 480,000 |
| 12. | Viacom Cable | 1,119,434 | 851,297 | 1,746,367 | 14,268 | 441,928 |
| 13. | Falcon Cable TV | 1,098,734 | 401,046 | 1,309,444 | 29,455 | 393,079 ^c |
| 14. | Sammons Communications Inc. | 1,077,901 | 611,619 | 1,596,354 | 18,544 | 556,291 |
| 15. | Century Communications Corp. | 947,000 | 400,000 ^d | 1,650,000 ^d | 20,344 ^d | 670,000 ^d |
| 16. | Colony Communications Inc. ^e | 787,408 | 501,218 | 1,246,785 | 13,442 | 414,105 |
| 17. | E. W. Scripps Co. | 724,082 | 643,157 | 1,163,005 | 18,234 ^d | 272,000 ^c |
| 18. | TeleCable Corp. ^f | 718,543 | 690,453 | 1,005,645 | 14,877 | 531,796 |
| 19. | Crown Media Inc. ^g | 676,507 | 430,665 | 1,220,470 | 20,840 | 300,230 |
| 20. | KBLCOM Inc. | 670,648 | 530,117 | 1,297,049 | 10,155 ^d | 320,819 |
| 21. | InterMedia Partners | 655,719 | 474,381 | 1,037,782 | 17,949 | 140,903 ^d |
| 22. | Lenfest Communications Inc. | 616,051 | 453,764 | 939,255 | 11,393 | 232,550 ^d |
| 23. | TKR Cable Co. ^d | 602,243 | 497,350 | 899,222 | 9,449 | 134,500 |
| 24. | Prime Cable Corp. ^h | 587,068 | 562,646 | 1,174,668 | 8,811 | 378,518 |
| 25. | Maclean Hunter Cable TV ⁱ | 553,435 | 605,951 | 1,140,395 | 7,114 | 313,341 |
| 26. | Post-Newsweek Cable Inc. | 489,465 | 289,878 | 691,597 | 9,410 | 181,770 |
| 27. | TCA Cable TV Inc. | 479,673 | 379,839 | 654,085 | 10,304 | 250,000 |
| 28. | Wometco Cable Corp. ^j | 470,391 | 270,272 | 804,040 | 11,238 ^d | 226,470 |
| 29. | Tele-Media Corp. ^k | 430,056 | 156,249 | 608,512 | 10,203 ^d | N/A |
| 30. | Multimedia Cablevision Inc. | 424,283 | 323,584 | 707,363 | 8,750 | 60,000 |
| 31. | Rifkin & Assoc. | 392,256 | 232,792 | 546,824 | 10,200 | 13,508 |
| 32. | Triax Communications Corp. | 374,606 | 234,920 | 567,184 | 14,069 | 20,000 |
| 33. | Western Communications | 312,152 | 159,868 | 433,532 | 4,555 ^d | 90,099 |
| 34. | Marcus Cable | 298,792 | 184,948 | 440,495 | 7,548 | 26,377 |
| 35. | C-TEC Cable Systems | 278,780 | 146,754 | 420,882 | 9,450 | 180,000 |
| 36. | Charter Communications Inc. | 276,000 | 130,000 | 460,000 | N/A | N/A |
| 37. | Columbia International Inc. | 260,000 | 198,200 | 411,000 | 4,910 | 145,000 |
| 38. | Service Electric Cable TV Inc. | 242,000 | 80,575 | 368,000 | 5,580 | 85,000 |
| 39. | SBC Media Ventures (formerly Southwestern Bell Corp.) | 241,000 | 240,000 | 393,000 | 3,850 | 140,000 |
| 40. | Harron Communications Corp. | 233,874 | 146,971 | 341,410 | 6,388 | 114,875 |
| 41. | Greater Media Inc. | 231,560 | 206,620 | 364,658 | 3,044 | 175,000 |
| 42. | Media General Inc. | 225,671 | 214,472 | 330,382 | 4,282 | 207,026 |
| 43. | US Cable Corp. | 216,296 | 131,976 | 352,097 | 5,202 | 123,000 |
| 44. | MultiVision Cable TV Corp. | 213,997 | 151,911 | 361,873 | 3,247 | 131,965 |
| 45. | Fanch Communications Inc. | 210,000 | 80,000 ^c | 280,000 ^c | N/A | N/A |
| 46. | Bresnan Communications Co. | 200,615 | 117,962 | 297,182 | 5,092 | 18,089 |
| 47. | Garden State Cablevision L.P. | 193,459 | 154,211 | 285,937 | 3,200 ^d | 115,519 ^d |
| 48. | Armstrong Utilities Inc. | 184,000 | 100,794 | 230,413 | 4,697 | N/A |
| 49. | Gaylord Broadcasting Co. | 180,000 | 168,000 | 440,350 | 3,800 | 155,000 |
| 50. | Summit Communications Group Inc. | 160,873 | 93,158 | 238,405 | 4,236 | 6,495 |
| Total—First 50 | | 52,459,645 | 37,758,450 | 84,908,250 | 1,027,202 | 20,648,082 |

SECOND 50

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Miles of Plant | Addressable Homes |
|------|---|-----------------------|---------------------|-----------------------|--------------------|---------------------|
| 51. | American Cable Entertainment (formerly Simmons Communications Inc.) | 160,056 | 59,676 | 227,154 | 4,249 | 65,800 |
| 52. | Northland Communications Corp. | 160,027 | 50,360 | 238,365 | 5,520 | 10,000 |
| 53. | United Video Cablevision Inc. | 157,753 | 78,346 | 217,624 | 6,301 | 34,663 |
| 54. | Blade Communications Inc. | 150,639 | 79,463 | 238,661 | 2,000 | 110,000 |
| 55. | Insight Communications Co. | 150,000 | 95,000 | 290,000 | 4,600 | 45,000 |
| 56. | Pencor Services Inc. | 143,358 | 57,738 ^d | 167,602 | 7,114 | 35,000 |
| 57. | Booth American Co. | 136,916 | 64,447 | 203,801 | 3,830 | N/A |
| 58. | New Heritage Assoc. | 132,419 | 92,575 | 265,168 | 4,334 | 109,642 |
| 59. | Susquehanna Cable Co. | 125,643 | 72,156 | 168,370 | 2,637 | 65,321 |
| 60. | Prestige Cable TV Inc. | 121,231 | 52,561 | 171,384 | 4,829 | 69,815 |
| 61. | Barden Communications Inc. | 116,523 | 225,207 | 406,432 | 2,100 | 101,623 |
| 62. | Coaxial Communications | 113,633 | 99,735 | 205,354 | 3,910 | 87,625 |
| 63. | WEHCO Video Inc. | 111,817 | 47,523 | 153,000 | 2,700 | 0 |
| 64. | Midcontinent Cable Co. | 110,524 | 46,041 | 94,302 | 1,890 | N/A |
| 65. | Sonic Communications | 106,559 | 55,395 | 175,678 | 1,796 ^c | 30,000 ^c |

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Miles of Plant | Addressable Homes |
|----------------------------|---|-----------------------|-------------------|-----------------------|--------------------|--------------------|
| 66. | Douglas Communications Corp. II | 105,451 | 56,250 | 180,000 | 4,286 | 6,000 |
| 67. | Buford Television Inc. ¹ | 90,302 | 70,218 | 170,381 | 6,407 | 2,400 |
| 68. | Helicon Corp. | 84,106 | 31,929 | 113,636 | 2,649 | 20,000 |
| 69. | Cablevision of Texas Ltd. ^d | 80,538 | 39,157 | 129,000 | 4,100 | 1,200 |
| 70. | James Cable Partners ^d | 78,947 | 29,471 | 127,231 | 3,425 | N/A |
| 71. | Chambers Communications Corp. | 77,592 | 25,269 | 117,998 | N/A | N/A |
| 72. | News Press & Gazette Co. | 71,500 | 29,450 | 105,800 | 1,637 | 14,667 |
| 73. | Benchmark Communications | 68,600 | 62,650 | 99,800 | 1,690 | 6,300 ^c |
| 74. | Leonard Communications Inc. | 68,000 | 20,000 | 101,500 | 2,370 | 4,000 |
| 75. | Masada Corp. | 67,728 | 26,920 | 121,573 | 3,957 | 11,399 |
| 76. | Ponca/Universal Holdings Inc. | 66,695 | 23,736 | 88,438 | 2,373 | 0 |
| 77. | Great Southern Printing & Manufacturing Co. | 66,486 | 41,867 | 88,222 | 2,099 | 2,848 |
| 78. | Star Cable Associates | 64,870 | 36,440 | 110,665 | N/A | 0 |
| 79. | State Cable TV Corp. | 63,759 | 29,834 | 64,000 ^c | 2,130 ^d | N/A |
| 80. | Schurz Communications Inc. | 60,855 | 41,938 | 79,923 | 914 | 31,615 |
| 81. | Rock Assoc. | 60,250 | 48,016 | 84,500 | 1,200 | 4,600 |
| 82. | Sunflower Cablevision | 58,647 | 15,052 | 70,256 | 1,000 ^d | 16,451 |
| 83. | Donrey Media Group | 58,543 | 31,015 | 79,841 | 830 | 8,750 |
| 84. | Galaxy Cablevision | 58,408 | 45,415 | 98,257 | 2,725 | 20,000 |
| 85. | Twin County Cable TV ^d | 58,357 | 15,600 | 125,000 | 2,762 | 18,010 |
| 86. | Cable America Corp. | 58,018 | 46,681 | 124,001 | 2,400 | 23,965 |
| 87. | Wade Communications Inc. | 58,000 | 88,500 | 166,000 | 523 | 58,000 |
| 88. | Omega Communications Inc. ^d | 59,387 | 24,000 | 98,000 | 1,950 | N/A |
| 89. | Americable International Inc. | 54,734 | 30,130 | 108,325 | 1,505 | 27,000 |
| 90. | Verto Cable TV | 54,432 | 24,821 | 78,950 | 593 | 4,100 |
| 91. | Raystay Co. | 53,291 | 23,175 | 55,861 | 994 | 8,132 |
| 92. | N-Corn | 52,538 | 35,968 | 89,299 | 1,239 | 14,693 |
| 93. | Fairbanks Communications Inc. | 50,333 | 26,637 | 64,607 | 893 | 1,400 |
| 94. | Daniels Communications Inc. (formerly Bill Daniels) | 49,765 | 29,792 | 64,108 | 684 | 21,000 |
| 95. | Community TV Corp. | 47,600 | 18,617 | 68,000 | 1,344 | 28,000 |
| 96. | New England Cablevision | 46,901 | 23,834 | 58,789 | 1,180 | 16,889 |
| 97. | Nathan A. Levine | 45,752 | 24,927 | 74,000 | 1,600 | N/A |
| 98. | Eastern Connecticut Cable TV Inc. | 43,953 | 21,536 | 52,696 | 1,029 | 19,346 |
| 99. | Alexcom Ltd. Partnership | 41,575 | 23,770 | 66,761 | 953 | 3,257 |
| 100. | Telesat Cablevision Inc. | 41,100 | 22,900 | 81,000 | 1,178 | N/A |
| Total—Second 50 | | 4,164,111 | 2,361,738 | 6,629,313 | 122,429 | 1,158,511 |
| GRAND TOTAL—Top 100 | | 56,623,756 | 40,120,188 | 91,537,563 | 1,149,631 | 21,806,593 |

