

WEEKLY

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VOL. 23, NO. 18

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SHARP DOESN'T WANT JONES' FCC SEAT: Newest FCC Comr. Stephen Sharp announced at start of en banc hearing on children's TV at FCC April 28 that he won't seek to serve beyond June 30, when his current term expires. There had been speculation Sharp would seek remainder of Comr. Jones' term (which ends June 1985) when she leaves May 31. He ended that talk with announcement at FCC hearing and at later news conference with reporters.

"Chmn. Fowler and I have talked," Sharp told those attending hearing. "I told him that only if he were convinced that this program would be endangered or seriously delayed by my absence would I proceed with the nomination and confirmation process. He has assured me that he can accomplish our mutual goals [of deregulation] irrespective of whether I remain on the Commission."

Sharp served as FCC gen. counsel from May 1981 until last Oct., when he became commissioner. His appointment passed Senate only after standard 7-year term was reduced to 9

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COLOR TV DUMPING COMPLAINT against imports from Korea & Taiwan expected to be filed with ITA & ITC by COMPACT. (P. 10)

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ATARI 400 COMPUTER drops to \$79 as price cutting continues. Mattel Aquarius bows at \$120. Radio Shack color computer on sale. (P. 13)

NEW ZENITH BUSINESSES brought first quarter profit, according to Chmn. Kluckman, who said earnings from color still unsatisfactory. (P. 13)

NAP'S AUDIO REVIVAL geared to CD, with major expansion in Magnavox hi fi. Philips & Polygram elated at CD success, push expansion. (P. 14)

PANASONIC SALES HIT \$1.2 billion in 1982, 8% rise eyed for this year. Panasonic, Sony, Toshiba, 1984-model line rundowns (Pp. 14, 15, 16)

MATSUSHITA NET FLAT in quarter on 4% sales rise. Wells-Gardner earnings off 80%. (P. 15)

months as part of reduction of FCC commissioners from 7 to 5, effective June 30 (Comr. Fogarty's term expires at same time). Since becoming commissioner, he and Fowler have had falling out, according to other commissioners, mainly on financial interest rulemaking. Sharp told us he has no plans beyond June 30, except to stay in Washington in some capacity. (Others tell us Sharp plans to join Washington law firm not now major in telecommunications, with goal of establishing such practice.) Before he leaves, he said, he wants to see FCC rulemaking started to relax current rule which limits licensees to 7 AM, 7 PM & 7 TV stations.

NAB VIEWER STUDY FLAP REFUSES TO SUBSIDE: Criticism of McHugh Hoffman study of TV viewers — "Growing Through Change" -- reported on at NAB convention and which was generally unfavorable to networks (Vol. 23:17 p5) continued to grow last week. Nobody, it seems, has good explanation as to why NAB officials and networks didn't know what was to be reported at convention by Larry Patrick, former NAB senior vp for research & planning who left in early Feb. to join Hiber, Hart & Patrick, Laurel, Md.

NAB Pres. Edward Fritts told us that NAB procedures weren't followed in preparing report, that neither he nor Exec. Vp-Gen. Mgr. John Summers had any advance warning "whatsoever" of findings. Patrick later detailed scenario to us, said "I find that hard to believe." NAB sources said they expected convention report to be "a puff piece" — on satellites, new technology, etc. We were told \$72,000 cost of study was never considered by Exec. Committee, board or Research Committee — although \$20,000 for convention presentation was approved by Summers & Fritts during NAB conference in Williamsburg last fall, according to Patrick. "We can't find in the minutes [of board and Exec. Committee meetings] that the depth or type of study was ever discussed," NAB official said. "It may have been approved as a contingency budget item, but nobody knew what was involved... There was a clear error of omission by the Exec. Committee and staff in not knowing what was going on and keeping on top of it."

Summers & Fritts conducted in-house investigation of how study got by them, Exec. Committee & board, are adopting new procedures to make sure it doesn't happen again. They also ordered NAB staffers not to discuss issue. Asked if study will be on agenda for next week's Exec. Committee meeting, Summers responded: "Is the Pope a Catholic?" Summers, Fritts, Patrick, Bernadette McGuire, NAB dir. of policy & planning (and asst. to Patrick when he was at NAB), and McHugh Hoffman Vp John Bowen met April 22 on study, at which Bowen reportedly handed out preliminary final report. NAB said it still doesn't have final report, now expects it in mid-May. "The script was written and produced [for presentation in Las Vegas April 11], yet we still don't have the report," NAB official said last week. "That's what's hard to understand."

Patrick's presentation at convention reportedly was 80% based on only one chapter of 8-chapter report. Most of other chapters contain good news for TV, "but that hasn't been reported on yet," we were told. Using hindsight, Patrick (who was retained as consultant by NAB to complete and report on study) said that "we could have handled it better," that networks (which are most upset by all of reported findings) and NAB hierarchy should have been kept informed. "I take the blame for that," he said. Patrick said that he, McGuire and NAB TV Vp Jane Cohen first were informed of preliminary findings in Jan. — but that he got script of his presentation only 5 days in advance. At convention, Patrick referred 4 times to previous study in 1977 (also by McHugh Hoffman), implied it was financed by NAB. However, several sources told us that NAB had nothing to do with 1977 study. Patrick had referred to "our previous study."

Patrick said contract for study was signed in June 1982, that Research Committee was never consulted because of "long, long delay" in forming new committee — from June to Oct. 1982. In fact, Crawford Rice of Gaylord Bestg. has said since furor arose that he didn't even know he was named chmn. of that Committee last fall although Patrick read us a letter to Rice congratulating him. Committee was combined with one on technology and normally would have met last fall, Patrick said. He also disputed contention that study was never discussed with Exec. Committee, said Research Dept. always was given about "5 minutes at the end... and would be lost in the shuffle." He also complained that consumer press had exaggerated negatives of study, left out lots of positive findings.

Roger Rice, pres. of TvB, charged McHugh Hoffman study "isn't logical, it isn't factual and it isn't true... I don't believe it's factual to say viewers have increased dissatisfaction with TV when nationwide studies consistently show the public considers TV to be the most up-to-date, most authoritative, entertaining, influential and exciting medium. When one study flies in the face of everything else that's known, that study is suspect." Rice cited R.H. Bruskin study, added: "While not every program can be Winds of War or a 2-1/2 hour MASH or a Shogun, not every research project can be another Nielsen, Arbitron or Bruskin. As everyone knows, the art is in knowing which is which."

Note: We were wrong last week in saying WIBW-TV Topeka prepared "slides & graphics" for Patrick's convention presentation. Vp-Gen. Mgr. Jerry Holley, who also is NAB TV vice chmn., said WIBW-TV did 3-5 min. of taped inserts at no charge to NAB using actors from Topeka's Civic Theater. Holley said he first learned of study during NAB Convention Committee meeting in Sept., that NAB later said production couldn't be done in time in N.Y., and that he had "no knowledge of the findings or script or what was going to be said." NAB official said that "WIBW-TV's involvement was very minor... Jerry didn't know about the content or anything else." NAB donated \$250 to Civic Theater for actors' work.

FCC UPDATES RECORD ON CHILDREN'S TV: Depending on who's talking, there's either more or less children's TV programming today than when FCC adopted policy statement on issue in 1974. Network officials defended their efforts at FCC en banc meeting April 28, while representatives of consumer groups shot back that situation is worse today than when FCC began looking into issue in early 1970s. Several groups called for either mandatory regulations or processing guidelines to require or encourage stations to broadcast more children's programs. In addition, proposal by Rep. Wirth (D-Colo.) to set up temporary commission to study issue was endorsed.

Officials from CBS, NBC & ABC contended that networks are providing more & better children's programming today than in 1979, when FCC task force released report stating that broadcasters had special obligation to serve children. Roger Colloff, vp for policy & planning, CBS Best. Group, maintained there's "an abundance of choice for children today." ABC's Squire Rushnell, vp-long range planning & children's TV, said there had been "a positive evolution" in network's offerings geared to young viewers.

ACT's Peggy Charren disputed networks' claims. "The state of children's TV has gotten progressively worse over the past 2 years," she charged. "No matter how many one-hour specials the networks try to dress up as program series, no matter how many one-minute spots they try to disguise as programs... they cannot hide the fact that TV service to young people on commercial TV stations in the U.S. is woefully and embarrassingly inadequate. After 13 years of this charade, it is obvious that self regulation by the broadcasting industry will not result in sufficient service to young audiences."

Charren called on commissioners to adopt rules mandating minimum amounts of daily children's programming which must be aired by each licensee. In addition, she asked them to issue rule requiring broadcasters to abide by children's TV advertising standards outlined in FCC's 1974 policy statement. Charren also supported proposal to form temporary commission.

John Claster of Romper Room Enterprises charged that overwhelming majority of commercial broadcasters feel no obligation to develop programming that serves young audiences. He called for processing guidelines on amount of children's programming similar to news & public affairs guidelines. Robert Keeshan of Capt. Kangaroo fame said it was unfair to make public TV and cable services bear disproportionate amount of medium's responsibility to children. He added that some blame for current situation should be placed on affiliates since they often reject network programs that are targeted to young audiences. (Weekday portion of Keeshan's program, which was carried by CBS for 25 years, was canceled this season to make room for expanded morning news program.)

During questioning, Chmn. Fowler expressed concern for First Amendment rights of broadcasters, said he would oppose any kind of coercion or backdoor approach Commission could

consider in encouraging broadcasters to carry more children's shows. Comr. Fogarty countered by saying that broadcasters have statutory obligation as well as ethical one to provide children's programming. "You can't hide behind the First Amendment [here]," he said. Comr. Sharp told industry officials they had opportunity to exercise corporate responsibility. "If broadcasters do not take deregulatory freedom and use it wisely, they will suffer economically and they will receive new enthusiasm for strict regulation," he warned. "I'd like to open the window to see if the industry lives up to its responsibility."

FCC OKAYS 19 MORE BIRDS: In decision that will more than double number of domestic satellites in service, FCC last week authorized launch of 19 more birds while telling operators that future ones will have to fly closer together. FCC gave C-band domsats notice to move gradually to 2-degree spacing, while approving near immediate implementation of 2-degree spacing at Ku-band.

FCC Satellite Branch Chief Ronald Lepkowski said shift at C-band is timed so that outmoded ground equipment can be amortized. Shift is faster at Ku-band because there are only 3 such satellites in service, with small population of earth stations, he said. He said Ku-band satellites probably could eventually be moved as close as 1.5 degrees although 2 degrees currently looks like lowest economic limit at C.

Commission's decision will bring to 38 number of domestic satellites in orbit by 1987 (vs. 15 today). Applications filed after May 18, 1982 (there already are 15 of them) must conform to 2-degree spacing. All new applications will be considered in group, with new cutoff to be set 60 days following publication of report & order, expected in 2-3 weeks.

Commissioners asked for additional financial information from 3 applicants: Rainbow, Advanced Business Communications, U.S. Satellite Systems. This brought about discussion by commissioners of possibility of "trafficking" in satellite CPs. Chmn. Fowler said he considered trafficking too strong a word -- suggested "free transferability."

Ex-CBS Pres. John Backe heads new company, Universal Communications Corp., which is buying WRGB Schenectady from GE for about \$35 million. Backe's partner is N.Y. investment firm Frostmann Little & Co. Backe said Universal would become "a broad-based communications company," that it's "on the track of a couple of stations right now." He will remain pres. of Tomorrow Entertainment, TV production company. In other sales activity: (1) Knight-Ridder is buying GE's WNGE Nashville for approximately \$37 million. (2) Gray Communications said it had dropped plans to buy KPLC-TV Lake Charles, La. from Russell Chambers for \$16 million. (3) Robert Price, owner of WOWO(AM) Ft. Wayne, is buying KIOI(FM) San Francisco from Charter Co. for \$12.4 million. Blackburn was broker.

President Reagan plans to appoint 4 top corporate executives to National Security Telecommunications Advisory Committee. They include Harry Gray, United Technologies chmn.; Edmund Fitzgerald, Northern Telecom chmn.; Rocco Marano, AT&Tvp; John Mitchell, Motorola pres.

GROUP W PUSHES HDTV: High definition TV is new Group W priority, according to Technology & Special Projects Vp Howard Miller. "If we don't become aggressive in this area," Miller told us, "America is going to become further and further behind."

Among Group W's plans: (1) Westinghouse Bestg. & Cable will apply to FCC this year for experimental license to begin testing HDTV on air. (2) It's approaching Japanese & European manufacturers to supply as-yet undeveloped HDTV transmission equipment using frame storage and digital processing with analog transmission -- with Sony and NEC most likely candidates to supply prototypes. (3) Research to reduce bandwidth of "1,000 lines or more" to equivalent of 12 MHz, or 2 TV channels.

(4) Group W will join international engineering committees and work towards FCC establishment of single HDTV standard. (5) Lobbying effort at FCC will seek to reallocate spectrum for HDTV use rather than LPTV, VHF drop-ins, etc., which Group W believes are "not in the public interest." "We're discouraged that CBS has to push for 12 GHz" in order to develop HDTV, Miller told us. "We'd hate to see it go that high."

Group W wants to avoid monopoly by any one delivery system, as well as debacle of incompatible standards. "We don't want another AM stereo," Miller said. Number of lines constituting HDTV picture -- current debate raging in international community -- wasn't area of concern, he added, so much as development of method that broadcasters could use.

ABC's first quarter earnings were flat compared to 1982 quarter. Net income was \$13.9 million (48¢ per share), compared with \$24.2 million (84¢) in same 1982 period. But last year's quarter included one-time net gain of \$10.3 million (36¢ per share) from investment tax credit refund. Sales for quarter rose 8.2% to \$663.1 million from \$612.9 million last year. ABC said profits from broadcast operations, including network-owned TV stations, ABC radio & TV network, rose 38% to \$40.6 million from \$29.3 million. Sales rose 12% to \$588.2 million from \$526.6 million. Operating earnings from publishing were up to \$5.3 million from \$4.9 million.

Red ink for ABC Video Enterprises in first quarter totaled \$11.64 million on sales of \$5.45 million, compared with loss of \$2.17 million on \$6.56 million during same period last year. ABC laid blame for higher losses on Daytime and Satellite News Channel, "not fully operational" year ago, said earnings "were further moderated" by development of Telefirst off-air recording service, RSVP sports venture & Cox-AVE pay-per-view experiment.

RADIO MARTI BILL AIRED: New Radio Marti proposal last week was approved by House International Operations Subcommittee, goes before full Foreign Affairs Committee May 3 when final vote is expected. Senate Foreign Relations Committee also considered proposal last week, is moving toward passage of own bill soon. Shape final proposals will take is unclear but should include compensatory damage fund for U.S. AM broadcasters, also restrictions on frequencies govt. station may use. Administration says it's happy with House proposal; NAB remains steadfastly opposed.

House Subcommittee cleared measure that would permit govt. to set up station at Marathon, Fla., broadcasting to Cuba on 1180 kHz already used by VOA. Station could also use shortwave but would be prohibited from using any other AM frequency except where it has leased time from commercial or non-commercial educational radio stations. Subcommittee amended proposal to include money for \$5 million one-time only compensatory fund AM broadcasters could tap to pay for facility upgrades that would permit them to counteract Cuban radio interference, once they have won approval for upgrade from FCC. Day after Subcommittee acted, same proposal was introduced in Senate by Sen. Hawkins (R-Fla.).

Fund plan is expected to create stir in full House Committee where staff says some members are unhappy with idea of using public money to defray broadcasters' costs, want instead to have Marti proposal scaled down to match shortwave operations of Radio Free Europe & Radio Liberty, or be made part of VOA. White House, while not happy with fund plan, will not be among active opponents, instead will "defer to congressional judgment," Asst. Secy. of State Thomas Enders told Senate Foreign Relations Committee.

At hearing by Senate panel, NAB reaffirmed its opposition, also repeated demand that Congress include language in bill directing State Dept. immediately to begin negotiations with Cuba on interference problem. Enders responded by revealing that Cuba recently indicated it might be willing to start talks, said U.S. is willing to join Cuba at bargaining table.

Resolve of opponents on Senate panel appears to have stiffened. Among critics are Sen. Grassley (R-Ia.), also panel members Pell (D-R.I.), Pressler (R-S.D.) & Zorinsky (D-Neb.). Grassley called Senate's Radio Marti plan "inadequate," said he would propose amendments to stiffen language limiting Marti to 1180 kHz and shortwave frequency, and bar govt. from confiscating or using any other part of AM band for govt. broadcasts except in cases of emergency.

Meanwhile, House Subcommittee marked up fiscal 1984 & 1985 budget authorizations, setting: \$701 million cap on funding for USIA in FY '84, \$861 million for FY '85, including \$170 million for VOA in FY '84, \$175 million for FY '85; \$115 million for Board for International Bestg. in FY '84, \$121 million for FY '85, including \$104 million for Radio Free Europe & Radio Liberty in FY '84.

SUBCOMMITTEE APPROVES FCC BUDGET: House Telecommunications Subcommittee last week told FCC it wants investigation of agency's minority hiring practices. Demand was made as Subcommittee completed markup of FCC budget authorization that also increases funding for CPB and includes extra money for hiring of up to 167 new Commission staffers to handle backlogged applications.

Budget authorization, which Subcommittee sent to parent Energy & Commerce panel for consideration within next 2 weeks, provides \$91.16 million for FCC in fiscal 1984, which begins Oct. 1, and 1985. Level is higher than \$88.9 million cap Senate Commerce Committee approved (Vol. 23:13 p5), also exceeds the \$86.16 million President Reagan requested.

House bill includes: \$747,606 to hire 15 professionals, 7 administrative law judges to handle cellular; \$223,559 for 8 staffers to handle 900-MHz paging; \$168,275 for 5 people in domestic facilities; \$197,142 for 5 more in international office; \$189,661 for 32 more for FM; \$705,214 for 30 more for FM drop-ins, plus \$18,000 for 6 computer terminals in that office; \$376,380 for 15 people for VHF drop-ins.

Subcommittee followed through on promise Chmn. Wirth (D-Colo.) made in recent letter to public broadcasters, raising cap for CPB budget from \$130 million President wanted to \$145 million for FY '84, \$153 million for '85, \$162 million for '86.

Panel honored request by Rep. Leland (D-Tex.) that tough language be included in Subcommittee report directing FCC to make report on its minority hiring. Leland said he especially wanted to know why number of minorities on agency's professional staff has dwindled from more than 30 two years ago to fewer than 15.

Meanwhile, Leland is pressing his own case for more minority staff at FCC with series of questions directed at FCC Chmn. Fowler. In wake of sharp exchange between 2 men at recent congressional hearing (Vol. 23:17 p1), Leland last week submitted 86 questions to Fowler asking him for details on minority hiring at agency.

Scientists who participated in 1982 study on TV & violence have attacked ABC efforts to debunk NIMH report, charging that network is misleading public. In "A Research Perspective on TV and Violence," ABC disputed findings of 1982 study which found that TV violence remains high and is related to wide range of effects on individuals and society 10 years after Surgeon General's report on topic. In letter to Surgeon Gen. Everett Koop, scientists wrote that ABC report "only serves to obscure and deter the considerable opportunity for constructive change."

Listing of U.S. commercial TV stations equipped to receive satellite transmissions is available through TVSC/Vidsat, satellite distribution division of Group W, and Synsat, satellite distribution service of TVSC. Pamphlet lists nearly 500 stations; updates will be made periodically. Contact: TVSC/Vidsat, Wilton Bldg., 4th floor, 5746 Sunset Blvd., Hollywood 90028, 213-460-4044.

U.K. BACKS LIBERAL CABLE POLICY: Favoring private-industry, marketplace approach, U.K.'s Conservative govt. has advanced official broadband communications policy in White Paper that for most part was warmly received by nation's emerging cable industry, likely to spend some \$3 billion in next decade. Govt. recommends granting 12 interim franchises while Parliament debates approving initiative, establishing Cable Authority to oversee industry.

Govt. stopped short of requiring switched star technology — which is more like phone network than cable system — but operator who risks using costly, unproven technology will be granted 20-year franchise. Operator proposing traditional tree-&-branch system will be given 12-year franchise, must accede to mandate that system ultimately be upgraded to switched star, according to Dept. of Industry and Home Office officials who briefed our affiliate Communications Daily.

Operator can provide any telecommunications service he chooses within his franchise area on unregulated basis. And switched voice will be allowed if system is in consortium that includes as partner one of U.K.'s 2 phone networks, Mercury & British Telecom. But, govt. carved out major urban centers London, Manchester & Birmingham where cable will be excluded from business of telecommunications. White Paper recommends no rate regulation for any cable service.

Technical standards established are: (1) Minimum capacity of 25 downstream 8-MHz video channels or their equivalent. (2) Separate downstream audio channel for radio. (3) At least one upstream video channel. (4) Two 2-way data channels, one having signaling rate of at least 80 kbps sec. (5) Provision that more than one subscriber have simultaneous access to upstream video & data channels. (6) System headend must be compatible with Mercury and BT equipment so telcos can easily interconnect all cable systems, which is strongly recommended. (7) No interference to licensed spectrum users.

Foreign ownership will be restricted to minority position of not more than 49%. Overall, U.K. won't have foreign ownership rules more restrictive than U.S., whence most of technology & expertise is expected to come. Foreign programming will be held initially to 14% of total over cable. Robin Hill, major figure in Merseyside Cablevision readying applications for franchises in Liverpool, Manchester, South London, Leeds & Bradford (Vol. 23:6 p2), warned: "Cable TV will not succeed [in U.K.] unless entertainment channels are mainly of U.S. derivation."

Advertising limits on cable entertainment channels will be same as apply to Independent Bcstg. Authority — 6 min. average per hour. But all-ad channels will be allowed, and rules won't apply to any service that isn't mostly entertainment.

WMKW-TV (Ch. 30) Memphis is now on air, raising U.S. operating TV stations to 1,119 — 824 commercial, 295 non-commercial. Tim McDonald is WMKW-TV pres., Martin Owens gen. mgr.

GOLDWATER PREDICTIONS: Sen. Goldwater (R-Ariz.), chmn. of Senate Communications Subcommittee, last week predicted Congress will pass bigger budget for CPB than President wants, that TV cameras will be in Senate chambers inside 6 months, and that controversial cable deregulation bill will pass in Senate shortly, in House sometime later during 98th Congress. Senator made his remarks during hour-long broadcast by Washington-based C-SPAN.

Goldwater predicted passage of Senate broadcast bill because many members, like himself, are willing to be on TV if cameras used are stationery and focus only on member who is speaking.

Passage in Senate of cable deregulation bill is likely within month, Goldwater said. Stumbling block will be House where no similar measure has been introduced, he added. But, senator thinks he can "win over" support of House Telecommunications Subcommittee Chmn. Wirth (D-Colo.), predicted proposal will pass in House during this Congress. Goldwater expressed irritation with National League of Cities & NCTA for feuding over shape of compromise groups fashioned (Vol. 23:17 p1). "I considered [the compromise] a gentleman's agreement, but these groups haven't been all that gentlemanly," he said.

Goldwater also said he's not ready to back DBS supported by commercial advertising; characterized major networks' news coverage of politics as "generally guesswork"; told ham radio operators and CB users that new technologies wouldn't be allowed to eat up their portion of spectrum.

Gene Autry, sole owner of Golden West Bcstg. since sale of KTLA L.A., said he "will take a more active role in the running of all his companies." Golden West has formed separate subsidiaries for each of its broadcast properties (KAUT Okla. City, 8 radios), Market Buy Market (media research) and Cal. Angels baseball team. Autry will be pres. of each subsidiary, have 4 exec. vps reporting to him: Michael Schreter, chief financial officer, who will be charged with acquiring new properties, particularly in broadcasting and real estate; William Ward, head of radio; Jerry Birdwell, head of TV; E.J. (Buzzie) Bavasi, head of Angels.

Cox Cable has been ordered by Neb. Public Service Commission to cease & desist offering 2 data transmission services associated with its Omaha cable system. PSC, after 3-day investigation requested by Northwestern Bell, concluded Cox's CommLine & INDAX services are common carriers, that MSO must obtain certificate of public necessity before offering services. Cox took 2 retaliatory actions: (1) FCC filing asking Commission for ruling it — not state regulators — has authority over matter. (2) Suit filed in U.S. Dist. Court, Lincoln asking court to rule PSC overstepped its authority.

Although Keyfax officially debuted last fall, there are no customers yet for teletext transmitted on WTBS Atlanta. Only 76 cable systems have signed up, and they've ordered mere 380 decoders; none has been delivered.

FCC postponed filing date for applications for cellular radio franchises in remaining markets from June 7 to Dec. 1 and revised procedures on applications already filed. Filing date was pushed back because of heavy workload involved in processing applications filed for top 90 markets. FCC also revised due dates for submission of direct and rebuttal cases for all mutually exclusive applications for all markets other than top 30. Details: Gene Belardi at FCC, 202-632-6450.

UPI's world hq will move to Washington this summer to save on overhead and reduce duplicated functions, according to Senior Vp William Geissler. By July or Aug., national, Latin American and international desks will be housed in capital along with Audio Dept. In addition, some business operations will move to Nashville, home of Geissler and Managing Dir. Douglas Ruhe. They own most of UPI stock, as well as Nashville-based Focus Communications.

"The Battle for News & Programming — Who Will Win in the '80's?" is subject of May 5 seminar sponsored by AAAA, Grand Hyatt Hotel, N.Y. Among speakers: CBS News Pres. Van Gordon Sauter; Fred Silverman, pres. of Intermedia Entertainment; Russell Baker, N.Y. Times; William Ross, Tatham-Laird & Kudner; John O'Toole, Foote, Cone & Belding; William Phillips, Ogilvy & Mather; William Broyles, Newsweek; Les Brown, Channels of Communication.

Oak is folding 2 STV operations. Citing poor subscription levels and high operating costs, Oak Industries said it will shut down ON TV subscription services in Phoenix and Dallas-Ft. Worth operated by Oak subsidiaries. Plans call for termination April 30 of STV operation over KTXA Ft. Worth-Dallas (Ch. 21) and on May 4 of KNXV-TV Phoenix (Ch. 15). Oak said end of STV over 2 stations would have no effect on its STV operations in L.A., Chicago & Ft. Lauderdale.

COUNTDOWN II

Jockeying at the DBS Starting Gate



Suddenly, the DBS game got a lot more complicated. "Early entry" DBS systems using conventional satellites are poised to begin service this year, possibly to erode the market for high-power systems set to start in 1986. With hundreds of millions being invested, there already have been some notable corporate casualties and drop-outs.

Domestically & internationally, with the market for DBS potentially worth billions between now and 1990, nobody in the hardware or software business can afford to be ignorant about DBS economics, technology & regulation.

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SNC & WESTINGHOUSE vs. CNN Claiming Ted Turner has unlawfully hindered Satellite News Channel from its inception, SNC and co-parent Westinghouse Bestg. & Cable have each countersued Turner in Atlanta's U.S. Dist. Court. Group W, 3rd of the 3 defendants, filed reply to Turner's suit, didn't countersue. Actions are in response to suit Turner's Cable News Network filed last month claiming SNC & Westinghouse conspired to keep CNN off systems where Westinghouse holds franchises.

Two countersuits are identical, claim Turner began conspiracy with unnamed parties nearly 2 years ago, shortly after Westinghouse Chmn. Daniel Ritchie announced SNC at NCTA convention. Countersuits claim Turner threatened that if Westinghouse went forward with plans for all-news cable service, he would oppose Westinghouse's acquisition of Teleprompter at FCC (which he did), seek Justice Dept. intervention to halt acquisition, challenge Westinghouse's TV & radio licenses, oppose Westinghouse's acquisition of new cable franchises and renewal of existing franchises.

Countersuits claim Turner in Nov. 1981 proposed joint venture with Westinghouse for new all-news service. Month later, Turner again met with Ritchie and more strongly advocated joint venture, countersuits claim. Turner allegedly said that without partnership SNC would become Westinghouse's "Vietnam."

"Society has an obligation to present what elitist, upper-class, do-gooders think is good for kids, rather than what they want to see" on TV, according to economist Alfred Kahn, former Carter Administration official. Interviewed on PBS's Nightly Business Report, he said his view "is just about as elitist as requiring kids to go to school... We give broadcasters free, exclusive control over a portion of the radio spectrum... In exchange, we have every right and obligation to impose some restraints on the way they exercise that franchise — especially on the kinds of environment they create for our children." Kahn also attacked "the Reagan FCC for being so selective in its deregulatory zeal. It's been quick to remove restrictions on existing broadcasters, but much slower in removing regulatory impediments to competition with them."

Milwaukee granted 15-year franchise to Warner-Amex, which will string 1,165 miles of triple-cable, 400-MHz plant past 254,000 homes. System will cost \$95 million, offer 108 channels, take 39 months to complete. Meanwhile, Cincinnati's Xavier U. returned block of Warner-Amex stock company donated to University — protesting Warner-Amex carriage of Playboy Channel.

LPTV industry is abuzz with word that John Boler's K-26AC Bemidji, Minn. station — first on-air LPTV station in nation — has dropped local programming to become 24-hour subscription TV operation. Move comes about month before station is to host 3-day seminar for other low-power operators to teach them local origination and techniques of community programming.

Rep. Garcia (D-N.Y.), chmn. of Congressional Hispanic Caucus, wants FCC to make decision by June 1 on what agency plans to do about "long-standing investigation into the ownership and operations of America's only 2 nationwide companies serving over 15 million [Spanish-speaking] Americans: Spanish International Communications Corp. and Spanish International Network." Garcia wrote FCC Chmn. Fowler that "the time has come to change [Caucus] posture [of non-interference] and to let the Commission know that I am very concerned about the fate of these stations and this Network and the adverse effect this unresolved investigation is having... After an investigation that has lasted 36 months... these companies and the people who built them are entitled to an end of prosecutorial indecision." FCC is investigating SIN for alleged hidden & foreign ownership, other alleged violations.

Most cable programming "is the video equivalent of Hamburger Helper" because it mainly duplicates format & content of traditional TV fare, Tony Hoffman, head of corporate finance for Cralin & Co., told Washington Metropolitan Cable Club. Hoffman, a leading Wall St. media financial analyst, had mostly unkind words for cable and its financial prospects. On Weather Channel: "If you have a window in your office or your home, you can look out and have a 24-hour weather service." On MTV: "It's nothing more than video radio." He said no cable system needs more than about 20 channels, for 2 reasons: (1) Nobody watches more than 5-6 channels regularly. (2) Building high-capacity systems is so expensive few will ever be profitable. He said cities bear major responsibility for high-capacity systems being built in major urban areas because process is open-ended — highest bidder wins franchise.

Programming will be theme of 5 breakout sessions at NCTA national convention in Houston June 12-15. Moderators & themes: Critics' views, Group W Satellite Communications Vp Barbara Ruger; pay-per-view, Viacom Cable Exec. Vp Edward Bennett; strategies for serving cable audience, Group W Cable Vp Martin Lafferty; children's TV, USA Network Pres. Kay Koplovitz; trends in TV viewing, Hearst-ABC Vp-Affiliate Relations Kathryn Creech. Convention will include 3 general, 20 breakout and 10 "eyeopener" sessions on technical, management, legislative & programming issues. About 400 companies will exhibit, using 200,000 sq. ft.

Hubbard Bestg. will sue if FCC doesn't act on complaints that United Satellite Communications has circumvented regulatory process in gaining approval for its early-entry, low-power DBS service, Pres. Stanley Hubbard told us.

ANPA board has adopted resolution opposing govt. control over content regulation of electronic media, major boost to effort led by Sen. Packwood (R-Ore.) to repeal equal time & fairness doctrine rules.

National Assn. of MDS Service Companies is hosting MDS piracy seminar May 20 in Minneapolis.

Personals

CBS founder William Paley named to honorary position of CBS founder chmn.; former CBS Pres. Frank Stanton given honorary title of pres. emeritus; Robert Lovett & William Burden become dirs. emeritus; all dirs. were re-elected except Burden, who chose not to return; former FCC Chmn. Newton Minow elected to Burden's position; Harry McQuillen appointed pres., CBS Educational & Professional Publishing Div., replacing Stanley Frank, resigned.

Willie Davis, KACE(FM) Inglewood, Cal. and former all-pro with Green Bay Packers, appointed to NAB radio board, succeeding Cliff Gill, KWVE(FM) Marina del Rey, Cal., resigned; Jerry Lyman, RKO General vp-govt. relations, named RKO Radio Network rep on NAB board; Daniel Edwards joins NAB as regional mgr. for Ind., Mich. & O.

Jack Valenti, pres. of MPAA, has new contract extending through 1988... Sharon Rockefeller, chmn. of Corp. for Public Bestg., speaks at May 21 FCBA lunch, Washington Touchdown Club... John Levergood promoted to senior vp-communications products, Scientific-Atlanta... Rabun Matthews, ex-WJLA-TV Washington, appointed news dir., WSB-TV Atlanta... Stanton Corrier, ex-WGN-TV Chicago, joins Financial News Network as midwest sales mgr. and head of new Chicago office.

Richard Giesen resigns as pres., Field Enterprises, after co-owners Marshall Field & Frederick Field announced plan for company's liquidation; Lee Mitchell, partner in Sidley & Austin law firm, will succeed Giesen... Douglas McCorkindale moves up to Gannett exec. vp-chief financial officer and pres. of Gannett Diversified Media Div.; Louis Weil promoted to senior vp-planning & development... James Kozlowski, ex-Amway Corp., becomes dir. of corporate development, Mutual unit of Amway.

John Mohr, ex-ON-TV sports programming vp, named Getty Oil/ABC Video Enterprises Reserved Seat Video Productions pres., effective June 1... New special assts. at NPR who will work for 6-month terms to help solve network's financial crisis: Jack Mitchell, mgr. of WHA(AM) Madison, will take leave of absence from NPR board and half-time leave from WHA to help with programming, engineering & promotion; Steve Symonds, CPB dir. of policy & administration, will work on organizational & fiscal analysis and new business ventures; Washington attorney Henry Goldberg of Verner, Liipfert, Bernhard, McPherson & Alexander will analyze legal & organizational options; Thomas Warnock resigns as NPR exec. vp, effective July 1... John Caldwell, WTVS Detroit gen. mgr., leaves in June to join Ford Motor as electronic communications dir., public affairs.

Martin Keltz advances to pres., Scholastic Productions; Jane Startz moves up to exec. vp... Stephen Mazur resigns as pres., Communications Group Inc., continues as dir.; Norbert Zeelander promoted to new post of chmn., succeeds Mazur as CEO; Anthony Cutrona named pres. and COO, new post.

Melinda Gipson promoted to deputy managing editor, Satellite Week; Mary Crowley, ex-Thomson Newspapers, joins Television Digest as assoc. editor; Sally Russell, managing editor of Public Bestg. Report, joins CableVision as assoc. editor May 9... Al Schottelkotte promoted to station dir., WCPO-TV Cincinnati... Bruce Johansen advanced to vp-syndication, Golden West TV; Robert Clark to vp-finance & administration... Michael Eigner, gen. sales mgr., and Hector Highton, dir. of sports & operations, also named vps, KTLA L.A... Julie Ballard promoted to sales mgr., Team A, MMT Sales L.A. office.

John Chaffee becomes exec. vp-radio dir. in Malrite Communications restructuring; Gil Rosenwald, senior vp-TV dir.; Thomas Bracanovich, vp-radio engineering dir.; Harold Wilkins, TV engineering dir... Dana Haynes promoted to Showtime Miami/Ft. Lauderdale district affiliate mgr.; Les Tripp, Cincinnati district affiliate mgr.; Cassie Travaini, Houston district affiliate mgr.

Donald Shipley promoted to program mgr., RCA GStar Communications Satellite Program... Philip Arenson, Orrox pres., also named chmn., succeeding William Orr, resigned... Neal Katz joins Times Fiber as manufacturing systems coordinator; William Parker named publications mgr.

CBS correspondent Charles Kuralt addresses June 8 lunch of IRTS, Waldorf-Astoria Hotel, N.Y... Donald Johnson promoted to gen. mgr., KRMA-TV Denver... John Hutchinson, WBTV Charlotte operations mgr., elected asst. vp; Jody McCoy promoted to gen. sales mgr... Ann Morfogen, WCBS-TV N.Y., returns to CBS News as dir. of communications, May 9... Donna Vogt named creative services dir., WDM-TV Washington... Frank Batten, Landmark, re-elected AP chmn.; Clint Formby, Formby Bestg., appointed one of 2 broadcasters on AP board; other is Robert Wells, Harris Enterprises... Robert Tallman, Y&R, named chmn. of new Advertising Legal Affairs Committee of AAF... Shirley Carroll joins WBPT Miami as comptroller... William Hogan appointed exec. vp, RKO Radio... Richard Grove, ex-Telepictures, named Central Div. mgr., Group W Productions; Jay Silha, ex-MGM/UA Entertainment, Midwest Div. mgr... Steve Severn, ex-Times Mirror Cable, joins Weather Channel as northeast regional sales mgr.

David Neull promoted from news dir. to station mgr., WRC-TV Washington, succeeding Ann Berk, now vp-advertising & press, NBC TV Stations Div.; James Van Messell succeeds Duell... Kurt Jorgenson promoted to senior vp-operations, Viacom Cablevision, San Francisco... Carmella Czegledi, ex-CBS Cable, appointed PR dir., Petry TV, succeeding Patricia Beers, resigned to have baby... Alan Bursteen, Citrus Productions national sales dir., elected vp... Herman Schloss leaves Ikegami after 3 years as dealer mktg. & sales vp, plans indefinite.

Tedd Jacoby, ex-Comprehensive Video, appointed national sales mgr., FOR-A Corp. (broadcast equipment); Rishhi Morika named gen. mgr. of home office, West Newton, Mass... Bernard Redmont promoted to dean, Boston U. School of Public Communication.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended April 15 (15th week of 1983):

	APRIL 9-15	1982 WEEK	% CHANGE	APRIL 2-8	15 WEEKS 1983	15 WEEKS 1982	% CHANGE
TOTAL TV#.....	305,880	253,431	+20.7	272,294	4,931,389	4,467,447	+10.4
COLOR#.....	235,170*	172,432	+36.4	196,583*	3,474,231*	2,967,815	+17.1
MONOCHROME....	70,710	80,999	-12.7	75,711	1,457,158	1,499,632	- 2.8
PROJECTION TV...	2,081*	1,559	+33.6	1,853*	35,915*	22,745	+57.9
HOME VCR.....	45,257*	27,595	+64.0	45,539*	820,361*	426,357	+92.4
COLOR CAMERAS...	4,958*	3,927	+ 0.6	4,699*	84,075*	68,467	+22.8

Color TV 5-week moving average: 1983--238,485*; 1982--196,511 (up 21.4%).

Home VCR 5-week moving average: 1983--50,993*; 1982--26,281 (up 94.0%).

Excludes projection TV. * Record for period.

COMPACT EYES KOREA, TAIWAN TV DUMPING: Antidumping complaint against color TV imports from Korea & Taiwan is expected to be filed this week by labor-industry group COMPACT. That COMPACT has been attempting to collect overseas & U.S. pricing data to make case for charges of less than fair value sales here has been open secret in international trade community for last year. COMPACT also has been expressing concern over pricing on color TV tube imports from Japan, but that isn't expected to be covered in filing.

Biggest task facing COMPACT will be at Commerce Dept.'s International Trade Administration, which will handle pricing side of investigation. For dumping complainants, it has often been tougher to convince International Trade Commission that low-priced sales of imports here have injured domestic industry. But in TV, that shouldn't be major problem. At request of importers, ITC re-examined 1972 finding that Japanese TV dumping had injured U.S. makers, and in 3-1 June 1981 vote left that determination in place on grounds industry here was still in depressed & fragile state (Vol. 21:23 p14). Financial statements for first quarter of this year by TV makers indicate that profit situation has improved only slightly since then.

It was COMPACT action that led to imposition of quotas on Japan's color exports to U.S. in 1977 and resulted in establishment of assembly plants here by many Japanese makers. COMPACT succeeded in getting quota umbrella extended to cover shipments from Korea & Taiwan in 1979. Japanese quota expired in 1980 with little notice, since by then most sets marketed here by Japanese majors were being assembled in U.S. July 1, 1982 end to remaining quotas was followed by surge in imports, particularly from Korea, which topped Japan as leading overseas source country for U.S. complete color imports in 4th quarter. In first 2 months of this year, Korea was leading supplier with 76% rise in shipments; Taiwan, with 100% increase, was in 3rd place, just behind Japan.

Several Japanese companies could, if they wished, join with their old antagonist in this case. Virtually all have status as members of domestic industry — right along with GE, RCA, NAP Consumer Electronics and Zenith — and it's Japanese, through loss of private label accounts and low end of color market, who are being hit hardest by Korean & Taiwanese sets. But, such active participation isn't likely. Hitachi and Sanyo both import color from subsidiaries in Taiwan, Panasonic has sets made in Korea, and they and other Japanese majors have technological & financial links to producers in those countries.

JAPAN VCR EXPORTS SOARING AGAIN: Japanese moved in March to ease VCR shortage in U.S. by posting sharp rise in exports, according to Finance Ministry totals which also show significant increase in U.S.-bound exports of color chassis & kits, decline in complete TVs.

Month's VCR exports jumped 30.4% to 263,000, 2nd highest monthly total in last 15 months, to put first quarter shipments at 702,800, up 21.1%. But despite unit shipment rise, first quarter value of \$253.4 million was down 4.8%, as average export price fell 21.4% to \$360.53 from \$459.12 posted in Jan.-March 1982.

In TV, total March exports of complete & incomplete sets dropped 30.2% to 96,500, as color sank 31.2% to 73,000, b&w fell 27.2% to 23,500. For quarter, total TV exports of 237,700 were down 31.7%, with color off 30.3% to 178,100, b&w down 35.5% to 59,600. In color, exports of complete sets were down 52.4% to 37,700 in March, off 51.9% to 88,200 for quarter. Production step-up for Japanese-owned color plants here is indicated by rise in exports of incompletes of 30.8% to 35,300 for month, increase of 24.5% to 89,900 for 3 months.

Japanese revenue from quarter's TV exports to U.S. dropped 47.5% to \$39.1 million, color down 49.6% to \$33.6 million, b&w off 29.1% to \$5.49 million. Value of complete color set shipments fell 59.6% to \$22.8 million, while incomplete edged up 4.2% to \$10.8 million. For color, average export value was down sharply for quarter, with complete color at \$258.08, off from \$306.98 in same months last year, while incompletes dropped to \$120.45 from \$143.93. In b&w average rose to \$92.10 from \$83.74.

THOMSON-JVC DEAL BLOW TO 8MM VCR PACT: In turnabout with major significance for future of VCR formats, nationalized French electronics giant Thomson-Brandt last week signed 5-year deal with JVC to become first non-Japanese licensee for fullscale manufacture & export of VHS recorders. Company said it will build plant in France to start output this year, with eventual capacity of million per year. It will first make mechanical assemblies, later entire recorders with 75% European content, so that they may be exported duty-free throughout EEC. License permits export anywhere except Japan.

Although Thomson had been expected to set up VHS assembly plant (Vol. 23:14 p13), there had been no hint it would enter field with such enthusiasm, with facility to make recorders virtually from scratch.

"The worst thing that can happen in Europe," Philips angrily retorted, "is that Europe should lose the opportunity to contribute its own technology," accusing Thomson of importing Japanese "screwdriver factory." There was more than hint of vengeance in Thomson move -- Philips is generally blamed for blocking Thomson's attempt to buy Grundig by refusing to release its 24.5% ownership. Philips is expected to acquire control of Grundig itself soon by buying 25% share controlled by Max Grundig (Vol. 23:17 p11).

