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With Consumer Electronics

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TELECOMMUNICATIONS CONSENSUS GROWING, Fields says. Bill said likely in summer. Packwood advocates end to ownership curbs, opposes lowest-unit-rate cuts. (P. 6)

FOREIGN OWNERSHIP SPLITS NTIA AND FCC: Administration and FCC took different paths to similar conclusion March 3 when asked by House Commerce Subcommittee whether U.S. broadcasting stations should be available for purchase by foreign investors. They generally agreed, however, that restrictions on investments in radio facilities for other telecommunications should be lifted on reciprocal basis with other countries.

NTIA Dir. Larry Irving's reply to broadcast question could be summarized: No, foreign investors shouldn't be allowed to purchase U.S. broadcast outlets. Hundt's reply, to questions from Subcommittee in hearing and to reporters following testimony, was more complicated. He said he wouldn't rule out such purchase in theory, but it was unlikely to happen in practice. FCC should make public interest determination on case-by-case basis, Hundt said, and it was unlikely that such foreign purchase would pass that standard, particularly if some sort of reciprocity were involved. In his written testimony, he said he supported continued prohibition on foreign govts. or representatives of foreign govts. from holding radio licenses. One exception Hundt pointed out was small one to allow FCC discretion to deny licenses for satellite newsgathering to foreign govts. in cases where foreign govts. refuse U.S. news organizations similar access.

Consumer Electronics

RETAIL TV INVENTORIES BULGE after slow sales in first 2 months of year with problem most acute in 27"-and-under TV sets. (P. 11)

COLOR TV IMPORT RECORD SET IN 1994, with 17.3 million coming into U.S. last year, 39% increase over 1993. Mexico again dominant. (Pp. 12 & 15)

NEW VHS 'CORE TECHNOLOGIES' to be debuted by JVC in VCRs in Japan in spring, in U.S. in fall, in bid to extend format's features, flexibility. (P. 13)

GOLDSTAR CUTS PRICE \$100 on dual deck VCR to \$699, 8mm/VHS hi-fi version due by midyear. (P. 15)

U.S.-CHINA AGREEMENT on intellectual property comes at 11th hour, short-circuiting threat of 100% duties on some products from China. (P. 16)

SAMSUNG BUYS AST STAKE, will build plant in China as company continues to flex financial muscle. Samsung will contribute \$250 million in equity. (P. 16)

SONY, PHILIPS TOUT CONSUMER BENEFITS of DVD format in briefing papers that stress dual-layer CD as adding little manufacturing cost. (P. 17)

PRIMESTAR TEST WITH WAL-MART in Colo. store brings medium-power satellite system to retail for first time on lease-only basis. (P. 17)

"It seems reasonable to consider market access issues when performing public interest analysis" related to application of foreigners who wish to own broadcast stations in U.S., Scott Harris, chief, FCC International Bureau, said in interview. "There are no markets open around the world for [U.S.] broadcasters," he said, "so there will be no immediate impact" of evaluating openness of home markets of applicants when considering their requests. However, he said, that may change and policy should be implemented that will last 5-10 years and "take into account what might happen during that time." Reciprocity measures being considered for other telecommunications sectors "should apply to broadcast as well," he said.

Sponsors of legislation (HR-514) to remove limits on foreign ownership, Subcommittee Chmn. Oxley (R-O.) and Rep. Boucher (D-Va.), were skeptical. Oxley wanted to know whether Irving's concerns on foreign nationals' taking control of content provided to U.S. consumers would be different from foreign ownership of cable, movies or publishing. Irving replied that relationship is different with broadcasters, who have "public trustee" obligations that cable or newspaper publishers, for example, don't have, adding that broadcasters use taxpayer-provided spectrum for their service. Oxley said he hasn't seen evidence of propagandistic use by foreign owners of movies, said he trusted public not to be fooled and said it was better to "trust the market" to make judgment on foreign investment.

While Hundt said FCC should make determination whether foreign investment should be allowed, based on conditions in home country of investor, Irving disagreed. He said Executive Branch agencies, including U.S. Trade Representative, have more experience at that type of analysis. Rep. Markey (D-Mass.) cautioned against lifting 25% investment restriction based on legal basis for U.S. investors' being excluded from other countries. He said there were procedural and cultural roadblocks that also can be used. Boucher said he would prefer opening markets on reciprocal basis, even though bill as introduced simply would repeal restrictions. Legislation is likely to be folded into larger telecommunications bill now being drafted by House staff. Similar issues are pending in Senate negotiations for similar bill.

In other testimony, Rep. Taylor (D-Miss.) opposed lifting ban, arguing that power of TV was too great to allow it into foreign hands. He said U.S. foreign policy was influenced by sight of slain U.S. Army Ranger being dragged through streets of Mogadishu and asked what would happen if Colombian drug lord bought U.S. station and used it to influence public.

Industry witnesses supported repeal, generally on reciprocal basis. Exception was AT&T. Senior Vp Paul Wondrasch said repeal would make task of opening foreign markets more difficult. AT&T has opposed French and German investment in Sprint, he said, and openness of U.S. market hasn't generated similar freedom in other countries such as Germany. Wondrasch said restriction should be kept in place as negotiating leverage in General Agreement in Tariffs & Services (GATS) talks.

LIN TV Vp Gregory Schmidt said restriction on investment should be lifted for broadcasting as well as other telecommunications. He noted, as did Oxley, that foreign investment in Hollywood hasn't changed U.S. culture. Schmidt said it was conceivable to imagine situation in which broadcast station is used in ways harmful to national security, and suggested in written testimony that "fail-safe" mechanism could be used to allow govt. to intervene. Motorola Senior Vp John Major said elimination of restriction would allow greater investment in global satellite systems, such as Iridium. AirTouch Chmn. Sam Ginn also supported loosening rules.

HOUSE SAYS CPB BUDGET CUTS WILL STAY: House Appropriations Committee defeated attempt to restore some of CPB funding cuts for FY 1996 and FY 1997. Amendment by Rep. Durbin (D-Ill.) that lost 20-35 would have restored \$16 million of \$47 million cut for FY 1996, leaving CPB with 10% reduction. It also would have restored \$60 million of \$94 million cut for FY 1997. CPB issues were minor part of debate over Durbin's amendment, which also sought to restore \$4.8 billion in other reductions by eliminating direct federal disaster aid to states and replacing it with loan guarantees.

Decision to chop CPB funding was "among the most difficult it faced" in downsizing federal programs, Committee report said. It said that "in a time of extreme fiscal constraint, the Committee believes that public broadcasting must contribute to the governmentwide downsizing initiative." Cuts represent "only 2.5% and 5% of total estimated public broadcasting revenues" for those fiscal years, report said, and what's left will "provide the public broadcasting industry ample resources and time to reassess and restructure its activities without undue disruption of broadcast services." Committee encouraged CPB in allocating reduced funding "to consider the impact of reduced allocations on rural stations, particularly radio and television stations that do not have as great a donor base as urban stations and which serve areas that have only limited

cable alternatives." Subcommittee also recommended that Committee vote to cut \$2.7 million from Ready to Learn TV program, essentially eliminating program.

Rep. Porter (R-Ill.), chmn. of Labor-HHS Subcommittee that imposed reductions, said he is "strong supporter" of public TV and contended that most Republicans don't want to "see CPB put out of business." Instead, he said, they want it to be independent of federal subsidies. Porter said cuts would put CPB at "reasonable levels" so it could use outside revenue to change its operations, such as saving money by eliminating duplicate stations in several markets.

Senior Committee Democrat Obey (Wis.) attacked budget rescission as hurting "the only decent TV available to kids" and as putting CPB on path for elimination of funding by FY 1998. Rep. Lowey (D-N.Y.) objected to cutting "investments in educational programming" and said public broadcasting shouldn't be abandoned.

Vice President Gore vowed that Administration will fight "every step of the way" against Republican attempts to "kill" public broadcasting. In speech at American U., he underscored Administration support for public broadcasting, but gave few specifics as to how White House might fight cuts. He said public broadcasting needs "a permanent, stable source of income... apart from regular appropriations and insulated from politics." In addition to set-aside funding, Gore said: (1) PBS must retain "noncommercial character." (2) PBS should "go back to educational roots" for children and adults. (3) Administration should ensure that PBS operates at maximum efficiency.

Gore charged that congressional leadership, rather than Republicans generally, is out of touch with people across country who are "mystified" by move to slash PTV-radio funding. He characterized public broadcasting as "sound investment, sound public policy and a great value," noting that \$5 to \$6 is raised for each dollar of seed money. Argument that PBS and NPR are elitist is "simply absurd," Gore said, saying true elitism is those who would take "valuable resources away from those who need it most."

With characters Bert and Ernie as props, and 35,000 post cards mailed by People for the American Way, congressional supporters of public broadcasting promised bitter fight to keep program from being cut. Rep. Markey (D-Mass.) said CPB was being run "as well as any station in the world" while providing needed service to children. Lowey asked what GOP leadership could have against public TV, suggesting that "maybe public television turned down the opportunity to broadcast the Speaker's college course." Rep. Pelosi (D-Cal.) accused Republicans of "taking away food for children's minds."

Former FCC and PBS Chmn. Newton Minow, in op-ed piece in Washington Post said children would be hurt most by loss of public TV and suggested alternate sources of public broadcasting funding: (1) Use small percentage of money from FCC spectrum auctions to support educational broadcast services for children. (2) Explore use of limited advertising. (3) Revive Carnegie Commission idea of taxing TV sets to pay for children's TV.

Letter to Administrative Conference of U.S. (ACUS) urging reexamination of Sunshine Act was sent last week, signed by 12 current and former commissioners from 4 agencies, including all 5 FCC commissioners. Letter, originated by SEC Comr. Steven Wallman, asked ACUS to evaluate whether operation of Act is "counterproductive," such as inability of commissioners to confer collegially in private, and asked ACUS to suggest alternatives to accomplish same goals. Other signers: SEC Chmn. Arthur Levitt, SEC Comr. Richard Roberts, FTC Comr. Christine Varner, Commodities Future Trading Corp. Comr. Sheila Bair, 2 former SEC commissioners -- Joseph Grundfest, now Stanford U. prof., and Al Sommer, now Morgan, Lewis & Bockius attorney. Counsel for 2 private sector organizations signed: Alan Morrison, attorney for Public Citizen; Laurence Gold, gen. counsel, AFL-CIO.

TV ad sales grew 10.1% in Jan. over year earlier, Tvb said, including 29.8% for Fox affiliates and independents, 6.2% for major network affiliates. Spot sales gained 11.2% (29.5% Fox/independents, 7.3% majors) and local ads 9.3% (30% Fox/independents, 5.4% majors.) Survey covered 337 stations -- 260 majors, 77 Fox/independents.

Survey of how children are portrayed in cable and TV programs shows industry is doing "much improved job" in providing "role models for girls" but says representation of Latino children "lags seriously far behind." Study for children advocacy group, Children Now (CN), said child characters on TV are "often motivated by their peer relationships, sports and romance" and "less frequently motivated by issues of community, school or religion." CN national poll of children's attitudes toward "values" on TV reported that 70% said "the kids they see on TV don't deal with the same kinds of problems these young people face in their own lives."

N.Y. Times' KFSM-TV (Ch. 5, CBS) Ft. Smith, Ark., launched 2 cable news channels. One is on TCI system in Ft. Smith, other on TCA in Northwest Ark. Each carries station's local newscasts live, repeats them until next live newscast.

Primestar Partners is offering 6 new programming services as part of subscription packages: CNBC, CNN International, Golf Channel, Playboy TV, QVC, Starz! Primestar said it expects to add more channels this summer.

FOX INQUIRY MOVING: FCC staff is moving quickly to present recommendations to commissioners on Fox alien ownership dispute. Fox and NAACP filed comments, with Fox asserting it had been "fully candid" in 1985 in revealing News Corp. equity ownership to FCC, and NAACP asking Commission to "revoke all Fox licenses" because of it's "lack of candor" in 1985 applications and "misrepresentations" during current investigation.

Meanwhile NBC filed affidavit that resumption of "commercial arrangements" with Fox wasn't "consideration" for withdrawing petitions to deny Fox and SF Bestg. station purchase applications (TVD Feb 27 p4). FCC Gen. Counsel William Kennard denied news reports that agency was "investigating" business relationships between NBC and Fox and told us withdrawal simply was undergoing customary agency review.

Commissioners can schedule Fox issue for discussion at open meeting as early as April, or, as customarily done in adjudicatory matters, review matter individually "on circulation." Sources at FCC say that Commission in past has held occasional closed executive sessions, with public notice under Sunshine Act, for adjudicatory matter, procedure routinely used for compliance matters by SEC and Federal Election Commission, and that there's some sentiment for 5-member closed session in Fox case.

Both parties addressed statement by FCC Mass Media Bureau Chief Roy Stewart that he hadn't been aware in 1985 that News Corp. owned 99% of Fox equity (TVD Feb 27 p4). News Corp. Chinn. Rupert Murdoch said Stewart "did not allege that we misled him," but NAACP said Stewart's statement "demolishes" Fox's claim that it had disclosed "true nature of alien ownership to the Commission." Fox cited statements from other FCC staff members involved in issue in 1985 that its applications "clearly established" that News Corp.'s indirect common stock holding would "represent virtually the entire beneficial equity interest in the Fox enterprise." NAACP said there's "no probative value" to those staff statements.

Murdoch said showing that NC had 99% equity in 1985 "was contained in the original application if you add and subtract equity figures in the application." Fox filing said use of that figure in recent 1994 statement "merely expressed in percentage terms the very fact that had been reported to the Commission repeatedly since 1985." NAACP contended that "any suggestion by Fox that it made full disclosure of all relevant facts in 1985 is nothing more than wishful thinking on its part" and said that "Fox's failure, over 9 years, to disclose the plain fact that it is 99% alien owned" is "as egregious a violation of the duty of candor as can be imagined."

Fox filing included letter from Columbia U. law prof. Marvin Chirelstein, whom it had retained to review 1985 material, stating that he "cannot find a trace of concealment in the documents" relating to NC's equity interest. Murdoch blasted Fox opponents: "This whole sorry episode simply shows how the regulatory process can be abused and how lawyers and lobbyists can be employed in Washington to attack unwanted competition." He said he was referring to NBC petitions, since withdrawn, and to N.Y. chapter of NAACP.

NAACP, which in previous filings had asked FCC to conduct full adjudicatory hearing, said "no hearing is needed" to revoke Fox licenses because evidence of lack of candor is "overwhelming." On Fox and Murdoch defense of creating 4th network, NAACP said "removing Fox as a licensee would

still leave it free to own and operate the network," and that network "like many radio networks, would simply have to reach 100% rather than just 80% of the national market through affiliates." It said Fox "would still be free to hold passive investments in its affiliates."

NAACP said that upholding Fox ownership structure would result in "huge influx of foreign capital in the form of equity investment in broadcasters" that would "eviscerate any prospect for future minority ownership of major television stations. There is absolutely no policy justification for allowing aliens to cut into the licensing line ahead of minorities." It said Fox decision was test for FCC "of its ability to apply the law equally to all, big and small."

NAB RADIO, TV SPLIT ON OWNERSHIP: "All rules that limit the ownership of radio stations" should be repealed by FCC, NAB radio board recommended following conference call of its members March 2. Action contrasts with that of TV board, which couldn't reach consensus, decided to remain neutral (TVD Feb 27 p1). Rules should be relaxed, radio board said, because "FCC's current restrictions... prevent the radio industry from achieving the best service to the American public."

Current FCC rules limit nonminority radio owners to 20 AM stations and 20 FMs; with minority involvement, maximums increase to 25-25. On TV side, nonminorities are permitted to own 12 stations, 14 with minorities. TV board was unable to reach agreement because of split between affiliates and major networks. Stations want some restrictions to remain, networks want them repealed. Each side is lobbying Hill and FCC.

Radio board also will seek repeal of FCC duopoly restraints and rules covering local marketing agreements (LMAs).

One of biggest cable overbuilders left active role in cable business when Fla. Power & Light (FPL), owner of Telesat Cablevision, agreed to sell its remaining systems to limited partnership controlled by Adelphia. Deal involves 5 FPL systems with 50,000 subscribers in Fla., for which FPL receives 1/3 interest in Olympus Communications L.P., valued at \$112.5 million, plus \$15 million of Adelphia stock. Adelphia owns other 2/3 of Olympus, which will own FPL's and other systems. Telesat traditionally was one of most aggressive overbuilders in nation, with Pres. Harry Cushing leading formation of Competitive Cable Assn., chairing group. However, FPL had difficulty making success of its 10 planned overbuilds in Fla., and eventually said it would withdraw from business. It decided to sell cable and other operations after new management took over and set plan to focus on core electric power business, spokesman said. Competitive Cable Assn., which had former NCTA Pres. David Foster as head, faded away. Cushing referred questions about deal and future of overbuilding to corporate HQ, but said he was pleased with move. None of 5 remaining FPL cable systems was overbuild of Adelphia, which expects to have 460,000 subscribers in Fla. after all pending deals are done. FPL systems are in Leesburg and Citrus, Hillsborough, Orange and Osceola counties; most Adelphia systems are in Miami and Palm Beach areas.

Century Communications bought 9 cable systems with 47,000 subscribers from Rock Assoc. for undisclosed price. Systems are in Burney and Susanville, Cal.; Gunnison and Telluride, Colo.; Bonners Ferry, Coeur d'Alene and Moscow, Ida.; Libby, Mont.; Friday Harbor, Wash.

PTAR ECONOMIC DATA ISSUE: Decision has been postponed until after Prime Time Access Rule (PTAR) rulemaking comments are filed March 7 on whether parties must submit copies of underlying data and material on which economic analyses of issue are based. Mass Media Bureau Chief Roy Stewart convened meeting of PTAR filers and top bureau officials March 1 to discuss Coalition to Enhance Diversity (CTED) petition to require that backup economic data, including machine-readable databases, be submitted in addition to comments (TVD Jan 2 p6). Motion has been strongly opposed by INTV and networks.

Participants agreed to meet again after comments are filed this week to "finalize procedures for sharing underlying data," one participant said. Hope is that parties seeking backup material can "particularize" data they want to review, eliminating issue of providing backup for entire filings. Despite technical nature of request, issue has been viewed as opening shot in what is expected to be hotly contested rulemaking. Economic arguments submitted by opposing sides are particularly important because Commission has emphasized that analysis of PTAR rules, and decision in pending rulemaking, will be based on "rigorous economic framework" (TVD Oct 24 p3).

CTED counsel Diane Killory told us group is "willing to compromise" to "alleviate underlying concerns" of opponents of proposal, such as providing confidential business information under protective order, but said: "Everyone should be on notice that whatever they file could be subject to production of the underlying data."

Three major networks and INTV that participated in meeting with CTED lawyers have opposed request strongly on grounds it's "unduly burdensome," would require divulging confidential information, would set new precedent for filing comments. They previously resisted CTED requests to work out voluntary prefiling agreement. Meeting was designed to facilitate parties' reaching agreement among themselves. INTV Vp David Donovan said it was "positive effort to work out procedures" to handle CTED request and said issues could become better focused "when we see just what data they need." Network source said they will have to "see what data are asked for" after filings before they will know whether to continue to oppose CTED proposal.

In addition to Stewart, FCC personnel at meeting included: Renee Licht, deputy chief, Mass Media Bureau; Douglas Webbink, chief, Policy & Rules Div.; Michael Katz, chief economist, Office of Plans & Policy. Most of discussion was between parties to motion, with FCC officials expressing desire that they work out solution among themselves rather than relying on Commission decision on CTED petition. Participant said discussion didn't include substantive merits of PTAR, only filing issues raised by CTED.

Procter & Gamble (P&G) and Paramount TV Group formed alliance to produce new TV network series and first-run syndication programs. Under 3-year deal, each company will contribute 50% of program development costs, terms not revealed. P&G will get ad time for jointly produced series for life of programs, including network, syndication and international distribution, and will be equity partner.

CBS is buying WPRI-TV (Ch. 12, ABC) Providence for undisclosed amount from Narragansett TV. Current CBS affiliate there is WLNE-TV (Ch. 6), owned by Freedom Communications.

COPYRIGHT RULES ATTACKED: Congress didn't want Copyright Office to create disincentives for a la carte sale of cable program services, cable officials said in comments on how to charge copyright fees in a la carte environment. However, copyright holders said easing copyright fees would violate law, might not be necessary and almost certainly would be premature. Issue is whether Copyright Office should allow cable systems to pay royalties for broadcast "superstations" based only on those that subscribe to them.

There's "no logical basis to force cable operators to pay royalties based on the fiction that all subscribers receive the signals," NCTA said. Cable operators want to pay royalties based only on number of subscribers to superstations, either through a la carte or new product tiers. Assn. said easing copyright rules won't encourage operators to shift superstations out of basic because of Cable Act and FCC restrictions: "Rather, new superstations... may well gain carriage if a segmented payment approach is implemented."

Satellite operators that deliver superstations to cable headends said Office could limit impact of eased rules on copyright pool by limiting change to newly carried stations, although EMI Communications said there was no evidence that Copyright Office should want to keep copyright payments high. Higher fees that discourage superstation carriage conflict with congressional desire to increase consumer choice, United Video (UV) said, and encouraging more carriage actually could increase copyright pool. Under current rules, UV said, royalties could be more than total revenue generated by superstation.

It's "erroneous theory" that royalties should be based on actual number of subscribers, professional sports leagues said in joint filing, and nothing in legislation allows change: "Any change, if at all, should come from Congress." Sports leagues, like program suppliers, said a la carte and cable rate rules are in state of flux. Programmers said "trying to establish royalty rules before the a la carte policies are finalized... is an exercise fraught with difficulties." It's not even clear whether royalty rules are significant problem, they said, and if it's shown that they are, they're "willing to work with" Office and industries to "see if appropriate legislation can be crafted."

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FCC Mass Media Bureau is finishing details of proceeding on pending Nov. sunset of network finsyn rules. Proceeding could be issued at April agenda meeting or be handled by circulation. Review was mandated by May 7, 1993, FCC order that gave supporters of network restrictions last chance to oppose repeal. Order said burden of proof for untracking sunset 2 years after court order would be on finsyn supporters. Review notice is expected to repeat 14 factors listed in 1993 for evaluation of sunset order, including network behavior under relaxed program ownership rules, industry mergers and acquisitions in interim, growth of "alternative outlets for sale of programming." Notice also may ask for comments on additional developments not contemplated in 1993 order, including potential telephone VDT competition, new United Paramount and Warner Bros. TV networks, broadcast deregulation, other competitive and economic factors. Industry sources say issue isn't as heated as it was in years leading up to Dist. Court and FCC repeal orders when Hollywood community and independent station owners were engaged in fierce battle with networks over rules, although opponents are expected to file oppositions to sunset. Harder fight is expected over repeal of Prime Time Access Rule. INTV Pres. James Hedlund said major concern is repeal of domestic syndication portion of rule without any "experience of network behavior in syndication market" over last 2 years.

HUNDT TARGETS VDT: FCC Chmn. Hundt said he's willing to work with states on VDT but said federal regulators must make sure states don't let telcos cross-subsidize networks: "This is the number one issue." He told NARUC meeting in Washington that goal is to "address the question with you in concert" although VDT cost-allocation issue is difficult. FCC staffer said Hundt would back state oversight of intrastate VDT services, with federal role for interstate VDT.

Cable industry, which has criticized FCC handling of VDT, has "every right in the world to raise these questions," Hundt said, but cable input sometimes has been counterproductive, questioning whether "rhetoric that is supercharged with quotable soundbites is suitable to persuade" regulators. He urged industry to act in "a civil manner" and present "facts and the law, and maybe a few less adjectives," in its VDT arguments. He said some VDT delays are because of cable opposition filings.

NCTA Pres. Decker Anstrom in letter to Hundt said it's "unfair" to attribute VDT delays to cable because "cable's contribution to the VDT proceedings has focused on substance, not rhetoric." Anstrom said cable VDT filings have been "filled with data, reports from independent economic experts and exhaustive legal analysis," but wouldn't have been necessary if FCC had handled VDT cost allocation in original decision: "It is unfair to attribute delays to the cable industry's opposition filings. We have simply had no choice but to oppose most of these applications because the fundamental ground rules remain unwritten even today."

FCC Chmn. Hundt said his NARUC comments about some industry VDT comments' being counterproductive were "certainly not directed at cable," but at all industry advocates. He said his speech made it clear that cable had "made many excellent points" that caused FCC to "devote substantial resources" to issue. Hundt also told us that key point of his speech was urging "every single state regulator" to "take the pledge" that it won't allow telcos to cross-subsidize VDT.

Katie King, counsel of Senate Commerce Committee, said most contentious issue in telecommunications reform debate probably will be cable deregulation, which many Republicans say they support. She said there's "definite concern" among members of Congress that although deregulation could spur more competition, "at the same time, we don't want cable rates to skyrocket." Also at NARUC, Washington lawyer Howard Symons said "legislation is critical" for cable industry. He said states should cooperate with "articulated federal policy... that removes barriers to entry."

Bradley Stillman of Consumer Federation of America said provision to allow cable-telco buyouts "makes no sense" because it would squelch competition in many small markets. Consumers Union spokesman Gene Kimmelman said alliances of cable, long distance and other parties may speed reform process, but he cautioned that "they should be fighting each other" as competitors.

In NARUC speech, Hundt said he returned from Brussels G-7 telecommunications summit Feb. 28 to find that his car had been stolen from parking garage. Said he: "When you get back to the U.S. you may run into all kinds of problems on the Information Superhighway." He jokingly asked that someone in room drive him home but said FCC rules meant he couldn't take ride from industry officials.

FIELDS SEES CONSENSUS FOR BILL: House Telecom Subcommittee Chmn. Fields (R-Tex.) said he hopes to introduce legislation with wide support among panel members in next couple of weeks. Speaking at NAB State Leadership Conference in Washington, he said it would be "important that the bill has a broad consensus," which he interpreted as attracting at least "key Democrats," if not all Democrats on Subcommittee. With couple of hearings, bill could pass full Commerce Committee by end of March and go to House floor by May, Fields said.

Fields' view of how his Subcommittee will proceed contrasted with that of Sen. Packwood (R-Ore.), who told NAB he wasn't certain that strong consensus would develop among other members of Senate Commerce Committee. He said he was generally pleased with direction of draft bill presented by Commerce Committee Chmn. Pressler (R-S.D.), said it would be possible to pass bill by Labor Day.

Packwood told broadcasters he opposed any reductions in lowest-unit-rate rule and favored lifting TV ownership restrictions on national and international level. But he said he wouldn't want to comment on whether ownership restrictions should be lifted within one market, condition that could lead to all stations in small market being placed under one owner. Announcing that Finance Committee, which he chairs, will hold March 7 hearing on tax certificates, Packwood said he would favor keeping tax certificates if it's shown that they help minorities gain access to capital, but not if they're "quota" program. He also said he opposes levying fees on broadcasters for their use of spectrum.

FCC Gen. Counsel William Kennard will be leadoff witness at hearing. Leslie Samuels, asst. secy. of Treasury for tax policy, also will testify. Frank Washington, black entrepreneur whose role in \$2.3-billion deal to purchase Viacom cable systems sparked examination of rule, also is scheduled. Others on witness list: Raul Alarcón, pres., Spanish Bctg. System; Tyrone Brown, former FCC member now with Wiley, Rein & Fielding; Don Cornwell, chmn., Granite Bctg.; Bruce Fein, former FCC gen. counsel; Michael Horowitz, senior fellow, Hudson Institute; Robert Johnson, chmn., Black Entertainment TV; Philippe Dauman, exec. vp, Viacom. Session is 9 a.m., Rm. 215, Dirksen Bldg.

Fields set out legislative agenda for next few months that also includes hard look at FCC spending, hearings on international marketplace, privacy. He said his panel wouldn't deal with children's programming, but strongly suggested that broadcasters improve its quality. While there has been some improvement, Fields said, he urged broadcasters to "think creatively." He suggested they could use one of new channels created through digital compression for childrens' programming. Fields said he expects bill to lift restrictions on alien ownership of stations to include reciprocity with other countries, even though measure by Reps. Oxley (R-O.) and Boucher (D-Va.) has no such provision.

FTC charged Home Shopping Network (HSN) with making unsubstantiated claims about 3 vitamin sprays and stop-smoking spray. FTC, in 4-0 vote, seeks administrative law judge order requiring HSN to provide reliable scientific evidence supporting claims. HSN called FTC action "unwarranted and unreasonable" and said it will contest decision. CEO Gerald Hogan also said FTC "has not charged that the products are unsafe or ineffective." HSN, meanwhile, was scheduled to announce March 5 that it was launching its HSN Direct service internationally.

NESS PUSHES CHILDREN'S TV: FCC Comr. Ness told NAB state leadership conference last week in Washington that there's "no better time for the industry to demonstrate its commitment to the public interest." There's need, she said, for TV stations to have regularly scheduled children's programming, although she didn't say it's function of govt. to mandate that. She again endorsed proposal of FCC Chmn. Hundt that stations in given markets be permitted to work together to provide children's programs, also suggested that "perhaps" consortium of station associations could become involved: "I'm very willing to sit down and talk with you."

In comments to reporters after speech, Ness said "safe harbor" idea for childrens' TV involved setting "processing guideline" of "minimum number of hours of educational programming which, if fulfilled, would create a presumption of a station's being in compliance with the Act" and would allow license renewal to be "handled administratively at the bureau level without having to go to the commissioners." Ness said she was aware of general broadcaster opposition to quantification of childrens' programming requirements, but said many local broadcasters are "uncomfortable not having a known standard of what's expected of them" and safe harbor processing guideline would "let them know in advance how to comply" with FCC rules. She also reiterated view that advertisers could work more aggressively with broadcasters: "Part of the problem today is promotion. Advertisers could help promote good childrens' programming and help get kids to tune in."

On ownership questions, Ness expressed concern that market and rule changes could result in "too few voices" in marketplace. She said Commission would be addressing digital TV questions "later in the year" and commissioners "have a great interest in moving ahead" on digital TV and HDTV.

EEO also was dominating issue at session with NAB Gen. Counsel Henry (Jeff) Baumann and Deputy Gen. Counsel Barry Umansky. Mass Media Bureau Chief Roy Stewart said EEO issues have occupied "most of my time" in frequent appearances before state associations. He said FCC is expected to issue rulemaking on subject in March and urged broadcasters to provide input. Charles Kelley, chief of Enforcement Div., said FCC's biggest problem on EEO is how to define small-market station -- whether to base it on size of market or number of employees. Current Commission EEO rules exclude stations with fewer than 5 employees.

Conference also heard debate on First Amendment issues featuring Heritage Foundation's Adam Thierer and Media Access Project's Andrew Schwartzman. Thierer called for legislation stressing "preeminence of the First Amendment" and end of all FCC structural and content rules. He said licensees should be free to use their spectrum allocations "however you wish" and "no longer should federal power" be permitted to tell broadcasters what's best. Schwartzman countered that U.S. has best commercial broadcast system in world and that regulation is partly responsible. Marketplace forces can't be relied on for total regulation, he said, and "unregulation is not good for you. It's not good for me." But, he said, there are many areas where federal regulations can be improved.

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Nethold European pay-TV group reserved 3 transponders on Eutelsat Hot Bird 2 to launch digital TV and other home entertainment services before end of year. Telepiu, Italian pay-TV operator in which Nethold has 25% share, also reserved 4 transponders.

L.A. Board of Supervisors last week named task force to study whether to produce, copyright and sell live TV broadcasts of court trials. Board also asked Judge Lance Ito to "condition" telecasts of Simpson trial on payment of "costs caused or increased by the broadcasts," including "facility modification, jury sequestration and security." County Counsel De Witt Clinton provided Board with opinion that "trial proceedings themselves might not be copyrightable," but that if county installs and operates broadcasting equipment, "sufficient artistry and originality to make the recordings copyrightable can be provided through editing, the addition of commentary or other creative augmentation." RTNDA Pres. David Bartlett said idea is "legally and unconstitutionally absurd... You can't copyright coverage of a public trial conducted at taxpayers' expense. It's a court of law, not the movie of the week." L.A. Radio & TV News Assn. has been invited to participate in Task Force. Opinion said plan would "not adversely impact" private companies currently broadcasting court proceedings because "common audio and video feeds provided by the County" wouldn't be different from "common pooled transmission" required by court rules. Clinton wrote that while public and press have "constitutional right to attend and report on trials," electronic coverage is at "discretion" of court. Task Force is to report by end of March.

Consolidated Communications Inc. (CCI) bought controlling interest in cable systems owned by Greene County (Ill.) Partners Inc., but is awaiting Ill. state govt. decision, due by early April, before it begins buying systems within its Central Ill. service area. CCI had joined with Ameritech in successful suit to overturn ban on teleco-cable cross-ownership, but state has 6 months to decide whether to take further action to block in-area cable purchases. Greene County owns cable systems with 7,100 subscribers in several Central Ill. locations, including Greenville, Petersburg, Roodhouse. Systems recently were bought from InterMedia Partners and United Video. Terms weren't disclosed.

Hoping for price break for high-volume purchase, Bell Atlantic, Nynex and Pacific Bell issued joint request for proposal for digital set-top equipment to be used in their VDT systems. Companies plan to buy up to 4 million set-top boxes and software over 5 years. Bell Atlantic spokeswoman said companies also see joint purchase as way of "jump-starting" development of technology and standards. Request stipulates that set-top architecture must be open and modular. Companies plan to select one or more winners in late spring. Prototypes will be tested in fall and delivery is expected in 1996 as companies begin deploying VDT networks.

Speakers at April 4 conference, Pierre Hotel, N.Y.C., sponsored by Wertheim Schroder and Variety include: FCC Chmn. Hundt, TCI CEO Malone, Turner CEO Turner, Viacom CEO Frank Biondi, HBO Chmn. Michael Fuchs, Cap/ABC Pres. Robert Iger, Philips Software CEO Scott Marden, Microsoft Vp-Advanced Consumer Technology Craig Mundie, Comcast Pres. Brian Roberts, Nynex CEO Ivan Seidenberg, Howard Stringer, chmn. of telco joint venture, New World Entertainment Chmn. Brandon Tartikoff -- 212-492-6082.

NBC will lead off annual round of spring TV affiliate conventions with May 21-23 sessions in Maui, Hawaii. NBC affiliates last met in Hawaii in June 1988, have moved 2 conventions scheduled there since to mainland, latest in 1993 to Orlando. Affiliates of other 3 networks will meet in Century Plaza Hotel, L.A., this spring: CBS May 31-June 1, ABC June 6-7, Fox June 22-23.

EUROPE STUDIES QUOTAS: European policy-makers, seeking to bolster struggling domestic TV industry, expect to release plans late this month to establish quota/subsidy program for cable TV. Plan would require cable companies to carry domestically produced programs or spend up to 10% of revenue to finance domestic production, European Commission (EC) Comr. Marcelino Oreja said at EC HQ in Brussels last week. "The industry of audiovisual programming needs to have some kind of protection," he said. "We want to safeguard different European identities." He estimated program would remain in effect for at least 10 years.

Oreja admitted 1989 "TV Without Frontiers" directive wasn't working and said EC is looking at revisions. Directive left too much room for "discriminatory interpretation," he said, and didn't cover cable-only or satellite-delivered programming or new technologies such as video-on-demand.

Oreja said final recommendations probably will be submitted to Commission after March 15 and to Council of Ministers, final legislative step, at April 3 meeting. Most European officials favor some form of subsidy or added boost; U.S. and foreign producers balk at protectionist quotas. Under plan, govt. would provide nearly \$500 million over next 5 years to support production. Comr. Edith Cresson is circulating proposal to assess 0.5% levy on telecommunications operators to build fund to support production and distribution of software related to education and culture. She said levy would raise 600 million ECUs per year: "These resources, once allocated to multimedia educational purposes and content production would, at the end of the day, generate further telecommunications traffic, hence additional revenues to telecommunications operators."

Combined 4th-quarter revenue for ABC, CBS and NBC was \$2.528 billion, down 3.6% from \$2.622 billion year ago, Best. Cable Management Assn. (BCMA) said. Increases were in prime time (13.7%), late night (9%), a.m. (6%), news (4.1%) and daytime (3.2%), were offset by decreases in sports (35.6%) and kids (9.4%). Full-year revenue grew 6.3% to \$9.29 billion. Kids was only category with decrease (9.4%). Increases were in late night (12.5%), news (12.4%), a.m. (11.7%), sports (9.4%), daytime (5.6%), prime time (3.4%). BCMA said first-quarter 1994 Winter Olympics increases were offset by network loss of baseball and football in 4th quarter, and said kids revenue would "continue to be adversely affected" by Fox growth and new networks.

FCC gave cable operators extra 30 days to file Form 1205 on equipment and installation costs, it said in waiver letter. Cable Bureau Chief Meredith Jones said in letter that Commission accepted operators' argument that they would have to estimate many figures in report since many companies don't close accounting records until 2-3 months after year-end. Rules require 1205s to be filed 60 days after year-end. Bureau said waiver is for one year only.

In response to request by Cap/ABC and NBC, FCC delayed deadline to March 21 from March 6 for comments on how to regulate RHC-provided video programming. Broadcasting networks said they needed more time because they hadn't participated in VDT proceedings before and issues are complex.

Multimedia and TCI completed trade of cable systems with 90,000 subscribers in cash-free deal, broker Daniels reported. Multimedia received systems in various Kan. municipalities, TCI systems in Ill. and Okla.

Any bid to spur competition must include rate relief for cable, NCTA Pres. Decker Anstrom told CableLabs Convergence Meeting in Santa Barbara. He said rate relief is needed to "ensure that cable companies can compete for access to the capital they need to build competitive systems." Anstrom said Congress doesn't need to change cable rate rules themselves, just ease definition of effective competition. Cable Act says cable systems aren't subject to rate rules if they face effective competition from competitor with 15% of market. He said rule doesn't "recognize all the dramatic changes that have occurred in the video market," including success of DBS and emerging competition from telcos. He acknowledged that lawmakers may worry that cable prices would "spiral upward" if competition definition released many systems from rate regulation, "but they should take a look at the competitive forces we're facing. With these competitors hard at work to win over customers from cable, cable rates are sure to remain reasonable." NCTA also released "fact sheet" on DBS quoting analysts predicting service "will be one of the fastest introductions ever of a new consumer electronics product." It said DBS companies are signing up 2,000 subscribers per day, will have 2.2 million by year-end, 5.1 million by 2000. NCTA said half of subscribers are in urban areas passed by cable, and more DBS services are being launched. In addition, it said, cable faces competition from C-band satellite dishes (4 million) and wireless cable, which has 600,000 subscribers and is expected to grow to 3.4 million by 2000.

Financials: Citicasters reported 4th-quarter net revenues of \$37.3 million, including \$20 million from TV broadcasting, and net earnings of \$14.8 million. Company said same-quarter 1993 figures of \$55.6 million revenues and \$20.3 million loss aren't comparable with current quarter because of company's 1993 bankruptcy reorganization and refinancing and sale of 4 TV stations in 1994... Multi-Market Radio said it had 4th-quarter net revenues of \$2.1 million, up 50% from \$1.4 million, but loss of \$300,000, vs. \$120,000 loss year ago. Loss was attributed to increased depreciation, amortization, interest.

RTNDA asked Congress to require FCC to conduct "inquiry into all current rules and policies" concerning "content of programming" on TV, cable and "other entities with mass media functions" and to report recommendations to Congress by Sept. 1996. Assn. also requested legislative ban on FCC's enforcing personal attack and political editorial rules.

At agenda meeting March 7, FCC will take up 1991 deregulatory proceeding on restraints against TV network ownership of small market station in isolated area without other stations plus "secondary affiliation rule" on restrictions on TV networks' having partial "secondary" coverage on VHF station in smaller markets.

Clear Channel Communications agreed to buy half of new Australian Radio Network for \$75 million from Australian Provincial Newspapers Holdings, which will retain 50%. Network will consist of 7 FMs, 2 AMs. Australian law doesn't prohibit foreign ownership.

S. Korea launched its first 20 cable networks March 1. Country has 6 broadcast TV channels limited to morning and evening schedule. Cable networks eventually will offer 24-hour service.

N.Y. Times Co. said it will buy WTKR (Ch. 3, CBS) Norfolk for undisclosed amount from Narragansett TV, adding its 6th midmarket network affiliate.

Half-dozen interactive video & data service (IVDS) licensees have chosen cheaper demonstration system to meet FCC in-service requirements rather than equipment offered by Eon Corp. or Radio Telecom & Technology, said David Thompson, pres. of SEA Inc. SEA's IVDS equipment, which received FCC type approval last week, will be in operation in time to meet agency's in-service deadlines, some of which occur this month, Thompson said. SEA's \$20,000 equipment probably won't be commercially viable for many operators, Thompson conceded, but he said it would let licensees meet FCC requirements and set up demonstrations to attract customers and determine what equipment configurations would be commercial success. System uses 3 IBM 486 computers, each equipped with modem and 218-MHz band transceivers designed by SEA. One unit is to be base station/control unit, others are customer units. SEA system isn't designed for TV interactivity, as was envisioned in Eon's original IVDS application. Thompson said IVDS band probably will be most successful if it carries "some kind of commercial data service" such as transmitting financial data, security services, or sending meter readings and thermostat settings for utility companies.

Federal regulations that delay new services are "travesty" that could put U.S. behind other countries in information technology, Bell Atlantic (BA) CEO Raymond Smith told National Assn. of Regulatory Utility Comrs. He endorsed shifting power to states, but said that's "not enough." He said BA video-on-demand (VOD) trials so far had produced "take rates" of 40% and said company has been "absolutely swamped" by consumer interest. He said current FCC tariff process for VDT is flawed because it doesn't allow telcos to carry affiliated programmers, making networks in some cases "unaffordable." FCC Common Carrier Chief Kathleen Wallman said VDT actions have "not been without controversy," but said that amid opposition -- especially from cable industry -- parties should remember that if Commission were to grant all pending VDT applications, networks would pass only 8% of homes compared with cable industry's current 90% pass rate.

More than half (55%) of cable households would be "very likely" to switch to new video provider if they were offered competitive price, according to survey by market research firm Odyssey. In survey of 4,000 consumers, plus 28 focus groups, Odyssey said it found that 39% rate image of their cable company as very good, down from 47% last year. Rating of telephone companies also is down slightly, Odyssey said, but remains "very good" at 55%.

StarSight Telecast licensed Sharp Electronics to integrate StarSight's on-screen interactive program guide into Sharp TV sets under new agreement. Deal gives StarSight agreements with 10 consumer electronics manufacturers that produce nearly 75% of TVs and VCRs sold in U.S. Sharp will announce later this year what products will include StarSight.

Time Warner is using Tellabs equipment to test delivery of telephony via cable to residential customers in Rochester, N.Y. TW is using cable system for local, long distance, customer calling features, 911, other services. Trial is expected to continue for several months.

Viacom said it received German govt. license to launch Nickelodeon there. German toy maker Ravensburger will own 10% of channel. Viacom received German license earlier this year for VH-1, has been operating German MTV since 1987.

Wireless cable promoter Robert Moses is barred from selling or buying securities without registration or while registration is suspended, under consent agreement approved by U.S. Dist. Judge Miriam Cedarbaum, N.Y.C. Suit filed in Aug. charged Moses and companies he controlled and promoted -- Microwave Cable TV I and Microwave Cable TV II -- with fraud. Moses's businesses, which allegedly purchased wireless cable TV operations and sold them to operators, issued \$965,000 in limited partnerships to 141 investors in 1990, according to SEC suit. Moses signed agreement in Jan. 1991 to buy 51% stake in Wireless Cable of Atlanta (WCA) for \$2.5 million, SEC said, but defaulted on loan after paying \$500,000, SEC said. In 2nd round of sales in 1992-1993, Microwave II sold \$865,000 in limited partnerships to 125 investors, about 80% of whom had invested in Microwave I. Moses allegedly told investors Microwave II owned 51% stake in WCA and also would invest in American Bcst. System (ABS). SEC said Microwave II purchased 507,000 shares of ABS stock for \$560,000, but investors never received promised "registered and freely tradeable ABS stock."

Value of "free time" on network TV Sun. a.m. talk shows was cited by House Majority Leader Armey (R-Tex.) to defend Speaker Gingrich (R-Ga.) against ethics charges that free cable carriage of his college course by Mind Extension U. is "improper gift." Armey wrote House Ethics Committee after recent appearance on CBS's Face the Nation that "one minute of national air time is worth \$10,000" and that he and Democratic Whip Bonior (D-Mich.), who also appeared on show, "could be considered the beneficiaries of about \$60,000 in television time with which to promote our political views." Armey asked committee for "advisory opinion" on whether such network TV appearances violate House rules on conflict-of-interest.

Time Warner is among investors in Latin Communications Group (LCG), which plans to begin buying Spanish-language cable, broadcast and print properties, it said. Other investors include Massachusetts Life, Malayan United Industries and several Wertheim Schroder executives. HBO Chmn. Michael Fuchs, former Time Warner Vice Chmn. Martin Payson and Wertheim Schroder Chmn. James Harmon are board members. LCG's principal asset is N.Y.C. daily El Diario/La Prensa, whose pres., Peter Davidson, is CEO of LCG.

Popular Russian TV journalist Vladislav Listyev was shot dead in stairwell of his apartment building in Moscow March 1. Listyev was first Western-style TV interviewer on Russian state TV. He was scheduled to become general director of new Russian Public TV and head main state Ostankino TV station, Channel 1. Authorities said they had no information about killer.

News Corp. Chmn. Rupert Murdoch will be honoree at IRTS Foundation Gold Medal Dinner April 5 at Waldorf-Astoria, N.Y. Tickets range from \$500 for single to \$10,000 for "gold" table, with proceeds funding IRTS educational programs for colleges and industry professionals -- 212-867-6650.

Star TV will switch satellites, using Indonesian Palapa B2P instead of Hong Kong-based Asiasat 1 for its 24-hour Southeast Asian channel. Both satellites are Hughes HS 376s, but Star TV said Indonesian bird has better coverage of Southeast Asia.

Cosmos Bcstg. completed purchase of WLOX-TV (Ch. 13, ABC) Biloxi-Gulfport-Pascagoula for undisclosed price from Love Bcstg.

Personals

Diane Tryneski promoted to vp-TV operations, East Coast, ABC Best. Operations & Engineering... Bruce Marson advanced to vp-gen. mgr., Hearst Bctg. Productions... Marc Schacher promoted to vp-programming & development, Tribune Bctg... Ruthellyn Musil advanced to vp-corporate relations, Tribune Co... Michael Russell, ex-20th Century Fox, appointed senior vp-entertainment, Rogers & Cowan... Steven Gigliotti, ex-KCBS-TV L.A., named vp-gen. mgr., KOVR Stockton, Cal... Michael DeLeir, ex-KAMR-TV Amarillo, appointed gen. mgr., WXXV-TV Gulfport, Miss... David Kogan, Reuters dir.-media services in U.K. and Ireland, also named managing dir., Reuters TV... Harvey Spiegel, retired Tvb executive, receives NAB-Best. Education Hugh Beville Award at NAB convention April 9 for achievement in audience research.

Bryce Dustman, ex-office of Sen. Burns (R-Mont.), joins Washington office of PR firm Fleishman Hillard as vp... Julian Shepard, ex-Assn. for Maximum Service TV, joins Verner, Liipfert, Bernhard, McPherson & Hand, Washington, as of counsel.

Stephen Croncata promoted to senior vp-creative services, Cartoon Network... Theo Killion, ex-Macy's, appointed senior vp-human resources, Home Shopping Network... Jerome Scro advanced to senior vp-controller, Showtime Networks... Consultant Liz Tysdal appointed vp-Satellite & Commercial Mkts., Golf Channel; Patricia Bishop, ex-Home Shopping Network, named dir.-affiliate mktg... Named to United International Holdings management team for Australian ventures: Robert McRann, ex-Cox Cable, managing dir.; John Porter, ex-Time Warner Cable, COO... Lin Atkinson promoted to gen. mgr., Scripps cable systems in N. DeKalb, Ga., region... Court TV CEO Steven Brill addresses FCBA luncheon March 15, Washington Marriott.

Gail Miyasaki resigns as Hawaii Public Bestg. Authority exec. dir. at end of April... Phylis Geller, Md. PTV senior vp-national/international production, joins WETA-TV Washington April 3 as senior vp-cultural programming, succeeding Tamara Robinson, named vp-programming, WNET N.Y.-Newark... New Eastern Educational TV Network Program Mgrs. Council officers: Chmn. Marianne Potter, WMHT Schenectady-Albany-Troy; Vice Chmn. Chris Fennimore, WQED Pittsburgh; Secy. Grace Hill, WCET Cincinnati... Brenda Hughes, ex-WOUB/WOUC-TV Athens, O., appointed outreach coordinator, Me. PTV.

Edward Huguez, DirecTv vp-programming acquisition, promoted to vp-new media and interactive programming, new post... Eric Estroff, ex-Turner Home Satellite, appointed dir.-dealer mktg., USSB... LaVerne Evans promoted to vp-asst. gen. counsel, BMG Entertainment.

Radio Notes: Group W Radio agreed to buy WXRT(FM) and WSCR(AM), both Chicago, for undisclosed price from Diamond Bestg... Tribune Co. bought Interstate Radio Network, night-time syndicated program service for cross-country truckers that used satellites and facilities of Tribune's WGN(AM).

L.A. cable officials destroyed 25,000 illegal decoders, following 2-1/2-year legal fight against several cable pirates. Decoders were seized in raids resulting in \$2.75-million judgment in favor of Continental last year. City of L.A. estimates it loses \$3.2 million in franchise fees annually to cable theft.

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Children's Cable Network (CCN) plans to use leased access channels to launch new service May 1, officials of Burbank, Cal.-based network said. CCN claims 18 affiliates in Atlanta, Dallas, Denver, New Orleans, Philadelphia and Southern Cal., hopes to have 100 by May 1. Local affiliates would place programming -- largely vintage children's shows and educational programming -- on local access channels, paying for it by selling local ads.

General Instrument said it bought equity in Next Level Communications (NLC), which develops broadband access systems for video, voice and data over fiber. Companies also agreed to develop network components, including set-top terminals. Terms weren't disclosed. NLC, based in Rohnert Park, Cal., uses ATM-based architecture.