^aNumbers represent TCI & consolidated subsidiaries where ownership interest is greater than 50% as of September 1, 1994. ^bIncludes Kansas City Cable Partners & Paragon Communications. ^cWarren Publishing's estimate. ^dAs of March 1, 1994 or earlier. ^eIncludes Copley Press Electronics Co. figures. ^fSale to TCI pends. ^gWarren Publishing estimate reflecting completed sales of some systems to Marcus Cable & Charter Communications Inc. Sales of remaining properties to Marcus & Charter pend. ^hIncludes G.C. Assoc. figures. ⁱSale to Comcast Corp. pend. ^jIncludes Robert M. Bass Group figures. ^kAs of July 1, 1994. ^lFigures are prior to Buford Television Inc.'s recent acquisition of Galaxy Cablevision systems with 34,800 subscribers.

FCC fined WFNL(FM) Sturgeon Bay, Wis., \$4,000 for overcharging federal candidates in 1990 primary and general elections, in violation of lowest unit charge requirements for political ads, and for failing to maintain required political file. Also, FCC ruled that political ads containing "graphic abortion imagery" may be scheduled by stations in time periods "when children are less likely to be in the audience." In Sept. 28 decision, text of which wasn't released until Nov. 22, Commission said "channeling" wouldn't violate candidate reasonable access or no-censorship provisions of law as long as action related to "the nature of the graphic imagery in question and not to any political position the candidate espouses... A licensee may not channel political advertisements containing graphic abortion imagery simply out of disagreement with the candidate's political position." Advertisements must be aired "in time periods that are otherwise consistent with the candidate's right to reasonable access," Commission said. FCC began proceeding on issue in Oct. 1992 because of appeals of its ruling that law didn't permit broadcasters to refuse such ads on grounds of indecency.

Bcst. Cable Credit Assn. (BCCA) will hold credit and collection seminar Feb. 15-17, Scottsdale Ariz. Hilton -- \$295 for members, \$345 for others.

FCC voted 3-0 with 2 abstentions to approve appointment of long-time FTC staffer Gary Laden as chief of Cable Bureau Policy & Rules Div., replacing acting chief Patrick Donovan, recently named asst. chief, Common Carrier Bureau. Comrs. Quello and Chong abstained (highly unusual procedure at FCC), reportedly because of concerns about Laden's lack of experience in cable. Laden had been FTC staffer since 1972, most recently was asst. dir.-general supervisory attorney. Cable Bureau Chief Meredith Jones (who also has no broadcast-cable experience) said Laden's FCC experience makes him familiar with competitive issues facing cable, "something that will be very valuable." Appointment is subject to Office of Personnel Management review.

U.S. Appeals Court, D.C., affirmed FCC ruling upholding Review Board determination that FM radio construction permit applicant's "inconsistencies" at administrative law judge's hearings represented disqualifying "lack of candor." Swan Creek Communications, Swanton, O., had applied for permits for 2 stations -- in Swanton and Lima. Review Board based "lack of candor" ruling on conflicting testimony as to whether applicant had financial qualifications to operate both stations or had submitted applications knowing it could afford only one.

CBS-GROUP W VENTURE SWAPS WITH NBC: NBC has purchased WCAU-TV (Ch. 10) from CBS, filling its last top-10 market network affiliation hole, in return for sale of NBC-owned stations in Denver (KCNC-TV, Ch. 4) and Salt Lake City (KUTV, Ch. 2) to CBS-Group W Joint Venture, swap of CBS and NBC Miami stations, and cash payments. CBS-Group W deal with NBC had been expected (TVD Aug 29 p2) and CBS still has affiliation hole to fill in Milwaukee, 28th market, with all changes brought on by Fox deal of last spring with New World (TVD May 30 p3).

KCNC-TV and KUTV will become CBS affiliates. NBC announced affiliation agreement in Denver with KUSA-TV (Ch. 9, ABC) and said it's negotiating agreement in Salt Lake City with KSL-TV (Ch. 5, CBS). In Philadelphia, Group W's KYW-TV (Ch. 3, NBC) is moving to CBS in CBS-Group W deal (TVD July 18 p5). Denver's ABC affiliation moved to KMGH-TV (Ch. 7, CBS) (TVD Oct 24 p7).

In Miami, CBS's WCIX (Ch. 6) and NBC's WTVJ (Ch. 4) will exchange TV towers and channel positions. WTVJ is far stronger signal over Miami metropolitan area, since WCIX's tower must be located south of Miami because of Ch. 6 mileage restrictions; CBS has filled-in WCIX signal with repeaters and translators to north of Miami and fate of those stations under NBC isn't known. CBS/Group W will pay NBC \$124 million for KUTV (deal still is pending FCC approval) -- combination of cash and assumption of station's obligations.

Because CBS/Group W joint venture is controlled 51% by Group W and 49% by CBS, stations in Denver, Miami and Salt Lake City will be attributed to Group W under FCC ownership limits. Ownership of Group W's KYW-TV also will be transferred to joint venture. When transactions are completed, Group W will have 8 stations for purpose of ownership limits: Philadelphia, Denver, Miami and Salt Lake City being taken over by joint venture in latest transactions, plus 4 it already owns -- KDKA-TV (Ch. 2, CBS) Pittsburgh, KPIX (Ch. 5, CBS) San Francisco, WJZ-TV (Ch. 13, ABC) Baltimore, WBZ-TV (Ch. 4, NBC) Boston. WJZ-TV and WBZ-TV switch affiliations to CBS Jan. 2 (TVD Nov 21 p6).

After sale of Philadelphia and Miami stations, CBS will own 6 stations: WCBS-TV (Ch. 2) N.Y.; KCBS-TV (Ch. 2) L.A.; WBBM-TV (Ch. 2) Chicago; WCCO-TV (Ch. 4) Minneapolis-St. Paul; WFRV-TV (Ch. 5) Green Bay. Purchase of WGPR-TV (Ch. 62) Detroit (TVD Sept 26 p7) is pending.

NBC also announced it will fill another affiliate gap -- in Honolulu -- by affiliating with Providence Journal's KHNL (Ch. 13, Fox) Honolulu. KHON-TV (Ch. 2, NBC) moves to Fox in sale by Burnham Bestg. to Fox-backed SF Bestg. (TVD Aug 29 p2). Journal and NBC also signed long-term affiliation agreements (7-10 years) with 4 existing NBC affiliates: KTVB (Ch. 7) Boise, WCNC-TV (Ch. 36) Charlotte, KGW-TV (Ch. 8) Portland, Ore., KING-TV (Ch. 5) Seattle. Remaining NBC affiliation gaps include Flint-Saginaw (60), Mobile (62), Green Bay (65).

Gross 3rd-quarter combined revenues for ABC, CBS and NBC increased 2.8% to \$1.7 billion from 1993, but Fox inroads through NFL coverage and Sat. a.m. programs caused decreases in sports (12.3%) and children's programming (1.4%). Report by Best. Cable Management Assn. said networks' coverage of O.J. Simpson case accounted for daytime revenue drop of 1.4%. Revenue increases included: Late night 17.1%, due to David Letterman, Jay Leno and Nightline shows; news 13.5%; morning 12.5%; prime time 4.6%.

BELL ATLANTIC VDT BID UPHELD: In what telephone industry calls "precedent-setting decision," 4th U.S. Appeals Court, Richmond, ruled Nov. 21 that it's unconstitutional to bar Bell Atlantic from providing video programming in its service area. Appeals Court, upholding Aug. 1993 decision by U.S. Dist. Court, Alexandria, Va., said ban is violation of First Amendment. At issue is Bell Atlantic challenge to Sec. 533 of 1984 Cable Act that prohibits telephone companies from offering programming -- either through ownership of cable systems or through ownership of programming on VDT platform. Provision sometimes also is referred to as cable-telco cross-ownership ban, although it extends beyond that.

Case almost certainly will be appealed to U.S. Supreme Court because it involves constitutional question and affects large number of people, USTA Gen. Counsel Mary McDermott said. Dept. of Justice has 90 days to file. Although 8 similar cases are pending, Bell Atlantic's is first to be decided at Appeals Court level, opening door for Supreme Court challenge. Cases filed by Ameritech, BellSouth and U S West also have won Dist. Court verdicts and now face Appeals Court challenges. Suits filed by Nynex, Pacific Telesis and Southern New England Telephone Co. still await court decisions. USTA also has filed suit to overturn ban on national basis.

