

TELEVISION DIGEST®

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

With Consumer Electronics

OCTOBER 2, 1995

VOL. 35, NO. 40

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CONTRACT 'WAR' THREATENED by Fields over Westinghouse kidvid promise. Quello attacks deal, others defend it. First Amendment cited. (P. 1)

SPECTRUM COMPROMISE SET: Senate gives FCC some flexibility on DBS, restores infrastructure grants. TCI, opponents happy with long fight. (P. 3)

PTV SEEKS DIGITAL LEASES to ease HDTV transition, replace federal funding. Richer says idea would help commercial broadcasters. (P. 6)

CABLE MSOs DECIDING on objection to Time Warner-Turner deal. Lawsuits, regulatory actions considered. TCI's special deal cited. (P. 6)

DISNEY/ABC DEAL OPPOSED on diversity, kidvid grounds. Same coalition attacked CBS, but Disney is seen less likely to compromise. (P. 7)

BROADCAST FUTURE TOUTED at Interface conference. CEO concerns remain telecom bill, HDTV, V-chip. Officials back program monitoring. (P. 8)

MUST-CARRY RIGHTS SOLD by N.J. public broadcaster. Cable Bureau says it may be okay. NJN says money is 'critical' to upgrading facilities. (P. 9)

KNEBEL REPLACES ABEL at NAB. Benson, Muller, Rabel promoted. (P. 9)

FIELDS THREATENS 'WAR' OVER SOCIAL CONTRACTS: House Telecom Subcommittee Chmn. Fields (R-Tex.) said he's willing to go to "war" over FCC efforts to impose "social contracts" on broadcasters as condition of approving license transfers or renewals. However, 2 FCC commissioners said they had seen no evidence that social contracts were coerced, and Rep. Markey (D-Mass.), ranking minority member, defended such agreements.

Referring to Westinghouse guarantee of 3 hours weekly of children's programming if its takeover of CBS is approved (TVD Sept 25 p3), Fields said at Bestg. & Cable Interface conference that he's "highly concerned" about what he called FCC "policy-setting outside of the rulemaking process." He also said it's "outrageous" that Commission and public interest groups would "extract content restrictions" that violate First Amendment in return for license approval: "We must be extremely vigorous in assuring that freedom is not diminished in search of political correctness... This sort of social engineering is entirely inappropriate for a federal regulatory agency. There is no authority for such activity and it must stop."

Saying that he wouldn't be "out-childrening by anyone" and that he supports improvements in kidvid, Fields said he's "not willing to throw the First Amendment aside" in order to achieve that goal: "If people

Consumer Electronics

SALES OF 30-32" SETS ROSE 32% in 'slow' first half when total direct-view color sales dipped 2.3%. First declines shown by 25" color TVs, while 20" sinks and over-50" projection soars 44%. (P. 12)

COLOR TV SALES WILL DIP in 1995, Toshiba concedes, but is optimistic DSS and DVD will spark 1996, along with normal stimulus of Olympics and presidential election year. 'Dangerous' inventories cited. (P. 13)

INDEX PLUS FINALLY DEBUTS for holiday season in JVC VCR, with Hitachi and Panasonic to follow in early 1996. Guide Plus models also seen next year. (P. 14)

WAR OF WORDS ERUPTS between sponsors of 2 specialty audio trade shows one week apart, CES proprietor calling Stereophile sponsorship 'potent threat.' (P. 15)

DVD CONVERGENCE TALKS continue, with goal of drafting complete specs by Oct. 17 Japan Electronics Show. (P. 15)

'SUPER ANTENNA' PREVIEW in city and suburb shows MegaWave fills promise as 'improved indoor antenna,' but doesn't overcome inherent reception problems. (P. 16)

AT&T SCRUBS 'HOME CENTER' for time being, saying market isn't ready. (P. 16)

NATM BOARD APPROVES BYLAW revision requiring members to buy products from core suppliers. (P. 17)

want war, they can have war." He also heaped extravagant praise on FCC Comr. Quello, who vigorously attacked social contract.

However, Markey criticized Quello for what he said were "intemperate declarations" that "should have snapped everyone to attention." Quello's attack on social contract process will be "chilling" on anyone who seeks broadcaster cooperation to improve children's programming, Markey said. He called statements "absolutely outrageous" and unprecedented and said they "can't be tolerated or condoned." Best answer, Markey said, would be to adopt legislation that leaves no question about broadcasters' public interest obligations.

Gregory Simon, special asst. to Vice President Gore for telecom policy, asked Quello to "support not only a 'voluntary' agreement between CBS and Westinghouse involving quantitative children's programming requirements, but also the imposition of such requirements on all broadcasters," according to Quello. Request came, he said, in Sept. 19 phone call from Simon, who also asked commissioner to notify Gore in advance before Quello made any "public statement critical of [FCC] Chairman Hundt and expressing contrary views on children's programming... I declined to follow either of these recommendations." Quello's charge came in letter to Senate Commerce Committee Chmn. Pressler (R-S.D.). It couldn't be learned whether Simon made similar calls to other commissioners -- Hundt was in Europe and Comr. Chong was in Japan. Aide to Comr. Barrett said "not to my knowledge" when asked if he had received call from Simon.

Administration disputed Quello's interpretation of telephone call. Gore spokeswoman Peggy Wilhide said that call from Simon was only "courtesy call" to alert Quello to fact that President Clinton was sending letter on Administration position on rules for educational programming for children. During conversation, subject of Administration position came up, but only in context of Simon's describing contents of Clinton letter, Wilhide said. She said Simon "never asked the commissioner to support the Administration position." She also said that Simon didn't ask for advance warning of any critical Quello speeches. Wilhide said it was Quello, not Simon, who raised issues of CBS and Westinghouse and any commentary on Hundt speeches. She said Simon "listened, but didn't ask Quello to support the agreement or clear public comments with the vice president's office."

In letter to Pressler, Quello again attacked any role Hundt might have played in getting Westinghouse to agree to children's TV programs. Quello said commitment "goes beyond any current Commission rule or policy. Not coincidentally, the number of hours [3] 'voluntarily' agreed to by Westinghouse is identical to the minimum hours of children's programming Chairman Hundt, NTIA Director Larry Irving and President Clinton advocate." He said any quantitative standards on children's TV should be decided in FCC rulemaking pending on issue (comments are due Oct. 16).

Quello said his "position is based on a careful reading of First Amendment law," citing 3 court cases: (1) U.S. Supreme Court ruling that FCC policy statement promoting diversity in radio entertainment was unconstitutional. (2) Supreme Court case throwing out R.I. Commission to Encourage Morality in Youth suit as unconstitutional. (3) 9th U.S. Appeals Court, San Francisco, decision that FCC "committed a per se violation" of First Amendment in "exerting improper pressure" on networks and NAB to adopt family viewing hour under FCC administration of Chmn. Richard Wiley. Other commissioners haven't yet responded to Pressler.

Media have been filled with charges and countercharges on children's issue and "everyone should just chill out on the fiery rhetoric," Hundt told us. Commissioners, he said, should vote only on what's on public record and "none of us should announce how we're going to vote in advance." Petitioners, he said, "don't speak for the commissioners." Disputing charges by Comr. Quello and from Hill, he said that he didn't try to dictate to Westinghouse CEO Michael Jordan any minimum for children's programming but that he has urged his 3-hour goal many times publicly. Hundt said that he told Jordan that coalition's protest wouldn't delay FCC processes in considering transfer application, although comments would have been required if petition to deny hadn't been withdrawn. Of criticism of him by Quello, Hundt said: "Jim is a friend and adviser... and we just had a nice visit in Germany."

Newton Minow, FCC chmn. during Kennedy Administration (1961-1963), said it's "outrageous that the FCC is being criticized for doing its job" on children's TV: "My only criticism is that it [mandatory children's programs per week] should be 4 hours... If you believe the law says that broadcasters should serve the public interest, then what could be more in the public interest than kids." Minow said that if parents were aware of FCC rulemaking on children's TV "they would be storming the FCC with comments." Larry Grossman, former pres. of NBC News and Public Bestg. Service, said idea that Commission should be

"excoriated" for requiring network to air more kid TV program as condition for acquisition of network is "unthinkable."

There's no reason to believe that Hundt or others coerced Westinghouse into agreeing to social contract, Barrett told conference, and "if it's voluntary, then it's their business." Ness agreed that there's no evidence that Westinghouse was coerced. NTIA Dir. Larry Irving called social contract "a reasonable response" by company to legitimate concerns expressed by public interest groups: "Addressing the concerns of interest groups is not extortion. I don't see why this is a bad thing."

Hundt defended social contract in letter to Fields: "If the Westinghouse commitment is a quid, they have received no quo from me. The record is still open and I have not determined how I will vote on the Westinghouse application." Hundt said, however, that Westinghouse programming commitment "is an encouraging response to a problem of increasing national concern," and precedent supports FCC taking commitment into account when acting on Westinghouse applications.

Broadcasters who no longer are comfortable with public interest role have "made a wrong career move," Markey said. He said they still have strong obligation, particularly to help children. Three weekly hours of educational TV is "a good starting point," he said, but goal should be 5 hours by 2000: "Most parents would consider even that a pathetically low standard." Continued opposition to children's TV requirements would be "unseemly," Markey said: "Let's don't have war over this over the next several months."

SENATE ACTS ON SPECTRUM ASSIGNMENTS: Spectrum issues took center stage in Senate last week, with full membership setting out policy for FCC to follow in reclaiming disputed DBS spectrum while Commerce Committee passed bill that would require further spectrum auctions.

On floor, Senate agreed unanimously Sept. 29 to give FCC some flexibility in determining how to dispose of valuable spectrum allocated to DBS services. Its 98-0 vote on amendment to FY 1996 Commerce appropriations bill (HR-2076) resulted in unusual situation of satisfying, to some degree, all parties involved in dispute -- congressional budget hawks as well DBS competitors TCI (through Primestar) and DirecTv.

New version of DBS amendment was drafted that morning by Sens. McCain (R-Ariz.) and Dorgan (D-N.D.), who had sponsored original amendment that would have required FCC to auction DBS spectrum, and Sen. Brown (R-Colo.), who has been working on behalf of TCI to find way for agency to award spectrum to TCI without auction. Brown earlier in week had floated proposal that would have allowed Commission to charge transfer fee for DBS for spectrum used by satellites at 110°, based on auction prices for other DBS spectrum at 119° that would be returned by TCI affiliate Tempo in exchange. However, for parliamentary reasons he was unable to propose it on Senate floor. Brown also was unsuccessful in having similar proposal considered by Senate Commerce Committee day earlier as part of budget reconciliation.

As originally introduced by McCain and Dorgan, bill would have required FCC to auction spectrum for DBS originally given to Advanced Communications but reclaimed by Commission. TCI had agreed to buy Advanced's spectrum, first for \$45 million and then, after FCC reclaimed it, for \$5 million. Amendment was modified to add language that provisions of bill "apply unless [FCC] determines that an alternative adjudication would yield more money for the U.S. Treasury."

McCain achieved his objective because his goal was to funnel as much money into Treasury as possible, aide said. McCain said in Senate floor debate that amendment "was not about helping one company or hurting another." TCI representatives said they were pleased with result because under original amendment, their proposals for transfer fees floated in Congress and proposed to FCC, wouldn't have had chance to be considered. Under new amendment, TCI officials said that at least they have opportunity for their plan to be considered by FCC if it could be determined that more money could be raised. Primestar Pres. James Gray said in interview that new version "gives our proposal [for transfer fees] added importance and added value to the Commission."

Question for Primestar and TCI is whether FCC could recoup more money through their proposal and through open auction. TCI Senior Vp Robert Thomson said there's "no doubt" that company's plan would raise more money than auctions because TCI has proposed to return frequencies for 73 transponders to govt. for auction, while selling off Advanced's frequencies would cover only 51. Thomson said that "I think it's a good compromise" and acknowledges uneasiness prevalent in Senate about interfering in pending adjudicatory matter at federal agency by amendment to appropriations bill. He also admitted "grudging admiration" for Hundt, who maneuvered issue into requiring TCI to pay twice for spectrum, by turning in some bands while

having to pay for others. Thomson said: "We were maneuvered by the chairman into lobbying for a proposal to give him flexibility to do that." He said there still would be "all kinds of opportunities for a company as well-heeled and ambitious as MCI to participate [in DBS], now that they decided 10 years late it would be good business to get in."

Gray said there was no way to tell whether TCI plan or auction would raise more money, although he said proposal to pay for Advanced's prime spectrum conceivably could raise more than auction. He said his company already had planned to launch new high-powered satellites next year to replace moderate-power birds scheduled to end service at end of next year. Auction could take too long for that change to be made, Gray said. CATA said in fax to members that it believed it had votes to defeat McCain, but that Senate leadership didn't want to have "bloody fight over an amendment that was unlikely to become law."

TCI's opponents, including DirecTv and MCI, also were pleased with result because they believe that FCC ultimately will have to auction DBS spectrum as that mechanism will raise more money than any other type of arrangement. Susan Mayer, MCI senior vp for ventures and alliances, said that for TCI to claim that "their [TCI] sweetheart deal would raise more money than an open market auction is something that baffles the mind and the logic." Auction of what she saw as relatively useless space at 119° would raise much less money than open auction of highly desirable spectrum for satellites at 110°, Mayer said. Linda Brill, DirecTv dir. of communications, said "Senate vote sends a clear and unambiguous message to the FCC that Advanced Communications' DBS frequencies at 110° should be auctioned. It's almost impossible to imagine the FCC developing a process which would yield more money to the U.S. Treasury than an auction."

Commerce Committee approved streamlined spectrum auction legislation without, as expected, raising high-profile issues of how FCC should dispose of disputed DBS spectrum or how spectrum for advanced TV services (ATV) should be allocated. Commerce Chmn. Pressler (R-S.D.) said bill, part of budget reconciliation, would raise \$15.3 billion through auctions, would expand FCC auction authority and would call for some increases in fees for broadcasters in larger markets.

TCI had waged campaign to include language directing FCC to transfer spectrum to TCI's Primestar affiliate, and Brown made calls around Hill to drum up support. Measure wasn't brought up because it didn't fall under budget procedures. Instead, Senate panel opted to follow House lead and simply require FCC to come up with 100 MHz of spectrum and, if necessary, direct NTIA to find another 20 MHz from federal inventory, all to be auctioned by 2002. Pressler said that expanding FCC's authority would raise \$6.5 billion and auctioning additional 120 MHz could bring in \$8.8 billion. Measure passed 10-9, on party-line vote taken at request of Sen. Stevens (R-Alaska). Committee then proceeded to discuss amendments, none of which changed substance of bill.

Pressler conceded that plan he had floated to auction 6 MHz tentatively allocated to broadcasters for ATV "is not popular among broadcasters," and he conceded that they had shot down his proposal. He appealed to other committee members and to broadcasters to work on new plan to "find out what makes sense." He said FCC never has addressed issue of ATV and spectrum auctions because broadcasters always have had "carve-out" for their spectrum. But in saving their ATV spectrum, they will have to give up their spectrum for auxiliary services, such as electronic newsgathering, Pressler said.

Language of proposal approved by panel would require FCC to reevaluate its ATV policy and report back to Congress within 180 days. It would be barred from awarding any ATV spectrum during that period. Bill also proposes restrictions on FCC's awarding of other licenses and directs it to take several factors into consideration in auction of satellite spectrum, among other areas. Pressler declined to include in bill his plan to use spectrum as source of revenue for public broadcasting. That will have to wait for separate legislation, he said.

There was little discussion of auction merits. Sen. Ashcroft (R-Mo.) said he thought that reserving 12 MHz for broadcasters for 15 years was too large a block and suggested that only one MHz be used. He also proposed that funds from auction sales be used to hook up homes unconnected to cable so that digital signals could be transmitted over cable while digital TV is being developed.

Stevens' amendment on regulatory fees is designed to equalize fees between large and small stations. Pressler said fees set in 1993 budget bill were disproportionately heavy on small broadcasters. As result, regulatory fees for 43 VHF stations in top 10 markets would go up to \$32,000 from current \$22,420. That new fee could be covered by one commercial spot, Senate staff said. In markets 11-25, 55 stations would see fees rise to \$26,000 from \$19,925. Markets 26-50, with 77 stations, would have new rate of \$17,000, up from \$14,950. At other end of scale, 120 stations in markets 51-100 would drop to \$9,000 from \$9,975 and 234 stations in remaining markets would have new fee of \$2,500, down from \$6,225 they now pay.

Commercial UHF stations would have similar rate schedule: (1) 79 stations in top 10 markets would have \$25,000 rate, up from \$17,925. (2) 56 stations in Markets 11-25, would pay \$20,000, up from \$15,950. (3) 64 stations in markets 26-50 would pay \$13,000, up from \$11,950. (4) 118 stations in markets 51-100 would pay \$7,000, down from \$7,975. (5) 164 stations in remaining markets would pay \$2,000, down from \$4,975.

True video-on-demand still is at least 5 years away, consultant John Hall said at video-on-demand (VOD) conference sponsored by Institute for International Research in N.Y. As result, he said, it's "premature" to develop business plans for VOD: "The numbers just won't hold up. The whole area is still getting its legs untangled." Myra Moore of Parks Assoc. predicted that it would be at least 10 years before broadband interactive networks become widespread. NBC research executive Horst Stipp told seminar that VOD wouldn't necessarily raise TV viewing time significantly. He said total audience has increased only 10% despite fact that cable has quadrupled viewing options. Moore also said "wild card" in telecom is electrical utilities, which need to establish remote power control and meter reading and eventually could become broadband competitors. She said at least 5 utilities -- Detroit Edison, Duke Power, Hydro Quebec, Southern Co., TECO -- are experimenting with such systems, although their needs could be good news for broadband operators who make deals to provide capacity on their systems for utilities, generating revenue and eliminating potential competitor.

U.S. govt. and industry, hoping to win critical spectrum allocations at ITU WRC-95 conference for Big and Little LEOs in Geneva this month, are facing first difference of opinion with other nations. At issue is focus of conference itself. U.S. policymakers and businessmen consider WRC-95 to be mobile satellite service (MSS) conference, while Europeans have highlighted adoption of report by Voluntary Group of Experts (VGE) that would simplify and streamline ITU radio regulations. Americans' concern is that debate on VGE could bog down advancement of MSS issues, we're told. Specifically, U.S. interests want Resolution 46 removed from VGE report and treated as standalone item. Resolution would update sharing rules for nongeostationary satellites. Existing ITU rules deal with coordination of geostationary satellites and work well, industry sources say, but ITU rules adopted at WARC-92 for nongeostationary sharing need to be modified because there are technical problems.

Infinity Bcstg., which settled several indecency complaints at FCC (TVD Sept 4 p2), is buying 7 radio stations from Alliance Bcstg. for \$275 million. Three stations are in San Francisco -- KFRC-AM-FM and KYCY(FM) -- giving Infinity stations in several major U.S. markets. Company agreed to pay U.S. Treasury \$1.7 million to settle pending fines levied against it because of comments made on Howard Stern Program. Settlement was made to give Infinity "normal relationship" with Commission and free it to buy more stations, CEO Mel Karmazin said.

Petry Media Corp. rep firm said it purchased Blair TV, terms not announced. Combined firms represent 250 TV stations with gross billings of \$1.8 billion, more than 20% of national TV spot marketplace, said Thomas Burchill, Petry chmn.-CEO. He said Petry and Blair will operate as separate organizations.

Network affiliation merry-go-round continues as WKRC-TV Cincinnati, which lost ABC affiliation to WCPO-TV, said it will move to CBS under long-term agreement. Changes are to take place early next year.

Hughes said FCC should "tread with extreme caution" in determining whether current round of applications for domestic satellites are mutually exclusive, even though large number of candidates caused some to say they are and should be resolved through competitive bidding: "There appears to be no good reason to prematurely jettison an existing successful process on which satellite operators long have relied, and instead to test an unknown competitive bidding process." Hughes attorney Gary Epstein said 42 applications are pending and there aren't that many slots available. "It's quite clear some are unqualified," he said, because some don't meet Commission's strict financial qualifications and others have applied for slots above their statutory limit of 2 (one Ku-, one C-band) per round: "They have an obligation to try to avoid mutual exclusivity." AT&T requested "3 times as many" orbital slots as FCC rules allow, Hughes said, "and there is no basis for granting AT&T a waiver." GE Americom also requested assignment of more slots than it's allowed, Hughes said, and applications by Orion and Echostar should be rejected by FCC because companies aren't qualified financially.

In surprisingly quick action, U.S. Appeals Court, D.C., dissolved stay on C Block spectrum auction, permitting sales to go forward. Action came only few hours after court heard oral arguments on stay. Vote was 2-1, with Judge Patricia Wald dissenting. Others on panel were Chief Judge Harry Edwards and David Sentelle. Wald said she didn't think FCC adequately explained its decision to extend 49.9% equity option to all auction bidders. At issue is long-delayed entrepreneur's block auction for broadband PCS spectrum. Auction not only was earmarked for small businesses, it also gave additional preferences to women and minorities. After U.S. Supreme Court decision tightening affirmative action rules, FCC in July extended preferences, such as bidding credits, to all small bidders. Appeals Court stayed auction after Omnipoint filed suit complaining about particular rule change involving how much of bidder's company can be owned by any one investor.

New security procedures take effect at FCC today (Oct. 2) requiring visitors to walk through metal detector and have briefcases, purses, etc., scanned by X-ray machine. Restrictions include persons with govt. picture identification, as well as FCC special building passes. Security provisions also include X-ray screening of mail and packages and 24-hour building patrols. FCC said new procedures follow Dept. of Justice guidelines published last June following Oklahoma City bombing.

"Significant" revenue increase in 1996 for TV and cable industries was predicted by Harold Simpson, vp-R&D, TV Bureau of Advertising. Contributing to gains will be campaign revenues from presidential election year and Summer Olympics, particularly for NBC affiliates. Spot TV revenues are expected to be up 7-9% over 1995, said Simpson, while network revenues will grow 9-11%. He said national syndication (which includes Fox TV Network) will be up 8-10%, cable revenues 12-14%.

Freedom Communications won auction to buy WPEC (Ch. 12, CBS) W. Palm Beach from Photo Electronics for \$110 million. Several other groups bid.

PTV SEEKS DIGITAL LEASES: Public broadcasters should be able to lease digital TV channels to others during transition to digital broadcasting, they said in proposal to Congress. Leases would generate long-term funding for public broadcasting, board of America's Public TV Stations (APTS) said in letter to Senate Commerce Committee Chmn. Pressler (R-S.D.). He had proposed auctioning digital TV channels and using portion of proceeds to fund public broadcasting. APTS said that instead, creating Public Bestg. Investment Fund supported by channel leases would generate enough income for transition of public broadcasters from federal to private funding and provide capital needed for eventual transition to digital TV.

Proposal calls for assigning to Fund all spectrum to which public broadcasters would be entitled and for one channel per service area to go to existing licensee to be used for digital public TV broadcasts. Fund revenue would be divided 75% for TV broadcasters, 25% for radio. Plan also proposed that: (1) Fund could ask FCC to auction public broadcasting spectrum and give proceeds to Fund. (2) FCC should allow flexible use of all public TV digital spectrum. (3) U.S. Treasury would get half of all proceeds from spectrum in excess of \$4 billion. (4) Each public broadcaster would retain NTSC license, which would be shifted later to digital license.

Proposal is win-win idea, Engineering & Computer Services Vp Mark Richer said at PBS Development Conference last week in San Antonio. He said public broadcasters would have revenue source and would be able to break into digital markets first, so commercial broadcasters could learn from others' pioneering experiences, leading to what Richer described as years-faster rollout that would return analog spectrum to govt. faster than expected. He said sponsors -- APTS, NPR, PBS and PRI -- received "favorable" indications from Congress and White House.

Allowing public broadcasters to pioneer transition would mean that they could be first to offer ancillary services, such as pay-TV channels, data broadcasting, teleconferencing, etc., for commercial purposes. It also would give them first opportunity to set up commercial partnerships with private businesses, which Richer said are very interested in digital airwaves. Public broadcasters will need help from business community and Congress, at least for startup, regardless of whether other provisions of plan pan out as proposed, he said.

While spearheading ATV could be salvation for public broadcasting, Richer warned that some overlapping stations could go out of business and some with multiple transmitters could lose them because of interference of digital broadcasting. He said interference may be unavoidable for low-power translators, which FCC always has classified as nonprimary service. Market studies are expensive but necessary, he said, and cost per station to make transition will be very high -- \$750,000 for lower power stations to up to at least \$2 million for high-power outlets. Installing equipment for local productions will cost extra \$4-\$5 million, Richer said.

Time Warner's full-service network in Orlando, with only handful of subscribers, expects to have 4,000 customers by end of year, video-on-demand (VOD) Dir. Richard Colletto said. He said true VOD will be much more successful than near-video-on demand (NVOD) because "the problem always has been that we control what people see and when they see it."

MSOs DECIDING ON TURNER OBJECTION: Talks between Continental and Comcast on possible responses to Time Warner takeover of Turner Bestg. were expected to continue into this week, participants said. Officials had indicated that companies, which are minority owners of Turner Bestg. and represented on Turner board, were considering range of alternatives, including lawsuits or petitions to Justice Dept., FTC, FCC. They said concerns include long-term cost of special concessions that Time Warner gave TCI to complete Turner Bestg. System (TBS) takeover (TVD Sept 25 p1), as well as likelihood that they will boost costs for other cable operators.

In terse joint statement, Comcast and Continental said they were "deeply troubled" by takeover process, "and particularly by the apparent preferential treatment afforded to one shareholder to the detriment of all the others. We are currently considering all of our options." TCI received higher stock exchange rate, as well as special purchase deals for TW stakes in 2 regional sports network and long-term carriage deals for TBS cable networks at significantly discounted prices.

Continental and Comcast did get same share exchange rate for their 1% of TBS stock as did TCI, but officials said companies were more concerned about other preferences TCI received. For example, they said that significant discount carriage price for MSO as large as TCI could result in higher carriage prices for all other cable operators. Merrill Lynch, TCI's investment banker, conducted financial analysis of value of TCI's preferences, telling TBS board they were worth about \$70 million, but Comcast and Continental officials are said to believe they may be worth as much as \$500 million. Despite press speculation that MSOs would file suit to block takeover, as U S West did, one person familiar with plans said legal action is possible but unlikely.

Concerns about deal continued to be raised last week, including claims that Ted Turner could receive more than \$100 million over 5 years as TW vice chmn. and that former junk bond trader Michael Milken would be paid \$50 million for advising Ted Turner.

Long-term carriage agreement is good deal for TBS, TBS Exec. Vp Terence McGuirk said. He said it reduces likelihood that TCI later would encourage startup of another cable network competing with TBS networks. Other terms of TW-TBS deal include provisions that (1) voting trust for TCI-owned stock would dissolve if FCC increases ownership limits, and (2) making it theoretically possible for TCI to buy Ted Turner's 10% of TW without triggering poison pill.

Time Warner, meanwhile, sold its 50% ownership of "gangsta rap" record label Interscope Records to label's managing partners for \$115 million. TW, which will need govt. approval of its takeover of Turner Bestg. and other activities, had been under fire from legislators and others who objected to rap music that label was producing.

WETA-TV-FM Washington closed on purchase of facility in Arlington, Va. Property includes existing 81,000-sq.-ft. building with parking garage and adjacent undeveloped land. Cost of acquisition, development, renovation and move is projected at about \$16 million.

Convergent Media Systems said it will provide field operations, network services and technology development to support 12,000-site Channel One educational network. Five-year deal is for \$50 million.

DISNEY TAKEOVER OF CAP/ABC OPPOSED: In what was described as attempt to obtain better children's programming and to promote diversity in ownership, same coalition that opposed Westinghouse takeover of CBS filed similar petition last week at FCC against Walt Disney's pending purchase of Cap/ABC for \$19 billion (TVD Aug 7 p4). Deal has "large public interest detriments," said coalition, composed of United Church of Christ (UCC), Center for Media Education (CME), Alliance for Public Technology, including long-time public interest advocate Everett Parker.

Disney is being asked by coalition "to play a major leadership role in developing and airing more programs... as a positive educational force in children's lives," CME Pres. Kathryn Montgomery said. Beverly Chain, UCC dir. of communications, said: "Disney has the resources and experience to develop a substantial amount of core children's television programming which not only entertains but is specifically designed to educate and inform." As owner of ABC TV Network, she said, Disney would be in "important leadership position to improve television's inadequate record in serving the needs of children."

Coalition didn't say how many hours of educational programming ABC should be required to air weekly, but "the magic number is 3," supporter of petition told us. That's amount Westinghouse has agreed to air after its takeover of CBS and same figure FCC Chmn. Hundt has pushed publicly (see separate story, this issue). ABC official said network now airs 2 hours weekly of educational shows for children.

Network has been criticized by Hundt and others for recently cancelling Sat. morning educational program in favor of cartoon Dumb and Dumber. Group also opposed Disney's request for permanent waiver of cross-ownership rule to permit continued ownership of radio stations and newspapers in Dallas-Ft. Worth and Detroit. Coalition said waiver requests "constitute a serious detriment to the diversification policy embodied" in FCC regulations and "thus to the public interest," arguing that justification for waiver "is patently inadequate."

Disney isn't expected to accept coalition's complaint nearly as quickly as did Westinghouse by agreeing to increase children's programming (TVD Sept 25 p3), according to sources on both sides of issue. However, Henry Geller, counsel to coalition and former FCC gen. counsel (also dir. of NTIA in Carter Administration), said: "We think we've given them [Disney] a win-win situation." Charges from Hill that there has been "extortion" in Westinghouse case are wrong, he said, because "the public has a right to participate" -- same point made by Hundt and others. Geller said Hundt never pressured coalition in Westinghouse complaint: "We did not act at the behest of the chairman... It's our own idea. That's true of Westinghouse and it's true of Disney."

Coalition said it's "outraged to be accused of extortion or greenmail... As members of the listening and viewing public, we have the right... to ask that broadcasters, licensed as public trustees of the airwaves, in fact serve the public interest."

Small Cable Business Assn. (SCBA) also asked FCC to deny Disney takeover of Cap/ABC, charging each company has used market power to "deal unfairly" with small cable operators. For example, SCBA said, Cap/ABC charges small cabling rates for its cable programming 30-60% higher than those charged to larger operators, and both companies refuse to sell to cooperative of small operators at rates given to

larger entities. Cap/ABC also has tied carriage of its cable channels to retransmission consent of its broadcast networks, SCBA said, forcing many small cabling to forgo carriage from lack of capacity: "Through its increased ownership of cable television programming sources, the proposed transferee can, and likely will, impose even greater burdens on small operators during the next round of retransmission consent negotiations, which must be completed by Oct. 6, 1996." SCBA said merger's creation of "integrated media giant" will force "subordination of its interest as a broadcaster" to that of "growing programming empire."

FCC should toughen Sec. 214 procedures for telcos that build standalone cable systems, NCTA said in petition for reconsideration of earlier decision (FCC 95-357). Commission set what it called "extremely streamlined" filing procedure for standalone systems, requiring information only on location of system and certification that telco would obtain cable franchise and comply with cross-subsidy rules. NCTA said it agrees that standalone cable systems don't need same level of regulatory scrutiny as VDT, but said "balance should be struck at a somewhat different point" since standalone systems can be transformed easily into common carriers. To toughen rules, NCTA said: (1) FCC should condition streamlined procedure on guarantees that cable would have nondiscriminatory access to poles and conduits. (2) Telemarketing procedures should be adopted. (3) Telcos should comply with supplementary cost-allocation and reporting requirements to allow Commission to "look back" at transaction if standalone system becomes common carrier. (4) Approval be conditioned on reasonable interconnection terms and local telephone competition.

Superstation TBS probably will become more traditional basic cable channel, including payment of fee to owner by cable systems, rather than superstation, Turner Bestg. and Time Warner (TW) officials have told analysts. Changeover probably would make network more valuable to new owner in 2 ways: (1) by generating estimated \$150 million per year in fees from systems carrying network, and (2) by freeing WTBS Atlanta to operate more like typical local TV station, potentially increasing its value. However, deal could cost TBS its popular carriage of Atlanta Braves games because they may be more valuable on broadcast outlet. Cost to system operators would increase somewhat, since they currently pay only TCI-owned Southern Satellite for uplink services, no carriage fee. Wall St. Journal, meanwhile, said TW has been criticized for price it's willing to pay for Southern Satellite. TW-Turner Bestg. deal includes provision that TW will give its shares to TCI that are worth \$200 million in return for option to buy Southern, and analysts were told TW actually would pay another \$160 million to complete deal, even though analysts put value of Southern at \$60-\$140 million.

FCC International Bureau conditionally granted application of Orion to construct, launch and operate Orion F-3 international satellite. Orion told Bureau it would use capital from 2nd-tier equity sources and existing debt sources to finance \$180-million satellite and launch vehicle. Bureau said Orion must file demonstration of its financial capabilities within 60 days after State Dept. completes separate system consultation with Intelsat.

Southwestern Bell (SB) will be first RHC to offer DSS equipment to customers for use with DirecTV and U.S. Satellite Bestg. DBS systems. SB reached agreements with programmers and manufacturer Thomson to start marketing equipment in Little Rock, Ark., and Enid, Okla. SB will sell and rent equipment and provide installation and maintenance.

CEOs SEE BRIGHT MEDIA FUTURE: Outlook is positive for media industries in next 10 years, according to members of "super panel" at Bestg. & Cable Interface conference last week in Washington. Main concerns remain imminence of telecom reform legislation, possibility that V-chip will be required and need to make transition to digital advanced TV, they said.

Fox will be "No. 1 network in the U.S.," Chase Carey of Fox said when asked where converging industries will be in 5 years. "CBS will be a big and successful media company," said CBS's Peter Lund. "I think we'll be in the cable business. We've gone about as far as we can as a pure broadcaster." NBC's Robert Wright said: "I don't want to be a broke No. 1," and a rich No. 4 might not be too bad.

Bell Atlantic Chmn. Raymond Smith said it probably would take year to "untangle" all provisions of telecom bill, but impact on telcos would be "dramatic." Local competitors, as opposed to national, will be created for phone companies, he said. Comcast Pres. Brian Roberts said "logical next step" for cable will be expansion of local markets, while Carey said Fox plans to develop multiple video services when opportunity presents itself.

Carey said Fox "will provide" HDTV if market wants it, but Fox opposes govt. requirement that stations air HDTV programming. He said broadcasters should be given flexibility to decide how to use digital channels. Asked about CBS plans for HDTV, Lund said "it's real hard to say right now." Lowry Mays of Clear Channel said company is "planning [and] budgeting for it." HDTV could be great business opportunity for cable and "hopefully, it will come," Roberts said. USA Networks Pres. Kay Koplovitz said she isn't convinced that HDTV has future in U.S., but Wright said broadcasters must be willing to make required investments: "I'm a supporter of HDTV."

Congress needs to hold more hearings on digital TV in order to assess status of technology, how quickly digital can get to market and whether consumers will pay for it, House Telecom Subcommittee Chmn. Fields (R-Tex.) said. NTIA Dir. Larry Irving said it's "fair" that broadcasters get flexibility in using new channels because they're just "swapping" them for analog channels. Market, rather than govt., should decide whether HDTV is offered, he said. Irving added, however, that broadcasters should have new public interest obligations because digital channels are "very different" from analog. Legislation doesn't address must-carry for digital channels, and Fields said he's "comfortable" waiting to see how issue plays out and to deal with it later if necessary.

There was agreement on only one issue in one-on-one debate on V-chip -- that govt. shouldn't set up TV programming rating system. "Why are we talking about V-chips instead of trying to help children?" asked Newton Minow, former FCC chmn. and co-author of book *Abandoned in the Wasteland: Children, Television and the First Amendment*. He said that if V-chip requirement violates First Amendment, so does remote control unit. Responded Richard Cotton, NBC exec. vp-gen. counsel: "The government should be kept out of censorship." Broadcasters shouldn't oppose V-chip because it will "cut only modestly" into their ad revenue, Rep. Markey (D-Mass.) said. He said audience that would be eliminated isn't audience advertisers were targeting anyway. FCC Comr. Barrett said he's concerned about govt.'s getting "overly involved" in such issues: "The government hasn't done a very good job of anything else lately."

In 5 years, said Marcy Carsey of independent TV programmer Carsey-Werner, public will become very confused by all video services available. Telcos "can't seem to get their act together" on entering cable business, analyst David Londoner, managing dir. of Wertheim Schroder, said on financial panel. He said telcos "certainly want to" get into video, but it "always seems to be 3 or 4 years in the future." Goldman, Sachs Vp Barry Kaplan said he's not sure telcos are really interested in building own plant to carry video because "it's so incredibly capital intensive to go after a business that's 1/4 the size of what they're doing today."

It's "a pretty fantastic time for broadcasters," partly because of merger action, Smith, Barney analyst John Reidy said. Londoner agreed that broadcast stocks have rocketed, but wondered whether they were at cyclical peak. Saying that past year has been "a phenomenal economic period that no one could have anticipated," Reidy said he would be "happy" with growth rate in 1996 half as large as in 1995. Gabelli was bullish on prospects for all types of media, largely because of huge and growing overseas market.

In other comments: (1) Carsey said broadcasters have prevented Carsey-Werner from producing kind of shows it wanted to and that might change under new order. (2) USSB's Stanley Hubbard said DBS is adding 25,000 subscribers per week and "we're making inroads in all markets." He predicted DBS would serve up to 30 million homes within 5 years and direct-to-home service has capability to be first to offer HDTV. (3) Merrill Lynch Managing Dir. Jessica Reif said "clouds" over cable industry are "starting to lift" because regulatory environment almost certainly will improve and industry is reaching critical mass for boom in such things as advertising.

Americast is name of multimedia software company formed by Disney and 4 RHCs, and Cap/ABC exec. Stephen Weiswasser will be its CEO, effective Nov. 1. Americast "will become a household name," Weiswasser predicted, and it expects to begin supplying video programming to homes in several markets before year-end. RHCs involved in Americast are Ameritech, BellSouth, GTE and SBC Communications. Principal competitor in drive to provide video to consumers is expected to be Tele-TV, formed by Bell Atlantic, Nynex and Pacific Telesis, and headed by ex-CBS Best. Group Pres. Howard Stringer. Weiswasser, who was CapCities Washington counsel before it acquired ABC, joined merged companies in 1986 and has held several corporate executive jobs since. He currently is senior vp of Cap/ABC and pres. of its Multimedia Group.

Hughes formed joint venture with 3 Japanese companies to establish DirecTV service in Japan. Partners are Culture Convenience Club Ltd. (CCC), Dai Nippon Printing, Space Communications Corp. Hughes and CCC each will own 42.5% of venture, SCC 10%, DNP 5%. It will continue research on Japanese market, establish programming strategy, make technical plans, apply for govt. approvals. Timetable wasn't announced, but Hughes said plans call for at least 50 digital TV channels, plus audio services. CCC, largest franchised renter of videos and music in Japan, also operates Superbird-A and -B satellites. DNP is Japan's largest printer.

Southern New England Telephone's VDT trial in W. Hartford, Conn., achieved 40% "stable market share" and customer retention rate year-to-date of 92%, said Angela Hundley, SNET dir.-programming relations. She said 25% of buys have been near-video-on-demand, rest true video-on-demand.

MUST-CARRY RIGHTS SOLD: Public broadcaster N.J. Network (NJN) said it will sell its must-carry rights to TV Food Network (TVFN) for \$4.3 million over 8 years, including up-front \$1.25-million. There weren't any roadblocks to unusual deal, said William Johnson, FCC Cable Bureau deputy chief, because only exchange of money between broadcaster and cable system is prohibited by must-carry, and since this deal involved transfer between 2 broadcasters, there probably wasn't conflict. NJN described deal as "win-win" situation giving it much-needed revenues and TVFN carriage on Time Warner's N.Y.C. system, which had no capacity left in its basic package. Time Warner endorsed deal and will begin airing TVFN Nov. 1.

Johnson said deal is first he has heard of that involves sale of must-carry rights, and agreed that while it's not illegal, it does raise question whether broadcasters should be able to profit from such transactions. He said Commission usually likes parties to "work it out with each other," and it's unlikely to act unless there are complaints. Johnson said parties will have to be careful to ensure that no money TVFN receives from Time Warner is used to pay NJN for rights, since "whether its through the mail or through the Food Network," any exchange of money between them would be illegal.

NJN Exec. Dir. Elizabeth Cristopherson said she hopes financial situation is only temporary and many things could happen soon to make that so, including Time Warner's conversion to digital or possible U.S. Supreme Court overturn of must-carry. Because of that, Cristopherson said, network arranged contract so that NJN gets more money sooner rather than later. She said money NJN will gain is "critical" and will help replace old equipment. She said only 5% of stations' pledges come from N.Y.C., and it had to put interests of its primary audience first.

Spokeswoman for Assn. of America's Public TV Stations (APTS) said this is probably one-shot deal and she didn't know of other stations or state networks that were considering similar sales. She said N.Y.C. market is unusually attractive for cable networks. She also said that there aren't many other public broadcasters being carried on cable systems in secondary markets under must-carry rules. TVFN Pres. Reese Schonfeld said "of course" it's legal and "definitely" in spirit of must-carry. He admitted that he was "standing the regulations on their head," but said must-carry was meant to benefit broadcasters and prevent economic hardship, which he claimed is what deal does. He said NJN had to make decision whether it was more important to provide better service to people of N.J. or to serve "few" people in secondary market: "This is one of few deals that makes sense for everybody." Schonfeld said TVFN could do similar deals in other markets but wouldn't give details.

U S West has discussed buying video content from Tele-TV venture of 3 RHCs but hasn't considered stake in 3-way partnership with Bell Atlantic, Nynex, Pacific Telesis. U S West's current investment in Time Warner Entertainment precludes it from entering into discussions with other competing organizations, "nor do we want to," spokeswoman Lois Leach said. USW has sued TW in Del. to block \$7.5-billion merger with Turner (TVD Sept 25 p1).

FCC set Oct. 26 lottery for 11 MMDS licenses. Lotteries begin 10 a.m., FCC hq. E-group licenses are for Burlington, Colo.; Hawthorne, Nev.; Pinedale, Wyo.; Trinidad, Colo.; Vernal, Utah; Charleston, W. Va. F-group licenses are for same cities except Charleston.

KNEBEL REPLACES ABEL AT NAB: John Knebel, Secy. of Agriculture in Ford Administration and veteran Washington insider, has been named successor to John Abel as NAB exec. vp-operations and business development in charge of conventions and money-making activities. In other personnel actions, Rory Benson was promoted to exec. vp-communications, remaining asst. to Pres. Edward Fritts. Advanced to senior vps were Kathy Muller for meetings and special events and Teri Rabel for operations and international business development.

As part of reorganization, TV (headed by Senior Vp Charles Sherman) and Radio (Senior Vp John David) Depts. will report to Fritts; they formerly reported to Abel. Public Affairs Dept. (headed by Senior Vp Walter Wurfel), which also reported to Abel, now will report to Benson. She also will continue to be responsible for NAB's private sector and outreach activities.

Knebel, who went to work last week at NAB, is West Point graduate, was pres. of American Mining Congress from 1986 until its recent merger with National Coal Assn. He has served in several govt. capacities, and is former partner in Washington office of law firm Baker & McKenzie. Reporting to Knebel will be conventions and exhibitions, advertising and services, international, research and science and technology departments. Said Fritts: "Jack's entrepreneurial skills and business contacts will serve NAB well as he oversees conventions and new business development opportunities."

Abel, NAB's futures guru and responsible for rapid growth of conventions, resigned unexpectedly in early Aug. (TVD Aug 7 p6) just month ahead of annual Radio Show -- which he had successfully combined with 3 other industry conventions. He became CEO of multimedia company Datacast Partners -- formed by NAB members LIN Bestg. and Chris-Craft.

Southern New England Telephone (SNET) trial in Conn. trial no longer qualifies as VDT because it doesn't offer nondiscriminatory access and doesn't provide enough capacity for multiple programmers, NCTA said in petition to deny FCC authorization. SNET scaled back Conn. plan and switched to analog from digital, citing "economic and technological factors beyond its control." As result, NCTA said that "whatever grounds previously existed for the classification of this project as a trial are no longer present" and application has "fatal procedural flaws."

Chinese govt. set up copyright verification organization based in Hong Kong in bid to ease copyright disputes with U.S. and rest of world. China Telemedia Copyright Verification Assn. is to administer foreign copyrights, develop arbitration rules, investigate infringements. Govt. said it will require certificate from Copyright Assn. before TV show or film can be shown in China. Group also will have Washington, D.C., office, headed by Wendell Belew, former chief counsel of House Budget Committee.

Two new sports networks, each partly owned by ESPN, were launched Sept. 20 in Australia. Sports ESPN carries events from around world; Sports Australia focuses on Australia events.

Latest version of PowerTV operating system for digital set-top boxes is available, company announced. System includes 32-bit architecture, support for all international TV standards, interactive TV network signaling.

EUROPEAN PUBLIC BROADCASTERS: Despite estimates that viewership of public TV broadcasters in Europe is down to 50% from 90% in mid-1980s, panelists at International Bestg. Conference in Amsterdam said public broadcasting isn't in "terminal decline." Partly as result of switch to more commercial-type programming, several public broadcasters, notably Italy's RAI, have experienced significant ratings gains recently, but sometimes were criticized for becoming too much like commercial competitors.

Competition from commercial terrestrial broadcasters, satellite home dishes and cable has resulted in "perhaps the most revolutionary period in history" of European public broadcasting, RAI International Relations Dir. Carlos Sartori said. Loss of govt. subsidies or license fees has meant that many public broadcasters have to rely more on ads, he said. But public broadcasting is "not in terminal decline," said Tony Weymouth of U. of Central Lancaster, author of upcoming book on public broadcasting. He said health of European public broadcasters ranges from "relatively robust" British BBC to resurgent RAI to "least healthy" in Spain. Knut Hickethier of U. of Hamburg Center of Media Culture said German public broadcasters are "great," generating total revenue of more than \$6.5 billion in 1994.

But falloff is sharp in many countries. French and German public broadcasters had virtual monopolies in mid-1980s. In France, where 80% of TV audience watched public stations decades ago, 55% now tune in commercial TV. German public broadcasters dropped from virtually 100% of audience to 45.9% in 1994. In Italy, where commercial broadcasting started in early 1980s, RAI's audience share dropped even lower from its previous 100%, but since has climbed back to 48%. In Spain, public broadcasters had only 36% of audience.

Example of problem arose in Netherlands where Veronica, richest and most popular of groups providing programming for Dutch public broadcasters, decided last month to abandon state-run Nederlandse Omroep Stichting (NOS) to produce programming for Holland Media Group, which includes RTL4 and RTL5 and is programming 4 commercial TV channels. Veronica said it made switch in part because NOS was exerting too much control over programming. Defection raised fear that newly commercial Veronica would siphon off even more of ads that supported other programmers. Second-largest Dutch programmer, Tros, briefly considered making same switch but was convinced to stay on public channels.

There also was criticism of way that public broadcasters are retaining their audiences. Speaking from floor, Corrado Riccio of Italy's Elettronica Industriale said "public service broadcasting is already dead because it's no longer educational or useful. If you define public broadcasters only as government-owned, then they're still healthy, but you can't tell the difference between public and commercial broadcasters just by watching."

Veronis, Suhler said it closed investments in new private equity fund, Fund II. Fund collected \$330 million in capital, 32% above expectations, investment bankers said. It already has invested \$225 million in cable operator Rifkin Acquisition Partners, firm said.

Clear Channel's WAWS-TV (Ch. 30 Fox) Jacksonville will operate WNFT (Ch. 47 UPN) there under local marketing agreement. RDS Bestg. recently purchased WNFT out of bankruptcy.

House Commerce Committee Democrats are expected to name mix of veterans and newer members as conferees on telecom legislation (HR-1555). No official announcement was made last week as hangups continued over which members would be assigned to conference and over jurisdiction. House Judiciary Committee members want to be designated as conferees for entire bill, while Commerce Committee wants Judiciary members only in conference for Title 1, which deals with overturning MFJ. Hill sources said Commerce Democratic delegation could include Reps. Dingell (Mich.), Boucher (Va.), Brown (O.), Eshoo (Cal.), Gordon (Tenn.), Lincoln (Ark.), Markey (Mass.), Rush (Ill.). Rep. Pallone (N.J.) may replace Boucher on issues relating to entry of electric utilities into retail telecom business. Rep. Bryant (D-Tex.), member of Commerce Committee, also may be appointed to conference through his other membership, on Judiciary. Meanwhile, Reps. Collins (D-Ill.) and Richardson (D-N.M.) regained their seats on Commerce panel, to make up for party-switchers Tauzin (R-La.) and Deal (R-Ga.).

Canadian programmer Direct Choice TV said it signed letter of intent to acquire satellite capacity from EchoStar. Agreement is conditioned on Direct Choice's Star Choice TV Network acquiring Canadian broadcast license and other factors. Direct Choice said it will file application by Oct. 15, with plans to provide more than 100 video, audio and data channels. Direct Choice CEO Richard Buckingham said EchoStar 1, to be launched within 3 months, will allow Canadian homes to receive digitally compressed programming on 24" dish. Terms weren't disclosed, but Buckingham said EchoStar has discussed equity investment in Direct Choice.

AT&T reported successful launch of Telstar 402-R Sept. 23 on Ariane 42L. Launch had been scheduled for Sept. 22, but was postponed so faulty central telemetry processing unit could be replaced. Lockheed Martin-built satellite, which will be positioned at 89° W, will replace unit lost last year. It begins service Dec. 1, and customers will be primarily U.S. broadcasters, including Alphastar direct-to-home TV.

Pacific Telesis said its first video offerings will be delivered by wireless cable to test customers in San Jose later this year, expanding to commercial service there and in San Diego next year. Anchor Pacific is lead programmer for service, which will feature more than 2 dozen cable channel offerings. RHC said it's also working with Tele-TV joint venture with Bell Atlantic and Nynex to provide additional programming.

Bell Atlantic expects to get 25% of broadband market quickly when it begins wireless cable service, Mktg. & Sales Vp Marco Rustici said. He said figure is justified by overall dissatisfaction with cable. Company recently reached goal of 1,000 customers in Northern Va. video-on-demand trial, he said, and customer satisfaction has averaged 90-95%.

TCI-backed @Home said it formed partnership with Netscape to produce cable-based Internet services. Deal calls for @Home to use Netscape server software as foundation for new services. Basing Internet access on broadband cable will allow data transfer speeds 500 times higher than telephone.

Hitachi and Oracle said they will cooperate to develop interactive TV systems, including servers, set-top boxes and information services. Equipment, using Hitachi platforms and Oracle software, will be available by end of 1996.

Personals

Alan Nesbitt, pres.-gen. mgr., KABC-TV L.A., leaves Nov. 1 to join parent Cap/ABC in N.Y. in unspecified capacity, no successor named... Daniel Sullivan, pres.-COO, Clear Channel Bestg., resigns to start Sullivan Bestg.; Clear Channel CEO Lowry Mays will replace Sullivan on interim basis... John Vitanovec, ex-WGN-TV Chicago station mgr., named WLVI-TV Cambridge-Boston vp-gen. mgr.

Jennifer Barnett advanced to dir.-late night and daytime, NBC Entertainment Press & Publicity Dept... Turner Bestg. appointments: Barry Koch promoted to vp-research, Turner Network TV (TNT) and Turner Classic Movies (TCM); Nancy Lucas advanced to vp-research, WTBS Atlanta and Turner Original Productions; Carl Lindahl, ex-Communications Inc., joins as vp-program production, TNT and TCM... Scott Grimm promoted to dir.-interactive services, Prevue Interactive Services, new post... Jack Gibson advanced to vp-programming, WPBT Miami, succeeding John Felton, retired... USIA's Joseph Bruns appointed dir.-International Bestg. Bureau... Terri Stewart promoted to northeast bureau mgr., CBS News; Helen Gold, CBS litigation counsel, named dir.-business affairs.

Jeffrey Carlson, ex-Comcast, appointed head of Pacific Telesis Southern Cal. wireless cable operations... Deborah Cheek-Wahler named gen. mgr., interactive joint venture of Cap/ABC and Spectrum Holobyte... Barry O'Donnell, head of planning & coordination, Atlanta Olympic Bestg., appointed CEO, 1998 Goodwill Games... Janice Alderman named dir.-management & development, Women in Cable & Telecommunications; Mayo Dikelsky appointed mgr.-chapter & member services... Paul Gluckman, managing editor of Warren Publishing Inc. (WPI) Audio Week, adds title of assoc. editorial dir. of parent WPI, continuing to serve in N.Y. editorial bureau.

John Mousseau promoted to dir.-promotion mktg., CBS TV Network... Michele McDowell, WMAR-TV Baltimore local sales mgr., advanced to gen. sales mgr... Jack Gibson, WBPT Miami dir.-programming, promoted to vp-programming... Adam Sanderson advanced to vp-promotion mktg., fx Networks... Richard Siggelkow, ex-Britt Allcroft, named BBC Worldwide Americas vp-dir., new Children's Div... Alice Jacobs, WSNV Miami news dir., advanced to vp-news & local programming... Laura Hale, WHDH-TV Boston creative services dir., promoted to vp-dir. of operations... Michael Burrell, advanced to national sales mgr., WXIA-TV Atlanta.

Merrill Spiegel, ex-special asst. to FCC Chmn. Hundt, appointed dir.-govt. affairs, Hughes Electronics... Changes at Travel Channel: Mike Carey, from parent Landmark Communications, named vp-new media and gen. mgr.-Travel Channel Online Network; Thomas Gallagher to Online Network product mgr... Don Cohen, Primetime 24 dir.-mktg., promoted to vp-mktg.

Matthew Hart, ex-Host Marriott, named Walt Disney Co. senior vp-treas... Courtney Conte, Carsey-Werner, advanced to senior vp-production... Denise Shapiro, ex-Nickelodeon, named Hallmark Entertainment senior vp-worldwide business development... Patricia Jennings, ex-consultant, joins MGM/UA Telecommunications Group as vp-pay TV and business development, Europe... Wendy Hildebrand, New World TV vp-production, moves to vp-current programs.

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newsnet, Predicasta, Nexis and DataTimes and also may be received via fax and e-mail.

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

Copyright © 1995 by Warren Publishing, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Fax: 202-293-3435

e-mail: warrenpub@nterramp.com

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Edith Herman Senior Editor
Steve Gernann Senior Editor
Michael French Associate Editor
Elena Lucini Assistant Editor
Mike Grebb Assistant Editor

Business

Brig Easley Controller
Gary Maddern Marketing Director
Gene Edwards Advertising Director
Betty Alvise Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001

Phone: 212-686-5410

Fax: 212-889-5097

David Lachenbruch Editorial Dir.
Paul Gluckman Assoc. Editorial Dir.
Mark Seavy Associate Editor
Cindy Spielvogel Associate Editor

CONTRIBUTING EDITOR, EUROPE

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

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-11-8 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

Television and Cable Factbook

Michael Talaferro Managing Editor &
Asst. Publisher—Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor &
Asst. Editorial Director
Susan C. Seiler Senior Ed. & Ed. Supv.
Gayle Nail Hogue Assoc. Ed. & Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Brian C. Meeley Assistant Director

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

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

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

For e-mail delivery, please provide internet address: _____

Egypt reportedly is close to choosing Matra Marconi Space to build country's Nilesats. Reuter reported that "official source" said \$158-million contract for 2 satellites would go to French company. Contract still requires approval of Egyptian Minister of Information, report said. Two U.S. companies, Hughes and Lockheed Martin, also bid on project, as did France's Aerospatiale. First satellite will be used for TV distribution, other is ground spare. Egypt will own 51% of Nilesat 1 and 2, with rest open to investment by private institutions.

FCC delayed payment deadline for interactive video & data service (IVDS) licenses indefinitely while it considers petitions for relief of some requirements. Decision effectively means IVDS auction winners' licenses won't be in default until 120 days after Commission acts on petitions by 12 auction winners. Before latest auction, licensees would have been in default Sept. 28 unless they made installment payments.

Zenith will provide wireless cable set-top boxes for Malaysian cable operator Mega TV, companies said. Terms weren't disclosed, but Mega TV CEO Shamsul Ismail said multiyear project eventually could reach nearly 3.6 million households.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first 3 weeks of Sept. and year to date:

	SEPT. 8-15	1994 WEEK	% CHANGE	SEPT. 2-8	37 WEEKS 1995	37 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	445,009	630,482*	-30.0	353,778	16,282,217	17,080,381*	- 4.6
DIRECT-VIEW....	428,409	616,191*	-29.4	343,790	15,821,898	16,723,994*	- 5.4
TV ONLY.....	392,407	583,983*	-32.8	324,867	14,493,177	15,480,821*	- 6.4
TV/VCR COMBO..	36,002*	32,208	+11.8	18,923*	1,328,721*	1,243,173	+ 6.9
PROJECTION.....	16,600*	14,291	+16.2	9,988	460,319*	356,387	+29.2
TOTAL VCR#.....	285,966	253,216	+13.0	132,105	9,555,488	9,007,350	+ 6.0
HOME DECKS.....	249,964	221,008	+13.1	113,182	8,226,767*	7,764,177	+ 6.0
CAMCORDERS.....	27,569	43,093	-36.0	18,061	2,178,278*	1,966,211	+10.8
LASERDISC PLAYERS	2,328	5,268	-55.8	1,160	171,789	183,001	- 6.1

Direct-view TV 5-week moving average: 1995--428,409; 1994--597,605* (down 12.7%).

VCR deck 5-week moving average: 1995--249,964; 1994--277,940 (up 3.1%).

TV/VCR 5-week moving average: 1995--38,511*; 1994--33,213 (up 15.9%).

Camcorder 5-week moving average: 1995--61,684*; 1994--53,336 (up 15.6%).

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

30-32" SETS SOARED 32% IN 'SLOW' FIRST HALF: While direct-view color TV sales to dealers (excluding VCR combos) dipped 2.3% in first half from record 1994 period (TVD July 17 p9), hot size definitely was 30-32". As most brands move emphasis from 29-31" to 32", sales of that size category appropriately increased 32% in year's first half. In terms of growth, that category was even hotter than largest direct-view size, 35", which (including smattering of Mitsubishi's 40" sets) grew 28% in first half.

In other large screen sizes, 27" appears to be losing some of its gains to bigger sets. That category was up just 5% in first half. And surprising growth of "bargain" big screen set -- 25" -- finally may be coming to an end, that size actually dropping 4% in half, reversing trend that saw its sales increase 12% one year earlier (TVD Aug 15/94 p10).

Taken as a whole, based on first-half sales of some 10 million color TVs (excluding combos and projection), TVs 25" and above actually edged up only 1.9%, but nevertheless accounted for record 43% of sales. Eliminating 25", sizes 27" and above increased about 12% and 30" and above 31%. In smaller sizes, 20" continues to be major disappointment, declining 24% in first half 1995 from same 1994 period, while sales of "obsolete" 19" size actually increased 5%, and 13" bore more than its share of total 2.3% color TV decline by dropping 6%.

In first half 1994, we pointed out year ago that big-screen TVs -- 25" and above -- outsold traditional midsize (19-20") popularity leaders for first time. At that time big-screen sets' margin over midsize was 0.4%. In this year's first half, there was no contest at all -- big-screen's margin was 11%, as total 19-20" sales fell 8% while big-screens, as noted, rose 12%. Combined 19" and 20" sizes dipped to 39% of total sales from 41%, even though 19" increased share 4 points to 24% (but 20" dropped to 14.5% from 17%).

In terms of sales as percentage of total direct-view color sets (excluding combos), at 24% of total, 19" continued as most popular single size, followed by 25" at 18%, with 27" rising to 16.5% from 15%, and 13" relatively static at 15%. Sets with tubes 30" and larger were up to about 7.5% of total sales, from less than 6%. That includes 35" category, which represented just over 2% of sales, and hot 30-32" group at over 5%.

Projection TV sales were up 28% in first half, but models with screens 50" and larger rose 44% to account for 58% of PTV sales; year earlier that category was 52% of total.