France has been warring with Japanese VCR producers, using technicalities to slow imports down to trickle, while at same time Thomson -- through its purchase of Telefunken -- has become partner with JVC and Thorn EMI in J2T German VHS assembly plant. Berlin J2T plant currently assembles VHS from Japanese parts, unlike planned French factory, which eventually plans to cut imported components down to 25%. J2T is now turning out VCRs at rate of 200,000 a year, has goal of 400,000, would be destination for first Thomson-made tape transports, which represent about 40% of value of VCR. Thomson plans 2nd plant to assemble VCRs in France.

Until Thomson-Grundig deal fell through, French company was to have been part of Europe-wide effort to push European technology, presumably first via strong backing for Philips-Grundig V2000 system, later with European version of upcoming 8mm Video format, which Philips enthusiastically espouses and expects to be manufacturing within a year. VHS is world's dominant VCR format, accounting for more than 70% of all sales, followed by Beta with 25%, V2000 with 5%.

Tipoff that something was in works came when Thomson threw last-minute monkeywrench in 8mm machinery, proposing new "baseband" recording system to 122-company Standardization Conference (Vol. 23:14 p10). As result, Conference approved 8mm standard for NTSC & PAL

systems, deferred decision on SECAM machine. Thomson-JVC 5-year pact includes agreement for Thomson to provide JVC with knowhow on its 8mm technology.

Thomson and JVC obviously are in no hurry. Thomson spokesman said deal would give Thomson time to develop technology needed for next generation of VCRs — meaning that Thomson & JVC presumably see no new standard within 5-year span.

In U.S. meanwhile, Matsushita Chmn. Masaharu Matsushita laid down official 8mm Video policy of dominant VHS group members: There's no specific timetable. Standards aren't complete, "we have new technology coming that we will try to incorporate into 8mm Video, and we are still continuing our discussions" with members of Standardization Conference, he said at news briefing during annual Panasonic sales convention in Las Vegas last week.

Even after standard is achieved "and after it is introduced, we still believe our conventional type of VCRs will coexist with 8mm Video" for quite some time, he asserted. It was clear from our talks with other Matsushita officials that company is in no rush to bring out new format that would in effect give non-VHS makers renewed shot at least at portable segment of VCR market, probably at whole VCR field. But they also know it's coming, and that Matsushita will have to go along to remain competitive.

Only major technological holdup, we were told, is in development of head that will handle both metal evaporated and metal powder tape. Either formulation is allowed under standard. But based on work so far, adequate head is only about 2 months or so away, leaving enough time for display of prototypes this fall. Other problem, tape supply, is expected to take care of itself.

Net result of Thomson-JVC is blow to quick standardization of 8mm as new worldwide format for portable & home video recording — which turns out to be just what Dr. Matsushita ordered. It gives VHS new lease on life in European market. JVC and Matsushita don't have great interest in ditching their successful system for unknown, and startup of brand new VHS facility in France is big barrier to introduction of standard system within that 5-year span. End result could be new dual-standard situation with former Beta & V2000 adherents pushing 8mm as both home & portable system, rest of industry continuing to back VHS, but having some 8mm models and being prepared to plunge in wholeheartedly if tables should begin to turn against them.

* * * *

Immediately after Thomson-JVC announcement, French govt. lifted bureaucratic restrictions which slowed imports by requiring all VCR imports to enter through inland town of Poitiers, announcing that Poitiers played important part in persuading JVC to license Thomson. About 200,000 VCRs are currently warehoused in Poitiers and officials said they'd be cleared slowly over 4-5 months to avoid flooding market, forecasting sales of 400,000-500,000 VCRs this year (vs. anticipated demand for 900,000 and 1982 imports of 665,000). However, govt. said it had imposed no ceiling on imports for this year, would regulate volume on basis of demand.

Thomson will have no problem selling its VCR components. Akai, which had halted production of VCRs in its French plant because of restrictions on imports of kits (Vol. 23:17 p17), already has asked Thomson to supply it with parts. Govt. had informed Akai that its French-assembled VCRs were regarded as imports. In addition to French restrictions, Japan is operating under quota of 4.55 million VCRs to EEC countries this year as well as minimum pricing agreement (Vol. 23:8 p10, 23:13 p9).

Sinclair has halted plans for introduction of 3" flat tube pocket TV while it waits for subcontractor Timex to resolve labor dispute at plant in Dundee, Scotland. Group of 600 workers has staged sit-in since April 8 to protest end to mechanical watch output there and Timex's plan to open electronic watch plant in France. Move also is being challenged at EEC by U.K. (Vol. 23:17 p14). Sinclair said it has had to make arrangements to shift 25% of its computer production from Dundee, may have to look elsewhere for subcontractor to assemble its specialized picture tube. Timex has given workers until May 3 to get back on job or be dismissed.

FCC plans crackdown on retailers, distributors & manufacturers selling computers and other products which don't meet radiation standards, subjecting them to fines of \$2,000 per violation per day. It's starting field survey at retail level within next few weeks. On basis of check last summer, it sent warning letters to 44 firms after it found about 30% of devices checked failed to meet Commission's RF limits. Although personal computers were most persistent offenders, some violations were found among FM receivers and cordless phones. Retailers presumably will bear brunt, at least at first, because that's area in which FCC field offices make checks.

COMPUTER CUTS CONTINUE: Computer price competition escalated another notch last week, with another cut in price of Atari 400, reductions by Timex and Radio Shack, and on game front, start of \$50 Intellivision rebate by Mattel.

Atari 400 console is being offered by N.Y. area discounter at \$79, after \$50 rebate, which is just below half of suggested retail, and well under half of current street price for Atari's 5200 high-end game console, which is essentially 400 computer with different housing & controls. That's also about \$15 under lowest post-rebate price for Commodore VIC 20. And that may be just beginning. Atari is expected to launch \$100 rebate offer on 800 console, reducing street price on that model to \$400.

Mattel's Aquarius computer hit market last week at \$120. Unit, with 4K RAM, built-in cassette drive, lists at \$150. New rebate offer on Intellivision, which requires customer also purchase 3 game cartridges, lowers effective cost to \$70 for Model I, \$90 for Model II.

Timex last week trimmed another \$5 from its small computer, putting official list at \$55, dropping cost, after \$15 rebate, to \$40. Unit has been offered at retail for as low as \$30. Radio Shack has joined in with \$100-off sale on 16K home color computer, now priced at \$200.

Panasonic will stick to its pricing guns when it introduces 32K home computer console later this month. Pres. Ray Gates said unit will carry planned \$350 list, and company will offer 3 free programs in launch promotion. At press briefing during sales convention in Las Vegas last week, Gates said Panasonic was looking at all aspects of home computer market. "If it's a consumer item, and it will be, we will be strongly involved," but, he said, "we have to get a little experience" before trying to compete in low-end segment of business.

Panasonic, he indicated, has no interest in giving away computers in hopes of making profit on programs. "We would like to be in an industry where there is profit in the hardware as well as in software," he said. If that's possible, "we will be in with appropriately priced merchandise." Model 800 portable computer with LCD readout, due for delivery this fall at \$600, will have modem as outboarded accessory (Vol. 23:17 p15). Unit has little in way of built-in operating capability provided by similar \$800 unit recently introduced by Radio Shack. Panasonic spokesman said unit should be looked on as step-up from sophisticated calculator.

In other developments, Amiga of Santa Clara has introduced 6K RAM \$46 expansion module for Atari 2600 videogame. Module loads software from cassette... Canon introduced 8K RAM handheld in Japan at \$290. Unit has 4-line 20-character LCD.

Fujitsu & Matsushita are becoming equal partners in \$1.3 million Japanese computer systems & software design venture FM Information System. Venture will concentrate on products for mainframe and personal office computers.

UPBEAT ZENITH MEETING: Any gloom & doom that may have been awaiting start of Zenith's annual meeting in Chicago last week was dispelled by Chmn. Revone Kluckman's report of opening 1983 quarter net of \$8.2 million on 4.3% sales rise (see financial table). Profit, only 2nd in last 5 quarters, was best since \$9.3 million in 3rd quarter 1980 and 2nd highest since \$10.2 million of 1978.

It was first strong payback for years-long effort to cut costs, improve production efficiency, Kluckman said. He tempered any euphoria by pointing out that recent earnings haven't been high enough to meet expansion and working capital needs, and that any thought of dividend restoration would require "record of satisfactory profits, with some stability of pricing in the consumer electronics business, and continued progress in the new businesses."

It was new businesses that generated quarter's earnings, Kluckman said, stating that components operations improved as result of rise in demand for power supplies by personal computer makers, and profits from CATV products "were up significantly."

Zenith's color sales to dealers were at record for quarter, and profitability improved, "with improved volume offsetting much of the color TV price decline," aided by "slowing of inflationary costs." Price pressures, however, kept profit at unsatisfactory level, Kluckman said, expressing hope that with continued strong demand, "although perhaps not as strong as it has been," there "is no reason why prices should deteriorate further." Color TV, he said "would be an excellent value at prices which would allow an acceptable return, but the industry, for whatever reason," continues to sell at low prices.

In response to queries from press and holders about continuing reports of pending merger, Kluckman said "Zenith is committed to remaining an independent company. Any future diversification will come in products where Zenith can apply 2 of its 3 strengths — high technology, low-cost production and excellent distribution, he said. One that's out of running is home computer. At national sales meeting last year, Exec. Vp Walter Fisher said home computer was "definitely part of our plan" (Vol. 22:20 p11), but that's apparently been scrapped. Kluckman said field "is not for Zenith because of the price deterioration." As for color TV, that will continue "to be a major product category for the company for some time to come."

Buckbee-Mears stockholders approved name change to BMC Industries, 5-fold boost in number of authorized shares to 25 million, bylaw changes to discourage unfriendly takeover attempts.

Radio Shack is introducing lowest priced cassette recorder with Variable Speech Control this spring at about \$120, some \$100 below price charged by other manufacturers. RS unit is licensed by VSC, which owns patents on system which permits high-speed playback of voice recording without pitch change. Also signing VSC license is Asahi Electronics, OEM supplier to Sears, GE, Craig and others.

CD KEY TO NAP HI-FI: Compact Disc, hailed by Philips as "start of the digital revolution in consumer electronics," is regarded by North American Philips (NAP) as its passport into U.S. audio market. First through Magnavox and dept. store route, later through Sylvania distributors, NAP plans to go into more sophisticated audio systems — its lines being procured virtually 100% from Philips sources throughout world.

Magnavox Vp-Gen. Mgr. Kenneth Thomson, speaking at press tour of CD facilities in Holland, Belgium & Germany, envisioned CD as "raising the entire perception of the Magnavox line with the public" instead of "short-term shot at the audio market." Sylvania is expected to add CD player in 4th quarter.

Its audio line already sharply increased, Magnavox will add component rack systems this year designed to match CD players and listing for up to \$3,000, according to Audio Mktg. & Sales Dir. Al Menozzi, who said that dept. stores account for 50% of single-brand rack hi-fi sales and that "99% of the people who see CD in the next 100 days will see it in department stores." Magnavox's 3 Philips-made players are priced at \$800 & \$900.

Audio industry is excited over enthusiastic European & Japanese reception to CD — "a success beyond all expectations and hopes," said official of Germany's Polygram — and Philips estimates world supply at 600,000 players this year, 1.5 million next, 2.5 million in 1985, and 4 million, plus portables and car players, in 1986. There are now 40 CD hardware licenses, 10 brands on market, 15 record licensees.

Philips currently is building players at 5,000 monthly in Hasselt, Belgium, aims at 15,000 or more on single shift by year's end. It also has small player facility in Eindhoven, where it's also mastering discs at 5-7 titles in 9-10-hour day, is offering turnkey mastering plants to industry at about \$2 million, indicated it's setting up operation for 3M.

Polygram, joint Philips-Siemens venture, is pressing CDs under own & other labels at Hanover, Germany plant at 22,000-24,000 per day, made 381,000 last year, recently delivered millionth disc. Responding to early demand, it raised sights several times, now plans to turn out 5.6 million this year, at least 10 million next year.

Both Philips and Polygram claim work on Laservision videodisc made CD possible. Polygram, which opted not to produce videodiscs, indicated its experience in exploring videodisc field cut 2 years from CD development time. Factory reject rate for discs is about 30% vs. 10-12% for LPs, but returns from field average only 0.33%.

* * *

Flexibility of CD for future applications intrigues Philips. Although capacity is nominally 60 min. for single-sided disc, Polygram says it actually is 74-75 min. — which provides room for other electronic features. Philips plans 10-disc changer in late 1984, car player in 1985-86. In experimentation stage are player which indicates selection being played on digital readout, player which shows still pictures on TV screen (a la JVC's AHD system), data storage

applications. Improvements in works include one-piece objective lens to replace 4-piece unit now in use, and digital servos — both of which would tend to lower prices — as well as improvement in laser life from current 2,000-3,000 hours to 7,000 or more.

CD and VLSI chips will lead to digitizing of entire audio system, Philips believes, and a look in its labs revealed sophisticated home system under development which can do tasks currently confined to audio studios. Digital processor demonstrated automatically equalizes sound output to room, dynamically compresses or expands sound according to mood of listener, supplies variable reverberation, eliminates scratches on old analog records. Philips says it will be ready in "couple of years."

PROFITABLE PANASONIC: "Panasonic made some profit in a very tight year for our industry," is showing "quite reasonable profit" this year on 15% unit sales increase, Pres. Ray Gates told dealers & distributors at sales convention in Las Vegas last week.

Panasonic, it was indicated, had sales of about \$1.2 billion last year, to account for more than half of volume of parent company, Matsushita Electric Corp. of America (which includes Quasar). MECA is looking for 7% volume rise in 1983 to about \$2.3 billion, with Panasonic aiming at 8-9% rise.

Gates said largest rise for Panasonic came in video, while growth in color TV and telephone equipment outpaced industry. Same products are expected to lead this year, he said. At present, he told meeting, "our inventory is exactly at our budgeted goal," and some Technics hi fi, VCR, microwave oven and telephone products are in short supply. He said outlook is for "steady but not spectacular rise" for industry for this year, cautioned dealers against getting carried away by high expectations based on strong results in opening quarter.

Future of Japanese parent Matsushita Electric lies in office automation equipment, because "office automation of today becomes our consumer products of tomorrow," according to Chmn. Masaharu Matsushita. Company, he said, will devote 20% of its 1983 \$600 million R&D budget to that area.

At press briefing, Matsushita acknowledged that when RCA switched away from his company to Hitachi for VCR home decks "we lost an important customer." To overcome that "we will have to promote our product," add features. He acknowledged that recouping totally will be difficult because "as we have new features we would like to increase prices, but we can't because of competition."

As for VHD videodisc system just launched in Japan, he said Matsushita has no timetable for introduction in U.S. or Europe. "We will see how it sells in Japan," he said.

Supreme Court has agreed to hear Appeals Court dismissal of Bose libel suit against Consumers Union. Earlier, it was indicated court had declined to review.

MATSUSHITA NET FLAT: Matsushita posted minimal 1% gain in consolidated net in quarter to Feb. 20 on 4% sales rise (see financial table). Bulk of increase came in Japan, where volume was up 5.3% to \$1.99 billion, while overseas revenue increased 2.7% to \$1.74 billion.

Matsushita said sales of video equipment rose 6.3% to \$1.39 billion. Pace in video was set by VCRs, with 7% increase to \$936.9 million, as rise in U.S., Asia & Mideast offset decline in Europe. Figure indicates sales of TVs and other video products rose 4.8% to \$454.8 million. Audio component volume slipped 1.1% to \$494 million, while sales of electronic parts & components edged up 1.3% to \$327.8 million. Largest sector increase was 11.9% for communications & industrial equipment to \$485.1 million, much of boost coming from expansion of office automation products. Matsushita said results are in line with fiscal 1983 goal of \$678 million net on sales of \$16.1 billion.

Wells-Gardner reported 80% drop in first quarter net on 50.2% sales decline. Company attributed dip to reduced demand for its arcade videogame monitors, price-cutting by competitors. W-G said it sees sign of turnaround, but expects market to continue soft in 2nd quarter. It said it had substantial increase in color TV set sales to Teknika and in data display monitors. Order backlog April 1 totaled \$40.9 million, down from \$62.3 million at same time last year.

Quaker Oats pulled plug on videogame cartridge marketing subsidiary U.S. Games, acquired only year ago. Company said it was taking \$1.9 million writeoff of USG assets, explained that last year it "didn't foresee the rapid oversaturation" in game market, decided that "without making major investments, continuing the business was not viable."

Video Corp. of America credited successful cost control effort, sharp rise in videocassette duplicating business for 12-fold jump in net in fiscal 3rd quarter to March 31 on 22.6% revenue rise. For 9 months, company had \$586,000 profit, against year-earlier deficit of \$581,000, as sales rose 23.5%. VCA said it expects to show profit of \$750,000 to \$825,000 in fiscal 1983.

Activision, industry's first independent videogame cartridge marketer, said earnings in year to March 31 jumped 48.8% to \$19.2 million on 139.2% sales rise to \$157.6 million.

Motorola AM stereo patent license will be signed by Samsung, Motorola announced last week. Meanwhile, Sansui sent Motorola results of tests by Japanese commercial radio station which played tapes recorded off-air in U.S. from stations broadcasting in 4 AM stereo systems, with 461 employees of 30 radio stations voting after listening to the systems on modified Sansui multi-standard car stereo. Results showed 187 preferred Motorola system, 142 Harris, 101 Kahn, 43 Magnavox (12 dual preferences). Some 380 said AM stereo quality was better than they had expected, and 74 said it was on par with FM stereo.

SONY'S NEW PRICES: Reductions of \$10-\$260 are reflected in new pricing of Sony holdover color models in company's drive to be more competitive (Vol. 23:16 p13). Here's price lineup in 27-model color series — comparisons are with year ago, prices unchanged where not noted:

Smallest set continues to be 3.7" at \$580, with microcassette "Dictavision" stepup \$880 (down \$10); new 5" at \$550 is unchanged from predecessor as are carryover 8" at \$580 and 9" at \$520. Three 12" sets (\$470-\$600) have been dropped, remaining one being remote at \$480 (down \$130); new 13" "game-ready" is \$400 (down \$70 from last year's 12" leader); 15" is \$470 (down \$60), while 15" remotes at \$640 & \$700 have been discontinued; sole 17" is remote at \$640 (down \$110), leader 17" remote at \$690 is dropped.

In 19", 2 new leaders are \$530 (down \$60 & \$70 from predecessors), stepup \$570 (down \$80), new leader remote \$630 (down \$130 from last year's cheapest remote), 2 remotes at \$690, another at \$730 (all down \$80), high end at \$1,100; 21" remote remains at \$960. New 26" remote leader is \$900, down \$100 from last year's non-remote leader; stepup is \$1,000 (down \$260), with others \$1,150 (up \$10) & \$1,650; top-of-line 30" is \$10,000.

Profeel prices: 12" high resolution monitor \$895; 19" \$850; 25" \$1,500; tuner \$520; speakers \$80 & \$130 per pair. Projection TV (list prices subject to current promotional discounts): 2-piece 50" is \$2,600, with 72" version \$3,100, remote versions \$2,800 & \$3,300; 50" one-piece \$3,300 (down \$500); new version of rear projection 46" is \$3,800. Sony monochrome line: 3.7" is \$200; 7" \$190; 12" \$145; Watchman pocket set \$350.

Betamax VCR line: Leader model is open-list; new slim model \$600; new version remote stepup, now with cable tuning is \$670 (down \$325); new Beta Hi-Fi \$900; portable, including tuner-timer \$950 (down \$550), full-featured slimline model \$950 (down \$600); super deluxe slimline Beta Hi-Fi is \$1,500. Two holdover cameras are now open-listed; new models are \$1,300, autofocus at \$1,350.

Talking scale, which announces weight in pounds or kilograms, will be displayed at CES by Barney Ltd., Hong Kong, to retail at about \$50. When hungry, it says "my battery is low."

TELEVISION DIGEST'S N.Y. BUREAU TO MOVE MAY 16

Effective May 16, address of Television Digest's N.Y. editorial bureau will be 475 Fifth Ave., New York, N.Y. 10017. New phone number will be 212-686-5410. Please note this change for your records. Business office and editorial hq of Television Digest Inc. and all activities of Television & Cable Factbook remain at 1836 Jefferson Pl. NW, Washington, D.C. 20036.

PANASONIC, TOSHIBA LINES: Both Panasonic and Toshiba put emphasis on high-end monitor receivers (m/r) in new color lines introduced at sales conventions (Vol. 23:17 p12). At very top of Panasonic offerings is new 25" component system at \$1,250 with tuner and 39-button remote that can also control new VCR models. Most VCRs now boast electronic function display to show operating mode. In announcement, company referred to feature as "video display," leading us to conclude, incorrectly, that function was shown on TV screen. For Toshiba, line peak is Video Logic series featuring flat square 14" & 20" tubes.

Panasonic color line has some scattered reductions, mainly in \$20-\$50 range, in comparison with pricing of last May. Mini portables, all with price points unchanged, start with 2.6" & 5" m/r at \$500 & \$430; new 5" with wired pillow speaker-remote control is \$370; 4.6" 91-channel m/r with tube mounted in detachable swivel housing with 8-ft. cord is \$350; 7" 94-channel m/r is \$440. New 10" leader with mechanical tuning is \$300 (down \$40 from previous starting point), AC/DC version \$350 (down \$20); electronic tuned AC-only models are \$330 & \$400, latter with remote. AC-only 12" is \$300, AC/DC \$440 (down \$30).

In 13", mechanically tuned leader is \$330 (down \$30), 94-channel step is \$350; remotes start at \$420 (down \$40), step to \$450 for 108-channel, \$469 for 139-channel with on-screen time channel & clock timer display. In 19", mechanically tuned leader is \$400 (down \$40), 94-channel step is \$430, leader remote \$530 (down \$40). Remote with 134 channels starts with new model at \$580, holdover at \$600 (down \$50); version with 139 channels, on-screen display, is \$660; at top of standard line is 108-channel m/r remote with stereo audio at \$700 (down \$50).

Leader 25" consoles with mechanical tuning are \$650 (down \$10) & \$670. New step-ups with 94 channels (2) are \$730, versions with 108-channel unchanged at \$770 & \$780. Remotes start at \$800 (down \$30), step at \$830; 134-channel opens at \$830 (down \$70), with steps at \$880, \$929 (both unchanged) & \$980 (down \$20). Holdover 134-channel remote with stereo, housing for VCR is \$1,250 (down \$50). New series with brow-mounted dockable 139-channel remote, on-screen display starts at \$1,000, has 2 steps at \$1,100.

High-tech color begins with 10" & 13" data display monitors at \$380 & \$450. M/r offerings start with holdover 10" with brow-mounted tuner at \$380 (down \$20), new version with 94-channel tuning at same list. New 19" with dockable 94-channel remote is \$600 (down \$100), and 25" component system is \$1,250. In component segment, 13" monitor is \$450, 19" is \$600 (down \$50), 134-channel tuner with dockable remote \$400 (down \$50).

Home VCR decks, all slot-load with function display, electronic tuning, start with wired remote, only model without CATV tuning, at open list (about \$610), with 105-channel at \$650 & \$700; 4-head wireless 105-channel remote is \$850, with step at \$1,050; version with 128-channel remote, Dolby stereo, electronic indexing, is \$1,300. Portable-tuner

combinations are \$950 & \$1,300, latter with 4-head Dolby stereo recording, 105-channel wireless remote. Deck only, with wired function control, is \$1,000.

New camera lineup, all with low-light Newvicon tubes, electronic viewers, starts with 1/2" tube power-zoom models at open (about \$850) & \$950, latter with infrared autofocus, time-date character generator. Versions with 2/3" pickups, all with stereo audio, power zoom, autofocus, 3-color character generator, on-camera VCR controls, are \$1,000, \$1,250 & \$1,300.

Toshiba color line starts with battery portables, including 3.5" stereo-FM-AM combo with detachable cassette recorder at \$800; 4.5" monitor-receiver at \$500 and 9" with mechanical tuning at \$450, all up \$50. Also mechanically tuned are 13" & 19" leaders at, respectively, \$350 (unchanged) & \$440 (up \$10). All others are electronically tuned and only other non-remotes are 13" & 19" with ladder tuning at \$400 (up \$10) & \$500 (unchanged). Next 13", with 91-channel capacity, is open (about \$470), as is keypad 117-channel version; high-end keypad 117-channel 13" with dockable remotes are \$560 (down \$20) & \$600 (up \$50). In 19", first remote, with 91-channel tuning, is open, with keypad 117-channel remotes are \$690 (down \$10) & \$750. Two 25" consoles with stereo audio, dockable 105-channel remote, are \$1,180 (down \$70).

New Video Logic series of monitor receivers, all with stereo audio, 30-month warranty, starts with 14" with 133-channel dockable remote tuner and front-mounted jacks at \$780; 20" with 117-channel keypad tuner is \$800, step-up with dockable remote and front jacks is \$950. Version with wood grain cabinet, side-mounted vertical speakers, brow-mounted dockable remote is \$900. Toshiba's VCRs & cameras were covered here last week (Vol. 23:17 p12).

Fisher adds slot-load VHS 4-head home deck with stereo audio at \$900, 25" color console at \$1,000.

GEC-Hitachi workers have gone back to work at U.K. venture's color assembly plant, after deciding that acceptance of pay cut was better than alternative — losing their jobs. Workers had been warned plant might be closed if they refused to end job action started after learning wages were being frozen again this year and bonuses cut as part of economy plan (Vol. 23:16 p7). Although plant is back in operation, and company says it's running at capacity, future is in doubt. GEC & Hitachi officials, it's understood, are discussing possibility of GEC buying back total ownership. Venture was formed in 1979 after British govt., at insistence of unions representing workers at existing color plants, turned down Hitachi's request to build wholly owned color factory there. If it does sell out, Hitachi can be expected to put up color plant somewhere in Europe. Year before GEC-Hitachi tieup, Toshiba acquired 30% interest in Rank's color TV plant, which was operated by venture Rank-Toshiba. That one didn't work out either, and in 1981 Toshiba took operation over.

Consumer Electronics Personals

Gerald McCarthy promoted at Zenith from exec. dir. to vp, consumer product sales... Jeff Berkowitz ex-Panasonic Home Audio Group vp-gen. mgr., joins Sanyo Consumer Electronics Div. as sales & mktg. exec. vp, new post; Art Westburg continues as sales & mktg. senior vp... Donald Kingsborough, ex-SKU (software distribution) rejoins Atari Consumer Electronics Div. as sales & mktg. exec. vp, assuming those duties from Michael Moore, who continues as CED pres. and head of just-formed new business development organization... Alfred Kahn appointed Coleco senior mktg. vp... Walter Yetnikoff, CBS Records pres., adds duties as COO, replacing Richard Asher, resigned as deputy pres.

Osamu Suzuki, Toshiba America video mdse. mgr., has been reassigned to Appliance Div. post with parent in Japan, TV duties assumed by Tom Mitsui; T. Hasagawa is now VCR mdse. mgr... Martin Homlish named JVC Consumer Video Div. national video products sales mgr. in restructuring. Also in CVD: William Kruger, national color TV sales mgr.; Drew Pragliola, asst. national sales administrator. General Audio Div.: Ed Renner, car audio national mktg. mgr.; Donn Barclay, national sales administrator & portable audio national planning mgr. Vic Pacor, Hi-Fi Div. national sales administrator & national planning mgr.; Gary Schwartz, national mktg. mgr., Magnetic Tape Div.; Dan Roberts continues as Professional Video Div. vp. At corporate level, Todd Sugiyama named senior finance & administration vp, Josh Yoshioka appointed senior sales & mktg. vp... Neil Blatt, ex-Technics & Garrard, joins Micro-Fidelity as vp-mktg. mgr.

Gary Dartnall, former VHD Programs and VHD Disc Mfg. pres., appointed exec. chmn., Thorn EMI Films and Thorn EMI Video... William Hickey resigns as Technicolor Videocassette worldwide operations vp... Matthew Pasternak, ex-RCA/Columbia Pictures International Video mktg. mgr., named Vestron Video International vp... Nancy Huckaby promoted to mfg. dir., Pacific Arts Video Records... Robyn McDonald, IFC Entertainment special projects dir., named to head new Xana Home Video Div.

First-sale hearing by Senate Copyright Subcommittee April 29 offered nothing substantively different from House session last fall. Leading push for Fair Marketing Amendment, MPAA Pres. Jack Valenti said movie studios suffered 18-20% drop in recorded cassette revenues from 1981 to 1982 despite gain of 2 million VCRs. On other side, Video Software Dealers Assn. Pres. Frank Barnako claimed business was never better because of 50% decline in cassette prices, said only 15% of stores folded in last 4 years. Judging by Subcommittee response, Senate won't be acting soon. Sen. Leahy (D-Vt.) suggested go-slow approach so as not to harm either consumers or suppliers.

Philips Canada, which once manufactured TV sets under Philips brand, will switch over to Magnavox brandname, handle large part of same line as Magnavox in U.S.

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NEW KOREAN VIDEO ENTRY: Hyundai Group, one of Korea's Big-4 industrial conglomerates, plans to jump into domestic & export consumer electronics and appliance markets, adding to industry's competitive pressures.

Company is asking Commerce & Industry Ministry for clearance to build \$90 million video & appliance plant as part of integrated electronics facility for which it has already acquired 210-acre site southeast of Seoul. Plant will have start-up capacity for 500,000 color sets, equal number of VCRs and video display terminals annually. Company also intends to produce microwave ovens and industrial electronics there. By 1986, it plans to be turning out computers and communications equipment as well.

Best known as shipbuilder and heavy industrial equipment manufacturer, Hyundai does nothing in small way. Last fall, it announced it was moving to end its reliance on outside suppliers of critical electronic components by starting \$400 million, 5-year semiconductor development program (Vol. 22:47 p13).

Move into consumer products is viewed as home turf challenge by Hyundai to established giants Gold Star and Samsung, which respectively account for estimated 44% & 32% shares of consumer electronics and appliance production there. Hyundai entry will add to pressure on those market leaders from 4th conglomerate, Daewoo, which acquired Korea's 3rd-ranked consumer operation from Taihan Electric Wire last Feb. for \$120 million (Vol. 23:6 p9).

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
American Bcstg. Cos.			
1983-13 wk. to April 2	663,058,000	13,896,000	.48
1982-13 wk. to April 3	612,908,000	24,175,000	.84
Andrea Radio			
1983-qtr. to March 31	1,258,885	150,946	.30
1982-qtr. to March 31	1,246,135	139,362	.27
Audiotronics			
1983-9 mo. to March 31	12,626,000	110,000	.10
1982-9 mo. to March 31	16,779,000	266,000	.21
1983-qtr. to March 31	3,846,000	(70,000)	--
1982-qtr. to March 31	5,436,000	54,000	.05
Avnet			
1983-9 mo. to April 1	838,602,000	34,453,000	.98a
1982-9 mo. to April 2	838,862,000	57,149,000	1.63b
1983-qtr. to April 1	297,600,000	10,485,000	.30a
1982-qtr. to April 2	286,139,000	13,751,000	.39b
Bell & Howell			
1983-13 wk. to April 2	157,564,000	6,259,000	1.10
1982-13 wk. to March 31	141,514,000	2,422,000	.43c
John Blair			
1983-qtr. to March 31	88,940,000	3,860,000	.98
1982-qtr. to March 31	74,844,000	3,401,000	.90c
Buckbee-Mears			
1983-qtr. to March 31	36,175,000	1,468,000	.34
1982-qtr. to March 31	22,703,000	370,000	.12
Cable TV Industries			
1983-year to Jan. 31	32,258,000	446,000	.15
1982-year to Jan. 31	39,875,000	2,191,000	.77
1983-qtr. to Jan. 31	6,540,000	169,000	.06
1982-qtr. to Jan. 31	9,060,000	383,000	.13
Cohu			
1983-qtr. to March 31	4,009,164	167,615	.10
1982-qtr. to March 31	4,625,720	130,119	.08c
CTS			
1983-13 wk. to April 3	52,579,000	2,005,000	.47
1982-13 wk. to April 4	59,921,000	1,826,000	.41
Electronic Memories & Magnetics			
1983-13 wk. to March 26	21,123,000	660,000	.07a
1982-13 wk. to March 26	21,199,000	(451,000)	--
Heritage Communications			
1983-qtr. to March 31	23,238,378	554,608	.03
1982-qtr. to March 31	21,870,554	714,954	.05
Koss			
1983-9 mo. to March 31	17,282,621	377,848	.10
1982-9 mo. to March 31	19,914,634	1,701,798	.43
1983-qtr. to March 31	5,568,366	(3,989)	--
1982-qtr. to March 31	5,209,995	147,368	.03
Matsushita Electric^e			
1983-qtr. to Feb. 20	3,659,300,000	146,700,000	.94f
1982-qtr. to Feb. 20	3,516,900,000	145,300,000	.94f
Metromedia			
1983-qtr. to April 3	121,529,000	9,351,000	3.18
1982-qtr. to April 4	88,282,000	14,890,000	3.70c
New York Times			
1983-qtr. to March 31	258,417,000	19,824,000	1.53
1982-qtr. to March 31	224,360,000	18,961,000	1.51c
Rogers Cablesystems^g			
1983-6 mo. to Feb. 28	168,041,000	(7,835,000)	--
1982-6 mo. to Feb. 28	96,727,000	696,000	--d
1983-qtr. to Feb. 28	87,603,000	(4,191,000)	--
1982-qtr. to Feb. 28	64,568,000	1,192,000	--d

Company & Period	Revenues	Net Earnings	Per Share
Rollins			
1983-9 mo. to March 31	330,841,469	12,164,382	.47
1982-9 mo. to March 31	390,312,604	31,717,518	1.17
1983-qtr. to March 31	102,481,391	1,332,077	.05
1982-qtr. to March 31	124,424,935	10,203,820	.39
Storer Communications			
1983-qtr. to March 31	101,476,000	(11,012,000)	--
1982-qtr. to March 31	80,514,000	492,000	.03d
Times Mirror			
1983-qtr. to April 3	567,324,000	29,398,000	.86
1982-qtr. to April 3	522,340,000	20,182,000	.59
United Television			
1983-13 wk. to March 27	9,627,000	1,359,000	.12
1982-13 wk. to March 27	9,017,000	1,525,000	.13
Viacom International			
1983-qtr. to March 31	77,495,000	3,681,000	.30
1982-qtr. to March 31	61,762,000	4,755,000	.40
Video Corp. of America			
1983-9 mo. to March 31	16,294,000	586,000	.35d
1982-9 mo. to March 31	13,183,000	(581,000)	--c
1983-qtr. to March 31	5,831,000	419,000	.25d
1982-qtr. to March 31	4,756,000	34,000	.02c
Wells-Gardner			
1983-qtr. to March 31	8,904,000	273,000	.08
1982-qtr. to March 31	17,905,000	1,369,000	.37
Western Union			
1983-qtr. to March 31	257,872,000	22,479,000	.84
1982-qtr. to March 31	247,865,000	18,409,000	.80c
Wometco Enterprises			
1983-12 wk. to March 26	106,843,000	4,662,000	.27
1982-12 wk. to March 27	103,938,000	5,174,000	.30b
Zenith			
1983-qtr. to April 2	333,100,000	8,900,000	.47
1982-qtr. to April 3	319,200,000	(2,400,000)	--

Notes: ^aAfter special charge. ^bAdjusted. ^cRestated. ^dIncludes special credit. ^eAt yen's current rate. ^fPer ADR. ^gIn Canadian dollars.

Agreement on disc size for electronic still photography has been reached by 20-company group. Upcoming cameras will utilize 1.85" diameter disc coated with metal magnetic media housed in pack measuring 2.36x2.13x0.14". Disc will be designed to record 25 video frames or 50 fields. Group still has to work on final disc specifications and agree on recording format before submitting standard proposal to EIA-J, Japan Camera Mfrs. Assn. and other world organizations. Group members: Asahi, Canon, Fuji, Hitachi, Konica, JVC, Matsushita, Minolta, Mitsubishi, NEC, Nikon, Olympus, Philips, RCA, Sanyo, Sharp, Sony, Sumitomo 3M, TDK, Toshiba. Sony was first to show still photo system, Mavica, in Aug. 1981. Sanyo, Toshiba & others also have shown versions.

Video mini-theaters are being promoted in Japan by Sony, which will lease hardware and provide programming for 100-seat installations in shopping centers. System which sells for \$42,000 can accommodate all screen proportions including Cinemascope, includes 2 U-matic VCRs, 3-tube projection system, is designed for operation by one person, who also can sell popcorn. Sony has set up special department to handle system, is negotiating with movie and other production companies for software.

WEEKLY

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The authoritative service for broadcasting, consumer electronics & allied fields

MAY 9, 1983

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CAPITOL HILL FREE FOR ALL predicted as House prepares to markup FCC bill that's attracting flood of amendments, including broadcast deregulation clause offered by Reps. Tauke & Tauzin. (P. 1)

MURDOCH'S DBS PLAY: \$75 million deal with SBS to launch network for rural America & SMATV. (P. 2)

DEATH THREATS AGAINST JEWS, BLACKS being broadcast by Kan. radio station, National Black Media Coalition alleges in FCC filing seeking license denial. Station denies responsibility. (P. 3)

SHARP PREDICTS END OF FAIRNESS doctrine, gives reasons for leaving FCC. (P. 4)

ROCK CENTER'S NEW OUTLET: Rockefeller Center to absorb most Outlet assets for \$332 million. (P. 4)

NBC PROSPECTS 'BRIGHT' with 'first signs of success' under new leadership, RCA Chmn. Bradshaw tells stockholders. (P. 5)

MR. FIXIT FOR CABLE'S IMAGE: Group W's Daniel Ritchie to head panel charged to repair negative public perception. (P. 5)

ACCORD ON CABLE FUND reached by MPAA, others to divide 1981 & 1982 cable copyright payments along 1979 lines. NAB holds out. (P. 6)

WILD MARKUP PREDICTED FOR DEREGULATION BILL: House Energy & Commerce Committee markup of FCC authorization bill, possibly this week, is likely to be "wildest show in town," according to Capitol Hill staffer. Effort Reps. Tauke (R-La.) & Tauzin (D-La.) launched last week -- with help and encouragement of NAB, much to consternation of TV networks -- to get major broadcast deregulation proposal attached to money bill has caused flood of promises by other members that they, too, will offer amendments, and prompted massive lobbying effort pitting NAB against networks on one hand, consumer & labor groups on other issues. Everything from spectrum fee plan to EEO to cap on rising telephone rates could be proposed as amendments unless warring factions can be convinced to hold off.

"The hearing is going to be a disaster," another House staffer said, noting long list of amendments will tie Committee in knots, making it nearly impossible for members to finish markup in time for May 16 budgetmaking deadline. Brouhaha was sparked when Tauke & Tauzin

Consumer Electronics

GE, ZENITH TO BACK COMPACT's antidumping complaint against color TV imports from Taiwan & Korea. NAP, RCA, Japanese on sidelines. (P. 9)

TV PRICES FIRING slightly in new lines, RCA & GE say, but key points may even drop. RCA hails self as leader. GE lays groundwork for future. (P. 11)

NEW VIDEO PRODUCTS PACE RCA: Universal remote, new disc players, VCRs, cameras, projection. GE shows 3-tier TV line. (Pp. 11 & 13)

RCA PICKS U.K. for foreign launch of CED videodisc system. Hitachi to supply players. VHD sales plans in Japan. (P. 14)

MATTEL CHARGES ATARI with stealing trade secrets to help enter Intellivision cartridge market in \$40 million Cal. suit. (P. 14)

LATEST DROPOUTS in volatile computer & game business include Data Age, Emerson's Atari supercharger. Spectravideo sets promotion. (P. 14)

VIDEODISC PROFIT seen in '85 by RCA Chmn. Bradshaw; higher TV net this year. (P. 15)

ACTIVISION SALES & NET were relatively unaffected by 2nd half game market slump last year, prospectus for stock offering shows. (P. 16)

said they would be offering proposal at markup that would codify 1980 FCC decision deregulating radio industry, extend same type of deregulation to TV and eliminate comparative renewal process. Broadcasters also would be freed of guidelines for minimum amounts of news & public affairs programming, limits on amount & frequency of commercials, ascertainment requirements.

Problem with proposal is that it has opened flood gate of other amendments, including one on financial interest rules promised by Reps. Waxman (D-Cal.), Moorehead (R-Cal.) and House Telecom Subcommittee Chmn. Wirth (D-Colo.) that networks fear has the votes to pass. Squabble on Capitol Hill has become so loud, atmosphere was called "crazed" by one congressional staffer. Rep. Dingell (D-Mich.), chmn. of parent Committee, has been unable to referee fight, instead has decided to hold off on final markup until warring factions have come to terms or stalemate is declared.

Situation looks something like this: Broadcasters through NAB are pressing for deregulation proposal in meetings around Hill; opponents led by Wirth would like to avoid bloody battle in full Committee, but if Tauke & Tauzin don't back down, Wirth's group promises to offer long list of amendments sure to prolong bill's consideration; consumer & labor groups have banded together in their own effort to derail deregulation proposal with big AFL-CIO lobbying arm roused to participate; networks are busy staving off passage of financial interest & syndication amendment promised by Reps. Waxman (D-Cal.), Moorhead (R-Cal.) & Wirth.

Proposal sending chill down broadcasters' spines is financial interest & syndication amendment that would take proceeding away from FCC, put it before more hostile Congress. Proposal has 17 co-sponsors on Committee, reportedly would win if broached. NAB doesn't agree: "There are 42 members on the Committee," said Steven Stockmeyer, senior vp. But networks clearly fear proposal could pass and are working hard to convince Tauke & Tauzin to table their effort. CBS & NBC officials said networks have made fight against amendment "top priority." Networks are particularly unhappy that NAB didn't consult with them first before pushing forward with deregulation proposal. "NAB seems determined to move ahead," network executive told us. "It's a strange way to move legislation." He also said FCC authorization bill is wrong vehicle.

NAB has condemned flurry of amendments, calling it unfair "retaliatory" effort. Stockmeyer said deregulation plan has right to be offered during markup: "It's been through hearings where these other proposals haven't; we've had years of it being blocked."

But that's not the way other groups are seeing it. Among them: ACT, AFL-CIO, Citizens Communications Center, Consumer Federation of America, Consumers Union, Media Access Project, International Assn. of Machinists & Aerospace Workers, National Consumers League, National Education Assn., United Church of Christ, Public Citizen (Ralph Nader), Telecommunications Research & Action Center, United Autoworkers, U.S. Catholic Conference.

AFL-CIO's participation is unusual. Union has studiously avoided past battles over deregulation, according to Ray Denison, AFL-CIO's chief lobbyist, who said union's involvement was "unavoidable," added: "This is the first time we've really felt threatened, that it's come this close for us." Union is interested because deregulation proposal could spell end for fairness doctrine, which it has long supported, Denison claimed.

Many other groups smell blood. According to Samuel Simon, exec. dir. of TRAC, word that NAB's push for proposal has caused strife within Assn. promises "us the win." He claimed: "NAB is feeling stung in the butt and is trying to show they [broadcasters] can lobby themselves out of a bag," referring to statement made last month about broadcasters by Sen. Packwood (R-Ore.) at recent NAB convention that "you cannot lobby your way out of a paper bag in the House."

MURDOCH BACKS LATEST DBS CONTENDER: Satellite Business Systems, America's first Ku-band domestic satellite carrier, has reached \$75 million lease agreement with venture financed by Australian Publisher Rupert Murdoch to launch 5-channel direct-to-home broadcast

network that promises to start service to rural America & SMATV later this year. Venture, called Inter-American Satellite TV, will offer entertainment, informational & agricultural programming aimed at rural America. Headed by William Kommers, formerly pres. of Test Inc., L.A.-based firm in MDS and STV equipment, IAST has formed joint venture with Murdoch's News Satellite TV Ltd., British company which is part of Murdoch's global media empire. NSTL will lease transponders, IAST will be user. SBS contract covers 6-year lease of 20-watt transponders, with options to purchase transponders or to extend lease for additional year. SBS also will provide 5 uplinks, to be located at IAST center in L.A.

