

WEEKLY

# Television Digest®

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**WIRTH—KEEP FINANCIAL INTEREST:** Free TV's future wouldn't be jeopardized by retaining syndication & financial interest rules, Rep. Wirth (D-Colo.) said in speech last week at N.Y. Law School. He said repeal of rules prohibiting TV networks from having financial interests in off-network programs and from engaging in domestic syndication would weaken independent TV stations, restrict market for independent producers and mean "great difference in the quantity & quality of creativity and diversity coming through the network funnel."

Framing discussion in dollars & cents terms is wrong approach, said Wirth, chmn. of House Subcommittee on Telecommunications, because issue is one of public policy. Staffer said Wirth will drive home his opposition to repeal on policy grounds at Subcommittee's next FCC oversight hearing in March.

Time isn't right for lifting content regulations, Wirth said, because video market isn't yet fully competitive. He said broadcasters and Washington leaders want same thing: "Unregulated, fully competitive market where there is no need for a comparative license renewal process or a

### Consumer Electronics

**JAN. VCR SALES** nearly double last year. Color up, record month for projection TV, cameras. (P. 9)

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**PHILIPS BACKS THOMSON-BRANDT** buy of Grundig. Grundig sets layoffs. JVC to buy color TVs from Thorn EMI. TDK eyes Europe. (P. 11)

**AVON CALLS RCA** for 15,500 VCRs, company's biggest single video sale, reported to total \$8 million. Avon rules out videodisc. (P. 11)

**JAPAN VCR PRODUCTION:** Matsushita remained No. 1 in 1982, but JVC showed most growth. VHS increases share to 71.9% from 68.2%. (P. 12)

**FIRST-SALE HEARINGS** by Senate probable in March, but home tape bills await high court. (P. 12)

**GE TO BUY PROJECTION TV** from Matsushita, but says it won't farm out any other color. (P. 12)

**RCA TO CUSTOM-PRESS** videodiscs in next few months. Capacity, competition cited. (P. 13)

fairness doctrine." But deregulation should come "layer by layer" as competition develops. Wirth said he won't consider abolishing comparative renewal process "without providing any alternative means of promoting the public's interest in the use of their airwaves." He said he will strive for consensus on some deregulation matters, such as 7-7-7 ownership rule.

**PRUDENTIAL LINKS WITH USTV DBS PROJECT:** United Satellite TV, which last week became United Satellite Communications Inc. (USCI), has raised venture capital it needs to launch DBS system, according to Pres. Nathaniel Kwit. "We're in business," Kwit said after announcing that Prudential Insurance had agreed to make equity investment of up to \$45 million in USCI, bringing to "between \$50 and \$100 million" venture capital at USCI's disposal.

"That makes us the largest venture capital start-up in history — even bigger than Apple Computers," Kwit told us.

Prudential share makes insurance firm major stockholder. Other investors include General Instrument and Francesco Galesi, chmn. of Galesi Group, private real estate company. Kwit wouldn't reveal percentages. He commented on name change: "We made the decision [to become USCI] because we're really not just in the TV entertainment business. Our technology, in addition to TV, can transmit all sorts of services -- financial, educational." Switch doesn't mean abandoning of movie, sports & news programming: "We'll simply go beyond that."

Another milestone for company was signing of contract said to be worth \$600 million with General Instrument for earth stations. Order, to be filled over 3-year period, will feature customer package of either 1-m or 1.2-m dish antenna and mount, low-noise amplifier and block down converter, receiver and addressable decoder (similar to those used for cable TV), coaxial cable and related components. GI spokesman said programming and equipment would cost consumer \$30 monthly.

"We picked [GI] because we thought they were the best in the business," Kwit said. USCI's relationship with GI will continue for 10 years, during which Kwit said company's order would be "many times that" announced for first 3 years. GI said equipment will be manufactured in U.S., Canada & Far East.

USCI plans to market up to 5 channels of movies, sports, news and pay-per-view programming to dwellings, hotels, hospitals, cable TV, MDS, LPTV, SMATV. When company launches later this year, it will use Canadian Anik-C2, scheduled for shuttle launch this spring. Company will switch to GTE's GSTAR, scheduled for early 1984.

**LONDON WILL BE NEXT BRITISH CABLE MARKET:** Neighborhoods in north & south London are targeted by British cable entrepreneur Robin Hill as prime areas for sophisticated systems he predicts will be operating in 5 years. Hill, a leader in and spokesman for Merseyside Cablevision now awaiting govt. approval to build advanced 30-channel system in Liverpool — first in U.K. -- said he and his partners are "actually looking at exact boundaries now" for London cable systems. In interview with Communications Daily, he said prime factors govt. will consider in franchise grants are: (1) Whether system as proposed is capable of meshing into nationwide telecommunications network. (2) Reputation of principals. (3) Quality of cultural & educational programming proposed.

Municipalities won't levy franchise fees and in many cases are expected to invest as shareholders in cable systems. Liverpool City Council is expected to invest \$1 million yearly to develop programming for local cultural channel, Hill said from London office. Because program quality will be paramount in franchise considerations, "it won't be acceptable [for any British cable operator] to put on adult programming. Programming has to be seen as of high quality, so [Merseyside system] will be putting on more hours of cultural programming than the BBC and ITV put together," Hill said.

Hill said Liverpool system will be expanded in 3 years to 150 channels, mainly to allow for variety of interactive services. System will use coaxial supertrunk from headend, then fiber optics to homes. "The technology is in advance of anything in America," he said. Entire plant



covering roughly 30 square miles will be underground in British Telecom (BT) conduits; system should start by Dec. BT, major partner in Merseyside, will spend about \$150 million for coaxial & fiber optics and will take lead in contracting for headend, most other equipment. Other partners in Merseyside, are Plessey, Pilkington, BICC, Littlewoods and owners of Liverpool newspapers. Hill said: "You can say we're looking at headend equipment by General Instrument; it's known we're talking to GEC, Plessey and others for most of the other hardware [such as taps, amplifiers] but mainly switches to convert from coaxial to electronic pulse fiber." On converters & decoders, "there's a major English company that's developed some boxes at good prices which look interesting." Hill said Merseyside should begin turning profit in 5th year when penetration will hit 22-24%.

Americans will be sought as minority partners in British cable development. "But what needs doing is for Americans to decide what their strategy is. If you talk to Warner-Amex and others, they haven't fully decided what their interests are [in seeking British markets]. Many are interested in selling programming, which will be bought if it's available at a reasonable price."

**CBS VAGUE ON DBS COST:** In letter answering FCC's request for cost estimates of its DBS proposal, CBS stressed unknowns, said it could give only conditional cost forecast that one-satellite system, positioned to serve eastern and possibly central time zone, would cost \$160 million to build, \$20 million of that in ground segment. CBS said FCC needs to establish technical specifications for high-definition TV (HDTV) and should have devoted entire DBS band to such service. CBS Vp-Deputy Gen. Counsel George Vradenburg said lack of standard has made it impossible to estimate several cost factors and "could even impact the feasibility" of HDTV-DBS.

DBS's success depends on attracting large audience drawn by varied programming, CBS reasoned. Since not all DBS spectrum has been devoted to HDTV, and since HDTV standards haven't been established, "people who have an interest in HDTV will have no automatic assurance that new DBS services will be receivable by them over their DBS reception apparatus and HDTV receivers. There may not be enough DBS/HDTV channels in any configuration."

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Bernard Wunder, NTIA administrator, has resigned, effective March 1, will join ex-Rep. Collins (R-Tex.) in Consolidated Industries in Dallas. Consolidated plans various business ventures, including telecommunications ownership, oil & gas production, direct door-to-door selling. Collins is wealthy, was defeated last fall in bid for Senate by incumbent Sen. Bentsen (D-Tex.). NTIA has lost much of its prestige and many of its functions since being shifted from White House to Commerce Dept. under Carter Administration, with name change from Office of Telecommunications Policy. We're told that no successor for Wunder has been picked.

WVCY-TV (Ch. 30) Milwaukee has gone on air, raising operating U.S. TV stations to 1,109 — 816 commercial, 293 non-commercial. Station is non-profit, owned by Wis. Voice of Christian Youth; Robert Gilman, pres., Ralph Studeman & Victor Eliason, vps.

**ROGERS UA CABLESYSTEMS SPLIT:** Rogers UA Cablesystems (RUAC), top-10 MSO with about 600,000 subscribers, will be split 50-50 between partners Rogers Cablesystems, Toronto, and United Artists Communications, San Francisco, under terms of shareholders agreement reached in 1981, companies said. "The relationship has been amicable and it is with great regret that the split takes place," announcement said. Rogers executive said action was initiated by UA. "They pulled the trigger, we didn't," executive said.

Agreement gave either party right to end partnership. Rogers spokesman declined to speculate on United Artists' motives for withdrawing, and United Artists couldn't be reached for comment by press time. Rogers paid \$158 million when it bought controlling interest in former UA-Columbia Cablevision, executive said. "We will now own 100% of a certain group of assets. Some of the systems in the half we get will not fit our overall strategy, [but Rogers can sell, swap systems] which is easier to do if we own them outright." Split is subject to some regulatory approval, "but I don't think there will be any problem," Rogers executive said.

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MCI Communications plans to purchase 24 transponders from Hughes Communications in what company claims is largest deal ever for satellite transponder capacity. Neither company would discuss cost, but MCI said it "will spend between \$200 and \$300 million in the next 2 years on our total satellite program," including earth stations, other ground segment equipment & leased circuits. New transponders will provide more than 48,000 circuits, which, combined with optical fiber network MCI is building, "will increase our total capacity for data and voice services by nearly 50%," MCI Chmn. William McGowan said.

Viacom has completed financing for Cable Health Network, 24-hour basic service with 7 million subscribers. Long-term arrangements with institutional investors make Viacom minority owner, CHN executives and its investors majority owners, provide for up to \$50 million in debt & equity.

**USIA TARGETED FOR MORE MONEY:** Major modernization program for VOA & Radio Free Europe would be launched with increase in funding proposed by Reagan Administration, bringing broadcast services "into a state-of-the-art mode," USIA official told us last week. Budget request for fiscal 1984 proposes appropriations of \$634 million for all USIA activities, up \$112 million from current levels.

Acquisition & construction of radio facilities takes up good part of increase, marking 2nd year in row Administration has proposed beefing up broadcasting beamed at communist countries. Budget for 1984 earmarks about \$23 million for major construction, primarily for architectural and facilities design for new stations in Sri Lanka and Botswana. Budget also anticipates additional broadcast sites in Middle East, Far East, Western Mediterranean and Europe. We were told proposal may run into trouble in Congress, which will have to approve increase for expanded broadcasting activity as additional appropriation.

Recent survey of VOA & RFE equipment & facilities found "we were still operating with equipment installed in the late 1950s and early 1960s," spokesman said. He said increased funding also "will allow us to begin looking at DBS, to add a much needed increase in data processing and text editing. Basically, we're talking about buying new computers."

USIA is among few communications agencies targeted for more money by Administration. NASA space flight is slated for marginal increase. Administration proposes about \$510 million for space flight, up \$20 million from current level. Most other NASA activities, including R&D, remain at current levels.

FCC's proposed budget, as we reported earlier (Vol. 23:4 p3), is enough to maintain present staff levels, Commission official said. Budget proposes appropriation of about \$86.16 million, vs. about \$83 million this year. Official said budget appropriation will allow for small increase for office space, telephone service, computerization, renovation of 2 field offices.

NTIA funding is cut more than 50% in budget, with agency slated for about \$12 million. Administration said reduction is due to agency being removed from planning & purchase of communications systems for federal agencies and end of public telecommunications public grant program. FTC's budget would be cut to \$59 million from present \$65 million.

CPB, which is forward funded, would receive \$75 million for fiscal 1986, sizable cut from \$130 million authorized by Congress for fiscal 1985. Administration also proposed cutting 1985 funds by \$45 million, bringing total to \$85 million. National Endowment for the Arts would get \$125 million in fiscal 1984, compared with \$143.9 million for preceding year, while National Endowment for the Humanities would receive \$104.8 million, vs. \$130.1 million in 1983.

Appearing 3 days after budget was sent to Hill, questions were routine and easy to handle for FCC Chmn. Fowler and top staffers at House Appropriations Subcommittee hearing. Usual subjects came up -- low-power TV, Radio Marti, Computer 2, backlog, cellular radio, direct broadcast satellites, technology, lotteries -- and there were no surprises in answers. FCC also is seeking supplemental '83 appropriation of \$3.1 million.

In prepared statement, Fowler told Subcommittee "the Commission is unswervingly committed to fostering innovation, productivity, competition and growth in the telecommunications industry. One method of accomplishing these goals is to desist from regulation where competitive forces so dictate."

FCC will save \$2.34 million in one-time costs through reduction in number of commissioners from 7 to 5, deletion of costs associated with Computer 2 decision, one less payday in fiscal '84, and completion of first-phase of replacement of Anchorage, Alaska monitoring station. Of major fixed cost increases of \$3.84 million, he said \$3.25 million will go for 50% increase in rent -- up from \$6 million to \$9.25 million.

Fowler said that 15 additional people have been added to low-power TV processing and that minicomputer has been dedicated to LPTV, will be on-track by June 1. "Finally, we are completing final work on an order implementing our lottery rules" which will be before commissioners by mid-March. He said it "is difficult to estimate" when FCC will begin making substantial LPTV grants until lottery rules are in place.

Citing "major distortions of my remarks" and exchanges "which never took place," FCC Chmn. Fowler has asked that interview with him in Jan. 12 newsletter Barrett Report (owned by Rona Barrett) be "retracted and the record clarified." Fowler wrote MPAA Pres. Jack Valenti (who raised question of Fowler's alleged statements in Barrett Report) that he was "not only perplexed but in fact astounded" by "fabricated" statements attributed to him about financial interest and network syndication rulemaking. In letter to Barrett, FCC chmn. said that exchange attributed to him comparing financial interest in programming by networks with newspaper ownership "never took place... The rules of good editing, and of trust, were seriously breached by the Barrett Report."

"Gravest concern" has been expressed by NBC over what it says appears to be "intentional piracy" of Super Bowl coverage by cable systems. USA Network said it was unintentional, was carried only by couple N.J. systems. However, NBC now says piracy "appears to have extended well beyond the N.Y. metropolitan area." NBC said it will "pursue all appropriate remedies."

"We goofed," said KTUU-TV Anchorage News Dir. John Larson after station showed 30-min. film on nude beaches instead of scheduled "State of the Municipality" report by Mayor Tony Knowles.



**NRB'S 40TH CONVENTION:** Satellite technologies, LPTV and other new avenues for spreading the gospel were foremost in minds of some 2,000 gathered at Sheraton Washington Hotel last week for National Religious Bestrs.' convention. President Reagan, FCC commissioners, top-name religious broadcasters, 300 exhibitors, joined in. Among highlights:

Reagan, in luncheon address, commended group because "at a time when recession has gripped our land, your industry is experiencing a phenomenal growth. There may be some who are afraid of your success, but I am not one of them." He singled out for praise 2 ministries of PTL Club, on Christian Bestg. Network (CBN), commending network's efforts in establishing programs to feed poor. PTL Club has been focus of recent controversy; finances of Jim Bakker's organization were subject of investigation by FCC, which cleared its sale of Ohio station.

Even so, Bakker adopted high profile at convention, received several signs of support. PTL show was scheduled to be broadcast live via satellite from convention. Bakker told convention publication: "Thank God, the FCC voted in our favor and closed the investigation." However, following decision, FCC turned over its PTL documents to Justice Dept. Criminal Div.

NRB Pres. Brandt Gustavson said recession has put NRB in financial straits. With \$1 million budget last year, organization is operating under \$70,000 deficit — 2nd year of red ink (last year's was \$60,000).

NRB will continue to fight for passage of cable copyright bill (HR-5949) with provisions for religious broadcasters, Gustavson said. Bill passed House last year in "favorable" form, was defeated in Senate. Election didn't change things much as far as religious broadcasters are concerned, Gustavson commented in interview, and he's "optimistic legislators will be as fair to us this year."

LPTV and low-power radio came up during FCC panel. Asked about Commission's plans on low-power FM, Henry Baumann, deputy chief, Mass Media Bureau, said: "We've had several applications and requests for rulemaking" but LPTV had generated 8,000 applications and "we don't have even enough staff to work on them. We'd have to avoid that kind of situation" with FM.

Asked about failure of some stations to scramble transmissions of adult movies, Baumann said FCC doesn't have any rules on scrambling. Issue becomes "obscenity" case with complicated First Amendment implications, he added: "It's a very difficult legal problem and it's hard to justify the Commission becoming involved."

New part-owner & chmn. at Media News, which owns & manages UPI, is John Hooker, former publisher of Nashville Banner newspaper and co-founder of Lin Bestg. He bought out 2 of Media News 4 principals, Len Small and Cordell Overgaard. Hooker becomes chmn. of Media News, Douglas Ruhe remains CEO and William Geissler remains vp. Media News is trying to buy WNGE Nashville, ABC affiliate, from GE.

Entertainer Steve Allen keynotes March 17-22 convention of NATPE in Sahara & Hilton Hotels, Las Vegas. Also set is session on "The New FCC" moderated by ex-Rep. Van Deerlin (D-Cal.); panelists include Comrs. Quello, Rivera, Sharp & Jones, Mass Media Bureau Chief Laurence Harris and Washington attorney John Lane. Other highlights include sessions on cable ("Speak Software and Carry a Big Shtick"), special interest groups, "update" on financial interest and syndication rules, "a light-hearted look at the eras of TV" with Dick Clark, annual Iris awards.

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**PBS CHIEF SEES GOOD 1983:** PBS Pres. Lawrence Grossman has upbeat view of 1983 as new year unfolds. Even though public broadcasters continue to have enormous financial problems, Grossman told our sister publication *Public Broadcasting Report*: "It's been a very good year for PBS and we anticipate 1983 will be better."

He predicted some major new revenue-raising enterprises in very near future -- including "major breakthroughs" in data transmission -- as well as new developments in those under way, including PBS Video and use of satellite facilities.

"The signs [for public TV] are better than they have ever been in the history of the media," Grossman declared. "It is more needed. The rest of broadcasting is changing and not for the better. There's more concern about the quality of education, about the quality of information in the political process, about the quality of our culture. And we increasingly are the only means of providing education, information and cultural experience to the entire nation... It's clear that responsibility will not be taken over by any other enterprise, commercial or new technology or old in broadcasting, or cable or whatever. And it's clear also that everybody's beginning to awaken to that fact."

PBS chief criticized Administration plans to reduce CPB's funding drastically for fiscal 1986. "It's inconceivable to me that [White House's funding recession] will stand. It will destroy public broadcasting," he declared. Although NAPTS is clearly going to have a major job to do to fight off recommended cuts, Grossman said, he's optimistic that crucial funding level of \$130 million will be restored by Congress, just as it was last year.

Grossman is encouraged by FCC Chmn. Fowler's interest in proposed spectrum or user's fee with proceeds earmarked for public broadcasting. "What it shows... is that the chief Reagan Administration executive concerned with broadcasting has come a long way to be in support of the need for public TV... He's recognized in his writings the need for quality children's programming, the need for political access and now the need for cultural programming, all of which... can only come through the existence of a strong public TV system," he told us. In addition, Grossman is pleased with discussions with NAB and commercial broadcasters concerning cooperative fund-raising efforts, such as a national gala, which would take place this year or in early 1984.

Potential roadblock to start of cellular mobile radio service was cleared last week when Justice Dept. withdrew appeal of FCC decision authorizing new service. Surprise action removes last remaining legal obstacle standing in way of cellular grants and should allow Commission to move quickly to begin making grants in non-contested situations.

DBS has much better chance in Europe than in U.S., said Viacom Pres. Terrence Elkes at Financial Times Conference in London. "Cable TV has not reached the level of penetration in the U.K., or in Europe, that it has achieved in the U.S.," he said.

**TCI BUYS LIBERTY FOR \$180 MILLION:** Major cable operator Tele-Communications Inc. is buying Liberty Communications (6 TV stations, cable systems) at price in excess of \$180 million. In deal handled by Daniels & Assoc., TCI agreed to pay \$140 per share for Liberty's 1.3 million outstanding shares.

Liberty owns KTWS-TV Dallas-Ft. Worth, KEZI-TV Eugene, Ore. and Wis. stations WKOW-TV Madison, WAOW-TV Wausau, WXOW-TV LaCrosse & WQOW-TV Eau Claire, plus cable systems with 250,000 basic subscribers in Ala., Ga., Ill., Ind., Mich., Ore., Pa., Tex. & Wash. Liberty has about 240 stockholders; Donald Tykeson is pres.-12.8% owner.

Moving into 2nd phase of videotex test, CBS and American Bell announced series of financial & banking services for final 3-months of experiment in affluent N.Y. suburb of Ridgewood, N.J. Companies announced new & enhanced services, including banking and billpaying in conjunction with The Treasurer, electronic banking consortium involving 3 area banks, and Automatic Data Processing (ADP), Seattle. Services will include current & future bill payments, fund transfers, balances from all accounts, recent payments records for bills and major credit cards. Results of first 3 months were above expectations, CBS & AT&T executives said, with high degree of usage established early in test, and users expressing desire to pay for service when free experiment ended in Dec. CBS has announced regular ad-supported teletext service will start for TV affiliates April 4 (Vol. 23:5 p5).

Time Inc. net income from continuing operations totaled \$156.1 million (\$2.50 per share) in 1982 on revenues of \$3.6 billion, compared with \$184.6 million (\$3.02) on \$3.3 billion revenues in 1981. Fourth quarter revenues were \$46.2 million (73¢), down from \$53.1 million (86¢) in 1981. "Video Group income was up strongly, buoyed by continued subscriber growth," Time said. HBO ended year with 11.5 million subscribers; ATC had 2.1 million basic, 1.9 million pay... Multimedia announced 12% increase in net earnings in 1982 to \$28.97 million (\$1.90), compared with \$25.82 million (\$1.70) in 1981. Revenues for year were \$225.4 million, up 16% from \$195.2 million in 1981.

**HDTV occupied opening day of SMPTE** conference Feb. 4 in L.A., as attendees heard proponents plead for standards of 1,049 lines (U. of Dortmund), 937 (Philips) and 1,125 (Japanese). Intriguing proposal came from luncheon speaker Boris Townsend, IBA engineering dir., who recommended new world standard DBS transmission accompanied by digital data stream which would automatically adjust signal to set receiving it, so individual countries could keep current standards -- or change them as frequently as they wish.

**Cable swap:** ATC and Tar River Communications, 60% owned by Multimedia, have agreed on plan whereby ATC will acquire 3 N.C. cable systems owned by Tar River and Tar River will acquire 4 ATC systems in Okla.



SMATV ventures, under right conditions, "offer broadcasters a unique investment opportunity," according to research report released by NAB. Report gives following tips: (1) Apartment complex should be large enough. Profitability also depends on length of service contract, exclusivity of deal and owner's cut. (2) Check local tax structure, insurance rates. (3) Check quality of reception and number of off-air signals. (4) Concerted sales effort is required at launch. "Property owners and tenants in areas that will not be cabled in the near future are usually happy to learn they can have SMATV almost immediately... Thus, SMATV can 'skim the cream off' the usually affluent multiple dwelling unit market" before cable arrives. Report can be obtained from NAB, 1771 N St. NW, Washington, D.C. 20036. Cost is \$15 for NAB members, \$45 for others.

Equipment failure at AT&T microwave station in Garden City, Va. Feb. 1 caused half-hour interruption of delivery of ABC & CBS programs to affiliates in southeastern states. How many stations lost network service couldn't be determined. NBC said its only station affected was WRC-TV Washington because it sends signal to Atlanta, then back north. Cause of interruption is unknown. Also affected were private lines and "a small amount of regular long-distance traffic."

TIO has accused Reader's Digest (in Jan. issue) of "irresponsible charges linking the depiction of violence on TV to criminal behavior." TIO Dir. Roy Danish wrote Digest: "Your article 'TV Violence: The Shocking New Evidence' is a disservice to your readers, presenting... highly charged conclusions based far too often on misinformation and misleading and inadequate editorial research. The fact is that there is no 'shocking new evidence.'"

Home computers reduce TV viewing by more than half hour daily, according to study by Stanford U. which concluded: "This change represents a rather major shift in the use of time. It suggests that home computers may be more addictive than TV." More than half (56%) of 77 computer homes surveyed said there was no change in TV viewing after acquiring computers, but 40% said TV viewing dropped average 1-1/2 hours daily.

Charging CBS with "deliberately distorting, slanting and falsifying its news program entitled The Uncounted Enemy: A Vietnam Deception," American Legal Foundation has asked FCC to revoke licenses of CBS's stations. Foundation is nonprofit, said it has no connection with Capital Legal Foundation, which is representing Gen. Westmoreland in \$120 million libel suit against CBS.

Decision of 15,000-unit Bronx apartment complex Co-op City to adopt SMATV prompted comment from N.Y. Franchises Dir. Morris Tarshis that he felt SMATVs should require franchises and be investigated by state cable commission, also that FCC should look into microwave health hazards involved. He said his bureau wouldn't act against SMATV operators in outer boroughs, however.

Warner-Amex denounced Wall St. Journal report that 50 recent layoffs were housecleaning for Drew Lewis, who is replacing Gustave Hauser as pres. Cuts in jobs were part of decentralization plan begun 9 months ago to shift support services for cable construction from N.Y. hq to metro areas with Warner cable franchises, including Pittsburgh, Cincinnati, St. Louis, Columbus & Houston, where company is adding employees, according to Warner-Amex. Total of 47 electronic data processing, finance and accounting corporate staff are being furloughed.

Wine commercials are again verboten in Okla. as U.S. Appeals Court in Denver overturned Okla. federal court injunction declaring that state law banning such commercials was unconstitutional. For years, Okla. stations had been replacing network beer & wine commercials with local spots until court ruling last year. Beer commercials still are permitted, but state again has started enforcing ban against wine spots. Spokesman for state's TV stations said no decision has been made on whether to appeal.

Five cable companies are interested in St. Paul, Minn. franchise and will submit proposals by March 1 deadline, said Linda Camp, city cable communications officer: Continental Cablevision, Group W, Nor/West Cable, St. Paul Cable Cooperative and partnership of Heritage and local investors. City first issued RFPs 2 years ago but rejected bids to consider municipally owned system. That was rejected by voters in referendum; city again issued RFPs.

GOP isn't pleased at number of seats it got on House Telecommunications Subcommittee. Five GOP members were named: Reps. Rinaldo (R-N.J.), Moorhead (R-Cal.), Tauke (R-Ia.), Oxley (R-O.) & Broyhill (R-N.C.), as ex officio member. Ten Democrats were named earlier (Vol. 23:5 p7). GOP sources complained that Republicans got only 31% of seats on Subcommittee while they make up 39% of full House.

Modern Satellite Network has changed name to MSN: The Information Channel. It's adding BizNet News Today weekdays 10-11 a.m., its first live program, produced in Washington by U.S. Chamber of Commerce, covering financial & general news. MSN enters its 5th year in good stead -- dropping of distant signals by cable systems has added 20 systems, 180,000 new subscribers, now numbering more than 7 million.

Disney Channel has pushed up launch date one week to April 18 to avoid conflict with Academy Awards show. Pres. James Jimirro also said 7 series are in various stages of production for channel, representing 293 half-hour shows and 13 hour-long shows.

Synsat will provide programmers opportunity to screen their product for TV station executives week before NATPE convention, starting March 17 in Las Vegas. Syndicators will be charged \$499 for 30 min. March 7-11.



## Personals

Randy Nichols now is chief of staff to FCC Chmn. Fowler, with old title of administrative asst. dropped... Fred Friendly, Columbia U., keynotes AFI conference on "The Independent Documentary: The Implications of Diversity" April 10-12, Washington... Speaking at Feb. 10 IRTS lunch, Waldorf-Astoria, N.Y.: Tony Thomopoulos, ABC; Donald Grant, CBS; Brandon Tartikoff, NBC.

William Sikes named Kansas State Network vp-asst. gen. mgr.; he's replaced as station mgr., KSNW Wichita, by Michael Mitchell; Webb Smith to KSNW operations mgr.; David Chubb, named mgr., KSNF Joplin, Mo.; other KSN Inc. appointments: Steve Glasmann vp-finance & accounting; Larry Proffit, vp-local & regional sales; Joe Young, vp-national & SuperNetwork sales; Don Hain, engineering dir.; Glenn Bell, special engineering projects dir.; Al Sandubrae, exec. news dir.; Keith Rucas, data services dir.; Ruthann Drevo, traffic dir.; Sharon VanHorn, mktg. dir.-promotion coordinator.

Linda Marconi-Dorminey advanced to midwest sales mgr., ABC-TV Spot Sales Chicago office; Francoise Drozd named mgr.-business planning, ABC Inc... D.J. Wilson advanced to TV sales development mgr., KIRO-TV Seattle, new post... Lynda Bramble advanced to public affairs dir., KYW-TV Philadelphia... Joyce Campbell promoted to vp-station mgr., WETA-TV Washington... Ness Forman joins WHYY-TV Philadelphia as communications dir.; Janice Donaldson, personnel dir... Advanced to vps, WCVB-TV Boston: Thomas Bringola, business mgr.; Clifford Durley, programming; Donna Gittens, community services & public affairs; William Mockbee, research.

James Hall named to new post of exec. vp, Storer Cable... Denny Gaultney, ex-Coca-Cola, named Cox Cable mkt. planning mgr... Allen Stinson appointed Satellite Project Dir., NBC Radio; Linda Amster promoted to west coast sales vp, NBC-TV.

Michael Felix elected vp, Ampex Corp. .. Daniel Maase, ex-Harris, named vp-engineering, ADDA Corp... James Faust advanced to exec. dir.-gen. mgr. for cable TV, STV & videotex at Zenith... Carole Kealy advanced to senior regional mgr., midwestern & eastern, Hearst/ABC; Judith Hartley, sales coordinator.

Seth Baker resigns as pres. and a dir., Reeves Communications, to pursue "other personal and business interests"; Marvin Green, chmn., assumes posts... Peter Chernin promoted to vp-program development, Showtime; Michael Lasky, mgr.-feature films acquisition; Don Starcke, south central regional affiliate mgr.; Joseph Fulmino, affiliate audits dir... John Kurpinski, Eastern Cable Communications, Jamison, Pa., receives Member of the Year award from Society of Cable TV Engineers.

Dillaway Ayres promoted to corporate planning dir., ABC; Glenn Elliott, assoc. dir... Bobbi Wedlan joins KERA-TV-FM Dallas as dir.-corporate communications & promotion... James Wright

advanced to dir.-operations & engineering, Koplar Communications... John Shine, ex-KPIX San Francisco, named station mgr., KFVS-TV Cape Girardeau, Mo.

John Degan advanced at KSTP-TV Minneapolis-St. Paul to operations mgr... William Mendell named gen. mgr., KESQ-TV Palm Springs, succeeding Stuart Olson, resigned... Lewis Robertson promoted to gen. mgr., WTVC Chattanooga... Eric Bosch, ex-WMCA(AM) N.Y., joins TvB as mktg. sales exec. for New England and southern states... John Hanington advanced to new post of asst. sales mgr., Independent/Blue team, Blair TV, N.Y.

Jack Hammar advanced to vp-mfg., Tocom; Wayne Burress, ex-SAL Cable Communications, western regional sales mgr.; Neil De Costanza, northern region... Herman Aronson advanced to vp-operations & creative services, advertising & promotion, East Coast, CBS Entertainment; Elizabeth Randall, vp-print advertising, West Coast... James Weathers resigns as Metromedia Producers Corp. vp-special projects to pursue private interests.

Avery Gibson promoted to vp-TV mkt. development, Arbitron Advertiser/Agency Sales, N.Y... Elizabeth Wagner, ex-WNYC-TV N.Y., appointed publicity mgr., TV-Cable Week... Barry Teiman promoted to senior vp, Wometco Home Theatre.

Hazel Kahan named research vp, Warner Amex Cable... Van Myers elected pres., Wometco Enterprises, succeeding late Mitchell Wolfson; Arthur Hertz adds duties as chief operating officer; Elton Cary named chmn.; Mitchell Wolfson Jr., vice chmn.; Charles Simons, exec. committee chmn.

Ron Hunter promoted to news dir., WVUE New Orleans... Kelly Smith promoted to exec. vp-business affairs, Embassy TV, and vp, Embassy Communications... James Cavazzini resigns as ESPN vp-affiliate mktg. to pursue other opportunities... Scott Heffner named northeast regional sales mgr., Home Theater Network... Ivan Johnson promoted to regional operations mgr., ATC's Tempe/Chandler, Ariz. regional office; Andrew McCarthy, technical services mgr.; Virginia Norton, community affairs coordinator; Victoria Renzulli, ex-Cablevision Programming Services, special asst.

## Obituary

Mitchell Wolfson, 82, chmn. of Wometco Enterprises, died Jan. 28 in Miami of heart attack. He founded company in 1925 with one movie theater, started first Fla. TV station WTVJ Miami in 1949 and Wometco eventually grew into \$500 million company with holdings in broadcast, cable TV, STV, Coca Cola bottling plants, automatic vending and entertainment industries. He is survived by son, daughter.

FCC has extended comment & reply dates for proposed rulemaking for advancement of minority ownership in broadcasting (Doc. 82-797). Comments, March 4; replies, March 29.



# ● Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Jan. 21 (3rd week of 1983):

	JAN. 15-21	1982 WEEK	% CHANGE	JAN. 1-14 (2 WEEKS)	1983 TO DATE	1982 TO DATE	% CHANGE
TOTAL TV#.....	349,585	365,690	- 4.4	467,678	817,263	756,436	+ 8.0
COLOR#.....	244,910*	227,159	+ 7.8	348,718	593,628*	513,358	+15.6
MONOCHROME....	104,675	138,531	-24.4	118,960	223,635	243,078	- 8.0
PROJECTION TV...	3,293*	2,041	+61.3	4,453*	7,746*	4,977	+55.6
HOME VCR.....	56,111*	31,493	+78.2	90,051*	146,162*	72,370	+102.0
COLOR CAMERAS...	6,005	6,050*	- 0.7	10,100	16,105*	12,536	+28.5

Color TV 5-week moving average: 1982-83--200,307\*; 1981-82--172,252 (up 16.3%).

Home VCR 5-week moving average: 1982-83--52,501\*; 1981-82--27,090 (up 93.8%).

# Excludes projection TV. \* Record for period.

**JAN. VCR SALES NEARLY DOUBLE LAST YEAR:** VCR sales to dealers were up 95% in Jan. from 1982, according to early reports, with sales in month's final week exceeding 70,000 units — only 3rd week in history that number has been passed (both other weeks were in Dec. 1982). Jan. sales of projection TV and color cameras also set records for the month, and color TV sales, although up 8.5% from Jan. 1982, lagged record for the month set in 1981.

Jan. VCR sales exceeded 216,000, with the 70,000 of 4th week 82.8% above same 1982 week. Color TV sales were above 870,000, vs. 802,131 for Jan. 1982, but 1.7% below record Jan. of 1981. Color's final week total was under 277,000, drop of 4.2% from corresponding week of last year. Projection TV sales set record every week in Jan., for total of more than 11,000, up nearly 58% over year-earlier month, 4th week of Jan. seeing sales of nearly 3,400, up 63%. Camera sales in Jan. were up 32% to 24,500. Monochrome TV sales, which were ahead of 1982 in first 2 weeks of year, sagged in final half to put month's sales nearly 10% below 1982 pace at 347,500.

Year is off to good start, early buying by dealers reflecting purchases to replace products sold during strong Christmas season. Details next week.

**GIANT DAEWOO BUYS TAIHAN ELECTRONICS:** Korea's Daewoo, giant conglomerate, which along with Samsung, Hyundai and Gold Star's Lucky Group makes up nation's industrial Big 4, jumped into consumer field Feb. 1 through \$120 million acquisition of home electronics & appliance units of Taihan Electric Wire, producer & marketer of Portland line. Daewoo is expected to launch major expansion and revamp of acquisition to put it on equal footing with Gold Star and Samsung in domestic & export markets, resulting in even more intense competitive pressure in color TV business here.

Relatively unknown in U.S., Daewoo has existing electronics division, is active in audio, small-screen TV including minicompos. It does some own-brand marketing here through subsidiary Daytron Electronics, but major involvement in U.S. has been in private label, with Zenith among big customers before it dropped out of audio last year. Daewoo had about \$2 billion in worldwide export sales last year, only \$35 million in electronics, against \$40 million for Taihan.

Kind of growth Daewoo expects is indicated in company target for \$200 million in combined electronics exports this year. Taihan accounted for about 13% of Korea's total consumer electronics and household appliance production in 1982, including about 16% (400,000) of color TV output. Daewoo said it was aiming for average 20% appliance share in 1983.