Continental will use **General Instrument** CFT-2000 addressable converters to upgrade Mich. cable systems under agreement valued at \$25 million. Upgrades will be in Detroit, Jackson and Lansing systems with 180,000 subscribers.

Senate Governmental Affairs Committee Feb. 28 postponed markup of bill (S-219) to impose moratorium on regulations. Session is expected to be held March 7.

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STATE OF THE INDUSTRY

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

	FEB. 11-17	1994 WEEK	% CHANGE	FEB. 4-10	7 WEEKS 1995	7 WEEKS 1995	% CHANGE
TOTAL COLOR TV...	401,814	387,968	+ 3.6	284,067	2,420,197	2,637,889*	- 8.3
DIRECT-VIEW....	393,712	379,246	+ 3.8	276,198	2,348,849	2,578,840*	- 8.9
TV ONLY.....	372,137	360,099	+ 3.3	259,143	2,189,390	2,387,271	- 8.3
TV/VCR COMBO..	21,575	19,147	+12.7	17,055	159,459	183,544*	-13.1
PROJECTION.....	8,102	8,722*	- 7.1	7,869	71,348*	59,049	+20.8
TOTAL VCR#.....	152,917	162,223	- 5.7	141,105	1,258,679	1,328,965	- 5.3
HOME DECKS.....	131,342	143,076	- 8.2	124,050	1,099,220	1,145,421	- 4.0
CAMCORDERS.....	21,739	30,331*	-28.3	10,283	241,031	251,387*	- 4.1
LASERDISC PLAYERS	8,275	3,115	+165.7	3,354	29,459	26,336	+11.9

Direct-view TV 5-week average: 1995--397,100; 1994--408,965 (down 2.9%).

VCR deck 5-week average: 1995--188,731; 1994--177,439 (up 6.4%).

TV/VCR 5-week moving average: 1995--27,981; 1994--30,888* (down 9.4%).

Camcorder 5-week average: 1995--40,676*; 1994--40,417 (up 0.6%).

* Record for period. # Includes TV/VCR combinations.

RETAIL TV INVENTORIES BULGE AS SALES SLOW: After year of unprecedented growth, TV sales slowed in first 2 months of year, leaving many retailers with bulging inventories. Slowdown was most acute in 27" and smaller TVs, which observers said suffered from consumers' decision to buy larger sets or PCs in recent holiday shopping season. "Everybody bought a little bit aggressively for Christmas," Sears executive said. "Christmas turned out to be good, but everyone thought it was going to be great. It's a function of how aggressive each retailer was in a particular area."

Overall, industry observers said TV inventories hit 2.25 million by late Feb., higher than 2nd half of 1994, but not reason to panic. "Will there be deals cut between now and the end of March? Absolutely," said Toshiba Color TV Asst. Vp Stephen Nickerson. "But if there were a million units in inventory, not 2.25 million, there would still be deals being cut during the month."

With March tradition month for clearing warehouses to make way for new products, deals were nearing fever pitch, observers said. Nearly all dealers we canvassed said they were offered specials on some products returned to manufacturers by overinventoried retailers. Best Buy, which was caught with \$1.4 billion in inventory in late 1994, much of it in TVs, has worked through some product, but still appears heavily stocked, analysts said. Meanwhile, analysts we interviewed quoted Circuit City as saying it had sold off about \$10 million in excess TV inventories to unidentified buyer, but CC spokeswoman denied any such sale took place. Further adding to inventory was Tandy's closing of 230 McDuff's and Video Concepts stores (TVD Jan 9 p16), observers said.

"It's extremely, extremely soft," said gen. mdse. mgr. at major discount chain. "I don't think it's limited to certain sizes. Retailers just carried over a terrific amount of product past Jan. 1."

However, high inventories will be cleared in first half, said retailers who cautioned that sales slowdown doesn't signal downturn in TV business. "I'm still optimistic and we're still looking at a good retail year, but I don't think we'll see the kind of explosive growth that we saw during the first half of 1994," Audio King Pres. Gary Thorne said. "We will continue to see double-digit growth in large screen, but not at the same pace." Zenith Sales Pres. Gerald McCarthy said that while unit sales were down in first 2 months based on

heavy inventory in smaller screen TVs, dollar sales may be "quite strong" because of sellthrough of big screen and projection TVs.

Hitachi Exec. Vp Gary Bennett said that projection TV inventories this year were nearly double those of year ago, but that "at this time last year there was no inventory." Dealers who contacted vendor searching for TVs during shortages in 1994 tied to tight TV glass supply, "aren't necessarily looking for product now, and that has to have some affect on you," he said.

Retailers may respond by holding new TVs in warehouses until existing inventories are eliminated, industry observers said. "Normally, January is when programs get finalized and by February retailers have everything put to bed," Goldstar TV/VCR Dir. Philip Petescia said. "This year a lot of retailers are saying 'if we drag into March, it's not a big problem.'"

1994 COLOR TV IMPORTS -- RECORD 17.3 MILLION: Paced once again by Mexico, color TV imports to U.S. soared 39% over previous record set in 1993 to score all-time high of 17.3 million sets in 1994, according to Commerce Dept. figures. Number includes 1,691,000 TV/VCR combinations and 199,700 projection sets, categories broken out for first time.

Mexico increased its dominance as color TV source, representing 65.8% of total direct-view imports, up from 64.1% in 1993, as well as supplying 93% of projection TV imports. Mexico was source of 11,250,500 direct-view color sets, while No. 2 source -- Malaysia -- accounted for only 20% as many. In addition to Malaysia, only other country supplying more than million color sets last year was Thailand. Canada, benefiting from N. American Free Trade Agreement, showed 140% increase in number of sets shipped here. In monochrome, leader was China, whose 1,228,200 sets constituted 60% of b&w sets, although its color TV shipments declined for 2nd consecutive year.

Imports of VCR decks, at 17,233,700, fell just shy of 1986's record 17.6 million. For 1994, Japan continued to decline as VCR source, with only 22.4% of total, as opposed to 30.2% in 1993. Japan still was No. 1 source country for full-year 1994, but -- presumably as portent of things to come -- in Dec. it fell to No. 3, following Malaysia and Korea (see tabulation by source country in this issue). Fastest growing VCR sources were China and Thailand, up 319% and 113%, respectively.

Camcorder imports in 1994 were down by 2.2% from 1993, with 8mm representing 39.2% of total, virtually unchanged from 38.7% preceding year. For 1994, Japan still provided 92.4% of total camcorder imports, only other significant source being Korea.

Flat-panel color sets were down 15% in 1994 after 70% increase in 1993 (TVD Feb 28/94 p12), with Japan dwindling as source (down 68%), and Malaysia increasing its dominance, growing 76.8%, to account for 72% of total. China is pushing into flat-panel color industry, supplying 12,300 last year, first time it produced any significant numbers. Combination VCR/flat TV portables (of Video Walkman type) totaled imports of 1,945, of which just under 800 were assembled in Mexico, rest originating in Japan.

Here's table of imports by product category (in units) for 1994 and 1993 as well as Dec. of both years.

Product	Dec. 1994	Dec. 1993	% Chg.	1994	1993	% Chg.
Total color TV...	1,325,100	1,046,100	+26.7	17,303,800	12,438,700	+39.1
TV/VCR combos..	172,700	**	--	1,691,600	**	--
Projection.....	19,000	**	--	199,700	**	--
Flat-panel color*	44,500	37,700	+17.9	575,600	677,100	-15.0
Monochrome TV....	201,300	211,700	-4.9	2,054,900	2,288,700	-10.2
VCR decks.....	1,327,200	1,196,700	+10.9	17,233,700	14,497,500	+18.9
Camcorders.....	210,100	237,900	-11.7	3,259,000	3,333,800	-2.2
8mm.....	90,600	112,100	-19.2	1,279,200	1,288,700	-0.7
Other.....	119,500	125,900	-5.1	1,979,900	2,045,100	-3.2
Videocass. players	115,300	130,900	-11.9	1,285,500	1,036,500	+20.9
CD players.....	1,015,700	639,800	+58.7	11,442,300	8,486,400	+35.1

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

Breakdown of TV imports by screen size shows continuing trend to larger sizes, with everything 19" and larger up by double digits, smaller sizes declining. Japan is undergoing something of resurgence as color TV source, but its products appear to be specialty items. Here's how screen sizes and types rated in 1994:

COLOR TV IMPORTS BY CATEGORY, 1994 vs. 1993

Size or Type	Total	% change	% of Total		Dominant Source 1994
			1994	1993	
8" & under.....	109,400	-37.4	0.6	1.4	Japan
9-10".....	560,000	+ 3.0	3.2	4.4	Thailand
11-12".....	901,200	- 7.8	5.2	7.9	Mexico
13".....	3,662,050	+ 9.7	21.2	26.8	Mexico
14-15".....	73,500	-36.0	0.4	0.09	Thailand
16-18".....	11,600	-19.4	0.07	0.01	Thailand
19".....	4,138,300	+37.5	23.9	24.2	Mexico
20".....	2,677,200	+24.3	15.5	17.3	Mexico
21" & over.....	2,742,300	+42.0	15.8	15.5	Mexico
TV/VCR combos....	1,691,600*	**	9.8	**	Malaysia
TV/tape/radio....	79,000*	-29.7	0.5	1.4	Thailand
Projection.....	199,700	**	1.2	**	Mexico
Unclassified.....	458,000	+518.1	2.6	1.6	Japan
TOTAL COLOR ...	17,303,800	+37.4	100.0	100.0	Mexico
Flat-Panel Color	575,600	-15.0	100.0	100.0	Malaysia
TOTAL B&W.....	2,054,900	-10.2	100.0	100.0	China

* VCR combos may have been included in TV/tape/radio category in 1993.

** Included in other categories for 1993. Figures rounded.

While import totals we develop from Commerce Dept. figures include shipments from all countries, our breakouts ignore those that are source of only few products or that appear to be transshipping points for products from other countries. There are some changes in our tabulations as countries drop out of significant production -- Philippines fell below the line last year, plunging as source from 36,600 color sets in 1993 to just 3,150 last year.

For the record, here are countries that Commerce Dept. says were source of more than 1,000 color set shipments to U.S. last year (in addition to Philippines): Panama, Norway, Sweden, Guatemala, Cambodia, Belgium, Morocco, Germany, Australia, Netherlands, India, Mauritius.

MAJOR VHS IMPROVEMENTS FROM JVC: In what could be viewed as significant weapon to extend life expectancy of analog VHS recording in face of imminent introduction of digital VCR (DVCR), JVC last week announced new "core technologies" for VHS format. Primary among these is "dynamic drum" system, which JVC said promises to add sophisticated professional-type features for consumer video recording and playback.

JVC emphasized that developments aren't pie-in-sky, but are ready for incorporation into VCRs soon. Spokesman also advised not to interpret announced technologies as competitive bid to prolong VHS in face of impending DVCR launch. Company said first JVC recorders to deploy dynamic drum and other technologies announced last week will be introduced in April or May in Japan and Sept. or Oct. in U.S., and are expected to add increment of less than \$100 to cost of VCR. Company said it expects to share new technologies with any VHS licensee interested in using them.

Dynamic drum system increases usable features and flexibility of recorder, JVC said. It provides "virtually noiseless" special effects and such other features as recording in reverse direction, company said. Results are achieved by new principle in which rotary head drum is mechanically isolated from chassis, "allowing precisely controlled dynamic movement," JVC said.

Among benefits of dynamic drum as listed by JVC: (1) Noiseless fast-forward rewind search. (2) Smooth slow-motion playback, compared with jerky frame-by-frame operation found on today's VCRs. (3) Automatic compensation for mechanical errors and "environmental changes" such as temperature. (4)

Still-frame recording in pause mode. JVC said possible applications will include time-lapse recording and creation of animations. But it said actual uses will await development of future products along line of features to be demanded by consumers. (5) "Endless recording" without rewind. Once tape reaches end, recording automatically continues in reverse direction. (6) Narrower recording tracks "necessary for long-time and high-density recording."

JVC said use of narrower recording tracks made possible by dynamic drum "theoretically" can extend recording time "dramatically" using existing VHS cassettes. However, 19 microns is current minimum track width specified in VHS format, it said. Reference in announcement to long-time recording possible by use of narrower recording tracks indicates potential made possible by dynamic drum because of higher record and playback accuracy, JVC said.

Other new "core technologies" announced last week by JVC include: (1) "3-Dimensional Super Color System," said to eliminate color bleeding and fading on playback, "allowing reproduction of natural color in great detail." (2) "Best Tuning System," described as simple and inexpensive technology that maintains "optimum recording and playback quality in accordance with tape characteristics and compensates for the aging of the video head."

JVC, as inventor and proprietor of VHS, has major stake in assuring format's longevity in light of expected competition from DVCR, which many view as long-term VHS successor. JVC now is offering W-VHS widescreen technology and potentially will market high-definition analog version of its system.

Despite JVC's statement that dynamic drum and other core VHS technologies announced last week are designed to "further increase the versatility" of VHS format, Roy Cannell of JVC Video Overseas Sales Dept. said dynamic drum development "should not be interpreted as a competitive" bid to prolong VHS in face of imminent launch of DVCR, in which he said JVC played "major" development role. "Whether the development of the dynamic drum extends the life of VHS or not is not for us to judge but something for the consumer to decide," Cannell said.

Dynamic drum is "fundamentally a mechanical achievement and not some innovation" that will be confined to VHS, Cannell said, and "there's no reason why this mechanism cannot be adopted for other formats," including DVCR. As for specific implementations, he said dynamic drum can be used for any format, including W-VHS. He said: "It will be up to our future product planning to devise ways in which to apply and incorporate this technical breakthrough in actual products."

As for overseas marketing plans, Cannell said JVC is trying to incorporate technology "as quickly as possible" starting in NTSC products, with PAL and SECAM versions to follow possibly next year. Responding to our question on whether JVC will share dynamic drum and other innovations with other VHS licensees, he said: "If approached, we will be more than happy to share the technology, as has always been the case" with VHS format.

* * * * *

Another in series of technological advances last week was announced by Toshiba, which said it has developed two 8-bit microcomputers for controlling TV channel selection and on-screen displays that will reduce by as much as half number of chips required for performing same functions now. Toshiba said single-chip devices incorporate 8-bit CPU offering 60 kilobytes of program ROM, 2 kilobytes of data ROM and display circuitry supporting characters in 24-rows, 12-line grid configuration. Chips have enough programming capacity for all "fundamental" TV channel selection functions and will support on-screen display of such functions as sound volume, brilliance and hue, and audio and video mode indications, Toshiba said. Company said it has started sample shipments of one-time programmable chip at about \$200, with mask ROM version to follow in April at sample price of about \$100.

Roberds, citing opening of new stores, reported increase in pro forma net income in 4th quarter to \$2.3 million from \$1.2 million year ago. Sales for quarter ended Dec. 31 jumped to \$78.3 million from \$64.9 million on 7.4% gain in same-store sales. For year, pro forma net earnings rose to \$6.4 million from \$3.9 million as sales increased 19% (see financial table). Same-store sales were up 10%. Dayton-based chain said it would enter 4th market in 1996 and open stores in Beaver Creek, O., in 2nd quarter and Athens and Fayetteville, Ga., in 3rd quarter. Roberds operates 19 stores in Fla., Ga., Ohio.

Nokia's consumer electronics operation returned to black in 1994, company said, with operating profit of \$42.3 million as opposed to \$166.3 million loss in 1993. Finnish company is Europe's 3rd largest TV manufacturer.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 97 yen = \$1, except where noted.

1994 IMPORTS BY SOURCE: U.S. imports for 1994 and for Dec. by major source countries (see separate report, this issue):

VCR Decks				
	Dec.	% Chg.	12 Months	% Chg.
TOTAL.....	1,327,200	+10.9	17,233,700	+18.9
Japan.....	249,100	-16.6	3,861,300	-11.9
Malaysia..	290,800	+13.1	3,518,100	+15.9
Korea.....	261,900	+21.6	3,508,800	-0.1
Indonesia..	151,200	-24.3	2,118,300	+33.5
Thailand..	143,700	+88.0	1,670,900	+113.4
China.....	114,800	+66.5	1,508,600	+318.7
Singapore..	110,500	+71.8	970,500	+31.8
Taiwan....	2,700	-77.8	40,500	-75.5
TV Sets				
TOTAL.....	1,507,400	+19.8	19,159,000	+30.1
color.....	1,306,100	+24.9	17,104,100	+37.5
TV/VCR..	172,700	*	1,691,600	*
b&w.....	201,300	-4.9	2,054,900	-10.2
Mexico				
color....	816,300	+25.7	11,250,500	+39.3
TV/VCR..	60,700	*	514,600	*
Malaysia				
total....	195,400	+128.2	2,448,900	+69.7
color....	186,300	+149.6	2,254,400	+79.3
TV/VCR..	73,600	*	814,300	*
b&w.....	9,100	-17.2	194,500	+4.7
Thailand				
total....	129,800	-24.7	1,848,400	+30.3
color....	129,200	-24.5	1,801,600	+28.1
TV/VCR..	16,700	*	149,400	*
b&w.....	600	-16.0	46,800	+293.5
China				
total....	174,250	-17.4	1,811,900	-13.1
color....	45,300	-30.7	584,700	-18.7
b&w.....	129,000	+55.3	1,227,200	-10.2
Japan				
total....	34,900	+7.4	502,500	+41.0
color....	31,800	+22.4	429,600	+72.5
TV/VCR..	17,200	*	143,600	*
b&w.....	3,000	-52.7	72,900	-31.9
Korea				
total....	35,300	-20.8	453,200	-22.5
color....	14,700	+36.1	251,700	-30.8
TV/VCR..	700	*	1,400	*
b&w.....	20,500	-4.2	201,500	-8.8
Taiwan				
total....	34,100	-19.0	333,800	-20.3
color....	800	-76.0	25,400	-70.7
b&w.....	33,300	-14.2	308,400	-20.3
Singapore				
color....	22,200	+6.6	238,200	-3.8
TV/VCR..	0	*	49,800	*
Canada				
color....	34,100	+507.1	179,600	+139.8
Hong Kong				
total....	4,700	-59.2	39,800	-62.5
color....	2,100	-63.2	19,600	-68.0
b&w.....	2,600	-55.2	20,150	-58.9

* TV/VCR category not broken out in 1993.
Color TV figures exclude projection.
Some totals may not add due to rounding.

GOLDSTAR DECK CUT: Goldstar has cut street price \$100 on 8mm/VHS VCR to \$699 and said it will add hi-fi 8mm/VHS model by midyear.

Company's first dual deck, introduced under Go-Video license in June (TVD July 11 p12), carried \$899 suggested retail, but was advertised at \$799, said Goldstar TV/VCR Dir. Philip Petescia. Rebate program that offered \$100 off VCR in 4th quarter convinced Goldstar to lower street price, he said. Unit has 2-head 8mm playback-only deck and 4-head VHS record-playback deck. He said dual deck "started off slow until we started advertising it, and \$699 seemed to be the right price."

New hi-fi version will have same features as 8mm/VHS deck, including one-touch recording, flying erase head, index search. Price hasn't been set, Petescia said. Go-Video markets 8mm/VHS VCR that adds hi-fi on VHS side and is \$999.

Thorn EMI's Rent-A-Center had 34% share of \$2.8-billion rent-to-own (RTO) market in U.S. in 1994, Thorn Chmn. Colin Southgate told Financial Times last week. Thorn will use 1,300-store chain as model for exporting RTO to other countries and revitalizing existing markets, Southgate said. Thorn operates RTO in 20 countries and Southgate said that by targeting low-income groups, market eventually could include 25% of all households buying consumer goods. Strategy underwent intense scrutiny in U.S. in 1993 when Wall St. Journal reported alleged high-pressure sales techniques and strong-arm collection tactics of Rent-A-Center (TVD Sept 27/93 p16). Former Sen. Rudman (R-N.H.), hired by Thorn to investigate, largely cleared company (TVD Feb 28/94 p16). Southgate said that while Rent-A-Center has been accused of charging 2-3 times usual retail prices in typical 3-year rental agreements, research showed that 95% of U.S. customers understood they were paying more. Some 25-30% of U.S. customers take their contracts to term, he said.

U.S. exports of consumer electronics (CE) products rose 17% to \$3.7 billion in 1994 narrowing balance of trade in CE to \$14.6 billion from \$14.8 billion year ago, EIA reported. Imports of CE products edged up 2% to \$18.4 billion. Overall, total exports of U.S. electronic products topped \$100 billion for first time, rising 19% to \$101.5 billion from \$85.3 billion year ago. Imports rose 19% to \$122.5 billion. Exports were led by tubes, which jumped 37% to \$1.1 billion, and solid state products, up 30% to \$25.2 billion. Leading exports were computers and peripherals, which increased 13% to \$34.9 billion. Defense communications showed lone decrease -- to \$2.4 billion from \$2.5 billion. Largest increase among imports was in solid state products -- 33% to \$26 billion, followed by telecommunications, up 25% to \$11.3 billion. Computers and peripherals had largest share of imports at \$46.9 billion.

Interactive Digital Software Assn. (IDSA) said at our deadline that it was expecting about 7 groups to submit proposals to stage IDSA-endorsed trade shows for 1996-1998. Deadline for proposals was close of business March 3. IDSA guidelines given to interested parties included list of 10 cities that it considered desirable as show sites. It expects to reach decision in spring, perhaps around time of Electronic Entertainment Expo (E3), to which it had given stamp of approval for this year. E3 organizers are among those who have submitted proposals for next 3-year period. Meanwhile, IDSA said it has added 4 members -- Panasonic Software, Ocean of America, JVC Musical Industries, Life Fitness. They raise membership to 24 companies.

CHINA AGREEMENT--AGAIN: Eleventh-hour intellectual property pact with Beijing averting all-out China-U.S. trade war was hailed by RIAA, which said it hoped that "this historic agreement will represent the dawn of a new era in our trading relations, and mark the beginning of the end of piracy in China."

Last-min. agreement, forecast in these pages last month (TVD Feb 13 p14), is reminiscent of similar conflict between U.S. and China in 1992, which also was resolved just at deadline (TVD Aug 31/92 p19 et seq.). In both cases, threat involved 100% duties on some consumer electronics, among other imports from China. Latest agreement also ended China's threat to suspend approval of offices there by "U.S. audiovisual manufacturers."

RIAA said latest agreement "is a clear signal that pirates are no longer safe in calling China home." On same weekend that agreement was signed, Beijing govt. raided and closed 2 factories said to be notorious for producing bootleg CDs and computer software. Assn. said pact calls for govt. to assume tight control over CD plants "that have thus far been providing mass quantities of pirate CDs for export."

RIAA said agreement also requires authorized CD factories in China to use "unique physical identifiers" to aid antipiracy enforcement by helping to differentiate legitimate product from bootlegged goods. China Daily reported that "in December, a new antipiracy technology was introduced into CD production sectors, enabling China to become one of the few countries that can prevent piracy."

RIAA Chmn.-CEO Jay Berman said agreement will "trigger much greater involvement by U.S. record companies in China, leading in turn to what we expect will be further liberalization and the development of a Chinese recording industry, where one currently does not exist."

MPAA said that in wake of agreement it will open office in China to help enforce terms of pact. Pres. Jack Valenti said he was confident safeguards built into agreement will be effective. Financial Times quoted him as saying key U.S. studios such as Fox, Paramount, Warner and Universal have expressed interest in finding Chinese partners to take over and help operate some of 29 factories in Southern China that had been blamed for turning out large proportion of pirated videocassettes.

Recoton, citing continued strong sales of wireless products and growth of cellular and computer accessories, said net income 48% increased 48% in 4th quarter on 34% gain in sales (see financial table). For year ended Dec. 31, net income rose 61% on 35% jump in sales. Sales of Recoton's wireless products including headphones, speakers and microphones doubled to \$30 million in 1994. Meanwhile, company said it had completed acquisition of Ampersand Div. of Ampco Industries, which supplies car stereo installation accessories, terms not disclosed. Ampersand had \$1.5 million in sales in 1994.

Angel Studios, best known for visual effects in movies and music videos, plans to enter videogame market with title developed jointly with Nintendo creative team for Ultra 64 system. Game, as yet untitled, will be published under Nintendo label. Carlsbad, Cal., company created effects for "The Lawnmower Man" and Peter Gabriel music video "Kiss That Frog." Agreement with Angel is latest of several licensing deals -- all involving exclusivity for Ultra 64 -- to be announced by Nintendo of America as company gears up for launch, promised for fall at under \$250.

SAMSUNG BUYS AST STAKE: Samsung continued to flex financial muscle last week, buying 40% of PC manufacturer AST Research and unveiling plans for electronics plant in China.

Samsung agreement to buy interest in Irvine, Cal.-based AST for \$377.5 million will help resolve cash crunch for computer maker and give Samsung customer for PC components, including its semiconductors. Agreement presumably will lead to joint development of products and cross-licensing of patents.

AST is 6th biggest PC maker, but ran into cash problems in 1994 in price war. It had \$62.2 million loss its first half ended Dec. 31 and last week Standard & Poor's put some of its debt on CreditWatch.

Samsung investment will provide AST with \$250 million in equity, but manufacturer also will relinquish some independence. Samsung will name directors totaling one less than majority of board and must approve any transactions deemed "significant." Samsung retains right to boost stake to 49%.

In China, Xiangxuehai Electric Appliance Corp. and Samsung signed contract to build jointly funded electronics plant. Company, to be named Suzhou Samsung Electronics, will have \$42.5 million in startup capital and will produce refrigerators, air conditioners, microwave ovens, washing machines and small household appliances, China Daily said. Companies also pledged to invest \$123 million in technology in next 3 years. Companies said plant will have annual capacity of 750,000 refrigerators, 800,000 ovens, 300,000 air conditioners and 300,000 washing machines within 5 years.

AST stake and China agreement are most recent ventures for Samsung, which last fall said it planned to build \$400-million integrated TV production plant in Tijuana that would employ 4,000 (TVD Sept 19 p11). Samsung spokesman said last week it plans to have factory operating by end of year. He said plant's most controversial aspect -- glass-making capacity -- remains under review. Samsung plans surprised Corning, with which it operates joint venture in Korea, and companies have had discussions in recent months, they said.

Factory unit shipments of blank VHS video tapes rose 0.7% to 342.7 million last year and compact formats 7.4% to 39 million, EIA Mkt. Research Dept. reported. Shipments in dollar terms for VHS tape decreased 8.5% last year to \$595 million although compact actually rose 2.9% to \$132.4 million. VHS tape pricing is expected to stabilize this year as manufacturers raise retail levels in face of increased cost of raw materials. In 4th quarter, VHS tape shipments fell 10% to 95.8 million and in dollars 14.9% to \$164.5 million. In compact, shipments were up 3% to 10.3 million although dollar sales fell 3.6% to \$35.2 million. Shipments of audiotape gained 2.2% to 436.7 million from 427.4 million and in dollars declined 2.5% to \$353.1 million from \$362.2 million. For 4th quarter, shipments dipped 0.6% to 119 million from 119.7 million and dollar sales 5% to \$94.4 million from \$99.4 million.

Consumer Intentions to buy TV sets recovered somewhat in Feb. from Jan. low point, Conference Board said. Preliminary results of Feb. survey showed 6.7% of households intended to buy TV set in next 6 months, up from 4.4% in Jan. (TVD Feb 6 p13). However, Feb.'s 6.7% compares unfavorably with 8.5% in Feb. 1994. Survey showed consumer confidence in economy remaining strong, although down slightly from Jan.

SONY, PHILIPS TOUT DVD CONSUMER BENEFITS: Sony and Philips are in complete agreement that single-sided dual-layer digital videodisc (DVD) or high-density compact disc (HDCD) is easier to use "and provides more benefit to the consumer" than proposed Toshiba-Time Warner system, according to Sony DVD briefing papers obtained by our affiliated publication *Audio Week*. Documents were prepared in preparation for Sony's announcement (TVD Feb 27 p11) reaffirming commitment to format it and Philips unveiled in Dec.

Single unified DVD format "is preferable," and Sony "will continue to work toward the development and introduction of products that will offer an excellent combination of features for the benefit of the consumer," briefing papers said. Documents indicated Sony and Philips are "continuing our discussions with the computer industry" on multimedia applications of HDCD, but said "we are not in a position to comment at this time." Companies are known to have had discussions with Apple, Compaq, IBM, Microsoft, others.

Mindful that it still must overcome objections based on relatively small data capacity compared with rival Toshiba-Time Warner DVD, latest Sony document put strong emphasis on 7.4-Gb dual-layer approach without restating earlier references to single-layer 3.7-Gb DVD. Based on dual-layer solution, Sony would win numbers game by declaring competitive advantage over Toshiba-Time Warner disc, which has only 5 Gb capacity per side. Sony aim is to blunt advantage of double-sided Toshiba-Time Warner DVD (which would have 10 Gb total capacity) by appealing expressly to consumers' likely distaste for having to turn 2-sided discs over.

In renewing emphasis on dual-layer approach developed by 3M, Sony will need to dispute Toshiba's contention that technology might be doable in lab, but isn't ready yet to be commercialized in consumer products. Conflicting claims on costs of dual layer discs is yet another war front likely to emerge in coming weeks, with Toshiba officials saying replication of dual-layer DVDs will cost double that of conventional music CDs. Briefing papers said Sony will claim that "manufacturing dual-layer discs will not significantly increase production costs."

In hypothetical Q-&-A designed to anticipate reporters' questions, Sony asks: "You've said that mass production of a dual-layer disc is possible. Do you have a prototype production line that you can show?" However, Sony's suggested answer sidesteps issue of whether production line is demonstrable. Briefing papers said: "Using 3M's dual-layer disc technology as a base, we have developed a manufacturing process making the mass production of these discs possible." 3M officials have indicated they have produced test runs of dual-layer discs with no problems. On question whether dual-layer approach can be adapted for Toshiba-Time Warner system, Sony response is to say that "we believe it would be difficult" because of "high numerical aperture of the lens used." Claim seems to contradict 3M's own recent statements that its dual-layer technology is adaptable to either proposal.

As to future expandability of DVD proposal along lines of blue laser diodes, as referred to in past Sony statements, briefing documents suggested that "it will be possible to put blue laser diodes into practical use within 2 years." First such diodes will have wavelength of 500 nanometers and Sony is "continuing in our efforts to lengthen" their life expectancy to beyond 1,000 hours of continuous operation at room temperature "in the near future," documents said.

On question of when mass production of blue laser diodes will become feasible, Sony said decisions on mass commercialization will be based on several factors, including "needs of the market. As such, it is premature to comment at this time."

PRIMESTAR TEST AT WAL-MART: Primestar Partners has launched test of medium-power satellite system at Wal-Mart store in Englewood, Colo., company said. Single-store test may expand to 10 others, although timing hasn't been set, it said.

Heart of test is interactive kiosk that provides information on DBS, with phone for contacting Primestar distributors. Programming will be displayed on TVs. System consists of 39" dish and integrated receiver descrambler (IRD). No retail sales are planned, and equipment and programming will continue to be leased through network of 600 authorized cable operators/distributors starting at \$29 per month, company said.

Spokesman declined comment on reasons for selecting the store, although major Primestar investor TCI has hq nearby.

While Primestar plans could bring it into direct retail competition with Thomson's RCA Digital Satellite System (DSS) for first time, company has allowed distributors to sell to dealers in some markets (TVD Sept 12 p13). Wal-Mart test is slight deviation from plan Primestar Chmn. John Cusick outlined in Jan. in which retailers would sell programming creating "greater presence in the marketplace" (TVD Jan 16 p16)."

Primestar has 73 channels, will expand to 80 by year-end, 200 by 1996 when Loral-built high-powered satellites are built. Service has 300,000 subscribers, covers 60% of U.S. It will expand nationwide by year-end as it nears break-even with 775,000 subscribers, Cusick has said.

Transition of retail and content landscapes led to suggestion by Musicland Stores Chmn.—CEO Jack Eugster in keynote speech at recent National Assn. of Record Merchandisers (NARM) convention that group be renamed National Assn. of Media Merchandisers, "representing multiunit retailers, rackjobbers and distributors that merchandise many different forms of media products." He acknowledged that his proposal is "an anathema to the music people in the room," but urged attendees to remember that "retailers increasingly sell music, video, CD-ROM, books and computer software. Distributors... regularly wholesale these products, and all of these products are coming together... Our backroom operations support all these products with similar demands for EDI, source tagging, shipping and packaging. NARM, though useful in its present form, would be substantively more beneficial as an industry association that supported the broader needs of media marketing."

Davidson & Assoc. software publisher signed agreement to develop version of its PC title, *Math Blaster*, for Franklin Electronic Publishers' Bookman personal database device. Title will ship early next year, price undetermined. First *Math Blaster* was introduced for PCs in 1983. Bookman, introduced at Winter CES (TVD Jan 9 p18), became available last month in 3 pocket and desktop versions at \$59-\$149. About 15 Bookman cartridges are expected to be released by midyear, at \$10-\$90. Pool of 120 titles is expected by middle of 1996.

FEB. RETAIL SALES: Retailers reported slight gains in same-store sales in Feb. as slowdown in TV market continued for 2nd month.

Best Buy said sales in 4 weeks ended Feb. 25 rose 56% to \$427 million from \$274 million in comparable year-earlier period. In 4th quarter ended Feb. 25, sales climbed 63% to \$1.947 billion from \$1.193 billion. Sales for year increased 69% to \$5.079 billion from \$3.007 billion. Same-store sales rose 10% in month, 14% in 4th quarter, 20% for year.

Audio King reported 16% increase in Feb. sales to \$3.942 million from \$3.411 million year earlier. For year, sales climbed 26% to \$38.818 million from \$30.841 million. Same-store sales inched up 3% for month, 13% for year. Pres.-CEO Gary Thorne said Audio King started construction in Feb. on store in Cedar Rapids to open in summer.

Rex Stores posted 24% gain in Feb. sales to \$28 million from \$22.6 million. Same-store sales declined 1%.

Tandy said sales increased 26% in Feb. to \$357.3 million from \$283.9 million. Same-store sales were up 3%. Tandy Chmn. John Roach said Radio Shack registered "solid gains" in noncomputer categories. However, Tandy's 3 retail divisions "had difficulty" in meeting demand for PCs in Feb. during transition to new models, Roach said.

PANASONIC CLOSING MASS. OFFICE: Panasonic, citing need to cut overhead and accommodate changes in New England retailing base, said it will close regional sales office in Dedham, Mass., March 31.

As part of closing, 11 Dedham-based positions will be "transferred" to company's Secaucus, N.J., hq, but Panasonic hasn't determined yet how many current Boston employees will make move, spokesman said. We're told by reliable sources that Regional Mgr. Frederick Towns will be among those moving to N.J. New England region will be serviced by Panasonic's N.Y.-area sales team based in Secaucus, spokesman said. Boston closing will leave company with N.Y. regional office in Secaucus and others in Atlanta, Chicago, Cypress, Cal., Dallas, Honolulu, San Francisco.

Spokesman said no single factor influenced decision to close Dedham. "There were retail changes," and company believed it could "reduce some of the overhead by consolidating some of the administrative functions," he said. Retail changes he cited are believed to include recent bankruptcy filing by Newington, Conn.-based Sound Playground and sale of that chain to Bernie's TV and Appliance as well as Fretter's purchase last year of Boston-based Lechmere. Panasonic accounts have been carried over under chains' respective new owners.

After 5-year run, Gemstar Development's VCR Plus instant programmer is beginning "gradual phaseout," Mktg. Dir. Andrew Duncan said. Programmer, priced at \$59 when introduced in Sept. 1990 (TVD Sept 10/90 p10), recently was carried in Damark catalog at \$19 and generally has been selling in \$24-\$29 range, Duncan said. Device gradually was replaced by VCR Plus universal remote introduced year ago at \$29 that controls TV, VCR and cable box.

Matsushita will double capacity to produce widescreen color tubes in Japan to 1.3 million in year through March 1996, according to Japanese press reports. Company is expected to spend more than \$100 million for retooling at its 2 plants in Utsunomiya.

STARLIGHT AGREEMENTS: Sharp signed licensing agreement last week for StarSight on-screen guide, while Primestar is negotiating to obtain deal, sources on both sides of discussion have confirmed.

Under agreement, Sharp will build technology into consumer electronics products. Sharp officials declined comment on plans, but A/V Mktg. Dir. Stephen Search said "implementation would be an industry first." Since other licensees built guide into TVs and VCRs, likely candidate appears to be TV/VCRs. Sharp has said it would introduce this year 4-head mono 25" TV/VCRs and 27" 4-head hi-fi model that would best suited for technology (TVD Dec 5 p16).

Primestar, which sells medium-power satellite system that competes with RCA Digital Satellite System (DSS), is listed in news release for upcoming SBCA show as displaying StarSight technology. StarSight Senior Vp Brian Klosterman confirmed discussions with Primestar, but said no agreement has been reached.

Meanwhile, StarSight has leased 32,000-sq.-ft. building adjacent to Fremont, Cal., hq to house operations, including first in-house customer service/telemarketing center, Klosterman said. New building also will handle shipping/receiving, production of broadcast nodes and customizing of standalone StarSight guides.

Settlement was reached in suit against Mitsubishi in which N.Y.C. retailer had sought \$2.1 million for "grievous damages" it claimed to have suffered when Mitsubishi TV sets purchased from undisclosed source later were seized by FBI as stolen property. Capital Audio Electronics filed suit in N.Y. State Supreme Court in Nov., but case was transferred to U.S. Dist. Court, N.Y., before being dismissed in mid-Feb., court records show. Bruce Levinson, attorney for Capital Audio, confirmed settlement, wouldn't reveal terms. Mitsubishi attorneys couldn't be reached for comment. Court documents show Capital Audio in April 1994 paid unidentified "source other than" Mitsubishi \$77,000 toward purchase of seventy 35" TV sets. Before finalizing deal, documents said, Capital contacted Mitsubishi N.Y. sales office and was told that TVs were legitimate goods. Only after deal was consummated did Mitsubishi declare TVs to be stolen property, prompting FBI seizure, documents said. Suit sought recovery of \$2 million damages, \$30,000 for lost profits, \$77,000 for purchase price.

Continuing diversification outside consumer electronics, Voice Powered Technology (VPT) said it has licensed VoiceLogic technology to German dollmaker Max Zepf Puppen und Spielwarenfabrik. Technology will enable "Bonnie" doll to "interact" with child by asking question and responding to words or commands. Doll will ship later this year in Europe and U.S. at \$100-\$150. Deal is most recent for VPT, which in Jan. reported development pact with Whirlpool for prototype KitchenAid ovens dishwashers refrigerators, washers and dryers. Agreement also comes on heels of decision to halt manufacture of voice-activated remote controls that fell victim to low-priced universal remotes.

Hitachi will ship 2nd-generation 8mm camcorder with 24x digital zoom in April at \$899. Camcorder replaces VM-E58 introduced year ago at \$999 and has 0.7" color viewfinder and digital blur compensation to eliminate shaking of product, 1/4" CCD image sensor, rating of 6 lux. Hitachi said it will build 5,000 per month at start for Japan where model goes on sale this month. Production of 20,000 per month is planned for overseas, Hitachi said.

MTC'S OEM FOCUS: MTC Electronic Technologies said it will scrap efforts to establish consumer electronics (consumer electronics) brand in U.S. and will shift focus to OEM business. Decision to drop plans to market branded CE product here comes as MTC's new parent firm, Hong Kong-based Grande Group, fights to return MTC to profitability. Grande acquired MTC in Dec. for \$9.9 million, ending battle that had seen Grande and MTC assemble competing slates of directors (TVD Dec 5 p16).

MTC loss worsened in 3rd quarter ended Oct. 31 to \$19.8 million from \$957,000 loss year earlier on 4.8% sales decline to \$9.9 million from \$10.4 million. For 9 months, loss grew to \$29.1 million from \$4.2 million, despite 15.4% sales increase to \$26.2 million from \$22.7 million.

"We've got to get better margins than we've had the past 2 years and the Grande Group has said if we don't improve the margins then they don't see a need to keep [MTC consumer products] going," MTC spokesman said. Push into OEM business is tied to MTC's recent move to acquire 49% of China-based Hangzhou Electronics Co., which manufactures corded phones, audio equipment. Plan is to have range of OEM products by late this year, including 13"-27" TVs, VCRs, clock radios, radios, portable CD players, minisystems, corded phones. Other Grande subsidiary will build TVs and VCRs.

"We acquired Hangzhou so that we can distribute products and not necessarily have our name on them," MTC spokesman said. Meanwhile, MTC closed Hong Kong offices, laying off 5 employees and moving 15 others to Grande Group hq, spokesman said.

On legal front, MTC is battling insurance company that filed suit in Jan. seeking to void liability policy that covers MTC board. Insurance company cited more than \$3.75 million in legal expenses related to defense against shareholder lawsuits as reason for cancelling policy.

At least 3 shareholders sued MTC in U.S. Dist. Court, N.Y., in 1994 charging financial irregularities stemming from actions of former Chmn-CEO Miko Leung. Grande has sued Leung and his brother, Sit Wa Leung, charging them with improperly obtaining \$30 million. Suit was stayed for 30 days in mid-Feb. pending outcome of settlement negotiations.

Leungs had hatched large-scale plans for MTC in 1989, including building plant in Richmond to assemble large-screen color TVs from Chinese chassis, American tubes and cabinetry with capacity of 100,000 sets per year (TVD May 29/89 p18).

Toshiba will mail 4-1/2-min. videotape promoting FST Perfect 32" and 35" TVs to more than 10,000 consumers starting this month. Promotion runs through March 31 targeting video magazine subscribers, dealer customers and consumers owning Toshiba TVs smaller than 32", company said. Consumers receiving tape also will be offered choice of \$100 rebate toward purchase of selected FST sets and \$200 worth of coupons redeemable for purchase of Cap/ABC prerecorded videos.

Yamaha forecast \$60-million pretax profit for year ending March 31, whopping 170% increase over last fiscal year, with consolidated sales rising 5% to \$4.7 billion, and consolidated net profit of \$35 million, compared with last year's \$40-million loss. Company credited better-than-expected karaoke and electronics sales.

CHINESE TV RECESSION: Half of China's 57 color TV factories are in the red because of slump in domestic buying, China Daily said. "TV factories are able to manufacture annually more than 20 million units, but the domestic market demands only 10 million a year," article said, and "competition from overseas TV makers is also eroding domestic producers' market share."

China has about 100 million color TV sets in use, of which 80% are owned by city dwellers. "Current manufacturing capacity cannot be fully utilized for 5 years, until people's savings grow and push market demand up to 18-20 million units," article said, quoting unnamed "senior officials from the Ministry of Electronics Industry."

One exception to generally gloomy prospects for TV industry is Conhui Electronic of Guangdong province, which last year sold all 350,000 Conic brand color TVs it made, sparked by exports, resulting in about \$3.5-million profit. In 1991, company sold only 40,000 sets, now has added capacity to assemble 600,000 annually.

China produced 31.8 million TV sets in 1994, according to govt. information service, up 10.4% from 1993. Of those, 16.9 million were color, up 21.8%, while indicated b&w production was just under 15 million, unchanged from 1993. In Dec. alone, China imported 170,000 TV sets and 1.89 million TV tubes, same source said. Full-year imports and exports haven't yet been published.

Electronic Arts (EA) made undisclosed investment in new venture formed by merger of IndieProd Co. and Konigsberg Co. to "integrate film, TV and interactive software." IndieProd, independent film producer with credits that include "Roxanne", "All That Jazz", "Frankenstein" and "The Quick and the Dead," has 7 more pictures in preproduction with Sony Pictures and Japan Satellite Bctg. Konigsberg specializes in long-form TV programming, with credits that include miniseries "Children of the Dust," which aired late last month. IndieProd co-chmn. Daniel Melnick said new entity will be able "to conceptualize, create and realize premises for film, television and interactive entertainment simultaneously, as well as create new forms in the area of infotainment." Konigsberg Pres. Frank Konigsberg said: "The symbiotic relationship between Hollywood and the interactive entertainment industry today is a critical factor in long-term success for any entertainment company."

Interactive Software: GameTek signed agreement with Nintendo to develop game based on Robotech cartoon series exclusively for Nintendo Ultra 64 game console due to be launched later this year... Acclaim Entertainment obtained exclusive interactive software rights for products based on Marvel Entertainment Group live-action movie and TV properties. Pact covers home videogames, coin-op games, computer-based games... Sanctuary Woods Multimedia established internal sales organization in preparation for end of its affiliate label relationship with Electronic Arts at end of March... 7th Level, interactive entertainment developer and publisher, acquired Dallas-based developer Distant Thunder for stock and cash.

Tandy's Radio Shack (RS) has completed national rollout of Repair Shop service centers. Program, launched in June 1994, encompasses 126 service centers handling 6,500 RS locations. Repair Shop program was to complete national rollout by Nov. 1994, but was pushed back to coincide with TV ads scheduled to air this month. RS has projected expanding to 140 centers by year-end.

Consumer Electronics Personals

Kevin Weinhoeft leaves as gen. mgr., JVC Home Audio & Entertainment Div., to join International Strategic Mktg., Boulder, Colo., entertainment marketing firm, as vp-new business development... **Toshiba** Vp **Kenichi Mori** named gen. mgr., new SD Div., part of Toshiba Information Equipment Group charged with promoting digital videodisc... **Eric Bodley**, ex-Sound Advice and former CEDIA pres., forms Ft. Lauderdale consulting firm, Bodley & Assoc. (305-767-0670)... **Shelton Richardson**, ex-Captivision, named Curtis Mathes CFO, replacing Thomas Wilkerson, resigned, plans unknown; **Frederick Runco**, ex-Asoma Instruments (high-tech), appointed national sales mgr.

David Wallace and **Junichi Miyaki** named dirs., Pioneer LDCA's new Film & Entertainment and Music Divs., respectively; **Rick Buehler** promoted to dir., sales & mktg... **Paul Provenzano**, ex-Acclaim, named exec. dir.-product development, Fox Interactive... **Justin Heber**, ex-Virgin Interactive, joins Williams Entertainment as vp-business development... **Paul Law**, Grande Group dir., appointed MTC Electronics pres.-managing dir.; **Prim Javier**, MTC operations vp, promoted to gen. mgr.-N. America consumer electronics... **Eric Estroff**, ex-Turner Home Satellite, appointed U.S. Satellite Bstg. dealer mktg. dir... **Scott Young** resigns as Wherehouse Entertainment chmn.-CEO because of "difference of opinion" with board over "future direction and operating strategy;" he's replaced by Pres.-COO **Jerry Goldress**.

John Pohl, ex-Western Publishing, joins Cobra Electronics as vp-mktg., reporting to COO **Steve Yanklowitz**... **Jack Spring** and **Richard Skillman** promoted to senior vp-sales and vp-sales, respectively, at Allied Digital Technologies, CD replicator... New sales organization at Sanctuary Woods Multimedia: **Robert Bonham**, ex-Accolade and Lorimar Telepictures, vp-sales; **Susan Hughes**, ex-Sega of America, dir.-N. American sales; **Diane Morgan**, ex-Compton's NewMedia, eastern sales mgr.; **Julie Guinn-Britton**, ex-Expert Software and Intuit, central sales mgr... **Howard Baldwin**, ex-PC Computing, named editor-in-chief, E3 Show Daily.

Martin Clague, gen. mgr., IBM worldwide client/server computing unit, and **Douglas Solomon**, Apple dir.-corporate development, named to Kaleida Labs board... **Marco Landi**, ex-Texas Instruments (Europe), named pres., Apple Europe... **Edward Huguez** shifts from vp-programming acquisition to vp-new media & interactive programming, DirecTV.

Danny Kopels leaves as pres., Skouras Home Video, to start own video company DKMC... Appointments at Triboro Entertainment: **Edward Shapero**, CFO of majority owner Workin' Maui Films, CEO & CFO; **Marcus Ticotin**, independent producer, pres.; **Owen Ficke**, former vp-sales, Academy Entertainment, vp-sales; **Vincent Bellino** group controller; **Michael Krause**, former mktg. mgr., Star Video Entertainment, promotions dir... **Dan Gurlitz**, ex-dir., national sales, Wood Knapp, named vp, Unapix Entertainment new Unapix Consumer Products Div... **Beth Heming**, ex-Piper Jaffray, joins Musicland as dir.-planning & analysis.

Nominations for 3 open seats on VSDA board: **Gary Messenger**, Carolina Entertainment, Durham, N.C.; incumbent **Susan Engelmann**, Scarborough Video, Belle Mead, N.J.; **Jim Loperfido**, Emerald City Video, E. Syracuse, N.Y.; **Ron Maslowski**, Take 1 Video, Meriden, Conn.; **Rick Velingrad**, Video Connection, Davie, Fla.;

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
Citcasters Inc. ^a 1994-year to Dec. 31 1994-qtr. to Dec. 31	197,043,000 37,263,000	63,106,000 14,846,000	5.73 ^b 1.51 ^b
MTC Electronic Technologies 1994-9 mo. to Oct. 31 1993-9 mo. to Oct. 31 1994-qtr. to Oct. 31 1993-qtr. to Oct. 31	26,200,000 22,700,000 9,900,000 10,400,000	(29,100,000) (4,200,000) (19,800,000) (957,000)	-- -- -- --
Recoton 1994-year to Dec. 31 1993-year to Dec. 31 1994-qtr. to Dec. 31 1993-qtr. to Dec. 31	163,973,000 121,364,000 54,578,000 40,714,000	11,804,000 7,322,000 4,560,000 3,090,000	1.12 .86 ^c .41 .36 ^c
Roberts Inc. 1994-year to Dec. 31 1993-year to Dec. 31 1994-qtr. to Dec. 31 1993-qtr. to Dec. 31	259,200,000 217,700,000 78,300,000 64,900,000	6,400,000 3,900,000 2,300,000 1,200,000	1.09 .91 ^d .40 .25 ^d
Savoy Pictures Entertainment ^a 1994-year to Dec. 31 1994-qtr. to Dec. 31	85,763,000 28,313,000	(59,453,000) (30,571,000)	-- ^e -- ^e

Notes: ^aComparative results unavailable. ^bIncludes special credit. ^cAdjusted. ^dPro forma. ^eAfter special charge.