Industry's switch from 31" to 32" tubes is ending Sony's virtual monopoly on that size -- it's good guess that company last year was source of more than 50% of 32" sets. Other companies now have moved rapidly into 32" area -- some with new tube configurations and others by using former 31" glass with slightly larger phosphor area.

1995 SO-SO, BUT WAIT TILL NEXT YEAR! -- TOSHIBA: Abandoning general industry stance that color TV will set another record this year, Toshiba TV/VCR Mktg. Vp Stephen Nickerson conceded last week that lower consumer demand will result in 3% decline in color TV sales from last year's record to 26.8 million units. At roundtable news briefing in N.Y., he said big-screen "inventory is at dangerously high levels," particularly in top-priced 35" models, where 21 weeks' supply sits in warehouses, and retail pricing has eroded by 15%.

However, he said he was optimistic for 1996, based on growth of new digital technology -- digital videodisc (DVD) and Digital Satellite System (DSS). On top of introduction of such new products, he noted that 1996 is Summer Olympics and Presidential election year -- events that traditionally mean new records in TV sales.

High inventories in big-screen models, including 9 weeks' supply of 30-32", also have resulted in lower retail prices as industry moves to clear backlog, Nickerson said. Sales of TVs 27" and under will bear brunt of market slowdown this year, recording 7% decrease in sales to 21.5 million, with biggest drop coming in 20", he said. Despite downturn, it wasn't until Aug. that production declined for first time this year, he said.

"The responsibility falls on the market leaders and a lot of unit sales doesn't make you a market leader," Nickerson said. "As an industry it's not up to the people with 1-3% share to lead the market and determine where we are going. There is a very select group of manufacturers who control the lion's share of the industry who will dictate where we go."

TCE Exec. Vp Joseph Clayton declined comment on Nickerson's remarks, but said company was "short" in 31" and 32" TVs and its inventories in 35" were "in fairly good shape." Philips Senior Vp-Gen. Mgr. Edward Volkwein declined direct comment, but projected that TV sales would decrease 5% this year, conceding that "a lot of us thought that fall would take care of a lot of the problems that started appearing in the spring and summer." Most manufacturers have since "adjusted" inventories and lowered sales projections, Volkwein said.

In big screen, Nickerson said sales will jump 30% to 1.98 million due in part to drop in retail prices. Sales of projection-TV will increase 34% this year to more than 850,000, he forecast, adding that Toshiba's share will approach 12% by year-end. In 50" and larger sizes, sales will rise 43% this year, he said.

TV/VCR business also is showing first signs of slowing down, Nickerson said, predicting 6.5% increase for year, down from double-digit growth in previous years. He tied smaller gain to delays that forced many manufacturers to deliver 25" and 27" product this fall instead of June. Combo size will continue to increase in 1996, with Toshiba planning 32" TV/VCR that may include StarSight or 2-tuner PIP features.

Company will continue to push TIMM (for Toshiba Integrated Multimedia Monitor) system combining high-end 20" TV and PC monitor (TVD Nov 14 p15) and 56W" widescreen TV. TIMM sales will fall below 100,000 company projected last year, Nickerson said. New 20" version with dark tint tube will be added in Feb. at \$750 street price and 27" model already sold in Japan is possibility for U.S. in 1996. Nickerson told us company's 56W" widescreen projection-TV probably has sold better in single year than competitors' widescreen direct-view models in 3 years.

Toshiba will add new widescreen sets in 1996, but technology won't reach 4-6% of market until at least 1997, he predicted. Key will be introduction of DVD players and expansion of DSS, both of which could "finally make widescreen a viable format in this market," New Products Mgr. Craig Eggers said. Toshiba will ship DSS standalone integrated receiver descrambler (IRD) in June-July with at least 2 models planned, prices and features not set. Company also is understood to be considering building DSS into TV and TV/VCR combos in future.

As for DVD, Nickerson said agreement between Toshiba-led SD group and Sony-Philips MMCD alliance has resulted in some delay in designing first product and he and Eggers will be headed for Japan soon to get word on introductory model. As for TV-DVD combination product promised by Toshiba earlier this year, he said that "because of the problem of the lag" caused by meshing 2 DVD technologies, "next fall you're looking at only standalone units -- but I think very soon after that we'll probably have combo products."

INDEX PLUS VCR DEBUTS, GUIDE PLUS DUE IN 1996: Industry's first VCR equipped with Gemstar's Index Plus will be shipped this fall by JVC, nearly 3 years after technology was first shown to CE manufacturers (TVD Jan 18/93 p11). VCRs containing Gemstar's Guide Plus (GP) interactive on-screen programming guide are expected to be delivered in 1996 (TVD May 22 p10).

JVC hi-fi VCR, at \$599, signals beginning of what is expected to be flood of Index Plus-equipped VCRs that will be available by early 1996 from Hitachi and Panasonic, with Philips, Thomson and others to follow. Index Plus, which industry sources said was delayed while Gemstar redesigned it, uses features of extended data service (XDS) on field 2 of line 21 (closed caption) of TV's vertical blanking interval (VBI). Index Plus captures EDS material carried on ABC-TV network and uses it to provide on-screen index of programs taped on cassette. Feature adds \$50-\$100 to VCR cost, manufacturers said.

VCR has memory to create catalog of up to 400 TV programs and "library" can be searched either by title or tape number. Prerecorded videos designed for use with Index Plus VCRs also are expected to be available, although shipping dates weren't given. Gemstar officials weren't immediately available for comment.

GP gives program listings and summaries through data downloaded daily via VBI. System allows for real-time updates of listings by broadcasters. Unique feature is "live" video window of current channel, integrated into on-screen text guide. Program listings will be provided by Tribune Media Services (TMS) and -- unlike fee-based StarSight and VideoGuide, which offer listings week at a time -- GP information is confined to next 48 hours. Lack of subscription fee will force Guide Plus to be confined to high-end products at start.

"They want to get the cost from the manufacturer and the retailer and pass it on to the consumer because there is no fee," CE executive said. "They're paying for most of it up-front in the cost of the product [rather than via subscription service], so you're going to see more [emphasis] on the higher end in the beginning."

Some features of Guide Plus may be included in Index Plus models, Hitachi Exec. Vp Gary Bennett said, adding that Hitachi Index Plus VCR will be priced at \$449. Index Plus is likely to be positioned at "high" end of VCR line, followed by Guide Plus and VCR Plus, he said. Panasonic may include Index Plus as feature in S-VHS deck where it could be use for editing, Panasonic Consumer Video Group Vp-Gen. Mgr. Stanley Hametz told us.

"Guide Plus is a better everyday-use type of product," Bennett said. "With Index Plus, if you do a lot of recording it's a good feature, but if you don't it's going to be an expensive feature."

New features could help stem continued slide of VCR pricing, but at mid- to high-end, H.H. Gregg Pres. Jerry Throgmartin said. "This may well be a solution [to VCR price problems], but how saleable it will be remains to be seen."

HTP International has halted trading of its common stock pending outcome of "voluntary investigation" into reliability of its financial statements. Earlier, HTP announced hiring of new accountant to audit company's financial statements and complete 10-K report for year ended June 30. Company said new auditor, Oscar Sendowsky, of La Habra, Cal., replaced former accountant, Jaak Olesk, of Beverly Hills, who resigned in early Sept., citing "concerns relating to management integrity." HTP has revealed Olesk on Sept. 19 recalled his audit opinions for 3 consecutive fiscal years ending June 1992, 1993 and 1994 on ground that financial statements for those periods "can no longer be relied upon." Company said that "given the uncertainty of the present situation," HTP board "believes that it is in the best interest of its stockholders and the public that trading in its securities be halted."

Perennial TV idea man Vincent Donohoe in London is plugging 2 proposed new products: (1) TV Picture Print, new TV feature that incorporates Polaroid printer for making prints from TV or video, adding perhaps \$220-\$230 to retail price of TV set. (2) System for optically converting projection TV picture from 4:3 to 16:9 aspect ratio, on which he says he has U.S. patent.

R.C. Willey will double size of CE department as it prepares to open 80,000-sq.-ft. store in Ogden, Utah, in April, Vp Steve Child said. New 20,000-sq.-ft. CE section will contain 25% more car and component audio products, with portable audio and home office offerings also increased, he said, but suppliers will remain same. Two of existing 7 R.C. Willey stores also will be remodeled in early 1996 to expand department, Child said. Ogden store will operate as clearance center through Dec. and will serve as defensive bid against Circuit City, which entered Utah market earlier this year.

World computer sales will exceed 100 million in 1996, Intel Senior Vp Albert Yu told Tokyo news conference last week. He said 66 million were shipped this year, predicted climb to 130 million by 2000. Most of growth will be to homes.

THIS WEEK'S YEN RATE

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

WAR OF WORDS OVER AUDIO SHOWS: Fragile peace between promoters of 2 specialty audio trade shows scheduled one week apart next spring disintegrated into war of words last week, threatening to gouge wide gap between factions loyal to EIA Consumer Electronics Group (CEG) and to Stereophile magazine.

"We think the choice of a trade show is clear," CEG Vp Gary Shapiro said in letter touting CES Specialty Audio & Home Theater next May in Orlando as better alternative to Stereophile-affiliated Hi-Fi '96 Home Theater & Specialty Audio Show week later in N.Y., in which Academy for Advancement of High-End Audio will sponsor 2 trade days.

Orlando event will provide better bang for buck and boasts abundance of competitive features over N.Y. show, Shapiro letter said. Stereophile event "has only one thing on CES -- fear," Shapiro said, referring to "potent threat" cited by "many companies" that magazine would use unfavorable coverage to retaliate against those that don't exhibit.

That drew heated response from Stereophile Pres. Larry Archibald, who said in statement "the most inappropriate thing in Shapiro's letter is his constant reference to the Stereophile Show." While Stereophile will provide "administrative" and other support to N.Y. show, Archibald said, "the part of the show with which the EIA is competing is the 2 trade days," sponsored by Academy. "Shapiro's real problem seems to be interorganizational jealousy," Archibald said. "The Academy is sponsoring the trade days at Hi-Fi '96 and the EIA is not, even though they were the ones who came up with the idea."

Archibald said Shapiro's charge that Stereophile will punish companies that sit out N.Y. show "deserves no response." He said magazine's "consistently applied editorial policy" bars writers from using factors other than performance and quality of product when writing reviews. "Not advertising. Not friendship. Not show participation." He said that "the responses I've heard to this part of Shapiro's letter persuade me that making this allegation may not have been a prudent move on his part."

In interview, Archibald said "if anything, the reality is the opposite" of what Shapiro charged. He cited calls from advertisers or past show exhibitors complaining they weren't given preferential editorial treatment.

Shapiro's letter said "we don't know" whether Stereophile will punish nonexhibitors, but "we do know the perception exists and we know that it exists for the good reason that the potential exists. The specialty audio industry needs a trade show that is not under the shadow of this potent threat."

Academy Pres. Chris Browder, staunch Shapiro opponent, took letter to task for not mentioning Academy by name. Moreover, Browder said, "bad-mouthing someone else's product has been a taboo in this industry for some time." Shapiro responded that letter refrained from bringing Academy into controversy because group in early Sept. had decided to "endorse" Orlando show. Shapiro said his understanding was that Academy would play similar role in both trade events. Browder conceded Shapiro was "valid" in not wanting to criticize Orlando show endorser, but said there's "distinction" between endorsing trade show and sponsoring one.

"Conservative" CEG projection is that 50 companies will sign up for specialty audio exhibits in Orlando for total of 20,000 sq. ft., spokeswoman said. Archibald said his

company has commitments for 102 rooms and 21 booths in N.Y. He released list of about 90 exhibitors said to have signed up for Waldorf event.

DVD CONVERGENCE TALKS: Quiet week of digital videodisc (DVD) developments was reflective of official armistice in effect since Sept. 15 when dueling MultiMedia (MMCD) and Super Density (SD) camps announced compromise agreement on unified standard.

Delegates from 2 groups reportedly were huddled in negotiations last week aimed at drafting specification book by Oct. 17 opening of Japan Electronics Show (JES) in Osaka. Biggest sticking point might well be devising name for new format. SD camp favors welcoming Sony and Philips as 8th and 9th members of "core" alliance members, while Sony and Philips, seeking to preserve interests in 140 CD patents, view unified format as high-density extension of existing CD format and presumably will resist use of "SD" name at every turn in favor of more generic "DVD" designation.

Meanwhile, major companies planning exhibits at JES and Audio Fair '95 week earlier in Tokyo were scrambling last week to obliterate "MMCD" and "SD" logos from prototypes and display materials. We're told Sony politely has asked SD member companies to refrain from using "SD" trademark at upcoming events.

Oak Technology, Sunnyvale, Cal. manufacturer of semiconductors and software, said last week it has begun supplying chips and software to Taiwan's Acer and other manufacturers planning to make DVD players, according to Wall St. Journal, which quoted Chmn. David Tsang as predicting that new business should add \$14 million to company revenues in first year. Oak plans to begin making other parts for DVD players as well.

Would you believe a 70-lb. Coca-Cola can with built-in 13" TV? At \$440 a throw? That's product introduced by Akura Ltd. of U.K., "following a successful launch of its Coca-Cola brand canned hi-fi system" last year, it said in news release that added: "The can concept is the brainchild of Akura's managing director, Brian Palmer, who estimates that the production of some 300,000 Coca-Cola brand cans will be generated in 1995 -- some 70% going to export markets throughout Europe, the Far East and the home of the brand, U.S.A." Akura is located in Scotland, where some of its executives may have been nipping its national beverage, which isn't Coke.

Gold Peak (GP) Industries has opened battery kiosk in suburban Vancouver, B.C., as prototype for possible Canadian chain, spokesman said. GP Battery Specialist outlook will have inventory of 1,000 batteries for camcorders, cellular and cordless phones, PCs. GP has no plans now to test concept in U.S., spokesman said.

Pioneer said it will cut midyear dividend in half, blaming falling demand for commercial karaoke systems as result of business slump. Company didn't revise earlier forecast that it would lose 7.7 billion yen (\$74.8 million) on sales of 188 billion yen (\$1.825 billion), with loss for full year despite small 2nd-half profit.

Clarification: Thomson Consumer Electronics also was signatory to agreement for Southwestern Bell to sell and rent Digital Satellite System equipment in 2 test markets (TVD Sept 25 p17).

'SUPERANTENNA' PREVIEW: Sneak preview test of MegaWave antenna (TVD Sept 25 p15) in 2 N.Y.C. area locations showed promise of fulfilling function for which it won NAB award -- "improved indoor antenna."

Company set up versions of its antennas -- powered and passive -- in Manhattan apartment and in suburban N.J. home 30 miles outside city and reception of its VHF/UHF antenna was compared with several major brand conventional set-top antennas.

While MegaWave couldn't overcome inherent reception problems at both locations -- which normally depend on cable -- it was able to lock in on picture and color on more channels than was possible with rabbit ears. Added advantages were "earless" design and fact that objects such as human hand near antenna didn't affect picture.

Company demonstrated passive antenna in both locations, while active electrically amplified model for fringe areas also was set up in suburban location. For some channels in suburban test, only active MegaWave antenna provided any semblance of picture. To optimize reception for some channels, black-box prototype had to be turned 90°.

MegaWave CEO John Benham said technology could be incorporated in design with aesthetic and streamlined appearance, although prototype demonstrated was in 20x8x4" box. Final version could rest atop or under TV, or conceivably could be built into TV cabinet once shielding issues are overcome, Benham said, adding that technology eventually might be built into walls or featured in rooftop antennas.

Demonstrations indicated that MegaWave can outperform rabbit ears in locations with good over-air reception, while "rodless" design made it possible to fit in areas where rabbit ears are impractical.

MegaWave is showing antenna to CE and accessory companies for possible licensing and is raising capital to start own manufacturing. Benham said antenna contains only 10 parts vs. 25-30 in conventional antennas. Company is aiming for \$40 retail price, hoping to have product on market by 2nd quarter 1996. Antenna will be displayed in NAB exhibit at Jan. Consumer Electronics Show in Las Vegas.

Polk Audio reached confidentiality agreement with 6th Ave. Electronics in renewed legal battle over supplier's charges that discount merchant violated consent agreement in 1994 settlement of earlier transshipping suit. In latest action, Polk is seeking names of authorized dealers supplying speakers to new mail order business started by 6th Ave. Pres. Leon Temiz in violation of Polk dealer agreements. Confidentiality pact, contained in protective order issued Sept. 21 by U.S. Dist. Court, N.Y.C., stipulates that identity of dealers from whom 6th Ave. or mail order business, Electronics and Computer Depot, sourced Polk goods may be disclosed to only one Polk-designated individual during discovery phase of suit. Individual wasn't identified in court documents.

Full-year warranty on parts and labor has been added to 6 Toshiba VCR decks with V3 chassis. Company says it's "only single-deck VCR manufacturer with year's warranty, attributes offer to reliability of self-diagnostic chassis.

Zenith will supply 100,000 wireless addressable set-top decoders this year and 100,000 in 1996 to Malaysia's Mega TV wireless cable pay TV system.

AT&T SCRUBS 'HOME CENTER': AT&T has scrapped plans for Home Center set-top box, saying that market isn't ready for product that combines functions of phone answering machine, banking, personalized information provider.

Company unveiled Home Center, formerly known as AT&T TV Information Center, at CES in Jan. (TVD Jan 9 p13) and signed agreement with Zenith to build systems into TVs starting in 1996. But consumer and market research in following months revealed there wasn't enough support for set-top box at \$329 retail, AT&T spokesman said.

"We didn't get a critical mass or a sufficient momentum from service providers and that seems to indicate that the product may not be aligned with its market in just the right way," spokesman said.

Product was designed to join phone to TV set in home to provide phone answering, electronic banking and bill-paying, news items, sports scores, local traffic and weather, etc. Remote control would enable user to access on-screen menu of information and services delivered over standard phone lines. First marketing area was scheduled to be in Northeast U.S., with participation of Shawmut Bank.

No schedule has been set for reintroducing device, although AT&T believes there's "great potential" for "these types of products," spokesman said. Zenith spokesman said company will continue to work with AT&T in "interactive realm," but declined comment on specific projects.

Under AT&T's scheduled split into 3 companies, responsibility for Home Center will fall under technology and systems business to be launched with public stock offering in March, spokesman said. AT&T Consumer Products Pres. Carl Ledbetter, who headed Home Center project, has been assigned to consumer communications services group under new alignment.

Sony-Corning joint venture to produce picture tube glass reportedly will build 400,000-sq.-ft. glass plant next to Sony factory in suburban Pittsburgh. Preliminary work is to begin this month with formal groundbreaking planned for Nov. and full production to start by mid-1997. American Video Glass (AVG) joint venture had been weighing several options, including building glass factory in existing 2.5-million-sq.-ft. former Volkswagen plant Sony purchased in 1990 (TVD April 23/90 p9). AVG Pres. Donald Dicken has said he favored building free-standing factory, noting that "any time you go into an existing facility you're constrained by the existing structure" (TVD Aug 7 p16). AVG will produce glass for Sony Trinitron 27" and 32" tubes (TVD June 12 p19) and plant is expected to have 2 lines -- one for funnels, other for faceplates. Sony already assembles 46-61" rear-projection sets and produces 7" projection tubes at complex.

Mitsubishi, Mitsui and Beijing Sipong Group will set up venture to make semiconductors in China, investing \$113 million by year-end to make application-specific ICs for CE products starting in spring 1997. Venture is expected to become largest semiconductor factory in China, with monthly capacity approaching 10 million chips, news reports said, quoting officials of Mitsubishi, which will put up most of \$34 million in startup capital.

Despite increasing domestic production, China imported 70,000 TV sets in July, up 40% from 1994 month, and 970,000 TV tubes, according to Chinese govt. figures.

NEW NATM MEMBER REQUIREMENT: NATM board has approved new rules requiring members to buy minimum share of products from "core"-designated suppliers.

New rule, approved at buying group's meeting in late Sept., revised bylaw passed several years ago and is designed to strengthen ties to core suppliers, said NATM members we polled. Those designated as core suppliers include Mitsubishi, Thomson, Zenith for A/V products, Whirlpool and GE for major appliances.

"This sets minimum standards," said NATM Pres. Jerry Throgmartin, H.H. Gregg, who declined to disclose specifics. "Some members will do more [business] with vendors, but nobody will do less." Under new rules, members not meeting minimums would have to appear before executive committee to explain why. But Throgmartin said he doubts rules would have to be so enforced because plan has wide support among membership.

However, sources told us vote fell 2-3 members short of unanimity. "My buyers weren't too happy because it somewhat restricts them on what they can do in negotiating with certain vendors," said one NATM dealer, "but overall it's something that NATM had to do. It's really going to behoove us to make sure our programs remain strong with core suppliers because if that ever changes, our ability to negotiate a good deal with other vendors will decline. It gives us a bargaining chip because noncore vendors know that we are buying a very strong program from a core supplier."

Core suppliers were selected on basis of strength in certain categories, R.C. Willey Vp Steve Child said. "RCA and Zenith cut a pretty broad patch in the consumer electronics business." In past, NATM committee met with vendors, who then also negotiated separately with each member, which sometimes resulted in discrepancies, manufacturers said.

One CE executive said new arrangement eliminates uncertainty, adding that vendors sought parameters because "we wanted to be sure if we said we'll build 100, they'll take 85. We didn't want to be told 'we'll take 100' and then have them come back for 65."

Tuttnauer has bid for remaining assets of N.Y.'s 47th St. Photo. Tut Services Inc. has been operating lone remaining store since June under licensing agreement allowing it to use 47th St. Photo logo. Bid to buy assets wouldn't affect millions of dollars allegedly owed by retailer in taxes, Tut Services Pres.-CEO Stuart Held said. Dealer has operated under bankruptcy since 1992. Tuttnauer bought \$3 million stake in 47th St. last year (TVD Aug 29/94 p15). Still to be resolved is claim by Federation Assoc., landlord for retailers' former 47th St. location that closed in June. Federation said in court papers it was owed around \$90,000 for June-July rent. Trustee Alan Cohen said Tuttnauer was meeting with Federation to resolve claim. In court papers, Cohen had said Federation's claims were of "no consequence" since 47th St. wasn't able to pay "outstanding administrative expenses."

Alphastar will move hq to Stamford, Conn., this month and hire 30-40 sales and marketing employees, company said. DBS service provider, whose proposed 100-channel system is to go on-line Dec. 1, has leased 10,000-sq.-ft. office to replace smaller facility in Greenwich, Conn. Alphastar recently purchased GTE Spacenet uplink facility in Oxford, Conn.

JENSEN CUTS WORK FORCE 20%: International Jensen plans to take one-time \$500,000 charge in 3rd quarter ending Nov. 30 to implement recent 20% reduction in U.S. work force, company said in announcing financial results for 2nd quarter and 6 months ended Aug. 31.

Jensen had \$347,000 loss in 2nd quarter vs. \$1.21-million income year earlier on 3.8% sales increase to \$60.58 million from \$58.36 million (TVD Sept 25 p20). Chmn.-Pres. Robert Shaw said results were "below our expectations," but company is "taking strong measures to improve our competitive cost position and financial outlook."

Most of jobs eliminated in early Sept. were in OEM business, "which has experienced increased pricing pressure in recent quarters," Shaw said. "The struggle to maintain margins and market share has intensified the level of competition in this market." He said work force reduction "will position us to compete more effectively as a lower cost producer in the OEM market" and is expected to result in annual pretax savings of \$4 million.

Jensen projects "continued improvements" in its consumer product sales for 2nd half. "Late in the 2nd quarter, we began to see indications that the trend in inventory reduction by some of our retail customers has run its course and that retailers have made significant progress toward reaching their targeted inventory levels," Shaw said. Jensen recently signed contract with unidentified company to distribute returned products worldwide, which Shaw said is expected to lower warranty costs.

SAVEMART WEIGHING OPTIONS: Savemart is considering range of options, including selling chain, as it struggles to emerge from Chapter 11, CEO Benjamin Blank said.

N.Y.C. retailer, which filed for bankruptcy in July, has had discussions with several nonretail companies on possible sale, but at same time is seeking court approval for \$11-\$13-million credit agreement with Nationsbank, Blank said. "I'm flexible in that I have no need to get out of this fight," he said, declining to identify companies interested in Savemart, "but I'm open to all options."

Savemart also may file own reorganization plan, but timing hasn't been finalized, Blank said. In raising money to emerge from bankruptcy, Savemart is near deal to sell lease for Totowa, N.J., site for \$500,000. Chain, which operates 19 N.Y.C. locations, closed 6 suburban stores in 1994 and future plans were dealt blow when former pres. and Blank's heir apparent John Kitzie resigned earlier this year. Kitzie remains consultant and dir., Blank said.

CompUSA, riding wave of Windows 95, posted 26% rise in first-quarter sales to \$739 million from \$586 million year ago. Same-store sales for quarter ended Sept. 23 jumped 16.9% vs. 1% decline. CompUSA also said it will open 13 stores in rest of fiscal year ending in June, slightly fewer than 16 analysts had projected. Dallas-based retailer, which operates 86 superstores in 41 markets, plans to open stores in Cal., Colo., Del., Fla., Ida., N.H., Tenn., Tex., Va.

Clarion plans to produce 80% of key parts for car audio head units in China to boost competitiveness in wake of stronger yen. Annual production capacity will be expanded at Shenzhen factory to 800,000 units by 1998. Plant will become key supply base for "Big 3" U.S. car makers, Clarion said.

FIRST-HALF PC HOME GROWTH LAGS: Conventional wisdom that penetration of computers into U.S. homes is growing by leaps and bounds apparently is contradicted by new survey that puts gains at virtual standstill in first half of 1995.

Survey of 2,000 consumers in Odyssey Homefront study conducted in July and Aug. showed 32% of households have computer, up from 31% in Jan., while July 1994 survey found 27% of homes had computers.

While consumers consistently express strong buying interest in computers, Odyssey Pres. Nick Donatiello attributed slow growth in first half to lack of promotions in period. "It should come as no surprise that when you take your foot off the gas pedal, the car slows down," he said, adding that computer marketers are making product "a seasonal purchase... by focusing their advertising and promotions on the 4th-quarter holiday season."

Of those buying computer in year's first 6 months, 52% already had one at home. Buyers who already own PCs say one major criterion for purchase of new one is ability to run their existing software, while first-time buyers are "more interested in a brand name they can trust and lots of good, free software bundled in."

Odyssey survey revealed market penetration of CD-ROMs, modems and on-line services increased more than penetration of PCs. Some 13% of homes now have CD-ROM drives, up from 9% in Jan. and 6% in July 1994. Penetration of modems increased to 18% in July from 16% in Jan. and 14% in July 1994, while 9% of homes subscribed to on-line services vs. 7% in Jan. and 6% in July 1994.

Another research company, Computer Intelligence InfoCorp. (CII), meanwhile, said 53% of all home PCs purchased in 1994 had CD-ROM drives. CII's survey found that 27% of home PCs in use have CD-ROMs. Considering that CII study presumably was conducted at end of 1994, figure is consistent with Odyssey's finding that 9% of total homes had CD-ROMs.

CII survey said 23% of consumers bought CD-ROMs by mail order, 21% from CE stores, 19% from computer dealers, 12% from mass merchants, 7% from computer superstores, 5% from office supply stores.

Survey also indicated 42% of home computers bought in 1994 had modems and 83% were bought with printers.

Some 58% of home computers in CII survey had screens 14" and smaller, but that category accounts for only 44% of current sales. Installed base of 15" monitors is 29%, survey indicated, while that category represents 38% of current sales. Only 5% of PC homes have 17" monitors, which currently constitute 7% of sales. -- Odyssey, 800-742-1792; CII, 619-535-6730.

Following Japanese pattern, Matsushita says it plans to establish network of 3,000 retail stores in China featuring its products. It already has 100 stores in China, patterned after its 20,000 small Japanese outlets that exclusively or primarily sell Matsushita products. Company has 19 factories in China, producing TVs, VCRs and other consumer electronics and appliances.

Consumer intentions to buy TV sets in Sept. declined to 6.7%, according to preliminary estimate by Conference Board. Revised figure for Aug. was 7.1%, same as Sept. 1994.

Consumer Electronics Personals

Robert Heiblim leaves post of KH America pres., plans unannounced, his duties assumed by Senior Vp **Peter Wellikoff**; Heiblim may be reached at 201-226-5733... **Ron Fone**, ex-McIntosh Lab, appointed pres. for ADS and Apogee brands, reporting to **Kurien Jacob**, who remains pres.-CEO of parent ADS Technologies, which also includes Orion... **Alvin Reuben**, ex-Sony Music, joins BMG Entertainment as senior vp-interactive sales & distribution... **Alan Lacy**, senior vp-finance, Sears Merchandise Group, promoted to Sears exec. vp-CFO.

Wojciech Majewski, European mktg. dir., named Videonics vp-business development, new position... **Donald Cohen**, Primetime 24 mktg. dir., promoted to mktg. vp... **Clare Copeland**, Peoples Jewellers pres., named to succeed **Prim Javier** on board of **GrandeTel Technologies** (formerly MTC Electronic Technologies), with hq in Canada and facilities in Hong Kong and China... **Jim Pollan**, pres., Best Video before ETD acquired it last year, appointed ETD senior vp-gen. mgr., replacing **Hector Gonzalez**... **Denise Shapiro**, ex-Viacom, ITT and ABC, named Hallmark Entertainment senior vp-worldwide business development... **George Rogers**, ex-Wherehouse Entertainment, appointed senior vp-sales & mktg., Best Film & Video... **Jack Kelly** named national accounts mgr., Allied Digital Technologies.

To be honored at Laserdisc Assn. 15th anniversary luncheon in L.A. Oct. 20: Founding board members **Ken Kai**, ex-Pioneer, now pres. of Cosmo Communications; **James Fiedler**, ex-MCA DiscoVision, now pres., Sony Digital Dynamic Sound; **John Messerschmitt**, ex-Philips, now chmn., College of Aeronautics; **Jack Reilly**, retired, ex-DiscoVision Assoc.; **David Gregg**, laserdisc inventor and consultant; **Biff Gale**, leading laserdisc salesman now on Optical Disc board.

Paul Gluckman, managing editor of Audio Week, adds title of assoc. editorial dir. of parent Warren Publishing Inc. (WPI), continuing at WPI N.Y. editorial bureau.

Nintendo has reached settlement with N.Y.C. company it accused of manufacturing and selling counterfeit Super Nintendo Entertainment System (SNES) games. J&L Game Trading agreed to halt sales and pay undisclosed amount in return for Nintendo's dropping suit, Nintendo attorney **Anthony Lo Cicero** said. J&L also allegedly sold equipment that copied multiple 16-bit games onto 3.5" PC disc, Lo Cicero said. Suit, filed under seal in July in U.S. Dist. Court, N.Y., alleged J&L had sold dozens of counterfeit games since earlier this year, including popular "Donkey Kong Country," at 20% of typical \$50 price. Hardware system, known as "Professor SF," allowed for copying and playback of counterfeit games, suit said. J&L Pres. **Jin Hua Lei** declined to comment.

Japanese domestic sales of projection TV, camcorders, laserdisc players, headphone stereo and car stereo lagged last year in July, EIAJ monthly figures showed, while sales of MiniDisc hardware were up 229%, widescreen TV 92%, car navigation systems 71%. Other products with gains over 1994 in July were VCRs (particularly S-VHS), stereo systems and home, portable and car CD players.

National Electronics Warranty (NEW) has signed agreement with Service Merchandise (SM) to administer extended service contract program. NEW will provide one- and 2-year contracts covering CE, small appliances, exercise equipment. VAC Corp. previously handled SM warranties.

TELEVISION DIGEST®

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

With Consumer Electronics

WITH THIS ISSUE: Color TV Market Share Survey (a TV Digest White Paper)

OCTOBER 9, 1995

VOL. 35, NO. 41

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

KIDVID COOPERATION SOUGHT: Hundt defends social contract on children's TV. Subcommittee starts investigation. (P. 1)

HIGHER RATES TERMED JUSTIFIED in cable cost-of-service filings. Operators say costs support doubling rates. Rural-urban differentials highlighted. (P. 3)

HDTV DEMO SOUGHT: Backers believe operating station would solve compatibility, confidence problems. 'Real need' claimed. (P. 5)

CONSUMER FOCUS NEEDED for advanced TV and multimedia, Geneva speakers say. HDTV less important at ITU conference. (P. 5)

52 SATELLITES PROPOSED for new Ka-band service. Nine companies apply. Video, voice and data services planned in multibillion-dollar projects. Auctions may be needed. (P. 6)

DBS SWAP OPPOSED by MCI and others, who say TCI would get sweetheart deal. FCC making decision. TCI calls slots it offers 'very valuable.' (P. 7)

DIGITAL FUTURE UNCLEAR: Role of MPEG decoders debated at EIA conference. (P. 7)

VIDEO CHIPS UNVEILED by AT&T and 3 partners. Video, audio and data could be sent over standard telephone lines. Several demonstrations planned. (P. 8)

SOCIAL CONTRACTS ON KID TV DEBATED: FCC would be on "solid legal ground" in crafting "clear and fair children's television rules" that apply equally to all TV stations and networks, according to Chmn. Hundt. Not so, say Comrs. Quello, Barrett and Chong in response to questions from Senate Commerce Committee Chmn. Pressler (R-S.D.) on Westinghouse's voluntary addition of children's programming in seeking FCC approval of purchase of CBS (TVD Sept 25 p3). House subcommittee entered controversy last week by announcing investigation to determine whether Westinghouse was coerced into agreement.

In response to Pressler, Hundt wrote: "I want to work with you, your colleagues," commissioners and others to "see to it that the Children's Television Act achieves its purpose and ensures that broadcast television, for some fraction of its weekly programming schedule, realizes its potential to inform and educate our children... The airwaves belong to the public, not to private broadcasters." Pointing out that he has made many public statements on kid TV, Hundt said: "I doubt anyone has been surprised to hear my views expressed privately," such as to Westinghouse CEO Michael Jordan. "It is not coercion," FCC chmn.

Consumer Electronics

COLOR TV MARKET SHARES: RCA again tops direct-view and projection TV brands, Magnavox and Zenith runners-up in direct-view, Mitsubishi and Hitachi in PTV. Magnavox and Panasonic lead in new TV/VCR survey. (White Paper supplement)

UNIFIED DVD STANDARD specifications possible next week in time for Japan Electronics Show. EIA workshop hears groups are 'working very fast' toward specs. (P. 10)

VCR IMPORTS DROPPED for first time this year in July, indicating adjustment as imports exceed sales by 22.7%. TV/VCR imports up 90% in month. (P. 11)
VCR shipments from Malaysia, China up. (P. 16)

SEGA SATURN PRICE CUT to \$299, matching PlayStation hardware, seen as sign of weakness of 32-bit market, despite success of Sony product so far. (P. 12)

FRETTER CLOSES 24 SILO STORES in Chicago area, begins \$30-million liquidation sales there, continuing retreat to Mich.-Pa. base. (P. 13)

SEARS WILL OPEN 300 HOMELIFE stores in next 5 years, expanding 'off-mall' strategy, including hardware as well as rural Sears Dealer outlets. (P. 13)

NEW DIGITAL CAMCORDERS introduced in Japan: JVC's tiny 1-lb. model has unique special effects. Matsushita's 2nd model features 4" LCD monitor. (P. 14)

wrote Pressler, "for any FCC commissioner... to express his or her view on what the public interest requires in an individual case. To be more specific, in no conversation have I in any way coerced any broadcaster to take any step to do more children's educational programming." Pressler had raised that possibility in writing to Hundt, as have House Telecom Subcommittee Chmn. Fields (R-Tex.) and Quello.

Hundt didn't respond directly to Pressler questions on any specific discussions FCC chmn. or his staff have had concerning "social contracts" on children's programs, including with Clinton Administration. Earlier, in answer to Pressler, Quello accused aide to Vice President Gore of asking commissioner to vote for quantitative guidelines on children's TV, allegation later denied by Gore's office (TVD Oct 2 p1).

Barrett wrote Pressler that in meeting with Westinghouse officials, "at no time did we discuss the possibility of making my support of the proposed merger contingent upon programming concessions on Westinghouse's part. In fact, I made it quite clear that my decision... would not, in any way, be influenced by any commitment on their part to provide a certain amount of children's programming, political programming, or other concessions."

As matter of public policy, Barrett said, he doesn't believe that FCC "should impose or otherwise elicit 'social contracts' or other obligations" in connection with station transfers: "To do so would not only undermine the integrity of the Commission's processes but could also lend itself to abuse by those [commissioners] who are in a position to influence. More to the point, if the Commission begins to utilize such contracts to impose content-based obligations on its licensees, I am concerned that we will be establishing precedent that is not only dangerous but which may also fail to meet constitutional muster."

So-called "social contracts" between broadcasters and FCC requiring "specific quantitative programming obligations" shouldn't be part of proceedings at Commission, Chong wrote Pressler. FCC, "as a matter of public policy," shouldn't have "discretion to impose, encourage or otherwise elicit 'social contracts' in connection with broadcast or other license transfers," she said: "Having said this, I want to emphasize... that I support the goals of the Children's TV Act. I have repeatedly urged broadcasters to listen to the demands of their audiences as to children's educational programming."

Comr. Ness responded to Pressler Oct. 6, but her letter was withheld following "48-hour rule reminder" from Judith Harris, chief of FCC Office of Legislative & Intergovernmental Affairs. Harris told commissioners and bureau chiefs: "Out of deference to the [congressional] member who has written to us, we wait 48 hours before releasing our response." Release of responses "on a couple of occasions... has caused great and understandable concern in several congressional offices," Harris wrote. (Note: Responses to Pressler by Hundt, Quello and Barrett were reported in trade press before 48 hours expired; Chong sent her letter to Hill Oct. 4, released it Oct. 6.)

Current FCC rules don't provide clear guidance on kid TV and "do not assure the American public that the purposes of the Act are met," Hundt wrote. First Amendment values, he said, will be "advanced" if FCC adopts "specific quantitative standards and a clearer program definition" of children's TV. To buttress his argument that such standards would be constitutional, he quoted U.S. Supreme Court's 1969 decision in Red Lion case, ACT case on indecent programming and more than dozen waivers of FCC multiple ownership rules that relied on voluntary "programming commitments by the applicants." Hundt said it has been FCC policy for "at least 20 years... since Chairman [Richard] Wiley's tenure... not just to recognize but to encourage dialogue between citizen's groups and broadcasters about ways to improve the quality of television programming." That's reference to fact that public interest groups had instituted current imbroglio on kid TV by filing petition to deny Westinghouse application to buy CBS; complaint was withdrawn after Westinghouse agreed to air 3 hours of educational children's programming weekly on CBS.

Center for Media Education (CME), one of complainants, released survey showing that 82% of public wants more children's programming on TV and that similar percentage think govt. should impose requirements for such programming. At other end of spectrum, House Oversight Subcommittee started work to investigate whether Westinghouse voluntarily agreed to air 3 hours of children's programming, or whether it was coerced by FCC into agreement as part of Westinghouse's purchase of CBS.

CME study demonstrates that even amount of programming that Westinghouse agreed to air is less than public wants, spokesman Jeffrey Chester said at Washington news conference. CME and other groups asked FCC to require that amount of programming as condition of purchase. CME Pres. Kathryn Montgomery said poll taken by CME showed that "public opinion differs from the leaders of the Republican Party" and suggested Republicans should be wary of taking on educators, psychologists and others who advocate more children's shows.

CME poll found that 20% of those surveyed agreed strongly or agreed "somewhat" that there was "no good reason" to regulate children's TV. Survey also found correlation between perception of value of TV programming and philosophy of regulation, with those who believe TV has positive influence on children also saying there's no reason to regulate it. Looking at quality of children's shows now, 2% said they were excellent, 56% good or fair, 28% poor or very poor. Survey found 2% said one hour per week was sufficient, 7% half-hour daily, 29% one hour daily, 31% 2 hours daily, 26% said no requirement. Montgomery and Chester said that even though Westinghouse's agreement was for 3 hours weekly, survey results indicated networks should do more to supply programming, while individual broadcasters should do more to air children's programming. They said carrying children's shows was "small price to pay" for use of spectrum. CME poll, one of series, is one step in campaign to influence Hill and FCC. On Oct. 11, children's TV advocates will have rally on Capitol Hill, with visits to FCC, in effort to persuade Commission to require more children's shows.

In letter to Oversight Subcommittee Chmn. Barton (R-Tex.), seeking investigation, Commerce Committee Chmn. Bliley (R-Va.) and Fields said there were "serious questions" about Westinghouse agreement raised by Quello. Bliley and Fields asked whether normal rulemaking process for children's TV was "being subverted through pressure within the Commission to enter into 'voluntary' social contracts as a condition of approval of a transfer of control application?" They said: "Using pressure on a transfer of control application to accomplish an objective properly achieved through the rulemaking process is inappropriate and impermissible under the Administrative Procedure Act. If it is occurring in this or other instances, it would be a violation of the law."

Bliley and Fields also questioned contacts between Gore's staffer, Gregory Simon, and Quello that latter raised. Quello said that Simon was seeking support for agreement and that he told Quello that latter should contact Gore's office if he were going to criticize Gore or Hundt position on children's programming. Gore's office denied any impropriety. Barton spokesman Craig Murphy said congressman has talked once with Hundt, plans more conversations, and inquiry is in "earliest stages."

COST-OF-SERVICE SAID TO JUSTIFY DOUBLING CABLE RATES: Cable systems that made cost-of-service (COS) filings (Form 1220) at FCC claim to be able to justify doubling their current rates, on average, and in some cases say they should be able to nearly quadruple them, according to survey of 77 COS filings by Business Planning Inc. (BPI). Data show, for example, that average system making COS filing said its costs justify \$17.92 rate for basic tier and \$23.22 for expanded basic vs. average current charges for those 77 systems of \$8.72 for basic, \$10.83 for expanded basic.

Report also provides snapshot of virtually all costs and revenues being claimed by large sample of systems making COS filings. Data are for fiscal year 1993, only year in which FCC collected COS data. BPI officials said 77 systems included in report, all of which provided complete COS data without seeking confidentiality, represent reasonable sample of all of cable systems that made COS filings. Cost and revenue figures are representative of systems that made COS filings, but may not be representative of those that used benchmarks to set rates.

Even if systems were able to justify all of claimed expenses, they would be unlikely to increase cable rates to full amount supported by COS filings, BPI's Michael Nungesser said. He said systems still face competition from other forms of media, limiting their ability to raise rates.

Per-subscriber costs are highest for urban systems, followed by rural systems, according to BPI data. Average urban system said it needs to generate \$20.98 revenue per subscriber per month to cover cost of basic tier, plus allowed rate of return, and additional \$19.70 for expanded basic. Suburban systems claimed to need \$17.09 for basic plus \$17.50 for expanded basic; rural systems \$18.24 for basic, \$30.22 for expanded basic. Average urban system charged \$8.72 for basic, \$10.83 for expanded basic, according to data vs. benchmarks of \$9.20 and \$7.29. Suburban systems charged \$9.69 and \$10.83, vs. benchmarks of \$8.80 and \$8.57; rural systems \$8.55 and \$13.17 vs. \$7.48 and \$31.03.

Report clearly details wide differences in costs and revenues among urban, suburban and rural cable systems. Some differences are result of different employee costs, but many are result of variations in average subscriber density (96.9 per mile of cable in urban areas, 62.2 suburban, 38.8 rural), cable penetration (44.7% of all urban households, 66.8% suburban, 65% rural), and channel capacity (average of 65 channels in urban systems, 53 suburban, 56 rural).

Average total expenses per subscriber per year were \$398.50 for all systems, BPI found, including \$467.34 for urban systems, \$375.55 for suburban systems, \$404.91 for rural. Rural systems, with their lower subscriber density and fewer subscribers per headend, devote more spending to cable plants, with depreciation and amortization accounting for 53.5% of total costs, vs. 40.4% for urban systems and 41% for suburban. Urban systems spend average of 57% more per subscriber (\$111.87 per year vs. \$71.34) than rural systems for programming because of larger number of activated channels.

Data show sharp differences in franchise costs among different types of systems, with average urban system spending \$40.75 per subscriber per year on such things as franchise fees, public, educational and govt. channels (PEG) and other services required by franchises. Suburban systems spent average of \$45.68 per year for franchise costs, rural systems \$101.34. Highest cost was \$221.06 per subscriber per year. Franchise fees were fairly consistent through most systems, typically close to 5% of gross revenue or about \$1 per subscriber per month.

Average urban system spends 39.6% more on employee payroll per subscriber (\$29.42 per year) than rural systems (\$21.08) and suburban systems (\$20.55). However, urban systems pay \$2.97 per subscriber for power and \$2.77 for pole rental, vs. \$3.59 and \$2.71 for suburban systems, \$3.94 and \$4.65 for rural. Data also indicate differences in cost for insurance, easements, real estate.

Different types of markets demand wide variations in marketing and sales expenses, as well as in revenue, data show. Suburban systems, where reception typically isn't problem but homes have access to many broadcast channels, spent average of \$6.94 per subscriber per year on ads, vs. \$5.32 for urban systems, 39¢ for rural, where there are fewer broadcast alternatives and ads cost less.

Urban markets have clear lead in revenue such as ads and equipment rentals. Average annual per-subscriber ad revenue was \$16.64 for urban systems, \$15.95 suburban, \$4.12 rural. Other nonvideo revenue totaled \$6.59 urban, \$1.78 suburban, \$1.46 rural.

BPI report includes full data for each of 77 cable systems in study, as well as averages for different categories. Types of data, typically reported on per-subscriber basis, include: (1) Total expenses, depreciation and amortization, expenses less depreciation and amortization, total subscribers. (2) Major expense categories, with and without depreciation, including cable plant, plant support, programming, sales, general, administration. (3) Cable plant and plant support expense details such as payroll, power, pole rental, depreciation, total cable plant. (4) Programming cost details. (5) Selling, general and administration cost details. (6) Amortization expenses such as franchise and organization costs, customer costs, startup losses, goodwill, intangibles. (7) Operating expenses such as taxes, franchise fees, interest. (8) Investment in headend, trunk, drops, customer-premises equipment, maintenance equipment, programming equipment, business offices. (9) Net rate base. (10) Revenue requirements by tier. (11) Charges and channels by tier. (12) Other revenue and adjustments. (13) Operating information, including franchise and headend dates. (14) Prototype franchise detail.

Publisher's Note: BPI Cost of Service Report is available through Warren Publishing for \$2,495, or \$8,500 for report plus all supporting data on diskette. For additional information, contact Betty Alvine, 202-872-9202, ext. 201.

CBS's 60 Minutes didn't libel Wash. state apple growers in 1989 report stating that use of Alar growth agent posed high cancer risk in humans, especially children, 9th U.S. Appeals Court, San Francisco, ruled. Correspondent Ed Bradley called Alar, trade name for chemical daminozide, "most potent cancer-causing agent in our food supply" and questioned slowness of EPA in banning drug. EPA did ban its use on food 7 months after CBS telecast. Apple growers filed suit year after program, charging "product disparagement," form of libel. In upholding lower court order 3-0, Appeals Court rejected growers' argument that program conveyed implicit false message, which must be proved to win libel action.

Cox Bcstg. said it's buying rep firm MMT Sales, merging its station clients and personnel into Cox-owned TelRep and Harrington, Righter & Parsons, and newly created separate Cox sales unit. Price wasn't announced. Combined firms expect to handle \$2.2 billion annually in national spot TV revenue.

Recent Pacific Bell decisions to back off from hybrid fiber/coaxial network for video prove that VDT network never really was chiefly upgrade of existing telephone network, Cal. Cable TV Assn. (CCTA) said in opposition to telco's proposed FCC waiver. Changes demonstrate that "the rate structure... was designed to facilitate Pacific's entry into the video market in a manner that is contrary to the public interest." CCTA said claim that network was only for video, not telephony, is supported by fact that Pacific no longer says it needs VDT network since it bought traditional cable system. CCTA also said telco's proposal is "blatantly discriminatory."

Continental closed previously announced deal to buy Providence Journal Co. cable systems. Adding systems with 800,000 subscribers gives Continental more than 4 million, reestablishing it as 3rd largest cable operator. Continental will become public company in one year when Providence Journal owners are allowed to begin trading Continental shares that they received in deal.

HDTV DEMO SOUGHT: Plan is being floated to build demonstration HDTV station to give broadcasters and manufacturers opportunity to check how well equipment works in practice, with hope that enough support will emerge by end of year to launch project. Demonstration station would be used to check compatibility of HDTV equipment built by different manufacturers, identify interface problems, give potential customers opportunity to compare equipment and help generate enthusiasm for new technology, according to supporters.

Demonstration project is step beyond testing done at Advanced TV Test Center (ATTC) in Alexandria, Va., said Thomson Senior Vp-Technology Joseph Donahue, who is one of concept's prime movers: "We need to see how this will work in the real world. There's a real need for this. Now we need strong support from the broadcasters and equipment manufacturers."

Others support concept, but are waiting to see details of proposal. "Any effort that gets us moving into the practical realm is good," NBC Exec. Vp-Technology Michael Sherlock said. "It will be difficult at best for broadcasters to make this transition [to digital TV]. Testing in the lab has been important, but to get to reality brings it to a whole new level that's exceptionally valuable." Another broadcast industry technical official, who didn't want his name used, said there's "a real need" for some type of demonstration center: "A lot of learning needs to be done."

There's little apparent opposition to idea of station, but industry officials said many details remain to be worked out. One problem is funding. Even if equipment is donated by manufacturers, it could cost millions to set up and operate station. Funding was problem for ATTC, and companies are weary of providing money for future technology. On other hand, investing several million dollars to give broadcasters and equipment makers more confidence that HDTV will work in real world could be good bargain, supporters believe.

Organization of demonstration center also needs to be worked out, supporters said. One industry official said it's "very important" that project be controlled jointly by broadcasters and manufacturers, in part to assure its objectivity: "We want participation to be as wide as possible." He said "a lot of logistics" need to be worked out.

Donahue began quietly floating idea of demonstration station year ago, but acknowledged there's still "no firm commitment to do anything. I think we've done enough work and almost enough talking. At this point it may happen and it may not." Others are more optimistic. One official said project has been slowed because most of attention until now has been on ATTC test and channel allocation processes: "Now it's just a matter of switching gears. I'm very optimistic."

Demonstration station concept includes building digital TV station "from the ground up" in major metropolitan area, including all of production and transmission equipment for full digital operation. Atlanta is one potential site because most of manufacturers are on East Coast, weather is acceptable and city is big enough to replicate most of transmission problems likely to be seen in metropolitan areas, where environment is most difficult for digital TV. Some supporters expect station would operate for only a few years, giving manufacturers and broadcasters enough time to learn what they need. Donahue said some or all of it eventually could be bought by some broadcaster as its facility.

CONSUMER FOCUS NEEDED: Dazzling advanced TV and multimedia technology displayed at ITU Telecom 95 conference in Geneva is impressive, but "there's not enough focus on the consumer," said Price Waterhouse analyst Mary Frost. "There needs to be some serious research on price points" acceptable to users, she told us: "The technology makes sense; it's the 'how' that's missing."

Frost, formerly with ABC, said developers of interactive multimedia services will require "one hell of a billing system." While problems "are not insurmountable at all," much work will be required on global scale, she said. Appropriate regulations will be required in all countries, Frost said, because companies won't be able to profit from niche markets in single nation. Regulators and technology developers are trying to "jump gaps" between existing rules, technologies and industries, she said: "Connecting all that stuff is a challenge."

At Telecom 91, Frost said, HDTV was center of attention, but that has been replaced by desktop videoconferencing, other multimedia technologies. She said there hasn't been adequate business case for HDTV because broadcasters would have to produce 2 versions of programs (including expensive one for HDTV), retool studios, pay for additional frequencies. Since broadcasters won't bring in extra advertisers, she said, "where's the business equation here? The quality's nice, but..."

NHK is proceeding full speed ahead with HDTV, Suichi Morikawa, exec. dir.-gen.-engineering, told digital TV panel. By end of year, he said, there will be more than 4 million HDTV sets in Japan, capable of receiving 1,200 programs NHK has produced for format. Company also is working hard on new project called Integrated Services Digital Bestg. (ISDB), which uses satellites, cable and wireless to deliver "virtual interactive 2-way services" to homes. Advanced telephone line will handle return signal from homes, he said. System characteristics include (1) ability to reach anyone, anywhere, anytime, (2) user-friendly architecture, (3) high-quality delivery, (4) real-time transactions, (5) interactive use.

"The most important topic in broadcasting is digital technology," George Waters, dir.-technology, European Bestg. Union, said: "If channel capacity is to be extended, it must be through [digital] technology." However, he said, digital equipment might not penetrate consumer market faster than other technologies have: "It takes 10 years to reach a 50% penetration... This will be the same pattern for digital TV." Digital compression means "broadcasting environment is going to be more competitive," he said, and broadcasters will need to develop new types to programs.

RHCs seeking Justice Dept. approval for waiver to provide DBS said request is chiefly effort to create 3rd option for video delivery while also removing restriction imposed in AT&T breakup. Ameritech, Bell Atlantic, BellSouth, Nynex and Southwestern Bell joined in request, saying it would permit one-way uplinks and satellite transport of cable programming. One official said DBS would be 3rd option for delivering video that could be used with fiber or hybrid fiber-coaxial wiring and wireless cable, although companies don't have specific plans for projects. "I don't think this filing is momentous news," said Jeff Ward, Nynex vp-federal policy. "It's chipping away at the huge firewall put up by the MFJ." Of group seeking waiver, Bell Atlantic and Nynex are joined in Tele-TV production and distribution venture with Pacific Telesis, which didn't join waiver request. Ameritech and BellSouth are in deal with Disney for video production.

52 KA-BAND SATELLITES PROPOSED: At least 9 companies plan to launch new satellite service using Ka-band beginning about turn of century, according to applications at FCC. Applications propose at least 52 geostationary satellites, plus 840-satellite Teledesic low-earth orbit system. Multibillion-dollar investments that would be required, along with uncertain market for new services, already has caused CS First Boston to downgrade its investment rating for one of applicants. In each plan, satellites would reach 26" dishes with video, telephony, data.

AT&T's VoiceSpan proposes 12 Ka-band satellites at 7 orbital locations, each carrying 64 spot beam transponders, plus 4 partial Ka-band satellites as ground spares. Company, which said it hasn't selected manufacturer for satellites, didn't put price tag on project but it's believed likely to be more than \$2 billion. Application seeks slots at 103° W, 93° W, 54° W, 1° W, 42° E, 92° E, 116° E. Transponders are to be capable of data rates ranging from 32 kbps for conventional voice to 1.544 Mbps for multimedia services, application said. AT&T would launch first satellites by 2000, assuming FCC approval. Two would be launched that year to serve U.S. markets, plus one each for Europe and Asia, with 4 more in 2001 and 4 in 2002.

GE's GE*Star calls for 9 satellites at 106° W, 82° W, 16° E, 38° E and 108° E. They would be equipped with spot beams, allowing frequency to be reused 11 times from each location. Company said availability of GE*Star and competing systems should stimulate manufacturers to mass-produce low-cost ground receivers that would be compatible with each.

Hughes filed amended application calling for 15 orbital slots, up from 6, with first to be launched as early as 1998. Spokesman said Hughes noted success of DirecTV and other DBS services as well as exploding use of Internet and decided to expand service to meet "new global telecommunications platform" with new applications.

Lockheed Martin (LM) plans 9-satellite global constellation called Astrolink. LM filed for 5 orbital slots at 96° W, 37° E, 115° E, 29° W and 168° E. Additional details weren't immediately available. Company will "vigorously seek" domestic and international partners and investors, COO Vance Coffman said. First Astrolink satellites will be launched 4-5 years after LM gets FCC approval, LM Astro Space Commercial Pres. Russell McFall said, with rest of constellation added as needed.

Loral's previously announced CyberStar proposal calls for 3-satellite constellation at 110° W, 29.5° E and 105.5° E. Each would generate more than 10 kw and carry 40 Ka-band transponders using spot beams. Loral said satellites would be able to tailor beams to accommodate potential rain fade problems expected in Ka-band. Like Lockheed Martin, Loral said it will be seeking alliances to complete CyberStar system, which is scheduled for operation in 1999. Modification of Loral's May 1 application calls for each satellite to carry 27 regional spot beams, each operating in 2 polarizations, for total of 54 communications channels.

Teledesic appears to be only applicant for low-earth-orbit Ka-band system, based on applications that had arrived at FCC hq. Lack of competition means there's no mutual exclusivity, apparently eliminating need for auctions for spectrum. Teledesic's previously announced \$9 billion plan calls for galaxy of up to 840 satellites.

Other applications filed include: EchoStar, 2 satellites at 2 locations; Netsat 28 Co., one satellite; Motorola, no details immediately available.

U.S. homes using TV (HUT) jumped 65% -- from normal 30% to 49.4% -- at 1 p.m. (EDT) Oct. 3 when verdict in O.J. Simpson murder case was scheduled to be read, according to Nielsen. HUT dropped back to 45% within half hour. In Nielsen's 33 metered markets, Simpson verdict had 93% share of home TV sets turned on, with 46.9 rating. That compares with estimated 90% of TV households that tuned in for Apollo moon landing and after President Kennedy was assassinated. Each rating point is worth 531,023 homes in Nielsen universe. While it's estimated that audience for Simpson verdict approached some of largest ever for TV, actual number of viewers never will be known accurately because of huge number of out-of-home viewers in middle of work day, network officials said. Meanwhile, several advertisers reportedly paid large premiums -- up to \$200,000 per 30-sec. spot -- to air network commercials just before announcement of not guilty verdict. Normal cost for such spots in afternoon TV is \$35,000-\$40,000. In related development, pay-per-view operators said they rejected proposal for PPV interview with Simpson, which would have included questions from viewers. Request TV Pres. Hugh Panero said he doesn't think there should be "a pay-per-view event around a tragedy." Viewer's Choice Pres. James Heyworth said poll of cable operators showed they believe event would be inappropriate. In aftermath of case, Cal. Gov. Pete Wilson (R) has asked Cal. Judicial Council that TV cameras be barred from criminal trials in state.

Donations by telecom Political Action Committees (PACs) are higher this year than in first 6 months of 1993, according to report from Center for Responsive Politics, which tracks campaign contributions. In first half of year, telecom PACs gave \$1.6 million to federal candidates, up from \$1.3 million in 1993. RHCs and other local telcos gave \$846,612. Cable companies increased their donations 71%: Viacom gave \$48,000, up from \$10,000 in first half of 1993, and Turner Bestg. \$46,549 vs. \$21,700. Center said telecom PACs gave 73% of their money to Republicans in first 6 months, contrasted with 47% in 1993. New Center report, Price of Admission, said donations from communications and electronics sector PACs dropped 10% from 1992. Telephone utility sector, largest at \$4.5 million, was down 12% from 1992, media/entertainment sector, which gave \$2.3 million, was down 9%.

Senate on voice vote late Sept. 29 passed appropriations bill (HR-2076) for Commerce, FCC and related agencies. Without debate, it cut \$46 million from \$75 million budget for Radio Free Europe/Radio Liberty (RFE/RL), acting on amendment by chief sponsor Sen. Inouye (D-Hawaii). USIA Dir. Joseph Duffey and Bestg. Board of Govs. Chmn. David Burke said action repudiates bipartisan legislative compromise to reshape international broadcasting. Agencies already were set to achieve \$400 million in savings over next few years, while maintaining RFE/RL under International Bestg. Act passed by Congress that established new Board, chaired by Burke, to oversee RFE/RL, VOA, Radio and TV Marti, Radio Free Asia. VOA had begun combining operations with RFE/RL, and Duffey and Burke said Senate agreement "will also throw this process into chaos."

Corning said it will invest another \$100 million in expanding fiber plant in Wilmington, N.C. It said in Feb. that it would invest \$150 million to make it largest fiber manufacturer in world. Senior Vp-Gen. Mgr. Robert Forrest said investment is needed to keep pace with "dramatic growth" in demand. He said much of growth is overseas, but domestic demand also is up. Corning expects to increase fiber-making capacity 75% over 3 years.