Bell Atlantic Gen. Counsel James Young said company is "delighted" with decision, calling it "tremendous victory for competition and for consumers who have noted in surveys that they are more than anxious to see an alternative to their local cable company." McDermott said decision exerts pressure on FCC to ease VDT rules on programming ownership. However, long-simmering dispute probably won't see resolution until legislation is passed or Supreme Court acts, she said.

Issue is of particular interest to telcos as they embark on VDT service. FCC, based on Sec. 533 prohibition, has barred LECs from selling programming directly to customers. NCTA was "obviously disappointed" by verdict, spokesman said. It said Court action "points up the need for Congress to act in this area to create real competition in the telephone as well as the cable market."

Appeals Court opinion was written by Judge Donald Russell of S.C. on behalf of 3-judge panel that included Blane Michael of W.Va. and Carlton Tilley of N.C. Opinion said law "burdens substantially more speech than is necessary" and "also does not leave the telephone companies with ample alternative channels for communication."

Time Warner (TW) launched cellular service Nov. 21 in Rochester, N.Y., and plans to roll out similar service where it provides cable TV within 2 years. TW said it's reselling cellular service of Rochester Telephone rather than building separate cellular network. TW Telecommunications CEO Dennis Patrick said company is getting into cellular as first step toward bundled services. TW already has targeted Honolulu, Houston, N.C., N.Y., Ohio and Orlando for cellular services within 2 years. Patrick wouldn't comment on timetable, but said company's strategy is to avoid costs of buying spectrum and building infrastructure while offering service through resale agreements. Service was introduced with free calls from 5 Rochester malls.

Osborn Communications said it has retained investment bank to evaluate whether to sell its broadcast operations, including WJSU-TV (Ch. 40, CBS) Anniston, Ala. and 16 radio stations. Osborn owns cable systems in hospitals and Muzak franchises.

CBC PLANS DRASTIC CHANGES: Canadian Bestg. Corp., in recent presentation to Parliamentary Standing Committee on Canadian Heritage, pleaded with panel to "provide the tools to do the job" of providing more and better service at less expense as part of new strategy to position itself in changing media environment. Part of new plan, released Nov. 1, includes cutting more than 1,000 jobs over 4 years to deal with expected \$180-million budget shortfall. CBC, which employs about 9,000, said it will try to eliminate jobs through attrition and early retirement, but said some layoffs may be required.

CBC, supported mostly through govt. funding and some advertising, also said it will need alternate "dependable and diversified" sources of income to meet goals. Shortfall, which it said will occur by 1998-1999, is result of \$100-million reduction in base budget, previous cuts whose effect by 1998-1999 will be \$40 million, and effect of inflation, which adds \$40 million. It said work force reduction should help it trim budget by \$90 million, and it hoped Committee would be able to find new funding source to cover balance of shortfall.

Part of new plan also calls for increasing amount of Canadian-produced prime-time programming on English TV Network channel to 95%, from about 86% now, by fall of 1997. CBC said overall schedule will be more than 80% domestic by same time. It said plan would bring home almost \$20 million per year that now is going into pockets of U.S. businesses, whose programming makes up most of prime-time Canadian TV schedule. CBC said it would use money to fund Canadian producers, writers, performers. It warned, however, that ridding network of American programming would have negative effect on commercial revenue, which would have to be made up "by alternative revenue sources."

Plan also includes 5 steps for improving French Radio service: (1) Give priority to program quality and distinctiveness. (2) Set up operations in new areas, including news bureaus in Prince Edward Island, Eastern Townships, St. Maurice River Area. (3) Take advantage of largest possible audience by remedying signal distribution problems in Quebec City area, Chicoutimi, Northeastern New Brunswick, downtown Toronto, Northeastern Ontario. (4) Increase use of new technologies. (5) Maximize productivity while reducing costs by investing more in training programs and developing partnerships for some productions.

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C-SPAN CEO Brian Lamb asked new Republican House and Senate leaders Nov. 21 to let company install its own cameras in House and Senate chambers, and to have cameras set up nearby for interviews with legislators. Cameras in chambers now are controlled by House and Senate employees, although public thinks that C-SPAN is operating them, Lamb said. He also asked Speaker-to-be Gingrich (R-Ga.) and Senate Republican Leader Dole (R-Kan.) that: (1) House Speaker's daily news conference be televised. Cameras now are banned. C-SPAN said it would also televise minority leader's news conference. (2) All committee meetings, including mark-ups, be open to TV on permanent basis, unless national security issue is being discussed. Now, cameras are allowed in on committee approval only for specific events. (3) House-Senate conference committee meetings be televised. Cameras often are shut out, Lamb said. Having camera set up just off House or Senate floor would allow interviews with lawmakers during or after votes and would provide more context for debates -- something that viewers have said they want, Lamb said.

SNET VDT TRIAL EXPANDED: FCC Nov. 22 authorized Southern New England Telephone (SNET) to expand its VDT trial to pass 150,000 homes with fiber/coaxial network. Biggest-ever test will pass homes in 2 areas of Conn.: (1) Towns of Farmington, Hartford, New Britain and W. Hartford (where current test passing 1,250 homes is under way). (2) Towns of Darien, Fairfield, Norwalk, Stamford, Westport. SNET said it expects about 20,000 homes to subscribe during one-year trial.

Network will go into operation early next year, at outset offering 78 analog channels and moving to 200 digital channels by end of 1995. In addition to basic VDT platform, SNET plans to offer unregulated video gateway that will allow subscribers to select video programming. SNET said programming will include video-on-demand, time-shifted news plus "advanced interactive services such as home shopping, educational and health care services and an array of business applications."

FCC imposed several conditions to protect ratepayers, including requirement that SNET establish "subsidiary accounting records" to keep track of trial revenues, investments, expenses. Records will have to be filed with Commission quarterly. During tariff review, SNET then will have to show that VDT rates recovered all direct costs of market trial and "reasonable allocation of overhead costs."

FCC Comr. Barrett said that "the unusually large number of homes passed during this trial may continue to raise consumer and competition implications that the Commission will need to monitor, especially given the uncertainty regarding the actual penetration that will be realized during the expanded trial."

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Ellis Communications is buying New Vision TV's 5 stations and their satellites for reported \$230-\$250 million: WSAV-TV (Ch. 3, NBC) Savannah; WECT (Ch. 6, NBC) Wilmington, N.C.; KOLD-TV (Ch. 13, CBS) Tucson; WJTV (Ch. 12, CBS) Jackson, Miss., and satellite WHLT (Ch. 22) Hattiesburg, Miss.; KSFY-TV (Ch. 13, ABC) Sioux Falls, S.D., and satellites KPRY-TV (Ch. 4) Pierre, S.D., and KABY-TV (Ch. 9) Aberdeen, S.D. Because Ellis recently agreed to purchase another Wilmington station, WWAY-TV (Ch. 3, ABC), for \$25 million, either WECT or WWAY will have to be spun off. Ellis spokesman declined comment on rumors that it's negotiating to buy Viacom's KSLA-TV (Ch. 12, CBS) Shreveport. Ellis owns 6 other TV stations. New Vision CEO Jason Elkin said he plans to start company with name New Vision to acquire TV stations in medium to large markets.

Gaylord Entertainment denied published reports that it's for sale. It owns country music cable channels Nashville Network and Country Music TV, 4 major market TV stations and Nashville's Grand Ole Opry and Opryland and is rumored to be sought by Walt Disney, TCI, Tribune Co. and Turner Bestg. for as much as \$3 billion. "The company has from time to time in the past engaged in preliminary discussions about potential transactions involving the company as a whole," Gaylord said, "but the company is not for sale and is not engaged in any discussions with any party regarding its sale."

Comcast and **TCI** subsidiary **Liberty Media** said they extended QVC tender offer until Dec. 16 because of pending FTC antitrust investigation. Offer had been due to expire Nov. 18. Companies said they submitted "certain information" with FTC last week in response to its 2nd request for information.

Personals

Robert Barron, ex-Sony Pictures Entertainment, named senior vp-finance, 20th TV Network TV Div... **Sandy Genelius**, CBS Sports, moves to CBS News as communications dir... **Jan Wade**, ex-WKRN-TV Nashville, appointed gen. mgr., WATE-TV Knoxville... **Kathryn Hansen**, ex-WYFF-TV Greenville, S.C., named dir., creative services, KTVL St. Louis... Elected to AP Bestrs. board: **Ron Becker**, New Vision TV; **David Coppock**, Colonial Bestg.; **Adrienne Laurent**, KCCN-TV Monterey, Cal.; **William Stakelin**, Apollo Radio Ltd.

Alan McGlade, ex-StarNet, appointed pres., Video Jukebox Network, effective in Jan... **Roy Pottle**, ex-Bank of Nova Scotia, appointed treas., Jones Intercable... **Frank Sesno** promoted to exec. editor, CNN Washington bureau... **Kara Casey** moves from consumer specialist to press asst., FCC Office of Public Affairs... **Sidney Poitier** elected to board, Walt Disney Co., filling unexpired term of late **Frank Wells**.

Karen Usrey, ex-Dayton Philharmonic Orchestra, joins WPTD Dayton as corporate support representative... **Cynthia Dwyer**, ex-Western N.Y. Public Bestg. Assn., named dir.-development, WCET Cincinnati... **Lisa Martinez** promoted to dir.-communications, WNEO Alliance/WEAO Akron; **Lee Moore** advanced to ad-promotion specialist... **Kevin Frazier**, ex-WGVU-TV Grand Rapids, named annual campaign mgr., WXEL-TV W. Palm Beach... **Lisa Prosek** promoted to ITV coordinator, Ohio Educational Bestg.

Eric Hauenstein, ex-ABS, appointed vp-gen. mgr., Jones Satellite Networks... **USSB** promotions to regional dirs.-dealer mktg.: **Jonathan Hill**, Northeast; **Dennis Lumley**, West; **Paul Malmquist**, Southeast; **Joe Miller**, Southwest... Promotions at GE Americom: **George Monaster**, vp-cable services, to vp-business development & international mktg.; **Andreas Georghiou**, vp-commercial business services, to vp-satellite services.