Mark Vrieling, Rain City Video, Seattle; **Harvey Walker**, Walker Video, Arco, Ida.; **Wayne Mogel**, Star Video Entertainment, Hopkinton, Mass.

Ads & Promotions: JVC is "Presenting Sponsor" and official audiovideo (AV) entertainment sponsor for New York Skyride, flight simulator-based tour of N.Y.C. that opened last week in Empire State Bldg. Company provided A/V equipment for site, will build interactive area for demonstrating audio and video technology before consumers board ride... "RCA Pit Strategy Award" will be presented at each of 31 NASCAR (National Assn. for Stock Car Auto Racing) Winston Cup races held in 1995 season to race team that employs best pit strategy. Winning crew each week gets \$5,000; crew that wins most for season another \$50,000. Award is part of 3-year agreement of Thomson Consumer Electronics and NASCAR... **Acclaim Entertainment** last week launched "NBA Jam Tournament Edition" -- successor to original game that had sales of more than 3 million videogame cartridges -- with broad promotional campaign, including on-line promotions via Compuserve, sweepstakes, in-theater ads, game commercial on associated CBS Fox music video.

Fast Electronic introduced PC board for video editing. Video Machine Lite (VML) contains edit controller for audio-video split editing, 2 integrated frame synchronizers and more than 200 preprogrammed digital effects including dissolves, fades, zooms, shrinks. VML has timeline interface module that determines order of clips, effects, titles. Board requires minimum 386 DX/33 Mhz PC with 8 Mbytes RAM and 80 Mbyte hard drive, lists at \$2,500 retail.

Buddy L Div. of SLM International, which introduced one of industry's first alkaline battery chargers in 1993, said it's discontinuing model. Sold primarily through infomercials at \$29, product failed to find market, it said. Company also carried alkaline/NiCd charger at \$69, advertised in Feb. 15 Damark catalog at \$19. Decision came as SLM sought to sell Buddy L to Empire of Carolina in deal expected to close Feb. 28.

TELEVISION DIGEST®

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With Consumer Electronics

MARCH 13, 1995

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TAX CERTIFICATES MARKUP THIS WEEK: Policy defended by some senators, attacked by others at Finance Committee hearing last week. FCC suggests changes. Viacom and Frank Washington defend deal. (P. 1)

DOLE ATTACKS ADMINISTRATION opposition to cable deregulation. Split could affect telecom bill. Broadcasters spar on foreign ownership. (P. 2)

PTAR COMMENTS SPLIT, provide few surprises. Networks deny market power. Rules seen critical for independents, new networks. Studies cited. (P. 4)

FOX CRITICIZES NAACP attack as 'distortions, misstatements and falsehoods,' defends its support of minorities. (P. 5)

NCTA CONFIRMS FOCUS on lobbying, reassigned some staffers from nonlobbying activities, will consider new dues and membership structures. (P. 5)

NAB CONVENTION PROFIT: Revenue to grow 14%, produce \$11.7 million profit. Groups draw crowd. (P. 6)

WIRELESS TESTS SUCCESSFUL, could mean digital by spring 1996. Compression called key to wireless cable competitiveness. Regulatory hurdles seen. (P. 6)

PTV COMMERCIALIZATION DISCUSSED: Bandwidth sales could offset lost govt. funding. Industry reacts. (P. 7)

TAX CERTIFICATE MARKUP SET: Senate Finance Committee will decide this week whether to maintain tax certificate program for minority purchasers of broadcast property. Panel has scheduled markup for 9:30 a.m., March 15, Rm. 215, Dirksen Bldg.

House passed legislation (H.R.-831) to do away with tax certificate program as means of financing tax break for self-employed. Measure found more friendly reception before Senate Finance Committee March 7 than it did in House. Several committee members said they had questions or concerns about program, but others said they had equally strong reservations about approving House version of bill that would repeal certificate program as of Jan. 17, effectively killing sale of Viacom cable systems to partnership affiliated with TCI and InterMedia Partners.

Sen. Hatch (R-Utah) asked whether application of tax certificates to Viacom was "so abusive that it deserves to be shut down by a retroactive application of new tax law, even if the parties to the transaction relied in good faith on the current tax law? I am inclined to oppose any legislation that retroactively and adversely changes the rules." Sens. Nickles (R-Okla.) and D'Amato (R-N.Y.) questioned whether tax certificate program was worth billions in tax revenue.

Consumer Electronics

HARD YEN AND SOFT PESO pose new problems for consumer electronics. Mexican market plans frustrated. Japanese price increases begin. (P. 11)

LCD CAMCORDERS, TABLETOP PROJECTORS added to Sony line. All XBR dealer agreements canceled in preparation for refranchising smaller number. (P. 12)

PROJECTION TV DEFIED SLUMP in Feb., increasing 14.4% as direct-view fell 3.4%. VCRs, camcorders, TV/VCRs all down. Retail overbuying blamed. (P. 13)

DSS SYSTEM TO EXPAND to on-line computer data. Latin American version planned with \$300-\$400 receiver. New hardware licensees this week. (P. 14)

JAPAN VCR, CD EXPORTS to U.S. plunged in 1994, 10.9% and 23.2% respectively. Price and quantity line held on camcorders last year. (P. 15)

'NEW AGE IN HOME VIDEO' promised by JVC with development of Dynamic Drum system, adding unique new features to VHS system. (P. 16)

STEREO TV LAGGED AGAIN in Feb., was feature of 43.9% of color TVs, down from 45.7% in Feb. 1994, but still highest percentage since last July. (P. 16)

TOSHIBA DVD SYSTEM pushes current CD knowhow 'a stage too far,' top Philips engineer says. (P. 17)

Viacom and buyer Frank Washington emphasized that deal had been in works for months, and in press for weeks, without objections from public officials, and that it would be unfair and costly to change rules. Viacom Exec. Vp Philippe Dauman said \$15 million has been spent already in transaction costs, in addition to salaries and opportunity costs. Key question is whether deal was final before House Ways & Means Chmn. Archer (R-Tex.) issued news release Jan. 17 saying that tax certificate law might be changed. Deal had been all but agreed to, Dauman said, although contracts weren't signed until Jan. 20. Under House-passed law, Viacom's transaction would be ruled out under 2 criteria -- contract hadn't been signed by Jan. 17, and tax certificate hadn't been applied for. Dauman noted that no bill was introduced in House until Feb. 6, "well after our documents were signed."

Washington told panel he would put up \$2-\$3 million of his own funds and borrow millions to take part in deal and provide 21% of equity. Critics said Washington could walk away from transaction in year with millions, but he said: "I continue to own every cable system I ever purchased." He owns systems with 440,000 subscribers in 8 states, and is in midst of \$50-million rebuild. He said he was "shocked that the first piece of tax legislation passed by the new House of Representatives was a retroactive tax increase that was targeted to stop a single transaction." Washington and Dauman said they had followed law, and if deal fell through, Washington not only might go out of business, but govt. would lose any tax revenue from deal, since Viacom wouldn't sell if it faced tax liability. Dauman said millions of dollars in cable deals have been completed, all tax-free.

Following hearing, Chmn. Packwood (R-Ore.) didn't give any clues on how he would proceed. Options include deleting House language that would require repeal of tax certificate program, eliminating program on date later than House set, or amending House language to keep program but change parts of it such as eligibility criteria and capping tax benefits. Sen. Moseley-Braun (D-Ill.) said she would prefer to delete House language that would repeal program and take some time to deal separately with making adjustments in tax certificate program.

Committee spent much of 4-hour hearing questioning FCC Gen. Counsel William Kennard whether basis for program is to increase minority ownership of broadcast properties or to increase diversity of programming. Packwood was concerned that program was being used to increase minority ownership when it should be based on First Amendment concern of increasing types of programming. Kennard said program helped minority broadcasters get capital to buy stations, which would cause diversity of broadcast voices and programming.

Kennard suggested that Committee could repeal law that has prevented FCC from analyzing or making changes in tax certificate program, and suggested 3 changes: (1) Holding period of licenses bought with tax certificate could be made longer than one year, although FCC analysis shows owners of stations bought with tax certificates hold them for average of 5 years. (2) Program could be limited to startup businesses, and there could be limit on number of times program could be used by one individual or company. (3) Tax deferral "must be proportional" to incentive. While not advocating cap, which would preclude large transactions, Kennard said amount of tax deferral could be adjusted.

Sen. Dole (R-Kan.) said he couldn't explain to constituents how "someone could walk off with half a billion dollars" in tax benefits, while Nickles charged that program would benefit only "a handful of millionaires." Hearing also featured debate over program diversity. Attorney Bruce Fein and Hudson Institute senior fellow Michael Horowitz argued that skin color of station owners shouldn't determine what type of programming station would offer.

But minority broadcasters who used tax certificates disagreed. Raul Alarcon, president of Spanish Bestg. System, said his was first and only FM station in N.Y.C. serving Hispanic population of 3 million with 24-hour Spanish-language programming. Robert Johnson said his company, Black Entertainment TV (BET), is only cable channel programmed for black community and with more minority ownership, his service would be more widespread.

DOLE ON CABLE REGULATION: Senate Majority Leader Dole (R-Kan.) said March 8 that cable regulation was area in which "the gaps won't be closed" between White House and Republican Congress over telecommunications reform bills. Speaking at National Policy Forum in Washington sponsored by GOP, Dole said Republicans believe in allowing private sector competition, while Democrats put faith in regulation.

Dole singled out Vice President Gore, who he said "has always been a regulator" who used cable regulation as campaign issue. Under regulation program Gore helped put together, cable rates have gone up

while quality has declined, Dole said. He said regulation would "strangle cable" so that it wouldn't be able to offer competition to telephone companies. It would be better to allow competition to bring rates down and provide more choices while eliminating rate regulation, he said, citing DBS as competitor. He said that cable is highly leveraged industry, and that for first time revenues have stagnated, development he attributed to rate regulation. White House's goal is "to make government the biggest player in the communications industry," Dole said. FCC "is too big already," he said. Gore staffer said that Administration agrees with Dole that competition is better than regulation, but regulation is needed when cable is monopoly provider. Under Cable Act, regulation will be lifted when there's effective competition, staffer said, adding that law also gave cable competitors access to programming.

In keynote speech, Dole also touched on other key communications issues. Dispute between long distance companies and RHCs was "most political" of issues, he said, and he would prefer industries work out differences. If not, Congress will do it, "and you may not like the result," he told conference, attended by representatives of telecommunications, broadcasting, cable and related industries. Dole said one objective in bill would be to define Sec. 8(c) test in MFJ to identify barriers to competition, and that once those barriers are gone, "I don't believe competition could be stopped." He said there would be no need for measures of market share or other competitive tests. He also said universal service was key issue to revitalizing rural America.

Dole said he hoped to pass telecommunications bill by July 4, same schedule that Senate Commerce Committee Chmn. Pressler (R-S.D.) and House Telecom Subcommittee Chmn. Fields (R-Tex.) have set. Dole staff has been part of negotiations between Democrat and Republican staffs of Commerce Committee, which are meeting to work out bill's details. Representative of Senate Democratic Leader Daschle (D-S.D.) also has attended. Pressler said that creating new telecommunications landscape is "easier said than done," and checklist for local competition factors would be preferable to MFJ test that keeps RHCs out of long distance while there's "substantial possibility" RHCs could use their facilities to impede competition. He also attacked FCC, saying that budget and staffing levels have "ballooned" under current Administration. Pressler said many of attendees had power to stop bill from being passed.

Also at session, House Commerce Subcommittee Chmn. Oxley (R-O.) clashed with broadcasters over his bill (HR-514) to lift restriction on foreign ownership of licenses for telecommunications and broadcasting. William Ryan, pres. of Post-Newsweek stations, said that while other telecommunications media operate on one-to-one basis, broadcasting has capability of national reach and it "raises serious concern" to give that ability to foreign govts. Oxley replied that it was "time broadcasting was demystified," said broadcasting was "a commodity like other commodities." He attacked "protectionist sentiment," saying that localism would remain "heart and soul" of broadcasting and that consumers were sufficiently sophisticated to evaluate material they see. NBC Pres. Robert Wright told reporters that foreign ownership wasn't major issue for his company, but should be discussed. Others on panel said FCC should impose rules on telco VDT systems so that RHCs couldn't favor their own programming on menus that give viewers choices of programs. Broadcasters also supported elimination of multiple ownership rules and newspaper-broadcasting cross-ownership and favored spectrum flexibility.

Also on panel, Time Warner Chmn. Gerald Levin called for "a bold lifting of all prior restraints" on local competition. RHC and long distance representatives debated lifting of local barriers.

In related activity, Sen. Breaux (D-La.) said March 9 that key to legislation is to open up markets to RHCs and competitors at same time. Last year, he and Sen. Packwood (R-Ore.) sponsored bill to set date for opening markets. But in Senate floor statement, Breaux said instead that market conditions should govern RHC entry into long distance: "Bell companies that are willing to provide certified equal access to the local exchange and their potential major competitors should have access to a place at the starting gate for open competition at the same time, without consideration of a date certain." He said that if Congress "can assure each competitor, region by region, that none of them is to have a head start in the race to acquire customers for new services, we can reach an accommodation that will lead to the passage" of bill this year.

Moody's said near-term ratings outlook for U.S. speculative-grade radio and TV broadcasters remains stable. Report said eliminating 12-station ownership limit could cause consolidation that could jeopardize rating of broadcasters seeking expansion through highly leveraged acquisitions. Moody's said stations will continue to benefit from affiliations with major networks, but competition for viewers and affiliations is expected to "become more feverish" because of United Paramount and WB networks.

Network Affiliated Stations Alliance (NASA) sent "alert" to gen. mgrs. of ABC, CBS and NBC affiliates urging them to contact members of Congress to oppose abolishing cable-broadcast and cable-network cross-ownership provisions and raise national ownership caps. NASA and group owners seeking abolition of monopoly and local management agreement limits accelerated separate activities after NAB TV board decision to take no position on broadcast ownership provisions (TVD Feb 27 pl).

PTAR RULEMAKING FILINGS Prime-Time Access Rule (PTAR) coalitions filed thick economic studies to buttress comments on rules submitted March 7, taking seriously FCC statement that it will use "rigorous economic framework" to evaluate whether to retain rule. Comments produced no surprises. Networks said they no longer have "market power" in competitive environment to justify retention. Pro-PTAR filers said retention of rules is critical for independents and new United Paramount (UPN) and Warner Bros. (WBN) networks, and said PTAR repeal shouldn't take place until impact of Nov. 1995 repeal of network fin/syn rules is known. Affiliate groups, Westinghouse and Disney coalition urged repeal of off-network prohibition for top-50 market affiliates, but supported retention of network restrictions.

Long (165 pages) economic study from INTV, King World and Viacom claimed 3 major networks had "dominance" of advertising and broadcasting and "economic impact" of repeal of rules would be anticompetitive. Networks' 150-page study backed contention that PTAR "has not increased diversity" and that "economic costs, penalties, restrictions and consumer harm caused by PTAR cannot be justified." Coalition to Enhance Diversity filed 44-page study with "creative efficiency report" to justify retention of off-network portion of rule, and "contractual analysis" in support of network programming restriction.

Among those urging repeal of rule: NBC said networks "no longer constitute a 'funnel' or 'filter' through which all program producers must pass" to get to viewers. CBS said networks' share of audience and ads have "dramatically declined" in new competitive environment. Cap/ABC said PTAR "inhibits and distorts competition." Freedom of Expression Foundation, First Media TV, Vanderbilt U. Freedom Forum First Amendment Center and Media Institute all said PTAR is unconstitutional. FTC Bureau of Economics said value of continuation of rule was questionable.

Among those calling for no change: INTV warned that networks would use "network or off-network programming" in access times and that "independent stations will suffer revenue reductions and cost increases, undermining their economic well-being." King World said off-network restrictions help gain audience acceptance for "newly developed first-run programming," which is dependent on "clearance on the dominant stations." UPN Affiliates Assn. said PTAR rule is critical to development of network. Viacom said new networks and their UHF affiliates need PTAR "to overcome the structural disadvantages they face in competing with the established networks."

Also supporting PTAR: Friends of Prime-Time Access, group of independent producers and first-run syndicators, said eliminating rules would cause "class of lesser marketplaces for independent producers." Media Access Project and People for the American Way said networks without PTAR would favor their own programming to detriment of independent producers.

Among groups urging repeal of off-network restrictions but retention of network programming curbs in access period: Network Affiliated Stations Alliance (NASA) said off-network portion of rule "skews the now-mature television programming marketplace," but said network programming portion preserves "delicate local/national programming partnership" between networks and affiliates. Coalition to Enhance Diversity said off-network portion "results in grossly disparate treatment of similar programs." Westinghouse said repeal of network curbs would undermine

licensee's own programming efforts but repeal of off-network restrictions would eliminate "fundamental competitive imbalances in many television markets."

MPAA urged retention of network restrictions, saying PTAR is "last remaining regulatory safeguard for the independent program market," but took no position on off-network restrictions.

"All broadcasters in a market should shoulder an individual and an aggregate responsibility to transmit a minimum amount of quality children's programming," FCC Chmn. Hundt said in remarks prepared for delivery late March 10 to Children's Defense Fund, Seattle. He cited "numerous studies over 30 years" that he said "proved a causal connection between TV violence and real-life violence in children exposed to the excesses of broadcast TV" but said: "The good news is that in the last year, broadcasters have increasingly moved past denial and into serious debate about how to deal with the problem." Hundt expressed hope that FCC would "soon launch" new children's TV rulemaking and said broadcasters "deserve a clear statement of what is expected of them... When they've met minimum requirements for a quantity of pro-children broadcasting in a market, they should know that their licenses cannot be challenged for some vague failure to do enough... Broadcasters can't be expected to do more than the economics of their business reasonably permits." Hundt also said govt. "should not ban any shows," urged parents to "take responsibility for what their children watch," asked broadcasters and others to publicize "clear designations" of shows that are "appropriate and inappropriate" for children. Hundt said TV "can only do so much" in education as "one-way medium" and said "communications technology is a key to the future of education."

Delivery of prototype advanced TV system by Grand Alliance (GA) to Advanced TV Test Center for testing is expected to be made "on schedule" March 31, inspection team of FCC Advisory Committee on Advanced TV Service (ACATS) reported March 10. Team made follow-up on-site review at David Sarnoff Research Center, Princeton, where complete system is being assembled, and found "significant progress" since last visit in Jan., ACATS spokesman Paul Misener said. He said team found that "most difficult format to encode and decode -- the 1,080 by 1,920 format -- will be implemented in the delivered system," and concluded that GA had "made great progress in correcting bugs." Under revised test schedule, ACATS expects to issue final report and recommendations to FCC in Oct.

Low-Power TV (LPTV) stations granted licenses in 1989 or earlier are eligible to request 4-letter call signs in 2nd round of LPTV call sign conversion that begins March 27, FCC announced. First round, open to LPTV stations licensed in 1987 or earlier, resulted in 37 conversions, FCC LPTV Branch Chief Keith Larson said. Call signs, which replace current 5-character alphanumeric identifications, can't be reserved, will be assigned on "first-come, first-served" basis and will include "-LP" suffix. Subsequent notices will be issued for rest of LPTV licensees.

Cable TV Assn. of Ga. (CTAG) has appealed FCC decision giving BellSouth VDT approval for Chamblee and DeKalb County, Ga. In U.S. Dist. Court, D.C., CTAG claimed VDT approval exceeds FCC statutory authority, violates 1984 Cable Act and First and Fifth Amendments. Filing claims Court has approved telco role only as common carrier of video, which doesn't require cable franchise, not provision of video through affiliate.

FINAL FOX INQUIRY COMMENTS: Fox TV Stations in filing at FCC March 9 sharply criticized arguments of Metro Council of NAACP, challenger to Fox's WNYW-TV N.Y. license, as "distortions, misstatements and falsehoods that are... designed solely to mislead the Commission" and defended its record of supporting minority investment in broadcasting. Comments were made in final round of comments in FCC alien ownership inquiry.

NAACP said "decade of stonewalling provides ample evidence of Fox's intent to deceive" Commission on amount of News Corp. equity ownership of Fox in 1985 and said: "Fox's failure to disclose News Corp.'s overwhelming equity interest was deliberate -- a plain violation of the duty of candor which cannot be excused based on self-serving, after-the-fact assertions by Fox that retention of its licenses would serve the public interest."

Fox said it's "doing more to advance the societal objective of increasing minority participation in the broadcasting industry than [NAACP] proposes to achieve through its advocacy in this proceeding." It submitted letter to FCC from John Oxendine, pres.-Blackstar Communications and Fox partner in new minority-owned Blackstar L.L.C., praising Fox for role in providing "financial contributions" and "marketing strategy" to minority broadcasting. Oxendine wrote: "If Fox is not freed up quickly to continue to acquire and operate stations, minorities will be severely impacted." Preston Padden, Fox pres.-network development, told us Fox and Oxendine had negotiated \$50-million capital contribution to Blackstar L.L.C. from Pa. State Teachers Retirement Fund, Harrisburg, but deal had fallen through because of "uncertainty" over Fox participation due to "controversy" over NAACP challenge.

On merits of case, Fox said it had "accurately described its ownership structure to the Commission in 1985," and "record developed by the [FCC] staff demonstrates both that Fox was candid and that it had no intent to deceive." Company made new argument that issue of News Corp.'s "substantial interest" in Fox had also been raised at FCC in 1985 in separate petition to deny filed by Anthony Martin-Trigona against Fox purchase. Filing said NAACP had "fashioned 'findings' that bear no resemblance to the record compiled by the [Mass Media] Bureau, and that only raise questions as to Metro Council's candor and the bona fides of its participation in this proceeding."

NAACP said Fox's "piecemeal disclosure is not adequate" and Fox "is seeking to shift the burden to the Commission -- which lacks a large investigatory staff -- to look behind its Section 310 [foreign ownership] certification and discover the true facts indicating its foreign equity ownership." It said that Fox internal memoranda in 1989 and 1990 "show that Fox deliberately concealed its true ownership structure" and repeated earlier assertions that "Fox' responses to the Commission's 1994 inquiries were incomplete and deceitful."

Issues raised by plan to reallocate broadcast auxiliary services spectrum (1990-2110 MHz) for mobile satellite services (MSS) should be resolved before allocations are implemented by ITU, MSTV told FCC. "What is at stake here is no less than the ability of the public to receive free, universal and locally based television service as facilitated and enhanced by electronic newsgathering and other auxiliary services," MSTV said. MSTV said allocating 1990-2025 MHz band to MSS services would "make intolerable the crowding... in this band."

NCTA FOCUSES ON LOBBYING: NCTA will "sharpen our focus" on public policy and grass-roots lobbying as result of recently completed strategic review and mission statement, Pres. Decker Anstrom said. Review and statement approved by board won't mean major change for association, but "confirms the NCTA is generally on track in meeting members' expectations," Chmn. Larry Wangberg said.

As result of review, NCTA set up special committee, headed by former NCTA Chmn. Jerry Lindauer of Prime Cable, to review membership categories, board representation, dues. Committee is to consider adding new membership category for nontraditional programmers such as on-line services and others who hope to use cable's broadband platform. Dues review will include whether to make part or all of annual \$10 million dues surcharge, which funds special PR campaign, permanent part of basic dues structure, and whether to set special dues rates to make NCTA more attractive for small cable operators.

Main finding of strategic review was that NCTA must "stay primarily focused on legislative and regulatory lobbying." Anstrom said there will be more emphasis on "grass-roots" efforts encouraging customers to contact their local representatives to support cable issues. NCTA always has focused more on public policy issues than other industry groups that devote more effort to research and member services. Mission statement does say senior NCTA staffers should be involved in all other industry organizations that provide many nonlobbying services "to ensure supportive, and not duplicative, agendas."

Partly as result of strategic review, NCTA has begun setting up department to focus on needs of cable program networks and another to deal with small cable operators. Anstrom said association's net employment level won't change, but some staff positions are being reassigned. For example, he said, some programming and marketing functions were consolidated in Industry Affairs Dept., along with CableAce responsibilities, freeing some positions. Other goals in mission statement include: (1) Encouraging industry unity. (2) Building coalitions outside cable industry. (3) Encouraging technical and operating standards to maximize interoperability among systems. Goals were set after membership survey and meetings of 5 task forces. Review committee said group should consider similar review every 3 years. Officials said other changes are likely to include beefing up NCTA technology department, including sharpening focus on technical standards, eliminating some NCTA publications, increasing use of on-line communications, restructuring database.

Justice Dept. Antitrust Div. approved INTV plan to compile and publish average prices paid by independent stations for Nielsen rating services in move to enable stations to find out whether they're being charged more than comparable stations. Asst. Attorney Gen. Anne Bingaman in letter to INTV said Assn. may collect station data but disclose only "mean and average prices" for Nielsen services aggregated by market size, format and VHF vs. UHF so it will "preserve the confidentiality" of prices paid by stations. She said INTV plan isn't likely to result in concerted decisions by INTV members on prices paid for rating services and could encourage new entry into ratings business. INTV said compilation could help stations negotiate with Nielsen.

Viacom completed previously announced purchase of WSBK-TV (Ch. 38, Ind.) Boston (TVD Dec 5 p7) for \$100 million from New World TV. Station is expected to affiliate with United Paramount Network.

NAB CONVENTION PROFIT: Annual convention of NAB has grown into Assn.'s largest revenue producer and moneymaker by far, with April 9-12 convention in Las Vegas expected to bring in \$16.91 million, up 13.7% from 1994, producing profit of \$11.67 million, up 14%. Convention also will be largest ever, with 530,000 sq. ft. of exhibits and attendance approaching 80,000 (TVD Feb 20 p5). In 1994, convention had revenue of \$14.2 million, expenses of \$4.6 million, up from \$13.4 million revenue in 1993, while expenses that year were just under \$5 million.

More than half-dozen broadcast groups hold annual meetings in conjunction with NAB. Generally speaking, sidebar conventions have been worked into main body of NAB sessions. This excludes Best. Education Assn. (BEA), which holds convention 2 days before NAB's. BEA theme is "Managing New Technologies," and Gene Jankowski, exec. vp of Veronis, Suhler & Assoc. and former pres. of CBS Best. Group, is among speakers.

April 10-12 Law & Regulation Conference (legal sessions for broadcast mngs., as opposed to attorneys), will involve most of sessions featuring govt. regulators, including April 11 breakfast with FCC Chmn. Hundt, followed by "ice cream social" that afternoon with other commissioners. Other sessions at Law & Regulation Conference will include panels on children's TV, local marketing agreements (LMAs), contests, lotteries and station promotions, direct audio broadcasting, EEO, music licenses, renewals, fines, copyright. April 9 seminar for lawyers, co-sponsored by American Bar Assn., will precede conference.

Focus of Multimedia World will be on interactive TV and new technologies and will provide "nuts-and-bolts primer" for broadcast executives. Highlighted will be progress and results of broadband trials over last several months, along with impact of future trials on media, plus sessions on programming, operating systems, financial results. HD-DIVINE, consortium of 5 companies based in Stockholm, will demonstrate its COFDM (coded orthogonal frequency division multiplexing) transmission system for digital TV for first time in U.S. System is being put forth as potential alternative to HDTV system being advanced by Grand Alliance in U.S. HD-DIVINE's principal members are Danish Telecom, Finnish Telecom, Swedish TV, Telia, Teracom. NAB also has added teleproduction conference to explore advanced TV production techniques.

Best. Cable Financial Management Assn. (BCFM) will join NAB in sponsoring 2 workshops April 9. First, which NAB said is expected to draw standing-room crowd, will explore financial implications of duopolies and LMAs; 2nd will cover planning and budgeting for new technologies.

TvB marketing conference will feature interviews with News Corp. Chmn. Rupert Murdoch and with Barry Diller, who formerly was CEO of Murdoch's Fox Bestg. They will be interviewed back-to-back, but separately, by ABC News correspondent Jeff Greenfield. Earlier that afternoon, New World Communications Chmn. Ronald Perelman speaks at TvB/NAB lunch. Switch of New World stations to Fox set off affiliation wars last year. Also on agenda of TvB, which will be hosting its 40th annual conference, is induction of actress Carol Burnett into TV Hall of Fame.

USA Digital Radio and AT&T will sponsor over-air digital radio demonstrations, using in-band, on-channel transmitters. Demonstrations will be conducted on specially equipped buses. Also on audio side, Radio Ad Bureau will present sales and marketing conference.

WIRELESS RESULTS POSITIVE: Wireless cable operators could begin using digital compression, giving them as many as 300 video channels, by spring 1996 as result of successful tests, said Patrick McConnell, American Telecasting dir.-advanced technology. Tests were done in Colorado Springs and Chicago by Wireless Cable Digital Alliance, continued last week in Orlando and will resume later this year in Little Rock and elsewhere.

Using compression to add wireless cable channels is critical to keeping industry competitive, Wireless Cable Assn. Pres. Robert Schmidt said. "If cable gets to 300 channels and we have only 30, we can't be competitive," he said. "We are tremendously motivated to see digital on-line as soon as possible. Cable seems to be postponing it, but we've got our foot on the accelerator."

Tests showed fewer problems than expected with digital wireless, McConnell said, and digital actually increased wireless cable signal coverage area and penetration, including filling in some areas shadowed in analog system. Chicago tests showed virtually no long ghosts, which means set-top boxes can be simpler and cheaper, he said. Orlando tests deal with effects of foliage, as well as propagation over water and near radar sites.

Prototype chip sets for digital wireless are expected to be ready for testing in May, and prototype set-top boxes by July. Production boxes and headend equipment are expected by late this year or early next, and McConnell said he expects American Telecasting to begin putting some digital compression systems into operation by spring of 1996.

Switch to digital will be costly for wireless cable, McConnell acknowledged. Set-top boxes are expected to cost \$350 per subscriber, and current prices for digital headend equipment are as much as \$20,000 per compressed program channel. McConnell said he expects headend prices to drop to \$8,000-\$10,000 per channel fairly quickly, and wireless cable could use digital compression center, similar to that of TCI, to send already compressed signals to headends, further reducing costs.

Wireless cable compression is based on Zenith's vestigial sideband (VSB) compression system. McConnell said Alliance chose Zenith over competing General Instrument compression because it believes VSB is better and because participants had long-standing relationship with Zenith. Other equipment suppliers include Andrew Corp., Cal. Amplifier, EMCEE, Microwave Filter.

Despite projected maximum of 300 channels, more realistic limit probably is fewer than 200 for 30-channel wireless cable operator, McConnell said. Simple video material, such as 35-mm movies, can be compressed enough to put 9 video programs on single 6-MHz channel without degradation, but sports probably can be compressed only 3- or 4-to-1, for likely average of 6-to-1.

Wireless cable will face some regulatory hurdles in switch to digital, Schmidt said, but he expects them to be overcome. Wireless officials still are studying regulatory situation, but Schmidt said industry is likely to need FCC approval for switch: "We've had some preliminary discussions with the FCC, and they've indicated a willingness to help us modify the rules. But they will have to be modified." Industry hopes that compression will allow it to move into 2-way service, at least providing interactive TV and possibly moving into wireless telephone service. Schmidt said there's "some question" as to whether wireless cable frequencies can be used for 2-way communications.

VDT DEAL SOUGHT: Bell Atlantic (BA) official extended olive branch to cable industry on VDT last week, but met skepticism from cable lawyers at Practising Law Institute seminar in N.Y.C. BA Vp-Gen. Counsel James Young said "highly adversarial proceedings" on VDT "shouldn't be driving us apart." He said DBS and others could get upper hand if cable and telcos don't settle differences, and 2 industries are biggest supporters of telecom reform. Despite cable fear of telcos invading video markets, Young said "90% of what I'm interested in is long distance." He promised that "we can come up with a sensible interconnection regime" for cable if telcos could achieve price cap regulation, which he said would take away incentive to cross-subsidize VDT.

Washington cable lawyer David Saylor said telcos still could adopt "strategies of deterrence," using size to underprice competitors and clear them out of market. Washington cable lawyer Frank Lloyd said telcos have opposed cable petitions on productivity offset, hurting cable's competitiveness. Young said stance is simple plea for "parity and reciprocity." He called on FCC to streamline VDT approval process. Common Carrier Bureau Chief Kathleen Wallman said complex nature of VDT and volume of comments from all sides have made quick approvals difficult.

On issue of cross-ownership, Young said he expects "very different arguments" from cable as cases reach appeal because of string of recent telco victories. He predicted that cable may argue for "good cause waiver provision" in which FCC would have some discretion over cost allocation on case-by-case basis, but said telcos will counter that waiver clauses would interfere with free speech and wouldn't meet statutory requirements.

Washington cable attorney Steve Horvitz said telco plan to placate regulatory concerns over must-carry with "will-carry" is contrary to common carrier model, which isn't supposed to give preference to any class of programmers. Must-carry probably will die in courts, Horvitz said, because even after broadcasters present "anecdotal evidence" to lower court that carriage problems exist in some places, "it's not clear, when it gets back to the Supreme Court, whether it will care." Network affiliation switches also create complications in retransmission consent contracts, Horvitz said, because concessions given by operators usually hinge on affiliation. He said operators shouldn't have to honor retransmission terms if station switches from major network to independent because shift diminishes carriage value to operator.



Wireless cable marketing scheme "was fraudulent," U.S. Dist. Judge Howard McKibbon, Reno, ruled in case involving Spectrum Resources Group, Midas Media and affiliated companies and officers. Groups operated out of offices in Las Vegas, Houston and D.C., according to FTC complaint, which also cited officers James Greenbaum, Charles Davis, Sid Rudich, Jeff Jolcover. Defendants must repay more than \$5.1 million to wireless cable investors and are subject to injunction prohibiting similar wireless cable marketing in future, court said. In 2-week trial in Oct., FTC charged that firms sold wireless cable stakes for \$7,500 or more, falsely claiming that they had wireless cable channel licenses in Beaumont-Port Arthur and Laredo, Tex., as well as Omaha. They also misrepresented risks and likely returns of investments, FTC said. Court agreed that wireless cable systems would have been "so substantially undercapitalized that it would have been impossible to make it a viable business."

PTV TALKS BANDWIDTH SALES: Closed-door meeting of key members of House and public broadcasting heads, including CPB Chmn. Henry Cauthen and PBS Pres. Ervin Duggan, was brainstorming session, with no "privatization" plan agreed on, industry sources said. Despite reports that participants were considering commercialization and spectrum sales to make up for lost federal funds, CPB spokeswoman said meeting was to discuss ideas, with no decisions made. She said Corp. is looking at many possible revenue sources. House is to consider rescission of CPB funds (HR-1158) for FY 1996 and FY 1997 March 15.

Using on-hour commercial blocks during prime time and selling off extra spectrum after conversion to digital received mixed reactions. APTS spokeswoman said some stations could make money off commercials, but it was unrealistic to think majority of stations could use ads to compensate for lost federal funding. Many states have laws barring public stations from airing commercials, she said, so even if Congress changes federal laws, many local laws would have to be dropped to allow ad sales. She said if Congress wants to make PTV commercial, "they should just say it."

Officials also said selling excess spectrum, which couldn't begin for about 10 years when system completes transition, would be only one-shot deal. However, Steven Bass, gen. mgr. WGBY-TV Springfield, Mass., said leasing bandwidth should be considered.

Meanwhile, Commerce Committee Chmn. Pressler (R-S.D.) said in Washington Post op-ed piece that recent "alarmist cries" that Republicans want to "kill Big Bird" are distortions and news media have ignored specifics of congressional plans he said would keep public broadcasting operational while saving taxpayers money. "Ending federal dependency does not end public broadcasting," he said. Pressler made same points in short speech on Senate floor, saying "the day when public broadcasting is funded by the federal government is coming to an end." He attacked national public broadcasting system that sends money to stations around country and then requires stations to pay it back for programming and suggested PBS stations should be able to use their funds to pay for programming from other sources, such as Learning Channel or Disney.



Telco-cable cross-ownership ban doesn't specifically prohibit building cable systems under special temporary authority before getting local cable franchise -- it just prohibits operating them, Common Carrier Bureau said in ruling giving Western Telephone right to operate cable system under rural exemption. Order approves telco-operated system in Sanborn, Minn., where Western subsequently won local franchise. Mark Twain Cablevision had claimed that Western misled FCC when it said it expected to receive franchise Aug. 3, 1993, didn't acquire it until Sept. 28, 1993, but began building in interim. Bureau said it had "not been persuaded that carrier construction of a cable system under the rural exemption... prior to obtaining a franchise violates the franchise requirements," which it said "prohibits on its face only the provision of cable service." Bureau also said Western didn't mislead FCC with its "somewhat optimistic" prediction because it didn't claim it already had franchise.

Lee Enterprises will buy KSNT (Ch. 27, NBC) Topeka and KSNW (Ch. 3, NBC) Wichita for \$48.8 million from SJL of Kan. Deal includes 3 Kan. satellites of KSNW: KSNC (Ch. 2, NBC) Great Bend; KSNG (Ch. 11, NBC) Garden City; KSNK (Ch. 8, NBC) McCook, Neb.-Oberlin, Kan.

LIMITED DIGITAL PERFORMANCE BILL ENDORSED:

Any congressional action this year on digital performance rights is likely to be bill targeted narrowly at competition to recordings from digital subscription services and interactive services. Senate Judiciary Committee Chmn. Hatch (R-Utah) said March 9 at hearing on legislation (S-227) that while he would like measure dealing with wider range of issues, "I don't think we can get it through." He said this year's bill was "step in the right direction" that would at least establish basic rights for performers in digital recordings, and that issue could be revisited later. Sen. Feinstein (D-Cal.), bill co-sponsor, said she agreed.

Last year, Hatch and Feinstein introduced broader legislation that covered all digital transmissions, while similar bill was offered in House by then-Rep. Hughes (D-N.J.) and Rep. Berman (D-Cal.). Several segments of music industry got together and agreed to consensus bill May 11 that would set up new rules for compensation, but Hughes, then chmn. of Copyright Subcommittee, rejected it, in part because it excluded broadcasters. This year's bill is compromise, targeting only new digital services that can be sold by subscription.

Hatch and Feinstein won support for this year's bill from Recording Industry Assn. of America (RIAA), performers, musicians. RIAA Chmn. Jay Berman and Pres. Hilary Rosen said bill would establish rights for performers, who aren't paid when work is played, and would bring U.S. into line with rest of world, which has such copyright protections and compensations. Rosen said France and other countries collect royalties on work of U.S. artists, then distribute funds to support music in their countries, rather than return them to U.S. RIAA said digital subscription services are greatest threat to record sales because they allow customers to hear CD-quality music at any time that can also be recorded. Don Henley, musician who's also songwriter, producer and music publisher, said he was asking for "fairness in how our works are treated." Hatch said Henley would receive royalties on music videos featuring his band, The Eagles, but nothing from sale of CD.

Commerce Dept. Asst. Secy. Bruce Lehman and Register of Copyrights Marybeth Peters also endorsed measure, although they said they hoped it could be broader. Lehman said Administration believes "that a full public performance right is warranted, certainly to cover all digital transmissions."

Other witnesses opposed measure. Jerold Rubinstein, chmn. of International Cablecasting, which offers Digital Music Express, said there are only 2 companies offering digital subscription service, and his is one. Other is partly owned by record companies. Rubinstein said it would be unfair to target his company. Other witnesses said they were afraid new performance right system would grant artists and record companies too much control over their work, while depriving music publishers of revenues. Representatives of ASCAP, BMI and Muzak opposed bill.

NAB said it was pleased that legislation would exempt broadcasters. Pres. Edward Fritts said it "recognizes the mutually beneficial relationship that has existed for more than 60 years between the broadcast and recording industries," spurring record sales. He said digital broadcasting would be provided "free to all Americans," contrasting his industry with paid subscription services.



American Women in Radio & TV holds "New TV Networks" panel discussion, with Fox, UPN, INTV speakers, 7 p.m., March 22, at NPR hq, Washington -- 703-812-0400.

AT&T won big chunk of \$200-million GTE VDT contract to be systems integrator in first-phase buildout in Cal., Fla. and Hawaii, role it lost at Bell Atlantic (BA) 3 weeks ago. GTE also picked General Instrument (GI) to supply analog-digital set-top boxes for Ventura County, Cal.; Pinellas-W. Pasco Counties, Fla.; Honolulu. Project is first part of GTE's "aggressive plan" to deliver programming over telephone circuits to 500,000 households by end of next year, 900,000 total year later. GTE announcement shows AT&T remains key player in VDT, said analyst Robert Wells, of Lennox Research, author of Warren Publishing's "Interactive Home." GTE project will use AT&T fiber-coaxial architecture for delivery to homes. In addition to boxes, GI will build headend equipment for VDT network. Video Service Vp Bob Calafell said higher cost of digital system prompted GTE to opt for analog alternative for customers.

Many independent educational TV service providers will go out of business because of shortage of domestic C-band capacity and increasing costs of leasing transponders, said Shelly Weinstein, pres.-CEO, National Education Telecommunications Organization and Edsat. For short-term solution, she said, unused capacity that Defense Dept. has leased on commercial satellites could be released to educators at low cost. Longer term, she said Congress should arrange for Commerce Dept. to provide loan guarantee to operator of education-dedicated satellite. She said educators currently spend \$400-\$500 million per year on transponder fees, and that could approach \$2 billion by end of 1990s. Weinstein said educators need their own satellite because of lower costs, right of ownership, stability.

FCC unanimously repealed 2 network rules March 7: (1) Network station ownership rule, adopted in 1946, that prohibited 3 major networks from owning stations in "small" markets. (2) Secondary affiliation rule, adopted in 1971 to help UHF stations, that said that in markets where 2 stations were network affiliates, 3rd network must offer affiliation to 3rd station in market before seeking secondary affiliation with others. Commission said access to "alternative program sources, including new networks" made rule "obsolete." Repeal of rules resulted from 1991 network ownership proceeding. Dual network prohibitions, also reviewed in that rulemaking, remain on books. Comr. Ness said rules were example of "micromanagement that is no longer necessary."

PBS has new World Wide Web site on Internet at <http://www.pbs.org>. Included are monthly program listings, product information, educational program guide, directory of K-12 Internet sites, links to stations and related organizations, map with data on individual stations, information on college credit telecourses and ordering videotapes from PBS Home Video.

Fox TV announced new subsidiary to produce children's and family programs for Fox Children's Network (FCN), Fox Bestg. and Fox Video, and to "develop synergistic relationships" with News Corp. divisions, including publisher HarperCollins, which produces juvenile titles. Karen Barnes, senior vp-programming, FCN, becomes exec. vp of new unit, which will be division of FCN.

Cablevision Systems and ITT completed takeover of Madison Sq. Garden and affiliated regional sports cable network and sports teams from Viacom for \$1 billion, companies said. Deal was announced Aug. 28, had been held up by antitrust concerns and need for approvals of NBA and NHL (deal includes N.Y. Knicks and N.Y. Rangers). Viacom will use proceeds to repay debt.

LATIN DTH HEATS UP: Since loss of PanAmSat's PAS-3 satellite in Dec., there's been race to be first high-power provider of direct-to-home (DTH) TV in Latin America. Hughes told FCC it wants to aim its U.S. domestic transponders south, presumably to take advantage of delay replacing PAS-3. PanAmSat -- which ordered 3 satellites from Hughes -- awarded its next satellite contract to Space Systems/Loral (SS/L). Race heated up when PanAmSat said it would order another high-power satellite from Hughes for Latin America and Hughes announced plans and partners for Latin American DTH. Both are aiming for early 1996 start.

Hughes partnership, called Galaxy Latin America, will offer 144-channel DirecTv Latin America service beginning in early 1996 over U.S. domestic satellite Galaxy 3R, which is set for Atlas launch in Sept. Partners are Hughes, Cisneros Group of Venezuela, Televisa Abril of Brazil, MVS Multivision of Mexico. Hughes said all-digital technology will be same as that for DirecTv, but didn't say whether consumer equipment would be built by RCA and Sony, manufacturers of U.S. DBS equipment, or whether S. American-based manufacturers will be sought. Spokesman said deals haven't been signed but RCA and Sony are "obvious heavy front runners." He said price of consumer units is expected to be \$300-\$400, vs. \$700 for U.S. systems. U.S. services uses 18" dish, Latin American will use 24". Latin American services also include software for multiple languages and time zones.

Before it can begin, Hughes needs FCC okay. Thomas Tycz, chief, Satellite & Radio Div., FCC International Bureau, said staff is working on rulemaking on provision of international service from domestic satellites (as proposed by domestic licensee Hughes) and of domestic service from international satellites (proposed by international licensee Columbia Communications). "They apparently see the FCC process as a slam dunk," PanAmSat Exec. Vp Lourdes Saralegui said of Hughes' announcement before release of rulemaking. She said PanAmSat opposed Hughes plan because of shortage of domestic capacity in U.S.

Hughes is "pretty confident" of quick FCC approval because capacity shortage in U.S. is in C-band, not Ku-band, said Joe Del Riego, vp-Galaxy Latin America. He said service will point only Ku-band transponders toward S. America for temporary 2-3 years of service, then return them to U.S. "The FCC recognized this, that's why they gave us a construction permit waiver to change the antenna design and payload" on Galaxy 3R, he said.

PanAmSat expects to launch PAS-3 replacement in Nov. or Dec., Saralegui said. PanAmSat's Galavision digital DTH service offered using satellite also is to begin in early 1996, and also will use 24" dishes. Galavision will offer separate 40-channel TV services to 3 markets: Northern portion of S. America, in Spanish; Southern portion of continent, in Spanish; Brazil, in Portuguese.



Jones Intercable is buying cable system in Manassas and Prince William County, Va., from Benchmark for undisclosed price. System has 26,000 subscribers. Chmn. Glenn Jones said system "will complement our existing presence" in Northern Va. and Md., where Jones has 125,000 subscribers.

S.C. Cable TV Assn. launched Carolina Cable Network (CCN) Feb. 28. Public affairs network was created by operators of state's 57 cable systems reaching 750,000 subscribers. CCN carries such programming as call-in shows with state officials.

Data service to determine whether cable systems face effective competition is being launched by Satellite Bestg. & Communications Assn. and Media Business Corp. (MBC). Skytrends service will provide data on number of DBS and C-band satellite subscribers within zip codes and hopes soon to add wireless cable and eventually telco video viewers, Project Mgr. Evelyn Haskell said. Cable systems need data to show that 15% of households in franchise area subscribe to competing multichannel video services, which would mean that system faced effective competition, exempting it from local rate regulation. MBC finalized data collection agreements with all satellite program providers, including all C-band services, DirecTv, Primestar and USSB, as well as SBCA and Wireless Cable Assn., Haskell said. She said FCC Cable Bureau indicated it believes that Skytrends data will be acceptable in most cases. However, users will have to contend with fact that cable franchise and zip code boundaries rarely coincide. "Zip codes are about as accurate as the data can get because that's how the satellite authorization centers collect it," Haskell said. Cable operators would receive only gross figure on number of subscribers to competitors in each zip code, under MBC agreement with program providers. Haskell said typical cost for one-time data service for individual cable system would be \$25 setup fee, plus \$25 per zip code. First data will be available by April 15, Haskell said. Cable Act requires cable competitors to provide subscriber counts for effective competition determinations, and she said they have agreed to give data to MBC because it "simplifies their lives."

Progressive Policy Institute, centrist Democratic think tank, recommended ending what it said were subsidies to broadcasting and other industries, and increasing federal spending on information technology, including tax certificates for sellers of broadcast properties to minorities. In report, *Cut and Invest: A Budget Strategy for the New Economy*, Institute listed among its recommendations eliminating what it called "this tax subsidy for broadcasters" at 5-year saving of \$500 million over 5 years. It called for charging TV and radio annual royalty to use spectrum, move that it said could save \$11 billion over 5 years. Institute suggested raising fees for all communications companies using FCC services, which it said could save \$600 million over 5 years. Report also called for increasing basic research into information technologies, tripling current level with additional \$1 billion.

Bell Atlantic (BA) said its proposed VDT tariffs are "only the initial step" in setting prices: "The rate structures and pricing options established here will not, standing alone, provide customer-programmers the flexibility they need to compete with entrenched cable competitors." In reply comment in tariff proceeding, BA said it's "critical" that FCC give VDT operators "maximum flexibility to provide rate structures and pricing options that are market-based, not simply based on cost-causation... A narrow focus on archaic notions of cost causation... does not further the goal of providing new programmers with an outlet for their products." In separate proceeding on telco-cable cross-ownership rules, Rochester Telephone said FCC should remember that VDT "is not a monopoly service that must be viewed with suspicion" so "detailed, intrusive regulation is simply unnecessary."

RAB said Jan. national spot and local radio ad revenue grew 15% from year ago to 38% national, 11% local. Southwest national markets showed largest gain, 49%, followed by East and West 40%, Midwest 39%, Southeast 30%. East and West local markets registered 12% gains, followed by Southwest 10%, Southeast 9%, Midwest 8%.

Personals

Douglas Briggs promoted to pres., QVC... Kent Rice, ex-Jones Intercable, appointed pres.-COO, International Channel... Eric Kessler advanced to senior vp-mktg., HBO; Henry McGee promoted to pres., HBO Home Video... Promoted to regional vps-mktg., Comcast Cable: Lisa Fontana, Southeast; John Cormack, Cal./Conn.; Rudy Tober, Midwest; David Richardson advanced to vp-administration, Cable Div.; Southeast Region appointments: Barbara Hagen, ex-Palmer Communications, controller; Sanjiv Moore, ex-BA Cable Adv., dir.-ads; Bill Sievers promoted to area dir.-customer service, W. Fla.; Gary Waterfield advanced to gen. mgr., Charleston, S.C., cable system.

Changes at Marcus Cable: Tom McMillin promoted to CFO; Richard Gleiner, ex-private practice, named gen. counsel-corp. secy.; Julie Maune, ex-Crown Media, joins as dir.-Information Services; consultant Mary Preston named dir.-Human Resources... James Barge, ex-Ernst & Young L.A. office, named asst. controller, Time Warner, succeeding Michael Hayes, who moves up to vp-internal audit... Ian Valentine, ex-ABC Productions, named vp, long-form programming, USA Networks... Daniel Fowkes promoted to vp-sales, CableData... Terry Haines, ex-TCI, joins Boland & Madigan public affairs firm as senior vp... Jill Schmidt, ex-US West Technologies, named senior dir.-New Services, TCI Technology Ventures Group... David Taylor, ex-01 Cablesystems, named vp-operations & administration, Expressvu.