DBS SWAP OPPOSED: Reaction to congressional move to give FCC flexibility in allocating DBS spectrum formerly held by Advanced Communications has been favorable. But companies opposed spectrum swap option being considered by FCC in which TCI would give up 11 channels at 119° W held by subsidiary Tempo in exchange for 27 channels at 110°. Industry source said FCC must hold auctions unless it can find allocation method that would raise more money than auctions, but he said that's unlikely because 11 channels aren't worth as much as 27. Spectrum swap idea proposed by TCI is backed by FCC International Bureau Chief Scott Harris and is being circulated to commissioners.

Only spectrum auction will ensure greatest return to U.S. Treasury, in accordance with Congress's wishes, said MCI, which is seeking DBS channels, and others, including National Taxpayers Union (NTU) and Consumer Federation of America (CFA). MCI said "at least" 2 companies -- itself and TCI -- would bid for 27 channels of DBS spectrum at 110° W, but it knows of no one who would seek spectrum that TCI is offering in swap, which is further from center of U.S. Tempo's block "is of little potential value to anyone," MCI said, with possible exception of Echostar, which already has most 119° W spectrum.

CFA said it's "extremely concerned" over reports that Commission is considering what it called "anticomsumer, anticompetitive position" and urged it to reject any "sweetheart deal" with TCI in favor of auction. It said swap proposal would shortchange public by denying consumers another competitor to cable monopoly and by undervaluing scarce public resource "by, perhaps, hundreds of millions of dollars." Swap also would prohibit new companies from entering satellite TV business, CFA said. NTU Exec. Vp David Keating told FCC Chmn. Hundt that, given spectrum's potential economic value, "we believe the federal government should rely on competitive bidding" and other market mechanisms to dole out spectrum.

In response, TCI Senior Vp Robert Thomson said that not only would companies be willing to bid on "extremely valuable" spectrum being offered by TCI in return for DBS channels, they would pay a lot. Swap also would bring in more money to Treasury than auctions, he said, because not only would govt. be getting auction value for DBS channels, TCI would be sacrificing spectrum it already has paid for, which in turn can be auctioned. Thomson said only 2 groups were opposing spectrum swap, DBS providers that don't want more competition, and MCI, which "missed the boat" 10 years ago. Thomson also said opposition to giving TCI spectrum because DBS service would be run by cable operators is moot since Congress and courts determined that there's no line-of-business restriction against cable companies offering DBS.

Meanwhile, FCC denied Dominion Video Satellite request to reassign DBS channels at 119° W that Commission had revoked because Dominion didn't meet due diligence requirement. Channels were reassigned to Tempo and are subject of potential spectrum swap. FCC, which in Aug. assigned Dominion DBS spectrum at 166° W and 61.5° W, said company can build system using those less attractive slots.

FCC rule prohibiting unattended operation of broadcast stations has been waived. Commission said that "automation is seen as affording more accurate and controlled operation than performed by humans. Additionally, unattended operation is seen as permitting the more effective use of financial resources..." by licensees. Commission also updated licensees' transmitter control and monitoring requirements.

DIGITAL FUTURE UNCLEAR: It's uncertain whether home of future will be dominated by single, centralized MPEG decoder operable with range of direct-to-home services or whether MPEG devices will be scattered throughout house and even in pocket-size entertainment and data retrieval products, speakers said at EIA Digital Audiovideo Workshop last week in Philadelphia. "We've been convergenced to death," said Vito Brugliera, Zenith vp-technology & mkt. planning. He joked that "the great thing about standards is that there are so many to choose from."

MPEG will be "common" element in digital home devices such as digital videodisc (DVD), digital videotape, Digital Satellite System (DSS), MMDS and cable delivery, especially if "persistent rumors" are true that General Instrument DigiCipher will move to MPEG-2, Brugliera said. As example of divergent standards, he said some devices will use Dolby AC-3 digital sound, others Musicam, but audio systems' disparity wouldn't be "insurmountable."

Brugliera said standards will mean single MPEG decoder in home, linkable to range of equipment. But consultant Walter Ciciora said he was "amused" by suggestions that household devices would "share" central MPEG decoder, comparing them to projections that many household products would share single microprocessor. He said he believes many MPEG devices will be scattered through home, even in products capable of fitting in one's pocket.

Ciciora agreeing on decoder interface for cable-consumer electronics compatibility has been "more different than expected... It's a good thing we didn't realize that when we got started or we wouldn't have gotten started." Bottom-line goals, he said, are not to inhibit consumer access to new services, and to realize that products that limit access to services won't succeed. He said "hardware must not get in the way because if it does, the consumer will reject it."

Zenith Product Mgr. Tim Frahm said his company plans 1996 introduction of cable modem that meets IEEE requirements for multiple service levels. He said key to successful introduction of such products will be pricing below \$500. Cable operators are mindful of revenue opportunities available in 2-way interactive communications as well as competitive threat from telcos, he said, but only 5-10% of cable operators are 2-way interactive yet. Some operators are pairing conventional cable transmission with provision for responding via phone modem, he said, and while that's "a step in the right direction," he said, it doesn't deliver benefits "inherent" in 2-way cable modem capability.

Time Warner Communications (TWC) filed application with Hawaiian PUC to become local exchange carrier (LEC). TW said it wants eventually to provide residential dial tone "in rural and urban areas throughout the state" but declined to specify timing. While TWC said it was "optimistic" that service could start in Honolulu by 1997, it said regulatory environment, market conditions and interconnection negotiations with GTE will affect pace of deployment.

FCC said Robert Smith can own WROC-TV (Ch. 8, CBS) Rochester and WETM-TV (Ch. 18, NBC) Elmira-Corning, waiving duopoly rule. Smith is buying WROC-TV, WTOV-TV Steubenville, O., and WEYI-TV Saginaw from WROC Assoc., WTOV Assoc., WEYI Assoc. Grade B contours overlap, but FCC said impact is minor because it affects only 0.5% of WROC-TV audience and 1.6% of WETM-TV's.

VIDEO CHIPS UNVEILED: AT&T Microsystems and 3 partners unveiled integrated circuits to allow video, audio and data transmission over standard telephone lines. AT&T Network Systems, Broadband Technologies and Fujitsu Network Transmission are using chips in several demonstration projects in U.S., Asia and Europe to determine reliability, AT&T said. Digital Audio-Visual Council (DAVIC) recently included technology in draft standards and plans to establish it as standard in Dec.

Key feature of chip allows telcos to deliver data to home from neighborhood nodes using existing telephone wires, possibly eliminating need to build new networks directly into homes, said Faraj Aalaei, Fujitsu senior mgr.-broadband. New chips grew out of development with Broadband, which plans to include system in its deployment of switched digital video (SDV) for France Telecom, company said. Chips provide standard open interface at set-top box, said Jamid Lalani, Broadband business development mgr.

Companies said chips are part of Multipoint Broadcast Access system that reuses copper wires and installed coaxial cable in most homes to deliver cable TV. Circuits permit delivery of 51.84 Mbps into home, 1.65 Mbps back to network -- more than enough capacity for interactive service, Aalaei said. Chips incorporate technology compatible with asynchronous transfer mode (ATM) technology and Bell Labs carrierless amplitude-phase modulation system, companies said.

AT&T Network Systems will use chips with its SDV system being installed for Southwestern Bell and Disney's Celebration Community in Fla., company said. Fujitsu is using chips with its broadband installation for Singapore Telecom, company said.

RHCs don't necessarily need full-fledged cable franchise to begin building standalone cable systems, FCC Common Carrier Bureau said in decision giving Ameritech special temporary authority to start construction of system in Columbus, O. Ameritech has "letter of authority" from city saying telco can begin building system at its own risk pending completion of franchise negotiations. Cable associations had claimed that letter of authority didn't meet requirement that telcos have franchise. Bureau said lack of franchise makes Ameritech ineligible for automatic 14-day review of application, but "does not compel us to deny" application after more extensive review. It also denied cable groups' claims that Ameritech plans to use system for common carrier services and that telephone ratepayers will bear burden of construction costs: "The mere possibility that Ameritech might use the proposed facilities at some point in the future to provide common carrier services does not cast doubt on... present certifications with respect to the standalone nature of those facilities." Bureau said it's "aware" of pole attachment and other concerns, but said they "present no lawful reason to delay" approval.

Joint working group on multimedia was formed by Interactive Multimedia Assn. and SMPTE, said SMPTE Pres. Stanley Baron. He said group is needed because standards are required to assure that packaged content will play on consumer electronics equipment. Group will be called Committee on Multimedia Technology.

Fitch raised rating on News America Holdings debt to BBB from BBB-. Debt is guaranteed by parent News Corp., and Fitch said upgrade is result of BSkyB capital restructuring and MCI equity investment.

Coalition of public interest, print, broadcast and program groups last week asked U.S. Supreme Court to overturn lower court ruling that FCC's ban on indecent programming, except in 10 p.m.-6 a.m. "safe harbor," is constitutional. U.S. Appeals Court, D.C., in 7-4 en banc decision, accepted safe harbor because of govt. interest in what it called "well-being of minors" (TVJ July 3 p1). Case is called ACT (Action for Children's TV) III because it's 3rd time Appeals Court has ruled on complaints led by ACT against indecent programs. Coalition of 17 groups said suppression of constitutionally protected speech has "serious First Amendment concerns." Lower court acted improperly, it said, because it didn't subject law to "rigorous analysis that the [Supreme] Court requires in the First Amendment area. The [Appeals] Court did not make the requisite 'independent' assessment of the constitutionality of the statute, but instead simply deferred to the assessment of Congress and the FCC." Lower court's ruling on broadcast indecency also is contrary to earlier decisions of Supreme Court, which has "repeatedly recognized the liberty of parents and guardians to direct the upbringing and education of children under their control [including] whether or when their children may have access to material on sexual topics," appeal said. Supreme Court Justices Clarence Thomas and Ruth Ginsburg participated in earlier indecency decisions as judges on Appeals Court.

U.S. Supreme Court agreed to look at cable-telco cross-ownership ban. Among court's caseload for session that started Oct. 2 is C&P Telephone v. U.S., brought by Bell Atlantic to challenge constitutionality of prohibition on telcos' providing video programming. Ban had barred telcos from offering cable and limited them to common carrier role in providing VDT. Date for oral argument hasn't been set but it's expected to be in Dec.-April period. In Nov. 1994, 4th U.S. Appeals Court, Richmond, ruled it's unconstitutional to bar Bell Atlantic from providing video programming in its service area. Action upheld Aug. 1993 decision by U.S. Dist. Court, Alexandria, Va. Since then, 9th U.S. Appeals Court, San Francisco, plus U.S. Dist. Courts in jurisdictions throughout country have taken similar positions. FCC has been enjoined from enforcing ban.

First step toward measuring audiences for interactive media was launched by Coalition for Advertising-Supported Information & Entertainment (CASIE). Group is distributing working paper, called "work-in-progress," listing first set of principles for interactive audience measurement. Interim nature is necessary, CASIE said, because "these media are too new to reach full consensus on methodology issues." Among principles for interactive audience measurement: (1) Research should follow criteria developed for other media whenever possible. (2) Measurements should be by 3rd parties when possible, and 3rd parties should audit measurements done by medium itself using "clickstream." (3) Researchers should disclose complete information about methods. (4) Data should be directly comparable. (5) Privacy must be protected. (6) Methods should be least visible to consumers and require least effort by them.

Mass Media Bureau of FCC has turned its enforcement attention to radio stations airing paid commercials without identifying sponsors. WTEM(AM) Rockville, Md., was fined \$6,000 last week for such violations, while KUAD(FM) Windsor, Colo., and WTOP(AM) Washington were fined \$5,000 each.

Airing too many commercials in kid's programming continues to draw attention of FCC, which fined KBHK-TV San Francisco \$40,000 for "an extremely high number of violations" of maximum commercial time permitted.

Personals

Ted Turner resigns from TCI board seat "due to responsibilities accompanying the recently announced Turner-Time Warner proposed merger"... Linda Blair, FCC asst. div. chief, Audio Services Div., Mass Media Bureau, appointed acting chief... Eric Bolton, ex-Senate Finance Committee press secy., joins Senate Commerce Committee in similar capacity, succeeding Joseph Duggan... Eileen Huggard, ex-N.Y.C. asst. commissioner for cable TV franchises and policy, named exec. dir., National Assn. of Telecommunications Officers & Advisers, new post, with Washington hq.

Joe Muller, Fox Bcstg. exec. dir.-network distribution, southwest region, promoted to vp-network distribution... Steve Schmidt, ex-pres., Pillsbury Foods-Canada, appointed managing dir.-U.S., Nielsen... Bobbee Gabelmann promoted to senior vp-programming, Paramount Domestic TV.

John Vitanvoco, WGN-TV Chicago, named vp-gen. mgr., co-owned WLVI-TV Cambridge-Boston; Lise Markham, ex-exec. vp-gen. mgr., KMPH Fresno, joins Tribune Bcstg. as vp-special projects... Andrew Stewart, gen. sales mgr., KGUN Tuscon, promoted to dir.-sales & mktg... Bob Schadel, ex-KOCO-TV Oklahoma City, named news dir., KOKH-TV there... Steve Miller, ex-managing editor, KHQ-TV Spokane, appointed news dir., KRVN Reno... Nancy Cassutt, WCCO-TV Minneapolis-St. Paul, promoted to asst. news dir... Lew Freifeld, ex-pres.-gen. mgr., WTNH-TV New Haven, named pres.-gen. mgr., WESH Daytona Beach-Orlando... Eugene Lothory, ex-WCAU-TV Philadelphia, appointed vp-operations & station services, CBS TV Stations... Karla Halbakkan, WJLA-TV Washington public affairs mgr., moves to dir.-community relations, KING-TV Seattle, Oct. 24... David Devereaux advanced to vp-communications & design services, WTVS Detroit.

Brad Busse, Daniels & Assoc. exec. vp-Mobile & Telephony Div., advanced to COO... Bruce Friend, ex-MTV Latino vp-research and strategic planning, appointed VH1 vp-research & planning... Viacom changes: Joseph Jacob, senior international counsel, Blockbuster, named vp-counsel, international; Seth Lapidow, ex-Shearman & Sterling law firm, appointed vp-counsel/litigation... Raul de Quesada, ex-pres., Trorer Trading Corp., named Travel Channel vp-ad sales... Gerald Himmel promoted to head Rainbow's Sports Sales Div.

Changes at Tele-TV: Karen Stevenson appointed exec. vp-gen. counsel; John Clark, ex-Telecom Media, named exec. vp-programming & distribution relations; Craig Tanner, ex-CableLabs, named senior vp-advanced technologies... Changes at Dreamworks: Mo Ostin, ex-Warner Bros. Records CEO, named head of Dreamworks SKG Music; Lenny Waronker and Michael Ostin, ex-Warner Bros. Records, join company management team... Thomas Schumacher, Walt Disney Feature Animation senior vp, advanced to exec. vp, new post... Anna Perez, ex-Creative Artists Agency, named Walt Disney vp-Cal. govt. relations.

Jonathan Feldman, ex-Lambert Communications, named dir.-L.A. sales, Keystone Communications... FCC Comr. Quello presented with gavel Sept. 29 in Berlin, after addressing Intelevent '95, naming him "honorary chairman for life." Quello speaks Oct. 19 at FCBA Midwest Chapter lunch, Palmer House Hotel, Chicago.

TELEVISION DIGEST

Published Weekly Since 1965
With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newsnet, Prodigy, Nexis and DataTimes and also may be received via fax and e-mail.

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

Copyright © 1995 by Warren Publishing, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037
Phone: 202-872-9200 Fax: 202-293-3435
e-mail: warrenpub@interramp.com

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Edith Herman Senior Editor
Steve Geimann Senior Editor
Michael French Associate Editor
Elena Lucini Assistant Editor
Mike Grebb Assistant Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor & Asst. Publisher-Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor & Asst. Editorial Director
Susan C. Seiler Senior Ed. & Ed. Supv.
Gayle Nail Hogue Assoc. Ed. & Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Brian C. Meeley Assistant Director

Business

Brig Easley Controller
Gary Madderom Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001
Phone: 212-686-5410
Fax: 212-689-5097

David Lachenbruch Editorial Dir.
Paul Gluckman Assoc. Editorial Dir.
Mark Seavy Associate Editor
Cindy Spielvogel Associate Editor

CONTRIBUTING EDITOR, EUROPE

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

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-11-8 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

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

Signature _____

Name _____

Company _____

Address _____

City _____

State _____

Zip _____

For e-mail delivery, please provide internet address: _____

Time Warner-Turner Bcstg. deal includes provisions that would make it nearly impossible for Turner to accept competing bid, according to 390-page SEC filing. If Turner were to accept rival bid, filing said it would have to make following payments to TW: (1) \$175-million termination fee. (2) \$15 million in other fees. (3) Amount equal to difference between TW offer and new offer. However, deal does give Turner and TCI right to opt out if it doesn't close by Sept. 30, 1996. Filing also said that if antitrust regulators force TCI to sell its TW stock, TW will reimburse it for tax liability, and that TCI and Turner gave each other first option to buy their TW stock, with 2nd option going to TW. Meanwhile, TW takeover of Turner wouldn't mean any layoffs at TBS, Chmn. Ted Turner told staff in first speech to employees since announcement of merger (TVD Sept 25 p1). Turner told 3,500 staffers at Atlanta hq that deal should lead to growth.

FCC Cable Bureau set 1.0296% as inflation factor to be used in rate setting for year ended June 30. Figure is based on change in gross national product Price Index. Factor will influence rates for Oct. 1, 1995-Aug. 31, 1996.

GE Capital Satellites-Europe said it plans to offer point-to-multipoint video via new Sirius 2 Ku-band satellite, which will be launched into 5° E slot in 1997.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	SEPT. 16-22	1994 WEEK	% CHANGE	SEPT. 8-15	38 WEEKS 1995	38 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	601,605	666,764	- 9.7	445,009	16,883,822	17,747,145*	- 4.8
DIRECT-VIEW...	583,777	648,266	- 9.9	428,409	16,405,675	17,372,260*	- 5.5
TV ONLY.....	540,888	597,667	- 9.5	392,407	15,034,065	16,078,488*	- 6.5
TV/VCR COMBO..	42,889	50,599*	-15.2	36,002*	1,371,610*	1,293,772	+ 6.0
PROJECTION.....	17,828	18,498*	- 3.6	16,600	478,147*	374,885	+27.5
TOTAL VCR#.....	318,260	371,522	-14.3	285,966	9,873,748	9,378,872	+ 5.2
HOME DECKS.....	275,371	320,923	-14.2	249,964	8,502,138*	8,085,100	+ 5.2
CAMCORDERS.....	77,050	60,920	+26.5	27,569	2,255,328*	2,027,131	+11.3
LASERDISC PLAYERS	3,178	6,692	-52.5	2,328	174,967	189,693	- 7.8

Direct-view TV 5-week moving average: 1995--552,335; 1994-615,273* (down 10.2%).

VCR deck 5-week moving average: 1995--288,567; 1994--289,103 (down 0.08%).

TV/VCR 5-week moving average: 1995--42,903; 1994--39,824 (up 7.7%).

Camcorder 5-week moving average: 1995--70,756; 1994--56,631 (up 24.9%).

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

UNIFIED DVD STANDARD POSSIBLE NEXT WEEK: MultiMedia CD (MMCD) and Super Density (SD) alliances are "working very fast" to prepare final specifications on proposal for unified digital videodisc (DVD) standard announced Sept. 15 (TVD Sept 18 p12), Lauren Christopher, gen. mgr., Thomson Consumer Electronics DVD Product Development Group, told EIA Digital Audiovideo Workshop in Philadelphia last week.

Organizers billed workshop as "one of the first occasions" to learn more about technical elements of unified DVD proposal. But Christopher and Hiroshi Ooki, optical disc project leader at Sony Research Center in Tokyo, broke little new ground beyond simple framework of proposal announced 3 weeks ago. As we have reported, unified DVD standard would accept bonded disc espoused by SD alliance and "EFM Plus" modulation system advocated by Sony-Philips MMCD proposal. But significant elements of unified format remain unknown, pending outcome of negotiations aimed at releasing specifications by opening of Japan Electronics Show next week -- as well as name for system.

Christopher sidestepped questions on when specs will be released, saying only that negotiators are "working very fast" to finish job to avoid further delays in anticipated 1996 DVD product launch. How long product might be held up as result of talks and resultant changes in final designs won't be known until specs are announced. But she said there's no reason to believe delays would extend beyond 3-month lag already cited by SD officials on day of announcement. Delay to redesign LSIs and other basic components means first DVD products won't reach store shelves before Sept.-Oct. 1996, SD officials have said.

While Christopher and Ooki shed little new light on DVD developments at workshop, dual presentation was first to typify spirit of detente that has dominated DVD rhetoric since milestone agreement. Before agreement on unified standard became reality, conference had been scheduled to feature adversarial presentations on rival MMCD and SD formats. But both presenters refrained from using old MMCD and SD format names, Ooki referring to unified proposal generically as "high-density CD," Christopher calling it simply "DVD." Ooki devoted Sony portion of presentation to discussing "robustness" of EFMPlus modulation system, deferring to Christopher to deal with other key features of technology, such as system's variable-bit-rate encoding. In spirit of moment, Christopher even used Sony-labeled overhead slide to clarify generic points about variable-bit-rate coding plan.

DVD picture is "beautiful," Christopher said, responding to questioner, and quality is even better than that of Digital Satellite System (DSS). Ooki said DVD picture quality approaches that of studio-quality "D-1" digital masters. He reemphasized Sony's belief that ideal system will exploit compatibility with existing CD format and its various extensions. He indicated company remains strong in its conviction that new format should be single-sided, although unified proposal would adopt future provision for double-sided discs as advocated by SD alliance.

Christopher hailed enormous data capacity possible with future 10-Gb and 18-Gb double-sided DVDs, but conceded that for computer industry, concept of 2-sided media "is not good." She predicted double-sided media would find home with content providers interested in marketing multimedia software products incorporating movie on one side, derivative videogame on other.

Work is progressing at Thomson on finding production base for in-house manufacture of 2nd-generation DVD product, but recent agreement on DVD peace has slowed company's attempts at nailing down supplier for first generation, Christopher told us. She said Thomson's Juarez DSS receiver factory remains "option" for manufacture of DVD players. But company also is exploring other facilities, including China, where Thomson recently has ramped-up production of CD transports and finished audio goods, including portable CD players and shelf systems.

JULY VCR IMPORTS SHOW FIRST DIP OF YEAR: Imports of VCR decks may have flattened out in July after increasing in each of first 6 months, as marketers seek to adjust inventories. Although domestic sales to dealers are up 5.2% year to date (see State of the Industry), 7-month imports are up more than twice that percentage and total 9.3 million, 22.7% above the 7.6 million sales in same period.

There's been no such adjustment in TV/VCR combos, however -- imports up 79.5% in first 7 months when domestic sales rose just 5%, with July showing imports almost double year earlier. Jan.-July imports totaled just 1.3 million in period, when sales here were 1.1 million -- not a bad balance, except that there's also unknown quantity of domestically assembled combos to add to inventory.

Color TV imports, excluding combos, were up only 0.5% in July and 1.9% in 7 months, while camcorder shipments were up 17.9% for 7-month period. In July, recent trend toward increased percentage of 8mm imports was halted, at least temporarily, that format dipping to 33.7% of shipments from 37.8% year earlier. For 7 months, percentages were 36.7% and 37.8% for 1995 and 1994, respectively.

Malaysia continued to be biggest supplier of VCRs and was only one of 2 source countries showing increase in July over year earlier. Other was China, whose shipments for first 7 months passed million mark. In that period, Malaysia supplied 2.1 million VCRs, Japan 1.8 million, Korea 1.75 million, Indonesia 1.1 million and China 1 million, followed by Thailand, Singapore, Hong Kong, Taiwan. Since products listed as coming from Hong Kong usually had origin in China, adding Crown Colony's share to China's would make nearly 1.1 million from China, pushing very close to Indonesia's 1.1 million (see separate tabulation, this issue).

Mexico continued to dominate color TV, consistently supplying 65-70% of total imports, and was source of 6.35 million sets in first 7 months, almost 5 times as many as No. 2-ranked Malaysia, which supplied 1.3 million. In July, only Mexico, Malaysia and Canada showed increases in shipments of color TVs to U.S., declines being shown by China, Thailand, Korea, Japan, Singapore, Taiwan.

Malaysia continued to be leading supplier of TV/VCR combos to U.S., as source of 99,200 sets, more than half the 188,800 imported in July. Other TV/VCR sources, in order: Mexico, at 38,900 supplying less than half as many as Malaysia, followed by Thailand, Japan, Korea. Hungary, whose Philips plant ships combos here, was source of 22,300 TV/VCRs in year's first 7 months. Total from all countries for Jan.-July was 1.3 million.

U.S. imported 1,345,600 CD players in July, up 43.8% from 936,000 in July 1994. Japan continued to be No. 1 source, supplying 480,000, but was being edged by Malaysia, source of 433,500 during month, with China solid No. 3 at 294,400. Fewer than 50,000 each came from Singapore, Thailand, Korea, Hong Kong, Mexico. For year's first 7 months, 7,763,000 were imported, up 52.3% from year earlier, with Japan sending 2,718,500, Malaysia 2,430,900, China 1,581,800. Here's table of July and 7-month imports, based on Commerce Dept. figures:

Product	July 1995	July 1994	% Chg.	7 Mo. 1995	7 Mo. 1994	% Chg.
Total color TV...	1,368,100	1,270,900	+ 7.6	9,340,300	8,636,200	+ 8.7
TV/VCR combos..	188,800	99,900	+90.3	1,307,200	728,100	+79.5
Projection.....	21,400	19,100	+12.1	107,700	80,000	+34.6
Flat-panel color*	45,300	47,400	- 4.4	315,900	267,800	+18.0
Monochrome TV....	145,300	190,700	-23.8	811,200	1,044,600	-22.3
VCR decks.....	1,641,200	1,697,000	- 3.3	9,308,300	8,410,300	+10.7
Camcorders.....	333,800	281,100	+18.8	1,966,300	1,667,600	+17.9
8mm.....	112,700	106,300	+ 6.0	715,200	630,900	+13.3
Other.....	221,100	174,800	+26.5	1,251,000	1,036,600	+20.7
Videocass.players	44,900	90,400	-50.3	585,600	614,300	- 4.7
CD players.....	1,345,600	936,000	+43.8	7,763,000	5,096,900	+52.3

* Not included in total color.

SATURN PRICE CUT SEEN SIGN OF 32-BIT WEAKNESS: Retailers, distributors and competitors see Sega's \$50 price cut to \$299 on basic Saturn system as sign of weakness of both console and category. "The kids on the street know about these machines. A lot of them are waiting for the Nintendo Ultra 64 to come out," said executive of leading distributor.

Ultra 64 will boast near-64-bit technology and price point currently set at \$250. Sega's move isn't affecting plans, Nintendo says. "The price point is \$250 and that's what it's always been, and we're coming in April," spokeswoman said. Sony didn't chose to say anything about Saturn cut: "We don't have any comment or response to them dropping their price," spokeswoman said. Sega officials didn't return repeated calls seeking specific comments on new pricing.

Perhaps Sony's comment is being made on store shelves, where distributors and retailers say PlayStation is trouncing Saturn. "The same thing happened [to Saturn] in Japan as what is happening in the U.S.," distribution executive told us. "Right now, Sony is selling 3 or 4 to 1 [vs. Saturn] in the U.S.," he said. "And Sega -- they're hurting, and going into Christmas they're trying to create a demand by lowering the price." Yet at same time, other promotional efforts are slackening off, with insiders taking note that Sony and Sega apparently are absorbing such great losses on hardware that they don't seem to have will or resources to mount major marketing drives.

PlayStation may not need major push. Widespread gossip is that Sony has set cap of 350,000 coming to U.S. this year. Current demand is strong enough to sell that many, retailers and distributors agree. "Sony is very much ahead of the game," said one. "I don't think they're hurting. They're selling every piece of hardware they can get." On distribution front, at least, it's hard to get product at all, he said.

Distributor access to PlayStation was severely limited by Sony; roster of those allowed to sell units is said to include only Electroservice, Video Products Distributors, Ingram, Waxworks. Even they are having difficult time obtaining units. "You can put in an order for 1,000 and you may get 24," disgruntled distributor said. "They're going to give it to the mass merchants. They want it to go through retail."

Sega made no bones about basic reason for price cut: "With price parity in next-generation hardware," Sega America Exec. Vp Mike Ribero said, "the real difference is the gaming experience -- a proven Sega strength for over 40 years." He said that with strengthening of dollar against yen and "improvement in hardware production and process innovations, we are now able to pass the savings on to the consumer."

Saturn cuts didn't disturb competitor 3DO. "It's a move of desperation," 3DO Senior Vp-Mktg. Bob Lindsey said. He moved to 3DO from Sega, where he was responsible for Saturn, Sega CD, Sega Sports. "If Sega had their stuff together, they would have dropped the price to \$299 before PlayStation shipped. It's reactive, not proactive," Lindsey said. That price, like PlayStation's, includes sampler disc but no bundled software.

Price cuts "underscore the nature of the financial problems poised by the Saturn system," Lindsey said. "It's got a very high cost to manufacture." Many chips in Saturn come from different suppliers, so Sega can't rely on prime cost-cutting tactic of putting everything on single chip. "They probably have a cost to manufacture of \$340," Lindsey said. Adding to difficulties is fact that not enough games are selling to make

up for hardware losses, he said. Sega would need to sell 8 games for every player for Saturn system to be profitable, but ratio is less than 2 to 1, he said.

Sega wasn't releasing new wholesale prices for Saturn, but distributors said \$349 Saturn hardware bundled with Virtua Fighter Remix game wholesales for \$320. "Core system," which comes without games, is going for no less than \$285 and probably costs stores close to \$299. Lack of availability of core system means that combo package probably is accounting for 80% of sales.

Worse prospect for Sega -- and potential problem for Sony -- is that few are predicting any jump-start for 32-bit market. "We think this is the peak year for the 32-bit format," said Lindsey, whose own company's system is 32-bit based. Competition is coming not just from game machines, but from PCs as well. Noting that original price of Saturn plus cost of 4 or 5 games could quickly hit \$1,000, one retailer said: "When you start to approach \$1,000, I believe you're starting to approach the cost of a PC for a family, and most parents see the wisdom of buying a PC rather than a dedicated game platform."

Few retailers agree that PCs will triumph over game platforms, given true cost of high-powered machine. That doesn't mean 32-bit will come out on top, though. "It's going to be a 16-bit Christmas," one distributor predicted.

FRETTER LEAVES CHICAGO: Continuing retreat to Mich.-Pa. base, Fretter closed 24 Silo stores in Chicago area and began \$30-million liquidation sale.

Chicago liquidator Hilco/Great American confirmed that it had bought inventory of all Chicago area stores and will conduct sale at 16 former Silo outlets in next few weeks. Fretter officials didn't return call seeking comment.

Closings in Chicago are in addition to 56 outlets Fretter said it would shut in dozen states as it shrank to 150 stores from more than 240 at start of year (TVD Sept 18 p17). Silo later expanded number of closings to 70, including 51 Silo stores (TVD Sept 25 p19). Fretter also closed 11 Silo stores that operated separately in Marshall Field outlets in Chicago (TVD Aug 14 p14).

Fretter, saddled with high inventories and struggling to free itself of debt incurred when it bought Silo chain from Dixons for \$45 million in 1993 (TVD Dec 6/93 p18), said it was considering several options, including filing for Ch. 11 bankruptcy. Fretter operates stores under Fretter and Silo banners in Mich. and Pa. and as Fred Schmid in Denver.

In leaving Chicago, Fretter became latest victim of fierce CE retail battle that also has claimed Highland Superstores and Polk Bros. Market has been dominated by CE retailers Best Buy and Circuit City as well as Sears and Montgomery Ward.

HTP International, struggling to right itself after accountant recalled audit opinions for last 3 fiscal years, has requested stock be delisted by Nasdaq. Brea, Cal., company filed request after it was unable to meet requirements for listing. HTP halted trading of stock in late Sept. (TVD Oct 2 p14) pending outcome of "voluntary investigation" into reliability of its financial statements. Auditor Jaak Olsek, who resigned in early Sept. citing "concerns related to management integrity," recalled his audits for years ending June 1992, 1993 and 1994 on grounds that financial statements for those periods "can no longer be relied upon."

Sony introduced three 8mm decks, topped by Hi8 editing model with rewriteable time code and 8-segment assemble edit capability at \$1,399. Midline model at \$699 has stereo sound, Hi8 compatibility and LANC interface for editing with Handycam cameras. Entry-level model with on-screen programming is \$549.

SEARS HOMELIFE EXPANSION: Sears said it will expand "off-the-mall" store format, opening 1,000 hardware stores and 300 Homelife outlets in next 5 years as well as 700-800 Sears Dealer sites in rural markets.

Expansion plans came as Sears last week split Home Group sector into off-the-mall and mall-based units. Sears Home business will encompass off-the-mall operations, including hardware stores and free-standing Homelife outlets that carry CE products. Sears Hardlines will focus on mall-based stores, including Brand Central appliance and electronics unit.

Homelife stores will carry CE products only when they don't compete with mall-based outlets; Brand Central concept won't be added to new format, Sears executive said. "There's no sense in positioning [CE dept.] in a market where it competes against itself," he said. Sears has opened 3 Homelife stores since launching format last fall.

New formats represent dramatic turn for Sears, which currently operates 800 department stores. In expanding new concepts, it also is said to be studying acquisitions, although no purchases currently are under consideration.

JVC CD factory in Sacramento with capacity to produce 3 million discs monthly is scheduled to start in Oct. 1996. Plant will be managed by subsidiary JVC Disc America, which operates CD factory in Tuscaloosa. JVC said plant will enable it "to keep up with rapidly growing demand for CD-ROM discs, as well as cope with the further development of discs in the forthcoming multimedia era." Sacramento was chosen "to best serve the many CD-ROM software-related manufacturers" located on West Coast, JVC said.

Tandy will open 185,000 sq.-ft. Incredible Universe (IU) store in Woodbridge, Va., in 1996. Tandy has said it would have 17 IUs by year-end with stores in Salt Lake City and Charlotte, N.C., set to open this fall.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 101 yen = \$1, except where noted.

MORE DIGITAL CAMCORDERS: JVC last week introduced production version of "world's smallest camcorder" in DV (digital video) format and parent Matsushita unveiled first DV camcorder with built-in LCD monitor. Both are due in Japan early in Dec. and carry price of 220,000 yen (currently \$2,180), with JVC's model announced for N. American introduction next spring.

JVC's Mini DV, first demonstrated at Berlin Internationale Funkausstellung (TVD Sept 11 p17, Aug 28 p11), has added feature not previously announced and a first for camcorders: Special effects such as zoom are available not only when shooting, but during playback from camcorder as well.

JVC's aluminum-cased GR-DV1 is rectangular and held vertically, weighs less than 1 lb. without battery, 1.1 lb. with battery and cassette, has pull-out viewfinder. Company said its mass is 1/3 that of JVC's conventional VHS-C camcorders. GR-DV1 has single 570,000-pixel CCD pickup, image stabilization, 10x optical and 100x digital zoom, plus standard DV effects including snapshot with sound, strobe, fade, overlap, etc. Company plans monthly production of 10,000 at start.

JVC introduced DV cassettes at about \$9 for 30-min., \$11 for 60 min., head cleaner at \$15. Company had shown prototype of camcorder version with built-in LCD, but Video/Audio Gen. Mgr. Hiroki Shimizu said it has no plans to produce it because JVC was focusing on miniaturization in designing DV camcorder.

* * * * *

Matsushita's 2nd DV camcorder is single-CCD model with 4" color LCD monitor and will be offered with optional video modem and printer to capitalize on DV system's still picture function. Company's first DV format model had 3 CCDs and is being delivered in U.S. this month (TVD Aug 14 p12).

New model NV-DR1 will go on sale in Japan Dec. 1, but company said it currently has no export plans. To be produced at rate of 7,000 monthly, it weighs about 1.9 lb., 2.2 lb. with battery and cassette. It has 580,000-pixel CCD, optical 10x and digital 20x zoom, with 112,000-pixel LCD designed by Matsushita.

Designed for DV format's capability of making 580 6-sec. still pictures on 60-min. cassette, Matsushita's optional automatic printer will be priced at equivalent of \$860 when available Nov. 1. Matsushita will advertise still-picture feature for uses such as producing Japanese New Year's cards. Modem for transmitting pictures by phone will be available Dec. 1 at about \$540.

Matsushita said last week sales of its first DV camcorder, NV-DJ1, have been higher than expected, totaling 8,000 in Sept., some 3,000 above its expectations. Company expects sales of new LCD version will be double that of first model, and plans to produce total of 15,000 DV camcorders monthly starting this month. Matsushita envisions total Japanese demand for DV camcorders at 100,000 this fiscal year (through next March), but has revised its projection for next year to 450,000 from originally forecast 300,000-400,000.

Both new camcorders at 220,000 yen set new low price for DV models. Sony's prices in Japan are 350,000 yen for 3-CCD model, 235,000 for single CCD, while Matsushita's 3-CCD version is 275,000.

RETAIL SALES SLIM IN SEPT.: CE retailers posted modest gains in Sept., most recording single-digit increases in same-store sales.

Audio King posted 26% sales increase in Sept. to \$5.9 million from \$4.7 million year ago as same-store sales jumped 19%. Sales through Sept. were up 24% to \$15.3 million from \$12.3 million and same-store sales 17%.

Best Buy (BB), benefiting from boost in availability of PCs preloaded with Windows 95, said sales increased 40% in Sept. on 5% rise in same-store sales. Taken separately, same-store sales were up 12% with PCs, but only 1% without them, analysts said. At same time, BB launched promotion offering no payment or interest until 1997 on TV and VCR purchases of \$500 or more made with BB credit card.

Circuit City sales climbed 33% in Sept. to \$558.7 million from \$419.2 million as same-store sales grew 8%. Figures included extra weekend that added 3% to same-store sales gain, analysts said. During month, CC entered Colorado Springs and Salisbury, Md., with 40,000 sq. ft. superstores.

Tandy Corp., led by Radio Shack (RS) division, said sales in Sept. were up 9% to \$476.5 million from \$368.1 million. Overall, same-store sales rose 8% including 10% gain at RS and 6% at Computer City, but dipped 2-3% at Incredible Universe (IU), which continued to suffer shortage of PCs preloaded with Windows that first hit in Aug., analysts said. For 3rd quarter ended Sept. 30, same-store sales were up 7% overall, including 8% increase at RS and 9% at Computer City, with IU down 5%.

Ultimate Electronics sales soared 72% to \$20.26 million from \$11.81 million. Same-store sales rose 4%, but were up 13%, excluding results of Salt Lake City store opened in Dec. 1994. For 8 months ended Sept. 30, sales jumped 74% to \$139.96 million from \$80.63 million. Same-store sales were up 6% overall, rising 15% excluding Salt Lake City store results. Retailer said it filed SEC registration statement for proposed offering of 1.4 million shares of common stock, 1.3 million to be offered by company.

Boosted by new licensing agreements including 3 stemming from settlement of International Trade Commission (ITC) complaint, Energy Conversion Devices (ECD) reported income increased to \$7.3 million from \$4 million loss year ago. Sales for year ended June 30 rose 53.1% (see financial table) on strength of gain in revenues from business agreements to \$29 million from \$11 million. Also increasing were product sales to \$10.2 million from \$7.3 million year ago and royalties, \$1.2 million from \$226,000. Duracell, Toshiba and Sanyo signed agreements (TVD Dec 26 p15) licensing ECD's nickel-metal hydride technology and settling patent infringement claim ECD subsidiary Ovonic Battery had filed with ITC in Aug. 1994. Further boosting earnings were unrelated licensing agreements signed with, among others, Eveready, Hitachi Maxell, Varta Batterie AG.

Sands Convention Center will house all cellular, paging and wireless products at Jan. 5-8 Consumer Electronics Show in Las Vegas, said EIA CES Staff Vp Jonathan Thompson, and "ultimate goal is to move away from all temporary structures and satellite locations and consolidate all our product categories." Sands also will house all computer-related products, including hardware, software, games, multimedia, peripherals, accessories.

CE WEB SITES PROLIFERATE: Searching for ways to boost brand recognition, CE companies increasingly are establishing sites on Internet's World Wide Web.

Mitsubishi, Philips, Sanyo Fisher, Sony, TDK, Toshiba and host of videogame companies are spending from \$30,000-\$120,000 to "7 figures" to create spot on Web. About 11-24.4 million persons have access to Web through Internet, industry analysts said.

CE companies "see so much value in doing this that they're not really worrying what the return on the investment is," Forrester Research Analyst Emily Green said. "The main reason CE companies are interested is that the market for many of their products is young men with disposable income, and that's the kind of demographic you find on the Web right now."

Most CE companies are in early stages of developing Web sites. Many are first establishing site for corporation and then separating it by division. For Example, Sony has locations for both DV camcorder and PlayStation. EIA created site in May and since July has recorded 54,000 "hits" or 4,100 requests per week for documents ranging from industry statistics to news releases, spokeswoman said.

For most part, companies are using outside agencies to design Web site interface and update and maintain it. Gradually those responsibilities will be brought in-house, industry officials said. Philips created interface with ad agency Fallon McElligott, but is using own Communications and Processing Div. to maintain site, Sales & Mktg. Dir. Eric Greenman said.

"It provides you with a way to reach what seems to be an ever-expanding base of consumers," said Toshiba Asst. TV/VCR Mktg. Vp Stephen Nickerson. He said company placed information about 20" Toshiba Integrated Multimedia Monitor (TIMM) on Web to get consumer feedback. Toshiba is in process of adding CE products to site, he said.

Site will provide companies with direct feedback in addition to that supplied by traditional retail channels, Greenman said. "Consumers not only can see the product we're delivering but can also make suggestions to us about what they would like see in the future," he said. "This way we don't end up having 3rd party communications through a channel that can't always be reliable because there are so many people involved in it."

Web is being used largely to create brand awareness and supply product information, but won't replace focus groups as means for gathering consumer data, industry officials said. "Typically, the people who are responding to you already have an agenda, so they're biased toward a particular viewpoint," said Mitsubishi Vp Thomas Chapman, whose company plans to have CE product catalog available by early 1996. "It's not like a focus group where you capture some people who don't know who you are or what your agenda is."

Key to strong site will be making it relevant by updating information weekly. Site also should provide entertainment, such as Toshiba contest that offered TIMM as prize or Mitsubishi's plans to provide Japanese language lessons, analysts said. "If it's just simply an electronic catalog, it's not all that exciting and it won't create traffic," Chapman said.

But one thing sites won't be, at least for now: Location for selling CE products. Although chains such as Service

Merchandise, Target and Wal-Mart have established sites, several dealers say they won't use Internet to sell goods until security is verified. "I don't know if there is enough of a secure environment to look at financial transactions yet, but obviously that's a potential gateway of the future," Pioneer Senior Vp Michael Fidler said, adding that Pioneer Entertainment expected to have web site by late Oct., with CE to follow in 1996.

STEREO TV REBOUND CONTINUES: Aug. saw strong sales of stereo-sound TVs as percentage of total, according to EIA figures. In month when direct-view TV sales (excluding combos) were down 15.6%, number including stereo dropped only 5.4%. Of total sales, 48.5% were stereo equipped vs. 43% in Aug. 1994.

Percentage in Aug. didn't quite match record 49.4% of July (TVD Sept 4 p13), but was easily 2nd best of year. Total of 862,363 stereo TVs were sold to dealers in Aug., down from 911,518 in Aug. 1994.

For 1995's first 8 months, 6,017,948 stereo sets were sold, down 2.2% from 1994 period, while total direct-view color TV sales dipped 5.5%. For that period, 45.2% of sets sold had stereo, up from 43.6% in 1994 period.

Bryn Mawr Stereo & Video has opened 14,000-sq.-ft. superstore in King of Prussia, Pa., and will add first mall-based outlet by Nov. New outlet doubles number of projection and big-screen TVs carried in existing stores to 14-16 and 30-40 units, respectively. Also added are 3 home theater rooms and more than 70 audio components, including Sony ES line and expanded offerings from B&K and Adcom, Vp Steve Lokoff said. New 11,000-sq.-ft. mall store will replace existing one and is part of strategy to increase size of outlets from current 8,000-10,000-sq.-ft. average. Largest store -- 22,000 sq. ft. -- is in Mechanicsburg, Pa. Chain, which operates 16 stores in 4 states, also opened 55,000-sq.-ft. hq in King of Prussia.

CES Mexico '95 opens 3-day run Oct. 10 in Mexico City. Second annual show is sponsored by EIA Consumer Electronics Group and supported by Mexico's Assn. of Consumer Electronics (AEC). In addition to exhibits at Palacio de los Deportes, show will feature seminars on mobile electronics, virtual reality, satellite broadcasting, car audio, retail marketing, Mexican economy.

Good Guys reported 19% rise in 4th-quarter sales to \$213 million from \$178.9 million year ago, but same-store sales rose just 1%. Good Guys added 6 stores in quarter, including first WOW outlet in Las Vegas in joint venture with Tower Records. For year ended Sept. 30, revenues increased 23% to \$889.2 million from \$724.7 million on 7% gain in same-store sales.

Hewlett-Packard and Nokia reportedly are developing family of hand-held communicators combining mobile phone and computer.

RCA, MAGNAVOX, MITSUBISHI, PANASONIC LEAD

Dominant brands in direct-view, projection and -- for first time -- TV/VCR combos are identified in White Paper supplement, included with this issue, that contains tabulation and analysis of our annual market share surveys.

JULY VCR AND TV IMPORTS: Imports of VCRs fell from all source countries except Malaysia and China in July. Malaysia also continued to be leading source of TV/VCR combinations in July, supplying more than half of month's total.

VCR Decks

	July	% Chg.	7 Months	% Chg.
TOTAL.....	1,641,200	- 3.3	9,308,300	+10.7
Malaysia..	399,800	+28.8	2,118,500	+16.4
Japan.....	306,200	- 8.7	1,791,000	-15.4
Korea.....	342,500	-15.4	1,751,600	+ 3.6
Indonesia..	215,500	- 3.2	1,114,400	- 1.7
China.....	196,200	+12.6	1,039,200	+71.1
Thailand..	93,200	-40.6	812,000	+ 1.8
Singapore..	70,000	-24.4	617,100	+65.6
Hong Kong..	12,900	*	43,900	*
Taiwan....	3,300	*	16,000	-14.0

TV Sets**

TOTAL.....	1,492,000	+ 3.4	10,093,800	+ 5.1
color....	1,346,700	+ 7.6	9,282,600	+ 8.4
TV/VCR..	188,800	+89.0	1,307,200	+79.5
b&w.....	145,300	-23.8	811,200	-22.3
Mexico				
color....	873,000	+12.3	6,349,900	+11.5
TV/VCR..	38,900	+10.3	382,300	+66.0
Malaysia				
total....	249,000	+40.2	1,300,600	+ 3.8
color....	243,300	+53.4	1,258,600	+11.4
TV/VCR..	99,200	+134.6	560,100	+59.2
b&w.....	6,600	-65.7	41,900	-65.9
China				
total....	142,500	-10.2	829,400	- 6.7
color....	35,900	-21.1	294,000	- 9.9
TV/VCR..	0	*	9,300	*
b&w.....	106,700	-20.0	530,400	- 5.9
Thailand				
total....	111,700	-25.5	686,800	-22.3
color....	108,800	-26.3	683,800	-20.3
TV/VCR..	26,800	+727.1	133,200	+150.0
b&w.....	2,900	-31.7	3,000	-88.2
Korea				
total....	30,300	-18.4	295,100	+23.9
color....	12,200	-46.1	158,300	+12.7
TV/VCR..	400	*	8,000	*
b&w.....	18,100	+25.2	136,800	+39.9
Japan				
total....	27,500	-42.9	288,800	+ 5.7
color....	24,100	-41.5	232,100	+17.3
TV/VCR..	12,900	-14.9	149,500	+130.8
b&w.....	3,400	-51.1	26,700	-43.2
Canada				
color....	15,800	+12.0	130,500	+202.4
Singapore				
color....	7,800	-35.4	75,600	-40.6
Taiwan				
total....	6,800	-79.7	46,900	-73.9
color....	100	-73.2	5,000	-64.7
b&w.....	6,700	-78.5	40,800	-74.8
Hungary				
TV/VCR..	4,900	+879.2	22,300	*

* No significant shipments in 1994 period.

** Excluding projection, flat panel TV.

Some totals may not add due to rounding.

COMPUSA PLANS AGGRESSIVE GROWTH: Eyeing competition from traditional consumer electronics retailers and nonspecialty mass marketers, CompUSA has aggressive plans for 1996, including "Next Generation" superstore that occupies 40,000 sq. ft. and features "CompKids" and multimedia sections, Finance Vp Robert Silmon said.

Silmon conceded that company is looking for increased competition from nontraditional computer outlets, including major chains drawn in by broadening PC market. "In the last couple of years, Best Buy and Circuit City have really increased their sales of computers," he told us. "There's no telling who else will get into the business -- maybe Wal-Mart or some of those warehouse clubs."

After deliberately slowing growth last year, CompUSA is planning to increase its current 86 outlets by adding at least 15-20 new stores by end of fiscal year June 24. Average store size has 26,000 sq. ft.

Growth didn't bring profits for CompUSA until this year, Silmon said: "When you look at '92, when we had 28 stores and over the next 2 years we added 48 stores, that's huge growth." But he said that "until this year, we weren't profitable." Company had \$23 million profit on \$2.8 billion revenues, against \$16-million loss year earlier. Aggressive new management and marketing techniques were behind shift, Silmon says. New Pres.-CEO James Halpin engaged in considerable housecleaning, he said.

New advertising and marketing tactics also are having impact. Former strategy of buying b&w "run of paper" (ROP) newspaper ads was missing prime potential customers, Silmon said. "We've changed our whole marketing and advertising approach from black and white ROP to color circulars on a national basis," adopting traditional CE practice. B&w ads ran mainly in business and sports sections, "so we missed a lot of the wives and families who do a lot of the spending," he said. "The color sections, you open up the Sunday newspapers, they're there."

As for notoriously thin PC industry margins -- there's no guessing where they will go, Silmon said. He hopes they will widen, "but it's really hard to say." Right now, there's little sign of any improvement. "We would hope that over time it would go up year to year, but it's really hard to call."

Smith's Home Furnishing has received bankruptcy court approval for plan to continue operations through Oct. 16, shorter period than month chain had sought. At same time, U.S. Bankruptcy Court Judge Elizabeth Perris, Portland, Ore., appointed Maynards Industries to liquidate Smith's Seattle area stores that were closed shortly after chain filed for Chapter 11 in Aug. (TVD Aug 28 p14). Remaining inventory at Seattle stores consists largely of furniture, with small amount of CE products, Smith's Pres. Larry Choruby said. Smith's is operating 9 stores in Portland area and is beginning phaseout of PCs that will be completed by Feb. 1, he said.

Toshiba and Sanyo Seiki said they jointly have developed dual-lens laser pickup compatible with SD-type bonded DVDs and conventional CDs and CD-ROM discs. Companies said they plan to showcase prototypes of device at Japan Electronics Show opening next week in Osaka.

VictorMaxx 3-D glasses, one of early virtual reality devices designed for Super Nintendo Entertainment System and Sega Genesis videogame systems, are being sold through Damark at \$69, down from \$269 retail at introduction.

RTO CONTRACTS VOIDED: Federal judge declared void rental contracts sold by Thorn EMI's rent-to-own (RTO) stores in Minn., ruling that they violate state laws barring charging excessive interest.

U.S. Dist. Judge Michael Davis, St. Paul, also held that contracts violated federal racketeering laws and ordered Thorn Americas to refund all payments made under them since Aug. 1, 1990.

Decision on damages is expected by year-end and Davis ordered Thorn to turn over information about contracts, including amounts paid and other fees charged. Contracts contained "cost of lease services" fee that Davis called disguised interest that was double amount permitted under Minn. law. Minn. Supreme Court ruled in 1994 that rent-to-own contracts are subject to state's usury law.

Class-action suit included 30,000 customers. Rent-a-Center stores in Minn. have had revenues of \$25-\$30 million since Aug. 1990, said David Ramp, attorney for customers.

Neither Patrick McDavitt nor John Dods, attorneys for Thorn, were available immediately for comment, but Thorn spokeswoman said appeal would be filed. At least 42 states have laws declaring rent-to-own contracts to be leases, not credit sales, and thus not subject to usury laws. Other 8 states with exception of Minn. don't regulate RTO business, said William Keefe, exec. dir. of Assn. of Progressive Rental Organizations (APRO). "We're very surprised and we think the judge is just out of line with the rest of the country," he said, adding that Minn. ruling has "no ramifications" for other states. "It's only due to an anomaly in Minnesota law and we think the judge misinterpreted, but that will be decided upon appeal." Option for Minn. dealers is to switch to rental-only and not include option to buy, thus complying with state law, Keefe said.

Consumers who want to keep items they purchased in Minn. -- ranging from CE products and major appliances to furniture -- will get back any interest paid, but not price of item, Judge Davis ruled. Consumers returning goods will receive refunds of interest and principal paid, he said. Cash price typically is 55% of total payments required to complete purchase, he said. "Cost of lease services" violated state law setting maximum interest rate of 8% per \$100 per year, Ramp said.

Thorn argued that lease services costs reflect delivery and maintenance and that interest rate doesn't take those items into consideration. But while rental agreement doesn't itemize services provided, judge said, RTO contracts are consumer credit sales so must comply with usury laws requiring them. "Without an itemization of the services allegedly provided customers under its rent-to-own contracts, this court cannot find that such costs for services were agreed upon, let alone reasonable or bona fide," Davis held.

* * * * *

While Thorn was battling in court, new competitor was emerging to challenge it in RTO market. Renters Choice (RC) last week finalized \$38-million deal to buy Pro Rental, which operates 135-store Magic Rent-To-Own chain. RC bought 49% stake in company in Aug., will convert Magic stores to company-owned outlets, expanding Dallas-based chain to 325 stores from 190 in more than 30 states and Puerto Rico, RC Senior Finance Vp-CFO David Real said. Combined operation will have \$192-\$200 million in annual sales, with CE accounting for 47% of total, he said. Chains operated primarily in separate markets, with

RC concentrated in Midwest, Northeast and Southeast and Magic in South and Southwestern U.S. RC and Magic shared Tex. with 5 and 56 stores, respectively, Real said. Chains also were similar in store size at 3,200-3,500 sq. ft., he said.

RETAILERS' EARNINGS DROP: Sound Advice and Sun TV reported decreases in quarterly net incomes, citing shrinking profit margins and increased competition.

Sound Advice posted \$745,000 loss for 4th quarter ended June 30 vs. \$218,000 profit year earlier on 4.6% sales increase (see financial table). For 12 months, company had \$152,000 loss compared with income of \$1.73 million on 9% sales increase. Company blamed 4th-quarter loss partly on "temporary margin pressures related to the grand opening of a national competitor" -- Best Buy, which opened first stores in Miami. Contributing to loss for 12 months were "2 unusual factors" -- \$400,000 provision to adjust asset value of management information systems and \$197,000 write-off of expenses related to company's postponed move into Washington-Baltimore market. Same-store sales for 12 months rose 5.9% from year earlier.

Sun TV, citing shift in sales toward products with lower profit margins, said income fell 73.9% in 2nd quarter ended Aug. 31 to \$2.25 million from \$4.37 million year earlier, but sales rose 13.7% (see financial table) on 2.5% same-stores sales gain. For 6 months, income plunged 64.1% despite increase in sales to \$347.7 million from \$294 million. Chmn.-CEO Robert Oyster blamed downturn in income on shift in sales from "higher margin categories" to PCs and other products with lower margins. Sun continued expanding concept of 50,000-60,000-sq.-ft. Super Savings Centers begun year ago (TVD Jan 2 p14), opening outlets in suburban Cincinnati and in St. Clairsville, O.

Brother International has signed agreement to build word processors compatible with Franklin Electronic Publishers Bookman technology. Notepad word processor, which carries \$299 retail price and will be available in Jan., will have slot for any of 30 Bookman cartridges. Software can be accessed through Notepad's menu, companies said. Word processor with Bookman slot will be assembled at Brother's Bartlett, Tenn., plant. Franklin introduced Bookman handheld device last winter (TVD Jan 9 p18) as successor to Digital Book System. Standalone unit has memory for 2 databases and is available in pocket and desktop versions at \$59-\$149. Franklin has released about 30 Bookman titles at \$10-\$90 and plans to have 120 by mid-1996.

Citing failure to find low-noise blocker (LNB) supplier, Kaul-Tronics Inc. (KTI) delayed shipment of "Flat Magic" Digital Satellite System (DSS) dish to first quarter 1996. DSS accessory, which measures 14x28", can be mounted vertically or horizontally and contains LNB on back, was scheduled for Sept. delivery (TVD May 1 p13). KTI plans to sign agreement with LNB supplier in fall, when it said it will ship omnidirectional antenna for satellites. Omni-Link, 16.75" diameter, is designed for DBS, but also can work with terrestrial TV. Antenna is being sold with and without 20dB amplifier at \$95 and \$70 dealer cost, respectively.

NEC plans to commercialize 33" plasma display panel by next July. It has 4:3 aspect screen with 640x480 pixels, is about 3" thick. Sample price at outset will be \$9,900, declining to about \$5,950 when mass production starts. Panel will be offered as HDTV and multimedia monitor.

Consumer Electronics Personals

Dillip Patel, ex-Philips, named mgr., Marion, Ind., operations, Thomson Consumer Electronics Tube Div., succeeding **Thomas Peters**, who retires Oct. 15... **William Salter**, ex-Home Appliances & Electronics vp-gen. mgr., appointed Sears Hardlines pres. in reorganization; **Marvin Stern** changes title from Home Group pres. to Sears Home pres... **James Patterson**, ex-Home Express, named Woolworth vp-gen. mdse. mgr.-hardlines, including CE; **Frank Bonacci**, senior mdse. vp, shifts to senior mktg. vp... **David Real**, ex-Grant Thornton accounting firm, joins Renters Choice as senior vp-finance & CFO... **Wendy Jones**, EIA Consumer Electronics Group mktg.-program development mgr., promoted to specialty audio/home theater sales mgr.

Bunzaburo Sugimura becomes pres., Alpine America, replacing **Paul Umeda**, who returns to Alpine in Japan to manage international sales and marketing... **Raymond Monteleone** appointed acting CFO, Sensormatic Electronics, continuing as vp-corporate development & planning... **James DeRose**, former pres., Mattel USA, becomes pres., Acclaim Interactive Software, reporting to Acclaim Entertainment Pres.-COO **Robert Holmes**... **Kate Fagan**, ex-Asante Technologies, appointed VictorMaxx sales vp.

Dreamworks appointments: **Mo Ostin**, ex-Warner Brothers Records, as chief exec.-music; **Lenny Waronker** and **Michael Ostin**, both ex-Time Warner, join without corporate titles... **David Ingram** named chmn.-CEO in addition to pres. of Ingram Entertainment as well as principal shareholder as company is legally separated from Ingram Industries... **Dave Grusin**, **Larry Rosen** and **Jon Diamond** form GRD Group (multimedia software)... **Len Edwards** promoted to vp-gen. mgr., home entertainment, Avon Products... Promoted at VSDA: **Cathy Austin** to vp-meetings and conventions, **Bob Finlayson** to vp-communications, **Richard Nissenbaum** to vp-finance & administration.