Financials: **Walt Disney** reported \$2.7-billion revenue for quarter ending Sept. 30, up 24% from year ago, as net operating income rose 23% to \$438.6 million and net income 28% to \$225.9 million. Figures don't include \$57.5-million loss in quarter from investment in Euro Disney. Disney announced it had repurchased 12.4 million of its common shares in quarter for \$512 million. It declared 7.5¢ per share quarterly dividend payable Feb. 17 to holders of record Jan. 9... **Price Communications** posted 3rd-quarter income of \$220,000, up from \$367,000 loss in same period in 1993. Revenues for period were \$5.5 million... **Electronics, Missiles & Communications**, TV transmission equipment manufacturer, reported net income of \$842,000 for quarter ending Sept. 30, up from \$278,000 year ago... **Nostalgia Network** reported 3rd-quarter net loss of \$904,034 (-5¢ per share) vs. \$674,118 loss (-5¢) year ago. Company said most of decline resulted from 26.7% drop in affiliate revenue that it blamed on 1992 Cable Act.

Young Bestg. has completed purchase of 3 ABC affiliates from Nationwide Communications for \$150 million. Company also completed initial public offering of 4.4 million Class A common shares at \$19 per share. Stations being acquired by Young: WRIC-TV (Ch. 8) Richmond-Petersburg; WATE-TV (Ch. 6) Knoxville; WBAY-TV (Ch. 2) Green Bay. Cap/ABC, as previously announced (TVD Oct 3 p3), purchased \$25 million in Young Class C nonvoting common shares upon completion of Nationwide deal.

House Republicans last week continued to debate how jurisdiction of Commerce Committee would be reconfigured when they take over next year. Several plans have been floated, most of which would strip committee of areas that Democrats, in general, and Chmn. Dingell (D-Mich.) have accumulated over years in power. Sources said that so far, only railroads, one small piece of jurisdiction, has been removed -- to Public Works & Transportation Committee. Republicans still are trying to determine whether authority over securities industry will remain with what is now Telecommunications & Finance Subcommittee, or be transferred to Banking Committee. Rep. Fields (R-Tex.), who is expected to chair Telecom Subcommittee next year, stayed in Washington rather than attend seminar to which he was invited in London, to try to keep his panel's jurisdiction intact. Rep. Bliley (R-Va.), likely chmn. of Commerce Committee, has asked GOP House transition team not to strip away jurisdiction of Committee on which he has served for more than dozen years. At this point, it's also unclear how many members Committee will have, and following that, how many from each party. Already, one newly elected Republican representative, J.C. Watts of Okla., has said he wants seat on Commerce panel. Watts, who will join Rep. Franks (R-Conn.) as only black Republicans in House, is member of Okla. Corporation Commission, elected office in that state. He's keeping current job until new Republican governor, Frank Keating, takes office next year, to keep incumbent Democrat, David Walters, from appointing his successor. Watts' term expires in 1997.

NBC asked FCC last week to deny Fox TV Stations' applications to buy WTXF Philadelphia and WFXT Boston. NBC said Commission first should resolve its charge that Fox-backed SF Bestg.'s purchase of WLUK-TV Green Bay would allow Fox to circumvent FCC ownership limits and alien ownership rules. SF has denied charges. NBC said that if SF's purchase of WLUK-TV and 3 other Burnham Bestg. stations (KHON-TV Honolulu, WVUE New Orleans, WALA-TV Mobile) were attributable to Fox, Fox would have 6 applications on file, which when added to its 8 existing stations would exceed 12-station limit. NBC said granting Fox's Philadelphia and Boston applications "might prejudice and limit the Commission's options" in SF proceeding and wouldn't comply with agency's "inconsistent application" rule. Fox Pres.-Network Distribution Preston Padden said: "NBC is abusing the FCC's public interest processes for private anticompetitive objectives. We hope the FCC won't permit its processes to be abused in this fashion." In addition to stations cited in NBC petition, Fox has entered into agreements to sell its stations in Atlanta and Dallas and to buy stations in Denver and Memphis. If all pending transactions are approved, not counting issue of SF stations raised by NBC, Fox would own 10 stations.

Cable Transactions: TCI bought cable systems with 109,000 subscribers in Tucson and Sierra Vista, Ariz., from InterMedia Partners, price not given... **Century Communications** and **Citizens Utilities** acquired system with 26,600 subscribers in San Bernardino County, Cal., from Foothills Cablevision, price not disclosed, according to broker Daniels... **Northland Communications** purchased cable systems with 6,850 subscribers in Tuscaloosa, Ala., area from Alabama TV Cable, price not announced, broker CEA said; Northland has adjacent cluster with 20,000 subscribers in Miss... **Charter Communications** bought systems with 2,500 subscribers in Stockbridge and Henry County, Ga., from Bijo Cablevision, price not disclosed, broker CEA said. Systems will be incorporated into Charter's Atlanta system... **Falcon** acquired cable system with 1,450 subscribers in Calabasas, Cal., from Lost Hills Communications for undisclosed price, Daniels said.

Consumer Electronics

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STATE OF THE INDUSTRY

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

| | NOV. 5-11 | 1993 WEEK | % CHANGE | OCT. 29- NOV. 4 | 45 WEEKS 1994 | 45 WEEKS 1993 | % CHANGE |
|-----------------|--------------|--------------------|-------------|--------------------|------------------|----------------------|-------------|
| TOTAL COLOR TV. | 564,774 | 571,595 | - 1.2 | 541,863* | 23,041,621* | 20,907,068 | +10.2 |
| DIRECT-VIEW.. | 553,889 | 562,547 | - 1.5 | 524,863* | 22,530,952* | 20,539,483 | + 9.7 |
| TV ONLY..... | 518,891 | 526,966 | - 1.5 | 485,481* | 20,803,515* | 19,293,633 | + 7.8 |
| TV/VCR COMBO | 34,998 | 35,581* | - 1.6 | 39,382* | 1,727,437** | 1,245,850 | +38.7 |
| PROJECTION... | 10,885 | 9,048 | +20.3 | 17,000* | 510,669** | 367,585 | +38.9 |
| VCR DECKS..... | 211,832 | 226,322 | - 6.4 | 243,023 | 10,954,182* | 10,376,271 | + 5.6 |
| CAMCORDERS..... | 37,217 | 45,689 | -18.5 | 37,566 | 2,669,631* | 2,580,536 | + 3.5 |
| LASERDISC PLYRS | 3,763 | 2,312 ^r | +62.8 | 5,615 | 237,647 | 244,700 ^r | -2.9 |

Direct-view TV 5-week average: 1994--701,222*; 1993--652,382 (up 7.5%).

VCR deck 5-week average: 1994--363,748; 1993--307,948 (up 18.1%).

Camcorder 5-week average: 1994--79,348; 1993--76,193 (up 4.1%).

* Record for period. ** Full-year record. ^r Revised by EIA.

MORITA RESIGNS AS SONY CHMN.: Sony co-founder Akio Morita, charismatic leader who helped shepherd dozens of technologies into U.S., resigned Fri. as Sony chmn. and dir., citing continued health problems stemming from cerebral hemorrhage suffered year ago. Statement released by company in Japan said Morita "had expressed for some time" desire to resign. No replacement was named as chmn.

Morita, who in recent years ceded to other Sony executives control of consumer electronics empire he founded with Masaru Ibuka, will continue as Sony Corp. honorary chmn. and will support Pres.-CEO Norio Ohaga, company said. Morita suffered cerebral hemorrhage Nov. 30, 1993, and underwent 4-hour brain surgery Dec. 2. Sony statement said that Morita has been "gradually recovering," but that he realized "it would take considerably longer for him to recover to the extent he would be able to resume his duties as chairman and therefore expressed his wish to resign his post." In accepting 73-year-old Morita's resignation, Sony board also named Ibuka, previously honorary chmn., as chief adviser.

Morita has been familiar figure on U.S. scene. He was Sony of America pres. in late 1960s and early 1970s and appeared on Time magazine cover in 1971 shortly before returning to Japan (TVD June 7/71 p8). In his role as chmn., Morita made frequent speeches in U.S., urging companies to invest in R&D (TVD July 22/91 p17). To that end, Morita often demonstrated new technologies, including first prototype 8mm camcorder in 1980 (TVD July 7/80 p7).

Morita said in 1992 interview that Sony's aim was "miniaturization of everything" and that company would "never reduce investment in R&D even if our profits go down" (TVD May 11/92 p18). He said, however, that technology wasn't only means for success and that "what is also needed is creative marketing."

COLOR TV, VCR AND CD PLAYER IMPORTS KEEP SOARING: Imports of color TVs, VCRs and Compact Disc players in Sept. continued to show significant increases over last year. Camcorder imports, on other hand, ran behind 1993 for month, and continue to trail last year's performance for first 9 months.

Total color TV imports rose 47.1% (representing more than 570,000 sets) in Sept., bringing year-to-date increase to 37.4%. Mexico continued to account for lion's share of TVs brought into country, being source of 65.9% of sets in Sept., 67% through first 9 months. Imports from Mexico were up more than 40% in month and year-to-date.

VCR imports continued to surge in Sept., following 24.8% increase in Aug. with 52.6% jump in Sept. That translates into increase of more than 750,000 VCRs brought into country than in same month in 1993. Through first 9 months, VCR imports were up 21.6% -- or more than 2 million units. As has been case over last 2 years, Japan is receding as VCR source, with much of manufacturing having moved elsewhere in Pacific Rim. Only 19.7% of VCRs imported into U.S. in Sept. were from Japan. Japan was source of 23.4% brought into U.S. through Sept. -- still largest supplier, but by less than 3 percentage points over Korea and Malaysia, next 2 largest source countries. In first 9 months of 1994, 5 countries supplied more than one million VCRs each to U.S. -- China falling just short of that with 977,500.

Camcorder imports in Sept. were off 6.7%, decline split fairly evenly between 8mm and "other formats," latter representing VHS and VHS-C models. For year, imports of 8mm models were running 3.5% ahead, while others were off 3.9%.