Moves at Century Communications: Andrew Tow assumes charge of Century-Australia Communications joint venture; Dan Gold advanced to pres., Cable Div.; promoted to senior vps: Judith Allen, mktg. & public affairs; Margaret Bellville, Southwest Group; JoAnn Cavallaro, Eastern Group; George Francisovich, ex-Viacom, named senior vp-legal affairs.

Sandra Walls resigns as news dir., WLEX-TV Lexington, Ky., becomes consultant to station... Entertainment industry strategist and author Ken Kragen addresses NAB/RAB luncheon, April 11, Las Vegas Hilton... James Withers, ex-KDFW-TV Dallas-Ft. Worth, named vp-operations & engineering, KPLR-TV St. Louis... Carl Eilers, Zenith Electronics, to receive TV engineering achievement award at NAB convention April 12; Robert Orban, Orban chief engineer, to receive radio engineering achievement award... Roland Hernandez, Interspan Communications founder-owner, named pres.-CEO, Telemundo Group.

Crane Kenney promoted to senior counsel, Tribune Co... Peter Shields, ex-Gardner, Carton & Douglas law firm, joins Roberts & Eckard law firm, Washington; he will specialize in wireless technologies... Changes at FCC: Harvey Lee named deputy dir., Office of Workplace Diversity; Jennifer Warren to senior legal adviser to International Bureau Chief Scott Harris; Wayne McKee to legal adviser to Compliance & Information Bureau Chief Beverly Baker... Patricia Eckert, ex-Cal. PUC, joins Deloitte & Touche, San Francisco, as dir.-competitive issues... Kenneth Newman, ex-Donovan, Leisure, Newton & Irvine law firm, N.Y., named vp-eastern regional counsel, Walt Disney Co... Randi Levinas, ex-Shearman & Sterling's Legislative Services, joins Morrison & Foerster law firm, Washington, as legislative and international trade policy analyst... Appointed regional vps-regulatory affairs, Time Warner Communications: Rochelle Jones, ex-Southern New England Telephone, Northeastern Region; Carolyn Marek, ex-AT&T, Southern Region... Rick Borchelt, former press secy., House Science,

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Space & Technology Committee, named public affairs officer, White House Office of Science & Technology Policy.

Pat Mitchell promoted to pres., new Turner Original Productions Div. of Turner Entertainment Group... Kevin Czinger, ex-Goldman Sachs International, named senior vp-Corp. Operations, BMG Entertainment N. America... Marian Davis, ex-CBS, appointed vp-international programming & new-media development, MTM TV... Promoted at DirecTV: Brad Beale to vp-Commercial Business, Susan Collins to dir.-Pay Per View, Ann Crandall-Hinegardner to dir.-Acquisition & Sports Mktg., Richard Goldberg to dir.-Programming Acquisitions, Janine Perkal to dir.-Advertising & Promotion... Judy Guarino, dir.-apparel & accessories, Jim Henson Productions, also named vp-international licensing; Angus Fletcher advanced to vp-international development & co-production... Ed Wright, ex-GTE Spacenet, named mgr.-satellite sales, Orion Atlantic.

Time Warner's Warner Music Group entered joint venture, China TV Enterprises, to syndicate TV programming in China, with Wu-Polashock, N.Y. company that distributes TV programming and sells ads in China.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	FEB. 18-24	1994 WEEK	% CHANGE	FEB. 11-17	2 MONTHS 1995	2 MONTHS 1995	% CHANGE
TOTAL COLOR TV...	713,233	708,132	+ 0.7	401,814	3,133,430	3,337,996	- 6.1
DIRECT-VIEW....	692,167	689,696	+ 0.4	393,712	3,041,016	3,260,511	- 6.7
TV ONLY.....	646,579	638,285	+ 1.3	372,137	2,835,969	3,025,556	- 6.3
TV/VCR COMBO..	45,588	51,411*	-11.3	21,575	205,047	234,955	-12.7
PROJECTION.....	21,066*	18,436	+14.3	8,102	92,414*	77,485	+19.3
TOTAL VCR#.....	382,952	467,121	-18.0	152,917	1,641,631	1,796,086	- 8.6
HOME DECKS.....	337,364	415,710*	-18.8	131,342	1,436,584	1,561,131	- 8.0
CAMCORDERS.....	91,108	94,327*	- 3.4	21,739	332,139	345,714	- 3.9
LASERDISC PLAYERS	3,095	4,687	-34.0	8,275	32,554	31,023	+ 4.9

Direct-view TV 5-week average: 1995--468,585; 1994--484,172* (down 3.2%).

VCR deck 5-week average: 1995--228,654; 1994--230,120 (down 0.6%).

TV/VCR 5-week moving average: 1995--32,976; 1994--38,601* (down 14.6%).

Camcorder 5-week average: 1995--51,207; 1994--52,069* (down 1.7%).

* Record for period. # Includes TV/VCR combinations.

HARD YEN/SOFT PESO RAISE NEW CE PROBLEMS: Unanticipated weakness of dollar vs. yen and Mexican peso vs. dollar brings new sets of problems to consumer-electronics (CE) industry. There will be temporary advantages in lower labor rates for companies with plants in Mexico, presumably offset by consumer buying slump in Mexico and potential for worker unrest.

In Japan and U.S., 90-yen-to-dollar crisis came so suddenly there hasn't been time for significant reaction, and most companies are waiting to see whether U.S. currency's weakness continues. Since most companies are working under 3-month contracts geared to 99- or 100-yen dollar, there's little need for immediate response.

Japanese manufacturers are expected to react by accelerating trend to expand overseas production -- Sony hopes to have 50% of its output produced outside Japan in 2 years vs. current 42%. Pioneer plans more rapid manufacturing migration to other countries -- to make 50% of its products sold overseas in non-Japanese plants, up from only 27% now. JVC also plans to make 50% of its overseas sales in products made outside of Japan, import 30% of parts and components for domestic Japanese production and import 30% of its end products for sale in Japan.

For U.S.-based importers, answer is to bring in fewer products from Japan. This has been significant long-term trend, anyway. Only major CE end-product area where U.S. is almost completely dependent on Japan is camcorder -- 92% are made there, rest in Korea. Japanese manufacturers presumably will attempt to move some camcorder production to their overseas facilities, but that will be slow process because of precision required. Parts imported from Japan, such as semiconductors, could pose even larger problem.

Last resort will be price increases on Japanese parts and end-products, but these by and large will be minimal since manufacturers there don't want to lose market share in U.S., but some increase is inevitable if dollar's weakness continues. NEC and Toshiba, Japan's top semiconductor manufacturers, warned last week they were considering increase in export prices to U.S., while Kyocera, world's largest producer of ceramic packages for ICs, announced 10% export price increase effective next month, and Chmn. Kazuo Inamori urged all Japanese exporters to join in general price increase.

Mexican currency's free fall is certain to impose new problems on U.S. CE companies making major new pitches for market there, geared to last year's expectations of prosperity there. Among leaders making major distribution thrust in Mexico are Zenith and Thomson. As for Mexican Consumer Electronics Show that premiered last year (TVD Oct 10 p13), EIA Consumer Electronics Group (CEG) spokeswoman said trade group's representatives met last week with show's Mexican co-sponsors and emphasized its commitments to Mexican event are unchanged. "All exhibitors stand strong" in their enthusiasm for fall 1995 show, she said.

Manufacturers with border plants in Mexico are gaining some temporary cost advantages from lower dollar value of wages paid. This gradually will be offset as compensation seeks natural levels. Mexican govt. said last week that it will increase minimum wage 10% April 1 on top of 7% increase previously authorized and that workers making more than minimum would be freed to negotiate pay scales with their employers. There could be more work stoppages and labor problems similar to 8-day wildcat strike at Thomson's RCA plant in Juarez that resulted in temporary shutdown of some U.S. facilities as well (TVD Feb 13 p12, Feb 6 p10).

SONY ADDS LCD CAMCORDERS, TABLETOP PROJECTION: New Sony TV and video line being unveiled at zone shows around country includes broader range of camcorders with flip-out LCD screens and new 41" projection set that can be used for tabletop or wall applications. Latter is highlight of totally new Videoscope projection TV line.

Sony disclosed that it has cancelled all XBR dealer agreements in order to re-qualify entire roster of those authorized to carry high-end TV line -- process that James Palumbo, senior vp of Sony's Consumer TV Products Div., said probably will result in smaller number of accounts and fewer storefronts authorized for line. Dealers that have been carrying XBR products said several models were in extremely short supply last fall and surmise that Sony is taking opportunity to clear out weaker and smaller dealers to assure flow to larger promoting specialists and other key accounts. Palumbo said XBR agreements haven't been reviewed for 3 years and "distribution changes, retailers change their way of doing business, retailers change markets," etc.

Camcorder collection has 3 models with fold-out LCD screens, up from single model year ago. Top-end Hi8 model features 4" screen that rotates 180 degrees and adds image stabilization, 24x digital zoom, hi-fi stereo at \$1,899 retail. Other 2 models have 3" screen with 24x and 12x digital and variable speed zooms at \$1,399 and \$1,099, respectively. In conventional models featuring eyepiece viewfinder, Sony has gone to single design based on compact "TR" series, essentially phasing out larger 6-year-old "FX" line.

In Hi8, Sony continued competitive moves started last year (TVD June 27 p18) by introducing entry-level model at \$1,099. Low-end hi-fi piece has 12x zoom and steps to model with 24x digital zoom and "solar window" that channels sunlight into color viewfinder, making image easier to see in daylight. High-end adds image stabilization and \$1,899 retail.

Core line includes 5 camcorders at \$699-\$1,099. Entry-level camcorder has 12x zoom, moves to color viewfinder at \$799 and is topped by model with image stabilization, color viewfinder, 24X digital zoom, \$1,099 retail.

"FX" series camcorders will be carried for limited number of retailers, Sony Personal Video Div. Vp Jay Sato said. "It's easier for retailers to merchandise our line using one similar shape," Sato said. "It became too complicated when they had different body shapes." Overall, 8mm will retain 50% share of U.S. camcorder market in 1995, followed by VHS-C at 32% and full-size 18%, Sato forecast. LCD models will account for 15-20% of camcorder sales in 1995, he said.

Entire projection TV line includes Bi-CMOS video processor that gives factory and user ability to adjust picture settings more precisely, including color temperature to most closely optimize NTSC system. Sony says sets incorporate enhanced center-to-corner brightness level for more consistent brightness and color throughout picture. Tabletop projection TV carries \$2,199 suggested price, with optional stand and high-contrast screen. Feature package includes PIP, matrix surround, icon-based menu, 3 preset video settings. It's part of new slim-profile S-series of projectors, though tabletop configuration adds about 3" to its depth (total 23-1/4"). Rest of projection line is separated into S-series -- with feature package similar to tabletop model -- which has 46" (\$2,400), 53" (\$2,900), and V-series, with storage below screen, 2-tuner PIP, digital comb filter, matrix surround -- 46" at \$3,000, 53" at \$3,400, 61" at \$4,400. Palumbo forecast industry will sell about 750,000 projection sets this year.

Additions to direct-view TV line include expansion of models with white cabinets -- aimed at kitchen and bathroom markets -- to 7 models ranging from 3" Watchman to 20" version with Deep Black Screen, including 13" TV/VCR combo. Company also has added new 32" Trinitron with front A/V jacks, surround sound, available in June at \$1,050. All 32" sets in Sony line now have Deep Black Screen. New XBR models will be announced this summer.

Sony is hitting its lowest VCR price points ever, with pair of 4-head mono models (\$299, VCR Plus \$329). Auto Clock Set feature, introduced last year at \$599, appears throughout hi-fi VCR line (4 models at \$50 increments from \$400 to \$550). Top model in that series also includes program titling and station ID feature that uses Extended Data Service (XDS) capability, although few broadcasters other than PBS are sending even station IDs. Flagship of new line is VCR that incorporates StarSight electronic program guide, no price announced, available in late summer-early fall.

* * * * *

In audio, Sony hopes lower pricing will rejuvenate mainstream interest in its MiniDisc (MD) effort. "Advanced features at affordable prices" is claimed appeal of new 7-model line that includes \$350-list MD Walkman playback-only portable designed for \$299 street price. Line also includes previously introduced models such as home recorder for ES-franchised specialty dealers billed at Las Vegas Consumer Electronics Show as best-sounding MD product marketed thus far, available in July at \$1,100 list.

Key features of new MD Walkman portable line include 10-sec. anti-shock memory buffer and extended battery life of up to 8 hours. Playback-only Walkman, available in June, is claimed to be about same size as conventional audiocassette and has headphones with LCD remote control showing disc and track names and operation function. LCD on unit itself shows track number, battery life indicator, play mode. Along with new record-playback MD Walkman (available in July at \$650 list), it uses 2 AA alkaline batteries or nickel hydride rechargeable cells. When optional lithium-ion cell is used with alkaline or rechargeable batteries, playback time up to 8 hours is possible on either model.

Other Sony MD introductions: (1) "World's first MD business recorder," available in Aug. at \$900 list. (2) "Microcomponent" system, with synchronized CD-MD digital dubbing capability, available in July at \$1,300 list. (3) Home recorder, available now at \$700 list, and higher priced model shipping due in July, billed as being "perfect for recording from the full variety of entertainment sources available," such as DSS audio, digital cable audio and home music libraries. (4) In-dash car receiver and CD controller, which, at \$550 list, is said to be about half price of predecessor model.

PROJECTION CONTINUED TO DEFY SLUMP IN FEB.: Post-Christmas doldrums that sent Jan. TV sales to dealers to lowest point in 3 years and hit most other video categories (TVD Feb 13 p9) continued through Feb. Lone exception was projection TV, which showed record unit volume for 2nd straight month, according to figures compiled by EIA Mktg. Services Dept.

As we have reported, industry executives are blaming sluggish 1995 kickoff primarily on lingering effects of Christmas overbuying by retailers, steadily climbing interest rates and competition for consumer dollars from home computer business. General thread running through comments by executives on TV sales and inventory situation is that problem is most acute in 20" and smaller screen sizes, and that dealer backrooms also are bulging with VCRs and, to lesser extent, with TV/VCR combos. Thomson Consumer Electronics Exec. Vp Joseph Clayton said that "35-inch and projection TV have held solid," adding that considering climate, "the mix and overall revenue is really not too bad."

Show of strength by projection TV through first 2 months indicates that retail overbuying may be factor limiting manufacturer sales more than any external forces. Dealers went through latter part of 1994 desperately seeking big screens, so inventories in that category were rather lean coming into 1995. Also, big-ticket purchases such as projection TVs are most likely to be financed, so category would be expected to be most affected by interest rate runup. Again, lack of softness there points to hangover from overenthusiastic holiday buying as most logical reason for slowdown in sales to dealers of commodity items as they deplete their existing stocks. Feb. projection sales were up 14.4% following 25% gain in Jan., sending year-to-date advance to 19.3%. Sales through first 8 weeks of 1995, when seasonal factors are applied, project to full-year unit volume of 750,000 sets; Feb. rate was 734,000. Last year, dealers bought record 636,177.

There were dropoffs in number of units shipped to dealers in all other major video categories in Feb., although in some cases they represented minor rollbacks from record levels of recent years. Sales of direct-view TVs (not including TV/VCR combos) were off 3% in month and down 4.9% from Feb. record

established in 1993. Seasonally adjusted annualized sales rate for direct-view TVs in Feb. was 22.5 million sets -- nearly 2 million higher than Jan. rate, raising figure for first 8 weeks to 21.6 million. If pace were maintained, that would be well below record 24.7 million direct-view TVs bought by dealers last year. Sales pace in TV/VCR combos, off 12.7% in first 2 months, translates into seasonally adjusted rate of 1.9 million for Feb., 1.8 million for year to date. Last year, 2,017,095 combos were sold to dealers.

Movement of primary video products also was well off last year's pace, although problem isn't as acute in camcorders as in VCRs. Annualized sales rate of VCRs in Feb. was 12.2 million, well above pace set in Jan., when seasonally adjusted rate was 10.9 million, but still below actual sales of 13,087,031 in 1994. On other hand, although unit sales of camcorders in Feb. and through first 2 months of 1995 ran behind year-ago period, seasonally adjusted sales rate through 2 months was 3.5 million -- well ahead of record 3.2 million actually sold to dealers last year. Rate in Feb. was 3.07 million.

Here are EIA's figures on sales to dealers for Feb. (data on month's final week and year's first 2 months are in State of the Industry):

Product	Feb. 1995	Feb. 1994	% Change	Feb. 1993
Total color.....	1,717,959	1,770,686*	- 3.0	1,756,787
Direct-view...	1,670,373	1,729,095*	- 3.4	1,727,952
TV only.....	1,556,159	1,604,974	- 3.0	1,636,163*
TV/VCR combo.	114,214	124,121*	- 8.0	91,789
Projection....	47,586*	41,591	+14.4	28,835
Total VCR.....	864,354	910,491	- 5.1	854,918
VCR decks....	750,140	786,370	- 4.6	763,129
Camcorders.....	139,257	162,342*	-14.2	158,484
Laserdisc players	19,474	12,754	-22.6	22,360*

* Record for any Feb.

DSS SYSTEM EXPANDING TO COMPUTER DATA: Hughes's DirecTV is expected to name at least 2 new DBS hardware licensees this week and is developing PC board and upgrade of Thomson's RCA Digital Satellite System (DSS) integrated receiver decoders (IRDs) to handle on-line data services, company said.

Meanwhile, Hughes and 3 Latin American media companies announced partnership to establish 144-channel DirecTV Latin America. Hughes representative said agreements for receiving equipment haven't been signed, but RCA and Sony are "obvious heavy front-runners." Price of consumer receivers is expected to be \$300-\$400, vs. \$700 and up for U.S. systems, he said. New DirecTV is one of 2 high-powered home satellite services scheduled to begin next year in Latin America (Details in Best./Cable Section).

Thomson said at ITA conference last week in Palm Springs that it expects to have shipped 900,000 by end of month on way to 1.2-1.6 million by June at end of first full year on market. DirecTV will be closing in on 500,000 subscribers by end March and has said it would hit break-even point with 3 million in 1996 (TVD Jan 16 p16).

Competition is expected to heighten in June when Sony begins shipping basic and stepup model, latter in 2 packaging combinations, one with multiroom capabilities. Our understanding is that Sony is barred from talking about its DSS plans with press until Thomson ships one million, but now that Thomson has exceeded 700,000 receiver milestone it's free to discuss plans and features with retailers. In accordance with those restrictions, Sony has declined public comment on plans, but sources said Sony IRD has full-size component design and is being positioned as part of home theater system, while its 18" dish is "more elliptical" than current RCA model.

At regional shows, Sony gave dealers few specifics and didn't disclose pricing, but system is expected to be sold in packages containing dish, IRD and other equipment, with high-end system including additional IRD, sources said. System can be merchandised in Sony-designed "minihome theater" display including 4 speakers and TV, although retailers will have option of using own displays, sources said.

New licensees expected to join Sony at Satellite Bestg. & Communications Assn. (SBCA) show in Las Vegas this week include Toshiba and Uniden, with Hitachi, JVC, Panasonic, Pioneer and Zenith also in running, sources said.

Preparing for expanded market, DirecTv is negotiating with several manufacturers to build board that would enable PCs to receive data on-line through DSS starting in 1996, DirecTv spokesman said, adding that company also is in discussions with on-line services. Dish and board are expected to be sold as package at \$400, although consumer already owning dish for TV wouldn't need to buy new one for PC, sources said. PC version won't include entertainment packages currently available through DSS, DirecTv spokesman said. "We look at it as incremental to what we do now. Most PC users aren't interested in watching CNN so we will provide software, games and on-line services."

DirecTv also plans to offer upgrade of existing DSS IRDs starting in 1996 to accommodate data transmissions, although exact means for retrofit hasn't been determined, DirecTv New Media & Interactive Programming Vp Ed Huguez told us at ITA conference last week.

As another means for using interactive services, Thomson is said to be readying 2nd-generation product for introduction in fall that will handle on-line services, sources said. Thomson has declined comment, but has said new products would include interactive capabilities.

Additional features come as DirecTv and Thomson prepare to upgrade DSS transmission to MPEG-2 data compression by late this month or early April and system for multiple dwelling units (MDUs) is being developed, Thomson DBS Software/New Product Development Vp Bruce Babcock said. Plans for wiring MDUs for DSS are expected to be completed this year and DirecTv's new Commercial Div. will handle sales, Huguez said. To install systems, DirecTv may hire companies with experience wiring MDUs for cable, he said.

DSS may also be built into new products. Toshiba is said to be studying variety of options including combination receiver and TV or VCR, while Uniden has been concentrating on hybrid IRD that would handle DBS and C-band transmissions, sources said. DirecTv plans to have 7-8 hardware licensees by late 1996, some targeting specific markets such as C-band, spokesman said. "You'll have different segments of the marketplace decide whether it will be the CE portion or the TVRO side," executive at major CE manufacturer said.

While pricing is most likely to drop with expected introduction of new ICs, some industry observers were less certain about building DSS into products. In Japan, DBS tuners have been built into some products, including TVs, at \$200 premium, industry sources said. "The Japanese like to have everything in one unit, whereas Americans like to buy components," consumer electronics executive said.

JAPAN-U.S. VCR, CD SHIPMENTS PLUNGED IN 1994: No big surprises were contained in Japan Finance Ministry data on exports to U.S. for 1994. As Japanese manufacturers increasingly moved production of VCRs to other Asian areas, shipments from Japan fell 10.9%. With CD player becoming commodity item sourced in such lower cost areas as China, Japan's exports here declined 23.2%.

Japan still has virtual monopoly on camcorders -- it was source of more than 92% of U.S. imports last year -- and its shipments here were down just 3.3% from 1993. On upside were videodisc players (increased by 18.8%) and color TV (almost double 1993), but amounts were piddling in both cases. Japan is increasing as source of some specialty TVs and it's still primary source of laserdisc players.

Interesting in light of last week's plunge in value of dollar against yen is Japan's valiant effort to hold down camcorder prices. In 1994, average value of camcorder shipped to U.S. was 51,593 yen, decline of 12.1% from 58,675 yen in 1993. Based on average yen-to-dollar exchange of 102.3 last year, dollar value of average camcorder shipped in 1994 was \$504.33, down 4.6% from \$528.60 in 1993, even though dollar bought average of 111 yen then. Average VCR shipped from Japan fell 2.7% in yen in 1994 (to 27,627 from 28,451 yen in 1993), but rose 5.5% in dollar equivalent to \$270.50 from \$256.31.

If last Wed.'s 91-yen-to-dollar rate had been in effect in 1994, average VCR would have been \$304.09, up 18.6% from 1993, and camcorder would have averaged \$566.96, increase of 7.3% instead of decline of 4.6%. In Dec., when one dollar bought 100 yen, average camcorder was \$503.39, down 4.5% in dollars from Dec. 1993, and, at 50,339 yen, down big 13.1% in Japanese currency. Lowest average price in history -- in both dollars and yen -- came in Nov. at 47,265 yen and \$482.30 (at \$1 = 98 yen).

Exports from Japan to Canada for 1994 vs. 1993 (Dec. in parentheses): Color TV 4,209, up 104.8 (none in Dec. vs. 6 in Dec. 1993); VCRs 184,724, down 24.5% (14,524, up 9.3%); camcorders 292,182, down 6.9% (19,376, up 55.9%); videodisc players 27,508, up 22% (1,855, up 1.7%); CD players 292,182, down 36.4% (40,393, up 180.3%). Here's table of Japanese exports to U.S. for Dec. and full years 1994 and 1993:

Product	Dec. '94	Dec. '93	% Chg.	1994	1993	% Chg.
Color TV.....	19,685	7,289	+170.1	250,026	128,337	+94.8
VCR decks.....	164,927	235,426	-29.9	3,594,077	4,033,989	-10.9
Camcorders.....	222,456	229,013	-2.9	3,045,812	3,148,183	-3.3
Videodisc players	28,913	41,716	-30.7	448,697	377,697	+18.8
CD players.....	379,437	272,709	+39.1	4,514,840	6,390,532	-23.2

'NEW AGE' IN VHS VIDEO: JVC's Dynamic Drum (DD) system (TVD March 6 p13) will help usher in "new age in home video," company said in description of product. New VHS core technologies are based on 3 principles, JVC said: (1) Picture reproduction with least possible noise. (2) "Time compression and time expansion technology, to allow users to make the utmost use of limited time." (3) "Mass production without the use of special materials or parts," keeping costs low.

DD mechanism separates VCR's lower drum from base, and drum's movement "is precisely regulated by a computer-controlled motor, which drives [drum inclination compensation screw] linked to the gear," JVC said.

Examples of applications based on DD's noiseless variable speed playback: (1) "Quick viewing of dramas, movies and other favorite programs. Superimposed characters, such as movie subtitles, can easily be read." (2) "Informative programs such as news and cooking shows can be viewed in a short time. Flips and telops can be clearly seen." (3) "Sports programs can be quickly viewed, or form and technique can be checked" using slow motion. (4) "Scenes that would normally take a long time to occur, like the blooming of a flower, can be seen in a reduced time, [with] applications in business and education." (5) Increased editing capability for home video production.

Sega and Nintendo last week disputed accusation of British Monopolies & Mergers Commission (MMC) that they have engaged in "monopolistic practices" with videogames. MMC accused companies of practicing "discriminatory pricing" and of imposing "restrictive conditions" on 3rd party licenses that let them control software supply. Corporate Affairs Minister Jonathan Evans announced 3-month "period of consultation" (ending June 9) on charges and MMC's recommendations. Those include removal of restrictions on cartridge rentals and relaxation of several curbs on licensing conditions. "If this does not prove possible, the MMC suggests an alternative remedy of price controls," report said. Nintendo U.K. said it "rejects any idea that the pricing of its products has been either excessive or against the public interest." Sega Europe executive was cited in published report as blaming excessive dealer margins, rather than Sega policies, for difference in game prices between U.S. and U.K.

Japanese electronics production rose last year for first time in 4 years, but consumer electronics (CE) production dropped 9.4%, EIAJ said. Country's total electronics output was given as 21.447 trillion yen (\$233 billion), up 2.8% in yen from 1993. CE output declined to 2.771 trillion yen (\$30 billion), principally because of shift in color TV and VCR production overseas.

STEREO TV LAGGED IN JAN.: Decline in unit and percentage sales of stereo-equipped color TVs, which started in 4th quarter 1994 (TVD Feb 20 p18), continued in Jan. Meanwhile, EIA Consumer Electronics Group said recheck of its 1994 figures and interviews with manufacturers verified that data were correct.

For Jan. 1995, EIA reported 43.9% of direct-view color TVs sold to dealers had stereo sound, down from 45.7% in Jan. 1994. In period when color sales dropped 9.9%, number with stereo fell 13.5% to 561,462 from 649,022 year earlier.

It seems difficult to correlate declining stereo sales with manufacturers' -- and EIA's -- comments that brunt of 1995 TV slump so far has been borne by low-end and small-screen products, particularly in view of fact that stereo is feature of vast majority of large screen sets and mid-to-high-end models, while color TVs without stereo sound generally are low-end products.

While stereo sets showed decline from year earlier in Jan. in units and percentage, figures in one way represent improvement over recent months. The 43.9% of color TV sets containing stereo was highest since last July, when record 46.9% had stereo.

Toshiba in Japan announced formation of "dedicated organization" to promote its DVD business. New SD Div. started operations under direction of Toshiba Vp Kenichi Mori, who will serve as gen. mgr. (TVD March 6 p20). Unit will be incorporated into Toshiba's Information Equipment Group and will have staff of 100. Toshiba said SD Div. will promote standardization of Toshiba and Time Warner DVD proposal and will spearhead development and commercialization of applications "for both read-only and rewriteable high-density, high-capacity optical discs based on the format."

Ultimate Electronics (UE) reported 106% increase in net income in 4th quarter on 87% gain in sales (see financial table). In quarter ended Jan. 31, same-store sales rose 25%. For year, UE said net income soared 114% as sales jumped 87% on 29% gain in same-store sales. Feb. sales increased 60% to \$9.7 million on 4% rise in same-store sales. UE Pres. David Workman said same-store sales were affected by opening of 2nd outlet in Salt Lake City and "some sharing of sales" occurred.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 91 yen = \$1, except where noted.

TOSHIBA DVD PUSHES ART 'TOO FAR' -- PHILIPS:

Double-sided, laminated Toshiba-Time Warner high-density digital videodisc (DVD) proposal does boast important technical merits from standpoint of making optical medium that's more rigid and less susceptible to warpage. But claims of simplicity with which bonded DVDs can be produced at existing CD factories deserve to be picked apart because proposal is pushing current CD know-how "a stage too far," says Jacques Heemskerk, program mgr. at Philips Laser Optics in Eindhoven.

Heemskerk, among top Philips engineers involved in developing Sony-Philips high-density CD proposal on which its DVD is based, told us "numbers are easy to quote, and bigger numbers look better," in explaining why Toshiba-Time Warner system won votes of major Hollywood studios and consumer electronics companies in Jan. on basis of higher data capacity (TVD Jan 30 p13).

Two weeks ago, in reaffirming support for its own single-sided DVD proposal over double-sided alternative supported by Toshiba-Time Warner and alliance of 7 companies, Sony sought to negate competitive disadvantage by emphasizing viability of dual-layer single-sided disc developed with 3M that would double capacity to 7.4 Gb from 3.7 Gb of single-layer version (TVD Feb 27 p10). Moreover, Sony said advent of blue semiconductor laser diodes within 2 years will raise dual-layer disc capacity to 11 Gb in future, sufficient to accommodate high-quality next-generation digital HDTV. Toshiba responded to latest Sony claims by insisting again that dual-layer technology isn't yet viable for mass consumer market and that media can't be replicated at existing CD factories for less than double costs of existing music CDs and CD-ROMs.

But Heemskerk said that it's Toshiba-Time Warner proposal that doesn't hold technological water. He said he still believes rival camp will be forced to market its DVDs in protective caddy because of system's smaller pit size and higher numerical lens apertures. As for claims by both camps on ease with which either DVD can be replicated at existing CD plants with only minor modifications, Heemskerk said masters used for pressing Philips-Sony DVDs can be cut using blue gas lasers currently employed in production of music CDs and CD-ROMs. He said Nimbus in U.K. has announced that it will sell ultraviolet laser recorder that CD plants will require for mastering Toshiba-Time Warner DVDs. Nimbus also has said laser recorder is adaptable for use with conventional CD media.

WEA Mfg. officials have acknowledged that CD plants will have to modify their molds to accommodate halves 0.6mm thick. However, WEA has defended viability of system on ground that yields can be high despite need to bond discs together because half-thickness discs will take much less time to cool than 1.2mm-thick media. WEA Mfg. Senior Vp-R&D Joseph Vayda recently compared process with experience of ordering 2 pizzas, "one thick and one thin, and they both arrive on your table at the same time. Which one can you eat first without scalding your mouth? The thin one, of course, because it cools faster."

Heemskerk acknowledged that plastic will cool more rapidly if it's more thinly molded, but insisted that Vayda should have told public that plastic will have to be made hotter to fill half-thickness mold more evenly than is needed with 1.2mm mold. And because plastic can cool unevenly as it spreads into mold, Heemskerk said, Philips and Sony are convinced factories will have to use material other than polycarbonate employed in production of conventional CDs.

Laser lens with numerical aperture of 0.6, as in Toshiba-Time Warner system, will need to be fashioned from glass instead of molded plastic used in conventional CD players, Heemskerk said, raising implication of higher player costs and backward compatibility problems with existing CDs. He said lens designed to play back 0.6mm pressings cannot also play back 1.2mm discs. He said problem can be solved by mounting 2 separate lenses on same carrier, but that would increase mass and could impede player's servo control system from moving lens rapidly enough across disc to keep laser spot in focus.

Matsushita, crucial supporter of Toshiba-Time Warner proposal, is believed to have developed prototype lens with dual numerical aperture specifications. But we're told such types of lenses can be made only by electron-beam etching -- process that would make key component much more expensive than plastic molded lenses used in existing consumer CD players. Moreover, it's believed that 2-step lens has important drawbacks from standpoint of reflectivity and so might require higher powered laser diodes.

Ironically, Heemskerk defended Toshiba-Time Warner proposal against charges that CD factories will have difficulty aligning 2 disc halves with precision needed for trouble-free playback. He insists that sophisticated error correction system within player "will be able to cope with some eccentricity" in aligning halves. But he took serious issue with WEA claims that bonding would be hassle-free. "Glue is horrible stuff in a manufacturing process," he said. "It gets everywhere you don't want it to get. We know because we have been making double-sided videodises for 20 years." Added problem is that "glue also takes time to dry," threatening to reduce production yields, he said.

Heemskerk broke new ground in describing process of replicating dual-layer CD developed with 3M. To make disc, ordinary CD is produced using conventional presses, but modified to be made slightly thinner than usual. Disc bearing first imprinted image area then is coated with semireflective layer and at that stage resembles 2-way mirror. Partly mirrored disc is coated with soft plastic film (later hardened using ultraviolet light) that's pressed against mold bearing imprint of 2nd data layer. Last comes layer of ordinary reflective aluminum and disc is sealed with protective lacquer before being labeled.

Digital flag embedded in data stream will drive hardware's playback laser and direct it when it needs to switch from one layer to another, Heemskerk said. He demonstrated lab prototype of dual-layer media using oscilloscope purporting to show that laser could jump from one layer to another in 3 milliseconds or less, faster than access time in some current CD players or changers.

Warpage won't be any more of problem with dual-layer discs than with existing CD, Heemskerk said, because "the player's servo control is continuing compensating for small irregularities" in disc. He admitted that Philips engineers had been "much more concerned with jitter and signal level" when it came to dual-layer disc because semireflective layer reduces reflectivity. Fashioning semireflective layer from conventional materials such as aluminum will make thickness tolerances too tight, he said. But material developed by 3M "gives much wider tolerances" and "solved the problem," Heemskerk said, noting that 3M is "being very mysterious" about composition of semireflective material.

Correction: Matsushita consolidated sales of electronic components climbed 12% in 3rd quarter ended Dec. 31 (TVD Feb 27 p12).

MACROVISION BACKS DIGITAL COPY LAW: Combination of technical and legislative "solutions" will provide best means for digital copy protection, Macrovision Senior Vp William Krepick said.

Speaking at ITA conference in Palm Springs last week, he said copyright losses could be minimized by using technology and legislation to "manage" digital-to-digital, digital-to-analog and analog-to-digital copying.

Support for legislation is sharp reversal for Macrovision, which last year promoted its Intellectual Property Protection System (IPPS) in push for "100% technical solution" (TVD Aug 1 p9). Macrovision changed position last fall after failing to win enough support from hardware manufacturers that since have developed "bilateral" technology to prevent digital-to-digital copying, Krepick said.

In Washington, EIA Consumer Electronics Group spokeswoman said that to her knowledge no movement in Congress toward digital video protection was imminent.

To promote copy protection, hardware manufacturers will offer bilateral technology to other companies at no cost, provided federal legislation is passed mandating protection for all digital CE hardware, Krepick said. Macrovision will offer IPPS to hardware manufacturers free and to software providers on use-based royalty terms, he said. Macrovision won't charge premium for digital media, and copy protection pricing for software will be based on current VHS rates. "The software companies could choose whether or not to pay for and utilize analog copy protection on a title-by-title basis," Krepick said.

Best form of legislation would be amendment of copyright law to mandate compliance, Krepick said. "Mandatory compliance with a federal law would mean that unscrupulous digital video hardware manufacturers or distributors would risk injunctive action and appropriate remedies if they were to violate the law," he said.

Overall, digital video will require "more comprehensive approach" than that of Audio Home Recording Act (AHRA) passed in 1991, Krepick said. Audio law specifies Serial Copy Management System (SCMS) that permits one digital copy from digital recordings, but no duplicates of that first copy. Copyright protection was limited by inability of technical standards to prevent digital-to-analog copying. Law also specified 3% fee on blank tapes, 2% on hardware to compensate copyright owners.

Krepick said no taxes should be included in digital legislation, noting that "copyright proprietors believe that the [AHRA] levies' compensation schemes are neither fair nor efficient." Hardware and software companies should ensure that standards for digital copy protection produce low "implementation" costs while "still meeting copyright objectives," he said.

While many "permutations and combinations" of technologies are possible to ensure copyright protection, "simple coding scheme" of control bits embedded in software or digital transmission is possible, Krepick said. Bits would be set in premastering for software and in either encoder or subscriber authorization operation for pay-per-view programs, he said. Bits would be set at direction of copyright owner and would control copying by "invoking" digital and analog protection and allowing one copy, he said.

ICCE'S SOLO ACT: Major program of goodies for consumer electronics engineers is scheduled for International Conference on Consumer Electronics (ICCE) June 6-9 at Westin O'Hare Hotel, Chicago. Sponsors confidently predict bigger turnout than last year's 500-plus despite fact that conference for first time won't have Summer Consumer Electronics Show to help draw crowd to Chicago.

Tutorials at this year's event will focus on MPEG-2 fundamentals, set-top terminal architecture, video encryption, voice recognition and human factors, with panel discussion on "Battle for the Top of the Set, or How Do Those Boxes Stack Up?" moderated by Arthur D. Little's Stuart Lipoff.

Technical sessions will include one on digital videodisc (DVD), MPEG, digital audio and video, broadband cable multimedia, signal processing, consumer video recording, digital VCRs, Grand Alliance digital HDTV, set-top box information appliance, display technologies, signal processing, camera technology, camcorders, audio, multimedia, user interface, wireless communication, intelligent consumer networks, advanced signal processing, components -- 716-392-3862.

Go-Video (GV), showing slight downturn in dual-deck VCR sales, said net loss expanded in 2nd quarter to \$363,000 from \$272,000 year ago. Sales for quarter ended Jan. 31 decreased 31% to \$8.2 million. For 6 months, net income rose to \$147,000 from \$98,000 loss year ago although sales declined to \$21.3 million from \$23.3 million. Go-Video Chmn.-CEO Roger Hackett said company is developing new line of dual-decks that will "revitalize" direct and catalog sales that have lagged due to "maturity" of existing products. New 4000 series decks are expected to be "more competitively priced" than existing 2-year-old 3000 line when they ship in 2nd half, company has said (TVD Nov 21 p14). Pricing on new models wasn't available; 3000 series retailed at \$849-\$949. New series is expected to consist of 3 models starting with 2-head VCP/4-head mono VCR, moving to 2-head with 4-head hi-fi, topped by dual 4-head hi-fi.

Citing broadening of technology, Voice Powered Technology (VPT) said net income rose to \$698,000 in 4th quarter from \$298,000 year ago (see financial table). Sales for quarter ended Dec. 31 were up to \$8 million from \$5.3 million year earlier. For year, VPT said net income reached \$371,000 from \$10.5 million loss year ago as sales increased to \$17.5 million from \$16.8 million. Improved earnings came as VPT closed out line of voice-activated remote controls (TVD Feb 13 p15), but added new licensing agreements with Whirlpool and German dollmaker Max Zapf Puppen-und-Spielwarenfabrik GmbH. Company also is continuing to market voice-activated organizers, phones, and will ship Message Pad digital voice recorder in June.

Circuit City said 12% rise in comparable-store sales helped generate 31% Feb. revenue increase to \$439.2 million. That brought full-year revenues to \$5.58 billion, up 35% from year ago, with 15% comparable-store gains. Chain entered Seattle and Charlottesville, Va., in Feb. and added stores in Phoenix and Charlotte, leaving it at end of month with 308 superstores, 5 smaller consumer electronics stores, 35 mall-based Circuit City Express outlets. Meanwhile, company confirmed earlier reports (TVD Jan 23 p18) that Walter Bruckart, longtime exec. vp-merchandising, would retire May 1, with duties assumed by Vp-Mdsg. Alan McCollough.

SHAREHOLDERS SUE CONCORD: Shareholders have sued Concord Camera alleging that former Chmn.—CEO Jack Benun embezzled \$150,000 and that company erred in clearing former executive 4 years ago.

Suit, filed in U.S. Dist. Court, N.Y. by shareholders Norman and Brenda Bergman who own 25,000 shares of Concord, charges Benun and Concord with violations of federal racketeering law. Avenel, N.J., camera maker fired Benun in July 1994 following report by ad hoc board committee outlining "newly available evidence" linking him to "allegations of misappropriations" of \$150,000. Neither Concord Pres. Ira Lampert nor Benun was available for comment.

Allegations against Benun first surfaced in 1990 when then CFO Michael Rea reviewed records of Concord's Dialbright subsidiary and discovered \$150,000 "bonus" paid to Production Mgr. Eli Shoer. Shoer said he signed check over to Benun, suit said. Benun admitted receiving money and allegedly told Rea, "don't worry, no one will find out," suit said. But Benun later denied allegation and board approved Shoer's "bonus" in Sept. 1990.

Rea, who was fired and settled suit he filed against Concord in 1991 for undisclosed sum, found 2 checks totalling \$250,000 that Benun had deposited in personal bank account. Suit said portion of money was to buy tooling and molding from Artstar, manufacturing firm partly owned by Shoer.

Suit also charged that Benun "frequently borrowed" more than \$1 million from Concord, collected annual salary at start of fiscal year and maintained "loan balance" of money he borrowed/owed Concord.

Despite allegations, Concord board in 1991 cleared Benun, saying charges hadn't been "substantiated" and there was no evidence of "illegal activity," suit said. SEC later launched investigation that remains pending, suit said.

Minolta will restructure business products division April 3 to increase focus on home office applications, company said. Business Products Group is result of merger of Business Equipment and Document Imaging Systems divisions. In new group will be office products, business systems, mktg./product planning and service/support units. Restructuring of division, which accounts for 70% of Minolta's sales, will prepare company for "our future in digital technology" while supporting current lines of copiers, fax machines and micrographics products, Minolta Pres.—CEO Hiro Fujii said. Photo Div. won't be affected by change.

Toshiba has cut wholesale prices 11–15% on home satellite integrated receiver decoders (IRDs) and restructured rebate program, National Sales Mgr. Joseph Znidarsic said. Cuts, which took effect March 1, translate into \$40–\$90 drop and come in wake of similar moves by rivals Uniden and Echosphere. Toshiba also reduced amount of rebate used in premier dealer program and limited for use with co-op ads. "These moves will make our IRDs much more competitive," Znidarsic said.

Sony will build Eastern European color TV factory by 1997, Japanese reports said. Decision on location will be made this year, and plant reportedly will have capacity of about million sets annually. Sony currently exports some 500,000 small and midsized color TVs from U.K. and Spain to Eastern European countries. Trinitron tubes for plant are to be supplied from U.K.

SEGA SETS SEPT. SATURN SENDOFF: Sega last week became first of those launching new advanced videogame platforms in U.S. to give any details of plans, disclosing that Saturn system will go on sale here on "Saturday" Sept. 2. However, Sega didn't specify price, saying only that opening retail would be "between \$350 and \$450." That at least narrows range that company has been discussing; executives at analyst conferences earlier had projected price at \$300–\$500.

Sega also declined to be specific about plans, if any, to pack software with machine. Company said that "more than 20 titles" will be available at launch, with 100 more to reach market by Christmas.

Question of pricing is subject of continuing cat-and-mouse game, particularly between Sega and Sony Computer Entertainment, which later this year will launch its own game hardware and software in U.S. System, called PlayStation in Japan (although alternatives such as PowerStation reportedly are being considered here), is expected to debut at \$299 or lower. Meanwhile, Nintendo slated 4th-quarter launch of Ultra 64 platform, which company has said from beginning would be below \$250.

Sega said sales in Japan to date "have totally depleted inventories," reaching 500,000 in first month, following late Nov. launch, with company projecting one million by next month, passing 2 million by end of year in Japan alone. Sega said Saturn is "outselling the competition [apparently PlayStation] by more than 30%." Those claims, as are most in category, have been challenged by competitors.

Goldstar this month launches its 3DO player in U.K. at retail price of £400. Company said more than 50 software titles for 3DO are on market in U.K. Panasonic rolled out its 3DO player there last year.

Sound Advice will delay entry into Washington-Baltimore until late 1996, citing desire first to deploy new computer systems. Chain said it wants to ensure that before opening new stores, "its computer systems can be utilized to provide effective control over sales and product distribution in that new market." Chmn. Peter Beshouri said company remains "committed to establishing a presence in the attractive Washington-Baltimore market" but delay "will better enable us to further refine our operations in our home Florida market, including the potential expansion of the 2 remaining smaller showrooms in Tampa and North Miami to full-size facilities."

House Speaker Gingrich (R-Ga.) will keynote annual EIA Govt.—Industry Dinner March 28 at J.W. Marriott Hotel, Washington. EIA has officially endorsed Gingrich's Contract With America. Also at dinner, GTE Senior Vp Bruce Carswell will be awarded EIA Medal of Honor and Sen. Burns (R-Mont.) will act as auctioneer for benefit of Electronic Industries Foundation (EIF). EIA Spring Conference and Public Policy Forum March 26–30 also will include luncheon meetings featuring Senate Commerce Committee Chmn. Pressler (R-S.D.) March 27, TV talk show host Steve Roberts March 28, House Commerce Committee Chmn. Bliley (R-Va.) March 29. -- 703-907-7792.

Orion Electric will sell Emerson brand TVs and VCRs to Wal-Mart under license from Emerson Radio, sources said. In signing 3-year agreement with Emerson last month to build products under Emerson brand (TVD Feb 27 p16), Orion also licensed name for use in sales to single retailer. Orion, Emerson and Wal-Mart officials declined comment.

Consumer Electronics Personals

Former Projectavision chief scientist Eugene Dolgoff was "terminated as an officer and employee," company announced. He remains a dir... Willie Donaldson named pres., Hughes-JVC Technology (projection TV), effective today... Joseph Znidarsic, Toshiba satellite national sales mgr., promoted to sales & mktg. dir., effective April 1... Kelly Flock, ex-TriMark Interactive, LucasArts Entertainment, Activision and Electronic Arts, joins Sony Imagesoft as pres... Peter Gelb appointed worldwide pres., Sony Classical, having headed up label's U.S. operations... Travis White, ex-LSI Logic of Canada, named pres., Sony Semiconductor of America, new subsidiary to design, produce and market semiconductors for U.S... James Salvadori, ex-Nabisco, joins Cobra Electronics as dir.-customer service... Andrew Cross, ex-Gateway 2000 U.S. PC mail order company, moves to U.K. as national sales mgr., Amstrad Direct.

Fred Towns shifts to Matsushita Consumer Electronics N.Y. regional sales mgr. from similar post in Boston regional sales office, being phased out to reduce overhead (TVD March 6 p18)... Greg Caves, ex-Bose, joins Runco International (projection TV) as mgr., new Burlington, Mass., Eastern regional sales office... WEA Corp. Pres. David Mount moves to chmn.-CEO, Warner Music Group's new Warner Media Mfg. & Distribution subsidiary, to be composed of WEA, WEA Mfg. and Ivy Hill Corp... Kevin Czinger, ex-Goldman Sachs International, named senior vp-corporate operations, BMG Entertainment N. America... Robert Van Buren, ex-Midlantic Corp., succeeds Lee Thomson, retiring March 24 as Smith Corona chmn.-CEO.

Appointments at Republic Entertainment: Tom Szak, formerly vp-domestic purchasing for Blockbuster Entertainment Group, senior vp-acquisitions & development; Robyn Tsuboi, ex-Hemdale Home Video, product mgr., Republic Pictures Home Video... Glenn Ross, ex-senior vp-mktg., Republic, named senior vp, Hallmark Entertainment... Lexine Wong promoted to vp-international mktg. & programming, Columbia TriStar Home Video... Victoria Sarro, ex-Cabin Fever Entertainment, joins BMG Video as dir.-special markets.

Indonesia's first color tube manufacturer will be established in Jakarta by Japan's Toshiba (28%) and Sumitomo (22%), Korea's Orion Electric (15%), Indonesia's P.T. Tabung Gamber (35%). Company will make and market 2.3 million 13" and 19" tubes annually, shipping 30% of output to Toshiba's Singapore TV plant. Indonesian operation will be Toshiba's 3rd overseas color TV production site, following U.S. giant tube plant in Horseheads, N.Y., and Thailand facility, which makes small and midsized tubes.

StarSight Telecast reported net loss of \$21.4 million on \$70,000 revenue plus deferred revenue of \$196,000 for 6 months ended Dec. 31. That compares with \$8.86 million loss in year-earlier period. Figures reflect accounting changes for expensing legal costs in connection with patent infringement litigation, company said, adding that substantially all expenditures in 1994 period were "directly attributable to operating and marketing costs" of on-screen program guide to market.

Daylong workshop on stringent new European Union regulations involving professional and specialty audiovideo equipment will be held March 24 by EIA in Vienna Va. -- Maxine Stone, Consumer Electronics Group, 703-907-7660.