Emerson will launch 20-model car audio line for delivery to mass merchants and other retailers in time for Christmas selling season. Also planned is self-contained home theater system targeted at \$299 with 5 satellite speakers, subwoofer, Dolby Pro Logic amplifier. Emerson said car audio line will be "competitively priced," and will include 6 cassette head units, CD tuner and in-dash receiver that can be linked with trunk-mountable CD changer. Prices will be in \$30-\$350 range, company said. "The expansion of our product line is a realization of our business strategy which focuses on developing products to exploit rapidly growing consumer markets," Pres. Eugene Davis said. "We believe that the combination of our attractive price points, quality products and strong consumer brand will make these products successful. Early response from our customers indicates that our formula is a winning one." Company said 5 major retailers it didn't identify already have committed to its car audio and home theater lines.

Computer software companies showed greatest increases in Wall St. Journal's annual tabulation of world's largest public companies. Japan's NTT again was No. 1, followed by Royal Dutch Shell and GE. IBM was No. 14, up from 24 year ago, with Wal-Mart No. 16 (down from 14), Intel 19 (from 55), Microsoft 20 (43), Motorola 23 (41), Hitachi 39 (33), Matsushita 43 (48), Disney 50 (66), 3M 72 (65), Toshiba 80 (60), Sony 88 (69), Nokia 95 (not on last year's list), Eastman Kodak 99 (not listed last year).

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
Broderbund Software			
1995-year to Aug. 31	171,594,000	36,187,000	1.72
1994-year to Aug. 31	111,774,000	11,061,000	.55 ^a
1995-qtr. to Aug. 31	37,183,000	7,192,000	.33
1994-qtr. to Aug. 31	27,907,000	4,472,000	.22 ^a
Energy Conversion Devices			
1995-year to June 30	41,344,000	7,206,000	.81
1994-year to June 30	19,357,000	(3,893,000)	--
Sound Advice			
1995-year to June 30	190,504,000	(481,000)	-- ^b
1994-year to June 30	174,761,000	1,727,000	.46 ^b
1995-qtr. to June 30	39,148,000	(745,000)	--
1994-qtr. to June 30	37,442,000	218,000	.06
Spec's Music			
1995-year to July 31	79,603,000	1,032,000	.20
1994-year to July 31	78,388,000	2,817,000	.54
1995-qtr. to July 31	17,427,000	(422,000)	--
1994-qtr. to July 31	17,994,000	260,000	.05
Sun Television & Appliances			
1995-6 mo. to Aug. 26	347,714,000	2,466,000	.14 ^c
1994-6 mo. to Aug. 31	294,096,000	6,863,000	.39
1995-qtr. to Aug. 26	183,234,000	2,256,000	.13 ^c
1994-qtr. to Aug. 31	161,186,000	4,375,000	.25
Video Display			
1995-6 mo. to Aug. 31	23,443,000	962,000	.24
1994-6 mo. to Aug. 31	24,699,000	550,000	.13
1995-qtr. to Aug. 31	11,492,000	365,000	.09
1994-qtr. to Aug. 31	11,904,000	118,000	.03

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

Voice Powered Technology (VPT) has reached agreement with L.A.-based Manufacturers Bank that doubles credit facility to \$4 million and has shipped first 10,000 voice-activated phones, company said. Voice Tell-it phone, which was pulled from market when VPT switched suppliers shortly after introduction last fall (TVD Feb 13 p15), has Caller ID, can store up to 40 names and 120 numbers, retails at \$99. VPT also is developing VoiceLogic technology for flash memory, cellular and paging applications, although no agreements have been reached with manufacturers. Deal that apparently won't go forward is Whirlpool's plan to build VoiceLogic into KitchenAid appliances, official said. Whirlpool showed prototype voice-activated dishwasher, refrigerator, wall oven and washer/dryer earlier this year.

Another TV manufacturer has gone broke: Govt.-owned pioneer Shijiazhuang TV Set Factory, once one of China's top set makers in output and profit, has called it quits after reporting \$9.4-million loss and \$34 million debt. Factory has produced TV sets for 20 years and was first Chinese company to export TVs to Western Europe and Hong Kong, according to China Business Times, which said company had failed to expand beyond 400,000 annual capacity when competitors were averaging million or more. Times didn't say whether valuable Huanyu brand name was up for grabs.

Still film camera with audio is subject of Kodak patent application that provides for recording sound on same 35mm film as pictures, adjacent to photos. Sound may be description of action, recorded after picture is snapped, and may be rerecorded or edited before being stored permanently on film as digital code. Sound can be played back on any Photo CD system, such as slide show with commentary.

A Television Digest White Paper

Annual Color TV Market-Share Survey

October 9, 1995

Television Digest White Paper

DIRECT-VIEW COLOR -- FEW CHANGES IN RANKINGS: The big got bigger -- at least some of them. That's only major change shown in direct-view color TV market shares in our 28th annual industry survey covering model-year 1995 (July 1994-June 1995). Tabulation features no significant change in rankings by brand.

While No. 2 Magnavox and No. 3 Zenith both gained percentage point, neither was close enough to brand above it to be threat to same 1-2-3 order that has prevailed for last 3 years. New rankings show more concentration among top brands -- top 3 accounting for 40.5% of total unit sales vs. 38.5% in 1994 and 36.55% in 1993. Top 5 represented 53.7% of total in 1995, up from 51.25% in 1994 and 48.65% in 1993. In latest survey, 10 brands had 74.35% of market, vs. 71.1% last year and 68.3% in 1993 model year.

Our market-share figures are based on consensus of manufacturers' market researchers. We send TV makers questionnaires annually asking them to list their estimates of sales to dealers for all brands except their own. If they do list their own brands, we omit those figures from our final tally, which are based on medians; ties in rankings are settled by simple average. Based on EIA figures, sales of direct-view color sets (excluding TV/VCR combinations) totaled 24.5 million in 1995 model year -- thus every percentage point equals 245,000 sets.

We emphasize that percentages are by brand, not manufacturer -- thus presence on list of Emerson, Sears, Montgomery Ward and Radio Shack, which don't make TVs. Thomson Consumer Electronics maintains by far largest share among manufacturers, its total brand shares (RCA/ProScan and GE) remaining at 22.5%, same as year earlier, up from 21.3% in 1993, which would be higher if its private-label sales were included. Philips brands (Magnavox, Sylvania, Philco, Philips) totaled about 14.5%, virtually unchanged from last year's 14.4%, but up substantially from 12.75% in 1993. Matsushita (Panasonic, Quasar) totaled some 4.2%, while Sanyo Fisher registered 3% for its 2 brands.

Rankings of top 10 brands are unchanged from year ago, with only relatively minor changes elsewhere -- Samsung moving to 11th from 12th, over Mitsubishi, and Daewoo jumping to 18th from 22nd. Only major changes in share were already-noted increases of one point each by Magnavox and Zenith, with Sanyo up 0.75 and GE up 0.25. With increase in percentages by established brands, there were no significant declines, but 2 brands -- Philips and J.C. Penney -- dropped from list by falling below 0.5% share. Both were estimated at 0.5% year ago, ranking 24th and 25th, respectively.

As always, we're happy to report any dissents or comments about our survey results. Accompanying table (see next page) gives results of 1995 survey with highlights of 1989-1994 shares. Elsewhere in this section, we have reprinted "top 3" rankings of all of our previous direct-view color TV brand market-share surveys, covering 1968-1988 model years.

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

Rank	Brand	1995 Model Year % Share	Year Range	1994 % Share	1993 % Share	1992 % Share	1991 % Share	1990 % Share	1989 % Share
1	RCA/ProScan...	16.5	15.5-18.0	16.5	16.3	16.1	16.5	16.6	16.25
2	Magnavox.....	13.0	11.5-15.0	12.0	10.25	9.0	8.0	7.75	6.4
3	Zenith.....	11.0	9.0-14.0	10.0	10.0	10.3	11.0	11.65	12.0
4	Sony.....	7.2	6.9-11.0	7.0	6.6	7.0	6.85	6.5	6.4
5	GE.....	6.0	4.0-7.0	5.75	5.0	4.9	5.0	5.65	5.9
6	Sharp.....	5.5	5.4-7.0	5.5	5.5	5.5	5.2	5.0	4.8
7	Toshiba.....	4.5	3.0-7.3	4.6	4.6	4.8	4.6	4.0	3.5
8	Emerson.....	3.9	2.5-4.5	3.8	4.0	4.0	3.6	3.8	3.5
9	Panasonic.....	3.5	2.7-6.0	3.45	3.5	3.75	3.15	3.2	3.15
10	Sanyo.....	3.25	2.5-7.0	2.5	2.1	2.0	1.9	1.5	1.4
11	Samsung.....	2.7	1.9-4.0	2.4	2.3	2.4	2.0	1.8	1.75
12	Mitsubishi....	2.28	2.0-3.0	2.45	2.55	3.0	3.5	3.5	3.6
13	JVC.....	2.0	1.0-3.0	2.0	2.0	2.0	2.0	1.5	1.0
14	LXI (Sears)...	2.0	0.8-3.0	2.0	2.45	3.0	4.0	4.9	5.0
15	GoldStar.....	1.8	1.1-3.0	1.7	1.7	1.8	2.0	2.0	2.05
16	Montgomery Ward	1.7	1.0-2.3	1.7	1.7	1.85	2.0	2.4	2.5
17	Hitachi.....	1.25	0.8-3.0	1.5	1.5	1.7	2.35	2.5	2.5
18	Daewoo.....	0.75	0.2-2.9	0.68	0.5	0.4	0.3	0.3	0.5
19	Philco.....	0.75	0.2-1.5	0.9	0.5	0.5	0.5	0.65	0.8
20	Symphonic/Funai	0.73	0.1-1.5	0.5	0.5	0.3	0.2	0.25	0.2
21	Quasar.....	0.7	0.5-1.5	1.0	1.2	1.5	1.75	1.85	2.0
22	Radio Shack*..	0.5	0.1-2.0	0.5	0.5	0.5	0.5	0.5	--
23	Fisher.....	0.5	0.1-1.1	0.5	0.5	0.5	0.3	0.3	0.5
24	Sylvania.....	0.5	0.2-0.9	1.0	1.5	2.0	2.8	3.2	3.25
25	KTV.....	0.5	0.1-1.0	0.5	0.55	0.6	0.4	0.2	0.2

* Includes Optimus.

Copyright 1995, Warren Publishing, Inc. Reproduction strictly prohibited.

PROJECTION TV -- LEADERS DOWN, 2ND TIER RISES: Maturing of rampaging projection TV market presumably is reflected in situation just opposite that of direct-view, where top brands increased share and ranking order was unchanged. In projection TV, share of top 3 declined, while 2nd tier came up strong and 5 brands dropped off list, failing to make cut at 0.5%.

Most obvious aspect of 1995 projection TV table is ascent of Hitachi to No. 3, displacing Magnavox by gaining 2 percentage points while Magnavox lost 1.6. But collectively top 3 declined to 47% of total sales this year from 50% in both 1994 and 1993, while middle group (ranked 6th through 10th) increased its share to 31.4% from 26.65% year earlier as market leveled out among top 12 contenders.

RCA, which rose to No. 1 year ago, displacing Mitsubishi, dipped one point, but Mitsubishi dropped 2, Magnavox falling out of top 3. In 2nd tier, Zenith leaped to 6.5% of market from 2.2%, climbing to 6th from 9th, while Toshiba more than doubled its share to 5.85% from 2.6%, but nevertheless remained in 8th position. Sears (LXI) brand's 1.5-point decline presumably reflected chain's increasing emphasis on brand names, while Pioneer inched down by just over 0.5 point, declining to 7th from 6th to make way for Zenith.

Volatility of projection TV market is exemplified by wide range of opinions expressed by respondents. While direct-view share estimates generally run in relatively narrow range, participants' feel for projection brand shares varied greatly. For example, estimates of Hitachi's share ran from 7% to 16.4%, Pioneer's 3.8%-11%, Zenith's 3.8-11%. Because of those variations, our confidence in reliability of projection TV survey remains less solid than for direct-view results, but both are reflective of majority opinion of marketers.

Our projection table last year, when 531,600 sets were sold, showed 17 brands with shares of 0.5% or above. Current table reflects 1995 model-year sales of 701,600. Thus, to make our table last year required sales of only about 2,660 sets, while this year it took just over 3,500 sets for entry into the club, each percentage point being equal to just over 7,000 sets. In opinion of our respondents, 5 brands didn't make increase, dropping off list -- Sharp, Sylvania, Philips, Quasar and Montgomery Ward -- ranked 11th through 16th last year. JVC jumped to 12th from 17th by maintaining its 0.5% share of growing market.

Table below shows results of our survey for model-year 1995 together with same brands' shares in our 3 previous projection surveys.

SHARE OF U.S. CONSUMER PROJECTION TV MARKET BY MODEL YEAR
Based on Sales to Dealers in Units

Rank	Brand	1995 Model Year % Share	Range	1994 % Share	1993 % Share	1992 % Share
1	RCA/ProScan.....	18.0	13.7-23.0	19.0	17.0	13.0
2	Mitsubishi.....	16.0	14.0-24.0	18.0	19.0	22.6
3	Hitachi.....	13.0	7.0-16.4	11.0	10.0	10.0
4	Magnavox.....	12.0	10.0-15.0	13.6	12.0	14.0
5	Sony.....	8.8	8.0-12.0	9.0	8.5	8.0
6	Zenith.....	6.5	2.0-11.2	2.2	2.4	2.5
7	Pioneer.....	6.45	3.8-11.0	7.0	7.0	6.75
8	Toshiba.....	5.45	2.0-7.0	2.6	2.0	1.9
9	LXI (Sears).....	3.0	0.7-9.0	4.5	4.0	4.0
10	GE.....	1.2	0.5-2.0	1.0	1.5	1.7
11	Panasonic.....	1.15	0.2-4.0	1.35	1.5	--
12	JVC.....	0.5	0.1-4.0	0.5	--	--

MAGNAVOX, PANASONIC TOP TV/VCR SURVEY: Our first survey of color TV/VCR combinations yielded some surprising results -- not least of which was general disagreement among respondents on share of market by brand name. To great extent, this probably is due to fact that combo is largely OEM market and manufacturer ranking would diverge sharply from brand ranking because a few suppliers make sets for many brand names.

Although top 3 were very close, final ranking was Magnavox, Panasonic and Emerson in that order -- but No. 1 was separated from No. 3 by less than one percentage point, not a significant difference in context of our first TV/VCR survey, and Nos. 1 and 2 were only meaningless 0.1 point apart. Nos. 4 and 5, Symphonic (Funai) and Zenith, were less than half point apart.

Indicative of marketers' lack of agreement on brand shares is variation in responses -- far greater than in case of projection TV. Individual votes on No. 1 Magnavox varied from top to bottom estimate by 3-to-1 ratio, No. 2 Panasonic by 2-to-1, No. 3 Emerson by whopping 10-to-1.

One knowledgeable marketer, responding to our survey, noted: "Not very confident in this [brand share estimates]. Our tracking is by manufacturer." For year through Sept., respondent gave these TV/VCR manufacturer esti-

mates: Funai 34.7%, Matsushita 24.8%, Samsung 13.9%, LG Electronics 10.5%, Sanyo 5.9%, Emerson (presumably Orion and other suppliers) 5.2%, Sharp 5%.

We used slightly different method of tabulating shares of TV/VCR from our other surveys. Because estimates varied so widely, we used combination (average) of median estimate and simple average. Herewith results of our first color TV/VCR combo survey for model-year 1995 when dealers bought 2,053,000 sets (each percentage point equals 205,300 sets):

SHARE OF U.S. CONSUMER COLOR TV/VCR COMBINATIONS
Based on Sales to Dealers in Units, 1995 Model Year

Rank	Brand	% Share	Range	Rank	Brand	% Share	Range
1	Magnavox.....	12.1	5.0-15.8	9	Sharp.....	4.5	2.0-8.4
2	Panasonic.....	12.0	8.0-17.3	10	Quasar.....	3.6	1.0-5.0
3	Emerson.....	11.3	2.0-20.0	11	Goldstar.....	3.6	2.5-11.0
4	Symphonic/Funai..	9.8	6.3-15.0	12	GE.....	3.6	1.0-8.4
5	Zenith.....	9.4	3.0-13.5	13	LXI/Sears.....	3.0	0.5-10.0
6	RCA/ProScan.....	7.7	4.0-15.0	14	Sanyo.....	2.0	0.5-5.0
7	Samsung.....	7.1	5.0-15.0	15	Montgomery Ward..	2.0	1.0-4.0
8	Sony.....	4.8	2.0-8.4	16	Toshiba.....	1.8	0.8-8.5
				17	Hitachi.....	1.5	0.8-2.1

TOP 3 COLOR TV BRANDS, 1968-1988 MODEL YEARS
Based on Annual Television Digest Surveys

1968	--	(1)	RCA 30.0%	(2)	Zenith 20.0%	(3)	Magnavox 9.0%
1969	--	(1)	RCA 27.5%	(2)	Zenith 21.0%	(3)	Magnavox 10.0%
1970	--	(1)	RCA 22.8%	(2)	Zenith 20.6%	(3)	Magnavox 9.5%
1971	--	(1)	RCA 20.8%	(2)	Zenith 19.9%	(3)	Magnavox 10.0%
1972	--	(1)	RCA 20.5%	(2)	Zenith 19.1%	(3)	Magnavox 8.9%
1973	--	(1)	Zenith 22.5%	(2)	RCA 20.3%	(3)	Magnavox 8.0%
1974	--	(1)	Zenith 23.75%	(2)	RCA 20.5%	(3)	Sears 7.5%
1975	--	(1)	Zenith 24.0%	(2)	RCA 19.1%	(3)	Sears 8.7%
1976	--	(1)	Zenith 23.0%	(2)	RCA 20.0%	(3)	Sears 9.0%
1977	--	(1)	Zenith 22.0%	(2)	RCA 20.0%	(3)	Sears 9.0%
1978	--	(1)	Zenith 21.15%	(2)	RCA 20.0%	(3)	Sears 8.55%
1979	--	(1)	RCA 21.0%	(2)	Zenith 20.5%	(3)	Sears 7.9%
1980	--	(1)	RCA 21.0%	(2)	Zenith 20.5%	(3)	Sears/GE 7.5% (tie)
1981	--	(1)	Zenith 20.5%	(2)	RCA 20.0%	(3)	GE 7.5%
1982	--	(1)	RCA 20.0%	(2)	Zenith 19.4%	(3)	GE 7.7%
1983	--	(1)	RCA 20.0%	(2)	Zenith 18.5%	(3)	GE 8.1%
1984	--	(1)	RCA 19.0%	(2)	Zenith 17.5%	(3)	GE 7.6%
1985	--	(1)	RCA 18.0%	(2)	Zenith 16.5%	(3)	GE 6.85%
1986	--	(1)	RCA 17.5%	(2)	Zenith 15.75%	(3)	GE 6.3%
1987	--	(1)	RCA 17.0%	(2)	Zenith 14.5%	(3)	Sears/Sony 6.0% (tie)
1988	--	(1)	RCA 16.15%	(2)	Zenith 12.75%	(3)	Sony 6.45%

TELEVISION DIGEST®

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

With Consumer Electronics

OCTOBER 16, 1995

VOL. 35, NO. 42

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TELECOM BILL MOVING: House and Senate finally name conferees, reducing likelihood of delay. Judiciary excluded from Senate group. (P. 1)

DISNEY REFUSES TO PLEDGE set amount of children's shows in Cap/ABC takeover. Ness seeks rationality, says current environment could stifle debate. (P. 2)

FIELD OFFICES TO CLOSE: FCC votes 4-1 for Hundt plan to shutter 3 of 6 regional offices, 9 field offices. Quello dissents. Union objects. (P. 4)

CABLE TELEPHONY BACKED as Justice Dept. supports U S West plan to use cable systems for telephony. Court approval still needed. (P. 4)

FTC TO OVERSEE TIME WARNER merger plan. Companies generally pleased. TW also countersues U S West, claiming telco misled it, is blocking new deals. (P. 5)

SIMPSON FORCES CHANGES in program schedules by backing out of NBC interview. Network had promised 'no-holds-barred' program. (P. 6)

CBS PROFITS OFF in 3rd quarter because of low ratings, weak ad market. Other broadcasters have mixed bag of financial results. (P. 7)

DBS AUCTIONS APPROVED by FCC. Decision benefits MCI, could hurt TCI. (P. 8)

CONGRESS CLEARS WAY FOR TELECOM BILL ACTION: Senate and House prepared for next step in action on telecom reform bill late last week, with both naming conference committee members. No immediate date was set for conference, but industry officials said they were pleased that bill appears to be moving again. They also said there were no surprises among those eventually named to Conference Committee, with one saying "we've had every name on the list for a month."

Eleven senators -- all members of Commerce Committee -- will serve as conferees, Committee announced Oct. 13, day after House announced its team of 34 representatives from both Commerce and Judiciary Committees. Senate Republicans serving as conferees are Committee Chmn. Pressler (S.D.), Sens. Burns (Mont.), Gorton (Wash.), Lott (Miss.), McCain (Ariz.), Stevens (Alaska). On Democratic side: Ranking minority member Hollings (S.C.), Sens. Exon (Neb.), Ford (Ky.), Inouye (Hawaii), Rockefeller (W.Va.).

House conferees include members of Commerce and Judiciary Committees. Some will work on entire bill, others focus only on some sections. Commerce Committee conferees: Chmn. Bliley (R-Va.), ranking minority member Dingell (D-Mich.), Reps. Markey (D-Mass.), Boucher (D-Va.), Fields (R-Tex.), Eshoo (D-Cal.), White (R-Wash.), Rush (D-Ill.), Oxley (R-O.). Several Commerce Committee members will

Consumer Electronics

EIA DEVELOPS BRIGHTNESS MEASUREMENT standard for camcorders, expected to be adopted by most brands next year, making possible direct comparison. Today's 'one lux' may become 6 or 7. (P. 10)

DIGITAL VIEWCAM WITH 5" LCD introduced by Sharp in Japan has connection for PC. DV camcorders and DVD are expected to be key highlights at Japan Electronics Show. (P. 11)

SEPT. SALES SET RECORDS for any month in history in camcorders TV/VCR combos, PTV, VCR. Direct-view TV down 9% but still 3rd best monthly figure. (P. 11)

COMPUTER/CONSUMER ELECTRONICS 'convergence' accelerates with promise of TV-priced PCs, PC programs and data via DSS, 'FireWire' connector. (P. 12)

'FIRST PRACTICAL' VIDEO playback with no moving parts announced by NEC. Pocket player stores only 4 min., but 60-min. version is seen in 5 years. (P. 13)

CES MEXICO EXCEEDS generally low expectations, although exhibitors and attendees are down. Mexican TV sales seen down to some 600,000 from total of 2.5 million. (P. 14)

LG-ZENITH PURCHASE over the top as enough shares are tendered. Offer extended to Nov. 7, date of special Zenith stockholder meeting. (P. 14)

consider only portions of bill: Reps. Schaefer (R-Colo.), Barton (R-Tex.), Hastert (R-Ill.), Paxon (R-N.Y.), Klug (R-Wis.), Frisa (R-N.Y.), Stearns (R-Fla.), Brown (D-O.), Gordon (D-Tenn.), Lincoln (D-Ark.). Judiciary Committee conferees include Chmn. Hyde (R-Ill.) and Reps. Moorhead (R-Cal.), Goodlatte (R-Va.), Buyer (R-Ind.), Flanagan (R-Ill.), Conyers (D-Mich.), Schroeder (D-Colo.), Bryant (D-Tex.), Gallegly (R-Cal.), Barr (R-Ga.), Hoke (R-O.), Berman (R-Cal.), Scott (D-Va.), Jackson-Lee (D-Tex.).

Senate list includes no Judiciary Committee members, apparently because there wasn't separate Judiciary Committee bill. Sen. Leahy (D-Vt.) attacked exclusion on Senate floor, saying adding members with expertise in antitrust and First Amendment issues would help resolve some key controversies "in a way that is good for business and the consumers." He said Senate bill differs significantly from House version and predicted that conference would be "one of the most complex and difficult that we have seen in years."

Broadcasters are likely to be generally pleased with lawmakers named to committees. Nearly all have supported key broadcaster issue of radio deregulation and most have endorsed giving broadcasters 2nd channel for digital TV, although they would have to pay for ancillary services and eventually give back first channel. One broadcast official speculated that eventual outcome for broadcasters will be closer to House than Senate version, though acknowledging there may be modifications on media concentration issues.

Cable industry spokesman said industry is pleased that conferees were named so bill can begin moving again, sentiment seconded by Gary McBee, exec. dir. of RHCs' Alliance for Competitive Communications: "I'm very happy the process is moving. We're hoping for legislation this year." AT&T spokesman Jim McGann said: "We look forward to working with the conferees to come up with a more balanced bill and one that we can support."

One telephone industry source expressed surprise that Judiciary Committee is playing such a large role on House side and one broadcaster suggested that Judiciary prominence could be detrimental to broadcast interests. However, involvement by 14 members of House Judiciary Committee could be benefit to long distance industry because that panel favors larger role for Dept. of Justice in overseeing process leading to LEC entry into long distance, position supported by interexchange carriers.

Conference will be broken down into numerous units, each considering different portions of bill such as broadcast, cable, telecom interconnection, auctions, LEC entry into long distance. Some House conferees have been appointed only to take part in discussing those issues in which they have particular expertise. Industry source noted that process could be difficult logistically with so many separate units set up but it does permit involvement by more House members.

House Telecom Subcommittee Chmn. Fields wouldn't comment on specific compromises that might take place during conference but told news media Thurs. that efforts would focus on allaying concerns about possible abuses before competition develops fully in local telephone market: "Everyone says they have no fear once competition is out there." Shortly after House conferees were named, Dingell issued "motion to instruct" that urges conferees to ensure that finished bill benefits consumers rather than industry interests. Boucher said conferees will focus on 2 things: (1) Achieving greater technical perfection in some language, particularly unbundling and interconnection. (2) Dealing with high-profile issues such as cable and media concentration, which received much attention in floor debate.

Movement on product liability legislation probably won't affect pace of action on telecom reform bills, Senate Commerce Committee staffer Katherine King told Media Institute. She was filling in for scheduled speaker, Pressler, who was held up by Senate activity. Responding to question whether product liability could push telecom reform back to end of year, King said it's being handled by different Commerce Committee personnel so "I can't see why it can't happen at the same time."

Telecom bill would enhance RHCs' ability to "gouge" consumers, according to study by Consumer Federation of America (CFA). CFA said study found: (1) Telcos have profit and cash flows "far in excess of what their relatively low-risk businesses should allow." (2) Revenue for basic service has increased 80% since divestiture. (3) Bell companies have used almost \$18 billion from local service to finance unregulated activities. Bill would make situation worse, CFA said.

NO 'SOCIAL CONTRACT' FOR DISNEY: Opponents of Disney's \$19-billion purchase of Cap/ABC (TVD Aug 7 p4) are using proposed acquisition as "pretext" to force company to make children's educational TV programming commitment, Disney told FCC Thurs. in response to petition to deny filed by United Church of Christ and Center for Media Education (TVD Oct 2 p1). Same petitioners were successful in opposing

Westinghouse purchase of CBS, gaining agreement from Westinghouse that it would air 3 hours of such programming weekly on CBS and its owned stations (TVD Sept 25 p3).

In related development, FCC Comr. Ness called for "calm rationality" in debate over children's programming on TV. "Constructive dialog we should be having has been clouded to some extent by harshness, suspicion and even animosity," she told Sen. Pressler (R-S.D.) in answer to questions from Senate Commerce Committee chmn. on Westinghouse agreement.

"Pretext" used by petitioners is opposition to waivers of cross-ownership and duopoly rules in takeover of ABC stations, Disney told FCC: "Indeed, the petitioners baldly state that they would turn a blind eye on their supposed concerns... if Disney will capitulate to their demands for a wholly unrelated 'social contract' requiring the broadcast of specified quantities of children's educational programming nationwide... In reality, the petition is not an opposition to the requested waivers; it is simply an attempt to convert the transfer-of-control process into a forum for advancing unrelated goals."

Petitioners should't be permitted "to force acceptance of their agenda, [thus] subverting the pending rulemaking and its open process for considering the very same issues," said Disney. "The Commission should not countenance that result, lest it be viewed as encouraging such stratagems and as ceding its duty... as the arbiter of what constitutes broadcasting in the public interest." Comments in FCC rulemaking on children's TV are due today (Oct. 16).

"Tactics aside," criticisms of waiver requests "are groundless," Disney said in reference to "ample Commission precedent" supporting 18-month waivers in similar-sized markets. "Petitioners offer no legitimate reason" for denying transfers, which "do not give rise to any legitimate concern. To the contrary, Disney's heritage in producing quality children's educational programming... demonstrates that Disney will amply fulfill its public interest responsibilities to children."

Cap/ABC didn't discuss children's TV issue in its filing at FCC, instead focused on petitioners' censure of ABC for granting retransmission consent to cable systems instead of demanding cash payments. "Cable operators were offered a choice," said Cap/ABC, as "Congress expressly contemplated" in passing Cable Act. Petitioners' "unsupported, vaguely articulated and implausible claim that the merger would somehow create or enhance market power... does not meet the statutory requirement that allegations of fact... be both specific and supported."

In letter to Pressler, Ness didn't identify anybody she thought was guilty of harshness or animosity, telling us letter speaks for itself. However, FCC Chmn. Hundt and Comr. Quello have engaged in name-calling over issue, while House Telecom Subcommittee Chmn. Fields (D-Tex.) charged that Westinghouse "social contract" sets "terrible potential precedent" and has called it "outrageous" (TVD Oct 2 p1).

Ness said that children's issue should be debated with "passion but also [with] calm rationality." Current approach, she said, "diminishes all of us as well as the institutions in which we are privileged to serve... To continue in the current vein will not only chill legitimate debate... but also compromise our own public interest responsibilities as government officials. I know we can -- we must -- do better."

Her "working hypothesis" currently favors "a safe harbor or processing guideline" for children's programming established by Commission, she said. Under that approach, she said, licensees would be required to meet "quantitative guidelines" and would have option of showing by alternative means that their programming and nonprogramming activities satisfy mandate of Congress in 1992 Children's TV Act: "This narrowly tailored, market-friendly approach would expand the availability of educational and informational programming for children and would increase certainty for broadcasters [at renewal]. It would also retain a measure of flexibility that I believe would be welcomed by broadcasters and encourage not mere quantitative efforts but efforts targeted to... the production and transmission of educational and informational programs that children want to watch."

Meanwhile, war of words as to how well broadcasters are meeting their obligation to children continued last week with release of conflicting studies by NAB and U. of Cal.-Santa Barbara. Study by Dale Kunkel, prof. of communications, said stations aren't living up to their obligations under Act. While they were claiming 3-4 hours weekly of educational programming, he said, they were including such shows as GI Joe and The Jetsons: "When broadcasters try to pass some of these programs off as educational, it's like using counterfeit currency." Kunkel claimed most of TV stations in top 25 markets air only 2.1 hours of

educational programming weekly, while what he called "less sophisticated broadcasters" in smaller markets carry "as much as 5.1 hours of such content per week." However, he said, small stations make more liberal judgments of what qualifies as educational, including such programs as Disney movies and nature shows.

Results of NAB survey, finding that stations aired more than 4 hours weekly of regularly scheduled educational children's shows, up from 2 hours in 1990, "demonstrate that no further regulatory requirements can be justified or are necessary," said NAB Pres. Edward Fritts. "Clearly, broadcasters have responded to the Act... with significant increases in educational and informational programming for children. This is true of all types of stations in all market sizes."

In comments filed early at FCC, Media Institute said that requiring specified amounts of educational children's programming would be "unworkable and unconstitutional... Such standards defy the intent of Congress" and Commission refused to adopt quotas, reasoning that legislation didn't contemplate them, Institute said. Nonetheless, Institute said, FCC "has been acting as a de facto censor by publishing lists of approved and unapproved programming... The FCC has thus come dangerously close to dictating government-approved speech... The Commission has already performed all that the Children's Television Act requires of the agency."

Heads of some 20 educational, health and child advocacy groups held news conference on Capitol Hill Oct. 11 before lobbying commissioners for mandatory hour daily of educational programs for children. At news conference, Rep. Markey (D-Mass.) said broadcasters' response to 1992 law has not been "bold [and] in many cases pathetic... The marketplace will not take care of the child audience" so govt. must step in. Sen. Feinstein (D-Cal.) also participated in news conference.

FCC APPROVES FIELD OFFICE CLOSURES: Plan announced last summer to close 3 of 6 FCC regional offices and 9 field offices (TVD Aug 21 p1) has been approved 4-1 by commissioners in circulated vote but decision hasn't been made public yet. Comr. Quello dissented without issuing statement while Comr. Barrett concurred. FCC employees' union decried action and said it would appeal to Congress.

FCC Chmn. Hundt said closures were necessary because of expected reduction in congressional appropriation. Agency also expects to reduce payroll by 221 employees, including first RIFs (reductions in force) in Commission's history. Quello had stated in Aug.: "I am concerned with the rushed timing of [Hundt's] approach." Barrett said then: "I am deeply concerned," sent Hundt several written questions before concurring.

FCC plans to close regional offices in Atlanta, Boston and Seattle next June, retain those in Chicago, Kansas City and San Francisco; field offices to be closed are in Anchorage, Buffalo, Honolulu, Houston, Miami, Norfolk, Portland, Ore., San Juan and St. Paul, plus several monitoring offices. Under plan, computers will conduct monitoring for illegal and interfering signals, formerly done by people. At each field office, 2 technical employees will be retained. Moves are part of general Commission cutback, with Hundt announcing plans to reduce total employees 10%, leaving work force of 2,050.

Meanwhile, FCC branch of National Treasury Employees Union (NTEU) repeated its opposition to cutbacks (TVD Aug 28 p4). Pres. Allen Myers, of FCC Mass Media Bureau, said NTEU lobbyist John Newton has been "enlisted... in an effort to stop congressional approval of the reorganization." Myers said union also filed unfair labor practice complaint against FCC.

Mark Goodson Productions is being acquired by Interpublic Group and syndicator All American Communications for \$50 million in 50-50 partnership. Goodson owns rights to some 38,000 episodes of games shows such as Password, Family Feud, Price Is Right, To Tell the Truth.

CABLE TELEPHONY BACKED: Dept. of Justice signed off on U S West proposal to use cable systems to offer long distance service outside its 14-state region in combination with competitive local exchange service. Under deal, once U S West has set up local telephone service in competition with incumbent LEC, it could offer its customers long distance service, but would have to offer local service through its own facilities, not by reselling incumbent LEC's service.

U S West plans to offer local service through cable systems, including an Atlanta system, as well as Time Warner systems in which U S West has 25% interest. TW systems operate in 24 of top 50 markets. Among markets U S West is expected to target are Atlanta, Rochester, N.Y.C., Orlando, Northern Ohio. U S West spokesman said no rollout date is set because of uncertainty about when U.S. Dist. Judge Harold Greene will act on DoJ recommendation.

David Turetsky, deputy asst. attorney gen. for regulatory matters, said this is first time DoJ has supported permanent long distance relief for any RHC. In April, Justice announced its support for Ameritech long distance trials in Chicago and Grand Rapids, but Judge Greene hasn't acted on Ameritech test. Turetsky noted that Southwestern Bell also has out-of-region proposal pending but it doesn't offer local service component, instead requests "unconditional" provision of long distance service.

AT&T said it supports U S West plan "as a potentially valuable experiment" that could further goal of introducing "real competition" at local level. DoJ's Turetsky called proposal "road toward more competition, lower prices and better service."

TV led as most trusted news source with 44% of 1,000 respondents in survey for ANA by Wirthlin Group. Newspapers received 26% of vote as most trusted, newsmagazines 12%.

FCC will hold en banc digital TV hearing Dec. 12, Chmn. Hundt announced. He said hearing will include policy debate, technology demonstrations, panel of witnesses.

FTC TO REVIEW TIME WARNER: FTC, rather than Justice Dept., will be responsible for any antitrust inquiry into Time Warner's (TW) takeover of Turner Bestg. (TVD Sept 25 p1), officials familiar with case said. TW, meanwhile, countersued U S West, saying telco "fraudulently" entered Time Warner Entertainment (TWE) partnership and is blocking new TWE initiatives in order to eliminate competition.

FTC officials, as usual, wouldn't confirm that agency would conduct formal review of deal, but Chmn. Robert Pitofsky recently told Wall St. Journal that his agency typically takes close look at mergers in concentrated industries and "media mergers looks to be quite a pronounced trend." Pitofsky, in particular, is expected to take close look at Time Warner-Turner deal, based on his previous antitrust writings. In recent law journal article, for example, he said "excessive concentration of economic power will breed antidemocratic political pressures." He also has said that media mergers may deserve even tougher scrutiny than others because of their potential impact on First Amendment and ability of public to gather information.

Companies' executives are believed to be generally pleased with decision that FTC will be lead agency. Pitofsky, as former academic, is regarded as more open to arguments dealing with shades of gray, such as in structure of TCI ownership of TW stock, according to antitrust lawyer familiar with case. Justice Dept. Antitrust Div. Chief Anne Bingaman, in contrast, is believed to think more like pure litigator, operating only in blacks and whites, he said. Differences between FTC and Justice have largely disappeared. Merging companies previously preferred Antitrust Div. review because it avoided complications of FTC administrative law judge proceeding, which could drag on for years even if FTC lost initial proceeding in U.S. Dist. Court. FTC also often required companies to seek its approval of future mergers, even if original merger plan was abandoned. Under Pitofsky, however, both policies have been abandoned, at least theoretically.

FCC also is expected to have significant role. Its decisions are expected to involve: (1) Whether stock structure of deal with TCI insulates TCI enough from TW to avoid violating limit on one MSO's owning cable systems with more than 30% of U.S. cable subscribers. (2) Whether TW is qualified to receive license of WTBS (Ch. 17, Ind.) Atlanta. (3) Whether TW should be granted temporary waiver of cable-broadcast cross-ownership rules. TW operates Summit cable system with 59,169 subscribers in Atlanta suburb of Cobb County, which would violate cross-ownership rules, and is expected to ask FCC for 18-month waiver to allow it to sell system. TW also owns large Savannah cable system, but it's outside WTBS Grade B contour and in process of being traded.

U S West (USW) "fraudulently misrepresented" its regulatory status when it negotiated \$2.5-billion partnership with TWE in 1993, TW said in suit Oct. 11 in Del. Chancery Court. USW, which sued Sept. 22 to block TW-Turner Bestg. merger, called TW suit mere "table pounding." USW spokesman refused to discuss specifics of TW claims.

TW suit seeks changes in management structure of TWE, eliminating USW veto over major actions. Partnership agreement gave USW 3 of 6 seats on TWE management committee, but TW wants court to force change to reduce USW's representation on committee or at least give TWE CEO tie-breaking power. TW and USW have been negotiating unsuccessfully for more than year to change management structure. TW said USW's original suit (TVD

Sept 25 p1) was attempt to pressure TW into modifying TWE agreement, which some believe could be intended to force TW to give up some cable systems in order to buy USW out of TWE. Countersuit also seeks unspecified monetary damages and recovery of costs.

TW suit denied USW claim that TW-TBS deal violates TWE partnership agreement. TW said that agreement specifically allows TBS deal without approval of all partners. TW said it's "absurd" to claim that TW is doing TBS deal to sabotage TWE partnership because its stake in TWE is much larger than that of USW, so it would be hurting itself.

USW intentionally withheld information that its participation in TWE partnership might subject all TWE telephony activities to consent decree restrictions, TW charged, so it was "fraudulently" admitted into partnership. TW said restrictions would forbid TWE from using discount prices to attract customers for new telephony services, for example. TW said USW repeatedly told TW during negotiations that restrictions wouldn't apply to TWE, even though USW's internal MFJ compliance committee had told USW management that TWE's upgraded cable and telephony businesses would have to be treated as RHC. "At considerable expense," TW said, it eventually obtained court order that TWE isn't subject to consent decree restrictions, but suit contended USW still is insisting that restrictions apply, slowing any decisions and "severely hampering TWE's ability to compete in a rapidly evolving market."

TW suit said USW repeatedly thwarted major joint ventures and partnerships that would have benefited TWE. It said that USW blocked TWE participation in Sprint's PCS venture with cable operators, called Sprint Telecommunications Venture (STV) because TCI, which is largest cable operator in USW territory, is part of STV and "the deal would have created new competition against USW in its home territory." USW also said it would veto deal with "a major telecommunications company" (believed to be AT&T) to offer telephony and cable services through TWE systems, TW suit claimed. TW said USW would approve deal only if it received ability to control planned telephone services. It also said that USW blocked participation in joint venture with TCI to provide on-line computer services that would be delivered via cable because they would compete with USW.

Nothing in TW suit "changes our conviction that our suit has strong legal merit," USW said. "Time Warner's response is a diversion, a public relations tactic meant to make noise." USW said it remained pleased with its investment in TWE: "We like the combination of assets in the partnerships. We like the operating relationships, which are working well." USW said its investment had "appreciated significantly in value" and "we want Time Warner to honor the agreement."

WRAX (Ch. 50, WBN) Raleigh has gone on air, raising operating U.S. TV stations to 1,529, of which 1,170 are commercial, 359 noncommercial. WRAX is owned by Tar Heel Bestg., Edward Hollowell, chmn.; James Layton is gen. mgr., Quinn Koontz sales mgr., James Griffin program dir. Station has local marketing agreement with WRAL-TV (Ch. 5, CBS) Raleigh.

All FCC open meetings will be closed-captioned, agency announced as followup to recommendations by Disabilities Issues Task Force appointed last March. In past, only agenda items judged of concern to people with hearing disabilities were closed-captioned.

O.J. NON-EVENT: O.J. Simpson and his lawyers Oct. 10 canceled hour-long interview scheduled for that night's Dateline on NBC just hours before air time. His lawyer, Johnnie Cochran, cited pending civil suits against Simpson as reason, NBC News Pres. Andrew Lack told reporters in telephone news conference. It was to be "a no-holds-barred interview" with no questions off limits, Lack said: "I don't feel burned... We made a good-faith effort to sit down and have a conversation with him... On the advice of counsel, he changed his mind. I respect that."

Tom Brokaw (who was to interview Simpson along with Today co-host Katie Couric) had announced on air earlier in day that interview had been canceled. Simpson had agreed to interview, without any screening of questions, day before in conversation with NBC West Coast Pres. Donald Ohlmeyer, who is friend of Simpson from their joint tenures at NBC Sports.

After NBC interview was canceled, Simpson called N.Y. Times TV reporter Bill Carter, who became friendly with Simpson when he wrote book in 1988 on ABC's Mon. Night Football. Result was front-page story in Oct. 12 N.Y. Times, as well as newspapers across country. Story included no answers to kind of tough questions he might have faced from NBC. NBC received thousands of phone calls, as did its affiliates across country, objecting to plans to put Simpson on air. Many were originated by National Organization for Women (which picketed NBC studios before interview was canceled) because of testimony at murder trial that Simpson beat and abused his wife Nicole.

N.Y. Times also was criticized for carrying Simpson statements to Carter, which media critic Ken Auletta called "a wonderfully manipulative device on the part of O.J." Times reporter David Margolick, who covered Simpson trial, has long-standing unanswered request to interview Simpson. Several Times reporters, and other publications, complained that Times permitted itself to be used by printing Simpson's comments to Carter. Times referred all calls to spokeswoman Nancy Nielsen, who told reporters no ground rules were put on Carter questions or Simpson responses.

At NBC, Simpson didn't request that ground rules be changed, Lack said: "He still wanted to do it." Lack said future commitment to NBC was discussed with Simpson and Cochran but "we weren't able to quite close that loop... I had it from Mr. Simpson directly that he wanted to do the interview." When asked about reports that questions were submitted to Simpson's lawyers in advance, Lack said: "That's absolutely false." "Clearly a situation was developing" where Simpson's lawyers felt he would be facing "prosecutors... Our job as journalists is to ask the tough questions." Lack said Simpson told him directly: "I do want to do the interview... but it's inappropriate to go ahead at this time."

NBC planned to air Simpson interview sans commercials at cost of \$1.4 million in lost revenue, network official said. Asked about "damaged egos" of NBC correspondents, such as Bryant Gumbel, who reportedly was dropped as interviewer because of his close friendship with Simpson, Lack told reporters: "My concerns aren't about damaged egos... It doesn't have anything to do with Brian's ego or anybody else's ego."

General Instrument will supply DigiCipher compression equipment to Rogers Cablesystems in deal valued at \$125 million. Rogers is buying 190,000 MPEG-2 compatible set-top boxes. Delivery is to begin 3rd quarter of 1996.

Strange bedfellows: Liberal Media Access Project (MAP) and conservative American Enterprise Institute (AEI) agree on one thing -- broadcasters shouldn't get free spectrum for digital TV. At news conference, groups said they think broadcasters should pay something for spectrum. Benton Foundation, which organized news conference, plans to send White Paper written by MAP to 300 nonprofit organizations, urging them to talk with FCC and Congress about spectrum. "Broadcasters have to come clean about what they want to use this spectrum for," MAP Deputy Dir. Gigi Sohn said. She advocates using some auction proceeds for public broadcasting funding, children's TV, hooking up schools and libraries. Sohn said that if FCC and Congress don't call for auctions, MAP might support smaller one-channel allocation -- 2-3 MHz -- to broadcasters in return for public interest obligations. Thomas Hazlett, AEI visiting scholar, said he favors auctioning licenses and giving winners flexibility in how spectrum is used. He suggested telling broadcasters they can keep current spectrum but they will have to buy any new space. In response to statements, MSTV Vp Victor Tawil said it's "sad" that 2 groups "agree on a position that completely ignores the public interest" in free broadcasting.

Eleventh U.S. Appeals Court, Atlanta, refused to rule on what it called "hypothetical question" in 1991 FCC decision that federal law preempts state actions on determination whether broadcast licensees have followed lowest-unit rate provision of Sec. 315 of Communications Act for political candidates. Case was brought by 25 candidates for state and federal office in Ga. and Ala. and opposed by NAB, several stations, FCC, Justice Dept. Court said: "Based on the constitutional prohibition against advisory opinions, we cannot decide the hypothetical question." That means, according to attorneys in case, that stations could face suits charging violation of their lowest-unit rate in selling time to candidates. Said court: "It should be obvious... that our refusal to answer the question petitioners pose will not preclude them from obtaining an answer. Any of them... may seek judicial relief."

BBC should have its own digital TV multiplex, rather than be limited to single digital channel, Dir. Gen. John Birt said. BBC officials said all 6 channels of multiplex would be used for "free" broadcasts supported by BBC license fee, but BBC should be allowed to lease channels on other multiplexes for subscription channels. Birt said BBC also needs to be assured of access to British households: "We need the safeguard of must-carry and must-offer provisions on all the new systems by which television and radio will be delivered." Officials said there must be definite "early" date for switchoff of analog signals to assure successful transition to digital. "Nobody should be left in any doubt that as soon as practicable, Britain's terrestrial transmission system will become exclusively digital," BBC said.

Md. Public TV (MPT) has begun conversion to digital production and broadcast capability and said it will be first public station to have capacity. MPT Pres.-CEO Raymond Ho said digital production will allow development of products for markets in Europe, "which is far ahead of the U.S. in its digital transmission capabilities." State network's first digital edit suite goes on-line this month and 8 new digital cameras will be added in Nov. MPT also is converting 6 transmitters to digital -- 3 already are capable of digital/analog simulcast and last 3 will be converted in 1996.

Annenberg Washington Program will host Oct. 23 panel in Washington (9 a.m., 1455 Pa. Ave. NW, Suite 200) on "V-Chip Ratings: Proposals for Informing, Not Infringing."

CBS PROFITS DIP: Lower ratings and higher fees paid to affiliates contributed to 43% drop in CBS profits in 3rd quarter, to \$33.4 million, network said. Broadcast results were mixed at other companies, with Gannett and Media General reporting better TV results and Tribune and Scripps saying they were down.

Total CBS revenue was up 1% to \$733.2 million, despite decline in revenue in TV Stations Div. Much of gain was from program syndication, reflecting stepped-up level of internally produced TV shows. CBS also said it received one-time \$8-million boost from accounting change at Viacom, which distributes some programming for CBS. Operating profit plunged to \$52.2 million from \$83.9 million because of declines at TV Network, Stations Div., CBS Radio. At network, profits were hurt by drop in prime-time ratings and increased affiliate compensation, but that was partly offset by improved ad prices in late night, daytime and sports, network said. Weaker ratings and ad market also hurt Stations Div., CBS said.

Gannett broadcast operations had record profits, climbing 41% to \$38.5 million, with revenue up 10% to \$104.8 million in quarter ended Sept. 24, helping offset declines in other businesses. Overall profit was \$96.1 million in quarter, vs. \$105.5 million year ago... Strong TV results helped boost Media General profit to \$8.8 million in quarter ended Sept. 24, from \$8 million year ago. Revenue was up 8.5% to \$168.5 million.

Tribune broadcasting operating profit soared 48% to \$35.1 million in 3rd quarter ended Sept. 30, despite losses at WB Network and lower radio results. Revenue for 1994 had been lower than normal because of baseball strike. Broadcast and entertainment revenue grew 21% to \$217 million, including 12% TV revenue gain. Parent's profit increased 17% to \$55.9 million, and revenue 4% to \$321.5 million... E.W. Scripps profit gained 6% to \$27.6 million in quarter ended Sept. 30, despite sluggish TV ad market. Revenue was up 6.7% to \$315.8 million.

Dow Jones said investment in planned new TV operations cut into profit growth in quarter. Profits were \$33.8 million, vs. \$33.7 million year ago... C-Cor profit jumped 20% to \$2.6 million in quarter ended Sept. 29, with sales up 44% to \$39.6 million... Century Communications reported \$21.9-million loss in quarter ending Aug. 31, vs. \$15-million loss year ago, as revenue grew 19.7% to \$116.6 million. Operating profit was \$61.5 million, vs. \$49.4 million.

Evergreen Media said it's banking on Congress to remove 20 AM-20 FM station ownership cap and duopoly rule on radio in announcing purchase of WKLB(FM) Boston, which would give company 24 FMs, including 3 in Boston. If legislation doesn't become law, Evergreen Chmn.-CEO Scott Ginsburg said, company will sell some stations and/or seek waivers. This year, Evergreen has purchased 12 radio stations from Pyramid Communications for \$306.5 million, including WXKS(FM)-WJMN(FM)-WXKS(AM) Boston (awaiting FCC approval) and 11 from Bestg. Partners. Evergreen is paying Fairbanks Communications \$34 million for WKLB(FM).

Viacom will use Tellabs technology to test telephony-over-cable on Castro Valley, Cal., system, it said. It's Viacom's first move into telephony, with test to last through June 1996.

FCC will suspend rules to allow for advance coordination of auxiliary frequencies in connection with 1996 Olympics. Suspension covers areas within 100 km of Atlanta.

There's no need to allocate 28-GHz band among satellite, wireless cable and terrestrial microwave services before World Radio Conference (WRC-95) in Geneva, Loral/Qualcomm said in reply comments to FCC. Teledesic had said failure to make decision ahead of time could weaken U.S. bargaining position. Loral/Qualcomm said FCC should seek supplemental comments even after WRC-95 before making final decision. In other reply comments: (1) Nynex said FCC should auction spectrum in blocks smaller than 1 GHz in order to encourage services that need less spectrum. It also said large blocks would encourage "outdated" analog technology. (2) Bell Atlantic said Commission shouldn't relegate local multipoint distribution service (LMDS) wireless cable to 40-GHz band because that "would delay the introduction of competitive services and make them more costly." (3) Telecommunications Industry Assn. said it's "totally unjustified" to ignore what it said is mounting demand for spectrum by terrestrial microwave services.

NAB hopes to show off refurbished ground-floor meeting rooms of its hq Nov. 7 at reception before TV group executive forum next day. Forum participants also will tour Reston, Va., hq of Tele-TV Services, joint software venture of 3 telcos headed by ex-CBS Best. Group Pres. Howard Stringer. NAB is in temporary quarters while its hq at 1771 N St. NW is being renovated; move-in date is late Jan. Special subcommittee of NAB TV board will meet Nov. 8 in conjunction with forum. Panel has been charged with presenting recommendations on providing better balance between elected and appointed members of board.

Comcast doesn't have standing to object to wireless cable operations by Atlantic Microsystems, which is owned by Bell Atlantic (BA) and Nynex, telcos said in FCC filing. They said objections can be filed only by aggrieved parties, and Comcast's only claimed damage is that it might be deprived of competition from another nontelco wireless cable company. BA and Nynex also called Comcast objections "yet another transparent and baseless attempt to delay the development of competition for Comcast's monopoly cable operations."

FCC Cable Bureau rejected SportsChannel request to delay requirement that it sell its programming to local multipoint distribution service operator CellularVision. Bureau had ruled earlier that regional sports network must provide programming on reasonable terms under program access rules, but SportsChannel had asked that enforcement of decision be delayed because CellularVision service is extremely vulnerable to signal theft. Bureau said SportsChannel claim is "highly speculative and unsubstantiated."

Maximum Service TV will host "The Final Countdown," its 9th annual update on advanced TV and HDTV developments, Nov. 9, ANA Hotel, Washington. Speakers include House Telecom Subcommittee Chmn. Fields (R-Tex.) and FCC Comr. Quello. Meeting is about 3 weeks before FCC's Advisory Committee on Advanced TV Service is scheduled to meet to agree on proposed HDTV standard.

VDI programmer FutureVision will cooperate with XE.COM Inc. to develop and market broadband Internet services. FutureVision Pres. Martin Lafferty said digital broadband networks will "fuel the convergence of full-motion video, audio, text and graphics."

David Sarnoff Research Center and ACTV said they will cooperate to develop interactive TV products under new agreement.

FCC OKAYS DBS AUCTIONS: FCC voted 3-2 Oct. 13 to auction DBS spectrum at 110° W formerly licensed to Advanced Communications in decision that had been awaited for almost 3 months. Formal announcement won't be made until today (Oct. 16). Comrs. Hundt, Ness and Chong backed auctions and reaffirmation of FCC's due diligence requirement on DBS licenses and set Jan. for auctions. FCC source said Comrs. Barrett and Quello dissented because they believe Advanced had met requirements and should have been allowed to sell 51 frequencies to cable giant TCI, which in turn would have given it to subsidiary Tempo for Primestar DBS.

Ruling was major blow to TCI, which has been promoting plan that involved trading 72 frequencies at 119° W and elsewhere for DBS channels. TCI isn't necessarily loser, though, since requirement that auctions be held in Jan. still would allow Tempo, if it wins auction, to get satellites into operation on schedule. Most vocal proponent of auctions had been MCI, which missed out on getting into DBS 10 years ago and has said that auctions would guarantee larger payoff to U.S. Treasury and would allow non-cable-affiliated competitor into DBS market.

MCI has said spectrum is worth at least \$300-\$500 million and possibly more, certainly more than TCI frequencies would have brought in. However, TCI said spectrum it would have given up is "valuable," especially 11 channels at 199° W, and would have meant most money for Treasury since it would be paid twice for spectrum, once by TCI and once in auction. MCI refused to comment on FCC decision until it's announced. TCI couldn't be reached by our deadline.

MCI is ready to offer \$175 million at start of bidding for DBS channels, Pres. Gerald Taylor said in letter to Hundt. Taylor said MCI has "no interest whatsoever" in 11 channels TCI would yield as part of swap. TCI Senior Vp Robert Thomson questioned \$175-million offer, saying MCI recently told Congress that DBS spectrum would be worth at least \$300-\$700 million. He said he's certain that FCC could get amount "considerably in excess" of \$175 million if it auctioned other 73 frequencies. Thomson said opponents have been trying to devalue worth of "quite valuable" 11 channels at 110° W and that even if MCI isn't interested, "there would be many, many bidders" for that spectrum. At least one likely candidate would be Echostar, which owns other transponders at that location, Thomson said.

MCI spokesman said company still believes DBS spectrum is worth "far in excess" of \$175 million and that figure is only opening bid. He said he still believes DBS auction would bring in much more than auction of TCI's spectrum.

Rand McNally (RM) agreed to let wireless cable industry use its Basic Trading Area (BTA) designations in licensing of wireless cable operations. RM gave Wireless Cable Assn. and others right to reproduce, create derivative works from and publicly distribute and display BTA listings for wireless cable purposes. Winning bidders in FCC auctions, now scheduled for Nov. 13, will pay royalty fees to RM.

Cable rates dipped slightly in Sept., according to Consumer Price Index (CPI) issued by Labor Dept., but still outstripped inflation for 12-month period. According to data, cable rates dipped 0.1% in Sept., while overall CPI inched up 0.2%. For 12 months ending Sept. 30, cable rates climbed 4.1%, vs. CPI increase of 2.5%.

Transactions: Jones Intercable, general partner of Cable TV Fund II-B L.P., agreed to sell system with 39,000 subscribers in Lancaster, N.Y., to Global Acquisition Partners L.P., affiliate of John Rigas family, companies said. Terms weren't disclosed... Speer Communications, which recently bought MOR Music TV, said it purchased Professional Video Services, which operates video production facility in Washington, D.C. Professional Video produces programming for BBC, European Bestg. Union, Japan's NHK and all 4 major U.S. broadcast networks. Speer also said it plans to continue work on \$50-million digital production facility in Nashville... Megacable bought cable systems with 5,500 subscribers in Veracruz from Organization Mexicana de TV, broker Daniels reported. Terms weren't disclosed.

License revocation proceedings were launched by FCC against 8 radio stations (3 in Ind., 5 in Mo.) owned and/or controlled by Michael Rice, who was convicted in Aug. 1994 of 12 felony counts of "sodomy, sexual abuse and sexual assault" against 5 children, Commission said. Rice was sentenced to 84 years, with sentences to run concurrently for total of 8 years, and currently is in prison. Stations are WBOW(AM)-WBFX(AM)-WZZO(FM) Terre Haute and in Mo. KFMZ(FM) Columbia, KAAM(FM) Huntsville, KBMX(FM) Eldon, KFXE(FM) Cuba and new FM not yet on air in Bourbon.

European Community cable companies can provide multimedia services, home shopping and home banking under new rules approved by European Commission, but it allowed individual countries to continue to block cable systems from carrying telephony until 1998. Commission did say that dominant cable operators must keep separate accounts for nonvideo activities to prevent cross-subsidies. Rules don't address issue of allowing telephone companies to provide video services, even though that was supported by European Parliament.

PanAmSat applied to FCC to operate several new international communications satellites with primary service to Americas. Two would be placed in orbital slots -- at 79° W and 103° W -- traditionally reserved for domestic use. They would provide C- and Ku-band TV, video, voice and data and would begin operating by 1999. Two other spacecraft would provide Ka-band international voice, video and data from positions at 85° W and 79° W. Company said in filing that it would spend \$800 million to build and launch satellites.

FCC released text of Sept. 29 order setting data collection guidelines as Cable Bureau surveys cable operators on pricing. Bureau said survey isn't expected to touch on "competitively sensitive" information, but all material submitted would be public unless operators request confidentiality, to be granted on case-by-case basis. Questionnaires are due Nov. 13.

News Corp. will announce purchase of one more U.S. TV station within days, and could buy as many as dozen more in next year, Chmn. Rupert Murdoch said at annual stockholders meeting. However, he said poor summer ratings for Fox Network and losses at Star TV are cutting into profits. Overall, he said, News Corp. earnings will be flat or slightly down for quarter ended Sept. 30.

FCC extended deadline for comments on latest HDTV rulemaking until Nov. 15, from original Oct. 18. EIA had sought extension to allow membership meeting on HDTV issues, and public broadcasters sought delay to give Congress chance to act. Replies are due Jan. 12.

Personals

Greg Meidel, former 20th TV pres.-COO, named MCA TV Group chmn., succeeding Tom Wertheimer, who resigned last month... Richard Oswald, Granite Holdings pres., moves to parent CBS as vp-treas... Joseph Abrams, pres., ABC Distribution Group, joins ABC Cable & International Best. Group as pres.-Asian Operations; he's succeeded by Maria Komodikis, vp-international TV sales. Promotions at ABC Distribution: Michael Dragotto, vp-international theatrical & home video sales, to senior vp-sales; Bettina Bose, dir.-international TV sales, to vp-international sales; Celeste Panepinto, dir.-international news mktg., to vp-international news mktg.; Dan Willis, dir.-international TV sales, to vp-international TV sales... Changes at Fox Bestg.: Missy Halperin, mgr.-talent relations, promoted to exec. dir.-talent relations, succeeded by Kristen Guertin; Kathleen Fenady, mgr.-affiliate research & mktg., appointed dir.-affiliate research & mktg., replaced by Quan Perea.