For 2nd month in row, imports of CD players in Sept. were well over one million units, with 69.5% increase in month raising year-to-date gain to 29.6%. As with VCRs, percentage of CD players from Japan continued to plummet. In Sept., 1993, 59.1% of CD players came to U.S. from there; in Sept., 1994, percentage dropped to 38%. In first 9 months of 1993, 69.8% of CD players came to U.S. from Japan; in same period this year, 41.7% were sourced there.

Here's statistical summary of selected U.S. imports for Sept. and Jan.-Sept. period, from Commerce Dept. figures:

| Product | Sept. '94 | Sept. '93 | % Chg. | 9 Mo. '94 | 9 Mo. '93 | % Chg. |
|-------------------|-----------|-----------|--------|------------|------------|--------|
| Total color TV... | 1,780,600 | 1,210,250 | +47.1 | 12,141,400 | 8,883,700 | +37.4 |
| TV/VCR combos.. | 175,100 | ** | -- | 1,050,100 | ** | -- |
| Projection..... | 24,500 | ** | -- | 135,800 | ** | -- |
| Flat-panel color* | 57,700 | 101,700 | -43.2 | 403,100 | 481,400 | -16.3 |
| Monochrome TV.... | 218,900 | 216,700 | + 1.0 | 1,426,700 | 1,518,500 | - 6.0 |
| VCR decks..... | 2,197,200 | 1,439,400 | +52.6 | 12,438,800 | 10,227,400 | +21.6 |
| Camcorders..... | 338,850 | 363,100 | - 6.7 | 2,328,000 | 2,356,100 | - 1.2 |
| 8mm..... | 131,200 | 142,100 | - 7.7 | 893,400 | 863,000 | + 3.5 |
| Other..... | 207,600 | 221,000 | - 6.0 | 1,434,600 | 1,493,100 | - 3.9 |
| Videocass.players | 107,000 | 93,800 | +14.1 | 857,500 | 697,800 | +22.9 |
| CD players..... | 1,337,000 | 788,800 | +69.5 | 7,614,600 | 5,877,500 | +29.6 |

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

SOLID-STATE CD-QUALITY MUSIC IN 5 YEARS--AT&T: Personal flash-memory portable no bigger than tiny pager but capable of playing 60 min. of CD-quality digital music will be possible by 2000, AT&T executive told ITA Magnetic & Optical Media Seminar in Atlanta.

"If you could compress music and put it on a chip or a card or a flash memory," it would pave way for solid-state recording products that are "fundamentally different from the ones that we have today," said Howard Singer, R&D dir., AT&T Consumer Products Advanced Communications Technologies Group. "It's conceivable that we could have solid-state Walkman-type music players that are the size of a pager," he said, noting that such a product would be ideal for joggers because of lack of skipping, along with "benefits of size, portability, convenience."

"It's conceivable we can make the music small enough that we can build a unit that fits in your audio rack that would be essentially a jukebox but without the size" and intricacy of high-capacity home CD changers, Singer said. Consumers will flock to solid-state music players "if the price is right." But silicon isn't likely to "challenge" CD or tape for 5 years because of needed advances in compression technology and high costs of starting factories. He estimated that plant capable of producing solid-state music software could cost \$1 billion or more to build and tool, but it could take only 2 years to recoup investment, assuming market can grow quickly to mass proportions.

Citing Flashback digital voice recorder introduced this year at \$249 list by Norris Communications (TVD July 4 p18), he said device uses \$70 "SoundClip" card from Intel to deliver 40 min. of audio. Although it's expensive compared with tape, he said, "I think it's a sign of what new things are to come."

Singer said development work on digital audio broadcasting (DAB) and other new AV "delivery mechanisms" has raised level of engineering knowhow on digital audio compression systems capable of reproducing CD-quality sound. He cited AT&T's Perceptual Audio Coding (PAC) method fearing data reduction ratio of 10 or 11 to 1, which is at root of DAB proposals company has submitted to EIA for testing. Future innovations could yield algorithms capable of 40-1 data reduction, he said. Possibilities of music delivery via information superhighway are enormous, he suggested, but "it's always going to take 7 years till the technology becomes a mass-market product."

Implementation of U.S. DAB service will help amortize some of costs of solid-state recording, Singer said. Assuming DAB becomes reality before turn of century, "by the second half of this decade, millions of customers are going to be decompressing music that's coming over broadcast channels" at rate similar to 128-kbps speed of prototypical solid-state music player he demonstrated for ITA using clip from Paul Simon's *Graceland* album and PAC device similar to that submitted to EIA DAB tests.

"The bulk of the costs of the product itself are already going to be paid for" because DAB radio will contain similar PAC decoder, he said. "That means that folks are going to start to think about adding a slot to those radios that can play compressed music off a solid-state device." Singer said "there are some very smart people" at AT&T, David Sarnoff Research Center and Sony R&D labs working on ways to develop solid-state memory applications much more cheaply than has been forecast recently. Hitachi recently demonstrated early prototype of palm-sized camcorder using flash memory and forecast model with 30-min. video recording time could be available within 5 years (TVD Sept 5 p9).

Singer predicted that 60-min. CD-quality solid-state memories available at turn of century "would be somewhat more expensive" than today's CD, but would be priced at "something reasonable to get started." Depending on quality of compression system, he said, cost of music cards will have to come down to 50¢ per megabyte of memory (roughly \$16 per album using 32-Mb software).

PIONEER CD-R BACK ORDER: Even as Pioneer reports back order on allocations of Elite-brand PDR-09 CD recorder, company is planning more mainstream product for 1995, Mktg. Vp Kerry McCammon said. Retail reaction to recorder, introduced at CEDIA at \$4,000, has exceeded "our modest but reasonable expectations," McCammon said.

Pioneer still hopes to market CD-R deck that's more mainstream oriented, but McCammon indicated project has met with some "political" resistance at Pioneer's parent in Japan, where CD-R isn't covered under scope of digital home copying legislation as it is under U.S. Audio Home Recording Act (AHRA). Deck contains Serial Copy Management System as required under AHRA.

Meanwhile, British firm C-Dilla Ltd., perhaps mindful of piracy implications raised by expected introduction of mainstream-priced CD-R drives for multimedia PC, announced CD-ROM encryption product said to work "with any type of material and any DOS/Windows application." Company said product, called Gold-Safe, allows software producers to encrypt their CDs "so that it can only be read on authorized machines." Should CD title find its way "into the wrong hands," C-Dilla said, disc "is useless because unauthorized machines will find only encrypted data."

C-Dilla described Gold-Safe as "the first product specifically designed to protect confidential information being distributed using CD writers." With "likelihood" that CD-R machines could be selling for as little as £500 (about \$800) within year, company said, "writeable CDs are set to become as common as floppy discs around the office." Pricing projection was in line with that offered at recent Comdex show by Creative Labs, which introduced \$2,000 Digital Edge CD-R drive, saying price points as low as \$1,000 were possible within year and \$500 within 2 years.

MITSUBISHI, SHARP GAIN: Strong demand for liquid crystal displays (LCDs) powered steep jump in midterm profits at Sharp, while rising sales of computer chips fueled growth at Mitsubishi, companies reported last week.

Sharp, world's largest producer of LCDs, said pretax profit in 6 months ending Sept. 30 rose 49.6% to 36.16 billion yen (\$368 million). Sales rose 5.4% to 782.86 billion yen (\$7.98 billion) and net profit increased 36.4% to 18.67 billion yen (\$190 million). Increased demand for LCDs in portable consumer electronics products has enabled Sharp to post profits at time when other Japanese companies have struggled to stay in black because of high competition and strong yen.

Mitsubishi profits for 6 months increased to 20.7 billion yen (\$211 million) from 8.5 billion yen (\$86.7 million) year ago. Pretax profits climbed 36% to 48.4 billion yen (\$493 million). Sales, fueled by semiconductors, were up 4% to 1.53 trillion yen -- \$15.6 billion.

Time Warner Cable set Dec. 14 for introduction of its much-delayed Full-Service Network (FSN) in Orlando. Company said its senior executives and "technology partners" will be on hand to brief reporters on FSN's capabilities, history of its development, rollout to consumers, plans for future. News media will be invited to tour FSN facilities "and other locations of importance to the network," including official unveiling of first "concept house" in Apopka, Fla., north of Orlando.

C-Cube Microsystems has begun production of MPEG-2 video encoder, with sample quantities expected by year-end. NTSC version, which includes adaptive field/frame motion estimation, DCT processing and widescreen extended definition TV (EDTV), will sell for \$12,000, company said. PAL version, which has many of same features, will be available at \$8,000, company said.

HITACHI CUTTING DEALERS: Hitachi, citing product shortages that have limited distribution, particularly in UltraVision TVs, said it will cut some dealers by early Jan. to increase focus on small- and medium-size retailers.

While declining to disclose number of retailers to be dropped, Sales Vp Gary Bennett said shortages of UltraVision sets and some hi-fi VCRs and 8mm camcorders signaled need to winnow dealers. New strategy will have company focusing on full-line Hitachi dealers and may eliminate retailers carrying smaller segments, he said, defining small- and medium-size retailers as those with \$225,000-\$500,000 in annual Hitachi sales.

"We might not be doing business with some dealers that are not supporting us full line or with whom we differ philosophically," Bennett said. "We have to clean that area up and if we don't take those steps now we will have product shortages again."

Review is focusing on national network with aim of not being "overdistributed in some small markets," Bennett said. Strategy echoes that of Mitsubishi, which also embarked on dealer review in 1993 that led to acrimonious split with Circuit City (TVD May 31/93 p11) and most recently Silo Div. of Fretter.

"They've always been distribution-conscious, but how much more narrow can they be?" buyer at east coast retailer asked. "I think they had serious availability problems this year and there's no question if we had the merchandise we would have sold more because the products are high quality. How much more? It's hard to judge."