Rural spin to project makes it unique among U.S. DBS projects, giving it tight focus on identifiable market segment, apparently ready-made distribution network of farm co-ops. Inclusion of agricultural information in program mix furthermore would appear to offer tax credits & deductions to farmers for purchase of hardware & subscription fees. Agriculture Dept. counts 2.4 million farms in U.S. with sales over \$1,000, with population of 6 million.

According to industry sources, Kommers has ties to associations of farm co-ops, has had "an idea looking for money" for some time. Murdoch, owner of large stable of media properties, including N.Y. Post, London Times, Sunday Times, Sun papers & TV stations in Australia, is known to have been exploring satellite opportunities for some time. There have been reports that he also intends to be involved in European satellite TV activity, has dickered with Satellite TV PLC, London, which controls transponder on OTS-2 with confirmed transponder on forthcoming ECS-1.

Until this new entry, only "early entry" company with confirmed plan to use Ku-band satellites to transmit TV programming directly to homes has been United Satellite Communications Inc., backed by Prudential Insurance, hoping to launch this fall on Canada's Anik C system. Other, higher-powered DBS services, will have to wait until at least 1986 to start.

Customers of early-entry Ku-band DBS service could receive transmissions on dish as small as 1.2-1.8 meters, depending on location. Note: SBS announcement isn't without some irony: SBS just few months ago was telling FCC it was opposed to use of fixed satellite service for "out-of-band" DBS. Now, SBS is firmly in DBS-like business. An SBS official said of switch in positions that when FCC had made it clear that it wouldn't prevent early-entry DBS services from using fixed service bandwidth, SBS changed its mind, decided to participate. Satellite TV Corp. unit of Comsat issued statement promising that it will "compete aggressively against all competitors."

KAN. RADIO LICENSEE OPPOSED OVER 'HATEMONGERING': FCC has been asked by National Black Media Coalition to deny license renewal for Cattle County Bestg., licensee of KTTL(FM) Dodge City, Kan. Coalition alleges that during entire license term station has aired "repeated, coarse and hostile programs attacking blacks, Hispanics, Native Americans and particularly Jews." According to filing, broadcasts have "urged listeners to [learn] the names of local Jews and go kill them."

At issue is program National Identity Broadcast by Rev. William Gale aired daily by KTTL, one of 4 commercial stations in town of 14,500. According to excerpts of programs quoted in Coalition's filing, Gale has made repeated on-air slurs and death threats against ethnic groups. Also, he has urged listeners to form "posse comitatus" groups to take law into own hands, hang govt. officials, filing said.

"We have got a bunch of empty skulls in Washington, D.C. They're going to get filled up or busted — one or the other very soon," Gale is quoted as saying in broadcast July 12, 1982. In broadcast 3 days later, he told how each posse should be organized into leaders, intelligence officers, enforcement people, according to filing. Gale cautioned those who would oppose him and his followers: "If the Jews even fool around with us, or try to harm us in any way, every rabbi in L.A. will die within 24 hours," Gale is quoted as saying. Broadcasts aired July-Aug. 1982.

Program constitutes group libel, petition alleges, meaning licensee has violated fairness

doctrine, failed to assert adequate control over station. Coalition alleges that religious nature of program doesn't shield licensee, that some community residents' lives are at risk because of broadcasts.

Station Mgr. Nellie Babbs denied allegations, said station isn't liable for program's content because it's religious show. "Rev. Gale is responsible for what he says," said Babbs, co-owner of KTTL with her husband, Charles. She said program has prompted lots of criticism. "We've had threats from the state attorney general... over Rev. Gale." She said Attorney Gen. Robert Stefan has "completely blasted everything we were supposed to have done."

Stefan said the Babbs are "mental collaborators" with Gale. "There's no question [they] are attuned to the philosophies being put out. She's not just playing some program because her advertisers have fallen off and she continues it; her public statements have complimented and agreed with many of the policies put out by Rev. Gale, especially the posse comitatus stuff."

Station has offered reply time to disgruntled parties, Babbs said. "We have offered air time to opposing groups. Two groups of people came in and had their say." She said parties were spokesmen for minority groups, each took about 5 min. to reply. Babbs have operated station since Dec. 1977.

SHARP'S PARTING SHOTS: His deregulatory stance unchanged, FCC Comr. Sharp gave some parting observations at Harvard Club in N.Y.: "The fairness doctrine will wither away," Sharp declared. "It's not going to happen this year, or next year, but it will go away at some point." Increase of TV delivery systems will eventually "offer a measure of comfort to those in the public eye who fear they would be frozen out," he said.

On deregulation of satellites, Sharp refused to comment on possible FCC response to filings made in opposition to early low-power DBS. Nor would he make predictions on Orion, private satellite proposal, except to note that it "may well be a competitor to Intelsat." "It's going to be a very interesting question," he added. "Is domestic deregulation equally applicable to the international arena? The answer is: I just don't know." Network financial interest issue won't come to vote before his departure, Sharp said, and probably won't be decided until this fall. In comment on LPTV, Sharp noted: "If you're waiting with baited breath for a license, I suggest you find something else to occupy your time."

Teletext "will be a very, very marginal business" until question of cable must-carry is resolved, Sharp said. "You'll see teletext only develop in the major markets until this issue is clarified."

Refusing to standardize on AM stereo "was probably the right decision," despite frustration in marketplace, Sharp said: "A certain amount of griping gives validity to the course we've chosen," he added.

Plans to join or form new communications law firm are under way, he said, and he'll reach decision by June 3.

ZEN Productions has been formed in Chicago to provide live pay-per-view events for cable & STV, said Zitlin Entertainment Network Pres. Martin Zitlin. "We believe we are the first production company to produce, market and distribute live pay-per-view programming under one roof," he said.

ROCK CENTER BUYING OUTLET: Rockefeller Center will buy most assets of Outlet Co., licensee of 5 TV & 5 radio stations, for \$332.1 million, including assumption of \$87.3 million in debt. Offer is 10 times stations' cash flow, is equal to \$68 a share for each of Outlet's 3.6 million shares outstanding. Rumor of buy prompted temporary suspension of trading in Outlet's stock May 2; when trading resumed next day, Outlet stock rose \$11.75 a share to \$62.50. Outlet was once major retailer, sold most of its stores 2 years ago to concentrate on broadcasting, has sought merger with larger partner. It agreed in July 1981 to be acquired by Columbia Pictures, and when Coca-Cola proposed buying Columbia in Jan. 1982 it said it would take Outlet as well. But deal fell through later when United Dept. Stores, which owed Outlet large sum, filed for bankruptcy.

Outlet's TV stations are WJAR-TV Providence, WCPX-TV Orlando, WCMH-TV Columbus, KSAT-TV San Antonio and KOVR-TV Stockton. Radio stations are WTOP(AM) Washington, WIOQ(FM) Philadelphia, WQRS(FM) Detroit and KIQQ(FM) L.A. Outlet said 5th radio station, WSNE(FM) Providence, will be sold to another buyer because of FCC concentration of media rules. Also apparently involved in deal is WHFS(FM) Bethesda, Md., which Outlet said 4 months ago it planned to acquire, turn into all-news station like WTOP. Rockefeller family will form subsidiary to operate TV & radio stations, install Outlet Pres.-CEO Bruce Sundlun as chmn. & CEO. He's former Washington lawyer.

IRS has allowed RKO General to write off as deductible loss about \$2.9 million in net profits from WNAC-TV Boston donated to public broadcasting organizations & colleges. Money is station's profits accrued during 11-week period when RKO operated station during appeal of FCC decision that RKO was unfit licensee. FCC let RKO operate station during appeal if profit would be put into escrow, but important question was whether IRS would let RKO write off donation as deductible loss. IRS concurred in recent private ruling.

NBC'S 'SIGNS OF SUCCESS': "Prospects are much brighter now than they have been in years" for NBC, which is showing "first signs of success" under Grant Tinker's leadership, RCA Chmn. Thornton Bradshaw told uneventful RCA shareholder meeting in Burbank last week. Pointing to 24% sales gain in first quarter, programming which is attracting 18-49-year-old urban sophisticates, he conceded network is still No. 3 and said more improvements were in works.

At news conference, he amplified comments on NBC when asked whether RCA would "get rid" of network: "Certainly not. It is part of our core business [and has] enormous potential." Calling Chmn. Tinker "best in the business" and "an extraordinary person" who brought NBC team together, he said "they know where they want to go in programming and they are getting there."

At meeting, answering usual challenges to network news, Bradshaw said: "I follow NBC News more closely than anything else that I follow at RCA... News is the most important part of NBC's job." In response to question about renewal of contract of NBC Entertainment Pres. Brandon Tartikoff, Tinker said: "Tartikoff will stay at NBC as long I can keep him here."

Bradshaw made these additional points in answers to questions at news conference:

Entertainment Channel. "We entered the market at the wrong time -- it's almost as simple as that. We misjudged the timing. The cost of building systems was very high, and building drew to a halt. We were depending on new cable systems. The recession began to pinch." Will EC be revived as ad-supported service? "It has some assets" — 1 to 1-1/2 years of programming, 10-year contract with BBC. "We're trying to make the most use of the assets, possibly in a partnership. We're in discussion with various [potential] partners."

DBS. "There are so many new delivery systems — some work, some don't... We must consider very carefully what the market will be before we proceed. I can't see it succeeding in a market already covered by cable... It's like shipping oil by truck when you already have a pipeline. It will be a significant market only where there's no cable or poor broadcast reception. Some day it will be profitable, but not in terms of replacing a total system."

High definition TV. "A very long-term deal. We're interested in a system that could increase the visibility of a picture with some changes in the set, rather than a change in the transmission system," which would be incompatible with current sets.

Other new media. NBC "will probably start" teletext this summer in selected cities. "Pay-per-view is a very good bet for the future."

Predictions. "I don't have faith in predictions. I don't know what's going to happen in 1990. I do believe 3 networks will be here and be very strong... I don't believe in 100 channels any more... There's no room for 8 movie channels, 8 sports channels and 8 news channels -- and there's not room for many narrow channels... The networks are supplying basic

American culture and they're getting better and better at it."

Comedy highlight of uneventful annual meeting came when one stockholder gadfly accused NBC News of deliberately avoiding showing full figure of reporter Judy Woodruff when she was pregnant, concentrating instead on her "upper half," and asked if NBC had policy on this. "Yes, we do," replied Tinker. "If we're going to show one end of a newscaster, it's the upper half." (See separate story for comments on RCA.)

CABLE WORRIED ABOUT IMAGE: Sensing it's perceived as "just another delivery service, and one characterized by smut at that," according to NCTA Pres. Thomas Wheeler, cable industry will form Consortium for Cable Information charged with creating impression cable is best provider of education, information & entertainment. Industry leaders began discussing idea about year ago; it has been pushed by NCTA staff since then. Wheeler launched consortium at closed NCTA executive seminar in Fla., said it will operate under Assn. aegis but outside its budget. "Our industry needs radical surgery on its image," he said.

Group W Bestg. & Cable Chmn. Daniel Ritchie will head consortium. It will depend at first on voluntary contributions. If plan goes well, blitz of studies and ad campaigns could roll out by late in year or early 1984, Wheeler said. Consortium will have similar function to that of TV industry's TIO, formed more than 25 years ago.

Budget of \$750,000 is needed for startup costs through remainder of year, according to Wheeler, who said annual dues will bankroll it afterwards. Response has been favorable, Wheeler said, but — in comments apparently directed at executives' pocketbooks — he cautioned that industry must remain committed for idea to jell. Essentially, Ritchie has been given ball, told to run with it and announce final plans and research projects at June NCTA convention.

When Sen. Packwood (R-Ore.), chmn. of Senate Commerce Committee, was highly critical of NAB's lobbying efforts during Assn.'s convention, immediate reaction in Las Vegas was one of surprise. Later, 2 of 3 Washington network lobbyists said they agreed with senator (Vol. 23:17 p5) — and now Steven Stockmeyer, NAB senior vp-govt. relations and head of its lobbying efforts, says he couldn't agree more. In his criticism, Packwood used terms "you" and "NAB" indiscriminately. In checking his transcript, we note he told convention audience that "you cannot lobby your way out of a paper bag in the House" — not that "NAB" couldn't, as was widely reported. "Packwood's message was exhilarating," Stockmeyer told us. "It couldn't have been better if we wrote it ourselves." He said Packwood statements will result in many more broadcasters getting involved in personal lobbying of members of Congress and in making contributions to TARPAC, industry's political action fund. "Broadcasters are probably a decade behind other industries in terms of PAC and grassroots activities," Stockmeyer said.

ACCORD ON CABLE FUND REACHED: Group of copyright owners led by MPAA has agreed on way to divide 1981 & 1982 cable copyright fund that — if accepted by Copyright Royalty Tribunal (CRT) and remaining owners not parties to accord — would significantly shorten entire process and put some \$65 million in groups' hands in few months. Fund represents payments by cable industry for copyrighted programs aired, is collected by CRT and distributed to copyright owners annually. But owners usually disagree on what percentage of fund each should get, file court appeals seeking bigger share of total fund.

Parties to accord are MPAA, sports claimants, Public Bestg. Service, music performing rights societies and National Public Radio. Group informed CRT of proposed settlement late last week "for the division among them of the portions of the 1981 and 1982 cable royalty funds which are awarded to them in the aggregate." Letter asks that CRT set hearing May 16 to discuss procedures & dates for 1981 proceeding in light of development. Group will make joint presentation to board.

Only groups not going along are NAB and Canadian claimants, although 2 groups participated in discussions. However, spokesman said agreement is written so that NAB and/or Canadian claimants may become parties by agreeing to its terms. NAB has appealed CRT's formula for dividing 1979 & 1980 funds because no allocation was made to commercial radio stations. NAB attorney Michael Berg said: "We will look at this agreement with interest."

Word of accord came as CRT was handing out checks totaling about \$14 million to copyright owners, representing 50% of 1980 fund. Spokesman said CRT -- which also distributed 50% of 1979 fund while awaiting result of court appeal -- will hold rest until appeal filed by NAB and religious broadcasters (who got nothing) is settled.

Distribution of half of 1980 fund was along same lines as 1979 division: MPAA 70%, joint sports claimants 15%, public broadcasting 5.25%, commercial TV broadcasters 4.5%, music performing rights societies 4.25%, Canadian claimants .75%, National Public Radio .25%. Roughly that same division would be followed in splitting 1981 & 1982 funds, spokesman said. Some \$29 million is tied up in 1981 fund, about \$35 million in 1982.

Group will request later that 88% of 1982 fund be distributed to common agent. Complicated agreement also sets up avenues to be followed in event court remands 1979 division to CRT. If CRT accepts settlement during May 16 meeting, no money would be distributed for 45 days while parties wait for NAB and Canadian claimants to accept terms.

K61CA Phoenix is now on air as first black-owned LPTV station in what entrepreneurs hope will be start of black programmed LPTV network. Station is owned by Community TV Network, whose principals are James Winston (exec. dir. of National Assn. of Black Owned Bstrs.), Booker Wade & Samuel Cooper -- all former FCC lawyers. They have applications for 13 other LPTVs, affiliation agreements with more than 100 applicants.

SYNAR INTRODUCES CRT BILL: Proposal to permit all cable systems — regardless of size or location — to import 3 distant signals without paying royalty fee of 3.75% of gross revenues for each signal has been introduced by Rep. Synar (D-Okla.), who represents portion of Tulsa, home of Southern Satellite System and United Video. Bill is effort to skirt Copyright Royalty Tribunal's decision, effective March 15, subjecting cable companies to sharply higher fee schedule.

Synar introduced proposal May 4, claiming it was only way to eliminate "government imposed discrimination against cable TV subscribers in America's smaller communities." Present system permits cable companies in top 50 TV markets to import up to 3 distant signals without paying royalty, with operators in 2nd 50 markets allowed up to 2 signals, smallest markets only one signal.

United Video asked Synar to introduce proposal, company spokesman Robert Price said. It's first such relief bill to be offered in new Congress. CATA has endorsed plan.

Said NCTA Pres. Thomas Wheeler: "We're certainly glad to see Mr. Synar's sensitivity to the issue and we'll be looking at the bill with great interest and great specificity." CATA Exec. Dir. Stephen Effros said bill would end "second-class citizenship in small towns." He said bill stands healthy chance of passage because it doesn't attract major opposition from movie industry. "These small-town cable systems are the ones that dropped signals on March 15 [when new rate took effect]. MPAA and those guys now aren't getting any money from them. But with this bill they at least would get the old rate [.888% of revenue] because those systems then could afford to carry distant signals."

* * * *

NAB put out word last week it had reached agreement with NCTA on support for cable deregulation bill (S-66). According to NAB executive, broadcasters agreed to support bill in return for NCTA accepting amendment codifying must-carry rules. NCTA Exec. Vp James Mooney denied that, said he was "amused" at suggestion NCTA needed NAB's support to get bill passed. Said one cable executive: "With the problems they have now [in Congress, especially with Rep. Wirth], I think having them on board this bill really would be a liability." Mooney denied there was ever any agreement with NAB concerning S-66.

More trouble for CBS and 60 Minutes: Dr. Carl Galloway has filed complaint with FCC charging that Dec. 1979 episode falsely accused him of participating in fraudulent health insurance scheme. Complaint charges CBS staged & distorted news, rehearsed & coached interviewees, aired statements CBS knew to be false. Galloway is represented by American Legal Foundation, which also is counsel for Gen. William Westmoreland in \$120 million libel suit against 60 Minutes & CBS.

ATC has bought People's Cable, owner & operator of 12 small cable systems around Rochester, N.Y. Terms weren't disclosed.

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NETWORK TV HIT ON PRICES: Advertisers & agencies should be "studying alternatives [to network TV] with an unprecedented fervor," John O'Toole, chmn. of Foote, Cone & Belding, told AAAA seminar in N.Y. last week. He cited magazines, newspapers, outdoor, radio "and, of course, there's cable." He said there's enough data now to make sound buys on network cable.

O'Toole hit networks for continued rate increases -- despite drop in viewers -- and for excessive clutter. "The crux of the problem is: We're paying more -- lots more... We have clients reevaluating new product introduction because the projected cost of network television dilutes the payout too much. The fact remains that a good number of my clients and yours who have been traditional network advertisers will not be able to afford it soon."

He said network acceptance of 30-sec. spots in 1971 (adding to clutter) "may be the single worst decision in the history of network broadcast... Here's the 2nd worst: NBC's desperate and destructive offer to let advertisers split the 30 into 2 separate spots -- at, of course, a hefty premium for the networks."

William Ross, Tatham-Laird & Kudner, was critical of network programming, said viewers consistently say they "like the commercials better than the programs they're in. If you consider that 60% of the commercials are an insult to your intelligence, that's got to give you some feeling for what the programming is like." William Phillips, Ogilvy & Mather, said that advertisers must relate more to changes now under way in all media and that ads must be targeted for specific audiences. "Numbers alone won't sell," he stressed.

Van Gordon Sauter, pres. of CBS News, and William Scott, pres. of Satellite News Channel, agreed that cable news networks pose no major threat to over-the-air TV news. Sauter said network news' biggest threat is news of local stations and independents which counterprogram against news. "TV news serves as a window" to public in way that no other medium can, he said. Scott said that each news medium will carve out its own niche and will get its share of viewers & readers. He said there's room for all in approaches & services used in providing news to public.

Personals

ABC News commentator David Brinkley will keynote Sept. 22-24 convention of RTNDA, Las Vegas... Actor Robert Redford speaks at May 19 lunch, HRTS, Beverly Hilton Hotel, L.A.... FCC Chmn. Mark Fowler testifies May 10 before Senate Communications Subcommittee on International Telecommunications Act; Comr. Mimi Dawson and Common Carrier Bureau Chief Gary Epstein testify next day; Comr. Anne Jones participates in May 12 International Telecommunications policy panel sponsored by Georgetown U., Washington Capitol Hilton Hotel; Gen. Counsel Bruce Fein speaks May 12 to FCBA on "Promoting the President's Policies Through Legal Advocacy and Ethical Imperative of the Government Attorney," Vista Hotel, Washington.

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Kenneth Elkins, vp-CEO of Pulitzer Bestg., elected vp & a dir. of parent Pulitzer Publishing Co.; Fred Steurer, engineering dir. for broadcasting, elected vp... Harvey Cohen promoted to vp-gen. mgr., Taft's WCIX-TV Miami, succeeding Edward Adams, named senior vp-Taft TV Group... Sandra Tarcov advanced to mgr.-communications, WCAU-TV Philadelphia... Marvin Posner joins Coleco Industries as senior vp-sales, new post... Lori Shecter, ex-UTV Cable Network, appointed mgr.-research service, Petry TV.

Kathryn Pelgrift moves from NBC to parent RCA as staff vp-strategic planning... Judy Price, ex-ABC Entertainment, appointed vp-children's programs & daytime specials, CBS Entertainment, new post... Robert Zelle, vp-gen. mgr. of WZTV Nashville, promoted to area vp for parent Multimedia Bestg. and Multimedia Program Productions; WZTV Station Mgr. Daniel Maslan succeeds Zelle... Ted Baze, KGMC Okla. City gen. mgr., also elected pres.

Richard Jones, ex-John Blair & Co., joins KBHK-TV San Francisco as national sales mgr... Morrie Beitch, ex-TeleRep, appointed national sales mgr., WFFT-TV Ft. Wayne... Thomas Kirby, ex-KBTV Denver, moves to WTCN-TV as vp-news... WGAL-TV Lancaster Gen. Mgr. David Dodds also named vp... Robert Coppinger, ex-Bernard Howard & Co., appointed vp-sales development, Seltel Inc... Gary Wheelock promoted to news dir., WVN Burlington, Vt.

Benjamin Perez moves from FCC Office of Managing Dir. to legal asst. to Comr. Rivera... Susan Simons, ex-NBC Entertainment, appointed vp-daytime programs, Columbia Pictures TV.

●Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended April 22 (16th week of 1983):

	APRIL 16-22	1982 WEEK	% CHANGE	APRIL 9-15	16 WEEKS 1983	16 WEEKS 1982	% CHANGE
TOTAL TV#.....	306,892	302,940	+ 1.3	305,880	5,238,281	4,770,387	+ 9.8
COLOR#.....	214,460	220,416*	- 2.7	235,170*	3,688,691*	3,188,231	+15.7
MONOCHROME....	92,432	82,524	+12.0	70,710	1,549,590	1,582,156	- 2.1
PROJECTION TV...	1,748*	1,553	+12.4	2,081*	37,660*	24,298	+55.0
HOME VCR.....	45,893*	27,552	+66.6	45,257*	866,254*	453,909	+90.8
COLOR CAMERAS...	3,955	5,572*	-29.0	4,958*	88,030*	74,039	+18.9

Color TV 5-week moving average: 1983--235,880*; 1982--199,512 (up 18.2%).

Home VCR 5-week moving average: 1983--50,424*; 1982--26,738 (up 88.6%).

Excludes projection TV. * Record for period.

GE, ZENITH TO JOIN TV DUMPING FIGHT: COMPACT can look for at least 2 U.S. TV producing allies in effort to have antidumping duties assessed on color TV imports from Korea & Taiwan. GE & Zenith are expected to take active role in pressing case at International Trade Administration and International Trade Commission. GE & Zenith are believed to represent something over 30% of total U.S. color TV market, and about 40% of total domestic color production.

COMPACT, labor-industry group, filed formal complaints alleging less than fair value sales with ITA & ITC last week, as forecast here (Vol. 23:18 p10). Petitions contain only names of actual COMPACT members -- including Corning Glass and Wells-Gardner -- and several representatives of consumer media jumped to incorrect conclusion that action wasn't being supported by any major U.S.-owned TV producers.

For record, Zenith will say only that it's studying petitions, hasn't decided whether to participate. Zenith, of course, has been most active and most vocal U.S. industry member in fighting what it views as unfair import competition, though until now battle has been mainly against Japanese. Insiders tell us only open issue is form Zenith's involvement will take, and that its first support filing is expected in week or so. Zenith has already alerted agencies to expect submissions.

GE "will be very much involved," we were told by TV Div. Vp-Gen. Mgr. Jacques Robinson. As corporation with international outlook, "we have a policy of being very firmly committed to free and fair trade," Robinson carefully explained. Data "as collected by the filing parties" in this case "show that the trade between Korea, Taiwan and the U.S. is anything but free and fair. We see prices that are being held artificially high in the home market," and revenue from sales there being used "to subsidize exports to the U.S." He said GE "applauds the action" taken by COMPACT "and will encourage the govt. to make a full investigation." Activist position is new for GE, which has kept relatively low profile in past industry trade matters. GE, like Zenith, should be making appropriate filings soon.

Industry's other 2 major color TV makers, North American Philips and RCA, can be expected to take usual sideline stance. Though in off-record comments company officials expressed support for COMPACT, both have general hands-off corporate policies when it comes to sensitive trade conflicts. Neither was directly involved in Japanese TV dumping case or in COMPACT's successful bid to have quotas imposed on color exports from Korea, Japan & Taiwan. NAP & RCA made mini break with that tradition in 1981 when they objected to Sanyo's

application to have its Forrest City, Ark. plant declared free trade zone. Sylvania was always openly strong COMPACT supporter, succeeded in getting Japanese TV manufacturers to sign 1978 consent decree in settlement of unfair import competition filed with ITC. But Sylvania was GTE subsidiary then; it's part of NAP now.

NAP and RCA will be involved, as will all other manufacturers & importers, because they will be required to submit market and financial information in response to agency questionnaires. And while rooting for COMPACT, both will also be, to minor extent, on wrong side of fence. RCA is importing 9" color portable from its plant in Taiwan; NAP has, in past, imported small screen color from affiliate Philips Taiwan, and is buying 19" color model from Korea's Samsung.

Most Japanese manufacturers with color assembly plants, which are regarded as part of domestic industry for most purposes by govt., will take no sides in this case. Hitachi has been importing sets into U.S. from affiliate on Taiwan, and so may have something more than sideline involvement. Noting that Japanese are still covered by 1972 positive TV dumping determination, COMPACT has asked that for purposes of this action, Japanese be excluded from consideration when impact on U.S. producers of Korean and Taiwanese dumping is being officially weighed. It asks for similar exclusion for U.S. plants of Korea's Gold Star and Taiwan's Sampo.

In briefing case for media at conference in D.C. last week, Corning Vp Francis Olmstead said information developed by COMPACT indicates Korean color sets are being sold here at dumping margins of up to 46%, while undervaluation on Taiwanese sets runs as high as 60%. Appearing to decry impact of unfair imports on U.S. industry employment was IUE Pres. William Bywater, who as pres. of IUE Dist. 2 (N.Y.-N.J.), moved into national spotlight as prominent labor spokesman on trade issues in early 1970's. He estimated there were 105,000 color-related production jobs in U.S. 10 years ago, said that's down to 40,500 today, including 18,000 in actual set manufacturing, down from 42,000. Color TV production is all that remains of U.S. consumer electronics industry, and if imports result in erasing that, newer, more technologically advanced industries will be next. "If you permit foreign companies to violate our trade laws with impunity, they will come in and take the bloom off the rose of the highest tech industry anyone on the face of this earth can concoct," he said. IUE has been involved with advanced industry for last 40-50 years, and "I think we know a little bit more about high-tech than the statisticians in the Commerce & Labor Depts. or, for the matter, in the White House," he said.

Dumping complaints and support materials from COMPACT cover nearly 300 pages, weigh in at about 4 lbs. While aim of complaints is to obtain country-wide findings, and virtually all manufacturers in Korea & Taiwan are listed or otherwise referred to, specific pricing information is centered on largest producer-exporters, Sampo & Tatung of Taiwan, Korea's Gold Star, Samsung & Taihan. Complaint details general and specific home market and U.S. marketing practices of those companies, including details of pricing on what COMPACT says are most comparable home and export market models. Filings are among most comprehensive and thorough ever made in dumping case and have drawn grudging admiration, subject of course to analysis, from attorneys who will be arguing against it.

ITC has already launched preliminary investigation into whether dumping is likely to injure U.S. industry, will hold first meeting with attorneys from both sides May 26, is scheduled to issue finding June 16. ITA has until May 23 to decide whether to accept case, and if it does, until Oct. 10 to put out preliminary determination on whether sets do indeed appear to be dumped. If all preliminary, and subsequent final, findings are positive, case could be locked up, and Customs ordered to start assessing dumping penalties in mid-Feb. That of course assumes case is considered to be non-complicated, and there are no legal or Administration clock-stoppers along way. Any significant stumbling blocks could drag things on for year or more.

* * * *

As new Korea-Taiwan TV dumping case starts, original 11-year-old Japanese case may at last be coming to end, or at least part of it. U.S. Appeals Court, D.C., last week order dismissal

of COMPACT's challenge to 1980 agreement settling all dumping-related charges and issues on sets imported before April 1, 1979 for \$76 million, lifted injunction barring completion of arrangement. While COMPACT can still appeal for rehearing or seek Supreme Court review, lack of injunction means govt. can, if it wants to, go ahead and liquidate back entries. Zenith still has challenge pending in Court of International Trade (CIT), but no injunction.

In separate COMPACT-Zenith suit attacking govt. procedures that resulted in no dumping finding on Japanese sets imported in April 1, 1979-March 31, 1980 period, CIT ruled neither COMPACT nor EIA Tube Div. Imports Committee has standing as interested party, but permitted individual unions, which are COMPACT members, as substitute. There's no injunction keeping govt. from liquidating those entries either, but Zenith is seeking one on appeal.

VIDEO SPARKS RCA, GE; PRICES FIRING: RCA held victory celebration in Las Vegas last week for its distributors, pledged to continue what it has been doing, only better. GE, meanwhile, displayed completely revamped lines, including its first video component systems, and promised to go to technology's frontiers in next few years in response to consumer needs.

Both companies gave indications — whether wishful thinking or not — that TV prices have bottomed out, and said they were firming up prices in non-critical step-up areas. RCA said its factory prices were up average of 1.5-2% over "most recent sales period." "We've been very selective because of the competitive situation, particularly at key price points," said RCA Sales Co. Pres. Arnold Valencia. "We looked at each element selectively, weighed our objectives for market share against profitability." He added: "What actually takes place at retail would be imperceptible on the basis of what's going on today." Some leader prices have been reduced. Indeed, comparison of suggested list prices with RCA's line of year ago shows extent to which prices crumbled in last 12 months.

"We have definitely priced to recover value," said GE TV Vp-Gen. Mgr. Jacques Robinson, describing prices as flat at competitive points to up at high end. Since first of year, GE list prices have been set market-by-market, so aren't directly comparable with last year's.

Industry has good chance to make money this year with groundswell of public interest in video, said RCA Group Vp Jack Sauter. RCA thinks it's positioned better than almost any other company, was bolstered by new data which showed it increased its lead in color (but not market share) in first quarter, had bigger b&w share. Exulted Valencia: "RCA is the industry leader in every major category we deal in" -- color, b&w, VCR, cameras, disc. RCA is raising its forecasts for color to more than 12 million units this year ("approaching 13 million") and VCR to more than 3 million ("it could run at a 4 million rate this fall").

GE, said Robinson, has more than 8% of color market, expects to "develop a profitable niche" in that market, sees it as "attractive business" when combined with forthcoming new information & video products. TV industry's "financial picture has not been good," but we are "at the leading edge of a revolution" for home, and TV will be a center, he said.

Digital TV chassis will be big part of that future "and we intend to be among the leaders," Robinson said, but gave hint that future may be little farther off than generally believed. "Silicon [chips] are still the critical issue" and supplier says it should have them available so GE "could deliver product in late 1984." ITT, GE's supplier, has been promising to start delivering sample chip sets this fall, quantity shipments in spring. GE is trying to hurry things along; "we are helping the supplier to get us there faster," Robinson said.

RCA & GE STRESS NEW VIDEO PRODUCTS: Video peripherals -- VCR, videodisc, projection TV -- got major emphasis at RCA distributor convention last week in Las Vegas. GE stressed shoring-up of its TV line to prepare for promised new products & technologies -- digital chassis, Home Control Center, super projection TV -- and added one-year labor warranty to middle-to-high-end sets.

RCA's VCR, camera, videodisc player and projection TV lines are all completely redesigned, while color TV emphasis is on monitors and 25" models -- geared more strongly to high-end

products than any showing in recent years. And it unveiled new strategy of "cross-selling" — series of inducements to buyers of one RCA product to add others.

Cross-selling program is strongly evident in new Digital Command Center, MPU-driven remote control system which is standard equipment with all 19 Colortrak 2000 remote sets (\$730 & up) and both new projection models — all of which will include \$50 rebate coupon in carton, good toward any compatible VCR or disc player through Dec. 1984. Remote unit has 55 buttons, controls not only all functions of TV sets but of all RCA 1984-model wireless VCRs and upcoming random-access videodisc player. Because some buttons have duplicate functions with different instruments, RCA calls it "58-function" system.

RCA's commitment to videodisc was strongly underscored with introduction of complete new 5-model line of low-profile "component-look" units. First 4 are priced same as current models — \$300, \$350, \$400, \$450 — but have new all-electronic controls, power loading & eject of disc, new smaller pickup assembly (no longer consumer changeable). Top 2 of those models have dual-speed visual scan — 16 & 120 times normal speed — in both forward & reverse. June 16-Aug. 20 promotion offers \$50 rebate on all 1983 & 1984 players except low-end, in addition to special promotional allowance to dealers buying 3 step-up models.

Bells & whistles galore adorn random-access player, which comes with "30-function" wireless remote (or can be operated by Digital Command Center), still unpriced and due in Aug. Unit features on-screen prompts — "please load disc," "unload," "audio track A or B?," asks specifically for program & sequence information — and it's understood RCA will make more use of this screen-to-user interface in future models. Player can be programmed by time (min. & sec.), band (similar to chapter in LV player) or page (single 4-frame groove), and selections may be played in any preselected sequence, repeated, etc. All existing discs may be programmed by time, 17 "banded" discs will added in Aug., and special stop-action & interactive discs are planned.

New 45" rear-projection TV, designed & built by Hitachi, uses new optical configuration (with standard USPL lenses) to reduce cabinet height by 6", although depth is slightly greater. Significant improvements are new tubes & guns, liquid cooling, liquid coupling of tubes to lenses, black matrix screen (by Asahi Optical), resulting in claimed 65% increase in brightness to 165 ft. lamberts, 200% boost in contrast, widening of viewing angle from 35 to 40 degrees. Sets are \$3,000 & \$3,300, latter with doors. RCA will reduce price of 1983 projection model in Aug., with dealer protection.

First complete Hitachi-made VCR line was featured by RCA, all new, and much was made of point that no competitors will have look-alikes. Open-list leader model and \$1,300 "convertible" home-portable were introduced earlier (Vol. 23:8 p14). New models, all front-load & stereo, are 14-day 6-event unit with wired remote, new electronic indexing system (\$760); 5-head version with wireless remote, 35 cable channels, 16-button tuning (\$1,000); 21-day 8 event keypad-tuned unit, 63 cable channels, Dolby (\$1,300).

Cameras are all-new, also Hitachi-made, topped by "2nd-generation" MOS camera with unique detachable 1-1/2" color viewfinder — probably first beam-index ("Apple") color tube ever commercially produced. Unit features autofocus system based on detail in video picture, has "focus fade" as well as standard black fade, time-lapse photography, titling, date & time on picture, stopwatch, remote VCR control, continuous automatic white balance, f1.2 lens for improved low-light capability, at \$2,000. Low-end 1/2" Saticon camera weighs only 3 lb., has zoom, is open-listed. Step-up, due in Aug., has 2/3" Saticon, 2-speed zoom, infrared autofocus, time-lapse, titling, etc., at \$1,300.

In another aspect of cross-selling, every VCR carton will include coupon good for \$50 rebate on monitor receiver through Dec. 1984. RCA will have usual trade-in program, offering up to \$100 on Colortrak consoles.

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In keeping with marketing strategy designed to help GE broaden its dealer base, as outlined to us last fall by TV Div. Vp Gen. Mgr. Jacques Robinson (Vol. 22:45 p10), company has broken line down into 3 distinct groups. Performance series is no-frills 27-model 10-25" line that

includes some electronic & remote tuning models. Next step is to 21-model 19" & 25" Performance Plus series, all boasting new low power PM chassis with comb filter, 130-channel VIR tuning, higher contrast picture tube, channel block out feature in all remotes, video & audio jacks, 25" consoles with brow-mount controls. At high end is 4-model 19" & 25" Command Performance series, essentially monitor versions of PP models with brow-mount remote tuners, stereo amplifiers. CP models include 19" without speakers (matching plug-in speakers are option), version with speakers, narrow 25" table top and console models with optional speakers. All CP, and stereo audio PP sets are equipped with jack for broadcast stereo audio TV adaptor.

GE is sourcing home, as well as portable, VCRs from Matsushita this year, and line-up consists of essentially same models shown week earlier by Panasonic in Las Vegas. Decks, all featuring electronic tuning, LED function display, start with top-load wired remote, step to slot-load 4-head with 105-channel wireless remote and Dolby stereo audio, high-end version boasting such additional features as 128-channel tuning, elapsed time indicator, electronic indexing. At high end of 2-model portable VCR line is 4-head unit with Dolby stereo, 128-channel remote tuner-timer. Leader 1/2" low-light Newvicon color camera has electronic viewer, power zoom, time-date generator; step has 2/3" Newvicon, full character generator, fade control, stereo audio, reverse video for copying 35mm film slides. GE TV & video equipment pricing details were unavailable.

RCA'S 1984 LINE: Although company says its new line is priced 1.5-2% above "most recent sales period," comparison with suggested list prices of year ago shows some sharp declines in major product categories. Rather than indicating sudden cuts in list prices, this presumably demonstrates how dramatically prices dropped during 1982.

Color line starts with single holdover 9" Colortrak set, replacing 3 models last year, still open listed, believed to be in \$300-plus category; 2 leader 13" portables continue at open-list, followed by electronic tuning model at \$360 (down \$40 from year ago), 2 scan remotes at \$430 (down \$50); single 15", with scan remote, is \$460 (down \$90); only one of two 17" sets remains in line — remote at \$480 (down \$70).

The 19" line starts with 4 open-list models, one of them new, with new remote XL-100 set at \$520 (down \$40 from predecessor), 4 Colortrak keypad non-remotes at \$450 (down \$50), 4 keypad remotes \$550 (down \$40), remote monitor receiver \$730 (unchanged); 25" table model is \$960 (up \$10).

Console XL-100 line again starts with 6 open-list models, with 3 scan remote models at \$750 (down \$20). Colortrak line begins with 3 non-remote keypad models at \$720 (down \$50), 3 keypad remotes at \$870 (up \$20), followed by Colortrak 2000 Design Series with Digital Command Center remote, \$980 (unchanged), 2 units at \$1,030 (down \$70), 2 at \$1,050 (down \$50), new model with VCR & disc storage space \$1,200, new door models at \$1,200. Two 25" table monitor receivers are \$1,040 (one up \$10, one down \$40), new pedestal-base monitor \$1,100, vertical rack monitor with space for equipment \$1,600, double-sided monitor console \$1,350.

Fujitsu & Matsushita are becoming equal partners in \$1.3 million Japanese computer systems and software design venture FM Information System. Venture will concentrate on products for main-frame and personal office computers.

Video software notes: Vid-To-Go, L.A., says it will introduce vending machine capable of handling 750 VHS & Beta cassettes in next couple of months. V-T-G plans to lease machines, says it's close to distribution deal with national retail chain... MGM/UA Home Entertainment Group move to 1350 Ave. of Americas, N.Y.C. 10019, 212-408-0600... Paramount may hold back on release of custom-pressed double CED discs because it feels RCA-established \$39.95 is too low to be profitable. That would limit releases to titles running no more than 120 min. About 1/3 of Paramount's 75 current CED titles are doubles, larger percentage than most studios, in part because studio doesn't like to compress running time... CES is losing attraction for software marketers. As of now, only 38 will exhibit at show next month, down from 58 at last 2 events. Among missing in June will be CBS/Fox Video, Embassy Home Entertainment & Nostalgia Merchant joining previous major dropouts MCA, Warner Home Video. Several porn exhibitors are also slated as no-shows, but may be lured back by offer of improved location.

CBS/Fox distributors, polled at firm's recent convention in Puerto Rico, estimate there will be 15 million VCRs in use in U.S. in 1985, 20 million in 1986, 25 million by 1987. They feel 65% of owners will use recorded cassettes in 1984, up from 55% this year, see that rising to about 80% in 4 years. Distributors don't anticipate much increase in number of cassettes purchased annually per VCR, but most agree tape sales would rise from 5.5 million units last year to close to 20 million by 1987. They expect average cassette price to drop to \$25 range, with almost no change in high level of cassette rentals. At meeting they were told company plans to develop original programs for cassette & disc market, with heavy emphasis on pop music, presumably with help from CBS Records.

Nippon Electric Corp. has officially changed name, as expressed in English, to NEC Corp.

CED EYES U.K.: RCA—has targeted U.K., as expected, for overseas launch of CED player and discs, we were told last week by Chmn. Thornton Bradshaw in Burbank, Cal., site of RCA shareholders meeting. While exact launch date hasn't been set, he said, RCA hopes for 1983 start. Big hangup is programming. "We're trying to get a good quantity of software to support the launch," Bradshaw said.

That translates to about 100 titles, mix of U.S. & European material, with heaviest emphasis probably on movies. RCA has necessary clearances for BBC, ITC and Rank product, but is battling through contractual thickets for Hollywood features that it currently can't take beyond U.S. & Canada. "The trick is to get software lined up," according to Corporate Planning Senior Vp James Alic. "We're not there yet. It's a matter of extending domestic deals." RCA presumably also will have to make special export-rights deals with studios that now handle own disc distribution here, particularly those that already have European sales agreements. Alic doesn't consider Thorn EMI major programming source, doubts its interactive software — designed for VHD — will have much CED sales appeal.

Hardware is ready to go. Hitachi is set as supplier of CED players, said Alic, who lists Toshiba as good prospect, Sanyo as currently doubtful. He won't identify which European country is next target, but Germany has to be strong candidate — RCA has long-standing tie with Beta-Taurus Films for disc distribution. Alic said RCA hasn't decided whether to exhibit CED at International Funkausstellung in Berlin late this summer.

Thorn, which is being wooed for its interactive programming by European Laservision marketer Philips, has become cautious about any disc involvement while it interprets outcome of VHD debut in Japan. Launch went off on schedule for 5 player manufacturers on April 21, another on April 25, with Mitsubishi and Sanyo set to go May 21. Based on announced production plans, monthly sales goals are optimistic 28,500 units, or about 220,000 for this year, at \$540-\$625 suggested retail. Slated monthly output figures by company: JVC 6,000, Matsushita 5,500, Sharp 5,000, Toshiba, Mitsubishi & Sanyo 3,000 each, NEC 2,000, General 1,000.

Gulf & Western is re-entering consumer electronics through its Advanced Development & Engineering Center. First product, due for shipment in July at \$250 list, is Sensaphone, multifunction monitor-dialer. Device monitors home electricity supply, temperature, unusual sounds, and when equipped with appropriate sensors, up to 3 other conditions, automatically dials up to 3 specified phone numbers if anything is wrong. When warning call is answered, unit switches on built-in solid-state speech synthesizer to explain what's wrong, turns on built-in microphone so listener can hear what's going on in house. It also allows owner to call in to check. Sensaphone has touch-pad dialer, can be programmed for 8 numbers, will be first consumer product to carry G&W as brand name. Last G&W move into industry was nearly decade ago when subsidiary Sega tried to market line of projection TVs.