Sharon Kinsman, NAB vp-TV membership, promoted to vp-administrative services... Matthew Gerson, ex-MPAA, named vp-public policy, MCA/Universal... Richard Costello, mgr.-corporate communications, GE, elected chmn., Assn. of National Advertisers, succeeding Janet Soderstrom of Visa... Timothy Shea, ex-Comsat World Systems, appointed vp-international sales & services, Keystone Communications... David Wertheimer, ex-Oracle, named pres., Paramount Digital Entertainment.

David Goesling, ex-Lin Bestg., joins Midcom Communications as vp-chief accounting officer; Raymond Potts advanced to dir.-sales, Midwest region... Joe Moczulski, ex-KGO-TV San Francisco, appointed senior vp-features and series, Columbia TriStar TV Distribution... Brian Olson, KBMT-TV Beaumont, joins Conus Communications in mid-Nov. as mgr., Conus Satellite Newsgathering Cooperative, Rocky Mountains/West Region... Linda Ottinger-Dinkle promoted to dir.-sales, WSET-TV Lynchburg-Roanoke... Roi Agneta, ex-Dynatech Corp. Video Group, rejoins Chyron Corp. as vp-strategic planning.

Bob Crestani, ex-head, Worldwide TV, appointed pres., C3 (Comcast Content & Communications)... Gerald Geddis, pres.-domestic video, Blockbuster Entertainment, named pres., Viacom worldwide operations... Promotions at Showtime Networks: Sal Ilardi to vp-accounting services, Jim Kelly to dir.-management reporting... Sheila Willard advanced to vp-public affairs, Comcast Cable, succeeding Barbara Lukens, retired... Richelle Eckles, ex-Jones Intercable, appointed gen. mgr., People's Choice TV's Tucson wireless cable system... Valerie Van Galder, ex-Fox Searchlight Pictures, named vp-PR, Turner Pictures.

FCC schedule: Chmn. Hundt addresses George Washington U. 175th anniversary, Marvin Center Theater, Washington, Oct. 19, 12:30 p.m.; Office of Consumer Affairs, Four Seasons Hotel, Washington, Oct. 26, 9:30 a.m.; World Institute on Disabilities, Commerce Dept., Washington, Oct. 27, noon; Columbia Institute for Tele-Information, Columbia Business School, N.Y.C., Oct. 30, 9 a.m. Comr. Barrett speaks at Consumer Conference, Gateway Hilton, Newark, Oct. 19... Comr. Quello addresses FCBA Midwest chapter, Palmer House, Chicago, Oct. 19... Comr. Chong addresses Women In Cable & Telecommunications luncheon, Hyatt Regency Capitol Hill, Washington, 12:30 p.m., Oct. 30... Gen. Counsel William Kennard and Common Carrier Bureau Chief Kathleen Wallman are on panel on changing FCC role, George Washington U., Washington, Oct. 19, 9:15-10:15 a.m.

TELEVISION DIGEST

Published Weekly Since 1946

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet, Predicast, Nexis and DataTimes and also may be received via fax and e-mail.

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

Copyright © 1995 by Warren Publishing, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Fax: 202-293-3435

e-mail: warrenpub@interramp.com

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Edith Herman Senior Editor
Steve Germain Senior Editor
Michael French Associate Editor
Elena Lucini Assistant Editor
Mike Grebb Assistant Editor

Washington Telecom Newswire

Christine Valmassei Publisher
Steve Toloken Asst. Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor
Asst. Publisher—Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor & Asst. Editorial Director
Susan C. Seiler Senior Ed. & Ed. Supv.
Gaye Nail Assoc. Ed. & Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Brian C. Meeley Assistant Director

Business

Brig Easley Controller
Gary Madderom Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

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

David Lachenbruch Editorial Dir.
Paul Gluckman Assoc. Editorial Dir.
Mark Seavy Associate Editor
Cindy Spielvogel Associate Editor

CONTRIBUTING EDITOR, EUROPE

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

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-11-8 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

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

Signature _____

Name _____

Company _____

Address _____

City _____

State _____

Zip _____

For e-mail delivery, please provide internet address: _____

Prevue Networks said it formed alliance with SeaChange Technology to deploy national network of digital video file servers. SeaChange provides ad insertion equipment for cable systems, saying it has about 65% of digital ad insertion market.

Japan's Ministry of Posts & Telecommunications granted broadcast TV and multiplex licenses to Tokyo Metropolitan TV Bestg. Corp. (MXTV), new 24-hour station that will carry 12-hour local news program. Operations begin Nov. 1 on UHF Ch. 14.

OBITUARY

John A. Scali, 77, ex-ABC newsman and State Dept. official, died of heart failure Oct. 9 at Sibley Hospital, Washington. While diplomatic correspondent at ABC, he served as secret go-between in 1962 agreement to pull back Soviet missiles in Cuba. He left ABC in 1971 and was appointed State Dept. consultant by President Nixon and in 1973 was named U.S. ambassador to U.N. Scali returned to ABC in 1975 as senior correspondent in Washington, specializing in national security, retiring in 1993. Before joining network, he was AP reporter, also worked for United Press and Boston Herald. Wife, 3 daughters survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	SEPT. 23-29	1994 WEEK	% CHANGE	SEPT. 16-22	SEPT. 1995	SEPT. 1994	% CHANGE
TOTAL COLOR TV...	1,284,327#	1,245,939	+ 3.1	601,605	18,169,149	18,993,084*	- 4.3
DIRECT-VIEW...	1,249,470#	1,212,679	+ 3.0	583,777	17,655,145	18,584,939*	- 4.8
TV ONLY.....	1,101,570	1,102,892#	- 0.1	540,888	16,135,574	17,181,380*	- 6.1
TV/VCR COMBO..	147,961*	109,787	+34.8	42,889	1,519,571*	1,403,559	+ 8.3
PROJECTION.....	34,857#	33,260	+ 4.8	17,828	513,004*	408,145	+25.7
TOTAL VCR**.....	903,556	1,006,399#	-10.2	318,260	10,777,304*	10,385,271	+ 3.8
HOME DECKS.....	755,595	896,612 ^r #	-14.2	275,371	9,257,733*	8,981,712 ^r	+ 3.1
CAMCORDERS.....	249,599#	222,438	+12.2	77,050	2,504,927*	2,249,569	+11.4
LASERDISC PLAYERS	11,557	12,264	- 5.8	3,178	186,524	201,957	- 7.8

Direct-view TV 5-week moving average: 1995--612,182; 1994--667,446# (down 6.9%).

VCR deck 5-week moving average: 1995--349,536#; 1994--348,885 (up 0.2%).

TV/VCR 5-week moving average: 1995--59,510#; 1994--50,404 (up 18.1%).

Camcorder 5-week moving average: 1995--90,520#; 1994--73,294 (up 23.5%).

* Record for period. # Record for any period. ** Includes TV/VCR combinations. ^r Revised by EIA.

EIA DEVELOPS CAMCORDER LUX STANDARD: EIA is expected to announce in next few weeks first uniform standard for measuring light sensitivity of camcorders, which could be introduced by manufacturers with 1996 models. For first time, standard will permit consumers to compare published specifications for various models and brands with assurance that they have been measured in same way.

Voluntary standard developed over nearly 2-1/2 years by engineering task force under Thomson's John Stevens has been approved by EIA's R-4 TV Receiver Engineering Committee and is awaiting official EIA release. All major camcorder manufacturers were represented on task force, as were officials of standards organizations and other experts. Stevens said manufacturers and marketers currently are using new standard in preparing art work for their 1996 model catalogs.

New standard probably will spell end of claims of one- or 2-lux sensitivity -- most sensitive models probably now will end up in 5-7 lux range. As one manufacturer pointed out 2 years ago, some models sold with 8-lux rating in Japan end up as "one-lux" camcorders in U.S. under different brand names (TVD Nov 8/93 p12).

Standard, developed with aid of focus groups, is reminiscent of EIA standard on measurement of stereo equipment that, when put into effect, resulted in sharp reduction in claims for amplifier power. Like all EIA standards, it's voluntary, but it's expected to be adopted in Europe soon as well as in U.S. and could end up as international standard. Sensitivity will continued to be measured in lux -- universal method of light measurement, equal to about 10 ft.-candle -- but in ads and spec sheets will be identified as "measured by EIA method."

Among goals of task force, Stevens said, was to make measurement meaningful -- obviously light sensitivity at expense of definition or colorimetry is meaningless. Another was to make testing simple, using easily available equipment, so that even well-equipped service shop could confirm manufacturers' claims.

Committee settled on 5 parameters of interest to end user and set minimum standards for each: Luminance level, black level, luminance signal-to-noise ratio, chroma level, resolution. Camcorder must meet minimum standards for each of those in developing lux rating. Measurements can be made using

standard test equipment and 4 easily available charts -- standard gray-scale chart, 18% gray card, resolution chart and color chart -- Stevens said.

Task force now is considering whether to develop standards for other camcorder parameters. One under discussion is battery life.

5" DIGITAL VIEWCAM HIGHLIGHTS JAPAN SHOW: Sharp will use Japan Electronics Show (JES) this week in Osaka to introduce Digital ViewCam with 3-CCD pickup and built-in 5" monitor in what it hopes will be rerun of 1992 show whose spotlight was stolen by original analog ViewCam (TVD Oct 19 p10).

Scheduled for Japanese market Dec. 1 at 350,000 yen (\$3,465), Digital ViewCam, using standard DV format, is equipped with "system expansion terminal" designed for connection to personal computer, letting users "cut, paste, manipulate and edit documents using ViewCam images" as well as permitting editing by computer or creation of "library of ViewCam images for later use and reference."

Camcorder is aimed at consumers and professional users, Sharp said. Its 3 CCDs provide 410,000-pixel resolution while built-in 5" monitor -- biggest used in monitor camcorder to date -- has 224,600-pixel detail. It has preset and manual adjustments, includes 12x optical and 30x digital zoom, zoom mike, digital image stabilization, weighs 2.6 lb. Sharp plans to build 30,000 per month. U.S. availability hadn't been announced at our deadline.

Japan price is same as Sony's 3-CCD camcorder, and compares with 275,000 yen for Matsushita's 3-CCD version, 235,000 yen for Sony single-CCD model and 220,000 yen for both Matsushita's recently introduced single-CCD camcorder with 4" LCD monitor and JVC's miniaturized one-CCD camcorder (TVD Oct 9 p14).

In U.S., meanwhile, Panasonic announced price of its 3-CCD camcorder, scheduled for delivery later this month -- suggested list of \$4,200, same as Sony's version, with suggested minimum of \$4,000.

DV camcorders are expected to share spotlight with DVD at JES, 2nd of 2 back-to-back shows in Japan. At last week's Audio Fair in Tokyo, DVD had predictably high profile. As rival groups worked behind scenes to draft specification book on unified format announced month ago, both camps went ahead with separate displays, almost as if no accord had been reached. Exceptions were disclaimer signs mounted prominently throughout fair reminding showgoers that unified DVD format "is under consideration."

SD companies showing prototype players included JVC, Matsushita, MCA, Mitsubishi, Pioneer (SD stalwarts Hitachi and Thomson didn't exhibit). Pioneer also showed working prototype of SD/laserdisc/CD combination player that company plans to market among other first-generation DVD products. SD camp also demonstrated capabilities of high-density super audio CD. Sony made strong pitch at its booth for MMCD, where dual-layer technology developed with 3M and Philips also was displayed prominently. Representatives of both camps explained that separate displays shouldn't be construed as hitch in format talks, only that agreement on unified DVD system was reached too late to change nature of exhibits.

SEPT. SALES SET RECORDS AND NEAR RECORDS: Traditionally biggest month in year for sales to dealers, Sept. was best month in history for unit sales of camcorders, TV/VCR combinations, projection TV (PTV) and VCR decks, according to EIA figures. Thanks to strength of combos and PTV, total color and total direct-view enjoyed 2nd best month in history, after only Sept. 1994. Direct-view TV minus TV/VCR combos slumped 9% from Sept. 1994's record, but still registered 3rd best month in history (lagging Sept. 1993).

For year's first 9 months, sales of all major products except direct-view color were at record levels -- PTV up big 25.7% from last year, camcorders up 11.4%, TV/VCRs up 8.3%, VCRs up 3.1%. As usual, Sept. concluded with smash week -- total color and total direct-view setting new weekly records, as did PTV and camcorders, with even direct-view TV minus TV/VCRs down only 0.1% for a change, while VCRs lagged last year's all-time record week by 14.2% (see State of the Industry).

On seasonally adjusted annual basis, all major video products except direct-view color TV were at record levels, but annualized sales figures declined from previous months for some. Direct-view color ran at annual level of 22.6 million sets in Sept., lowest rate since Feb. On 9-month basis, annualized sales were 23.2 million; 3rd quarter also was 23.2 million (first quarter was 22.65 million, 2nd quarter 23.7 million) -- all figures well below 1994's record 24.7 million.

Even at record level for month, PTV's annualized sales rate dropped in Sept. to lowest figure of year -- 682,500, as compared with actual 1994 record of 635,177. Record month was June, when annual rate exceeded 900,000. For year's first 9 months, PTV was selling at 748,500 annual rate. Third-quarter sales ran at 764,000 rate, down from 849,500 in 2nd quarter and 803,900 in first.

TV/VCR combos sold at 2.4 million rate in Sept., ahead of 2.02 million last year. Rate for 9 months was 2.3 million, while 3rd quarter actually was best of year so far at 2.4 million, compared with 2.3 million in 2nd quarter and 2.2 million in first.

VCR sales came in at strong 13.7 million annual rate in Sept., vs. 1994's record of just under 13.1 million. Sept.'s rate was best since May when it reached 15.3 million. Nine-month annual rate was 13.5 million, same as 3rd quarter's rate, while 2nd quarter had 14.1 million pace, first quarter 13 million.

Camcorders' sales pace was 3.7 million in Sept., above the 3.6 million for 9 months and 3rd quarter, but below 3.9 million in first quarter, while 2nd quarter was poorest at 3.5 million. Camcorder sales last year totaled record 3.2 million.

Although industry now has entered year's big selling season, there's concern as to just how good it will be -- with more giant retailers carving up slightly bigger pie. Although direct-view TV is lagging, EIA figures show strong foundation for industrywide sales in year's first 3 quarters.

Product	Sept. 1995	Sept. 1994	% Change	Sept. 1993
Total color.....	3,201,910	3,425,960#	- 6.5	3,100,148
Direct-view...	3,105,200	3,337,028#	- 6.9	3,033,778
TV only.....	2,807,651	3,085,008#	- 9.0	2,819,451
TV/VCR combo.	297,549#	252,020	+18.1	214,327
Projection....	96,710#	88,932	+ 8.7	66,370
Total VCR**.....	2,045,231#	1,995,701 ^r	+ 2.5	1,843,852
VCR decks.....	1,747,682#	1,743,681 ^r	+ 0.2	1,629,525
Camcorders.....	452,449#	366,470	+23.5	385,836
Laserdisc players	27,109	32,555	-16.7	38,411

* Record for any Sept. # Record for any month. ** Includes TV/VCR combinations. ^r Revised by EIA.

CONVERGENCE -- TV-PRICED PCs, PC/DSS, FIREWIRE: Pace of "convergence" of computers and consumer electronics seems to speed up almost daily. While there's plenty of room to doubt PC and TV will merge or computers will take over TV, there's no doubt that as consumer electronics increasingly goes digital and PCs increasingly depend on consumer as buyer, there will be very strong interconnection in future. Recent signs and portents:

Growth of Internet is spawning market for simple TV set-like device to access wealth of material there. There's increasing interest in such products by computer and videogame hardware and software manufacturers. As we have reported, Sega already is planning low-cost device to adapt Saturn videogame console to connect to Internet (TVD Sept 25 p18).

Oracle, major factor in software, says it's developing low-cost computer for sale in first quarter 1996. CEO Lawrence Ellison said at ITU Telecom 95 conference in Geneva that his company planned "network computer" that would cost about \$500 for access to Internet via phone line modem. Network computer, said to be under study by several other companies including Sun Microsystems, according to Wall St. Journal, wouldn't require disc drives and other storage systems used by PCs, making use of simple software transmitted from Internet.

In Japan, Bandai, Mitsubishi and Apple have signed deal leading to \$500 computer for delivery in Dec. It will be sold under Bandai name, made by Mitsubishi and compatible with Apple computers. It will include CD-ROM player, according to Nikkei, have modem for connection to Internet, bundle 2-3 programs including word processor. Mitsubishi's Kyoto factory plans to produce 50,000 by next March.

Microsoft's highly secret project involving TV, VCR and cable box remote IR codes (TVD Sept 25 p15) could be related to such moves by software companies into hardware. Such a "low-cost computer" could be

designed to interconnect with TV as well. Microsoft's William Gates is quoted in recent Fortune interview as saying "PC era" now is giving way to "communications era" while co-founder Paul Allen asked: "When you take sports or music and start adding video and audio to a computer database on the Internet, and you deliver it with enough bandwidth, what's the difference between that and an interactive TV channel?"

Microsoft also is on record as considering use of Direct Satellite System (DSS) to send enhanced multimedia version of its Microsoft Network (MSN). Hughes DirecTv already has branch called DirecPC that's beaming software to business computer users. By next summer, as we have reported, DirecTv plans to transmit data to home PCs equipped with DSS IRD boards. By using only portion of DirecTv channel, more data -- including multimedia enriched text, audio and video clipped -- can be sent faster than by phone line.

DiracTv also plans to simulcast text and graphics to TV set-top boxes to complement programs, accessed by TV's remote control and appearing on screen. DirecTv anticipates PC IRD board and dish will sell for \$400. Current DSS owners who have deluxe dual-output receivers could install PC board and connect it to their dishes. DirecTv is "talking to everyone who is a key player in the computer industry because in order to introduce a product that is PC-centric, you need the cooperation and the willingness of the major players," said New Media & Interactive Programming Vp Ed Huguez.

Potential PC IRD board makers will have to sign licensing agreements with DirecTv, Thomson and U.K.-based News Datacom, which control DSS technology. William Mengel, Thomson DBS Product Development Mgr., said that whether company enters PC IRD board business "is yet to be determined" as a "business decision." DirecTv anticipates that multimedia channels and simulcast data would be provided by current TV program services on DSS -- such as ESPN, Discovery and CNN -- as well as by on-line services such as Prodigy, Compuserve, MSN.

Shorter distance multimedia pathway is IEEE 1394, standard that simplifies connection of CE and home PC products. Called "FireWire" by Apple, which invented system, 1394 is nonproprietary, high-speed, low-cost serial bus standard designed for connecting digital AV and communications devices to PC or Mac platform computers. Apple New Media Senior Business Development Mgr. Jonathan Zar calls FireWire "the digital RCA jack of the '90s and the next century."

FireWire's lightweight cable and compact connector that carry digital audio and video, as well as control information, resemble Nintendo's Game Boy link. Apple developed it with Japan's Hoshiden, same company as made Nintendo's. Zar said goal "was to make something that was not computerish, that ordinary folks could use. [It] is low-cost and kid-tested."

First consumer product to support 1394 is Sony's line of 2 digital video (DV) camcorders (TVD Sept 18 p16), making it possible to feed output of one DV camcorder to input of another (and eventually to connect to digital TV). DVC consortium reportedly is finalizing interface format based on 1394 to connect DV-based VCRs to home PCs. Raft of 1394 products is expected to start appearing in 1996 -- including digital AV products, computer chipsets, cards and cables for printers, CD players, TVs, PDAs, computer storage devices, etc.

Membership list of year-old 1394 Trade Assn. includes Adaptec, Apple, Creative Labs, Fuji, Hewlett Packard, Hitachi, IBM, Matsushita, Microsoft, National Semiconductor, Philips, Sony, Texas Instruments, Thomson, Toshiba, Yamaha. Assn. is spreading in-depth information on IEEE 1394 on World Wide Web site operated by Skipstone, Texas company specializing in 1394 products and tools (<http://www.skipstone.com>). That web site, incidentally, has link with Sony's DV camcorder web site. COMDEX in Las Vegas next month will feature demonstrations of FireWire-based systems, including Sony videoconferencing camera, TI notebook computer and printer.

FIRST VIDEOPLAYER WITH NO MOVING PARTS: NEC last week announced it has developed "first practical video playback system in the world" without moving parts. Based on rapidly expanding solid-state memory capacity, pocket device stores VCR-quality color video images and CD-quality sound on credit-card-sized flash memory.

Silicon View uses MPEG-1 LSI developed by NEC and 40-Mbyte memory card, compressing signal twenty-threefold from about 31 Mbps to 1.4 Mbps. Big drawback currently is that compression rate provides only 4 min. of playback time. However, NEC said that in 5 years it expects 1-gigabit DRAMs to be available in quantities; using 5 of those would provide 60 min. of playing time.

While NEC said vaguely that it's "working to bring Silicon View to market as soon as possible," significance of announcement is that realization of dream of video recorders and players with no moving parts increasingly is in sight. Tiny playback unit weighs just 10 oz., including 2.5" color LCD. Last Dec., NEC reported development of 24-min. personal stereo using flash memory.

Meanwhile, 12 companies, including NEC, have agreed on flash memory standard called CompactFlash, whose first major use could be as digital "film" for consumer-priced electronic still cameras. (See separate report, this issue.)

CES MEXICO 'BETTER THAN EXPECTED': Starting with low expectations, EIA Consumer Electronics Group was able to report that they were exceeded in 2nd CES Mexico. Citing current "difficult times for Mexico," EIA Group Vp Gary Shapiro made clear that CES Mexico "has the long-term perspective" in mind. He told us that almost all exhibitors who were approached signed up for next year's event Oct. 8-10.

Attendance totaled 11,260 at last week's show, down from 14,000 year earlier. One participant said number of exhibitors was down about 18%. Advertised 2nd venue, Hotel Ramada Aeropuerto -- occupied last year by audio exhibitors -- was canceled, and show was confined to sole location, Palacio de los Deportes. EIA said exhibitors included distributors representing products of 300 manufacturers, while retailers attended from 17 countries.

Major event celebrated at show was impending launch of DSS in Latin America, with broadcasts by DirecTv Latin America and receivers to be made by Thomson.

* * * * *

Despite Mexico's economic problems, Zenith launched 25-model TV line at CES Mexico -- about half number of its U.S. offerings, but with many similarities, ranging from 12" to 52" projection TVs, with emphasis on lower priced models.

Zenith Sales Co. International Vp Stephen Main conceded that consumer product retailers are having "tough time" in Mexico, but saw slight improvement in economy there.

As compared with 2 million color TVs (including gray market) sold in Mexico last year, he said "virtually nothing" was sold in first half of this year, but "there has been some pickup since June." He predicted total Mexico TV sales of about 600,000 sets this year, with recovery to some 750,000 in 1996. While conceding "tequila effect" of Mexican economy on rest of Latin America, he said Zenith has picked up sales in Brazil as result of shipments of chassis to assembler there (TVD Aug 7 p15).

At Mexico City show, Zenith emphasized its commitment to Mexico in production and sales. It has 4 manufacturing centers there -- 6 buildings occupying 1.1 million sq. ft. in Reynosa making TV chassis, table models and parts; 879,000-sq.-ft. console assembly, wood cabinet and wall projection TV plant in Juarez, to expand next year with output of projection picture tubes; 141,000-sq.-ft. plant in Matamoros, making color tube electron guns, TV and cable tuners and remote control transmitters, and 3-building 246,000-sq.-ft. facility in Chihuahua making set-top boxes.

Gemini Industries will expand PC accessories line to more than 250 items with introduction of storage products, keyboards and other units at Comdex in Las Vegas next month. Gemini also will unveil redesigned packaging for PC products, first since company bought PC Accessories in Jan. 1994 (TVD Jan 10/94 p14).

LG-ZENITH DEAL OVER THE TOP: LG Electronics' purchase of 57.7% of Zenith (TVD July 24 p9) passed major milestone last week with announcement from Seoul that Zenith stockholders had tendered more than enough stock to meet one major condition of sale. However, LG extended offer to buy shares until midnight Nov. 7. It was 2nd extension -- last month LG extended offer to Oct. 19 (TVD Sept 18 p16).

LG announced Oct. 10 that 20,244,000 Zenith shares had been "tendered and not withdrawn," more than enough to meet requirement of offer to purchase 18,619,000 shares at \$10 each. Purchase of shares will be prorated if more than required number are offered, according to terms of deal.

Tender offer is being extended "to allow additional time for satisfaction of the conditions to the tender offer and the direct purchase from Zenith of an additional 16.5 million newly issued shares at \$10 per share," LG said.

Indication that purchase is close is Zenith's scheduling of special stockholders' meeting Nov. 7 to approve deal.

Citing glut of low-end 900-MHz headphones, Koss has postponed production of JR/750, will focus on stepup model due in Jan., company said. Koss, which introduced JR/750 at Winter CES in Jan. at \$149, will shift manufacturing to JR/900, price not set. Stepup headphones will have 5-channel operation and run for 20 hours on AA batteries vs. 2 channels and 10 hours for lower priced model, company said. Koss has struggled this year, blaming drop in PC speaker sales for 25.4% and 5.9% decreases in net income and sales, respectively (see financial table). Contributing to downturn, Koss's Canadian subsidiary recorded \$600,000 pretax loss for fiscal year to June 30, Koss said in annual 10K report. In response, Koss sublet warehouse in Canada and shifted responsibility for Canadian distribution to U.S. operations, report said.

VideoGuide will launch national TV ad campaign in mid-Nov. on broadcast and cable TV in support of new on-screen guide. Campaign begins with 30-sec. spot in Boston Oct. 16 and moves to Baltimore, N.Y., Richmond and Washington following week. Ads come as VideoGuide seeks to expand distribution following launch in Radio Shack in Aug. ABC Warehouse, Montgomery Ward and Tweeter Etc. recently have been added to deal roster, while Circuit City will conduct 20-25-store test this fall, VideoGuide Vp Frank Reiter said. VideoGuide still projects shipping 250,000 units by year-end, although Reiter conceded final tally may be slightly lower because Sanyo plant building device will close temporarily in late Dec.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 101 yen = \$1, except where noted.

FLASH MEMORY STANDARD: Agreement by 12 leading consumer electronics, computing, imaging, engineering and consulting companies should prove major boost for flash memory technology. First major use is expected to be as digital "film" for consumer-priced electronic still cameras.

Companies founded CompactFlash Assn. (CFA) to promote wider use of solid state storage technology. Credit-card-sized units can hold millions of characters of information and plug into wide variety of different devices. Confusion over which format would dominate marketplace has significantly delayed wide adoption of technology. "We are eager to see CompactFlash adopted as an industry standard," said Hewlett-Packard Handheld Product Mgr. Dorothy Colton.

Products from still cameras to cellular phones to set-top interactive TV boxes will benefit from widely accepted flash memory standard, executives said. "Canon's commitment to the CFA is driven by our belief that CompactFlash cartridges will become the film for the next-generation cameras," said Toru Takasashi, senior gen. mgr. at Canon R&D hq.

CFA's founding members are Apple, Canon, Eastman Kodak, HP, LG Semicon, Matsushita, Motorola, NEC, Polaroid, SunDisk, Seagate, Seiko Epson. Plans are to make technical specifications and CompactFlash trademark available under royalty-free licenses. Companies can become voting members and access detailed design data for \$5,000.

Introduced in 1994, flash cartridges are about size of matchbox, measuring 1.4" by 1.7" by 0.13" thick, currently are available in 2, 4, 10 and 15 Mbyte capacities.

Ruggedness and compactness are key flash memory advantages. Units can take far greater punishment than other memory devices, including CD-ROMs, and can work at wider temperature ranges. Cards will hold data whether or not power is on; users will be able to download information to set-top box, pull out flash memory and plug it into notebook computer to take it on road without pause, Chen said. Power use is 5% of that of conventional memory technology.

Price is where pain is for flash memory. Cost is dropping, but technology isn't cheap and for many applications never will be. 2 Mb units won't start selling for under \$100 until 2nd half of next year. Consumers could put 20-24 pictures, 30-60 min. of audio or 1,200 pages of double-spaced text on 2 Mb card. Capacity will rise rapidly in next few years, Chen said. By 1997, card will hold 100 Mb, rising to 500 Mb by 2000. But that 500 Mb card probably will cost more than \$1,000, he said.

Some companies still are looking for memory alternatives despite joining CFA. "We continue to evaluate alternative storage methods," said Kodak's Digital Capture Div. Gen. Mgr. Thomas Kelley. For time being, though, Kodak is going to back standard as "an excellent solution for Kodak's digital imaging products where small size storage is appropriate."

Smith Corona, which filed for Ch. 11 in July, is said to have proposals from at least 5 suitors. New Canaan, Conn., company is concentrating typewriter manufacturing in Mexico after closing in Singapore and Indonesia. Britain's Hanson PLC, which owns 48% of SC, is expected to take charge against earnings for 4th quarter ended Sept. 30. SC blamed filing on drop in demand.

PROJECTAVISION SUIT REVISED: Projectavision hid "true nature" of its licensing agreement with Matsushita, group of shareholders claimed in amending suit filed in federal court.

Deal carried one-time \$105,000 payment to cover patent infringement and won't produce royalties in future, suit charged. Filed Oct. 2 in U.S. Dist. Court, N.Y.C., action alleges that Projectavision led investors to believe Matsushita agreement created "exciting and lucrative revenue potential." Projectavision used confidentiality provisions of agreement to "hide... true nature" from investors, suit said.

Suit said Matsushita signed licensing agreement in March 1993 after discovering "inadvertent" infringement of Projectavision's depixelization video projection technology. But deal didn't provide for "imminent production, distribution or sale of product" and in fact required licensee to pay fees only if pixelization and brightness technology was used, brief said. Agreement didn't "mandate minimum payments or require that the technology be used and licensing fees thereby paid," it said.

Suit amended legal action filed in July (TVD July 17 p12) by shareholders Joseph and Alice Salinger that charged Projectavision had misled investors by saying company's technology was commercially viable, while internally admitting there were problems.

Projectavision Pres.-COO Martin Holleran said Matsushita agreement was license that carried royalties. "Their initial payment was an initial payment," he told us. "But they have to pay a royalty per unit once they produce them. Were they to do that, it's an ongoing payment." Matsushita Gen. Counsel Robert Marin said he hadn't seen suit, but company frequently signs licensing agreements providing for payment to cover past or future uses of technology.

PACKARD BELL SUES COMPAQ: Packard Bell (PB) last week sued Compaq Computer charging rival "falsely described" its return policies for PCs and "purposely misled" public.

Suit filed in U.S. Dist. Court, Newark, Del., also charged that Compaq executive made "racist, un-American and morally reprehensible statements" in attempt to suggest that PB makes inferior product. Lawsuit quotes Compaq Senior Vp Russ Cooley as telling Associated Press in June that without PB CEO Beny Alagem, company would be left with "some Mexican factories and 4 Chinese engineers."

Action follows Compaq suit filed in April that maintained PB sold as new PCs with used parts. Several class action suits were filed and PB settled claims by paying \$4 million and agreeing to change practices. PB said PC components are retested at factory and brought up to "factory new standards" before any are "recycled in systems sold as new."

Casio's digital camera is selling so well that company plans to triple production to 30,000 monthly. Currently, 50% of output is going to U.S. Camera with LCD screen widely used to input video pictures to computers. Priced in Japan as low as \$630 and listing at \$700 here, it competes with products selling as high as \$9,500. Casio will build new \$2.9-million plant in Aichi prefecture, Japan, Nikkei reported.

AUG. AUDIO SALES SLUGGISH: Audio factory sales hit late-summer doldrums in Aug., posting modest declines in all 4 publicly reported broadbased categories, EIA Market Research Dept. said.

Total Aug. factory shipments declined 2.2% to \$733.93 million from \$750.25 million year earlier. Aftermarket autosound had month's biggest decrease, falling 6.5%. Other categories suffered minor setbacks -- systems were off 1.3% and portable audio 0.8% as components broke recent string of monthly increases, dipping 0.7%.

Aug. declines put minor dent in sales for year's first 8 months, but all 4 categories managed single-digit increases. Total Jan.-Aug. shipments rose 4.5%, but fell just short of passing \$5-billion mark, topping out at \$4.98 billion vs. \$4.77 billion year earlier. Components rode wave of recent success, rising 7.7%, while aftermarket autosound managed 5.6% increase and systems and portable audio shipments climbed 3.1% and 2.3%, respectively.

EIA sought to put Aug. statistics in best light, saying home theater components were "highlight" of month's sales, AV receivers climbing 10% to \$44 million and speaker systems 126% to \$6 million. But drops of 24% in cassette decks to \$12 million and 17% in CD player shipments to \$38 million helped explain why total components were down 0.7% for month.

Compact audio systems rose 19% in Aug. to \$127 million, EIA said, despite 1.3% decline in overall systems category. Slight decline in Aug. portable shipments came despite 5% rise in cassette boombox sales to \$22 million. Personal CD portables climbed 18% in month, but CD boombox stereos fell 5%. Single-play car CD head units jumped 17% in Aug., and car amplifiers gained 9%. But aftermarket autosound category suffered because cassette head units fell 28% to \$47 million.

Here's EIA breakdown for audio factory sales in Aug. and year's first 8 months:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	Aug. 1995	Aug. 1994	% Chg.
Portable audio*.....	\$249,649	\$251,620	- 0.8
Components.....	156,703	157,745	- 0.7
Systems.....	168,772	171,080	- 1.3
Autosound (aftermarket)	<u>158,811</u>	<u>169,809</u>	- 6.5
TOTAL.....	\$733,934	\$750,254	- 2.2

Product	8 Mo. '95	8 Mo. '94	% Chg.
Portable audio*.....	\$1,577,287	\$1,541,932	+ 2.3
Components.....	1,074,047	996,989	+ 7.7
Systems.....	984,986	955,504	+ 3.1
Autosound (aftermarket)	<u>1,346,978</u>	<u>1,276,088</u>	+ 5.6
TOTAL.....	\$4,983,297	\$4,770,513	+ 4.5

* Includes home radio.

Gemstar last week launched scaled-down 3-million share public stock offering, replacing postponed earlier version (TVD Oct 17 p13). New stock will be priced at \$12 and underwriters have option to purchase additional 450,000 shares. Gemstar proposed 6-million share offering in Sept. 1994 at \$13-\$15, but scrapped plans, citing slow financial market. Earlier, it had delayed offering for similar reasons (TVD July 25/94 p13).

FRETTER RENEGOTIATES DEBTS: Fretter is seeking to renegotiate debt with vendors and weighing closing remaining Silo stores in bid to avoid Chapter 11 bankruptcy, sources said.

Remaining Silo stores -- chiefly in Pa. and upstate N.Y. -- may close by later this month leaving Fretter with about 60 stores, including namesake outlets in Mich. and Fred Schmid Div. in Denver.

Fretter officials didn't return calls seeking comment, but chain said in Sept. it was considering several options including filing for Chapter 11 in effort to remain open (TVD Sept 25 p19).

Most vendors said they hadn't decided whether to agree to renegotiate debt, although interest appeared to hinge on amount of money owed and whether it was backed by financing company. Terms of renegotiations were said to center on percentage payment on dollar. "We're 100% covered by a financing company so we don't have to worry, but they are trying to come to settlements," CE executive said. "Their business has dwindled to the point that frankly I have taken them out of my plans and anything they order is unexpected and could be a bonus."

Fretter has purchased limited amount of inventory since spring when it first asked vendors to slow shipments of new products (TVD May 8 p21). Chain since has closed about 80 Silo stores in 10 states including most recently 24 in Chicago area (TVD Oct 9 p13). Company has battled for nearly 2 years to free itself of debt incurred in purchasing Silo chain from Dixons for \$45 million in late 1993 (TVD Dec 6/93 p18).

Vendors held out hope that Fretter could remain viable as regional retailer. "I think they could survive as a regional dealer, but they may have to go bankrupt to get rid of some of the [Silo] leases," one observer said.

Federal appeals court rejected govt. request for rehearing on decision that overturned stock fraud convictions of Crazy Eddie founder Eddie Antar and brother, Mitchell. Decision by 3rd U.S. Appeals Court, Philadelphia, returns case to federal court in Newark where new judge will be assigned, said Asst. U.S. Attorney Paul Weissman, who declined comment on appeals court ruling. Adam Saravay, attorney for Eddie Antar, said he will seek bail for his client, who is serving 12-1/2-year sentence at Otisville, N.Y. prison. Mitchell Antar, who was sentenced to 51 months in prison and ordered to pay \$3 million, has been free on bail since Appeals Court reversed convictions in finding that U.S. Dist. Judge Nicholas Politan gave "appearance of partiality" during trial and sentencing in 1993-1994 (TVD April 24 p16). Antars were convicted for their roles in scheme to inflate former retailer's stock value by falsifying inventory figures and transferring money from wholesale accounts to pump up same-store sales.

Texas Instruments (TI) has started production of Digital Light Processing (DLP) engines for Digital Micromirror Devices (DMD) with first projectors expected in late 1996. TI reported 3rd-quarter earnings rose 55% (see financial table) on soaring worldwide demand for chips. Runco, Nokia and Vidikron have reported plans to build projection TVs based on DLP (TVD Sept 18 p18). Other TV manufacturers are expected to announce plans for technology including Sony, which worked with TI for 3 years on DLP (TVD June 5 p11). TI also reported joint venture with SBC to develop software for advanced voice-related services.

SMITH'S LIQUIDATES: Faced with shrinking funds to continue operations, Smith's Home Furnishings filed for Chapter 7 liquidation last week.

Portland, Ore., chain closed its last 9 stores Oct. 5. Whether court-appointed trustee will conduct liquidation sales remains undecided, Smith's Chmn. Glen Grodem said. Secured creditors for CE products were expected to reclaim inventory, but fate of \$4.2 million in furniture backed by First Interstate Bank loan hasn't been determined, he said.

Unsecured creditors -- headed by Merchants Home Delivery at \$1.5 million and Wash. State Revenue Dept., \$1.4 million -- most likely won't be paid, sources said. Top secured creditor is Transamerica, which provided \$13 million in financing for CE products, said Transamerica attorney Jennifer Palmquist.

Conversion to liquidation was rapid fall for Smith's, which had filed for Chapter 11 in Aug. Its downfall appeared to be result of expansion into Seattle in 1994. Expansion also came as Smith's faced intense competition from Circuit City, Good Guys, Incredible Universe.

"We got caught halfway through our [expansion] strategy and we were neither fish nor fowl because we didn't have enough stores to make it profitable and we didn't have the ability to retrench," said Grodem, who presided over chain that grew from one store with \$12 million sales in 1980 to 18 stores and \$262 million in 1994. CE and major appliances accounted for 60% of revenues.

Retailer suffered blow when it agreed in July to pay \$450,000 to Wash. state to settle deceptive ad and credit term claims and promoting "sale" prices same as everyday retail.

* * * * *

Bradlees Chmn.-CEO Mark Cohen's employment would be revised under motion filed with U.S. Bankruptcy Court, N.Y. New 5-year contract would eliminate 200,000-share stock option, replace it with target bonus equal to 65% of his \$900,000 salary. Proposed contract also contains equity incentive award program for Cohen of \$2-million minimum. New pact, which contains one-year noncompete clause, doesn't "compensate him beyond what was contemplated at the time of his original contract," signed in Dec. 1994, retailer said in court documents. Bradlees filed for Chapter 11 in June... Hedge Fund has purchased 6.63% of Caldor, which is operating under Chapter 11. SC Fundamental Inc. bought 1.1 million common shares at \$3.59-\$4.91 Sept. 18-27... Jamesway, discount chain that emerged from bankruptcy this year, hinted at week-end that it might refile for Chapter 11 after laying off 200 employees at Secaucus, N.J., hq.

JVC Asia was formed Oct. 1 in Singapore "to pursue further expansion in the fast-growing Asia region," Japanese parent company said, noting that Asia is becoming more important as consumer market as well as manufacturing base. Company starts with 65 employees, is headed by Pres. Yoshifumi Harakawa, JVC dir. and gen. mgr. of Corporate Management Div. for Asia and Middle East. JVC also announced it will make deflection yokes for computer displays at owned company in Thailand, starting in Feb. with monthly output of 300,000 yokes, rising to one million monthly in 1997. It's company's 2nd yoke plant in Thailand.

JVC has introduced 2 LCD projectors for PCs and high-definition applications, each with 920,000-pixel resolution and 300 lumens brightness, for sale in Japan in mid-Nov. Both are priced at 898,000 yen (\$8,890).

VENTURE STORES CE STANCE: Venture Stores denied that it planned to drop TV and VCRs from product mix, but conceded that "everything is up for grabs."

O'Fallon, Mo., retailer has "every intention" of carrying TVs and VCRs into next spring and products still are "part of our planning process," said spokeswoman. "We will continue to carry those categories, but certainly in light of the fact that we're repositioning the company almost everything is up for grabs," she said.

Venture, which reported 5.3% drop in same-store sales in Sept., is seeking to change image from discounter to more upscale retailer. But while chain has embarked on \$40-million plan to renovate 115 stores, it still carries CE assortment that ranges from GE and Magnavox to Funai and Broksonic. Any future expansion will focus on Tex., where Venture entered in 1993, spokeswoman said.

"The impression I got was that they gave serious consideration to dumping out of the video business, but decided that they had to have it to keep their customers," said CE exec. who recently met with Venture buyers.

While spokeswoman said stores currently are "performing at our expectations," CE dept. underwent shakeup earlier this month when Div. Mdse. Mgr. Glen Chase resigned. Venture eliminated 263 jobs in July and closed stores in Chicago and Okla. City in Aug.

Interactive Multimedia Assn. (IMA) and Laser Disc Assn. (LDA) are sponsoring DVD technical conference this week in L.A. to "produce a set of recommendations from multimedia developers and publishers to the DVD manufacturing community," LDA Technical Committee Chmn. Geoffrey Tully said. While conference will feature "some structured presentations," he said, "these are mainly to stimulate discussions and lead toward the development of a list of recommended features for DVD systems." Tully said participants will represent "broad range of companies in the multimedia industry," but will attend as "knowledgeable individuals rather than as spokespersons for their companies" or either DVD camp.

Billed as "multimedia trade show," CES Orlando's Digital Destination May 23-25 will feature "DVD, computing and on-line products," CES Staff Vp Jonathan Thompson said. Among exhibitors will be America Online, Casio, Compuserve, Hitachi, Pioneer, Samsung, Sony, Toshiba, Thomson and Zenith, news release said. Co-sponsors are Software Publishers Assn. (SPA), N. American Retail Dealers Assn. (NARDA), Electronic Representatives Assn. (ERA), Interactive TV Assn. (ITA). Show claims backing of 10 ad-supported CE retail and computer trade publications.

Daewoo, already biggest foreign investor in Vietnam, has signed \$1.2-billion joint venture deal with state-owned electronics company to build big industrial complex near Saigon. Eventually, it will contain \$700-million car assembly plant, \$200-million electronics plant and \$100-million tire factory, Financial Times said. Venture is set to produce one million TV sets, 500,000 VCRs, 600,000 cassette recorders, 300,000 microwave ovens, 500,000 refrigerators and 300,000 washing machines monthly.

Mitsubishi Electric raised profit forecast 3.9% to \$26.5 billion for fiscal year through next March, increasing estimate of recurring profits 26% to \$820 million, profit 33% to \$400 million. Company cited strong demand for semiconductors, particularly for PCs.

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
CBS			
1995-9 mo. to Sept. 30	2,520,500,000	107,100,000	1.64
1994-9 mo. to Sept. 30	2,856,700,000	237,100,000	3.00
1995-qtr. to Sept. 30	733,200,000	33,400,000	.52
1994-qtr. to Sept. 30	727,100,000	58,500,000	.77
C-COR Electronics			
1995-13 wk. to Sept. 29	39,640,000	2,631,000	.27
1994-13 wk. to Sept. 23	27,554,000	2,195,000	.23 ^a
C-Cube Microsystems			
1995-9 mo. to Sept. 30	74,049,000	15,757,000	.91
1994-9 mo. to Sept. 30	30,866,000	2,934,000	.19
1995-qtr. to Sept. 30	35,322,000	8,428,000	.48
1994-qtr. to Sept. 30	12,309,000	1,410,000	.08
Franklin Electronic Publishers			
1995-qtr. to Sept. 30	27,077,000	3,246,000	.39
1994-qtr. to Sept. 30	21,258,000	2,355,000	.30
Gannett			
1995-39 wk. to Sept. 24	2,860,002,000	321,730,000	2.30
1994-39 wk. to Sept. 25	2,775,933,000	316,015,000	2.17
1995-13 wk. to Sept. 24	932,261,000	96,101,000	.69
1994-13 wk. to Sept. 25	932,427,000	105,531,000	.74
Media General			
1995-39 wk. to Sept. 24	507,091,000	34,712,000	1.31
1994-39 wk. to Sept. 25	459,190,000	104,860,000	3.99 ^b
1995-qtr. to Sept. 24	168,458,000	8,848,000	.33
1994-qtr. to Sept. 25	155,192,000	8,022,000	.30
Motorola			
1995-9 mo. to Sept. 30	19,739,000,000	1,349,000,000	2.22
1994-9 mo. to Oct. 1	15,792,000,000	1,045,000,000	1.79
1995-qtr. to Sept. 30	6,851,000,000	496,000,000	.81
1994-qtr. to Oct. 1	5,660,000,000	380,000,000	.65
Pulitzer Publishing			
1995-9 mo. to Sept. 30	340,756,000	32,866,000	2.01
1994-9 mo. to Sept. 30	351,065,000	23,018,000	1.42 ^a
1995-qtr. to Sept. 30	111,607,000	9,697,000	.59
1994-qtr. to Sept. 30	116,944,000	8,354,000	.51 ^a
Raytheon			
1995-9 mo. to Oct. 1	8,356,000,000	570,200,000	4.66
1994-9 mo. to Oct. 2	7,284,000,000	391,200,000	2.92 ^c
1995-qtr. to Oct. 1	3,153,000,000	200,700,000	1.65
1994-qtr. to Oct. 2	2,443,000,000	191,900,000	1.45
E. W. Scripps			
1995-9 mo. to Sept. 30	957,162,000	92,887,000	1.16
1994-9 mo. to Sept. 30	889,330,000	99,026,000	1.32 ^b
1995-qtr. to Sept. 30	315,841,000	27,634,000	.35
1994-qtr. to Sept. 30	295,978,000	26,105,000	.35
South Pointe Enterprises			
1995-qtr. to Aug. 31	4,991,000	193,000	.08
1994-qtr. to Aug. 31	3,823,000	194,000	.08
Texas Instruments			
1995-9 mo. to Sept. 30	9,525,000,000	797,000,000	4.13
1994-9 mo. to Sept. 30	7,533,000,000	503,000,000	2.64 ^a
1995-qtr. to Sept. 30	3,425,000,000	289,000,000	1.48
1994-qtr. to Sept. 30	2,574,000,000	186,000,000	.97 ^a
Tribune			
1995-39 wk. to Sept. 24	1,691,622,000	205,990,000	2.94 ^b
1994-39 wk. to Sept. 25	1,563,821,000	172,928,000	2.36 ^b
1995-13 wk. to Sept. 24	567,040,000	55,900,000	.79
1994-13 wk. to Sept. 25	511,816,000	47,827,000	.64

Notes: ^aAdjusted. ^bIncludes special credit. ^cAfter special charge.

Duracell will start pilot production of lithium ion battery packs for PCs at Waterbury, Conn., plant in late 1996, company said. Decision to build lithium batteries comes as Duracell's joint venture with Toshiba and Varta prepares to open 200,000-sq.-ft. nickel-metal hydride (NimH) factory in Mebane, N.C., by mid-1996. Joint venture, formed in 1992, will build batteries at N.C. plant for use in PCs, cellular phones, camcorders, printers. Toshiba has been building NimH batteries for joint venture at plant in Japan since 1993. Toshiba and Duracell each have 40% of venture, Varta 20%.

Consumer Electronics Personals

Peter Skerlos, ex-Zenith, appointed vp-gen. mgr., Mitsubishi's new CE Engineering Center in Costa Mesa, Cal... **Harry Steinberger** resigns as Yorx exec. vp-gen. mgr., plans unknown, duties assumed by **David Moser**, ex-Gran Prix, who becomes Yorx sales vp... **Sidney Corderman**, semiretired former McIntosh Lab senior vp, appointed interim pres. of company until permanent successor to **Ron Fone** is found; **Steve Mulnick** named vp-sales & mktg... **Barbara Sullivan**, ex-CommNet Cellular, joins EchoStar as vp-mktg.

Best Buy Appointments: **Michael Keskey**, Chicago district mgr., sales vp; **Jeff Manly**, ex-Office Depot, computer hardware mdse. mgr.; **Lance Binley**, ex-Good Guys, video mdse. mgr.; **Erick Vincent**, ex-Navarre, productivity software senior buyer; **Jeff Broviak**, ex-Wal-Mart, PC peripherals senior buyer... **Steve Birke** promoted to Target vp-gen. mdse. mgr., electronics... **Glen Chase** resigns as Venture Stores div. mdse. mgr.-electronics, plans unknown, replaced by **Paul Bein**, div. mdse. mgr., hardware/lighting.

Changes at Blockbuster: **Gerald Geddis**, pres., domestic home video, named pres., worldwide operations for newly combined global music and video entities, continuing to report to Pres.-CEO **Steven Berrard**; **Scott Barrett** becomes pres.-domestic home video; **Jerry Comstock** appointed pres.-Blockbuster Music, succeeding **Gerald Weber**, who has left company; **Ramon Martin-Busutil**, pres., Blockbuster International, also is departing but will continue to advise company.

Robert Frankenberg, Novell chmn.-CEO, and **Robert Pittman**, Century 21 CEO, nominated to board of America OnLine... **Michael Brochu**, CFO, named Sierra On-Line pres.-COO, former Pres. **Ken Williams** retaining titles of chmn. and CEO... **David Kosse**, senior dir.-theatrical mktg., promoted to vp-mktg., PolyGram Video; **Charles Weir** joins from VH1 as dir.-theatrical mktg... **David Wertheimer**, ex-senior dir.-entertainment alliances, Oracle, named pres., Paramount Digital Entertainment.

EIA awards: **Joseph Garrett**, Rockwell International, wins 1995 Distinguished Service Award; **Frank Cirillo**, Matsushita Consumer Electronics, Clinton Lee Marketing Services Award; **Allan Gilligan**, AT&T, Engineering Award of Excellence... Consultant **David Schwind** elected fellow, Audio Engineering Society, for "significant contributions to architectural acoustics and sound system design"... **Robert Ankosko**, Stereo Review senior editor, promoted to exec. editor, replacing **Michael Riggs**, now Audio magazine editor.

Franklin Electronic Publishers, citing strong sales of **Bookman**, reported 38% gain in income in 2nd quarter on 27% sales increase (see financial table). For 6 months ended Sept. 30, income rose 39% and sales 27%. Chmn. **Morton David** said Bookman sales were in "upper range" of projections, and 150,000 units were shipped in Sept. Franklin has signed agreement with **Bertelsmann** to sell device under "Bee Book" brand in Austria, Germany, Switzerland. Franklin introduced **Bookman** in Jan. (TVD Jan 9 p18) as successor to **Digital Book System**.

C-Cube Microsystems reported 83.3% rise in income in 3rd quarter on 65.1% gain in revenues (see financial table). Company designs and markets ICs for applications including PlayCD family of MPEG-1 and MPEG-2 A/V decoders and single-chip compression processors.

TELEVISION DIGEST®

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

With Consumer Electronics

OCTOBER 23, 1995

VOL. 35, NO. 43

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

KIDVID SPARRING HEATS UP: Hundt increases pressure on broadcasters, but Quello says issue is dead. Broadcasters say they're doing well. (P. 1)

MUST-CARRY'S SMALL IMPACT: Broadcasters say 70% of cable systems added no broadcast stations. Cable tells court thousands of systems are affected. (P. 3)

CNN AD DECISION CRITICIZED as preparations heat up for telecom bill conference. Pressler wants ads pulled. Refusal to carry ads said to highlight concentration issue. (P. 4)

PTV GOES DIGITAL: Md. Public TV first to install fully digital video chain, plans to be model for other public and commercial broadcasters. (P. 5)

FCC SPEEDS VOTING procedures. Goal is releasing items 2 days after vote, moving quicker on circulation items. (P. 6)

NBC PROFIT UP: Ratings, strong ad market cited. TW profits down, partly because of WB. UPN hurts Chris-Craft. LIN TV, N.Y. Times up. (P. 6)

AUTOMATION IN FCC'S FUTURE as part of plan to reduce staffing, field offices. Congressional, union opposition likely. (P. 7)

DARS AUCTIONS MEAN DELAY: Supporters claim broadcasters use 'desperate stratagem.' NAB calls it 'pie-in-the-sky' threat to radio. (P. 7)

HUNDT, QUELLO, INDUSTRY SPAR OVER KIDVID: Daily item in Washington last week was continuing dispute over children's TV and whether networks and stations are meeting their obligations under 1990 Children's TV Act. Often-heated debate involved FCC Chmn. Hundt., Comr. Quello and various segments of industry, as well as series of speeches, letters and filings, few of which provided truly new information.

Hundt was openly critical of industry efforts in speeches last week, citing NBC's inclusion of NBA Inside Stuff as "educational and informational" in network's comments on FCC rulemaking. He also asked whether broadcasters would fund study with "academic freedom" that would rule on educational value of programs submitted by licensees as complying with Act: "Isn't this a workable, First Amendment-friendly way for broadcasters to meet their duties under the law?" Hundt criticized networks for suggesting that more study of children's issue is needed: "Apparently they think regulatory gridlock on the rewrite of the educational TV rules would be government at its best."

Richard Cotton, NBC exec. vp-gen. counsel, responded in letter that said NBA Inside Stuff "represents a serious effort to respond to what Congress was driving at" when children's act became law. NBC and NBA

Consumer Electronics

ZENITH'S SWANSONG AS INDEPENDENT company is black ink for 3rd quarter. Sale to LG Electronics, now set Nov. 8, was almost blocked by stockholder suit. (P. 9)

CONSUMER ELECTRONICS MFRS. ASSN. is new name for EIA Consumer Electronics Group, underscoring importance of industry as it becomes 'sector' of trade group. (P. 10)

OLYMPICS/PRESIDENTIAL ELECTION years have set new sales records 7 times out of 8 since introduction of color TV. Is this formula for new records in 1996? (P. 10)

REGIONAL DEALERS STRUGGLE to avoid extinction as national chains expand, resulting in wave of bankruptcies and liquidations. (P. 11)

THOMSON CUTS DSS PRICE to \$599 and adds StarSight one-touch recording and tuning features to new models due in Nov. at \$899-\$999. (P. 13)

JAPAN ELECTRONICS SHOW stars DVD demonstrations of former competing formats, digital camcorders and flat panel displays, but little really new. (P. 14)

COMPUTER DATA VIA TV transmission is goal of Intercast Group, spearheaded by Intel and NBC, with broadcasts to home PCs starting next year. (P. 14)

THOMSON ON FOR-SALE LIST of new French govt. for possible privatization in spring. (P. 14)

working together have "made a serious effort to produce a program that covers a broad array of educational and informational topics relevant to teenagers," Cotton said. "NBC is at a loss to understand your blanket indictment, or even to understand what you perceive to be the program's specific shortcomings."

Children's rules also became another forum for running dispute between Hundt and Quello. Citing NAB survey on children's programming, Quello said "the fight for additional children's programming is over. Broadcasters have responsibly responded to the concerns of Congress, the FCC and public activists by significantly increasing children's programming without the government risking First Amendment encroachment through government-mandated program quotas or social contracts." Quello said "illustrative list" of what FCC considers acceptable educational programs "has, in the wink of a bureaucrat's eye, been transformed into a laundry list of officially blessed shows."

Hundt responded: "My fellow commissioners and I should be privately cooperative... However, in public, open debate, we should not be shy about disagreeing... We show ourselves to best advantage when we engage in mutually respectful, spirited, honest, fact-based, public debate."

NATPE officials met with Hundt and topic of conversation was chmn.'s belief that industry has failed to meet its obligations to children. Meeting started late, but Hundt kept NATPE officials past scheduled appointment time, making them late for session with Comr. Chong. Earlier this month, News Corp. CEO Rupert Murdoch canceled planned meeting with Hundt when he was told chmn. wanted to discuss children's TV rulemaking, which Murdoch aide told us he wan't ready to discuss with chmn.

Commercial TV stations continued to argue at FCC, in comments on rulemaking, that they have greatly improved output of educational programming for children since 1990 legislation. They said no new rules are needed and quantitative standards would be unconstitutional. Noncommercial broadcasters were split on whether licensees should be able to assign their responsibilities in children's programming to other entities, rule also proposed by Hundt.

NAB said goals of 1990 Children's TV Act "are being fulfilled today by broadcasters" and no further regulations are "necessary or justified." NAB study said stations have "more than doubled" amount of educational shows for children since law. It also submitted study citing legal precedents that mandatory safe harbor for kid shows would "violate established First Amendment principles and exceed the Commission's constitutional authority." Tribune Bestg. said monitoring study must be done before FCC can "act intelligently."

Other comments generally were predictable: (1) Public broadcasters focused on sponsorship proposal that would allow one commercial broadcaster in market to pay for programming on another station in same market to meet its requirements for educational children's TV. Assn. of America's Public TV Stations (APTS) and PBS said FCC should look at sponsorship on national, regional or state level, rather than local, because of high cost of quality children's programming. Groups backed contribution of "substantial sum" by commercial broadcast network to PBS Children's Programming Fund, which PBS could use to acquire and distribute new educational programming, with network affiliates receiving credit for network's sponsorship arrangement at license renewal. (2) Children's TV Workshop (CTW) said it "strongly opposes" sponsorship proposal, saying broadcasters shouldn't be allowed to pay others to fulfill obligations. CTW said sponsorship proposal also would attach "ghetto stigma" to host stations.

(3) INTV said "no immediate regulatory prod is necessary" because last 5 years "have witnessed a significant expansion in the supply of such programming." Average independent TV stations air 3-1/2 hours weekly of regularly scheduled educational programs for children, supplemented by nearly 40 min. weekly of short segments and numerous specials, broadcast at times when children watch. (4) CBS said it endorses many FCC proposals but it "cannot support the proposals to establish quotas for educational and informational programming or license renewal processing guidelines," and when all facets of video market are factored in, "there can be little doubt that reasonable amounts of educational and informational programming are now available."

(5) NBC said "heavy-handed regulation" of quantitative standards or guidelines are "antithetical to clear congressional intent" in passing law and raise "serious First Amendment and other concerns." Network urged FCC to establish procedure to monitor closely amount of educational programming over next 3 broadcast seasons: "NBC furnishes its affiliates 5 times more educational children's programming today than it did in 1990." (6) Cap/ABC said Congress established "delicate balance" requiring educational children's programming while preserving licensees' discretion over program content and avoiding govt. intrusion.

(7) Westinghouse said it would support requiring "education as a significant purpose" for acceptable children's programming, but didn't mention its pledge to air 3 hours weekly of quality children's programming after FCC approves its purchase of CBS. (8) Disney (which refused to make similar commitment in its purchase of Cap/ABC) said FCC should consider total environment, which is "replete with choices, both on and off the TV screen." (9) Coalition of 20 groups, including Action for Children's TV founder Peggy Charren, said positive responses of broadcasters have been "short-lived and have withered as soon as the government pressure ceased to exist." At minimum, Commission should require hour daily of "core" programming, it said.