Moves come as parent company in Japan undergoes major reorganization. Hitachi Ltd. is expected to merge with Hitachi Sales Corp. by April, and Consumer Products Group will consolidate with Information & Image Systems Div. (TVD Aug 8 p16). At executive level, gradual merger may have been signaled when Tomomi Itoh was promoted to Hitachi Home Electronics pres. from asst. gen. mgr. at Tokyo hq (TVD Nov 14 p18). Bennett said Itoh is first nonsales group executive to fill post. Hitachi also cut sales regions to 3 from 4 earlier this year, eliminating southern zone and merging it with east and west (TVD May 9 p16).

In another potential cost-saving measure, Hitachi also expects to deliver first Hitachi-produced TV/VCRs in 1995. Company, which previously bought models from GoldStar, will build VCR in Malaysia but source of TV tube hasn't been finalized, Bennett said. Hitachi has TV tube plant in Greenville, S.C. Company sells 13" and 20" TV/VCRs.

TV lineup for 1995 will be similar to current offerings, although sets will be designed with features to boost picture quality, said Product Management Dir. Bruce Schoenegge, who declined to disclose details. UltraVision will add new models in existing 27", 31" and 35" direct-view and 46", 50" and 60" projection categories. Maxus 50" and 55" projection TVs will add features.

One product absent will be widescreen TV, Bennett said. Schoenegge said company has no plans to export 39W" widescreen set introduced in Japan, and category's survival in U.S. hinges on arrival of high-definition TV in late 1990s. Japanese model would carry \$4,000 retail in U.S. and "we could end up doing less volume by adding the piece," Bennett said. "They [dealers] think they can sell some [widescreen sets], but when it gets down to it, the widescreen experience hasn't done well at retail."

On other technology fronts, Hitachi has no "immediate plans" to exercise Gemstar license for Index Plus technology. It has agreement with Gemstar to develop VCR equipped with technology that indexes videocassettes, providing on-screen list of recordings, indicating number of cassette where each is located and recording date, time and channel. Parent company introduced Index Plus-like "Tape Navigation System" in Japan earlier this year under Gemstar license (TVD Aug 8 p13).

WIZ SETTLES CHARGES: Nobody Beats The Wiz has paid state of Conn. \$5,000 and signed consent agreement to settle false advertising charges. Settlement with N.J.-based Wiz stemmed from complaint filed in Aug. by Conn. Consumer Protection Dept. charging 55-store chain with violations of state Unfair Trade Practices Act. In signing agreement, retailer didn't admit wrongdoing. Wiz officials weren't immediately available for comment.

Conn. launched investigation earlier this year after receiving complaints accusing Wiz of, among other things: (1) Advertising products for sale and then failing to have merchandise available at advertised price. (2) Allegedly failing to offer rain checks to consumers for unavailable merchandise or offer comparable products at or below advertised price, as required under state's rain check law.

Investigation was based on some of 51 consumer complaints covering range of products with heavy concentration in VCRs, Consumer Protection Dept. spokeswoman said. Wiz opened first Conn. stores last fall.

Settlement is 2nd this year involving Conn. consumer electronics retailer. In Feb., Sound Playground paid \$25,000 to settle false advertising charges (TVD Feb. 7 p19). State filed complaint in Dec. 1993 accusing Newington, Conn., retailer of advertising products even though merchandise wasn't immediately available and of making "50% off" and "guaranteed lowest prices" claims without being able to back them up.

Sega's Saturn went on sale last week... in N.Y. City. Day after company's 32-bit flagship hit retail shelves in Japan at equivalent of about \$450 (with U.S. and European launch next year), we saw gleaming gold-tinted Saturn in front window of videogame specialty retailer on W. 32nd St. in Manhattan, with Virtual Fighter playing on attached monitor. Salesman said he had had "a few" Saturn consoles for sale, quoting price of \$689. Only software he had came as pack-in with hardware, although he said he expected several standalone titles before Christmas. Day before Saturn's unofficial U.S. "launch," Sega of America kicked off sales of 32X add-on for Genesis. Meanwhile, Hitachi spokesman in Japan said company will begin manufacturing Saturn on OEM basis at its subsidiary Tokai Electronic Co. in Katsuta, Tochigi prefecture. Spokesman declined further comment, but it's understood that Hitachi expects to build 300,000 Saturn consoles by March to supplement Sega's own manufacturing. Sega said it already has orders for 1.4 million pieces of hardware, and that demand is outstripping supply.

Ultimate Electronics, buoyed by what it said was successful leveraging of expenses against increased sales, reported 113% gain in net in 3rd quarter (see financial table). For quarter ended Oct. 31, UE said sales rose 85% on 25% gain in same-store sales. For 9 months, net income was up 126% on 87% rise in sales, with same-store sales were up 32%. Chain plans to open stores in Albuquerque and Murray, Utah, in 4th quarter.

CAMCORDER RACE TIGHTENS, DVD NEARS: JVC Video Gen. Mgr. William Sims said VHS-C surged past 8mm in market share this year, although conceding 8mm will make slight comeback in 1995. Sims, speaking at ITA conference in N.Y. last week, said introduction of 40-min. blank VHS-C tape with 2-hour capacity in EP has made format more "versatile" and enabled it to increase market share to 38% from 34% year ago. At same time, 8mm format, championed by Sony, has declined to 37% from 41%, he said. In 1995, 8mm will increase to 38%, he predicted, with full-size flat at 25%.

Projections are slightly different from those released by Panasonic earlier this month (TVD Nov 7 p15) showing 8mm with 38%-37% edge. VHS-C had 36-37% share in 1993 vs 40-45% for 8mm, Panasonic officials said. Format's gains are tied to moves by manufacturers, such as Thomson, in pushing format as well as emphasis on compatibility, Panasonic VHS Vp-Gen. Mgr. Stanley Hametz said. Sony has said 8mm is leading VHS-C by 8-10 percentage points.

Overall, camcorder sales will increase 5% this year to 3.24 million units, Sims said. Camcorder's future will rest on ability to boost penetration to 22% from current 17-18% by emphasizing LCD-based models and units with easy-to-use features, he said. Sharp, JVC and companies sell LCD camcorders, while JVC also introduced EZ-1, camcorder with point-and-shoot design. TDK National Industrial Sales Mgr. Douglas Booth said sales of VHS-C and 8mm tape will rise 10% this year on way to 148 million units worldwide by end of 1995.

Future of video industry, however, will be digital video disc (DVD), Sims said, and technology will have "substantial" impact when it arrives in late 1990s. Matsushita, JVC's parent, is seen by many in industry as key to setting standard from competing Toshiba-Time Warner and Sony-Philips proposals.

Standard is expected to be based on placing 120-135 min. of video on 5" disc, with MPEG-2 data compression "required for great bulk of entertainment applications," Telefuture Partners Pres. Robert Pfannkuch said. Thomson's RCA Digital Satellite System (DSS) receivers already are compatible with MPEG-2 and 4-5 companies are developing chips, he said.

In current video categories, Sims said total TV sales will increase 8.1% this year to 26.6 million units, with direct-view accounting for 23.7 million on 3% rise in sales. Direct-view big screen TVs will jump 35% this year to 1.56 million units, he said. TV/VCRs, hot-selling category this year, will climb another 30% in 1995 to 3 million units, Sims said, and projection TV will rise 35% to 628,000.

VCR sales, which many industry officials projected as flat this year, will increase 3% to 12.8 million units, Sims said. Four-head mono VCRs are expected to add market share to 48% from 46%, while 2-head drops to 22%.

VHS blank tape sales, key to VCR market, are expected to remain flat through 1995, TDK's Booth said. T-120 standard grade tape, which accounts for 80% of market, will remain "stable" with sales of 1.12 billion worldwide in 1995, he said. Increased cost of raw materials, which has caused some tape manufacturers to consider price increases for 1995 (TVD Oct 31 p15), will put brakes on declining retail tags, Booth said. Rising costs will "level out" demand for 1995, but beyond that tape sales should jump 5-6% per year, Booth said.

MARANTZ LCD TV: Marantz America said it has started shipping 4" LCD color TV that "completely redefines quality and performance in the personal TV market." LCD-410 measures 1" thick when closed and can fit easily into jacket pocket, company said.

"For years, manufacturers have struggled to come up with a personal TV that's truly worth watching," Marantz Vp-Gen. Mgr. Ralph Cervantes said. "Previous models have been either too bulky, dimly lit or offered only a postage-stamp-sized screen that gave viewers major headaches."

Mktg. Mgr. David Birch-Jones said LCD-410 typifies nonaudio "specialty items" for independent retailers that desire limited-distribution gear of that type with profit margins not available from larger vendors. He said Philips-affiliated Marantz also has production wherewithal ability lacked by some smaller specialty suppliers against which it competes to deliver products such as LCD-410.

At Jan. Consumer Electronics Show in Las Vegas, Birch-Jones said, Marantz plans introduction for U.S. delivery next year of Video CD portable with 4" LCD screen shown at recent Audio Fair '94 in Tokyo.

There's insufficient evidence to determine whether portable cellular phones are health risk, General Accounting Office (GAO) said in study released last week by House Telecom Subcommittee Chmn. Markey (D-Mass.). GAO also recommended that federal govt. monitor cellular industry research into potential hazards, but said that agencies with responsibilities related to cellular phones have limited budgets and differing priorities. Markey, who asked President Clinton to help coordinate federal research on issue, said: "There is no reason to panic, but the bad news is that no one can definitively conclude that health risks from portable cellular phones are negligible." Thomas Wheeler, pres. of Cellular Telecommunications Industry Assn., said in letter responding to Markey last week that he was disappointed that Markey "would misconstrue the GAO's findings by suggesting there is bad news' regarding cellular phone safety." Wheeler said GAO study found that FDA and EPA have had no reason to take regulatory action on use of portable phones.