MATTEL SUES ATARI: Atari, which has over last 2 years fired barrage of copyright and patent infringement suits against competitors, is involved in yet another legal action, but this time on receiving end. Complainant is Mattel, which is charging Warner Communications' subsidiary with trying to broaden its game cartridge market by taking theft-of-secrets route.

In Cal. Superior Court suit asking for \$40 million in punitive damages, plus unspecified actual damages, Mattel accuses Atari of luring away 3 of its employees to get information needed to develop and market line of game cartridges for Mattel's Intellivision videogame consoles. Suit also asks court to block Atari's use of information it allegedly obtained in that manner. Mattel says Atari plans to introduce new cartridge line late this summer.

Introduction of Intellivision-compatible cartridges would be first for Atari, which has restricted both its game and computer software sales to programs for its own console formats. Its 2 leading game hardware competitors, Mattel and Coleco, started marketing games for Atari 2600 consoles last year, and Atari-compatible games are sold by some 2 dozen independent marketers. In addition, Coleco has Atari game adaptor for its Colecovision console, and Mattel has one on way for Intellivision. Atari move into new software format for games may be signal company also intends to broaden its computer software horizons.

COMPUTER-GAME DROPOUTS: Casualties are starting to mount in computer and videogame price war. Here's latest roster of fatalities and walking wounded:

Emerson has shelved plan to introduce \$199 16K computer expansion module for Atari 2600 console. Unit, shown at last Winter CES, was apparently dropped after Atari announced plan to introduce \$90 keyboard add-on for game.

Mattel, has trimmed about \$30 from estimated retail price of Aquarius stand-alone 4K unit, now selling at about \$120, says pricing on peripherals is down as well. Add-on for use with Atari video games is expected to retail for about \$60 (down \$40), data recorder for \$55 (down \$45).

Spectravideo says it will retain \$299 list on 32K computer it plans to market soon, but will throw in free \$125 software package. Dealers will have option of giving away software or reducing computer price.

Data Age is being liquidated following inability to work out Chapter 11 settlement with creditors owed \$7.9 million. It's 2nd videogame cartridge marketer to go down in as many weeks. Other is U.S. Games, being folded by parent Quaker Oats.

Portable computer from Convergent Technologies of Santa Clara, Cal. will be book-sized, non-programmable, designed only for running applications software. Unit, to sell for less than \$1,000, will use Hitachi MPU, have new 16-row 80-character LCD.

BRADSHAW SEES DISC PROFIT: "We'll make money on that business in 1985 if all goes well." So said RCA Chmn. Thornton Bradshaw last week at news conference before stockholder meeting in Burbank. "Disc player numbers are getting significant," he said. "It took 7 years [to make money] in color. We'll go into the black on videodisc much more rapidly." He said his forecast covered profitability of entire system — both disc and players — and indicated that if business were slower than anticipated breakeven would come in 1986.

He said first quarter was better than anticipated, but "we didn't make much money on TV because of high inventories." Now that inventories have been worked down, "we look forward to the rest of the year with very low inventories" in period of high demand. "We're looking for increased margins, and when margins are higher, you make more money."

In answer to question about industry's low profits, he said that since he was at RCA, in last 2 years, "we have made money throughout various cycles in consumer electronics," but conceded that it's "low-margin business and one which competes with imports." He added that RCA's efficiencies and worldwide manufacturing and sourcing were able to compete effectively. Other Bradshaw comments:

High definition TV: "A very long-term deal. We're interested in a system that could increase the visibility of a picture with some changes in the set, rather than a change in the transmission system," which would be incompatible with current sets.

Electronics & communications: "They have more potential in shaping our world than anything I can think of."

For 1983, Bradshaw told annual meeting, "we expect the economic recovery to gain greater force throughout the year and RCA will benefit from that." He made no specific sales or profit forecasts. In response to shareholder question, he said RCA's total advertising bill last year was \$256 million, of which \$65 million was in newspapers & magazines, \$50.8 million on TV-radio, \$66.1 million in sales promotion, \$29.3 million for ad department operations, \$45.7 million for co-op advertising.

In response to another question, he said "RCA doesn't intend to miss" digital Compact Disc revolution — "we will see the day when digital audio is standard." Other annual meeting highlights will be found in broadcast section of this issue.

CB licensing requirement is being dropped by FCC, move it says will save almost \$400,000 annually. Agency says operators will still have to be familiar with rules, and though unlicensed, are subject to fines for violations. CB market went through boom-bust cycle in 1974-78. While FCC issued more than 15 million licenses then, it's estimated that more than half of equipment owners never bothered to apply.

Matsushita is producing metal evaporated tape for 50,000 8mm format videocassettes monthly. It claims capacity for million monthly.

UPBEAT COMDEX: Semiannual Comdex computer show, after just 5 years, reached half the size of CES at its most successful edition which recently ended in Atlanta, attracting 35,000 attendees, 700 exhibits.

But it clearly doesn't rival CES as showcase for products aimed at consumer electronics dealer. Mass-market producers, by-&-large, didn't exhibit, and any major home computer announcements presumably are being saved for June CES. Retailer attendees were overwhelmingly from specialized computer stores, not traditional mass consumer electronics outlets.

But that doesn't mean focus wasn't on home market — it was, but on sophisticated equipment sales to consumers through specialist dealers. At seminar, Creative Strategies' Chris Yalonis forecast strong inroads into home market by spreadsheet, database management and word processing software, estimated retail revenues from home software applications market this year at \$1.31 billion, rising to \$10.25 billion in 1987, with record, book & mass-market outlets competing with computer dealer, but with "room for all."

Future Computing's Egil Juliussen estimated 2.1 entertainment programs were sold with every personal computer bought for home. He said 43% of home customers buy spreadsheet, 39% word processing, 20% accounting. By 1987, he predicted, entertainment software sales will total \$3 billion, making it biggest segment of entire hardware-software market, with educational software totaling \$1 billion, 70% of it sold to homes, and total software growing from current 25% to 46% of home computer marketplace by 1986.

Game sales approach was being patterned by exhibitors after phono record business, several saying that customer for computer game software is exactly same as record buyer. Software publishers estimated that game prices would hold at \$30-\$40 for new titles, dropping to \$15-\$20 for old ones. There was no rampant discounting, presumably because there are no dominant brands, very low market saturation.

Italy's Zanussi is looking northward for help with its troubled consumer electronics operation (Vol. 23:14 p20). At govt. request, company has opened talks with N.V. Philips and France's Thomson-Brandt. Current talks are believed to center on Zanussi's need for technological assistance to make color profitable, rather than on any direct financial participation. Italian govt., meanwhile, is preparing proposal for Zanussi to join in program of financial aid for reorganization of nation's consumer electronics industry. Move comes as EEC begins to show concern over concentration of industry in hands of 2 or 3 major companies. Multi-company competition at home combined with comprehensive export policy has made Japan electronics power it is today, according to EEC Industry Commissioner Etienne Davignon. He said EEC would consider 5-year \$1.3 billion technology R&D program for electronics & communications producers at meeting in Oct. Effort, requiring collaboration by European manufacturers, would be financed on 50-50 basis by EEC and business interests.

ACTIVISION UP IN DOWN MARKET: Intense videogame cartridge market competition and general sales sag of last 2 quarters that brought red ink to Atari & Mattel and put Data Age and Quaker Oats' subsidiary U.S. Games into liquidation apparently has had little adverse impact on Activision, first and biggest independent cartridge marketer.

In year to March 31, Activision had sales of \$157.6 million, up 138.9% from \$66 million in fiscal 1982, its first year of fullscale operation, and net jumped 48.5% to \$19.2 million from \$12.9 million. Figures are in preliminary prospectus for 4.5 million share offering designed to take company public. Shares are expected to sell in \$15-\$17 range, putting total value at \$67.5-\$76.5 million. Activision itself is putting up 3 million shares, will get \$45-\$51 million of proceeds. Rest of stock is coming from insiders and start-up investors. Insiders will retain 50.4% interest after completion of sale.

Activision wasn't entirely unscathed when game market crunch hit. Figures show its net in relatively peaceful quarter to July 3 last year of \$4.35 million was equal to 14.2% of its \$30.6 million sales. In period to Oct. 2, net of \$4.4 million represented 13.7% of \$32.1 million sales, and dropped again to 9.4% in quarter ending Dec. 31, when net was \$4.7 million on sales of \$50.1 million. There was bounce back to 13.7% in last fiscal quarter, when company earned \$5.73 million on sales of \$44.9 million. For year, net was 12% of sales, down from 19.6% in preceding year.

Prospectus says Activision expects sales-earnings ratios to be lower in opening 2 quarters this year, on higher sales, because of increased marketing and administrative costs, lower margins on inventory of titles it plans to discontinue and close out at discount prices. Also eating into net is rising ad costs. Company spent \$6.8 million in fiscal 1982, jumped that to \$38.3 million in fiscal 1983 when outlay was equal to 24.3% of sales volume, up from 10.3%.

Success secret, prospectus indicates, is Activision's original design capability — it employs 34 designers in 5 centers. It notes company hasn't followed others in buying rights to coin-op arcade games or themes based on other media — a practice, it estimates "will diminish in relative importance to the industry" as number of titles on market increases. It keeps designers by publicizing their names on games and in ads, and through competitive compensation programs. How well that works is reflected in figures showing that of 23 titles released through March 31, 14 have sold more than 500,000 copies, including 2 at more than million. Company released 11 titles in fiscal 1983, says it will top that this year, including first releases for home computers. Sales to date have been limited to software for Atari & Intellivision game systems.

Activision says it was in sold-out condition for most of last year, will use proceeds to correct that. It says it intends to build 2nd plant, which will double its capacity. Also on tap are expansion of administrative and warehousing operations in U.S., construction of foreign facilities to bolster export sales.

Current holders paid average of 1¢ per share for 1.5 million shares they're including in offering, will get back up to \$25.5 million for their combined \$15,000 investment. Pres. James Levy, ex-GRT vp who co-founded Activision, earned \$477,400 in salary and other compensation last year, will get up to \$1.27 million for 75,000 shares he's putting in sale pot, and will retain 1.93 million shares with market value of as much as \$32.7 million.

Other co-founders, who received stock for launch effort as well as reward for designing games, aren't doing badly either. They include: Alan Miller, credited with 5 games, selling through trust \$680,000 worth of shares, retaining \$21.6 million; David Crane, 7 games, selling \$850,000, retaining \$22.1 million; Robert Whitehead, 6 games, selling through trust \$782,000, retaining \$23.8 million. Larry Kaplan, former designer and credited with only 2 games, is selling \$1.02 million, retaining \$4.57 million.

Phone-fed videogame service, Gameline, from Control Video Corp. (Vol. 23:13 p18), will operate though Atari 2600 plug-in auto-dialer modem CVC plans to market through retailers at \$60 list. Modem will hook via WATS line or special toll free network to CVC computer in McLean, Va., capable of handling up to 3 million calls at once. Games, at \$1 each, load in 30 sec., run 7-10 plays, then erase. Customers pay \$15 onetime membership fee, are billed through credit card, and system has security code allowing parents to call in and set credit limits for children. Pres. William von Meister said 30 games will be on line at start up in July, with 6 added monthly. He said CVC has 100,000 modems on order for launch, expects to have 250,000-400,000 by Christmas, to support sales in up to 30 markets. He said company has \$5 million in equity investment, primarily from independent game producer Imagic. CVC, he claimed, has rights to 100 games, is in discussion with Atari, Coleco, Mattel and Parker Bros., while Activision has declined involvement. System, von Meister said, could be expanded to handle sports news, stock quotes, electronic mail and, with proper partner, banking. He said there were no specific startup dates for those services.

Thomson Group of France reported 1982 loss of \$298 million, 12-fold jump from 1981 deficit. Loss came mainly from professional electronics operation, while Thomson-Brandt, which is responsible for consumer electronics operations, had earnings drop of 54% to \$18.6 million on 26% sales rise to \$1.27 billion. Thomson-CSF, responsible for electronic components, broadcast & telecommunications gear, has loss of \$284 million, 26% larger than last year.

China is trying to attract investment from Taiwanese industrialists in 3 special economic zones being set up. Incentives include 4-year tax holiday followed by 50% tax cut for 5 years, 5-year exemption from land use taxes, right to sell 30% of qualified product output in China. Those who take bait, however, are subject to fines and imprisonment for violating Taiwan laws prohibiting citizens from doing business in China.

Free trade zone status is expected to be sought by Japan's Sharp and Korea's Gold Star for their respective color TV plants in Memphis, Tenn. and Huntsville, Ala. Staff member of Foreign Trade-Zone Board, which passes on such applications, said representatives of both companies have expressed interest. Application filed by Toshiba last year for its Lebanon, Tenn. plant is still in works. Sanyo Mfg. Co. has already won free zone status for its Forrest City, Ark. plant, but must pay full 15% duty on any imported color tubes it uses to assemble sets to be marketed here. Approvals given for any other foreign-owned color plants are likely to include same restrictions.

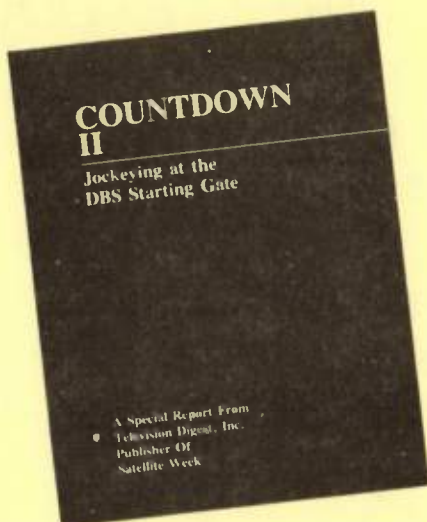
Ad notes: Konica appoints Levine, Huntley, Schmidt & Beaver for video & audio cassettes with \$1 million budget for line introduction... Atari appoints Backer & Spielvogel for Ataritel, new marketing unit, with \$15 million ad budget... JVC appoints HWH Enterprises for PR.

Apple Computer won preliminary L.A. District Court order enjoining Formula International from copying or selling Apple software for use in Pineapple computer kits it imports from Hong Kong. Order breaks new ground in that it includes use of Apple software in built-in ROM operating system, necessary for Pineapple computers to run programs designed for Apple. Apple tried, but failed, to get similar injunction in copyright infringement suit, against Franklin Computer, now pending in Philadelphia.

Curtis Mathes & Morse are subject of suit by Morse public shareholders who claimed companies violated SEC regulations in developing pending \$1.50 per share tender offer for outstanding stock of Morse in move to take company private (Vol. 23:8 p16). Morse is 44%-owned by CM parent, Mathes Corp., and speculation is Mathes will eventually take control. Suit asks unspecified damages be awarded holders who owned Morse shares on or after Dec. 16, 1981, date Mathes agreed to buy into Morse.

COUNTDOWN II

Jockeying at the DBS Starting Gate



Suddenly, the DBS game got a lot more complicated. "Early entry" DBS systems using conventional satellites are poised to begin service this year, possibly to erode the market for high-power systems set to start in 1986. With hundreds of millions being invested, there already have been some notable corporate casualties and drop-outs.

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Consumer Electronics Personals

Kazuo Kubo, former pres. of Sharp West Germany, named new pres. of Sharp U.S., succeeding T. Sugawa, who has returned to parent in Japan... Robert Wright resigns as Cox Cable Communications pres. to rejoin GE as vp-gen. mgr. of Housewares & Audio Business Div., which includes GE Cablevision, replacing Walter Williams, now chmn.-pres. of GE Information Services. Wright is former GE Plastics Sales Dept. gen. mgr... Roy Ekrom advanced by Signal Co. to Ampex pres.-CEO, succeeding Arthur Hausman, who continues as chmn... Kathryn Pelgrift promoted at RCA from NBC planning & business development vp to corp. strategic planning staff vp.

Jerry Junkins, Texas Instruments exec. vp, Data Systems Group, adds overall responsibility for Consumer Group, replacing William Sick, who retains responsibility for Semiconductor Group. In CG, Herbert Shanzer named mgr. for home computers, replacing Don Bynum, shifted to R&D position; CG Pres. William Turner adds interim responsibility for calculators & portable computers, succeeding Schanzer; Rolf Habereet resigns as Semiconductor Group operations vp, with duties assumed by Sick; James Hubbard named European semiconductor operations mgr... Jerry Ruttenbur, former Atari national sales dir., joins parent Warner Communications as mkt. & distribution strategies dir., reporting to Leon Knize... Dennis Reer, ex-Panasonic, joins Casio Consumer Products Div. as computer mktg. mgr... Vahran Erdekian, ex-Digital Equipment Corp., appointed Franklin Computer mfg. vp.

Robert Kennedy appointed accounting dir. of new Video Enterprises unit of CBS Records... Susan Blodgett, ex-Spencer Gifts, joins CBS/Fox Video as special products mgr.; Debra Gonchor named programming development mgr... Hal Lewis promoted to operations vp, Corp. for Entertainment & Learning, new post... Kathy Hedrard named operations officer, Moyer Theaters' First Stop Video... Charles Van Horn, ex-Assn. for Educational Communications & Technology, joins ITA as operations dir.

Donald Emden, ex-GTE, joins Philips ECG (Sylvania tubes & component) Distributor & Special Mkts. Div. as communications & sales promotion mgr... Peter Smythe, ex-TI, joins Mostek as North American sales vp; John McNeely, ex-Xerox, named systems technology vp-gen. mgr... James Smith advanced at Harris Semiconductor to sales vp, replacing Ralph Kaplan, appointed European semiconductor operations vp.

Metalized plastic RF radiation shielding compound suitable for molding housings for computers, videogames, electronic telephones and other products that can emit or be effected by electromagnetic interference, has been developed by Toshiba. Material, which contains metal fibers, can be used in standard injection molders, will lower 100-400-MHz waves by 50-60 db, against 60-70 db for other metallic shielding, and at 20% lower cost, Toshiba claims.

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
Electrohome			
1983-13 wk. to April 1	35,211,000	(741,000)	--
1982-14 wk. to April 2	44,345,000	100,000	.02 ^b
Esquire Radio & Electronics			
1983-qtr. to March 31	9,332,600	247,600	.57
1982-qtr. to March 31	12,018,200	438,700	.91
Kloss Video			
1983-qtr. to March 31	4,206,345	118,279	.07
1982-qtr. to March 31	2,972,765	128,137	.07
M/A-Com			
1983-26 wk. to April 2	303,257,000	12,412,000	.31
1982-26 wk. to April 3	272,747,000	20,715,000	.54 ^b
1983-13 wk. to April 2	151,843,000	6,027,000	.15
1982-13 wk. to April 3	144,574,000	11,200,000	.29 ^b
MCA			
1983-qtr. to March 31	430,940,000	39,018,000	.81
1982-qtr. to March 31	325,260,000	24,287,000	.51 ^c
Oak Industries			
1983-qtr. to March 31	106,625,000	(24,342,000)	--
1982-qtr. to March 31	134,745,000	7,450,000	.46
Orion Pictures			
1983-year to Feb. 28	136,454,000	6,707,000	.73
1982-year to Feb. 28	86,594,000	(16,721,000)	--
1983-qtr. to Feb. 28	37,971,000	1,462,000	.15
1982-qtr. to Feb. 28	18,329,000	(40,098,000)	--
Reeves Communications			
1983-9 mo. to March 31	160,258,000	14,447,000	1.16
1982-9 mo. to March 31	165,382,000	16,197,000	1.34 ^c
1983-qtr. to March 31	53,988,000	5,008,000	.40
1982-qtr. to March 31	56,580,000	6,801,000	.55 ^c

Notes: ^aIn Canadian dollars. ^bRestated. ^cAdjusted.

FIRST-SALE SLOWDOWN: Copyright law revision to eliminate first-sale doctrine and give studios slice of retail videocassette rental pie won't be going anywhere fast. EIA-supported Home Recording Rights Coalition may not have shot down MPAA-backed legislation at Senate Copyright Subcommittee hearing (Vol. 23:18 p17), but its progress has slowed considerably.

There's unlikely to be real action on Fair Marketing Amendment until Supreme Court decides Betamax case, though it could get to full Judiciary Committee, member of Sen. Mathias (R-Md.) staff told us. That verdict will be arrived at next month at earliest. If court upholds ruling that home taping is copyright violation, some form of exemption legislation will certainly be proposed, possibly including provision for fee on VCRs & tapes, and FMA will become part of that.

On that basis, MPAA appears to have lost battle to keep FMA separate issue. "We don't want in-home taping aligned with a video sale & rental bill. They're not lumpable," said MPAA Vp John Giles. "We didn't anticipate both being lumped together." Giles claims to be pleased with April 29 hearing, said FMA has gained support among Subcommittee staffers, but acknowledges "it's very, very difficult to get a [Judiciary] nose count."

WEEKLY

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MAY 16, 1983

VOL. 23, NO. 20

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

COURT UPHOLDS RADIO DEREG: FCC action affirmed but court tells Commission to rethink eliminating programming logs. (P. 1)

MORE TROUBLE BREWING FOR NAB: Large groups have met in N.Y., plan another session in Washington to discuss hiring own lobbyist. Some talking about withdrawing from NAB. (P. 2)

ABC PLEDGES \$10 BILLION program commitment over next 5 years. Duffy sees network dominance continuing. Pierce denies network would drop affiliates for alternate delivery system. (P. 4)

CABLE BILL AMENDMENT PLANNED to meet concerns of telcos. May reach floor next week. (P. 6)

FAIRNESS DOCTRINE CHANGES EYED: FCC issues rulemaking to eliminate or modify personal attack and political editorial rules. (P. 6)

NAB EXEC. GROUP BACKS LOBBYING: 'Hard-ball maneuver' deregulation push over objections of Wirth affirmed. (P. 7)

GAO REPORT CRITICAL OF FCC, also advises partial deregulation of application procedures. (P. 7)

DEREG FIGHT CONTINUES as Reps. Tauke & Tauzin push amendment. (P. 8)

COURT UPHOLDS MOST RADIO DEREGULATION: In major victory for FCC's deregulatory efforts, U.S. Appeals Court, D.C. last week upheld most of Commission's 1981 sweeping deregulation of commercial radio. Although expressing "several serious reservations," Court remanded for reconsideration only part of FCC order which eliminated requirement to keep programming logs. Decision should provide support for FCC and congressional efforts to deregulate broadcast industry along similar lines.

Noting that FCC enacted significant deregulation on its own, opinion stated that Commission "has pushed hard against the inherent limitations and natural reading of the Communications Act... However, we take this opportunity to note that Congress, and not the Commission, may be the more appropriate source of such significant deregulation." Judges said they couldn't state that FCC overstepped authority, but said it should be Congress "not the unrepresentative bureaucracy and judiciary, that takes the lead in grossly amending [this] system, thereby providing the public with a greater voice in this important process."

Consumer Electronics

'HI-FI VHS' marketing started in Japan by Matsushita as answer to Beta Hi-Fi, but there's still no official standard. (P. 11)

COLOR TV & VCRs reach history's highest sales rate in April; 91,646 VCRs sold in single week. First quarter videodisc player sales 79,000 units. (P. 11)

SONY BETA MOVIE goes on sale here in fall at \$1,500 as accessory to Beta home VCRs. (P. 12)

MARCH IMPORT SURGE pushes color to new first quarter record; VCR also record, but only by 2%. Japan dumping case back on hold. (P. 13)

QUASAR MOVING TO BLACK, should at least break even this year, says Pres. Pluckhan. Quasar, Sharp, Hitachi, NEC, Sampo lines. (P. 14)

GROWTH OF COMPONENT TV, stereo, digital chassis, charted in Mackintosh study. (P. 16)

SEIKO WATCH TV, with LCD display, scheduled for U.S. market in Oct. at \$495. (P. 16)

PHILIPS' WORLD VIEW: World consumer audio & video to total \$62 billion in 1986. (P. 17)

CHINA BUYING \$23 MILLION turnkey 12" b&w glass plant from Sumitomo, Nippon Glass. (P. 17)

FCC's Jan. 14, 1981 order made major changes in 4 areas: (1) Eliminated quantitative guidelines for nonentertainment programming and retained a more limited obligation to provide such programming. (2) Eliminated formal ascertainment procedures. (3) Eliminated quantitative guidelines for commercial time. (4) Eliminated program log requirements. The 1981 decision was appealed immediately by several groups, including United Church of Christ, Classical Radio of Conn., NAACP and Henry Geller.

Court said FCC critics were wrong, that Commission didn't eliminate all regulation of nonentertainment programming in favor of total reliance on marketplace forces. "We find that the Commission's imposition on licensees of an obligation to provide programming responsive to community issues constitutes a reasonable interpretation of the public interest standard... The Commission has deliberately redefined the programming responsibilities of radio licensees so as to provide greater discretion to licensees within the limits of their statutory obligations as public trustees... Petitioners fail to show that the public interest standard mandated anything more," 3-judge panel wrote in 57-page opinion. Judges were Wright, Bork & Jameson; Jameson is from U.S. Dist. Court, Montana, "sitting by designation." Wright wrote decision.

As for elimination of formal ascertainment, Court wrote that it couldn't label decision arbitrary or capricious: "The Commission's policy discretion in this area is quite broad... Indeed, this decision would appear simply to restore the regulatory regime in effect" prior to 1971. As for eliminating limits on commercials, opinion said FCC gave adequate consideration to opposing arguments, but noted that "we admit that we are given pause by the Commission's decision never to consider formal challenges to the possibly blatant commercial excesses of any individual station."

Court, however, remanded decision to eliminate programming logs. Noting that nothing in Communications Act explicitly compels requiring programming logs, Court said: "We find the Commission's reasoning and analysis [in reaching that decision] to be inadequate. In particular, we believe that the Commission failed to give sufficient consideration to the benefits of retaining a modified form of programming logs more appropriate to the informational needs of the new regulatory scheme established." Court said decision was additionally disturbing in light of FCC's plans to simplify renewal procedures: "That the Commission would simultaneously seek to deprive interested parties and itself of the vital information needed to establish a prima facie case in such petitions [to deny renewal] seems almost beyond belief."

FCC Chmn. Fowler called decision "a major victory for the public. It's a recognition that the marketplace can be, and is, a more effective insurer of the public interest than artificial government requirements. The bottom line is that the court has agreed with our basic decision [and] this confirms the basic ability of the agency to move on other deregulatory initiatives in a prompt sense."

As for remand on programming log requirement, Fowler said: "I think what this case does underscore is that the agency must be careful in properly constructing the underpinnings that support any deregulatory action. I am confident we can move quickly to answer the questions the court raises."

NAB Pres. Edward Fritts applauded decision: "This will buttress our... efforts to attain statutory relief through legislation while providing immediate relief for broadcasters in the marketplace so that they can better serve the public."

MORE TROUBLE BREWING FOR NAB: Executives of 7 major groups met in N.Y. 10 days ago to discuss need of hiring their own Washington lobbyist and whether NAB is — or can be — effective representative of their interests. Another meeting is planned, with several more groups expected to participate, in Washington June 9 in connection with meeting of MST. "I expect we'll take some action at that meeting," we were told.

N.Y. session was called by David Henderson, Outlet Co., and Joel Chaseman, Post-Newsweek Stations. P-N's WDIV Detroit already has withdrawn from NAB; Chaseman said he didn't expect to pull other stations at this time. Henderson said he'll make decision soon on whether to keep Outlet stations (which are being sold to Rockefeller Center) in NAB.

Leaders of movement said they got substantial support at ABC TV affiliates' convention in L.A. last week, are working NBC TV affiliates this week and will be after CBS stations at that network's convention next week. They stressed "it's not an anti-anything movement... We're not throwing rocks at [NAB Pres.] Eddie Fritts."

However, another added: "I don't think you can separate Fritts from the maze... He is beholden to the TV networks. They got him elected... He has not drawn the affection of the TV industry." This broadcaster, and others we talked to, pointed out that interests of major-market TV stations don't always coincide with interests of networks and seldom are compatible with those of small-market radio stations. "Yet, NAB claims to represent all of us... It just can't be done." Another asked: "Can the NAB survive?"

"NAB has always served all segments of the industry well," Fritts told us. "And there has been, since I became president, no significant shift in policy or personnel that would reduce our effectiveness in any one area." Fritts said he had heard about N.Y. meeting, but didn't know who principals were. "If NAB is failing to serve the interests of any group, we were unaware of it and I and our executive committee... would like to have an opportunity to meet with various group owners to discuss what their specialized needs might be and what NAB should be doing that we're not doing now." He said those needs of major group owners "have never been articulated to us."

Head of major group who wasn't at N.Y. meeting, but who has been approached on movement, told us: "I'd rather work through existing machinery... but if you can't then maybe you'll be forced to do it outside." He said that many of group's concerns are of type that NAB shouldn't be asked to help solve. Issue of large stations and NAB is one that comes up periodically, but nothing has ever been done. "This time around, there's a lot of steam," we were told. However, if groups do hire their own lobbyist, there will be no pressure put on backers to drop NAB. "That decision will be left to the individual groups," organizer of move said.

Sounding worries were William Moll of Harte-Hanks, who said: "I don't want to do anything that would appear to be undercutting the NAB." John Conomikes, Hearst Stations, also defended NAB, said it would "be a very drastic move" for major groups to get out.

MST Pres. Tom Paro said he had no knowledge of group's plans at Assn.'s meeting, "and I have nothing to do with it." He said MST meeting had been scheduled for 6 months or more, will mainly deal with issues of technology and interference problems.

"We are not in any way interested at this point in withdrawing from NAB or urging other people to," another group owner who supports movement told us. "There are a lot of divergent interests in NAB [and] a number of group owners believe at times we need more concentrated interests on behalf of TV stations." That executive said MST "fills some of these functions" but mainly concentrates on spectrum concerns. "To the degree we join others to discuss additional representation in Washington, it should be in the context of our specialized needs."

"I think the industry would be best served if there's a united front on broadcast matters," broadcaster who's moderate on issue told us. However, he added that "if they want to [form new group with separate lobbyist] that's their prerogative." He defended Fritts: "This has been a transition year... The Fritts administration has done a very good job of aggressively expounding radio and TV's basic interests in the area of government legislation."

This broadcaster and Fritts suggested time may have come for NAB to form new internal panel representing major-market stations. "Maybe we ought to have a 1-to-50 TV committee to meet their needs with greater emphasis," broadcaster said. "If there is a need to form a top 50 market committee to serve those needs, we would do so if it's shown there's a void there," said Fritts, who maintained, though, that "NAB's diversity is in large measure its strength."

Fritts was angered at charge that he favors networks. "That simply is not true... I am not controlled, nor is this association controlled by any person. There are no special favorites. I feel I am first responsible to the executive committee and the board of directors. I feel I have the confidence of the board." Chmn. William Stakelin agreed: "I have been in on most

negotiations, and to insinuate or imply that this association or Eddie Fritts has worked for the interests of networks is inaccurate, it's laughable." Stakelin urged united front "because we're about to accomplish the best thing ever for television -- total deregulation."

PIERCE DENIES ABC WOULD DROP STATIONS: "The whole tone of this meeting from ABC executives [toward affiliates] is 'like us, love us'... If ABC had the chance, it would squelch us tomorrow" for new delivery systems to public — such as direct broadcast satellites. "I think they're running scared and I don't know why they're doing it." This was comment to us in L.A. by TV head of major group owner as ABC TV affiliates' convention drew to close last week. Our informal survey of dozen other affiliates was equally split on whether networks would drop affiliate system if they had option.

"That's absolute nonsense," said ABC Pres. Frederick Pierce of statement that network would like to bypass affiliates and go directly to homes. "The amount of money we have committed for programming [\$10 billion over next 5 years, see below] shows this is not true... We believe in the present broadcast system of distribution [and] I am speaking for the corporation."

It was ABC's 30th anniversary convention, using new theme "That Certain Feeling" for fall season. Affiliates generally liked what they saw and heard from network executives. Edward Lasko of KCRG-TV Cedar Rapids said he had been affiliate since 1954 and that new fall schedule "is the most solid I've ever seen."

At closed session, affiliates raised questions about "TeleFirst" — late night pay-movie operation due to start on experimental basis over WLS-TV Chicago in first quarter 1984. ABC Video Enterprises Pres. Herbert Granath said it's a "given" that TeleFirst will cause some audience erosion — but that erosion would happen anyway. He said he is very excited about TeleFirst, promises there will be no X-rated movies.

Stations complained that ABC affiliates weren't being compensated as well as CBS & NBC stations. Network told them to take a look at fringes -- such as fact 27 episodes (compared with 24 this year) of Dynasty have been ordered (at cost of \$1 million per episode) to extend new programming into 1984 May sweeps. ABC also said affiliates' adjacencies for local sale are more valuable on ABC, promised to take look at compensation question and report back.

Senior-Vp-Gen. Counsel Everett Erlick reviewed Washington matters, asked affiliates for stronger support on financial interest. Eugene Bohi, WGHP-TV High Point, N.C. and chmn. of affiliates' Govt. Affairs Committee, warned that "all is not well in Washington. There are those who at this moment are plotting to reach into your pocket. They feel that deregulation has a price tag — it's called a spectrum fee." Bohi attacked HR-1155, Minority Telecommunications Act introduced in House by Rep. Collins (D-III.). "If you think you have problems now with the equal employment opportunity rules, then you ain't seen nothing yet," he said. He also predicted that FCC vote on teletext must carry is forewarning of what's to come for TV must carry.

ABC's "most important corporate commitment" is to support & maintain its TV network and to that end ABC's programming investment "will probably be at least \$10 billion over the next 5 years," Pierce told attendees. ABC TV Pres. John Severino and TV Network Pres. James Duffy stressed working partnership between networks and affiliates. Severino said network TV "engages and involves the public to an extraordinary degree. That's why our critics get so elated when they write that the networks are losing momentum... I guess that's why so many of them -- the elitists — are far more enthusiastic about the new technologies than the viewing public is." Countering this, Severino said, "is a force in the network-affiliate system... that ties with our viewers and extends far beyond the success or failure of any series."

On affiliate-network relationship, Severino said: "You must give full support to our programming schedule... sometimes foregoing the seductive short term benefit." For that support, he pointed out, ABC is taking steps to reduce network incursions into affiliates' late night news (long a sore point with affiliates of all 3 networks), citing move of Mon. Night Baseball start to 8 p.m.

Paul Sonkin, ABC vp-news & affiliate research, claimed that "ABC News has attained a significant advantage over its network competition (6 a.m. to midnight) for all regularly scheduled news and public affairs programming." He said that from April 1982 to April 1983 ABC News delivered 7.6 rating, "10% greater than CBS News (6.9) and 33% greater than NBC News (5.7)."

ABC shortened open session into one day (May 10) this year, and clear highlight was lengthy presentation by ABC News & Sports Pres. Boone Arledge and his top assistant James Spence. It included marathon runner coming into Century Plaza Hotel ballroom and lighting Olympic "torch" in front of 800 attendees.

In very emotional appearance, Vice Chmn. Elton Rule announced that he will retire at end of year. Always very popular with affiliates, having come up through station ranks, he received standing ovation plus strong praise from ABC Chmn. Leonard Goldenson and Pres. Frederick Pierce, who had succeeded Rule, 65, as ABC pres. last Jan. Rule will remain on ABC board after he retires. "I have accomplished what I set out to do for ABC and for myself," Rule told affiliates.

NBC affiliates moved into same Century Plaza Hotel for their convention May 15-17; CBS will be on hand following week.

SBS has changed mind about opposing GTE Satellite's proposal to FCC to provide United Satellite Communications Inc. (USCI) with Canadian transponders to launch direct-to-home satellite system. SBS had contended that it was well able to provide USCI with transponders it needed without company having to look abroad. Change of heart coincided with \$75 million transponder deal with Rupert Murdoch's News Satellite TV Ltd., company which has formed joint venture with Inter-American Satellite TV to launch DBS service. Official reason for SBS's reversal is that company "will no longer be able to provide 5 transponders on one satellite to GTE." Since SBS birds have 10 transponders each and 5 went to Murdoch, that leaves 4 uncommitted (company has part-time lease with VideoStar Connections on one transponder). Sources tell us all 4 remaining transponders will go to NBC in 3-way deal between Comsat General, SBS and network, though details won't be made available until, possibly, NBC TV affiliates meeting May 15-17 in L.A.

FCC has denied MPAA petition for declaratory ruling that WTBS Atlanta violated fairness doctrine and improperly used its facilities for personal gain by broadcasting 30-sec. spots criticizing Copyright Royalty Tribunal ruling raising cable copyright rates. FCC's fairness doctrine-political programming enforcement branch said: "You have not established the existence of any controversy or uncertainty regarding the Commission's policy on conflicts of interests," ruled WTBS tag line disclaiming its interest wasn't unreasonable or in bad faith. MPAA Pres. Jack Valenti, while maintaining rule is wrong, said he didn't know what action, if any, MPAA will now take.

CBS Best. Group has established hiring freeze. Pres. Gene Jankowski sent memo to officers and department heads: "This step represents an intensification of a cost reduction program that has been under way for some time. It is being taken in response to indications of softer than anticipated sales in the second and early third quarters."

CATA supports effort to establish cable industry image improvement council, but Exec. Dir. Stephen Effros has cautioned that PR campaign should center on basics. In letter to Group W Cable Pres. Daniel Ritchie, who is leading effort, Effros said CATA believes cable's image problems stem from "blue sky" rhetoric. Said Effros: "The 'bells & whistles' perception of the cable industry has served very well to promote the stock of some major companies. It served little purpose in the middle of a franchise battle..." He also criticized major industry trade shows: "They are 'sexy,' they attract attention to the industry, but do they give an accurate picture of an industry that still has a majority of systems with 12-channel capacity or less?"

FCC Comr. Joseph Fogarty will join Washington office of N.Y. law firm Weil, Gotshal & Manges when his term expires June 30. He'll head new telecommunications department. Going with him will be legal assts. James Graf & Russell Frisby. Firm has 270 lawyers, 13 of them in Washington. Fogarty was appointed to Commission in 1976, previously served as communications counsel of Senate Commerce Committee.

Metromedia declared 10-for-1 split of its common stock, highest-price issue on N.Y. Exchange. Move comes after shareholders approved increase in shares to 30 million from 10 million. Metromedia also said it will raise quarterly dividend 15¢ to \$1.90, said increased dividend and split will be payable Aug. 15 to holders of record July 15. Metromedia stock has been trading in \$550 range.

Senate Rules Committee took up question of TV & radio coverage on floor, found opposition still strong, again laid it aside at request of Sen. Ford (D-Ky.), who asked that separate session be held devoted exclusively to proposal. No date has been set.

Preview Subscription TV announced its Cleveland-based STV operation would cease Aug. 31. Pres. Nate Garner blamed cable.

ROUGH SAILING FOR CABLE BILL: Opposition to cable deregulation bill (S-66) mounted last week with challenges by AT&T, NARUC and others questioning measure's unleashing of data services over cable. Attempting to resolve phone industry's opposition, group of senators — Goldwater (R-Ariz.), Gorton (R-Wash.), Hollings (D-S.C.), Inouye (D-Hawaii) & Packwood (R-Ore.) — proposed amendments in "Dear Colleague" letter that would allow eventual deregulation of telcos in offering data services. AT&T still is unhappy, says proposal doesn't go far enough.

Proposal senators will offer would: (1) Allow deregulation of telcos once local market for data services is competitive. Telco could petition for deregulation as soon as bill becomes law if it can show local data services market is competitive. (2) Require cable operators to file "informational tariff" with states when they provide data services.

Amendment is aimed at winning support of telcos without alienating cable industry. Capitol Hill sources told us proposal is "best that can be done," and "most members will accept," added that amendment is result of repeated attempts by Committee staffers to come to agreement with AT&T and cable industry. AT&T spokesman said new language "maintains the status quo" by allowing cable companies to offer unregulated data services immediately while local telcos remain regulated.

If AT&T doesn't accept compromise, "we have no elbow room left," said NCTA Pres. Thomas Wheeler. "This compromise was designed to solve [telcos'] problem and it seems their problem is the entire existence of cable altogether," Wheeler said. Said AT&T spokesman: "Thus far none of the language we've seen is the answer to the problem that's been created. The bottom line is that this proposed bill with these proposed amendments still establishes an unregulated monopoly for broadband services..."

FCC Chmn. Fowler, in letter to Senate Commerce Committee Chmn. Packwood (R-Ore.), said he doubted validity of telephone industry arguments that unregulated cable data services would create unfair competition. Fowler said: "It is our view that the amendments [in "Dear Colleague" letter] satisfactorily respond to the telephone industry's concerns."

With Britain moving towards general election, fate of cable industry seems to be hanging in balance. If Prime Minister Thatcher loses at polls June 9, there's prospect that Labor leader Michael Foot would call halt to cable development pending further study. Ultimate result of Labor victory, in opinion of dozen or so British cable men we've interviewed, would most likely be substantial delay, followed by proposal to create fully nationalized cable system controlled by British Telecom. But this isn't result that our cable industry contacts expect. Tories almost to a man seem confident that ruling Conservatives will be returned to power with majority in Parliament sufficient to ensure that private cable system will be told to go forward.

FCC EYES FAIRNESS DOCTRINE CHANGE: FCC issued rulemaking to change or eliminate personal attack and political editorial rules for broadcasters after making initial determination that those rules aren't accomplishing intended goals. Action was in response to petition from NAB, has long been sought by broadcasters.

Rules apparently aren't working, said FCC Gen. Counsel Bruce Fein. He said personal attack rule is being used by "victims" to get free air time instead of filing defamation of character lawsuits, that it's limiting discretion of licensees. Fein said political editorial rule "appears to be inhibiting" political endorsements by TV stations and FCC's tentative view is "we want to encourage editorial" endorsements. He said it would probably be better for viewers to know which candidates a station supports and evaluate news coverage on that basis. Commission also said that courts have recognized that FCC actions which interfere with licensee's programming discretion by giving specific individuals right to use broadcaster's facilities, are contrary to policies of Communications Act.

Comrs. Rivera & Fogarty said they would only concur in Commission decision. Fogarty said rulemaking "minimizes the fact that Red Lion is still the law. Scarcity is still the law." Chmn. Fowler and Comr. Quello said they strongly support move. Said Quello: "Its time... that broadcasting be freed. I'm glad to see this." Fowler said: "The personal attack rule has been used as a quasi-defamation suit instead of informing the public. As for editorials, in some towns only the newspapers endorse candidates and not broadcasters. It would be better for the public to have stations make an open declaration of their support, rather than have viewers search for more subtle forms of bias."

NCTA Pres. Thomas Wheeler has attempted to squelch speculation he'll soon leave Assn. for top job in operating end of business, well in advance of expiration of his contract in Aug. 1984. It's known that Wheeler has on his desk couple of job offers which he's considering, situation that's happened before. "I enjoy being at NCTA... but I'm always receptive to ideas for new learning experiences and opportunities for advancement," he said. But Wheeler feels it's matter of principle to complete important initiatives he's begun. It's unlikely he will make any move before July for 2 reasons: (1) To get past Assn.'s annual convention in Houston, at which one of his pet projects will be launched: Industry image-improvement campaign being headed by Group W's Daniel Ritchie. (2) To stay with congressional consideration of cable deregulation bill (S-66).

Nielsen and HBO executives are miffed about published reports interpreting rating service's latest sample data as indicating service's universe is far greater than stated. Data from recent Nielsen sampling of 1,250 homes was interpreted in some press accounts to mean universe of 18.3 million homes. HBO's latest figure is that as of Jan. 1 it had 11.5 million subscribers, nearly 60% below larger figure.

EXEC. GROUP BACKS NAB LOBBYING: NAB's exec. committee has affirmed support for Assn.'s controversial lobbying effort to win industry deregulation in House over objections of Telecom Subcommittee Chmn. Wirth (D-Colo.), Pres. Edward Fritts & Chmn. William Stakelin said. They said that exec. committee is committed more than ever to pressing lobbying effort because of ruling by U.S. Appeals Court, D.C., upholding most of FCC's 1981 radio deregulation (see story elsewhere in this issue).