Daewoo picked up Taihan's production capabilities in color and b&w TV, audio, microwave ovens and VCRs -- Taihan is non-exporting Beta licensee -- as well as component manufacturing subsidiaries, including Orion, venture with Japan's Toshiba that turns out color and b&w picture tubes. Presumably, Daewoo will maintain relationship Taihan had as Toshiba electronics technology licensee.

U.S. marketing subsidiary Taihan America goes too, but except for name and possible absorption of Daytron, no major changes are in works, we were told by TA Pres. S.S. Yu. Acquisition will make former Taihan business "a stronger power in the future" around world, Yu predicted. He noted that Daewoo has 70 foreign branches, said it can be expected many will expand into electronics marketing. For U.S., he added, Daewoo can be expected to lend financial support to market expansion effort for existing Portland line and help it move into new product areas. He indicated that computers and office equipment were in works. He said his company has started working with Daewoo developing "new medium- & long-range business plans & forecasts," said some announcements could be expected soon.

PENNEY REVAMP IS BOON TO RCA: J.C. Penney's \$1 billion changeover, emphasizing apparel & fashion, won't affect its profitable consumer electronics business, company officials said. Although it's dropping appliances, hardware and auto supplies, it will stay in home entertainment, microwave ovens and floor-care products. However, it will get out of electronics & appliance service, split that business up between its private-label suppliers RCA & GE.

RCA Service Co. will take over all of Penney's electronics service business, GE Service its appliance repair. Although little field investigation was conducted in advance in order to preserve secrecy of plan, RCA estimates deal will increase its consumer service customer base by 20%. RCA currently services own-brand TV-video products, Whirlpool appliances, has something over million service contracts, more than 700,000 of them for consumer electronic products. In addition, it does non-contract service on own & Whirlpool products.

Under deal, RCA will service all Penney brand electronics -- including audio, field it left when it stopped selling audio products. It won't repair other brands handled by Penney, such as Panasonic. RCA Service now has 156 branches, Penney 53. It's expected RCA will take over Penney branches in areas where it doesn't now have own, franchise independent servicers (as Penney did) in locations too small to establish branches. Deal will include taking over service contracts, as well as warranty repair and store recommended or walk-in service.

Penney said it couldn't estimate number of service contracts it has or annual value of its servicing business, but it will take \$16 million writeoff on electronics & appliance repair business. It's not known whether any money is changing hands in connection with deal.

RCA is leading supplier of TV sets to Penney, which also handles RCA-brand videodisc players (serviced by RCA, which serviced Penney's VCRs before Penney dropped RCA line and started importing directly). Deal goes into effect April 13. In meantime, RCA Service says, it's determining how many extra technicians are required, how many former Penney servicers it will hire, and preparing for major employee training program for servicing of non-RCA equipment, including audio.

RCA Service Co. stressed that taking on Penney brand for service doesn't mean return to concept of ServiceAmerica, its ill-fated experiment in all-brands service which it started in 1970 and folded in 1971 after 3-market test (Vol. 10:10 p10, 11:51 p9). Note: In another major deal announced last week, RCA Consumer Electronics sold 15,500 VCRs to Avon Products in contract said to exceed \$8 million (details elsewhere in this issue).

Eurosil Electronic is being formed in Germany as \$18.5 million custom IC development, production & marketing venture by Telefunken Electronics and Diehl of Germany, with United Technologies of U.S. UT, which is partner with AEG Telefunken in TE, will hold 43% stake in new venture.

Japan's NEC and Standard Microsystems of U.S. have signed patent & technology cross-licensing agreement covering MPUs & VLSIs. Companies say exchange will allow them to expand IC product lines. Also last week, SM signed similar agreement with National Semiconductor.



**PHILIPS BACKS EURO MERGER:** N.V. Philips threw its official support behind planned acquisition of Germany's Grundig by Thomson-Brandt of France. Backing came at business conference in Switzerland during presentation by Wisse Dekker, pres. of Philips, which owns 24.5% interest in Grundig.

Addressing other industrial leaders at European Management Conference, Dekker said takeover would improve competitiveness of both companies through economies of scale in production. He acknowledged Philips would like to see TB drop Japanese line of VHS VCRs and adopt V2000 system supported by Philips & Grundig, but said that wasn't condition of Philips support for merger.

Dekker went step further, put Philips on record as essentially in favor of united European electronics industry concept first espoused by Grundig founder Max Grundig. He called for cooperative R&D effort, joint production, complementary marketing and rationalized restructuring of component manufacturing.

On VCRs, he said Philips hoped its joint development work with Japanese on 8mm Video Committee would lead to world standard for next generation of home decks, as well as to planned format for compact portables, but he cited Japanese skepticism about applicability to home decks. He blamed lack of world standard in 1/2" for creating "disaster for industry and the consumer" in VCR market, sharply criticized Japanese for creating excess production capacity. Japan's 11 million annual capacity, he said, was some 6 million "beyond marketing requirements" last year, resulted in sharp discounting and uneconomic pricing on industrywide basis.

German Cartel Office decision on TB's acquisition of Grundig, which had been due this month, is now not expected until after nation's March 6 general elections. Possibility of TB-Grundig merger forced at least temporary shelving of plan for Grundig to acquire control of AEG Telefunken's consumer electronics business.

Grundig, meanwhile, blamed govt. foot dragging on Thomson plan for decision to lop 2,000 off its 30,000 workforce, close one of its 6 factories. Grundig said pressures exerted by media, trade unions and worker councils have influenced negotiations with Thomson to point where it now has to plan for current fiscal year on premise that it will remain independent. Company said it expects to have lower sales, particularly in VCRs, and that cutbacks were in keeping with business prospects and worker demands that it adopt conservative business policies. Proposed links with TB & Telefunken could result in increased employment, Grundig stated.

In U.K., JVC tightened relationship with Thorn EMI by agreeing to buy Thorn-made color TVs for marketing in Britain. Thorn is expected to use own chassis to produce about 45,000 19" & 25" sets for JVC this year. Thorn is last of U.K. independent TV makers, JVC is last of major Japanese TV makers without European color production. JVC, Thorn and Germany's Telefunken are partners in video

manufacturing venture J2T Holdings, which is assembling VHS VCRs in U.K. & Germany.

TDK has begun eyeing European videocassette production base. Company is looking at sites in U.K. & Germany, is expected to announce decision next month. Last month, Hitachi Maxell said it would start assembling videocassettes in U.K. next year. Sony has videocassette plant in France.

**AVON BUYS 15,500 VCRs:** Largest order ever received by RCA for VCRs — and probably largest single order ever placed for consumer VCRs — will provide backbone for Avon's network for visual communication with its district sales managers and group leaders. Shipment of 15,500 VCRs will be completed in early Feb., Avon said. Although neither Avon nor RCA would put dollar figure on order, one source said it involved more than \$8 million.

Model purchased by Avon is variation of RCA's 205, basically a low-end unit with search, still-frame, wired remote pause — leading to conjecture that order also included tape or accessories, since price works out to \$516 each on basis of \$8 million report; for recorders alone, Avon could have done better at retail. They'll be installed largely in homes of leaders for motivation, recruitment, training and product introductions in sessions with 20-30 representatives.

Avon has been studying and experimenting with various approaches to video network for well over year. As part of project, it bought more than 2,000 RCA videodisc players last year (Vol. 22:8 p8), and RCA pushed its pressing schedules for quick turnaround time to supply training & product introduction discs monthly. Deadlines were said to have been met, but cosmetics firm is believed to have turned to VCR as more economical when it was determined that its "Avon Success Network" visual sessions generally ran about 20 min. each. Avon produces programs in-house at its Video Communications Dept. in N.Y. Representative declined to say who was doing duplication or whether RCA order included more than VCRs.

\* \* \* \*

**First RCA VCR under new supply contract** with Hitachi is expected to be introduced in regional sales meetings starting this week. To be announced next week, RCA calls new product "a first in the world of consumer electronics."

**FCC approval requirements** for Type I video interface devices — VCRs, videodisc players, computer modulators, etc. — are on agenda for this week's Commission meeting, as follow-up to its proposal to simplify reporting & testing for receivers last month (Vol. 23:3 p15). FCC is expected to propose certification procedure in place of type approval.

Henry Kloss has received patent on Novatron tube Kloss Video uses in projection TV systems and sells to other OEMs. Company says it has produced more than 60,000 tubes, indicating some 20,000 Novatron projectors have been manufactured.



**1982 VCR PRODUCTION:** While Matsushita maintained status of Japan's top VCR producer in 1982, No. 2 producer JVC showed biggest percentage gain among major VCR makers, according to tabulation by Japanese trade publication Nikkei Sangyo Shimbun.

Both Matsushita & JVC increased production by 800,000 units in 1982 over 1981, but Matsushita's share of total market slipped to 26.8% from 27.9%, while JVC's share rose to 20.2% from 18.9%. JVC's output gain was 44.4% compared with 30.2% for Matsushita, 38.9% for Hitachi, Sanyo (excluding Tokyo Sanyo) 43.7%, Toshiba 25%, Sony 5.9%. Beta group's share of total slipped to 28.1% in 1982 from 31.8% in 1981.

Here's table from Nikkei Sangyo Shimbun, divided between VHS & Beta formats:

	1982		1981	
	Output	Share	Output	Share
VHS				
Matsushita....	3,450	26.8	2,650	27.9
JVC.....	2,600	20.2	1,800	18.9
Hitachi.....	1,250	9.7	900	9.5
Sharp.....	950	7.4	650	6.8
Mitsubishi....	400	3.1	300	3.2
Akai.....	300	2.3	150	1.6
Tokyo Sanyo...	300	2.3	30	0.3
VHS Total....	9,250	71.9	6,480	68.2
Beta				
Sony.....	1,800	14.0	1,700	17.9
Sanyo.....	1,250	9.7	870	9.2
Toshiba.....	500	3.9	400	4.2
New Nippon(NEC)	60	0.5	50	0.5
Beta Total....	3,610	28.1	3,020	31.8
GRAND TOTAL...	12,860	100.0	9,500	100.0

**TAPE HEARINGS IN MARCH:** Congress presumably won't waste any time reopening issue of modifying first-sale doctrine to give copyright owners control over cassette rentals. Sen. Mathias (R-Md.), author of 3 video bills (Vol. 23:5 p14), is expected to be named chmn. of revived Patents & Copyright Subcommittee of Senate Judiciary Committee, which is expected to hold day of hearings in March on first-sale doctrine.

MPAA has given first-sale revision higher priority than home taping. MPAA doubts House Copyright Subcommittee will hold hearings, foresees fairly quick action since first sale isn't tied to Supreme Court Betamax decision, due in June. As for members who think success of \$39.95 tapes makes first-sale legislation moot, "we'll be trying to reeducate them." It will be helped by ex-Rep. Railsback, now MPAA executive, and ex-Chief Counsel Bruce Lehman, now with Washington law firm representing 20th Century Fox. Fox & Disney have been most vocal about revision.

EIA Consumer Electronics Group will continue to back Video Software Dealers Assn. position rejecting revision of first sale, and the 2 presumably will mount another major lobbying effort. VSDA held board meeting last week to determine tactics.

**MATSUSHITA PROJECTOR FOR GE:** GE almost certainly will have its rear projection TV made by Matsushita, on basis of negotiations believed to be close to signing phase. GE TV Div. Vp-Gen. Mgr. Jacques Robinson confirmed to us last week that talks on source for projection TV were in "advanced stages [and] Matsushita is the likely candidate."

Robinson told us last Nov. that projection TV, formerly made at Portsmouth plant, would be sourced (Vol. 22:45 p11). He said last week that GE would continue building all other color TV models in U.S. & Singapore (chassis). "All the other lines are equally profitable," he told us, with exception of 10" model which is most profitable.

GE's closeness with Matsushita shouldn't be misinterpreted, according to Robinson. That company will soon be sole source for GE's VCRs — GE shifting from Hitachi at about same time RCA moved from Matsushita to Hitachi. Robinson said GE & Matsushita got together on VCR before RCA chose Hitachi. However, he said any speculation on closer ties with Matsushita — involving other TV products, for example — would be erroneous. "This doesn't affect our technology arrangement with Hitachi," he said, adding that GE & Hitachi exchange knowhow, and Hitachi is major source of ICs and other parts.

North American Philips is considering more outside sourcing of TV products, we've learned, with some indication that it's talking with Samsung of Korea, supplier of its b&w sets, as possible source for some 19" color models. Company responded with general statement that "we are looking at and sourcing some products." Some NAP small-screen color sets are made at Philips plant in Singapore.

Sony changed status of plan to build \$19 million color TV plant in Columbia, S.C. from "on hold" to "indefinitely suspended" (Vol. 22:47 p13). It announced intent to construct 20,000 set per month facility in 1981. In new annual report, Sony says general shift in worldwide color TV demand to low-priced, smaller sized models resulted in lower unit sales of its Trinitron sets. In Japan, Sony indicated that unit sales in U.S. last year held even at about 850,000, making new production capacity here unnecessary. It said work on Columbia plant won't be resumed until market picks up.

**Computer notes:** Atari expands non-entertainment software offerings with VisiCalc accounting program at \$200... Spectravideo, which introduced \$300 32K home computer at last Winter CES, is slated to show 64K step-up in June... Commodore said it sold more than 10,700 VIC 20 computers in Nov.-Dec., claimed that was nearly double original forecast. In same months, Commodore said, it sold 3,100 Basic programming cartridges, more than 12,000 game cartridges.

JVC won't be alone, after all, in April Japan VHD videodisc player launch. Matsushita says it, too, will introduce player at same time, and JVC representative said last week "several other" manufacturers will bring out players then.



**RCA CUSTOM-PRESSING:** Jan. 1984 start of custom-pressing operations at RCA videodisc plant in Indianapolis has been scrapped in favor of here-&-now. RCA Group Vp James Alic told us he expects to sign first deals in "weeks," thinks production of other labels could get under way month or so later, assuming customer is one of Hollywood majors already supplying titles to Selectavision line.

Most obvious candidate is Paramount which has option in 4-year-old RCA contract for custom-pressing moment it's offered to anyone else. However, studio probably won't take advantage of opportunity until fall, according to Paramount Video Senior Vp Robert Klingensmith, with titles to be released under Paramount label at Jan. CES in Las Vegas. Klingensmith claims "we're not budgeted for it yet," notes RCA distributors have been efficient in getting discs to market. Warner and MCA, which just licensed about 50 titles to RCA Videodiscs, could move more quickly with own distribution ventures, but Alic wouldn't comment about immediate prospects.

Alic said RCA decided to move because disc demand is "better than we expected," \$18 million compounding plant begins shakedown in March and yields exceed 80%, giving RCA extra press capacity. Competition from CBS's Carrollton, Ga. plant "helped stimulate" decision, he acknowledges, but "we expected that." CBS, which does about 50% of MGM/UA CED discs and all of CBS/Fox output, has been seeking same custom-pressing trade.

Studios clearly won't miss golden opportunity to negotiate best possible price before signing any agreement. Price & turnaround time are considered standoff, but one studio executive considers CBS offer "kind of one-sided — I didn't particularly care for it." His objections: CBS wouldn't deliver finished product to more than single location, wasn't clear about responsibility for quality control.

RCA has been moving to custom-pressing in stages, last year began delivering up to 20-25% of press run to studios acting as subdistributors of Selectavision product. Alic expects RCA distributors to continue to carry large portion of output, although program suppliers would have control of 100% of custom-pressed product. RCA is considering support of joint marketing efforts. Results of subdistribution efforts have been "mixed," Alic believes. "I suspect all of [studios] have been a little bit surprised" at difficulty in moving discs without players. RCA capacity now is 10 million discs annually, figure which could be expanded with few months' lead time, he said.

National Semiconductor is ending production of mainframe computers in favor of buying them from Hitachi. NS, through computer subsidiary National Advanced Systems, has been buying computers & parts from Hitachi. Manufacturing halt will mean loss of 400 jobs at NAS San Diego plant, \$9 million writeoff. Some NAS employees were charged with participating in Hitachi's alleged theft of computer secrets from IBM in criminal case filed last June (Vol. 22:26 p12), but govt. said it could find no evidence of NS involvement.

**APPLE MOVES ON IMPORTS:** Apple last week filed unfair import competition complaint with International Trade Commission, is seeking to ban incoming shipments of computers & components which it claims violates its patents. Apple asks ITC to issue temporary exclusion order to block imports, except under bond, while agency decides whether to open full investigation.

Cited as infringers in action were some 2 dozen companies, including small & medium sized manufacturers in Taiwan, Hong Kong & Singapore, transshipper in Switzerland, U.S. importers. Company says infringing products have been counterfeits as well as line-for-line copies of Apple II, Apple IIe & Apple III.

Unfair imports, complaints says, are "substantially, structurally & functionally identical" to Apple products. They're made using "stolen technology & design" by companies that "made no investment of their own." Importation has been by commercial cargo, mail and by individual tourists, and each entry represents "an actual lost sale" and lost profit to Apple, company says. Low price of infringing imports has general adverse effect on market, Apple claims. Offending imports, Apple says, have "tendency to injure or destroy a domestic industry."

Apple computers are assembled from essentially stock parts, and knockoffs from Far East have been problem for several years. Apple copies & counterfeits are freely available at retail in Taiwan & Hong Kong at under \$500. Last year, Apple sent investigators to Far East to compile list of manufacturers & marketers. Copy was given to Customs, which has been seizing some imports.

Drexler Technology added 3 new equipment licensees for its Drexon optical digital card data storage system. Joining Japan's Toshiba, which signed on last Nov., are NCR, Ericsson Information Systems, Elbit Computer of Israel. Licenses are for recorder & reader hardware. Drexler will handle production of cards which company says should sell in OEM quantity at \$1.50 each and could become inexpensive replacement for cartridges & discs used to load home computer & videogame programs. Laser is used for recording but isn't necessary for reader.

Hazeltine is quitting computer CRT display field, selling terminal and graphics display operations to employ groups. Hazeltine said it will show \$6.9 million loss from those units, including \$5.1 million disposition charge. Annual report for 1981 shows those operations that year lost more than \$2 million on sales of about \$39 million. In 1981, Hazeltine pulled out of word processing equipment business, shifted production of display terminals from U.S. to contract manufacturer in Taiwan.

Signetics is closing IC test & assembly plant in Philippines, shifting work to Korea & Thailand. Company said improvements in automation have made Philippines plant surplus, and it will be sold. Move will cost about 1,500 jobs.

**Ad notes:** RCA shifts Selectavision videodisc account from Dancer Fitzgerald Sample, N.Y. to Chicago-based Leo Burnett, which already handles all RCA video hardware... Atari moves videogame media buying from Doyle Dane Bernbach to Young & Rubicam, which has computer, coin-op & corporate accounts. DDB retains game ad creation... Curtis Mathes signs commentator Paul Harvey as ad spokesman, launches annual home electronic education & entertainment center design competition in cooperation with American Society of Interior Designers... Atari ranked first in consumer electronics brand awareness, 2nd overall, in Ad Watch survey by Ad Age. Atari was named in 26.2% of responses. In electronics, Apple placed 2nd at 4.2%, followed by Mattel Intellivision at 3.5%, Radio Shack at 2.9%.

**Antitrust challenge** to Fairchild Camera's acquisition of IC test equipment maker Accutest is being brought by FTC. By 3-2 vote, Commission backed filing of administrative complaint against Fairchild's parent Schlumberger to force selloff of Accutest or some existing assets. FTC said Fairchild ranked first, Accutest 7th, in U.S. production of automated IC test equipment, charged merger will tend to create monopoly in U.S. and world markets.

Copyright protection would be extended to cover design of ICs under bill being introduced by Sen. Mathias (R-Md.), which would prohibit only direct photocopying. Manufacturers who duplicate designs by accident or through reverse engineering would be given opportunity to buy license before being charged with infringement.

## Announcing

### Television Digest's

## ANNUAL CONSUMER ELECTRONICS VIDEO DATA BOOK

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the last 18 months—through June 1982.

These are some of the same statistics which led Sony Chmn. Akio Morita to tell Playboy magazine recently that Television Digest is "the leading U.S. trade journal" and required reading in Japan. This 150-page handy Data Book covers color & monochrome TV, VCRs, videocassettes, videodiscs & players, audio equipment—plus statistical forecasts & projections, along with summaries of market surveys and reports from a wide variety of industry sources. The CONSUMER ELECTRONICS VIDEO DATA BOOK is available for \$125, but subscribers to any Television Digest publication receive the preferred rate of only \$95.

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, color & monochrome TV, home VCRs, projection TV and color cameras, Jan. 1, 1981 through June 30, 1982.
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 18 months.
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports.
- Summaries of International Trade Commission reports on domestic color TV production, imports, industry profitability.
- Average prices, mix, imports & sales by screen sizes.
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products.
- Quarterly data on U.S. exports of consumer electronic products.
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## Consumer Electronics Personals

Jeff Berkowitz, Panasonic Home Audio Group vp-gen. mgr., resigns for personal reasons after 20 years with company, plans unannounced; Mike Aguilar, former Portable Audio asst. gen. mgr., named gen. mgr. for new Technics (hi-fi) Div.; Richard Lovisolo, recently named gen. mgr. of new Home Information Systems Div., adds responsibility for new Audio Div. (Panasonic home & portable audio).

Marcian Hoff, ex-Intel and inventor of microprocessor, appointed Atari R&D vp, new post; Dennis Groth, corporate exec. vp, adds duties as acting Consumer Group pres., while Atari continues seeking replacement for Perry Odak, who resigned last Nov... Thomas Shepherd, one-time GTE Entertainment Products Group gen. mgr., recently resigned as NAP Commercial Electronics pres., rejoins GTE as Lighting Products pres... Stephen Carroll named Magnavox northeast region sales mgr... Chuck Masters, ex-Friedrich, joins Sampo as southeast region sales mgr.

Robert Gardner, ex-Wham-O Mfg., joins Starpath as mktg. vp... Herbert Hershfield resigns as Data Age sales vp... David Morse & Gary McCoy, both ex-Tonka, now pres. and sales & mktg. vp, respectively, of Amiga, founded to market audio cassette supercharger and game programs for Atari 2600 videogame consoles; Jay Miner, ex-Zymos & Atari, appointed product development vp; Ron Nicholson, ex-Tonka, ex-Apple, named hardware engineering dir.; Donald Reisinger named mktg. dir.

Richard Baccigaluppi appointed Soundstream mktg. & operations mgr... Scott Longueil named BSR Consumer Products Div. midwest region sales mgr... John Gennaro rejoins as ADC Div. national sales mgr... Charles Kish appointed Altec Lansing finance vp... Jerry Shulman advanced at CBS Records from mkt. research dir. to mkt. development dir.

James Faust advanced at Zenith to exec. dir.-gen. mgr., CATV, STV & videotex... Michael Felix, Ampex Advanced Technology Div. gen. mgr., named vp... Michael Oravec joins Sony as management information systems vp... Stuart Krasney resigns as EECO mktg. development dir. to form Innotech, home video research consultancy (14252 Culver Rd., Suite A347, Irvine, Cal. 92714, 714-857-2760.)

John Kratz resigns as Buckbee-Mears Aperture Mask Div. vp... Juergen Ockens named Matra-Harris Semiconductor international mktg. & sales dir... Robert Noyce, developer of IC, and Ernst Alexanderson, inventor of high frequency alternator for radio transmission, among inductees to National Inventors Hall of Fame.

3M's Optical Recording Project has developed discs capable of handling digital computer programs for Sony and Pioneer industrial units. 3M says "tandem capability" discs with data for Sony couldn't be played on Pioneer machine and vice-versa. Information now can be recorded on audio track of 3M disc. Encoding limits playback of data to machine of same format.

WEEKLY

## Television Digest

with

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**JAPAN-SIA CLASH:** Japanese govt. & EIA-J officials termed "groundless" the Semiconductor Industry Assn. charges that IC makers there were using unfair trade practices to dominate world market. SIA allegations were made in report released in Washington last week.

Report claims Japanese targeted specific industry segments, particularly semiconductor memory ICs, for coordinated marketing attack, and that their narrow world market thrust has cost U.S. producers millions of dollars. Japanese effort, it says, was backed by hundreds of millions of dollars in govt. loans, grants, research support and tax breaks.

Report calls on U.S. govt. to adopt formal policy to force Japan to halt unfair trade practices and to insure U.S. producers free access to market there. Failure to take action in past resulted in virtual destruction of consumer electronics and other industries in U.S., and "culminated in the loss by U.S. firms of world leadership," study says.

Japanese declined to go beyond general statement dismissing allegations, said they would have more detailed response after report was received & studied. Official at MITI said complaints would be given serious review.

New pricing lows, most expected, have hit videogame & computer consoles. Some recent ads: Sears offers Odyssey 2 at new "regular price" of \$100; Atari 2600 is going for \$99; Intellivision is being offered at \$155 with free voice module and cartridge; Timex computer is \$60 after \$15 rebate; Commodore VIC 20 is \$150; Atari 400 computer is \$199, model 500 with 48K is \$499.

## 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
<b>Avnet</b>			
1982 6 mo. to Dec. 31	541,002,000	23,968,000	1.37
1981-6 mo. to Dec. 31	552,723,000	43,398,000	2.48
1982-qtr. to Dec. 31	266,127,000	11,713,000	.67
1981-qtr. to Dec. 31	267,604,000	27,157,000	1.55
<b>Capital Cities Communications</b>			
1982-year to Dec. 31	663,580,000	96,317,000	7.25
1981-year to Dec. 31	573,784,000	80,518,000	6.12
1982-qtr. to Dec. 31	182,645,000	28,140,000	2.10
1981-qtr. to Dec. 31	163,152,000	22,399,000	1.70
<b>Conrac</b>			
1982-year to Dec. 31	116,261,000	8,065,000	3.52 <sup>a</sup>
1981-year to Dec. 31	114,708,000	3,251,000	1.34
1982-qtr. to Dec. 31	29,576,000	2,271,000	.98 <sup>a</sup>
1981-qtr. to Dec. 31	30,568,000	570,000	.22
<b>Knight-Ridder Newspapers</b>			
1982-year to Dec. 31	1,327,657,000	102,931,000	3.14
1981-year to Dec. 31	1,237,093,000	100,353,000	3.09
1982-qtr. to Dec. 31	363,950,000	36,146,000	1.09
1981-qtr. to Dec. 31	331,606,000	29,312,000	.90
<b>M/A Com</b>			
1983-13 wk. to Jan. 1	151,414,000	6,385,000	.16
1982-13 wk. to Jan. 2	128,173,000	9,515,000	.25 <sup>b</sup>
<b>Milton Bradley</b>			
1982-year to Dec. 31	360,150,000	19,178,000	2.60 <sup>a</sup>
1981-year to Dec. 31	381,402,000	20,021,000	2.71
1982-qtr. to Dec. 31	109,301,000	3,710,000	.51
1981-qtr. to Dec. 31	114,651,000	3,923,000	.53
<b>Motorola</b>			
1982-year to Dec. 31	3,785,847,000	177,961,000	4.87 <sup>a</sup>
1981-year to Dec. 31	3,569,677,000	182,138,000	5.10 <sup>b</sup>
1982-qtr. to Dec. 31	994,938,000	63,579,000	1.69 <sup>a</sup>
1981-qtr. to Dec. 31	933,301,000	43,549,000	1.21 <sup>b</sup>
<b>Multimedia</b>			
1982-year to Dec. 31	225,463,000	28,974,000	1.90
1981-year to Dec. 31	195,276,000	25,824,000	1.70 <sup>c</sup>
1982-qtr. to Dec. 31	62,676,000	9,063,000	.59
1981-qtr. to Dec. 31	54,323,000	7,940,000	.52 <sup>c</sup>
<b>North American Philips</b>			
1982-year to Dec. 31	3,168,052,000	73,564,000	5.33
1981-year to Dec. 31	3,030,044,000	103,974,000	7.67
1982-qtr. to Dec. 31	849,526,000	29,731,000	2.14
1981-qtr. to Dec. 31	906,458,000	26,552,000	1.93
<b>Rogers Cablesystems<sup>d</sup></b>			
1982-qtr. to Nov. 30	80,438,000	(4,251,000)	--
1981-qtr. to Nov. 30	32,159,000	(496,000)	--
<b>Taft Bcstg.</b>			
1982-9 mo. to Dec. 31	325,491,000	34,042,000	3.39
1981-9 mo. to Dec. 31	307,650,000	36,454,000	3.57 <sup>a</sup>
1982-qtr. to Dec. 31	77,978,000	7,910,000	.84
1981-qtr. to Dec. 31	70,932,000	10,953,000	1.11 <sup>a</sup>
<b>Time</b>			
1982-year to Dec. 31	3,564,328,000	153,115,000	2.45
1981-year to Dec. 31	3,296,382,000	148,821,000	2.43
1982-qtr. to Dec. 31	975,727,000	43,206,000	.68
1981-qtr. to Dec. 31	913,639,000	53,136,000	.86
<b>TRW</b>			
1982-year to Dec. 31	5,131,900,000	196,300,000	5.49
1981-year to Dec. 31	5,285,100,000	228,800,000	6.60
1982-qtr. to Dec. 31	1,208,100,000	31,500,000	.83
1981-qtr. to Dec. 31	1,271,800,000	26,900,000	.72
<b>United TV</b>			
1982-year to Dec. 26	43,160,000	9,604,000	.80
1981-year to Dec. 27	37,725,000	7,331,000	.61
1982-13 wk. to Dec. 26	13,188,000	3,570,000	.30
1981-13 wk. to Dec. 27	11,318,000	2,669,000	.22

Company & Period	Revenues	Net Earnings	Per Share
<b>Video Corp. of America</b>			
1982-6 mo. to Dec. 31	10,463,000	167,000	.10 <sup>a</sup>
1981-6 mo. to Dec. 31	8,427,000	(615,000)	--
1982-qtr. to Dec. 31	5,591,000	306,000	.18 <sup>a</sup>
1981-qtr. to Dec. 31	4,543,000	(569,000)	--
<b>Washington Post</b>			
1982-year to Dec. 31	800,824,000	52,413,000	3.70
1981-year to Dec. 31	753,447,000	32,710,000	2.32
1982-qtr. to Dec. 31	224,790,000	22,206,000	1.57
1981-qtr. to Dec. 31	218,076,000	18,052,000	1.28

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Restated. <sup>c</sup>Adjusted. <sup>d</sup>In Canadian dollars.

**NAP NET DOWN:** Year-long revamping of consumer electronics operations started paying off in 4th quarter, according to financial statement of North American Philips. On consolidated basis, NAP posted lower net on slightly higher sales for year, increased income on reduced volume in final period (see financial table).

NAP's consumer electronics unit (Magnavox, Sylvania, Philco & Odyssey) had higher earnings on lower sales in 4th quarter, though for full year sales & earnings were below respective \$993.5 million & \$5.4 million recorded in 1981. Sales & earnings from electronic & electrical components were down for both periods.

NAP pre-tax operating income was down 10.3% to \$38.2 million in 4th quarter, off 17.1% to \$107.6 million for year. Net for 1982 was helped by reduction in tax rate to 32% from 39% in 1981, increase in R&D and investment tax credits, reduced interest expenses.

Commenting on results, Pres. Cees Bruynes said companywide improvements in operating efficiencies partially offset "effects of severe competition and heavy pricing pressures" in many business segments. "Based on expectation for a gradual recovery of the economy," NAP expects improved results this year, he said.

Video Corp. of America returned to profitability in 2nd quarter to Dec. 31, posting operating earnings of \$297,000 on 23.1% sales rise. For half, VCA had operating income of \$158,000, and sales were up 24.2%. Company posted losses in both periods last year. VCA attributed improvement to "return of our home video duplicating business to prior volume levels," and results of cost control program launched in opening quarter.

High-end personal computer introductions by Apple & TI offer look at direction home computers can be expected to take. Apple's \$10,000 Lisa boasts "mouse," small wired remote with ball on bottom. Rolling of control moves on-screen cursor. Number of functions are displayed on screen — file, delete, print, etc. — and activation is by positioning cursor and pushing single control button. New \$2,595 (with CRT and disc drive) Professional from TI will boast full voice activation-voice response option. Another option is software package that lets user enter function commands in standard English sentences.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**FCC CAN'T MANDATE CHILDREN'S TV** programs without trampling on First Amendment rights of broadcasters, according to Fowler, who says public stations should fill void. (P. 1)

**BOWING TO COURT MANDATE**, FCC opens door for competing applications to 13 RKO General licenses. Sharp says Court 'overstepped its authority.' (P. 2)

**4 BROADCAST GROUPS PLAN NEW NETWORK** on heels of discussion at INTV. Details still being developed, according to announcement by Chris Craft, Taft, Tribune Bestg. & Gaylord. (P. 3)

**HOW NAB's FRITTS VIEWS 1990:** Cable revenues to equal broadcast TV's at \$25 billion; network shares to drop to 65%; STV will fade. (P. 3)

**SURVEY OF TV's ELITE' BY AEI** finds they are 'almost exclusively white, middle-aged males whose political beliefs are more liberal than those of the average American.' (P. 3)

**SMPTE PONDER'S HDTV** at 'Pictures of Future' conference. U.S.-Europe agreement on digital control. New 1/4" camcorder committee. (P. 4)

**PARIS TO UNDERTAKE MASSIVE CABLE BUILD** but City of Lights is somewhat in dark on aspects of scheme to wire 500,000 homes in 6 years. (P. 5)

**FOWLER SAYS HANDS OFF ON KID TV:** TV stations have no special responsibility, "when it comes to the special child audience, upon which their license renewals will depend," according to FCC Chmn. Fowler. Speaking under auspices of Barry Goldwater Chair of American Institutions at Ariz. State U. Feb. 11, he added: "I simply do not know what the FCC can do [to require such programming] without violating the First Amendment rights of broadcasters."

Any void in children's programming not being filled by commercial stations should be responsibility of public stations, Fowler said. "I believe it is incumbent on those who care about children's programming... to advocate a sufficient budget for public broadcasting to help meet the needs of the child audience... Public broadcasting's goal should be to meet those needs not being met by the commercial marketplace. With adequate support, it can." (Note: Fowler has repeatedly advocated that commercial licensees be charged unspecified annual fee by govt., with money to go to non-commercial stations.)

Viewer preferences, "rather than percentage guidelines or quotas," should determine programming mix on TV — including in children's area — Fowler said. "Upon assuming the

### Consumer Electronics

**GOOD NEWS IN JAN.:** Sales up, inventories down. VCR prices may rise. Color sets record in first 5 weeks. Feb. starts with 150% VCR gain. (P. 9)

**VIDEODISC PLAYER SALES** totaled 222,625 in 1982, according to EIA. Our own estimate is that 75% were from RCA, with LV at 30,000. (P. 10).

**RCA CONVERTIBLE VCR** is high-end home unit with lift-out portable. Universal remote to control both VCR & TV set is option. (P. 10)

**VCR IMPORTS ROSE 23%** to 2.46 million last year despite down 4th quarter. Korea set pace as color set imports hit 4-year high. (P. 10)

**RCA REORGANIZATION** sets up technology office under Hittinger, planning under Alic in first major move by new Pres. Frederick. (P. 12)

**GE TO MAKE COTY TUBE** under RCA license in victory for U.S. system over Japan design. (P. 12)

**ATARI UNVEILS \$90 COMPUTER** add-on for 2600 game console. Coleco introduces super module for Colecovision, Atari-compatible console. (P. 13)

**VHS HI-FI THIS YEAR** seen possible on basis of reports of helical sound agreement in Japan. Sony pegs Beta Hi-Fi at \$1,000-\$1,500. (P. 15)

chairmanship of the FCC... I decided to end government by raised eyebrow. I did not want to be in the business of sending signals, however discreetly, to promote programming that I might personally feel valuable... If we are to have a sensible policy for TV regulation in the next 50 years, we have to start undoing the myths of the past system. Foremost among those myths was the trusteeship concept of regulation where eyebrows were raised and signals were sent. I want an era of true competition among video technologies... These reforms cannot come about by continuing to insist, however compelling the perceived need, that broadcasters jump through our regulatory hoops — hoops labeled news and public affairs, hoops labeled children's TV."

Fowler's position puts him in direct conflict with Comr. Rivera, who wants FCC to hold en banc meeting "to see if we could do something to get more programming responsive to the needs of children on network TV" (Vol. 22:51 pl). "Failing any positive resolution," Rivera said, Commission should go ahead with rulemaking to require more children's programs.

In answer to many critics of TV, Fowler said: "I reject the premise that TV watching is decisive in molding a child's attitudes, beliefs, values and behavior. Schools are likelier to influence the way a child grows and develops." Also important are family life and religion and "those parents who abdicate responsibility to TV as their electronic babysitter should not expect TV, or government, to right their wrong... Let us not blame TV when the culprit is child neglect by a parent... So let me be clear — I have no enthusiasm for mandated minimums when it comes to children's programs."