Backtracking slightly, Tandy said Radio Shack (RS) will complete national rollout of Repair Shop program in Jan. Although Tandy officials denied any strategy change, RS Pres. Leonard Roberts said in Sept. that 118-repair center program would be available nationwide by Nov. (TVD Oct 3 p12). RS last week expanded Repair Shop program to cover 56 markets and 2,100 stores to raise total since launch in July to 93 markets and 5,400 outlets. Remaining 1,100 stores will join program by Jan. and Roberts has said Repair Shop could reach 140 locations by 1995. About 75,000 customers have been served by program, RS said. New markets include those in 12 states where program already has been launched (with heavy concentrations in Tex. and Fla.), company said. Program repairs RS and branded consumer electronics products and will be backed by TV ad campaign expected to start in Feb.

Samsung said it will invest \$9.38 billion in building plants for semiconductors and automobiles and in developing new technologies in 1995. Company said total represents 50% increase from this year's investment. It will spend \$2.7 billion on building high-memory semiconductor plants and another \$1.69 billion for home appliance and advanced LCD factories.

MEMTEK, DYSAN TO MERGE: Hanny Magnetics said its Metek and Dysan divisions will merge by mid-1995, creating single sales force to carry both brands.

Full details weren't available, but will be finalized by Consumer Electronics Show (CES) in Jan., Memtek Vp David Metzger said. However, Memtek will move to Northern Cal. from Santa Fe Springs, Cal., as part of merger, although location hasn't been selected. Dysan has hq in Milpitas and Memtek also operates office/factory in Santa Clara, so site is likely to be in Silicon Valley, Metzger said.

Move would be 2nd for Memtek, which began shifting operations to Cal. from Ft. Worth shortly after Hong Kong-based Hanny bought company from Tandy for \$65 million last fall (TVD Nov. 15/93 p19). Merger also represents change of strategy for Hanny, which said earlier this year that Dysan would operate independently from Memtek. (TVD Jan 17 p20). Shift in strategy also comes after Hutchison Whampoa and Peregrine International agreed to buy significant stake in Hanny and gain seats on board (TVD Oct 31 p13).

Fate of sales force and positioning of Memorex and Dysan brands also remains undecided, Metzger said. Some sales staff may be eliminated, although Metzger said reps handle some products. Memtek has 15-member staff including managers, while Dysan has managers and reps, he said, and Memtek also has warehouses in N. Cal. "The move is really to consolidate the personnel with the inventory, repackaging and computer systems and have them all close by," Metzger said.

Metzger said brands won't clash at retail since they share limited number of accounts. Dysan, which left audiotape and videotape year ago, sells computer discs and data cartridges. Memtek also markets discs, but adds audiotape and videotape and accessories.

As for Memorex audio, which consists of minicomponent systems, boombox portables, CD clock radios and personal CD players, Metzger said no decisions have been made on new introductions. Hanny at one point considered selling audio business, but later changed mind, Metzger said. In accessories, which include remote controls and headphones, Memtek expects to unveil new products at CES although details aren't complete, he said.

SEPT. IMPORTS BY COUNTRY: U.S. imports of VCRs and TV sets by source country in Sept. and 1994's first 9 months, from Commerce Dept. data (see related report, this issue):

VCR Decks

| | Sept. | % Chg. | 9 Months | % Chg. |
|------------------|------------------|--------------|-------------------|--------------|
| TOTAL.... | 2,197,100 | +52.6 | 12,438,800 | +21.6 |
| Japan.... | 430,700 | - 4.7 | 2,913,600 | -10.4 |
| Malaysia.. | 400,250 | +49.3 | 2,585,200 | +21.8 |
| Korea.... | 539,900 | +31.5 | 2,570,500 | + 0.6 |
| Indonesia. | 228,700 | +52.3 | 1,564,400 | +59.2 |
| Thailand.. | 280,600 | +844.5 | 1,116,900 | +103.0 |
| China..... | 201,800 | +494.0 | 977,500 | +539.8 |
| Singapore. | 112,600 | +63.0 | 655,800 | +40.4 |
| Taiwan.... | 0 | -- | 24,700 | -78.5 |
| Hong Kong. | 2,500 | + 2.7 | 18,200 | +636.8 |

| | TV Sets | | | |
|--------------------|------------------|--------------|-------------------|--------------|
| | Sept. | % Chg. | 9 Months | % Chg. |
| TOTAL.... | 1,999,550 | +40.1 | 13,568,100 | +31.1 |
| color.... | 1,780,600 | +47.1 | 12,141,500 | +37.4 |
| TV/VCR.. | 175,100 | ** | 1,050,080 | ** |
| b&w..... | 218,900 | + 1.0 | 1,426,700 | - 6.0 |
| Mexico | | | | |
| color.... | 1,173,600 | +43.7 | 8,135,200 | +44.6 |
| TV/VCR.. | 45,900 | ** | 334,000 | ** |
| Malaysia | | | | |
| total.... | 215,100 | +91.3 | 1,678,400 | +60.2 |
| color.... | 202,900 | +111.5 | 1,532,200 | +67.9 |
| TV/VCR.. | 82,400 | ** | 509,100 | ** |
| b&w..... | 12,150 | -27.2 | 146,100 | + 5.5 |
| Thailand | | | | |
| total.... | 228,400 | ** | 1,280,600 | +36.3 |
| color.... | 226,500 | +42.9 | 1,250,300 | +34.6 |
| TV/VCR.. | 5,400 | ** | 78,200 | ** |
| b&w..... | 1,900 | * | 30,300 | +197.0 |
| China | | | | |
| total.... | 189,300 | -14.7 | 1,241,500 | - 9.1 |
| color.... | 45,900 | -30.0 | 426,000 | -14.6 |
| b&w..... | 143,400 | - 8.3 | 815,500 | - 6.9 |
| Korea | | | | |
| total.... | 42,000 | - 1.7 | 317,650 | -32.2 |
| color.... | 23,600 | -11.6 | 184,500 | -40.1 |
| TV/VCR.. | 0 | ** | 700 | ** |
| b&w..... | 18,400 | +10.7 | 133,200 | -16.9 |
| Japan | | | | |
| total.... | 61,800 | +191.7 | 349,400 | +41.3 |
| color.... | 54,900 | +283.1 | 288,650 | +73.8 |
| TV/VCR.. | 30,900 | ** | 98,700 | ** |
| b&w..... | 6,900 | + 0.9 | 60,700 | -25.2 |
| Taiwan | | | | |
| total.... | 32,100 | +28.0 | 225,000 | -25.3 |
| color.... | 4,500 | -25.3 | 21,500 | -73.9 |
| b&w..... | 27,600 | +44.9 | 203,500 | - 7.1 |
| Singapore | | | | |
| color.... | 19,750 | +58.2 | 162,150 | - 4.1 |
| TV/VCR.. | 6,700 | ** | 24,500 | ** |
| Canada | | | | |
| color.... | 14,000 | +55.5 | 68,000 | +23.1 |
| Hong Kong | | | | |
| total.... | 11,500 | * | 30,800 | -58.8 |
| color.... | 4,800 | ** | 16,000 | -68.4 |
| b&w..... | 6,700 | +519.2 | 14,800 | -39.0 |
| Philippines | | | | |
| color.... | 400 | -83.4 | 2,950 | -91.6 |

* No significant shipments in 1993 period.

** TV/VCR category not broken out in 1993.

Color TV figures exclude projection.

Some totals may not add due to rounding.

Gemstar has launched month-long promotion offering retailers \$25 certificate for correctly explaining features of VCR Plus universal remotes and VCRs to "mystery shoppers" in 8 markets. To qualify for certificate redeemable for cash, sales personnel also must highlight Gemstar's one-year warranty and 30-day money-back guarantee. About 25-50 "mystery shoppers" have been hired in Boston, Chicago, Houston, L.A., Miami, N.Y., Philadelphia and San Francisco for promotion that runs through Dec. 31. Gemstar also said 21 publications in Northeast will start carrying VCR Plus codes starting Nov. 28. Previously, codes were available in region exclusively through N.Y. Times and TV Guide. Expansion will give 3.8 million more Northeast residents access to codes that appear as short sequence of numbers next to TV program.

Consumer Electronics Personals

Akio Morita resigns as Sony chmn. and dir., is appointed honorary chmn. (see story, this issue); **Masaru Ibuka**, honorary chmn., becomes chief adviser... Promoted at StarSight: **John Burns** to pres., new StarSight Product Group; **Martin Henkel** to corporate exec. vp-CFO; **John Roop** to senior vp-technology & development.

Jeffrey Chapman, ex-McCaffrey & McCall Advertising, named by Thomson Consumer Electronics as mgr., ad programs... Promoted to div. mdse. mgrs. at Nobody Beats the Wiz, N.Y.: **Michael Wan**, audio; **James O'Neil**, video; **Stuart Mitchell**, home office products... **Marianne Colcray** resigns as Sound Playground operations dir., plans unknown.

Changes at International Jensen: **Mark Van De Velde** promoted to national sales mgr., Jenson home speaker sales and Advent and Jensen-branded consumer multimedia products; **Eugene Kase** promoted to new post of mgr.-product development and engineering for home products; **Elizabeth Anderson** advanced to mgr.-advertising & PR from mktg. communications supervisor, responsible for Jensen and Advent brands; **Robin Duggan** promoted to mgr., creative services, from graphic design supervisor; **Mike Yaccino**, ex-Blaupunkt and NEC, joins as mgr., promotional events, responsible for coordinating International Jensen's trade show participation, retail events, display programs.

John Reece, ex-Alexander & Alexander insurance brokerage, named vp-information technology, Time Warner... **Saul Shapiro**, ex-Sony, appointed dir.-technology policy, FCC Office of Plans & Policy... **Elliott Dahan**, vp, business development, Compton's NewMedia (CNM), named vp-strategic alliances, CNM and parent Tribune New Media Co... **Richard Whittaker**, exec. publisher, advanced to vp-exec. publisher, Broderbund... **Apple Computer** Pres.-CEO **Michael Spindler** elected to supervisory board of Bertelsmann AG, German parent of Bertelsmann Music Group (BMG).