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
Cobra Electronics			
1994-year to Dec. 31	82,131,000	(1,515,000)	—
1993-year to Dec. 31	98,844,000	(4,392,000)	— ^a
1994-qtr. to Dec. 31	20,695,000	(975,000)	—
1993-qtr. to Dec. 31	26,595,000	373,000	.06
Go-Video			
1995-6 mo. to Jan. 31	21,362,424	147,372	.01
1994-6 mo. to Jan. 31	23,365,532	(97,899)	—
1995-qtr. to Jan. 31	8,285,169	(363,344)	—
1994-qtr. to Jan. 31	11,800,889	(272,057)	—
National Semiconductor			
1995-39 wk. to Feb. 26	1,709,600,000	183,000,000	1.39
1994-39 wk. to Feb. 27	1,686,000,000	181,600,000	1.38
1995-13 wk. to Feb. 26	571,400,000	57,000,000	.43
1994-13 wk. to Feb. 27	544,700,000	63,800,000	.48
Spelling Entertainment Group			
1994-year to Dec. 31	599,839,000	24,108,000	.32
1993-year to Dec. 31	274,899,000	17,666,000	.31 ^a
1994-qtr. to Dec. 31	298,450,000	9,078,000	.10
1993-qtr. to Dec. 31	97,722,000	6,876,000	.10 ^a
Ultimate Electronics			
1995-year to Jan. 31	165,069,000	4,890,000	.88
1994-year to Jan. 31	88,158,000	2,283,000	.55 ^b
1995-qtr. to Jan. 31	69,992,000	2,685,000	.48
1994-qtr. to Jan. 31	37,447,000	1,306,000	.24
Voice Powered Technology			
1994-year to Dec. 31	17,538,000	371,000	.03
1993-year to Dec. 31	16,784,000	(10,504,000)	— ^b
1994-qtr. to Dec. 31	7,993,000	698,000	.06
1993-qtr. to Dec. 31	5,331,000	298,000	.03 ^c
Wells-Gardner Electronics			
1994-year to Dec. 31	33,435,000	(1,735,000)	— ^a
1993-year to Dec. 31	36,011,000	(1,779,000)	— ^a
1994-qtr. to Dec. 31	8,273,000	69,000	.02
1993-qtr. to Dec. 31	9,262,000	(449,000)	— ^a

Notes: ^aAfter special charge. ^bPro forma. ^cIncludes special credit.

Biggest-ever Mobile Electronics Show (MES) April 7-9 in Philadelphia already has achieved record exhibit space, sponsor EIA Consumer Electronics Group said. It said exhibit space sales already have surpassed year-earlier high of 77,000 sq. ft. and it expects at least 8,500 registrants and 250 exhibitors to participate. Product categories include autosound, security, radar, navigation systems, cellular, mobile office, installation accessories and new mobile electronic technologies -- 703-907-7600.

EIA Consumer Electronics Group (CEG) is soliciting member participation in promotional effort for Radio Best. Data System (RBDS) technology. Promotional effort will be mounted on market-by-market basis, starting with Philadelphia to coincide with EIA-sponsored Mobile Electronics Show there April 7-9. Spokeswoman said 6 Philadelphia area FM stations are equipped to transmit RBDS, and Assn. hopes to have remaining 20 stations on line by opening of show.

International Funkaustellung, biennial "World of Consumer Electronics" show in Berlin, Aug. 26-Sept. 3 this year will be all-widescreen show. German TV networks ARD and ZDF say all live broadcasts originating from fairgrounds during event will be in new PALplus full-definition 16:9 proportion.

Mitsubishi will market 20W" widescreen TV set with built-in Video CD player in Japan April 21 at suggested price of 170,000 yen (\$1,850). Hitachi introduced first Video CD TV set last fall.

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MARCH 20, 1995

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

\$140-MILLION CPB CUT over next 2 years approved by House. Amendment to kill all funding defeated, 350-72. Debate takes expected partisan turn. (P. 1)

VIACOM DEAL CRIPPLED as Senate Finance Committee adopts House version of tax certificate legislation leaving Viacom out. Floor fight promised. (P. 2)

MARCUS OUTBIDS TCI for Sammons Cable systems in \$1-billion deal. Marcus vaults into top 10 with 2nd buy in year. Lack of clustering limits price. (P. 3)

CABLE WINS PCS BIDS: MSOs among biggest buyers in \$7.7-billion auction. Partnership of Sprint, TCI, Comcast and Cox gets 29 of 99 licenses for \$2.1 billion. (P. 3)

NCTA ATTACKS VDT BIDS: Anstrom suggests Bell Atlantic drop applications, citing letter. (P. 4)

CABLE GROWTH DISPUTED: FCC cites growth figures, saying regulation isn't 'killing industry.' Cable disputes data, sees more growth likely without rules. (P. 5)

FCC EXPLORES CONVERTER rollout by Time Warner. MSO says costlier units are needed for new services. (P. 6)

Consumer Electronics

GOOD SALES WEEK as March opens nearly erases year-to-date deficit in EIA figures. (P. 9)

HOUSE VOTES CPB RESCISSION DECISION: House voted March 16 to maintain steep cuts in CPB budget, rejecting amendment sponsored by Rep. Crane (R-Ill.) that would have increased cuts to 33% in each of next 3 fiscal years, ending in total wipe-out in 1998. Bill (HR-1158), approved 227-200, includes 15% reduction in funding in FY 1996, 30% in FY 1997.

Debate, which supporters said blurs party lines, turned partisan with introduction of Crane proposal, which was defeated 350-72. Rep. Williams (D-Mont.) called it "extremism... from the far right wing of the Republican party" in response to comment by Rep. Istook (R-Okla.), who described public broadcasting as example of "socialism" supported by Democrats who use it to get out "propaganda message." Rep. Durbin (D-Ill.) said amendment was part of Republicans' plan to make Americans dumber that also includes promoting Rush Limbaugh and "the world according to Professor Gingrich." He said Crane amendment, if approved, would "take the heart out of public support" for public broadcasting.

Rep. Obey (D-Wis.), who had considered drafting amendment to restore some funds, said Crane's attempt was just "late night side show... that's all it is... I never want to hear another lecture about family

ZENITH BACKS DVD system developed by Toshiba and Time Warner. Pearlman says it can have \$500 model next year, but Philips doubts profitability. (P. 9)

HOUSE BILL WOULD BAR 'monopoly' in home terminal equipment, specifying boxes must be available from vendors not affiliated with system operators. (P. 10)

DIGITAL VIDEOCASSETTE RECORDER in pro version promised by Panasonic here in 4th quarter will be semicompatible with consumer type. (P. 11)

DBS SERVICES TO EXPAND with addition of 2 more proposed systems while industry officials debate C-band industry's future at SBCA show. (P. 12)

REPLACEMENT FOR RABBIT EARS in contest by NAB is won by MegaWave. Company plans to develop version of ARPA subsidized product for use on top of TV set. (P. 13)

SONY DSS DEBUTS at SBCA show and will be available June 15 featuring Express on-screen guide and multiroom capabilities. (P. 14)

H.H. GREGG, CAMPO FAIL to reach agreement on merger, citing soft stock market and rises in prime that increased financing costs. (P. 14)

N.Y.C. RETAIL SHIFTS as 47th St. Photo files reorganization plan and Trader Horn prepares to liquidate last 8 stores, also vows to return. (P. 15)

values from my Republican colleagues." He said eliminating funds for CPB could mean demise of children's, cultural and family programming that can't be found on networks or cable.

Proponents of amendment supported Crane's claim that eliminating CPB funding wouldn't hurt public broadcasting, which gets only about 14% of its money from federal sources. Crane said plan would make it easier for public broadcasters to adjust "in a more rational way" to total "zero-out" that House Speaker Gingrich (R-Ga.) has said will be voted by FY 1998. Although he supports total funding elimination, no bill has been prepared yet that would make plan reality, and sources said Crane amendment simply was attempt to make Gingrich's wishes come true.

Supporters, including Rep. Smith (R-Wash.), said public broadcasters who tout "free" service for poor and rural viewers are wrong. "It's not free," Smith said, "we're spending \$250 million a year" on public broadcasting, and in doing so "we're taking away... our grandchildren's future." Rep. Hyde (R-Ill.) said problem is that House must do "what it has to do, not what it wants to do," and as result CPB must take place on chopping block. Let wealthy viewers fund it, he said.

CPB Pres. Richard Carlson said cuts as voted would be "devastating," forcing some stations to close, significantly reducing amount of national programming and causing local production to decline 40%. "This is not an exaggeration to make a point. It is a fact," he said.

PBS Pres. Ervin Duggan said he hopes "bipartisan vote" opposing Crane amendment means that "voices of the American people -- who overwhelmingly support federal funding for public broadcasting -- are getting through to their members of Congress." He said major cuts House did approve "threaten to harm severely" wide range of services to parents, educators, students.

VIACOM DEAL CRIPPLED BY TAX DECISION: Senate Finance Committee may not have killed Viacom's \$2.3-billion sale of its cable systems to black entrepreneur Frank Washington, but odds of deal's going through got much longer after panel decided to eliminate minority tax certificates retroactive to Jan. 17. On series of votes, generally along party lines, Finance Committee okayed bill duplicating measure that had passed House. However, bill faces tougher time on Senate floor. Sen. Moseley-Braun (D-Ill.) indicated she might try to keep it from reaching floor, while Sen. Bradley (D-N.J.), who backed retroactive elimination of tax certificates, said many amendments could be introduced.

Central issue was extending 25% tax deduction for health care for self-employed, and whether retroactive application of tax certificate program would be one way to do it. At earlier hearing, committee members, including some Republicans, said they had doubts about tax certificate program, but weren't sure legislation should be retroactive, targeting Viacom deal. As result, there was some optimism in Viacom camp program might survive. But case was overshadowed by other issues. Sen. Hatch (R-Utah) had questioned retroactivity, but aide said he voted for it after balancing interests of 60,000 self-employed residents of Utah against tax certificate program. Finance Committee Chmn. Packwood (R-Ore.), said question was whether there was signed contract on Jan. 17. He said he repeatedly asked whether deal had been signed on Jan. 17, when House Ways & Means Committee Chmn. Archer (R-Tex.) issued news release warning that law might change, but didn't get answer so he concluded there wasn't binding contract.

Sens. Breaux (D-La.), Conrad (D-N.D.) and Moynihan (D-N.Y.) argued for changing program for future, but not for retroactivity. Breaux said Congress has reaffirmed tax certificate program "time and time and time again" and Conrad said there was no doubt that Washington and Viacom had proceeded according to laws on books, spending millions of dollars to put deal together. Bradley said he wasn't swayed by retroactivity issue because that comes up frequently when changing tax law. Moseley-Braun said she would like "less offensive way" of paying for self-employed tax break.

Attorneys representing parties in Viacom sale said they were disappointed and were evaluating options for making case on Senate floor. Viacom spokesman said company was "obviously disappointed" on retroactivity: "We believe that is eminently unfair." He said Viacom won't sell cable systems to Washington without tax deferral, but left open possibility that if deal falls through, it would structure another transaction on tax-free basis: "The transaction doesn't make financial sense without a tax deferral. It would be tragic if an American company cannot rely on American law in conducting its affairs." In addition to Viacom transaction, 19 other tax certificates are pending at FCC, Gen. Counsel William Kennard said.

FCC Comr. Quello had sent letter to Hill March 14 supporting tax certificates. He told several lawmakers that certificates "have been a most effective means of generating increased minority ownership

of broadcast and telecommunications properties." He said he would cap tax benefits at \$50 million and expand eligibility to disabled.

MARCUS VAULTS INTO TOP 10: Partnership led by fast-growing Marcus Cable outbid consortium of 6 MSOs headed by TCI to buy 2/3 of Sammons' cable systems with 650,000 subscribers for \$1 billion, companies said. Sammons is expected to sell rest of its systems, mainly in Pa. and N.J., but it wasn't clear whether TCI group still was interested or whether systems would go to MSO such as Adelphia, which had expressed interest. Deal moves Marcus, which was formed in 1990, from 34th-largest MSO in Nov., before it closed on purchase of Crown Media systems to 10th-largest (just ahead of Viacom and behind Jones) when Sammons deal closes, with 1.23 million subscribers, according to Warren Publishing's Television & Cable Factbook.

Price was relatively low \$1,538 per subscriber, about half of peak cable sales prices several years ago and well under \$2,000-\$2,500 that had been typical recently. Systems had been on market since Oct. Price was believed to be close on per-subscriber basis to that offered by group that included Century, Charter, InterMedia Partners, Knight-Ridder, Post-Newsweek, TCI. Sammons Chmn. James Watson said company accepted Marcus's offer "based on both financial considerations and on our long-standing relationship with and confidence in [Marcus Chmn.] Jeffrey Marcus," who was vp-mktg. for Sammons in 1970s. Analysts also said single-company Marcus deal would be easier to close than consortium deal, in which each MSO individually would buy portion of Sammons systems.

Jeffrey Marcus said price was justified because many of systems are small and haven't been rebuilt. They also are scattered throughout 16 states, with no significant clusters (other than 140,000 subscribers in Dallas-Ft. Worth). Systems don't appear to fit well with Marcus's systems, 66 of which are in Wis., where Sammons has none. Sammons adds 11 Tex. systems to Marcus's 2, and 5 Ill. systems to Marcus's 2. Sammons has 19 small systems in Ind., and 4 or fewer in 13 states.

Remaining Sammons properties include Dover Twp., N.J., which is being overbuilt by Bell Atlantic VDT system, plus Hamilton Twp., Pleasantville and Vineland, N.J. Sammons also retains 6 Pa. cable systems, which may be attractive to Adelphia.

Marcus had to give up undisclosed percentage of his privately held company to complete deal. Dallas-based investment firm Hicks, Muse, Tate & Furst gets equity stake in Marcus in return for its \$115 million capital used for deal, and Goldman Sachs, already largest investor in Marcus, led group that invested another \$115 million. Other investors are Freeman Spogli & Co., Greenwich St. Capital Partners, and Weiss, Peck & Greer. Marcus plans to finance rest of takeover with bank credit, with deal expected to close by year-end.

NBC's 1994 revenues were \$3.361 billion, up 8% from \$3.310 billion in 1993, GE annual report said. Network's operating profit soared 89% to \$500 million, vs. \$264 million year ago. GE attributed increases to higher 1994 ratings, strength of sports programming and news, "doubling" of CNBC profits, "record levels of profitability" at owned stations. Jack Welch, chmn.-CEO of NBC parent GE, received \$4.4 million in salary and bonuses in 1994.

CABLE WINS PCS BIDS: Cable companies were among biggest buyers in PCS auctions that finally ended last week after generating \$7.736 billion for U.S. Treasury (which FCC said amounted to \$98 per U.S. household). After 3 months and 111 rounds of bidding, biggest winner was WirelessCo -- partnership of Sprint, TCI, Comcast and Cox -- that claimed 29 of 99 licenses for total of \$2.1 billion. PhillieCo, partnership related to WirelessCo with same partners except Comcast, also won Philadelphia license, and Cox Cable got L.A. and Omaha. Other big winners were AT&T with 21 licenses for \$1.7 billion and PCS PrimeCo -- joint venture of AirTouch, Bell Atlantic, Nynex and U.S. West -- with 11 for \$1.1 billion.

Including other wireless properties in which Sprint has interest, WirelessCo will be able to serve population of 182.4 million, analysts said. Figure includes 144.9 million in rights acquired through auction, plus affiliate relations in L.A. (where Cox has license), Philadelphia (where partners excluding Comcast got license), Washington, D.C. (where Sprint owns part of American Personal Communications), Omaha (Cox). Other WirelessCo licenses include N.Y.C., San Francisco, Detroit, Dallas-Ft. Worth, Boston, Minneapolis, Miami, New Orleans, St. Louis, Milwaukee, Pittsburgh, Denver, Seattle, Louisville, Phoenix, Birmingham, Portland, Ore., Indianapolis, Des Moines, San Antonio, Kansas City, Buffalo, Salt Lake City, Little Rock, Oklahoma City, Spokane, Nashville, Wichita, Tulsa.

FCC Chmn. Hundt called auction "largest sale of public property in history." Highest valued properties: (1) L.A. license won by Pacific Telesis for \$493.5 million. (2) N.Y.C., WirelessCo, \$442.7 million. (3) Chicago "B" license, PCS Primeco, \$385 million. (4) Chicago "A," AT&T, \$372.7 million. (5) Washington, AT&T, \$211.7 million. (6) San Francisco "A," WirelessCo, \$206.5 million. (7) San Francisco "B," Pacific Telesis, \$202 million.

Jay Keithley, Sprint vp-Law & External Affairs, said WirelessCo's licenses "go a long way toward getting the footprint we wanted." He said new licenses "contribute significantly" to company's strategy of gaining nationwide coverage. "There are some holes and we are confident we'll be able to fill them," he said.

New experiment in fall of TV coverage of federal appellate court arguments is possible following adoption of resolution 17-9 by U.S. Judicial Conference stating that its Court Administration Committee "is not prohibited" from further study of cameras in courtrooms in civil proceedings. Idea must get okay of full Conference, which doesn't meet until Sept. Conference voted last year against continuing 3-year pilot program of TV coverage of civil cases in 6 district courts and 2 Appeals Courts, and program expired Dec. 31 (TV Sept 26 p3). Judge Gilbert Merritt, chmn. of Conference Exec. Committee and Chief Judge of 6th U.S. Appeals Court, Nashville, said options include recommending experiments in all circuits or letting each Court of Appeals decide whether to test TV coverage.

Senate Commerce Committee member James Exon (D-Neb.) said he won't seek 4th Senate term in 1996, criticizing "vicious polarization of the electorate... The hate level fed by attack ads has unfortunately become the measurement of a successful campaign."

NCTA ATTACKS VDT BIDS: NCTA Pres. Decker Anstrom said Bell Atlantic (BA) should withdraw all its VDT applications because of "extraordinary" March 7 letter to FCC Chmn. Hundt from BA CEO Raymond Smith. Anstrom said letter "flatly contradicted everything they've [BA] been saying," including promise to address cost allocation in tariff review. Anstrom said BA should file under Title 6, which regulates cable, rather than Title 2, for telephony. Comments followed BA executive's call for end to adversarial relationship with cable.

Smith letter asked FCC to streamline "arcane, burdensome and costly regulatory requirements" for VDT by: (1) Removing delays in Sec. 214 permit process. (2) Ending requirement that telcos get waiver of rules requiring them to structure VDT access tariffs same as telephony. (3) Opposing separate VDT price cap basket that would "constrain artificially" RHCs' ability to change prices in line with market forces. (4) Scaling down VDT capacity requirements. (5) Adopting pure price caps to remove cross-subsidy incentive.

Anstrom called on BA to work for national telecommunications reform rather than "trying to game the process in the regulatory agencies" and charged that RHCs early on "saw an opportunity" to avoid local franchise requirements. BA spokesman said Anstrom's comments were "not surprising" and "typical from the NCTA," which he said seeks to "further delay our ability to offer video dial tone services." Another BA official charged that NCTA wants VDT delay in part "so they can have time to convince their customers they're not so bad."

BA Vp-Gen. Counsel James Young had extended olive branch to cable industry on VDT at Practising Law Institute seminar previous week in N.Y.C. He said "highly adversarial proceedings" on VDT "shouldn't be driving us apart" and said DBS and other competitors could get advantage if cable and telcos don't settle differences. Despite fear that telcos will invade video markets, Young said, "90% of what I'm interested in is long distance" and promised "sensible interconnection regime" for cable if telcos get price cap regulation.

Washington cable attorney Steve Horvitz said telco plan to replace must-carry with "will-carry" would violate common carrier model, which isn't supposed to give preference to any class of programmers. Must-carry provisions of 1992 Cable Act, which U.S. Supreme Court vacated and remanded last year, probably will die in courts, Horvitz said. Major problem with must-carry is Area of Dominant Influence (ADI) definition, he said, and ADIs were supposed to undergo constant revisions even though Arbitron has stopped setting them. Network affiliate switches create complications in retransmission consent contracts, Horvitz said, because concessions by operators usually hinge on affiliation.



NAACP asked U.S. Appeals Court, D.C., for en banc hearing on decision upholding FCC's 1993 grant to News Corp. of waiver of broadcast/newspaper cross-ownership rule (TVD Jan 30 p9). Three-judge panel dismissed NAACP's challenge to FCC decision that allowed News Corp. to purchase bankrupt N.Y. Post while continuing to own WNYW-TV, N.Y. NAACP Gen. Counsel Laura Blackburne told us "there was no indication" in Jan. decision that panel had "looked at all the evidence" and it wants full court to review case. Fox counsel William Reyner said panel had written "a strong 3-0 decision" and company would oppose full court review.

Cable and others interested in providing competitive local telephony in Cal. committed for first time to meeting universal service requirements and contributing to universal service fund, in filing with Cal. PUC. Contributions would be on condition that competitive providers be able to draw from fund on same basis as local telcos if they have to subsidize universal service, they said in joint filing. PUC is to use comments by coalition and telcos to draft rulemaking expected in Sept., with final decision likely by end of year. PUC action might require state legislative action to be implemented, said Glenn Semow, dir.-state regulatory affairs for Cal. Cable TV Assn. (CCTA). Joint filing by coalition proposes that all providers of local telephony, including cable, contribute full share to universal service fund, probably based on market share. CCTA said filing "demonstrates our commitment to entering the local exchange market" and willingness to carry share of universal service burden. Group didn't specify actual funding mechanism for universal service fund, saying it isn't clear how much local telcos currently are subsidizing local exchange service for low income and rural consumers. PUC probably will have to require cost studies of local telcos' service to such consumers, then determine amount of universal service fund needed, Semow said. Ann Gressani of MCI, speaking for coalition, predicted that its proposal "will drive down the costs and rates, and reduce whatever subsidy amounts may be necessary." Telcos generally have proposed that new competitors have more limited access to universal service fund, Semow said. Coalition members include access services, AT&T, CCTA, consumer groups, long distance telephone companies, teleports, Time Warner.

Senate Commerce Committee scheduled hearing on telecommunications bill March 21, markup session March 23. Hearing, 9:30 a.m., Rm. 253, Russell Bldg., will cover cable rate regulation, broadcast ownership, foreign ownership. Committee executive session was set for March 23, with eye toward marking up massive legislation. Staffers still were conferring, and had made some progress, including on telco entry into cable and interconnection, sources said. There's still long list of unresolved issues, including cable regulations, definitions of services, rate flexibility, broadcast ownership.

WARREN PUBLISHING AND FCBA TEAM UP FOR THE WIRELESS COMMUNICATIONS CONFERENCE

Mark June 5 on your calendar. That's the day that Warren Publishing and the Federal Communications Bar Assn. will bring together the country's most knowledgeable and influential experts in the field of wireless communications for a very special day-long conference.

Representatives from the FCC, Capitol Hill and the wireless players -- cellular, PCS, satellite, Part 15 -- will be on hand to answer questions, offer insights and make predictions. THE WIRELESS COMMUNICATIONS CONFERENCE will feature our no-nonsense format designed to minimize canned speeches and sales pitches and maximize give-and-take among panelists and attendees.

Reserve your seat today and take advantage of early-bird registration discounts. Further discounts are available to FCBA members (who also will qualify for CLE credit) and subscribers to Warren Publishing publications. For details, contact Warren's Betty Alvine at 202-872-9200.

CABLE GROWTH DISPUTED: Cable regulation certainly isn't killing industry, FCC officials are saying in preparation for congressional debate on regulation, but cable officials are disputing some of figures and saying growth would be even better without regulation.

Senior FCC officials prepared charts showing significant gains in cable subscribers since rate regulation, plus growth in programming, investment and stock prices. "There are a lot of arguments that can be made against cable regulation," official said, "but you can't argue that it's killing the cable industry. We're certainly not saying that cable should be grateful, but [regulation] has not been so bad." He said cable stocks have outperformed Standard & Poor's average since regulation and cable is investing more in infrastructure and programming than ever.

Charts, likely to end up on Capitol Hill during debate, cite Nielsen estimate that cable subscribers increased 5% in 1994, compared with 2.8% growth rate in 1993, 2.5% in 1992, 1.6% in 1991. Separate chart cites figures showing big bump in cable subscribers immediately after latest round of rate regulation in July. One FCC official said subscriber growth is particularly impressive because cable systems generally are passing few new homes, so virtually all growth is result of higher penetration.

Cable officials say numbers are questionable. NCTA Vp—Research Cynthia Brumfield said Nielsen figures are most reliable, and most recent growth data show cable subscribers up 2.85% in Feb. over Feb. 1994. Growth rate actually is lower than 3.14% previous year, before rate rollbacks, she said. Most recent data collected by Warren Publishing's Television & Cable Factbook showed 4% growth rate among top-100 cable MSOs (which account for 93% of industry) in year ending Sept. 1.

Cable subscribers would have grown even faster without deregulation because industry would have had more freedom to market, CATA Pres. Stephen Effros said. He said increase was expected because industry had just moved from construction phase to intensive marketing phase, and because of nationwide economic growth during period. In most cases, cable systems aren't raising rates as much as rules allow because of fear of competition, Effros said: "The FCC is creating much less constraint on our prices than on the way we market. Just imagine how much we might have grown if the government had gotten out of the way." Effros also predicted that subscriber growth rate would accelerate now that FCC has loosened rules, allowing cable systems to resume adding programming after what he called "2-year hiatus" because of rate rules.

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L.A. Judge Lance Ito rejected suggestions that broadcast media pay for extra jury sequestration and security costs in O.J. Simpson trial, saying such costs "are not directly caused by the live broadcasts of the trial but are attributable to the frenzied media activity generally," L.A. County Counsel DeWitt Clinton reported to county Board of Supervisors. Board has been exploring ways to recover costs of "high-profile" trials and had suggested to Judge Ito that broadcasters be assessed extra payments. Clinton said that Superior Court Presiding Judge Gary Klausner informed him that "the court is skeptical that charges other than facility modification and accommodation costs can be imposed on the media without additional legislative authorization." Special task force convened by Supervisors is studying issue, including plan to produce, copyright and sell live TV broadcasts of court trials, and is expected to issue report at end of March.

Financials: Cox Communications profit dropped to \$4.1 million in 4th quarter ended Dec. 31, from \$16.6 million year ago, largely because of cable rate regulation, it said in first public disclosure of finances since it went public. Revenue grew to \$190 million for quarter, from \$180.7 million year earlier, but operating profit dropped to \$30.9 million from \$45.4 million. For full year, Cox said rate regulation cut revenue \$41 million, and cash flow dropped 9% to \$268.5 million. Results don't reflect acquisition of Times Mirror cable systems, which closed in Feb... TCI/U.S. West U.K. cable joint venture TeleWest said 1994 net loss was £65.1 million, even though cable revenue jumped 73% to £35.9 million, mainly because of 50% subscriber growth to 179,096, although fast buildout cut penetration to 22.2% from 23.3% and churn grew to 47.1% from 39.1%. Residential telephony revenue doubled to £23.5 million, and business telephony was up 80% to £8.8 million... Soon-to-depart QVC Chmn. Barry Diller had net profit of \$86 million on sale of options on 6 million shares, plus sale of stock he bought for \$25 million in 1993 when he took over network... Moody's said it's likely to affirm B3 rating for Marcus Cable debt following deal to take over Sammons cable systems. Rating service said it "views positively" financial structure of deal, which includes \$230 million equity infusion... Jones Intercable sold \$200 million of high-yield bonds at 9-5/8%. Lead broker was Salomon Bros.

FCC waived one-year build-out requirement for Interactive Video & Data Service (IVDS) licensees, but retained rule that systems be available to 30% of households in service area within 3 years, 50% within 5 years. Wireless Telecommunications Bureau accepted arguments by 6 licensees that they couldn't meet current March 28 deadline because disputes about licensing process made it difficult to obtain financing. They said court suit that was pending until Oct. 20, as well as applications for FCC review (which also could end up in court), created too much uncertainty for lenders. They also said IVDS equipment wouldn't be available in time to meet requirement that service be available to 10% of homes by March 28, but Commission said its decision on licensing uncertainty made that argument moot. Original deadlines were to assure that there would be no speculation or spectrum warehousing, Bureau Chief Regina Keeney said in order, but "there has been no evidence presented of speculation or warehousing, and we find it would be unreasonable to require the petitioners to meet the current build-out requirements, given the uncertainty that exists concerning their licenses." Keeney also said retaining 3- and 5-year deadlines would assure that full service wouldn't be delayed.

Court TV "probably will get sued someday" because it edits some cybernotes on its Internet lawyer service Counsel Connect, CEO Steven Brill told FCBA: "That probably means there needs to be a new law." Brill said Internet won't be very useful without careful editing by proprietors, comparing it with "biggest and best library in the world" without card catalog: "What good is it?" Court TV is looking seriously at launching another channel more geared to lawyers, including more Continuing Legal Education classes and more business law programming, Brill said, as well as regional versions of Court TV.

Governing Council of U.S. Administrative Conference (ACUS) agreed to review Sunshine Act this spring in response to letter urging analysis of Act's effectiveness signed by 5 FCC commissioners and 7 other present and former commissioners of other agencies (TVD March 6 p3). ACUS Research Dir. Jeffrey Lubber said staff is discussing how to conduct study. Letter prompting review was originated by SEC Comr. Steven Wallman.

FCC EXPLORES CONVERTERS: FCC Cable Bureau Chief Meredith Jones stepped up investigation of Time Warner (TW) addressable converter rollout that prompted many complaints from communities, Commission sources said. In letter, Jones asked about boxes that now are needed to get expanded basic channels previously available without them. Controversy started in Akron, has spread to other places such as Alliance, O., Champaign-Urbana, Ill., Philadelphia (see separate story, Consumer Electronics section).

FCC letter comes after months of debate at Commission on whether TW policy should prompt new rules on converter rollouts. Subscribers and city officials have pressured TW to change policy, but aside from some brief delays at cities' requests, company said it will continue debuts. Akron Asst. City Mgr. David Muntean said city representatives discussed issue with FCC officials and members of Congress 3 weeks ago. Senior FCC official said TW's converter policy has prompted claims that plan is "a scheme, fraud, money-raising gimmick," but TW may merely be trying to comply early with buythrough provisions of 1992 Cable Act, which assumed scrambled addressable systems by early next century.

Muntean said there's no reason for TW to scramble anything but services above expanded tier unless it seeks only to increase penetration of unregulated services. TW believes complaints will subside when subscribers start benefiting from new services, but Muntean said "legitimate argument... doesn't apply to the situation." He said only subscribers who want new services should have to rent boxes.

TW spokesman said only alternative to full addressability is costly trap that raises operating expenses and ultimately subscriber bills. He said expense is compounded by must-carry rules that require local broadcast carriage, which he said complicates trapping process and is "disruptive" to other subscribers. Spokesman declined to say whether complaints or FCC inquiry would cause TW to modify rollout policy but said it's confident that in time subscribers will embrace new services such as interactive program guide, parental lockout, universal remote.

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FCC officially stopped enforcing telco-cable cross-ownership ban in almost all cases because of federal court injunctions against restraint, it announced last week. U.S. Appeals Courts for 4th (Richmond) and 9th (San Francisco) Circuits have found ban unconstitutional and issued injunctions. As result, Commission said it won't be enforced against any telco that was party to suits, against most members of USTA, OPASTCO and National Telephone Cooperative Assn., or any telephone company operations in 4th and 9th Circuits. Among telcos exempt from restriction, FCC said, are Ameritech, Bell Atlantic, BellSouth, GTE, Nynex, U S West. Companies exempted no longer need FCC waiver before building or buying cable system in their local service area, but still must get Sec. 214 certificate and can't take over CARS licenses until they do, FCC said.

New organization, Citizens' Committee for Public Bestg., set up Washington hq. Group, which began operations 2 months ago, organizes grass-roots efforts, gives information about public broadcasting and works to get 3rd parties to oppose CPB funding cuts. Spokesman said Committee was funded primarily by larger PTV stations, but now operates on donations from individual donors. He said group has established presence in "several states," wants to expand -- Box 66183, Washington, D.C. 20035, 202-463-0020.

After year of input from industry and FCC, NTIA issued final spectrum reallocation plan listing bands it plans to shift from govt. to private sector. Total of 200 MHz will be moved over 10 years as required by 1993 Budget Reconciliation Act. First 50 MHz to be transferred hasn't changed -- 2390-2400 MHz, 2402-2417 MHz and 4660-4685 MHz -- and NTIA is completing that transfer. FCC recently allocated first 50 MHz to Part 15 manufacturers and unlicensed PCS services. Commission is considering using auctions to award licenses for new spectrum. NTIA agreed to some changes in later spectrum moves reflecting FCC suggestions: (1) Allocation was accelerated to Aug. for 2300-2310 MHz to allow "effective pairing with the 2390-2400 MHz band." (2) Transfer of 1710-1755 MHz may be moved up to 1999 in 25 biggest cities where it's most needed because of congestion in land mobile services, if legislation is approved. (3) 2400-2402 MHz and 2417-2450 MHz bands will be added to plan and transferred in Aug. (4) FCC and NTIA are discussing adding 3 new bands not in original plan -- 225-400 MHz, 3625-3650 MHz, 5850-5925 MHz. NTIA said transfer would cost U.S. \$500 million over 15 years.

FCC Common Carrier Bureau set 22 guidelines for VDT applicants, saying that following them will expedite final action on applications. Bureau Chief Kathleen Wallman said guidelines don't impose any additional requirements, simply list questions that Bureau typically has asked of applicants. They cover detailed architecture, service area map, network diagram, plans for set-tops, digital plans, how programmers will deliver programming, capacity and channel allocation plans, expansion plans, investment and revenue details, cash flow analysis, status of state regulation.

Lack of interoperability threatens to slow deployment of digital satellite newsgathering (DSNG) equipment, N. American National Bestrs. (NANBA) said. In letter urging broadcasters, equipment developers and manufacturers to develop interoperable systems, NANBA said: "Failure to have interoperability limits the usefulness of any SNG system as it can drastically lengthen the time needed to deploy a usable system on-site, as well as increase the cost of deployment."

ABC TV agreed to continue its affiliation with WWSB (Ch. 40) Sarasota-Bradenton for another 3 years. WWSB had been scheduled to lose network next month in ABC's affiliation agreement with Scripps Howard's (SH) WFTS (Ch. 28) Tampa-St. Petersburg and other SH stations (TVD Aug 22 p2). Southern had charged that SH made condition of affiliation with ABC that network drop WWSB. After new agreement, Southern dropped FCC complaints against SH and ABC.

NCTA said it already has broken last year's exhibitor record for May 7-10 convention in Dallas. By March 10, 311 companies had contracted for 295,000 sq. ft., up 18% from final figure year ago. Dallas Convention Center has made additional space available, potentially allowing figure to top 300,000 sq. ft. Current preregistration of 8,600 also tops last year's figure at same time, NCTA said. Assn. has set up fax-on-demand service about convention -- 202-895-6050.

Ending lengthy speculation, Disney said Richard Frank will leave as chmn. of Walt Disney TV & Telecommunications to "pursue new career interests." Dennis Hightower, head of Disney Consumer Products-Europe and Mideast, will replace Frank, company said. Disney Chmn. Michael Eisner said Frank had wanted to leave for some time "but was gracious enough to stay... while we reorganized."

U.S. TV industry and regulators "have not come very far in the last 20-some years" in children's TV, FCC Comr. Chong said. Speaking last week to World Summit on TV & children in Melbourne, Australia, she said "broadcasters must make a commitment -- preferably voluntary -- to air more children's educational programming. They should make this commitment because it is their duty as public trustees of the airwaves to serve children as well as the adults in their audience." Chong acknowledged that under U.S. ad-supported commercial TV system, it's not easy for stations to do that. That's why, she said, Congress passed Children's TV Act in 1990 directing Commission to take several steps in area. FCC is expected to issue rulemaking on children's TV at its April 5 meeting. Chmn. Hundt has proposed "market approach" to licensees' meeting their children's programming obligations but hasn't sent formal proposal to other commissioners. Chong sent memo with 4 possible options -- ranging from doing nothing to requiring stations to air certain amount of children's programming weekly. She said she was "tremendously impressed" by arguments on both sides of issue in FCC en banc hearing last summer. Meanwhile, sources at CPB said summit delegates drafted petition March 15 in support of continued federal funding for public TV. Signing followed surprisingly supportive speech by professor from Oxford's Magdalen College.

Cities should "join [the FCC] in a partnership" to assure information highway is available to everyone, FCC Chmn. Hundt told National League of Cities: "We need to work together to remove remaining government impediments to the information superhighway." He said "it would be ideal" if entry-level cable rates were so low that cable achieved 90% penetration: "This would provide a bigger base on which cable systems can build and sell interactive services." Hundt said: "The burden of this policy will fall on local governments charged with basic cable rate regulation." He noted that FCC has delayed action on preempting local zoning rules for satellite dishes at request of city officials, but said "we will continue to work with you and the industry to fashion as narrow a rule as possible." He said FCC also plans to work with cities to resolve issue of preempting local zoning for PCS antennas.

Continental formed joint venture with Japanese trading company Tomen Corp. to develop cable and telephony in Japan. Joint venture, CT Telecom, will target Japanese cities with at least one million population, Continental said, and will provide video, telephony, interactive multimedia. Company said it expects to add other Japanese investors. Tomen has 4 Japanese cable systems and is contractor for networks in Thailand, Philippines, Malaysia, Indonesia, Romania.

Ohio Senate State and Local Govt. and Veterans' Affairs Committee held hearing recently on Ohio Senate Concurrent Res. 9, which asks Congress to reconsider proposed elimination of federal funding for CPB. Resolution was introduced by Democratic State Sen. Anthony Latell, who said since stations already are struggling to continue quality programming and killing federal support "would be devastating." State's PTV-radio stations receive about \$6 million per year from CPB.

FCC has begun first proceeding to determine whether DBS provides effective competition to cable system, in case involving Continental system in L.A. Continental claims that rates for its system in L.A. Franchise Area I are limited by effective competition so it shouldn't be subject to rate regulation. FCC seeks comments on petition by April 3, replies April 13.

White House and Executive Branch agencies continue to "keep public information secret, stifle free expression and manipulate news," Reporters Committee for Freedom of the Press said. Group released "compilation" of 247 actions by White House or Executive agencies, such as Administration not following through on promises to revise national security classification system and declassify documents to White House attempts to keep information out of media. Report includes numerous references to FCC enforcement of indecency regulations against radio broadcasters, particularly Howard Stern, and lists incidents in which President and Hillary Clinton, Attorney Gen. Janet Reno and FCC Chmn. Hundt criticized broadcasting and Hollywood portrayals of violence. Vice President Gore's closed meeting in Jan. with telecommunications executives is listed in "Secret Government" category, FCC "Confidentiality Order" in Fox inquiry is cited as example of "Prior Restraint" and President Clinton's "griping" about talk radio is in "Stop the Press" grouping. Study follows release of separate Reporters Committee study showing that news organizations received 3,519 subpoenas from govt. agencies and private litigants for notes, outtakes, other information. Study said that news organizations complied with "more than half" of subpoenas, but that when they objected in court, judges quashed 81.2% of challenged subpoenas.

House Commerce Committee approved bill to extend FCC auction authority until 2000. Proposed amendment by Rep. Markey (D-Mass.) to set aside funds from extended auction authority for deficit reduction lost on party-line vote, 18-22, as Democrats tried to portray measure as means of paying for Republican tax cuts.

OBITUARIES

Frank Blair, 79, former anchor of NBC's Today show, died March 14 at home in Hilton Head Island, S.C. Cause of death wasn't disclosed. Blair anchored news desk on show from 1953 until he retired in 1975. He began broadcasting career in 1930s, working for radio stations in S.C. Blair moved to WOL Washington in 1937, later became program dir. of WARL, Arlington, Va., also teaching radio and script writing at Georgetown U. After serving in Navy in World War II, he joined Today as White House correspondent in 1952. S.C. native, he's survived by wife, 3 sons, 3 daughters.

Timothy Flack, CBS TV executive, died March 8 in L.A. from AIDS-related illness. His age wasn't disclosed. Ohio native was vp-creative affairs, CBS Entertainment. He began TV career as ABC vp-casting before moving to Carsey-Werner Productions. He led own company, Tim Flack Casting, 1982-1984 before joining NBC, also as vp-casting. Flack became senior vp-Talent & Casting at Columbia Pictures TV in 1985 before joining CBS in 1988. He's survived by mother, brother.

Howard S. Meighan, 88, former CBS executive, died March 8 in N.Y.C. of cardiac arrest. He pioneered videotape use while CBS vp in 1950s. Meighan began career at J. Walter Thompson ad agency, joined CBS in 1934, eventually becoming CBS Radio pres. He helped develop TV City, network's Hollywood broadcast center. Meighan left CBS in 1958 to found Videotape Productions videotaping company. N.Y. native, he's survived by wife, 2 daughters.

Samuel Miller, 82, Washington communications lawyer, died of cancer Feb. 17 in Potomac, Md. He worked for Justice Dept. briefly and then for FCC 1940-1947, helping develop FM rules. In 1951, he opened practice that became Miller & Fields, then Miller & Miller. He's survived by wife, 2 sons, daughter.

Personals

George Vradenburg, former Fox exec. vp, joins Latham & Watkins law firm in L.A. as partner, will head Entertainment & Media Industries Practice Group... Randy Reiss, exec. vp, Walt Disney TV & Telecommunications, now also will supervise Walt Disney Pay TV... Changes at 20th TV: Barbara Wellner, ex-Fox, appointed vp-programming, 20th TV; Howard Green, 20th Domestic TV, named exec. vp-sales operations, 20th TV; Michelle Lautanen advanced to vp-business affairs, 20th Century Fox TV... Alison Tepper-Singer promoted to vp-programming, NBC Desktop Video... Neil Sargent, senior vp-affiliate sales, Westwood One Radio Networks Div., will become pres.-CEO of TM Century, replacing Craig Turner, who resigned in Nov... Donna Landau, ex-Thin Man Productions, named vp-creative services, MTM Worldwide Distribution.

Charles Iseman, FCC Mass Media Bureau, named chief, Spectrum Policy Branch, Policy & Rules Div., Office of Engineering & Technology... Sara Seidman leaves FCC Gen. Counsel's Office March 20 to join Mintz, Levin, Cohn, Ferris, Glovsky & Popeo law firm, Washington.

Bill Aber, ex-Home Team Sports subsidiary of Group W TV, appointed vp-gen. mgr., WBZ-TV Boston, replacing Debra Zeyen, promoted to vp-TV Group... Kenneth Jobe advanced to news dir., WMC-TV Memphis, succeeding Bruce Whiteaker, named news dir., KXAN-TV Austin, Tex... David Giblin, ex-WCAU-TV Philadelphia, appointed senior managing engineer, Communications Engineering... Thomas Conway, ex-Dorna USA, named CFO, WNET N.Y.-Newark... Mary Beth Hughes, ex-Tribune Entertainment, appointed vp-sales and mktg., WTTW Chicago; Parke Richeson advanced to vp-finance and business development... Claudia Baker resigns as KCPT Kansas City membership dir. to join Kansas City-based Heart of America Family Services as dir.-development... Diane Gower, gen. sales mgr., WBBH-TV Ft. Myers, Fla., appointed dir.-sales, WBBH and WEVU Naples, Fla... D.J. Wilson, ex-KING-TV Seattle, named national sales mgr., WAGA-TV Atlanta... Bob Mackowiak, ex-WLOS Asheville, N.C., appointed mktg. and promotion mgr., WAVE Louisville, Ky... Ted Palmer promoted to gen. sales mgr., WDAM-TV Laurel, Miss... Don Robbs, former Hawaii Dept. of Commerce & Consumer Affairs dir.-communications, named exec. dir., KHET (Hawaii PTV)... Joe Welling will retire as dir. of WOUB-TV Athens, O., and Ohio U. Telecommunications at end of budget year; Brenda Hughes, ex-Me. PTV, joins WOUB-TV Athens/WOUC-TV Cambridge as outreach coordinator.

J.C. Sparkman, exec. vp., TCI, retires... Woo Paik, senior vp, General Instrument Communications, resigns to pursue personal interests, no replacement named... Richard Bressler advanced to CFO, Time Warner... Pierre Sissmann promoted to pres., Disney Consumer Products, Europe, Middle East, Africa... Abbe Raven advanced to senior vp-production, A&E TV Networks (A&ETN), and senior vp-programming & production, History Channel; Thomas Heymann promoted to vp-new media, A&ETN; James Ackerman, ex-Hearst Entertainment, named vp-international sales development... Appointments at Turner International (TI): Ted McFarland, ex-Afro-Asian Satellite Communications, as pres., TI Asia Pacific (TIAP); Diane Schneiderjohn, ex-Viacom, vp-mktg., TIAP; Kiyoe Nakagawa mktg. mgr., TI Japan; Robin Workman account mgr.-Taiwan, TIAP; Maritka Simpson account mgr.-hotels & travel, TIAP; Joe Hogan advanced to senior vp-network distribution... George Bodenheimer, ESPN senior vp-affiliate sales & mktg., named to CTAM board... Peter Englehart, ex-ESPN, appointed Outdoor Life Channel vp-programming,

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production & operations... Jody Shapiro promoted to vp-gen. mgr., Home Team Sports.

Dan Desmet promoted to ad sales mgr.-New Business Development, USA Networks... John Cooke advanced to vp-gen. mgr., Jones Computer Network... David Checketts, interim pres., Madison Sq. Garden, awarded post permanently... Craig McAnsh, ex-McDonald's Corp., named vp-mktg., Cartoon Network... Daniel MacKenzie advanced to vp, PPVI subsidiary of Graff Pay-Per-View... Joseph Hammell promoted to affiliate sales dir.-Eastern Div., Travel Channel... Brian Hughes advanced to dir.-programming, Nashville Network... Gerald Smith, WTBS-TV Detroit dir.-community development, also elected chmn., Detroit Cable Communications Commission.

Scheduled speakers at Wireless Cable Assn. convention July 17-19 at Grand Hyatt Washington include Senate Commerce Committee Chmn. Pressler (R-S.D.), FCC Comr. Quello, author Arthur C. Clarke -- 202-452-7823.

Time Warner said it has completed successful technical trial of equipment to use cable network to provide basic telephony, including 911. Test used ADC Homework access platform.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	FEB. 24— MARCH 3	1994 WEEK	% CHANGE	FEB. 18-20	9 WEEKS 1995	9 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	494,753	302,170	+63.7	713,233	3,628,183	3,640,166	- 0.3
DIRECT-VIEW....	481,903	295,091	+63.3	692,167	3,522,919	3,555,602	- 0.9
TV ONLY.....	444,561	268,553	+65.5	646,579	2,280,530	3,294,109	- 0.4
TV/VCR COMBO..	37,342*	26,538	+40.7	45,588	242,389	261,493*	- 7.3
PROJECTION.....	12,850*	7,079	+81.5	21,066*	105,264*	84,564	+24.5
TOTAL VCR#.....	245,148	135,027	+81.6	382,952	1,886,779	1,931,113	- 2.3
HOME DECKS.....	207,806	108,489	+91.5	337,364	1,644,390	1,669,620	- 1.5
CAMCORDERS.....	38,765	15,250	+154.2	91,108	370,904	360,964	+ 2.8
LASERDISC PLAYERS	2,431	3,192	-34.0	3,095	34,895	34,205	+ 2.0

Direct-view TV 5-week average: 1995--430,455*; 1994--404,837 (up 6.3%).

VCR deck 5-week average: 1995--191,589; 1994--178,972 (up 7.4%).

TV/VCR 5-week moving average: 1995--30,311*; 1994--30,132 (up 0.6%).

Camcorder 5-week average: 1995--35,604*; 1994--35,518 (up 0.3%).

* Record for period. # Includes TV/VCR combinations.

GOOD SALES WEEK NEARLY ERASES YEAR'S DEFICIT: One more week ought to do it. Dealers apparently are beginning to buy again. One reasonably good week -- first statistical week of March -- almost wiped out year-to-date deficit in EIA sales-to-dealers figures (see State of the Industry).

While it was week of double- and triple-digit advances, it was record week only for TV/VCR combos and projection TV, but it pushed direct-view color to within one percentage point of 1994 pace, brought camcorders ahead of last year and moved VCRs to just 1.5% behind. Projection TV, only product in record column so far this year, increased its lead over 1994 to 24.5%.

ZENITH BACKS TOSHIBA-TIME WARNER DVD: Zenith last week endorsed Toshiba-Time Warner digital videodisc (DVD) system and said it plans to offer players in mid-1996, which Chmn. Jerry Pearlman said could meet what now seems to be industrywide goal of street price lower than \$500. Philips official, meanwhile, attacked widespread acceptance of under-\$500 price, questioning whether unprofitable price war may be erupting even before product is designed.

Zenith, as 9th electronics company to back Toshiba-Timer Warner, gives that system endorsement by brands representing more than 47% of U.S. TV market and 43% of VCR market, on basis of most recent *Television Digest* brand share surveys. Sony and Philips, whose competing HCD system has attracted attracted no other consumer electronics companies publicly, together have more than 21% of TV market and more than 16% of VCR market, according to our surveys. While we don't compile comparable CD hardware brand share data, on other hand, Sony strongly dominates all CD player configurations -- strength it apparently believes it can parlay into own system's DVD supremacy.

Pearlman told us Zenith selected Toshiba-Time Warner system because its technology was "related to our high-definition studies," adding: "They are committed to record in the 16:9 format and record with Dolby AC-3 sound. That will give us some really terrific program material to play on high-definition sets." He said sets "will already have AC-3 and MPEG decoders," which will help minimize costs for HDTV TV players or combinations.

Its choice of system was based on "widespread experience in technology," Pearlman said. System basically "will have more capacity." "If [Sony and Philips] don't do double-layer, it's 5 gigabytes [for Toshiba-Time Warner vs. 3.7]. You need 5 gigabytes to make really good pictures from a 90-minute animated cartoon or high-motion 2-hour movie." Zenith's view, he said, is that Toshiba-Time Warner system is superior whether or not Sony-Philips' proposed dual-layer system works. "If it works, they can both do it -- then Toshiba-Time Warner will have a double-layer double-sided disc, making possible an HDTV movie on a single disc."

"We have done substantial work as to prices we believe we could buy players for introduction in 1996," he said, and results have been consistent with \$499 retail price. He said Zenith already has lined up supplier for players, but declined to identify it. Pearlman minimized possibility of lengthy format war, saying that widespread availability of top films on Toshiba-Time Warner format would end competition quickly.

DVD and other digital TV applications, including HDTV, "are key elements of Zenith's strategy for the 2nd half of the '90s and beyond," said Zenith Sales Co. Pres. Gerald McCarthy. He said format "exceeds the requirements of the entertainment industry, offers the greatest potential for future enhancement to support HDTV and has the critical backing of leading entertainment and electronics companies."

"If they can build them for that [\$499 retail price], we'll buy the machines from them," quipped Harry Lakerveld, Philips Media Systems dir., development & industrial management. Philips Key Modules Group Managing Dir. Jan Oosterveld, who is quarterbacking Philips high-density CD (HDCD) effort, expressed frustration with Toshiba-Time Warner side for what he said was creating unrealistic expectations for hardware price points at launch.