ACT Pres. Peggy Charren was quick to react to Fowler, said: "I disagree completely that everything the FCC can do for children is a First Amendment problem... A processing guideline for children's programming would be perfectly appropriate, and ACT has recommended that the FCC put one in place as soon as possible." She said guidelines for news & public affairs haven't been problem for licensees. Charren thought it was strange that FCC chmn. urged more money for public broadcasting to provide children's programming at time when White House has asked Congress to cut CPB's budget from \$130 million to \$85 million, added: "I guess the FCC and the White House aren't in communication."

**RKO LICENSE COMPETITORS SOUGHT:** Complying with mandate of U.S. Appeals Court, D.C., FCC last week invited competing applications for 13 broadcast licenses held by RKO General. Last Aug., Court ruled that Commission improperly said it wouldn't accept competing applications for stations after agency had ruled that RKO was "unqualified" to hold TV licenses in N.Y, Boston & L.A. At that time, FCC said it would hold separate inquiry on what to do about RKO's other licenses.

Several potential applicants appealed FCC's Aug. 1980 order that no competitors for remaining RKO stations would be accepted until RKO's overall qualifications had been decided. Appeals Court ruled in their favor, told FCC to accept applications. Accordingly, Commission said that potential applicants have 90 days from Feb. 9 to file, that RKO wouldn't be permitted "to file new or updated renewal applications" — some of which date back more than 10 years.

Stations involved: KHF(AM)-KRTH(FM) L.A., KFRC San Francisco, WAXY(AM) Ft. Lauderdale, WYFR(FM) Chicago, WGMS-AM-FM Washington, WRKO(AM)-WROR(FM) Boston, WOR(AM)-WRKS(FM) N.Y., WHBQ-TV-AM Memphis. As result of difficulties with FCC because of actions of its parent company, RKO has lost license for WNAC-TV Boston and faces loss of KHJ-TV L.A. to competitor. It retained WOR-TV N.Y. following congressional legislation mandating renewal of any VHF agreeing to move to N.J. -- step taken by WOR-TV.

In concurring statement, Comr. Sharp charged Court decision "illustrates the serious consequence of a court impermissibly substituting its judgment for the agency on a matter left by Congress to the agency's discretion... In addition to its unwarranted intrusion... the Court has improperly deprived the Commission of certain substantive options which the Commission may have wished to use as a means of placing these 13 stations in qualified hands as quickly as possible." Such options, Sharp said, included renewing RKO's licenses on condition stations be sold "within a short period of time" or permitting "distressed" sales to minorities at no more than 75% of fair market value.



**4TH NETWORK PLANNED:** In wake of much discussion about alternative program sources at recent INTV convention (Vol. 23:4 p2), 4 broadcast groups took lead by announcing last week they plan satellite-delivered alternative network with once-a-week prime-time programs, movies and other "specially developed" material for independents throughout country. Players: Taft Bestg., Chris Craft Industries, Gaylord Bestg., Tribune Bestg.

Surprise was absence of Metromedia, among prime supporters of idea at INTV convention in mid-Jan. and since. One source said reason was that Metromedia overlaps 4 groups in most major markets, including N.Y., L.A. and soon Chicago. Announcement gave few details about "primarily advertiser-supported" project, said specific programs planned and starting dates hadn't been determined. Meetings reportedly still are going on to develop plans, gain up front support from advertisers.

**FRITTS SEES LARGE CATV REVENUES:** With revenues of \$25 billion by 1990, cable will equal those of over-the-air TV, NAB Pres. Edward Fritts predicted in speech to Washington Chapter of NATAS. Of cable's \$25 billion, \$22 billion will come from subscribers, \$3 billion from advertisers, he said, adding: "Cable's advertising base is expanding and if it can resolve its ratings measurement problem," it will get more advertising dollars.

Fritts sees TV networks continuing to dominate and diversify, although their combined audience share will drop to 65% (both NBC & CBS have predicted it will be even lower) with more fragmentation of audience among other services. "Affiliates will become more independent because they will have earth stations and will find it easy to replace weaker network programming." He sees DBS "just over the horizon," said that 5-8% of homes will have receive dishes by 1990. He said that MDS will get 5-10% of market, while NAB believes satellite master antenna service "shows great promise... and will be the single biggest threat to cable" with 7-8% share of market.

These newly developing services will cause STV "to stall and start to fade by 1990. They will lose subscribers who will be unwilling to pay \$20 a month for STV when they can pay the same amount for SMATV or multi-channel MDS or even pay cable and get many more services," Fritts said. As for TV, "the competing media will offer enough alternatives to challenge us into providing the most innovative, imaginative and highest quality programming to a larger and larger number of viewers," he said.

Looking toward day when teletext & videotex services are viable, ANPA board adopted resolution stating: "In a free society... the public interest is best served where freedom from content regulation is maximized regardless of the means by which information is disseminated." ANPA said its committees monitoring govt. regulatory matters will consider and recommend "appropriate implementing actions... in this complex, long-term public policy issue." For some time, NAB has sought ANPA support in drive to repeal fairness doctrine and equal time, but resolution avoids specific mention of issue.

Times Fiber Communications has registered offering of one million common shares with SEC. Proceeds will be used for working capital and to reduce bank debt. First Boston Corp. and Hambrecht & Quist are managing underwriting.

**AEI FINDS PROGRAMMERS LIBERAL:** TV programmers "are almost exclusively white, middle-aged males whose political beliefs are more liberal than those of the average American." This is among findings of survey of 104 individuals called "TV's elite" by conservative American Enterprise Institute. Sample included 10 TV network vps responsible for program development & selection, 18 executive producers, 43 other producers (26 of whom also are writers), 15 presidents of independent production companies. Among major findings:

Only 1% are non-Caucasian, only 2% female; 59% were raised Jewish, 25% Protestant, 12% Catholic; 44% claim no current religion while only 7% are "regular churchgoers," but 38% now call themselves Jews, 12% Protestants, 5% Catholics; in Presidential elections, 80% favored Humphrey over Nixon, 82% McGovern over Nixon, 72% Carter over Ford; in 1980 election, 49% favored Carter, 27% Anderson, 20% Reagan; 66% believe TV should promote social reform, 34% disagree; 76% think TV should be realistic and only 12% think TV is too critical of traditional values; 30% say there's too much sex on TV, 59% too much violence; hefty 97% think woman should have right to decide if she wants abortion; less than half (49%) think adultery is wrong. Spokesmen at 3 TV networks said they hadn't seen report, had no comment.

Time Inc.'s cable magazine, TV-Cable Week, will debut April 10 in Peoria, Ill., Arlington, Tex., Audubon, N.J., Pompano Beach & Ft. Lauderdale, Fla. Week later, it will appear in Springfield, Mo. & Austin, Tex. Weekly will have same editorial content in all markets but localized cable listings. At estimated cost of \$100 million over 5 years, venture is Time's most expensive magazine debut. TV-Cable Week will be distributed, at 69¢ per issue, through cable operators. Time is still considering newsstand sales.

N.Y. Times Information Service is closing marketing & computer operations and will shift distribution of its 3 information retrieval services to Dayton-based Mead Corp., sponsors of Lexis & Nexis data bases.

Warner-Amex Cable begins Dallas regional sports network April 5, 3rd W-A sports pay service formed in cities where it has cable franchises. Home Sports Entertainment will have exclusive cable rights to Texas Rangers and games of several area colleges.



**HDTV AT SMPTE:** "Pictures of the Future," theme of SMPTE San Francisco conference, means HDTV, on basis of lively session on subject there. But biggest hard news was that EBU & SMPTE have agreed on system for serial digital control of TV broadcast and related equipment, supplying hope that all control codes at TV studios around world will have uniform format.

HDTV session heard suggestions & discussions of formats ranging from 655 horizontal lines, 24 frames through 937, 1,024, 1,125, 1,248, 1,250 and even mythical 1,400-line rate, at either 50, 60 or 100 fields per sec. For all the talk, only HDTV hardware shown was Image Vision's 655-line, 24-frame PALAF system display, fed by wideband BCN recorder, previously demonstrated several times.

Bosch Fernseh's camera timers described applicability of camera pickups to proposed European HDTV standard of 1,249 lines (twice 625 less one for odd-line interlace), 50 fields, with 5:3 aspect ratio. Udo of Dortmund's Broder Wendland described West German proposal for 1,250-line world standard, compatible with 625-line picture, digital transmission and even with varying aspect ratios from normal 4:3 to HDTV's 5:3.

Eastman Kodak showed that current film standards can supply resolution which wouldn't be taxed by any proposed HDTV systems. Philips' R.N. Jackson reviewed company's "HQTV" proposal with 937 lines (1.5 times 625), pointed out that \$5 frame store in receiver can make possible sets providing up to 100 fields per sec.

Session on video recording featured paper by IBA's John Baldwin comparing that organization's MAC high-resolution system (approved by Britain for DBS) with other HDTV proposals. In camcorder race, Bosch Fernseh presented paper on its 1/4" unit using Funai cassette, and, although SMPTE's 1/2" camcorder standardization committee has been disbanded with no hope for choice between Beta & VHS cassette formats, new committee was formed to consider 1/4" standards -- Fernseh and Hitachi have already offered equipment for evaluation.

Conclusion of VTR session seemed to be that 1" Type C is here to stay as workhorse of broadcasting, 1/2" Beta & VHS will continue to grow, and 1/4" will also find adherents. Digital recording still seems far away, if only because analog machines have such a good price/performance ratio.

"A Practical Workshop for Lawyers" will be co-sponsored by NAB and ABA April 9-10 in Las Vegas just before NAB convention. Among panels & participants: Status of FCC Regulation and Legislative Update: NAB Senior Vp-Gen. Counsel Erwin Krasnow; FCC Mass Media Bureau Chief Laurence Harris; FCC Gen. Counsel Bruce Fein. Cable Channel Leasing & Joint Ventures: Howard Liberman & James Goodale. X-Raying Your Client for Antitrust Compliance: Ian Volner & Victor Ferrall. Cellular Radio, The Future Is Here: Philip Permut & George Borsari. Newsroom for Lawyers: Richard Schmidt, Stephen Nevas & David Olive. Details: NAB Legal Dept., 202-293-3560.

**RIFKIN NEW NCTA CHMN.:** Monroe (Monty) Rifkin, now head of Rifkin & Assoc., Denver, was elected NCTA chmn. last week to succeed John Saeman. Rifkin, ATC founder, beat out Richard Loftus, ex-Scripps-Howard now head of Trident. Elected vice chmn. was Gustave Hauser, ex-Warner-Amex Cable now head of Hauser Communications, defeating Jerry Lindauer, Times-Mirror., 1982 Assn. secy. Hauser moves up from treas. ATC Chmn. Trygve Myhren was unopposed for treas. as was Cox Pres. Robert Wright for secy., moves.

Board authorized Assn. lawyers to return to U.S. Court of Appeals, D.C., to again ask for stay of impending 3.75% copyright rate for post-Malrite distant signals. Board felt court should reconsider granting stay until appeal is resolved on grounds Congress, in acting to delay implementation of rate until March 15, sent message rate will significantly harm consumers.

New dues schedule was adopted during meeting at Key Largo, Fla. resulting in higher payments by largest operators. New rate means they will pay about same proportion of revenue for dues as smaller operators. Board also voted to endorse FCC policy of granting investment tax credits as tool to increase minority ownership.

NAB's Grover C. Cobb Award will go to Jack Rosenthal, pres. of Harriscope Bcst. Div. who pulled 5 TV stations out of NAB membership in protest over procedures in election of Edward Fritts as NAB pres. last summer. Award, honoring late NAB exec. vp, is given to person active in broadcast-govt. relations, went to Sen. Packwood (R-Ore.) last year. Rosenthal, former chmn. of TARPAC and active fund-raiser for PAC group, will get award during NAB April convention in Las Vegas. TV stations he heads which dropped out of NAB last Aug.: KBAK-TV Bakersfield, WSNB Chicago, KULR-TV Billings, Mont., KGGM-TV Albuquerque, KTWO-TV Casper, Wyo. "I don't even know Fritts [who will present award]," Rosenthal told us.

NCTA study says 6.2 million cable subscribers will have lost at least one distant signal by March 15 when higher copyright fees are scheduled to take effect. Assn. said figure comes from survey of 28 largest operators carrying 709 distant signals affected by higher rate. Operators said by March 15 they will have dropped 518 imported stations. NCTA study said 2.5 million subscribers already have lost at least one distant signal.

Videotex Industry Assn. has called on FCC to issue immediately its final rules for commercial broadcast teletext operations. It charged that "FCC's delay already has cost consumers a year of teletext service and puts broadcasters at a competitive disadvantage." Commission is expected to approve commercial teletext operations later this month.

PBS is running signal tests in 2 cities to determine feasibility of using teletext-like service to deliver financial data over vertical blanking interval for business customers.



**CBS EARNINGS DOWN 25%:** CBS Inc. showed 25% drop in earnings on continuing operations for 1982 to \$150 million (\$5.35 per share) from \$200.2 million (\$7.17) in 1981. Revenues last year were \$4.12 billion, up 4% from \$3.96 billion in 1981. For 4th quarter, income from continuing operations was \$52.5 million (\$1.87), down 23% from \$68.4 million (\$2.45) one year earlier, while total revenues dipped 8% to \$1.22 billion from \$1.28 billion.

Loss on discontinued operations, including retail stores, being sold to Burke Mathes, was \$16.8 million (60¢), resulting in 4th-quarter net of \$35.7 million (\$1.27), 12% lower than 1981 period's \$40.5 million (\$1.45).

Acknowledging 1982's "difficulties and disappointments," largely resulting from recession, Pres. Thomas Wyman said year was also marked by steps to enhance leadership in broadcasting and "we are now well positioned for an important turnaround in 1983." While Best. Group's revenues rose in 1982 to \$2.17 billion from \$1.92 billion in 1981, its pre-tax profits dipped to \$274.1 million from \$311.5 million, but TV Stations Div. had record year and TV network ended year in "its strongest competitive position in 6 years," Wyman said.

Records Group declined in revenues & profits for year; Columbia House mail-order operation had "solid sales & profit increase"; Toys Div. increased profits, partially offsetting declines in musical instruments, but nonetheless resulting in loss for Columbia Group. Publishing Group had higher revenues but profits fell. "Other" category incurred \$24 million loss in 1982 and \$22.8 million loss in 1981, reflecting new business development costs, Wyman stated, including theatrical films, videodisc manufacturing, direct-mail home video club and market-testing of teletext & videotex.

RCA has unveiled more particulars of its planned Ku-band domestic satellite system including decision to go with 40- rather than 20-watt transmission. Eugene Murphy, RCA group vp and pres. of RCA Communications, said in San Francisco last week that higher powered transponders were chosen to facilitate data and SMATV service in more densely populated areas. RCA filed application with FCC last spring with option for either 20- or 40-watt transponders. Revenues from domestic satellite services are expected to reach \$2 billion by 1985, and SMATV market is viewed as "one of the ideally suited services to Ku-band satellites," he said. Located as they often are in congested city areas, apartment complexes with SMATV services on C-band have to contend with microwave interference; "Ku-bands don't have that problem," he said. Ku-band downlinks can also be smaller and cheaper than C-band counterparts, he said.

Rifkin-Fox Communications, partnership between Monroe Rifkin and Denver businessman Marvin Davis, has been dissolved. Rifkin will pursue cable investments through new Rifkin & Assoc.; hq is 360 S. Monroe St., Denver 80209, 303-333-1215. Rifkin is newly elected chmn. of NCTA.

**PARIS PLANS MASSIVE CABLE BUILD:** Fiber optic system that would start small but expand in 3 stages to reach 500,000 homes by 1989 was announced last week by Paris Mayor Jacques Chirac. Many details remain to be settled and success hinges on willingness of national Ministry of Posts & Telecommunications (PTT) and Parisian newspaper groups to underwrite about 2/3 of cost, put at roughly \$406 million.

Wiring Paris is important cornerstone in national cabling plan advocated by Socialist govt. and approved by Cabinet last year. Scheme calls for France to launch TDF-1 satellite by 1985 and erect dishes and headends at several sites ultimately to reach 1.4 million homes. Wiring plan would use coaxial delivery from headends, then fiber optics throughout neighborhoods for switching capability.

Paris system would be built in 3 stages: (1) Experimental first phase would wire 10,000 homes & businesses in urban core by end of 1984 at cost of \$14 million. Service would offer 6 channels — 3 national broadcast channels, 2 Luxembourg (RTL) channels, 1 municipal channel offering information & cultural programs. (2) If bugs aren't encountered in first phase, wiring of neighborhoods would proceed on pace that would see 130,000 homes connected during 1985-86 at cost of \$112 million. Service would then expand to 12 channels, adding other national channels on Continent, some domestic radio stations and some interactive services.

(3) Last phase envisions wiring 360,000 additional homes in 1986-89, increasing service to 60 channels at cost of \$280 million. At maturity, subscribers would receive most or all Continental channels, dozen or more domestic & foreign radio stations and interactive services, including banking, shopping, home security, some switched voice, educational services based on videotex. It's expected that most equipment will be domestically produced.

Charging "an organized form of racketeering, extortion and a scheme or artifice to defraud for pecuniary gain," Harlan Jacobsen has sued Edward Johnson, Dennis Owen and Owen Bestg. for allegedly filing low-power TV strike applications. Jacobsen has filed for more than 40 LPTVs, said Johnson filed on top of 11 of them, plus "hundreds of others." Plaintiff said name "Owen Bestg." is used to "mislead the public and to defraud and intimidate bonafide applicants," that Johnson makes practice of copying "defective original applications [of others] with no apparent attempt to correct even gross errors." Johnson is Knoxville consulting engineer. Suit was filed in Ariz. state court, Phoenix.

Despite request of U.S. Football League, ABC won't supply tape footage for officials to check their decisions on instant replay, according to commentator Keith Jackson. "That's the job of those 6 officials... not ABC's," he told news conference in Washington.

BBC is nearing pact with Belgian cable TV operators for carriage of BBC-1 & BBC-2, which BBC says have been pirated by operators on continent for several years.



**CPB CHMN. OPPOSES ADS:** CPB Chmn. Sharon Rockefeller told Senate Commerce Committee she opposes advertising on public TV. Under questioning from Sen. Goldwater (R-Ariz.), she declared: "Advertising could and would alter the nature and character of public service, educational and alternative programming... If children's and cultural programming were commercially viable, they would be offered by commercial networks." Rockefeller, who has been renominated for CPB board, was appearing before Committee along with first-time nominees Karl Eller, Richard Brookhiser & Helen Taylor for formal nomination hearing.

Ads would impose additional costs, according to Rockefeller, including tripling copyright and music royalty fees, increasing labor, union & talent costs, jeopardizing tax status and postal rates. "It's not worth it," she told Committee. Goldwater, who presided over hearing, said: "Ads have a definite effect on programs. I hope you stand by your guns."

NTIA took different tack last week. In letter to Rep. Rostenkowski (D-Ill.), member of Temporary Commission on Alternative Financing for Public TV, outgoing NTIA Administrator Bernard Wunder wrote: "I strongly support extending this [public TV advertising] demonstration program. [It] has demonstrated the feasibility and desirability of limited commercial messages as an alternative source of public TV financing. The likelihood Congress ultimately will authorize such limited commercial messages on a permanent basis is great. It thus makes little sense needlessly to terminate this successful experiment and to incur both the direct and opportunity costs entailed only then later to resume on a permanent basis."

Nominations of Rockefeller, Eller & Brookhiser are expected to be approved by Commerce Committee Feb. 15. However, Taylor's nomination may be held up because of concerns raised by her background file. Capitol Hill sources say file shows she's member of several racially exclusive clubs in Richmond and has contributed money to groups such as Accuracy in Media and Moral Majority, which have criticized public broadcasters. In addition, she gave money to Prince Edward School Foundation set up in 1950s to get around school desegregation order, according to one source.

Wealthiest family in public broadcasting may be that of Rockefeller, according to documents supplied to Congress by nominees. Her net worth is \$2.4 million, while husband, W.Va. governor John Rockefeller, is worth \$94.5 million (\$77.2 million in trust funds). In addition, their 4 children have \$1.2 million set aside for them.

Eller, worth \$57.2 million, has significant holdings in communications, including 500,000 shares of Gannett worth \$26.5 million. He also has 5% of KARK-TV Little Rock and serves as chmn. of Inter-Tel, manufacturer of telephone equipment. As pres. of Karl Eller Co., nominee does consulting for Metromedia. CPB gen. counsel recommended Eller's financial holdings not be an obstacle to his appointment since he could excuse himself from

considering any matter that might affect companies in which he has financial interest.

Taylor holds significant amount of Taft Bstg. stock. She and husband Jaquelin Taylor, who lists himself as farmer and investor, reported \$749,227 in interest & dividend income, plus \$5,000 in wages & salaries in 1981. CPB gen. counsel also recommended Taylor be appointed despite her communications holdings since she, too, could remove herself from considering any issues that might affect Taft entities.

Brookhiser earned \$34,525 in wages & salaries in 1981 and listed \$5,000 bank account as largest asset.

**NCTA-CRT court battle update:** Copyright owners have filed motion to strike from court record part of brief filed by United Video in support of NCTA appeal of CRT-imposed 3.75% distant signal rate. United Video, common carrier distributor of WGN-TV Chicago, included appendix to brief consisting of letters from client cable operators giving notice they planned to drop WGN as of Dec. 31 because of higher copyright rates. United Video intended to show by letters widespread industry movement to drop distant signals because of higher copyright rates. Copyright owners argue appendix should be stricken for several reasons, mainly that some letters are from non-Form 3 systems (those with semi-annual revenues of at least \$214,000) or are systems outside all TV markets, meaning higher copyright rates wouldn't apply to them.

Political access complaints will continue to be handled on case-by-case basis, FCC said in order released last week rejecting Dec. 1980 petition by NTIA (filed when Henry Geller was administrator). NTIA proposed that such issues should be considered either at renewal or during revocation of license proceeding. Said FCC: "We believe that the case-by-case approach is consistent with the public interest because, unlike the 'overall' approach, it helps assure that the electorate is adequately informed prior to individual elections." Also, FCC said, U.S. Supreme Court "has now recognized the appropriateness of our policies" in Carter-Mondale.

**Taft Bstg. 9-month operating results** were best in company history, executives said, with net revenues up 10% from same period last year to \$78 million. Operating profits for quarter ended Dec. 31 were up 9% to nearly \$15 million. Broadcast net revenues were \$41.3 million in 3rd quarter, up 14% over last year. Independent TV stations led broadcast group in revenue gains for overall quarterly total of \$33.2 million. Radio net revenues were up 3% to nearly \$17 million. Company declared quarterly dividend of 25¢ payable March 15 to stockholders of Feb. 15.

**Storer Communications** reduced dividend from 18¢ to 10¢ per share in "move to counter current economic conditions and to help alleviate the continuing high capital expenditure requirements, principally in connection with the rapid expansion of Storer's cable TV operations," said Chmn. Peter Storer.



## Personals

Robert Carmines, American Medical Assn., joins NAB Feb. 28 as exec. dir. of TARPAC political fund-raising arm, succeeding Spencer Denison, retired; Kevin Burke, legislative aide to Rep. Lent (R-N.Y.), joins NAB Govt. Relations Dept. Feb. 22 as mgr.-broadcast liaison.

Joseph Zaleski advanced to senior vp-domestic syndication, Viacom Enterprises; Dennis Gillespie to senior vp-national sales; Michael Lambert to senior vp-pay TV... Phillip Blumberg, ex-ABC Motion Pictures, appointed dir. of development for original programming, East Coast, ABC... Robert Fischer, ex-Rogers & Assoc. (L.A. PR firm) joins Robert Wold Co. as dir.-corporate communications... Len Graziano advanced to Katz Continental TV vp & operations mgr.

FCC Common Carrier Chief Gary Epstein appears at National Communications Club lunch Feb. 22, postponed from Feb. 15... John Oxendine, pres. of Best. Capital Fund, and White Rhyne, chmn. of Committee for Legal Aid of FCBA, appear at Feb. 17 brown bag lunch, FCC Consumer Assistance & Small Business Div... Steven McPeck promoted to vp-gen. mgr., MetroTape... Jerry Arbittier, ex-Arbitrone, appointed dir. of research, Quantiplex marketing division of John Blair & Co.

Maurice Mitchell, ex-NPR, named dir. of Washington program, Annenberg Schools of Communications; Barry Cole, Annenberg prof., deputy dir... Steven Maier, ex-NBC, appointed vp-talent & program acquisitions, West Coast, ABC Entertainment... Barbara Wellbery, ex-Wilmer, Cutler & Pickering, named PBS deputy gen. counsel... Linda Amster promoted to vp-national sales, NBC-TV... George Pickering, ex-GE, named dir. of employee relations, WNEV-TV Boston.

William McReynolds, Meredith Bestg. Group, elected a dir., TvB... CBS News commentator Jeff Greenfield speaks at March 1 ATAS lunch, Century Plaza Hotel, L.A... Don Cowan advances to vice chmn., TCA Cable TV... Richard Miller, ex-Harris Corp., appointed pres. of Govt. Systems Div. and corporate vp, Comtech Telecommunications... Independent producer Frank Yablans, one-time Paramount Pictures pres., appointed vice chmn.-chief operating officer, MGM-UA Entertainment.

Jack Stuart, WFFT-TV Ft. Wayne gen. mgr., also named vp of parent Great Trails Bestg.; Thomas Hansen, ex-WTOV-TV Steubenville, joins WFFT-TV as dir. of programming & operations... Otis Freeman promoted to dir. of engineering (Chicago) Tribune Bestg., hq at WPIX N.Y... Carole Lambert-Barrett advanced to mgr.-market research & administration, RCA American Communications... Lawrence Mincer joins Video Cable Products Div., Chyron, as sales mgr.

Videotex Industry Assn. officers for coming year: Larry Pfister, Time Video Information Services, re-elected chmn.; AT&T's Samuel Berkman, vice chmn.; IBM's William Seelinger, secy.; AP's Lawrence Blasko, treas... George Geiser, ex-N.Y. Telephone, appointed vp-mktg., Avtec Industries (formerly Stylist Systems)... Marcia Kandel advanced to dir.-contracts

administration, Group W Satellite Communications... George Duncan, senior vp of Metromedia and immediate past chmn. of RAB, resigns as RAB dir. and chmn. of search committee for new pres.; RAB Exec. Committee Chmn. Richard Harris, Group W, succeeds Duncan as head of search committee, and Carl Brazell, pres. of Metromedia Radio, succeeds him on board.

Glenn Ferguson, Radio Free Europe-Radio Liberty pres., becomes pres., N.Y. Lincoln Center, March 1... Frank Price resigns as Columbia Pictures chmn. in June to become independent producer... Donald Sipes named chmn., United Artists, succeeding Frank Rosenfelt, vice chmn., who had position temporarily.

Bruce Heller, ex-Viacom, named dir.-business affairs, Showtime... Norman Zeller advanced at Weather Channel to vp-mkt. development, ad sales... William Kobin, pres. of KCET L.A., elected to PBS board, replacing James Loper, who resigned last summer... Thomas Olson promoted to vp-gen. sales mgr., Katz TV Continental, succeeding Ed Papazian; Jack Higgins advanced to national sales mgr., Bronze Stations.

Gerald Kaplan promoted to mgr.-technical programs, RCA Americom... Lorraine Strait promoted to vp-law & asst. secy., Storer Communications; Asst. Treas. Kenneth Danielson named vp... Warren Bahr promoted to senior vp-dir. of mktg., Blair Video Enterprises; Philip Kent, program development dir., vp; Jan Donovan, ex-Katz, asst. sales mgr., Blair TV Independent Team, Chicago.

Seth Kittay, ex-Group W Satellite Communications, appointed dir.-national sales, Disney Channel; Brett Markel named program acquisitions mgr... Dell Heney promoted to exec. vp and a dir., Nielsen Mktg. Research Group, USA.

Jasper Ballance promoted to vp-labor relations, Warner Bros... David Vogel appointed senior vp-production & finance, Laurel Entertainment... Harvey Reinstein promoted to vp-eastern sales, Lionheart TV International.

Michelle Kimmelman, ex-Group W Satellite, named vp, Schiff-Jones... Lois Friedman named mktg. & research dir., Post-Newsweek Video... Edward Duffy promoted to mktg. production dir., Group W Cable; Marcia Kandel advanced to dir., contracts administration, Group W Satellite... Al Vecchione promoted to exec. vp-gen. mgr., MacNeil/Lehrer-Gannett Productions... Robert Heffner, ex-Group W Cable, named northeast regional sales mgr., HTN Network.

Problems and promise of expanding cable industry are discussed in 3 new books (Communications Press, about 200 pp. each, \$21.95 each). "The Cable/Broadband Communications Book, Vol. 3, 1982-1983" is edited by Mary Louise Hollowell. "Creating Original Programming for Cable TV" is edited by Drew Shaffer & Richard Wheelwright. "Cable TV Renewals & Refranchising" is edited by Jean Rice. Details, orders: Communications Press, 1346 Connecticut Ave., Washington, D.C. 20036, 202-785-0865.



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FCC upheld \$5,000 fine imposed in April on Quincy Cable TV of Quincy, Wash., for failing to carry must-carry signals from Spokane. Quincy asked for reconsideration of April decision, which involves KHQ-TV & KXLY-TV, but FCC said Quincy didn't provide justification for reducing or eliminating fine. FCC said Quincy petitioned Commission for waiver in Nov. 1979, stopped carrying stations without telling FCC. Cable TV Bureau denied Quincy's original petition, as well as petitions for reconsideration and for stay in 1981, ordered company to resume carrying Spokane stations or face fine. Comr. Jones concurred, stating she had problems with "constitutional arguments" about forcing company to drop programming.

AT&T switched on first leg of world's largest lightwave system, connecting N.Y.C. & Washington with high-capacity, laser-powered fiber optic link. Bell last week turned on 372 miles of what will eventually be \$125-million, 776-mile system which will link Boston, N.Y., Philadelphia, Washington & Richmond by 1984, connecting 23 switching centers in 7 states. Cable will carry voice, data & video.

NBC & RCA are "putting the finishing touches on a deal to buy a new major market radio station, our 9th," NBC Radio Pres. Michael Eskridge said in recent N.Y. speech. He said NBC & parent RCA "have decided that they like being in the radio business."

ATC's official subscriber count for 4th quarter shows it has 2.1 million basic cable subscribers, 1.87 million pay, with 4.1 million homes passed in 119 systems & franchises.

Despite some "parochial and nearsighted options," NAB's proposals for solving Cuban AM radio dispute "are worthy of serious consideration," generally speaking, according to National Black Media Coalition. Coalition was particularly upset that NAB proposed U.S. consider withdrawing from ITU and that Cuba be excluded from ITU. Suggested withdrawal from ITU "is astounding and unfortunately serves only to diminish the credibility" of NAB's other proposals, NBMC Chmn. Pluria Marshall wrote Thomas Enders, Asst. Secy. of State for Inter-American Affairs. Marshall also objected to NAB plan to permit U.S. AMs to use more than 50 kw. Move would "severely dampen the effectiveness of the FCC's initiatives in support of additional minority broadcast station ownership," he said. "This is too high a price to pay simply to punish the Cubans."

Rejecting objections from National Black Media Coalition, FCC unconditionally renewed licenses of 6 radio stations and conditioned renewals of 8 others on submission of data to show they're complying with EEO rules. NBMC had asked FCC to deny all 14 renewals, charging that each station failed to employ black on fulltime basis since 1977. FCC turned down those arguments, but directed WGUL(AM) & WPSO(FM) New Port Richey, Fla., and WXLK(FM) Roanoke to file revised EEO programs setting forth efforts they will make to increase number of black job applicants. Reporting conditions were imposed on WTMG(AM) Ocala, Fla., KLCL(AM)-KHEZ(FM), Lake Charles La., WPTW-AM-FM Piqua, O.

CBS News still faces contempt citation from New Orleans federal judge despite 5th Circuit Appeals Court and 2 U.S. Supreme Court justices overruled judge's ruling that portions of 60 Minutes couldn't be aired Jan. 16. Segment was aired as scheduled. Judge Duplantier said last week he would find CBS in contempt, give it "maximum punishment," if portion of program dealing with 7 New Orleans policemen accused of violating civil rights of blacks isn't turned over to court. Trial has been moved to Dallas, is scheduled to start March 7. Duplantier said he "never before encountered such outrageous conduct toward the judicial system" as shown by CBS.

"The future is bright for the leader — the leader not just in terms of 3 networks, but the leader in terms of being the consistently most reliable and abundant source of quality news, sports and entertainment. That, simply, is what we have done very well at CBS and, clearly, we are determined to maintain that leadership against all comers. Our strategy is not very complicated. We simply seek to achieve a qualitative edge, to differentiate ourselves in each phase of TV network service": James Rosenfield, exec. vp, CBS Bst. Group, speaking to Albany-Colonie (N.Y.) Regional Chamber of Commerce.

Sen. Bentsen (D-Tex.) said at recent hearing he's considering introducing bill to require TV-radio stations that sell ad time to independent political action committees to provide free time to candidates attacked by those groups.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Jan. 28 (4th week of 1983) and month of Jan.:

	JAN. 22-28	1983 WEEK	% CHANGE	JAN. 15-21	JAN. 1983	JAN. 1982	% CHANGE
TOTAL TV#.....	400,508	431,201	- 7.1	349,585	1,217,771	1,187,637	+ 2.5
COLOR#.....	276,676*	288,773	- 4.2	244,910*	870,304	802,131	+ 8.5
MONOCHROME....	123,832	142,428	-13.1	104,675	347,467	385,506	- 9.9
PROJECTION TV...	3,381*	2,075	+62.9	3,293*	11,127*	7,052	+57.8
HOME VCR.....	70,105*	38,342	+82.8	56,111*	216,267*	110,712	+95.3
COLOR CAMERAS...	8,413*	6,027	+39.6	6,005	24,518*	18,563	+32.1

Color TV 5-week moving average: 1982-83--218,152\*; 1981-82--196,874 (up 10.3%).

Home VCR 5-week moving average: 1982-83--53,582\*; 1981-82--28,725 (up 86.5%).

# Excludes projection TV. \* Record for period.

**JAN. SALES HOT, INVENTORIES IN TRIM:** Good news in Jan. was that sales went up and inventories went down. VCR sales to dealers sailed along at unheard-of seasonally adjusted annual rate close to 4 million units — by far highest on record — while color sales were at annual rate of 12.7 million. Color sales for Jan. didn't set record only because Jan. 1981 ran at rate of 13.75 million — and that was one of only 2 months in history ever to show higher annual rate.

Jan. sales boom continued into Feb., preliminary information showing that 34% gain in year's 5th week pushed 1983 color figures to cumulative record, year-to-date sales going to 1,142,000, up almost 50,000 from record for any year's first 5 weeks, established in 1981. Feb. also opened with another 70,000-plus week for VCR, more than 150% over same 1982 week, projection TV continued to break records with 80% gain for week and color cameras were up 62%.

Monthly sales table for Jan. is in State of the Industry box above. Color sales of 870,304 were only 1.7% shy of 1981's Jan. record. Table also shows Jan. records were established in projection TV and color cameras. Projection's performance was far above any conceivable norm based on record of last 2 years, as dealers presumably continued to feed on liquidations to replenish stocks.

Declining inventories of VCRs mean end to glut — in fact, we're already hearing stories of shortages in certain models, some RCA dealers reporting inability to get as many as they want. (Federated is understood to have bought out all remaining low-end RCA portables and is advertising them at \$666.) While bargains still are available, firming of prices seems to be starting, and it's already discernible in newspaper ads. At end of Jan., VCR inventories at pipeline level (factory plus distributor) totaled just over 395,000, less than 7.5 weeks' supply at current sales rate; inventories peaked at end of last April when nearly 600,500 VCRs in stock constituted 19 weeks' supply.

Pipeline VCR inventories at end of Jan were down 20% from year earlier and represented remarkable 14.7% drop in single month. Factory inventories, at some 267,000, were down 20.3% in year, 16.4% in month. Distributors held just under 128,000 at end of month, decline of 19.6% from year earlier and 10.7% from end of Dec.

Color TV inventories improved, too, but not as much. At end of Jan., pipeline inventories were less than 2,667,000 sets, or a little over 12 weeks' supply, down 7.2% from year earlier, decline of 1.4% in month. Factories held 1.69 million, down 9.3% in year, but up 3% during Jan., as distributors continued to unload, their stocks down 3.1% during year, healthy 4.1% in month.

Projection TV inventories were about 53,600 at pipeline level, 32 weeks' supply on basis of last year's sales rate, indicating there are still plenty of old models being cleared out.