Hundt dismissed most comments as being from "profitable and ingenious businesses [with] lobbyists and lawyers as numerous as trees." He said 1.5 million comments favor FCC mandates for children's TV while "a comparative handful of commenters disagreed" -- TV industry and its supporters. Three years of study is enough, Hundt said, and filings were "a test of conscience. And on that date the networks said they needed more time to study. Now it's time to review the data we have and to make good decisions about how to fix our failed [children's TV] rules."

Chmn. dismissed NAB survey of stations purporting to show that educational programming had "more than doubled" between 1990 and 1994 (from 2 hours to more than 4), calling it "an anonymous survey of those stations that wished to participate... I will be interested in knowing if such a survey is scientifically valid. What should we think about the definition used to count shows as educational? And, why did some stations not submit data? What time of day were the shows displayed?.. I'd like to have us debate based on real facts, not rhetoric." NAB spokeswoman said Assn. used FCC's own definition of children's TV in questionnaire. "The Commission criticized our initial study for having a low response rate. Now that we've doubled the response rate [60%], the chairman has found something else to complain about," she said.

MUST-CARRY IMPACT CALLED SMALL: Effect of must-carry on cable systems was "minimal" because more than 70% of them added no broadcast stations as result of must-carry, and another 16% added only one, NAB and INTV said in briefs filed in U.S. Dist. Court, D.C. Briefs, which include large amount of data on impact of must-carry, were made public recently in "redacted" form (without proprietary information). Cable briefs countered must-carry had major impact, limiting cable's free speech ability to choose what programming to carry.

Cable systems were able to meet must-carry requirements using previously unused channels 87% of time, FCC brief said. In joint filing with Justice Dept., Commission also said any displacement of cable networks by must-carry stations would be "short-lived" because cable is adding channel capacity rapidly.

Average cable customer had only 1/4 of one TV station less before must-carry than after, Turner Bestg. said, and evidence suggests that those not carried were "least viewed and most marginal." Stations carried on cable accounted for more than 98% of all viewing in noncable households, Turner said. Time Warner said data showed that "virtually all stations with any measurable viewership obtained cable carriage" even without must-carry.

Joint filing by cable programmers said more than 30% of stations that weren't carried before must-carry had no measurable ratings. They said there were "hundreds of instances involving millions of subscribers" where cable networks had to be dropped from cable systems to make room for must-carry stations, including 1.8 million subscribers that lost C-SPAN. Cable systems with more than 67% of all subscribers have no excess channel capacity, programmers said, so must-carry "interfered with operators' editorial discretion and made it more difficult for cable programmers to compete for carriage." Time Warner said it doesn't matter whether must-carry stations account for 8% of channel capacity, as broadcasters claim, or 10%, as cable says: "Those provisions cause thousands of real and individual infringements of speech."

It's "not relevant" that many must-carry stations have low ratings, broadcasters said, because ratings "say nothing about the importance of diversity of programming." Even low-rated stations could have "substantial but narrow audience" to which programming is very important, such as foreign language stations, filing said. It also said cable systems "routinely" carry cable channels with "low or unmeasurable ratings." Broadcasters dismissed cable claims that must-carry mainly benefited religious or home shopping broadcasters, saying only 10% of must-carry stations carry religious programming and 5% shopping programs.

CNN AD DECISION CRITICIZED: Decision by CNN to decline to run ads for Competitive Long Distance Coalition (CLDC) because Turner Bestg. backs telecom legislation points to increased dangers from media concentration that could result from passage of telecom bill, opponents of measure said. TBS said its support for bill was only one reason to turn down all ads on contentious bill. Senate Commerce Committee Chmn. Pressler (R-S.D.) criticized ads as misleading and harmful to public debate and suggested to AT&T Chmn. Robert Allen that ads should be pulled.

CNN action came as possibility grew that conference on telecom bills (S-652 and HR-1555) could start this week, at least with preliminary organizational and speech-making session. Actual staff work on differences on bill could take much longer. John Windhausen, member of Senate Commerce Committee's Democratic staff, said conference is very large, with 34 House and 11 Senate members, on bill that's longer than 1992 cable legislation. With that bill, month was needed just to write detailed comparison of Senate and House bills, Windhausen said at George Washington U. conference.

Greg Simon, chief domestic policy adviser to Vice President Gore, told conference that decision not to carry ads "undermines the very values of democracy." Administration opposes bill because it would create more media concentration, Simon said. Although bill backers believe concentration limits aren't needed because there's enough competition from other media, Simon said that's contradictory because they believe conversion to digital media will take 15 years, yet they want ownership restrictions lifted now.

CLDC Chmn. Howard Baker said he didn't understand CNN's decision since group has run ads on cable network in past. CLDC plans major media buy to coincide with conference and said CNN decision shows ability of concentrated media to distort political message.

Consumer advocates said they were disappointed because Turner network had been only national outlet available for advocacy ads; broadcast networks don't accept them. Gigi Sohn, deputy dir. of Media Access Project, said after Time Warner-TBS merger situation would get worse as there are fewer places for access to media. Gene Kimmelman, head of Washington office of Consumers Union, criticized CNN for leveraging its "financial interest to stifle public criticism of cable companies."

TBS Vp Bert Carp characterized ad as "attack ad" that contained assertions that TBS wouldn't be able to substantiate and said TBS disagreed with ad claim that telephone and cable rates would rise if bill were to pass. Broadcasters must be responsible for content of ads they carry, and TBS wasn't prepared to back up this one, Carp said. Second factor was size of buy, which was very large, covering 3 weeks, he said, and CNN was uncomfortable running "a mud-slinging ad" over long period of time. Corporate interest was 3rd factor, Carp said. He said decision not to carry ads now was irrelevant to pending deal with Time Warner.

Meanwhile, Sen. Hollings (D-S.C.), senior Commerce Committee Democrat, said he has been assured Democrats will be full participants in conference committee. He said he had considered possibility that Democrats would simply be presented with conference product after Republicans had worked out details, as happened in budget talks earlier this year. He said Pressler promised to work with Democrats in coming up with final product.

Hollings said he talked with Democratic Leader Daschle (D-S.D.) to plan for possibility that conference would be done without Democrats. Key issues will include cable regulation, media concentration, checklist for RHCs to open local markets and public access, he said, predicting that differences would be resolved and bill would pass. Still wary of working with House Republicans, Hollings noted that Commerce Committee there had passed bill by 38-5 margin but measure was changed at direction of House leadership. He said he hoped to have organizational meeting soon, but hadn't talked with Rep. Dingell (D-Mich.), senior House Democrat.

Consumer Federation of America (CFA) released new study predicting that telecom bill could lead to 40% overcharges for telephone and cable. Consumers could end up overpaying \$5-\$10 monthly for phone, and cable rates could increase \$5-\$7 monthly, CFA study said. CFA said cable rates increased at 3 times inflation rate between deregulation in 1986 and 1992 reregulation, and telephone rates for local service also took off after divestiture and had 4-year run until regulators were able to bring prices back down. CFA Legislative Dir. Brad Stillman said information, criticized by Pressler, was fully supportable. He said Pressler was being "totally inconsistent" by criticizing ads, because Pressler had criticized FCC Chmn. Hundt for same type of activities.

Group called Coalition of Ethnic Bestrs. of N.Y. is attempting to block sale of former public TV station WNYC-TV N.Y. to ITT Corp. and Dow Jones for \$207 million. In petition filed at FCC Oct. 12, group said transfer would result in loss of "unique ethnic programming," which it said would be against public interest. Aside from PBS shows, station carries variety of foreign language, English language for immigrants and business programming, which group said accounts for 60.5 of its weekly 140 hours on air. Coalition is composed of groups that for years had leased air time from city for their cultural and educational programming. It told FCC: (1) Noncommercial station can't be transferred to commercial operator. However, license held by city is for commercial, not noncommercial, broadcaster. City chose to operate WNYC-TV as public station, and Mayor Rudolph Giuliani (R) said earlier this year that he didn't think N.Y. should be in broadcasting business. No other cities in U.S. are public broadcasting licensees, with most noncommercial licenses being held by communities, universities, states. (2) Acquisition would violate federal rules against common ownership of TV station and daily newspaper in same market -- Dow Jones owns Wall St. Journal. Experts said it was debatable whether that publication could be considered local paper. Two other public broadcasters serve N.Y.C. market -- WNYE-TV N.Y. and WNET N.Y.-Newark. Giuliani already has told ethnic broadcasters he would try to help them find air time on Crosswalks, city's cable network.

FCC announced en banc hearing on digital TV, as expected, Dec. 12 at hq (TVD Oct 16 p4). Hearing is to address business aspects of digital TV, effect of transition on broadcasters, public interest obligations, impact on noncommercial and small-market stations, effect on consumers. Parties wishing to make oral presentations and appear on panels should submit written requests by Oct. 27 to Mass Media Bureau -- 202-418-2600. Comments on latest digital TV rulemaking are due Nov. 15.

CSG Systems said U S West will use its transaction management services for Omaha VDT trial. Service will include add-on billing package that allows for customization of logos, marketing and promotional messages, CSG said.

PTV GOES DIGITAL: Last components of Md. Public TV's (MPT) all-digital video production and distribution chain are to arrive by end of month, making MPT what's believed to be first all-digital TV broadcaster in country, Senior Vp-Operations Thomas Bohn said. Digital edit suite became operational last week, digital transmitters already are in place at 3 of 6 sites, and digital cameras are due to arrive by end of month.

"This is not just about us getting the newest gadgets," MPT Pres.-CEO Raymond Ho said. "This is about a new strategic direction." He said rapid conversion to digital allows MPT to begin producing programming now that will be "evergreen" in digital age, rather than becoming useless after digital conversion. He also said MPT believes that if it's "at the cutting edge of technology" it's likely to be able to attract funding from partners who want to get experience with digital and use joint productions to train their staffs. Ho said move also will allow MPT to pursue more partnerships with international broadcasters and producers who already are using digital production techniques.

Ho said MPT plans to use technology to "regain our competitive edge," rather than fade into obscurity as public broadcaster. Conversion to digital is "one of the most important issues the [public broadcasting] system is dealing with," he said, particularly in face of public broadcasting's financial crunch. Ho said switch to digital requires "leap of faith," but if public broadcasters don't begin early to make transition gradually, they won't be able to afford it.

Ho said MPT's early switch to digital is part of strategy to become regional production center for public TV, which is where he said he sees industry headed. Under congressional proposal, public broadcasters could spearhead digital conversion, but only one licensee in each market would receive federal funds for transition. Ho said that's likely to force industry to consolidate, with production being done at key regional centers rather than at each station: "It's MPT's strategy to become one of those centers." Although digital conversion is hot topic at PBS, which set up digital task force, interest hasn't taken hold at many stations, he said.

MPT made decision to switch to digital because "we had to make the decision when we have the money in the budget," Bohn said. He said MPT had money available from state and matching grants, but it had to be spent within fiscal year, meaning accelerated purchasing. MPT's cameras and transmitters also were at end of the life cycle, Ho said, and it wouldn't have made sense to replace them with analog units that would be useful for only few years.

MPT also benefited financially from its early entry, negotiating bare-bones prices from equipment vendors anxious to have equipment installed in order to convince others to buy it. MPT invested about \$2.5 million in 8 digital cameras, switcher, edit suite and other equipment exclusive of transmitters, Bohn said. Price is deep discount, he said: "The vendors cut their prices to the bone in order to get something installed that a customer can look at."

Equipment won't be able to provide true HDTV quality immediately, even though digital signal will be significantly better than analog. For example, Hitachi SK-2000P cameras are capable of only 800 lines of resolution, significantly better than NTSC but below expected 1,080 lines for HDTV. Bohn said they can be upgraded easily to true HDTV quality through replacement of CCD chips, and other parts of digital video chain can handle HDTV quality.

MPT already has added digital capability to 3 of its 6 transmitters, at Owings Mills, Frederick, Salisbury. It plans

to convert transmitters at Hagerstown, Oakland and Annapolis in 1996. Bohn said conversion, which allows both digital and analog transmissions from each site, was easy because it doesn't appear that any of towers will have to be upgraded to handle weight and stresses of added digital antennas and cabling.

Digital production will begin almost immediately as staff is trained to use equipment, Bohn said. Digitally produced programming can be translated easily to analog for broadcast until digital conversion is complete. First all-digital production is expected to be in Jan. Actual digital broadcasts won't begin until FCC sets standard and allocates channels, possibly next year, Bohn said, but MPT will be among first to use that authority: "The day we have the official documents in our hand will be the day we start transmitting."

Applications to participate in MDS auctions were filed by 196 persons or groups, FCC said, although 22 were ruled "incomplete" and must be resubmitted by Oct. 30. Commission plans to offer 493 licenses for wireless cable service in auctions. Upfront payments are due by Oct. 30. There won't be shortage of bidders. Many of applicants will bid on only few licenses, but 72 filed forms allowing them to bid for all or virtually all. They include Air Cable TV, Allen Leeds, Allied Properties, Altron, American Telecasting, Applied Video, Arizona Calling, Beasley, Better Choice, Bidco, Blake Twedt, CAI Wireless, C.D.V., Cal. Shopping Network, Communications Ventures, Corcoran, C.S. Wireless, Custom Strategies, CWTV, DBD TV Management, Digital & Wireless TV, Dobson, Eagle TV, FP Bestg., Fresno MMDS, Global Information, Robert Hart, Heartland Wireless, HLW, Stephan Honore, Hubbard Trust, ICC-B, J&B, Jungon, Richard Kimmons, Philip Merrill, Micro-Lite, Mountain Solutions, National Wireless, Novner, Ohio Valley Wireless, Pacific Telesis, Paradise Cable, PCTV, Pegasus, Phipps, Pinnacle, Progressive Communications, Sheridan Ruggles, R Corp., Rural Wireless, Sioux Valley, Marion Snyder, S. Seas Satellite, Southwest Telecommunications, Superchannels of Las Vegas, Teewinot, Tel-Com Wireless, Tel/Logic, Tharrell Ming, TruVision Cable, TV Communication Network, United States Wireless, Vidcomm, Virginia Communications, Walter Communications, W.A.T.C.H., Wave International, Western Horizons, Wireless Bestg. Systems, World Wide, Paul Yoquelet.

Following up on earlier study highlighting need for 204 MHz of additional spectrum for land mobile services over next 10 years, NTIA released report proposing 4 ways to find that spectrum: (1) Use higher frequencies -- those above 20 GHz. (2) Move incumbents to other frequency bands. (3) Make more efficient use of frequencies by using new technology. (4) Use nonspectrum technologies, such as fiber cable. Report said 50 MHz will be needed for public safety and industrial uses, 85 MHz for intelligent transportation system and 69 MHz for commercial and other federal land mobile systems. NTIA said spectrum options for land mobile generally are limited to bands below 3 GHz because of propagation concerns. However, report said spectrum requirements for intelligent transportation systems and for wideband video could be satisfied in those higher bands. NTIA was directed by Congress to develop study of spectrum needs.

President Clinton criticized Republican cuts in science and technology budgets, including those for Commerce Dept. and Advanced Technology Program. He noted that Internet had started with govt. support and he praised programs which connect schools to Internet by year 2000.

FCC SPEEDS VOTING: New procedure for commissioners' consideration of FCC agenda items before public meeting and for voting and edits of circulation items was installed by Gen. Counsel William Kennard. Goal is to have editing of items accomplished in advance and to make orders public within 2 business days of vote but never later than 7 calendar days. In past, Commission often was criticized for not making final orders public within 30 days of adoption.

Commissioners are to receive drafts for agenda items "not less than 3 weeks" before open meeting and, in order to allow full coordination by staff, same draft items should go to Office of Gen. Counsel (OGC) and any other coordinating bureau 2 weeks before commissioners receive them. Later revised drafts should be delivered immediately to all interested offices. Feedback will be solicited from commissioners' offices as items are being drafted and before submission.

Any commissioner who wants item pulled from public meeting should notify chmn. "There will be a heavy presumption that the chairman will honor the traditional custom" to pull any item requested, and it has happened many times in past. Bureau and office chiefs will brief commissioners regularly in advance on major items likely to be before FCC over 3-6-month period. Commissioners may ask for, and receive, more detailed briefings at any time.

Goal of Commission is to avoid postadoption edits "to the greatest extent possible, but not at the expense of the goal of generating high-quality work product and ensuring that all items reflect as much as possible the collective wisdom and experience of all of the commissioners..." Commissioners are to supply preedits 7 days before meeting and offices must have revised item back to commissioners 2 business days before meeting. Draft news releases also will be circulated at that time. In final 2 days before meeting, originating office or bureau and all commissioners' offices will work together to finalize edits before meeting. Final drafts incorporating all edits should be ready by 5 p.m. day before meeting. "All revised drafts should be redlined, with any substantive edits attributed to their originating office."

On circulated items, goal is to have all 5 commissioners vote within 30 days after item goes on circulation. Each Fri. morning, Agenda Branch will distribute to commissioners' offices list of items that have been approved by 3 members (although any commissioner can determine that at any time by punching item up on computer). Any commissioner who hasn't voted within 10 days after item appears on list will be "deemed to be not participating," unless that commissioner asks for extension before 10th day and indicates how many additional days are requested for vote. There will be "a heavy presumption against extensions of more than 20 days," OGC said. Procedure will apply only after item has been on circulation for at least 21 days, and item will be so identified. Only one extension will be granted for each item.

Circulated items will be "prioritized" to "assist the commissioners in addressing the most pressing items first." In cases of major edits on circulated items, any prior votes will be removed and item will be recirculated with edits redlined and attributed to originating office. Thus, circulation items may not be voted "with edits." To avoid multiple revoting, when one commissioner changes document, changes also will be solicited from other offices before edited version is recirculated and commissioners will be informed when edited version is coming. Goal is to release circulated items within 2 business days, but in no case more than 7 calendar days, after adoption.

NBC PROFIT UP: NBC had double-digit increases in revenue and operating profit in 3rd quarter ended Sept. 30, according to parent GE, although no details were provided. GE said NBC improvements were result of better ad markets and improved ratings. Parent had \$1.6-billion profit in quarter, vs. \$1.37 billion year ago, and revenue grew 18.5% to \$17.3 billion.

In other financials: **Time Warner** lost \$144 million in 3rd quarter ended Sept. 30, vs. \$32-million loss year ago, because of \$85-million write-off on music business. Revenue increased 5.1% to \$1.98 billion. Time Warner Entertainment profit soared 88% to \$79 million, and revenue was up 6.7% to \$2.36 billion. Chmn. Gerald Levin said cable had 9% internal subscriber growth and cash flow of \$390 million, vs. \$242 million. HBO had record \$74-million cash flow, up 12%. WB Network lost \$7 million in quarter, although loss would have been larger without one-time favorable legal settlement from Tribune Co. Within TWE, cable revenue was \$858 million vs. \$552 million due to acquisitions, and HBO revenue was up 6% to \$409 million.

Chris-Craft said its United Paramount Network subsidiary lost \$28.7 million in 3rd quarter ended Sept. 30, as "anticipated," contributing to parent's profit drop to \$10.7 million from \$22.4 million year ago. Its owned stations' revenue and earnings rose 2% and investment income more than \$4 million... **United TV** profit dropped to \$6.3 million in quarter ended Sept. 30 from \$7.5 million because of \$3.7 million one-time cost for starting national sales rep subsidiary. TV station revenue increased 8%, operating profit 5%... **Clear Channel Communications** profit was up 50% in quarter ended Sept. 30 to \$8.1 million and broadcast revenue 43% to \$68.1 million because of added stations and internal growth. Operating profit climbed 80% to \$19.9 million... **LIN TV** profit rose to \$7.9 million in quarter ended Sept. 30 from \$6.6 million. Revenue gained 35% to \$49.1 million and cash flow 44% to \$24.1 million... **N.Y.** Times broadcast revenue was up 8.4% to \$33.7 million in quarter ended Sept. 30, and broadcast operating profit increased 50% to \$4.4 million. Parent's profit dropped 73% to \$32.2 million.

Multimedia Inc. profit fell to \$20.9 million in 3rd quarter ended Sept. 30 from \$30.5 million. Broadcast revenue grew 12.4% to \$37.3 million and operating cash flow 40.1% to \$17.1 million. Cable revenue rose 8.3% to \$44.3 million and operating cash flow 12.4% to \$22.7 million. Results for 1994 include \$13.4-million gain on sale of wireless cable assets... **Falcon Cable** posted \$1.57 million loss in 2nd quarter compared with \$2.92 million loss year earlier. Operating income was \$2.1 million, up from \$1.2 million... **Jones Intercable** lost \$6.4 million in quarter ended Aug. 31 vs. \$10.3-million profit year ago, despite 33% revenue growth to \$43.3 million... **Home Shopping Network** lost \$17.7 million in 3rd quarter ended Sept. 30 vs. \$6.4 million profit because of \$11 million in write-offs related to restructuring. Sales fell to \$240 million from \$276.6 million.

General Instrument lost \$40.9 million in 3rd quarter ended Sept. 30 on after-tax write-off of \$90 million in connection with acquisition of Next Level Communications. Company had \$56.8 million profit year ago. Revenue increased 1.5% to \$563 million; operating profit, excluding write-off, was \$83.4 million, vs. \$83 million... **Zenith** reported \$1.8-million profit in quarter ended Sept. 30, down from \$9.4 million profit year ago. Sales dropped 20.7% to \$332.5 million, mainly on weak consumer electronics market... **Harris Corp.** had \$33.5-million profit in quarter ended Sept. 30, up from \$28.8 million. Profit in broadcast, microwave and telephone sector was up 38%.

AUTOMATION IN FCC's FUTURE: Automation and national call center with free 800 number will be provided by FCC for consumers to seek information and file complaints as follow-up to Chmn. Hundt's decision to close 3 regional and 9 field offices, with subsequent firing of employees for first time in agency's history (TVD Aug 21 p1). Plan has been approved by other commissioners on 4-1 circulated vote (Quello dissenting, Barrett concurring) and now goes to congressional appropriations committees for review.

Office closures and staff reduction will face opposition in Congress, with FCC branch of National Treasury Employees Union (NTEU) using union's lobbyist to fight action. Offices to be closed are part of Compliance & Information Bureau (CIB), which stands to lose about 1/3 of its 384 employees by end of fiscal 1996. Many of those employees will be replaced by automation, particularly in field -- fact that doesn't set too well with Barrett, who said in his concurrence: "It has always been my belief that there are times when a machine can be no substitute for a human being."

Hundt said FCC "enforcement staffing will remain steady," although some persons will be relocated, and restructuring will enable agency to continue "important enforcement and interference responsibilities around the country." To that end, CIB plans to spend \$5-\$7 million in equipment and personnel costs (for separations) in next 2 years. That, FCC said, will save estimated \$8 million annually thereafter. As result of office closures, most of agency's monitoring activity will be automated, with station in Laurel, Md., only one to remain open. National automated monitoring network is scheduled to be in place by next summer.

Said Hundt: "Personnel reductions are never easy in an agency as hardworking as this, but this is not only the right thing to do, it is necessary in light of the budget situation facing the Commission... for the foreseeable future." FCC said call center will handle complaints and information requests "more efficiently, and with greater convenience to the public, than is possible currently in the dispersed field offices."

Barrett said he was "deeply troubled that individuals who have worked with the Commission for years and who have been effective... will be unemployed as a result of this decision... However, this action means simply that the current permissible head count for the agency remains the same while the number of employees in the field will be cut... The Commission will retain the ability to hire staff in other offices... to replace any displaced employees once budgetary constraints are eliminated. Therefore, I caution the Commission not to be misguided by its efforts to respond to monetary constraints through personnel reductions." Quello didn't have written dissent, but he was very critical last summer when Hundt announced reduction plan, saying it should have been discussed with commissioners in advance.

House Telecom Subcommittee Chmn. Fields (R-Tex.) inserted highly complimentary statement about FCC Comr. Quello in Oct. 12 Congressional Record. Fields and Quello have become close allies in debate on children's TV. Fields said he has been "particularly impressed with Jim's efforts to reduce regulation and foster competition... wherever possible." He said he has "come to appreciate his [Quello's] principled and consistent defense of the First Amendment."

National Consumers' Week (Oct. 23-28) will be celebrated at FCC Oct. 23 (10 a.m.-noon, Rm. 856) with 3-tiered workshop for users of agency's reference services.

DARS AUCTIONS MEAN DELAY: Broadcasters are using "a last desperate stratagem" to block satellite-delivered digital audio radio service (DARS), Digital Satellite Bestg. (DSB) said in latest round of FCC comments. DSB said NAB is backing auctions only because it's "dead certain that such action would lead to interminable delay" in DARS since "auctions are illegal and will lead to years of controversy and judicial appeals."

Broadcasters continued to press claims that DARS would kill local broadcasting by diverting audiences and ad revenue. NAB said promise of DARS is "simply pie-in-the-sky" because marketplace reality means few new services will be offered. Instead, NAB said, DARS will "strip" radio of its "connectedness" to communities and cause job losses in local radio that far exceed claimed employment benefits of DARS. Noble Bestg. called DARS "last straw" that would "bring about the demise of localism in broadcasting." National Assn. of Black Owned Bestrs. said DARS is "serious threat" to increased station ownership by African Americans.

EIA said it wasn't surprising that broadcasters want to delay satellite-delivered DARS until terrestrial DAB is ready but "emphasis should not be on delay [but] should be on encouraging the delivery of terrestrial DARS." Best way to do that, EIA said, would be to approve satellite delivery, which would "stimulate the terrestrial broadcasters to expedite their DARS efforts."

NAB's "alleged dire consequences" of DARS are "fanciful and unsupported," CD Radio said. It said NAB used "badly flawed" studies to support claims of damage to terrestrial broadcasters, including basing claims on 1991 results when radio was in midst of economywide recession, rather than more recent radio financial figures. It also disputed NAB claims that DARS would cut terrestrial radio audience 11.6%, saying studies didn't factor in \$300 cost of DARS receiver and \$10-per-month subscription fee. Other comments: (1) Media Access Project said FCC should impose public interest obligations on DARS similar to those for terrestrial broadcasters. (2) American Mobile Radio Corp. said DARS would encourage radio stations to add local programming to differentiate themselves from DARS.

Several CBS executives will receive large delayed compensation and/or stock option payments, led by \$11.6 million for Chmn.-CEO Laurence Tisch, if acquisition by Westinghouse is closed by Dec. 1, as anticipated. Payments due other CBS officials: Peter Keegan \$2.34 million, Tony Malara (who will leave his job in Feb.) \$2.32 million, Peter Lund \$2.15 million, Eric Ober \$1.46 million, Nancy Widmann \$1.2 million, Ellen Kaden \$1.19 million, Jonathan Rodgers \$1.06 million, James Warner \$873,000, David Kenin \$458,000. Former executive Neal Pilson will receive \$1.56 million. Non-CBS employee members of board also will receive lump-sum payments after merger is consummated. CBS Entertainment Pres. Leslie Moonves, who joined company earlier this year, has contract that will pay him \$5 million if CBS ownership changes. Application for approval of \$5.5 billion deal now is before FCC, and Comr. Barrett has requested that it be considered at open meeting. That means, we're told, item is likely to be on agenda at Commission's Nov. 20 meeting.

Comcast U.K. agreed to acquire 50% of Cambridge, England, cable system that it doesn't already own from Singapore Telecom in swap for 17.7% interest in Comcast U.K. Cable Partners. Deal will give Comcast equity in cable systems passing one million homes.

Personals

Peter Schruth, WCBS-TV N.Y., dir.-sales, returns to parent CBS as senior vp-gen. mgr., affiliate relations, succeeding **Tony Malara**, pres. of affiliate relations, effective Dec. 1; Malara will leave network in Feb. to "explore new and different opportunities"... **Gregory Meidel**, ex-Fox TV pres.-COO, appointed chmn., MCA TV group... **Tom Nunan**, independent producer, named senior vp-prime-time series, NBC Studios Team... **Steven Cagle**, ex-Frank Magid Assoc., appointed NBC vp-programming and creative development... **Robin Schwartz** advanced to dir.-prime-time series and Sat. morning cartoons... **Daniel Boyar**, Evro pres.-CEO, resigns following acquisition of Channel America TV Network, no replacement named... **Ed Chapuis**, ex-KCRA-TV Sacramento managing editor, appointed news dir., KTNV Las Vegas... **Con Psarras**, KUTV Salt Lake City managing editor, promoted to vp-gen. mgr.

James Dolan, CEO, Cablevision Systems' Rainbow Programming Holdings, advanced to Cablevision Systems CEO; he's son of company founder **Charles Dolan**, who remains chmn... **Jim Head** promoted to vp-program administration, TBS... **Susan Duffy**, ex-Robinson, Lake, Sawyer & Miller, named Viacom vp-corporate relations... **Anne Buettner** promoted to vp-corporate taxes, Walt Disney Co.

Arun Netravali advanced to vp-research, Bell Labs... **Geoffrey Selzer**, ex-One Blue Eye Productions, named vp-creative development, Disney Interactive Entertainment & Multimedia Group... Elected SMPTE officers: Engineering Vp **Mark Richer**, PBS; Financial Vp **Neil Feldman**, Video Post & Transfer; Sections Vp **Fung Fai Lam**, Sony of Canada; Conference Vp **Edward Hobson**, Graham-Patten Systems... **Steve Geimann**, senior editor, Warren Publishing's Communications Daily, voted pres.-elect, Society of Professional Journalists... **Wayne Schelle**, American Personal Communications chmn., appointed to 5-year term as member of Md. Public Bestg. Commission... **Judith Flanders**, ex-Central Va. Public TV public information mgr., moves to dir.-communications, WCVE-TV-FM Richmond/WCVW Richmond/WHTJ Charlottesville, Va.

Sen. Frist (R-Tenn.) replaces ex-Sen. **Packwood** (R-Ore.) as member of Commerce Committee; **Hance Haney**, ex-legislative asst. to Packwood named USTA dir.-legislative counsel, Govt. Relations Dept... FCC events: Chmn. **Hundt** addresses: (1) U.S. Office of Consumer Affairs, Oct. 26, Four Seasons Hotel, Washington, 9:30 a.m. (2) World Institute on Disabilities, Oct. 27, noon, Commerce Dept. Comr. **Chong** addresses Women in Cable & Telecommunications luncheon, Hyatt Regency Capitol Hill, Washington, Oct. 30, 12:30 p.m.

First prototype music licensing agreement for cable systems was negotiated by NCTA and BMI, groups said. Seven-year license term is retroactive to Jan. 1, 1990. Terms are confidential, NCTA Vp-Legal **Daniel Brenner** said. License applies primarily to music that cable systems use in ads and local origination programming. Individual MSOs now will meet with BMI to negotiate deals based on prototype, and Brenner said amount of back payments due will depend partly on how much advertising and local origination systems have done in past.

Allbritton is buying WHTM-TV (Ch. 27, ABC) Harrisburg for \$113 million (13.3 times cash flow) from **Price**, which acquired station in March 1994.

Published Weekly Since 1948

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newswest, Predicast, Nexis and DataTimes and also may be received via fax and e-mail.

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

Copyright © 1995 by Warren Publishing, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS
 2115 Ward Court, N.W., Washington, D.C. 20037
 Phone: 202-872-9200 Fax: 202-293-3435
 e-mail: warrenpub@nteramp.com

<p>WASHINGTON HEADQUARTERS</p> <p>Albert Warren Editor & Publisher Paul L. Warren Sr. Ed. & Exec. Publisher Daniel Warren Sr. Ed. & Assoc. Publisher Dawson B. Nail Executive Editor Arthur Brodsky Managing Editor-Washington R. Michael Feazel Senior Editor Edith Herman Senior Editor Steve Geimann Senior Editor Michael French Associate Editor Elena Lucini Assistant Editor Mike Grebb Assistant Editor</p> <p>Washington Telecom Newswire Christine Valmassi Publisher Steve Tolken Asst. Editor</p> <p>Television and Cable Factbook Michael Taliaferro Managing Editor Asst. Publisher—Directories Mary Appel Editorial Director Richard Koch Asst. Managing Editor & Asst. Editorial Director Susan C. Seiler Senior Ed. & Ed. Supv. Gaye Nail Assoc. Ed. & Ed. Supv.</p> <p>Market Research & Data Sales Division Lynn Levine Director Brian C. Mealey Assistant Director</p>	<p>Business</p> <p>Brig Easley Controller Gary Maddern Marketing Director Gene Edwards Advertising Director Betty Alvine Circulation Mgr. Deborah Jacobs Information Systems Mgr.</p> <p>NEW YORK BUREAU 276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001 Phone: 212-686-5410 Fax: 212-889-5097</p> <p>David Lachenbruch Editorial Dir. Paul Gluckman Assoc. Editorial Dir. Mark Seavy Associate Editor Cindy Spielvogel Associate Editor</p> <p>CONTRIBUTING EDITOR, EUROPE Barry Fox 5 Denning Rd. Hampstead, London NW3 1ST Phone: (071) 435-6244</p> <p>JAPANESE REPRESENTATIVE Editorial and Circulation CES International Corp. 1-11-8 Nishi Shinbashi, Minato-ku Tokyo 105, Japan Phone: (03) 3592-1531</p>
--	---

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

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

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

For e-mail delivery, please provide internet address: _____

FCC Comr. Chong, in Oct. 18 statement, called decision to auction DBS spectrum formerly licensed to Advanced Communications (TVD Oct 16 p8) "correct as a matter of law" and "fair to all interested parties" and said she believed it would encourage swift delivery of more DBS services to consumers. She said case was "perplexing" one that required "particularly painstaking analysis." Chong said she fully supports part of decision that found Advanced didn't meet FCC's due diligence requirements, and that in her view Advanced knew, or should have known, that DBS licensee was required to make reasonable progress toward system construction and launch to maintain its authorization. She said having concluded that, next step was to decide how best to proceed, and she thought appropriate remedy was to confiscate slots and channels and make them available to other providers. Auction approach was best, Chong said, since it takes into consideration current state of DBS market in U.S., is effective means of licensing that provides service to public quickly by those with financial ability, produces tangible monetary benefit to taxpayers.

Egypt signed contract with French consortium led by **Matra Marconi Space** to build Cairo's first TV satellite, to be launched in early 1997 on Ariane. Satellite, with 16 transponders, will cover primarily Arab region, but also could serve parts of Africa, Soviet Republics, Europe, U.S.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	SEPT. 30- OCT. 6	1994 WEEK	% CHANGE	SEPT. 23-29	40 WEEKS 1995	40 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	360,823	450,165*	-19.8	1,284,327#	18,528,972	19,443,249*	- 4.7
DIRECT-VIEW....	345,775	439,841	-21.4	1,249,470#	18,000,920	19,024,780*	- 5.4
TV ONLY.....	324,220	408,214	-20.6	1,101,570	16,459,794	17,589,594*	- 6.4
TV/VCR COMBO..	21,555	31,627	-31.8	147,961*	1,541,126*	1,435,186	+ 7.4
PROJECTION.....	25,048*	10,324	+45.8	34,857#	528,052*	418,469	+26.2
TOTAL VCR**.....	199,012	184,611	+ 7.8	903,556	10,976,316*	10,569,882	+ 3.8
HOME DECKS.....	177,457	152,984	+16.0	755,595	9,435,190*	9,134,696	+ 3.3
CAMCORDERS.....	24,425	23,320	+47.6	249,599#	2,539,352*	2,272,889	+11.7
LASERDISC PLAYERS	7,691	2,725	+182.2	11,557	194,215	204,682	- 5.1

Direct-view TV 5-week moving average: 1995--590,386*; 1994-461,001 (up 28.1%).

VCR deck 5-week moving average: 1995--314,314; 1994--339,933* (down 7.5%).

TV/VCR 5-week moving average: 1995--53,466*; 1994--47,963 (up 7.0%).

Camcorder 5-week moving average: 1995--81,341*; 1994--74,590 (up 9.1%).

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

ZENITH IN BLACK FOR 3RD QUARTER, SALE DUE NOV. 8: Zenith celebrated what probably will be its last financial report as independent company by squeezing out profit in 3rd quarter despite 20% decline in sales. With all required govt. approvals obtained, sale of 57.7% ownership to Korea's LG Electronics for \$351 million (TVD July 24 p9) is scheduled for Nov. 8, day after special Zenith stockholders' meeting to approve transaction.

Following formal consummation of purchase, LG Electronics' (LGE) Chmn.-CEO Hun Jo Lee is expected to become Zenith chmn., LGE Pres. Cha Hong (John) Koo chmn. of board's Exec. Committee. Other board members will be LGE Senior Officer Yong Nam, LGE N. America and LGE U.S.A. Pres. Nam K. Woo, LGE Managing Dir.-Corporate Planning. Ki-song Cho. Only current Zenith official on board will be Pres.-CEO Albin Moschner. Outside dirs. will be newly named USG Corp. Chmn.-CEO Eugene Connolly, plus holdovers from current board Peter Willmott, Andrew McNally IV, Kimball Brooker.

LG Electronics revealed that it will assign rights to purchase 80% of 35.1 million Zenith shares it acquires to LG Semicon (formerly GoldStar Electron Co.), its 54.1%-owned semiconductor manufacturing subsidiary. LG Semicon will obtain \$210-million loan in U.S. to finance 75% of its purchase, providing remaining 25% from internal sources. LGE will finance its 20% with new \$70-million U.S. bank loan. Total purchase price plus related fees and expenses will come to about \$360 million, LGE said. There was no immediate explanation why 80% would be transferred to Semicon, except that LGE said it was permitted under stock purchase agreement with Zenith.

That transaction didn't have smooth path was revealed in Zenith's proxy statement for Nov. 7 meeting; it disclosed stockholder suit filed July 18 charging company's directors withheld information about proposed deal from stockholders and seeking, among other things, injunction to block sale. Suit finally was settled at virtually zero hour -- Oct. 6 -- with proviso that Zenith disclose additional information about transaction in its proxy statement and that Zenith pay attorney fees and expenses of up to \$300,000.

Among major new information disclosed as result of settlement is formula for severance pay of executive officers if their employment is terminated by company within 2 years of its sale. Under formula, if employment were to end Nov. 8, day of scheduled sale, Moschner would get \$4.2 million, and Zenith Sales Pres. Gerald McCarthy \$1.26 million, with amounts under \$1 million to 4 other officers. Other added

disclosures include virtually day-to-day account of negotiations, including details of offer by "the Other Consumer Products Entity," whose identity isn't disclosed, but statement reveals its proposed transaction would have involved purchase of Zenith stock by "a publicly traded subsidiary."

Proxy statement also reveals that on Sept. 29 Zenith received "written request" from Committee on Foreign Investment In the U.S. (CFIUS) "for additional information relating to the company's high-definition TV technology." However, Oct. 10 deadline for objection passed without word from CFIUS.

Zenith said last week its 3rd-quarter profit was \$1.8 million, down sharply from \$9.4 million year ago but "substantial improvement from Zenith's net loss of \$69.6 million in the seasonally weaker first half" (see financial table). This year's quarterly results included \$7.5-million tax refund and \$800,000 gain on asset sales vs. \$5.5 million gain on property sales last year. Company reported loss of \$67.8 million in first 9 months vs. \$10.9 million in 1994 period on 13.4% decline in sales.

Major cost reductions are helping offset effect of "lower sales, lower prices and higher material costs," Zenith said, added factor being positive impact of Mexican devaluation. It said its domestic market share of direct-view TV was "relatively constant" with last year's 3rd quarter, 20% sales decline reflecting "lower selling prices, very soft direct-view color TV domestic industry conditions, reduced VCR revenues and significantly lower color TV unit sales in Mexico."

Financial report for quarter indicates operating loss of \$1 million vs. operating income of \$8.1 million in 3rd quarter 1994, with operating losses of \$61.8 million and \$6.7 million in 9 months of 1995 and 1994, respectively.

EIA/CEG BECOMES 'CE MFRS. ASSN.' (CEMA): Recognizing importance of consumer electronics to umbrella organization -- and to society as a whole -- EIA has enhanced status of its Consumer Electronics Group (CEG) by renaming it Consumer Electronics Mfrs. Assn. (CEMA). Formal action was taken by EIA board, meeting last week in Scottsdale, Ariz.

Upgrading from group to association gives former CEG "sectoral" status similar to that of Telecommunications Industry Assn., also an industry sector of EIA. CEG Chmn. Joseph Clayton becomes chmn. of CEMA board, and CEG Group Vp Gary Shapiro becomes CEMA pres. Dues structure and other activities are unaffected, but name presumably gives new strength to CE industry's voice on Capitol Hill and elsewhere.

Action positions EIA as "the preeminent federation of U.S. technology associations" and recognizes "significant impact that the consumer electronics manufacturing industry has not only on our industry but on the nation's economy and society as a whole," EIA Pres. Peter McCloskey said. Only other major nationwide electronics manufacturer trade group is American Electronics Assn. (AEA), which has few traditional CE manufacturers as members.

One of major projects of new CEMA, we have learned, will be compilation of data on CE manufacturing in U.S., at least partly to counter public impression that all CE products are imported. One aspect of effort will be definition of U.S.-made TV set -- a need we pointed out in article last month ("What's a U.S.-Made TV?", TVD Sept 11 p12).

New organization harks back to EIA's roots. Founded in 1924 as Radio Mfrs. Assn. (RMA), in 1950 it was renamed Radio-TV Mfrs. Assn. (RTMA), and 3 years later "Electronics" was added to name, with new acronym of RETMA. Assn. was broadened in 1957 to all-encompassing "EIA" and in 1960s and 1970s was reorganized into loosely knit federation of trade groups -- with each division empowered to set own policy -- after question of imports threatened to split organization. Former Consumer Products Div. was first to be promoted to status of group, becoming CEG in 1970. It now has 5 divisions -- Video, Audio, Mobile Electronics, Accessories, Assistive Devices.

OLYMPICS/ELECTION -- FORMULA FOR 1996 TV RECORD? Wait till next year! With industry seemingly ready to write off 1995 as good, but not record, year in color TV sales, attention is turning to truism that quadrennial Olympic Games and Presidential election years are marked by record color TV sales.

How true is that truism? Research into archives indicates that for whatever reason, it's 87.5% true. Looking at EIA sales to dealer figures for every year since Assn. began tallying color TV sales, we find that 7

out of 8 Olympic/Presidential election years set records. What's more, sales in all but last 2 such years (including nonrecord year of 1976) showed double-digit increases over preceding year.

It didn't seem to matter whether Democrat or Republican won election or where Olympics were held. Even in 1980, when U.S. and 40 other nations boycotted Moscow Olympics to protest Soviet invasion of Afghanistan, color TV sales set record. Trend appears to be more than coincidence -- of 8 Olympic/Presidential years, 87.5% set records. Of remaining 21 years, 12 were record-setters -- just 57.1%

Quadrennial record years don't necessarily appear to siphon off sales from following year -- 5 of 8 Olympic years were topped immediately by new records the next year, or 62.5%, slightly better than the 57.1% for all non-Olympic years. Incidentally, the one nonrecord Olympic year (1976) wasn't followed by record year, either.

There's good news and bad news in 1996 Olympics. Good news is that Summer Games will be held in Atlanta, giving U.S. viewers home field advantage, so to speak. Bad news (for 1996 at least) is that next year will be first time Summer and Winter Olympics aren't held in same year. Whatever that means for 1996, it's probably good news for 1998.

For collectors of such arcana, and for whatever conclusions you wish to draw, here's our table of EIA figures on color TV sales for Olympic/Presidential years, including the where, the who and the what:

Year	Summer Olympics	Elected President	Color TV Sales	% Chg. vs. Yr. Earlier
1964....	Tokyo	Johnson	1,366,000*	+90.0%
1968....	Mexico City	Nixon	5,287,000*	+11.5%
1972....	Munich	Nixon	8,378,000*	+35.6%
1976....	Montreal	Carter	7,700,000	+18.7%
1980....	Moscow	Reagan	10,897,000*	+10.7%
1984....	Los Angeles	Reagan	16,083,000*	+15.0%
1988....	Seoul	Bush	20,518,000*	+ 4.6%
1992....	Barcelona	Clinton	21,992,000*	+ 9.2%
1996....	Atlanta	???	???	--

* Record.

REGIONAL DEALERS STRUGGLE AS NATIONAL CHAINS EXPAND: With growth of national chains, regional dealers are becoming endangered species, forced to survive more by their wits than finances.

While upheaval caused by arrival of national chains such as Best Buy, Circuit City, Tandy's Incredible Universe (IU) and Wal-Mart is strikingly similar to what occurred when regional retailers themselves made local one- and 2-store dealers a vanishing breed, pace of change seems to have quickened this year.

In Northeast, Bradlees, Caldor, Harvey Electronics and Savemart have sought bankruptcy protection, while Trader Horn has liquidated and Jamesway last week filed Ch. 11 for 2nd time and also planned to go out of business. In Northwest, Smith's Home Furnishings liquidated after ill-fated foray into Seattle depleted its capital. And in Midwest, Fretter closed virtually all Silo stores, shrinking chain to 60 outlets from 220 and killing any ambitions of being national retailer that Fretter had harbored after buying Silo from Dixons in 1993. Even K mart, which with more than 2,000 stores has itself attacked regional retailers, was subject of Ch. 11 rumors last week after analyst said bankruptcy protection would be an "efficient" way to reorganize company.

In most cases, regional dealers ran short of funding as they were either expanding or being forced to compete with national chains for first time. In others, retailers failed to differentiate themselves from new competition.

"Whether it's Incredible Universe, Best Buy, Circuit City or Wal-Mart, it's like they're all riding across America on a horse with a sword and killing everybody in their path," CE executive said. "I think it's a function of profitability in the industry continuing to erode as these juggernauts expand. Unless you're an A+ operator and you've got some kind of niche, you can't compete."

In a sense, Smith's was example of retailer tripped up by overreaching ambition. While chain thrived operating 14 stores in Portland, Ore., area, expansion into Seattle in 1994 proved its downfall. Lack of capital to complete expansion and arrival of Circuit City, Good Guys and Incredible Universe in Pacific Northwest combined to force it into Ch. 11 in Aug. and to liquidate 2 months later. "We never had enough stores in Seattle to make it profitable," Smith's Chmn. Glen Grodem said. "If we had expanded more aggressively or retrenched more quickly we might have made it."

Other chains such as Caldor and Bradlees were more victims of circumstance. Retailers for years charged higher retail prices to offset greater operating costs in Northeast. But when Wal-Mart arrived with low-price strategy that eroded profit margins, Caldor and Bradlees, already battling slow economy, landed in bankruptcy court. Even Wal-Mart has struggled to turn profit in Northeast, sources said.

Wal-Mart has luxury of being able to "play around" with strategy for Northeast "for a year or 2 years to fix it," executive at major discounter said. "In the meantime, Caldor and Bradlees have got to lower their prices to match them, but they can't lower their expenses fast enough."

Jamesway, which emerged from bankruptcy protection in Jan., was even more blunt in filing for liquidation under Ch. 11 last week. Jamesway and other discounters "witnessed the worst operating environment in recent memory" in 1995, company said. Wal-Mart and K mart opened stores that "ate away at others' market share," company said. Price competition each month was "increasingly fiercer," requiring "larger and faster markdowns and sales promotions in order to bring customers into the stores and move inventory," Jamesway Senior Finance Vp James Sipala wrote in bankruptcy petition. Jamesway was expected begin liquidation sales this month at 90 stores in 7 states.

However, while immediate future appears bleak, retailers noted that closings and retrenchment are cyclical and bankruptcy petition increasingly is being used as defensive move that allows dealers to free themselves of leases for unprofitable stores. "Some of the stores have been using the courts as competitive weapon to erase some of their debt," CE executive said. "While that's true, the stigma that goes along with the bankruptcy is still pretty big with consumers even if you come out of it paying all your bills."

BMC Industries, citing strong sales of TV aperture masks, reported 99% jump in 3rd-quarter income on 10% gain in revenues (see financial table). For 9 months, income rose 7% and sales 16%. Sales of invar, 30" and larger, and 25-29" aperture masks rose 46%, 25% and 15%, respectively. Europe and Far East are consuming largest share of invar masks, with N. America opting for 30" and larger and 25-29" spread evenly worldwide, BMC Worldwide Mktg. & Sales Vp James Cash said. Construction has begun at Cortland, N.Y., plant that will add 2 aperture mask lines and boost capacity by 10 million units to 39 million by mid-1997 (TVD July 17 p13). New capacity will enable BMC to add first 35" TV masks and 5 million masks for 14", 15" and 17" high-resolution (0.28 dot pitch or smaller) PC monitors. Expansion also is expected to be completed late this year at Mulheim, Germany, plant that will add new line for PC monitor masks and boost capacity by 5 million units. Mulheim now produces 12 million units annually on 2 lines.

Nintendo has dropped suggested retail price of Virtual Boy \$20 to \$159.95. Move comes only few weeks after Sega dramatically cut price on its Saturn game system (TVD Oct 9 p12). Virtual Boy, 32-bit system, uses 2 high-resolution mirror scanning LEDs mounted in frame worn like baseball cap to give 3D images. Fears of consumer reluctance to invest in high-priced product and decline in value of yen spurred price change, Nintendo Exec. Vp Peter Main said. "We understand consumers are concerned about how much the next-generation systems cost," he said. Nintendo also announced release of 5 new Virtual Boy games to ship by year-end.

In-room printers in 40 ITT Sheraton hotels by mid-Oct. will print out bills and receipts in less than minute. They're provided by LodgeNet, which also supplies movies on demand and network-based Super Nintendo Entertainment System in guest rooms.

Fourth quarter was off to good start in sales of camcorders and projection TV, up 47.6% and 45.8%, respectively, in sales to dealers for year's 40th week, EIA figures show (see State of the Industry). VCR deck sales were up 16% from same 1994 week. In direct-view TV, news wasn't so good, TV/VCR combos leading decline with 31.8% deficit vs. year earlier, TV-only receivers dropping 21.4%. Supplying details on Sept. sales (TVD Oct 16 p11), EIA said TVs 27" and larger rose 6% despite 9% dip in total direct-view TVs, with 25" and larger sets up 34%. Sales of projection TVs larger than 54" were up 50%, those in 50-54" range down 2%. Stereo models represented 36% of VCR sales in first 9 months of 1995, EIA said.

Corning Asahi (CA) has started expansion of State College, Pa., plant to boost panel and funnel capacity to 12.5 million by mid-1996. Project will add 3rd line for funnels and 5th for panels, enabling company to produce first 35" funnels (TVD July 10 p8). Expansion will increase panel capacity to 6.5 million from 6 million and funnels to 6 million from 5 million, CA Business Mgr. Patrick Alderson said. He declined to disclose cost of project. News of construction came as Corning Asahi's part-owner Corning Inc. reported 8.5% increase in income in 3rd quarter on 9% gain in sales (see financial table).

Light sensitivity standard for camcorders, as reported here (TVD Oct 16 p10), has been officially adopted as EIA-639 and is in process of receiving American National Standards Institute (ANSI) certification, EIA said.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 101 yen = \$1, except where noted.

TCE CUTS DSS PRICE, ADDS FEATURES: Thomson Consumer Electronics (TCE) cut retail price of Digital Satellite System (DSS) receivers by \$100 and signed licensing agreement with StarSight to add one-touch recording and tuning features to 2nd-generation product by late this year.

Drop in retail that lowers current DSS models to \$599 and \$799 was almost formality, since products first reached those levels in Aug. via \$100 and \$200 rebate offers that run through this month. TCE also began program offering \$50 rebate that effectively cuts price of standalone integrated receiver decoder (IRD) to \$449. Partly due to rebate, Sept. was 2nd highest sales month for RCA DSS, falling 1,000 units short of Dec. 1994 record, TCE DBS Product Gen. Mgr. Michael O'Hara said.

StarSight license grants TCE access to features that use universal remote and menu screen to set VCR to record single event or switch directly to program from guide with touch of single button. User previously navigated through screens to complete process. Features, developed in last year, are embedded in system software while DSS receivers contain VCR product codes, TCE DBS Product Planning Mgr. William Mengel said.

Pact is most specific that companies have signed since TCE obtained general StarSight license in 1994 in move that resolved possible patent conflicts over DSS on-screen guide (TVD Aug 1/94 p11). Sony also has signed licensing agreement to incorporate on-screen guide features in its DSS (TVD Aug 14 p14). TCE will introduce StarSight-equipped VCR late this year (TVD June 12 p16) and companies are said to be negotiating deal that would license technology for use with TCE/Sun Microsystems Open TV interactive service scheduled for launch in 2nd half of 1996.

One-touch feature will be contained in 2 RCA and one ProScan system that ship in Nov. at \$899-\$999. New entry-level RCA model will join line in Jan. at \$699. ProScan model, available to about 150 dealers, will contain built-in "channel select" modulator that allows user to transmit DSS signal via UHF or cable TV channel to 2nd set via coaxial cable. To distribute signal, DSS receiver must be connected to cable; each room connected to cable system receives DSS programming. Channels are changed via IR signal extender. In demonstration in N.Y. last week there was slight picture degradation (as compared with digital original on primary receiver). ProScan model will be sold with 2nd room connection package. "Channel Select" also will be included in RCA model at \$949.

Current models will be phased out slowly, although newly expanded Juarez, Mexico, plant will produce first- and 2nd-generation product for at least 4 months before switching solely to new line in early 1996, company has said (TVD Aug 7 p11). Expanded factory has 2.5-2.6-million-unit capacity, O'Hara said, and 2nd-generation product will be only "small piece" of 1.5 million DSS units expected to ship by year-end. At same time, TCE is negotiating OEM agreements with other CE companies for DSS, with deals expected by year-end, O'Hara said.

As we reported, TCE has started shipping first-generation RCA DSS to Wal-Mart at \$599 and designed shelf display for system (TVD Aug 28 p12). GE model is being sold through Sam's Club and Price Costco. O'Hara said TCE will continue to require retailers to carry live DSS feed to demonstrate product, although he conceded logistics "concerned" mass merchants. Some mass merchants have put cost of adding live feed at \$1,000 per store. To get

lower DSS prices in future, TCE is switching from buying to building some parts and may combine audio/video MPEG chips on single IC, Mengel said.

Much-delayed MPEG-2 data compression has been "fully integrated" into DSS, O'Hara said. MPEG-2 was expected to be added in spring, but was delayed as DirecTv fine-tuned software. Tests of new compression system were blamed in part for glitches in Sony DSS product that forced company to halt shipments briefly in Aug. (TVD Sept 11 p10).

* * * * *

TCI has extended test through year-end, offering consumer option of buying hardware for medium-power Primestar system at \$599. Test, launched in Aug., was to expire earlier this month. TCI spokeswoman declined to disclose number of systems that have been sold. Primestar, which leases programming and equipment starting at \$31 monthly, has said 10,000 subscribers bought hardware under different program at \$959-\$969 (TVD March 20 p12).

DirecTv has begun marketing DSS in Alaska and plans to authorize dealers there this fall. Service wasn't available in Alaska when DSS launched in 1994. DBS rival Alphastar also is expected to sell 100-channel service in Alaska when it goes on line in Dec.

—■—

Philips TV glass factory in Aachen, Germany, celebrating 75th anniversary, will expand production in next 18 months with investment of \$35 million and has started production of glass for new family of widescreen superflat tubes. Philips said it will make 23 million TV tubes this year in Austria, Brazil, France, Germany, Spain, Taiwan, U.K., U.S.... Thomson's Polcolor plant in Poland is producing 3 million tubes annually, Financial Times reported, up from 100,000 in 1987, when Thomson acquired 51% for \$33 million. Article said plant, one of few making all TV tube components in one place, will break into black this year. Plant was built by RCA and Corning for Polish Govt. in 1970s.

3M will introduce surround sound speaker system in Nov., marking return to CE hardware business after 15-year absence. 3M, which has focused its efforts in recent years on audio/video tape and PC accessories and discs, will introduce system that attaches to TV or VCR that will be available in 800 stores nationwide at \$600. Surround sound system will be first of 10 products expected to be introduced in next year, company said. 3M said it decided to return to hardware business in effort to capitalize on TVs that don't have capacity to produce digital quality sound. EIA has projected sales of home theater products will top \$1 billion in wholesale shipments this year and grow 22% annually through 2000.

Commerce Dept.'s International Trade Commission (ITC), which has sections serving various industries, including electronics, is preparing to fire as many as 125 employees, depending on final levels of appropriations being discussed in conference committee reconciling House and Senate versions of bill. Until deliberations are complete, at least, ITC will furlough all employees for 6 days in Nov. and Dec. in order to avoid overspending during interim period.

Cowboy Maloney's (CM's) is considering deal to buy 15,000-sq.-ft. Handy TV store in Columbus, Miss., terms not disclosed. Store would be CM's 11th, and first in Columbus, 60 miles south of new store in Tupelo, Vp Eddie Maloney said. Purchase would include existing inventory. Handy TV operates about 20 stores in Ala. and opened at former Electric City site in Columbus in 1991.

JAPAN SHOW -- DVD, DVC, FPD: Magic initials at Japan Electronics Show in Osaka last week related to digital videodisc, digital video camcorders and flat-panel displays, but little new ground was broken.

DVD displays were largely replays of those at preceding week's Audio Fair (TVD Oct 16 p11), with 2 rival camps and their adherents demonstrating SD and MMCD systems, while discussions on developing new specs for unified system continued behind closed doors.

SD format was touted in display backed by Matsushita, Toshiba, JVC, Mitsubishi and Pioneer, while all of those proponents had SD displays in own booths. Largest was Toshiba, showing 12 players mounted in wall systems. Matsushita had special stage at front of its booth pushing DVD as medium for both entertainment and computer memory.

As it did at Audio Fair, Sony showed MMCD prototype. Pioneer demonstrated prototype of its 10-gigabyte blue laser actually playing disc for first time.

Showgoers were introduced to Digital Video (DV) camcorders in hands-on demonstrations by Panasonic, JVC, Sony and Sharp -- all of which attracted strong interest with their supersharp pictures.

Plasma display panels (PDPs) in 40" range were shown by Matsushita, Mitsubishi and Pioneer, while Sony demonstrated Plasmatron. Impressive showing of thin displays with wide-angle viewing -- and appreciative crowds -- gave impression of impending commercial success.

Sanyo demonstrated application of its 3D system requiring no glasses in 110" 3D HDTV theater, as well as "world's first mass-market 2D/3D widescreen TV" -- this one requiring glasses. Among novelties was Pachinko game with no-glasses 4" 3D LCD display, for shipment to Pachinko parlors in Japan in spring. Sharp has large-scale demonstration of flat home LCD color TVs.

* * * * *

Toshiba will start sample shipments in Jan. of single-chip MPEG-2 decoder for DVD players. Company said it permits real-time decoding of digitized compressed motion pictures and multichannel audio. LSI separates compressed video and audio signals, decoding video signals in real time and delivering audio via dedicated outputs, doesn't require external system decoders currently used to separate signals and control audio data, resulting in size reduction. Chip supports NTSC or PAL systems, multi-aspect ratios and Dolby AC-3. Samples will be priced at 10,000 yen (about \$99). Toshiba plans to begin mass production in April at 100,000 per month.

NEC is proposing erasable recording system to 9 companies seeking to develop new DVD standards. NEC says its system can record and erase 10.4 gigabytes of data, using both sides of disc, and permits high-speed recording and erasure.

Portable GPS navigation system was introduced by Sanyo in Japan for sale starting Nov. 1 at 149,800 yen (about \$1,450). NV-P1 system, nicknamed "Gorilla," has built-in GPS antenna, is powered by rechargeable nickel-cadmium batteries. Video images are displayed on 3.2" color LCD screen. CD-ROM drive for digital maps also plays music CD and CD+G discs. Model weighs 2.1 lb., including batteries. Sanyo plans monthly production of 3,000 at start, but hasn't decided yet whether to market product overseas.

COMPUTER DATA VIA TV: "InterCast Industry Group," spearheaded by Intel and NBC and including computer manufacturers and cable programmers, has been formed to promote use of TV signals to send data to home PCs. InterCast held first meeting last week.

Members of group include Comcast, CNN, En Technology, Gateway, Packard Bell, QVC. First transmissions are expected to feature World Wide Web-type pages transmitted via vertical blanking interval (VBI) along with broadcast or cable programs. Data could be related to show information -- such as sports statistics or historical news background -- or supplement TV commercial with company's Web page.