NAB recognizes opposing Wirth is "very hard-ball maneuver... a high-risk matter," staff member said. But, staffer said, "if nothing is ventured, nothing is gained because we and others recognize there is a blockage there, there is a deadlock on how this can be resolved." Wirth wants spectrum fees in return for deregulation.

"We have never been in a better position for deregulation" as result of court decision and proposed deregulation amendment by Reps. Tauke (R-Ia.) & Tauzin (D-La.) in House Telecom Subcommittee, NAB staffer said following exec. committee meeting. Characterizing as erroneous reports that one network considered withdrawing from NAB because lobbying effort may provoke amendment codifying financial interest & syndication rules, staffer said: "They were with us in the executive committee the last 2 days; they emphatically stated they are with us."

Possibility of amendment codifying financial interest prohibition puts NAB in quandary, Fritts said. "We don't even talk about financial interest in this building," he said. Staffer said: "We have no position on the financial interest rule," but added that "we're not kidding that to the networks, syndication is their major issue."

Tauke-Tauzin amendment will include public interest standard, Fritts said, indicating standard wouldn't be much different from what industry now has. He and Stakelin said they couldn't give details about proposed amendment because it hasn't been written. They cautioned that situation remains fluid, but said amendment wouldn't repeal fairness doctrine or ability to mount petitions to deny.

Dun & Bradstreet is selling 5 TV stations, will sell 6th later. Now on sale are 4 CBS affiliates — KOTV Tulsa, KXTV Sacramento, WISH-TV Indianapolis, WANE-TV Ft. Wayne — and ABC affiliate WVEC-TV Hampton-Norfolk. All are VHF except WANE-TV. D&B's CBS affiliate KHOU-TV Houston will be sold later. D&B didn't disclose asking prices for stations, Corinthian Bestg. Group acquired in 1971, but said it hopes to close most sales in 1984. "While TV is a powerful mass advertising medium and these stations are highly profitable, we believe that the long-term interests of Dun & Bradstreet will be best served by redeploying these assets into the mainstream of the business services and information industry," said D&B Chmn. Harrington Drake.

House Telecom Subcommittee will hold hearings on state of cable industry May 25 & June 8, time & place to be announced, as step toward consideration of deregulation legislation.

GAO SEEKS SIMPLER APPLICATIONS: New report by General Accounting Office, investigative arm of Congress, has recommended that legislation be passed simplifying FCC application procedures. Report recommends proposal be made to scrap entirely petitions to deny based on allegations of economic injury or any other basis not related to technical interference questions, also says Communications Act requirements that FCC distribute licenses among states and communities in "fair, efficient and equitable" manner be eliminated. GAO was sharply critical of FCC licensing procedures, recommended immediate changes.

GAO bases recommendations on argument that marketplace competition is making regulation less valuable, and it comes at time FCC is moving toward total deregulation of radio. Study concludes: "Increase in competition [may allow] the Congress and FCC... to revise or eliminate other regulatory requirements and eventually develop a more marketplace-oriented system..."

GAO started investigation at request of Sens. Hollings (D-S.C.) & Laxalt (R-Nev.) of Senate Appropriations Commerce Subcommittee, who asked agency to evaluate FCC's licensing procedures.

Among GAO recommendations: (1) Simplify notification procedures and consolidate some forms applicants must file. (2) Use independent engineers to certify applications and "frequency coordinators" to assign new & existing licensees' frequencies. (3) Extend lottery for processing new LPTV license applications to other new services. (4) Streamline procedures so that uncontested licenses can be awarded quickly to first qualified applicant. (5) Consolidate land mobile and microwave licensing. (6) Relax rules & procedures for amending applications and revising licenses.

In possible record for number of congressmen attending trade association convention, NCTA announced 23 representatives and 8 senators will attend its 32nd annual convention in Houston June 12-15. Most are members of Senate Commerce and House Energy & Commerce Committees. They will serve on panels on such topics as copyright, deregulation and cable-teleco relationships. Of representatives to attend, 15 are members of House Energy & Commerce Committee. Another 7 are members of House Judiciary Committee. All senators are members of Commerce Committee that recently reported out cable deregulation bill (S-66) by Sen. Goldwater (R-Ariz.), who will be luncheon speaker as will Rep. Wirth (D-Colo.), chmn. of Telecom Subcommittee. Number attending cable convention is more than NAB had at its Las Vegas gathering. Broadcasters heard from 21 congressmen, including many of same ones going to NCTA convention.

FCC has issued rulemaking proposing to redefine "community" as used in comparative hearings to include "metropolitan area." Under present rule, Commission doesn't consider whether applicant should be considered as metropolitan station or one which will serve specific community within metropolitan area. For information, Mark Lipp, 202-634-6530.

DEREGULATION FIGHT CONTINUES: Behind scenes maneuvers continued throughout week over whether & how broadcast deregulation amendment might be attached to FCC budget authorization when it goes before full House Energy & Commerce Committee for final consideration.

Latest developments include news that Rep. Swift (D-Wash.) has reached compromise with Reps. Tauke (R-Ia.) & Tauzin (D-La.) on form of deregulation proposal and will be joining them in push for its passage, also that as many as dozen other amendments have been drafted by Committee members and will be offered if Tauke & Tauzin formally propose theirs. Continued dispute prompted Committee Chmn. Dingell (D-Mich.) to again hold up final consideration of bill, which now isn't even expected to come this week although House budget making deadline has passed.

Swift agreed to join Tauke & Tauzin after negotiations between legislators and NAB led to compromise that, should deregulation amendment be formally proposed, it would contain language preserving public interest standard, sources said. Compromise would codify FCC programming rules as minimum standard, requiring broadcasters to include in daily fare 5% news & public affairs, 5% local programming, 10% nonentertainment shows. FCC also would be directed to start rulemaking to determine whether standards should be raised. NAB reportedly isn't happy with final form of compromise, is still seeking changes.

Still unclear is whether Tauke & Tauzin will follow through on threatened amendment, or even if FCC bill will be considered in full Committee. Dingell is accommodating Telecom Subcommittee Chmn. Wirth (D-Colo.), who opposes deregulation of TV and wants spectrum fee, by keeping it off agenda. Wirth last week moved to ensure that public broadcasting's funding is moved by winning 14-1 approval for separate CPB authorization for next 3 fiscal years. Should CPB budget come up alone in full Committee any time soon, that would be sign FCC budget will be staying bottled up.

Meanwhile, Subcommittee members Collins (D-Ill.) & Leland (D-Tex.) have put together package of amendments that would: (1) Set EEO guidelines for FCC hiring. (2) Extend those guidelines to industry. (3) Create permanent task force to write minority ownership guidelines, also keep track of ownership developments. (4) Require FCC to report annually to Congress on status of minority participation in broadcasting. Still being drafted is amendment that would address question of minority ownership. Leland's resolve for action on EEO stiffened last week after FCC responded to 86 questions he posed about agency's own minority hiring practices. FCC sent Leland stack of computer printouts with little accompanying information. Lawmaker replied with another tough letter asking for better response.

Other amendments would: (1) Require cost of regulation fees for "all licensees at FCC," source said. (4) Require TV stations to air minimum of 5 hours of children's programming between Mon. & Fri.

(5) Implement so-called "NCPAC proposal" to toughen fairness doctrine by requiring stations that accept paid political advertisements from independent political action groups also to air opposing viewpoints without charge. Sponsors & support for these amendments are still being settled, aides said, but sponsors of other new amendments are known: (1) Wirth has proposal telling FCC to authorize VHF & FM drop-ins. (2) Rep. Scheuer (D-N.Y.) has amendment to require broadcasters to pay spectrum fee, with proceeds going to public broadcasting; part of money would be targeted for children & minority group programming.

Commerce Deputy Secy. Guy Fiske resigned while under investigation by Justice Dept. and House committee for possible conflict of interest violation in dealings with Comsat. Fiske, who took post at Commerce last June, had overseen policy research and debate of proposed commercialization of U.S. remote sensing satellites. He removed himself from supervisory role after investigation, spurred by Rep. Scheuer (D-N.Y.) of Natural Resources Subcommittee of House Science & Technology Committee, uncovered evidence that he had discussed job opportunity at Comsat on 4 occasions — once while he was involved in Dept. debate on satellite turnover.

Rupert Murdoch has agreement in principle to acquire 60% of pioneering British cable programming service called Satellite TV PLC, in transaction valued at \$7.5 million. Acquisition by Australian publisher, which is expected to be approved by Satellite TV's shareholders this week, will give Murdoch satellite broadcasting interest in U.S. and U.K., following his agreement to finance new American DBS venture.

Cable development is starting in unlikely quarter — Moscow. According to article in Soviet economic newspaper, testing of 4 different cable systems will soon begin in Soviet capital. Apparently well placed to supply bits and pieces will be Jerrold Div. of General Instruments. Jerrold British subsidiary supplied fairly expensive cable system to Russians for use at 1980 Olympics.

NPR Pres. Frank Mankiewicz made his resignation final last week, turning over helm of financially troubled institution to acting chief operating officer Ronald Bornstein. Mankiewicz will continue "over the next few months" to work with CPB "in a variety of special projects" directed towards "our mutual goal of a stable and independent NPR," he said.

FCC said 163 competing applications were filed last week for 13 RKO licenses up for renewal. Many applicants filed for all 13 and many are minority-owned and/or locally-controlled. Up for renewal are one TV station, 6 AMs & 6 FMs.

NPR is considering 40% budget cut in news and public affairs to deal with deficit of more than \$5 million. Proposed cut would have most impact on network's 2 most popular programs, All Things Considered and Morning Edition.

Tribune-United, new cable franchisee in Montgomery County, Md. may have to live under tough local antitrust law. It's believed it would be first such antitrust law in country. County Council has voted 5-2 to subject cable company to provision making it unlawful to lease capacity to any one provider of particular non-video service. Example given was that operator couldn't enter contract with one burglar alarm company to provide home security without offering similar capacity to all other interested providers. County Executive Charles Gilchrist has option of vetoing bill, but 5 votes are enough to override.

National Black Media Coalition and Tulsa branch of NAACP asked FCC to order hearing on renewal applications of 4 Tulsa stations — KOKI-TV, KVOO(AM), KTFX(FM), KWGS(FM) — alleging they haven't met FCC guidelines in employment of blacks. Petitioners said KOKI-TV had no black employees in 1981, only one in 1982.

Tri-Star Pictures is name chosen for film studio launched in joint venture of Columbia Pictures, CBS, HBO. Top officers will be Exec. Vp-Mktg. & Distribution David Matalon, former senior exec. vp at Columbia; Senior Vp-Gen. Counsel Leslie Jacobson, former vp-gen. counsel at HBO; Senior Vp-Financial Jay Walkinshaw, former senior vp-finance at Warner-Amex Satellite Entertainment. Victor Kaufman will be chmn., Gary Hendler pres. Dept. of Justice continues to examine joint venture for possible antitrust violations.

Roughly half of daily newspapers in U.S. and Canada now operate or plan to launch new telecommunications ventures, according to recent survey by ANPA and Newspaper Advertising Bureau.

United Tribune Cable refused to accept "sign it or else" franchise ultimatum from Sacramento Board of Supervisors, after months of negotiations. It's expected new bids will be solicited.



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Personals

Cox Cable Pres. Robert Wright has resigned to rejoin GE, where he will be vp & gen. mgr. of housewares & audio divisions responsible for cable business; Wright will be succeeded by David Van Valkenburg, Cox Cable vp & CEO. Wright, recently elected secy. of NCTA, worked 10 years at GE before joining Cox.

Thomas Cookerly, Allbritton Communications, elected chmn. of ABC TV Network Affiliates' Board, succeeding Robert Rice, WRAU-TV Peoria; Fred Barber, WSB-TV Atlanta, succeeds Cookerly as vice chmn.; Mickey Hooten, WISN-TV Milwaukee, elected to board & secy., Robert Price treas.; going on board are ex-Chmn. Ward Huey, Belo Bestg., and Max Sklower, KOAT-TV Albuquerque... Joseph Costello, pres. of Gulf South Bestrs., elected ABC Radio Network Affiliate board Exec. Committee chmn... John Mulderrig named Seltel pres... Robert Henry, ex-LIN TV Group, named news dir., WOTV Grand Rapids.

Larry Badger, ex-King Bestg., named L.A. news dir., Financial News Network, new post... USA Cable Network promotions: Stuart de Lima to dir.-ad sales; Linda Mauskopf, dir.-sales promotion; Pat Liquori, dir.-research... David Newborg retires as mgr.-antenna engineering, RCA, opens David Newborg & Assoc., broadcast consultants, 10 Pontiac Dr., Marlton, N.J. 08053, 609-983-3150.

Francis Darazsdi promoted to vp-sales & mktg., General Cable Station Products Div... Roy Ekrom, ex-Garrett Corp., appointed vp-gen. mgr., Ampex... Robert LeVitus, ex-SelectTV, heads Pay TV/Entertainment, new div. of Kresser & Robbins, L.A. ad-PR agency.

Andrew Tollin, ex-FCC Office of Gen. Counsel, becomes affiliated with Kadison, Pfaelzer, Woodard, Quinn & Rossi law firm... Hollis Palmer advanced to advertising & promotion vp, Mutual Bestg... Dennis McIntosh promoted at NAB to mgr.-broadcast liaison, Govt. Relations Dept... Kristan Leatherman joins WJZ-TV Baltimore as PR mgr.

Douglas Bodwell resigns as dir. of CPB's Annenberg School of Communications project effective May 15, will continue to head educational activities at CPB; NPR Chmn. Myron Jones replaces former Chmn. Maurice Mitchell as an NPR representative on CPB-Annenberg Council; Mitchell joined ACS earlier this year as dir. of its Washington program... Dan O'Brien, ex-KCPQ-TV Tacoma, named to new post of dir.-broadcast enterprises, King Bestg.

Richard Ingman promoted to Group W vp in business planning and corporate development... Kenneth Lerer advanced to community relations vp, Warner Amex's National Div... Bonnie Blecha & Tommy Harris named asst. controllers, American TV & Communications... Joan Oury advanced to NBC Enterprises merchandising mgr.

Patrick McCarthy, WQAD-TV Moline, June 1 becomes news dir., KMBC-TV Kansas City... Max Utsler, Best. Dept. chmn., U. of Mo. School of

Journalism, named asst. news dir., KOMU-TV Columbia, Mo... Marlene Klotz named community relations dir., KTSP-TV Phoenix... NPR Ventures board elects William McConaghay vp & gen. mgr.

Sen. Barry Goldwater (R-Ariz.) and Rep. Al Swift (D-Wash.) speak at July 24-26 Cal. Bestrs. Assn. convention in Monterey... Mary Ash, founder & chmn. of Mary Kay Cosmetics, speaks at NRBA convention Oct. 4, New Orleans... Elton Cary elected chmn., Wometco Cable TV, succeeding Mitchell Wolfson, who died in Jan.; Ronald Ellis named vp-engineering; Richard Vura, vp-personnel... Pat Adsit advanced to AP broadcast exec. for Ill. & Ind.

Frank Stanton, former vice chmn., CBS, appointed to President's Committee on the Arts & Humanities, succeeding Nancy Hanks, who died in Jan... Edgar Gaskins retires after 31 years at FCC as messenger in Office of Chmn., joins support staff of Peabody, Lambert & Meyers law firm... Stephen Sweeney, ex-Continental Telecom, joins Tribune Co. as vp-human resources, succeeding Joseph O'Rourke, resigned in Jan... Alan Galumbeck advanced to dir.-new technologies, Weather Channel... Bernard Helfand advanced to dir.-worldwide theatrical sales & distribution, ABC Pictures International... Morton Cohn, gen. mgr. of WTVJ Miami, elected a vp of parent Wometco Enterprises... Robert Mitchell advanced to sales mgr.-Western Div., Multimedia Program Productions; Daniel McCarthy, ex-Great American Productions, named sales mgr., new Southern Div.

Roger Moody named U.S. Satellite Systems Inc. pres... Andrew Lee, ex-WALA-TV Mobile, joins KVUE-TV Austin as station mgr.

FCC Comr. Ann Jones speaks at May 26 luncheon of National Conference of Black Lawyers Communications Task Force, Washington Marriott Hotel... Jerry Nachman advanced to vp-news, NBC TV Stations Div.; Sandra Baron appointed gen. attorney.

Richard Green, ex-CBS Best. Group, named exec. dir., NAB Advanced TV Systems Committee; Laurence Caso advanced to NY CBS Entertainment daytime programs dir.; Nancy Mendelson appointed CBS TV Network Sales mktg. services creative dir... Kerry Andrews rejoins Katz Independent TV as L.A. team mgr.; Tricia Unger named Cleveland sales mgr... Bruce McGorrill named Maine Bestg. System (WCSH-TV Portland, WLBZ-TV Bangor) exec. vp, replacing Donald Powers, who retires after 42 years with company... Thomas Davin named Group W Cable employe relations dir.

Lawsuit against broadcasters and politicians filed by National Conservative Political Action Committee in 1981 was dismissed last week by U.S. Dist. Judge Harold Greene. Suit had alleged conspiracy among TV and radio stations, Democratic members of Congress and political officials to prevent airing of NCPAC's political ads attacking certain congressmen. Greene said congressmen did nothing wrong when they advised broadcasters not to run NCPAC's commercials, that no constitutional rights were violated.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended April 29 (17th week of 1983):

	APRIL 23-29	1982 WEEK	% CHANGE	APRIL 16-22	4 MONTHS 1983	4 MONTHS 1982	% CHANGE
TOTAL TV#.....	387,475	403,613	- 4.0	306,892	5,625,756	5,174,000	+ 8.7
COLOR#.....	259,917*	258,605	+ 0.5	214,460	3,948,608*	3,446,836	+14.6
MONOCHROME....	127,558	145,008	-12.0	92,432	1,677,148	1,727,164	- 2.9
PROJECTION TV...	1,751	1,718	+ 1.9	1,748	39,411*	26,016	+51.5
HOME VCR.....	91,646**	37,094	+147.1	45,893*	957,900*	491,003	+95.1
COLOR CAMERAS...	9,842*	4,903	+100.7	3,955	97,872*	78,942	+24.0

Color TV 5-week moving average: 1983--238,120*; 1982--207,240 (up 14.9%).

Home VCR 5-week moving average: 1983--59,582*; 1982--27,934 (up 113.3%).

Excludes projection TV. * Record for period. ** Highest week in history.

'HI-FI VHS' SHOWN—BUT THERE'S NO STANDARD: Matsushita started marketing "Hi-Fi VHS" in Japan last week as its answer to Beta Hi-Fi — but without official sanction of VHS group. It's known that several members of group had proposed somewhat different systems as answer to Beta Hi-Fi, and fact that Matsushita went it alone in its introduction could indicate division in VHS ranks over method, or whether to introduce new sound system at all.

Unofficially, sources within Matsushita concede there's "no written, published agreement," but system is "offered as a standard" and sources express confidence that rest of VHS group will go along. System is expected to be shown at CES next month by 3 related companies — Panasonic, Quasar & JVC — although only JVC at this time seems certain to have it in show floor display. First units aren't expected to reach market here until 4th quarter or later.

When Beta Hi-Fi was formally introduced at Jan. CES (Vol. 23:2 p10), it was under aegis of entire Beta group. Japan introduction last week at Matsushita news conference came with no mention of other VHS group members or standardization. Press release issued in Japan was followed next day in U.S. by one which was identical except for inserted sentence: "Due to the fact that there is no stereo TV broadcasting in the U.S., Matsushita has no immediate American marketing plans for the system."

Although it apparently provides same high-quality sound, Matsushita's Hi-Fi VHS has approach different from that of Beta Hi-Fi. While latter uses video heads to pick up FM modulated sound carrier in helical video track, Matsushita adds 2 audio heads to rotating video head drum, laying down 2 discrete added audio tracks, providing effective head-to-tape speed of 228 ips (vs. 1.3 ips at fastest speed with longitudinal track). New audio tracks are superimposed on helical video track, but in different azimuth pattern (head-to-tape angle) to avoid mutual interference or cancellation.

First Hi-Fi VHS recorder is priced at about \$1,250 on Japanese market; Sony recently introduced Beta Hi-Fi models here at \$900 & \$1,500. Specs of Beta & VHS systems are similar: Dynamic range over 80 dB, frequency response 20-20,000 Hz, wow & flutter less than 0.005%, distortion less than 0.3%. In both formats, standard longitudinal audio head is retained for compatibility of standard & hi-fi tapes.

COLOR, VCR SALES BOOM IN 'SLOW' APRIL: April, normally slowest month in VCR and 2nd slowest in TV, saw sales to dealers reach highest annual rate in history of both products and

ended with biggest sales week ever for VCRs. Color camera sales also set records for any April, while projection TV began to lag.

Videodisc player sales to dealers in first quarter totaled about 79,000 units, up some 85% from 42,624 sold in same 1982 period, according to unreleased EIA data. Figure virtually tied best previous quarter on record — 4th quarter 1982 when 78,360 were sold. Based on seasonal factors of last year, first-quarter performance would indicate sales of at least 416,000 players this year. Total sales for 1982 were 222,625; for 1981 they were 157,274.

VCR sales in April's final week were astounding 91,646, up 147.1% from same 1982 week and 17,000 over previous highest week on record — 74,636 last Dec. Week's figure was greater than total sales for month of April 1981. That achievement raises near-certainty that 1983 will see some 100,000 weeks in VCR sales — benchmark which wasn't reached in color TV until Sept. 1965, almost 12 years after start of sales. VCR sales in April ran at seasonally adjusted annual rate of 4.3 million. For year's first 4 months, sales ran at 3.89 million rate.

Color sales rate pulled out to more than 14 million on annual basis, and ran at 13.14 million for year's first 4 months. Color showed particular strength in first half of month, showed definite signs of tapering off in 2nd half, running slightly behind last year for that 2-week period, in what may or may not be first tipoff of some leveling off in color sales. It's still far too early to say what's going on in color, but good clue should come this month. Last May's sales were relatively dull, and that should be easy month to beat if color boom continues.

Projection TV, too, could be running low on steam. April showed definite slowing in pace, and although sales beat those of last year by almost 20%, it was first month this year which didn't set record, trailing April 1981 by 3.7%. Color camera sales closed April with 3rd best week in history, but this could be statistical aberration — sales in 3rd week of month were down 29% from last year and in 4th week they were more than double 1982's comparable week.

VCR inventories got much-needed shot of new product as imports rose in March (see report elsewhere). In first upward movement in 12 months, combined factory-distributor (pipeline) inventories went up 12.8% during April to total 311,300, still down 48.2% from year earlier when all-time high of more than 600,000 was hit. Factory inventories rose 9.5% during month to 191,600, but were down 55.7% from end of April 1982, while distributor stocks were up 5.8% in month, down 32.3% from year earlier.

Color inventories continued to decline precipitously, reaching lowest point in more than 2 years. In period of rising sales, pipeline inventories were down to about 9 weeks' sales at 2,482,000 — 18.7% below year earlier and down 4.3% in month. Factory inventories, at nearly 1,536,000, were down 25.4% in year, 5.4% in month. At distributor level there were 946,000 sets, showing 12-month drop of 4.9%, one-month decline of 2.4%. Monochrome inventories are plunging — pipelines now containing only 1,615,000 sets, almost 41% below year earlier. Here are EIA's figures on sales to dealers for April:

Product	April 1983	April 1982	% change	April 1981
Total TV.....	1,272,541	1,193,565	+ 6.6	1,036,063
color.....	906,130*	810,879	+11.7	703,620
monochrome..	366,411	382,686	- 4.3	332,443
Projection TV..	7,430	6,213	+74.8	7,712*
Home VCR.....	228,335*	116,170	+96.6	78,571
Color cameras..	23,464*	19,125	+22.6	10,221

*Record for any April

SONY BETA MOVIE DUE HERE IN FALL: Hailing it as "important new kind of VCR," Sony announced that its Beta Movie one-piece camera-VCR would go on sale in U.S. in late fall at \$1,500. As demonstrated to press last week, unit was simple to operate, produced good color pictures for playback on standard Beta VCR.

Beta Movie, which records but doesn't play back, is designed for current owners of Beta VCRs (10 million worldwide, about 2 million in U.S., according to Sony) who want to add portable picturetaking to their home recorders. Unit weighs less than 7 lb. with cassette & battery, 5-1/2 lb. without, uses new 1/2" Saticon mixed-field Tricon pickup tube, ingenious new recording system for light weight, compactness and compatibility with Beta recorders. It will record 3 hours 20 min. on L-830 cassette in Beta II speed.

Recorder has 6:1 zoom, through-lens optical viewfinder, and because it has no playback function, doesn't let user view picture until he gets it home and puts cassette in Beta recorder. Shipments begin in July in Japan. List price includes rechargeable battery, AC adaptor-charger. Sony will make Beta Movie for other manufacturers, conceivably could supply entire Beta group. Asked why Sony was introducing new combination recorder in view of imminence of 8mm format, Consumer Products Pres. Joseph Lagore said new system was designed specifically for Beta owners who want easy-to-operate recording accessory.

New recording system uses omega wrap (similar to that employed in VHS recorders), single head with 2 gaps — each gap at different azimuth angle — set in 44.7mm drum (as opposed to standard 74.5mm Beta drum and U-type wrap). Head rotates at 60 revolutions per sec., twice normal Beta speed. Tape is wrapped around more than 300 degrees of drum (as opposed to 180). Result is completely compatible Beta recording made by different method.

FIRST QTR. VCR, COLOR IMPORTS, AT RECORD: VCR and color TV imports posted strong gains in March, helping both set new first quarter records, Commerce figures show, with average VCR price down more than \$100 from year earlier.

For VCRs, quarterly record was squeaker. March shipments were up 15.2% to 270,800, to put 3-month total at 673,000, up just 2.1%, for first cumulative increase this year. As for March helping relieve shortage at retail, quarterly import total was still 8% below 729,600 EIA reported were sold to dealers in same months (Vol. 23:16 p12). Commerce data, as did Japan's Finance Ministry export figures, show dramatic pricing decline in VCR market. Average price paid by U.S. importer for Japanese VCR in quarter was \$355.82, down from \$458.35 in same 1982 months.

In other video import areas, shipments of color cameras, which reflect strength of portable VCR market, were down 30.3% in month to 26,500, and off 22.5% to 82,500 for quarter. Imports of consumer cameras (average value of less than \$2,000) were 25,900 for month, 78,500 for quarter. Shipments of videodisc players jumped 11-fold in March to 7,300, highest total since last June, but at 9,800 were still off 53.2% for quarter. Imports of projection TVs were reported as being up 47.4% in March to 4,100, up 2% to 10,400 for 3 months — but March total includes 1,500 from Spain with average value of \$56, and quarter has at least 2,500 equally questionable. Excluding those, both periods would show declines.

Total imports of complete & incomplete TVs edged up just 0.5% in March to 819,300, as 18.1% rise in color to 459,800 was offset by 15.5% drop in b&w to 359,500. For quarter, total imports were down 5.5% to 2.33 million, with color up 25.4% to 1.29 million, b&w off 27.8% to 1.03 million. In color, only continued slowdown in complete set imports from Japan, which softened impact of sharp increases by Taiwan & Korea, kept first quarter from setting all-time quarterly record.

Complete color imports rose only 7.1% in March to 219,700, shipments from Japan falling 55.5% to 47,700, while those from Taiwan jumped nearly 5 times to 73,000 and Korea posted 23.5% rise to 74,000. That was enough to drop Japan into 3rd place as first quarter color supplier with 174,600, down 19.8%, behind Korea (233,600, up 55.3%) and Taiwan (193,900, up 155.5%). Quarter's complete color import total was up 37.7% to 690,600. Imports of incomplete color rose 30.2% in March to 240,100, for 3-month total of 604,200, up 13.7%. Incompletes include 41,100 kits with tubes from Mexico for March, 71,700 for quarter. All of these probably represent mating of Mexican-made chassis and Japanese tubes by Matsushita for Panasonic & Quasar sets being assembled in Franklin Park, Ill. Practice allows tubes to be imported at 5% rather than regular 15% duty and is being challenged at Customs by labor-industry group COMPACT (Vol. 23:14 p11).

In b&w, complete set imports fell 15.5% to 359,200 in March, for first quarter total of 1.03 million, down 28%. Big drop came in 10"-&-under, down 52.3% to 68,100 for month, off 44.1% to 221,300 for quarter. Decline was led by mini-combos, which fell 54.8% in March to 27,100, while other minis were down 50.4% to 41,000. For quarter, combos dropped 47.7% to 98,700, others 40.8% to 122,700.

For color, 13" & 19" increased grip on import mix, while in b&w 12" gained in importance, primarily at expense of tinyvision. Here's rundown on first quarter complete TV imports by screen size:

	Total	% change	% Share of Import Mix	
			1982	1981
Color				
Combinations.....	16,600	+39.8	2.4	2.4
10"-&-under.....	83,300	- 2.7	12.1	17.0
11-12".....	58,200	n.c.	8.4	11.6
13".....	261,900	+93.7	37.9	27.0
14-15".....	16,200	-65.2	2.3	9.3
16-17".....	2,600	+2244.5	0.4	0.2
18-19".....	209,300	+69.6	30.3	24.6
20"-&-over.....	42,700	+ 4.7	6.2	8.1
Monochrome				
6"-&-under.....	73,700	-43.9	7.1	9.2
6"-&-under, comb.	89,500	-51.9	8.7	13.0
7-8".....	9,700	- 5.8	0.9	0.7
7"-&-over comb...	9,200	+220.2	0.9	0.2
9-10".....	39,300	-40.1	3.8	4.6
11-12".....	761,500	-23.5	73.9	69.5
13-17".....	6,200	+35.9	0.6	0.3
18"-&-over.....	41,700	+15.9	4.0	2.5

* * * *

Settlement of Japan TV dumping case has been put off again as result of injunction won in U.S. Court of Appeals last week by COMPACT. Labor-industry group got stay pending appeal to Supreme Court of USCA ruling dismissing its challenge to 1980 agreement resolving all penalties relating to dumping of TVs entered before April 1, 1979 in return for \$76 million payment by Japanese manufacturers and importers (Vol. 22:19 p11). Order blocking finalization of agreement is for 30 days, but will be extended until Supreme Court rules if COMPACT files petition for review before then. Oct. is considered earliest Court will decide whether to accept case.

Japanese, meanwhile, are asking Customs to exclude home video monitors and component systems from TV dumping finding. Exclusion would mean major relief from paperwork. Argument is that monitors weren't being sold when dumping was found 11 years ago. In addition, it's contended, they generally become part of combination systems that include such other devices as VCRs, videodisc players, videogames, computers and audio receivers. In past determinations, Customs ruled that one-piece combinations (usually TV-radios & TV-radio-recorders) aren't covered by finding, but that projection TVs are.

QUASAR ON ROAD TO PROFIT—PLUCKHAN: Quasar is still showing red ink, but as result of cost-cutting, inventory-trimming "and some luck" in form of improved economic conditions and strong consumer demand, "1983 will be a breakeven year," or perhaps even profitable one, according to Jack Pluckhan, just winding up his first year as pres. of Matsushita's "other" U.S. TV sales subsidiary.

Quasar has taken full advantage of current industrywide sales boom, is outpacing pack in VCR and color TV sales growth, Pluckhan said in Chicago last week at press showing just before

company's sales convention. In color, "we're growing ahead of the industry, with unit sales up 18-20%" in first 4 months, and "we are running above the industry" in VCR, Pluckhan said. Quasar expects to pick up about 1/2 point of color market share in 1983, according to Pluckhan, boosting its piece of industry volume to just over 4%. Most of that rise is seen coming from consoles, which currently account for 40% of Quasar's color sales, up from 35% last year. Quasar's growth is hampered in 19", other major screen size, because it doesn't have low-priced leader.

Surging sales to dealers by industry has forced Quasar to make significant upward revisions in its forecasts. In VCR, Pluckhan said, company now sees year hitting 3-3.2 million, with color cameras at about 400,000. In color, where "we have revised a couple of times this year," forecast is for 12-12.5 million, up from original 11.8 million. Color could hit 13 million, and that would result in shortages because of industry's inability to react. Set makers must make decisions on 4th quarter production levels right now and opting to gear up for what would be needed for 13 million color year would be taking major risk, he said. "If demand continues as it is right now, there will be shortages," he said.

Cutting of inventory in 1982 to manageable level and start of confidence-building campaign among Quasar's independent distributors are what Pluckhan considers his major first-year achievements. Distributors have responded by increasing by about 3% their share of Quasar's sales volume. This, Pluckhan says, is in keeping with his plan for long-term growth by emphasizing sales to independent retailers, furniture outlets and department stores, rather than on shipments to mass merchandisers.

TV line has been revamped accordingly, with more stress on full-feature models. Pricing has also been changed to simplify it by "taking out a lot of multiple discount levels". Effect is to "reduce our dealer cost sheet prices and suggested lists, though not our net, by about 9%," Pluckhan said, adding that move gives smaller dealers equal shot at lowest prices.

Impact on color line is most evident in portable & table models where prices are down \$10-\$50 from those of last May. In 25", leader table & console prices are up \$10-\$40 in lead models, but on step-ups additional features often more than offset higher tags.

Highlight of color line is Dyna-Tech monitor series with input-output jacks, on-screen time, channel, sound level & input display, 139-channel tuner with dockable remote that also controls VCR. Opener is 13" pair at \$460, only units in series without stereo audio; 19" is \$900, with speakers a \$120 option; 25" table model with brow-mount tuner, side-firing speakers, is \$1,100; consoles are \$1,325, \$1,350, \$1,400.

Among other notable introductions last week: Sharp followed GE into channel blocking, with device that prevents unauthorized viewing of selected channels on 2 new 25" 142-channel remote consoles; new high-end 142-channel Dolby stereo VHS VCR features pair of LED circles that represent tape reels, lights moving to show status of VCR operation. Unit also has dockable remote.

Hitachi displayed its first 20" color monitors using flat square tube to reps at Las Vegas convention last week. Units, unpriced, are due late this year; 19" monitor with 139-channel remote is \$650, stereo audio version \$740. Five-head portable VCR with 133-channel remote tuner-timer featuring single-cable connection is \$1,495; solid state color camera with 1.5" color electronic viewer similar to one shown by RCA preceding week is \$1,995.

NEC moves into Beta Hi-Fi with 4-head 134-channel remote home deck at about \$1,000. Sampo moves up into higher end of color with 13" remote at \$420, 19" 105-channel remote at \$520, 25" consoles with 105-channel remote, comb filter, at \$829 & \$929.

RCA's VCR line starts with 2-head top-loader (open list), steps to front-load 4-head 14-day 6-event programmable and wired remote (\$760), then to front-load 5-head 14-day model with 16-position pushbutton tuning, 35 cable channels (\$1,000) and wireless remote, with top non-portable machine a 5-head Dolby stereo unit with keypad tuning, 21-day 8-event timer and 63 cable channels (\$1,300); previously introduced "convertible" has features similar to top-end

home unit except that it is top loading, has high-frequency filter instead of Dolby (\$1,300). Our report last week incorrectly stated that all new models were stereo; actually, only top home unit and top portable have stereo.

TV'S NEXT DECADE: By 1992, up to 40% of color TV sets sold in developed nations will use digital chassis, but many manufacturers will get there gradually, with variety of part-digital interim chassis dominating in late 1980s. Flat-panel TV pictures are "5 years or more" away, but worldwide sales of projection TV will reach almost 2 million units annually in 10 years.

These are some conclusions of 400-page report, "TV Receivers: the Next 10 Years," by Mackintosh International (Suite 211, 2444 Moorpark Ave., San Jose, Cal. 95128 (408 998-4312). Here are some of report's forecasts in numbers of color sets to be sold in 1987 & 1992 (in millions of units) and percentages of totals falling within various categories:

	1982	1987	1992
Color TV market			
U.S.....	11.5	12.7	14.5
W. Europe.	12.2	14.0	15.5
Japan.....	6.9	7.5	7.9
Stereo sound (%)			
U.S.....	*	25%	60%
W. Europe.	8%	30%	60%
Japan.....	25%	45%	65%
Giant-screen TV (%)			
U.S.....	*	*	7%
W. Europe.	*	*	4%
Japan.....	*	*	*
Component TV (%)			
U.S.....	--	15%	35%
W. Europe.	--	10%	25%
Japan.....	*	20%	45%
Teletext (%)			
U.S.....	--	15%	50%
W. Europe.	7%	30%	60%
Japan.....	--	15%	53%

*Small percentage; amount not stated.

Ad notes: Kloss Video appoints Ally & Gargano, N.Y... Videomat International appoints Herman Assoc. for recorded videocassette vending machine account... Acorn Computers of U.K. appoints Levine, Huntley, Schmidt & Beaver to handle U.S. product launch... Compact Disc Group, formed to promote digital audio disc, appoints HWH Enterprises for PR... Network TV ad spending for consumer electronics, including computers & games, jumped 104% in first quarter to \$48.8 million, TvB reports.

Sociological impact of nation's newest pastime will be reviewed this week at Harvard's Graduate School of Education at conference on Video Games & Human Development conducted under Atari sponsorship. Twenty psychologists, educators, social scientists and product developers will look at effects of home & coin-op videogames on society.

Canon has started fullscale production of portable VHS VCRs, buying key parts from Matsushita. Canon entered VCR market last year with portable assembled for it by Matsushita

SEIKO'S TV WATCH: Seiko wristwatch TV, on sale in Japan since last Dec., will go on U.S. market in Oct. at \$495. Wrist unit has 1.2" LCD picture display plus normal watch display, weighs less than 3 oz. Companion power pack & tuner, which uses 2 AA batteries and fits in pocket, weighs 6.5 oz., is connected by cord up user's sleeve. System uses headphones for sound, and continuous tuner picks up FM stereo as well as U.S. VHF & UHF TV channels.

As we viewed it at N.Y. news conference, Seiko's wrist TV suffered from same deficiency as only other LCD TV on market, Casio's 2.75" pocket set (Vol. 23:3 p11) — lack of sufficient contrast. Seiko says its TV can best be viewed in 125-200 ft.-candle ambient light.

Seiko Time Pres. Robert Pliskin said about 2,200 TV watches have been delivered to consumers in Japan, and forecast that 15,000-20,000 will be in worldwide use by year's end. Deliveries to Seiko dealers in U.S. will begin in mid-Sept. Battery life is 5 hours of continuous TV use, 10 hours of TV or FM audio.

Like Casio's, Seiko's LCD display is proprietary development — but they're quite different. Seiko's "LVD" (liquid crystal video display) uses "guest-host" principle, "guests" being dichromatic pigments which mingle with nematic crystals to form blue-tinted picture. Lower base forms IC, creating switching transistor for each of 31,920 screen dots, or pixels (210 vertical, 152 horizontal).

Matsushita infringed its patents for erasable optical videodisc made of non-crystalline amorphous materials, Energy Conversion Devices alleged in Newark federal court suit. ECD, headed by inventor Sanford Ovshinsky, is working with Sharp and Standard Oil on solar panels and other devices using amorphous material technology. Suit says system Matsushita developed copies patents Ovshinsky obtained in 1970, asks court to enjoin Matsushita from demonstrating or marketing erasable player and discs. Matsushita demonstrated system last month, said it could have industrial version for sale next year, but that unit for home use was still 5-6 years off (Vol. 23:15 p16). Matsushita said it would contest ECD complaint.

Clarion won clearance from French govt. to build car radio plant there. Move had been opposed by members of French electronics industry because of competition to existing manufacturers (Vol. 23:12 p15). Clarion unit will have 49% local ownership, sell most of output to Renault.

Hitachi will spend \$596 million on new plants & equipment this fiscal year, up 16% from 1982. Total includes \$332 million for electronics, and while much of that is earmarked for semiconductors, spending for consumer electronics is being raised 38% to \$94 million

PHILIPS' WORLD VIEW: Audio-video portion of world consumer electronics is \$42 billion business out of total \$400-\$500 billion electronics industry, will climb to \$62 billion in 1986, N.V. Philips officials estimated at recent briefing in Eindhoven hq (Vol. 23:17 p11).

Philips forecasts that 1986 A-V sales will rise by 77% over the \$35 billion of 1979. Philips sees "video systems" (component TV) becoming major \$4.3 billion market in 1986, on top of \$18 billion in conventional TV sets, Compact Disc players expanding audio market by \$1.2 billion. Based on Philips charts (with approximate value derived in billions of dollars), here are forecasts of major product groups for 1986 as compared with 1979:

Product	1979		1986	
	%	\$	%	\$
videodisc.....	--	--	1	0.6
videotape.....	--	--	6	3.7
videogames....	--	--	5	3.1
VCR, cameras..	--	--	20	12.4
TV sets.....	46	16.1	29	18.0
video systems..	--	--	7	4.3
audio tape.....	3	1.1	2	1.2
car radio.....	8	2.8	5	3.1
hi fi.....	22	7.7	13	8.1
Compact Disc..	--	--	2	1.2
personal audio	14	4.9	11	6.8
TOTAL.....		35.0		62.0

Analyzing 1982 world home audio-video market, Philips estimates these percentage shares for leading manufacturers:

1. Matsushita.. 13.0%	7. Hitachi.... 2.9%
2. Philips.... 9.3%	8. Toshiba.... 2.9%
3. Sony..... 7.3%	9. Grundig.... 2.8%
4. Sanyo..... 4.7%	10. Pioneer.... 2.8%
5. Thomson.... 3.3%	11. GE..... 1.6%
6. RCA..... 3.2%	
7. Zenith.... 2.4%	Others..... 43.8%

Here are Philips' estimates of manufacturers' shares of European audio-video market:

1. Philips.... 18.0%	6. Sanyo..... 2.4%
2. Thomson.... 9.1%	7. Hitachi.... 2.4%
3. Grundig.... 7.9%	9. Pioneer.... 1.4%
4. Matsushita. 4.4%	10. Toshiba.... 1.1%
5. Sony..... 3.9%	Others..... 49.4%

U.S. audio-video market shares:

1. RCA..... 11.4%	7. Sanyo..... 4.9%
2. Matsushita. 10.2%	8. Pioneer... 3.5%
3. Zenith.... 7.9%	9. Toshiba... 1.7%
4. Sony..... 6.6%	10. Hitachi... 1.5%
5. GE..... 6.3%	
6. NAP..... 5.6%	Others.... 40.5%

Name changes: CBS Video Games unit of CBS Toys is now CBS Electronics... Nippon Electric Corp. has changed name, as expressed in English, to NEC Corp... ITT Corp. is new corporate name of International Telephone & Telegraph.

PHILIPS-ZANUSSI LINK: N.V. Philips has agreed to play white knight to Zanussi, will provide technological and other help in consumer electronics to Italy's troubled giant.

Agreement is in form of letter of intent to cooperate, particularly in color TV area, where Zanussi has been posting massive operating losses. Philips indicated that actual investment wasn't out of question.

Link with Philips is likely to mean end to talks on similar agreement with Thomson Group. Italian govt. is still interested in getting that nationalized French company involved with Zanussi, as well as with REL, state-backed company expected to provide financing for reorganization of Italy's consumer electronics industry (Vol. 23:19 p15). But Thomson, which recently completed acquisition of controlling interest in Telefunken's consumer electronics unit and has announced plans for VHS VCR and parts production, feels it has enough new ventures, doesn't want to take on Zanussi problems now.

CHINA GETS TUBE PLANT: Korea & Taiwan have stranglehold on world's 12" b&w TV market, but could find themselves challenged 2 years from now when new production facility there goes on stream.