**'82 VIDEODISC PLAYER SALES 222,625, UP 41.6%:** Videodisc player sales to dealers last year totaled 222,625, up 41.6% from 157,274 sold in 1981, according to privately circulated EIA report to participating companies. Inventories at year's end totaled some 70,000 units at factory plus distributor levels, drop of almost 39% from 115,000 at start of year.

All active player manufacturers except Pioneer (Hitachi, Magnavox, RCA, Sylvania, Toshiba, Zenith) contributed production, sales & inventory data to EIA, which estimated Pioneer's figures. Sales breakdown by quarters: First, 42,624; 2nd, 30,490; 3rd, 71,151; 4th, 78,360. Inventories declined steadily, ending year at lowest point.

Although EIA doesn't break down player sales by format, we estimate Laservision represented about 30,000 or so, CED the remaining 190,000-plus, downward revision of our LV estimate last Nov. when we reported 9-month sales (Vol. 22:44 p10). At CES last month, RCA said consumers bought "more than 130,000" RCA-brand players last year, more than double the 65,000 bought in 1981; new figures indicate that either RCA's claim was too modest or dealers have large inventory -- since perhaps 165,000-175,000 of sales-to-dealers figure were RCA brand.

Concomitant with inventory reduction, production (including imports) last year totaled 178,000, 25% below sales to dealers and 31% below 1981 production (258,400). Factory sales both years were about same level — 205,000-207,000.

**RCA'S NEW CATEGORY PORTABLE-HOME VCR:** First VCR under RCA's contract with Hitachi will be top-end showpiece of line — complete home deck with recorder which lifts out to become instant portable. Unit will be first to work with RCA's forthcoming universal remote control which will operate TV set, VCR & videodisc player (Vol. 23:3 p17).

New machine looks like complete home deck. Deck itself lifts off plastic tray adjacent to tuner-timer to become a portable after cosmetic front door is opened. Antenna and other connectors are in back and snap into place. Deluxe 5-head stereo special-effects recorder itself weighs only 8 lb. including battery. It's understood RCA paid total tooling cost, and design will be exclusive to it in U.S. market. List price is \$1,300.

Tuner section has 21-day timer, 10-button random-access 133-channel cable-ready tuning — but standard wireless remote which comes with recorder provides up-down tuning only. Optional extra, to be announced in June, is keypad remote which works with VCR, TV and disc player. Although RCA is first U.S. major to put it all together, neither universal remote nor dockable VCR is strictly new — Sony has all-purpose optional remote (but hasn't pushed it) and Mitsubishi has portable VCR with dockable tuner-timer.

**VIDEO IMPORTS UP, TV DOWN IN 1982:** Dec. was growth month closing out growth year for VCR and color camera imports, but 4th quarter shipments were below those of same 1981 period, Commerce figures show. In TV, complete color provided only across-board increases.

VCR imports logged 11.9% rise in Dec. to 203,600, putting final 1982 total at 2.46 million, up 23.1%. But trimming of excess inventories at year's end resulted in 1.5% decline to 705,600 in 4th quarter, first such quarterly falloff on record. Story was much the same in cameras. Total imports were up 12.7% for month to 39,600, up 12.2% for year to 486,300, down 9.6% to 116,600 in quarter. Camera results by type for those periods followed same pattern: Color 35,000, up 10.7%; 402,700, up 11.3%; 101,800, down 7.5%. B&w 4,700, up 30.4%; 83,600, up 23.7%; 14,900, down 22.1%. Videodisc player imports posted one of year's few monthly increases in Dec., rising 14.9% to just over 3,000, but were down 48.8% for year to 49,100, and in quarter were off 83% to 9,700. Projection TV imports were down 38.5% to 2,900 in Dec., off 4.9% to 36,700 for year, down 7.7% to 11,900 in quarter.

Total TV imports edged up 2.7% in month to 744,600 on strength of 27.9% jump for color to Dec. record 411,400, while b&w dropped 17.4% to 333,200. Full-year imports of complete &



incomplete TVs squeaked past 10 million, and were down 12%, as color dropped 12.4% to 4.48 million, b&w declined 11.7% to 5.53 million. Quarterly numbers also were down, total by 15.7% to 2.54 million, color by 4.4% to 1.22 million, b&w by 24% to 1.32 million.

Running counter to overall TV trend, imports of complete color sets continued 5-month surge in Dec., rising 28.3% to 183,100, closed out 1982 up 12.7% at 4-year high of 2.19 million. Oct.-Dec. total of 625,200 was up 28.9% from same 1981 period to 4-year high for any quarter. Imports of color chassis & kits bounced back in Dec., rising 21.5% to 228,300, presumably reflecting increased production at domestic assembly operations. They were off 27.7% to 2.29 million for year, down 24.8% to 594,000 for quarter.

Complete b&w imports rounded out year-long slump with 17.4% Dec. decline to 333,200, for 12-month total of 5.52 million, down 11.6%. For quarter, shipments were down 24.1% to 1.32 million. Year also marked end to long string of growth years for tinyvision imports. Incoming shipments of 10"-&-under b&w fell 24.8% in Dec. to 96,300, down 2.1% for year to 1.54 million, 23.2% in quarter to 373,900. Minicompos, included in those totals, were down 5.9% to 49,900, off 0.9% for year to 783,900, down 13.9% to 191,100 for quarter.

Korea took mantle of biggest complete color import supplier for first time in 4th quarter with doubling of shipments to 185,600, easily topping 2nd-ranked Japan, which had 14.3% drop to 165,400, while shipments from Taiwan rose 19.8% to 161,100. Korea's impact on market is reflected by comparison of color import screen-size table below with one we ran for first 9 months of 1982 (Vol. 22:45 p12). At end of first 3 quarters, 13" color imports were up just 7.2%, while 19" were down 3.2%. Korean color export drive pushed both solidly up for full year.

Here's rundown on 1982 complete TV imports by screen size:

Color	Total	% change	% Share of Import Mix 1982	1981
Combinations.....	43,800	-50.9	2.0	4.6
10"-&-under.....	371,200	- 6.7	16.9	20.4
11-12".....	221,800	+28.7	10.1	8.9
13".....	671,700	+27.6	30.6	27.1
14-15".....	122,100	+ 2.7	5.6	6.1
16-17".....	14,800	-34.4	0.7	1.2
18-19".....	578,200	+15.6	26.4	25.8
20"-&-over.....	168,000	+45.3	7.7	5.9
<b>Monochrome</b>				
6"-&-under.....	475,200	+12.6	8.6	6.8
6"-&-under, comb.	753,300	- 3.2	13.6	12.5
7-8".....	35,200	-45.7	0.6	1.0
7"-&-over comb...	30,600	+131.2	0.6	0.2
9-10".....	241,800	-14.8	4.4	4.5
11-12".....	3,797,000	-11.2	68.8	68.5
13-17".....	46,400	-13.9	0.8	0.9
18"-&-over.....	141,800	-58.9	2.6	5.5

RCA-only electronics parts show was held in Seoul last week under sponsorship of Korea Trade Promotion Corp. Local makers displayed more than 1,000 different components of types RCA uses to company representatives in response to RCA's expression of interest in locating suitable Korean suppliers. Industry feels RCA could purchase up to \$100 million of Korean-made parts this year.

General Instrument is source for single-chip voice recognition-synthesizer IC Milton Bradley will use in voice activation adaptor for TI home computer (Vol. 22:52 p11).

Japan agreed to program aimed at opening its market to high technology products from U.S., particularly semiconductors, and to loosen domestic investment restrictions, at meeting of trade officials in Tokyo last week. Session was follow-up to one held last Nov. (Vol. 22:45 p14).

Ad notes: Coleco links with General Foods and Pepsico in giveaway promotions to feature video & electronic games... Fuji Magnetic Tape Div. is severing ties with Paul Kaufman Assoc., seeks new agency... Scholastic appoints David Deutsch Assoc. for computer software.

**RCA'S NEW ORGANIZATION:** Long-range planning and technology are keys to reorganization of RCA's top management in first major changes since election of Robert Frederick as pres. Frederick, who joined RCA from GE, explained in Wall St. Journal interview that new setup involves "integrated planning system" tied in with operating units, allowing corporate evaluation of plans to "set priorities for RCA."

Heading up the 2 major new operations are William Hittinger for technology and James Alic for planning. Hittinger, formerly exec. vp for R&D, will lead new Corporate Technology group, adding technical evaluation & planning to his existing responsibilities for patent operations, licensing and staff engineering. Hittinger will serve as senior technical adviser to chmn. & pres. and represent RCA in all technical matters.

Alic, formerly group vp for Videodisc Operations and RCA Service Co., gets new title of senior vp, corporate planning. He's responsible for both developing & administering corporate strategic plans and providing for their direction in RCA operating units. Alic, 40, has moved rapidly through ranks at RCA, is expected to keep videodisc duties, at least temporarily. Both Hittinger & Alic report to Chmn. Thornton Bradshaw.

Under new organizational structure, major operational executives will now report to Pres. Frederick. These are:

- (1) Exec. Vp Roy Pollack, who takes over responsibility for RCA Labs from Hittinger, keeps current responsibilities for Consumer Electronics, Picture Tubes, Solid State, Distributor & Special Products, Cablevision Systems and Videodisc operations.
- (2) John Rittenhouse, currently Picture Tube Div. vp-gen. mgr., who will be elected group vp responsible for Govt. Systems and Commercial Communications Systems Divs. and RCA Service Co.
- (3) RCA Communications Pres. Eugene Murphy.
- (4) Exec. Vp Frank Olson (Hertz, Coronet).
- (5) CIT Financial Corp. Chmn. Walter Holmes.
- (6) Exec. Vp Herbert Schlosser (Records, videodiscs, program joint ventures).

NBC Chmn. Grant Tinker continues to report to Bradshaw.

**Software notes:** VSDA will lobby against repeal of first-sale doctrine in Washington, March 15-16, according to Exec. Dir. Dan Davis... Portavideo will look for foreign franchisees Feb. 20-22 in London at Video Software Show '83. Portavideo Pres. Ted Thrush said representatives of more than 12 countries are "expressing sincere interest," in VCR rental program... NZ Video Disc Productions, Mill Valley, Cal. plans to raise \$2-\$4 million for interactive programs aimed at children's & adult markets. NZ is setting up separate company to buy product, handle marketing. Likeliest candidate for distributor role is CBS/Fox Video, which will introduce NZ's first 3 discs on reading, writing & arithmetic by midyear. NZ expects to spend about \$200,000 on each production.

**PAGER DUMPING:** NEC is posting dumping duty bonds on imports of tone-type pocket pagers of just 11.72% of value, while pagers from Matsushita and all other possible Japanese suppliers must be covered by 88.07% bonds. Breakdown is contained in International Trade Administration report on preliminary finding that Japanese pagers are being sold in U.S. at less than fair value (Vol. 23:5 p13).

ITA said investigation was limited to exports by Matsushita & NEC because they account for virtually all of Japan's pager shipments to U.S., though finding includes covered products of all Japanese manufacturers. It said dumping was found on 99% of shipments, margins ranging from 0.2% to 99.8%, overall average of 46.31%. Bond requirements represent individual company average of difference between prices charged in U.S. & Japan. No bonding is required on LCD display pagers from NEC, which ITA said were being dumped, but at insignificant 0.47% average margin.

ITA said it rejected company requests for price adjustments covering such factors as warranty expense, selling & servicing costs, factory overhead and production costs. All such rejections are subject to review, so final average margins, if any, could be much lower. International Trade Commission has started probe into whether pager dumping has injured domestic industry. Only major U.S. producer of pocket pagers is Motorola, which filed original dumping complaint last year.

**GE TO MAKE RCA COTY TUBE:** First victory for RCA in new picture tube race is licensing agreement under which GE will produce tubes to its COTY-29 design. RCA is fielding COTY-29 as new generation system providing set maker with choice of higher resolution or cost saving (Vol. 22:23 p8).

COTY-29 is intended to blunt Japanese offensive for competitive mini-neck design which also is intended to save set makers money, but which RCA claims provides no high-resolution capabilities to meet future needs. Philips & Zenith, the other 2 U.S. tube makers, when last surveyed were tending toward production of mini-neck, at least in 13" size. Whether GE's adoption of COTY-29 will influence their plans for future and for other sizes is yet to be determined. GE has earmarked \$50 million for 2-year TV production modernization program, and much of that, it's understood, will go into tube operation (Vol. 23:3 p16).

License includes technical assistance, and GE is expected to phase in new design at Syracuse plant in mid-1984. RCA will start building new tube at Marion, Ind. late this year, after sampling tube customers starting this summer. RCA plans to build COTY tubes with 90-degree deflection in 13", 15" & 19" sizes and with 110-degree in 19" & 25". Production of 90-degree is scheduled to start next Nov. by RCA, 110-degree in spring 1984.

Japan's unions will win average 5% wage boost in annual spring negotiations this year, according to estimate by Labor Administration Institute, private research organization there.



**ATARI STRIKES BACK:** Atari let loose 2 blasts last week at competitors it feels are riding on its coattails. One, aimed specifically at fast-growing Coleco, other at industry in general, were timed to coincide with opening of Toy Fair in N.Y. last week.

Atari move against Coleco was bid for immediate court-ordered temporary halt to sale of adaptors that permit use of Atari-type cartridges on Colecovision game consoles. Bid was in form of amendment to patent suit filed last Dec. in which Atari claimed adaptor was infringing knockoff of Atari 2600 console and sought damages and injunction against production & sale (Vol. 22:50 p10). Coleco's response to original action was filing of \$500 million antitrust suit against Atari.

Coleco had response of a sort to latest action, though it wasn't intended as such. At Toy Fair, it unveiled stand-alone game console designed exclusively for Atari cartridges, and expected to match current \$100 price on 2600, along with number of step-up add-on modules for Colecovision. Atari Consumer Products Div. Michael Moone told us his company hadn't yet got sample of new Coleco unit, but affirmed it would be studied for possible infringement.

On product front, Atari unwrapped computer keyboard adaptor for 2600 to retail at an under \$90 list, which it hopes will put substantial dent in sales prospects of supercharger devices now being offered by half-dozen or so different companies. Keyboard plugs into cartridge slot, sits on console. It has 56 raised keys, comes with 8K RAM memory (expandable to 32K), offers 16-color, 160x192-pixel display, 2-voice sound generator, upper-lower-case letters.

Production model is expected to have top-mounted cartridge/expansion slot, connections for standard rather than dedicated cassette recorder, disc drive and other peripherals. It will accept standard 2600 game cartridges as well as those specially designed for system. Computer will use Microsoft Basic, so Atari will have to modify programs designed for its stand-alone computers before making them available for new model.

Computer is slated for Sept. availability, Moone said at press briefing. But other staff members told us company is trying to advance that by month or 2, to match new low-end computers coming from Coleco, Mattel, TI and others. Keyboard is aimed at youth market, Moone said, referred to it by working title "My First Computer," indicated that at least 10 million 2600 consoles have been sold. Moone said keyboard for step-up 5200 game console is in development, but indicated it might not be introduced. Also unveiled by Atari for 2600 console was track-ball control at \$50, joystick with trim shape and side-fire buttons at \$20, wireless remote control package that comes with base station and 2 controls at \$75.

Coleco calls Atari-compatible console Gemini, includes in price Donkey Kong cartridge, combination joy stick-twist knob hand controls, coupon for \$25 off cartridge or accessory purchase. Introduced at same time was first Gemini accessory, plug-in audio

cassette player that responds with voice and sound effects to cartridge-generated on-screen activity. It lists for \$70 with one special cartridge-cassette program set included.

Unveiled for Colecovision was 3rd expansion module called Super Game that boosts capacity to 128K, including that of mini (1/8") tape program cassette Coleco refers to as "wafer." Module allows up to 100 different screen displays per game, sharply boosts graphics & activity capabilities (Donkey Kong version has introduction & intermission displays not included in standard cartridges.) It will list at about \$125, with pair of \$30 wafers included.

Coleco's taped video sales presentation offered first glimpse at types of computer programs it plans to introduce along with keyboard module in June, but didn't show module itself. It promises Coleco will have "even greater impact in the home computer market than it has had in the videogame market." Coleco says it's doubling ad budget this year, estimates there will be some 15 million videogames & computers in use by end of 1983. Upcoming TV commercial stresses Colecovision expandability, pointedly notes computer is coming.

Another computer due in June is entry from Japanese toy maker Tomy. Unit, currently on sale in Japan, is expected to retail in under-\$150 class.

\* \* \* \*

Toy Fair lacked excitement and foot traffic of past years, probably because industry is coming off down year in traditional toys. Toy Mfrs. of America estimates total toy factory shipments rose 13% to \$6.7 billion, with videogames & software up by \$1 billion to \$2.1 billion, leaving rest of industry at \$4.6 billion, off 4%. Other electronic games had comeback in 1982, rising 34.4% to \$371 million, having suffered 42% drop to \$276 million in 1981. Sales of other electronic toys held steady at \$23 million, but still well under \$41 million peak of 1980.

TV set on a chip: Competition for ITT's Digivision digital TV system may be provided by new IC which handles all color TV signal processing in conjunction with microprocessor. Developed by Motorola European Semiconductor Div., Geneva, combination digital-analog device contains equivalent of 5,000 components, can handle TV, VCR and other inputs simultaneously, provide NTSC, PAL & SECAM in single set. IC accepts composite video signal input, feeds red, green & blue signals and their horizontal & vertical drives directly to power output stages. Samples are scheduled to be available by year's end. Cost hasn't been determined.

Sinclair Research of U.K. is on capital hunt, seeking institutional investors to buy 10% interest. Company is now 95% owned by insiders, including founder Clive Sinclair. Funds presumably are needed to support production launch of scheduled \$80 disc drive for Sinclair & Timex home computers, continued development of flat-tube pocket b&w TV. Set, using tube similar to one Sony employs in Watchman, is penciled in for late 2nd quarter introduction. To keep under-\$90 target price in sights, it's understood, plan for building in FM radio has been dropped.



**NEW CANADIAN TV MAKER:** Canada's domestic color TV industry may not be dead yet. Industry could get mini-revival in form of PLM Video, which recently acquired assets of Video Canada (VC), small private-label color assembler, now bankrupt, founded by industry veteran Robert Moore.

PLMV, located just outside Toronto, is subsidiary of PLM Electronics, consulting company that develops products for cable & pay TV. PLM worked for VC on engineering of 105-channel remote tuner VC planned to assemble with Korean color chassis (Taihan) and RCA color tubes into sets for sales in U.S. & Canada. PLM picked up VC's color production equipment and other assets from receiver "to product our investment," according to PLM Pres. Peter Makowchik.

Restart of color assembly isn't yet certain. "We now doing an analysis to see how viable it would be for us to get into the TV business," Makowchik told us. He said he has had encouragement from potential OEM & retail customers, and is now getting quotations from suppliers. Cabinet tooling is among things acquired from VC, and that puts some limitation on how far afield PLM can go, as parts bought have to match cabinet holes & fittings.

Makowchik said he's been told he would have to turn out minimum of 100,000 sets annually to show profit, but stated "I don't think we have to go that high." PLM's idea, he said, "is to get established, get the basic product line out, make some money and put that back into R&D.

"We are not 100% interested in building a basic TV set," Makowchik said, explaining he has no illusions about result if he tried to compete directly against established TV companies in U.S. & Canada. "We have some longer term ideas" that center on "development of cable-type sets with direct interfaces for baseband video," which would be "compatible to pay systems." Opening market for such TVs would probably be restricted to Canada, because consumers own converters there, "but we are looking to export" to U.S., he stated.

Makowchik said he hopes to have go/no-go decision made by end of March. "We would like to be established and ready to offer product by June when the next CES rolls around," he said. Canada has one domestically owned color TV maker left, Electrohome. But since start of this year Electrohome has functioned only as contract color TV assembler for Mitsubishi which, at start of year, licensed exclusive Canadian & U.S. consumer electronics rights to Electrohome brand (Vol. 23:3 p15).

With color & projection TV assembly plants in Cal., and TV assembly contract with Electrohome, Mitsubishi has to be included among Japanese manufacturers believed interested in acquiring & reopening RCA's former color tube plant in Canada. RCA closed Midland, Ont. facility, which had capacity of million tubes per year, in Dec., but said it had talked with prospective purchasers. Matsushita and Toshiba are also considered possible buyers.

**U.K. VIDEO MARKET:** Britain's VCR and recorded cassette market is at least as big as that in U.S., according to estimates of Ian Muspratt, group managing dir. of Guild Organization. At TV '83 conference in London, he indicated that 1.7 million VCRs were bought or leased by consumers last year, predicted volume of at least 1.8 million for this year, which would bring total in use to 5 million, put penetration at 25%. He credited VHS with 70% market share, Beta with most of rest.

Legitimate software market approximated \$220 million at retail in 1982, Muspratt said, noting that loot raked in by pirates represented additional \$190-\$200 million. Demand is such, Muspratt claimed, that home video "has probably created more new jobs than almost anything else in the last 2-1/2 years." He said software supports 20,000 direct employees — more than broadcast TV — who work at 7,000 specialty stores and 4,000 TV rental outlets.

Videodisc has good potential, Muspratt stated. "There will be a market for people who want to buy programs," and disc "probably represents a better opportunity for long term storage, he said, adding observation that discs are "an extremely attractive item which, by & large, videocassettes are not."

**Anticlimactic end to criminal case against Hitachi** came last week when Japanese company and 2 employees pleaded guilty to charges of conspiracy to steal IBM computer secrets. Fines of \$10,000 were levied on Hitachi and one employee, \$4,000 on 2nd. Hitachi said it entered guilty plea to bring case to end. Similar criminal case against Mitsubishi and IBM civil suit against Hitachi, still pend. Japanese companies & workers were indicted last June after being caught in FBI sting, and cases caused international uproar (Vol. 22:26 p13). Massive publicity surge generated concern in both U.S. & Japan that strain on trade relations and some severing of technology ties might follow. But by end of last year all involved parties were treating cases as isolated incidents, and possible problems never materialized.

**Atari was leader in cartridge shipments for 2600 game console last year, but lost significant market share, according to estimate from broker A.G. Becker.** It says Atari shipped 32.2 million last year for 58% share of 55.6 million market, as against 26.5 million in 1981, representing 90% of 29.3 million market total. For 1982, Activision was ranked 2nd with 11 million for 20%, Coleco (which says it shipped 8 million in 3 formats) was credited with 5 million for 9%, Parker Bros. with 4 million for 7%, Imagic 3 million for 5%. That leaves 25 or so other companies dividing up remaining 1%, or about 600,000.

**U.K. is fighting Timex's decision to halt mechanical watch production at Dundee, Scotland plant complex, eliminating 1,900 jobs (Vol. 23:4 p20).** It has complained to EEC that threatened job loss is caused in part by Timex plan to expand in France with help of \$79 million in illegal govt. grants. EEC has launched probe, and Timex can't get promised aid until investigation is completed.



**VHS HI-FI IN '83?** VHS group is doing catch-up work, and recorders with high-fidelity helical FM soundtrack, using technique similar to Beta Hi-Fi, could be ready for market by year's end. Meanwhile, Sony said it will establish special franchise for Beta Hi-Fi VCRs, pricing units for extra profit to compensate for special effort required to sell them.

At least one U.S. company which imports VHS VCRs has been informed by supplier that it is holding up some high-end product originally scheduled for May introduction for modification to include new hi-fi sound system, moving debut close to year's end. This is first indication that VHS group may have chosen a standard hi-fi sound system. At least 2 variations had been proposed — by JVC & Matsushita — and there have been reports that up to 6 different proposals were being considered.

Sony expects to have 2 Beta Hi-Fi models this year, perhaps 3rd in 1984. Betamax Mktg. Vp Osamu Naka said last week that SL-5200, shown at CES — hi-fi version of current low-end Beta unit — will have suggested list price of about \$1,000 this spring, and that high-end unit, SL-2700, hi-fi equivalent of elaborate SL-2500, will be about \$1,500. In fall, he added, mid-line model may be introduced.

Prices reflect added margin for franchised Beta Hi-Fi dealers, who will be chosen on basis of ability to display & demonstrate hi-fi VCRs properly. Naka estimated 500-600 dealers would be sufficient for launch. While stating that audio dealers are probably best suited to handling Beta Hi-Fi, he said franchises won't be limited to sound specialists. Sony will offer dealers special Beta Hi-Fi audio components for demonstration.

Sony officials said duplicator equipment for system would be available by end of this month and indicated that company would offer "some kind of encouragement" to duplicators to replace existing equipment, but terms haven't yet been determined.

FCC relaxed rules last week, as expected, on devices which use TV set to display video images (Vol. 23:6 p11). "TV interface devices" (VCRs, videodisc players, etc.), which currently require FCC testing for type acceptance, will be subject only to certification process whereby manufacturer does testing and sends results to FCC for approval. In addition, Commission ended requirement that RF modulator and video source must be in same cabinet. Staff said old rules were "overly restrictive [and] hampered design flexibility," noted that many new products have stand-alone RF modulators and have been authorized by FCC waivers. FCC also relaxed emission limits for TV interface devices to same levels adopted for personal computers, revised technical standards to limit potential interference to TV sets, authorized TV interface device kits, required labeling of all devices to show compliance with FCC standards.

Thomson-Brandt will get \$232 million in new French govt. investment this year as part of \$3.2 billion aid package being set up to help nationalized businesses improve productivity, cut losses.

Wireless infrared 16-channel audio system for commercial & private aircraft is being developed by Hughes. Company says system weighs 50% less than conventional wired feed, costs 33% less. Individual headphones, which contain sensor & decoder, would cost substantially more than acoustic sets now used.

JVC, Panasonic & Sony will jointly sponsor reception, perhaps for first time in history, to entertain professional video dealers attending NAB convention April 11 in Las Vegas. Presiding over whole thing and bringing competitors together will be NAVA, launching membership drive.

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## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>AM Cable TV Industries</b>			
1982-9 mo. to Dec. 31	24,085,000	801,000	.22
1981-9 mo. to Dec. 31	12,762,000	(417,000)	--
1982-qtr. to Dec. 31	8,641,000	246,000	.07
1981-qtr. to Dec. 31	3,746,000	(231,000)	--
<b>Arvin Industries</b>			
1983-52 wk. to Jan. 2	513,905,000	10,866,000	1.40
1982-53 wk. to Jan. 3	495,136,000	12,424,000	1.64
1983-13 wk. to Jan. 2	124,267,000	3,180,000	.41
1982-13 wk. to Jan. 3	115,949,000	721,000	.06
<b>Audiotronics</b>			
1982-6 mo. to Dec. 31	8,780,000	180,000	.16
1981-6 mo. to Dec. 31	11,343,000	212,000	.16
1982-qtr. to Dec. 31	3,849,000	10,000	.01
1981-qtr. to Dec. 31	5,148,000	32,000	.02
<b>CBS</b>			
1982-year to Dec. 31	4,122,782,000	122,509,000	4.01 <sup>a</sup>
1981-year to Dec. 31	3,955,926,000	162,829,000	5.83 <sup>a</sup>
1982-qtr. to Dec. 31	1,217,955,000	35,748,000	1.27 <sup>a</sup>
1981-qtr. to Dec. 31	1,127,778,000	40,533,000	1.45 <sup>a</sup>
<b>Chyron</b>			
1982-6 mo. to Dec. 31	7,571,000	1,992,000	.49
1981-6 mo. to Dec. 31	6,403,000	1,787,000	.44 <sup>b</sup>
1982-qtr. to Dec. 31	4,145,000	1,056,000	.26
1981-qtr. to Dec. 31	3,274,000	917,000	.22 <sup>b</sup>
<b>Gannett</b>			
1982-year to Dec. 26	1,519,514,000	180,507,000	3.39 <sup>c</sup>
1981-year to Dec. 27	1,367,171,000	172,506,000	3.17
1982-13 wk. to Dec. 26	428,103,000	55,722,000	1.05 <sup>c</sup>
1981-13 wk. to Dec. 27	377,306,000	54,648,000	1.01
<b>Gross Telecasting</b>			
1982-year to Dec. 31	13,822,057	3,278,109	4.11
1981-year to Dec. 31	12,811,308	3,172,596	3.98
1982-qtr. to Dec. 31	4,134,317	1,176,264	1.48
1981-qtr. to Dec. 31	3,680,035	939,098	1.19
<b>GTE</b>			
1982-year to Dec. 31	12,066,410,000	835,626,000	4.70
1981-year to Dec. 31	11,026,296,000	722,004,000	4.32
1982-qtr. to Dec. 31	3,153,578,000	237,610,000	1.31
1981-qtr. to Dec. 31	3,061,134,000	190,277,000	1.11
<b>Harte-Hanks Communications</b>			
1982-year to Dec. 31	396,903,000	27,297,000	2.78
1981-year to Dec. 31	348,519,000	25,362,000	2.62
1982-qtr. to Dec. 31	109,964,000	8,451,000	.86
1981-qtr. to Dec. 31	94,869,000	7,725,000	.79
<b>Lloyd's Electronics</b>			
1982-9 mo. to Dec. 31	33,649,000	1,732,000	.91
1981-9 mo. to Dec. 31	33,175,000	445,000	.23 <sup>d</sup>
1982-qtr. to Dec. 31	11,564,000	748,000	.39
1981-qtr. to Dec. 31	9,797,000	368,000	.19 <sup>d</sup>
<b>New York Times</b>			
1982-year to Dec. 31	933,692,000	54,257,000	4.31 <sup>e</sup>
1981-year to Dec. 31	841,707,000	49,970,000	4.03 <sup>e</sup>
1982-qtr. to Dec. 31	252,092,000	9,535,000	.75
1981-qtr. to Dec. 31	233,558,000	13,370,000	1.08
<b>Texas Instruments</b>			
1982-year to Dec. 31	4,326,600,000	144,000,000	6.10
1981-year to Dec. 31	4,206,000,000	108,500,000	4.62
1982-qtr. to Dec. 31	1,107,000,000	42,600,000	1.80
1981-qtr. to Dec. 31	1,048,700,000	36,700,000	1.56
<b>Times Mirror</b>			
1982-year to Dec. 31	2,210,483,000	139,874,000	4.09 <sup>e</sup>
1981-year to Dec. 31	2,155,970,000	150,331,000	4.40
1982-qtr. to Dec. 31	596,803,000	53,819,000	1.57 <sup>e</sup>
1981-qtr. to Dec. 31	576,259,000	50,000,000	1.46

Company & Period	Revenues	Net Earnings	Per Share
<b>Western Union</b>			
1982-year to Dec. 31	1,024,950,000	85,782,000	3.50
1981-year to Dec. 31	966,191,000	74,503,000	3.43 <sup>d</sup>
1982-qtr. to Dec. 31	249,362,000	14,287,000	.51
1981-qtr. to Dec. 31	248,155,000	26,495,000	1.25 <sup>d</sup>
<b>Wometco Cable TV</b>			
1983-year to Jan. 1	45,992,000	4,280,000	.61
1982-year to Jan. 2	32,533,000	2,064,000	.31
1983-16 wk. to Jan. 1	15,211,000	2,734,000	.39
1982-16 wk. to Jan. 2	11,622,000	960,000	.14

Notes: <sup>a</sup>After special charge. <sup>b</sup>Adjusted. <sup>c</sup>Record. <sup>d</sup>Restated. <sup>e</sup>Includes special credit.

## Consumer Electronics Personals

Myrddin Jones, former NAP Consumer Electronics mktg. vp, named Commodore sales & mktg. vp, succeeding Kit Spencer, who returns to former post as European mktg. vp... Burton Prosser promoted from mdsg. vp to sales operations vp, RCA Sales Canada... Koichi Sadashige, Matsushita (U.S.) Avionics Systems managing dir., adds duties as Panasonic Audio Video Systems Div. gen. mgr... Bert Johnson appointed Sampo national private label and special markets sales mgr.

Patrick Murray, ex-Numark Electronics, joins Sony Tape Sales as national sales mgr.; Adrian Delgado, ex-TDK, joins as east region sales mgr.; Larry Wolman advanced to west region sales mgr.; Nancy Reese appointed national ad mgr... David Travis, ex-Starpath, joins Data Age as sales vp, replacing Herbert Hershfield, resigned... Charles Weinschreider named U.S. Games mktg. consultant... Harvey Gillis appointed Activision finance vp.

Gary Conway joins Video Station as acquisitions dir... Ann Schwarz promoted to gen. mgr., Pacific Arts Video Records... Robert Peters, responsible for Paramount's entry into home video, resigns as senior vp to form entertainment consultancy... Bodo Schwartz named managing dir., CBS/Fox Video (Germany).

Richard Capra named Advance Transformer exec. vp... Kevin McGarrity promoted at TI Semiconductor Group to U.S. mktg. mgr., succeeding Edward O'Neil, now corporate mktg. support mgr... Gary Arnold advanced at National Semiconductor from corporate planning dir. to vp-chief financial officer.

Korea will invest \$265 million in 5-year technology & manpower development & acquisition program, using funds set aside from revenues of Korea Electric Power Corp. and Korea Telecommunication Authority. In addition to providing funds for approved projects, govt. will offer tax incentives to promote technology advances, higher quality and improved productivity by private companies.

CBS Records is striking back at whole concept of home taping by refusing to supply promotional video clips of its performers to TV shows that run ads for blank video or audio cassettes or recording hardware.



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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**DAWSON SEES NO EVIDENCE** of White House pressure in TV network financial interest rulemaking. She would permit telco-cable cross-ownership in same market as common carrier, expects to serve full 7-year term. (P. 1)

**CABLE DEREGULATION BILL** moves ahead with communications interests testifying in Senate that market competition will ensure program accessibility, diversity. (P. 3)

**35 'FREE' SIGNALS?** CATA says it's found loophole in copyright law, but critics say loophole will bring lawsuits. (P. 4)

**BROADCAST DEREGULATION** bill passed by Senate. Real test will be House, where bill hasn't been introduced. (P. 5)

**NCTA, CITIES RETURN** to bargaining table as movement toward agreeable modifications to cable deregulation bill quickens. (P. 5)

**HBO REVAMPS STRUCTURE**, appoints Biondi pres. and forms Entertainment & Network units. Heyworth moves to Video Group. (P. 6)

**INDUSTRY MANAGERS SEE GROWTH** for TV, have little fear of new technologies, according to Petry TV study. (P. 8)

**DAWSON—NO WHITE HOUSE PRESSURE AT FCC:** While lobbying of FCC members has been "very intense" in network financial interest-program syndication rulemaking, there's been no indication of any White House involvement at agency — despite published reports to contrary — according to Comr. Dawson. In interview with Television Digest, she also replied "yes I would" when asked if she would permit telco-cable cross-ownership in same market. However, she said, such telco-owned systems should be required to operate as common carriers, prohibited from programming any of their channels themselves.

On alleged White House pressures on behalf of programmers in financial interest rulemaking, Dawson said: "We really do operate as an independent agency. We don't get that kind of pressure at all. In terms of the lobbying [by interested parties], it's been very intense... But I come from the Hill and I consider that an important positive form of government. That doesn't disturb me in the slightest."

### Consumer Electronics

**VCR EXPLOSION** reminiscent of color in 1965-66 could be in works. Unreasonable seasonal sales patterns. (Pp. 10 & 15)

**JAPAN AGREES TO HOLD** VCR exports to EEC to 4.55 million this year, accepts 900,000 ceiling on big-screen color tubes. (P. 10)

**AM STEREO:** 'Marketplace' decision leaves industry at dead center one year later, proponents sniping, future in doubt. (P. 11)

**ZENITH OPERATING LOSS** was \$30.5 million in 4th quarter, 50% of deficit attributed to VCRs. Atari net down, Coleco up. (P. 13)

**ECONOMY AX FALLS AT SONY** in marketing & communications; casualties up to vp level. (P. 13)

**RCA'S 'CONVERTIBLE' VCR** is super-high-end 'docking' portable, North America exclusive. Hitachi will offer it elsewhere. (P. 14)

**NAP WINS VICTORY** in game patent suit against Mattel, sets push against cartridge marketers, eyes computer infringement action. (P. 14)

**PIONEER EXPANDING** videodisc production in Carson, could hit 2-million rate by year's end. RCA preparing 3-4 interactive discs. (P. 15)



What does disturb her, Dawson said, is that FCC "considers agenda item by agenda item rather than the overall picture in major areas of regulation... In looking at financial interest in a vacuum, what is it that makes me choose one side or the other?... I think I'd come to a different conclusion if I stop thinking in terms of networks vs. producers and studios and think about the end users. What kind of market am I creating? If I ask the question that way, I'm not sure I can consider financial interest and syndication by itself."