"The difference between \$499 and the real price will be substantial," Oosterveld said in interview and demonstration at CeBIT computer show in Hannover, Germany. In last part of show (as they did at ITA conference in Cal. just days before), Philips and Sony give demonstrations of dual-layer technology for journalists and industry executives.

Proposed player price sets up scenario with meager profits for any hardware maker that doesn't have strong position in software, Oosterveld said. "It puts the hardware industry in a very difficult position... If [it] decided to price the players at \$799 to \$899, the question remains who's going to put titles on it," he said. He was reluctant to predict Philips' pricing for first DVD players, saying company would be ready to discuss that "maybe the middle of this year," but based on pure cost of components, machine would have to be retailed at about 80,000 yen (currently \$888).

HOUSE BILL WOULD BAR HOME TERMINAL 'MONOPOLY': Broadly covering all home interface devices from cable boxes to interactive multimedia gear for information superhighway, new bill introduced by House Commerce Committee Chmn. Bliley (R-Va.) and ex-Telecommunications Subcommittee Chmn. Markey (D-Mass.) specifies that this equipment must be available on competitive basis from manufacturers, retailers and other vendors not affiliated with system operators.

Bill immediately won endorsement from several large retailer groups and condemnation from cable TV industry. Co-sponsors said at news conference last week that letting consumers buy addressable boxes would create competition, ensure lower prices, enhance consumer choice. Competition will lead to innovation, they said, in same way phones have improved and become cheaper since Congress allowed manufacturers to sell them.

Measure wouldn't prevent cable or other infrastructure owners from producing or renting boxes, but would allow unaffiliated vendors to sell them as well. Said Markey: "The last thing we want to do is take a step back and let monopolists dictate to consumers what equipment they should get." Bill, titled "Competitive Consumer Electronics Availability Act," is supported by "broad consensus" of both parties, Markey said. "Restricting consumers' ability to purchase and own cable set-top boxes and other communications interface equipment," Bliley said, "is like putting a straitjacket on technological development." Experience shows "retail availability of communications equipment lowers prices," he said.

Commenting on telephone analogy, NCTA spokesman noted that phones are "constructed differently" from cable boxes and don't have signal theft problems cable would face. "Having a telephone in the home doesn't allow you to make free long distance calls," he said. In addition, he said, because boxes are replaced on average of every 5-7 years, "that technology may become obsolete before the consumer has had a chance to pay for it." Bliley said cable industry is "just exaggerating a problem" over signal theft, adding that "the

average person doesn't have that skill" and "truly sophisticated" pirates always will exist, no matter how converters are distributed.

Consumer Electronics Retailers Coalition (CERC) endorsed bill, calling boxes "most vital component" of information highway: "The gateway should be as wide open as possible, offering every consumer the benefits of competition -- versatile and affordable access." CERC consists of superretailers Circuit City, Tandy, Sears, Montgomery Ward, Best Buy, Dayton Hudson. Consumer Federation of America said: "Legitimate security concerns... do not preclude a competitive market" and Bliley-Markey bill would "avoid the monopoly abuses that continue to be the norm."

NARDA spokesman called consumer interface "the most vital component" of National Information Infrastructure and "the gateway should be as wide open as possible." He said security concerns no longer were valid reason for barring open sale of boxes because "today's technology permits cable companies to ensure tight control over their system access without restricting consumer freedom of choice." International Mass Retail Assn., discounter group, said telecommunications equipment, like other products, should give consumers "power to compare and choose when they shop."

In another battle over boxes, meanwhile, FCC has stepped up investigation of Time Warner's new addressable converters in response to complaints from communities as part of larger debate over new converter rollouts. Details are in Best./Cable Section.

PRO VERSION OF DVC RECORDER IN 4TH QUARTER: First version of new digital videocassette (DVC) recorder standardized by consortium of major companies (TVD April 18 p9) will be introduced next month at NAB convention in Las Vegas and will be on market in 4th quarter. Although DVC system was designed for consumer use, version to be offered by Panasonic Best. & TV Systems will be positioned as affordable digital format for professionals.

"DVCPRO" will be semicompatible with consumer version -- that is, recordings made with DVCPRO gear won't be playable on consumer DVC machines, but consumer-made tapes will be playable on some DVCPRO equipment (DVCPRO format doubles consumer DVC track pitch to 20 microns from 10). Panasonic said full details on compatibility haven't been determined because there are no consumer DVC recordings available for evaluation. Panasonic's introduction of pro version early this year was predicted in report from London in these pages more than year ago (TVD Jan 31/94 p11).

New variation on DVC format was Panasonic's introduction of 3rd, medium size cassette about size of 8mm cassette (3.8x2.5"), which records for one hour on DVCPRO equipment. It joins 2 consumer cassettes -- DAT-size (2.6x1.9") and large cassette about size of audiocassette box (4.9x3") -- part of DVC standard. DVCPRO decks also will accept large-size cassettes but record for only 2 hours instead of 4-5-hour capacity planned for consumer DVC. For time being, smallest DVC cassette appears to be confined to consumer applications.

As to when consumer DVC will be introduced by Panasonic Consumer Electronics, Panasonic Best. Pres. Steven Bonica said related division was "evaluating DVC and they will come to their own decision." DVCPRO pricing is being finalized, but has been complicated by recent "traumatic changes" in value of dollar vs. yen, Panasonic Best. Gen. Mgr. Alec Shapiro said. Target price for initial DVCPRO products is \$20,000. First shipments in fall will include ENG camcorder and studio recorder, with 1996 offerings to include news electronic field production (EFP) camcorder, mini "throwaway" stringer camcorder, laptop field editor, field recorder/viewer. Asst. Gen. Mgr. Philip Livingston said stringer camcorder was "cooperative effort with Panasonic's consumer area."

Panasonic hinted that at least one other pro hardware company will be announcing plans to market DVCPRO around NAB time. Sony, which until recently scoffed at possible broadcast use of DVC (TVD Sept 26 p10), now appears to have own gear in works, although it recently said it has "no plans now" to introduce pro version. Panasonic plans to submit DVCPRO to SMPTE for standardization and expects major broadcast or cable network will make commitment to format. (Key engineering personnel from CNN worked with Matsushita in Osaka and Atlanta on early development of DVCPRO.)

In Japan, Matsushita said DVPRO was aimed at taking over market now occupied by Sony's Betacam and that it was negotiating with several companies in U.S. and Europe as well as "major video camera companies" in Japan to join it in producing system. In Japan, it said, ENG camcorder will be priced at 2 million yen

(currently \$22,200) and studio editing VCR at 2.5 million yen (\$27,800), and indicated these price goals for 1996 products: Field edit package 2.5 million yen (currently \$27,800), ultracompact recorder (6.6 lb.) 1 million yen (\$11,100), "throwaway" compact camcorder 600,000 yen (\$6,700).

AS DBS BUSINESS EXPANDS, C-BAND MAY DIP: As DBS continues to grow with promise of at least 2 more services by year-end, venerable C-band may suffer sales slowdown, industry leaders said at Satellite Bestg. and Communications Assn. (SCBA) show in Las Vegas last week.

While infusion of advertising from both Thomson's DSS and Primestar help boost 1994 sales of DBS and C-band to record combined penetration of close to 3 million households by year-end, relationship may end with expected arrival of additional Echostar and Alphastar services in 1995.

"I think the C-band business is going to stay where it is or slightly tail off," satellite executive said. "There are advantages for the C-band technology compared with DBS and I don't think C-band is necessarily ever going to go 100% away. But the industry is going to grow and they're probably going to pick more DBS." Other industry officials said, however, that systems will co-exist by carving out separate niches, although C-band satellite dealers conceded shakeout is likely for those that don't sell new technology or broaden array of consumer electronics (CE) offerings.

DSS, with expected delivery of Sony product by June (see separate report) and addition of Toshiba, Uniden and Hughes Network Systems hardware licensees, and Primestar are expected to expand services this year, while Echostar and AlphaStar launch by fall. Meanwhile, General Instrument (GI) launched \$15 million "Full-View TV" print and TV ad campaign March 18 designed to raise awareness of C-band.

Thomson and DirecTv, after year of courting single-family homes that represent 85% of current business, are expected to turn attention to multiple dwelling units (MDUs) this year. Thomson has launched MDU tests on East Coast and in Midwest and will roll out nationwide starting in May, DBS Product Gen. Mgr. Michael O'Hara said. Sales will be handled by DirecTv's Commercial Div., which may use companies that wired MDUs for cable to install DBS (TVD March 13 p14).

O'Hara said Thomson will introduce 2nd-generation DSS unit by fall featuring interactive capabilities and targeting multiroom applications. DirecTv has said it was negotiating with on-line services and planned DSS computer board version as well as retrofit of existing DSS product to accommodate them (TVD March 13 p14).

Some services will be offered via DBS-3 satellite scheduled to launch in June with 20-25 channels. Thomson projected shipments of 900,000 units by end of month and 1.2-1.5 million by year-end, while DirecTv and U.S. Satellite Bestg. (USSB) said they had 400,000 subscribers combined and will have million by year-end. About 20% of subscribers have opted single service, USSB Pres.-CEO Stanley Hubbard said.

Primestar will formally begin 90-day test at 10 Wal-Mart stores in April and expand to 80 channels from 72 by June, Senior Vp Donald Herr said. Wal-Mart display features kiosk with phone to allow customers to get names of area MSOs/distributors, he said. Wal-Mart employees will receive referral fee from local distributors. Primestar said it had 320,000 subscribers in early March on way to million by year-end, above break-even figure of 775,000 projected at Winter Consumer Electronics Show (TVD Jan 16 p16). Service covers 80% of U.S., up from 60% at start of year, Herr said. Majority of business continues to be leased equipment and programming, starting at \$31 monthly fee, although 10,000 subscribers have purchased system at \$959-\$969, Herr said.

With launch of DBS satellite in May 1996 followed by 2nd 4 months later, medium-power Primestar will move to GI's MPEG-2 data compression and expand to more than 200 channels, Herr said. Current IRDs will be upgraded starting in June via slot on side of decoder box, company said. Upgrade also will include at least 2 new dishes of 15-26", depending on location, along with redesigned 39". Primestar is negotiating with CE manufacturer to join GI as equipment supplier, with deal expected by midyear, Herr said. System will add GI/Preview on-screen guide by 1996, he said.

Echostar signed agreements with first 6 programmers, including Turner Home Satellite, Disney and ESPN and with Divicom, which will provide MPEG-2 data compression technology when Echostar 1 satellite carrying first 75 channels launches in Sept.-Oct. Echostar 2 satellite is projected to launch in mid-1996 bringing service to 150 channels.

Pricing of programming and equipment hasn't been set, although Echostar Chmn. Charles Ergen previously indicated company would target retail tags below \$20 and \$500 respectively (TVD Oct 17 p12). Service at start will offer 2 IRDs and 18" dish that will be sold to satellite dealers under Echosphere and Houston Tracker Systems (HTS) brands, Echostar Mktg. Vp David Carlson said. Echostar will have agreement with CE manufacturer by midyear to build some equipment, although it will produce some products on own, Carlson said. Signal uplink center under construction in Cheyenne, Wyo., will open by Aug., company said.

To preserve C-band business, GI has launched generic Full-View TV national TV ad campaign on ABC and NBC weekend sports through Sept. 24, carrying toll-free number for ITI telemarketing center in Omaha, which will mail Full-View TV literature containing names of local satellite dealers, GI Consumer Products Vp Allen McCabe said. GI has funded most of ads, although 42 GI distributors paid \$500,000 for territories to receive telemarketing leads. About \$6 million of total will be spent on regional TV ads targeting 25 C-band satellite markets, McCabe said. GI will spend another \$2.5 million on TV ads promoting own IRDs, McCabe said.

One thing GI won't do, however, is lower \$320 wholesale price of IRD modules it sells to C-band industry, McCabe said. IRD manufacturers have long sought price cut as means of spurring business in market where average system sells for \$2,500-\$3,000 installed. "A \$50 price drop on a \$3,000 system isn't going to sell any systems," McCabe said. "In looking at scattered price moves versus advertising, we felt the industry was going to get more bang for the buck with advertising."

IRD manufacturers said, however, that module price will have to decrease for C-band to remain competitive with DBS. GI is "currently taking a couple of different avenues with programs and promotions, but I'm sure when they've exhausted all of them they will come back to the bottom line cost of the module," said Toshiba National Sales Mgr. Joseph Znidarsic.

NAB REPLACING RABBIT-EARS: Contest to design better indoor TV antenna, sponsored by National Assn. of Bestrs. (TVD June 6 p15), has been won by MegaWave Inc., Boylston, Mass., which will work with NAB to develop "first major improvements for set-top antennas in 30 years."

New design will be "technology spinoff" from work done by Megawave under contract to Pentagon's Advanced Research Products Agency (ARPA). NAB said goal is "passive, physically small TV set-top antenna" providing "carefully controlled current distribution over the antenna, the benefits of which will be a low VSWR [voltage standing-wave ratio] over a very wide bandwidth along with a controlled radiation pattern."

NAB says it's involved in improving off-air reception because "more than 50% of all TV sets in the U.S. depend on set-top antennas."

Next step is for MegaWave to evaluate various antenna configurations using computer analysis. Then company will construct and test prototype based on that evaluation, with MegaWave and NAB working together "to bring the antenna to the consumer market." NAB said it expects prototype to be completed by early summer.

When NAB announced project last June, it received 5 proposals. MegaWave is commercial antenna development company.

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Video Magazine has been acquired by Hachette Filipacchi Magazines (HFM) from Reese Communications for undisclosed consideration. Video will incorporate HFM's Sound & Image and will be part of Consumer Electronics Group, headed by Vp/Group Publisher Tony Catalano. Video Pres.-Publisher Jay Rosenfield will join HFM as publisher. Video was launched by Reese in 1978. May issue will be first by HFM, on newsstands April 18. Video's rate base will remain at 300,000.

Concord Camera and Argus Industries settled lawsuits last week filed in wake of failed asset purchase agreement in 1992. Concord said settlement was on "economic and other terms satisfactory" to company, although it didn't disclose details. Argus Industries filed suit in Nov. 1992 charging Concord with breach of asset purchase agreement and violations of N.J. antiracketeering laws. Concord responded with countersuit denying charges and claiming that Argus had defaulted on purchase and other obligations. Settlement follows shareholder suit filed against Concord alleging that former Chmn. Jack Benun had embezzled \$150,000 from company and that board had erred in clearing him 4 years ago (TVD March 13 p19).

In what could be first DSS dish for sale as accessory, Kaul-Tronics Inc. (KTI) will begin production in fall of 14" x 28" "Flat Magic" model. Dish is flat rather than oval, can be mounted horizontally or vertically and contains low-noise blocker attached to back. Dish technology, which is expected to receive patent in April, will either be licensed to other manufacturers or sold as product under KTI brand, said KTI Pres. James Atkinson, who said company is negotiating with several consumer electronics manufacturers. KTI demonstrated dish in booth at Satellite Bestg. & Communications Assn. convention in Las Vegas using RCA DSS IRD. Pricing wasn't available.

JVC's first VCR using Dynamic Drum (DD) technology (TVD March 13 p16, March 6 p13) will be S-VHS model at \$1,670 in Japan this spring. Among features are noiseless playback at 2, 3, 5 and 7 times normal speed, either forward or backward, with sound. Monthly production will be 5,000. U.S. model is due for introduction in fall.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 90 yen = \$1, except where noted.

SONY UNVEILS DSS: Amid atmosphere of high security, Sony unveiled Digital Satellite System (DSS) at Satellite Bestg. & Communications Assn. (SBCA) show last week in Las Vegas and will sell it in 3 packages starting June 15, retailers said.

Agreement with DirecTv barred Sony from discussing DSS plans with media until Thomson ships million RCA DSS units, but retailers briefed on strategy said integrated receiver decoders (IRDs) will contain Express Navigator on-screen menu and 16-bit microprocessor. Thomson is expected to have shipped 900,000 by late this month.

Top-of-line product, which like other IRDs in line has component design, features on-screen menu, dual low-noise blocker (LNB), 3 audio and 2 video outputs and remote control with joystick button in center to enable users to scroll through menu, retailers said. They said step-down system continues Express Navigator and features low power consumption, 2 audiovideo outputs and dual LNB. Entry level piece has low power consumption and 2 audiovideo outputs, but lacks dual LNB.

Overall thrust of line is toward multiroom capabilities, something Thomson has said it will address with 2nd-generation RCA DSS. System has 18" dish "more elliptical" in design than RCA model, retailers have said (TVD March 13 p14).

To merchandise product, Sony also showed DSS Home Entertainment Selling Center display that was suggested as including 27" Trinitron TV, IRD, satellite dish and Remote Commander remote control, retailers said. Display will be stocked with 100 brochures. Dealers also will have option of using "e3" home theater display that Sony introduced in 1993 (TVD Oct 11/93 p16) or submitting own display blueprints to company for approval.

Like Thomson, Sony also will offer dozen accessories including installation kit, 25' and 75' cable, voltage switch and remote control containing joystick, retailers said. Thomson recently boosted DSS accessories to 35 items.

Sony will purchase DSS modules from Thomson, assemble product at TV plant in Tijuana, which produces 13", 20" and direct-view XBR TVs. Sony has installed 2 lines for DSS and expects to have samples by April and enter full production by May, Senior Vp James Palumbo said. Sales will be handled by Sony's east coast, west coast and central regions that encompass 9 offices. Distribution will be "zero-based" and won't be limited to XBR or ES dealers, Palumbo said.

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Largest LCD color TV, with 10.4" screen, was introduced in Japan by Matsushita, which plans to make 500 monthly. Priced at equivalent of \$2,760, display has 921,600 pixels, is AC powered through adaptor, with power consumption of 20 w, about half that of company's 11" CRT set. Weighing about 6 lb., set measures 11.7x11.7x7.5".

GM Hughes Electronics Corp. has changed name to Hughes Electronics Corp. GM subsidiary Hughes Electronics has 5 operating divisions -- Hughes Aircraft, Delco Electronics, Hughes Telecommunications & Space, Hughes Network Systems, DirecTv.

Sharp is considering increase in export price of components made in Japan by up to 5% due to soaring yen, Nikkan Kogyo Shimbun reported.

CAMPO-H.H. GREGG DEAL OFF: Campo Electronics and H.H. Gregg, citing soft market for shares of consumer electronics (CE) retail stores and increase in financing costs needed to complete deal, have halted merger negotiations.

Deal, which would have created 38-store chain stretching from Indianapolis to New Orleans with combined sales of \$420 million, was cancelled after Campo stock fell below \$9 floor set for merger, among other reasons. Campo stock, battered by 6% decline in same-store sales in Feb., was trading for \$8-\$9 last week. Campo was to acquire Gregg for \$54 million -- \$26 million cash and 2.2 million shares of stock (TVD Jan 16 p20).

H.H. Gregg Pres. Gerry Throgmartin said failure of merger "had nothing to do" with plan for joint hq/warehouse that wasn't completed or Gregg product warranties outstanding, which sources had suggested as possible reason. Instead, he said rising prime rate boosted financing costs and stock market's "reaction isn't real strong in the electronics and appliance industry right now." Throgmartin said there isn't "one ingredient that causes it not to happen because you've got a lot of different factors that you're weighing and one offsets the other."

Campo Chmn., Pres.-CEO Anthony Campo wasn't available for comment, but Throgmartin appeared to hold out possibility of resuming negotiations. "We had very amicable discussions," he said. "We continue to converse about the industry and if it makes more sense at a different time we would look at it then."

In wake of failed merger, Gregg, which operates 17 stores in Ind., Ky. and Tenn., plans to open 2-3 stores in Louisville area by fall and single outlet in Clarksville, Tenn., by midsummer. Locations, to be built and leased, have 40,000-50,000 sq. ft. with increased emphasis on home office products and home theater, Throgmartin said. Privately held Indianapolis-based chain was projected to have \$225 million in sales for 1995.

Campo, which has 27 stores in Ala. and La. of 15,000-30,000 sq. ft., reported 91% increase in sales to \$194 million for year ended Aug. 31. New Orleans-based retailer, which acquired Shreveport Refrigeration before going public in 1993, is said to be considering other deals for expansion.

"The key is they both wanted to grow and get more muscle to compete with Best Buy and Circuit City," said executive at CE manufacturer. "The deal just fell through for financial reasons."



Price of DBS receiver for DirecTv Latin America, including 24" dish, at outset will be about \$700, according to Hughes Electronics, which said "the effect of market forces is expected to eventually reduce this cost to the \$300-\$400 range." Costs won't be in \$300-\$400 range at start, as our report implied (TVD March 13 p14).

Toshiba will double production of widescreen tubes at its Himeji factory, near Osaka. Investment of billion yen (\$11 million) will be required to modernize lines to produce either 16:9 or standard 4:3 tubes. When completed this summer, project will increase plant's widescreen output to 100,000 monthly.

Xerox and Planar Advance, subsidiary of Planar Systems, announced joint development, manufacturing and marketing agreement to supply active matrix LCDs for defense applications.

N.Y. RETAIL MOVES: Ever-changing N.Y.C.-area retail scene shifted again last week as 47th St. Photo filed reorganization plan and Trader Horn prepared to liquidate its 8 remaining stores while at same time vowing to return to market.

Under 47th St. Photo plan, which still requires Bankruptcy Court approval, creditors will receive about \$1 million or 5¢ on dollar, Exec. Vp Stuart Held said. Chief among creditors is N.Y. state which has \$12 million claim for sales taxes owed in 1988-1992 and under reorganization would receive \$500,000 immediately and \$350,000 in each of next 6 years, Held said.

In addition, Tuttnaur Co., which purchased 22.5% stake in retailer last year (TVD Aug 29 p15), increased financing to \$5 million from \$3 million, Held said. Money will be used to boost inventory from below \$4 million to \$5.5-\$6 million, which would enable chain to turn profit, he said. New inventory would include more PCs, he said. Retailer recorded \$86 million in sales in 1994 (\$1.65 million per week), less than projected \$91 million (\$1.75 million), Held said.

To offset lower projections, 47th St. has laid off 12-18 employees, will close 100,000-sq.-ft. office/warehouse in Brooklyn and move into 35,000-sq.-ft. facility by May. Buying, accounting and other departments have moved to Manhattan hq.

At same time, U.S. Bankruptcy Court Judge Cornelius Blackshear, N.Y., denied federal govt. motion to have special trustee appointed to run Brooklyn company, which is under criminal investigation for tax fraud (TVD July 25 p12). U.S. attorney has accused 47th St. owners Irving and Leah Goldstein of improperly transferring millions of dollars out of company when it filed for Chapter 11 in 1992. Spokesman for U.S. Attorney's office wasn't available for comment.

Trader Horn (TH), Hasbrouck Heights, N.J., retailer planned to begin 2-3 month liquidation sale this week at 8 stores, although owner Edward Navlen is seeking to retain 9,000-sq.-ft. Jersey City location, company said. Proceeds will be used to pay creditors, TH Exec. Vp Steven Kirschner said.

TH had sold or closed 8 other stores since filing for Chapter 11 in Oct. (TVD Nov 14 p17). Chain is negotiating with 2 investment groups to provide funding needed to retain sites in Jersey City as well as Paramus (2 locations) and Hasbrouck Heights, Kirschner said. About 220 TH employees will be affected by liquidation, although proposed 4-store chain could employ 125-150, Kirschner said.

If TH secures financing, it would open Jersey City location in April-May, followed by 3 others later in year, he said. But whether Navlen family, which owned all of TH, will return to operate new chain "is up to the negotiations between the attorneys," Kirschner said.

Kirschner remained optimistic, noting that Paramus and Hasbrouck Heights outlets were most profitable of chain's 16 stores, registering \$15-\$25 million each in annual sales. Any new outlets under Navlen management would "get all the right merchandise," including addition of PCs car stereo installation, and would offer "better customer service," he said.

Before downfall, TH had sought to change image as one of N.Y. area's largest transshippers by hiring financial

officer and retaining R.G. Quintero & Co. as consultant. It launched new format with opening of 40,000-sq.-ft. warehouse-style outlet in Edison, N.J., in 1993.

In Chapter 11 filing, TH listed \$49 million in liabilities and \$27 million in assets. Top 5 creditors were Frigidaire, \$928,527; Teletime Inc. (ads), \$921,840; Samsung, \$842,399; Valley National Bank (construction loan), \$672,218; Philips, \$424,382.

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Harvey Electronics parent Harvey Group said it plans in late spring or early summer to issue private placement of up to 12 million shares at anticipated 35-38¢ each. Chmn.-CEO Arthur Shulman said \$4.2 million in estimated proceeds would be used "to put our financial house back in order." He strongly denied news reports that Harvey Group was up for sale. He said portion of 12 million shares will be bought by Long Island-based investment group with which Harvey has been negotiating for 6 months and has agreed to invest \$500,000-\$1 million in company. Principals in that group could well assume corporate posts at Harvey, but ownership of company won't change, Shulman said. He said Harvey also has signed letter of intent with Wall St. investment firm to handle private stock placement. Moreover, Shulman said, Harvey is converting "certain debts" into equity that will "further strengthen our balance sheet." He said legal rules bar company at present from identifying parties involved.

1995 AUDIO STARTS STRONG: Audio factory sales were off to good start in 1995, Jan. dollar figures coming in at same 12% increase over preceding year as did full-year 1994, according to EIA data.

Leading way with largest year-to-year increase, as in 1994, was autosound, up big 23.1%, followed by portables, biggest single category. Only systems were below year earlier -- down 3.4%. Here are EIA dollar figures on factory audio sales for Jan.:

Product	Jan. 1995	Jan. 1994	% Chg.
Portable audio*	\$203,233	\$172,702	+17.7
Components	117,692	107,806	+ 9.2
Systems	114,655	118,675	- 3.4
Autosound (aftermarket)	143,916	116,952	+23.4
TOTAL	\$579,496	\$516,135	+12.3

* Includes home radio.

Sony Argentina has been established in Buenos Aires as company switched distribution there to direct marketing from reps March 15. Company will import color TVs from its Tijuana factory, VCRs from Asia, with products from Brazil plant added later. Philips is said to be No. 1 among foreign manufacturers in \$900-million Argentine audiovideo market with 10%, followed by Sony, Aiwa and Sanyo at 8% each.

Chinese color TV production declined 7.5% in Jan. from year earlier to 1,381,000 sets, while total TV output rose 1.9% to 2,639,000, indicating b&w production totaled 1,049,000, up 19.9%. Meanwhile, Chinese govt. announced that new regulations would cut back or eliminate tax incentives for foreign investment in such industries as TV sets, whose production now exceeds local demand.

HOME THEATER UP 12% IN '94 -- EIA: Home theater equipment sales totaled \$7.7 billion last year, up 12% from 1993, according to EIA's first publicly released statistics on industry's booming hybrid audiovideo market. Data encompass 4 audio product categories and large-screen TVs, laserdisc players, hi-fi VCRs.

EIA Consumer Electronics Group (CEG) said components necessary for complete home theater include large-screen color TV, audiovideo receiver with surround capability, hi-fi VCR, laserdisc player, 4 or more speakers. In declaring that large-screen direct-view TVs led home theater sales increase with 12% rise to \$4.4 billion, CEG described product as "primary component of most home theater systems." However, statistics don't account for unknown proportion of large-screen sets sold into U.S. homes that never are connected to stereo components.

Overbroadness of TV category could be basic fallacy in figures. Nearly half of all large-screen sets sold are of basic 25" size, commodity product. Many or most 25" receivers don't even have stereo sound. Asked to comment, Atlantic Technology Pres. Peter Tribeman, chmn. of new CEG Home Theater Subdivision, conceded that inclusion of all large-screen TVs was "categorization anomaly" and said true key to home theater lies in audio components designed especially for purpose. While he didn't say changes were in store for categories, he agreed with CEG spokeswoman who indicated definition (and figures) could change in future. She noted that 25"-and-over was "traditional" definition of large-screen TV.

Audiovideo receivers, standalone surround processors and other home theater-related audio electronics were audio's largest breadwinner, contributing 86% of total audio shipments. However, category lagged behind overall sales increases, rising only 8% in 1994. Although component subwoofers still represent minuscule category in comparison even with other niche audio products, 144% increase represented largest percentage gain by far among all audio or video products in survey.

As for home theater video, projection TVs logged biggest percentage gain, rising 30%. Increase helped offset sluggishness in hi-fi VCR decks, which eked out 1% rise. However, laserdisc players had all markings of niche market that has reached saturation point, declining 1% from year earlier.

CEG Vp Gary Shapiro said "these very strong sales figures" were evidence that "consumer interest in home theater is on the rise." He said CEG research is projecting 150% rise this year in home theater household penetration, but he wasn't more specific. In separate reference, CEG elaborated on 12% rise in large-screen TV shipments by saying that its research showed 65% of U.S. households currently own at least one TV 25" or larger.

CEG said one of report's "key findings" is that home theater audio increase in 1994 was on par with that of video. Tribeman said "strong sales in these component areas confirm that the consumer electronics industry is responding with an array of affordable systems that allow families to recreate the movie experience in their own homes."

Here are EIA's figures on home theater factory sales for 1994 vs. 1993:

FACTORY SALES OF HOME THEATER PRODUCTS
(millions of dollars)

Product	1994	1993	% Chg.
25" & over direct-view TV	\$4,445	\$3,973	+12
Projection TV.....	1,117	858	+30
Laserdisc players.....	122	123	- 1
Hi-Fi VCR decks.....	1,072	1,061	+ 1
TOTAL VIDEO	\$6,755	\$6,015	+12
A/V receivers, Amps.....	\$798	\$740	+ 8
Subwoofers.....	45	19	+144
Center channel speakers..	21	17	+22
Other HT speakers.....	84	69	+40
TOTAL AUDIO.....	\$927	\$818	+12

Among other new EIA statistics scheduled for quarterly release this year are factory sales of accessories, which trade group says rose 20% in 4th quarter to total \$474 million in 1994. In video category, sales of TV antennas were up 51% in 1994, EIA said, totaling \$45 million -- 13% of all video accessory sales. Universal remote sales rose 20% to \$126 million. In audio, wireless headphones were up 71% to more than \$20 million, cassette deck care products rose 10%, CD cleaners and lens cleaners 11%.

Here are EIA's figures on factory dollar sales of accessories for full year and 4th quarter of 1994 with 1993 comparisons:

FACTORY SALES OF ELECTRONICS ACCESSORIES
(millions of dollars)

Product	1994 Year	1993 Year	% Chg.	4 Qtr.		% Chg.
				1994	1993	
Audio.....	294.9	250.5	+17.7	\$81.3	\$57.1	+42.4
Video.....	350.4	278.0	+26.0	92.6	90.7	+ 2.1
Telephone.	163.9	139.6	+17.4	51.4	40.6	+26.6
Camcorder.	65.0	69.8	- 6.9	17.1	14.2	+20.4

Atari reported net income for 4th quarter and full-year 1994, as opposed to losses in 1993 periods (see financial table). Company's net sales soared 75% in 4th quarter as result of sales of Jaguar 64-bit game. Atari cut operating loss to \$12.6 million in 4th quarter from \$21.9 million in 1993 period. Company adjusted values of its inventories and purchases to reflect reduction in price of Jaguar to permit street price of \$160. Pres. Sam Tramiel expressed disappointment that "our expectations for Jaguar were not met in the 4th quarter due to delayed game software," but forecast "ongoing stream of software through 1995 and beyond." Company announced publishing arrangement with Williams Entertainment for Mortal Kombat III and "will be announcing another significant arrangement with a major software publisher shortly."

Rank Video Services has begun construction of 235,000-sq.-ft. replication plant in N. Little Rock that will produce 48-50 million tapes annually, Pres.-CEO David Cuyler said. Factory will boost Rank's overall capacity 20-22% and produce 15-30-min. videotape for business applications and movie-length tape averaging 105 min., Cuyler said. Plant, opening in late June, will be Rank's first since Garden Grove, Cal., facility opened in 1986. Company increased capacity 20% at Garden Grove in 1994. Rank provides replication for Columbia, Fox, Paramount, Universal.

NEW DBS SYSTEM: Canada's Tee-Comm Electronics will launch 100-channel direct-to-home (DTH) digital satellite system starting Dec. 1, although whether it complies with FCC restrictions on foreign ownership remains unclear.

"Alphastar" will use MPEG-2 data compression technology provided by TV/COM and be offered via AT&T's Telstar 402R satellite on which Tee-Comm said it has leased 12 of 24 transponders to transmit 60-w signals to 24" dish. Tee-Comm will expand service to 200 channels by leasing about half of 28 transponders on Telstar 5 satellite scheduled to be launched in 1997, Tee-Comm Vp-Gen. Mgr. Murray Klippenstein said.

Tee-Comm will build reception equipment in venture with Finland's Nokia. Service will be sold through satellite dealers in packages that include integrated receiver/decoders (descriptors) (IRDs) and dish and are priced similar to Thomson's RCA DSS at \$699. Among distributors expected to handle AlphaStar is O'Rourke Bros. Distributing, one of Tee-Comm's largest C-band customers. No programming agreements have been signed, although distance education, data services and video conferencing are expected to be offered along with entertainment and sports, company said.

Major hurdle to service will be application for waiver of FCC's 25% foreign ownership restrictions. Tee-Comm officials said it hasn't decided whether to seek waiver and indicated that it may sell equity in service. "We are looking to partner with strategic players in the industry," said Tee-Comm Chmn.-CEO Al Bahnman, whose company has 30% of Canadian DTH service Expressvu. Move could dilute Canadian ownership below 25% and stave off FCC review of Canadian market, which isn't open to U.S. satellite or cable programmers.

Canadian market is "going to be eventually an open market which is going to be competed for with a variety of products and the best product will win," Bahnman said.

Klippenstein said Tee-Comm will set up U.S. subsidiary this year and build "multiple" uplink facilities. At outset, service will uplink signals from site near Toronto that also will serve Expressvu, he said. Goal will be to gain 5-10% of U.S. market for high-powered systems, and venture will break even with sales of 500,000 hardware units, company said.

March is traditional month for clearing out old inventory to make way for new, and several camcorder and TV models were carrying eye-catching prices at Best Buy, Circuit City and Ultimate Electronics in Las Vegas. Samsung full-size camcorder with 8X zoom, 2 lux and high-speed shutter was priced at \$399, while RCA full-size with 12X zoom was \$100 more. JVC's EZ-1, priced by various retailers at \$449, was available in Best Buy at \$427. In TVs, RCA 31" with PIP was retailed at \$759, while non-PIP GE 31" models were at \$569 and \$649. Low prices come as Thomson migrates to 32" from 31" with introduction of new models later this year that are expected to start at \$799-\$899, retailers have said. Non-PIP Philips 32" Magnavox TV with dark tube was \$675.

HTP International said its credit line with Bank of America has been extended for 2 years and increased to \$10 million. Previous pact was \$7 million for one year. HTP also said it has leased additional 26,000 sq. ft. for expansion of distribution and manufacturing operations near its main facility in Anaheim, for combined space of 146,000 sq. ft.

VIDEO RECOVERY IN JAPAN: Paced by widescreen TVs, sales of video and other major consumer electronics products on domestic Japanese market recovered in 1994, with trend continuing in Jan., according to EIAJ figures.

Japanese domestic sales of color TVs totaled 8,352,000 sets last year, up 2.6% from 1993, EIAJ said. VCR shipments rose 8.2% to 4,854,000. TVs with screens 28" and up increased 28.4%, with widescreen sets up 365.2% to 1,409,000. Meanwhile, Dempa Shimbun forecast that about 85% of big-screen color TVs (27" and larger) sold in Japan this year would be widescreen, representing nearly 40% of total color TV market, up from 17% last year. Industry estimates indicate all of 400,000 TVs with 28" and larger screens will have 16:9 ratio this year, along with 1.5 million (80%) of 26-27" sets plus 40% of 23-25" sets and only 16% of TVs with 20" and smaller screens. (Screen sizes are U.S. equivalents.)

In Jan., color TV sales rose 24.6% to 518,000 sets, with widescreen TV up 313.6% to 90,000, HiVision up 508.8% but still totaling only 2,000. VCR sales rose 13.2%, with S-VHS up 9.8%, projection TV up 48.6%. Stereo sales jumped 35.1%, headphone stereo was up 1.2%. Declines in Jan. were listed by camcorders, down 0.9%; MiniDisc recorders and players, down 27.6% (to 13,000); laserdisc players down 25.7%; CD players down 9%, car stereo down 8.8%. Car navigation systems rose 89.7% to 11,000.

Continuing diversification from sole reliance on home videogames, Acclaim Entertainment last week agreed in principle to buy all outstanding shares of Lazer-Tron Corp., Cal.-based specialist in "technologically advanced coin-operated ticket redemption games" for arcades, etc. Deal extends Acclaim's move into coin-op business, which began last year when it established separate coin-op division. Acclaim in recent years has entered comic book publishing business through purchase of Voyager Communications and announced joint venture with TCI to develop content and technology for networked videogames. Meanwhile, Acclaim spokeswoman, responding to report that sales of touted "NBA Jam Tournament Edition" cartridge have been slower than expected, said title's business is "up to our expectations" even if it hasn't reached level some dealers projected. She declined to specify how many cartridges Acclaim shipped to retail for launch. Company shipped 2 million pieces of original "NBA Jam" to dealers at launch last March; one analyst estimates that 1-2 million copies of sequel made it into retail pipeline for Feb. 23 debut. Company also has completed move into new hq at One Acclaim Plaza, Glen Cove, N.Y. 11542 -- 516-656-5000.

Daewoo's master plan to win 10% of global consumer electronics market envisions color TV as one of its main strategic products, with output to total 12 million by 2000 -- 4 million in Korea and 8 million in other countries. Company says that last year it made 2.25 million color TV sets outside of Korea, which will grow to 2.65 million this year, representing 40% of total production. Daewoo claims it made 5% of world's 92 million color TV sets last year. S. Korean conglomerate's first N. Korea production is scheduled to begin next month with clothing plant in Nampo, complex that eventually is to include consumer electronics and component plants.

Tops Appliance City has hired comedian Jackie Mason to lend humor to toned-down "Forget About It" 60-sec. radio ads in N.Y.C. area. Mason will be part of new Tops radio ads that are less abrasive than those that ran for 2 years before being lifted last May (TVD Feb 27 p17).

Consumer Electronics Personals

Irving Zucker, ex-Harman Consumer Group engineering vp, joins HTP International as exec. vp and pres. of its Information Management Div., both new posts... **Masaaki (Matt) Ito** shifts to exec. vp at U.S. holding company Yamaha Corp. of America, replaced as Yamaha Electronics USA pres. by **Kenji (Ken) Iida**, recently gen. mgr., Yamaha audiovideo product sales in Japan... **Norman Steinke**, ex-Peter McGrath's Sound Components, Miami retailer, joins Meridian America as national sales training ingr... **Steve Gold** shifts to asst. gen. mgr. at Panasonic East, Baltimore, to be replaced April 1 as national mktg. mgr., Matsushita Consumer Electronics Co. (MCEC) Interactive Media Div. by **Rusty Osterstock**, now mktg. mgr., MCEC Sales & Mktg. Div.

Manning Greenberg resigns as senior editor of HFN after 42 years with publication and its predecessors HFD, Home Furnishings Daily and Retailing Daily, plans unannounced; **James McConville**, HFN electronics reporter, resigns to join Bcstg. & Cable magazine April 3 as assoc. editor in N.Y. bureau... **Dennis Barker** leaves as senior technical editor, CurtCo Publishing, no replacement named... **Lisa Fasold**, ex-Phillips Business Information, joins EIA Consumer Electronics Group as communications mgr... **Dana Oertell**, ex-Activision, named mgr., communications, Sony Imagesoft.

William (Willie) Donaldson, who last week became pres.-CEO, Hughes-JVC Technology Corp. (TVD March 13 p20), is former pres.-CEO of nView Corp.; he reports to Chinn. Gareth Chang... **Gary Trimm** ex-Scientific-Atlanta, joins Compression Labs as senior vp... **Karl Bearnarth** departs as Onkyo USA mktg. services mgr., plans unannounced... Promoted at Murata Electronics N. America: **Jack Driscoll** to exec. vp from senior vp; **Christopher Conlin** to vp-mktg. from mktg. gen. mgr.; **Graydon Pfeiffer** to vp-sales from gen. mgr., distribution operations; **John Denslinger** to vp-mfg. at company's State College (Pa.) plant from gen. mgr., mfg., and plant engineering mgr... **Robert Wildrick**, ex-Belk Stores, named Venture Stores pres.-CEO, effective April 17.

Worldwide multimedia PC market grew fourfold in 1994 from 1993, according to Dataquest, which put last year's total at 10.3 million, up from 2.5 million. Apple was world leader in PC shipments with CD-ROMs with 2,349,000, 22.9% of world market, while Packard Bell was U.S. leader (1,678,000 -- 24.3% share). World rankings (U.S. in parentheses): Apple (U.S. 20.5% -- 1,415,000). Packard Bell, world 19.2% -- 1,969,000. Compaq, 11.9% -- 1,226,000 (U.S., 13.5% -- 934,000); IBM, 8% -- 820,000 (7.5% -- 483,000). Gateway 2000, 5.8% -- 598,000 (7% -- 515,000). Others 32.2% -- 3,305,000 (27.3% -- 1,883,000). Details: 800-419-DATA.

Sales of books on tape (BOT) rose 18% in 1994 to \$1.4 billion, Audio Publishers Assn. Pres. George Hodgkins said. Increase came as CDs slowly entered what previously was audiotape-only business, but had minimal impact, amounting to less than 5% of overall sales, said Hodgkins, who also is Audio Renaissance Tapes assoc. publisher-mktg. dir. He said recent survey showed 48% of BOT users listened to them in car, 39% in homes, 13% while exercising or at work. Top-selling BOTs have been Louis L'Amore series with more than million units and Highbridge Audio's "News from Lake Wobegon," 400,000, he said. Both titles were released in mid-1980s.

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
Atari			
1994-year to Dec. 31	38,444,000	9,394,000	.16a
1993-year to Dec. 31	28,805,000	(48,867,000)	--b
1994-qtr. to Dec. 31	14,921,000	17,605,000	.30a
1993-qtr. to Dec. 31	8,525,000	(22,573,000)	--b
Cox Communications ^c			
1994-year to Dec. 31	736,308,000	26,566,000	--
1993-year to Dec. 31	707,974,000	97,794,000	--a
1994-qtr. to Dec. 31	189,971,000	4,086,000	--
1993-qtr. to Dec. 31	180,709,000	16,632,000	--
Tektronix			
1995-39 wk. to Feb. 25	1,026,004,000	55,934,000	1.83
1994-39 wk. to Feb. 26	940,060,000	36,665,000	1.20
1995-13 wk. to Feb. 25	364,865,000	21,572,000	.70
1994-13 wk. to Feb. 26	332,825,000	15,479,000	.51
ValueVision International			
1995-year to Jan. 31	53,930,847	(6,104,095)	--
1994-year to Jan. 31	37,614,497	(1,925,084)	--
1995-qtr. to Jan. 31	17,210,772	259,151	.01
1994-qtr. to Jan. 31	14,010,440	126,840	.01

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

Thorn EMI has sold 231 former Rumbelows electronics stores in U.K. to German computer manufacturer and retailer Escom. Deal came only weeks after Thorn closed loss-making 285-store Rumbelows and 36-store Fona chains, laying off about 2,500 (TVD Feb 13 p15). Purchase would transform Escom into U.K.'s largest PC retailer. Escom had projected sales of \$1.2 billion in 1994. Meanwhile, Thorn also acquired Dillons bookstore chain from receivers of insolvent Pentos Group. Thorn said Dillons would be run by same management as oversees HMV music stores, but declined to say how many of 149 outlets and 2,400 employees would be retained.

Interactive media already are \$11.1-billion industry, according to Advertising Age survey, which breaks it down: Videogames \$3.8 billion (wholesale), home shopping and infomercials \$2.8 billion, CD-ROMs \$2.5 billion, commercial on-line services \$795 million, interactive 800 numbers \$366 million, Internet \$366 million, interactive information and coupon kiosks \$292 million, virtual reality \$116 million, interactive TV \$37 million.

U.S. Satellite Bcstg. (USSB), Thomson and HBO will launch "One-Two Punch" promotion March 30 for satellite showing of George Foreman-Alex Schulz heavyweight championship fight April 22. USSB also unveiled new Select One Plus program package at \$17.95 per month. Package contains 6 basic services and choice of one premium -- Cinemax, HBO, Showtime or Movie Channel.

OBITUARY

William H. Thomas, 82, audio engineering innovator and one of founders of JBL, died of heart failure Feb. 28 at his Ojai, Cal., home. He began career in aviation industry as founder in 1943 of Rotoron, company that designed and built helicopter prototypes and was sold in 1949 to General Tire. In 1946, Thomas joined with James B. Lansing to start James B. Lansing Sound Inc., forerunner of JBL. He assumed full management and product development responsibility upon Lansing's death year later and remained active in JBL until its acquisition by Harman International. Survivors include wife, 2 sons.

TELEVISION DIGEST®

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MARCH 27, 1995

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TELECOM BILL CLEARS SENATE PANEL: Measure generally would deregulate cable, lift telco-cable cross-ownership ban, provide few broadcast changes. NAB disappointed. (P. 1)

TELCO-CABLE RULES ATTACKED: Cable and cities set stage for appeals if FCC eases up too much. Telcos press for regulatory choices. (P. 3)

NAB DEFENDS 2ND CHANNEL for digital TV transition. Fritts says it isn't new spectrum and HDTV depends on consumer demand. (P. 5)

KIDVID PLAN FLOATED by FCC Chmn. Hundt. Three hours of children's programming would be required, but it could be on other stations in market. (P. 5)

BASEBALL STRIKING STATIONS: Broadcasters trying to negotiate fee cuts because of ad worries. Some won't carry replacement players at all. (P. 6)

PBS, MCI COOPERATE on new media venture, including Internet, CD-ROM. MCI to invest \$15 million over 5 years in programming, other activities. (P. 6)

VDT CONTENT IS 'KEY', officials say at Supercomm. Some resistance to interactivity seen. (P. 7)

PBS TO LEASE TRANSPONDERS on Telstar 401 for new revenues. DBS carriage also being sought. (P. 8)

TELECOMMUNICATIONS BILL PASSES SENATE COMMITTEE: Senate Commerce Committee March 23 passed landmark telecommunications legislation 17-2, then spent 3 hours arguing over amendments. Bill would deregulate cable services, lift cross-ownership bans for cable and telcos and for cable and broadcast stations, allow cable and telcos into each other's business and set rules for lifting MFJ long distance and manufacturing restrictions on RHCs, among other items.

Markup session was virtual replay of last year when legislation (S-1822) was approved 18-2, but with so many differences outstanding afterward that then-Chmn. Hollings (D-S.C.) said he believed there wasn't time to take it to Senate floor before Congress adjourned. There will be more time this year. Current Commerce Committee Chmn. Pressler (R-S.D.) said he still hopes bill can be passed by Easter and hopes some of lingering disputes could be worked out before bill is scheduled for floor action to minimize time necessary for debate. He said he had talked with Senate Majority Leader Dole (R-Kan.), who played key role in telecommunications bill, but wasn't given specific time when it would move to floor.

Bill was voted on, subject to amendment, at request of Sen. Stevens (R-Alaska), who had to leave with Sen. Inouye (D-Hawaii) for other business. Appropriations Committee, where they also serve, frequently

Consumer Electronics

THOMSON CONSUMER ELECTRONICS operating profit quadrupled, sales up 14%, net loss cut 40% in 1994. Company ready for 'digital marketplace.' (P. 12)

SURPRISE CHOICE FOR SONY PRESIDENT, Idei, is seen as no-nonsense veteran suited for tough times ahead. Will share power with Chmn. Ohga. (P. 13)

MICROSOFT, DREAMWORKS TEAM UP for venture to develop interactive software in latest attempt to meld Hollywood and computers. (P. 13)

DUAL-LAYER DVD, as proposed by Sony and Philips, seen costing 31¢ per disc extra, falling to 6¢ after 5 years. (P. 15)

DVD MASS MARKET not 'around the corner,' Philips executives argue, citing high initial costs, long development period, vs. Video CD, CD-I. (P. 16)

DIGITAL VERSION OF S-VHS to be shown by JVC at NAB, claimed to underprice Panasonic's DVCR. JVC also will debut lower priced HDTV system based on W-VHS. (P. 16)

47TH STREET PHOTO PROBE focuses on transfer of millions before and after N.Y.C. retailer filed for Chapter 11. (P. 17)

BLOCKBUSTER/VISA CREDIT CARD promises rebate certificates good for purchases, rentals. Millions of preapproved applications to be mailed. (P. 17)

follows pass-first-amend-after style of doing business. Only dissenting votes this year, as last, were Sens. Packwood (R-Ore.) and McCain (R-Ariz.). And as last year, senators were presented with massive draft legislation only hours before they were to vote. Even more confusion arose because version they received morning of markup contained substantial changes on key provisions from draft circulated late March 21 by Pressler, who wanted to provide at least some legislative language for senators and their staffs to see. Release of March 21 draft led to immediate hostile reactions from Democrats, who said they had been double-crossed, and from some affected industries, which in turn led to changes in markup language.

Two of most controversial agreements came in cable regulation and broadcast ownership. Pressler's March 21 draft had proposed deregulation of small cable companies immediately and others year later. However, that provision already had been discarded in staff negotiations. Many Republican senators, meeting with Dole March 22, realized that proposal never would be approved, although some, such as Packwood and Sen. Burns (R-Mont.) favored it. Instead, bill adopted approach proposed by Democratic staffers that left regulation for basic tier intact. FCC would have ability to declare upper tier prices unreasonable only if rate "substantially exceeds the national average rate" for comparable services. There was "no flexibility" on Democratic proposals, one source said.

Cable regulation language also would eliminate ability of one consumer to request rate investigation and would set new basis for "effective competition" to cable -- situation in which rate regulation would be removed. As another option to conditions set in 1992 Cable Act -- in which 50% of population have access to competitor and 15% subscribe -- new measure would provide for effective competition if local exchange carrier offered video programming "directly to subscribers" over video dial tone platform or as cable operator.