China's state-owned Tianjin United Radio has placed order with Japanese trading company Sumitomo for \$23 million turnkey plant for output of 12" bulbs. To be constructed by Nippon Electric Glass for Tianjin's Jin-Ling TV Glass Works, plant is slated to have 4 million annual capacity, is due for completion in July 1986.

JVC blamed French embargo on VCR imports for 18% drop in parent-only operating net to \$174 million on 0.8% sales rise to \$2.11 billion in year to March 31. JVC said French blockade resulted in holding value of VCR exports to its main OEM customer there, Thomson-Brandt, to just 50% of \$127 million target. It reported overall VCR sales up 6% to \$1.43 billion, while TV sales slipped 6% to about \$120 million, audio volume fell 12% to \$380 million. Though it sees sales increasing by 4.5% this year, it expects earnings to be down about 10.5% because of increased depreciation expenses, anticipated flat VCR sales caused by quota on direct exports to Europe. TV volume is seen rising 20%, while audio sales are expected to increase by 10%.

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Phone: 211-3161 Telex: J24600**Factbook Research, Inc.**Marilou B. Legge Director
Business
Roy W. Easley III Controller**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
Chyron			
1983-9 mo. to March 31	11,816,000	2,951,000	.72
1982-9 mo. to March 31	9,592,000	2,709,000	.66 ^a
1983-qtr. to March 31	4,245,000	959,000	.24
1982-qtr. to March 31	3,189,000	922,000	.23 ^a
ITT			
1983-qtr. to March 31	3,467,380,000	134,329,000	.90
1982-qtr. to March 31	3,950,226,000	162,735,000	1.10 ^b
Superscope			
1983-qtr. to March 31	8,581,000	(916,000)	--
1982-qtr. to March 31	12,485,000	(1,643,000)	--
Tocom			
1983-9 mo. to March 31	19,579,000	(3,565,000)	--
1982-9 mo. to March 31	9,122,000	(4,286,000)	--
1983-qtr. to March 31	4,529,000	(2,376,000)	--
1982-qtr. to March 31	3,018,000	(1,989,000)	--

Notes: ^aAdjusted. ^bIncludes special credit.**Consumer Electronics Personals**

Charles King resigns as Sharp consumer video products mktg. mgr., his plans to be announced this week... David Davies appointed project mgr., 3M Optical Recording (video & audio discs), replacing Lloyd Troeltzsch, now staff distribution dir., Memory Technologies Group... Judy May, ex-ITT, joins GE TV Div. as ad & PR mgr., post vacant since last summer when Ralph Campbell resigned to join Curtis Mathes as communications vp; Gerald Rudinsky advanced at GE Housewares & Audio Business Div. to tape & CB mktg. mgr.

Marvin Posner joins Coleco Industries as senior vp-sales, new post; Arnold Greenberg, Coleco. pres., named chmn., Toy Mfrs. of America... Tom Devlin appointed sales & mktg. dir., Worldvision Home Video... Trip Hawkins, ex-Apple, forms new computer software firm, Electronic Arts, with \$2 million in backing from Sevin-Rosen venture capital firm and other investors... Richard Chopyak, ex-Wham-O, joins Starpath as mktg. services mgr... Ronald Stringari, ex-Atari, joins game accessory maker ALS Industries as exec. vp... Mike Vierzba appointed mktg. dir. for game software marketer Roklan.

Bernard Kelsey promoted at BSR to Consumer Products Group sales vp; John Gennaro advanced to ADC & dbx national sales mgr... John Oppito advanced at Zenith Distributing N.Y. to N.J. territory field sales mgr.; Charles Goldberg & Phillip Merola named major account mgrs... Paul Shiner promoted at Bertagini to national sales mgr., replacing Howard Wax, resigned... Wesley McGhee advanced to mgr. of Commtron's Fla. branch, now

located in Ft. Lauderdale; David Wynshaw, ex-Pickwick, named asst. mgr... Stephen Peake resigns as Code-A-Phone Consumer Products Div. national sales mgr. to form Milwaukee, Ore. rep firm Peake Mktg.

Allen Jacobson, 3M Industrial & Consumer Sector exec. vp, named to board... Harry Rein appointed GE Venture Capital vp-gen. mgr., succeeding Terence McClary, who will serve as chmn. until retirement at year end... Gerard Seelig resigns as ITT exec. vp to join Allied as head of new Industrial & Technology sector... James Bordin appointed TRW Electronic Components Group mkt. development & planning dir., replacing Mack Queen, now mktg. vp... Thomas Longo advanced at Fairchild to head of new Microsystem Group in restructuring; he assumes some former duties of LSI Products Group Vp-Gen. Mgr. Jean Bocau, who returns to post with parent Schlumberger in France... Kazuo Haruna advanced at Marubeni from exec. vp to pres., succeeding Matsujiro Ikeda, resigned for health reasons.

Video notes: National Assn. of Video Distributors will chart long-term course at meeting in Chicago during June CES. Big issue is finding replacement for departing Pres. Larry Beyer, as no candidates have emerged from membership. Alternatives including hiring full-time chief, which would mean hiking annual dues 4-5 times from current \$300, affiliating with rival Video Software Dealers Assn... Sony will have first home educational cassettes on display at CES in Chicago next month, as well as additions to video 45 line... Warner Home Video shipped estimated 30-40,000 copies each of Best Friends and Lovesick, first of its new releases to retail at under \$40... Embassy shifted from Video Corp. of America to Technicolor for cassette duplication. Embassy said better price, convenience, capacity were main reasons, added it couldn't wait for VCR to complete expansion of L.A. facility.

WEEKLY

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MAY 23, 1983

VOL. 23, NO. 21

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CABLE BILL STUMBLES as AT&T, dissident cities force bill off Senate floor. 'They have declared war on cable TV.' (P. 3)

FREE DISHES FOR NBC AFFILIATES in multi-million dollar commitment. RCA & NBC are one and same, leaders say. (P. 4)

STC ADVANCES DBS PLANS by 2 years, announces details of 5-channel system that could cover continental U.S. by 1986. (P. 5)

HIGH-TECH TO MARK NCTA convention, FCC Chmn. Fowler added to speakers list. (P. 6)

CBS CUTS BCST. DIV. BUDGETS, with news budget trimmed by \$12 million on top of \$7 million cut in Feb. Hiring freeze in effect. (P. 6)

ABC LOOKS AHEAD TO 1984 OLYMPICS at annual meeting. Goldenson says year will be 'expensive but profitable.' (P. 7)

DAWSON LIKES 'COMPETITIVE TEST' for deregulation of telecos and broadcasters, discusses wide range of issues in luncheon talk. (P. 8)

WIRTH BACKS DOWN ON SPECTRUM FEE: Broadcast deregulation battle will shift to House Telecom Subcommittee as result of surprise announcement last week by Subcommittee Chmn. Wirth (D-Colo.) that he was giving up fight for spectrum fees. In letter to parent Energy & Commerce Committee Chmn. Dingell (D-Mich.), Wirth said he would stop trying to block deregulation effort with counterpush for spectrum fees, agreed to launch bill drafting effort May 24 with Subcommittee hearing focusing on question of public interest standard quantification. NAB, Rep. Tauke (R-Ia.), even Telecommunications Research & Action Center, called concession "victory" for broadcasters, but admit worry that lengthy Subcommittee process could result in vastly different kind of deregulation bill than broadcasters had wanted.

New Wirth position was outlined in 4-page letter he had hand-delivered to Dingell late last week. In it Wirth said battle in Committee over effort by Reps. Swift (D-Wash.), Tauke and Tauzin (D-Ia.), to attach major deregulation amendment to FCC budget has divided panel and stalled action on money badly needed by agency. He said Subcommittee members complained to

Consumer Electronics

GE, ZENITH IN, COMPACT out of color TV dumping case filed against Taiwan & Korea. Gold Star expanding U.S. color TV plant. (P. 11)

ZENITH TV LINE stresses technology, adaptability to teletext, pay TV, stereo. 'Modest' price hikes — larger ones forecast. (Pp. 12 & 16)

TELETEXT—THE BRITISH EXPERIENCE: After 8 years, it's in 4% of homes, adds \$115-\$120 to cost of set. 1,000 pages of text. (P. 13)

NAP EXPANDING VIDEOGAME arm to include software for non-Odyssey games & computers. (P. 14)

IMAGIC CANCELS plan for public offering, raises \$12 million privately. Game maker's report shows flat 2nd half sales. (P. 14)

ATARI SETS REBATES on 800 computer, videogame consoles. TI computer rebate. New computer entries on way. (P. 15)

CONFERENCES AT CES kick off with computer hardware & software session. Telephone, video, home & auto audio panels also set. (P. 15)

NIELSEN VCR DATA from first 4-week diary study shows off-air taping when away from home, cassette rental, major uses. (P. 16)

him saying they felt "shut out" of process, wanted back in. "I continue to believe that an approach which involves some form of spectrum value payments is valid," Wirth wrote. But Wirth admitted what he really wants is to regain control of runaway deregulation effort: "As long as the Subcommittee process is respected, I am willing to set [my] view aside."

Dingell shot letter back to Subcommittee chmn., said deregulation hearings could begin, but warned he wanted measure before parent panel by end of Oct. Subcommittee immediately slated hearing for May 24 on public interest standard quantification with witnesses including FCC Chmn. Fowler and NAB Pres. Edward Fritts. Date for full Committee consideration of clean FCC bill hasn't been set.

Wirth apparently had to move fast: Concerns about his sincerity were being raised. In interview, Swift expressed "some doubts" about strength of Wirth's commitment to quantification rather than spectrum fees, said he "wants something more in writing." Subcommittee aide argued Wirth effort is "sincere," added: "We mean it." Broadcasters also were cautious. NAB Exec. Vp John Summers characterized group's reaction as "a bird in the hand..." He argued: "I'm not sure why we should go back to Subcommittee when we seem so very near victory in the full Committee."

Victory broadcasters scented was tied to accord NAB was nearing last week on compromise deregulation package being worked out with allies Swift, Tauke, & Tauzin. Proposal wasn't finished at week's end, may be set aside now, but can't be ruled out as basis for something that is yet to be written, sources said. Plan on boards would have sharply reduced regulations broadcasters must satisfy to keep licenses, in exchange for guaranteed minimum of public affairs programming.

Stumbling block to proposal's completion was disagreement over handling of public interest standard quantification. Group was still trying to work out numbers, had tentatively agreed to set floor at existing FCC requirements for public affairs, news and local programming, was working on cap at 10% ceiling for combination news & public affairs, 7.5% local programming, and 15% other nonentertainment shows when Wirth made announcement. If talks had progressed, group was likely to settle on about that range of numbers, leaving it to FCC to set final figures within range required by bill.

Scene shift back to Subcommittee means NAB can step out of negotiations on program content, push ahead with total deregulation for TV & radio, Summers said. Official reasserted that NAB doesn't want program content requirements, was going along with talks "in spirit of compromise" to win deregulation, said NAB "will obviously continue to support" original Tauke-Tauzin deregulation bill.

Move undermines Swift's effort to slip content rules through full Committee, means everyone will go back to bargaining table, Swift said. But congressman said change will open door to involvement of other legislators in deregulation effort, something Swift thinks will benefit his case for program requirements. "It also means we can go back and figure out a different way to skin the cat," Swift aide added, referring to stalled talks with NAB, Tauke & Tauzin.

Tauke said he was "happy" with change: "We don't want a confrontation, either. If we can work this out in a way that permits us to follow normal procedures, that has a lot of appeal." Samuel Simon, exec. dir. of renamed Telecommunications Research & Action Center, also called Wirth concession victory for broadcasters, but warned move back to Subcommittee will open Pandora's box of new proposals that could result in very different bill than what NAB was expecting from push by Swift, Tauke & Tauzin in full Committee.

NAB is taking credit for Wirth concession. Speech Fritts was to give May 20 to Kentucky Bcstrs. Assn. originally was written to take middle of road on deregulation fight, was sharpened after Wirth backed down from spectrum fees. Final address had Fritts demand that FCC immediately initiate rulemaking to deregulate TV, cited strong momentum in House & Senate. Speech credited NAB with "creat[ing] movement" toward deregulation: "The NAB is spearheading this effort... after several years of inactivity... we have movement." He called on broadcasters "to exhaust every resource to achieve it."

CABLE BILL DELAYED, AT&T BLAMED: Coalition of phone industry forces, state regulators and some big city mayors exerted enough pressure in Senate last week to force postponement of S-66 for about 3 weeks. In bill's first major test against well-organized opposition, S-66 stumbled but didn't fall under criticism it would cause higher phone bills and splintered utility service.

As Sen. Goldwater (R-Ariz.) watched angrily, opening debate on his bill stalled when 3 senators — Lautenberg (D-N.J.), Metzenbaum (D-O.) & Moynihan (D-N.Y.) — used parliamentary maneuver to put off consideration until June 13, when NCTA will be in middle of its convention in Houston. Tactic gives senators time to review controversial telco language in bill (Vol. 23:20 p6), which is victory for, among others, N.Y. Mayor Edward Koch, who phoned several senators. National Assn. of Regulatory Utility Commissioners (NARUC) also lobbied hard against bill, backed by petitions from 32 state commissions.

Metzenbaum's procedural sleight of hand angered Goldwater, who objected to delay. "This is a very sorry turn of events," he said. Moynihan argued it was necessary because some cities, principally N.Y., have broken away from compromise between NCTA, National League of Cities (NLC). Goldwater retorted: "I have been working on [this] for 4 years" [and] "most of that time has been spent in conflicts with mayors." But he agreed to go along with delay in order to get firm date for consideration on crowded agenda, assurance that debate will be limited then. NCTA counts that as victory, said it will result in limit on amendments that can be offered and sure vote on June 14. Senate vote on S-66 now hangs over NCTA's convention (see story elsewhere in this issue).

Goldwater's control over bill eroded when Senate Minority Leader Byrd (D-W.Va.) objected to its sponsor, another proponent, Sen. Hollings (D-S.C.), as floor managers. He convincingly argued it would be fairer for someone else to control opponents' time, and asked that he be put in charge of their 6 hours of debate.

Lautenberg earlier had circulated proposed amendments greatly weakening bill by improving cities' franchising position and disallowing cable's unfettered entry into data transmission. Also repugnant to cable industry was proposed amendment by Sen. Abdnor (D-S.D.) who wants to change definition of basic telephone service in bill to regulate all telephone-like offerings by cable, including data transmission.

AT&T is "spreading the big lie," cable executive said, that unregulated cable data transmission will erode telephone profits and cause higher local service rates (Vol 23:20 p6), lobbying that scares senators from rural states like S.D. On big-city front, Moynihan admitted N.Y. Mayor Edward Koch had telephoned senators asking for delay. Said spokesman for dissident cities: "[AT&T] has tipped the balance by aligning with us."

"We were sandbagged by 2 or 3 senators," cable industry spokesman said, claiming Lautenberg has shown he's leader of AT&T opposition: "I wonder how many Western Electric facilities there are in New Jersey," spokesman said, adding: "The telephone industry has declared war on cable TV." NCTA Pres. Thomas Wheeler said he was "disappointed that a handful of senators was able to prevent the majority... from working its will. The delaying action was orchestrated by AT&T and a group of dissident cities. This strange alliance seeks to change common carrier policy via the cable bill and to permit the unchecked growth of new local cable regulatory bureaucracies."

Senate Judiciary Committee Chmn. Thurmond (R-S.C.) earlier in week took swipe at S-66, cutting from it section disallowing requests for proposals during franchise renewal. He felt bill was anti-competitive and Goldwater accepted changes. Thurmond also trimmed one word from another section, change allowing cities to demand certain services and access capacity in any franchise.

"We're back to a free-market situation in franchising," said NLC spokesman. "This means, yes, we'll deal with the existing operator at renewal time but [cities] also will be out there talking with other operators to see if they can offer something better. And if they can offer something better, it would show that the existing operator's offer was unreasonable and we'll be free to take the better bid."

NBC AFFILIATES TO GET EARTH STATIONS: Through "an agreement we literally just now reached with Comsat General," NBC will provide Ku-band satellite service to all its TV affiliates by late 1985, TV Network Pres. Pierson Mapes told affiliates at opening session of their convention in L.A. last week. "All you [affiliates] have to provide is the level ground to put it on, electricity and the applicable permits," he said. "NBC... will provide the dish, the electronics, the pad, the maintenance — the whole kit-&-caboodle."

Comsat officials in Washington said Comsat General will own and operate entire distribution system, including earth stations. Comsat Exec. Vp Irving Goldstein accented flexibility of system, said all network feeds could be managed by central control board in either N.Y. or Burbank. Local commercials could be inserted "with a flick of a switch." Comsat General Pres. Robert Kinsey explained that system would result in "the first distribution of network television programming via Ku-band."

Mapes said in L.A. that final details still have to be worked out with Comsat and Harris Corp. (which will provide receive stations), but satellite delivery to affiliates will start Jan. 2, 1984; full system will be operative by Sept. 1984. System will use uplinks in Burbank, Cal. and N.Y. and 3 transportable transmit/receive stations (for use by NBC News and NBC Sports), plus 24 downlinks for affiliates in central & mountain time zones. "We still have to finalize negotiations with Comsat for a full system which will enable us to feed the whole network by the satellite system by late 1985," he said. Agreement will provide for start-up using satellite capacity of Satellite Business Systems (in which Comsat is partner), transition to RCA Americom's Ku-band satellites after they're launched in late 1985.

Affiliates will be able to use their free dishes for several non-network money-making enterprises, Mapes added: "With the easy addition of electronics, your downlink can also become an uplink and together we can get into the new interactive businesses like videotex and teleconferencing."

Ray Timothy, NBC group exec. vp, told affiliates "the operative words for NBC next year are action and results." For prime time season just ended, he said, network was guided by words "patience" and "performance." Since then, he added, "we consolidated our strength and gathered momentum. Now, we are looking for results." Praising network-affiliate partnership, he said "NBC affiliates had the best growth rate among the 3 networks last year... The foundation of our plan is a program strategy that is working. We're building a unique franchise with your advertisers' key target groups and that franchise is paying off..."

"When NBC turns around, RCA wants to be there," RCA Chmn. Thornton Bradshaw told affiliates. Speaking at closing lunch, NBC Chmn. Grant Tinker pledged that "the improved financial picture will provide NBC with the strength and resources to achieve our goals... We now have evidence that the tide is beginning to turn." NBC Pres. Robert Mulholland said that network's first 6 months' gross revenue this year is up 22% over 1982. "Your network is healthy," he said. And, added Bradshaw, NBC's capital budget tripled from 1981 to 1982. RCA, he said, has supplied the funds that NBC needed "and it is obvious that NBC is turning around."

RCA chmn. said that when he came aboard 2 years ago, RCA had lost its sense of direction. "There was a management merry-go-round at the top. I've only been here 2 years and I have outlasted most of them." That situation has been turned around at both RCA & NBC, Bradshaw stressed, "and we know where we are going... We are becoming an electronics, entertainment and communications company. We are going back to our roots."

Constantly called on to deny that RCA would sell NBC (most recently at stockholders meeting 2 weeks ago), Bradshaw told TV affiliates that when he became CEO of RCA he found that promises had been made to affiliates that hadn't been kept. He said he constantly was asked "would NBC be a drag on RCA" and "would RCA be a drag on NBC... The first was never a question with me... I never thought for one moment about getting rid of NBC even though the network was down." He repeated earlier comment that if NBC is "just average," it could improve its bottom line by \$100 million each year.

NBC Entertainment Pres. Brandon Tartikoff, presenting fall prime time schedule to affiliates, said it "is the most balanced ever for NBC in terms of comedy [10 half hours], drama,

variety and movies." Of 9 new shows, 5 are comedies, 3 dramas. "We also have 10-1/2 hours of programming returning to their time period," Tartikoff said. "Once again, we have stability."

A group executive affiliated with all 3 networks said he's been coming to affiliate conventions for 20 years "and the NBC prime time presentation was the best I've ever seen by any network." Added another affiliate: "I certainly agree. It was the best one I've ever been to." Another viewpoint from a group owner: "I think they made the most out of what they had... After all, when you're last, what can you say?"

Low rate of network clearances by affiliates is costing NBC half-point in prime time ratings, Timothy said at news conference ending. Affiliates' daytime clearance rate is 89%, he said, 5 percentage points lower than other networks. Asked if he persuaded affiliates at convention to increase clearance rate, Timothy said "missionary work is a slow process." He said NBC "intends to hold the line" on affiliates delaying start of Johnny Carson show, confirmed that network is talking with Joan Rivers about becoming permanent Mon. host.

Timothy said advertisers "sure are" balking at 20% surcharge for airing piggyback 15 sec. commercials, said not one has signed up for piggybacks. He said NBC will follow ABC in not taking advantage of FCC-approved 3rd phase of increased number of commercials due to affiliates complaints about "clutter."

STC TO LAUNCH DBS EARLY: Spurred by competition from other "early entry" DBS systems, Comsat's Satellite TV Corp. (STC) said it plans to accelerate start-up of its satellite-to-home service by 2 years. Five-channel service will start in Oct. 1984 via 4th Satellite Business Systems satellite scheduled for shuttle launch in Aug. next year. Company said it hasn't abandoned plan for higher-powered service on RCA-built satellites in 1986, but plans to modify 2-bird service to include wider coverage area and more channels.

Announcement of major changes was highlight of Comsat shareholders meeting May 20 in Washington. Newly elected Chmn. Joseph Charyk said that modifications to SBS satellite and adaptations to service plans would make STC network available to users on antennas as small as 2 ft. in diameter — same size as originally planned for use with 1986 service. Charyk said that fact would give STC significant advantage over competition: "Other similar services will require antennas that are 4 to 6 feet in diameter, a size that we believe is not economical or suitable for home rooftops." Customers of initial system won't have to "buy costly new equipment" when higher-powered service comes on line, either: "Over the long-term, we believe that high-powered satellites and small antennas will claim the market."

Plan for entry into market before 1986 has been in works for 2-1/2 years, or almost since inception of DBS scheme, said STC Pres. Richard Bodman. United Satellite Communications Inc. (USCI) was first to announce 5-channel DBS system, which will be available this year. But acceleration plan follows more closely on heels of SBS deal with Australian publisher Rupert Murdoch to launch similar network.

Dept. of Justice is expected to issue ruling soon on proposed merger of Showtime and Movie Channel. DoJ spokesman said last week it wasn't definite when ruling would be made, but said decision was expected "in a matter of days."

Rejecting petitions to deny by National Black Media Coalition, FCC has renewed licenses of several La. & Miss. stations, but notified many of them they must improve EEO records. Coalition filed petitions to deny against 19 stations, but Commission unconditionally renewed licenses of 9, renewed 2 subject to reporting conditions and filing amended EEO program in 30 days, granted short-term renewal for 2 subject to EEO conditions, renewed 4 but said they must submit EEO information annually. Renewal for KDBS(AM) & KRRV(FM) Alexandria, La. was deferred pending receipt of amended EEO programs. FCC said that upon receipt of acceptable programs, stations will be renewed for short term ending Aug. 1, 1985. Comr. Rivera dissented in part, disagreeing with unconditional renewal for WYES-TV New Orleans. Said Rivera: "While I appreciate that public broadcasting is experiencing funding cutbacks, I am unconvinced... that this general condition should allow the application of less exacting equal employment obligations on public broadcasters."

There's great excitement among British earth station enthusiasts for latest satellite video service — American TV, relayed by Intelsat in unscrambled mode for U.S. forces based there. Feed includes Today Show, U.S. sports, prime time shows, CNN Headline News, various other programs.

TV DIGEST'S NEW YORK BUREAU MOVES

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Business office and editorial hq of Television Digest Inc. and all activities of Television and Cable Factbook remain at 1836 Jefferson Pl., Washington, D.C. 20036, 202-872-9200.

HIGH-TECH AT NCTA CONVENTION: Houston's Astrohall will be dominated by 65-ft. hexagon containing 34 large video screens flashing montage of slides, live shows & images throughout NCTA convention. Area will be capable of seating 2,000, will be located in middle of exhibit floor. On opening day June 13, it will be scene of morning keynote addresses by Chmn. John Saeman, incoming chmn. Monroe (Monty) Rifkin, Rep. Leland (D-Tex.) and Assn. Pres. Thomas Wheeler. As they speak, video screens on inside walls above them will show speakers, also flash glittering multimedia show.

Expensive display is one of several concessions to exhibitors who usually see crowds thin during speeches, panel discussions. This year, meeting rooms will be just off exhibit floor in move to improve traffic through exhibits. And Assn. for first time will provide facilities for exhibitors to hold news conferences in area next to news room. Spokesman said 20 half-hour slots were scheduled for exhibitors in conference room, that all 20 had been booked.

Late addition to lineup of speakers is FCC Chmn. Fowler, who will give what's described as special address June 14 before afternoon general session. His remarks will follow luncheon speech of Sen. Goldwater (R-Ariz.). Fowler's speech will center on deregulation, how marketplace forces can govern industry. Speech will be followed by session with theme "Marketing Magic: Cable's Consumer Power Expands." Appearing on that panel will be ATC Chmn. Trygve Myhren, Opinion Research Senior Vp August Hess, Opinion Research Vp Howard Horowitz, Campbell-Mithun Senior Vp-Client Services Kenneth Probst.

Annual membership meeting will follow session on marketing. For one hour, Assn. members will hold closed session, discuss problems, policy and formulate questions for NCTA executives.

General session on June 15 will center on "Programming: Sources and Revenue." Appearing on panel will be Gill Cable Pres. Al Gilliland, ESPN Pres. William Grimes, Group W Cable Pres. Burt Staniar, HBO Pres. Frank Biondi, ABC Video Enterprises Pres. Herbert Granath. Hosting session will be TV talk show host Charlie Rose.

NCTA said about 10,000 have preregistered for convention; level is expected to reach 13,000. With last-minute attendees, total could reach 15,000 or more, spokesman said. Last year's convention produced net income for Assn. in excess of \$1 million, source said, but because holding convention in Houston is more expensive than in Las Vegas, Assn. may not make as much this year.

"Cable: The Competitive Choice" is theme of convention, at which 25 representatives and 9 senators will be featured as speakers and panel members. Sixteen of representatives are members of House Energy & Commerce Committee, 8 are on House Judiciary Committee. Seven of senators are on Commerce Committee. Rep. Wirth (D-Colo.) will give major address at June 12 luncheon.

About 400 companies will exhibit hardware & programming on about 200,000 sq. ft. in Astrohall.

Exhibit floor will be open for 28-1/2 hours, 11-1/2 of which are when no other convention activities are planned. Convention will conclude with announcement of NCTA National Awards with entertainment by Burt Bacharach and Carole Bayer Sager.

CBS NEWS BUDGET CUT \$12 MILLION: CBS News Pres. Van Gordon Sauter called in top executives last week and ordered them immediately to cut \$12 million from fiscal year budget, we've learned. Reduction comes in addition to \$7 million cut in news expenditures ordered by Sauter in Feb., which wasn't disclosed at time.

Best. Group Vp-communications David Fuchs declined all specific comment on budget cuts. He repeated earlier statement issued by Group Pres. Gene Jankowski that hiring freeze had been initiated. Statement went on to say: "This step represents an intensification of a cost reduction program that has been under way for some time. It is being taken in response to indications of softer than anticipated sales in the second and early third quarters."

"Cost-management changes" have been ordered for all 7 Best. Group divisions, another spokesman said. Division heads have been told to reassess priorities with aim of reducing expenditures, move that initially was "opposed by all," spokesman said. "Sauter informed the staff that Broadcast had requested some cost-management changes and that we would have to take a look at it."

All division heads have "good idea of what adjustments they have to make," another spokesman said. "It's more than just the News Division, it's throughout the Broadcast Group." Said one executive: "This was communicated to all of us in a memo that indicated this is part of ongoing cost-management measures that have been in effect for some time. We have a short term problem of a softer than expected sales economy for the network marketplace."

"NBC teletext is here," NBC Teletext Gen. Mgr. Barbara Watson told TV affiliates in L.A. "We are on the air and we will stay on the air... We are creating a fantastic new medium — not TV, not print — but something entirely new, very different and very exciting." To prove her point, NBC had several receivers in Century Plaza Hotel for affiliates' convention and they were getting a lot of traffic. Network is using North American Best. Teletext Specification, offering 80 pages of information. Pages are continually updated (note: we checked several times one day last week, found hourly updates), include news, sports & weather, lifestyle features, personal finance, health, travel, etc.

Times Fiber Communications announced agreement to license its fiber optic cable TV distribution system — Mini-Hub — to 2 large telecommunications companies in France: CIT-Alcatel and Societe Anonyme de Telecommunications.

ABC SEES OLYMPIC PROFITS: 1984 Winter & Summer Olympic telecasts are nearly sold out, ABC Chmn. Leonard Goldenson told annual meeting of shareholders in N.Y. last week. More than \$100 million has been invested by network in Olympics to date, he said. Considering presidential election coverage along with games from Sarajevo, Yugoslavia, and L.A., Goldenson said, 1984 will be "very expensive year for ABC, but also a very profitable one." "Momentum" from events should help 1985 as well, he added.

"We expect that 1983 will fare better than the results of the first quarter might suggest," Goldenson pointed out. First quarter earnings were down from those of same 1982 period. Upturn in economy after 3 years' recession, "turnaround" anticipated in radio operations & publishing, should help 1983 growth, he said.

ABC Video Enterprises, with 3 cable services begun in 1982, pay-per-view service debuting last week, and home entertainment recording service start-up set for early 1984, aren't expected "to be significant profit contributors before latter half of 1980s," Goldenson said.

ABC is "in period of transition" from role as "primarily a broadcaster" to "a broadly based marketer and supplier of programming to a wide range of distribution media," Pres. Frederick Pierce told group. Down-playing recently publicized losses of AVE, Pierce emphasized investments in other areas, such as 6-year major league baseball contract, new physical plant for TV operations, satellite technology, acquisition of magazine COMPUTE!. "Our investment in ABC Video Enterprises is part of broader pattern of investment throughout our business," Pierce said.

ABC spends less than 0.5% of its income on charity, one stockholder claimed, well below 5% corporate level deductible under federal tax law. Small amount is balanced by "millions and millions" of dollars worth of public service announcements, Goldenson responded. Annual report cost \$363,000 to produce, Goldenson said in answer to another questioner.

"Are they a regulated utility under our statutes?" is question Ore. Public Utility Commission is considering in wake of complaint lodged by Pacific Northwest Bell (PNB) against Cablesystems Pacific, Portland franchisee. PNB recently revoked pole attachment agreement with Cablesystems Pacific in dispute over cable data services but backed off under threat of lawsuit. Telco then took case to PUC, which promised look at what spokesman described as "diminishing distinction between telephone and cable." PNB alleges Cablesystems Pacific is violating state law by offering business data services without state-approved tariff.

Microwave Communications Assn. (formerly MDS Assn.), will hold 3-day conference in Washington June 5-7. Details: Chris Selin, Suite 705, 145 Huguenot St., New Rochelle, N.Y. 10801, 914-576-6622.

N.Y. PR newswire is now available to users of NewsNet, online database that carries newsletters (including Broadcast-Cable section of Television Digest) and other business publications. Contact: Marilyn Hughes, NewsNet, 800-345-1301.

TELEPHONES IN THE 80's: A COMMAND LEVEL PERSPECTIVE



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

Seasoned professionals are having to work long and hard to make sense of the new environment for telephone business created by regulatory changes and the divestiture of AT&T's operating companies. The emphasis at the TELEPHONE SUMMIT CONFERENCE will be on exploring the business challenges of the immediate future. Faculty will put recent developments into perspective and outline the next steps for their own organizations, covering topics including the future roles of local operating companies, carriers, equipment manufacturers and regulators.

The TELEPHONE SUMMIT CONFERENCE faculty will include Theodore Brophy, chmn., GTE Corp.; Charles Brown, chmn., American Telephone & Telegraph Co.; John Clendenin, chmn., Southern Bell; Mimi Weyforth Dawson, FCC comr.; William McGowan, chmn., MCI Communications Corp.; Harold Miller, group exec., ITT Telecommunications Corp.; Robert Pirnie Sr., pres., U.S. Independent Telephone Assn. and pres., Union Springs (Ala.) Telephone Co.; Larry Wallace, pres., National Assn. of Regulatory Utility Commissioners and chmn., Indiana Public Service Commission, and Charles Wohlsetter, chmn., Continental Telecom. Moderating will be Jonathan Miller, managing editor of Communications Daily, Paul Travis, senior editor of Communications Daily, and Norman Black, communications correspondent in the Washington bureau of the Associated Press.

The TELEPHONE SUMMIT CONFERENCE is intended only for those who require an advanced understanding of the factors at work in the telephone marketplace and the importance of each of these factors in the overall business ecology of telecommunications. Such persons are likely to include senior strategic planners, analysts, major communication users and high-level government and private sector executives with line responsibility for telecommunications. Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception, and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

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COMMUNICATIONS DAILY

DAWSON LIKES 'COMPETITIVE TEST': FCC Comr. Dawson likes idea of using some type of "competitive test" to determine when traditionally regulated industries, such as broadcasting and common carrier, are candidates for deregulation or for Commission forbearance from regulation. She expressed those views during discussion of communications issues with reporters during luncheon last week.

Talking about telco-cable TV battles surrounding S-66, Dawson said FCC has 2 choices in trying to create "level playing field" for competition: Either move some competitors back under regulation or remove regulation from others. She said she likes idea of competitive tests because "there are a lot of areas where there may be effective competition now." As for cable-telco battles, she said: "Where there is only one wire going into the home, telcos should be able to provide cable TV on a common carrier basis. Where there is more than one wire, telcos should be able to provide any service they want under whatever conditions they wish."

She also said she liked idea of "market specific" approach to competition and defining dominance, rather than "carrier specific" approach. When asked about cable systems offering data services in competition to telcos, Dawson admitted that distinction between 2 is becoming blurred, said maybe it would be "better to make them all common carriers and forbear from regulating them."

As for broadcasters, Dawson said Commission should take integrated approach to entire video market in trying to determine if there's competition: "We've looked at market structure in the common carrier area. We should do it in the video market also."

Dismissing complaint against High Society's sexually explicit Dial-It service, Common Carrier Bureau referred controversy to Justice Dept. Bureau dismissed complaint from Peter Cohalan, Suffolk County Executive, but said it was referring problem to DoJ because "the messages provided by the magazine raise serious legal questions, especially in light of the apparent wide dissemination of this particular telephone number among children. In our view, the issues raised in this complaint deserve careful consideration by appropriate authorities."

Cable deregulation will be examined at House Telecom Subcommittee hearing May 25., 9:30 a.m., Rm. 2323, Rayburn House Office Bldg. Witnesses include: Sen. Lautenberg (D-N.J.); Rep. Matsui (D-Cal.); Seattle Mayor Charles Royer, pres., National League of Cities; NCTA Pres. Thomas Wheeler; Peter Athanas, pres., Community Cable TV Assn.; ATC Chmn. Trygve Myrhen; John Saeman, vp, Daniels & Assoc.; and Mayors Robert Bolen (Ft. Worth), Edward Koch (N.Y.), Robert Martinez (Tampa).

Petry TV has been named sales rep for 3 Corinthian stations — WANE-TV Ft. Wayne, WISH-TV Indianapolis, both CBS affiliates, and WVEC-TV Norfolk, ABC affiliate.

TIME SPINS OFF FOREST UNIT: Capital requirements of Time Inc.'s fast-growing video segment are chief reason for company's decision to spin off Forest Products, which accounted for 32% of sales but only 23% of pretax income in 1982.

Time Pres. J. Richard Munro told news conference after annual meeting that company has underestimated financial needs of ATC and that "the world has changed rather dramatically" in last 10 years: "I don't think anyone could have imagined the growth of HBO." Munro claimed "we can't feed" expansion as company is presently constituted, although he acknowledged that Video "has had just about all the capital it asked for." Munro anticipates continued expansion of Video, said "we're going to continue to be very aggressive" in cable acquisitions, said ATC and HBO "seem to be outperforming our expectations" for 1983. HBO, with more than 12 million subscribers, has added at least 2 million in each of last several years.

Not every Video venture is performing well, however. Munro took note of "very disappointing" STV results during annual meeting, said later that "we are looking very hard" at remaining Preview venture in Boston. It's supposed to reach breakeven by year's end. Other points: (1) ATC is experimenting with pay-per-view but "we're not very bullish." (2) "Latest rumor" is that Justice Dept. won't act on either Tri-Star Pictures or Showtime-Movie Channel acquisitions, in essence letting both proceed. Is Time ready to go ahead? "Oh, yes." First movie, starring Robert Redford, is expected to go into production within next 2 months.

Warner-Amex Cable cut 57 people from 274-person corporate hq in N.Y., reorganized 2 metro divisions into single division, consolidated programming, marketing & sales. Reorganization changes: Richard Aurelio, ex-senior vp of govt. affairs, becomes acting senior vp of programming, mktg. & sales of channel services. Sheldon Perry remains senior vp of programming, adds duty as "special advisor to the chmn." in all programming areas. Rupert Walters, former exec. vp of mktg., resigned. Warner-Amex's 2 metro divisions serving systems in Columbus, Cincinnati, Pittsburgh, Houston, Dallas, St. Louis & Chicago, will be combined into one division under Larry Wangberg, former group senior vp, whose new title will be Pres.-Metro Div. New Dept. of Corporate Affairs will combine public affairs & govt. affairs offices under new Senior Vp Linda Gosden, ex-dir. public affairs for U.S. Dept. of Transportation. Objective of reorganization, Chmn. Drew Lewis said in May 16 letter announcing cuts, is to "insure that Warner-Amex is properly positioned to achieve profitability — a job yet to be done." Warner Amex Cable lost \$46.6 million in 1982. Move will save \$2 million in 1984 through direct personnel savings, according to Gosden.

Cablevision Scotland has been formed to build & operate CATV systems in Scotland. Among 5 partners in joint venture is Cox Cable through World Cable, U.K. company it recently formed. World Cable holds 20% of new venture.

NEW RATES & ADS ON WASEC: Two success stories of cable, Music TV and children's channel Nickelodeon, have redefined their economic underpinnings. Warner Amex Satellite Entertainment Pres. John Schneider announced new rate structures for WASEC's 2 basic cable services: "We are in this business to stay, and it has become increasingly apparent that in today's marketplace both operator fees and advertising revenues are necessary income sources for basic cable services to thrive and prosper."

Move makes operators pay for MTV, using same payment schedule as Nickelodeon has had. Ad-supported 24-hour rock video channel with nearly 9 million subscribers had heretofore been offered free to cable operators. New rate structure affects only those systems with contract negotiations falling after May 17, and doesn't affect existing contracts, Schneider said.

Nickelodeon will carry national ads by Jan. 1984. Nickelodeon, with children's programming on 13 hours daily, 7 days weekly, hasn't carried commercials, was paid for by cable operators, who offered it free to 10 million subscribers. Local ad time for operators will be available by Sept. 1983, Schneider added. Number of minutes, rates, weren't available at press time. Action for Children's TV Pres. Peggy Charren termed move "black day for children's TV." Necessity of selling ads would dilute programming for children, she said, adding that pre-schoolers would be likely target of Nickelodeon ad time. "If we can't have cable programming without ads, then the whole cable promise goes out the window," she said.

Field Enterprises will sell WKBD-TV Detroit to Cox Communications for about \$70 million in cash, according to letter of intent announced last week. Announcement said Field "will retain certain balance sheet current assets." Cox. Pres. William Schwartz called station "one of the largest and most successful independent UHF stations in the country, with experienced and capable personnel. While the Detroit market has experienced some economic difficulties in recent years, WKBD-TV has continued to increase its revenues." Deal would bring Cox's total of TV stations to 7, maximum allowed by FCC.

N.Y. State Commission on Cable TV has fined Global Cable TV \$25,000 for failing to disclose that it had contracted to sell to Tri-County Cablevision franchises in 15 towns Global expected to win. Settlement agreement also reduces price Global got for franchises by \$400,000, mandates that Tri-County can't seek rate increase for 3 years. Total purchase price wasn't disclosed. Commission said it was largest fine it had ever levied.

Comr. Fogarty won't vote on any more FCC actions. In statement issued last week, Fogarty, who is leaving to join law firm when term ends June 30, said: "In order to avoid any appearance of conflict of interest whatsoever, I am abstaining from any further participation in the decisions of the Commission for the remainder of my term."

AT&T said it submitted low bid for first fiber optic cable to cross Atlantic. Called TAT-8, cable is expected to cost \$314-\$452 million and be ready in mid-1988. For first time, cable will be designed to branch off undersea and connect to more than one shore site. Depending on design, length of system will vary from 3,580 to 5,330 miles. AT&T said its bid ranged \$275 to \$388 million, depending on design, and that "after an initial analysis of proposals, AT&T's price appears to be lower than those submitted by other two" concerns. Bids also were submitted by firms from Great Britain & France, but value of those bids couldn't be determined immediately.

Advanced TV Systems Committee (ATSC) has begun work on developing voluntary national standard for advanced TV systems. Group is outgrowth of Joint Committee for Inter-Society Coordination (JCIC), whose members are NAB, NCTA, EIA, IEEE & SMPTE. Committee held first meeting recently, concentrated on acquainting members and public with purpose and structure of organization. ATSC Chmn. William Henry announced appointment of Richard Green, former CBS Inc. dir. of development, as ATSC exec. dir.

Supreme Court rejected arguments calling for end to ban on electronic & still photography news coverage of federal courtroom proceedings. Justices, without comment, upheld 11th U.S. Circuit Court of Appeals ruling that blanket bans don't violate First Amendment. Case was brought by Post-Newsweek TV stations in Fla., Community TV Foundation of Southern Fla. and Miami Herald Publishing Co., which challenged ban imposed during trial of U.S. Dist. Court judge.

Intelsat V-F lifted off May 19 aboard Atlas Centaur rocket from Cape Canaveral. Satellite is 6th of 9 planned in Series V, has capacity for 12,000 voice circuits and 2 TV channels. Satellite will become "major path II satellite" carrying mainly heavy route traffic in addition to maritime communications. Launch had been delayed several months. Next 3 Intelsat launches are booked on French launcher Ariane.

U.S. Appeals Court, D.C., has affirmed FCC's exemption of commercial TV stations in small markets from formal procedures to ascertain community problems and interests. Court denied appeal by National Black Media Coalition, ruled stations in towns of less than 10,000 outside all Standard Metropolitan Statistical Areas don't have to come under ascertainment rules.

FCC denied petitions from networks and others seeking rejection of AT&T's proposal to hike monthly charge for each Satellite TV Service channel from \$101,783 to \$150,000. Common Carrier Bureau chief said proposed rates "are not inconsistent with those presently charged by other satellite carriers for similar service."

Gen. Westmoreland's suit against CBS has been set for trial March 1, 1984 by federal district judge in N.Y.

WEEKLY

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Elected to AP Bestrs. board: Incumbents
 Randolph Holder, WGAU Athens, Ga. and Thomas
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 Norm Schrader, news dir., WDAY-TV Fargo, N.D.;
 Fred Young, vp & gen. mgr., WTAE-TV Pittsburgh;
 John Corporon, senior vp-news, WPIX-TV N.Y.

Terry Freedman advanced to Cox Cable
 dir.-programming services... Timothy Martin named
 vp & gen. mgr.-cable operations, Field
 Communications; Denis Curley promoted to
 vp-finance... Javier Valencia advanced to public
 affairs coordinator, KRON-TV San Francisco...
 Shirley Haner named public information mgr. of Ch.
 49, Conn. Public TV network.

Charles Kuralt, CBS correspondent, to be named
 International Radio & TV Society Broadcaster of the
 Year June 8, Waldorf-Astoria, N.Y... John Schmuhl,
 ex-Warner Amex, named vp-gen. mgr.,
 Tribune-United's Montgomery Co., Md. cable
 system... Dorothy Koda, ex-ABC, appointed art dir.,
 WPIX N.Y... Larry Bower joins WKJG-TV Ft. Wayne
 as promotion & operations dir... Robert Hippler,
 ex-WHBC-AM-FM Canton, named pres.-gen. mgr.,
 WNYN(AM) Canton.