Dawson said she would like FCC to take up other ownership issues that Commission is dealing with (7-7-7, network ownership of cable, attribution) in conjunction with financial interest. "I advocated a concentration index when we took up network ownership of cable," she told us, "because you certainly can't say that 5 V network owned & operated stations are the same worth or have the same control power as 5 Vs scattered around the South. The index would be a way of saying the kind of numerical standards we've been using don't make any sense anymore. Let's consider all the video market. That would include cable. That would include MDS, STV, DBS, SMATV — all of them. I think the chairman's [Fowler] inclination would be to include print, too."

FCC then would set limit on "reach — both in terms of homes and dollars," Dawson said, using index similar to that Justice Dept. now uses in determining when a company has gained concentration in dollars. She said Commission also should have "diversity index... that would talk about reach as well as revenues... If I have a situation where a Taft or a Metromedia or Westinghouse owns 70 affiliates of all 3 networks, owns 100 cable outlets, 40 STVs — then that company has acquired enough concentration to be its own program packager. What happens is instead of having 3 choices to sell product too, if I am a producer, I have 10 or 12 choices. So, from my point of view, I'm not sure that financial industry and syndication doesn't become moot if you take care of the structural problems in the marketplace. What we're trying to do [in financial interest rulemaking] is apply band aids. Maybe instead we should look at the structural problems in that market that we've caused... through arbitrary regulation."

(Note: Dawson gained support from Comrs. Fogarty & Rivera in concurring statement to attribution rulemaking last week. "This notice is ill-advised because it continues this Commission's new-found penchant for piecemeal evaluation of ownership issues," they said. "Picking off long-standing ownership rules one-by-one can only produce disjointed results and give credence to criticism that this agency has abandoned its interest in promoting diversity of expression through effective structural restraints.")

Dawson stressed that "I'm not necessarily tied to that index, but I think what the Commission is looking for is some kind of a very competitive transition mechanism into an environment where we wouldn't need rules like financial interest and syndication... This is a part of the thinking process I am going through... I don't know if that's where I'll wind up. People say that I'm leading the charge for this or that. I don't think that's accurate."

Phone companies should be permitted to own cable systems in their markets because "2 wires into the home in many cases is just not feasible," Dawson said. "I think that as we deny the American people service while we wait 5 or 10 or 15 years to have something become economically viable when it's not going to ever be isn't in the public interest. It seems to me that what we ought to be concerned about is who controls the information going into that home. I would allow a telco to provide video services as long as they provided them on a non-discriminatory, common carrier basis."

However, she said she would allow non-telephone cable systems to continue to operate as they are, programming their own channels. Asked about TV-cable cross-ownership, Dawson said she would be "hard pressed" to permit that in same market. "The sacrosanct market is that local competitive situation, and that's the one that I think we're going to spend the next year restructuring."

And, Dawson plans to be at FCC through next year, and more: "I think I'll serve my full 7-year appointment. I like it. I'm just beginning to learn. I've been here 2 years in July. I think it takes 2 years to even have an appreciation of everything you don't know."



**CABLE BILL ADVANCES:** Senate Commerce Committee pressed ahead with cable deregulation bill (S-66) last week in 2-day hearing overshadowed by continuing negotiations between NCTA and National League of Cities (NLC) for possible compromise (see p. 5). Sen. Goldwater (R-Ariz.) said he was pleased with hearing because testimony supported his contention that adequate competition to cable exists to allow market forces, rather than regulation, to control industry. Statements Goldwater made indicate he doesn't anticipate any difficulty in getting Committee to approve bill as written, despite objections to parts of bill by some members.

Goldwater reiterated stance bill could be amended to include any compromise achieved by NCTA-NLC negotiations, but he sent signal there are limits. Compromise must not "significantly erode" thrust of bill, must adhere to its general intent of freeing cable from most local regulations, he said.

Highlight of hearing came when NCTA Pres. Thomas Wheeler and Frank Grief, Seattle cable administrator representing NLC, engaged in lengthy, often sharp debate. After both had given testimony, they were prodded into debate that lasted 20 minutes as Committee members listened; Sen. Gorton (R-Wash.) said later members had "been enlightened and entertained." First day, executives of several communications interests testified that because of emerging entertainment alternatives, adequate competition exists to provide proper checks on deregulated cable industry.

Wheeler-Grief debate began with questions to Grief, generally asking him to justify franchise regulations. He responded cities have right to regulate cable because it's monopoly, uses public rights of way. He termed city councils "bargaining agents" of public acting to ensure widest possible service at lowest rates offering programming targeted to local needs. Sen. Packwood (R-Ore.) asked: "Are there any things a city should not be allowed to do in the franchise process? Should there be any limit on a franchise fee?" Basically, Grief responded, cable regulation is local matter where govts. should have widest leeway.

Cable isn't monopoly, Wheeler rebutted. It competes in marketplace with other outlets which aren't regulated, pay no fees but offer nearly identical programming. He cited several "abuses of the franchise process" by cities. In Sacramento, "it took the promise of planting 20,000 trees to finally win franchise approval," Wheeler said.

Sen. Pressler (R-S.D.) said he's worried about one thing. "How does [S-66] ensure that cable will be available to everyone," even in rural areas? Wheeler responded that cable would spread to rural areas "if we didn't have to gold-plate every system because of excessive franchise demands." He said after deregulation systems would be cheaper to build, meaning cable could spread to areas of less density.

During first day of hearing, Ted Turner lambasted Copyright Royalty Tribunal for imposing 3.75% distant signal rate. Goldwater told him he was complaining to wrong panel. "I would like to do something about that," Goldwater said, "but the [CRT] comes under the Judiciary Committee. So I suggest you talk to them." Expressing NAB's position on bill, TV Board Vice Chmn. Jerry Holley cautioned that "the picture remains dangerously incomplete without a guarantee of local signal coverage," and that danger can only be removed by codification of must-carry rules.

Satellite TV Corp Pres. Richard Bodman said even deregulated cable won't attempt to serve millions of rural homes, making DBS viable service. Assessing cable's competition with other media, James Parker, CBS senior vp & gen. counsel, said controlling federal policy on cable is in public interest. He concluded that "technological and policy changes... have eliminated whatever elements of market power once existed in video media markets." Charles Jackson, Shooshan & Jackson, said treating cable as isolated technology is a mistake. He said cable now has several competitors and "nothing indicates that this evolution will stop soon."

Committee staffer said markup of bill, next step in legislative process, hasn't yet been scheduled but could occur in few weeks. Further action on bill hinges on continuing negotiations between NCTA & NLC, committee staffer said.



**35 'FREE' SIGNALS?** Loophole in copyright law that could allow cable operators to carry nearly 3 dozen independent stations without liability for impending 3.75% rate has been uncovered CATA. CATA argues that Copyright Law of 1976 and subsequent agency regulations split all broadcasters into 3 categories, lumping with independents "specialty" stations whose carriage is still allowed. And those specialty stations can be freely substituted for independents, CATA claims.

Broadcasters and copyright owners claim argument is flawed, flouts intent of Congress and isn't supported by any ruling. MPAA official told us: "It is an ingenuous attempt to avoid compliance with the Tribunal's rate decision. If any cable system chooses to proceed on the basis of that legal thinking, I certainly hope to participate in an infringement action by copyright owners." CATA said it's prepared to defend any suit: "Since we're sure that this is going to raise controversy, CATA is willing to support any legal action that might arise to confirm this definition of the rules," Exec. Dir. Stephen Effros said.

Here's CATA's argument: (1) When CRT last Nov. raised fees for cable carriage of additional distant independent stations to 3.75% of gross revenue of cable system, it said rate wouldn't apply to "any signal which was permitted... under the rules and regulations of the FCC in effect on June 24, 1981, or a signal of the same type (that is, independent, network or noncommercial educational) substituted for such permitted signal." Important is fact that CRT said substitution for stations allowed under old FCC rules could occur, that substituted signal must be "of the same type" and then followed with only 3 choices.

(2) Before June 24, 1981, FCC allowed any cable system to carry "specialty" stations, defined as commercial broadcasters airing foreign language, religious &/or automated programming during 1/3 of average broadcast week and 1/3 of weekly prime-time hours. There were at least 33 such "permitted" stations operating in mid-1981, CATA found.

(3) Because all stations must fall into one of 3 categories, specialty stations, which are exempt from 3.75% rate, are independents. (4) Therefore, because at least 33 specialty stations were permitted to be carried under old FCC rules and because signals of same type can be substituted, then operators now can carry at least 34 imported independent stations (33 plus one independent already allowed) before being liable for 3.75% rate, CATA maintains. Washington attorney Gary Christensen developed argument for CATA.

"No matter where you look, everybody says there are only 3 kinds of signals," said Effros. CATA makes corollary argument that if specialty stations aren't correctly classified as independents, then Copyright Office must refund payments made for carriage of those stations. That issue may be settled by proceeding announced last week by Copyright Office, which plans inquiry on substitution of specialty stations for independents. Comments are due March 1 and Office expects to issue findings by March 15.

Meanwhile, bill introduced last week by Reps. Frank (D-Mass.) & Sawyer (R-Mich.) would make cable retransmission of distant signals subject to full copyright liability by Jan. 1985 — similar to bill introduced by Frank last session. New bill (HR-1388) goes further, however, and calls for repeal of FCC must-carry rules. Frank said he's decided it's unfair to repeal compulsory licensing while keeping must-carry rules.

Plans for electronic coverage of Senate hit another snag last week when key opponent Sen. Long (D-La.) refused to accept compromise proposed by Majority Leader Baker (R-Tenn.) calling for one-year experiment rather than permanent TV-radio coverage. Under Baker plan, experiment could be revisited after year to determine if it should be extended. Baker may still go ahead with Rules Committee vote and then floor action in near future, but Long reportedly has strong backing for his rejection of compromise, including from Sens. Ford (D-Ky.), Danforth (R-Mo.), Mattingly (R-Ga.). One source said Long has made counter-proposal to permit turning on cameras only for "time-limited" debate, meaning filibusters would be excluded. Some industry lobbyists fear Baker may go along with Long's limitations on grounds that Long plan is better than nothing.

U.S. Appeals Court, D.C., has rejected NAB's request for stay of Satellite TV Corp.'s construction permit to build DBS system. Assn.'s appeal of FCC grant of permit is still pending. Said Court: "Appellant [NAB] has not demonstrated the... irreparable injury and likelihood of success on the merits to warrant the preliminary relief sought, nor has it shown that injunctive relief would not harm the substantial public interest in expeditious development of direct broadcast satellite technology." NAB spokeswoman said NAB "never fooled ourselves" into counting on court stay of STC plans but "[we] think it's a different question as far as the merits are concerned."

Metromedia names Katz TV rep for its TV stations. Katz Communications will divide stations into 2 groups, independents WNEW-TV N.Y., KTTV L.A., WTTG Washington & KRIV Houston to be represented by Katz Independent TV, network affiliates WCVB-TV Boston and WTCN-TV Minneapolis by Katz American TV. Metro TV sales, Metromedia's national spot sales organization, will merge into Katz.

"Children's TV—Let's Show We Haven't Forgotten" is theme of NAB for March 13-19 "National Children and TV Week" designated by President Reagan. NAB is urging stations to focus attention on specific programs & activities during week responsive to needs of children.

"TV Station Advertising Now That The Code Is Dead" is topic of forum sponsored by TvB April 12 during NAB convention in Las Vegas. Communications lawyer Jay Greenfield will moderate.



**BROADCAST BILL CLEARS SENATE:** By unanimous vote late last week, Senate passed broadcast deregulation bill (S-55) only days after measure was reported by Commerce Committee. Speedy action was expected — almost identical bill cleared Senate floor last year.

Hurdle will come in House, where bill hasn't even been introduced and communications leaders haven't disclosed plans other than to indicate they might favor radio deregulation but probably won't go for loosening TV license renewal procedures. House leaders don't favor eliminating comparative renewal process without replacing it with some other form of measuring public interest standard.

Bill passed Senate with little discussion. Sen. Hollings (D-S.C.), ranking minority on Commerce Committee, inserted statement in Congressional Record noting that while he is "wary about deregulation," this bill "takes an intelligent... approach to deregulation."

Sen. Lautenberg (D-N.J.) repeated concerns expressed during Committee markup about operation of N.J. broadcasters, especially RKO General which moved WOR-TV N.Y. to N.J. to avoid losing license. Lautenberg said he has "reservations" about bill's elimination of comparative renewal process because it had "served as an important tool to make New Jersey's long-standing but justified complaints known." However, he said he's been assured that bill won't "minimize a TV licensee's obligation to serve the problems, needs and interests of the residents of the service area." Lautenberg said he plans to keep watch over "licensees serving N.J. and especially RKO..."

Bill sailed through Committee markup on 16-0 vote earlier in week. It would eliminate comparative renewal process and radio programming guidelines and let FCC charge cost-of-regulation fees. Among few changes from last year's version: (1) Fees outlined in new bill are slightly higher than last session's. (2) Hollings amendment added during markup would require FCC to act within one year on proposals for new forms of service or technology. Similar provision is contained in this year's cable regulation bill (S-66).

NAB Pres. Edward Fritts hailed Senate passage, saying broadcasters should be "heartened" because such deregulation is "essential if we are to compete effectively and efficiently in today's marketplace."

Dismissing protest of National Black Media Coalition and other citizens' groups, FCC approved swap of Pulitzer Publishing's KSKD St. Louis for Multimedia's WFBC-TV Greenville, S.C. & WXII Winston-Salem. In addition, Multimedia will pay Pulitzer \$8.5 million, including \$3.25 million for KSDK facilities. Pulitzer received tax certificate as did Multimedia for WFBC-TV since swap resulted in breakup of newspaper-TV cross-ownerships.

KVNJ-TV (Ch. 15) Fargo, N.D. has gone on air as nation's 1,110th operating TV station (633 VHF, 477 UHF). Richard Blair is pres., Richard Ames secy., both with 8.4%.

**NCTA-NLC CAN'T AGREE:** After several hours at bargaining table, NCTA and National League of Cities last week walked away without any agreement on compromise to be incorporated in cable deregulation bill (S-66). Assn. Pres. Thomas Wheeler said in prepared statement: "Serious difficulties resulted when the NLC put a new proposal on the table which was a significant retrenchment from its earlier positions. Future meetings are possible."

NLC took issue with Wheeler's characterization of meeting and fact he issued statement to reporters. It responded: "We are stunned by the fact that Mr. Wheeler has gone to the media with such a negative statement after having agreed that our discussions will continue."

NLC and NCTA did meet for 3 hours to review the remaining unresolved issues. NLC presented position paper in response to NCTA position paper. NCTA then responded verbally and pointed out difficulties with some of issues. NLC agreed to review industry position and present revised statement on Feb. 22. After the joint 3-hour meeting, the NLC team met for 4 hours to draft a new position, taking into account the reservations expressed by NCTA at the morning meeting.

"We are puzzled by the totally inappropriate criticism by Mr. Wheeler. NLC has not retrenched. We are continuing our work in good faith and with the trust that the NCTA will henceforth honor our longstanding agreement not to negotiate these matters in the media," NLC said.

**Station sales:** (1) Starr Bestg. is buying from General Communicorp 3 radio stations — WPLR(FM) & WSCR(AM) New Haven-Hamden, Conn. and WHLY(FM) Leesburg, Fla. — for \$7.3 million. (2) Josephson International purchased WFMR(FM) Milwaukee for \$3.2 million from Thomas Communications. (3) Osburn & Reynolds, Tex.-based radio group, acquired WSLI(AM)-WXLY(FM) Jackson, Miss. from Capitol Bestg. for \$2.75 million. Broker Blackburn & Co. (4) Radio Co. bought WDJF(FM) Westport, Conn. from Westport Bestg. for \$1.5 million plus \$500,000 non-compete agreement.

Victor Kaufman, exec. vp of Columbia Pictures Industries, has been named chmn.-CEO of new movie studio being formed jointly by CBS, Columbia Pictures & HBO. Gary Hendler, partner in Hollywood law firm Armstrong, Hendler & Hirsch, will be pres.-chief operating officer. Kaufman will hq in N.Y., Hendler in L.A. Kaufman also is vice chmn. of Columbia's motion picture arm, in that post supervised pay cable and home entertainment activities.

"Cable: The Competitive Choice" is theme of 1983 NCTA convention June 12-15 in Houston. Last year's convention in Las Vegas drew nearly 17,000 attendees and officials predict as many as 20,000 may attend this year. Monroe Rifkin, head of Rifkin & Assoc. and newly elected NCTA chmn., is in charge of convention planning. Exhibit floor will be open 28 1/2 hours. Registration details: 202-775-3606.



**HBO APPOINTS NEW PRES.** Looking more & more like broadcast network, HBO has revamped its corporate structure, at same time appointed new pres. to replace James Heyworth, who has been promoted to Time Inc. deputy group vp-video. Heyworth's replacement is Frank Biondi, who moves up from planning & administration exec. vp of HBO. Reporting to him are Michael Fuchs, now pres. of Entertainment Group, and Winston Cox, now pres. of Network Group, both newly designated units.

Similarity to Big 3 is "evident and deliberate," Time Inc. source comments. Biondi, Fuchs & Cox were made exec. vps in April, with latter 2 also retaining that title. Until there's replacement for Biondi, his responsibilities presumably will be divided between Fuchs & Cox. Cox is in charge of sales, marketing & network operations, but it's unclear whether he will oversee USA Cable Network, owned by Time Inc., Paramount & MCA.

Heyworth, 10-year HBO veteran, is 2nd in command of Video Group to Gerald Levin, Time Inc.'s most profitable sector in 1982. He's to share in overall management, planning & administration, will have responsibility for Development & Information Services Div., which is running teletext trial in Orlando and San Diego.

**Half of TV viewers in U.S. get greatest enjoyment from participatory sports and only 15% say TV is their "favorite leisure activity,"** according to study commissioned by Westinghouse Bestg. & Cable. Reporting on findings to Tex. Assn. of Bestrs. convention, Group W TV Pres. William Baker said the "enemy may not be competing technologies. It may turn out to be the Nautilus machine and ping-pong." Study, conducted by Decision Research Corp. and including 500 Jan. interviews, concluded that while "people spend more of their leisure time watching TV than any other activity, clearly their preferences now lie elsewhere." Viewers predominantly (80%) said they watch TV to "relax and unwind" and 66% said they prefer programs which "entertain" to those which "inform."

ABC's *Winds of War* was seen at least in part in more American TV homes — 140 million — than any other TV program. However, *Roots* in 1977 (also on ABC) remains highest rated program with a 45 rating and 66 share of TV homes in use; *Winds* had 38.6 rating, 53 share. Nielsen points out there were 71.2 million TV homes when *Roots* was aired while there currently are 83.3 million, making it possible for *Winds* to be seen by more people. Success of *Winds* dropped CBS's lead over ABC for season to 6-10ths of a rating point.

**Reserved Seat Video Productions — RSVP —** joint venture of ABC Video and ESPN, has announced pay-per-view event for May 20, 1983. Don King Productions will promote Holmes-Witherspoon fight for WBC heavyweight championship, along with WBA heavyweight championship and several supporting fights for 3-hour live telecast from 2 locations yet to be picked.

**FCC DELETES CITY OF SERVICE RULES** Saying policies designed to make sure applicants serve their cities of license "frustrate their intended goal" and may be "anti-competitive," FCC last week rescinded 3 long-standing major allocations rules:

(1) Suburban community policy which attempted to ascertain whether AM applicant intended to serve primarily suburban city designated in application or nearby larger city. (2) Berwick doctrine, FM corollary of Suburban. (3) De facto reallocation policy, applied to FM & TV applicants, attempted to prevent use of channel assigned to one community in another city. Rule generally was invoked in applications for major changes in facilities.

FCC also eliminated rules which required Class A FM to be licensed within 10 miles of city of allocation, Class B & C FMs and TVs within 15 miles. "The policies imposed costly and time-consuming evidentiary burdens on applicants and the agency and sometimes delayed new broadcast service," FCC said. Comrs. Quello & Sharp dissented.

FCC has ordered oral presentations, as expected, in proposal to relax TV network financial interest and syndication rules. Argument will be March 14, well ahead of April 26 deadline for reply comments. Parties wishing to participate must notify FCC secy. by Feb. 23. Commission said it will "specifically invite panels of participants" from those requesting time, said "parties with the same general interest or position are encouraged to propose a single representative or consolidated presentation." Precise format and schedule will be announced later, but Commission is expected to order formal presentations in morning, panels in afternoon. However, Media Access Project Dir. Andrew Schwartzman already has expressed his displeasure on 2 counts: Shortness of time to prepare for argument and fact it will be held before reply comments are in.

**National FOI Day** (March 16, birthday of James Madison, author of Bill of Rights) will be commemorated in Washington March 15 with forum on equal First Amendment rights for electronic media. Participants will include FCC Chmn. Fowler, followed by panel of Sen. Packwood (R-Ore.) & Rep. Dingell (D-Mich.), moderated by Mutual's Larry King. Forum, starting at 6 p.m. at National Press Club, sponsored by Society of Professional Journalists (which originated FOI Day 4 years ago) and National Press Forum, will be aired live on National Public Radio, delayed by C-SPAN.

**Senate Commerce Committee** has approved nominations of 2 new CPB board members, Karl Eller and Richard Brookhiser, and renomination of CPB Chmn. Sharon Rockefeller, but took no action on 4th nominee, Helen Taylor. Committee Chmn. Packwood (R-Ore.) said only that while there was no controversy on first 3, Taylor's nomination has been "held up." Questions have been raised by some on Hill about Taylor's membership in racially exclusive clubs and her support of foundation set up in 1950's to get around school desegregation order.



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**Communications Daily's 1983**

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A Meeting for Leaders in Telecommunications Business**

**Four Seasons Hotel, Washington, D.C., June 22, 1983**

It's with great pleasure that we are able to announce the 1983 TELEPHONE SUMMIT CONFERENCE, a gathering of many of the very top personalities in the telephone business, to be held at Washington's Four Seasons Hotel on June 22, 1983. The TELEPHONE SUMMIT CONFERENCE has been organized to tackle the toughest questions confronting the telephone industry today. It is presented by Communications Daily, the pioneering daily news service for electronic communications.

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**For More Information...**

...please contact Barbara Pratt or Jonathan Miller at Communications Daily, 1836 Jefferson Pl., N.W., Washington, D.C. 20036. Phone: 202-872-9200. Telex: 467 268.

**STUDY SEES MORE INDEPENDENTS:** More & stronger independents, more & weaker networks, were predicted for 1985 by 200 TV station gen. mgrs., broadcast group executives and other industry leaders surveyed by Butterfield Communications for Petry TV. Resulting report, "The Future of TV," compares expectations & predictions for next few years with earlier Petry research from 1978-1980 and interviews with similar group in 1980-81.

Noting independent station growth rate doubled that of affiliates in 1978-80, study predicts independents will continue that performance, erode network prime-time share to 75-77% from current 83%. Independents themselves are expecting much tougher competition from new independents entering the field. Managers & executives projected 13.5% annual revenue growth for stations, 15% growth for independents, meaning total growth will almost double between 1980-85. Annual national spot growth was forecast at 13%, boosting revenues by \$800 million at current spending rates.

Industry leaders picked CBS as 1985's leading network, ABC ran strong 2nd and literally no one picked NBC. In addition, almost 20% expected 4th commercial network by 1985. But only 2% expected station in their market to change affiliation this year, only 12% saw one changing in next 3 years. Though 65% foresee networks supplying more programming, 94% said they planned to clear same amount or less than they do now; 64% expect to increase local production.

Cable and related new technologies were viewed as less threatening than in previous study, though 73% indicated they expected audience erosion, and 66% expected cable in particular to have major impact on their business. In last survey, 26% were concerned about STV & MDS, but in new one percentage dropped to 14%. Trend was similar for LPTV, VCRs & DBS — only 13% of group executives were concerned about DBS, but 47% of independent managers expected major DBS impact. More than 90% of stations indicated they planned to have satellite downlink capability by 1985.

**ACT is accepting entries** for "Achievement in Children's TV Awards" presented annually. Programs must have been aired between March 1, 1982 and Feb. 28, 1983. Special isn't eligible for consideration, nor are programs of less than 15 min. Deadline for entry is March 1. Contact: Judith Rubenstein, 46 Austin St., Newtonville, Mass. 02160. 617-527-7870.

Baltimore panel has initially recommended award of cable franchise to locally-owned Caltec Cablevision, which has operated system in surrounding county areas for several years. Action by Board of Estimates subcommittee isn't considered official until reviewed and affirmed by full board, but that's considered routine. Only other bidder was Cox Cable.

More than 80% of 4.7 million Canadian cable subscribers have access to at least one pay service one week after pay-cable launch, Canadian Cable TV Assn. reported.

**Aimed at increasing minority participation** in telecommunications, HR-1155 introduced by Rep. Collis (D-Ill.) would add industry incentive programs and codify some FCC regulations. Bill would: (1) Codify FCC tax certificate and distress sale policies, extend coverage to include cable. (2) Allow FCC to waive multiple ownership rules for small business investment companies so they can become more involved in financing minority media enterprises. (3) Set up advisory committee to study rules & policies FCC can adopt to boost involvement by minorities & women. Committee would make annual report to Congress. (4) Earmark \$250,000 in FCC budget each year to reimburse civic & community groups and small businesses for "reasonable" expenses incurred while participating in FCC rulemaking proceedings. (5) Require FCC to provide Congress with annual data to help determine current & future minority employment & ownership. (6) Require FCC to develop new minority employment criteria for use in examining applications for new licenses.

FCC should hold "shirt-sleeves" working session attended by AT&T and user group of TV stations and networks to help negotiate interim settlement on rates for terrestrial TV transmission services, user group told FCC. Filing response to AT&T comments on issue, group said there may be ways to "narrow" AT&T concerns about group's original proposal for interim settlement and only area where FCC aid may be necessary is contested question of projecting parttime usage. Group noted that AT&T, while raising questions about TV users' proposal, told FCC in earlier comments that it would "seriously entertain" any alternatives Commission came up with. Thus, "because of the spirit of cooperation that exists among all parties, we believe that the chances... are extremely good" for agreement if FCC steps in, group said.

Southern Conn. Cablevision has begun project to wire several multiple-unit dwellings with fiber optic system it says will eventually reach 15,000 subscribers. Part of project involves new-build, some involves switching from coaxial. Fiber optic "mini-hub" system bought from Times-Fiber Communication allows impulse pay-per-view and automatic self-diagnosis of electronic problems.

CBS has denied request of World Council of Churches for time to respond to 60 Minutes program Jan. 23 linking Council to revolutionary activities. Program claimed contributions to church were used to support Marxist-Leninist revolutionaries and other terrorist groups.

LBJ Co., owned by family of ex-President Johnson, has donated WEEL(AM) Fairfax, Va. to George Mason U. Station will continue to operate commercially under university ownership. WEEL was purchased in 1977 for \$950,000 by LBJ Co.

FCC extended deadline for reply comments in rulemaking to provide more hours for daytime AM stations to March 8, at request of Bonneville International.



## Personals

Marjorie Reed, deputy FCC gen. counsel, moves to Office of Science & Technology as deputy chief for policy; she's succeeded as deputy gen. counsel by Lauren (Pete) Belvin, legal asst. to Chmn. Fowler.

Crawford Rice, Gaylord Bestg. and NAB TV dir., appointed chmn. of NAB Children's TV Committee, succeeding Donald Curran, Field Communications... Robert Wells, Harris Enterprises and ex-FCC comr., named pres. of AP Bestrs. Inc., succeeding Charles Whitehurst, WSFA-TV Montgomery, Ala.; Clint Formby, head of 9 Tex. radio stations, named pres.-elect.

Burton Prosser promoted to vp-Canadian Sales Operations, RCA Sales Corp... Christopher Nielsen promoted to vp, Nielsen Mktg. Research Group, USA... Douglas Greenlaw, midwest sales mgr., also heads new Chicago sales office of CBN Cable Network (560 Mich. Ave. 60601, 312-782-8695).

Daniel Warren promoted to news editor, Television Digest Inc.; Edith Herman, senior editor of Television Digest Inc., leaves Feb. 25 to become public information officer, Washington office of AT&T... Ruane Doney, ex-NADL Journal, joins NAB as assoc. editor of new TV monthly to start publication in June... Christine Gebhardt promoted to managing dir., Independent Exchange (INDX) news service.

Rebecca Ruthven promoted to regional dir.-sales & affiliates, central region, Entertainment Channel; Daniel Zifkin to central region mktg. mgr.; David Intrator, ex-Acton CATV, to regional sales mgr... Jamie Schloss, ex-EMI TV Programs, appointed vp-business affairs & administration, Warner Bros. TV Distribution... Roy Huggins, ex-Universal TV, signs exclusive contract to develop & produce TV programs in association with Columbia Pictures TV.

Edward Carter, ex-Warner Amex Cable senior sales & mktg. vp, moves to MCI as senior mktg. vp; Roger Greenwald promoted to senior sales vp, replacing Carter at Warner Amex; Judy Ranzor, promoted to senior mktg. vp; Susan Montgomery, advanced to metro sales vp; William Phillips, advanced to sales & mktg. vp, administration & analysis.

Columbia Pictures Chmn. Frank Price has rescinded decision announced last week to resign in June to become independent producer, said he would remain with Columbia... James Johnson promoted to vp in charge of corporate mktg. & planning, KIRO Inc... Donald Crews, ex-partner in Dallas law Firm Hughes & Hill, appointed senior vp-legal & secy., Harte-Hanks Communications... R.D. Johnston promoted to dir.-production & operations, WTBS Atlanta; Frank Beatty advanced to dir.-international sales, Turner Program Services.

Bonnie Winnings, ex-KOCE-TV Huntington Beach, Cal., appointed dir. of development, KCET L.A... Chris Jenkins, ex-KPIX San Francisco, returns to KBHK-TV there as local sales mgr... Michael Clark, ex-dir. of telecommunications for Westchester

WEEKLY

## Television Digest

with

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County, N.Y., appointed dir.-business development, American TransCommunications.

Jean Abounader promoted to HBO documentary programming dir.; Lucy Chudson named family programming dir.; Sydney McQuoid named Cable Health Network affiliate relations mktg. mgr... Daniel Lawlor promoted to USA Cable Network eastern region ad sales mgr.

Dennis Hibdon, ex-Cable TV Supply, appointed western regional mgr., S.A.L. Cable Communications... William Tiemann, ex-Winegard Co., joins RF Systems Div. of General Instrument as sales mgr. for satellite TV reception systems... Charles Seligson, ex-ROLM N.Y., named dir.-mktg. & business development, V Band Systems.

Peter Veronis advanced to vp, CBS Publications, continues as dir., CBS Magazine Network... George Strimel, ex-Commonwealth Cable, appointed vp-programming, WHYY-TV Philadelphia... Roger Mayer appointed pres. of MGM Labs, also remains vp in charge of administration for MGM/UA... Named Warner Amex Cable senior vps: Roger Greenwald, sales; Judy Ranzor, mktg.; Raymond McDevitt, technical operations; Susan Montgomery promoted to vp-sales, Metro Systems; William Phillips, vp-sales & mktg., administration & analysis... Lee Kirbach, ex-Storer Cable, appointed sales mgr. for Midwest & South, SelecTV; Ken Karpman, ex-Warner Amex, sales mgr. for East & Southwest.

Edwin Hall, ex-Senate Commerce Committee, named dir. of Office of Congressional Relations & Public Affairs, Congressional Office of Technology Assessment.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 4 (5th week of 1983):

	JAN. 29- FEB. 4	1983 WEEK	% CHANGE	JAN. 22-28	5 WKS. 1983	5 WKS. 1982	% CHANGE
TOTAL TV#.....	374,568	319,835	+17.1	400,508	1,592,339	1,507,472	+ 5.6
COLOR#.....	271,809*	202,864	+34.0	276,676*	1,142,113*	1,004,995	+13.6
MONOCHROME....	102,769	116,971	-12.2	123,832	450,226	502,477	-10.4
PROJECTION TV...	2,820*	1,561	+80.7	3,381*	13,947*	8,613	+61.9
HOME VCR.....	70,410*	28,049	+151.0	70,105*	286,677*	138,761	+106.6
COLOR CAMERAS...	7,547*	4,670	+51.6	8,413*	32,065*	23,233	+38.0

Color TV 5-week moving average: 1983--228,423\*; 1982--200,999 (up 13.6%).

Home VCR 5-week moving average: 1983--57,335\*; 1982--27,752 (up 106.6%).

# Excludes projection TV. \* Record for period.

**IS VCR READY TO BREAK OUT?** There comes a point in history of every truly successful new product when it starts to sell itself and breaks through all barriers, confounding predictions. That happened to color TV in 1965-66 when sales more than tripled in 2 years from 1,366,000 to 4,702,000. There are some signs that this may now be happening to VCR.

Turning point in color came when enough homes were equipped so that almost everyone knew someone with a color set, and have-nots sold themselves by observing sets in friends' homes. On eve of takeoff, in mid-1965, color homes passed 4 million, or 6.9% of total households. VCRs are now in close to 5 million homes, 6.1% of today's households, enough to gain high visibility.

Like color in 1965-66, VCR sales mushroomed to shatter any logical sales pattern in Dec. 1982, selling at seasonally adjusted annual rate of 2,425,000. Boom continued through Jan., when sales rate zoomed to nearly 4 million, picking up even more steam in early Feb.

Industry generally credits surge in VCR sales to low prices as result of overproduction — and this may well be primary cause. But now, with some signs that prices will firm as result of sharply reduced inventories (Vol. 23:7 p9) and stronger yen, real story on VCR should unfold. If Dec.-Feb. boom was largely precipitated by lowball pricing, sales rate should taper off rather quickly as prices move up. But if sales continue to roar despite higher prices, it will be sign that true expansion period is at hand and industry consensus forecast of 2.5 million sales this year will be much too low. In fact, Japanese producers may be glad they have extra capacity to supply product-hungry U.S. market.

It's still too early to tell on basis of just 2-1/2 months of disproportionately skewed sales data — and effect of European VCR import restrictions on U.S. marketing & pricing adds new imponderable (see report below) — but first quarter figures could begin to supply definitive answers. (For comparison of VCR & color seasonal patterns in 1982, see related report elsewhere in this issue.)

**JAPAN SETS QUOTA ON VCRs TO EEC:** More intense VCR price competition in U.S. seems assured in wake of Japanese govt. agreement to hold VCR exports to EEC to less than 1982 level as part of comprehensive trade agreement that has even Japanese electronics manufacturers shaking their heads in concern.

Under pact hammered out by trade negotiators in Tokyo, Japan will limit 1983 unit VCR exports to Common Market countries to 4.55 million this year, including 500,000-600,000 kits



earmarked for Japanese-owned VCR assembly plants in U.K. & Germany. Japan shipped about 4.9 million in 1982. Voluntary hold-down, like similar one setting 900,000 annual ceiling on EEC-bound exports of 19"-and-larger color picture tubes, runs for 3 years. Quotas for 1984-85 will be settled later. Also included is joint monitoring of Japan's exports of complete color TVs, hi-fi equipment, electronic watches. While monitoring arrangement contains no restrictions, it does give EEC opportunity to get quick reaction from Japan if exports show signs of substantial increase.

What has Japanese producers puzzled is sidebar to agreement under which Japan's MITI pledged to guarantee European manufacturers (Philips & Grundig) sales of at least 1.2 million VCRs annually. It also promised to keep European wholesale prices of Japan-made VCRs in line with selling prices of Europe-made models. Unit sales guarantee effectively promises marketers of V2000 format that they can hold on to at least 20% of VCR market share they captured last year. What Japanese are wondering is how they are supposed to keep European consumers from exercising preference for VHS & Beta. There's also question of ability to get their European OEM customers (Thomson, Telefunken, Thorn EMI et al.) to adhere to Tokyo-dictated pricing policy.

Payback for Japanese is EEC agreement to get members of V2000 camp to call off VCR dumping complaint filed last Dec. (Philips already has said it will go along), and to have France free up VCR imports. Last Nov. France ordered that all incoming VCR shipments be entered through small inland customs post at Poitiers. Import slowdown has created backlog estimated at 200,000 Japan-made VCRs. One immediate result of agreement is Sony's withdrawal of threat to abandon planned start of videocassette production in France next year in retaliation for import restrictions.

Japanese acceptance of quota was expected. Last month MITI circulated EEC export restriction proposal, though emphasis was more on price than unit control (Vol. 23:2 p12). Unusual aspect was EEC-wide nature. Restraints Japan adopted in past were on by-country basis. As agreement stands now, Japanese apparently will be able to push sales hard in U.K. and other countries where V2000 penetration is slight, while easing up in Germany, Holland and other nations more sensitive to import competition.

U.S. now becomes only sizable growth market for Japanese VCR exports. That in itself will insure increased competition here. Complicating factor is how MITI will allocate European export quota. Precedent indicates individual company shares will be keyed to their average EEC VCR sales over last 3-4 years. This will mean little or no European allocation for large number of Japanese audio & photographic companies which entered VCR business last year. As those companies join more established marketers in renewed scramble for share of U.S. VCR pie, unsold inventory here could start piling up quickly, bring back cutthroat pricing era that ended just last Nov.