Special PC boards, including one developed by Intel, will display TV show on upper portion of computer's monitor, with data on lower half. Companies anticipate that boards and transmissions will make major splash in 1996. Group also foresees eventual use of cable and satellite to distribute data and perhaps programs to home PCs.

At private news demonstration at NBC hq in N.Y., presenters emphasized convergence of 2 previously unrelated industries to coordinate introduction of new service.

First "InterCast-compatible" board will be marketed by En Technology which last week obtained FCC approval for its "Malachi" board. As we reported in June, En Technology plans to sell interface board that connects TV or VCR to computer at \$99 retail, and "Video Data Inserter," plus needed software for TV stations or programmers at less than \$1,000 (TVD June 26 p8).

THOMSON AGAIN SLATED FOR SALE: Thomson S.A., parent of Thomson Multimedia, which in turn owns Thomson Consumer Electronics in U.S., is on short list of French govt.-owned companies that could be privatized next spring. List was submitted last week by govt. to National Assembly.

It's not first time Thomson has appeared on list of govt. companies up for possible sale. Its name was on list of 21 companies slated for privatization by previous govt. of Prime Minister Edouard Balladur. New list, submitted by current Prime Minister Alain Juppé, also targets bank and insurance company for possible privatization. Govt. hopes to raise 22 billion francs (\$4.4 billion) from sale of public companies next year.

Financial Times noted that privatization of Thomson is "complicated by the structure of the group, which includes consumer electronics, multimedia and defense activities" -- last presumably reference to Thomson-CSF, minority owned by private investors. Paper said sale of Thomson group "may also depend on government decisions concerning the restructuring of the country's defense system."

Company isn't seen as "candidate for rapid sale," newspaper said, "partly because of ongoing restructuring measures."

Harman International has acquired Madrigal Audio Labs, Middletown, Conn., manufacturer of Mark Levinson and Proceed brand high-end audio products, terms undisclosed.

Philips-Matsushita Battery, 50-50 joint venture, will shift production of low-end batteries to Poland from Belgium, reserving Belgian facility for rechargeable cells.

IU ANNUAL LOSS PROJECTED: With Tandy's Incredible Universe (IU) projected to lose \$16 million in 1995, company last week replaced IU Vp-Gen. Mgr. Richard Hollander.

In conference call with analysts, Tandy conceded IU would lose money this year. It reported 2.7% decline in 3rd-quarter income despite 16% sales rise (see financial table). Tandy had said in Feb. IU would turn profit this year (TVD Feb 27 p15), but revised projection to breakeven in Sept. (TVD Sept 11 p15).

For 9 months ended Sept. 30, income dipped 0.03% although sales increased 20%. Tandy Chmn.-CEO John Roach said legal and plant closing charges reduced earnings. Legal expense was tied to settlement of several suits including shareholder action stemming from Tandy's sale of O'Sullivan Industries in Jan. 1994. Shareholders had charged that prospectus that accompanied O'Sullivan public stock offering contained "material misstatements and omission." Terms of settlements weren't disclosed. Plant charges were related to first-half shutdown of Far East factory that produced accessory products for sale through Tandy's Radio Shack chain, said Tandy Investor Relations Dir. Martin Moad, who declined to comment on amount of legal and plant closing charges.

While Tandy hasn't released IU results, analysts projected that 14-store operation's \$11-million loss in 1994 would expand to \$16 million by end of 1995. IU is projected to report \$830 million in sales for year. Tandy expected IU to "lose a little more than last year" and wasn't surprised by analyst projections, said Moad, who declined comment on internal figures.

IU was projected to have 17 stores by year-end and earnings suffered in July-Sept. when chain was "light, if not out of" non-Windows 95 PCs, Moad said. IU also has encountered "assortment problems" -- notably replacing exercise equipment with housewares -- and at times has charged higher prices than competitors for products in some markets, analysts said.

Hollander, who had overseen IU since chain's launch in Sept. 1992, will be replaced by Radio Shack Vp Henry Chiarelli, who worked on task force that developed IU concept. Moad said: "Henry has some strengths that are needed at this time and a lot of them have to do management of a larger organization. Rich was very good at bringing in that concept, creating it and getting it established."

Tandy officials also told analysts that gross margins at Radio Shack were under pressure from cellular phones and Digital Satellite System (DSS). While cellular phones and DSS have provided 30-40% margins, Radio Shack has had 49-51% gross margins, Moad said, adding that addition of home security products should boost profits. Indeed, cellular phone maker Nokia, in reporting 8-month earnings last week, warned of slowing mobile phone sales in U.S. and falling prices.

At Computer City, Tandy officials reported that corporate sales had fallen to 25% of revenues, down from 30-33% earlier this year. Some of sales have gone to rival CompUSA, analysts said. Moad declined comment on reasons for decline.

David Sarnoff Research Center and ACTV, interactive TV programmer, have signed agreement "to jointly collaborate on... projects designed to combine Sarnoff's strong capabilities in system and hardware design with ACTV's unique individualized programming technology."

FLAT DISPLAY PROGRESS: Field emission display (FED) is being developed as substitute for LCDs in camcorder viewfinders by Micron Display Technology (MDT), Boise. Progress report on FED's 30-year development by MDT Pres. David Cathey in Oct. Information Display magazine says company recently produced video rate color prototypes using FED technology for camcorder viewfinders. "Prototype displays have been installed in fully functional RCA PRO845 camcorders for demonstration purposes," article says.

"Testing of the prototype displays in the camcorders has shown a complete absence of image smear, even during rapid panning in camera mode, which conventional AMLCD viewfinders cannot do." Operating at same brightness as typical backlit AMLCD viewfinder, FED consumed 25% as much power, Cathey said.

Same issue of magazine has article on plasma display panels (PDPs) by Photonics Imaging Pres. Peter Friedman concluding that, despite current high prices, big-screen color PDPs "exhibit inherently low costs from both the materials and manufacturing points of view. Most of the production processes are thick-film, which are typically high in yield and low in capitalization. Thus, once PDPs are produced in high volume, their costs should be competitive with large-area high-resolution CRTs for both the desktop computer and home entertainment markets."

Centerspread ad in magazine plugs Digital Light Processing technology using Texas Instruments' Digital Micromirror Displays. Headed "We're Changing the Way You See Things," TI ad reads: "The inventors of the integrated circuit have created a new technology so revolutionary that it will change the way you display information forever. You won't believe your eyes." Information Display is organ of Society for Information Display (SID), Santa Ana, Cal. -- 714-545-1526.

SOUND ADVICE DROPS EXPANSION: Sound Advice (SA) last week appeared to write off one-time plans for Washington-Baltimore area, saying in 10K report that it won't enter market, "if at all," until fiscal 1997.

Dania, Fla., retailer first reported plans for 8-10 stores in Washington-Baltimore area in July 1994 (TVD July 11/94 p15), but postponed them earlier this year until late 1996 (TVD March 13 p19), citing need to deploy new computer system. Retailer appeared to be caught in cash crunch and earlier this month reported loss of \$152,000 for year ended June 30 vs. \$1.73 million profit year earlier (TVD Oct 9 p17). SA took \$197,000 write-off of expenses related to postponed move into Washington-Baltimore.

To boost finances, SA signed new \$20 million agreement with NationsBank earlier this month consisting of \$6.6-million term loan and \$13.3 million in revolving credit. Pact runs through Dec. 1996 and calls for \$56,000 monthly payments of principal starting Nov. 1.

Depth of 21-store chain's change in strategy is clear in report that said no new stores are planned for fiscal 1996 and chain instead will relocate at 2 Fla. outlets. SA has been replacing stores of 8,000-9,000 sq. ft. with 17,000-19,000-sq.-ft. outlets (TVD April 3 p14). Cost of new store is \$500,000-\$1 million for property and buildings, \$1 million for inventory, report said.

Home and car audio accounted for 39% of SA's \$190.5 million in annual sales in fiscal 1995 followed by TV/video, 33%; service, installation and product warranty, 10%; PCs, 6%; miscellaneous products, 12%.

E3 WARY OF PERILS OF GROWTH: Electronic Entertainment Expo (E3) is building aggressively on last year's success, with space sales for May 16-18 event already beating 1995's numbers, but has no intention of emulating Consumer Electronics Show's all-inclusive nature -- choosing instead to concentrate on entertainment software.

That was indicated by Interactive Digital Software Assn. (IDSA) Pres. Douglas Lowenstein last week. IDSA organizes and owns E3. Simply rebooking '95 exhibitors will put space sold 30% above last year's total -- strong figure for event in only its 2nd year and sign that major videogame industry players probably are lost to CES for good.

L.A. Convention Center is hard-pressed to contain event E3 will become this year. So far, 76 companies have reserved 360,000 sq. ft. of space. "We expect to be in excess of 400,000 sq. ft.," Lowenstein told us. Major game players currently booked for May event include Sega, Nintendo, Sony, Disney Interactive, Electronic Arts, Mindscape, Acclaim, Comptons New Media, Crystal Dynamics, Discovery Channel, Spectrum Holobyte, Virgin Interactive, Philips, Viacom.

Strict control will be key to E3's continuing success, Lowenstein said. "We own the show," and IDSA intends to control all aspects of it. Most important thing is to make sure focus remains very sharp, he said. "The idea is not to turn this show into an everything-in-the-kitchen-sink event." Software content will continue to be show's reason for existence and driving force. Increasing challenge is dealing with areas where content, delivery systems and hardware all mix together, he said, but those are issues for future. Exit surveys last year showed attendees didn't want more hardware or communications content.

Managing E3's size is another major issue, Lowenstein said. IDSA, co-producers Infotainment World and MHA Event Management and L.A. Convention Center are working to smooth out exhibition capacity problems, he said. "We're integrating the Convention Center so it's a seamless facility. There will be more connections between the halls." Infotainment World and MHA are subsidiaries of publisher International Data Group (IDG).

Major changes are planned for seminars at E3, Lowenstein said. At 1995 event, focus was primarily on retailing, but this year will add sessions on technology, trends, business, finance.

Deciding direction for 1997 is vital but difficult step that E3 will start taking in 60-90 days, Lowenstein said. That's when organization will choose location for next event and start setting direction. Show could expand to take up far more space, he said, but that might not be healthiest move, since it risks diluting content. E3 may have begun strong, but event really has limited track record, he conceded. "One year is a good start, but it doesn't guarantee success in the future."

Philips and Compression Labs Inc. (CLI) are first to mass-produce MPEG-2 digital set-top boxes, CLI said. Team is making thousands of interactive digital boxes per month, announcement said, to be used in Bell Atlantic's Switched Digital Video network in Dover Twp., N.J. In Japan, meanwhile, Fujitsu showed prototype of MPEG-2 box designed for video-on-demand.

Zenith built 10-millionth set-top decoder at its Chihuahua, Mexico, plant last week, company announced.

GEMSTAR PROFIT \$14 MILLION: With number of VCR Plus-equipped products nearly double those of year ago, Gemstar International reported 15.7% rise in income to \$14 million for fiscal year to March 31 from \$11.6 million year earlier, company said in prospectus for its first 3-million-share stock offering.

Revenues jumped 54% to \$41.7 million from \$27 million year earlier as number of licensed VCR Plus products increased to 11.7 million from 6.4 million. Manufacturers' license fees accounted for \$37.7 million (90.4% of revenues), up from \$23.3 million.

Gemstar is preparing for first shipments of products containing new Index Plus and Guide Plus technologies. At same time, it closed down handset business that once included VCR Plus instant programmer and universal remotes, after it recorded \$2.9 million loss since April 1, 1994. Instant programmer was discontinued earlier this year (TVD March 6 p18).

Guide Plus, Gemstar's first entry into competitive on-screen guide market, has been licensed to 10 companies, with first TVs and VCRs containing technology expected in 1996 (TVD Oct 2 p14). Licensees include Hitachi, JVC, LG Electronics (GoldStar), Matsushita, Mitsubishi, Philips, Sanyo, Sharp, Sony, Zenith. Pacts have terms of 3-7 years and require per-unit royalty payment. Agreements don't require that licensee build Guide Plus into fixed number of products, but do require minimum payment each year.

Index Plus, which will debut with introduction of Hitachi, JVC and Matsushita VCRs in early 1996, uses features of extended data service (XDS) on field 2 of line 21 of TV's vertical blanking interval (VBI). Index Plus captures XDS material carried on ABC-TV network, 100 local TV stations and cable's WGN superstation, Family Channel and A&E and uses it to provide on-screen index of programs taped on cassette. LG Electronics, Mitsubishi, Orion, Sanyo, Sharp, Sony, Thomson and Zenith have licensed technology. Guide Plus and Index Plus technologies are expected to add \$50-\$100 to retail price.

Income could be affected by legal fights pitting Gemstar against StarSight that are pending in Cal. federal court. Three separate suits, filed by both companies in 1993-1994, involve charges of patent infringement. Two other patent infringement suits involving remote control maker Universal Electronics have been settled, terms not disclosed.

"Will electronics spark general recovery?" Nikkei Weekly asks question in article noting that profit forecasts are up and new consumer electronic products abound, which could lead Japan out of slump. Article never answers question, saying that many products consumed in Japan are made overseas and that "reaping profits from both end products made abroad and key components made at home will be crucial to the industry's future strength." Promising products listed in article are digital videodiscs, digital camcorders, MiniDisc players and widescreen TVs, on top of booming semiconductors, PCs, mobile phones.

Most popular products of 1994 in Japan, according to survey by Management & Coordination Agency: color TV, microwave oven, auto, air conditioner, CD/radio/cassette, electric carpet, refrigerator, automatic washer, cordless phone, word processor, video camera, sofa and personal computer, in that order. Penetration in Japanese households varies from 99.3% for color TVs to 16.6% for PCs.

Consumer Electronics Personals

Akira Niijima named Pioneer N. America pres., replacing **Sho Yamada**, who returns to Pioneer's International Business Group in Japan... **Katsuhiko Hattori** named JVC America pres.-CEO, succeeding **Hajime Hazama**, who continues as pres. of parent U.S. JVC Corp. and gen. mgr. of JVC Corporate Management Div. for Americas; Hattori formerly was gen. mgr. of overseas marketing for parent Victor Corp. of Japan; **Harry Elias**, JVC America exec. vp, sales & mktg., adds COO title.

Appointments at Philips Consumer Electronics: **Gary Lafferty** promoted to professional and commercial products vp from sales vp; **Tim Logsdon**, to market research-strategic planning vp from product planning vp; **Herb Scales** to retail sales vp from color TV vp; **Susan Ferris**, ex-GE named multimedia products gen. mgr... **Robert Pierce**, ex-Aiwa, appointed vp-Emerson car audio sales... **Donald Metzger**, ex-Universal Electronics, named StarSight national sales mgr... **Gene Kelsey**, asst. gen. mgr. of Matsushita Consumer Electronics' Interactive Multimedia Div., appointed asst. gen. mgr., Mobile Electronics Div... **Richard Belluzzo**, Hewlett-Packard exec. vp, named to board, Proxima Corp. (desktop projectors).

Joseph Clayton, Thomson Consumer Electronics, reelected chmn., Consumer Electronics Mfrs. Assn. (formerly EIA Consumer Electronics Group); **Jerry Kalov**, Cobra Electronics, elected vice chmn., succeeding **Robert Borchardt**, Recoton, who continues on board; **Jack Pluckhahn**, Matsushita, reelected CEMA industry vp on EIA board... **David Nicholas**, ex-Textscan/MSI, returns to Pioneer as senior sales vp, Pioneer New Media Technologies... **Arun Netravali** promoted to Bell Labs research vp, succeeding **Arno Pienzas**, now vp-chief scientist... **Adam Sohmer**, who recently joined Sumner, Rider & Assoc. (TVD Sept 18 p20) has title of vp-technology... **Christina Jette**, ex-Ascent Logic Corp., named Kaleida Labs engineering vp... **Richard Ottaviano**, AST Research senior administration vp, resigns, plans unknown; **Kevin Michaels**, treas., adds vp responsibilities.

Richard Hollander, Tandy's Incredible Universe vp-gen. mgr., appointed vp-real estate responsible for Ft. Worth Outlet Square leasing and construction cost management, replaced by **Henry Chiarelli**, Radio Shack vp-new ventures; **Michael Gumbert**, ex-Merisel, appointed vp-procurement alliances, new PC buying operation... **Michael Sherman**, Jamesway dir., appointed exec. vp-special projects in charge of liquidating chain... **Jackson Smailes**, Hills Stores exec. vp, promoted to CEO.

Robert Klein, Moovies Inc. COO-N.J., promoted to operations vp; **Richard Eychaner**, Moovies chmn., shifts to senior acquisitions vp... **Dick Longwell**, ex-senior vp-sales and distribution, Buena Vista Home Video (BVHV), rejoins former BVHV Exec. Vp **Richard Cohen**, who now is pres. of MGM/UA Home Entertainment, as senior vp-gen. mgr., international... **Terry Lipelt** promoted to senior vp-sales, mktg. & merchandising, Rezound International... **Appointments at U.K.-based Warner Vision International** (formerly Warner Music Vision) video division of Warner Music International: **Frank Brunger**, ex-Columbia TriStar dir.-strategic development Europe, named dir.-international mktg.; **Solomon Nwabueze**, ex-Sony Music U.K., named dir.-acquisitions; **Jane Evans** moves from Warner Music Vision mgr.-mktg. to dir.-operations... **Appointments at Allied Digital Technologies:** **Kim Mize** and **Sara Chase** named sales executives at San Francisco office.

STORES TEAM WITH UTILITY: American Appliance (AA) has launched joint venture with Philadelphia Gas Works (PGW) to open 6 stores inside PGW district offices by year-end. N.J. chain will staff and operate stores of 1,000-4,000 sq. ft. that also include bill paying area, AA Ad Dir. **James Higgins** said. First outlet opened last week, stocked with major appliances and CE, with others to follow in Nov.-Dec, he said.

New stores replace major appliance-only outlets that PGW operated for about 20 years, registering \$2-\$3 million in annual sales. Format is similar to Baltimore Gas & Electric's mall-based concept that features slightly larger stores also selling major appliances and CE.

Typical AA/PGW store will have "video wall" of 30-40 13"-27" TVs along with select number of 31" and 32" consoles, 6-12 camcorders, 20 VCRs, portable audio and component products, Higgins said. Refrigerators, gas stoves, washers/dryers and other appliances also will be stocked, said Higgins, who declined to project sales.

PGW stores, mostly in inner city, won't compete with AA, which operates 27 8,000-15,000-sq.-ft. outlets, mainly in suburban Pa. and N.J., Higgins said. AA stores also carry more than double the products of PGW locations, he said.

AA also has plans for new 35,000-sq.-ft. stores, first of which is expected to open in Berlin, N.J., in early 1996, Higgins said. That will be followed by other locations in King of Prussia and Willow Grove, Pa., he said. Larger stores will replace some smaller locations, bringing total chain to 31-32 stores by mid-1996, Higgins said.

In expanding, AA also is said to be interested in buying some former Silo locations in Philadelphia area. Fretter started closing 35 former Silo stores in Pa.-N.J. last week, confirming our report that chain appeared to be retreating to Mich. base (TVD Oct 16 p16).

Sony will build "leisure complex," including movie theater and restaurants, on site of its new European hq in Berlin that will move from Cologne, Japanese newspapers said. Reports said Sony will be first Japanese company to start large-scale property development project in Berlin. Cost of project is estimated 100 billion yen (\$1 billion), reports said.

Yorx Electronics has closed N.J. office and moved to St. Louis. It had been based in W. Orange since being purchased by Hagemeyer Electronics in 1994 (TVD June 13/94 p17). Hagemeyer also owns Case Logic, Gran Prix and licenses Koss brand for personal stereo products. Yorx's new address: 2011 2nd St., St. Louis 63102, phone 314-621-1555.

OBITUARIES

Roberta Thumim, 50, founder of Thumim Communications, died Oct. 17 of cancer in Fanwood, N.J. For last 10 years, most of her PR clients were consumer electronics firms, including Niles Audio, Linear Power, NHT, Acoustic research, Advent, Phase Linear, International Jensen. Earlier, she had worked for N.Y. state legislator after serving as reporter. She's survived by husband, Ivan Berger, technical editor of Audio magazine.

Donald W. Felton, 48, central regional sales mgr., Thomson Consumer Electronics, died suddenly Oct. 15. In 1978, he joined RCA Distributing Corp. in Detroit, which became TCE's Central Sales Region. He's survived by wife, 3 sons.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acclaim Entertainment			
1995-year to Aug. 31	584,723,000	55,245,000	1.06
1994-year to Aug. 31	480,756,000	45,055,000	1.00
1995-qtr. to Aug. 31	151,492,000	16,577,000	.30
1994-qtr. to Aug. 31	148,868,000	14,132,000	.31
Apple Computer			
1995-52 wk. to Sept. 30	11,062,000,000	424,000,000	3.45 ^a
1994-53 wk. to Sept. 30	9,189,000,000	310,000,000	2.61 ^a
1995-13 wk. to Sept. 30	3,003,000,000	60,000,000	.48
1994-13 wk. to Sept. 30	2,493,000,000	115,000,000	.95
AT&T			
1995-9 mo. to Sept. 30	57,478,000,000	2,815,000,000	1.77 ^b
1994-9 mo. to Sept. 30	53,984,000,000	3,372,000,000	2.16
1995-qtr. to Sept. 30	19,704,000,000	262,000,000	.16 ^b
1994-qtr. to Sept. 30	18,649,000,000	1,050,000,000	.67
Bell & Howell Holdings			
1995-39 wk. to Sept. 30	580,193,000	1,131,000	.07 ^b
1994-39 wk. to Sept. 30	502,399,000	(661,000)	---
1995-13 wk. to Sept. 30	203,009,000	3,835,000	.21
1994-13 wk. to Sept. 30	170,668,000	699,000	.05 ^b
A. H. Belo			
1995-9 mo. to Sept. 30	535,259,000	45,433,000	1.14
1994-9 mo. to Sept. 30	446,566,000	45,297,000	1.12 ^c
1995-qtr. to Sept. 30	182,451,000	12,792,000	.33
1994-qtr. to Sept. 30	159,582,000	15,748,000	.39 ^c
BHC Communications			
1995-9 mo. to Sept. 30	336,979,000	29,469,000	1.20
1994-9 mo. to Sept. 30	323,059,000	70,968,000	2.83
1995-qtr. to Sept. 30	111,551,000	17,825,000	.73
1994-qtr. to Sept. 30	107,259,000	32,609,000	1.31
BMC Industries			
1995-9 mo. to Sept. 30	190,184,000	16,719,000	1.19
1994-9 mo. to Sept. 30	163,690,000	8,826,000	.65
1995-qtr. to Sept. 30	59,203,000	4,548,000	.32
1994-qtr. to Sept. 30	53,979,000	2,286,000	.16
Century Communications			
1995-qtr. to Aug. 31	116,627,000	(21,917,000)	---
1994-qtr. to Aug. 31	97,421,000	(14,957,000)	---
Chris-Craft Industries			
1995-9 mo. to Sept. 30	349,527,000	17,334,000	.58
1994-9 mo. to Sept. 30	340,708,000	50,720,000	1.70 ^c
1995-qtr. to Sept. 30	115,584,000	10,664,000	.36
1994-qtr. to Sept. 30	112,803,000	22,422,000	.75 ^c
Clear Channel Communications			
1995-9 mo. to Sept. 30	199,119,354	19,930,418	1.14
1994-9 mo. to Sept. 30	134,554,783	13,541,849	.78
1995-qtr. to Sept. 30	68,130,871	8,113,408	.46
1994-qtr. to Sept. 30	47,573,068	5,423,411	.31
Cohu			
1995-9 mo. to Sept. 30	126,429,000	14,920,000	1.56
1994-9 mo. to Sept. 30	71,833,000	6,836,000	.78 ^c
1995-qtr. to Sept. 30	49,035,000	6,500,000	.67
1994-qtr. to Sept. 30	31,703,000	3,032,000	.33 ^c
Corning			
1995-40 wk. to Oct. 8	3,982,700,000	(134,300,000)	---
1994-40 wk. to Oct. 9	3,497,000,000	246,300,000	1.18 ^b
1995-16 wk. to Oct. 8	1,568,800,000	83,500,000	.37
1994-16 wk. to Oct. 9	1,442,400,000	76,900,000	.36 ^b
Electronic Arts			
1995-6 mo. to Sept. 30	173,692,000	3,873,000	.07
1994-6 mo. to Sept. 30	166,796,000	18,643,000	.36
1995-qtr. to Sept. 30	93,657,000	3,030,000	.06
1994-qtr. to Sept. 30	88,845,000	6,710,000	.13
General Electric			
1995-9 mo. to Sept. 30	50,276,000,000	4,708,000,000	2.79
1994-9 mo. to Sept. 30	42,317,000,000	3,958,000,000	2.32 ^b
1995-qtr. to Sept. 30	17,341,000,000	1,610,000,000	.96
1994-qtr. to Sept. 30	14,632,000,000	1,368,000,000	.80 ^b
General Instrument			
1995-9 mo. to Sept. 30	1,783,606,000	70,215,000	.57 ^b
1994-9 mo. to Sept. 30	1,496,054,000	159,767,000	1.30
1995-qtr. to Sept. 30	563,251,000	(40,892,000)	---
1994-qtr. to Sept. 30	554,750,000	56,781,000	.46

Company & Period	Revenues	Net Earnings	Per Share
Gray Communications			
1995-9 mo. to Sept. 30	42,133,000	1,197,000	.27 ^c
1994-9 mo. to Sept. 30	22,266,000	1,769,000	.38 ^c
1995-qtr. to Sept. 30	13,825,000	15,000	---
1994-qtr. to Sept. 30	9,111,000	789,000	.16 ^c
GTE			
1995-9 mo. to Sept. 30	14,928,000,000	1,819,000,000	1.88 ^a
1994-9 mo. to Sept. 30	14,696,000,000	1,750,000,000	1.83 ^a
1995-qtr. to Sept. 30	5,121,000,000	695,000,000	.72 ^a
1994-qtr. to Sept. 30	4,995,000,000	657,000,000	.69 ^a
Home Shopping Network			
1995-9 mo. to Sept. 30	730,163,000	(36,236,000)	---
1994-9 mo. to Sept. 30	824,832,000	14,984,000	.16 ^b
1995-qtr. to Sept. 30	239,894,000	(17,701,000)	---
1994-qtr. to Sept. 30	276,612,000	6,425,000	.07 ^b
Jones Intercable			
1995-qtr. to Aug. 31	43,258,000	(6,420,000)	---
1994-qtr. to Aug. 31	34,209,000	10,293,000	.51 ^a
Koss			
1995-qtr. to Sept. 30	9,588,544	808,112	.23
1994-qtr. to Sept. 30	8,372,902	710,378	.19
LIN Television			
1995-9 mo. to Sept. 30	153,344,000	24,382,000	.82
1994-9 mo. to Sept. 30	105,195,000	20,038,000	.77
1995-qtr. to Sept. 30	49,066,000	7,913,000	.26
1994-qtr. to Sept. 30	36,440,000	6,553,000	.25
New York Times			
1995-9 mo. to Sept. 30	1,754,265,000	102,821,000	1.06 ^a
1994-9 mo. to Sept. 30	1,752,191,000	172,666,000	1.63 ^a
1995-qtr. to Sept. 30	572,711,000	32,206,000	.33 ^a
1994-qtr. to Sept. 30	527,150,000	120,634,000	1.16 ^a
NTN Communications			
1995-9 mo. to Sept. 30	20,711,000	(867,000)	---
1994-9 mo. to Sept. 30	16,730,000	1,126,000	.05
1995-qtr. to Sept. 30	8,740,000	905,000	.04
1994-qtr. to Sept. 30	6,988,000	333,000	.02
Oak Industries			
1995-9 mo. to Sept. 30	203,574,000	(56,307,000)	---
1994-9 mo. to Sept. 30	185,866,000	25,044,000	1.36
1995-qtr. to Sept. 30	65,042,000	(77,845,000)	---
1994-qtr. to Sept. 30	58,400,000	7,366,000	.40
Orion Pictures			
1995-6 mo. to Aug. 31	73,419,000	(18,871,000)	---
1994-6 mo. to Aug. 31	113,244,000	(28,384,000)	---
1995-qtr. to Aug. 31	31,187,000	(9,110,000)	---
1994-qtr. to Aug. 31	29,487,000	(16,280,000)	---
Tandy			
1995-9 mo. to Sept. 30	3,751,599,000	121,800,000	1.75
1994-9 mo. to Sept. 30	3,120,567,000	122,401,000	1.51
1995-qtr. to Sept. 30	1,339,930,000	44,901,000	.66
1994-qtr. to Sept. 30	1,119,155,000	46,191,000	.58
Time-Warner			
1995-9 mo. to Sept. 30	5,705,000,000	(199,000,000)	---
1994-9 mo. to Sept. 30	5,109,000,000	(103,000,000)	---
1995-qtr. to Sept. 30	1,981,000,000	(144,000,000)	---
1994-qtr. to Sept. 30	1,884,000,000	(32,000,000)	---
TRW			
1995-9 mo. to Sept. 30	7,709,300,000	331,400,000	4.97
1994-9 mo. to Sept. 30	6,640,600,000	232,500,000	3.56
1995-qtr. to Sept. 30	2,401,400,000	93,600,000	1.39
1994-qtr. to Sept. 30	2,164,200,000	81,800,000	1.26
United Television			
1995-9 mo. to Sept. 30	118,120,000	25,374,000	2.59
1994-9 mo. to Sept. 30	104,306,000	22,669,000	2.25
1995-qtr. to Sept. 30	39,075,000	6,334,000	.65
1994-qtr. to Sept. 30	34,426,000	7,479,000	.75
United Video Satellite			
1995-9 mo. to Sept. 30	183,869,000	17,025,000	.93 ^b
1994-9 mo. to Sept. 30	140,494,000	11,414,000	.64
1995-qtr. to Sept. 30	67,901,000	5,280,000	.29 ^b
1994-qtr. to Sept. 30	50,859,000	4,394,000	.25
Zenith Electronics			
1995-9 mo. to Sept. 30	879,200,000	(67,800,000)	---
1994-9 mo. to Oct. 1	1,015,500,000	(10,900,000)	---
1995-qtr. to Sept. 30	332,500,000	1,800,000	.04
1994-qtr. to Oct. 1	419,400,000	9,400,000	.21

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

^cAdjusted.

TELEVISION DIGEST®

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

With Consumer Electronics

OCTOBER 30, 1995

VOL. 35, NO. 44

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

KIDVID FIGHT ESCALATES in speeches, newspapers. NAB accuses Hundt of delaying vote for lack of support. FCC seeks 'data, not rhetoric.' Agency vote not likely until at least Jan. (P. 1)

TELECOM CONFERENCE OPENS with routine speeches. Staffs take over for month-long process. Completion by Thanksgiving possible. Cable-telco issues seen as important. (P. 3)

BUDGET RECONCILIATION SET: Spectrum auction part of both bills. McCain amendment for larger auctions beaten in Senate. (P. 4)

CABLE ENJOYING GROWTH in subscribers, ratings. Lower rates, stronger programming having impact. Broadcast ratings suffering. DBS seen helping as much as it's hurting. (P. 5)

EUROPEAN CABLE WORRIES mirror those in U.S. Regulatory framework promoting cable and digital sought, London speakers say. (P. 6)

CABLE-UTILITY DEAL: Louisville agreement gives TKR access to conduits, customer service reps, noncompete agreement. PSC approval granted. (P. 6)

BROADCAST PROFITS MIXED: Westinghouse and Meredith have strong growth, Belo and Scripps Howard decline. Cable results strong. (P. 7)

FRITTS ACCUSES HUNDT OF DELAYING KIDVID VOTE: FCC Chmn. Hundt "crossed the line" by delaying full Commission vote on children's TV because he doesn't have votes to get quotas approved, NAB Pres. Edward Fritts told Conn. Bestrs. Assn. in Farmington, Conn., Oct. 26. In unusually tough speech, he said Hundt used 4-month delay to "blast the television industry at every opportunity" and said it "would be in the best interests of all concerned" if he would put children's TV issue on agenda of FCC's Dec. meeting. Fox, meanwhile, released its own survey saying broadcasters already are providing enough educational and informational programming for children.

Comment schedule for children's TV issue was delayed at request of broadcasters, but Fritts said NAB asked for it only because Hundt, "through his emissaries," asked NAB to. Hundt could have delayed vote himself, Fritts said, but "perhaps he would have lost standing with the advocacy groups [which are supporting kidvid quotas] had he announced that he didn't have the 3 votes necessary to pass his proposal." He said Hundt clearly has prejudged issue and "in fact, the chairman seems to be obsessed with the issue to the extent that some of his tactics are being called into question." Hundt responded in letter that "although I don't have an empty mind on children's television, I do have an open mind." Letter invited Fritts and other broadcasters to participate in "a continual dialog" on issue.

Consumer Electronics

3DO PARTS WITH FAMILY JEWELS in exchange for instant black ink, selling control of M2 64-bit technology to Matsushita for \$100 million. (P. 9)

TOY INDUSTRY VETERAN Stein named to head Sony Interactive as U.S. and European marketing of PlayStation is tied more firmly to Japan parent. (P. 10)

PHILIPS CE PROFIT PLUNGES, mars overall 49% increase in operation on 5.8% sales rise. Problem attributed to Europe sales, price cutting. (P. 10)

SONY HOME THEATER PACKAGES will ship in Nov. equipped with 27-32" TVs, speakers, VCRs and audio components and priced at \$2,399-\$3,999. (P. 11)

KALOV NAMED EIA CHMN. EIA's Consumer Electronics Mfrs. Assn. establishes new Multimedia Div. (P. 11)

PANASONIC PREPARING TO CUT 150 jobs as it creates 3 'superregion' offices and plans to curtail lavish sales meetings, trade sources say. (P. 12)

WIZ CLOSES MUSIC STORES in Washington-Baltimore area as Best Buy and Circuit City engage in CD price war. (P. 12)

DVD MOVIES -- SALE OR RENTAL? Video software suppliers divided, as are views on whether it's replacement or adjunct to cassette. (P. 13)

In response, Hundt Chief of Staff Blair Levin said: "It would be nice if they would give us data instead of rhetoric." Mass Media Bureau Chief Roy Stewart sent letters to NAB and INTV Oct. 25 seeking information on surveys that broadcasters said showed children's programming had doubled since 1990 (TVD Oct 23 p1). Letters seek such information as broadcasters' definition of educational programming, list of programs that meet definition, details on stations responding to surveys.

Kidvid schedule was delayed by "mutual agreement" as FCC worked with broadcasters toward "productive solution" to dispute, Levin said, but "the discussions suddenly fell apart." He said that speeches make clear that chmn. hasn't prejudged issue and that Commission procedures make it impossible to put kidvid on Dec. agenda: "We would have to write the item before we get the last comments."

Fritts repeated broadcasters' charges that program quotas are "patently unconstitutional" and cited survey showing that stations have doubled educational programming. Responding to Hundt's criticism of survey, Fritts said NAB used FCC's own definition of educational programming and significantly increased percentage of stations surveyed: "One has to wonder what it takes to satisfy the good chairman... The time has come to resolve this issue one way or the other." Kidvid issue is important, he said, but FCC, which he said oversees 1/6 of U.S. economy, has other important issues to deal with.

Fritts speech attracted sharp comment from public interest groups that support programming requirements. Action for Children's TV founder Peggy Charren called it "outrageous" and said Fritts instead should have been telling Conn. broadcasters what to do to improve programming. Center for Media Education Dir. Jeffrey Chester said Fritts was angry because "for the first time the FCC chairman is doing his job of acting as an advocate for the public" instead of being "under the thumb of the NAB." Chester "challenged" Fritts to debate on children's TV issue, which he hoped would be broadcast in prime time: "He knows he would lose in the court of public opinion."

Among other kidvid developments in busy week: (1) Fox executives blasted media and critics for what they said were false portrayals of broadcast networks' efforts to comply with Children's TV Act and presented station survey showing that affiliates already exceed proposed 3-hour minimum. FCC's Levin praised survey, saying it "presents real data in a realistic way," although he said different interpretations of data are possible. Margaret Loesch, Fox Children's Network (FCN) pres., said all FCN affiliates broadcast at least 3 hours per week of educational children's TV from network, and networkwide average is 4 hours per week, up from zero hours before 1990. Preston Padden, News Corp. pres.-telecom and TV, said survey used "strictest" definition of what could be considered educational, and determined that network-distributed shows *Where on Earth Is Carmen Sandiego?* and *Fox Clubhouse* meet that definition and provide 3 hours of programming per week. Survey was returned by 137 stations (87%), and Fox staffers said results included only shows that network was certain couldn't be criticized for their educational purpose, making results "more restrictive" than data stations would have divulged in annual reports to FCC. Although Fox said it already meets standard of 3 hours per week, Padden and Loesch said they still have problem with FCC's trying to establish quota. "If we're already meeting it, why do we need a law?" Loesch asked.

(2) In speech at conference sponsored by U.S. Office of Consumer Affairs, National Assn. of Attorneys Gen. and Issue Dynamics Inc., Hundt said he had "never seen such a broad range of public interest groups filing comments" as on kidvid issue. He said solution is better definition of educational programming to keep broadcasters from defining *NBA Inside Stuff*, *Mighty Morphin Power Rangers* and *America's Funniest Home Videos* as educational children's programming. Hundt would like to see presentation on educational benefits of *NBA Inside Stuff*, Chief of Staff Blair Levin said in letter to NBC Exec. Vp Richard Cotton, who earlier had said show "represents a serious effort to respond to what Congress was driving at" with Children's TV Act.

(3) Ann Landers gave kudos to Rep. Markey (D-Mass.), Sen. Simon (D-Ill.) and Hundt. In response to letters she published from Hundt and Markey backing V-chip and proposals to require broadcasters to air more educational programming for children, Landers said: "No other country in the world has permitted such unmitigated trash to be aired during the hours children are accustomed to watching." Markey cited V-chip legislation and said blocking out programs "sends a more powerful message" to broadcasters than "dozens of letters." Hundt said "simply eliminating offensive programming will not produce quality programs" and govt. "can and should" expect more educational programming. FCC Comr. Quello, who disagrees with Hundt on educational TV, said: "This is the first time in more than 20 years that I've seen public policy debated in a gossip column."

(4) FCC Comr. Ness, in letter to Washington Post, backed specific regulations about children's programming, saying "the present lack of specificity... means that broadcasters who do less can enjoy

marketplace advantages over those who do more." (5) Group of 25 senators led by Sen. Bingaman (D-N.M.) sent letter to FCC commending Hundt for moving forward with children's TV proceeding and supporting effort to establish minimum amount of programming that broadcasters should be required to air.

TELECOM BILL CONFEREES START WORK: Senate-House conference on telecom legislation (S-652 and HR-1555) surfaced Oct. 25 as most of 45 conferees (34 from House, 11 from Senate) attended hour-long session. Conference then submerged from public view as lawmakers assigned staff to begin long task of finding differences and similarities in bills and proposing solutions, lawmakers saying they thought conferees could conclude work by Thanksgiving. House Speaker Gingrich (R-Ga.), speaking at National Policy Forum lunch in Washington, said he thought conference would take about month.

As Commerce Committee Chmn. Pressler (R-S.D.) put it, aim is to "bring this amorphous mass to a concise conclusion." He said he had talked with his House counterpart, Chmn. Bliley (R-Va.), and they agreed that first step in conference would be to separate issues in bill into 3 categories -- ones on which 2 houses agree, those on which they intended agreement but on which language differs, and those on which they disagree. Pressler wouldn't say which issues he places in what category.

Proceedings hit brief snag, as first staff session that had been set for 1 p.m. that day on Senate side of Capitol was cancelled. But group did meet on House side of Capitol on Oct. 27 as scheduled. Senate and House staffs are to meet every Mon., Wed. and Fri. at 1 p.m., said Pressler, who also is chmn. of conference. Sources said first staff session was cancelled because there wasn't agreement on which bill, House or Senate, would be used as basis for conference or which staff analysis of comparisons should be used. During session, Sen. Stevens (R-Alaska) asked that Senate version be used as basis for conference, but there wasn't any discussion or agreement. Session was relatively brief because House and Senate Republicans had caucus scheduled for 9:30 a.m., half-hour after conference started, and Democrats had 11 a.m. meeting.

Several members of conference said they hoped work could be completed by Thanksgiving. Sen. Lott (R-Miss.) said that should be target date, so that even if it's missed, bill still could be wrapped up by end of year. If target is Christmas, then bill will slip into next year and it's uncertain whether compromise could be reached because industries would have more time to campaign against it, Lott said after session. House Telecom Subcommittee Chmn. Fields (R-Tex.) told us he expects resolution "by Thanksgiving or before." He said: "I find a lot of interest by Republicans, Democrats and even the Administration to get this thing done before we break." Fields said it was "a safe assumption" that President Clinton and Gingrich "will have a meeting of the minds and we will adjourn around Thanksgiving. I don't know of anyone involved in the issue who wants this to lapse into next year. There's a real focus on those who have been heavily involved to put their collective minds together to reach each other's bottom line with sensitivity, compassion and understanding and get a bill done." Fields declined to say what his bottom line was on specific issues, such as cable regulation, but he said: "On every issue there is room for us to sit down and discuss it in a rational manner." He said cancellation of first staff meeting was "just part of the process" and didn't bother him.

Sen. Rockefeller (D-W.Va.) injected possible presidential veto into conference at start, saying that Clinton would be better off politically by not signing bill than by signing it, citing dangers of rising cable rates. In his talk, Gingrich said, as have other Republicans, that bill will create jobs, and that "I don't see how Clinton could campaign in California if he didn't sign it [bill]."

Democrats in their comments stressed what they viewed as consumer aspects of debate. Sen. Hollings (D-S.C.) said "the public interest is predominant here," and with 46 subjects and 150 topics to be covered, task won't be easy. Sen. Inouye (D-Hawaii) said there should be no "rush to judgment," noting that it had taken month of staff work to get ready for conference on 1992 Cable Act. He warned of influence of "major and massive, powerful companies" on bill. Rep. Conyers (Mich.), senior Judiciary Committee Democrat, said he wanted to make certain there were "reasonable consumer safeguards" in legislation. Rep. Markey (D-Mass.) argued that govt. had been responsible for development of competition through divestiture and cable legislation that allowed industry to grow without being "gobbled up by the telephone companies." Rep. Schroeder (D-Colo.) warned of "supermegadragon" companies that could be created as result of media concentration, saying bill should "empower the consumer rather than enslave him."

Fields said legislation would "empower consumers" by giving them benefit of new choices in telephone, cable and broadcasting, point also made by Rep. Hastert (R-Ill.). Republicans also criticized govt. for being behind developments in technology, which was echoed by Sen. Burns (R-Mont.) and others. Rep. Buyer

(R-Ind.) said he wanted to make certain that rural areas were protected, while Rep. Hoke (R-O.) wanted to make sure there was adequate opportunity for cellular resellers. Markets with resale were better for consumers than those without, he said.

Unlike last year, when lawmakers and lobbyists said bill would "be written in conference," Pressler said plan this year is to stick closely to path set by floor and committee votes on key issues. He said that last year he didn't agree with rewrite philosophy, and that this year conferees wouldn't be "able to do anything we want" to change bill. He used that standard when asked about specific issues such as standards for interexchange entry by RHCs, media concentration, cable regulation and language by Sens. Snowe (R-Me.) and Rockefeller that would require that schools and libraries be given preferential telephone rates. Snowe said in interview that she was working hard to try to keep language intact. There's no comparable provision in House bill.

New study by 20th Century Fund criticized telecom legislation, saying it would create "oligopoly-based pricing model" and attacked influence of special interests. According to essay by editor William Drake in *The New Information Infrastructure: Strategies for U.S. Policy*, (20th Century Fund, 400 pp., \$14.95), debate on National Information Infrastructure "clearly needs to be broadened." Workers, consumers and citizens should have their concerns heard, he said, suggesting: (1) Govt. should pay more attention to noncommercial aspects of information infrastructure. (2) Govt. should promote diversity in media ownership. (3) RHCs shouldn't be allowed into new lines of business until barriers to competition in their own markets are removed. (4) Broadcasters should have spectrum flexibility "only in exchange for meeting public interest obligations." (5) Blocking technologies, not censorship, should be used to preserve freedom of speech for on-line services. Addressing some of same issues, Gingrich said policymakers should broaden their view of telecom to determine effects on other parts of society. He endorsed linking of schools to information networks, but didn't have solution for paying for it. Gingrich said he didn't care who put up money, saying there are institutions with sufficient resources, including school districts, so that money could be found. But Gingrich drew sharp line between himself and Vice President Gore, who also advocates linking schools. While Gingrich said he stands for entrepreneurial, decentralized govt., he said Gore is "a representative of the public employees union" who favors "tired structures" of current govt. and would "marginally change the core systems" of society.

VOTE ON BUDGET BILLS: Senate at our deadline Oct. 27 was poised to approve massive budget reconciliation bill that includes provisions for auctioning spectrum but not for abolishing Commerce Dept. House passed its version Oct. 26, 227-203, that includes same spectrum language as well as proposal to abolish Commerce.

In vote late Oct. 26, Senate rejected on procedural motion, 25 to 74, amendment by Sen. McCain (R-Ariz.) and others that would have required FCC to auction all new spectrum. Sponsors, also including Sens. Feingold (D-Wis.), Thompson (R-Tenn.) and Kerry (D-Mass.), said measure would raise \$35 billion. SBCA and broadcasters oppose move. Broadcasters and satellite broadcasters opposed measure, while some RHCs favored it.

NAB wrote to Senate Oct. 26 criticizing amendment to Senate bill because it wouldn't exempt broadcasters from spectrum auction constraints. NAB Pres. Edward Fritts said in letter that Commerce Committee already had rejected broad auction approach by exempting broadcasters from its part of reconciliation bill because there would be need for spectrum to make transition to advanced TV. He said amendment "does not differentiate between this legitimate exception for local broadcasters and other spectrum users. And while the amendment does allow for the FCC to request a waiver of the auction, there is no guarantee that an exemption (however appropriate) would be requested, given budgetary pressures."

At our deadline, Kathleen Wallman was expected to leave as FCC Common Carrier Bureau chief to become assoc. White House counsel. Wireless Bureau Chief Regina Keeney was expected to replace her.

Local exchange carriers adamantly opposed cable's challenge to FCC's streamlined Sec. 214 process for telco and cable construction. In filings at Commission, Time Warner and NCTA said streamlined process is violation of Communications Act. USTA said that's "red-herring issue... raised by cable operators seeking to preserve their monopoly power in the video programming market." Bell Atlantic (BA) said cable is trying "to layer additional inappropriate and unnecessary regulatory requirements on Section 214 proceedings for standalone cable systems." BA said process could be improved if FCC accepted SBC Communications' petition saying carriers don't need prior approval to transfer investment from nonregulated cable operation to regulated telephone rate base. Such transfers are governed by affiliate transactions rules that don't require prior approval, BA said. Pacific Bell said it doesn't believe any Sec. 214 requirement is needed for cable construction, and "adoption of further restrictions as recommended by the petitioners would only compound the problem."

Supreme Court Justice John Stevens lifted stay on C Block PCS auction that had been ordered by 6th U.S. Appeals Court, Cincinnati. "It's the judicial equivalent of a game-winning, 3-point basket from half-court with no time on the clock," said jubilant FCC Chmn. Hundt. Agency had asked for Supreme Court review, and officials said action means auction can go ahead as scheduled Dec. 11.

NTIA released report on privacy, to mixed reviews. NTIA Dir. Larry Irving said consumer surveys consistently show public is concerned about protecting its privacy, particularly from industry. He said law treats similar services differently, with some information about cable subscribers protected while same material on DBS subscribers isn't, and there are no protections on Internet.

CABLE ENJOYING GROWTH: Cable industry is savoring record ratings and strong subscriber growth in 3rd quarter, some of which may be attributable to rate regulation. All MSOs that have reported 3rd-quarter results say subscriber counts are up 4-12% over year ago. Cable-originated program ratings for first 4 weeks of new season are up 22.7% over 1994 and 30% over same period of 1993. "The cable industry may have reached a critical mass, where there are enough people watching cable programming to justify spending more money on the programming and marketing, which in turn attracts more viewers," said Char Beales, pres. of Cable TV Administration & Mktg. Society (CTAM).

Subscriber growth is strongest in years for operators. Among those releasing 3rd-quarter figures, Cablevision Systems had 12% gain, Continental 7.46%, Jones 9%, Multimedia 6%, Scripps Howard 4.7%, Time Warner 6%, Washington Post 4%. Similar results are expected for most of other big MSOs, even excluding impact of industry consolidation. BET cable network said it's available to 7.4% more customers than year ago.

Most officials are reluctant to attribute higher subscriber levels directly to cable rates that have been held down by regulation, although Beales said customers were annoyed by frequency of rate boosts: "That may be more important than the absolute price of cable, so just stabilizing rates may have been beneficial." Melissa Cook, Prudential Bache analyst, said she believes rate regulation has boosted subscribership because consumers perceive that prices are lower and because they really are. Despite higher subscriber counts, Cook said cable cash flow and profits remain lower than they would have been without reregulation because growth isn't enough to offset lower per-subscriber revenue. Rate regulation also encouraged cable companies to work harder at marketing their product to replace revenue lost because of regulation, Cook said. Beales said many operators were so overwhelmed by regulation for first year or 2 that "they were too busy to deal with marketing."

Analyst Jessica Reif of Merrill Lynch said most MSOs will report 4-6% growth in quarter, and figure would be even higher if figures for cable-owned PrimeStar were included. She said O.J. Simpson trial helped, along with DBS ads and perception that cable is cheaper than before reregulation. Reif said growth probably will even accelerate as industry rolls out new services such as telephony and cable modems.

DBS appears to have had little impact on cable subscribership, and may even have been beneficial. Beales said DBS national advertising has focused on cable programming that DBS makes available: "People got interested in that programming, but I think many of them looked at the economics and chose to get it from cable." She said DBS threat also has prompted many cable operators to step up their local marketing, which also boosted subscribership.

Both subscribership and cable ratings are benefiting from "generational shift," Cook said: "Basically, everyone who is now graduating from college and setting up a household has grown up with cable, so they accept it as a standard part of life."

Steady gains in cable program ratings have been "phenomenal," Beales said. Nielsen ratings of all TV households for Sept. 18-Oct. 15, first 4 weeks of fall season, showed cable channels with combined rating of 17.3, up from 14.1 year ago and 13.3 in 1993. Average rating for 4 broadcast networks dropped to 10.4 this year from 11.2 year ago and 11.5 in 1993. Highest rated broadcast network was

ABC (12.0, down 1.6%), followed by NBC (11.8, down 0.8%), CBS (9.6, down 17.9%) and Fox (7.3, down 2.7%), according to Nielsen.

Technology Notes: Cap/ABC and America Online formed joint venture to develop interactive fashion and lifestyle channel to be carried on America Online. Service is to debut in early 1996... Interse Corp. will provide Internet tracking software for Interactive Alliance consortium of Nielsen and Next Century Media... Scientific-Atlanta (S-A) Europe unveiled 862-MHz transmission line, AllTouch universal remote and ScientificCare customer maintenance plan. Company said 862 system uses parallel hybrid amplifier technology to improve picture quality and system performance. Remote comes as part of S-A's "end-to-end solution" offering headend and network management equipment... General Instrument (GI) said it will supply all consumer terminals for Music Choice Europe, which already has signed deal with U.K.'s TeleWest to launch in its 77,000-subscriber franchise in Southern London. GI said it will use CFT 2200 system to integrate audio decoder with set-top box... Bell Cablemedia chose Nortel's Magellan Passport asynchronous transfer mode (ATM) switch to run its pilot data service in Southern region of U.K., Nortel announced. It said switch provides Internet access, videoconferencing functions, LAN interconnection, voice-over ATM... Maddox Bcst. launched AdPlay, its new MPEG-2 ad insertion system, combining CD-ROM digital storage and "traffic and billing" system to track ads, sales, scheduling, management... Society of Motion Picture & TV Engineers said it's seeking industry input on command sets for digital video and audio servers -- 914-761-1100... A&E Network formed partnership with InterActive8 to develop on-line services based on its programming... StarSight said it licensed Thomson to include its electronic program guide system on RCA DBS receivers... Oracle Video Server software is available on Hewlett-Packard NetServer digital multimedia video server, as result of new agreement that extends companies' earlier joint ventures... Scientific-Atlanta introduced System 70 fiber platform for services such as telephony over cable, as well as video. It also said it shipped its 500th headend system, for interactive Sega Channel.

Fewer than 2/3 of DBS customers knew in advance that they wouldn't get local TV channels, according to survey by Cable TV Administration & Mktg. Society (CTAM). Survey said cable, DBS and wireless cable each has advantages, and success rate probably will depend on marketing. DBS advantages include large program and ubiquity (20% of DBS subscribers don't have access to cable), but disadvantages are lack of local channels, high cost of additional outlets and initial cost of receivers, though that problem will become less important as lease programs begin. CTAM survey said cable advantages are local channels, low-cost additional outlets and potentially large market for broadband on-line services, but it remains vulnerable to new entrants. Study said more than 1/3 of wireless cable subscribers considered DBS first, but opted for wireless cable on basis of cost (only 8-10% of DBS subscribers ever considered wireless cable). Early Users of New Media study costs \$6,000 -- 703-429-4200.

U.S. Attorney in N.Y.C. is investigating CNBC correspondent Dan Dorfman for insider trading and other activities, Business Week said in Nov. 6 issue. Citing unidentified source, magazine said investigation also involves Donald Kessler, who allegedly provided tips to Dorfman. Dorfman said he hasn't bought or sold stocks in 5 years.

EUROPEAN CABLE WORRIES: New market entry, opportunities throughout Europe and regulatory hand-wringing were key issues at European Cable Communications '95 in London, paralleling concerns of U.S. companies that used U.K. as testing ground for telephony. Anxiety over possible Labour Party takeover of Parliament was high among attendees, many of whose questions and comments suggested they view Conservatives as less friendly toward potential competitor British Telecom (BT).

U.K. cable already has seized "tremendous opportunity" to woo U.S. investors, said Ian Taylor, Parliamentary Undersecy. of State for Trade & Technology. Next step is to convince lenders and suppliers that digital technology is fast turning video providers into full communications companies, he said, and London govt. must write regulatory framework that "promotes rather than stifles" digital rollout without overlooking "de facto monopolies."

Cable shouldn't overlook markets in rest of Europe, said Herbert Ungerer of European Commission, since some countries have no cable infrastructure and others' penetration levels are below 25%. New European Cable Directive will ease many telco-cable restrictions by Jan. 1, 1998, Ungerer said. U.K. plans to open local loop by same date. Ian Bruce of Conservative Party and Austin Mitchell of Labour Party agreed that U.S. V-chip proposal is bad idea. While Bruce said his party believes telecom industry is "best left hanging loose" with little regulatory oversight, Mitchell said U.K. has "least worst television in the world" because it's heavily regulated. Bruce also said U.S. telecom bill is partly result of lawmakers' "seeing all of [cable's] shareholder money ending up in the U.K." as operators try to escape 1992 Cable Act.

European regulators said deregulation in several countries may require consolidating regulatory bodies, but all stopped short of endorsing idea. Office of Telecom Deputy Dir. Gen. Anna Walker said FCC model in U.S. should be studied, but Jon Davey, Independent TV Commission dir.-cable & satellite, said model might not work in Europe, where there's less emphasis on local franchise authority than in states, but some review of European framework is needed.

Panelists said programming quality and customer service will be key to cable's ability to compete and secure loans to improve infrastructure. It doesn't matter to lenders whether U.K. cable offers more telephony or video services "as long as they're turning a profit," said Rebecca Wittington-Ingram, Morgan Stanley exec. vp. Stephen Davidson, Telewest finance dir., said high-speed Internet access could give cable "huge competitive advantage," though U.K. cabler is likely to have to wait for early American results before "piggybacking" on what industry has learned there. He said U.K. cablers probably will need minimum of 2 million subscribers to compete in coming years.

Sen. Lieberman (D-Conn.) and ex-Education Secy. William Bennett, joined by Sen. Nunn (D-Ga.), started campaign against daytime TV talk shows they consider pornographic. Lieberman, who has campaigned against violent videogames, said he wanted "better citizenship" from producers of TV shows as well as letter-writing campaign against producers of programs and advertisers on programs. While criticizing programs such as those hosted by Sally Jessy Raphael, Rikki Lake, Geraldo Rivera, Jerry Springer, Jenny Jones and others, Bennett praised Oprah Winfrey, who, he said, has improved her programming, although ratings have dropped.

CABLE-UTILITY DEAL: TKR Cable signed 40-year deal with local utility in Louisville giving it access to conduits and poles and customer service representatives of Louisville Gas & Electric (LG&E), as well as agreement that LG&E won't compete with it in telecom. Deal involving 198,500-subscriber TKR Greater Louisville system was approved by Ky. PSC Oct. 4, but it set no date for issuing final order.

Noncompete agreement wasn't concern for PSC, said Charles King, vp-gen. mgr. of TKR of Greater Louisville: "I think they were more concerned about the cost of the utility building a telecommunications infrastructure." PSC Chmn. Edward Overbey refused to comment, saying it was inappropriate for agency officials to go beyond written order.

Noncompete wasn't TKR's primary target when it opened negotiations with LG&E several years ago, King said, although he acknowledged that LG&E had considered entering telecom and had run some tests with BellSouth. He said talks resulted from consumer surveys showing that when customers move, they typically call power company first, then telephone company, sometime later cable company: "It didn't take a rocket scientist to figure out that in a competitive environment the telephone company could wind up with all of our customers before they even called us." Deal calls for LG&E customer service representatives to take orders for cable service at same time that customers call utility for electricity and gas hookups.

Customer service is main benefit for TKR, King said, but access to conduits and poles is close 2nd. As TKR develops competitive access telephony service, it must get easy access to downtown business locations, he said, and LG&E deal is fastest and cheapest way to do that. King estimated that using utility conduits would save cable operator up to \$10 million.

TKR will pay part of cost of conduits and poles by giving utility bandwidth on TKR fiber network, which utility will use to monitor power outages, read meters, speed repairs and provide electronic billing and energy conservation. LG&E also eventually expects to use fiber to communicate with customers in cases such as bad weather. King acknowledged that additional cost of providing bandwidth to utility is minimal but said LG&E benefits by not having to install its own fiber.

TCI is buying cable systems with 125,000 subscribers in Houston area from Prime Cable for undisclosed price. TCI systems already have 200,000 customers in area, so Prime units "will be an advantageous addition to TCI," COO Barry Marshall said. Prime systems are in Ft. Bend and Harris counties, plus Deer Park, Houston, Humble, Katy, LaPorte, Morgan's Point, Needville, Pasadena, Richmond, S. Houston, Shoreacres, Sugar Land. In separate transaction, News-Press & Gazette Co. said it bought cable system with 13,000 subscribers in Bullhead City and Mojave County, Ariz., from Cox, terms undisclosed.

FCC Comr. Chong has had to rearrange her schedule to accommodate jury duty. She was hoping for one day in D.C. Superior Court Oct. 23, but was selected for panel for trial described as "fairly complicated" and likely to last 2-3 weeks. As result, Chong had to cancel many industry appointments, and even some speeches such as at Women In Cable Oct. 30 and possibly at USTA convention. Chief of Staff Jane Mago said Chong is meeting with staff before and after court sessions, so most other office operations are expected to remain on schedule.

BROADCAST PROFITS MIXED: Financial results for 3rd quarter ended Sept. 30 continued to be mixed bag, with several companies, including Westinghouse and Meredith, reporting strong growth. Others, such as A.H. Belo and Scripps Howard had declines. Winners apparently continued to benefit from strong economy, which boosted ad sales. Others were feeling effects of comparisons with election year and launch of new networks, analysts said. Cable results generally improved (see separate story, this issue).