Christopher Adams, formerly Hewlett Packard's principal member on MPEG Standards Committee, joins DiviCom as project mgr., MPEG systems... **Morris (Morry) Goldstein**, who left as pres. of Ziff Communications' Interactive Access Co. in Jan. to head ImaginNation Network, then returned to Ziff in July as senior vp, named CEO, Information Access Co. under new owners Thomson Corp... **John Pasierb**, ex-American Laser Games, joins Acclaim Coin-Operated Entertainment as vp-R&D... **Christopher Sutherland** to leave as exec. dir., Promotion Mktg. Assn. of America, to become dir. of promotions & events Zing Systems.

Promotions at Fuji Photo Film USA's Consumer Markets Div.: **William Homer** to northeast regional sales mgr., **Roberta Markum** to L.A. dist. mgr... Appointed dirs., Special Interest Video Assn.: **Greg Boegner**, Warner Home Video; **Debbie Call**, A*Cor; **David Cuyler**, Rank Video Service America; **Frederick DeWulf**, MicroSoft; **Eric Sass**, PBS; **Ellen Stolzman**, HBO Video; **Brian Wood**, Columbia House Video; **Mary Ann Simmer**, Arts & Entertainment Network; **Mark Fuhrer**, 3M Consumer Video & Audio; **Steven Ades**, Fast Forward; **Andrea Hill**, Anthill Productions; **Howard Maier**, Maier Ventures; **Ronald Weinstein**, Block & Stein.

GHOST-CANCELING TEST: Independent Television Commission (ITC) in U.K., following what it termed successful demonstrations of ghost-cancellation system last week, predicted equipment would be available in Europe within 3 years.

During demonstration in Enfield, N. London, Nov. 22, ITC displayed equipment designed to eliminate "ghosting" and said Philips-built standalone units will be available in Europe by 1996, with TVs containing feature following year.

In U.S., where technology first was demonstrated in 1992, Philips has said it would deliver plug-in models for Philips and Magnavox projection TVs and set-top decoders with and without tuners by early 1995 at \$200 (TVD April 25 p10). Ghost-cancellers will respond to ghost-canceling reference (GCR) signal transmitted over line 19 of vertical blanking interval (VBI).

More than 170 TV stations in 95 cities in U.S. and Canada are transmitting GCR, Philips has said. Original plan was to have cable companies install device at headend, but commercial sales are said to have been limited, forcing Philips to push for consumer market. Company since has formed Specialty Products Group that will be responsible for worldwide marketing and manufacturing of system for broadcasters and cable networks as well as manufacturers of decoders and TVs (TVD Nov 7 p16).

GCR signal has been transmitted with select programs in South of England and Wales since Jan., ITC said. Other European broadcasters are expected to test technology and ITC is working with European Broadcasting Union on evaluation of GCR. Philips system has been selected by FCC as standard in U.S. and has been recommended as world standard by International Telecommunication Union (ITU).

Developed by Philips for NTSC 525-line system in N. America, GCR signal has been altered to handle 625-line PAL/SECAM in Europe, ITC said.

Matsushita has developed MPEG-2 real-time video encoder and will use technology in digital videodisc (DVD) prototype it plans to demonstrate for major Hollywood studios, Exec. Vp Tsuzo Murase said. He said Matsushita's prototype DVD system uses 635-nanometer red laser, variable-bit-rate coding technology and single-sided 5" 3.7-Gbyte disc to store up to 135 min. of high-quality MPEG-2 full-motion video. System sounds similar to high-density CD proposal by alliance of CD co-developers Philips and Sony in terms of single-sided disc, use of variable-bit-rate technology, data transfer rate. It's not known how comment by Murase that Matsushita has developed its own DVD system might mesh with recent reports that company was pondering support of Philips-Sony proposal or alternative plan by Toshiba-Time Warner that would use differently configured disc and technology.

New joint venture of CopyTele and Shanghai Electronics Components Corp. (SECC) will develop and market telecommunications products using flat-panel display technology. Under letter of intent signed by companies, Huntington, N.Y.-based CopyTele will own 55% of joint venture, SECC 45%. CopyTele will provide ultra-high-resolution charged particle display technology, with SECC supplying technology, factories, equipment. SECC operates 23 factories and employs 23,000 in China. It will have ultimate capitalization of \$25 million, although Copytele spokesman declined to comment on initial amount. At same time, CopyTele and Sumitomo Chemical are negotiating end of joint venture launched in 1993 that also involved flat-panel technology, CopyTele officials said.

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Matsushita Electric Corp. of America (MECA) is suing Newington, Conn., specialty consumer electronics retailer Sound Playground, charging it hasn't received full payment for \$1.45 million worth of audiovideo products. Suit, filed earlier this month in U.S. Dist. Court, New Haven, said MECA has delivered \$1.45 million worth of Panasonic, Technics and Quasar products to Sound Playground since Nov. 15, 1988, for which it has received only partial payment or accounting. MECA attorney William Doyle said his client is negotiating possible settlement with Sound Playground, but declined further comment. He also wouldn't respond when asked what portion of \$1.45-million account cited in complaint was in arrears. Sound Playground officials weren't available for comment.

Emerson Radio, citing lower operating costs and interest expense, reported first quarterly profit since late 1992, (see financial table). Sales increased 41% in 2nd quarter ended Sept. 30. Since emerging from Chapter 11 bankruptcy in March, Emerson said it has slashed operating costs by \$3.5 million and reduced interest expense more than \$4 million. For 6 months, net income rose 101% on 38% rise in sales. Emerson is planning to increase focus on joint ventures and licensing agreements aimed at generating revenues while limiting financial commitment and exposure, it said.

Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|--|----------------|---------------|-----------|
| Emerson Radio 1994-qtr. to Sept. 30 | 197,638,000 | 3,589,000 | .08 |
| 1993-qtr. to Sept. 30 | 140,395,000 | (19,543,000) | -- |
| Nintendo ^a 1994-6 mo. to Sept. 30 | 1,694,867,000 | 272,071,000 | 1.92 |
| 1993-6 mo. to Sept. 30 | 2,654,847,000 | 331,745,000 | 2.34 |
| TDK Corp. ^a 1994-6 mo. to Sept. 30 | 2,401,796,000 | 57,398,000 | .43b |
| 1993-6 mo. to Sept. 30 | 2,224,248,000 | 48,543,000 | .37b |
| Ultimate Electronics 1994-9 mo. to Oct. 31 | 95,076,000 | 2,204,000 | .40 |
| 1993-9 mo. to Oct. 31 | 50,711,000 | 977,000 | .27c |
| 1994-qtr. to Oct. 31 | 36,872,000 | 1,157,000 | .21 |
| 1993-qtr. to Oct. 31 | 19,895,000 | 542,000 | .14c |
| Walt Disney 1994-year to Sept. 30 | 10,055,100,000 | 1,110,400,000 | 2.04d |
| 1993-year to Sept. 30 | 8,529,200,000 | 299,800,000 | .55d |
| 1994-qtr. to Sept. 30 | 2,698,400,000 | 225,900,000 | .42d |
| 1993-qtr. to Sept. 30 | 2,174,600,000 | (77,800,000) | --d |

Notes: ^aAt rate of 98 yen = \$1. ^bPer ADS. ^cPro forma.

^dAfter special charge.

Media Line (ML), job listing service for TV industry, has purchased marketing arm of nonprofit videotape recycler Alternative Community Training (ACT), terms not disclosed. ML completed deal earlier this month, buying Magnetic Resources Corp., which served as ACT link to tape industry for 2 years. Mo.-based ACT employs disabled adults to refurbish and recycle donated videotape at Columbia plant for use in production studios, TV stations, corporations, other businesses. Refurbished tapes are sold starting with 10-packs of T-120s at \$12. ACT plant, which recycles 10,000-20,000 tapes per month, largely handles VHS, but recently added 3/4". Media Line, co-owned by former U. of Missouri journalism profs. Adrienne Laurent and Kent Collins, formerly bought tape from ATC.

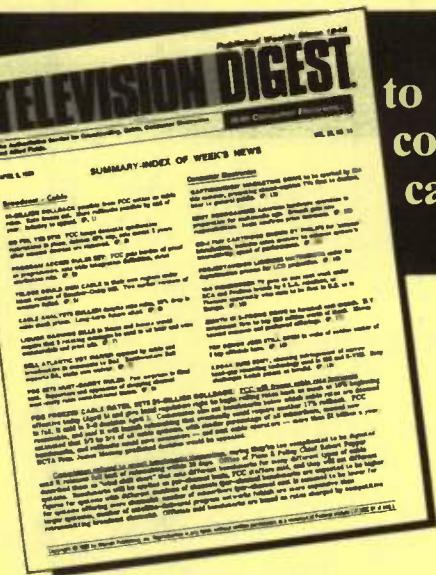
TDK, crediting "rigorous" cost-cutting programs, reported 10.4% increase in consolidated net income to 5.6 million yen for first half ended Sept. 30, despite only 0.8% rise in sales to 235.3 million yen. Earnings were boosted by decrease in expenses largely related to cost-cutting measures. But yen's appreciation against other currencies, mainly U.S. dollar, caused net income to decline 600,000 yen on 7.1-billion yen sales decline. Operating profits rose 22.9% to 15.2 million yen. While sales of electronic materials and components increased 3.1% to 170.1 million yen, recording media sales dropped 4.9% to 64.5 million yen, slide that was attributed to maturity in market for audiovideo products in Japan and persistent "softness" in unit prices, particularly of videotapes.

Mirroring blank tape industry, storage product manufacturers say they're studying possible price increases for early 1995. Cost of resin has risen 28% and vendors said they can't continue absorbing cost. "We've eaten it [cost increase] so far, but it's crunching the margins," Creative Point Mktg. Vp Edward Dougherty said, and company may boost prices for Laserline products 5-10% -- \$3-4. Other companies including Bib America and Gemini are continuing to absorb increase, but will make final decision at end of year, they said. Earlier this month, tape companies said they were planning 2.5%-3.5% increases for early 1995 as result of rising cost of materials (TVD Oct 31 p15).

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