\* \* \* \*

Koreans may be next in line to face import problems — but in U.S., not EEC. While there's no overt sign of usual preliminary activity at International Trade Commission or International Trade Administration, there are indications that TV dumping complaint is being prepared by domestic interests, presumably COMPACT, labor-industry group that's now challenging legality of Japan TV dumping case settlement. Koreans themselves are aware that their fast rising exports of low-priced color sets to U.S. might generate conflict — as evidenced by report that EIA-Korea has informally advised manufacturers to set minimum prices of \$145 on 13" and \$170 on 19" models being shipped to U.S.

AM STEREO—LEGACY OF 'MARKETPLACE': One year after FCC agreed to let marketplace choose system -- and 6 years after it started inquiry on subject — AM stereo sits at dead center with proponents sniping at each other, about 50 stations broadcasting in 4 different systems and set makers still on fence.

Choice of Motorola system by GM's Delco Electronics so far hasn't turned out to be catalyst to stampede industry to de facto standard. Motorola's Chris Payne conceded that anticipated "burst of support" after Delco decision hadn't materialized. "We now find it to be more

evolutionary... people are still skeptical." He said one hi-fi major was "definitely" planning Sept. introduction of Motorola system receiver.

Motorola's Oscar Kusisto called Consumer Electronics Show "turning point" in favor of system. Motorola talked to 49 set makers there, has now sampled 28 with more than 250 chips, he said, predicting at least 50,000-75,000 chips will be turned out by end of March. Kusisto & Payne now are on barnstorming tour, talking with receiver manufacturers, stations & press to drum up support.

Three stations are now broadcasting in Motorola system — in Detroit, Indianapolis & L.A. Kusisto emphasized that areas were carefully chosen to be conducive to auto radio manufacture, Detroit being home of auto industry, Indianapolis of Delco. Motorola concedes its power is in receiver industry (which it supplies with semiconductors) and that its contacts with broadcasters are yielding slower results than those with manufacturers. Its goal is to have its system the de facto standard by year's end, and company thinks good number of receivers could be turned out this year.

Harris is mirror image of Motorola. As broadcast equipment manufacturer, its contacts with broadcasters are good, but it has little influence with receiver makers, to which it has reduced cost of system license to 10¢ per set. Harris says 17-18 stations are broadcasting using its system, expects 12-16 more within 30 days, eventually expects to supply 120 stations which have ordered its equipment.

Harris issued scorching statement charging Motorola system "would have killed AM stereo" if adopted, following recent tests in which Harris explored possibility of making its system compatible with Motorola's by changing pilot frequency. Harris said its experts were "flabbergasted" to find that Motorola decoder "didn't work with Motorola or Harris" systems when tuned to station using heavy audio processing, including expansion & preemphasis techniques. Harris charged under such circumstances result was distortion, pops and sound deterioration in both mono & stereo. Company representative accused Motorola of hand-picking stations which didn't process audio, publicly called on company to "come out of the closet," give its broadcast equipment to "real station which does audio processing," citing specifically WLS Chicago, which recently switched from Kahn to Harris system.

Motorola responded that it was talking with WLS, but accused Harris of living in past, saying broadcasters have been using preemphasis to make up for receiver designs which have been obsoleted by new technology, that better sets make such processing by station not only unnecessary but harmful. Anyway, said Motorola official, "we wouldn't accept" Harris system's distortion and lack of separation.

Magnavox system is temporarily in limbo while parent North American Philips decides just how hard to push it — decision expected in about a month. "The Delco decision brought us back to square one," conceded an official. Magnavox still plans to introduce receiver this year and still insists dozen other companies are coming out with radios for system. Stations in Ft. Wayne & Las Vegas are using it for broadcasts. After Delco decision, Magnavox received 2nd blow when partner National Semiconductor decided to stop pushing system (Vol. 23:3 p21); NS now is touting its chip as all-purpose multi-system decoder for low-end radios, particularly personal earphone portables.

Kahn system has most radio stations — 33, according to Leonard Kahn. He told us he's now talking with receiver manufacturers. His new Kahn Consumer Products will market imported FM-AM-stereo tuner at \$179. Decision, he said, is "in hands of the broadcasters right now — we just need one major radio manufacturer" and others will follow. He wondered aloud how radio makers could be asleep to opportunities which exist right now. "A major manufacturer could sell 25,000-30,000 units today in San Antonio alone."

In autosound field, Delco and Motorola had expected Japanese manufacturers to plunge in after Delco decision, but it turns out they're waiting to see just how much of a commitment Delco really makes. No. 1 radio brand Panasonic — the big plum in home radio field — is biding its time, confining its AM stereo effort to test equipment field, developing signal generator which will work with all systems.



Next battleground will be April NAB convention in Las Vegas. All 4 proponents (5th, Belar, is inactive) will be fighting for hearts & minds of broadcasters. Meanwhile, Canadian Assn. of Bcstrs. (CAB) says Dept. of Communications has followed industry advice, will avoid marketplace decision when it considers AM stereo. Only experimental operation will be authorized for the next year, and broadcasters will be required to warn public against investing in stereo receivers until final choice is made. Govt. has asked industry to come up with recommendation for single standard by March 1984. Said CAB in invitation to conference on AM stereo March 8-9 in Windsor: "Perhaps Canada can help 'big brother' make up his mind... as the AM stereo story unfolds."

**ZENITH IN RED:** Citing depressed market for its products in general, and for its Beta VCR line in particular, Zenith reported sharp losses on lower sales for 1982 and 4th quarter. Company said sales were down 2.8% for year to \$1.24 billion, off 11.8% in quarter to \$311 million. Net losses for those respective periods were \$21.8 million and \$17.2 million.

On pre-tax operating basis, Zenith lost \$30.5 million in closing period, \$40.2 million for year. VCR price reductions, inventory value write-down and lower volume were responsible for about 50% of drop in 4th quarter results, Zenith said. Other significant factors cited: Lower selling prices for other consumer products; reduced volume & prices for color picture tubes sold to OEMs; lower profit from computers because of reduced prices, higher market & product development costs; \$4 million writeoff in carrying value of unused facilities.

Atari's sharp profit decline was cited by Warner Communications in reporting 90.5% drop in consolidated 4th quarter 1982 net (see financial table). While Consumer Electronics Div. (CED) showed 12.8% gain in full year income to \$323.3 million on 63.6% sales rise to just over \$2 billion, earnings in quarter fell 99.1% to \$1.25 million, as sales rose 16.8% to \$598.1 million. CED results for both periods include \$35 million loss on sale of non-electronic Knickerbocker Toy.

In letter to holders, Warner Chmn. Steve Ross blamed reduced profits from game cartridge sales for drop in 4th quarter CED earnings. For year, he said, game console & cartridge unit sales were up, while Atari computer and coin-op arcade game units operated at loss, though computer sales were up 4-fold. Because of continued intense competition in game market, he said, Warner expects reduced earnings for first half and full 1983.

Coleco reported 4th quarter earnings of \$15.4 million, against loss in same 1981 period, on 6-fold sales rise to \$203.3 million. That Coleco wasn't totally isolated from game market price competition is reflected in fact earnings were below \$17.6 million posted in 3rd quarter on sales of just \$165.6 million. For year, Coleco net jumped 483% on 186.7% sales increase.

Puerto Rico is putting priority on attracting new investments in electronics manufacturing ventures as way to help reverse economic decline. Last year island's gross product fell 2% and unemployment rose to 22% as 41,000 jobs vanished.

**ECONOMY AX AT SONY:** Iron curtain descended around Sony at week's end, employees cautioned not to talk about wave of economy firings which extended up to vp level in marketing, communications and some sales functions.

One top official told us he couldn't say anything about staff reduction and that there would be no announcements or verifications. Although there were reports of widespread executive layoffs, one source close to Sony cautioned that it involved "very few people" and couldn't be termed "bloodletting" in any way.

It's understood some major marketing functions and departments were combined, and organization trimmed for maximum efficiency.

India is asking foreign companies for proposals for major b&w picture tube plant, indicated joint venture would be considered. If deal is made, it would be first for India, which has restricted participation in domestic TV industry to small local companies. Plan is being viewed as step toward expansion into color production, something that would require link with outside technology and parts suppliers. Koreans may have inside track. Last year, India's state-owned Electronic Trade & Technology Development Corp. awarded \$8.7 million color and b&w TV parts supply contract to Samsung, followed with order for 25,000 color sets each to Samsung and Gold Star, along with 30,000 to Germany's Standard Elektrik (Vol. 22:35 p11). Orders were placed to insure supply of color sets for Asian Games in Calcutta last Nov. In picking Koreans as prime suppliers, ETTDC overruled objections of some domestic TV makers which said any such deals should be made with more advanced Japanese companies. But it's understood Indian govt. was concerned that any increased tie to giant Japanese firms might lead to Japanese domination of electronics industry there.

Mini-theaters, with living room setting, featuring videocassette movies, may be latest hot franchise idea. While Maxwell's Video Showcase, Erie, Pa. is seeking to franchise video retailers (Vol. 23:4 p16), American Video Exchange — also based in Erie, Pa. — has started to push national franchise of viewing rooms, charging \$5.95 & \$8.95 for movie, planning to open 100 Nickelodeon Video Showcase locations by year's end. Under negotiations now being conducted, movie studios would get 10% of gate. AVE Pres. John Leonard said will make presentation at March 7 presentation at ITA seminar in Hollywood, Fla.



**RCA'S VCR 'CONVERTIBLE':** First results of VCR collaboration pact between RCA & Hitachi is probably most deluxe home recorder ever offered, incorporating many new features, including "docking" portable unit (Vol. 23:7 p10). At regional distributor meetings and at N.Y. news conference, RCA took pains to emphasize unit was designed in Indianapolis and that it had applied for design patent.

However, RCA has only North American rights to its own design. Same week RCA showed unit to distributors, Hitachi unveiled own version in Japan and presumably will also offer it in Europe.

As we described it last week, VCR convertible resembles high-end home unit, but when secondary-control access door is lowered, 7.9-lb. (including battery) portable unit lifts out. When portable is replaced on platform, it docks automatically by means of connectors in back of home unit, eliminating cables.

Unit has 5 heads, one to control noiseless special effects. Top-loading recorder also features stereo record & playback, 21-day 8-event programmer, 133-channel keypad tuning on console (scan tuning on remote), control of all special effects by wireless remote, "video dub" control for insert editing, sound-on-sound editing, LCD digital tape counter and elapsed recording time indicator, monitor earphone, direct camera input, connector for pay cable adaptor, automatic turnoff recording system. RCA says portable deck is 20% smaller than its previous portable. Complete combination is smaller in all dimensions than current high-end table model. Suggested list price is \$1,300.

RCA also showed its new leader VCR, with electronic tuning, bi-directional search, stop action, fluorescent time & tape counter display, 10-day one event timer. It's open listed designed to sell for same price as current leader. RCA Sales Corp. Pres. Arnold Valencia forecast industry sales of consumer VCRs & cameras would total \$2.5 billion this year, 15-fold increase over 1977.

Hitachi's Japanese version of convertible, which will sell for about \$1,000, has most of same features, but only 10-day 5-event programmer, doesn't have remote control (wired remote is optional extra).

Also in Japan, Matsushita introduced lightest standard-cassette portable to date, weighing 6.2 lb., with completely redesigned & miniaturized mechanical & electronic components. VHS unit will sell for less than \$800 in Japan. Company also introduced 2 new home decks, 3 color cameras — all of which undoubtedly will be seen here at June CES.

Note: Our report on RCA's convertible last week erred in stating that Mitsubishi had set with dockable tuner-timer. One Mitsubishi model has control panel which lifts out, becomes wireless remote for all tape transport functions.

\* \* \* \*

RCA introduced 4 new color sets — low-end mechanically tuned 13" & 19" walnut versions, open listed but priced at about same levels as previous versions, and 2 new Colortrak 2000 remote consoles at \$880 list, new low price for that high-end series.

**NAP GAME SUITS:** North American Philips last week won what is believed to be biggest videogame patent suit in history when Mattel agreed to settle infringement action brought last July. NAP, we've learned, views victory as stepping stone to expansion of its licensing net to cover companies turning out just game software and possibly to include producers & marketers of computers and software.

In settling case, Mattel withdrew appeal of Chicago federal court ruling that its sports games infringed NAP patent (Vol. 22:30 p12), purchased patent license. Mattel said it had set up big enough reserve to cover cost.

Neither company would disclose settlement terms. However, it's believed licensing conditions are little changed from 1976 when Coleco took NAP game license, agreeing to pay \$100,000 for rights plus royalties in 3-5.5% range, depending on volume. On that basis, usually informed sources estimate Mattel's up-front settlement involved payment to NAP of between \$10-\$20 million.

NAP's next move should be reactivation of suit brought against Activision last year. Case has been on shelf pending resolution of Mattel suit. Also under scrutiny for possible infringement is Imagic. Chicago court decision makes it clear that "making, using or selling cartridges alone can infringe the patent," NAP Exec. Vp Kenneth Meinken said in prepared statement. But games are just beginning.

Heart of court ruling was rejection of Mattel claim that NAP patent didn't cover microprocessor-controlled games — validity of patent itself wasn't challenged. NAP now has legal staff working on building case for contention that computers and software are, to degree, also included under patent umbrella.

Patent covers basic ball-&-paddle action in which on-screen moving object hits another and then flies off on different direction. In Mattel case, specific infringement involved combination of MPU Intellivision console with such game cartridges as baseball & soccer. NAP patent rights, originally held by subsidiary Magnavox, were acquired along with exclusive world sublicensing rights from owner Sanders Assoc. Sanders, which gets 50% of royalties collected, worked with Magnavox on development of Odyssey, introduced in 1972 as world's first programmable videogame.

NAP says it has sold 59 licenses. While holders include such active giants as Atari, Bally and most recently Milton Bradley, licenses were also taken out by Fairchild, RCA and small companies in U.S. and Far East which tried to cash in on first videogame boom in mid-1970s, but have since left field. Basic patents expire in 1989, but NAP source told us company believes it has enough strong follow-up patents to maintain licensing position.

Microwave oven sales will increase only modestly over next 2 years, according to AHAM. It says it expects volume of free-standing & range-combination ovens to rise 7.5% this year to 4.07 million, edge up just 4.3% to 4.68 million in 1983.



**PIONEER EXPANDS DISCS:** Escalating Laservision demand has prompted Pioneer Video to expand Carson, Cal. plant ahead of schedule. PV is adding pressing equipment and personnel for 2nd shift, will reach objective of million disc annual production "sooner than late 1983," according to Pres. Ken Kai. Capacity could jump to 2 million by year's end if PV proceeds with plans to install 2 more lines, each worth 500,000 discs per year.

Company said sales of LV players in Oct.-Dec. were more than 10 times same period in 1981 — and disc growth was "every bit of that." Among reasons for optimism: PV already has dealer requests for all but 22,000 of 170,000 copies of new catalog, probably will increase order to 250,000 for next edition. Carson now is producing 25-40 new titles monthly, vs. perhaps 10 early last year, with Pioneer Artists alone accounting for 7 in next 2 months.

PV will hire 30 workers to operate 2nd line, which should be operational in late March, has advertised for ex-DVA employees. Video mastering & processing, only production step remaining at old DVA hq in Costa Mesa, is being moved to Carson to bigger quarters.

Meanwhile, PV has reorganized industrial disc venture, merging Dallas, Boston, Chicago, Cleveland, Atlanta & Philadelphia satellite outposts into regional sales offices in San Francisco, Minneapolis, Detroit, Washington, Long Beach, Cal. & Montvale, N.J. Former, one-man operations, were established by ex-PV Chmn. Hobart Kreidler — and were source of friction between him and Kai, who didn't consider them financially viable. When Kreidler went, so did they, although PV maintains that most of sales staff moved to regional offices.

RCA has begun development of 3-4 interactive discs, with another 15 "under discussion," according to Programs & Business Affairs Vp Seth Willenson. Interactive player is scheduled for market debut late in 1983. Willenson won't comment about subject matter, but presumably it includes kinds of material that have been drawn to Optical Program Assoc. and VHD Programs Inc.

CED stereo model already has had impact on RCA programming. Willenson said more than 50% of 25 or so programs being readied for 1983-84 release are contemporary music, notes RCA Records is involved in many of projects "right at the beginning." Videodiscs & Records now are headquartered in same N.Y. building. As for distribution, Records' involvement awaits re-education of music retailers used to easy terms. "We're not getting into the returns business," Willenson said.

Videodisc arcade game development agreement has been signed by Advanced Video and NFL. Game will incorporate footage supplied by NFL Films, let player function as coach, is slated to be available by start of next NFL season. AV Pres. Richard Fisher expects 5,000 units in first order, 20,000-50,000 within year of introduction. Sega Enterprises, which is developing Star Trek disc game, is considered prime choice as manufacturer.

**UNREASONABLE SEASONALS:** While color performed strictly according to standard seasonal pattern in recession year of 1982, mushrooming VCR sales broke the mold, largely due to disproportionately high sales movement in Dec. In revising data we use to compute seasonal rates for monthly VCR sales to dealers, we find strong Dec. sales last year distorted normal pattern.

Color TV, on other hand, showed virtually no glitches — year's sales could have been predicted to accuracy of 1% from first-quarter performance, which was at 11,250,000 rate (actual full-year sales came out to 11,366,000). In 5 years from 1977 through 1981, first-half color TV sales came to 46% of total, 2nd half 54% — and 1982 conformed to same 46-54 split. No single month's share of sales deviated by as much as one percentage point from traditional curve, and unlike VCR figures, Dec. color TV sales showed no distortion at all, coming out to 11.26 million annual rate.

VCR's historical pattern, 1976-81, shows 38% of sales in first half, 62% in 2nd half — but last year split was 36-64. This shift wasn't result of steady buildup in heavy 2nd half; all of increase actually came in Dec., which in 1982 represented fully 16.3% of year's sales, 2.6 percentage points above "traditional" 13.7% for Dec.

**Quasar "Fantastic Factory Sale"** promotion features price reductions, optional with distributor. In N.Y. area, ads feature low-end 19" color at \$329, remote at \$449 (both down \$50 from suggested list), \$100 reductions on selected consoles, electronically tuned special-effects VCR with wired remote at \$549 (down \$100), 12" b&w at \$79 (down \$20), plus reductions in audio equipment, microwave ovens.

Taiwan's Tatung is expanding and contracting international color TV operations. Company has contracted to supply color TV and appliance plant and knowhow to Lesotho, nation carved out of South Africa. On other side of world, it has halted color assembly at plant in Singapore. Company said plant was unable to compete in export markets against offerings from Korea.

Radio Shack opened first retail Telephone Center in Ft. Worth last week, expects to have 3 more by end of March. Units will have business as well as residential equipment. RS hopes centers will give it same strong position in telephone equipment as Computer Centers have in personal & business computers.

Voice recognition IC that can be used to issue up to 340 vocal commands to computer, robot or other electronic gadget, has been developed by NEC. Company said ICs can be linked to expand capability. NEC stated it intends to market them in Japan later this year, but has no export plans.

Taiwan exported 2.2 million telephones last year, up 65% from 1981, is looking for 60% increase this year to 3.5 million. Virtually all go to U.S.



**MORSE GOING PRIVATE:** Morse Electrophonic is planning \$1.50 per share tender offer to reacquire some 2 million shares in public hands in preparation for switch to privately held company. Price is about double current over-the-counter quote.

Not slated to be tendered is 44% interest acquired in Jan. 1982 by Mathes Corp., parent of Curtis Mathes (Vol. 22:1 p14). Mathes paid in \$2.12-\$2.25 range for its interest, said then it was considering offer of not less than \$2.70 each for all other shares outstanding. However, Morse said, Mathes has decided not to increase its holdings or seek merger at this time. Morse said it lost \$1.32 million in fiscal 9 months to Dec. 31, put book value at \$2.05 per share. Separately, company said it sold Hong Kong audio plant to employees. Morse H.K. Ltd. will continue to function as buying operation, company stated.

Kloss Video has acquired 80% interest in Cathodyne, Dayton producer of high-performance vacuum tube cathodes, terms undisclosed.

Craig has reacquired 1.22 million shares (40.5% interest) from Monogram Industries for \$12.5 million. Per-share price was \$2.50 premium over Craig stock closing price of \$7.75 Feb. 16, day sale was completed, but represented \$197,000 less than stock was valued on Monogram's books.

Dale Electronics is offered for sale as part of restructuring program by bankrupt Lionel. Retail store operator said it has no specific purchaser for its 82% interest in profitable component producer. In last year, Lionel has turned down several offers for Dale.

Mergers in electronics industry were fewer, involved significantly less money last year, according to consultant W.T. Grimm & Co. Number of completed transactions slipped 9% to 215, while overall value of acquired companies sank 70% to \$1.21 billion.

RCA will help Allied dispose of some 5.5 million RCA shares (7.2% interest) it picked up through acquisition of Bendix. Bendix bought shares in 1981 in what was generally regarded as start of unfriendly takeover bid. RCA counteraction effectively blocked any such plan (Vol. 22:11 p11). Allied Chmn. Edward Hennessy said his company wants to sell \$120 million RCA holding in current quarter to help pay off \$1.8 billion debt stemming from Bendix purchase. He said RCA, which floated 6 million share secondary offering last year (Vol. 22:50 p15), doesn't want to buy shares itself, but is interested in helping Allied find purchaser that would be friendly to RCA management. Allied, he indicated, would like to get premium of about 25% for shares.

Telecommunications Retailer, dealer oriented home phone equipment magazine, is due in May from Morgan-Grampian. M-G plans 5 issues this year, at least 8 in 1983. Cathy Ciccolella, Mart editor-in-chief, adds same duties at TR. Peggy Odenbach, Mart supplements editor, will also be TR exec. editor.

**'CITE' IN TRADE FIGHT:** Coalition for International Trade & Equity (CITE) is new 21-company semi-protectionist group created to battle what members consider to be unfair trade practices. Launch was spearheaded by Motorola Chmn. Robert Galvin, and CITE represents activation stage of Targeted Industries Coalition he helped form last Nov. (Vol. 22:47 p14).

Stated objectives: Improving domestic incentives for U.S. exporters; eliminating foreign trade barriers; offsetting aid foreign govts. give their exporters; protecting U.S. industries from foreign market distorting practices, primarily targeting of specific product segments for intense competition. CITE hasn't yet put together staff or named fulltime dir.

CITE is multi-industry oriented, as indicated by chemical & machinery companies among founding members, but start-up emphasis is on electronics, where 15 members have interest. They include Buckbee-Mears, Control Data, Corning, Data General, Du Pont, GTE International, Harris, Mohawk Data, Monsanto, Motorola, Textron, Timex, Union Carbide, United Technologies, Western Electric, Westinghouse.

CITE could prove to be safety valve for EIA by giving its trade-activist members place to participate if, as expected, EIA is unable to come up with association-wide trade policy paper that's both comprehensive & meaningful. EIA now is working on paper, is expected to have draft ready for consideration by divisions at Washington meeting March 14-17.

**Ad notes:** Atari assigns computer adaptor for 2600 videogame console to Wells Rich Greene, has opened for review \$11 million home computer account now with Young & Rubicam... Shure appoints Jack Levy & Assoc. for hi-fi products, replacing William Hart Adler... BBB challenged Mattel survey showing Intellivision football & baseball videogames were preferred over Atari versions by 88% & 75% of those queried. Challenge was withdrawn when company detailed effort to get impartial panel. Tomy settled complaint by agreeing to put "batteries not included" voice-over in TV commercial for hand-held electronic game.

Color TV camera import figures from Commerce Dept. this year will be divided into 2 classifications, one for units valued at more than \$2,000, other for less expensive models. Change is intended to give degree of separation between consumer and 3-tube commercial shipments. Audio tape hardware import classifications have been amended to provide separate breakout for headphone-type portable cassette recorders & players, and new single reporting category has been set up to show all imports of micro cassette recorders.

Russia is in market for new color TV plant. It has opened talks with N.V. Philips, is preparing to send team to Japan for discussions with Hitachi. It's looking for integrated factory with capacity to turn out 300,000 sets annually.



**SATELLITE RECEIVER WOES:** Path to success in home satellite receiving equipment is strewn with boulders as big as receiving dishes. Sales of full-sized systems will be substantially less than expected this year, according to new market study, while still-pending market for small DBS systems has already had first casualty.

Home earth station sales this year should be in 30,000-50,000 range, or 50-80% below optimistic estimates issued during last Winter Consumer Electronics Show, according to study by Venture Development. Among factors hampering sales, study says, are high price, poor distribution, low profitability for dealers. Satellite receiver makers, it notes, are trying to solve at least some of their problems by getting more traditional TV retailers to handle product. Details: VD, One Washington St., Wellesley, Mass. 02181.

First DBS dropout is Orrox, among earliest U.S. companies to launch development effort on small home receiving system (Vol. 20:33 p13). Orrox blamed decision on combination of Japanese competition and inability to get outside financing it needs to move product from lab to production line. Company said subsidiary Satcom has halted R&D work started in 1980, and on which about \$3 million has been spent. Aim was production of complete system using 23.6" dish antenna for reception of 12 GHz signals. It had under-\$500 target price.

Indicated as major blow to project was \$600 million DBS equipment contract given to General Instrument by United Satellite TV (Vol. 23:6 p2). Orrox said loss of customer "effectively closes the market" for its system for at least next 2 years. Orrox complained GI in turn has agreed to buy \$200 million in low-noise converters from Japan. Japanese, company said, "are highly subsidized in their production" and "engage in whatever price combat" it takes to enter DBS market. "We cannot compete effectively in this type of below-cost environment."

GI spokesman acknowledged company was talking with potential Japanese suppliers, but said no contracts had been signed. He questioned value cited by Orrox, said "that depends on the period of time." Orrox itself, he said, planned to buy system parts from Japan, but even with that "they were not very competitive."

Closing GE clock radio plant in Utica, N.Y. and eliminating 2,000 jobs, in favor of producing in Singapore, was toughest business decision for John Chamberlin, who is now Lenox chmn., but was GE Housewares & Audio Div. vp-gen. mgr. in mid-1970's when move was made. Commenting on action in Wall St. Journal article, Chamberlin said GE's workers were making \$5 per hour, against 50¢ for Japanese. He said GE couldn't be competitive — "we started to lose share... What would you do?... If you are going to espouse [free-trade] philosophy, you have to accept capital moving to the lowest-cost place." He noted that other U.S. competitors didn't move own operations to Far East and are now out of radio business.

**IBM-MATSUSHITA TIE:** In what may herald IBM's expected entry into home computer market, company last week announced it was discussing formation of Japanese venture with Matsushita. Venture, IBM said, would be for development & production of low-cost high-volume computers, data processing and office automation equipment.

Tie would be 2nd between those firms. Last year, IBM agreed to have Matsushita produce personal computers for sale outside U.S. New venture, it's understood, would be equally owned, turn out IBM-brand equipment for sale initially in Japan.

Venture with IBM, which could give Matsushita new start in mainframe computer business it left in 1960s, is in keeping with view of Pres. Toshihiko Yamashita that cooperative agreements provide best way for company to get involved in some high technology areas. In 1981 interview, he told us he felt industry growth opportunities were too diverse for Matsushita to try to do everything alone (Vol. 21:23 p14).

Telecommunications may be next such venture to be examined. Matsushita, it's understood, is negotiating to become equipment supplier to AT&T's American Bell. Deal for anything more than basic phones or accessories would at least require some technology transfer by AT&T, and would make some form of joint production agreement good possibility.

Meanwhile, competition in home computer market is increasing. Latest pressure was Texas Instruments' \$48 wholesale price cut. By start of last week, unit was being offered at \$159, including \$100 rebate from TI. Drop in dealer cost means computer will sell for less than \$200 even if TI withdraws rebate offer April 15 as planned.

Coleco says computer keyboard add-on for Colecovision videogame console will be priced to sell for about \$200 when introduced at Consumer Electronics Show in June. That would indicate street price of about \$175, making cost of combination game-computer purchase about \$350. Coleco acknowledged price is well above what competitors are getting for computers or computer game adaptors, but said its model will have superior features, include accessories outboarded by others.

Coin-op videogame sales recovery may be long time coming. Bally attributed 50% drop in 4th quarter net to continued sluggishness in game sales, said business continued soft in early 1983 weeks. Bally said it cut prices to stimulate demand and reduce inventories, but noted arcade games have "become more a replacement than a growth market." Sega posted \$2.7 million loss in fiscal half to Dec. 31. Sega called arcade market "highly competitive" and "saturated," said it "anticipates a slow recovery." It reported "encouraging" royalty income from home game rights licenses it sold last year to Coleco and Parker Bros. In annual report for year to Sept. 30, arcade game maker Williams attributes bulk of \$7.2 million rise in non-sales revenue to royalties from home game makers, indicated most of that stemmed from sale of Defender rights to Atari.



## 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
<b>Buckbee-Mears</b>			
1982-year to Dec. 31	120,740,000	4,520,000	1.33
1981-year to Dec. 31	88,011,000	3,472,000	1.10
1982-qtr. to Dec. 31	30,300,000	1,225,000	.31
1981-qtr. to Dec. 31	21,152,000	340,000	.10
<b>Colco Industries</b>			
1982-year to Dec. 31	510,380,000	44,896,000	2.90
1981-year to Dec. 31	178,031,000	7,711,000	.51
1982-qtr. to Dec. 31	203,252,000	15,380,000	.97
1981-qtr. to Dec. 31	34,948,000	(661,000)	--
<b>Comsat</b>			
1982-year to Dec. 31	409,507,000	43,308,000	5.41
1981-year to Dec. 31	333,979,000	40,038,000	5.00
1982-qtr. to Dec. 31	110,497,000	11,152,000	1.39
1981-qtr. to Dec. 31	89,539,000	7,403,000	.92
<b>Cowles Bcstg.</b>			
1982-year to Dec. 31	20,541,000	3,690,000	.93
1981-year to Dec. 31	17,703,000	3,448,000	.87
1982-qtr. to Dec. 31	5,678,000	993,000	.25
1981-qtr. to Dec. 31	4,854,000	1,025,000	.26
<b>CTS</b>			
1983-year to Jan. 2	223,388,000	8,825,000	2.05 <sup>a</sup>
1981-year to Dec. 31	209,572,000	13,106,000	2.95
1983-13 wk. to Jan. 2	45,700,000	2,810,000	.66 <sup>a</sup>
1981-13 wk. to Dec. 31	51,400,000	2,390,000	.54
<b>Electronic Memories &amp; Magnetics</b>			
1982-year to Dec. 25	87,100,000	890,000	--
1981-year to Dec. 26	106,438,000	1,486,000	.08
1982-13 wk. to Dec. 25	21,399,000	994,000	.13
1981-13 wk. to Dec. 26	28,558,000	667,000	.07
<b>Emerson Radio</b>			
1982-9 mo. to Dec. 31	71,417,000	(1,557,000)	--
1981-9 mo. to Dec. 31	71,315,000	301,000	.04 <sup>b</sup>
1982-qtr. to Dec. 31	25,714,000	(1,310,000)	--
1981-qtr. to Dec. 31	27,703,000	113,000	.01 <sup>b</sup>
<b>Esquire Radfo &amp; Electronics</b>			
1982-year to Dec. 31	63,608,000	2,087,000	4.32
1981-year to Dec. 31	68,036,000	2,660,000	5.51
1982-qtr. to Dec. 31	17,103,000	787,000	1.63
1981-qtr. to Dec. 31	25,012,000	1,220,000	2.53
<b>Gray Communications Systems</b>			
1982-6 mo. to Dec. 31	20,087,661	1,121,809	2.27
1981-6 mo. to Dec. 31	20,601,823	1,501,239	2.95
1982-qtr. to Dec. 31	9,123,180	463,816	.94
1981-qtr. to Dec. 31	11,513,449	904,979	1.78
<b>Heritage Communications</b>			
1982-year to Dec. 31	94,825,000	6,149,000	.63
1981-year to Dec. 31	77,157,000	3,812,000	.36
1982-qtr. to Dec. 31	26,455,000	1,440,000	.14
1981-qtr. to Dec. 31	24,457,000	949,000	.08
<b>Metromedia</b>			
1983-year to Jan. 1	407,074,000	309,153,000	83.11 <sup>a</sup>
1982-year to Jan. 2	340,441,000	59,699,000	14.38 <sup>c</sup>
1983-qtr. to Jan. 1	130,987,000	221,511,000	65.13 <sup>a</sup>
1982-qtr. to Jan. 2	101,324,000	20,553,000	15.11 <sup>c</sup>
<b>Toocom</b>			
1982-6 mo. to Dec. 31	15,050,000	(1,189,000)	--
1981-6 mo. to Dec. 31	6,104,000	(2,297,000)	--
1982-qtr. to Dec. 31	6,007,000	(1,211,000)	--
1981-qtr. to Dec. 31	3,184,000	(1,352,000)	--
<b>Viacom International</b>			
1982-year to Dec. 31	274,847,000	24,592,000	2.06
1981-year to Dec. 31	210,436,000	18,928,000	1.59
1982-qtr. to Dec. 31	75,656,000	7,666,000	.64
1981-qtr. to Dec. 31	59,220,000	4,615,000	.39

Company & Period	Revenues	Net Earnings	Per Share
<b>Warner Communications</b>			
1982-year to Dec. 31	3,989,985,000	257,811,000	3.96 <sup>d</sup>
1981-year to Dec. 31	3,237,153,000	226,493,000	3.57
1982-qtr. to Dec. 31	1,122,716,000	33,008,000	.50 <sup>d</sup>
1981-qtr. to Dec. 31	1,086,486,000	75,837,000	1.17
<b>Wometco Enterprises</b>			
1983-year to Jan. 1	493,408,000	26,040,000	1.51
1982-year to Jan. 2	434,175,000	24,403,000	1.44 <sup>b</sup>
1983-16 wk. to Jan. 1	152,178,000	7,792,000	.45
1982-16 wk. to Jan. 2	143,269,000	6,915,000	.41 <sup>b</sup>

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Adjusted. <sup>c</sup>Restated. <sup>d</sup>After special charge.

## Consumer Electronics Personals

Robert McCarthy, ex-NAP Consumer Electronics product planning vp, named Panasonic VHS Div. asst. gen. mgr... Trevor Reisz, rejoins Quasar as national TV sales mgr... Morton Fink resigns as Warner Home Video pres. for personal reasons, plans unannounced... Joseph Stalteri, ex-Ampex, joins Magnetic Tape International as national sales mgr. for video & audio cassettes; Joel Abrams, ex-Sharp, named national sales mgr. for computer products; Richard Moe, ex-Wham-O, for videogames... Peter Dyke, ex-Toshiba, named TDK east region sales mgr., succeeding Adrian Delgado, now in same post with Sony Tape Sales.

Jay Schwab, ex-United Audio, joins Adcom as head of Dual hi-fi sales operation... Thomas Myers promoted from gen. mgr. to pres. of distributor Video One Video, replacing Weston Nishimura, resigned... Martin Jorgenson, ex-Sound/Video Unlimited, joins Commtron as national buyer; Nyla Hawes, also ex-S/V, becomes credit mgr. in Dallas branch.

Douglas Chance named vp of new Hewlett-Packard Computer Products Group, responsible for personal & business computers... Thomas George, Motorola Semiconductor Internal Operations Group gen. mgr., and Gary Johnson, MOS Group gen. mgr., named corporate vps... Vincent Maiello joins Mura as east region sales mgr.

Shortage of Beta Hi-Fi cassettes of Officer and A Gentleman is understood to have resulted from high dealer orders for \$29.95 cassette and reported start-up difficulties in Dothan Beta Hi-Fi replicating plant. In many cases, it's understood, dealers have run out of Beta version of Officer and Sony hasn't been able to duplicate required quantity of Officer and some other cassettes. Sony, we're told, won't tell anyone -- not even its partners -- what problem is.

Japanese produced 13.1 million VCRs last year, up 38% from 1981, according to EIA-J. Sales in Japan jumped 51% to 2.3 million, while exports rose 45% to 10.7 million. Color TV production declined 1.8% to 11.4 million, making 1982 first year VCR unit output topped that of color.

Mitsubishi may expand into magnetic media in joint Japanese venture with Germany's BASF. Firms are discussing set up of plant to produce computer tape & discs.