Westinghouse broadcasting revenue increased 8.7% to \$220.2 million and broadcast operating revenue 11.7% to \$45 million, even though radio and TV gains were offset in part by additional program development costs. Parent's profit from continuing operations dropped to \$61 million, from \$70 million, but Chmn. Michael Jordan said he was "particularly pleased" with broadcast results... Meredith Corp. broadcast operating profit more than doubled to \$12.8 million and broadcast revenue increased 35.6% to \$35.2 million, partly because of acquisition of WSMV-TV Nashville. Parent had \$8.8-million profit for quarter, vs. \$35.5 million loss year ago... Gaylord Entertainment profit nearly tripled to \$54.4 million in 3rd quarter ended Sept. 30 because of \$43 million after-tax gain on sale of cable systems. Cable network revenue grew 16.4% to \$69.4 million, but broadcast revenue was down 6.7%.

A.H. Belo profit dropped to \$12.8 million from \$15.7 million. Broadcast revenue increased 18.7% to \$78.7 million, but broadcast operating profit fell to \$17.3 million from \$19.3 million, in part because of lower results at United Paramount Network affiliate KIRO-TV Seattle... Scripps Howard Bcstg. operating profit dropped 21% to \$16.3 million and operating cash flow was down 11% to \$22.9 million. Revenue was flat at \$67.7 million. Cable cash flow at parent E.W. Scripps increased 23% to \$29.9 million, operating profit 59% to \$16.7 million. Revenue was up 11% to \$71.1 million and number of subscribers was 4.7% higher, at 758,500... Washington Post Co. profit dropped 11.9% to \$41.8 million, broadcast revenue increased 3%, cable revenue 9.2%... Granite Bcstg. lost \$2.2 million vs. \$486,000 profit year ago because of higher interest expenses resulting from station acquisitions, while operating cash flow more than doubled to \$11.6 million. Revenue increased to \$28.2 million from \$15 million... Citicasters had \$3.3-million profit vs. \$44.8-million profit year ago when results benefited from sale of stations. TV revenue dropped to \$14 million from \$33.6 million because of sales, but radio revenue rose to \$20.1 million from \$17.3 million... Saga Communications had \$1.1-million profit, up from \$923,000. Broadcast revenue grew 9.3% to \$12.8 million.

Scientific-Atlanta (S-A) lost \$9.1 million vs. \$12.1 million profit. Revenue rose 7.6% to \$242.2 million but higher costs cut operating profit 66% to \$6 million. Orders booked in quarter dropped to \$201.5 million from \$254 million, primarily because of delays in passing telecom bill, S-A said... Cablevision Systems loss dropped to \$41.7 million from \$66.9 million loss as revenue rose 24.5% to \$278.2 million. Cash flow increased 9.6% to \$102.5 million. Company said gain resulted from acquisitions plus 12% internal subscriber growth. MSO also said it plans to issue \$300 million of convertible preferred stock and \$250 million of subordinated debt, with offering managed by Bear, Stearns and Merrill Lynch... Times Mirror lost \$299 million compared with \$53 million profit year ago, largely because of \$379-million write-off for restructuring, including sale of cable systems. It also said it plans to reduce investment in Outdoor Life and Speedvision cable channels, didn't provide details... BET Holdings profit grew to \$4.9 million from \$3.9 million, and revenue 17.5% to \$30 million, in part

because of 7.4% subscriber growth... Antec lost \$11.9 million in 3rd quarter ended Sept. 30 because of \$21.7-million reorganization charge, vs. \$4.6 million profit year ago. Revenue increased 19.9% to \$165.5 million and operating profit 30% to \$38.6 million... Time Warner reduced its Atari stake to 13.67% from 25%, it said in SEC filing.

EZ Communications profit plunged 32% to \$1.1 million, but revenue jumped 22.6% to \$25 million because of station acquisitions... Argyle TV said it finished its initial public offering of stock and debt, selling 3.53 million shares and \$150 million of debt. Proceeds will be used to repay debt and for purchase of WGRZ-TV (Ch. 2, NBC) Buffalo... LIN TV said it will file SEC registration involving about half of 3.35 million shares of LIN common owned by Cook Inlet Communications... Gannett filed SEC documents for sale of up to \$1 billion in new debt.

FTC gave final approval to consent decree involving Time Warner-owned Summit Communications and U S West-owned Wometco Cable, which were charged with illegally agreeing to allocate Ga. market between them. Consent decree was limited and no other penalties were imposed, in part because both cable companies were taken over by others after violations occurred, FTC officials said. However, any future violations would be subject to civil penalties up to \$10,000. FTC Comr. Mary Azcuenaga dissented in part from 5-0 decision, saying geographical limits on consent decree mean that agency would have to start new proceeding if companies engaged in market allocation activities elsewhere. TW spokesman said limited order was appropriate because alleged illegal activities (companies didn't admit to violation) happened before either cable company was bought, and new owners have "good track record." FTC had charged that Summit and Wometco had agreed on what percentage of subscribers each would have in Cobb County, Ga., where systems overlap. Agency said such allocations deprive consumers of choices that competition would provide. FTC announced proposed consent decree July 12.

Md. PTV Pres. Raymond Ho was put on administrative leave by Md. Public Bcstg. Commission, told to stay away from state network's offices and given until Nov. 6 to quit or be fired. Commission approved action by 9-1 vote after nearly 5-hour closed-door meeting, after Ho wrote letter accusing Gov. Parris Glendening (D) of appointing commissioners who had little experience with public broadcasting and chmn. who also had conflict of interest since his small PR firm serves Comcast cable. Dismissal also comes after several employee resignations and complaints citing interference of Ho's religious beliefs with his management. Archie Buffkins, Md. Public TV senior vp-broadcasting and acting senior vp-national and international productions, was appointed interim pres. Buffkins also has served for 11 years as MPBC commissioner. MPBC Chmn. David Nevins said panel is conducting national search for permanent replacement.

ICG Wireless Services will sell 4 satellite teleports to Vyvx for \$21 million. They serve Atlanta, Denver, L.A. and N.Y., primarily providing video. ICG parent IntelCom Group said move is first step in plan to focus on core telecom services business.

Brian Fontes, chmn. of U.S. delegation to ITU WRC-95 conference, was elected one of 5 conference chmn. Other 4: Malcolm Johnson, U.K.; Vladimir Boulgak, Russia; Genesius Kithinji, Kenya; Akio Motai, Japan. There are 1,250 delegates at meeting in Geneva.

Personals

John Ople, head of GE Lighting Div., appointed GE vice chmn. and member of 3-member corporate exec. office... Fox Bestg. appointments: **James Burnette**, ex-Dorna USA, named senior vp-sports sales; **Susan Wachter** promoted to senior vp-sales planning & administration... **Adam Gold**, ex-Microsoft, joins CBS Best. Group as vp-TV research, L.A... **Jeff Meshel** promoted to vp-casting, NBC Entertainment... **Jonathan Nuechterlein**, ex-Sidley & Austin law firm, named FCC special counsel to Gen. Counsel **William Kennard**.

C.E. Cooney, Gannett senior vp, elected to TvB board... **Christopher Marclch**, asst. U.S. Trade Representative for Europe, Middle East and Mediterranean, joins MPAA Nov. 1 as senior vp-managing dir., Brussels office... **Chip Pickering**, ex-telecom aide to Sen. Lott (R-Miss.), resigns to run for Congress from district represented by retiring Rep. **Montgomery (D-Miss.)**... **Deborah Rosen**, ex-Rosen & Co. mktg. firm, joins MCA as senior vp-corporate communications & public affairs... **William Page**, ex-Reuters TV, joins Voyager Telecommunications Nov. 1 as exec. vp and minority owner.

Bill Zulager promoted to vp-finance, Walt Disney Pictures & TV... **John MacDonald** promoted to vp-program strategy & cable sales, 20th TV... **Katherine Haberkorn** advanced to dir.-mktg. & promotions, Europe, Warner Bros. International TV Distribution... **Michael Pope**, ex-WBCC Cocoa, Fla., named gen. mgr., WBSF Melbourne, Fla... **Bob Schadel**, ex-KOCO-TV Okla. City, appointed news dir., KOKH-TV Okla. City.

Viacom promotions: **Reed Nolte** to vp-investor relations, **Ted Mangano** to vp-insurance... **Geof Rochester**, ex-Radisson Hotels, appointed senior vp-sales & mktg., Comcast; **Shella Willard** promoted to vp-public affairs, succeeding **Barbara Lukens**, retired... **Bob Daniels** advanced to dir.-broadcast standards, TNN: Nashville Network, new post... **Dan Adler**, ex-Creative Artists Agency, named vp-talent & entertainment development, Disney Interactive, new post... **Robin Yates** promoted to vp-PR, TBS Superstation.

Sid Amlra, Modern Times Group exec. vp, also appointed chmn. of its PrimeTime 24; **Charles Grloge**, ex-Lehman Bros., named pres.-CEO... Creative Artists Agency co-founder **William Haber**, whose clients included Tele-TV venture, leaves to join Save The Children Federation... **Larry Roblich** advanced to senior vp-gen. mgr., Showtime Satellite Networks.

Lawyers making at least part of their income from telecom made up 11 of Forbes magazine's list of 25 highest paid corporate lawyers in Nov. 6 issue. Among those on list, with their ranking, telecom clients and magazine's estimates of income: (1) Allen Grubman, DreamWorks SKG, \$5 million. (3) Kenneth Ziffren, TCI and DreamWorks SKG, \$4.5 million. (10) Phillippe Dauman, Viacom gen. counsel, \$2.3 million. (11) Joel Katz, Turner Bestg., \$2.2 million. (12) Sanford Litvack, Disney gen. counsel, \$2.1 million. (13) Ira Millstein, Westinghouse, \$2.1 million. (16) Thomas Boggs, MCI and NCTA, \$2.1 million. (18) Lawrence Ricciardi, IBM gen. counsel, \$2 million. (20) Martin Lipton, QVC, \$2 million. (23) Laurence Tribe, Bell Atlantic, \$2 million. (24) Floyd Abrams, ABC, \$2 million. Highest-paid lawyer on Forbes' list of trial attorneys, Joseph Jamail, also had some telecom income in his estimated \$90 million last year, representing a Paramount director in QVC battle.

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet, Prodigy, Nexis and DataTimes and also may be received via fax and e-mail.

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

Copyright © 1995 by Warren Publishing, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Fax: 202-293-3435

e-mail: warrenpub@nterramp.com

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Edith Herman Senior Editor
Steve Geimann Senior Editor
Michael French Associate Editor
Elena Lucini Assistant Editor
Mike Grebb Assistant Editor

Washington Telecom Newswire

Christine Valmassi Publisher
Steve Tolokon Asst. Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor
Asst. Publisher—Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor & Asst. Editorial Director
Susan C. Seiler Senior Ed. & Ed. Supv.
Gaye Nail Assoc. Ed. & Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Brian C. Meoley Assistant Director

Business

Brig Easley Controller
Gary Madderom Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001

Phone: 212-686-5410

Fax: 212-889-5097

David Lachenbruch Editorial Dir.
Paul Gluckman Assoc. Editorial Dir.
Mark Seavy Associate Editor
Cindy Spielvogel Associate Editor

CONTRIBUTING EDITOR, EUROPE

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

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-11-8 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

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

Signature _____
Name _____
Company _____
Address _____
City _____ State _____ Zip _____

For e-mail delivery, please provide internet address: _____

March 13 is tentative starting date in Del. Chancery Court for suits involving Time Warner and U S West (USW), arising from TW plan to buy Turner Bestg. If cases go to trial, they will be heard by Chancellor William Allen, who said it probably would last about 10 days. USW is trying to block merger and TW is seeking to force USW to modify management structure of Time Warner Entertainment. Industry officials have speculated that each suit is attempt to pressure other to negotiate more favorable deal.

NAB is planning "town meeting" with FCC Chmn. Hundt 2-3 p.m. Oct. 31 to discuss broadcast issues. Group said meeting will be transmitted via Telstar 302, TR 2 vertical. Other participants will be NAB joint board chmn. Phil Jones, Meredith Bestg., TV chmn. Ralph Gabbard, Gray Communications, TV vice chmn. James Babb, Outlet Bestg. Second segment is to include phoned-in questions on issues such as children's programming, digital broadcasting, advanced TV, license renewals.

SMART (Systems for Measuring And Reporting TV) project said it's moving from pretest to full-scale test with installation of SMART ratings measurement equipment in 100th household. Target is 500 homes by Feb. System was developed by Statistical Research Inc. and funded by Committee on Nationwide TV Audience Measurement.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	OCT. 7-13	1994 WEEK	% CHANGE	SEPT. 30- OCT. 6	41 WEEKS 1995	41 WEEKS 1994	% CHANGE
TOTAL COLOR TV...	521,607	561,667*	- 7.1	360,823	19,050,579	20,004,916*	- 4.8
DIRECT-VIEW....	503,481	548,566*	- 8.2	345,775	18,504,401	19,573,346*	- 5.5
TV ONLY.....	476,941	501,070*	- 4.8	324,220	16,936,735	18,090,664*	- 6.4
TV/VCR COMBO..	26,540	47,496*	-44.1	21,555	1,567,666*	1,482,682	+ 5.7
PROJECTION.....	18,126*	13,101	+38.4	25,048*	546,178*	431,570	+26.6
TOTAL VCR**.....	223,946	253,085	-11.5	199,012	11,200,262*	10,822,967	+ 3.5
HOME DECKS.....	197,406	205,589	- 4.0	177,457	9,632,596*	9,340,285	+ 3.1
CAMCORDERS.....	26,648	60,392*	-55.9	24,425	2,566,000*	2,333,281	+10.0
LASERDISC PLAYERS	2,222	5,082	-56.3	7,691	196,437	209,764	- 6.4

Direct-view TV 5-week moving average: 1995--622,182; 1994--693,149* (down 10.2%).

VCR deck 5-week moving average: 1995--331,158; 1994--359,572* (down 7.9%).

TV/VCR 5-week moving average: 1995--54,870*; 1994--54,343 (up 1.0%).

Camcorder 5-week moving average: 1995--83,058*; 1994--82,033 (up 2.2%).

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

MATSUSHITA TAKES OVER 3DO'S M2 TECHNOLOGY: Loss-plagued 3DO finally will move to profitability, but at cost of selling most of the family jewels. For \$100 million cash, Matsushita will take over control and licensing rights for hardware and software applications of 3DO's 64-bit M2 graphics technology.

Matsushita moves into sole control of rights to 3DO-developed M2 for most major uses -- defined in agreement as including "consumer CD, DVD, interactive TV set-top box, portable, car navigation and kiosk hardware products." It "will manage a licensing program for 3rd party software products" with 3DO's help. Although 3DO will receive part of royalties on software, it no longer will have licensing power -- software companies will deal directly with Matsushita. Royalty scale for M2 software hasn't been made public, but 3DO currently receives \$3 per CD pressed for current 32-bit system.

Matsushita's control is virtually absolute -- it has "sublicense rights" permitting it to share system with hardware and software companies, and has indicated it's in "discussions with several potential partner companies and is likely to expand the M2 alliance over the course of the next 2 years." Matsushita owns 13.2% of 3DO.

What's left for 3DO? In addition to its software development arm (which now will pay royalties to Matsushita and presumably get part back), under deal, Matsushita will grant it "a nonexclusive license for coin-operated arcade game, personal computer applications, general computing and software development tools" -- which means Matsushita can compete in those areas or license others to compete. Not covered by deal, according to 3DO, are "derivative rights" to its M2 inventions, all rights to future new technologies it develops, semiconductor design, etc.

3DO has indicated for some time that it would announce "partnering arrangements" for M2 technology to generate maximum amount of upfront cash and that it plans to "decrease reliance on the consumer market" by aiming its technology at PC market for 3D graphics accelerators and MPEG technology (TVD Sept 11 p14). Company is participating in U S West's interactive TV trial and plans to develop internet application software.

Matsushita and 3DO said they believe M2 will be "first real 64-bit CD-ROM system to reach the consumer market." Matsushita now is giving marketing goal of first M2 product as 2nd half of 1996, with no

date stated for "accelerator" to convert current 32-bit game to M2. Matsushita said CD-ROM will be first M2 product introduced, to be followed by product based on DVD system. While M2 doesn't apply to linear delivery of films on DVD, its interactive and graphics capabilities could be used in 2nd-generation DVD system involving interactivity, including elaborate games, etc.

Under agreement, Matsushita will pay 3DO \$60 million in Dec., when license deal is signed, \$40 million next June-July. 3DO's last financial report, covering first fiscal quarter through June 30, showed net loss of \$7.9 million on sales of \$7.2 million vs. loss of \$16.1 million on \$4.9 million sales in same 1994 period. Most of increase was due to controversial 41% increase in royalties and pressing fees for software (TVD Aug 14 p13).

NEW SONY INTERACTIVE PRES., MORE JAPAN CONTROL: While demand continued to outstrip supply for PlayStation videogame, with no letup in sight, Sony named veteran toy executive Bruce Stein pres.-CEO of Sony Interactive Entertainment (SIE), post formerly held by Olaf Olafsson, and promoted Marvin Homlish from acting pres. to pres. of Sony Computer Entertainment America (SCEA). At same time, it made PlayStation marketing in U.S. and Europe more directly responsible to Japan.

Thus, reorganization that started last summer -- presumably designed to rein in what was seen in Japan as runaway U.S. PlayStation operation -- presumably is complete. Major landmarks in shakeup were departure of Stephen Race as pres. of SCEA (TVD Aug 14 p9), followed by transfer of Olafsson from SIE pres. to chmn. of new Technology Strategy Group (TVD Sept 25 p16).

Japanese parent is understood to have strongly disapproved of U.S. team's marketing plan for PlayStation -- from below-cost \$299 list price to tenor of planned opening ad campaign. After leaving Sony, Race told us that Japan had curtailed autonomy of U.S. operation -- "we were more closely followed out of Japan than we were in the past, and it just got to the point where there were far too many cooks in the kitchen as far as I was concerned" (TVD Aug 28 p12).

Stein has been serving as consultant for Dreamworks SKG on development of division concerted with entertainment, consumer products and intellectual property. Previously, he was pres. of Kenner Products Div. of Hasbro and marketing vp of Mattel Toys. Homlish, named SCEA acting pres. in Aug., served since 1985 in various top Sony audio posts.

Increasing direction from Japan is obvious in new reporting order. SCEA formerly reported directly to SIE headed by Olafsson. Under reorganization, SCEA -- responsible for development and marketing of PlayStation in U.S. -- now reports to new Exec. Committee chaired by Terry Tokunaka, pres. of Sony Computer Entertainment Inc. (SCEI) in Japan. Other Exec. Committee members are Stein, Sony America Exec. Vp Jeff Sagansky and SCEI (Japan) Exec. Vp Ken Kutaragi. European PlayStation operation has been placed under separate Exec. Committee, also chaired by Tokunaka, but presumably with European representation.

Sony Interactive Entertainment (SIE) was founded in 1991 as Sony Electronic Publishing. It includes Sony Computer Entertainment America (SCEA), Sony Interactive PC Software America and their related organizations in Europe.

Note: Sony has no "cap" on number of PlayStation consoles being shipped to U.S. this year, according to SCEA spokeswoman, who objected to our recent report quoting other industry sources as indicating 350,000 consoles had been allocated to U.S. for 1995 (TVD Oct 9 p12). She said shipments are limited by factory capacity, but declined to estimate number to move to U.S. this year, saying that Sony doesn't indulge in projections.

CE PROFIT PLUNGE MARS PHILIPS' OVERALL GAIN: Consumer electronics was blot on Philips' financial report for year's first 9 months as result of collapse in European sales in 3rd quarter. While company reported 49.1% increase (in guilders) in income from normal operations on 5.8% increase in sales, CE sector's operational earnings fell 30.2% on 7% rise in sales.

While company said 3rd-quarter CE sales were "affected by mounting competition," it attributed major drag to subsidiary Grundig, whose "sales were sharply affected by deteriorating market conditions in its home market Germany." Finance Dir. Dudley Eustace said in Eindhoven that CE inventories had risen due to low European demand and "long hot summer" keeping consumers out of shops, combined with increased price

cutting in that market. In CE sector, however, Philips said "sales of car radio, monitors and video distribution networks showed considerable growth."

On overall basis, income from normal operations rose 18.5% in 3rd quarter, 49.1% in 9 months (in guilders), based on sales increases of 7.9% and 5.8%, respectively (see financial table). Eustace said strength of guilder cost Philips 700 million guilders (currently \$450 million) in potential operating profits in 9-month period.

Philips cited strong sales gains in Asia, up 26%, with U.S. and Canada up 12% in first 3 quarters, same as company's worldwide sales growth adjusted for currency fluctuation. "Income from operations improved considerably in all areas except Latin America," company said. Operational income in U.S. and Canada rose 18% in guilders, equivalent of 35% in dollars.

Components and semiconductors sector showed highest growth by product category, up 29% in sales and 43% in operational profits. "Other consumer products" showed increase of 11% in sales but only 5% in profits as appliance and personal care products continued to be hit by heavy competition, and "growth in the music markets leveled off somewhat."

Problems in CE sector were responsible for 12% decline in price of Philips shares in Amsterdam after announcement of results, according to Financial Times. However, Philips said it expects "the rate of sales growth and the operating margins achieved in the first 9 months to be maintained in the remainder of the year," and forecast that "income from normal business operations for 1995 will show substantial improvement over 1994." Company once again skipped interim dividend.

SONY HOME THEATER PACKAGES: Sony will ship 4 "Maximum TV" home theater packages in Nov. at \$2,399-\$3,999 consisting of equipment culled from existing lines.

Packages will include "V" series 27" and 32" TVs sold with hi-fi VCR, surround sound speakers and remote, Sony spokeswoman confirmed. Entry level consists of 27" TV, VCR, AV cabinet, tower and rear speakers and audio system that includes 5-disc CD changer, cassette deck, tuner, preamp. With wireless surround speakers and 32" TV, system is \$3,399; high-end ensemble includes 32" set with Dolby Pro Logic receiver, 5-disc changer, cassette deck, center and surround speakers and larger cabinet, \$3,999. To carry packages, dealers must buy 2 of 4 systems and display one.

New packages will be backed by network and cable TV ads as well as promotion offering free video rentals at Blockbuster with purchase.

Home theater packages aren't new for Sony or industry. Thomson pioneered era with Demensia system in early 1980s, and as recently as 1994 Quasar offered packaged system. New offering drew mixed response from retailers. Midwest dealer said "time is ripe" for product that can help explain home theater concept to consumers, but others were skeptical. "More of these types of products are starting to work," Southern dealer said, "but certainly most people buy home theater piecemeal right now."

Gemstar, citing expanded use of VCR Plus in TVs and VCRs, reported 71% rise in net income in 2nd quarter on 27% gain in revenues (see financial table). For 6 months ended Sept. 30, income jumped 104% on 34% gain in revenues. Gemstar, which recently launched 3-million-share stock offering, has reported licensed VCR Plus products increased to 11.7 million from 6.4 million for year ended March 31 (TVD Oct 23 p16).

Time Warner has reduced stake in Atari to 13.6% from 25%, selling 6.9 million common shares at \$2-\$3.38 a share since March, when it said it may sell its Atari holdings to help pay off debt.

KALOV NAMED EIA CHMN.: Jerry Kalov, Cobra Electronics pres., was elected chmn. of EIA Board of Govs. for 2-year term beginning Jan. 1. He's past chmn. of board of EIA Consumer Electronics Group (now Consumer Electronics Mfrs. Assn.). Other new EIA officers: Gil Amelio, Ball Labs, vice chmn.; John Major, Motorola, treas.

Consumer Electronics Mfrs. Assn. (CEMA) officers continue to be Joseph Clayton, Thomson, chmn.; Robert Borchardt, Recoton, vice chmn.; Jack Pluckhahn, industry vp; Gary Shapiro, pres. (formerly group vp of old Consumer Electronics Group). CEMA established new Multimedia Div., chaired by Richard James, CEO of Labtec Enterprises, Vancouver, Wash. Newly named Accessories Div. chmn. is Edward Griffin, Geneva Group, replacing Stephen Trice, Jasco Products.

New members of CEMA board are Jason Farrow, Sony; Richard James, Labtec; Peter Lesser, X-10 (USA); Robert Minkhorst, Philips; Dennis Mitchell, IBM; William Osgood, Snell Acoustics; Michael Paciello, Digital Equipment Corp.; Thomas Rhee, Samsung; Joe Richter, Kenwood; Phil Rittmueller, NEC; Stan St. John, AT&T Consumer Products; Gayle Sanders, Martin-Logan; Michael Spiekerman, Mitsubishi; Peter Tribeman, Atlantic Technology.

(Our Oct. 23 issue incorrectly named some of CEMA officers. We regret the error.)

FTC, reviewing rules on use of "made in U.S.A." claims in product ads and labels, seeks comments on issues to be addressed at public workshop on subject in Feb. or March. Written comments are due Jan. 16 -- Robert Easton, Div. of Enforcement, FTC, 202-326-2823.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 101 yen = \$1, except where noted.

PANASONIC SALES REVAMP SEEN: Panasonic is poised to cut 150 jobs as it creates 3 "superregion" offices, sources familiar with company said. Officials would neither confirm nor deny report.

Regional offices in Cypress, Cal., and Elgin, Ill., will be upgraded to "super" status to cover west and central sales regions, while Panasonic is said to be considering merger of Baltimore operations with Secaucus, N.J., hq to handle east coast, sources said. Offices would handle local and regional retailers, with hq responsible for national chains. At same time, regional offices in Atlanta, Dallas and San Francisco would be stripped of administrative duties and serve solely as sales operations, sources said.

Panasonic created eastern, central and western sales regions several years ago, but also operated regional offices with administrative and sales responsibilities. At one point, company had more than 17 regional offices, but has slowly merged or closed them, most recent being Boston office shut earlier this year (TVD March 6 p18).

Panasonic spokesman declined comment on possible structural changes. But company appears to be undergoing cost-cutting drive, including eliminating what have been some of industry's more elaborate sales meetings. Gone is annual fall AV product preview, replaced by series of category-specific meetings starting with TV/video in Jan. "It's going to be concentrated so that the dealers get in and get out and it's not going to be a prolonged thing," Panasonic Consumer Video Group Vp-Gen. Mgr. Stanley Hametz said. "We're trying to be a little more rational in the dealers' time and our time, and also naturally there is the issue of expenditures."

Panasonic will conduct regional product shows in March-April and host dealers at Summer Olympics in Atlanta, but unclear is future of annual national sales meeting in May -- held this year in Palm Springs and in 1994 at spare-no-expense 35th anniversary gala in Maui, Hawaii.

Executives of other CE companies said they already have undergone same changes Panasonic appears to be contemplating. "We continually look at where we can consolidate and everybody has to have a purpose," executive said. "I think what they're looking at is 'why have 5 people doing what 3 people could be doing by carrying more lines in their bags.' For every product category it seems like they have an individual sales rep."

Changes wouldn't be first time Panasonic has sought to reduce work force. Matsushita Electric Corp. of America (MECA) Pres.-COO Richard Kraft said in 1993 that company hoped to avoid job cuts through "cost reductions and efficiency improvements," while early retirement program had been offered to some employees (TVD Sept 27/93 p14). Matsushita Consumer Electronic Co. (MCEC) was formed later to oversee U.S. sales and service operation (TVD Dec 13/93 p16) and Quasar was brought under Panasonic umbrella last year (TVD Nov 21 p9).

Tandy's Incredible Universe will open 2 stores in suburban Chicago in 1996, including smallest yet -- 140,000 sq. ft. Smaller IU will anchor Gurnee Mills Mall in Gurnee, Ill., while 2nd outlet in Downers Grove, Ill., will be 185,000 sq. ft. Tandy Chmn. John Roach said earlier this year that IU was considering smaller format (TVD June 5 p16). In July, Northbrook, Ill., Board of Trustees rejected Tandy proposal to build 125,000-sq.-ft. IU on 16.5 acres (TVD July 31 p16); Tandy spokeswoman said company has dropped plan.

WIZ CLOSES MUSIC STORES: Apparently caught in crush of falling CD prices, Nobody Beats the Wiz closed 9 of 13 music stores in Washington-Baltimore area, according to Washington Post.

Music stores, of 10,000 sq. ft., haven't been perfect match for Wiz, which has had main focus on 60,000-sq.-ft. CE superstores -- but final blow may have been delivered by national chains Best Buy (BB) and Circuit City (CC), market sources said. Indeed, in recent ads Circuit City carried new CD releases at \$9.96-\$11.99 and Best Buy \$9.99-\$10.99, presumably at or below cost.

Wiz officials didn't return phone calls seeking comment, but closings come in wake of Md.-based Kemp Mill Music's decision to shut 10 outlets and file for Chapter 11 in May.

Wiz and Kemp Mill are most recent regional dealers to feel pressure BB and CC have applied. For example, CC sells CDs in Boston area, where BB doesn't have stores, at up to \$12.99, about \$1 more than in Washington, analysts said. And Richmond, Va., chain further strengthened hand by opening software distribution center in Ky.

"That warehouse probably enables them to make a profit at these prices," analyst said. "Maybe they won't make a profit at the rock-bottom price, but they have a better chance of being profitable down there in the basement than anybody else."

Industry officials also speculated that Wiz move may be part of larger plan to open full-size stores in Washington-Baltimore area. But while Wiz has stores in Philadelphia area and Southern N.J., expansion path appears deeper in New England, where Fretter has closed stores.

"I don't see [Wiz] doing it until they can completely surround the Virginia-Maryland area," CE executive said. "Economically, it doesn't make sense for them to go there yet because they can't do the advertising unless they have the store base."

DBS Notes: Daewoo, Samsung and Sanyo are latest DSS licensees, with product expected by 1996, raising DSS licensee roster to 8... KVM Industries has started selling RCA Digital Satellite System (DSS) for boating industry. TracVision system consists of antenna pedestal that locks 24" carbon fiber dish onto satellites when boat is moving. System, which has range of up to 200 miles offshore, will be sold through marine electronics dealers at \$7,995 plus installation... Primestar and USSB will offer competing PPV packages for Riddick Bowe-Evander Holyfield fight Nov. 4 at \$39.95 and \$29.95, respectively... Thomson's World Wide Web site offers low-end DSS system at \$549 (plus \$10 shipping), below new \$599 list price (TVD Oct 23 p13). Web site also offers DirecTV and USSB programming packages.

Matsushita parent-only sales were down 2% in fiscal first half, with operating profit up 1%, recurring profit up 10%, income up 16%, with profit improvement attributed to better efficiency companywide. Company noted slowdown in pace of Japan's recovery, mounting "uncertainty" in U.S. and Europe, firm growth in Asia. Video equipment sales dipped 17%, audio 8%, components registering 11% growth. Results may foreshadow more meaningful consolidated financial report, due next month. Other parent-only reports: Toshiba, sales up 10%, net income up 44%, consumer product sales down 1%... Hitachi, sales up 7%, net income up 45%, consumer product sales up 32.6%... Mitsubishi, sales up 7.6%, net up 31.7%... Sharp, sales up 3%, net up 27.1%.

DVD MOVIES -- SALE OR RENTAL? While competing hardware camps have decided to come to agreement on single format for DVD, there now appear to be 2 camps among video suppliers on whether movies for new format will be priced for sellthrough or rental.

Although under-\$20 pricing would make DVD appealing to general public as purchase item, pricing in \$90-\$100 retail range used for most VHS movies would effectively give video rental stores window on product because films would be too expensive for sellthrough; it would give format chance for mass acceptance along same rental path that videotape took. Executives planning introduction at rental pricing are looking at DVD as long-term replacement for VHS rather than mere adjunct to market.

Among studios polled by Warren Publishing's Video Week, 2 distinct schools of thought have emerged. Chief known advocate on one side is Warner Home Video, whose position all along has been that DVD should be sellthrough priced. On other side are suppliers that believe releasing most films at rental prices first is vital for mass acceptance.

But as DVD launch draws closer, pricing issue appears more complicated -- and some companies are landing firmly on both sides. PolyGram Video Senior Vp Bill Sondheim, who becomes pres. Jan. 1, is quoted in Video Business magazine as saying he will release DVD titles at rental prices first. However, same issue carried article saying that DVD developers always have intended it as sellthrough format and quoting Jan Oosterveld, pres. of Philips Key Modules, part of PolyGram's parent company, as saying he envisions format at outset as more for computers than set-top machines.

Warner spokeswoman told us company hasn't wavered from its intention to release DVDs at sellthrough prices. In our DVD White Paper published last Nov. 14, Pres. Warren Lieberfarb told us issue would be "academic" until there's large installed base of players. He and other executives saw DVD largely as sellthrough item at first because of its quality, collectibility and similarity to laserdisc. Lieberfarb noted that large numbers of consumers found VHS movies worth owning when prices went below \$25.

PolyGram's Sondheim told us that because of enormous contribution rental business makes to studios' bottom lines, rental pricing makes most sense for DVD movies. "The economics are staggering" if rental market doesn't get continued support, he said. As affiliate of Philips, PolyGram should have more clout in DVD marketplace than most independents -- companies will have tie-in when format is introduced next year, Sondheim said.

Survey of major suppliers shows considerable agreement with Sondheim. Even Fox, which has been relatively silent on DVD issue, appears to be considering dual pricing strategy. "My own tendency is to think we'll be in rental and sellthrough at the beginning, but it's still a little too early to be specific or absolute in that direction," 20th Century Fox Home Entertainment Senior Vp David Goldstein said. Whether Fox gets into DVD business at all, he said, depends on whether "appropriate antipiracy technology is built in -- and I think that will be the case."

MCA Home Video, which plans to have about 50 titles available for DVD's planned launch in Sept. 1996, still is reviewing pricing strategy for new releases, Pres. Louis Feola said. Catalog titles will have sellthrough prices similar to their VHS counterparts, he said.

Other suppliers told Video Week it's too early to say anything on record about pricing -- they haven't determined

it yet themselves in most cases. Executives at some major studios said that they believe their companies will use dual rental and sellthrough pricing strategies. Some officials admit they're waiting to see what others will do.

Chief holdout on stating DVD plans is industry leader Disney, which has made minimal public comment on issue. Studio's product is natural for sellthrough, but it also has huge rental business.

Rental pricing for DVD is seen as vital by some independents. Orion Home Entertainment Pres. Herb Dorfman said he expects titles to be priced similarly to rental-priced VHS movies. He said Warner's sellthrough strategy is valid for large pictures, but not for smaller films that consumers are "interested in seeing, but not owning." If it weren't for rental business, many films "would never get made. To price everything with a broad brush is not correct." If sellthrough pricing is used for all DVDs, it "will succeed on some titles and fail on others," he said.

Vidmark Domestic Home Video Vp Ron Schwartz said his company will wait to see what market does before coming to decision. But he said it's "in everyone's best interest to protect the rental marketplace."

Suppliers who want to please nation's largest video rental chain are likely to use rental pricing. Gerald Geddis, newly promoted Blockbuster worldwide operations pres., said he has expressed desire for DVD to be rental business in various meetings with studios.

Under current copyright law, video retailers legally will be able to rent DVDs whether they're priced for rental or sellthrough. But several suppliers said releasing films on DVD won't be viable unless titles are priced high -- using lower prices in anticipation of higher volume doesn't seem to work for most films. "I don't think it worked too well for Hemdale," said one executive, referring to studio that tried to generate more sales last year by pricing all its films for sellthrough. Studio has since gone through financial turmoil and has started rental label.

Roberds will build 2nd 300,000-sq.-ft. superstore in Columbus, O., area, but has delayed opening of first outlet in Cincinnati to 3rd quarter 1996 from spring (TVD May 15 p21). Plans for Cincinnati were slowed by zoning process, CFO Robert Wilson said. No date has been set for Columbus opening. Chain will continue opening both smaller 60,000-sq.-ft. outlets and superstores, he said. "There are markets where the large single store works well because of transportation and retail shopping patterns," Wilson said. "But a single store in a sprawling market with bad transportation won't work, so we would have to use the multiple store approach." Roberds, which operates 23 stores in Fla., Ga. and O., launched plans for superstore in May and plans to build 480,000-sq.-ft. warehouse in Fairborn, O., to serve 2 outlets (TVD Sept 18 p18). Cincinnati outlet will be housed in existing structure, while Columbus will have new building. Superstores contain 250,000-sq.-ft. showroom with 30,000-sq.-ft. CE dept. and 50,000-sq.-ft. warehouse.

Go-Video (GV) reported 96% drop in net income in 2nd quarter as sales fell 24.6% (see financial table). GV Chmn.-CEO Roger Hackett said earnings comparisons were "complicated" by one-time royalty payment received year ago, presumably from LG Electronics for 8mm-to-VHS Dual Deck license. GV also suffered from lack of product in quarter, with only one of new 4000 series dual decks available, Hackett said. Three other models are expected to join line by year-end.

UNIVERSAL EARNINGS RISE: Universal Electronics (UE), citing 22% decline in inventory in 3rd quarter, said income increased to \$1.4 million from \$394,000 year ago. Sales rose 10.4%.

For 9 months ended Sept. 30, UE said loss declined 52.3% on 3.8% increase in sales. Loss included \$977,000 restructuring charge taken in first quarter when UE closed 6 of 8 offices and switched from direct sales to reps. UE kept hq in Twinsburg, O., and Engineering Dept. in Anaheim.

UE appeared to be moving closer to even split between OEM/cable business and retail. Started as retail-oriented business, it suffered as universal remote prices plummeted industrywide, leaving it with inventories that reached high of \$65 million in 1994 (TVD Oct 24/94 p16). By 3rd quarter, inventory had dropped to \$33.5 million from \$42.9 million and Pres. David Gabrielsen said UE had sold through 85% of "slow-moving" products that caused \$11.7-million writedown in late 1994. Remaining balance is expected to clear by year-end, he said.

"Vendor delivery problems" caused 3rd-quarter retail sales to decline to \$19.2 million from \$21.3 million, company said. Suppliers weren't able to keep pace with increased demands for products from UE and others and came up short, CFO Bruce Vereecken said. Shortfall affected OEM and Eversafe security product businesses, he said. Sales of UE's One for All remotes in quarter increased 10.7%.

UE plans to ship new One for All Finder in Nov., Mktg. Dir. Michael Reilly said. Package at \$14.95 contains of 9-v transmitter that connects to TV, VCR or base of cordless phone and 3-v receiver that uses Velcro to attach to remote control, house keys, cordless phone, etc. RF transmitter has 40-ft. range and when activated causes receiver to emit 10-sec. beep. Multifunction AV remote containing built-in Finder will ship in 1996 at around \$20, Reilly said. Philips has marketed similar product in past, but confined it to Magnavox TVs. Reilly conceded that 4-function One for All Sports Clickers introduced with NFL and NBA team logos in late 1994 (TVD Oct 24/94 p16) met limited success on mass market and have been shifted to specialty catalogs.

JVC do Brasil will be established in April as joint venture sales company of JVC (51%) and Gradiante (49%), Brazil's biggest AV manufacturer, to market JVC VCRs, camcorders, TVs and audio products -- including imports and products made at Gradiante's Manaus plant from JVC components. First investment will be \$6 million. With hq in Sao Paulo, 30-year-old Gradiante makes AV products, cellular phones and videogames, its sales in fiscal 1994 totaling \$400 million. JVC currently markets its products through JVC Latin America, which it established last April in Panama. JVC said Brazil absorbs 6 million color TVs annually of total 9 million sold in all of Central and S. America.

Audio King (AK) reported income dropped 95.6% in first quarter despite 24% rise in sales (see financial table). Pres. Gary Thorne said quarter "met expectations," and remodeling of Roseville, Minn., store would be completed this fall. Roseville store will double in size to 18,000 sq. ft. Earlier this year, AK expanded Edina, Minn., outlet to 25,000 sq. ft. from 6,300 (TVD July 3 p15). Chain added 2nd outlet in Iowa earlier this year (TVD May 1 p15) and reported loss in 4th quarter tied largely to cost of opening Cedar Rapids store (TVD Sept 4 p14).

Sega Channel is featured in more than 300 U.S. cable systems, Scientific-Atlanta said in announcing shipment of 500th headend system for delivery of channel to systems.

CURTIS MATHES GOES DIRECT: Curtis Mathes (CM) scrapped most of its 2-year-old distributor network and said loss widened to \$4.2 million from \$309,444 for year ended June 30, although sales increased 44% (see financial table).

CM terminated agreements with 21 distributors after finding sales volume "had not increased as expected" when network was set up in 1993. Network generated profit margins that were "much lower than appropriate for industry," company said. However, CM retained 4 distributors in setting up direct sales force directed from Dallas hq and by 5 district managers, COO William Park said. CM has about 600 dealers concentrated heavily in Southeast and Southwest.

Changeover to direct sales cut into earnings, since distribution agreements contained 90-day noncompete clauses for various territories, CM said. It first hinted at possible distribution change in late 1994 when it acquired assets of freight company and moved shipping in-house with 25-vehicle fleet (TVD Dec 19 p20).

At Winter CES, CM plans to unveil new 32-35" TVs, 27" consoles and component audio including AV receivers and CD players. CM returned to audio business earlier this fall with introduction of 100-w rack system (TVD Sept 25 p20).

DAEWOO'S 2ND MEXICO TV PLANT: Daewoo has dedicated its 2nd color TV plant in Mexico, raising capacity at its complex at San Luis Rio Colorado, Sonora, to 3 million sets annually, company said. New plant triples its Mexican production capacity.

With activation of plant, Daewoo's worldwide annual TV set capacity increases to 8.5 million, bringing its non-Korean output to 53% of total -- 4.5 million -- as opposed to 4-million capacity of its complex in Kumi, Korea.

In addition to Mexico, Daewoo has plants in France and Poland with capacities of 400,000 and 200,000, respectively, and in Kazakhstan (200,000), Uzbekistan, Myanmar and Pakistan (100,000 each) as well as startup in Vietnam with 400,000 capacity.

Daewoo subsidiary Orion Electric plans to begin manufacturing color picture tubes in Mexico by Jan. 1997 with annual capacity of 4 million, company has said without giving details (TVD Sept 25 p17), and last year Daewoo announced plan to build VCR plant at undisclosed Mexican location (TVD Sept 25 p17).

Proxima Corp., citing lack of key components for its desktop LCD projectors, reported 55.3% drop in income in 3rd quarter despite 15.6% gain in sales (see financial table). For 6 months ended Sept. 30, income fell 43.3% but sales jumped 15.7%. Lack of components forced Proxima to delay shipments of 5 desktop projectors from July to fall, spokesman said. New line has 190-lumen projector at \$6,295 and two 300-lumen models at \$6,995 and \$7,495. High-end units include 500-lumen projector at \$8,895 and 300-lumen unit with zoom lens, \$9,495. All projectors deliver 640x480 pixel resolution.

To hold down costs of camcorders, Sony plans to raise percentage of their overseas-made parts to 60% by March 1997 from current 15%. Parts will be made and procured at Sony's overseas production bases in Singapore, Hong Kong and China, and company is considering moving some assembly to plants in Shanghai, Thailand, Malaysia. Currently, some 95% of all camcorders imported into U.S. are from Japan, rest from Korea.

Consumer Electronics Personals

Realignment at Thomson Consumer Electronics: James Gatman ex-vp-TV product management, shifts to vp-mktg., new post, responsible for all marketing in Americas, including brand management, national ads, sales training; David Ruby becomes gen. mgr.-logistics and after-sales operations; Gilbert Ravelette ex-brand management vp, named vp-TV product management; Michael O'Hara advanced to vp from gen. mgr., DBS product management; Guy Johnson becomes vp-video and multimedia product management, responsible for DVD and "other potential consumer multimedia products."

Martin Homlish, Sony Interactive Computer Entertainment acting pres., promoted to pres.; **Bruce Stein**, ex-Dreamworks, named Sony Interactive Entertainment pres.-CEO (see report elsewhere in this issue)... **Lisa Baldino** promoted to Sony TV mktg. mgr., replaced as PR dir.-home entertainment by **Grace Ann Arnold**... Appointments at 3DO: **Hugh Martin**, COO, promoted to pres.; **Paul Milley**, vp-finance, advanced to CFO; **Steve Fowler**, vp-development & customer service, Studio 3DO, shifts to vp-operations & service; **Don Jaworski** leaves as senior vp-software engineering, plans unannounced... At **Curtis Mathes**: **Kenneth Caviness**, ex-Thomson, named national sales mgr.; **Kenneth Fry**, **Raymond Ross** and **Geoff Gunning** district mgrs. for Tenn., Ga., Fla., respectively.

Pioneer Senior Vp Michael Fidler becomes acting chmn., EIA CE Mfrs. Digital Radio Caucus, replacing **Robert Heblim**, who recently left as KH America pres.... **Edward Korenman**, ex-Oliver Productions, joins EIA's Consumer Electronics Mfrs. Assn. (CEMA) as mgr.-communications... **Kenneth Olson**, resigns as Proxima (desktop projectors) CEO, continues as chmn... Appointed at Nu.millennia Records, L.A.-based enhanced CD label: **Sergio Silva**, ex-A&M Records, joins as exec. multimedia producer; **Declan Morrell** and **Monti Olson**, ex-Windswept Productions, join as A&R reps.

Dan Adler, ex-Creative Artists Agency, named vp, talent & entertainment development, Disney Interactive... **Jeremy Kennedy**, ex-Entertainment Marketing and West Coast Video Duplicating, appointed WRS national sales mgr. for Video Div.; **Jeff Heisser**, ex-Curtis and VCA Teletronics, named Midwest regional sales mgr... **Jeff Allen**, ex-Entertainment Technologies, joins Sight & Sound Distributors as vp-mktg., new Multimedia Div... **Charles Chinni** leaves K mart, where he has been mdsg. exec. vp since leaving Macy's in Feb... **Gary DiCamillo**, ex-Black & Decker, succeeds retiring **MacAllister Booth** as Polaroid chmn.-CEO... **Joerg Agin**, ex-MCA/Universal, returns to Eastman Kodak as vp, entertainment imaging mkts. development and pres.-gen. mgr., Motion Picture & TV Imaging.

Smith Corona would be sold to Conn. investment firm Empire Capital for \$40 million under bankruptcy reorganization plan filed in U.S. Bankruptcy Court, Newark, Del., last week. If adopted, plan would cut SC's ties to Hanson PLC, U.K. conglomerate that took control in 1980s as part of its purchase of SCM. SC was valued at \$600 million when Hanson obtained stock market listing for its shares in 1989, but plummeted soon after. SC filed for Chapter 11 in July, listing \$207.9 million assets, \$198.8 million liabilities (TVD July 10 p12).

Polaroid has started shipping LCD projector for business presentations. Polaview 105 contains 1.6:1 zoom lens, 300 lumens brightness, 640x480 pixel resolution.

9 MONTHS AT-A-GLANCE: Here is summary of EIA monthly figures on sales of color TVs and VCRs/camcorders for first 3 quarters of 1995 with 1994 comparisons.

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1995	1994	1995	1994	1995	1994
January.....	1,415,471	1,567,310	1,279,810	1,420,582	44,828	35,894
February.....	1,717,959	1,770,686	1,556,159	1,604,974	47,586	41,591
March(5 wks)	2,485,064	2,195,470	2,189,203	1,966,611	65,950	43,955
April.....	1,647,465	1,780,409	1,463,141	1,635,274	35,277	30,997
May.....	1,638,988	1,674,833	1,441,553	1,486,455	40,694	33,083
June (5 wks)	2,303,581	2,354,381	2,060,789	2,112,647	66,580	49,981
July.....	1,760,344	1,931,543	1,545,505	1,748,079	48,764	33,090
August.....	2,997,367	2,292,492	1,791,763	2,121,750	66,615	50,622
Sept.(5 wks)	3,201,910	4,425,360	2,807,651	3,085,008	86,710	88,932
TOTAL.....	18,168,149	18,993,084	16,135,574	17,181,380	513,004	408,145

VCR/CAMCORDER SALES TO DEALERS

Month	VCR Decks		Camcorders		TV/VCR Combos	
	1995	1994	1995	1994	1995	1994
January.....	686,444	774,761	192,882	183,372	90,833	110,834
February.....	750,140	786,370	139,257	162,342	114,214	124,121
March(5 wks)	1,263,200	1,027,451	325,578	269,911	229,911	184,904
April.....	929,117	796,716	239,637	216,137	149,047	114,138
May.....	834,158	779,347	282,660	257,792	156,741	155,295
June (5 wks)	1,130,011	993,885	355,837	306,282	176,212	191,753
July.....	908,886	998,005	266,902	248,881	166,075	150,374
August.....	1,008,095	1,081,496	249,725	238,382	138,989	120,120
Sept.(5 wks)	1,747,682	1,743,681	452,449	366,470	297,549	252,020
TOTAL.....	9,257,733	8,981,712	2,504,927	2,249,569	1,519,571	1,403,559

Circuit City (CC) was barred by Cal. state court from "requesting, requiring and then recording" addresses and phone numbers of consumers buying extended service contracts with credit card. Superior Judge Abby Soven ruled that CC violated state Credit Card Act and Business & Professions Code that prohibit requesting that information for contract purchases that don't involve delivery, installation, layaway or special order. Soven also ruled, however, that CC policies requiring personal information for "ordinary" credit card transactions are legal. Six consumers filed suit in June 1993 challenging CC policies on purchases of tape recorders, refrigerators and other products, Howard Strong, their attorney, said. No damages were awarded. CC has complied with injunction, although chain was said to be considering appeal. Both sides have appealed other portions of Soven's decision to Cal. Appeals Court in L.A. CC operates about 65 stores in Cal.

Pioneer signed license agreement with Eastman Kodak to use organic electroluminescent technology for flat-panel displays. Pioneer is expected to introduce technology next year in 4" panels for car stereo and audio receiver displays and eventually may build up to 20" models, Senior Vp Michael Fidler said. Organic electroluminescent technology, like plasma display, is designed to deliver bright pictures with low power consumption and 2-3" screen thickness. Pioneer introduced 40" plasma display at Japan Electronics Show earlier this month (TVD Oct 23 p 14).

Continuing to expand store size, Ultimate Electronics will renovate 4 Colo. stores in 1996, increasing them to 43,000-44,000 sq. ft. from 18,000-25,000. Format will be based on design of its new 50,000-sq.-ft. outlet that opens in Tulsa in Nov. Tulsa store increases number of TVs carried to 60 from 33-40, has module displays for TV/VCRs, boosts home theater settings to 3 from 2 and adds miniature carousel for camcorders. Company operates 9 stores under Sound Track banner in Colo. and upgraded one outlet earlier this year.

Consumer Electronics Show hasn't given up trying to woo videogame companies after their defection to Electronic Entertainment Expo (E3). CES has retained Linda Cohen, former E3 sales dir., as consultant "to better serve customers [in] electronic gaming sales" category. -- 914-944-9038, Ext. 1.

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
Ackerley Communications			
1995-9 mo. to Sept. 30	166,900,000	5,200,000	.33 ^a
1994-9 mo. to Sept. 30	146,900,000	4,400,000	.28 ^b
1995-qtr. to Sept. 30	47,100,000	1,100,000	.07 ^a
1994-qtr. to Sept. 30	44,100,000	500,000	.03
Audio King			
1995-qtr. to Sept. 30	15,335,691	4,615	--
1994-qtr. to Sept. 30	12,342,446	104,947	.04
BET Holdings			
1995-year to July 31	115,222,000	19,912,000	1.00
1994-year to July 31	97,510,000	14,776,000	.72
1995-qtr. to July 31	29,980,000	4,904,000	.25
1994-qtr. to July 31	25,521,000	3,935,000	.19
Cablevision Systems			
1995-9 mo. to Sept. 30	787,293,000	(237,118,000)	--
1994-9 mo. to Sept. 30	591,645,000	(178,732,000)	--
1995-qtr. to Sept. 30	278,158,000	(41,679,000)	--
1994-qtr. to Sept. 30	223,468,000	(66,881,000)	--
Cidco			
1995-9 mo. to Sept. 30	142,314,000	17,417,000	1.16
1994-9 mo. to Sept. 30	65,591,000	7,900,000	.62
1995-qtr. to Sept. 30	46,611,000	5,805,000	.39
1994-qtr. to Sept. 30	28,064,000	2,680,000	.20
Citicasters			
1995-9 mo. to Sept. 30	100,057,000	9,802,000	.70
1994-9 mo. to Sept. 30	159,780,000	48,260,000	2.82 ^{bc}
1995-qtr. to Sept. 30	34,126,000	3,282,000	.23
1994-qtr. to Sept. 30	50,908,000	44,851,000	2.62 ^{bc}
Comsat			
1995-9 mo. to Sept. 30	622,600,000	21,000,000	.44 ^a
1994-9 mo. to Sept. 30	609,100,000	63,200,000	1.34
1995-qtr. to Sept. 30	203,900,000	(15,600,000)	-- ^a
1994-qtr. to Sept. 30	200,800,000	21,400,000	.45
CTS			
1995-9 mo. to Oct. 1	226,281,000	12,116,000	2.33
1994-9 mo. to Oct. 1	200,925,000	9,410,000	1.82
1995-qtr. to Oct. 1	73,890,000	4,218,000	.81
1994-qtr. to Oct. 1	65,950,000	3,031,000	.59
Curtis Mathes Holding			
1995-year to June 30	21,267,244	(4,236,535)	--
1994-year to June 30	14,730,847	(309,444)	--
1995-qtr. to June 30	2,934,146	(2,298,763)	--
1994-qtr. to June 30	3,157,639	(142,130)	--
Damark International			
1995-9 mo. to Sept. 30	352,021,000	(3,710,000)	--
1994-9 mo. to Sept. 30	310,028,000	1,675,000	.17
1995-qtr. to Sept. 30	112,057,000	168,000	.02
1994-qtr. to Sept. 30	102,305,000	1,204,000	.12
Funco			
1995-6 mo. to Oct. 1	27,596,000	(2,055,000)	--
1994-6 mo. to Oct. 2	25,202,000	(944,000)	--
1995-qtr. to Oct. 1	15,335,000	(841,000)	--
1994-qtr. to Oct. 2	15,130,000	(300,000)	--
Gemstar International			
1995-6 mo. to Sept. 30	22,309,000	5,543,000	.20
1994-6 mo. to Sept. 30	16,638,000	1,789,000	.06
1995-qtr. to Sept. 30	11,190,000	2,409,000	.09
1994-qtr. to Sept. 30	8,824,000	625,000	.02
Go-Video			
1995-6 mo. to Sept. 30	16,109,705	(658,455)	--
1994-6 mo. to Sept. 30	19,889,892	817,844	.07
1995-qtr. to Sept. 30	9,170,337	29,096	--
1994-qtr. to Sept. 30	12,176,571	956,655	.09
Granite Broadcasting			
1995-9 mo. to Sept. 30	67,312,000	(357,000)	--
1994-9 mo. to Sept. 30	44,760,000	1,011,000	--
1995-qtr. to Sept. 30	28,187,000	(2,246,000)	--
1994-qtr. to Sept. 30	15,000,000	486,000	--
Harman International Industries			
1995-qtr. to Sept. 30	300,474,000	5,904,000	.36
1994-qtr. to Sept. 30	228,607,000	4,150,000	.26 ^c

Company & Period	Revenues	Net Earnings	Per Share
Heritage Media			
1995-9 mo. to Sept. 30	299,065,000	15,604,000	.88
1994-9 mo. to Sept. 30	210,826,000	8,468,000	-- ^a
1995-qtr. to Sept. 30	108,708,000	8,377,000	.47
1994-qtr. to Sept. 30	75,488,000	6,313,000	.36
Kopin			
1995-9 mo. to Sept. 30	11,112,424	(6,917,561)	--
1994-9 mo. to Sept. 30	11,104,785	(4,566,666)	--
1995-qtr. to Sept. 30	4,282,153	(2,142,914)	--
1994-qtr. to Sept. 30	3,764,240	(1,782,446)	--
Meredith			
1995-qtr. to Sept. 30	207,662,000	8,792,000	.31
1994-qtr. to Sept. 30	187,333,000	(35,488,000)	-- ^c
Microdyne			
1995-year to Oct. 1	170,078,000	12,594,000	.96 ^a
1994-year to Oct. 1	101,294,000	4,599,000	.35
1995-qtr. to Oct. 1	50,019,000	4,078,000	.31
1994-qtr. to Oct. 1	31,630,000	1,834,000	.15
3M			
1995-9 mo. to Sept. 30	12,291,000,000	1,073,000,000	2.56
1994-9 mo. to Sept. 30	11,224,000,000	990,000,000	2.34 ^a
1995-qtr. to Sept. 30	4,069,000,000	344,000,000	.82
1994-qtr. to Sept. 30	3,820,000,000	341,000,000	.81
Multimedia			
1995-9 mo. to Sept. 30	489,629,000	56,891,000	1.47
1994-9 mo. to Sept. 30	458,300,000	67,246,000	1.76
1995-qtr. to Sept. 30	162,855,000	20,880,000	.54
1994-qtr. to Sept. 30	152,650,000	30,469,000	.80
Musicland Stores			
1995-9 mo. to Sept. 30	1,035,665,000	(158,395,000)	-- ^a
1994-9 mo. to Sept. 30	844,973,000	(6,860,000)	--
1995-qtr. to Sept. 30	357,585,000	(144,550,000)	-- ^a
1994-qtr. to Sept. 30	302,479,000	(2,554,000)	--
Philips Electronics			
1995-9 mo. to Sept. 30	27,698,000,000	1,159,000,000	3.42 ^d
1994-9 mo. to Sept. 30	22,783,000,000	644,000,000	1.95 ^e
1995-qtr. to Sept. 30	9,401,000,000	335,000,000	.98 ^d
1994-qtr. to Sept. 30	7,670,000,000	286,000,000	.85 ^e
Polk Audio			
1995-27 wk. to Oct. 1	20,982,033	15,216	.01
1994-26 wk. to Oct. 1	16,975,813	161,252	.10
1995-13 wk. to Oct. 1	11,282,333	120,018	.07
1994-13 wk. to Oct. 1	10,280,382	501,540	.30
Proxima			
1995-6 mo. to Sept. 30	67,990,000	3,003,000	.43
1994-6 mo. to Sept. 30	58,764,000	5,300,000	.81
1995-qtr. to Sept. 30	35,030,000	1,355,000	.20
1994-qtr. to Sept. 30	30,278,000	3,037,000	.45
Scientific-Atlanta			
1995-13 wk. to Sept. 29	242,200,000	(9,100,000)	-- ^a
1994-13 wk. to Sept. 29	225,000,000	12,100,000	.16
T-HQ			
1995-9 mo. to Sept. 30	18,935,000	154,000	.05
1994-9 mo. to Sept. 30	8,948,000	(7,768,000)	--
1995-qtr. to Sept. 30	7,752,000	305,000	.09
1994-qtr. to Sept. 30	1,359,000	(2,945,000)	--
Universal Electronics			
1995-9 mo. to Sept. 30	73,966,000	(1,015,000)	-- ^a
1994-9 mo. to Sept. 30	71,253,000	(2,081,000)	--
1995-qtr. to Sept. 30	30,726,000	1,377,000	.20
1994-qtr. to Sept. 30	27,833,000	394,000	.06
Videonics			
1995-9 mo. to Sept. 30	25,449,000	2,882,000	.50
1994-9 mo. to Sept. 30	22,045,000	2,123,000	.50
1995-qtr. to Sept. 30	8,691,000	332,000	.06
1994-qtr. to Sept. 30	8,929,000	1,197,000	.28
Washington Post			
1995-39 wk. to Oct. 1	1,256,464,000	137,205,000	12.35 ^a
1994-39 wk. to Oct. 2	1,163,094,000	117,521,000	10.11 ^b
1995-13 wk. to Oct. 1	417,919,000	41,793,000	3.79 ^a
1994-13 wk. to Oct. 2	399,826,000	47,452,000	4.13 ^b

Notes: ^aAfter special charge. ^bIncludes special credit. ^cAdjusted. ^dAt rate of 1.61 guilders = \$1. ^eAt rate of 1.85 guilders = \$1.

Digital Imaging Marketing Assn. (DIMA) is new section of Photo Marketing Assn. (PMA), will hold inaugural conference Feb. 21 in Las Vegas.