Administration said that telecommunications legislation would lead to cable rate increases. Vice President Gore said he was concerned that "the provision repealing rate regulation for the cable services most people buy will lead to unjustified rate increases." He asked for "flexibility in cable rate regulations" while protecting subscribers. Commerce Secy. Ronald Brown said legislation "goes too far" in deregulation. One congressional aide familiar with issue said that under bill, which would allow upper tier rates to be considered reasonable unless they exceed national average, 2 large MSOs such as TCI and Time Warner would have ability by themselves to raise national average, making rate increases acceptable across country.

There also had been proposals to eliminate caps on broadcast ownership, move Pressler said he supported. However, bill passed by committee would raise national share of viewers allowed to be owned by one company to 35% from current 25%. There was wide division among members on issue, as some wanted cap eliminated or raised to 50%, as amendment being pushed by networks advocated. Some senators, particularly Dorgan (D-N.D.) and Hutchison (R-Tex.), wanted restrictions on multiple ownership in interests of protecting local broadcasters. Hutchison didn't want FCC to have discretion to raise caps, although sources said her position shifted during negotiations, while Dorgan said he wanted to continue restrictions in name of increasing competition. Final figure of 35% was highest affiliates were willing to go, and that was line that Democrats drew, sources said. Networks weren't concerned with 12-station limit as much as they were with national cap, which was why ownership limit wasn't mentioned.

Commerce Committee March 21 hearing on cable and broadcast issues included ownership issues that are splitting broadcasters. Preston Padden, Fox Pres. of Network Distribution, and Bertram Ellis, owner of Ellis Communications, testified in favor of lifting duopoly and other rules restricting ownership. They said broadcasters needed better economic circumstances to compete with multichannel program providers such as cable TV or telco video services. Ellis and James Waterbury, gen. mgr., KWNL-TV, Waterloo, Ia., representing network affiliates, disagreed on extent of network control. Waterbury said that it was substantial and that localism could be lost if networks owned more stations, because they exert substantial control over operations. Ellis said that wasn't case, agreeing with Packwood, who said network-owned stations invest more in local news and public affairs than do many independents.

Measure also would lift broadcast-cable cross-ownership rule. In subtle bit of legislative drafting, actual language in draft approved by Commerce Committee said only that section of law dealing with ownership restriction would be amended to read that FCC "shall review its ownership rules biennially" as part of regulatory reform. That language would remove existing rules and replace them with mandate that would leave ownership entirely within FCC jurisdiction. Bill also would lengthen license ownership period to 10 years and make renewal easier.

NAB said it wasn't pleased with bill. Exec. Vp James May said it was unfair to broadcasters because all other industries except theirs would receive some measure of deregulation. NAB said broadcasters have

"been left entirely to the devices of the most regulatory FCC in recent history." Benjamin Tucker, chmn. of steering committee of Network Affiliated Station Alliance (NASA), said bill is "marked improvement" over earlier drafts, but his group was concerned about raising audience cap to 35% that still "permits a concentration of power in the hands of networks and cable companies."

NCTA Pres. Decker Anstrom called bill "good framework" and said he hoped Congress would lift remaining regulations on cable programming services. At hearing, he said that he could accept regulated basic tier, which would function as lifeline service and is regulated now under FCC rules. But Sen. Snowe (R-Me.) said she didn't like idea of deregulating cable again because it was unlikely that competition from Nynex would reach her largely rural state. If cable were deregulated without competition, she said, cable systems would be likely to raise rates: "I think that's what would happen." Anstrom said he was "sensitive to your concerns" about pricing, but Snowe wasn't mollified, saying her "greatest fear" was rising rates. She said DBS wasn't option for many of her constituents because of cost. Sen. Rockefeller (D-W.Va.) made same point -- that DBS was too expensive for his constituents. Bradley Stillman, legislative dir. of Consumer Federation of America, said that lifeline service Anstrom endorsed simply would allow consumers to pay for service they now could receive free with antenna.

Satellite Bcstg. & Communications Assn. (SBCA) said measure would create "suffering" in satellite industry because it would require most satellite direct-to-home (DTH) companies to assume status of common carriers. Wireless Cable Assn. expressed some of same fears. SBCA said new regulatory layer would be created. According to bill as passed by committee, "telecommunications services" would be defined as offering of telecommunications "for a fee directly to the public," including transmission without change in content of information and cable services. Bill also would define "telecommunications carrier" as provider of those services: "A telecommunications carrier shall be treated as a common carrier under this Act to the extent that it is engaged in providing telecommunications services."

Bill also would provides checklist of measures for competitors of local telcos to enter local exchange market, removing "date-certain" standard that Bell companies and Packwood supported. FCC would be lead agency in determining whether MFJ restriction would be lifted, with Justice Dept. given advisory role.

TELCO-CABLE RULES COULD BE OVERTURNED: Cable and municipal groups are positioning themselves for likely appeals of telco-cable cross-ownership rules (TVD Jan 16 p6) if telcos are given what cable and cities consider to be too much freedom. In FCC filings, groups said allowing telcos to provide cable-like programming service without cable franchise and other requirements would be unconstitutional "taking" of their property that almost certainly would be overturned by courts. Telephone companies, meanwhile, said they should have choice of offering programming through common carrier model (Title II) or as cable company (Title VI) and shouldn't need franchise for common carrier model.

Federal govt. could be forced to pay "fair compensation to each and every community across the nation" if courts determine that lack of franchise is unfair, U.S. Conference of Mayors, National Assn. of Counties and several municipalities said in joint filing. Communities "have a right to charge a fair price for the use of the public rights-of-way," cities said, and allowing telcos to avoid franchise fees "would constitute a taking of local communities' property." Filing also cited nonfee franchise benefits such as service to schools and public institutions; public, educational and govt. (PEG) channels; institutional networks. Cities support competition for cable, they said, but "competition would not be served... by allowing a self-programming VDT provider" to compete without franchise: "Such an unlevel playing field would create market distortion and would force local governments to subsidize VDT operators."

Telco program services must be regulated under cable rules, although common carrier part of VDT can use common carrier rules, NCTA said. Assn. said FCC can't ignore Communications Act: "To do so, even in the name of increased video competition or other public policy grounds, would result in certain judicial reversal." NCTA wants safeguards against cross-subsidies, including "strict rules" on facilities authorizations, cost-allocation, separate subsidiary requirements, joint marketing restrictions, open enrollment process for unaffiliated program providers, channel expansion and occupancy limits, digital vs. analog channels, channel positioning, pole attachments.

Exempting VDT from Cable Act "is beyond the Commission's authority," according to filing by 5 MSOs and 8 state cable associations. Cross-ownership rules would "create an entirely new but inconsistent scheme" for regulating telco video, groups said, and Cable Act applies to any company providing programming directly, "regardless of its other lines of business." Cal. Cable TV Assn. (CCTA) said that when telco becomes video programmer "it is legally and functionally indistinguishable from a cable operator."

CATA and group of 7 MSOs said FCC itself set standard for regulating telcos as cable companies when they control programming. Both said Commission persuaded U.S. Appeals Court, D.C., in earlier case that VDT shouldn't be regulated as cable since telcos don't control programming, so opposite must be true. MSO filing also said it "strains credulity" to suggest that Congress would allow FCC to circumvent franchise process, and none of VDT plans includes "dial up" video service, opting for cable architecture, because switched broadband is "not ready for prime time."

Although courts have said FCC can't block cable-telco cross-ownership, they didn't say how FCC should regulate telco video, cable groups said. Media General said courts ruled only that telcos can provide video, not that they aren't subject to Cable Act if they do. Cox said court decisions overturning ban make VDT model itself unnecessary, since telcos can provide cable service under cable rules without it. CCTA said "sound policy-making" requires that telco regulatory regimes be "based on the services provided." CATA said FCC doesn't need major rulemaking to set telco-cable rules, it need only apply cable rules to program providers.

Broadcasters' main interest is must-carry, retransmission consent, and other rules on cable carriage, they said. NAB said that if VDTs move from common carriage to direct program provision, courts should "make clear" that they become subject to Cable Act restrictions. It said FCC also may have to set new rules on menus, navigation systems, software. INTV urged restraint on telco video rules: "Overreaction to the courts' decisions spiced with a healthy infatuation with new ways to distribute video programming is a recipe for a regulatory misstep."

Telcos also raised constitutional issues. U S West said rules limiting LECs to providing video programming over Title II VDT platforms or prohibiting them from providing programming as Title VI cable operators "would not pass constitutional review." Telcos should have choice of providing programming under either common carrier or cable model, Bell Atlantic said, and "significant and growing regulatory constraints" on VDT mean that deployment of VDT may not make business sense without option and court decisions overturning cross-ownership ban "make clear" that telephone companies have choice.

USTA urged FCC to let telcos provide either cable service or VDT or both, "with each service regulated under its appropriate authority." USTA asked Commission not to "add extra regulatory burdens" by applying cable rules to common carrier VDT services, saying local franchise isn't needed when telcos already obtain authorization to utilize rights-of-way. USTA and Bell Atlantic said FCC shouldn't limit percent of VDT capacity that telcos or affiliates can use. Nynex said FCC doesn't have authority to mandate that RBOCs provide video programming only on common carrier platform. OPASTCO said "certain of the Commission's proposals would undermine the courts' decisions by regulatory fiat, jeopardizing... members' ability to provide video programming."

Consumer Federation of America, Center for Media Education, Media Access Project and People for American Way pressed for "strong safeguards to ensure that LECs do not use their ability to offer video programming to stifle diversity or exert monopolistic control." Groups suggested that VDT operators be able to program only 5% of their channels and have to provide "affordable" channel rental rates for nonprofit and govt. programmers.

Two TCI affiliates are buying portion of Sammons cable systems that wasn't acquired by Marcus Cable (TVD March 14 p2). Deals involve 440,000 subscribers in Pa. and N.J., for \$800 million. In Pa., 290,000 subscribers would be acquired by Lenfest, 50% owned by TCI. Rest, in N.J., would go to TCI's joint venture with TKR Cable. Deal is expected to close by end of year, pending regulatory review. TCI-led group had been one of original bidders when Sammons decided to leave cable business, but Marcus acquired bulk of subscribers in separate \$1-billion deal.

Long-time ABC programming executive Brandon Stoddard resigned as pres., ABC Productions, to explore "other opportunities." Stoddard, who headed unit since its formation in 1989, also was pres. of ABC Entertainment and pres. of ABC Motion Pictures. He joined network in 1970. He said he will announce plans after network fall schedules are completed.

Newspaper ad expenditures totaled \$34.18 billion in 1994, up 7.25% from 1993, according to Newspaper Assn. of America (NAA). TvB is expected to use McCann-Erickson figures next week to show that TV advertising totaled \$34.24 billion in 1994, just topping newspapers. TvB earlier had reported 1994 TV ad revenues of \$27.1 billion. That excluded cable ad revenues (\$2.92 billion) and production and talent costs, which new estimate will include, putting TV ahead of newspapers for year.

N.Y. Mayor Rudolph Giuliani announced plans to sell city-owned WNYC-TV (Ch. 31) and turn over WNYC-AM-FM to nonprofit foundation for \$20 million over 6 years. Analysts estimate value of TV station at \$65-\$100 million. Foundation, formed in 1979 to raise funds for city's 2 radio stations, will operate outlets without annual city subsidy totaling \$1 million a year, plans no change in classical music and NPR news format.

NAB DIGITAL TRANSITION: NAB Pres. Edward Fritts said assignment of 2nd set of frequencies to TV stations to allow broadcasters "transition" to advanced digital broadcasting should be maintained in legislation and FCC's Advanced TV proceeding as "the only feasible way for the government to allow broadcasters to upgrade their facilities to compete in a digital, multichannel world." In media briefing before Senate Commerce Committee considered new telecommunications bill, Fritts emphasized that 2nd channels for digital TV don't represent "new spectrum" but will be carved out of Ch. 2-69 "that have been allocated to broadcasters since 1945."

"Unless broadcasters have a way to transition to digital broadcasting, 180 million people with analog television sets will be disenfranchised from free, over-the-air broadcast service," Fritts said. He said alternative was to require every TV owner to purchase set-top box for \$150, and "no government official wants to mandate that." He said that even though 2/3 of U.S. homes have cable, only 49% of TV sets are connected to cable and all other new services, such as telephone VDT and DBS "will be digital from the start."

Fritts said broadcasters shouldn't have to pay fee "for continuing to provide free service" to public: "With the exception of over-the-air broadcasting, the information superhighway is not free and not universal." PCS is only spectrum subject to FCC auctions, he said: "Satellite users, cellular and paging didn't pay for their spectrum and, unlike broadcasting, they all charge end users for their services."

Fritts said broadcasters would be willing to pay "fair rate" for subscription services broadcasters might provide because of multiple channels available in digital signal, but emphasized that those would be "supplementary" services and that broadcasters primarily would use multiple channels "to continue to provide basic public interest programming available to anyone."

NAB Exec. Vp John Abel said HDTV was "option" for digital broadcasting, but cautioned that HDTV will "depend on consumers. Right now there appears to be no market." Fritts added: "If there is a market for HDTV, however, broadcasters will rush in to provide it." In briefing on use of digital signal, Abel said 6 channels that would be possible with digital compression could carry 24 million bps that could encompass "multiple video signals" and "countless" applications providing on-demand information and database distribution: "Anything is possible in a digital TV world."

Broadcasters told FCC that 4660-4685 MHz band being transferred from govt. should be designated exclusively for broadcast auxiliary services to "speed the successful transition to advanced TV (ATV) broadcasting" and to "ensure that broadcasters can continue to improve their newsgathering capabilities." MSTV comments in FCC rulemaking said that 2-GHz band used for electronic newsgathering (ENG) already is "unacceptably congested," and that stations will need "additional spectrum to support studio-transmitter links, intercity relays, and ENG" when they begin simulcasting ATV and NTSC signals in transition to digital broadcasting. Filing said FCC proposal to allocate band to "assortment of incompatible uses," such as wireless local loop, aeronautical audio/visual, dispatch and point-to-point microwave, "would result in "unacceptable interference and fragmented spectrum use," and demand for new spectrum for those services is "unclear" compared with "pressing need" for broadcast spectrum uses in 4-GHz band. Joining MSTV in filing were Assn. of America's Public TV Stations, Cap/ABC, CBS, Fox, NAB, NBC, PBS, RTNDA.

KIDVID PLAN PROPOSED: TV stations would have to provide children's programs under mandated guidelines -- if other commissioners follow recommendation of FCC Chmn. Hundt. He justified proposal by citing licensees' "free" use of public property -- spectrum. For weeks, he has been talking about market concept, but went significantly further in proposal sent to other commissioners last week.

Hundt would require each TV station to program 3 hours per week for children, increasing 30 min. annually over 4 years until it reaches 5 hours, although licensee would be able to satisfy all but one hour of its children's programming obligation by sponsoring such shows on other stations in same market. His proposal also includes new definition of what constitutes children's programming under FCC mandate. "He'll never get a 3rd vote," top FCC official predicted. Comr. Chong is only other commissioner to send proposal to her colleagues (TVD March 20 p7). She included 4 ideas for their consideration, without indicating favorite, ranging from doing nothing to something on order of Hundt's proposal. Commission is to consider rulemaking on children's TV at April 5 meeting, and several sources told us comments will be sought on more than one proposal.

Broadcasters' immediate reaction was very negative. Said NAB Exec. Vp-Gen. Counsel Henry (Jeff) Baumann: "We certainly oppose any processing guidelines or mandatory requirements relating to children's programming because [broadcasters] have demonstrated that the marketplace is working and the amount of children's TV has increased since the Act became law in 1990." Close associate of Hundt's told us he's "quite confident that broadcasters will be willing to deliver a minimum of 3 hours of kidvid weekly in light of their desire to lease for free the public property digital TV spectrum."

Comcast said it will spend more than \$100 million to rebuild cable systems in Baltimore, Harford and Howard counties, Md. Project, to continue through 1997, involves deploying more than 1,500 miles of fiber for 275,000 subscribers, increasing capacity to 750-MHz from 370-MHz.

HUNDT KEYNOTES CONFERENCE

FCC Chmn. Reed Hundt will keynote TIE WIRELESS COMMUNICATIONS CONFERENCE June 5 at Washington's Omni Shoreham hotel. Among other distinguished speakers and panelists for the day-long event, sponsored by Warren Publishing and the Federal Communications Bar Assn.: CTIA Pres. Thomas Wheeler, NTIA Deputy Chief Michele Farquhar, FCC Wireless Bureau Chief Gina Keeney, Mtel Pres. Bernard Puckett, PCIA Pres. Jay Kitchen, Apple Vp James Burger and Iridium Vp Leo Mondale. Key congressional staffers and a variety of other industry executives also will take part.

THE WIRELESS COMMUNICATIONS CONFERENCE will feature our no-nonsense Q-&-A format, designed to maximize give-and-take among panelists and attendees. Also planned is a special one-on-one debate on the FCC's designated entity policies.

Seating is limited, so reserve your spot today and take advantage of early-bird registration discounts. Further discounts are available to FCBA members (who also will qualify for CLE credit) and subscribers to Warren Publishing publications. For details, contact Warren's Betty Alvine at 202-872-9200.

BASEBALL ADS DROP OFF: Prospect that Major League Baseball (MLB) will begin season with replacement players is causing major drop-off in ad interest, resulting in flurry of negotiations among TV stations, teams and advertisers. WABC(AM) filed suit against N.Y. Yankees for \$10 million, some stations are refusing to air games and many are talking to teams about cutting rights fees because of ad situation.

Recent survey of teams or stations in 27 markets by Sports Business Daily showed 4 markets, L.A., Houston, Oakland, Dallas-Ft. Worth, where TV stations are refusing to air games with replacement players, 8 markets where stations haven't decided about regular season games and are in various stages of negotiations with local clubs, and 15 markets where regular season telecasts won't change. KTXH Houston (Ch. 20, Ind.) is refusing to air Astros replacement games. Gen. Mgr. Michael Dunlop told us: "There is no advertiser interest in replacement games." He said stations already have been hurt even if strike ends because "advertisers have already moved their dollars to other TV sports."

Boston's WSBK-TV (Ch. 38, Ind.) still plans to air Red Sox regular season replacement games, but Asst. Gen. Mgr. Stuart Tauber said advertisers are "extremely distressed, won't pay regular rates for replacement players and in many cases won't advertise at all. He said he was "hopeful" that agreement with Red Sox could be reached soon: "We're not getting what we bargained for." WUAB (Ch. 43, Ind.) Lorain-Cleveland Gen. Manager Dennis Thacher said station plans to air Indians games, but may "back off" early games and work out deal to air later home games not currently in contract. "The advertising community has basically shut down," he said, leaving prospect for "extreme financial loss" in baseball coverage. Even MLB team, Milwaukee Brewers, which produces its own TV coverage and buys time on WVTW (Ch. 18, Ind.), said it offers discounts or make-good time to advertisers who have bought time for games with replacement players because of advertiser concern over lack of audiences.

ABC-NBC joint venture, The Baseball Network, which shares ad revenues with MLB, doesn't begin its network programming until July 11 All-Star Game, and spokesman said network is offering "regular advertising rates" and is "hopeful" strike will be resolved by time their coverage begins. ESPN spokeswoman said executives have held conversations about the situation, advertisers were "expressing some concerns" about replacement player games, and that ad buys "aren't as strong as we'd like."

Madison Sq. Garden Network has refused to air Yankees exhibition games with replacement players, and spokesman said he didn't expect position to change in regular season: "There is no interest in the advertising community in replacement player games." Baseball consultant Bryan Burns, former MLB broadcasting director, said he didn't expect other stations to go to court on issue, as did WABC(AM), and didn't think that suit will cause domino effect by stations. He said team offers of reduced ticket prices for replacement games will be strong argument for those seeking reduced rights fees.

Northern Telecom signed preliminary deal with Pacific Bell to supply video transport backbone network for fiber-coaxial network for voice, data and video in Cal., companies said. Terms weren't disclosed. Pacific Bell said it will use Synchronous Optical Network system to carry signals for broadband services in state. Deployment is expected to begin later this year.

PBS AND MCI FORM JOINT VENTURE: PBS and MCI will develop new public TV programming and integrate it with Internet, on-line and CD-ROM new media services as part of venture announced March 23. MCI will invest minimum of \$15 million over 5 years with potential for "substantially greater investment," parties said. Money will go toward new media and programming initiatives that expand PTV's nonprofit educational activities and services.

PBS Pres. Ervin Duggan and MCI Chmn.-CEO Bert Roberts emphasized that existing PBS programs and operations will continue to be funded through traditional sources. Roberts said MCI isn't interested in "tinkering" with successful PBS programming and wants to make it available to public in new ways. Duggan said partnership, on which discussions began in Sept., has no bearing on federal funding dilemma -- "it is about corporate underwriting."

Venture will be co-managed, Duggan said, with revenues from new services, including on-line sales of books and videotapes, to be shared, with exact formula to be worked out soon. He said partnership fulfills 2 of 6 new strategic directions for PBS announced last year: Enter new technologies and form ventures with strong media companies.

Partners said first offerings will include expansion of PBS Online, now in development and scheduled to launch this year, and development of Internet service that integrates existing and new PTV programming into interactive formats that can be accessed via MCI's new internetMCI. For example, they said, children might interact on-line with educational characters, and adults could view on-demand latest segments of PBS programs, providing in turn their own views on issues. Duggan said PBS currently doesn't have rights to use many characters or programs, but he said he believes new venture will be attractive to producers and talent.

New venture will develop, produce and distribute new multimedia projects and programming with children's, family, science, humanities, business and education themes.

NTIA is considering changing criteria for its local telecommunications networking program to give more weight to financial status of applicant, rather than making decisions solely on basis of technical innovation and skills, NTIA Dir. Larry Irving said at House Appropriations Commerce Subcommittee hearing. Also testifying, FCC Chmn. Hundt was questioned closely about agency's auction authority and concerns of law enforcement community that spectrum coordination wasn't proceeding as it should. With 2 representatives of Ky. Bctg. Assn. looking on from reserved seats in small meeting room, Subcommittee Chmn. Rogers (R-Ky.) asked Hundt whether broadcasters should be concerned about having to pay for their use of spectrum. Hundt replied that after broadcasters convert operations to new digital spectrum, old analog spectrum they vacated could be put up for auction.

NCTA created Science & Technology Policy Caucus to work on national information infrastructure, Pres. Decker Anstrom said. Group, which met first time March 16, is headed by Newhouse Pres. Robert Miron and includes several other CEOs and chief technical officer-level members of Technical Advisory Group. It will look at such things as digital compression, interconnection and interoperability, Anstrom said, and effort "will be crucial in ensuring the cable industry's continued technological leadership." Maximizing interoperability among cable systems was one of key goals in NCTA's strategic review.

VDT CONTENT IS 'KEY': Interactive video being developed by telcos and cable will become forum for local TV news and for new genre of programming, experts said in Anaheim last week at Supercomm '95. Panelists said interactive systems will encourage producers to find new ways to present entertainment and information, although several executives cited fickle public that doesn't know what it wants. Vincent Grasso, AT&T vp-interactive TV services and development, said focus groups have shown some resistance to interactive services from women who said they use TV as background noise, although there's evidence they also play interactive games.

Consultant Gerald Udwin said New England newspapers and TV stations' focus has been on expanding newscasts, providing more local weather and traffic information or offering access to local station archives. Panelists said ads will come in time, as specialty magazines attracted advertisers targeting particular audiences. Udwin said that public TV stations producing local content also could become major VDT program producers, that New England stations are interested in recycling broadcast programs onto VDT for additional revenue, that Boston TV station might use VDT channel for continuous local coverage while carrying network programs over air.

Walt Disney TV Pres. John Cooke said 5 obstacles block convergence of TV, computers and telephony, and most are limitations created by industries. He said too much attention is being paid to technology rather than winning consumer support. Industry leaders, despite many tests, still don't know what consumers want, Cooke said. Tests and focus groups "are no substitute" for practical experience, he said. Five obstacles he cited: (1) Security for intellectual property. (2) Assurance of personal privacy. (3) "Enormous systems integration obstacles" that could cripple software developers and kill industry in infancy. (4) Development of "user-friendly" design. (5) Govt. regulation.

Lack of interoperability, customer portability and cooperation threatens development of new services such as VDT, Scientific-Atlanta Chief Technical Officer Robert Luff said, pressing for speedier standards development. He said "rush to marketplace" by various equipment suppliers has been sparked by "competition being thrust upon us." Most consumer electronic products have common standards, but VDT equipment for U.S. West test in Omaha can't be used in Orlando. Content providers are "very confused today" when faced with 4 or 5 different hardware standards, he said, and such splintering of market eventually will hurt industry by creating different types of equipment, forcing producers and consumers to make difficult choices.

Boston Technology Pres. John Taylor said telcos have big advantage in competition with cable, citing projection of \$220 billion (\$120 billion loop, \$100 billion for long distance) business compared with \$20 billion market for cable. He said 10% growth in local services will overwhelm total cable market.

U.S. Appeals Court, D.C. upheld FCC's 1993 license renewal of Fox's KTTV (Ch. 11) L.A. Court also affirmed FCC ruling disqualifying challenger Rainbow Bestg. for failure to demonstrate it was "financially qualified." Court said that since Rainbow "is not entitled to comparative consideration... we therefore need not reach other issues presented by Rainbow's appeal, which concern Fox's broadcast record and eligibility for a renewal expectancy." FCC had ruled Fox's "record does not disclose any significant failure to comply with the Commission's rules and policies."

Nev. DBS asked FCC to investigate Loral's attempts to acquire its DBS permit. Loral said it's entitled to 51% of permit under terms of deal with Continental, predecessor of Nev. DBS. In that deal, Continental was required to turn over controlling interest in permit to Ford Aerospace (which was bought by Loral) if Continental didn't meet payment schedule for DBS satellite. Continental didn't make payments. Nev. DBS told FCC Loral isn't qualified to hold permit because Loral "lied about criminal convictions" in defense-related areas and doesn't meet FCC's domestic ownership requirements because Space Systems/Loral (SS/L), which is composed of several foreign companies, "is the real party." Nev. DBS cited internal Loral memo from employee Dan Collins saying "SS/L is in serious discussions with Cablevision relative to a possible DBS venture." Loral said Nev. DBS's and Continental's claims are "baseless" and companies are using FCC process to avoid competition. Spokesman said company's plans are to use DBS permit and other licenses recently sought for Loral 1 and 2 satellites to deploy several domestic satellites.

FCC should be downsized, restructured or eliminated, according to latest in series of Ileritage Foundation papers. Paper says action would spur competition and innovation, resulting in better service, new jobs, higher GNP. Other claims: (1) Current law stifles competition in cable, and enforcement led to big staff increase at FCC. (2) FCC universal service policies discourage competition for local telephony and hamstring phone companies seeking to enter other businesses. (3) Regulations applying only to AT&T hamper its activities, although market is competitive. (4) LATA boundaries that restrict Bell cellular affiliates should be eliminated to put all companies on equal footing. Report also said congressional bills purporting to deregulate sometimes actually increase regulation and bureaucracy, and criticized what it said is 71% real-dollar spending increase on FCC under Presidents Bush and Clinton. If agency were eliminated, Congress could transfer activities to states and create small federal council to handle spectrum management, "only remaining regulatory task of real concern."

Microsoft and DreamWorks SKG formed joint venture to create "adventure games, interactive stories and other forms of multimedia software for families." Microsoft also made what Chmn. Bill Gates said is "small" investment in DreamWorks, formed earlier this year by Steven Spielberg, Jeffrey Katzenberg, David Geffen. Venture, tentatively named DreamWorks Interactive, will get \$15 million from each partner, expects to have first products in stores by 1996 holiday season. Executives said first products will be sold via packaged media or on-line, but said future could include interactive TV and other technologies. Earlier, Microsoft co-founder Paul Allen said he would invest \$500 million in DreamWorks, join board.

FCC gave its okay to takeover of Newhouse cable systems by Time Warner (TW), approving transfer of CARS licenses to new partnership. Deal gives TW 8.8 million subscribers (before subsequent deals), about 14.5% of national total.

National Hot Rod Assn. will test pay-per-view broadcast of drag racing to owners of RCA Digital Satellite System. U.S. Satellite Bestg. will charge \$9.95 for 8-hour broadcast May 21 from Raceway Park in Englewood, N.J.

Microware Systems, developer of systems for interactive set-top decoders, has formed marketing alliance for interactive TV products with Stellar One, developer of integrated digital video systems.

PBS LEASING TRANSPONDERS: PBS is considering leasing transponders on AT&T Telstar 401 "public broadcasting satellite" to other organizations, PBS announced at Exec. Committee meeting March 22. PBS controls 7 transponders on bird -- one C-band, 6 Ku-band. Howard Miller, senior vp, told board that due to recent launch failures, amount of transponder capacity right now is "rather small" and space is considered "super premium."

PBS has been approached by several unspecified satellite users, Miller said. He said since much distribution, including that of its National Program Service, now is done digitally, sections of many transponders no longer are being used by public broadcasters. Asked what revenues could be expected, Miller said recent deal with AT&T for 1/2 transponder brings in \$175,000 per month. Pres. Ervin Duggan was quick to point out that such revenues wouldn't replace lost federal funding. Miller said negotiations are expected to wrap up soon -- probably within month -- since parties are in hurry to get space.

In other PBS satellite developments, Miller said system recently experienced first rain fade incident since switch to digital short time ago. He said that although analog backup went down, digital transmissions were uninterrupted, confirming expectations of "major improvement in our immunity" to weather effects. He also said that PBS recently deployed new data system operating via VSATs and Internet that will provide more efficient means of relaying information to and from member stations, providing programming updates and information.

Duggan, meanwhile, said he has "high hopes" for PBS participation in developing DTH and DBS. He said PBS has been holding discussions with DirecTV, which carries KRMA-TV Denver, and Primestar, which carries WHYY-TV Wilmington, Del., about possible carriage of national PBS feed. PBS also recently began experimental transmission to C-band subscribers, and "low key fund-raiser" aimed at satellite service subscribers grossed \$92,000 that was sent to local stations in pledgers' areas. Miller said most donors -- 4 out of 5 -- were from rural areas in Cal., Mont., N.C., N.Y., Pa., Ore., Tex., Va., Vt. and Wash. and 2/3 of them couldn't receive over-air PBS signal.



Paragon Cable didn't violate negative option billing rules by eliminating senior citizen discounts, Cable Bureau Chief Meredith Jones said in FCC order. City of Irving, Tex., said eliminating discounts and charging for remotes and program guides violated rules, since Paragon automatically passed charges on to customers unless they actively rejected service within 4 months. Bureau said any result of eliminating discounts isn't "fundamental change" that would trigger rules. Order also accepted Paragon argument that free remotes and program guides were part of senior citizen discount package, and seniors now simply were paying same as other customers.

Highly paid broadcast journalists, including newswriters and producers, are "professionals" and should be exempt from Fair Labor Standards Act, group of broadcast news organizations said in filing at 2nd U.S. Appeals Court, N.Y., in case involving NBC News. Networks appealed 1993 decision by lower court ruling that employees are entitled to overtime pay. Brief filed by NAB, Cap/ABC, CBS and CNN said lower court decision relied upon 50-year-old Labor Dept. ruling involving newspapers that "is hopelessly out of step" with the realities of modern newspapers and "has no rational connection to the sophisticated broadcast operations involved."

Further doubt about FCC move to Portals site in Southwest D.C. was raised by House Appropriations Subcommittee Chmn. Rogers (R-Ky.), who said in Commission appropriation hearing that he wouldn't support agency's request for \$25 million in FY 1996 and another \$15 million in FY 1997 to fund move. Responding to FCC request for \$38.4 million budget increase (to \$223.6 million in FY 1996), Rogers told Chmn. Hundt that "you are not going to get what you asked for." Hill staffers said later they believe FCC still would have to move, simply using money from elsewhere in budget to do so. Bulk of proposed increase would be for move, with another \$5 million for upgrading internal computers and \$8.3 million for fixed-cost increases in personnel, rent, communications, utilities, travel. Senior FCC official said Congress still could approve budget increase, and said it wasn't clear what would happen if it didn't. One option would be scrubbing move altogether. Another would be to force FCC to move without providing funding, but one official said that "would be ridiculous." Proposed \$40 million would pay for move itself, plus buying and installing space-saving filing system, updating reference rooms and other construction costs, Hundt told subcommittee. He said space-saving systems, for example, would allow FCC to lease 100,000 sq. ft. less, saving govt. \$84 million over 20-year lease. Hundt also pointed out that entire budget request for FCC amounts to 2.5% of spectrum auction revenue generated for Treasury in last year.

FTC and Justice Dept. announced 8 new antitrust measures that they said would ease burden of Hart-Scott-Rodino reviews. They would exempt some mergers from any review, expedite process of determining whether FTC or Justice would conduct review, and narrow focus of many processes, agencies said. Measures include: (1) Agencies always will decide within 9 business days, usually within 6, on which will do review. Action also will give agencies more time to conduct initial review before 30-day deadline. (2) They will issue "model" request for additional information that includes several "burden-reducing" changes. (3) Companies will be able to appeal requests for additional information to FTC or Antitrust Dept. (4) "Quick look" process will focus review on "dispositive" issues, eliminating broader review. (5) Agencies will carry out joint project with American Bar Assn. to study "2nd request" issues. (6) Some classes of deals unlikely to violate antitrust laws will be exempt from review. (7) Agencies will conduct joint training programs.

Program Notes: Graff Pay-Per-View said it will develop interactive game shows and other products with Multimedia Games. Games, to be delivered via cable, broadcast and VDT, will include multiple stakes and jackpots, it said... TCI systems in Pa. have begun carrying horse racing 12 hours daily, instead of only in evenings. Programming comes from Ladbroke, Meadowlands, Pompano Park, Philadelphia Park and simulcasts from other tracks... Turner said it signed carriage deals with Filipino cable systems to deliver TNT and Cartoon Network beginning in April... Cablevision Systems plans to expand carriage of News 12 local cable news network in N.Y.C. to all its systems in area. First expansion will be in Fairfield County, Conn... National Empowerment TV changed name to NET-Political NewsTalk Network, saying name makes role clearer.

FCC assigned vacant Ch. 16 N.Y. to public safety radio for 5 years or until assignment for Advanced TV (ATV). FCC said temporary waiver is justified to "alleviate congestion" of public safety radio. N.Y. broadcasters and MSTV had supported "conditional waiver" as long as channel remained available for ATV.

CONVERTER PLAN EASED: Time Warner (TW) changed its rollout policy on new addressable cable converters after many customer complaints about being required to rent boxes to continue receiving expanded basic. TW spokesman said company may reinstitute requirement later but will make converters optional in Portland, Me., Rochester, N.Y., and other new markets. Move follows stepped-up FCC inquiry into rollouts and March 16 letter from Cable Bureau Chief Meredith Jones to TW asking explanation (TVD March 20 p6). Subscribers complained that cable-ready TVs no longer would be adequate to receive expanded basic and that they couldn't use VCR to record one channel while watching another. Prices of converters -- about \$3.50-\$4 per outlet per month in other markets -- also had raised concerns.

Cable Bureau Deputy Chief William Johnson said it wasn't clear whether change would end FCC inquiries. He said TW is interested in telephony in N.Y., and Rochester change may be meant to ease complaints and retain telephony customers. TW spokesman denied that, saying rollouts will vary regardless of company's telephony interest. He said, however, that transition to digital service may someday require all subscribers to rent addressable units. He said TW is confident that in time they will embrace new services such as interactive program guide, parental lockout feature, universal remote.

Less clear is whether TW will change policy in few cities where full rollout already has occurred. TW spokesman said "we're looking at those situations individually but we haven't made a decision yet." In Akron, whose city officials were among first to fight rollout, City Asst. Law Dir. David Muntean said he will continue to pressure company and FCC to adopt new rollout structure there as well.

Exec. Commission of European Union (EU) proposed rules that would impose tighter limits on foreign TV programming for next 10 years. Current rules require setting aside 51% of time for European programs "where practicable," and Exec. Commission wants to eliminate phrase, which has been used as loophole by stations to get around requirement. Proposal is expected to receive strong opposition from EU members, particularly U.K. and Germany. France is strongest proponent of quotas to protect European industries from Hollywood competition.

Closed-captioning capabilities are required for computer systems sold with monitors having 13" or larger picture and capable of receiving TV, FCC Office of Engineering & Technology (OET) said in "interpretation" of TV Decoder Circuitry Act, after requests from manufacturers. Closed-captioning isn't required for smaller monitors, computers sold without monitors, plug-in circuit boards that add TV reception capability and systems without TV reception capability.

Zenith said it will make vestigial sideband (VSB) digital transmission system available to companies for "hands-on experimentation and analysis" immediately, even before VSB system is available for purchase late in 2nd quarter. Zenith Vp John Bowler said test lab availability will allow companies to verify what he called "robust" test results. VSB system was selected for HDTV Grand Alliance system.

Cable cash flow will grow 5-10% in 1995, Donaldson, Lufkin & Jenrette said in new report. Projection follows slight decline in 1994, predicts 12% growth in 1996, 15% per year through end of decade.

FCC's "going-forward" cable rate rules are working, Cable Bureau said in report that's largely compilation of press reports. Bureau said: (1) 12 different cable networks have added at least million subscribers each since rules were adopted. (2) Consumers are paying average of 25¢ per channel vs. average of 49¢ for existing channels and 69¢ per new channel before regulation. (3) 133 new cable channels are being planned (TVD Feb 20 p9). Report said going-forward rules were meant to make it easier for systems to add channels while protecting consumers: "The data indicate that the going-forward rules are already having this effect." Other points in report: (1) Cable cash flow is likely to rise 8% for systems that add 6 channels. (2) Learning Channel is one of big beneficiaries, adding 4 million subscribers, followed by Prevue Channel with 3.9 million, Country Music TV 3.5 million, Cartoon Network 3.4 million. (3) FCC's program access rules also contributed to network launches. (4) Beta Corp. survey said almost 30% of cable operators plan to add 20 channels to systems in 1995.

E.W. Scripps is latest cable operator to consider getting out of business or joining joint venture. Scripps hired Merrill Lynch to help it develop strategy that it said could include selling systems, seeking joint ventures, restructuring holdings or expanding cable ownership. Company said there's question whether Scripps's 749,000 cable subscribers are enough to provide "critical mass." Sammons conducted similar study before selling bulk of its systems to Marcus Cable (TVD March 20 p3). Other MSOs with some or all of systems on market include Cablevision Industries, Insight Communications, Multimedia, Triax, United Video. Scripps systems are clustered in Denver, Sacramento, Fla., Ga., Ky., Tenn., W.Va. They generated \$255 million revenue in 1994, more than 20% of company's total.

Technical Notes: Time Warner is considering investing in video transmission equipment joint venture of AT&T and Silicon Graphics, Wall St. Journal said. Companies had no comment. Venture would sell interactive servers and software to cable and telcos... **StarSight Telecast** licensed NextWave Communications to include its interactive program guide in satellite receivers... **Micropolis** said it began shipping first MPEG-2 video server for on-air use, including ad insertion and video caching. Server has maximum data rate of 15 Mbps... **PowerTV** said it will offer Argonaut 3D software as module for set-top terminals under new agreement.

FCC said it's willing to talk further with NCTA on improving VDT implementation process. In ex parte filing March 17, NCTA recommended changes in notice periods for tariff filings, tracking of VDT costs, uniform accounting treatment. Common Carrier Bureau Chief Kathleen Wallman told NCTA Vp Daniel Brenner in letter last week that Bureau is "keenly interested" in such matters and Assn.'s proposals "certainly merit further consideration." Wallman asked chiefs of Policy, Tariff and Accounting Divs. to meet with Brenner to discuss NCTA ideas.

Metromedia Chmn. John Kluge formed TAC Inc. to make \$37-million tender offer for 20 million shares of Triton Group to facilitate formation of Metromedia International Group (MIG) by Metromedia, Orion, MCEG, Sterling, Actava. Metromedia is principal stockholder in Orion. Triton, which owns 25% of Actava, had opposed MIG, but TAC statement said that upon completion of tender offer, Actava shares would be voted in favor of MIG combination.

BBC awarded Harris Corp. "multimillion-dollar" contract for 32 advanced solid-state TV transmitter systems to replace klystron tube-based units.

Senate on voice vote March 24 passed bill (HR-831) that would remove tax breaks for selling broadcast or cable properties to minorities. Vote came after 4 hours of debate, with dozen senators taking part. Measure hadn't been expected to come up until this week, but Republican and Democratic leadership reached agreement late March 23 to move quickly. House and Senate versions have to be reconciled, but differences are in health care portions of bills, not in minority tax preference area. Unless President Clinton vetoes legislation, it will wipe out Viacom's \$2.3-billion sale of cable systems to black entrepreneur Frank Washington. Veto would have to balance minority preference programs currently under review govt.-wide with interests of self-employed workers, who would receive tax break on their health insurance under legislation. Senate Finance Committee Chmn. Packwood (R-Ore.) led fight for legislation, saying that there was no evidence that broadcast companies have refused to sell properties to minorities and that problem of access to capital should be addressed separately. Senate Republican Leader Dole (R-Kan.), who has come out against affirmative action programs generally, said that "equal treatment, not preferred treatment," should be standard. Sen. Moseley-Braun (D-Ill.) said fight isn't over, framed issue as "whether the airwaves in this country are for all Americans." Before vote, representatives of 5 organizations, including 4 representing women's interests and Media Access Project, asked Packwood to preserve tax certificate program for properties involving women-owned companies and for women-owned companies involved in PCS bidding. Letter was signed by American Women in Radio & TV, Women of Wireless, Women in Communications, Feminist Majority.

Streamlining clearance procedures for antenna structures (TVD Jan 16 p6) received widespread support in FCC comments last week, particularly giving registration responsibility to antenna owners, not licensees, and establishing common database for antennas. NAB said "filing windows" for registration should be on state-by-state basis and suggested that AM stations employing multiple antenna structures be required to file only single form. CBS said registration fees aren't needed since FCC will receive "economic benefits" from reduced filing system. On coordination of FCC and FAA rules, NAB said former shouldn't adopt "regulatory stance that would result in the FCC showing regulatory deference to the FAA," and AFCCE said FAA advisory circulars should be treated as "guidelines" rather than part of FCC rules.

Nielsen Media Research said 98% of U.S. homes (95.4 million) have at least one TV set, and 99% of TV homes have color set. Other Nielsen findings for winter 1995: 38% of TV homes have at least 2 sets, 28% 3 or more; 78% have VCR; 63% subscribe to basic cable, 28% to pay cable; average daily viewing in TV homes is 7 hours, 34 min., with children 2-11 watching 3 hours, 16 min.

U.S. Supreme Court upheld without comment Colo. Supreme Court ruling that company whose sale of living wills was characterized as "scam" by KCNC-TV Denver can't sue station for libel. State court had thrown out company's suit on grounds that use of word "scam" along with "substance and gist" of news broadcast didn't constitute statement of "fact" giving rise to libel suit.

Philips and Reliance Comm/Tec will cooperate to develop and sell equipment to deliver telephony over fiber coaxial networks, they said. They plan to offer 2 types of subscriber terminals -- 2-line for residences and multiline for multiple dwelling units and businesses.

Financials: **TCA Cable** had \$7.7-million net profit in quarter ended Jan. 31, double \$3.9 million year ago. Revenue rose 10% to \$43.3 million... **BET Holdings** profit increased to \$5.5 million in quarter ended Jan. 31, from \$4.3 million, revenue 17.7% to \$28.2 million, operating profit 32% to \$9.7 million... **QVC** net profit rose to \$66.6 million in year ended Jan. 31, from \$59.3 million year earlier and revenue 13.7% to \$1.4 billion. Latest figures include \$15.2 million loss on new channels, Q2 and onQ, and \$22.2 million loss from joint ventures... **Jones Intercable** completed sale of \$200 million of senior debt, priced at 9-5/8%. Money will be used to buy cable systems in Augusta, Ga., currently owned by limited partnership and managed by Jones... **Cox** issued 10.8 million shares of new common to former Times Mirror shareholders and to Cox subsidiaries. Stock issue was final step in **Cox** takeover of Times Mirror cable systems... **Silver King Communications** reported revenue of \$13.1 million for quarter ending Feb. 28, up 8% from \$12.1 million year ago, and net earnings of \$548,000, vs. loss of \$2.4 million. Increased revenues resulted from additional compensation from TV subsidiaries' affiliation agreements with Home Shopping Club... **Board of Cap/ABC** declared 5¢ dividend on common stock to shareholders of record March 31... **NewVenco**, for-profit company formed by ABC-TV affiliates, said \$3 million stock subscription fund-raising campaign has been completed, allowing group to pursue "joint venture opportunities in the new multimedia environment."

NAACP submitted letter to FCC, on Fox alien ownership issue, taking exception to Fox reply comments (TVD March 13 p5), and N.Y. minority civic organization filed letter praising News Corp. Chmn. Rupert Murdoch's record of minority support. NAACP criticized Fox for "unsupported attacks on members of the public" and its "offensive argument" that NAACP should "embrace" Fox's civil rights efforts. Referring to letter supporting Fox from minority broadcaster John Oxendine, pres., Blackstar L.L.C., NAACP said: "The Commission should reject the suggestion that a licensee should be relieved of accountability for gross misconduct because it has manifested its intention to invest in a minority deal," and suggested Fox could "elect distress sale relief" to help minorities "after designation for hearing." Fox said it won't respond to NAACP letter. N.Y. organization of 500 minority business and civic leaders, One Hundred Black Men Inc., filed letter praising "public interest efforts of Rupert Murdoch in relationship to black Americans," citing "coverage and employment" in N.Y. Post.

TAC, formed by **Metromedia** Chmn. John Kluge to make \$37 million tender offer for Triton Group, is facing opposition from shareholder group led by attorney Lawrence Orbe offering \$55 million. Triton board rejected Kluge offer. He wants Triton to vote its 25% ownership of Actava in favor of formation of **Metromedia International Group** by Actava, Metromedia, MCEG, Sterling, Orion.

Outlet Communications board retained Goldman, Sachs to explore "strategic alternatives to enhance shareholder value," including acquisitions, merger, sale of all or portion of company and "other similar transactions."

NAB has 2 new members on its radio board as result of runoff elections: Dist. 11 -- Walter Stampfli, WNCO-AM-FM Ashland, O.; Dist. 21 -- Steven Linder, KWLM-KQIC Willmar, Minn.

Atlas rocket launched Intelsat 705 from Cape Canaveral March 22. Hybrid satellite built by Loral will serve Latin America, including direct-to-home TV, VSAT, telephone.

Personals

Terrence Connelly, ex-WSYX Columbus, O., moves to pres.-gen. mgr., WJLA-TV Washington; Acting Gen. Mgr. Ray Grimee returns to parent Allbritton Communications as vp-deputy COO; also named vps at WJLA-TV: News Dir. Gary Wordlaw, Gen. Sales Mgr. Judy Williams, Operations & Engineering Dir. John Tollefson, Audience Development Dir. Donna Weston, Finance Dir. Gary Smith... Allan Horlick, pres.-gen. mgr., WRC-TV Washington, will leave on temporary assignment at end of month to lead NBC operations in Hong Kong preparing for launch of CNBC Asia and NBC Super Channel Asia; Dick Reingold, news dir., and Sandi Yost, dir.-advertising & promotion and information technology, will fill in for Horlick.

Jim Willi, ex-Audience Research & Development, named vp-gen. mgr., WSYX Columbus, O.; James Schuessler, ex-KSFY-TV Sioux Falls, S.D., appointed vp-station mgr... Former Fox News head Van Gordon Sauter named pres.-gen. mgr., KVIE Sacramento-Stockton... Michael Flaster promoted to KPBS San Diego assoc. gen. mgr.-radio and TV programming... James Yager advanced to pres.-COO, Benedek Bestg.; Clyde Payne, ex-WBKO Bowling Green, Ky., named divisional vp.

Jeff Snetiker, ex-Reeves Entertainment, joins UPN as senior vp-finance and administration... Dana Freedman advanced to senior vp-media & corporate relations, 20th TV & 20th Century Fox TV... Al Rush, former MCA TV Group chmn., elected to board, Select Media Communications... William Hogan, ex-Westwood One Radio Network, appointed pres., Metromedia International Mktg... Appointed to INTV board as assoc. members: Martin Ozer, pres., Katz National TV, and Richard Robertson, pres., Warner Bros. Domestic TV... Barry Baker, CEO, River City Bestg., elected chmn., TvB board; Andrew Fisher, Cox Bestg., exec. vp-TV affiliates, vice-chmn.

Paul Fredrickson leaves as vp-mktg., Philips Consumer Electronics Interactive Media Systems, to become vp-mktg., Home & Garden TV cable service... Bruce Karpas, ex-Reiss Media Enterprises, named pres.-CEO, Liberty Productions, new subsidiary of Liberty Media... Michele Conklin, ex-Lifetime, named dir.-creative affairs, Viacom Productions... William Shreffler, ex-Continental Cablevision, appointed mgr., Mid-Mountain Region, Cable Div., Century Communications... Appointments at Marcus Cable: Steve Brockett, ex-Crown Media, vp-operations & administration; David Intrator, ex-Viewer's Choice, vp-programming & mktg.; Michele Wilson, ex-Sammons, dir.-programming & mktg... Patricia Karpas promoted to vp-program development & mktg., NBC Cable Ad Sales.

Susan Austin, ex-MTM Worldwide Distribution, joins Carsey-Werner Distribution as vp-research... Promoted to vps, Cablevision Systems' N.Y. region: Patrick Dolan, news; Norman Fein, news development; Steven Weinberg, business operations... Jeff Lawenda, ex-Cabin Fever Entertainment, named pres., Westwood One Radio Networks... Ruud Hendricks, managing dir.-NBC Super Channel in Europe, resigns for personal reasons, will return to Netherlands' Endemol Entertainment as pres... Renee Bruce promoted to vp-national ad sales, Prevue Networks... Kevin Lavan, ex-Viacom, named senior vp-CFO-chief information officer, MTV Networks.