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**SUPREME COURT SIDES WITH FCC & KCET**, says Rehabilitation Act doesn't require Commission to apply different standard on hearing-impaired services when renewing public TV licenses. (P. 2)

**CPB OFFICIALS PAINT GLOOMY PICTURE** of public broadcasting under Administration's proposed budget cuts during House hearing. (P. 3)

**EC THROWS IN PAY-TV TOWEL**, plans conversion to ad-supported basic cable service this spring. (P. 4)

**CHRISTIAN BCSTG. BREAKS** off talks for Capital Cities' purchase of WXNE-TV. (P. 4)

**NEW RADIO MARTI BILL INTRODUCED** in Senate by Hawkins, called compromise with White House. NAB first to object. (P. 5)

**NETWORK FOES WANT ARGUMENT** delayed in financial rulemaking until after April 25 reply comments deadline. (P. 5)

**PACKWOOD FEARS GROWING TREND** to combine broadcast & print in same regulatory mold, calls S-55 'good bill,' expects DBS to hurt cable. (P. 6)

**TURNER SEEKS MERGER, LOOKING HARD AT CBS:** Ted Turner has held serious talks with at least 6 major communications concerns, offering to swap his 87% interest in Turner Bcstg. for substantial share of stock and spot on board of new company, several informed executives told us last week. But no deal — we're told it's worth \$600 million way Turner wants it structured — had been finalized at week's end and may never be completed in form sought by Turner. TBS executives wouldn't confirm any details but did say Turner had approached 3 networks, Time Inc., Gannett, Metromedia.

At presstime, we were told that Turner had one-on-one dinner with CBS Inc. Pres. Thomas Wyman in N.Y. Feb. 23 and that CBS acquisition of all of Turner properties through stock exchange at end of week was said to be close. "Turner and Wyman made their peace," we were told. "A stock swap is in the works with Turner assuming a major executive role at CBS." Centerpiece of deal for CBS is WTBS Atlanta, also would include CNN and Turner's professional sports teams. Countered CBS executive: "I still doubt that it will happen... particularly any

### Consumer Electronics

**SNAGS DEVELOPING IN VCR** quota accord between Japan and EEC may mean more meetings to finalize details, define terms. (P. 9)

**ZENITH ADOPTS COTY** tube design under RCA license, bringing 3 of 4 tube makers into camp. Philips to unveil new system. (P. 10)

**TI FINDS DEFECT** in computer transformer, will supply new cord in biggest recall in consumer electronics industry history. (P. 11)

**'GAME-READY' TV** line to be introduced here and in Japan by Sony. JVC unveils its first U.S.-made TV sets. (P. 11)

**MATSUSHITA ENTERS VHD** market in Japan in May with own player. Beta compact in debut. (P. 12)

**ATARI SHIFTING PRODUCTION** of game & computer consoles overseas, cutting 1,700 jobs. Coleco game cited in Atari infringement suit. (P. 12)

**WARNER RECORDS NOW ABOARD** digital audio disc bandwagon, to sell in Europe next month, U.S. in fall. CD launches in Europe. (P. 12)

**STANDARDS FIGHT** over mini-disc format turning into 3-way battle. High-speed Micro tape drive offered for home computers. (P. 13)



deal that would give Turner any major role at CBS." Added CBS Best. Group Pres. Gene Jankowski, who returned to N.Y. Fri. after 10 days on road: "There is nothing to tell you because there is nothing going on" with Turner.

Turner was said to be secluded in his Atlanta office and wasn't taking phone calls, executive said, "except from the top people." Asked who those top people might be, executive said "well, a network president probably would get through." At end of week, Wyman was reported to be on vacation, traveling.

Early on, Metromedia was seen as possibly most interested in deal because of its stated intent to form TV network composed of its 7 TV stations coupled in some way with cable systems. Metromedia, which is putting millions into expanding its news operations, also sees advantages through tie-in with Cable News Network. Robert Bennett, Metromedia senior vp, said that he and Metromedia Chmn. John Kluge had met with Turner and Robert Wussler, head of TBS, added: "We are not, as of this moment, interested in buying Ted Turner." However, Bennett said Metromedia will "pursue" other arrangements with TBS, particularly in planned expansion of news. Kluge reportedly made cash offer for Turner's properties in proposal that would have excluded Turner from joining Metromedia. "Any deal between Metromedia and Turner is now out to lunch," executive close to situation said.

Rumors about Turner have been spreading on Wall St. for several days and trading in TBS over-the-counter stock was heavy last week. It rose Feb. 23 to \$25, up from \$17 close day before, closed on 23rd at \$21.50. Activity continued Feb. 24, with TBS closing at \$23 bid, \$24 asked. CBS jumped 3 points on Feb. 25, closing at \$59 on very heavy trading of nearly 300,000 shares.

**TOP COURT BACKS FCC ON CAPTIONS:** Reversing lower court decision, a split U.S. Supreme Court last week sided with FCC and public KCET L.A. by holding that PTV stations should be held to no greater standard with respect to service for hearing impaired than commercial stations. Court also ruled that FCC isn't required to examine non-commercial stations' performances in connection with Rehabilitation Act of 1973.

According to majority opinion written by Justice John Stevens, Congress didn't intend Rehabilitation Act to impose any special enforcement obligation on FCC. Since Commission isn't a funding agency, it has no responsibility for enforcing Rehabilitation Act. "Moreover, there is not a word in the Act's legislative history suggesting that the Act was intended to alter the FCC's standard for reviewing the programming decisions of public TV licensees," majority opinion stated.

"The fact that a public TV station has a duty to comply with the Rehabilitation Act does not support the conclusion that the FCC must evaluate the station's service to the handicapped community by a more stringent standard than that applicable to commercial stations," majority of 7 justices found. "Unless and until a different standard has been promulgated with respect to public TV stations as against commercial stations, the FCC acts within its authority when it declines to impose a greater obligation to provide special programming for the hearing impaired on a public licensee than on a commercial licensee."

Justice Thurgood Marshall filed dissenting opinion, in which he was joined by Justice William Brennan. "However broad an administrative agency's discretion in implementing a regulatory scheme may be, the agency may not ignore a relevant Act of Congress," Marshall wrote. "The Court of Appeals correctly held that it was an abuse of discretion for the FCC to refuse to consider [plaintiff Sue Gottfried's] allegation that KCET had violated Section 504 of the Rehabilitation Act." Marshall criticized majority opinion, saying decision "is not supported by either precedent or any sound view of the administrative process."

Deaf viewer Gottfried, on behalf of hearing impaired viewers in southern Cal., challenged 1977 license renewals for L.A.'s 8 TV stations on grounds that stations didn't make substantial amount of programming accessible to "aurally handicapped." FCC renewed licenses in Sept. 1978, denied reconsideration following year. Case was appealed to U.S. Appeals Court, D.C., which in 1981 affirmed renewal of 7 commercial stations' licenses, but reversed public station's renewal.



**CPB BUDGET CUTS:** Public broadcasting would be "emasculated" almost overnight if Congress approves Administration's proposed budget cuts for fiscal 1985-86. That's message CPB Pres. Edward Pfister took to House Appropriations Subcommittee on Education Feb. 23. Testifying against White House proposals to appropriate \$75 million for CPB in fiscal 1986 and rescind \$45 million from 1985 appropriation of \$130 million, Pfister said that if Congress approves cuts, public broadcasting "will retreat to mediocrity. All services will be drastically reduced. We'll be unable to meet the statutory obligations Congress has given us."

"The Administration's reasoning for the cuts is not sound," Pfister argued. "It's based on more private support, when in fact there is less private support. It's based on a quickened commercialization which will change the nature of the institution and the nature of the service. \$130 million is the absolute minimum needed to maintain the current level of services. If we sink below that in the next 2-3 years, everything we've been building will be... lost and, in our view, not recoverable... One TV station is already going out of business [WCAE in St. John, Ind.]. This will become a trend if we go below \$130 million."

Public broadcasting is already suffering from 25% reduction in funding, according to CPB Chmn. Sharon Rockefeller. "We're trying not to slide backwards. If we lose programming, we lose audience. And if we lose audience, we lose contributions. We don't want to destroy [public broadcasting]." Asked by Subcommittee Chmn. Natcher (D-Ky.) if CPB could operate on \$75 million proposed for fiscal 1986, Rockefeller replied: "It simply would not be possible."

Meanwhile, 29 members of Congressional Arts Caucus wrote Reps. Natcher (D-Ky.) and Conte (R-Mass.) of House Appropriations Committee, charging that Administration's proposed budget cuts "would have a devastating impact on public radio and TV in the U.S." "Public broadcasting has made an extraordinary effort to cope with the reductions already implemented," they argued. "These efforts, however, cannot succeed without a modest, stable level of funding from Congress. At stake is the survival of a national asset — a unique system that strives to meet our educational, cultural and informational needs. Your rejection of any further rescissions for public broadcasting and your approval — once again — of \$130 million for 1986 are essential to sustaining public broadcasting," last week's letter warned.

NRBA board has praised Senate passage of broadcast deregulation bill (S-55) as "a big step toward the total deregulation of radio," but expressed hope spectrum fees contained in bill will "be eliminated or amended." In other actions during 2-day meeting in New Orleans (site of Oct. 2-5 convention), board: (1) Favored repeal of FCC 7-7-7 ownership limits, added "any such elimination must be tied to effective concentration of control policies." (2) Opposed FCC proposal to "add hundreds of new FM channels around the country... until it can be conclusively proven that no deterioration of present radio service will result." (3) Continued present policy of requiring directors to pay own expenses for board meetings. However, Exec. Committee was authorized to reimburse expenses "when on official Association business — other than board meetings — at the direction of the president or chairman." (4) Limited service by directors to 2 consecutive 2-year terms, all officers (except pres.) to 3 consecutive one-year terms. (5) Elected Louisa Henson, WLRS(AM) Louisville, to board, succeeding James Connor, resigned.

Metromedia, McGovern Guild and Standard Communications have joined Electronic Media Rating Council, raising membership to 21, according to Exec. Dir. John Dimling. For first time, Council will include advertisers & agencies in audits of accredited rating services.

Backed by new state law imposing fines and jail terms for "black box" sellers and signal thieves, Cox has expanded efforts in San Diego aimed at eliminating estimated 65,000 pirates it says are costing company \$8 million to \$12 million annually. Cox has begun local media campaign to get message across it will prosecute all pirates, also offers "no questions asked" policy for those turning in illegal boxes and signing up for service. So far, 300 have turned themselves in, spokesman said. Meanwhile, STV Assn. has developed computerized data base on signal piracy it is making available to STV operators. Assn. said data base tracks court filings, prevailing laws and other information which will help individual operators bring successful prosecutions. Details: Kathleen Cherney, 202-833-1744.

FCC said its Field Operations Bureau "is aware of the increasing number of unlicensed broadcast stations and is currently engaged in an extensive effort to eliminate [them] by imposing substantial fines." Case in point: Ricky Henderson of Salem, Mo. was fined \$750 for operating illegal KJ103 on 102.72 MHz.

Seminar on TV production & programming is planned for March 4 by NAB's Employment Clearinghouse, designed to help women & minorities find jobs in broadcasting. For information: 202-293-3584.



**ENTERTAINMENT CHANNEL DROPS OUT:** Going is tough for basic cable services, but Entertainment Channel thinks it has better chance at happiness as ad-supported cable venture. Company, jointly owned by RCA and Rockefeller Center Inc., said last week that it was ending pay-TV operation March 31, with intent to shift to basic later this spring. Move, requiring new marketing focus and audience size lacking so far, is in stark contrast to CBS Cable which folded in late 1982 when it decided there weren't sufficient ad revenues to continue. EC will be getting help from J. Walter Thompson, which has been consultant in transition.

Despite expenditures of close to \$100 million in 2 years since it was announced, EC has been singularly unsuccessful in selling package of BBC shows, original productions, movies & off-network series. Service claims about 50,000 subscribers on about 80 systems passing 2.5 million homes, but actual number is thought to be considerably less, especially after high drop-out rate in Dec. One cable operator claims homes taking EC never exceeded 2% of total achieved at launch.

There's no guarantee EC can go to basic. Proposal will have to pass muster of RCA and RCI, requires EC Chmn. Arthur Taylor to ask for funding of brand-new service. "We'll look at the numbers and see if it's profitable," said RCA source, adding that Pres. Robert Fredericks is committed to "working hard to make it happen." However, Fredericks stops short of formal approval of basic plan — while Taylor told us he's been assured RCA is prepared to finance venture. Official line at RCI is that it enthusiastically awaits ad-supported presentation, but industry sources told us Pres. Richard Voell is skeptical about EC's chances, will be hard to sell. Younger members of Rockefeller family have been pressuring Voell to turn some of RCI's properties into cash, and belief is that EC may be swept out along with real estate holdings.

NCTA has asked FCC to deny AT&T request for waiver of some Computer 2 rules that would allow AT&T to sell some receive-only earth stations in conjunction with its satellite service offerings. Assn. said in filing that AT&T's request for clarification of Computer 2 rules "is nothing more than AT&T's latest attempt to chip away at the regulatory regime adopted by the Commission in its [Computer 2] decision." NCTA noted FCC had concluded communications user and telephone ratepayer would be best served if AT&T were required to provide CPE, such as receive-only earth stations, through separate subsidiary.

Canada has asked U.S. govt. to explain decision to label 3 documentaries produced by Canadian national film board as political propaganda, including anti-nuclear film nominated for Academy Award. Canadian official said he considered action by DoJ "bizarre and petty." If designation of films stands, distributors will be required to report names of organizations that show films and to screen them with tag stating they were prepared by registered foreign agency.

Christian Bestg. Network, following breakdown of negotiations with Capital Cities Communications for latter's purchase of WXNE-TV Boston, said that "henceforth, the station is not for sale. We will aggressively develop WXNE-TV as a major TV force in the New England area." Christian said that it had reached tentative agreement with Capital Cities in negotiations over 4-month period, but that other stations owned by Capital Cities in northeast "presented a potential for delay at the FCC... We were not able to arrive at a satisfactory formula which would protect Continental's (station licensee and subsidiary of Christian) interest in the event there was a protracted processing of the application." Continental Pres. Pat Robertson said offer from Capital Cities was "unsolicited."

U.S. Supreme Court has let stand without comment FCC refusal to renew license of Faith Center for KHOF-TV San Bernardino — action taken by Commission because Center refused to turn over financial records. Two former employees of KHOF-TV charged donations collected by religious station weren't used for purposes announced on air. In order upheld last spring by U.S. Appeals Court, D.C., FCC ruled that "a licensee's operation of a public broadcast station may not be shielded from public scrutiny because of its standing as a religious organization."

Upcoming IRTS functions in N.Y.: March 3 — Luncheon featuring media dirs. of 5 major ad agencies; March 9 — Annual Gold Medal banquet honoring Roone Arledge, pres. of ABC News & Sports; March 15 — Joint seminar with N.Y. Women in Communications on "Libel and the First Amendment," moderated by Richard Salant, NBC. Panelists include Herb Schmertz, Mobil Oil; Alice Lucan, Gannett newspapers; Ira Glasser, American Civil Liberties Union, and libel attorney Charles Rembar. For information: Angela Reina, 212-867-6650.

Md. Center for Public Bestg. reports that its first use of videodisc technology as origin for broadcast was encouraging. According to Engineering Dir. Bruce Herget, on-air quality of The Shape of Language, preview of TV course Exploring Language, was "equal to, if not better than, broadcasts originating from network feed lines." Md. Center is one of 15 sites selected to study disc technology for 4 months by National University Consortium. NUC would like to eliminate costs of satellite transmission and videotape storage space incurred for its TV-assisted courses.

CBS News reporter Chris Wallace accused White House spokesman Larry Speakes of lying to media about Administration contacts with EPA. Speakes shot back: "You're out of business as far as I'm concerned." Exchange occurred during briefing at which Wallace said he considered it misleading for Speakes to have said before he knew of no "internal investigation" on White House contacts with EPA, then to confirm later that "internal review" was under way.



**NEW RADIO MARTI BILL:** Over objections of NAB, Sens. Hawkins (R-Fla.) and Chiles (D-Fla.) introduced legislation (S-602) in Senate last week, establishing new Radio Marti organization which would use VOA's Marathon, Fla. facilities (1180 KHz), lease time on commercial stations in U.S. or Caribbean nations, or use short wave or off band (below 550 or above 1610 KHz) for broadcasts aimed at Cuba. Legislation was crafted by Administration to replace last year's measure which passed House but failed in Senate when Sen. Zorinsky (D-Neb.) filibustered bill. Under previous measure, Radio Marti would have had its own frequency (1040 KHz, also used by WHO Des Moines).

NAB, through Pres. Edward Fritts, immediately came out in opposition to new version. Said Fritts: "While some progress is reflected in this proposed legislation, our fundamental concerns remain. Until they are resolved, we must oppose this bill in its present form." However, NAB officials are quick to point out they haven't closed door and are continuing to meet with State Dept. representatives, including Thomas Enders, Asst. Secy. of State for Inter-American Affairs, to resolve what NAB feels are problems with current legislation — fears of interference to domestic stations from Cuban radio jamming and lack of compensation for stations that may suffer from it. Administration and sponsoring senators had hoped to get NAB support for new version.

President Reagan and Vice President Bush reportedly met last week with key members of Congress, State Dept. officials and broadcasters in attempt to work out compromise. However, officials at NAB deny Assn. was represented in meeting at White House. State Dept. officials claim bill is in keeping with NAB recommendations contained in letter to Senate last Nov. and say it's dishonest of NAB to lay whole interference problem at feet of Radio Marti proposal. They charge that interference from Cuba has been going on for some 15 years. On House side, bill is expected to be submitted to House Foreign Affairs Committee shortly, with hearings to follow.

**KSFY-TV Sioux Falls and satellites KABY-TV Aberdeen & KPRY-TV Pierre, all S.D.,** (combined they reach 232,000 homes) are switching affiliations from NBC to ABC. To make room for stations, ABC will drop KDLT-TV Mitchell, S.D. Stations are owned by Forum Publishing Co., which last month also switched its WDAY-TV Fargo & WDAZ-TV Grand Forks, N.D. from NBC to ABC. Commented NBC TV Network Pres. Pierson Mapes to Wall St. Journal: "ABC is raiding us in these little, bitty markets. It won't cost NBC or RCA any significant money."

National barter revenues in syndicated TV programs reached \$300 million in 1982, according to Henry Siegel, chmn. of Lexington Best. Services. Speaking at ANA workshop in N.Y., he said barter revenues have risen 900% in last 10 years, that figure will reach \$1 billion by 1990. Reason: TV network prices "will be out of sight" by end of decade, he predicted.

**Foes of FCC proposal to repeal ban against TV networks having financial interests in off-network programming and from engaging in domestic syndication** are livid because of timing of scheduled March 14 oral argument on issue. In filing notices of appearances last week, most opponents protested fact that argument is scheduled well ahead of April 26 reply comments deadline. MPAA Pres. Jack Valenti filed his protest "in the strongest possible terms... This action is prejudicial to the rights of program producers, independent TV stations" and others. "The reality as well as the appearance of evenhandedness... requires that oral argument be held on the basis of a complete record" — including replies. Committee for Prudent Deregulation: "We are concerned that this unusual procedure will convey the regrettable impression that the Commission is rushing a proceeding of enormous magnitude..." Taft Bestg.: "The hasty and unusual procedure proposed... could characterize the Commission's proposal as less than impartial and judicial in its approach..." Media Access Project Exec. Dir. Andrew Schwartzman charged FCC had violated its own rules, said last spring Chmn. Fowler had said argument would be held after all comments are in. "Reversals of public promises induce mistrust in the Commission," Schwartzman said. All told, 28 parties asked to participate in argument.

**First scrambled satellite pay TV service, joint effort of Oak Media and Telstar, was set to begin Feb. 28 to 10 pay TV systems with 20,000 subscribers.** Cable and MDS systems carrying 24-hour scrambled ON-TV programming include: Cable Houston, Houston; Wiresat, Ocala, Fla.; Communications & Cable, West Palm Beach, Fla.; Star Com, Denver; TV Entertainment, Rockville, Md.; Metropolitan Satellite, Cleveland; StarChannel and Private Satellite TV, both of Charlotte, N.C.; American Home Theater, Salt Lake City; Northco, Westwood, Mass. System uses Oak's Orion satellite security system.

**WLW(AM)-WSKS(FM) Cincinnati** are being sold by Mariner Communications to Seven Hills Communications for \$10.5 million, plus 3-year non-compete agreement. Seven Hills is headed by Charles Murdock, former WLW owner-gen. mgr. WFMR(FM) Milwaukee has been purchased by Lakefront Communications (subsidiary of Josephenson International) for \$3.2 million from Thomas Embrescia, who bought station only 8 months ago. Belvedere Bestg. (owner of black-formatted WWIN[AM] Baltimore) is buying WBKZ(FM) Baltimore for about \$2 million from Baltimore Radio Show.

**Non-commercial WYCC (Ch. 20) Chicago** has gone on air as nation's 1,111th operating TV station — 817 commercial, 294 non-commercial. WYCC is licensed to Cook County Community College Dist. 508.

**National Coalition on TV Violence** — hq in Champaign, Ill. — opens Washington office: Box 12038, 20005, 202-462-0515. Sandra Ball is dir. of Washington office.



**PACKWOOD FEARS REGULATION TREND:** A future FCC that is unfriendly to current regulatory trends, along with carefully selected program content case and helpful courts, likely will move toward Red Lion type regulation of electronic newspapers. This was prediction last week by Sen. Packwood (R-Ore.), who said changes would come as result of print & cable becoming "more & more intertwined." Only way to prevent this from happening, he told National Conference of Black Lawyers luncheon, is for U.S. Supreme Court to reverse Red Lion on basis it was grounded on spectrum shortage which no longer exists, at least for radio.

He said if fairness doctrine & equal time requirements on broadcasters aren't repealed, FCC & courts will apply them to electronic publishing & cable. "If we don't" repeal them, he added, "one day we'll face a head-on contest in the Supreme Court" bringing electronic publishing under same rules. In answer to questions, Packwood said:

(1) S-55 cable bill passed by Senate "is a good bill." He said cities oppose it because they want to add to their revenues and "stick it to" cable systems in ways they would never try against utilities. Only reason for cities to have any jurisdiction over cable is that systems use city right-of-way to string their wire, he said. (2) He wouldn't want to pay for wiring major city because DBS will replace cable for home entertainment. (3) "I would get rid of the rule," he said when asked about FCC's 7-7-7 limitations on station ownership. He said licensees should be subject only to antitrust restrictions (such as newspaper, TV, radio, cable in same market). (4) He hasn't made up mind on whether Commission should repeal financial interest and domestic syndication restrictions on networks but "I'm well aware of the controversy."

New State Dept. official in charge of telecommunications policy: Richard McCormack, asst. Secy. of State for economic & business affairs. McCormack was confirmed by Senate last week, prompting Sen. Pressler (R-S.D.) to issue statement criticizing State Dept. for "uncoordinated and ineffective" actions involving telecommunications issues and urging McCormack to "take a personal and persistent interest" in preparing for international meetings.

Telelobe Canada said it began world's first overseas teletex service Feb. 21 between Canada and Germany. Service (distinguished from teletext) permits electronic memory typewriters and word processors to communicate, may be extended to Scandinavia and other European and Pacific countries later this year, company said. International access will be made available to all teletex users on TransCanada Telephone System networks.

Black TV Workshop of L.A. was favored in initial decision for new ETV station on Ch. 68 in L.A. by FCC Administrative Law Judge Walter Miller. Judge turned down competing application by Creation House Research Institute of Science & Technology, saying that it "failed to present a viable comparative case, so there was nothing with which to compare Black Workshop's proposal."

**OUTLOOK FOR PUBLIC RADIO:** Despite his optimism over new business ventures, NPR Pres. Frank Mankiewicz sees tough times ahead for public radio if economy continues to decline. In interview with our sister publication Public Broadcasting Report, Mankiewicz called 1983 a "tricky transitional year," said NPR is currently thriving but "we're up against some very tough numbers... The story of 1983 [will be] whether we're going to be able, in the face of this economy, to do even better in the private sector than we did last year when we raised \$3.7 million... We've now set a quota of between \$5 million and \$6 million in '83 and we have confidence we can come close to that only if the economy shows some strength. A continued decline in the economy would seriously wound all of us but we're optimistic that it will stabilize."

"The other question in '83," Mankiewicz told us, "is whether we can position ourselves to earn money in '84 and beyond from our [commercial] enterprises. As far as the broadcasting entity goes, we're in good shape... The only question is whether we can compensate for the loss of federal funds by development in the private sector."

Ambitious new ventures announced over last 6 months should start showing some revenue by end of 1983 or early 1984, but Mankiewicz doesn't expect to see profits until 1986. "If we have enough luck and the economy stays a little buoyant, we'll be able to pay for [NPR programming] in 5 years by underwriting and by our own entrepreneurial efforts," he predicted. In next 3-4 months, NPR hopes to announce "a couple more" new ventures.

Washington Post Co. is entering cable sports programming field. It announced company has reached agreement in principle to acquire from Charles Dolan's Cablevision Program Enterprises 50% of Sportschannel, N.Y.-area cable sports channel. Post also said it will acquire 25% of New England Sportschannel, partnership that's being formed to offer similar sports programs to New England cable operators. Sportschannel has 270,000 basic cable subscribers and 100,000 pay cable subscribers in N.Y. area.

USA Network will spend \$9 million on over-air TV, cable, radio & print campaign designed to increase viewer awareness and tune-in of ad-supported network. TV & radio spots will run in 28 markets, use network affiliates, cable systems. Print coverage will include cable guides, Esquire, Sports Illustrated, People, Good Housekeeping.

Nashville Network will launch March 7 with 6-city, 5-hour live telecast over affiliated cable systems. Ad-supported joint venture of WSM Inc. and Group W Satellite Communications will go to 800 affiliates with almost 7 million subscribers, highest number to date for basic service at launch.

"Mind over Media: New Ways to Improve Your Child's Reading and Writing Skills" (Seaview Books, 264 pp., \$12.95), by Barbara Lee & Masha Rudman, tells parents how to use media to help elementary school children.



**Electronic services notes:** Chemical Bank plans to roll out Pronto home banking service this spring, perhaps in April. Pronto has already been licensed to 6 banks, and 16 others are reportedly ready to sign. Service uses Atari personal computers, will cost \$8 a month in N.Y. for Chemical Bank's offering... Miami's Southeast Banking Corp. and 3 other banks announced plans to form joint venture to provide processing for electronic home banking offered in conjunction with videotex services. VideoFinancial Services Corp., which will begin operations this fall when Knight-Ridder's Viewtron videotex service goes into commercial service in south Fla., should go nationwide in next several years... U. of Neb.-Lincoln is adapting 3 college-level correspondence courses for Cox Cable's Indax systems using Norpak equipment provided by cable company. Cox plans to field-test interactive courses later this year in San Diego and Omaha... TVOntario is buying Telidon software and support services to provide videotex & teletext to Ontario schools beginning this spring. Initially, 75 terminals will be installed in secondary schools, with 25 going to libraries and youth employment centers. Software will allow TVOntario to combine broadcast teletext with cable-based videotex, while terminals will be able to switch from one mode to other and can be downloaded from either source... **Official Airlines Guide** will be available on line through Telenet and Tymnet starting May 1, and on Dow Jones News Retrieval June 1. It's already up on CompuServe and Dialcom... In test of data broadcasting, KMPS-AM-FM Seattle plans March 6 to transmit message to owners of home computers, at 300 bit-per-sec rate, using regular transmission channel... VSA-Videographic Systems of America will sponsor seminar March 3 on teletext's role in broadcasting featuring CBS & NBC officials, hardware manufacturers, field-trial participants.

U.S. Supreme Court has vindicated Eastern Microwave in suit brought by Doubleday Sports, owner of N.Y. Mets baseball team since 1980, which had claimed that EMI improperly transmitted WOR-TV N.Y. signal. Court let stand Oct. 13 ruling by 2nd U.S. Appeals Court, N.Y., which found EMI wasn't violating Copyright Law of 1976 by not making payments to copyright owners for signal retransmitted to 1,300 cable systems. Supreme Court let lower court ruling stand without comment. Doubleday had alleged that "EMI receives a free ride at the expense of those who devote their talents and efforts to the production and exhibition of copyrighted programs." Appeals Court disagreed, ruled that "imposition of individual copyright owner negotiations on intermediate carriers would strangle CATV systems by choking off their life line to their supply of programs."

Broadcasters contributed \$110,000 to NAB's political action fund TARPAC during off-election year 1982. By far largest amount — \$25,505 — came from N.Y., included contributions of network and rep firm executives; 1a. broadcasters were 2nd, contributing \$10,640, reflecting work of TARPAC Chmn. William Turner, KCAU-TV Sioux City. Contributing nothing were broadcasters in Ala., Nev., Hawaii, R.I., Ida.

National advertisers spent \$6.232 billion on network TV in 1982, increase of 11.4% over \$5.592 billion in 1981, according to TvB. Spending for 4th quarter totaled \$1.905 billion, up 7.5% from \$1.772 billion. For full year, ABC billed \$2.216 billion, CBS \$2.157 billion, NBC \$1.858 billion.

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## Personals

FCC Chmn. Mark Fowler will testify March 2 before Senate Appropriations Subcommittee, 10 a.m., Rm. S-146, U.S. Capitol; he speaks next day at luncheon of NAB conference for state broadcaster association presidents & executive secretaries, Washington Marriott Hotel... Ted Turner, Turner Bestg. chmn., speaks at April 21 FCBA lunch, Washington Touchdown Club... FCC Comr. Stephen Sharp speaks at May 2 luncheon of N.Y. FCBA, Harvard Club.

Robert King resigns as pres.-gen. mgr., WGN-TV Chicago, after 9 months on job, opens consultancy: 480 Orchard Lane, Winnetka, Ill. 60093, 312-446-4766... Peter Lund moves to WCBS-TV N.Y. as vp-gen. mgr., succeeding Ron Tindiglia, who has been offered another post in CBS TV Stations Div.; Eric Ober, WCBS-TV station mgr., succeeds Lund as vp-gen. mgr., WBBM-TV Chicago.

Ann Berk, WRC-TV Washington station mgr., advanced to vp-advertising, promotion & press, NBC owned TV stations... James Griffin, dir. of broadcast operations, and John Long, dir. of sales, promoted to vps, WJLA-TV Washington... CPB Exec. Vp Walda Roseman resigns, effective Aug. 1.

Kenneth Bagwell, pres. of Storer Communications TV Stations Div., promoted to exec. vp-operations, Storer Communications, new post, and pres. of Storer Cable Div.; TV Stations Div. continues to report to Bagwell; he succeeds Arno Mueller as pres. of Cable; Mueller leaves to start own company, will remain consultant to Storer.

Dennis Williamson, ex-KTVL Medford, Ore., appointed vp-gen. mgr., KREM-TV Spokane, Wash., succeeding Irwin Starr, promoted to vp-gen. mgr. of KGW-TV Portland, Ore.; both stations are owned by King Bestg... Guy Hempel, gen. mgr. of WTOL-TV Toledo, also elected vp of parent Cosmos Bestg.

Robert Gordon, ex-Western Bestg., appointed senior vp of Multimedia Bestg. and gen. mgr. of WLWT Cincinnati, succeeding Joseph Lewin, resigned... Keith Ketcham promoted to gen. mgr., WOI-TV-AM-FM Ames, Ia., succeeding late Robert Mulhall... James Karayn resigns as pres.-gen. mgr., WHYY-TV Philadelphia, effective June 30... Joan Paru joins Taft Bestg. as mgr.-corporate communications; Virginia Karp promoted to mgr.-PR.

Jon Gilbert promoted at ABC to assoc. dir., west coast labor relations; Laura Mogul named ad dir., ABC Home View Network... Gilbert Tash, Times Mirror Cable TV engineering senior vp., adds responsibility for construction & capital improvement... Gary Koester, ex-Warner Amex Satellite, named Weather Channel east sales vp.

William Goforth advanced to pres., HI-NET Communications subsidiary of Holiday Inns; Jerry Daly succeeds Goforth as corporate vp-communications... Arthur Baer, ex-Northwest Industries, appointed pres., Rainbow Programming Services... Michael Callaghan promoted to pres., Scripps-Howard Cable Services... Robert McCarthy advanced to dir.-ad sales, central region, ESPN;

Richard Darrow to mgr.-accounting... Barbara Wilson promoted to community affairs dir., WBBM-TV Chicago.

Craig Blakely, ex-Washington law firm Wilmer, Cutler & Pickering, joins Washington office of Schnader, Harrison, Segal & Lewis... Lennart Ringquist appointed exec. vp-creative affairs, Blair Video Enterprises, new post... Elizabeth Mooney advanced to NBC-TV affiliates regional dir. for plains states... B.B. Bellitt named mgr. of new Ford Aerospace & Communications western regional office in L.A. (5757 W. Century Blvd.).

Paul Johnson promoted to vp-western sales, Wold Communications; Ian Joseph, ex-Newslink Corp., succeeds Johnson as western sales mgr.; Nell Donovan, ex-Hughes TV Network, joins Wold as eastern sales mgr... Larry Siegel, publisher of Ottumwa (Ia.) Courier, appointed dir. of human resources for parent Lee Enterprises... Samuel Short joins KOKH-TV Oklahoma City as controller.

Promoted to Blair TV vps: Richard Buck, sales mgr. of N.Y. ABC Red Team; Christopher Pearce, mgr. of Houston office; Ed Youngmark, mgr. of L.A. Independent Sales Team... Future of 2-way cable is subject of March 1 meeting of Washington Chapter of Women in Cable, NCTA hq, 6 p.m.; panelists: Jerome Lucas, TeleStrategies Inc.; Richard Neustadt, partner in Washington law firm Kirkland & Ellis; Winfield Kelly, Storer Cable Communications... Christopher Sterling, Center for Telecommunications Studies, George Washington U., and Kenneth Gordon, FCC Office of Plans & Policy, debate "Owning the Media — Who Does and Who Should?" at March 3 luncheon of AWRT Washington Chapter, Washington Touchdown Club... Gary Koester, ex-Warner Amex Satellite Entertainment, appointed vp-eastern sales mgr., Weather Channel.

Paul Rozzini, vp in charge of Chyron Telesystems Div., elected corporate vp to direct expanding manufacturing operations... Martin Davis elected CEO, Gulf & Western Industries, succeeding founder Charles Bluhdorn, who died Feb. 19... Ronald Miller elected CEO, Walt Disney Productions... Among speakers planned for June 11-15 convention of AAF, Hyatt Regency, Washington: James Miller, FTC chmn., and Allen Neuharth, Gannett chmn; Robert Tallman, Young & Rubicam, named chmn. of AAF's new Advertising Legal Affairs Committee.

Rival technologies could capture 25% of cable marketplace, Broadband Communications Chmn. Irving Kahn told MIT communications policy seminar last week. Kahn attributed 10% to DBS, 5% each to SMATV, MDS and STV, said "resulting erosion" makes basic cable "a more shaky investment." MDS is restricted to single channel at present, but Kahn thought ITFS operators "could just as easily use point-to-point microwave," freeing up capacity for multichannel service.

Osborn & Reynolds, Tex.-based group radio owner, has purchased WSLI(AM)-WXLY(FM) Jackson, Miss. from Capitol Bestg. for \$2.75 million. Broker: Blackburn & Co.



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## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 11 (6th week of 1983):

	FEB. 5-11	1982 WEEK	% CHANGE	JAN. 29- FEB. 4	6 WKS. 1983	6 WKS. 1982	% CHANGE
TOTAL TV#.....	311,776	283,788	+ 9.9	374,568	1,904,115	1,791,260	+ 6.3
COLOR#.....	204,471	182,038	+12.3	271,809*	1,346,584*	1,187,033	+13.4
MONOCHROME....	107,305	101,750	+ 5.5	102,769	557,531	604,227	- 7.7
PROJECTION TV...	2,579*	1,498	+72.2	2,820*	16,526*	10,110	+63.4
HOME VCR.....	58,788*	30,561	+92.4	70,410*	345,465*	169,322	+104.0
COLOR CAMERAS...	4,933*	4,360	+13.1	7,547*	36,998*	27,593	+34.1

Color TV 5-week moving average: 1983--234,445\*; 1982--208,787 (up 12.3%).

Home VCR 5-week moving average: 1983--60,088\*; 1982--29,777 (up 101.8%).

# Excludes projection TV. \* Record for period.

**JAPAN VCR QUOTA PLEDGE HITS SNAG:** There may have to be trip back to drawing board before Japanese fully implement promise to start 3-year limitation on VCR exports to EEC (Vol. 23:8 p10). As indicated here last week, neither Japanese nor European officials seem clear on just how Japanese will maintain floor under wholesale prices of VCRs sold in Europe, or exact meaning of market share guarantee for V2000 format VCRs.

Japan pledged to help V2000 producers Philips and Grundig sell minimum of 1.2 million VCRs this year, which companies said they need for efficient production. Presumably they and other marketers of system are expected to take full advantage of Japan's holddown of VCRs & kits to 4.55 million. But what if European consumers don't cooperate, or there's some kind of production snag and V2000 sales are below target as year moves on? Europeans seem to think they would have right to demand further restraint by Japan. Japanese, however, say they can be expected to cooperate only if it can be shown they have some responsibility for sales shortfall.