Miles Kath, ex-General Instrument, named vp for
 new S.A.L. Cable Communications Electronic Div.
 specializing in prepackaged cable headends for CATV,
 SMATV & MATV... Dayton Chapin advanced to
 vp-acquisitions, Corporate Development Dept.,
 Daniels & Assoc... Carol Isaacs promoted to
 mgr.-administration, CBS/Best. Group, Program
 Practices, Hollywood... Richard Landesman,
 ex-Eastman Radio, named CBS Radio research mgr...
 Craig Johnston advanced to production mgr.,
 KING-TV Seattle... Cliff MacGowan, ex-Triad Video,
 named broadcast exec. serving Ala. & Ga., Associated
 Press; he succeeds Winston Burrell, resigned; James
 Aldridge named for Kan. & Mo... Robert Schnuelle
 advanced to new post of public affairs and PR dir.,
 KOLN-TV Lincoln, Neb./KGIN-TV Grand Island,
 Neb... Rose Perez, UCLA law student, selected NAB
 legal fellow.

Obituary

Mary Lou Burg, 53, member of Copyright Royalty
 Tribunal, died of stroke May 16 in Milwaukee, where
 she was visiting. She was named vice chmn. of
 Democratic Party in 1968, elevated to deputy chmn.
 under Robert Strauss in 1972. President Carter
 appointed her to 7-year term on 5-member CRT in
 1977. Burg, resident of Arlington, Va., worked for ad
 agency in L.A., then for radio stations in Milwaukee.
 There are no immediate survivors.

PBS exec. committee Fri. unanimously approved
 proposed \$62 million balanced FY '84 budget and
 \$1.34 million capital budget, which is about 3 times
 amount in current capital budget. Budgets now go to
 full board for June 23 meeting. Operating budget
 includes \$16.9 million station assessment package
 that requires member stations, depending on size, to
 pay 1.5-8% more, due to lower CPB support.

Personals

Joseph Charyk elected Comsat chmn.; Irving
 Goldstein elected pres... Gary McCarthy appointed
 CBS Theatrical Films vp-finance & business affairs...
 President Reagan has nominated following to Board
 for International Bestg.: Lane Kirkland, AFL-CIO
 pres.; Malcolm Forbes, Forbes Magazine pres.;
 former Rep. Clair Burgener (R-Cal.); Arch Madsen,
 Bonneville International pres., and author James
 Michener.

Sharron Kozloff named dir.-program coordination
 and asst. senior vp, ABC Sports; Sharron Black named
 program coordination dir. & senior sports vp asst...
 Stephen Solomon appointed ABC Real Estate &
 Construction vp... Sue Dewey advanced to NBC talent
 coordinator mgr... Vito Brugliera named mktg.
 dir.-product planning Zenith's Cable TV, Subscription
 TV and Communications Products Div... Robert Shive
 advanced to gen. sales mgr., WTHR Indianapolis...
 Tracy-Locke/BBDO exec. vp Ian Fawn-Meade elected
 a dir... Thomas Loebig, ex-WTAJ-TV Altoona, Pa.,
 named news producer WLWT Cincinnati.

Susan Dingethal, Arbitron Ratings Eastern Radio
 Station Sales mgr., will speak to Mass. Bestrs. Assn.
 May 25 in Framingham, Mass... Charles Munro,
 ex-WABC-TV N.Y., appointed news dir, WCPO-TV
 Cincinnati... Frank Herzog, ex-WDVM-TV, joins
 WJLA-TV Washington as sports dir... Nancy
 Mendelson advanced to creative dir., CBS TV Network
 Sales marketing services, new post... Tom Devlin
 promoted to sales & mktg. dir., Worldvision Home
 Video; John Riggio, domestic sales administration dir.

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended May 6 (18th week of 1983):

	APRIL 30- MAY 6	1982 WEEK	% CHANGE	APRIL 23-29	18 WEEKS 1983	18 WEEKS 1982	% CHANGE
TOTAL TV#.....	305,728	230,129	+32.9	387,475	5,931,484	5,404,129	+ 9.8
COLOR#.....	236,087*	158,772	+48.7	259,917*	4,184,695*	3,605,608	+16.1
MONOCHROME....	69,641	71,357	- 2.4	127,558	1,746,789	1,798,521	- 2.9
PROJECTION TV...	1,944	908	+114.8	1,751	41,355*	26,921	+53.6
HOME VCR.....	76,979*	22,273	+245.6	91,646**	1,034,879*	513,276	+101.6
COLOR CAMERAS...	7,529*	6,343	+ 18.7	9,842*	106,401*	85,285	+23.6

Color TV 5-week moving average: 1983--228,443*; 1982--193,930 (up 17.8%).

Home VCR 5-week moving average: 1983--61,063*; 1982--27,689 (up 120.5%).

Excludes projection TV. * Record for period. ** Highest week in history.

GE, ZENITH IN, COMPACT OUT OF DUMPING CASE: GE and Zenith last week notified International Trade Commission of intent to intervene on complainants' side in color TV antidumping case brought against Taiwanese & Korean manufacturers by labor-industry group COMPACT earlier this month (Vol. 23:19 p9). At about same time, COMPACT itself withdrew, leaving unions as only official petitioners.

Actions of GE & Zenith were expected, and effectively correct only obvious deficiency in dumping complaint — lack of support from any major member of U.S. color manufacturing industry. RCA has signed on as interested party, but, we were told, did so only to keep options open, still expects to have little direct involvement.

COMPACT withdrew from case for political reasons. Court of International Trade recently dismissed its challenges to various settlement aspects of Japan TV dumping case on ground it didn't qualify as interested party with legal standing. In letter to ITC, COMPACT said that while it believes "as matter of fact & law" that it is interested party, it was reluctantly pulling out to avoid "unnecessary distractions" that might result from court rulings.

Dropping out with COMPACT were its manufacturing members, Corning and Wells-Gardner. Corning can't get back in because its industry role as glass maker isn't close enough to set manufacturing to make it qualified participant. W-G has been passive COMPACT member and probably won't get back in case since it's now in TV only as contract assembler for Teknika, subsidiary of Japan's General. Financing dumping case is expensive, and whether unions will get help from COMPACT drew "no comments" from all sides.

ITC will hold first meeting with attorneys for both sides May 26, has set 3 hours for presentations. Among those expected to be speaking are representatives of Gold Star, Samsung and Taihan of Korea, as well as EIA-Korea. Major Taiwan producers slated to appear are AOC, Sampo, Tatung. Because only 3 of its many domestically owned electronics members are involved in case, Taiwan Electrical Mfrs. Assn. won't take active role, we've been told.

* * * *

Gold Star, in obviously pre-planned move, is tripling capacity of color TV production plant it opened in Huntsville, Ala. last fall, adding factory for microwave oven assembly. Company said it will spend \$4 million on immediate addition of 2 color TV assembly lines, boosting monthly output from current 10,000 to about 30,000, putting it in size category of most Japanese-owned operations here. This week it will break ground for \$6 million factory with capacity for 200,000 ovens annually when it goes on stream next summer. GS said output will be for export to Europe and Latin America, as well as for sale in U.S. Outlays will increase Gold Star's investment in Huntsville to about \$16 million.

ZENITH TV MADE FOR VIDEO, FIRMER PRICES: Stressing technology and adaptability to new video devices & services, Zenith's 1984 TV line carries "modestly higher prices overall from those previously in effect during 1983," increases showing up on "models with additional features and consumer benefits," but, as in RCA line (Vol. 23:19 p11), pricing is still well below year-ago level.

Zenith chose to change inside rather than outside of sets, leaning forward into future with new chassis, emphasizing improved & simplified cable TV and pay cable reception, readiness for teletext, stereo TV and whatever else comes along. Line has been shortened from 48 to 41 models, and all deluxe sets (Advanced System 3) have remote. And Zenith became first U.S. manufacturer to offer home teletext converter (for British World Systems standard).

Most striking new feature is accessory port, low in cost and easily attached to most Zenith TV sets made since Nov. 1981, through which sets can easily be converted to new services, as forecast here in Jan. (Vol. 23:4 p17). Zenith thus jumped gun on EIA-NTSC R4 subcommittee which is working toward standards for "universal port." Representative of subcommittee told us he believed Zenith system would be compatible with final standards, which are scheduled to be submitted to industry by year's end. (Subcommittee next week is expected to publish proposed standards for cable channel nomenclature, using numbers 1-99, and allowing for expansion.)

Zenith system is called "Redi-Plug," basically consists of simple wire harness with no active components, designed to be snapped onto connectors within any 1984 set and most 1983 models, ending in 8-connector plug installed in push-out circle at back of set. It's designed to be used with Zenith's new simplified Zenith TAC series decoders, to be supplied by cable companies. It permits viewer to access all channels -- including any pay tiers -- by set's remote control. Zenith's high-end sets have 178-channel remote control, designed to pick up 68 broadcast, 122 cable channels.

Redi-Plug can be used for pay cable with any Zenith cable-tuning set, so long as compatible decoder is supplied by cable company. Base-TAC decoder, now being tested by Rogers cable system in Vancouver, Canada, has no tuning function, is claimed to cost 1/3 price of standard cable converter-decoder, feeds signal direct to baseband (video) circuits of set rather than through antenna connector, resulting in better picture and eliminating sound problems. Consumer is supplied by cable system with decoder adjusted to unscramble tiers to which he subscribes. Redi-Plug connector routes scrambled video & audio out of set into decoder, decoded signals back into set.

Redi-Plug is versatile enough to accommodate many other services. At distributor convention in Arlington Heights, Ill. last week, Zenith previewed its teletext decoder, to be available in June, when it goes on market in Cincinnati under 5-year contract with Taft Bestg., now transmitting in World System standard. It carries suggested list price of \$320, including wireless remote control for access to both teletext and TV tuning, Redi-Plug and installation, is expected to be advertised at under \$300. Zenith officials said they'd supply decoders for any teletext system in accordance with market demand. Same Redi-Plug system makes sets easily convertible to multi-channel (stereo) TV sound by means of external converter. Heavily emphasizing 2-sided sets with surround speakers in both 19" & 25", Zenith obviously is preparing for big campaign on stereo sound when it comes.

Currently, Redi-Plug won't accommodate VCRs or videodisc players, but another new Zenith feature will. All sets in Advanced System 3 line (starting at about \$600, all up \$10-\$50) contain provision for switching video sources by remote control. Hand-held wireless tuning unit contains "antenna" button which sequentially switches among 4 inputs -- to which could be plugged cable input, outdoor antenna, VCR, disc player, home computer, etc. Antenna-splitter box on back of set is required; although it lists at \$30, it's expected to be used by dealers as giveaway sales-closer.

High-end "Z-Tech" chassis has new features: "Computer Brain" IC which adjusts video output for drift, compensates for picture tube aging; "Video Filter," which uses noise-coring techniques to reduce snow by sharpening edges without undesired interference; "timed-entry" keypad channel selection (for example, Ch. 2 may be tuned simply by pressing "2" button without "0" or "enter"), plus comb filter. Six sets have membrane touch-tuning keypad, about 1/16" thick, in fold-down panel. In low-end Custom series, all but 3 sets have keypad tuning.

Component TV system has been continued intact, but in July Zenith will add high-resolution (450-line) 25" monitor, capable of 80 characters per line and green-only monochrome operation for computers, as well as normal color picture display. Top 4 TV models have video & audio input & output jacks and 5-watt per channel stereo amplifiers (down from 10 last year).

Zenith introduced new low-end Beta VCR, similar (but not identical) to new Sony unit, 3-1/4" high (Vol. 23:13 p16), listing at \$530, wireless remote \$40 extra, new Matsushita-made high-end autofocus low-light Newvicon camera with 8:1 power zoom, all top-of-line features, nominally in \$1,150 category. Low-end Hitachi camera is being closed out; step-up Sony-made unit is about \$650. Projection sets will be introduced in July.

Comments on Zenith & industry by Chmn.-Pres. Revone Kluckman and Exec. Vp Walter Fisher will be found elsewhere in this issue.

TELETEXT—THE BRITISH EXPERIENCE: Eight years after inauguration of teletext service in Britain, something over 4% of homes and 3% of installed TV sets are equipped to receive it. Teletext adds about \$115-\$150 to retail cost of set, or 75¢-\$1 to weekly rental, and add-on decoders — which aren't widely promoted or displayed — cost more than \$300.

Teletext didn't really enter public consciousness until last year when electronics industry and broadcasters mounted joint \$7.8 million campaign, govt. relaxed installment and set rental rules to make teletext easier to add — and teletext receivers in use increased from 300,000 to 800,000 in last 18 months. BBC and the 2 commercial ITV networks now offer total of around 1,000 pages of text, including closed captioning for hearing-impaired.

British teletext, U.S. adaptation of which is called World Systems and is one of 3 major incompatible systems being transmitted in North America, emerged as compromise between incompatible BBC Ceefax and IBA Oracle systems, proposed & demonstrated in 1972 & 1973. Both broadcasting bodies continue to use proprietary names for their transmissions on same system, which has created unfortunate impression that they require different receivers.

Compromise Ceefax-Oracle system, developed by industry-govt. standards body, was adopted as national standard in Sept. 1974 and 2-year experiment was launched. BBC soon started transmitting 24 pages of continually updated news & information 7 days a week, extended it to 50 and later 100 pages in 1975. Commercial broadcasters using IBA facilities (ITV) followed suit in summer 1975 — but it wasn't until 2 years later that teletext receivers & adaptors started to appear on market. Delay was caused by need to develop ICs. Early chips were made by Texas Instruments but weren't very successful and were soon superseded by chips from Dutch Philips subsidiary Mullard, which now has cornered market.

Initially British teletext was sent on 2 vertical interval lines, and early receivers were prone to data buzz of same kind which afflicts many conventional sets when graphic material is superimposed on screen during regular transmissions. But buzz was overcome by newer receivers, and British govt. in 1981 authorized use of 4 data lines per field. It's likely system will progressively increase to 5 and even 6 lines.

Teletext receivers are equipped with built-in character generators which are triggered by received digital signals to display appropriate characters on screen. As number of lines is increased, number of pages can be raised or access time lowered. With current British 4-line system, access time averages about 8 sec. per page, most popular pages — such as news and sports scores — transmitted most frequently so they can be accessed with delay of only around 6 sec.

Although experimental transmissions started nearly 10 years ago, it wasn't until 1977 that there was fullscale service on all channels and receiving equipment was readily available. Because both teletext services lose money, broadcasters are reluctant to spend much to promote service. TV receiver industry was at first apathetic, did little to educate public, displayed very few working sets in stores. And not until late '70s did broadcasters promote it by transmitting sample rolling pages of teletext between programs so owners of conventional sets could see what they were missing.

Market is considered to have turned around in 1982 with joint industrywide promotion at

time set makers were looking for selling point to get stagnant sales moving in saturated market. Britain has about 20 million households, 27.5 million sets, and teletext penetration since start of campaign has climbed from 300,000 to more than 800,000 homes.

Success of teletext in Britain -- such as it is -- is result of single industry standard and joint industry-govt.-broadcaster decision, albeit belated, to apply hard sell. British enthusiasm for renting rather than buying TV sets -- which makes it easier for low-income families to switch to teletext -- has also contributed.

As proponents of World Systems point out, there's room for technical development within British standard. Both BBC & IBA have demonstrated improved technology which enables enhanced graphics and even still pictures to be transmitted by standard teletext data. But receivers will be more expensive, and there are no plans to introduce such new features in Britain.

(Note: Material for this report was prepared by Barry Fox, leading British video journalist, who has observed and reported on teletext from its inception.)

NAP INTO SOFTWARE: NAP Consumer Electronics, which has restricted videogame market involvement to its Odyssey hardware & software, will change all that at June CES with introduction of game cartridges for other systems.

First up will be cartridges for Atari 2600 and Colecovision game consoles. Programs for computers will be phased in later. Planning & marketing is being handled by new Video Software Group.

NAP move marks continuation of trend that has seen major game hardware-software companies expand to offer programs for competing games. First was Coleco, which now has both Intellivision and Atari cartridges in line. Last year Mattel added cartridges for Atari, and is currently suing to block Atari's plan to add Intellivision cartridges to its line (Vol. 23:19 p14).

In other software developments: Atari and MCA Video Games have formed Studio Games, venture to develop software based on MCA movies and TV shows. Success of previous efforts has been mixed -- Atari version of MCA's E.T. was among big disappointments of last year... Atari has preliminary agreement to sell videogame & cartridge production & marketing license to Brazil's Gradiente. License terms would exclude exports to U.S. Gradiente has manufacturing operations in Brazil & Mexico, is company that acquired Garrard audio business from U.K.'s Plessey in 1979 (Vol. 19:47 p13)... CBS Software has agreed in principle to joint computer software development & marketing effort with Children's TV Workshop.

Austin, Tex. has been chosen as hq site for Microelectronics & Computer Technology Corp., private 15-company hi-tech R&D co-op formally launched earlier this year (Vol. 23:5 p13). Venture, which includes only U.S. firms, got tentative blessing from Justice's Antitrust Div., but received it with warning that its activities would be reviewed on by-project basis. In recent speech to NAM, Asst. Attorney Gen. William Baxter said he felt such R&D pools could operate within antitrust guidelines provided that participating companies represent less than 50% of involved industry. He noted that market share includes that held by foreign manufacturers.

IMAGIC DROPS STOCK SALE: Independent videogame cartridge producer Imagic has dropped plan to go public for time being at least, instead raised \$12 million through private placement of shares, according to Pres. William Grubb. Last fall Imagic planned to float \$34 million, 2 million share issue, but word from Warner of poor 3rd quarter performance by Atari and subsequent losses by Atari and Mattel put damper on Wall St. interest in game investments, and Imagic postponed sale (Vol. 22:46 p9).

Imagic said its sales topped \$75 million in year ended March 31. That makes company about half size of its biggest independent videogame marketing competitor, Activision, which reported sales of \$157.6 million for same period (Vol. 23:19 p16). Figures also indicated Imagic may have had somewhat rougher time than Activision in fiscal 2nd half, period of industrywide discounting. Based on figures released in preliminary prospectus for now-canceled offering, Imagic sales in 2nd half were about \$40 million, up \$5 million or 14% from opening half, and accounted for 53% of year's volume. Activision had 51%, or \$32.2 million sales rise in 2nd half to \$94.9 million, and period provided 60% of volume.

Grubb said Imagic is making "strategic redirection," will place less emphasis on developing cartridges for videogames, more on software for home computers. Computer game market is, for present anyway, less competitive. Grubb also said Imagic was laying off about 50 people, or 20% of workforce, in all departments except engineering and game design.

Distribution notes: Sony appoints Boyd Corp., S. Portland, Me. for entire state... RCA seeks independent distributor for Houston area to replace Art Jones & Co., which has handled line for 20 years, but is giving it up at midyear... Superscope assigns all Canadian distribution for Marantz products to BSR Canada.

Upcoming conferences sponsored by Institute for Graphic Communications, 375 Commonwealth Ave., Boston 02115 (617-267-9425): High definition TV, July 10-12; optical videodisc systems July 24-26. Both will be at Monterey Bay, Cal.

MORE COMPUTER/GAME CUTS: Not even scorecard would be enough to keep up with continued tumbling of home computer & videogame prices. Most recent major moves came from Atari and Texas Instruments, and are expected to trigger round of repositioning announcements next month at CES.

Atari acted with rebates on both fronts. As forecast here (Vol. 23:18 p13), it last week instituted \$100 rebate on 800 model computer, dropping street price to \$399. It added free software packages to rebates already being offered on leader 400 and step-up 1200XL computers. Customer for 400 gets \$50 rebate, \$50 in software, for net street price of about \$120, while 1200XL offers are \$100 each, effectively dropping net to \$480.

In separate move, Atari put crimp in plans of Coleco, Mattel and others set to market stand-alone videogames or adaptors for 2600 format by announcing summer-long \$20 rebate program, which jumps to \$30 for customers who also purchase 2 game cartridges. Rebate could drop 2600 console's net street price to as low as \$59. At same time it cut wholesale on step-up 5200 console by \$40 to \$145, making it just \$10 more than Colecovision.

TI stepped up timetable for launch of \$50 rebate offer on its home computer by 2 weeks, and net on that is now \$100. Offer of free \$50 RF modulator is continuing.

Timex announced launch of \$80 step-up model 1500 home computer. Sourced from U.K.'s Sinclair, it has raised keyboard, 16K memory expandable to 32K, will accept plug-in program cartridges that will retail in \$13-\$30 range. Current Sinclair-made model 1000 has membrane keyboard, 2K memory, is programmable only from cassette tape, currently sells for about \$45.

Home computer due from toy maker Tomy this summer will carry list of under \$150, as indicated here last Feb. (Vol. 23:7 p13). Unit will have 16-bit processor, come with 16K RAM, built-in BASIC.

Milton Bradley's General Consumer Electronics will show under-\$150 computer add-on for Vectrex videogame console with built-in 9" X-Y monitor at CES. Computer will come with 16K RAM, built-in Basic, have light pen accessory. It will use 1/16" wafer tape cassette for data storage & entry, drive offered as extra-cost option at under \$100. Cassette, developed by Entrapo, has 128K capacity and is being used by TI in portable computer, will also be used by Coleco in upcoming module for Colecovision game-computer console (Vol. 23:9 p13).

Early home computer marketer APF and Magnetic Tape International are latest casualties in computer wars. APF, first with home computer-game combination in 1979, has halted operations while it seeks to work out arrangements with creditors. MTI has canceled plan to market ZiMag line of computer and videogame programs, will concentrate on marketing of blank tapes & discs.

Consumer Electronics Show staff hq has moved to 3 Ill. Center, Suite 945, 303 E. Wacker Dr., Chicago, Ill. Phone, unchanged, is 312-861-1040.

CES CONFERENCES: Home computers & videogames get leadoff position on conference schedule for Summer CES June 5-8 at Chicago's McCormick Place in 10 a.m. session June 6.

Conference is somewhat misnamed, as it will be dominated by computer companies, and no representatives from pure game segment of industry are on panels. TI's Bill Turner will keynote, followed by hardware session. Scheduled panelists: Bruce Maier, Discwasher; Tom Priestley, NEC; Bill Kopp, Panasonic; Dan Ross, Timex; Bernard Appel, Radio Shack. Software panel: Douglas Carlston, Broderbund; Rob Hunter, CBS; Lorraine Messa, Micro Distributors; Paul Terrell, Romox; Ken Williams, Sierra On Line; David Seuss, Spinnaker Software.

Afternoon telephone conference will be keynoted by Cobra's Frank DiLeo. Slated panelists: William Porter, American Telecommunications; William Thomas, Pathcom; Richard Hillman, Phone-Mate; Larry Reichenstein, Webcor; retailers David Mann, Public Phone Stores, and Harvey Stuart, Phone Booth.

Video Conference, June 7, 9:30 a.m., will have Frank Lann, NAP Consumer Electronics, as keynoter. Hardware panel: Rick Williams, GE; Ken Kai, Pioneer; Jack Pluckhan, Quasar; Paul Michie, Toshiba; retailers Gary Tobey, Platt Music, and Sonny Cohen, Video Etc. Software panel: Robert Cook, Embassy; Cy Leslie, MGM/UA; Bob Klingensmith, Paramount; Herbert Mendelsohn, RCA Videodisc; retailer Robert Skidmore, Video Concepts, and Chaz Austin, Nickelodeon.

Keynoting 9:30 a.m. June 8 Audio Conference will be David Karron, Fisher. Panelists at Home & Personal Audio session: James Ringwood, Maxell; Robert Borchardt, Recoton; Tom Yoda, Sansui; John Briesch, Sony; retailers Mel Silverman, Hi Fi Buys, and Ted Schwartz, Musieraft. Car Audio panel: H.P. Bauer, Blaupunkt; Sumner Ladd, Concord; Daniel Peterson, Kenwood; Murray Lefton, Fujitsu; retailers Bill Byers, CMC, and Gene Ladin, Mollen's Auto Radio.

Opening day June 5 will feature traditional afternoon industry overview session, with updated trends & forecasts presented by William Boss, RCA. Predictions for rest of year will be offered by Howard Anderson & Clive Smith, Yankee Group, and stock analyst Lee Isgur, Paine Webber. Most afternoons will feature retailing workshops.

International Trade Commission opened investigation into impact on U.S. industry of foreign industrial targeting programs. First phase, due for completion Sept. 30, will focus on Japan, seek to determine industries targeted and support offered by Japanese govt., relationship of targeting practices to international trade agreements and U.S. law, how they affect competition in U.S. Phase 2 will look into targeting by European and other major trading nations. Investigation is being made at request of House Ways & Means Committee.

Toshiba won \$2.1 million order to build alkaline battery plant in China. Facility, to be operational in early 1985, will have capacity for 20 million batteries annually.

ZENITH RIDES VIDEO WAVE: Chorus of optimism about TV & video this year continues — top Zenith officials joining in last week at company's distributor convention in Arlington Heights, Ill. where hi-tech line was shown (see separate report), with forecast of TV set shortages and hopeful feelers for major price increases.

Industry's illogical price structure continues to be major complaint. Despite "modest" increases in new line, Chmn.-Pres. Revone Kluckman, at news conference, called industry profits "not satisfactory — it's a matter of price." Exec. Vp Walter Fisher elaborated:

"If there's any sense in this business — with current annualized sales running at 13-15 million units, inventories in better shape than at any time in the last 5-6 years — if that doesn't buy some pricing stability, I don't know what it will take." He said retail sales were "keeping pace" with wholesale, and saw much of demand resulting from shorter than expected replacement cycle.

Fisher agreed with Quasar Pres. Jack Pluckhan's prediction of possible shortages (Vol. 23:20 p15): "We have been planning for 12.5-12.7 million sales... If it's a 13-14 million year, I don't think there's any question" shortages will develop.

There already are shortages in low-end VCRs, Fisher said — "leader merchandise is sold out." Although Kluckman conceded "we had a very bad year in VCR," Fisher was optimistic, forecasting 3 million sales this year. "I think VCR is a very sound business that will continue to grow, particularly now that prices have taken a tumble. A lot more people have been brought into the market. There's every indication VCR prices will firm up. The marketplace already shows a firming trend. I don't see the chaos of the 4th quarter returning."

Parting company with others in Beta group, Zenith didn't introduce hi-fi stereo model (although its new Matsushita-made camera has stereo audio input). "We don't see hi fi that great a consumer benefit vs. what is being asked in price," said Fisher. He saw 8mm video as "evolution, not a revolution," helping to boost disappointing portable sales.

As for teletext, "we're very interested and deeply involved." Asked whether Zenith would introduce converter for NABTS standard, Fisher replied: "If the market changes, we will change with it."

On videodisc: "We won't get back into that business as long as major manufacturers want to make it a razor blade business... not until there is a sign of profit in hardware." Projection TV, said Fisher, "is making a good comeback," with "most distress priced stuff gone, prices firming and business good." Zenith will have new models in July.

Zenith's digital TV has "no definite timetable," Kluckman said. "At the earliest, it will be later this year," but probably not before next year.

Zenith itself just completed biggest 4 months in its history in sales to dealers, Fisher said, maintaining greater percentage of high-end sales than industry, with remote control up as percentage of total,

"significantly higher than industry." In advertising, company this year will spend "a little less nationally and a little more locally," largely because of increases in network advertising costs.

After outlining Zenith's cost-reduction program (Vol. 23:12 p13), Kluckman was asked whether savings would be passed on to consumer. "They've been passed on before we got 'em," he replied.

* * * *

Zenith's TV line, mostly open-list, has four 13", all except leader with electronic tuning, 2 remotes. Four Custom line 19", one with non-electronic tuning, 2 with keypad, three 19" Advanced System 3 models (all remote), 2 with Space Phone. Custom line has one keypad manual, one scan remote 25" table models, 7 keypad-tuned consoles, 4 scan remotes; 25" System 3 line (all keypad remote) has 9 models with Space Phone, 7 without, 5 with video inputs & outputs. Component TV line is continued.

NIELSEN VCR STUDY: Data are year old and results don't reflect current market, but Nielsen Home Video Index nevertheless has industry first — 4-week diary on VCR usage (mid-May through mid-June) from 557 homes, 75 % with VHS machines, 25 % with Beta. None of studies to date has been this thorough, giving HVI clients opportunity to analyze taping & viewing habits over longer period than usual. HVI counts on at least 4 MPAA members and networks as customers, will see how well report does before preparing another.

Among major conclusions: (1) High frequency of daytime off-air recording, generally by hardcore soap opera fans who taped average of 20 hours during month. That was slightly ahead of movies, although latter were most popular programming, recorded by 50 % of sample. (2) About 35 % had pay TV, 7 % ahead of national average at this time last year. (3) Most of taping was done with TV set off. (4) About 30 % of sample keep programs for at least 3 months. HVI has, but won't yet release, information on time between taping and actual viewing.

Survey found 45 % rented recorded cassettes in last year, 25 % during month, compared with less than 10 % who purchased. Of those who borrowed during study period, 70 % brought home cassettes at least 3 times, with emphasis on hit movie titles. X-rated features did fairly well, 25 % renting at least one cassette monthly. That category was 5th most popular, after comedy (60 %), drama, science fiction, action-adventure. Pay-TV homes were less frequent renters.

AT&T will enter merchant semiconductor market later this year offer 256K RAMs made by subsidiary Western Electric to other OEMs. AT&T said it would start production this fall, make first deliveries by year's end. It also announced it had agreed to enter into computer operating system development arrangements with Intel, Motorola & National Semiconductor. All 3 will offer versions of WE's Unix System V operating system for ROMs to their customers who make mini and microcomputers.

EEC VCR QUOTA DISPUTE: Japanese agreement to limit VCR exports to Europe is only 3 months old, but it's already up for revision. As predicted here last month (Vol. 23:16 p15), German & U.K. marketers of Beta & VHS are afraid that low quota level on shipments of kits will hold back development of manufacturing industry there.

Under first year of 3-year quota deal, Japan is to limit total shipments to 4.55 million, including no more than 600,000 kits. Even start-up monthly European VCR assembly plans announced to date will all but chew that up in 1984. Already on stream are J2T (JVC-Thorn-Telefunken) at 30,000, Matsushita-Bosch at 2,500 and Sony at 5,000. By end of this year Hitachi, Sanyo & Mitsubishi will each be assembling 5,000 monthly. Still to come are Aiwa, Fisher and Sharp, not to mention major entry by France's Thomson-Brandt, which became J2T members when it acquired Telefunken's consumer electronics business. That would more than absorb all allowable kit imports, prevent expansion by ongoing assemblers, keep any new ventures from being launched.

VCRs assembled in Europe would have to have at least 45% local content to be considered EEC-made, and so not counted under quota. While Thomson-Brandt will be making transports under license from JVC, start-up will be slow, and for first couple of years at least, most of output is likely to be earmarked for VCRs to be sold in France.

European marketers of Japanese VCRs would like exclusion of kits from quota coverage, but Philips, Grundig and other members of V2000 camp are understandably unwilling to go along with that. Alternative is allocation shift, increasing number of allowable kit imports while leaving overall quota total unchanged. Here Japanese will balk. VCR selling margins are about as thin in EEC as they are in U.S., and European production isn't yet efficient. So Japanese need higher profits made on home-made VCRs to carry their EEC assembly operations. EEC & Japanese officials are slated to meet this summer, and adjustment of quota is expected to get top priority.

Japanese are about to get into yet another EEC battle involving restrictions on imports of advanced consumer electronics, this one to block 100% hike in duty to 19% on digital audio Compact Disc players. Notice of intent to seek increase was filed with GATT by EEC on Feb. 24 at request of European producers with backing of Philips. In brochure published to protest boost, EIA-Japan details history of cooperation between Philips & Sony that led to standardization of CD system, says increase would retard further worldwide development.

Protectionist duty rate hike would "spoil the record of cooperation" between Japanese & EEC manufacturers, "cause software manufacturers to rethink" their plans, give "an irreparable blow" to format. In contrast to EEC, it points out, Japan eliminated all duty on CD player imports (formerly 1.9%) on April 1.

* * * *

Presumably with help of quota restricting

Japanese VCRs, N.V. Philips says it expects sales of V2000 format VCRs to double this year to about 1.9 million, account for 30% of EEC market, up from about 18% in 1982. It says industrywide VCR sales there will rise about 19% to 6.4 million.

No licensing is continued software policy of Texas Instruments, which last week served notice on independent marketers that it has no intention of helping, and will move to stop, any of them selling plug-in program cartridges for its home computer. TI, which says it shipped its millionth home computer last month, has circuit in newer computers that rejects most cartridges that don't offer up appropriate signal. TI said it will continue to refuse to license patents covering circuit design to outsiders and will take appropriate action against infringers. TI said it encourages outsiders to develop software for its computers, and is interested in arrangements under which it will handle all production, distribution & marketing. Position has kept such program majors as Activision and Imagic from offering TI compatible games and is markedly different from that of main competitors Atari and Commodore. Both offer no-strings technological help to independents who have software they want to convert to their computer formats, and have pro-licensing policies.

New use for VCR — time compression as well as time shift. That will be pitch of Variable Speech Control Co. (VSC) at CES when it shows VCR equipped with feature which keeps sound from changing pitch at slower or faster speed than normal. VSC's research indicates people can watch old movies at 25% faster than normal speed, news or talk shows at 50%, educational programs at 75%, commercials at double speed, "creating leisure time." System is usable with dynamic tracking control developed by Matsushita for its industrial VCRs. Company says addition of VSC to dynamic tracking VCR should add no more than \$50 to retail price.

Low-light color camera requiring only 10 lux (one foot-candle), reported here last Oct. (Vol. 22:42 p11), has been introduced in U.S. by JVC in 2 models. High-end with infrared autofocus is \$1,295, model without autofocus \$995. Both have 2/3" Newvicon pickup, titling, VCR controls, character generator, VCR compatibility switch for different makes & models.

TV DIGEST'S NEW YORK BUREAU MOVES

Television Digest's N.Y. editorial bureau (consumer electronics, video) is now located at 475 Fifth Ave., New York, N.Y. 10017. New telephone number is 212-686-5410. Please change your records accordingly.

Business office and editorial hq of Television Digest Inc. and all activities of Television and Cable Factbook remain at 1836 Jefferson Pl., Washington, D.C. 20036, 202-872-9200.

MARCH TV IMPORTS: Imports of complete and incomplete color TVs were up only modestly in March, but total was high enough to set new records for that month and for first quarter (Vol. 23:20 p13).

Korea & Taiwan, with both finished & unfinished sets, as well as Mexico with chassis & kits, set growth pace for month & quarter, while Japan was able to keep pace with 1982 totals only in chassis, Commerce figures show. In b&w, imports were down from all major source countries for quarter, but Korea bucked tide with increase in March. Helping bolster Korean numbers are relatively new private label customers GE, which formerly produced in U.S., and NAP Consumer Electronics, which had plant in Taiwan.

Following are TV import totals by country for March and first quarter. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chge.	3 months	%chge.
Japan				
total...	137,500	-33.4	307,500	-22.9
color...	106,300	-26.2	270,700	-16.0
b&w.....	31,200	-50.1	99,800	-37.0
Taiwan				
total...	205,000	-10.1	661,300	-22.0
color...	78,200	+404.2	218,300	+173.2
b&w.....	126,800	-40.3	443,000	-42.3
Korea				
total...	266,800	+34.8	713,500	+16.2
color...	76,500	+27.7	252,800	+68.1
b&w.....	190,300	+37.9	460,700	- 0.6
Singapore				
total...	40,700	-25.5	143,200	+ 8.4
color...	34,600	-26.4	132,500	+21.9
b&w.....	6,100	-20.3	10,700	-54.2
Malaysia				
total...	5,600	--	36,700	--
color...	3,500	--	24,600	--
b&w.....	2,100	--	12,100	--
Canada				
color...	7,300	+ 6.5	17,100	+ 8.6

Complete Color

Japan....	47,700	-55.5	174,600	-19.8
Taiwan...	73,000	+370.7	193,900	+155.5
Korea....	74,000	+23.5	233,600	+55.3
Singapore	12,000	- 5.2	39,700	+ 4.0

Color Chassis & Kits

Japan...	58,600	+59.1	96,100	- 8.0
Taiwan...	5,200	--	24,300	+508.3
Korea....	2,500	--	19,200	--
Singapore	22,600	-34.1	92,800	-31.6
Mexico...	151,200	+34.0	371,500	+ 5.6

May sales began with a roar — first week color up 48.7% from year earlier, VCR up 245.6%, projection TV up 114.8%. VCR sales passed million-unit mark for year in first 18 weeks, more than double same period in 1982, nearly 30% ahead of full year 1980 and about 24% below full year 1981 sales. First May week was 2nd best in history of VCR.

CORNING'S TAIWAN CLOSING: For 2nd time this year, Corning has announced shutdown of TV glass plant. Closing this time is Taiwan's Pacific Glass, b&w bulb venture in which Corning was majority partner. Earlier this year Corning said it was shutting color glass plant in Bluffton, Ind., consolidating all U.S. output at State College, Pa. facility (Vol. 23:10 p11).

Pacific Glass was started in 1972 at cost of \$12 million, Corning kicking in \$8.5 million, rest coming from Iwaki Glass, affiliate of Japan's Asahi Glass, and China Development Corp (Chungwa). Corning said closing reflects declining demand for b&w tubes in Taiwan, excess worldwide capacity that cut into export trade of island's tube makers. Corning said estimated cost of closing was included in \$45 million special charge for overall corporate restructuring taken against 1982 earnings.

Production halt at Pacific Glass is expected to have no impact on either tube or set production in Taiwan. Philips and local producer still make b&w glass there and have more than enough capacity to meet demand. Only big volume b&w set makers on Taiwan are RCA & Zenith. Domestic manufacturers have lost much of their private label export business to Korea producers.

International Conference on Consumer Electronics June 8-10 at Ramada O'Hare Inn, Chicago area, will be keynoted by RCA Exec. Vp Roy Pollack. Vladimir Zworykin Award will be presented to John Clemens & Eugene Keizer, RCA Labs. Discussion sessions will be devoted to consumer electronics standards, copyright & patent protection for software, TV receiver interface, digital TV signal processing. Papers will cover TV signal processing, video recording, speech synthesis, digital TV sets, batteries, IC & component technologies, home management systems, TV displays, electronic imaging, DBS, digital audio, home computing. For program, write IEEE Service Center, 445 Hoes Lane, Piscataway, N.J. 08854.

New VCRs: Sansui and Kenwood introduced substantially similar 4-head JVC-made VCRs. Programmable unit is front-loaded, has 4 motors, wireless remote, 105 channels, 8-event 14-day timer, priced at \$900 by Sansui, \$1,000 by Kenwood. Low-end unit, also front-load, with one-event 2-week timer, is \$750 from Sansui, with similar model scheduled from Kenwood. In audio, Sansui announced its CD player would be available in Aug. at \$1,000, universal AM stereo & FM stereo tuner in Sept. at \$400, and car stereo tuner with preamp and cassette player (including AM stereo) would be \$530.

Matsushita formally opened \$10 million Knoxville speaker & capacitor plant. Monthly output is slated at 100,000 speakers, 2.5 million capacitors. Most of speakers will be used in Panasonic, Technics and Quasar equipment produced in U.S., while about 66% of capacitors, designed for telephone & communications equipment, will be sold to other U.S. OEMs.

QUASAR COLOR LINE: Quasar's 1984 color TV line (Vol. 23:20 p14) starts with AC-DC 7" monitor receiver at \$430, moves to 2 open-list 10" (starting at about \$300, down about \$50 from last May), moves to wired scan remote at \$350. In 13", leader with mechanical tuning is \$330 (down \$20), steps to 14-button electronic tuned version at \$350. Remote at \$460 (down \$30 from most comparable model last year) is first in new hi-tech Dyna-Tech Series. All feature 139-channel dockable remote, on-screen display of time, channel, input, volume level, sleep timer. Sole 15" is 134-channel remote at \$480 (down \$50).

Leader 19" pair with mechanical tuning are open (about \$390, down \$10); electronic tuned steps with 94 & 108 channels are \$460 (down \$10 & \$530 respectively); starting remote with 134-channel tuner is \$590 (down \$30), with steps at \$660 & \$700, last with matrix stereo audio. Dyna-Tech Monitor 19", with remote that also controls VCR function, stereo audio, audio-video jacks, on-screen input display, is \$900, with matching speakers as \$120 option.

Table model 25" leader with mechanical tuning is \$620 (up \$20), step with 134-channel remote is \$790 (up \$15), Dyna-Tech Monitor version, with slim-line cabinet, brow mounted tuner, is \$1,100. Consoles with mechanical tuning start at \$630 (up \$40), step to \$650, \$690 & \$700; trio with on-set 108-channel keypad tuners are \$720 (up \$40) & \$730; versions with 134-channel remotes are \$790 (up \$10), \$800, \$850 & \$870. Step-up trio with comb filter, 139-channel remote and twin speakers is \$900. Dyna-Tech Monitor consoles are \$1,325, \$1,350 & \$1,400. New 40" rear-screen projection TV is \$2,900, 45" continues at \$3,495.

In VCR, new top-load VHS leader with illuminated function read-out, wired remote, is open (about \$600); front-load step with 23 CATV channels, wireless remote, is \$875; high-end full-function 128-channel remote with stereo audio is \$1,350. Leader portable system with wired remote is \$1,000 (down \$300); step-up is deck-only with editing, stereo audio, at \$1,000; tuner-timers with wireless remote are \$400 for 105-channel, \$485 for 128-channel. Cameras, with electronic viewer, character generator, power zoom are \$1,100 for unit with 1/2" Newvicon, \$1,300 for 2/3" with stereo audio.

Phileo drops in 19" table model with 125-channel remote, audio output jack at \$500, 25" 125-channel remote console at \$720, double sided pair with twin speakers at \$770, open-list upright with top-mounted shelves for VCR, audio center. Also open is new top-load leader VCR with special effects, wireless remote control, electronic tuning.

Isomax is name for new high-density isotropic cobalt-doped magnetic media for perpendicular recording being produced by Kodak subsidiary Spin Physics. Kodak said it will market 5.25" floppy discs that will hold up to 10 Mbytes, or about 20 times capacity of conventional discs of same size, when used with drives now being developed by major manufacturers. Capacity is on par with that of more expensive hard disc drives.

IMAGE RECOGNITION IC: Image recognition is coming thing for home computers and toys, may even take off as feature before voice activation, according to Carl Baker, project engineer at Micron Technology, IC speciality house that last year announced development of 126x256-element optic RAM chip (Vol. 22:2 p14).

Boise-based MT had planned to feature chip in \$250 Photo-Phone, camera system it designed to provide picturephone service over standard TV line (Vol. 22:2 p14). But idea was dropped because of high cost of modems, Baker said. Now available at single-unit price of \$295 is Microneye Bullet, camera that feeds to computer. It comes with disc program that provides frame grabbing, TV display, image processing & enhancement capability for Apple, Commodore & Radio Shack computers — other formats are in works. Bullet connects to computer with short ribbon connector. Version with video circuit built in that can feed through 100-ft. cable sells for \$475.

Current chip sells in sample quantities for \$42, less than half price charged for CCD sensors ordered in 100,000 lots, and low cost has attracted interest of computer, toy & robot makers. Nearly all market leaders in those fields have chip under evaluation and are working on products that will feature sight as well as sound. Chip, Baker said, could be used to send pictures by wireless transmitter to TV from mobile toy or robot, as well as provide image recognition capability.