Philip Shapiro, ex-N.Y. State Consumer Protection Board, joins Cable TV Assn. of N.Y. as counsel... Theodore

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Theophilos, ex-Sidley & Austin, appointed senior vp-gen. counsel, Nielsen... FCC schedule: Kathleen Wallman, chief, Common Carrier Bureau, is on panel discussing on video dial tone, NCTA convention May 10, Dallas, 9 a.m... Comr. Ness will be on panel, NAB convention April 11, Las Vegas... Timothy Hairr, ex-Worldvision Enterprises, appointed mgr.-research, MTM Worldwide Distribution... David Hope moves up to exec. vp, ITC Entertainment Group... Elizabeth Barnes, resigns March 31 as MPAA dir.-public affairs to become independent program producer.

Philip Alexander, ex-Apple Computer, appointed vp-sales, Times Mirror Multimedia... Named corp. vps, Scientific-Atlanta: Larry Enterline, pres.-Broadband Communications International Div., and Robert McIntyre, pres.-subscriber systems... Bill Jarr, ex-NBC, will lead development of N. American business for BT Best. Services.

FCC Comr. Chong heads large contingent of agency officials who will answer questions at May 19-21 FCBA seminar at Homestead Resort, Hot Springs, Va. Other participants include NTIA Dir. Larry Irving and Brian Fontes, exec. vp of Cellular Telecommunications Industry Assn. and former FCC chief of staff -- 202-736-8640.

WRH

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

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

	MARCH 4-10	1994 WEEK	% CHANGE	FEB. 24- MARCH 3	10 WEEKS 1995	10 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	342,932	349,819	- 2.0	494,753	3,971,115	3,989,985	- 0.5
DIRECT-VIEW....	335,163	342,111	- 2.0	481,903	3,858,082	3,897,713	- 1.0
TV ONLY.....	303,983	320,771	- 5.2	444,561	3,584,513	3,614,880	- 0.8
TV/VCR COMBO..	31,180*	21,340	+46.1	37,342*	273,569	282,833*	- 3.3
PROJECTION.....	7,769*	7,708	+ 0.8	12,850*	113,033*	92,272	+22.5
TOTAL VCR#.....	163,260	140,802	+16.0	245,148	2,050,039	2,071,915	- 1.1
HOME DECKS.....	132,080	119,462	+10.6	207,806	1,776,470	1,789,082	- 0.7
CAMCORDERS.....	21,177	27,473*	-22.9	38,765	392,081*	388,437	+ 0.9
LASERDISC PLAYERS	2,908	2,197	+32.4	2,431	37,803	36,412	+ 3.8

Direct-view TV 5-week average: 1995--435,829*; 1994--406,862 (up 7.3%).

VCR deck 5-week average: 1995--186,528; 1994--180,776 (up 3.2%).

TV/VCR 5-week moving average: 1995--30,548*; 1994--29,249 (up 4.4%).

Camcorder 5-week average: 1995--36,614; 1994--37,777* (down 3.1%).

* Record for period. # Includes TV/VCR combinations.

TCE 1994 WORLD SALES AND OPERATING PROFIT UP: Paris-based Thomson Consumer Electronics last year built on its 1993 turnaround (TVD March 28/94), quadrupling operating profit and reducing net loss 40% on 14% increase in sales.

Company officially changes name March 31 to Thomson Multimedia (TMM), "symbolizing the evolution of [its] activities and the closer ties with the worlds of computer information and telecommunications" (TVD Feb 6 p12). However, U.S. operation will retain name of Thomson Consumer Electronics Inc. (TCE). Parent company's operating profits last year totaled 604 million francs (\$109 million at 5.52 francs = \$1), up from 155 million francs in 1993. After debt interest and other financial costs, net loss declined to 596 million francs (\$108 million) from 973 million francs.

Sales in 1994 rose to 38.146 billion francs (\$6.9 billion) from 33.383 billion francs in 1993. Company said its progress is consistent with goals stated earlier by Chmn. Alain Prestat who had vowed aggressive action "to stop the decline and reposition the company favorably to face the worldwide competition" (TVD Oct 5 p11).

TCE said sales were "progressing in all the major markets," noting that in U.S. it continued as No. 1 in TVs and VCRs, No. 2 in audio and communications equipment and "its percentage of the high-end market continues to rise." In Europe, it's "regaining market share... and is reaffirming its No. 2 position, while its sales in Asia and Latin America are up 50%." Company has had "substantial results" in drive to "reduce production costs and improve product quality." Calling 1994 "a turning point... from a commercial and financial standpoint... as well as the development of new ventures in the expanding digital marketplace," TCE said it's "poised to take full advantage of its critical mass and its worldwide presence."

Company has increased its R&D 15% in last 2 years and cited these steps in drive for leadership in digital age: (1) Successful launch of "first digital satellite TV service, with DSS in the U.S., now followed by Europe and soon by other regions of the world." (2) "The marketing of an interactive TV system in alliance with Sun Microsystems, which offers an end-to-end solution from server to decoder for in-home interactive services. (3) "The development of the digital videodisc (DVD), in association with the biggest names worldwide in consumer electronics and with the support of Hollywood studios." Company said "DVD will be

the first true multimedia communications product; it is simple and universal, and thus poised for success in the long run." (4) Creation of Thomson Best. Systems (TBS) will supply additional know-how in telecommunications and image processing. Company made no specific forecast for this year, but Prestat predicted year ago that it would return to net profit in 1995 (TVD March 28/94).

SONY'S NEW PRESIDENT SEEN AS MAN FOR TOUGH TIMES: Fact that Sony reached down through several layers of top management and picked knowledgeable veteran as its new president -- bypassing 5 executive deputy presidents and 6 senior managing directors -- admittedly was brash and surprising move for Japanese company. But Noboyuki Idei appears to be man custom-picked for today's Sony and its problems.

Almost equally surprising, but less widely noted, is fact that he will share power with Pres. Norio Ohga, who becomes chmn. but continues as CEO, despite fact he has reached 65, age when Japanese presidents are elevated to chmn. -- largely ceremonial post. Ohga said they would function as team, 57-year-old Idei being designated COO as well as pres. when he assumes new post April 1. Role of chmn. has been vacant since retirement last year of Akio Morita following stroke. Morita is in rehabilitation program in Hawaii; Ohga visited him there March 17 to tell him of Idei's selection.

For last 5 years, Idei has been in charge of Sony's marketing, ad and PR divs., since last June as managing dir. He has been most visible recently in defending Sony's determination to go ahead with its own digital videodisc (DVD) system despite inroads made by Toshiba-Time Warner approach (TVD Feb 27 p10). He presided at Sony's DVD demonstrations in Las Vegas in Jan. during CES (TVD Jan 9 p9). His appointment unleashed widespread speculation in press that it signaled either willingness to compromise or toughening of anticompromise position on DVD, appraisals which seem gratuitous and with no known basis in fact. Economist by training, Idei has reputation as no-nonsense decision-maker, troubleshooter and point man for various major projects. He headed audio at time of introduction of CD. As senior gen. mgr. of Home Video Group, he supervised Sony's move to VHS after defeat of its Beta system (TVD Aug 15/88 p10).

To outsiders, his demeanor isn't one of affable PR man. He appears quiet, conservative and a little gruff. However, he's movie buff who is said to wear Bugs Bunny wristwatch, drives Jaguar, is avid videogame player. Although not engineer, he can talk with and challenge engineers, according to Ohga, and is firmly convinced of Sony's future in software and programming business. "My job," he told news conference in Tokyo, "is to set the direction of Sony's business, with multimedia having a big impact on the electronics business in about 5 years."

Ohga said he picked Idei by process of elimination, bypassing such favorites as Exec. Deputy Minoru Morio, a top engineer. Ohga said pres. must be person who can understand technology and communicate with engineers, and Idei has quick grasp of new technology. As leader of DVD drive -- and as movie enthusiast -- Idei appeared to fulfill requirement of ability to understand Hollywood and Silicon Valley better than other directors, and had proper balance of hardware and software abilities. Major requirement in company that does 70% of business overseas is ability to speak English, Ohga told news conference. Idei served 9 years in Europe, speaks English and French; his wife speaks English, which was consideration in choice. Ohga said Idei can make decisions quickly and enforce them with power of his personality -- both requirements in age of soaring yen, roughhouse CE competition, other crises.

Sony America Pres. Michael Schulhof was quoted in press as considering Idei as friend and supporter, while Idei said he had worked with Schulhof for more than 15 years. In another major Sony appointment, Exec. Deputy Pres. Tsumao Hashimoto was elected vice chmn. (see also Consumer Electronics Personals).

Although Idei's appointment was complete surprise, there are those who will say that if ever Sony needed a PR man as pres., time is now.

MICROSOFT, DREAMWORKS IN SOFTWARE POWER PLAY: If nothing else, last week's news conference announcing formation of entertainment software joint venture by Microsoft and DreamWorks SKG was overflowing with star quality -- Microsoft Chmn.-CEO Bill Gates sharing spotlight with DreamWorks principals Steven Spielberg, Jeffrey Katzenberg, David Geffen. Question is whether union can generate hot-selling software -- area in which alliances between Hollywood and software community have record that's spotty at best.

Joint venture -- tentatively named DreamWorks Interactive (DI) -- will focus first on creating "adventure games, interactive stories and other forms of multimedia software for families." Microsoft also made what Gates called "small" investment in DreamWorks -- several days after Microsoft co-founder Paul Allen announced he's sinking about \$500 million into company for share that's said to be just under 20%.

Although nobody doubts high-powered partners bring vast resources and respective talents to table, "there's no guarantee as to whether you in fact create great interactive software," Sony Imagesoft Vp Randy Thier said. Sony itself hasn't had any major success in leveraging off major movies from its Sony Pictures Entertainment Div. to create hit games. One software executive described risk factors by calculating that "there's about one chance in 20 for a hit motion picture, and about one chance in 20 for a hit piece of software, so there's one chance in 400 for making hit software off a motion picture."

Beyond that, there's been little to suggest that Hollywood and Silicon Valley have found way to merge talents and cultures. Several attempts have been made to integrate live action footage with game play, as in Crystal Dynamics' "The Horde," Rocket Science Games' "Lodestar," Activision's "Return To Zork." No "interactive movie" has achieved more than moderate success in game market, though form is in its infancy. Tom Zito, pres.-CEO of Digital Pictures, which specializes in that kind of programming, cautions that "unless you create a company from scratch that's designed to blend the 2 cultures together, you're battling uphill." Basic clash comes between moviemakers' desire to tell complete story and computer culture's inbred view of technology. "Microsoft's corporate culture is not optimized for creating this kind of product," Zito said -- "they're too nerdy."

Katzenberg said he expects DI will have some 75 employees by year-end, about 2/3 of them at L.A.-area hq, rest at or near Microsoft hq in Redmond, Wash. News release said that "several" Microsoft employees are expected to join new company by end of this month, and search for CEO is under way. Robert Kotick, CEO of Activision, said chances for success "are going to depend a lot on who they staff it with." He acknowledged that star power of DI partners will help attract top talent, but also noted that Activision hasn't found it easy to fill several top creative and technical slots over last several months from existing pool in Southern Cal.

Joint venture will be funded at first with \$15 million from each partner -- money that Katzenberg said will go primarily to salaries. Partners made point that more money is available. "Finances won't be a constraint at all for this group," Katzenberg said. However, more than one market-watcher said that the \$30 million partners are pledging for startup isn't large amount for operation envisioned. Kotick said that Gates "did an intelligent transaction" that gets him piece of DreamWorks, share of Dreamworks Interactive intellectual property rights, all interactive rights for whatever springs from creative side and distribution rights for DI products -- all reportedly for less than \$50 million. DreamWorks, on other hand, gets access to technology and "a very strong distribution partner." Company expects to begin generating revenues with first products for 1996 holiday season. First products won't be based on DreamWorks film or TV properties.

Executives said first products will move to market via packaged media or on-line world, but said future could include interactive TV and other technologies. Gates called interactive TV "unproven area" in which Microsoft and others are investing in search of business opportunities, and said he's "certain there will be some brainstorming with DreamWorks" about how venture can play part.

Katzenberg said DI is "our exclusive bet for interactive" software, and DreamWorks sees interactive entertainment as "one of the 5 foundation blocks to our company" -- along with live action film, animation, TV and recorded music -- that in long term will be "an equally important contributor" of revenues and profits. He also envisioned "enormous crossover potential" from DreamWorks' other ventures, including previously announced TV production deal with Cap/ABC.

DreamWorks principals have intimate experience with highs and lows of leveraging hot movie into videogame. Game based on Spielberg's blockbuster hit "E.T." became stuff of legend in early 1980s, with millions of Atari "E.T." cartridges eventually becoming landfill under desert landing strip. On other hand, game based on Disney's "Aladdin" was major hit for Sega, Disney and Virgin Interactive Entertainment in 1993.

Magnavox promotion April 30-June 30 offers 2 free tickets, up to \$60 value, good at any 6 Flags theme park with purchase of color TVs (including projection) and video products. Mail-in coupon offer will be advertised in print, network TV, point of purchase.

EIA Consumer Electronics Week seminars were held March 2-5 in Boston area at New England Home Show, to be followed by CE Week promotions in Tampa-St. Petersburg April 6-9, Columbus, O., May 15-21, Anaheim Aug. 23-27.

DUAL LAYER DVD -- 6-31¢ EXTRA: Dual-layer CD, technology developed for Philips-Sony digital videodisc (DVD) at outset will cost 31¢ per disc over standard CD, but differential will fall to only 6¢ when additional equipment is amortized over 5 years. That's "conservative" estimate by 3M, Business Development Mgr. Russell (Rusty) Rosenberger told ITA seminar in Rancho Mirage, Cal.

Dual-layer process would double capacity of single-sided DVD to 7.4 gigabytes. Rosenberger said dual-layer discs can be made at existing CD plants with little capital investment required. No additional capital will be needed for CD plant to convert from conventional discs to high-density single-layer CD other than costs associated with modifying stamper, he said.

Members of Toshiba-Time Warner alliance on DVD withdrew from seminar reportedly because they believed "timing wasn't right" for technical presentation on its disc replication system. DVD spotlight thus went to rival Sony-Philips camp, which pressed point with replicators that its system could be produced easily at existing plants.

In calculating 6¢-per-disc estimate, Rosenberger told us 3M took additional capital equipment cost divided into number of discs produced on monoline press over 5 years, based on 9-sec. cycle time per disc, or total of 2.4 million discs.

Rosenberger told replicators at ITA that dual-layer technology is applicable to wide range of optical recording media, including magneto-optical discs. Moreover, he said, standard and high-density single-layer discs "can be run on the same [production] line as the dual-layer system." He said manner in which laser in DVD player will read dual-layer disc is "very much similar to taking a camera and focusing a lens through a chain link fence to an object beyond that. You can blend the fence into the background and see your object very well."

Alan Hammersley, technology development vp of Disc Mfg. Inc. (DMI), described as "largest independent replicator," praised DVD technology as having "great potential for consumer acceptance," but cautioned that DMI believes that "ease of manufacturing and low costs are essential for product success."

DMI hasn't received specifications necessary to make valid judgment on Toshiba-Time Warner 2-sided bonded DVD, Hammersley indicated, but he said "new or modified molds will be required to meet the disc's thickness specifications" and new bonding machines and other capital investments will be required. He said DMI has had 9 years' experience in manufacturing bonded laserdisks and believes bonding is "a very difficult process to control."

Hammersley said current CD equipment is capable of manufacturing single-sided version of Sony-Philips disc, but "not enough is known" about dual-layer version to assess production capability and costs. As independent manufacturer, he said, "DMI will support whatever the market and our customers demand."

Sony-High Density Recording Development Group Senior Gen. Mgr. Teruaki Aoki said his company's platform meets requirements of Hollywood Studios' ad hoc advisory group and uses "most efficient" MPEG-2 coding available. He said dual-layer version will provide 4-1/2 hours of uninterrupted playback, meaning that "longest epic motion picture" can be watched without disturbance.

Aoki agreed with other speakers that "these discs can be easily manufactured at existing replication facilities at similar cost to a standard density Compact Disc." He said "simplified hardware design" was "another important benefit" of single-side design because there was no need for "complex auto-reverse mechanisms."

Hoss Bozorgzad, mktg. vp of Philips Key Modules in San Jose, said 3M's "very elegant solution" ended worldwide search for technologies to increase capacity of DVD. He said equipping DVD player to accommodate dual-layer version would add no incremental hardware costs.

"Single-sidedness" of future high-density CD media is very important to computer industry, Bozorgzad said. Without mentioning Toshiba-Time Warner proposal, he said computer industry has preference for system affording as much capacity as possible on one side of disc without need for dual pickups and other modifications that would add costs and increase size of existing CD-ROM drives. "If you have to take a disc out, flip it over and put it [back] in there, you might as well put a new disc in."

Independent replicators we polled at ITA for reaction to rival DVD proposals seemed reluctant to take sides. Most appeared to agree with Hammersley that independent factories will be ready and eager to produce whichever format market chooses.

Pres. James Merkle of Allied Digital Technologies, which makes 32 million audio and CD-ROM discs annually, said he believes DVD "will have relatively little impact in the next 2 to 3 years and not more than 5% household penetration" until well after 2000. Rank Video Services America Pres. David Cuyler said he regards DVD as "the likely replacement format, but 90% of the households have something that meets their requirements and it works. A replacement doesn't happen overnight and consumers won't replace VHS just because DVD is new. It has to have a compelling feature because [VCRs] could time-shift, and that was revolutionary when that was introduced."

Broderbund Software said CD-ROM products accounted for more than 80% of its business as profits soared 132% to \$10.4 million on 78.3% revenue increase to \$45.2 million in 2nd quarter ended Feb. 28 (see financial table). By comparison, CD-ROM drew 30% of Broderbund's business in same period year earlier. Explosion of company's CD-ROM business is keyed to strong sales of much-lauded "Myst" and "The Print Shop Deluxe CD Ensemble." However, Chmn.-CEO Douglas Carlton, in reference to business generated by "Myst," cautioned that "last year's results in the 2nd half of the fiscal year were better than historical patterns," which should bring slower growth rate in that period. For first half, net income jumped 105% to \$10.7 million and revenues 69% to \$22 million.

Rex Stores reported 34.1% rise in net income in 4th quarter on 25.2% increase in sales (see financial table). For year ended Jan. 31, net income jumped 45.9% and sales 28.4%. Dayton, O., retailer, which operates 165 stores in 25 states in Midwest and Southeast, said it plans to add 30-35 in 1995-1996.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 89 yen = \$1, except where noted.

DVD WILL BE SLOW -- PHILIPS' HAWKINS: Key Philips Media executive charged with salvaging CD-I project repeated his earlier calls not to overlook present MPEG-1 Video CD while awaiting development of mass-market digital videodisc (DVD) business.

"We do not believe" that DVD "is a mass market technology that is just around the corner," John Hawkins, managing dir. of Philips Media Systems, told reporters in seminar at Philips Research Labs at Redhill in Surrey, England. Hawkins said it took CD-ROM 10 years from setting of final technical standards to reach today's market position. He indicated similar scenario is likely for DVD players, but noted that "CD-I and Video CD are now a real business. CD-ROM is still a plug-and-pray system, whereas CD-I is plug and play."

Hawkins and Simon Turner, outspoken group leader of Philips Interactive Systems Div. in U.K., indicated clearly to reporters that their comments on long-term mass-market DVD acceptance applied not only to rival Toshiba-Time Warner DVD system but also to alternative proposal promoted by Philips and Sony.

Laser optics, drive system and other key components of \$400 Video CD player can be had at very low cost, despite \$40-per-chip charge for C-Cube Microsystems MPEG-1 decoder set and \$18 for 4 Mbs of RAM needed to drive decoder, Turner said. To illustrate high potential cost of MPEG-2-based hardware such as DVD, Turner said MPEG-2 will deliver 4 times better resolution and needs 4 times memory of MPEG-1, costing about \$70. MPEG-2 decoder chips, now becoming available from C-Cube and LSI Logic, are 25-50% more complex than their MPEG-1 brethren and will be priced proportionately higher, Turner said. He said average MPEG-1 chip contains about 800,000 transistors, MPEG-2 circuit more than million.

Additional DVD component costs will be associated with buffer memory circuitry needed to operate variable-bit-rate encoding common to both proponent systems, Turner said. Other incremental DVD hardware costs will be tied to first-time key components such as new shorter wavelength red laser and higher precision lenses. Moreover, he said, suppliers now are trying to generate economies of scale for Dolby AC-3 decoder chips or those of other multichannel digital surround systems. Turner said bottom line is that there's strong case for not expecting mass-market DVD of whichever format for 5 years.

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In attempt to energize flagging CD-I business, Philips is likely "to take a different approach in marketing in the U.S.," Philips Media Exec. Vp John Hawkins told us. Although not offering specifics, he talked of "new tactics, new channels and new approaches" to be tried in effort to "get the box into customers' hands." Hawkins said Philips has agreements in Italy and Spain for CD-I to be offered door-to-door. Asked about U.S. ad plans, he said it "may not make much business sense to spend millions and millions on promotion... We're not necessarily going to follow like lemmings." Meanwhile, Philips chopped 25% off retail price of CD-I-450 player in Belgium, Netherlands and Luxembourg from equivalent of \$510 to \$380. In news conference, Hawkins acknowledged that Philips has fallen short of goal of establishing worldwide installed base of million players by now, predicting rate of sale would increase, but declined to offer specific projections. Philips said CD-I has household penetration of 1.2% in Netherlands, slightly less than that in U.K. and France. He said sales in Germany are "picking up dramatically."

JVC DEBUTS DIGITAL S-VHS: New digital recording formats seemingly are being announced as often as Republican presidential candidates -- with "Digital S" from JVC Professional latest entry, following by week Panasonic's announcement of DVCPRO, professional adaptation of digital videocassette (DVC) consumer format (TVD March 20 p11). Like Panasonic, JVC will unveil format at NAB show next month in Las Vegas.

Digital S is geared to industrial video users who want to upgrade to affordable digital format. It will let current S-VHS customers take advantage of their investment in cameras and recorders -- JVC will offer dockable recorder that will mate with existing cameras, and some planned Digital S models will play S-VHS analog cassettes (although Digital S tapes won't be playable on S-VHS gear).

JVC said Digital S will offer higher quality signal, faster data rate and less compression than Panasonic's DVCPRO. Digital S uses 4:2:2 component signal processing vs. DVCPRO's 4:1:1, and 3.3:1 compression and 50 Mbps data rate vs. SVCPRO's 5:1 and 25 Mbps specs. However, DVCPRO equipment that uses 1/4" tape probably will be more portable, use less power.

Although pricing hasn't been finalized, JVC Pro Mktg. Mgr. David Walton said Digital S will cost less than DVCPRO equipment, which is slated to be at least \$20,000 for ENG camcorder or studio recorder. Thus, Digital S is likely to compete in price with Sony's popular industrial and professional analog Betacams.

First Digital S products, scheduled for late 1995 or early 1996, will include editing recorder, player, player with S-VHS playback and docking recorder, with editing machine in works. JVC indicated it has no plans to offer consumer version of Digital S. System incorporates some of S-VHS's internal components, such as tape transport, and records on VHS-size cassettes -- but with metal particle tape and maximum recording time of 104 min., same cassettes used by JVC's W-VHS analog HDTV widescreen VCR, now being marketed in U.S. by JVC Professional at \$9,850. Captain N.Y. has been selling JVC W-VHS recorder for home theater use at about \$15,000.

At NAB, JVC also will debut \$65,000 high-definition camera. Used with W-VHS recorder, it makes possible HDTV production system at about 1/3 price of current systems available at \$300,000.

With JVC and Panasonic announcements of lower cost digital video recording formats, there's speculation as to what new digital surprises Sony may spring at NAB and beyond.

Videogame Notes: Nintendo said Virgin Interactive Entertainment is latest software publisher to sign license to develop game exclusively for forthcoming Ultra 64 system. Game, not identified, will be released next year, companies said... Atari signed sublicense agreement with Acclaim Entertainment to create versions of "NBA Jam Tournament Edition," "Frank Thomas 'Big Hurt' Baseball" and 3rd game for its Jaguar game system. Acclaim spokeswoman said company will provide Atari with basic game code, with Atari responsible for embellishing it to create Jaguar-compatible version. Atari, meanwhile, announced release of lowest-priced Jaguar configuration, which includes console, controller, AC adapter and cable for \$160 suggested retail -- about \$40 less than previous low package, which included those elements plus one game cartridge.

47TH ST. PHOTO PROBE: Federal prosecutors in 47th St. Photo grand jury investigation are focusing on millions of dollars allegedly transferred from retailer before and after it filed for bankruptcy in 1992, according to court documents.

While federal prosecutors have declined comment on grand jury inquiry that began last summer (TVD July 25 p14), probe reportedly has centered on allegations of tax fraud involving 47th St. owners Irving and Leah Goldstein. At recent hearing in U.S. Bankruptcy Court, N.Y., prosecutors said that close to \$10 million was transferred to "entities" controlled by Irving Goldstein and his relatives in months before 47th St. Photo's filing for Chapter 11 in Jan. 1992. Additional \$4-\$5 million was paid to various people, including some with links to Irving Goldstein, in months following bankruptcy petition, federal prosecutors have said.

"There is substantial evidence that we have set forth in our [court] papers of insider transfers immediately before and after the [bankruptcy] petition date and the suspicious sales of Micro Innovations and Maxum Computer," Asst. U.S. Attorney Edward Smith said, referring to 2 companies allegedly owned by Irving Goldstein. Smith has said that 47th St. had 23 accounts for "subsidiaries" at local banks.

Abraham Backenroth, attorney for 47th St. Photo, said chain has paid back state and federal taxes, and U.S. prosecutors lack evidence to support their claims. "They don't have a document, a piece of paper, a witness, nothing with regard to anything improper post [bankruptcy petition], nothing, absolutely zero," Backenroth said. "If they have something to show that somebody stole one nickel from this company postpetition, I want to see that evidence."

In light of allegations, federal prosecutors sought earlier this month to have trustee appointed to handle chain's day-to-day operations. U.S. Bankruptcy Court Judge Cornelius Blackshear denied request, noting that action might prompt pullout by Tuttnaur Co., Israeli company that has agreed to provide up to \$5 million in financing in return for 22.5% of retailer. Failure of Tuttnaur deal could force 47th St. into liquidation, Blackshear said.

Under reorganization plan that would allow it to emerge from bankruptcy, 47th St. would pay creditors about \$1 million, or 5¢ on dollar, and settle charges that 47th St. had failed to pay nearly \$12 million in N.Y. state sales tax owed in 1988-1992 (TVD March 20 p15). Pending U.S. Bankruptcy Court approval, 47th St. will pay N.Y. state, its largest creditor, \$500,000 immediately and \$350,000 in each of next 6 years, 47th St. Exec. Vp Stuart Held said.

With approval of plan, Tuttnaur will boost its financing to \$5 million from \$3 million, enabling 47th St. to increase product inventories to \$5.5-\$6 million from below \$4 million at end of Feb., Held said. Added cash would enable 47th St. to turn profit and expand its product offerings, including PCs, Held said. In 1994, 47th St. reported 12% drop in sales to \$86 million, including 30% decrease in Dec.

Finding good news even in Feb.'s sales slump (TVD March 13 p13), EIA said sales of direct-view TVs with screens 27" and larger were up 10% from Feb. 1993 while projection TVs in 50-54" category rose 24%, representing 42% of month's PTV sales. Despite slump in VCRs, stereo models were 1/3 of sales, up 8%. EIA also said sales of both compact and full-size camcorders declined in Feb. However, it stuck to prediction that color sales would set record this year "based on a still-expanding economy and results of intent-to-buy surveys."

BLOCKBUSTER VISA CARD: "Millions of preapproved credit applications" are going in mail March 27 to Blockbuster Video members in drive backed by multimillion-dollar ad campaign by Visa and NationsBank.

Co-branded credit card will reward consumers with "Blockbuster Bucks" equal to 5% of purchases at Blockbuster Video, Blockbuster Music, Discovery Zone FunCenters, Paramount Parks. Transactions elsewhere will bring 1%. "Blockbuster Bucks" vouchers -- redeemable in same manner as gift certificates -- will be delivered with Visa bill.

Major ad campaign, aimed at reaching 93% of U.S. households average of 6 times in first 2 weeks, will try to persuade them to sign on. Model/corporation Cindy Crawford will star in 30-sec. TV spots that premiere tonight on Barbara Walters Special and on Academy Awards, with print ads in April. Tag line: "Who'd Think a Visa Card Could Be This Entertaining?"

Sharper Image Design (SI) is name of new products and stores being launched by specialty retailer. While new concept at first won't feature AV products, strategy is to introduce 10-15 Sharper Image Design items this year, including key organizer/voice recorder that has space for up to 12 sec. of messages, spokeswoman said. New stores, expected to open in Reno and Aspen by 3rd quarter, will be smaller than standard mall format -- 1,200 sq. ft. vs. 2,200 -- and carry 150-175 items rather than 300-350, spokeswoman said. SI has tested new format since opening first store in Palo Alto in Oct. New plans came as SI reported increase in net income in 4th quarter to \$5.2 million from \$5 million year ago as sales rose 26%. For year ended Jan. 31, net income more than doubled to \$3.7 million from \$1.8 million as sales jumped to \$188.5 million from \$147 million on 18% gain in same-store sales. Retail sales accounted for \$135.2 million (70%) of revenues, with balance tied to mail order.

Sony chopped 30% off suggested retail price of Magic Link personal communicator as of April 1, dropping it from current \$995 to new level of \$699. Street price is expected to be about \$100 below that. Magic Link, introduced last fall (TVD Oct 3 p15) with predictions from Sony of "relatively modest" sales, was first device based on General Magic technology to hit market, has since been joined by Motorola Envoy (\$1,000-\$1,500, depending on configuration). Sony also is cutting price of several Magic Link accessories, including keyboard (\$100 from \$130), headset (\$50 from \$80), 1 Mb RAM card (\$150 from \$220). Spokesman said move represents "realistic reflection of the marketplace." Panasonic has shown prototype communicator based on same technology and is expected to announce price and availability plans in next few months, perhaps at national sales meeting in mid-May.

Nearly 2/3 of all CD-ROM software shipped in 1994 was bundled with PCs or multimedia upgrade kits, according to study released by Dataquest, San Jose market research firm. Company estimated that Microsoft was leader in total CD-ROM worldwide volume, with 15.4% of market (8.3 million units of total 53.9 million), followed by Mindscape (12.4%, 6.7 million), Grolier (9.4%, 5.1 million), Electronic Arts (5.5%, 3 million), Broderbund (4.7%, 2.5 million). Dataquest said 18.5 million CD-ROM units were shipped last year, with Microsoft holding largest share (21.6%, 4 million), followed by Electronic Arts (11.4%, 2.1 million), Broderbund (10.1%, 1.9 million), Mindscape (9.2%, 1.7 million), Interplay (7.8%, 1.5 million). Data are included in Dataquest Multimedia Market Trends 1995 report -- 800-419-DATA.

BLOCKBUSTER/THE WALL SETTLE: Blockbuster (BB) and The Wall Music, have settled legal battle over design of new Blockbuster Music Plus stores.

Settlement, made under seal in U.S. Dist. Court, N.Y., comes more than year after The Wall sued BB for copyright and trade dress infringement claiming new Blockbuster Music Plus stores closely resembled redesigned Wall outlets. Richard Robbins, attorney for Wall, described settlement as "amicable," but declined further comment. James Gambrell, attorney for BB, wasn't immediately available for comment.

Philadelphia-based Wall, subsidiary of W.H. Smith Group that operates 170 stores, charged that BB Plus stores contained at least 13 similarities to design of its new outlets. Among those listed in letter sent to BB by Wall attorneys in Dec. 1993 were plinths to identify music categories, color schemes, placement of product aisles at oblique angle to main walkway, red walls in promotional area of store. BB Plus store also contained "design elements" that were proposed to Wall but never implemented, letter said.

At center of suit was London-based Fitch Richardson Smith (FRS), which redesigned Wall stores in 1992 and later was retained by BB, according to court documents. Wall attorneys had claimed FRS design for BB was "so similar to The Wall's it is a serious infringement of The Wall's rights."

Wall has converted majority of its stores to new concept, while BB, which opened first Music Plus store in Ft. Lauderdale in Oct. 1993, said it has opened several hundred using design.

Nearly 90% of RCA Digital Satellite System (DSS) purchasers rated variety of channels as top reason for buying system and programming, according U.S. Satellite Bestg.-commissioned survey of 1,004 customers in Dec.-Jan. Another 85% of consumers rated picture quality as "extremely or very important," survey said. Among DSS features, on-screen program guide was most popular with 90% of consumers, although 16% still used printed version as primary source of information. More than 30% of consumers already had used channel lockout option, 36% tried ratings limits and 66% purchased PPV movies at least "once or twice a month," survey showed. Nearly 60% of customers were attracted to DSS by fact both USSB and DirecTV provided programming. Subscribers watched USSB 15 hours per week, DirecTV 19. Slightly more than 60% of USSB subscribers are male, 51% are 35-49 years old.

Consumer electronics jobs in U.S. increased 7% in Dec. to 71,396 from 66,738 year earlier, according to American Electronics Assn. estimates based on Bureau of Labor Statistics data, which showed total U.S. electronics jobs rising 4.3% to 2,432,730 from 2,322,369. Segments with job increases were communications, semiconductors, other components, instruments, computer programming, packaged software and systems design, while only computers and defense/commercial guidance systems declined in employment. AEA Pres. William Archey said electronics industry (including information technology) "employs more Americans than any other U.S. manufacturing industry."

Among hardest hit in discounter Pic 'N Save's recent Chapter 11 bankruptcy filing were CE companies. Fla.-based chain listed 6 among top creditors -- Soundesign, \$464,565; Sega, \$454,643; Nintendo, \$328,321; Funai/Symphonic, \$264,585; Daewoo, \$255,623; Emerson, \$161,519.

TOWER ADDING CD-ROM CHAINWIDE: Buoyed by strong performance in test markets, Tower Records/Video plans to expand sales of CD-ROM software to all its 95 U.S. locations by fall, Video Purchasing & Distribution Vp John Thrasher said last week.

Discs for Macintosh, PCs and Sega CD are in 40-45 stores now, following gradual expansion since July of test that began much earlier. Thrasher said stores would be carrying about 300 titles (700 SKUs, given multiple formats needed for many programs), with pricing competitive with local discounters. Thrasher emphasized that Tower won't be renting CDs.

Music-oriented programs have been most popular genre for Tower. "Currently, where we've had the greatest strength is the more musically oriented multimedia pieces," Thrasher said, pointing to disc by Prince and recently issued Bob Dylan "Highway 61 Revisited" interactive disc. Other strong titles include games "7th Guest" and "Myst." One publisher that's done very well at Tower is N.Y.-based Voyager, which specializes in intellectual products that deal with subjects from music to promotional films. "We've been good partners with their laserdisc business. They've been a big developer," Thrasher said.

CZECH GLASS FOR WEST'S TUBES: Czech Republic's TV Sklo said it will add 2nd TV tube glass funnel line this summer as it moves to boost annual capacity to 4.5 million by 1996. Created in 1994 as successor to state-owned Osvetlovaci Sklo, Sklo produces 13-25" funnels for color monitor and TV tubes and says it's supplier to Philips (Austria), Sony (Wales), Tesla (Czech Republic), Samsung Corning (Germany).

Factory currently produces 2.3 million funnels annually on single production line and may add glass panels by 1997, TV Sklo Mktg. Mgr. Ivan Tomek said. Company, which occupies 700,000-sq.-ft. complex and employs 440, got its start producing b&w TV glass for Europe and added color tube glass in 1985 using technology from Owens Illinois (now Techneglas), Tomek said.

Nextwave Communications signed agreement to market C-band satellite integrated receiver/decoders (IRDs) equipped with StarSight on-screen guide. Mktg. Vp Paul Slama said Nextwave will deliver 3 models -- 2 StarSight-ready and stepup with technology built in -- by 4th quarter, although pricing hasn't been set. St. Louis-based Nextwave, which entered IRD business with acquisition of Satellite Services Co. (SSC) last Oct., will price StarSight IRDs below SSC's IQ brand models, which started at \$379-\$479 without module, Slama said. Company is considering building StarSight IRDs both on OEM basis and as standalone units, Slama said. Korea's Hung Chang Products Co. will build StarSight units for Nextwave, which earlier developed SuperGuide on-screen system for select Uniden IRDs. With introduction, Nextwave becomes 2nd C-band IRD firm to license StarSight technology, after Uniden.

GoldStar has developed video CD player that can handle discs with density 4 times greater than that of standard CDs. Company demonstrated player using "Fire Bird" high-density CD developed by Optical Disc Corp. (ODC) at IFA conference in Rancho Mirage, Cal. Player was built for demonstration only, but will be redesigned when standard is set for digital videodisc (DVD), ODC Pres.-CEO Richard Wilkinson said.

DISPLAY EXTRAVAGANZA: Annual technical meeting and exhibit covering virtually all types of displays -- International Symposium, Seminar and Exhibition of Society for Information Display (SID) -- is scheduled this year for May 21-26 at Walt Disney World Dolphin Hotel, Orlando.

Some 225 exhibitors will demonstrate improved CR tubes and CRT substitutes, while papers will discuss aspects of such systems as active matrix LCDs, supertwisted nematic LCDs, field emission displays, electroluminescent devices, color plasma displays, projection and technologies such as 3D and virtual reality.

Among special features will be May 24 luncheon address by Walt Disney Imagineering Exec. Vp Bran Ferren titled "A Shocking Display! Why the Entertainment Industry Will Drive the Information Superhighway." Keynote addresses will be by Lance Glasser of Pentagon's Advanced Research Projects Agency (ARPA) on "The Information Revolution and the Military" and by Motorola's Charles Shanley on "Display Challenges for Mobile and Portable Electronics."

Panel discussions include sessions on whether flat displays can replace CRTs and on projection displays in 2000. More than 180 papers will be offered in 45 technical sessions, along with four 4-hour tutorials plus seminars. -- 800-787-7477 or 703-413-3891.

Almost certain to be one of highlights of SID exhibits is demonstration of final prototype of Texas Instruments' Micromirror projection TV system. TI says all testing has been completed and SID display will mark start of licensing discussions.

Among technical papers will be one by Toshiba on its "Microfilter" color CRT, which uses transparent red, green and blue filters between phosphor dots and faceplate glass to improve brightness, contrast, color fidelity. Hitachi paper will describe production of less expensive and better performing active matrix LCD.

Allied Signal engineers will discuss optical system that's claimed to increase viewing angle of LCDs dramatically. Paper by Kent State U. and Kent Display Systems will describe "bistable cholesteric display" system that could make possible electronic newspaper; displays can be large, fabricated on flexible plastic so they can be rolled up, and consume no power once data have been written on them. Separate papers by Philips and Ushio Inc. (Japan) will describe new projection bulbs that can be used for LCD or Micromirror systems providing much longer lifetimes.

Corning Asahi will expand capacity of State College, Pa., TV glass plant in 12-15 months, focusing on 27" and up, company said. Expansion will allow Corning to cut amount of glass imported to meet increased U.S. demand, Business Mgr. Gerald Fine said. Corning, Techneglas and Thomson were expected to import 5-6 million pieces this year -- 3 million faceplates and 2 million funnels -- from offshore suppliers (TVD Jan 30 p15). Corning rival Techneglas has said it will expand Columbus, O., plant by 3rd quarter, raising annual production to 13 million funnels from current 11 million (TVD April 4 p12).

Simon & Schuster, Viacom's publishing arm, acquired 20% of Byron Preiss Multimedia, N.Y. software developer and publisher, for just under \$6 million. Companies also announced agreement under which Byron Preiss will co-publish several titles with Simon & Schuster Interactive, beginning with "American Heritage Multimedia History of the Civil War," based on book by Bruce Catton.

SPATIALIZER SIGNS 3: Panasonic is expected to be first to introduce Spatializer sound system in video product in U.S., although Hitachi and Sharp have signed licenses and plan to use it in TV and video equipment. System is claimed to provide "3D surround sound experience" from 2 conventional stereo speakers.

Panasonic's announcement and demonstration of Spatializer-equipped VCR are expected this week in N.Y. Panasonic parent Matsushita and Spatializer developed chip for system, and Panasonic is using it in boomboxes in Japan.

Desper Products, U.S. subsidiary of Spacializer Audio Labs, Vancouver, B.C., announced last week that it had licensed Hitachi and Sharp. Sharp confirmed that it will launch extensive line of TVs and VCRs using system in U.S. this summer. System was previewed to dealers at CES in Las Vegas in Jan.

Hitachi will use system in widescreen sets sold in Japan starting in April, but officials in U.S. said there are no plans to use it in upcoming line.

Five new ViewCams will be introduced by Sharp, including first with 3 CCDs, in Japan in April-May with U.S. rollout expected to follow, company said. HL100 Hi-8 camcorder has 4" LCD, three 1/4" CCDs, 12X optical and 30X electronic zoom, uses 410,000 pixels to achieve 530-line resolution and carries \$2,800 retail in Japan. Hi-8 L50 (\$2,360) and standard 8mm HL15 (\$1,910) have 4" LCDs, former with 8X optical, 20X electronic zoom, and latter 8X optical, 16X electronic. Other standard 8mm models include EL420 with 4" LCD at \$1,400 retail and EL320, 3" LCD at \$1,290. Sharp said it will have 50% share of LCD camcorder worldwide market this year on sales of 950,000 in Japan and a million overseas.

Decision is expected by April 11 on charges that Sony violated Mexican labor laws at magnetic media plants. U.S. Labor Dept.'s National Administration Office (NAO) will issue report on complaint filed in Aug. by 4 U.S. and Mexican labor and civil rights groups (TVD Aug 22 p14). Complaint charged Sony with violating workers' rights in areas of freedom of association and portions of Mexican Federal Labor Law "pertaining to allowable hours of work." Sony, which has 5-plant operation in Mexico that employs 2,000, has denied allegations. NAO report could either find Sony violated labor laws and require changes or decide workers were "afforded all rights and services," spokesman said.

VideoGuide will begin 6-market test of on-screen interactive program navigator by end of month after delays in installing transmission equipment postponed scheduled March 1 startup, company said. "The transmission has to be in place before you put the boxes in the homes," VideoGuide Sales & Mktg. Vp Frank Reitter said. About 50 units continue to be tested by VideoGuide employees in Boston area using programming transmitted by BellSouth's MobilComm wireless network (TVD Feb 20 p15). VideoGuide set-top box is expected to be available in Boston, Philadelphia and Washington by May at \$99 on way to national rollout in Sept. (TVD Jan 23 p14).

TV/VCR combination sales were back on double-digit track in 2nd week of March, up 46.1% (see State of the Industry). VCR deck sales rose 19.6% and laserdisc players 32.4%, but color TVs were down. Only projection TV and camcorders were selling at record pace for year's first 10 weeks.

Consumer Electronics Personals

Nobuyuki Idei, Sony managing dir., promoted to Sony pres.-COO, **Norio Ohga**, who moves to chmn. but retains CEO duties (see separate report) effective April 1; **Exec. Deputy Pres. Tsunao Hashimoto** promoted to vice-chmn.; **Sumio Sano, Hideo Nakamura, Suehiro Nakamura and Katsuhiro Hayashi** advanced to managing dirs. from dirs.; **Managing Dir. Senri Miyaoka** will become adviser to Sony Corp.

Jeffrey Brooks, ex-Sony, named vp-mktg. communications, Digital Equipment Corp... **Karl Bearnath**, ex-Onkyo, rejoins JVC as mdsg. mgr., consumer audio... **Robert Wietzke**, ex-Toshiba, appointed Matsushita cellular products national mktg. mgr.; **Rusty Osterstock**, formerly mktg. mgr., Matsushita Consumer Electronics Co. (MCEC) Sales & Mktg. Div., named national mktg. mgr., MCEC Interactive Media Div., replacing **Steve Gold**, who becomes asst. gen. mgr., Panasonic East, Baltimore... **Charles Turigliatto**, ex-Velodyne Acoustics, joins JBL Consumer Products as dir. of sales & mktg. for high-end Synthesis home theater project... **Kent Sheldon**, ex-Klipsch, becomes Sonance sales dir... **Wayne Hartford**, Battery Technologies co-founder and dir., appointed pres.-CEO; **Neil Nichols**, pres.-CEO, shifts to chmn.

Alan McCollough, Circuit City senior mdsg. vp, promoted to exec. vp-mdsg., succeeding **Walter Bruckart**, who retired March 1... **Ray Reynolds**, Silo Chicago dist. mgr., appointed dist. mgr., Southern Cal., succeeding **Brian Howard**, who moves to div. sales mgr., Chicago... **William Jennings**, ex-Mitsubishi, rejoins Roberds as vp-gen. mdse. mgr., replacing **Gregory Coules**, plans unknown; **Toby Groves**, ex-**Audio King**, named Roberds electronics buyer-Atlanta... **Samuel Crowley**, CompUSA vp, appointed exec. vp-operations, replacing **Harold Compton**, promoted to COO.

Peter Pirner, ex-Mattel, Adidas USA and Media Home Entertainment, joins 7th Level as exec. vp-sales & mktg... **Michael Alexander**, ex-AppleSoft consumer channel sales mgr., named vp-sales, Times Mirror Multimedia... **Dana Oertell**, ex-Activision, appointed mgr.-communications, Sony Imagesoft... **Steve Schiro**, N. American sales dir., Intuit (scheduled to be purchased by Microsoft), named vp of Microsoft end-user customer unit, which handles sales through retail and mass market channels... **Kay Jones** promoted to Konami vp-mktg., U.S. Consumer Div... Named at Activision to new sales positions: **Glenn Drover**, ex-Maxis and MicroProse, central regional sales mgr.; **Jennifer Neel**, ex-Merisel, western regional sales mgr.

Henry McGee, HBO Home Video senior vp-programming, promoted to pres., succeeding **Eric Kessler**, who moves to senior mktg. vp... **Nancy Jones**, ex-Saban Home Entertainment, named Orion Pictures business development vp... **Eric Westlake** ex-Buena Vista, appointed exec. dir., TriStar Home Video sales planning... **Andra Douglas**, WarnerVision Entertainment senior creative dir., promoted to vp-creative services... **Michelle Fiddler**, ex-A*Vision Entertainment, named BMG Video mktg. mgr.

Ken Sunshine, who operated Ken Sunshine Consultants, N.Y. PR firm for clients including National Music Publishers' Assn. (NMPA), appointed senior vp, Warner Music U.S.; **Peter LoFrumento**, ex-vp, Ken Sunshine Consultants, joins Warner Music U.S. as assoc. vp... **Debra Pagan**, ex-Pro Sound News, appointed vp, J.B. Stanton Communications, N.Y. PR firm... **Paul Fredrickson** leaves

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
BET Holdings			
1995-6 mo. to Jan. 31	55,543,000	10,076,000	.50
1994-6 mo. to Jan. 31	47,624,000	8,069,000	.39
1995-qtr. to Jan. 31	28,221,000	5,459,000	.27
1994-qtr. to Jan. 31	23,969,000	4,266,000	.21
Broderbund Software			
1995-6 mo. to Feb. 28	98,297,000	21,960,000	1.06
1994-6 mo. to Feb. 28	58,145,000	10,701,000	.53a
1995-qtr. to Feb. 28	45,208,000	10,367,000	.50
1994-qtr. to Feb. 28	25,350,000	4,458,000	.22a
J2 Communications			
1995-6 mo. to Jan. 31	743,000	178,000	.05
1994-6 mo. to Jan. 31	706,000	171,000	.05
1995-qtr. to Jan. 31	424,000	109,000	.03
1994-qtr. to Jan. 31	242,000	104,000	.03
Rex Stores			
1995-year to Jan. 31	382,775,000	12,596,000	1.40
1994-year to Jan. 31	298,171,000	8,632,000	1.10
1995-qtr. to Jan. 31	152,359,000	7,896,000	.83
1994-qtr. to Jan. 31	121,700,000	5,887,000	.70
Sharper Image			
1995-year to Jan. 31	188,535,000	3,683,000	.41
1994-year to Jan. 31	147,441,000	1,763,000	.20
1995-qtr. to Jan. 31	77,600,000	5,200,000	.59
1994-qtr. to Jan. 31	60,400,000	5,000,000	.56
Silver King Communications			
1995-6 mo. to Feb. 28	24,608,000	516,000	.06
1994-6 mo. to Feb. 28	23,523,000	(5,334,000)	--
1995-qtr. to Feb. 28	13,053,000	548,000	.06
1994-qtr. to Feb. 28	12,077,000	(2,426,000)	--
TCA Cable TV			
1995-qtr. to Jan. 31	43,304,000	7,737,000	.31
1994-qtr. to Jan. 31	39,279,000	3,864,000	.16b

Notes: aAdjusted. bAfter special charge.

as vp-mktg., Philips Consumer Electronics Interactive Media Systems, to become vp-mktg., Home & Garden TV cable service.

Inventor **Jack Beery** is appealing federal district court ruling that Gemstar's VCR Plus doesn't infringe on his patent allowing TV viewer to choose label, number or alphanumeric expression to correspond to broadcast station. Filed in U.S. Appeals Court, D.C., appeal seeks to overturn ruling by Judge Dickran Tevrisian in U.S. Dist. Court, San Jose, that VCR Plus controller "does not include either the memory means or process means" for storing "operat or-assigned" or "operator-selected" channel designation required in Beery's patent (TVD Nov 7 p14). Jon Hokanson, attorney for Beery, said he was confident Appeals Court would reverse Tevrisian's decision. Gemstar attorneys weren't available for comment, but Gen. Counsel Lawrence Goldberg has said ruling was "absolutely correct."

OBITUARY

Raymond Cooke, 70, founder of KEF Electronics, died of stroke March 21 in Kent, England. He began career as Philips engineer in early 1950s, later joining BBC Engineering Designs Dept. In 1956, he was appointed technical mgr. at Wharfdale Wireless Works, advancing to dir. Cooke launched KEF (acronym for "Kent Engineering & Foundry") in Maidstone, England, and was instrumental in pioneering use of plastics and other materials for loudspeakers. He served as Audio Engineering Society pres. in 1983. Survivors include wife, son, daughter.