As for price maintenance, Japanese say that will be in form of minimum export pricing guidelines now being prepared. There's little that can be done to dictate resale prices in Europe, particularly by European-owned importers. EEC officials aren't sure system will be good enough, but haven't been able to come up with better one of their own.

Other possible major area of conflict is how soon France plans to lift regulations that have caused VCR import logjam and when V2000 marketers will withdraw VCR antidumping complaint filed last Dec. Japanese say both were conditions for quota agreement. They want dumping case withdrawal primarily for symbolic reasons -- EEC hasn't pressed case, and now isn't likely to. French footdragging is another matter. France insists it made no firm agreement to change rules forcing all Japanese VCR shipments to move through inland customs post at Poitiers, has no immediate plan to do so and may come up with some other appropriate way to compensate Japanese for restraint. French officials cautioned that bars to other imports could be raised if Japanese try to back away from agreement.

As for size of quota itself, both sides are claiming victory. Japanese say their records indicate that of 4.9 million VCRs exported to 10 EEC nations in 1982, some 550,000 were earmarked for re-export. As quota is only for sales in EEC, they contend, it represents 200,000 unit increase for this year. Europeans contend Japanese estimates overstate re-exports, and that at best quota gives Japanese same EEC sales as last year.

Welcome but not enough — that was response to Japan's concessions at meeting of EEC Trade Ministers in Brussels. Agreement, which also provides for ceiling on large-screen color tube exports and holddown on exports of complete color TVs, hi-fi equipment and electronic



watches, is considered only one step in direction of curing trade imbalance, ministers indicated, making it clear EEC would proceed with complaint to GATT over Japanese failure fully to open home market to imports.

There's speculation in Japan, meanwhile, that quota will hasten industry changeover to new 1/4" ("8mm") format, since only 1/2" VCRs are covered by current agreement. But, any schemes along that line are likely to be short-lived. Philips, member of multinational Japan-based standards committee, has said new format will enable European VCR producers to recapture their home market. So, it's good bet there's already some plan in works to handicap Japanese EEC sales effort. Standards committee now is scheduled to finalize specs March 28 and there are forecasts that some companies may be on market with new format as early as this fall.

**ZENITH ADOPTS RCA COTY TUBE FAMILY:** Zenith last week chose sides in contest over next generation of color tubes, following GE in taking license to produce RCA-developed COTY-29 system (Vol. 23:7 p12). Thus, COTY will be made by 3 tube makers here whose receiver operations alone represent more than 50% of U.S. color TV market. Competition to COTY consists of Japanese mini-neck tube and still undisclosed system developed by only other U.S. tube major, North American Philips.

Zenith choice represents reversal of its earlier thinking — it had been leaning toward mini-neck. And RCA Picture Tube Div. officials, at first press briefing on new development, were optimistic that Japanese manufacturers would adopt system for 19" and larger sets they make in U.S. (Toshiba-developed mini-neck is now standard for Japanese 13" & 15" sets). Zenith pact covers 90-degree tubes in 13" & 19" sizes, with option on 110-degree 19" & 25".

COTY-29 is acronym for "combined optimum tube yoke 29mm" (neck diameter), was explained in detail in these pages last June (Vol. 22:23 p8). Developed in reaction to Japanese mini-neck (which measures 22.5mm), COTY is claimed to provide cost saving, better reliability and improved performance, particularly in sharpness toward edges of picture. Savings are accomplished through miniaturized yoke, lower power requirements. RCA claims mini-neck results in picture deterioration in sizes above 13", while COTY can provide superior results even when driven by lower voltage, markedly improved picture at standard voltages.

Feature of COTY is new gun design with closer electron spacing, but in standard 29mm neck (although glass configuration of tube is changed) with single large electron lens for all 3 color guns. RCA has final design samples for 90-degree 13" & 19", will sample 110-degree 19" in April, 110-degree 25" in Nov, plans to be in large-scale production of 90-degree 13" & 19" in Nov. & Dec., 110-degree tubes in April 1984 for spring 1984 set introductions.

RCA estimated cost savings on 13" would be \$1-\$1.15 on yoke, 75¢ in greater reliability, on 90-degree 19" \$1.25-\$1.50 & 75¢, on 110-degree 25" (vs. 100-degree conventional tube) \$1 each on cabinet & transportation, \$1.60 on yoke, 75¢ in reliability, less additional \$1.50 for deflection components & power (net savings \$2.85).

RCA Consumer Electronics will make selling point of COTY in 1984, according to Group Vp Jack Sauter. "They plan to lay heavy emphasis on it in specs," he said, "and the advertising department thinks it's a merchandisable item. It will be across-the-board in RCA sets in 2 years." In reply to question, he expressed opinion that manufacturers wouldn't pass on savings to consumers. "With the outstanding values offered by the industry, it is considered important for manufacturers to improve their profitability," he said, noting that \$2 saving does nothing for standard pricing point, "but it's significant if you make a million sets."

Commenting on upcoming Japanese flat square tube (FST) family, RCA tube officials claimed that its major deficiency lies in use of mini-neck which results in "significantly degraded performance [with] edge focus significantly worse" than conventional tube. COTY, they said, is admirably adapted to new generation of FST sizes (14", 20", 26").

North American Philips is only U.S. tube major which hasn't adopted COTY-29. Company is known to have developed own high performance economy tube system, believed to use existing glass configuration to eliminate retooling. Company will demonstrate new development to Japanese tube makers this week & next, is expected to announce new system in couple weeks.



Corning Glass, meanwhile, is reconsidering plan to close color TV glass plant in Bluffton, Ind. (Vol. 23:2 p9), has deferred decision until March 4. It's believed that final decision will be for shutdown. To tube manufacturers concerned about Corning's future commitment to glass production here after its repeated inability to get price increases, company has been offering informal assurances that it will continue to make enough glass to support 50% of color tube production here.

**TI COMPUTER RECALL:** In what's believed to be biggest product safety action in consumer electronics history, TI last week launched program to notify owners of estimated 500,000 home computers of potential shock hazard, supply them with replacement power cord. It also has temporarily suspended shipment of new computers to take corrective action.

TI told Product Safety Commission that independent testing agency discovered that in some cases external power transformer can overheat, cause insulation melting that could pose shock hazard to computer users. TI said no such failure has ever been reported to it by consumer. Corrective action involves sending adaptor cords that eliminate problem to all known owners, supply them to retailers who have units in stock. TI is publicizing problem, has set up 800 phone number to handle consumer queries.

TI said it expects first quarter earnings this year to be below those of same 1982 period, declined to indicate whether that included impact of recall. Estimates are that correction will cost TI \$10 million-\$20 million, excluding effect of lost sales. Adverse publicity and shipment halt could take edge off TI's current successful promotion. TI recently cut computer wholesale price by \$48, and unit now sells at about \$160, after \$100 factory rebate. Industry sources tell us TI currently accounts for more than 30% of home computer retail sales, with Atari in 2nd place at just under 25%.

Until now, biggest & most expensive recall was in 1975 involving some 400,000 Matsushita-made color TVs marketed by Panasonic, J.C. Penney and W.T. Grant. Failure of high-voltage hold-down resistor, Bureau of Radiological Health contended, could cause sets to emit excessive amounts of X-radiation. Matsushita contended that part failure would make set unwatchable, so recall wasn't needed. Consumers apparently agreed, and only about 25% were ever turned in for modification.

Library of Congress wants to amend \$450,000 contract for Sony to produce 50 copies each of 8 optical discs and supply 2 players. Discs will hold total of 130,000 frames of Library's graphic and early photo collection, are considered first step in conversion of archives to optical format. Revision will increase amount of computerization Sony is using to organize selections. As example, company has been able to store catalog data in tape memory unit connected to player, permitting information related to specific picture to be superimposed on disc frame. First phase of project is scheduled to be finished by Nov., followed by 18-month evaluation period. Sony says Library, anticipating wide interest, has brought in copyright staff to make sure outside use of discs doesn't violate ownership. At present, discs are for internal use only.

**SONY 'GAME-READY' TV:** First of line of special TV sets designed to be friendly to games, home computers and other video devices will be introduced here by Sony in May. In Japan, special line will be sold under name of "Prism display video equipment," consisting of 13" and two 15" models. New version of Trinitron was launched in 13" model, with "close to flat screen," presumably Sony's answer to Toshiba-developed FST (flat square tube).

New sets are distinguished by "Hit" terminal on front escutcheon for plugging in games and other devices. In Japan, it accommodates RF, but in U.S. terminal is expected to be designed for either RF or video input. Tuners in new sets will have 13 buttons — 12 for standard TV channels, one designated as "Hit" for game or computer.

The 15" models resemble computers in that controls are mounted on small shelf which looks like computer terminal keyboard. New chip in 15" version contains all multiplex stereo sound circuits. The 13" is priced in Japan at about \$240, with 15" at \$380 & \$400.

\* \* \* \*

JVC is introducing its first 3 U.S.-assembled color TV sets and emphasizing commitment to TV in million-dollar marketing campaign running into spring. New sets in Telstar series, all 19": Ladder-tuned model at \$550, remote version \$620, high-end remote with keypad & scan, 134-channel tuning, comb filter, \$750.

RCA reluctantly took over Denver distribution operation from Interstate Electric, may find it necessary to acquire IE's San Antonio branch as well. IE is based in Shreveport, announced last Dec. it wanted to dispose of those 2 operations, while continuing to cover Dallas & La. territories (Vol. 22:50 p15). At that time, RCA said it would prefer replacing IE with independents to factory branch operations, but that hasn't worked out. At year's end, RCA took over Bruno N.Y., now handles own distribution in metro N.Y.-N.J.-Conn. It was about same time that Zenith took over Southern Cal. territory from independent Sues, Young & Brown.

FCC stereo TV and multichannel sound rulemaking is now expected to be before Commission meeting at March 31 meeting. Proposal has been cleared by Mass Media Bureau and General Counsel's office and is now before Common Carrier Bureau. EIA Multichannel TV Sound Subcommittee is now ready to resume testing in Chicago, hopes to be finished in Aug. EIA hopes to submit results of tests before FCC deadline for comments on proposal, make recommendation by reply comment deadline. Subcommittee is now setting up equipment for all 3 systems — EIA-J, Telesonics, Zenith.



**MATSUSHITA VHD IN MAY:** In move expected to trigger entry of remaining 11 members of VHD group into Japanese videodisc player market, Matsushita announced last week it would start selling players in May, topping week of video product announcements in Japan.

Matsushita's May launch will follow JVC's April 21 start. Company will make own players at rate of 4,000-5,000 monthly, it said, with total market for all brands estimated at 150,000 annually. Matsushita player will be priced at about \$640 (150,000 yen), same as JVC's.

Beta group members, meanwhile, announced that sales of ultra-compact portable VCRs would start in Japan in March. Sony, which calls machine "world's lightest and most compact extended-time VCR," says weight is less than 6 lb. excluding battery, dimensions 7.5x3x10.3". Features include date & time insert into picture while recording, video & audio insert editing, and LCD display showing battery condition, operation mode, time & date, tape running time. Deck will sell at about \$850 in Japan, tuner less than \$300.

Similar units will be launched by Sanyo, Toshiba, NEC and General at same price. (Sanyo showed its version in Jan. at CES, but Beta manufacturers said they hadn't decided on U.S. launch.) Toshiba will offer companion lightweight camera, total weight of both pieces coming to 8.8 lb. General also will offer home deck version of compact recorder at about \$915, announced it will produce deck in own plant, starting in-house VCR output for first time. General's products are sold in U.S. under Teknika name.

Sharp introduced new VHS products, including low-end home unit (\$530), portable (\$675), color camera at \$800. Photographic companies were active, too, Asahi Pentax fielding MOS autofocus camera at \$1,225, aiming at sales of 500 monthly. Olympus added new camera-VCR ensemble, camera featuring autofocus, 8x zoom, recorder made by Matsushita. Olympus says it has sold 25,000 home video cameras to date worldwide.

**Tape topics:** Videocassette supply exceeded demand last year for first time, and one result was 20% drop in VHS prices, according to 3M Magnetic A/V Products Div. Business Development Mgr. Dennis Farmer. At recent NAVA meeting, he said unit sales "skyrocketed," but duplicator demand was flat "and down in dollars" because of stagnant recorded cassette market. "We're all selling more units and enjoying a little less." American Video Tape Mfg. has started production in Cal. plant, is selling pancakes to institutional users in U.S. and overseas while it awaits JVC approval of request for VHS videocassette license. AVT expects to be supplying complete cassettes to Magnetic Tape International in 2nd quarter for sale under Zimag label.

Sanyo plans to produce Beta VCR home decks in Taiwan, is eyeing production startup by 49%-owned affiliate there as early as Oct. Sanyo said initial output would be at 3,000 monthly rate, all for local market. Sanyo announced it was considering Taiwan plan last May (Vol. 22:21 p12).

**ATARI GOING OVERSEAS:** U.S. will lose bulk of its programmable videogame manufacturing, about 25% of its home computer production capacity and some 1,700 jobs by midyear, when Atari is slated to complete shift of console output from Santa Clara, Cal. to plants in Taiwan & Hong Kong.

Only production worker jobs will be lost because of move, which Atari said was forced by pricing pressures & increased competition. Company will continue manufacturing step-up 5200 videogame consoles & cartridges in El Paso, Tex. and cartridges in Puerto Rico. Coin-op videogame production will remain in Santa Clara.

Atari has been gradually moving to offshore production for several years. It has assembled 2600 game consoles in Taiwan since 1981, following purchase of former b&w TV plant from GTE Sylvania. Last year, it expanded Hong Kong unit to handle output of upcoming 1200 high-end home computer and 600 leader model, yet to be announced.

In separate action, Atari amended patent infringement suit against Coleco to include stand-alone 2600-compatible Gemini console Coleco introduced at Toy Fair earlier this month (Vol. 23:7 p13). Original suit, filed in Chicago Federal Court, alleges Coleco's adaptor that permits Atari-type game cartridges to be played on Colecovision consoles violated Atari patents. Atari later amended action to request immediate temporary injunction against adaptor sale. In response, Coleco filed antitrust suit against Atari.

**WARNER IN DIGITAL DISCS:** Compact digital audio disc (CD) launch in Europe last week was bolstered by addition of Warner Records to now quickly growing ranks of software supporters. Warner said it will have CD discs on market there in March, in U.S. this fall.

Warner official said discs would be custom pressed either by Polygram in Europe or CBS/Sony in Japan, "whichever is cheaper," and that company would be handling own physical distribution. Other major committed to sales in U.S., CBS Records, is leaving actual sales to Sony until player penetration is high enough to justify shipments through normal record channels (Vol. 22:51 p15). RCA Records has cleared product for sale on CD in Europe, but not in U.S.

CD was introduced simultaneously in France, Germany, Holland & U.K. In U.K., Sony player lists at \$850, Philips version \$775, discs \$12.50 & \$15.50. Based on what it called better than expected reception in Japan, Sony says it now estimates 300,000 CD players will be sold worldwide this year, 900,000 in 1984. U.S. launch is set for next month.

Filter screen to reduce glare from computer and other CRT terminals is being offered by Textile Industry Products in Britain. Harking back to early days of b&w TV, when "silk-stocking" filters were used, Viewthru Screen is made of woven black fabric, claimed to eliminate 75% of reflection, improve definition, increase contrast. Information: TIP, 81 Garstang Rd., Lancashire PR1 1LD, England.



**COMPUTER DATA WAR:** Full-scale 3-way format war is brewing in effort to capture next generation market for personal & home computer disc drives, while 4th format, using tape cartridge, is making bid to replace disc for most high-speed home computer applications.

Sony-developed 3.5" disc format, which has won backing of most magnetic media producers and several home & personal computer equipment marketers (Vol. 23:5 p12), has generally been accepted as coming standard replacement for 5.25" drive. All that has changed with introduction of new system by IBM and launch of acceptance push for 3" by Matsushita and Hitachi.

IBM jumped into mini-disc standards battle with 4" format. IBM said it plans to use format in own computers, offer drive to other computer OEMs.

Climbing on board 3" bandwagon last week were Canon, Jicoh Electronic, Micro Peripherals, Mitsumi, Nippon Seimitsu, Sankyo, Sanyo, TDK, Teac and Tokyo Electric, plus media producers Fuji, Memorex, TDK & Teijin (most of the tape firms also backing Sony system). In announcing new adherents, 3" leaders said they estimate demand for million drives, 20 million discs, next year, rising to 2 million & 40 million and to 4 million & 80 million in following 2 years.

Microdrive is name for high-speed, low cost, cartridge tape drive system that's being offered on OEM basis to home computer hardware & software marketers by Entrapo, Sunnyvale, Cal. company now in process of changing name from Exatran. Entrapo already has 2 customers. TI features microcassette recorder as option for hand-held computer, and Coleco uses drive to load programs in upcoming \$125 Colecovision adaptor that boosts capacity of system to 128K.

Microdrive transport can function as recorder or player, be housed in 3-inch square box just inch high. Microwafer cartridge, 2.7x1.6x0.2", contains endless loop of 1/16" tape, runs at 10 ips, and can hold program of up to 128K bytes, depending on tape length. Microdrive's big advantage other than size is 12-sec. load or record time for 32K program. That's 10-20 times faster than standard cassette, about same as disc.

Entrapo has been offering version of drive to hobbyists for 5 years, is now shifting direction to OEMs, we were told last week by Pres. Robert McDonald. He said drive is being priced so marketers can retail it for less than \$100, or at upper scale of what's being charged for cassette data recorders. Entrapo, he said, will handle duplication for software companies. "Our customers will send us a sample and we will crank out 100,000." Software price will depend on content — Coleco indicated its cartridges would list for \$30 each.

McDonald acknowledged that disc drive has edge when it comes to serious computer applications requiring random access storage & retrieval. But, he pointed out, for most uses Microdrive offers home computer owners needed compromise between slow speed of cassette and only other option, paying

\$400-\$500 to equip \$150-\$600 computer with disc drive. He said his firm has already started supplying samples to potential customers, indicated expectation system would catch on quickly.

**ITA SEMINAR:** Video hardware gets seminar coverage in closing 2 days of ITA Audio/Video Update 1983 meeting in Hollywood, Fla., March 6-9.

March 8 will see presentations on interactive CED videodiscs by James Alic, RCA; computer interactive videogames, Mike Staup, Odyssey; home computer market, Tricia Parks, Future Computing. Featured during closing day are presentations on VCR-camera combos by Richard Komiyama, Sony; VHS-C format, Richard O'Brion, JVC; applications of laser optical video disc, John Talbot, Pioneer Video; impact of lower pricing on VCR industry, Tom Hitzges, Matsushita. Special March 9 session will cover new magnetic tape manufacturing processes and materials.

Other presentations will cover various aspects of blank & recorded videocassette marketing, international software markets, new home video technologies. Details: ITA, 10 Columbus Circle, N.Y.C. 10018.

Joint R&D ventures may be key to survival of remaining U.S. consumer electronics producers, particularly in picture tubes and flat panel displays "where the major capital of the industry is tied up," according to Steve Metzger, pres. of International Competitive Assessments. Industry, he said, needs to explore establishment of co-op effort, such as Microelectronics & Computer Technology Corp. recently set up here by iC makers (Vol. 23:5 p13). That topic, along with outlook for both new and established industry products, is subject of study, Consumer Electronics in the 1980s: Structural Changes in the International Competitive Environment, due in March. Details: ICA, 172 West 82nd St., N.Y. 10024.

Nitron's involvement with videogame industry has forced it to lay off 100 of its 150 workers, put it in default on loan & tax obligations. Nitron says it's owed \$3.7 million by Astrocade, videogame maker now in Chapter 11, for which Nitron produced consoles & cartridges. Nitron also is involved in legal action regarding ownership of game & parts inventory it bought back from Astrocade last year under long-term supply agreement. Nitron said outside auditor will qualify 1982 financial statement because of uncertainty over collecting from Astrocade.

Japan's Pioneer has agreed to become 70% partner in French speaker manufacturing venture with Musique Diffusion. Plant, to be located near Bordeaux, is expected to start production this spring, turn out 200,000 speakers in first year.

Taiwan exported 2.2 million telephones last year, up 65% from 1981, is looking for 60% increase this year to 3.5 million. Virtually all go to U.S.



**SPRING-SUMMER CATALOGS:** Sears, Ward and Penney feature extensive collections of videogame & home computer hardware, software & peripherals in spring-summer books. Sears & Penney plug CED videodisc players. In TV, price reductions outnumber increases, especially by Penney. VCRs, though down, are far above current street prices. In summary below, price comparisons are with fall-winter 1982 books, and prices are unchanged except as noted.

Sears TVs generally are same prices as in fall-winter book, with handful of reductions. Color starts with 5" AC-DC at \$290, new 5" AM-FM-weather set with video & audio input-output jacks \$350; 9" AC-DC \$320; 12" at \$250 (down \$10 from Christmas); 13" leader \$290, single-knob \$320 (replacing mechanical model at same price), new ladder-tuned unit \$390, keypad remote \$440 (replacing ladder-tuned at same price); 15" is \$390.

Non-remote 19" sets begin at \$299, with \$330 step-up (down \$70), ladder-tuned set at \$380 (down \$40 from different model), new step-up \$450, 2 new keypad models \$490, same with 105 channel \$510. Remote models start with scan at \$450 & \$500 (latter down \$40), keypad units starting at \$590, 105-channel model at \$600, VIR and comb filter \$650, dual-speaker pseudo-stereo \$690. Remote-ready 19" 105-channel is \$790, same with remote \$800. Remote-ready kit is \$80, new kit for specified consoles \$50. Topping 19" line is component TV with tuners & speakers (made by Sanyo) at \$1,000. Telecaption adaptor is \$270 (down \$10); Telecaption-equipped set has been dropped.

Console leader with mechanical tuning is \$520 (down \$20), keypad model \$550 (up \$10), 4-model series \$680 (up \$10), 3 remote-ready comb filter models \$850 (up \$10), remote versions \$900 (down \$20). One-piece 50" front projection set is \$2,450. Sears' monochrome line has 3" with AM-FM stereo, microcassette at \$290 (down \$10), with slide-out microcassette \$330 (new); 5" with AM-FM \$120 (down \$25) & \$140 (down \$30); 12" AC at \$70 (down \$7), \$80 (down \$8) & \$95 (down \$3), 2 AC-DC models \$115; 19" at \$165.

Hitachi-made stereo CED videodisc player is \$350 (down \$120), wired remote \$40 extra; 15 stereo, 65 mono disc titles are listed. Catalog lists 9 VHS & Beta VCRs, starting with new Beta leader (from Sanyo) at \$490, replacing mechanically tuned model at same price; 3-day, one-program 91-channel front-load (from Toshiba) \$590 (down \$100); 14-day, 8-program (Sanyo) at \$770 (down \$220 from year ago); wireless remote keypad 117-channel (Toshiba) model \$990; similar unit with silver cabinet to match video components \$1,000. VHS recorders (made by Hitachi) start at \$690; 10-day, 3-program model \$890. Portable Beta VCR is \$1,090 (down \$100), new Hitachi-made 14-day, 8-event VHS 4-head portable \$1,290. Hitachi-made cameras start with leader at \$490 (down \$300), with Saticon unit at \$1,190 and MOS camera at \$1,500.

Sears catalog has 7 pages of videogames, including own brands similar to Atari VCS and Intellivision, as well as Colecovision and Odyssey 2. Featured computers are Timex Sinclair at \$98, Atari

400 & 800, TI 99/4A, with programs & peripherals. Note: Catalog has TI \$100 rebate from \$299.99 price until April 15, noting: "Price after 4/15/83: \$199.99."

Montgomery Ward this year offers GE, RCA & Sony branded products under its national brands program in addition to own brand, has many limited-time price reductions on TV (pre-Feb. 15 prices given here). Ward brand color starts with 5" AC-DC at \$330; 9" AC is \$245 (down \$30) until Feb. 15, when it goes up \$30; 13" is \$300, new keypad remote \$380. Ward starts 19" product at \$380, with keypad model \$400 (down \$30 through Feb. 15), followed by scan remote \$430 (down \$30 through Feb. 15), step-up model \$500, keypad remote \$530 (down \$50 through April 15), step-up \$600; 25" table keypad remote is \$620 (down \$60 through April 15).

Ward color consoles start at \$530 (down \$100 through Feb. 15), with 2 new scan remotes at \$700, 2-sided keypad remote \$800, swivel version \$810 (goes up \$40 April 15). Monochrome line has FM-AM cassette stereo boombox with 3-3/4" screen \$200 (down \$100, goes up \$50 Feb. 15); 5" AC-DC \$125, with FM-AM \$145 (down \$20); 12" AC \$78, AC-DC \$100 (down \$18 from predecessor). RCA color sets listed in Ward catalog: 13" scan remote \$400; 19" keypad remote \$550 (down \$38); keypad remote console \$800 (down \$48, goes up \$50 April 15), swivel version \$850 (up \$2). GE 40" Widescreen projection system is featured at \$2,599.

Two Wards brand VCRs (made by Sharp) are 7-day one event recorder at \$580 (down \$120, goes up \$100 Feb. 15), new 5-event programmable \$850. Low-end (SL-5000) Sony Betamax is \$600 (down \$150); Betamax portable is \$950 for recorder, \$300 for tuner-timer; Sony Trinitron camera is \$1,100. Wards features Commodore VIC-20 computer (\$200), Atari, Astrocade, Mattel videogames.

J.C. Penney TVs feature widespread price reductions compared with fall-winter book. Cheapest color is 13" at \$300 (down \$20), new keypad model at \$360; new 15" is \$370, scan remote \$390 (down \$10); 17" scan remote is \$460 (down \$30); 19" starts at \$340 (down \$10), one-knob \$390 (down \$30), Accu-Scan keypad \$400, step-up keypad \$470 (replacing \$490 unit), scan remote \$490 (down \$10), keypad remote \$590 (down \$50 from different model). Console leader is \$500 (replacing one-knob model at \$600), scan remote leg console \$640 (down \$10). Top of line: 19" remote monitor-receiver with pseudo-stereo, detachable speakers, by Toshiba, at \$640. Monochrome sets: 5" AM-FM \$160 (down \$10), with clock and weather band \$190 (down \$10); 7" with AM-FM \$170 (down \$50); 12" at \$79 (down \$8), AC-DC \$100 (down \$20); new 19" \$170.

Penney offers RCA stereo videodisc player at \$394 (down \$6), selection of discs. VCRs start with basic electronic tuned VHS at \$540 (down \$111), 21-day 8-event \$899 (down \$80), wireless-remote stereo model, new at \$1,185. Programmable portable is \$1,090 (down \$98). High-end Matsushita autofocus camera is \$990 (down \$98), without autofocus & titling \$690. Catalog has Atari VCS and Intellivision videogames, Atari 400 and TI 99/4A computers.



**MATSUSHITA NET DOWN:** Matsushita earnings were down for 2nd consecutive quarter in period ended Nov. 20, closing out fiscal year. Income for quarter was down 7.1% to \$166.4 million, though sales were up 4.8% to \$3.9 billion. For year, Matsushita net rose 2.5% on 5.7% sales gain (see financial table).

Company attributed sluggish results to soft world market for consumer products caused by depressed economic conditions. It said it was increasing new-product development and efficiency efforts to help "overcome negative external conditions." Matsushita set modest minimum growth target for 1983 of 3.6% rise in sales to \$145 billion, 0.6% gain in net to \$608 million.

Sales increase was divided between Japanese market, which rose 4.9% to \$7.56 billion, and overseas, up 6.7% to \$6.48 billion. Only significant product segment volume increase was in TV & video, up 20.2% to \$5.16 billion. Also improving was communication & industrial equipment, up 7% to \$1.74 billion; energy & kitchen products, up 8.8% to \$1.19 billion. Sales of audio equipment sagged 10.8% to \$1.86 billion, electronic component volume was down 1% to \$1.19 billion, and electrical home appliance sales held level at \$2.27 billion.

JVC said it expects to show 7% drop in sales, 40% decline in pre-tax operating net, in fiscal 2nd half to March 31, blamed much of decline on France's VCR import restrictions. JVC said border bottleneck has resulted in 50% decline from planned value of VCR shipments to Thomson-Brandt, which markets JVC-made units under own brands throughout Europe. Also impacting profits was intense price competition which has reduced demand for higher priced VCRs, color cameras & videocassettes, JVC said.

GE holders will be asked to approve 2-1 stock split at April 27 annual meeting. Board is expected to vote 12% dividend increase to 47.5¢ on new shares.

**NARDA'S YEAR:** Year-end change in VCR market mood is reflected in NARDA report that average dealer profit margin showed rare improvement in Dec., coming in at 21.3%, compared with 18% in Dec. 1981. Sales index, based on results of stores participating in Assn's. computerized recordkeeping service, show month's unit volume jumped 80%, well in line with 76.1% rise in month's sales to retailers as reported by EIA (Vol. 23:4 p15).

NARDA members seemingly outperformed industry slightly in video equipment sales in 1982. For full year, sales index shows VCRs up 59%, portable-table color up 12%, color consoles off 3%, b&w even. In audio, component system sales were down 14%, stereo consoles dropped 12%, while radio volume rose 9% and tape recorder business held level.

Duty-free importation of video & audio tapes, records & films containing educational, cultural or scientific material was put into effect by Presidential proclamation. Regulation change covers all applicable imports through Aug. 11, 1985, represents U.S. implementation of international agreement made in 1977.

**KOREA, MEXICO BECKON:** Korea & Mexico are joining India in spreading welcome mat for foreigners interested in investing in upscale production of consumer & industrial electronics ventures. All have either banned or severely restricted foreign ownership & acquisition of technology.

Korea said it was launching 9-year liberalization program to boost nation's production & technological capabilities in VCRs, ICs, robotics, medical electronics and medium-sized computers. Plan calls for significantly easing limits on technological licensing activities of domestic companies and venture capital participation in selected industry segments by foreign companies. Commerce & Industry Ministry said program could result in tripling of Korea's electronics exports to \$7 billion by 1986.

Loosening of reins in Mexico stems from need to help financially troubled Grupo Alpha get back on its feet through selloff of many of its units (Vol. 23:5 p12). Mexico said it will consider foreign offers for businesses being dropped, including consumer electronics operation which owns Mexican market rights to Admiral, Magnavox & Philco brands. Earlier this month, India indicated it might open door to foreign investment in domestic picture tube manufacturing venture (Vol. 23:8 p13).

Apple lost round in battle with Far East computer pirates when Taiwan court dismissed criminal charges against 2 local companies it alleged copied & sold Apple computers, software and instruction manuals. Court threw out complaint against Sunrise Computer Service and Golden Formas Microcomputer on grounds Apple did not have registered Taiwan business subsidiary, so has no standing under local law to file criminal complaint. Apple has unfair import competition complaint pending at International Trade Commission seeking ban on imports of foreign-made computers it alleges infringe on its patents.

**International Conference on Consumer Electronics,** engineering meeting June 8-10 at Ramada O'Hare, Des Plaines, Ill., will feature RCA Exec. Vp Roy Pollack as keynote speaker. Sessions will cover TV signal processing, video recording, voice input & output, teletext & videotex, digital TV sets, ICs, home management systems, TV displays, electronic imagery, DBS, digital audio, home computing. Some 75 papers will be presented out of 114 submitted from U.S., France, Italy, Germany, Holland, U.S., Taiwan, Singapore, India & Hong Kong.

Stylus for CED videodisc players by RCA will no longer be consumer replaceable beginning with 1984 model year, we've learned. It's understood that because life has proven longer than expected, RCA will eliminate access door on top of cabinet, making replacement a job for service technician.

Quiteron is new transistor-like device developed by IBM using layers of superconductive & insulating materials. Company says it can amplify, control & switch electronic signals with only 1% of power loss of more conventional devices, perform switching functions much faster.



## 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
<b>Bell &amp; Howell</b>			
1983-year to Jan. 1	611,805,000	(2,930,000)	--
1982-year to Jan. 2	578,376,000	21,627,000	3.83a
1983-13 wk. to Jan. 1	162,948,000	(13,027,000)	--
1982-13 wk. to Jan. 2	159,296,000	7,100,000	1.26a
<b>John Blair</b>			
1982-year to Dec. 31	321,551,000	17,061,000	4.42
1981-year to Dec. 31	264,684,000	13,637,000	3.65
1982-qtr. to Dec. 31	92,393,000	5,785,000	1.48
1981-qtr. to Dec. 31	82,378,000	5,683,000	1.52
<b>Matsushita Electric<sup>b</sup></b>			
1982-year to Nov. 20	14,036,811,000	604,312,000	3.88c
1981-year to Nov. 20	13,274,381,000	602,796,000	3.90c
<b>MCA</b>			
1982-year to Dec. 31	1,587,618,000	176,198,000	3.69d
1981-year to Dec. 31	1,328,988,000	89,788,000	1.88d
1982-qtr. to Dec. 31	438,975,000	39,348,000	.82d
1981-qtr. to Dec. 31	338,804,000	14,131,000	.30d
<b>Post Corp.</b>			
1982-year to Dec. 31	84,055,000	3,774,000	2.07
1981-year to Dec. 31	78,983,000	3,408,000	1.87
1982-qtr. to Dec. 31	24,748,000	1,873,000	1.03
1981-qtr. to Dec. 31	21,915,000	1,672,000	.92
<b>Zenith</b>			
1982-year to Dec. 31	1,239,200,000	(21,800,000)	--
1981-year to Dec. 31	1,275,200,000	15,600,000	.82
1982-qtr. to Dec. 31	311,000,000	(17,200,000)	--
1981-qtr. to Dec. 31	352,500,000	1,500,000	.08

Notes: <sup>a</sup>Restated. <sup>b</sup>260 yen=\$1. <sup>c</sup>Per ADR. <sup>d</sup>Adjusted.

## Consumer Electronics Personals

**Charles Quinn** advanced at RCA from Consumer Electronics Div. operations vp to Picture Tube Div. vp-gen. mgr., succeeding **John Rittenhouse**, recently named group vp responsible for Govt. Systems & Commercial Communications Systems Divs... **Kenneth Linde**, ex-Quasar, joins Sampo as national dealer development mgr... **Mark Sanders** named Ampex Audio-Video Systems Div. gen. mgr., replacing **Donald Kleffman**, advanced to Ampex International exec. vp-video mktg.

**Michael Katz** resigns as Coleco mktg. & corporate communications vp to join computer software marketer Epyx as pres.-CEO, succeeding **James Connelley**, now chmn... **Bruce Entin** appointed Atari press relations vp, new post; **A.J. Sekel** named Home Computer Div. PR mgr., succeeding **Karen Esler**, who held post on interim basis and returns to Consumer Products Div. PR staff... **Gene Portwood** named Broderbund Software creative development dir... **Jack Trux** to retire as Bang & Olufsen (U.S.) pres. Aug. 31, will continue as consultant.

**Robert Summer**, RCA Records pres., adds responsibility for U.S. & Canadian operations following resignation of Vp **Jack Craig** over policy differences... **Jonathan Dolgen** appointed senior exec. vp, Columbia Pictures, retains responsibility for home entertainment & pay-TV ventures... **Cindy Paul**,

WEEKLY

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ex-Warner Records, joins BASF Systems as L.A. audio/video promotions mgr.

**Gerald Bestler**, ex-MTS Systems, named **Buckbee-Mears Aperture Mask Div. vp**, succeeding **John Kratz**, resigned; **Robert Bateman** named **Precision Components Div. vp**... **Daniel McGlaughlin**, ex-IBM, named **GE corporate information systems vp**; **Mark D'Arcangelo** appointed **regional relations vp**... **Ivan Cermak**, **ITT Advanced Technology Center dir.**, named **vp**... **Gerald Myers** promoted at **Square D** to pres. of subsidiary **General Semiconductor Industries**, succeeding **Dalton Knauss**, who continues as **chmn.-CEO**.

## Obituary

**Leon Podolsky**, 72, retired **Sprague engineer**, **EIA engineering activities leader** and holder of many patents, died of meningitis Feb. 19 at Boston's **Mass. General Hospital**. **Podolsky** served as **EIA Engineering Dept. Components Panel pres.**, chaired **EIA International Standards Committee**, was **pres. of U.S. National Committee of International Electrotechnical Commission**, and in 1981 received **EIA 50-year service award**. Wife, son, survive.

Just how low can programmable videogame prices get? How about free? In N.Y. area promotions last week, one discounter offered **Astrocade console** at no charge with purchase of 4 cartridges at \$25 each, another giving **Emerson Arcadia 2001** as premium to buyers of TV or audio system at \$300 or more. **Intellivision II**, introduced at \$150 by **Mattel** in Jan., is selling for \$130, including free \$70 voice module.