Now under development are opticRams with full-quality TV output having 512x512 or even 1,024x1,024 array, to sell for about \$100. Baker said MT hopes to have pilot production started in 4th quarter, product available by end of 1984. Color capability "is still in the back of our minds," but not active project at this time, Baker said.

Hong Kong exports of consumer electronics should grow 15% this year to \$2.9 billion, according to forecast by Conic Investments, which says future rises will be hampered by space & manpower shortages and are dependent on increasing productivity, increased reliance on subcontracting work to plants in China. Audio provided biggest chunk of \$2.5 billion electronics export volume last year at \$782 million, though total was down 3%. Electronic game shipments rose 66% to \$300 million, watches & clocks were up 13% to \$725 million, and telephones jumped 241% to \$47 million. Games, color TVs and telecommunication equipment are expected to be this year's growth leaders

Sansui is following other consumer electronics firms in bid to get FTC permission to restrict transshipping of its products by dealers. Sansui was among firms which, in early 1970's, signed consent order agreeing not to restrict price competition in their products. Pioneer last year successfully asked for modification of order so it could limit number of dealers handling its line and set franchising standards. Agency has similar request pending from Magnavox.

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
Acton			
1983-qtr. to March 31	6,735,000	405,000	.08
1982-qtr. to March 31	5,979,000	288,000	.05
Comcast			
1983-qtr. to March 31	19,179,000	1,454,000	.20
1982-qtr. to March 31	13,344,000	1,193,000	.17 ^a
MovieLab			
1983-13 wk. to April 2	8,430,180	(332,236)	--
1982-13 wk. to April 3	8,146,350	(427,924)	--
Philips NYb			
1983-qtr. to March 31	3,650,800,000	44,000,000	--
1982-qtr. to March 31	3,544,100,000	41,800,000	--
Pioneer Electronic^c			
1983-6 mo. to March 31	661,100,000	(8,200,000)	--
1982-6 mo. to March 31	662,100,000	1,400,000	--
1983-qtr. to March 31	312,200,000	(3,700,000)	--
1982-qtr. to March 31	317,800,000	(1,300,000)	--
Taft Bcstg.			
1983-year to March 31	380,955,000	38,035,000	3.83
1982-year to March 31	358,196,000	38,849,000	3.82
1983-qtr. to March 31	56,094,000	3,993,000	.43
1982-qtr. to March 31	50,546,000	2,395,000	.25
Tele-Communications			
1983-qtr. to March 31	81,502,000	9,169,000	.41 ^d
1982-qtr. to March 31	62,923,000	1,701,000	.08
Telepictures			
1983-qtr. to March 31	9,640,300	554,800	.09
1982-qtr. to March 31	5,027,000	410,800	.07

Notes: ^aAdjusted. ^bAt guildler's current rate. ^cAt yen's current rate. ^dincludes special credit.

Timex U.K. workers voted to end 6-week sit-in at Dundee, Scotland plant in return for promise of no more layoffs for at least 90 days. Stoppage halted pre-production development work on Sinclair's pocket 3" flat tube b&w TV which was to have been on market this summer. Sinclair, which has invested about \$6 million in TV, had warned it would be forced to drop product entirely if strike continued. It said market potential had already been weakened because Japanese manufacturers are getting ready to introduce similar sets, added that transfer of R&D effort to another contractor was impractical. Layoffs were behind worker protests. Timex has cut 1,900 jobs there this year, following loss of contract to assemble 3D Nimslo camera and decision to end watch production there. Adding to worker unrest was Timex agreement to build new watch plant in France.

Pioneer blamed continued investment in videodisc operation, losses from U.S. marketing units, high depreciation expenses for \$8.1 million consolidated loss posted in fiscal first half to March 31. Company sales were flat at \$650 million. Sales in home market were up 1.3% to about \$225 million, while overseas volume dipped 1.3% to \$425 million. Pioneer had \$1.3 million profit in same period last year, but posted losses in 2nd half. That situation should be turned around this year, Pioneer said, with help of revived demand for audio products, particularly in U.S.

Consumer Electronics Personals

Mike Staup, NAP Consumer Electronics Odyssey vp-gen. mgr., adds same duties for just-formed Video Software Group... **Martin Pregonzer** promoted at Zenith from accounting services dir. to operation vp for Zenith Distributing of Southern Cal... **David Feir**, senior management consultant for BSR since retirement last year as senior vp, appointed special asst. to BSR CEO Brian Christopher... **Edoardo Pieruzzi** named vp of 3M's Magnetic A/V Products Div., replacing Alfred Smith, now Best. & Related Products vp. **Sy Lipper**, former APF pres., launches Lipper & Co., Union City, N.J. retail buying service.

Gary Andreassen appointed RCA Videodisc financial planning dir... **Charles Carr**, ex-Sony, and **Larry Beck**, ex-Emerson Radio, join Thorn EMI Home Video as east & west sales mgrs. respectively for computer software; **Cathy McAdam** appointed promotion mgr... **Patrick Leone**, ex-Worldvision Home Video, joins CBS/Fox Video International as mktg. dir.

James Finke, one-time Commodore pres. who headed Videovision's unsuccessful computer retail franchising operation, forms Internetwork, N.H.-based computer store franchising company... **Roger Badertscher**, former Atari Computer Div. pres., now pres. of Mindset, formed to develop and market home computers; **Peter Jansen**, ex-Sears, named mktg. vp; **Bruce Irvine**, ex-Atari, appointed software vp... **Theodore Hoffman** joins Datasoft as vp-chief financial officer; **Stewart Bloom**, ex-Tandy, named product development dir.

Ad notes: Sony's theme for upcoming TV & print ads for Trinitron color TV line: "Nobody takes shots at 2nd best"... Fox Video Games appoints HWH Enterprises for PR... K-Tel appoints Philip Stogel Agency for video & computer games... Proton appoints Medlin & Assoc. for ad account, Thomas, Dillon & Mooney for PR... Computerland retail chain appoints J. Walter Thompson, replacing Grey Advertising on \$8 million account... Motorola appoints Richard Kaye & Co. for Display Systems Div. line of CRT monitors... AT&T's American Bell ads stressing "genuine Bell" nature of its line are indeed fair, as all comply with Bell specifications and are backed by warranty & service, BBB said in dismissing complaint by competitor. Charge was that ads were misleading because not all Bell telephone products are sourced from Western Electric.

Video software notes: MCA Home Video, formed through combination of MCA's former Videocassette & Videodisc units, plans to have first 8 custom-pressed CED disc titles out by midsummer... Sony expects to have first home educational cassettes on display at June CES... Warner Home Video says High Road to China will be last current release at \$39.98 unless results of mid-June distribution are up to expectations. Problem common in industry is that not everything sells in large enough quantities to justify \$20-\$30 reduction. WHV insiders say its first 2 under-\$40 titles fell well short of profit goals, and indication is that start-up shipments of both ran 10,000-20,000 less than 40,000-45,000 copy quotas.

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

PUBLIC INTEREST STANDARD quantification gets mixed reviews at anticlimactic House Telecom Subcommittee hearing. NAB opposition becomes stiff. (P. 1)

CABLE DEREGULATION BILL appears likely in House but may not look much like bill industry and cities are seeking in Senate. Fight brewing. (P. 3)

CBS TO CUT 400 JOBS at Best. Group through attrition, part of network's latest belt tightening effort, affiliates told at annual gathering. Economic scenario 'sputtered to a slowdown.' (P. 4)

SHOWTIME/MOVIE CHANNEL, studio officials stonewall on reported DoJ recommendation against merger. Viacom says Baxter has report. (P. 5)

NPR FIRES 84 EMPLOYEES in move to hold down projected \$5.8 million 1983 budget deficit. Member stations asked to give up part of new community service grants. (P. 6)

FCC ALLOWS more than 1,000 new FM stations, creates Exchange Carriers Assn. and phone rate monitoring plan. Last meeting for Jones & Fogarty is held. (P. 6)

CBS'S EXTRAVISION WINS FRIENDS with higher resolution graphics. (P. 8)

TV PUBLIC INTEREST STANDARD AT HOUSE HEARING: Concept of quantified public interest standard received mixed reviews at hearing last week by House Telecom Subcommittee with no resounding support heard. NAB acknowledged interest in approach, refused to support idea unequivocally. Spokesmen for minority interests, including Reps. Collins (D-Ill.) & Leland (D-Tex.), pushed for minority hiring & ownership standards. Industry's key deregulation ally, Rep. Tauke (R-Ia.), made it clear he doesn't like quantification. Never mentioned by any of participants were actual program quantification figures.

Hearing was result of compromise reached between Subcommittee Chmn. Wirth (D-Colo.) and deregulation backers Reps. Swift (D-Wash.), Tauke & Tauzin (D-La.) over best way to approach what is being called "industry reform legislation" (Vol. 23:21 p1). Group agreed to allow return of bill's drafting to Subcommittee with focus of hearings there to be on quantification of public interest standard that many members appear to support in theory. After drama of 2 weeks ago, hearing proved anticlimactic with no new arguments made for or against plan.

Consumer Electronics

SAMSUNG TO BUILD U.S. color plant, Korean company reveals at ITC hearing. GE, Zenith say imports are injuring their TV sales. (P. 10)

MITSUBISHI COLOR TUBE entry in North America hinges on negotiations for vacant plants of RCA Canada, Westinghouse. (P. 11)

DROP IN COLOR OUTPUT by U.S. factories in rising first quarter color TV market indicated by analysis of EIA & Commerce figures. (P. 11)

'NEW VISTAS' FOR CED disc system: European launch this fall. Industrial random-access player. 'Unique new directions' in home market. (P. 13)

'CABLE-READY' STANDARDS issued by EIA-NCTA committee provide for uniform channels, labels on sets for buyer guidance. (P. 13)

COMPUTER COMPETITION heats up with new console introductions, more price cutting, new TI giveaway, Atari software expansion. (P. 14)

WARNER TO POST higher loss in 2nd quarter, Ross tells holders. Atari computer & game units being consolidated. (P. 14)

TOSHIBA NET FELL, Hitachi & Sharp earnings rose in last fiscal year. (P. 15)

FCC Chmn. Fowler restated his opposition to quantification, claiming percentage guidelines aren't workable way to measure broadcast performance. He quoted FCC's 1977 decision that quantification would be "a simplistic, superficial approach to a complex problem," said content regulation raises First Amendment questions, also "risk that such standards may force on the public a diet of programming that conflicts with what it really wants." Fowler listed problems with trying to define what is "quality," "changing value judgments as to what is good for the public," and fairness issues as barriers to implementation of quantification, added marketplace would better dictate programming menu with any "unmet needs" best served by public broadcasting.

NAB Pres. Edward Fritts joined Fowler in sounding warning against concept, made it clear broadcasters joined in talks with Swift, others, over drafting of last-minute deregulation package that included quantification, only "in spirit of compromise," are otherwise opposed to concept. He argued: "Establishment of a national public responsibility standard would inevitably involve the FCC in programming judgments which are best left to the discretion of individual licensees."

Other groups expressed qualified support for concept, came out more emphatically for retention of public interest standards in general. ACT Pres. Peggy Charren called on panel to include minimum guidelines for children's TV in quantification, while Karen Jaffe, communications specialist for National Education Assn., warned against substituting fairness doctrine and equal time rules with quantified standard, also urged panel to include stiff enforcement provisions. Pluria Marshall, chmn. of National Black Media Coalition, warned that minorities would lose out in deregulated industry unless standards are imposed on broadcasters to ensure minority participation.

Henry Geller, dir. of Washington Center for Public Policy Research, claimed "quantification is a quarter of a century overdue." Geller laid out blueprint for quantification, said standard should be set not at minimum service level but for meritorious service, be different for independents & networks, UHF & VHF, large & small markets, also include radio. He argued standard should be drawn broadly to give broadcasters flexibility. Children's, local and informational programming would be the exception, he said, adding they must be clearly defined.

Geller contended standards should apply to all programming aired 6 a.m.-midnight, include special provisions for prime time that would span 6 p.m.-11 p.m., with percentages based on median reflecting industry's current programming practices. Figuring out what median might be could pose problem for FCC, Fowler said, but could be resolved with mass mailing of questionnaire to broadcasters asking them for details about their programming. Fowler promised to supply Subcommittee with details of how questionnaire might be handled, also what resources agency would have to devote to it, in written comments to Subcommittee within 2 weeks. Idea that radio also be required to meet quantification standard drew heated response from Harriet Kaplan, pres. of NRBA, who admitted "we would accept quantification as a compromise" only in order to win radio deregulation legislation.

Biggest news of day clearly was statement from Tauke, echoed by Tauzin, that he has "serious reservations" about "wisdom" of quantification: "It inherently intrudes on broadcasters' right of free speech." Tauke voiced concerns about method of defining standard, argued "govt. requirements don't help in determining whether a station serves the needs of its community." To win his support, quantification must be drawn broadly, also include mechanism for enforcement that is simple and "minimizes intrusion." Freshman Rep. Bates (D-Cal.) also indicated unwillingness to go along with quantification concept, repeatedly asked witnesses whether they might support competitive bidding for spectrum. Swift, original author of quantification idea in last Congress, proved to be its strongest supporter at hearing.

Hearing was scene of more friction between NAB & NRBA, who are feuding over kind of broadcast deregulation bill Congress should write. Tensions between 2 groups hit new high last week after NRBA Pres. Kaplan accused NAB of "destroying the best opportunity to fully deregulate radio that this generation of broadcasters will ever see" in letter she sent NRBA members on day before hearing was held. Assailing NAB for being "primarily interested in TV," Kaplan's letter claimed NRBA's efforts to achieve radio deregulation have been derailed "by an ill-advised and short-sighted burst of energy by some members of the House Commerce

Committee, abetted by NAB," warns that resulting focus on quantification "is likely to prove a retrogression into the control of program content by the FCC."

Radio board members of NAB struck back quickly with letter of their own that claims Kaplan misrepresented interests of radio broadcasters in her missive by failing to mention that NRBA is willing to accept idea of program percentages, which was part of Kaplan's testimony at hearing. They also hotly contested Kaplan's charge that NAB supports quantification, argued "This is the final straw!... NAB [has taken] a very strong stand against applying program percentages to radio." Not mentioned in NAB letter is how group came close to accepting quantification as part of compromise package it was helping draft with Reps. Swift, Tauke & Tauzin (Vol. 23:20 p8). Moreover, they claimed NRBA has actually hurt case for deregulation in Congress by presenting divided message at hearing.

UNCERTAINTY AT HOUSE CABLE DEREGULATION HEARING: Slugfest over cable industry deregulation moved over to House last week with first of 2 hearings by Rep. Wirth's (D-Colo.) Telecom Subcommittee. Divided support for compromise bill (S-66) that faces final action June 13 in Senate, also heated debate over measure's touchiest provisions — franchise renewal, access, and rate regulation -- made it clear proposal is headed for trouble in House. Unified front for bill was presented by NCTA and National League of Cities, but rebel municipalities, led by N.Y.C. Mayor Edward Koch, indicated their concerns haven't been eased, promised fight.

Long hearing featured cable, city & county officials, and key opponent in other house, Sen. Lautenberg (D-N.J.). Lautenberg argued regulatory power of local communities shouldn't be usurped by legislation out of Congress, also said 3rd party leased access must be guaranteed if proposal is drafted. He shied away from touchy question of what to do about local telcos' concerns with S-66 as presently written, problem Lautenberg, whose state is home to major AT&T operations, and others are preparing to tackle when bill reaches Senate floor. But question couldn't be avoided, came up as NCTA Pres. Thomas Wheeler and NLC Pres., Seattle Mayor Charles Royer, were testifying. Wheeler came armed with charts to support argument cable industry is different from utilities, really shouldn't be regulated. He claimed cable is basically entertainment, not an essential service, thus shouldn't be compared with other industries, especially phone industry. Subcommittee convenes 2nd hearing June 8 when much of testimony is expected to focus on telco issues.

Both Wheeler and Royer called on Subcommittee to avoid starting at square one in drafting cable bill in House, with Royer claiming compromise moving in Senate "provides a solid basis for establishment of national cable policy." But even Royer's support seemed qualified: "It is our hope that the Subcommittee will... recognize that the NLC-NCTA agreement is a general and not a specific framework for legislation." Uncertainty was underscored by Tampa Mayor Robert Martinez, who in one breath said compromise bill meets needs of cities, in next noted he has reservations about its eventual deregulation of rates in highly competitive TV markets, also bill's definition of basic service, other provisions.

Rebel cities were led by N.Y.'s colorful Mayor Koch, who made it clear he was hot under collar about 5% franchise fee cap when city is about to close deal with cable operators at 10%. Koch called on panel to scrap S-66, start over with legislation that would grandfather N.Y.'s and other cities' request for proposals that are already on drawing boards. Joining Koch was Ft. Worth Mayor Robert Bolen, who expressed doubts about need for federal legislation, pointed to what he said was successful record of municipalities in negotiating franchises, argued cities' power shouldn't be tampered with.

Direction Subcommittee is heading wasn't clear from members' reaction to testimony. Both Wheeler and mayors admitted in interviews they expected House to draft legislation, but came away from session unsure whether panel would use S-66 as basis or start anew. "That wasn't the question," Wheeler said afterward, indicating NCTA had been worried Subcommittee wasn't going to act at all on legislation, now believed it would.

Wirth said he wants Subcommittee to pursue bill that balances needs of cable industry and municipalities, also guarantees public's access. Rep. Swift (D-Wash.) expressed irritation with cities & industry, said 11th hour opposition from rebel cities was like "coming down out of the

hills after the battle and shooting the wounded," added groups should have struck accord on own, now face prospect of Congress writing measure that may be politically acceptable to members, not "reflect your best interests."

CBS TO CUT 400 JOBS AT BCST. GROUP: Employees who quit won't be replaced at CBS Best. Group until about 400 jobs are eliminated in next 6 months, cutting Group's payroll by 10%, spokesmen said at CBS 28th annual TV affiliates convention in L.A. last week. Executive said normal attrition will result in leaner, cheaper staff CBS wants, but he refused to say flatly that no one would be fired.

Staff reduction is 3rd major belt tightening effort in 2 weeks by Group Pres. Gene Jankowski after he saw first quarter profits plunge by nearly half to about \$24 million. Reducing staff by about 400 could save several million dollars, but observers here said more is needed. Some interpreted latest move as Jankowski's signal to division heads that he's serious about cutting outlays to bone until economy picks up. Several affiliates recalled similar staff reduction last year at Records Group when its profits dived.

It's known that News Div. had budget trimmed \$12 million on top of \$7 million in Feb. Only executive publicly to address question of declining profits was TV Network Vp-Sales Jerome Dominus. He told affiliates that CBS's recent decision to withhold guarantee of audience demographics to advertisers who buy blocks of time in advance was "an inequity in the broadcast industry."

"Our marketplace analysis and timing were mostly right," Dominus said. "And then, just when the economic cavalry was due to arrive, the scenario sputtered to a slowdown." He said situation should right itself in 4th quarter: "We expect that the network economy overall will be up around 15%... Local business should be up on the order of 13%." He added national spot market, which has been soft, is expected to pick up by about 12.5%.

Those economic forecasts and CBS's new policy on "split 30s" adopted this month, were main topic during an affiliates' closed door session with executives. Many affiliates raised concerns about clutter that might be caused by new policy favoring back-to-back 15-sec. commercials for often dissimilar products as long as same corporate logo covered both. Several affiliates said that Q-&-A session was quiet, that affiliates got their message across about profitability at network and at local stations.

Also, earlier in week, there was some quiet criticism from affiliates voiced over network's decision to introduce only 4-1/2 hours of new series this fall. Network is gambling that addition of 3rd night of movies will increase revenue and halt inroads being made by non-network competitors. Starting season with 3 movie nights — first time any network has done so in several years — is "bold and aggressive," CBS executive said.

"What we are doing is simply a new variation in the fine art of counter-programming," said Entertainment Pres. Donald Grant. Competing with NBC and ABC isn't now enough. Grant said CBS is "counter-programming not only the other 2 networks but cable households, independent stations and pay channels as well." He assured affiliates, though, that "we have not abandoned series as the mainstay of our schedule."

In past years, CBS has introduced plethora of new series only to see most of them fail — average of one in 4 has survived. When that happened, network has switched in mid-season to movies. "Rather than watch good half hour series become the early casualties of the programming wars, forcing us to add a 3rd movie night, now we are starting with a 3rd night," explained Grant: "[We're] taking advantage of a [large] movie inventory" while other networks are reducing theirs.

Jankowski echoed point in speech to affiliates: "Measuring one network's performance against only 2 other competitors seems archaic at a time when the public has so many other alternatives." Faced with "far more complex" video marketplace," Jankowski said, CBS will offer programming more attuned to "increasingly sophisticated viewers accustomed to lots of movies and sports."

Small market stations seemed most critical of move. Said one southern affiliate: "They're up there in N.Y. with all those cable channels and independents, and they think that's the situation all over the country. Well, cable isn't everywhere and my viewers still like half-hour comedies, and we aren't giving them much of that next season." Northeastern affiliate applauded move: "In my town on a Tues. night, when we put on some dumb sitcom, the sound of viewers flipping over to HBO is almost deafening."

Also at meeting, it was disclosed that affiliates will receive satellite distribution equipment consisting of 7-m motorized dish equipped for automated remote control, complemented by smaller dish for back-up. C-band equipment will be bought from Scientific-Atlanta and Harris, said David White, CBS's vp-administration, production, facilities & engineering. Terms weren't disclosed, but it was clear network will buy equipment for affiliates rather than lease it.

Decision comes one year after CBS announced plans to move from terrestrial distribution and private interconnection to satellite delivery. Network said then it wanted to get on bird because of decreased flexibility of terrestrial carriers and escalating costs.

In conjunction with C-band system, CBS is developing network management program permitting instant reconfiguration of network for sports, news and special programming requirements. System will control uplink/downlink switching and dish repositioning. CBS has decided that "C-band is the way to go," said White, who added that "we plan on encryption of our signal as soon as equipment acceptable to the network is available."

Stations will be responsible for site selection, local licensing and zoning and environmental studies. In addition, affiliates will have to provide mounting pad, equipment shelter, power. Most importantly, affiliates will have to obtain FCC licenses, White said. CBS for several months has been testing satellite interconnection program with 9 stations in Southwest. That project has worked well, White said, and first station in group should be on line by midsummer with total group interconnected by Sept.

Network is negotiating with several domsat providers. White reviewed current situation of excess transponder capacity, said: "Obtaining the space segment capacity we will need is just a matter of our matching dish capacity with our rollout timetable." He noted recent FCC action authorizing 19 additional domsats and move to 2-degree spacing. "While the ultimate 2-degree spacing is compatible with our receive equipment specifications, it will have an impact on portable C-band transmission facilities currently used for news, sports and other remote operations. For this and other reasons, we continue to monitor Ku-band progress very closely and plan remote origination tests this summer."

CBS recently notified affiliates of procedures to follow to receive feed by satellite over 4 transponders CBS has on Western Union and AT&T's Comstar birds. Some 86 affiliates have TVROs and have plucked network programming from bird during bad weather that interrupted terrestrial delivery. White praised those affiliates for following correct procedures to taking satellite feed, said they used system for "rapid restoration [of network feed] when their signals were lost this past winter and spring during severe weather conditions... These were for periods of time ranging from 15 min. to 72 hours at a stretch." Network officials didn't disclose whether affiliates which already have dishes would be compensated in any way, or whether those dishes would be compatible with new delivery system.

CBS becomes 2nd network to opt for C-band satellite distribution. ABC recently announced plan for C-band; NBC announced it will proceed with Ku-band.

SHOWTIME-MOVIE CHANNEL—JUSTICE PROBLEMS?: Justice Dept. staff apparently has turned thumbs down on proposed joint venture of Showtime and Movie Channel under control of 3 studios. There's likelihood that representatives from proposed new owners Viacom, Paramount, MCA, Warner Bros. & American Express will be meeting this week with William Baxter, asst. attorney gen. in charge of Antitrust Div., in effort to get go-ahead. Even with staff disapproval, fate of venture is far from sealed — Baxter is Reagan appointee with reputation for leniency in mergers.

"Our information is that Mr. Baxter has just gotten the report," Viacom Corporate Affairs

Vp Ronald Lightstone told us. "He certainly hasn't read it yet. He's the man in charge and we await his decision." Reports that studio executives already had been meeting to save scheme weren't accurate, he added: "We haven't seen the report so we can't say we've heard 'no.' I don't like the characterization of us racing down there [to Washington]. No one is panicked or upset."

Sources we contacted claim any talks are part of continuing discussions directed towards organizational announcements to be made at NCTA convention in Houston next month. Until DoJ gives its okay, antitrust laws limit kinds of information partners can swap, one executive notes. However, referring to Washington Post article about DoJ staff's negative evaluation, studio lawyer told us: "I've reason to believe that part is accurate... I'm still optimistic."

Showtime Pres. Michael Weinblatt, slated to head venture if & when it's formed, had no comment on Post article. Showtime, with 4 million subscribers, and Movie Channel, with 2.5 million, would remain separate channels in merger, but be run by one entity. Investigation is led by Seymour Dussman, who successfully argued against proposed 4-studio Premiere service in 1980.

NPR CUTS 84 EMPLOYEES: To hold down projected \$5.8 million 1983 budget deficit, NPR board last week fired 84 employees. Since mid-March, when deficit was discovered, NPR has fired 30% of staff. Last week, board approved \$17.65 million 1984 budget compared with 1983's \$26.63 million.

Employees were bitter about what they saw as "cut first, raise money later" mentality, and one labeled NPR management moves as "search and destroy mission." Some felt firings were politically motivated. Acting Chief Operating Officer Ronald Bornstein strongly denied this.

To save jobs, members of American Federation of TV & Radio Artists (AFTRA) offered to make unspecified concessions. Mid-level news management offered to take 10% salary cuts. Management said decisions on concessions would be made in mid-June.

Other developments: (1) NPR board asked member stations to vote by June 13 on proposal to use \$1.6 million in community service grant (CSG) funds, along with \$1.1 million from corporate and other sources to repay debt in 3 years. (2) NPR management agreed that fired employees would be first in line for any rehiring.

(3) Barbara Cohen, vp-news & information who was given large share of credit for raising department to current standards, resigned effective June 3 to become NBC News political coverage manager in Washington. She will be replaced by Robert Siegel, who was London correspondent. (4) Morning Edition Exec. Producer Frank Fitzmorris resigned.

Bornstein said committee of NPR board will meet May 31-June 1 to discuss potential fund-raising methods including on-air, direct mail -- "whole range of stuff."

KTTL-FM Dodge City update: Group of local citizens, including 2 employees of town's co-owned KGNO(AM) & KDCK(FM), have filed competing application for KTTL's license, which expires soon and is under attack by National Black Media Coalition. Station's "hatemongering" campaigns against Jews and blacks also drew protest from Sen. Dole (R-Kan.), who urged FCC in letter to determine if KTTL's "intimidating racist programming can withstand" license challenge.

1,000 NEW FM STATIONS: FCC last week changed technical rules to make more than 1,000 new FM broadcast assignments available, but said it would delay implementation of changes until Commission has enough resources to process large volume of existing and expected applications. Most new stations will be located in Midwest and South, were created by dropping new FM stations with smaller coverage areas in between existing stations.

FCC created 3 new classes of FM stations, allowed some classes to start operating in other classifications, said existing stations have 3 years to increase power or height and said they will move to metric measurement. Commission also decided to start omnibus rulemaking to take care of first 500-600 changes to FM table of assignments, said that will allow FCC to control timetable of applications, petitions and challenges.

Staff said effective date probably won't be until Oct., said most stations probably won't be on air until 1986. Many complaints from existing broadcasters were eased when FCC decided to maintain existing mileage separations among classes of existing stations, decided to look into possibility of giving daytime-only AMs preference in getting new FMs. Comr. Quello issued ringing dissent, said: "I don't believe the engineering record or the hypothetical need developed in Doc. 80-90 justifies the proposed widescale increase in FM allotments. There is no engineering study. There is no proven need. This will degrade service and cause interference to millions of people out there now receiving service."

Zenith's involvement in cable TV, teletext and multichannel sound is beginning to pay off in its consumer product line. Company has introduced first U.S. consumer teletext decoder, for World Systems (British) standard, to be sold first in Cincinnati, at list price of \$330 installed (which probably will be advertised at under \$300), including wireless remote control. All new Zenith sets and most models made since Nov. 1981 accommodate "Redi-Plug," simple adaptor for teletext, cable, multichannel sound and other services. In combination with new low-cost Base-TAC baseband decoder, Redi-Plug permits direct tuning of multi-tier pay cable using TV set's remote control.

MULTICHANNEL MDS APPROVED: FCC, in much debated decision, last week reallocated 8 channels from Instructional Fixed TV Service (ITFS) to provide for additional channels for Multipoint Distribution Service (MDS). Although majority of commissioners found faults with proposal, they couldn't agree on how to change reallocation plan, and measure passed. Chmn. Fowler & Comr. Quello voted yes, Comr. Dawson concurred, Comrs. Jones & Rivera partially concurred and partially dissented. Comr. Fogarty didn't participate, Comr. Sharp was absent.

In several related items, FCC: (1) Reallocated 8 channels from ITFS allocation in 2500-2690-MHz band for MDS, in 2 groups of 4 channels each. (2) Proposed using lottery to select licensees. (3) Allowed ITFS licensees to lease excess capacity on their systems. (4) Grandfathered all existing ITFS licensees, permittees and applicants for all reallocated channels. (5) Proposed to lengthen license terms for ITFS licensees from 5 to 10 years, allow ITFS licensees to use temporary fixed transmitters and allow them to deliver programming to cable headends. (6) Proposed eliminating 4-channel limit on ITFS licensees. (7) Reversed 1981 decision permitting use of Operational Fixed Microwave Radio Service (OFS) to transmit video services, saying that band would be limited to data services for 2 years and 1,400 applications to use 3 OFS channels for video would be returned.

Package of proposals appeared to be on its way to defeat when Commission discussion began. Rivera charged that MDS operators will be operating under common carrier regulation when they're really broadcasters. Dawson didn't like basic reallocation scheme, said she didn't see "compelling policy reasons" to take channels away from ITFS, didn't see need for 2 multichannel MDS systems. Jones joined her in expressing concern about diversity issue and other points, said: "I don't think we agree on anything." Dawson said there were enough votes to pull item for rewriting but "I will concur because of the length of time it would take to resolve these problems." Quello, long an opponent to reallocating ITFS channels mostly used by educational and public service institutions, said he would go along with item because all ITFS interests would be grandfathered, 20 channels remain in ITFS allocation, ITFS licensees can sell excess capacity, and ITFS licensees can veto MDS service if it causes interference. Quello said he supported measures because "we've given ITFS a lot here."

Afterwards, staff noted that there are already ITFS users on all channels reallocated to MDS in many major cities, which would preclude multi-channel MDS in those locations unless ITFS licensee makes deal with MDS applicant. Staff said that May 25 was cutoff deadline for grandfathering ITFS licensees, permittees and applicants. They said FCC plans to have one-day application period for MDS applicants, similar to procedure Commission had for cellular applications.

Reaction to FCC moves was mixed. "We think it's one of the biggest things to happen to our industry," said Microband Pres. Donald Franco. Mood

at PBS, which has over 100 ITFS applications on file, was grimmer. Deputy Gen. Counsel Nancy Hendry said: "We are very disappointed the FCC has not continued reservations for the entire band. We have taken the position that all 28 channels should be reserved for educational use."

C-SPAN plans to have 2nd channel up and running by Aug., offering cable systems another channel of public affairs programming at no cost if they carry C-SPAN's original signal. Pres. Brian Lamb said network has discussed starting 2nd channel for about year, said board decided to go ahead because 2nd channel: (1) Provides technical backup for primary network on Satcom 3R. (2) Allows network to reach Hawaii. (3) Positions network to offer simultaneous live coverage of House & Senate, if and when Senate allows TV coverage. (4) Provides free channel for cable system operators trying to fill many-channel systems. (5) Presents another outlet for public affairs junkies. Lamb said cost "isn't significant, about \$1 million a year."

Benton & Bowles' 2nd survey of new TV technologies found basic cable penetration has grown because of increased availability, not increased interest. Program content was increasingly cited as reason for rejection, 1/3 citing adult shows, up from 25% in 1981. "We would have thought the incredible amount of publicity about cable TV would have had a much greater influence on the willingness of people to subscribe," said B&B Senior Research Vp Alice Goldberg in describing results of survey of 2,375 consumers. On other hand, future of pay cable "looks very bright," Goldberg said, and cable viewer satisfaction had increased to 90% since 1981 study.

Storer stockholders were told last week that company will complete most of its cable systems this year and "wrap it up" in 1984. Storer official said cable expansion is accompanied by "very large swing" upward in cashflow. Bad news is debt burden, expected to peak at \$750 million in 1984. Firm's 7 TV stations were profitable but affected by recession in 4 northern markets, official said. All directors were re-elected.

COMMUNICATIONS DAILY GETS TOP AWARD

Communications Daily, published by Television Digest Inc., has won first place in international Newsletter Assn. annual award for "best exclusive" story in 1982. Award is highest in newsletter journalism. Award was for Jan. 28 article disclosing complete details of highly confidential FCC staff recommendations to commissioners regarding AT&T antitrust settlement. It's 2nd top award taken by a Television Digest Inc. newsletter in NA competition. First was won by Public Broadcasting Report in 1980 for story revealing for first time documentation of Nixon Administration's attempts to influence public broadcasting news programming.

EXTRAVISION SEEN IN FOCUS: Fuzzy, blocky look to CBS's Extravision teletext service now is gone with switch to higher resolution graphics, more colors and sharper lettering. Vp-teletext Albert Crane told CBS affiliates gathered for network's annual convention in L.A. that system now is capable of broadcasting 512 shades of colors, "a far cry from the 8 you had with the earlier system when it launched April 4."

WBTV Charlotte has become first affiliate to commit to locally originated addition to national feed. Station's James Babb said licensee made decision in March, that local feed should be operative by Aug. Station already has hired one staffer to operate new multiplexer, other equipment, costing about \$150,000.

Station's total commitment to teletext local origination is about \$400,000 for first year, Babb said, including salaries of 3-4 more staffers working exclusively on local origination of news, sports. "We didn't go into this with the intention of being the first, but we've always aimed at being the best and we felt this was the way to go." Crane said he knew of no other affiliates already committed to local origination but said several are considering it.

In next few months, WBTV will buy about 20 decoders, place them in shopping malls, schools & libraries. Highlight of local origination will be additional background information to top local news stories aired on evening news. Babb said viewers with decoders watching local news show will see page references on screen directing them to Extravision.

Switch to higher resolution, accomplished by more sophisticated production equipment at L.A. hq of Extravision network just purchased 3 weeks ago, was necessary for Extravision to be financially viable, Crane said. "We knew if we were going to attract advertisers we had to be capable of clear, faithful, color reproduction of graphic logos." Affiliates who saw higher resolution service for first time seemed impressed, and several commented that it looks "sexier," "easier to read," and "easier to sell to advertisers."

FCC ordered investigation of claims that Mexican-owned SIN National Spanish Television Network is improperly controlling 7 stations of Spanish International Communications, a U.S. firm. Rene Anselmo is pres. of both. Commission said 3-year staff probe concluded there were "serious questions" about whether SIN was controlling affairs of Spanish International, which would be illegal because foreign firms aren't allowed to control or operate U.S. broadcast stations. FCC designated for hearing licenses of stations — 5 of which are directly owned by Spanish International and 2 by many of Spanish International's stockholders.

Standing ovations were given to Comrs. Fogarty & Jones at their final FCC meeting last week. Fogarty gave farewell speech and left before meeting started. Jones gave brief speech, stayed to participate on all items. Fogarty will enter private law practice in Washington; Jones hasn't disclosed plans.

Consortium for Cable Information, new industry group headed by Group W Chmn. Daniel Ritchie to improve cable's image, will name members, unveil plans, at NCTA convention June 12-15. First step is raising \$750,000 in next 4-6 weeks for research & staff which will "be done broadly through the industry -- this isn't just for the big MSOs," Ritchie told us. Reception is "excellent" so far, he said. CCI hopes to have "fairly large board," budget of more than \$5 million, major promotional campaign in 1984. Recent Benton & Bowles study, noting 1/3 of homes refused cable because of adult programs in 1983 vs. 25% in 1981, is "right on the money," Ritchie said, but added CCI wouldn't become watchdog group or set cable programming code.

International Copyright Protection amendment was offered by Rep. Barnes (D-Md.), has been accepted by House Foreign Affairs and Senate Foreign Relations Committees as addition to Foreign Assistance Act. MPAA-supported amendment requires President to consider action by govt.-owned foreign broadcaster or group of nationals in airing U.S. films and TV fare without permission before giving country foreign aid. President can waive requirement if aid is judged to be in national interest. Measure is aimed at state-owned Jamaican Bestg. Corp. which allegedly routinely picks off U.S. satellite signals for domestic broadcast.

There may not be 2nd generation Eutelsat regional satellite system, a senior British Telecom official said at European Satellite Summit Conference sponsored by Television Digest Inc. BT satellite executive Alan Jefferis cautioned Eutelsat to "be careful not to go in for expansion not based on sound forecasts." Another major theme of conference was imminence of DBS in Europe. While there was no agreement on whether DBS signals would be delivered primarily to consumers directly or relayed via cable, there seemed to be consensus that DBS and cable would be complementary in Europe.

Outlet Co. directors have agreed to accept \$322 million merger offer from Rockefeller Center, with approval still subject to final agreement being drafted, and to approval of Outlet's stockholders and FCC. Under proposed terms, Outlet stock will be valued at \$45.33 share, down from \$68 after 3-for-2 split.

Standard cable channel designations (1 through 99) have been approved by joint EIA-NCTA committee as first part of program to make TV sets and cable more compatible. (Details are in Consumer Electronics section.)

Disney Channel says it has added 139 systems during first month of operation, bringing affiliate total to 539 with 150,000 subscribers, 50% increase over figures claimed 2 weeks ago.

New TV stations: WXCJ-TV (Ch. 63) Angola, Ind. & KCWC-TV (Ch. 4) Lander, Wyo. have gone on air, bringing total of operating TV stations to 1,123 (636 VHF, 487 UHF).

Personals

Davis Polinger, senior vp, WPIX Inc., elected pres., International TV-Radio Foundation, succeeding Sherrill Taylor, named chmn... Robert Powers advanced at FCC to chief scientist... Raymond Rajewski named Taft vp-TV business affairs... American Assn. of Advertising Agencies elects Paul Harper chmn.; John O'Toole, vice chmn.; David Stashower, secy.-treas.

Glen Fitzgerald named NBC Entertainment affiliate ad dir., new post; Daniel Weiss, affiliate promotion dir.; Anthony Fernandez, TV Network financial forecasting dir... Lew Colby promoted to gen. mgr., WCSH-TV Portland, Me.

Arnie Rosenthal, ex-Telefrance, appointed Financial News Network vp-mktg. & affiliates... Richard Moore advanced to pres.-gen. mgr. KTCA-TV/KTCI-TV St. Paul... John DeRoche, ex-KCMO-TV Kansas City, moves to vp-gen. mgr. WTVH Syracuse, replacing Larry Rhodes, who moves to vp-gen. mgr. KSEE San Jose... Robert Tobey promoted to gen. sales mgr., KGUN-TV Tucson.

CBS Theatrical Films names Ellen Weston vp-business affairs for contract negotiations... Stephen Solomon named ABC vp-real estate & construction... Mary McKinven named PBS dir.-public information... Paul Panepinto named WPIX N.Y. contract mgr... Christopher Dann named KQED San Francisco mktg. dir... Russ Van Dyke retires as news. dir., KCCI-TV Des Moines... Regina Miyamoto, ex-Paramount TV, named vp-TV & video, Westgate Group/World Information News Service.

Harvey Kahn appointed Disney Channel publicity dir... Howard U. pres. James Cheek, Honey Alexander, wife of Tenn. Gov. Lamar Alexander, and Alfred Stern, WNET dir., nominated to PBS board... Paul Evans advanced to head Bonneville International Teletext-5 operation.

Irwin Levy named pres., Communications & Cable Inc... Farrell Meisel, ex-WDCA-TV Washington, named program mgr., WCIX Miami... Allen Gilliland, Gill Industries pres., named chmn., Cal. Cable TV Assn. New dirs.: Richard Maul, Western Communications; Robert McRann, Cox Cable San Diego; James Robbins, Viacom; Donald Williams, Times Mirror; Frank McNellis, Group W.

Susan Swimer advanced at MGM/UA TV Distribution to vp-creative mktg... Holly Allen promoted to dir.-commercial & community services, WKJG-TV Ft. Wayne... Neil Shenker, ex-NBC, named to new post of dir.-business affairs, west coast, HBO... Perry Shelman, ex-Group W TV Sales, named national sales mgr., KYW-TV Philadelphia.

Lindy Spero, ex-WJLA-TV Washington, named dir., creative services, WTTG Washington... James Smith, Richard Janssen, Scripps-Howard Bestg. vps, also named assts. to pres... Richard Lawrence, ex-Lenco, appointed mktg. dir., Harris Best. Microwave Operation.

Hilda Chazanovitz advanced to Viacom dir.-mktg., planning & administration... Barbara McMahon, Debra Gould & Julie Spira promoted to territory mgrs., RKO Radio Networks... Ronald Castell, ex-Group W Satellite Communications, appointed senior vp-mktg., Satellite TV Corp. unit of Comsat... Bruce Berman promoted to production vp, Universal Studios... Richard Graf joins MGM/UA Entertainment as pres., domestic production.

Obituaries

John Blair, 83, John Blair & Co. founder & honorary chmn. emeritus, died May 25 in his home in Naples, Fla. In 1935, Blair started radio ad sales rep business which grew to \$322 million publicly held company, owner of KSBW-TV Salinas-Monterey, Cal., KOKH-TV Oklahoma City, KSBY-TV Santa Barbara, WHDH(AM) & WCOZ(FM) Boston, and printing interests. He retired as chmn. in 1966, remained a dir. & honorary chmn. until 1976. Wife & brother survive.

William Stone, 57, ABC TV operations technical mgr., died May 22 of cancer in Long Island. Among his major responsibilities was technical operations of ABC's coverage of 1984 Yugoslavia Winter Olympics. He joined ABC in 1965 after serving with NBC, Intercontinental TV (Paris) and Intertel. Before his most recent assignment he was ABC mgr. of TV news operations. Wife, 2 daughters, son, survive.

Pat W. Valicenti, 69, chief of FCC Hearing Div. before retiring in 1975, died of heart ailment May 23 in Washington. He was native New Yorker, made Washington his home in 1940s after joining old Office of Price Administration, later joined FCC staff. He is survived by wife.

Financial interest & syndication rule should be retained, ANA told FCC. In reply comments, ANA claimed rule is necessary to ensure "wide variety of program options" on commercial TV, and to keep competition alive "thereby holding down the costs of advertising which are eventually borne by the public." ANA said repeal of rule would cause ad costs to rise dramatically, especially for local spots.

Turner Bestg. has dropped efforts to merge with other companies, owner Ted Turner said. He reported that TBS had earnings of \$2 million, 10¢ per share, for first quarter, vs. loss of \$5.3 million same period year ago. It was 3rd consecutive quarterly profit, came with 57% increase in quarterly revenues to \$44.5 million.

NCAA lost another round in effort to prevent universities from negotiating their own TV contracts for major sports. U.S. Appeals Court in Denver voted 2-1 to uphold lower court decision in favor of U. of Okla. & U. of Ga.

A.H. Belo Corp. has signed agreement to buy KOA(AM) & KOAQ(FM) Denver for \$22 million from GE. Belo also reported it has discontinued talks with Gaylord Bestg. to purchase WVUE New Orleans.

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended May 13 (19th week of 1983):

	MAY 7-13	1982 WEEK	% CHANGE	APRIL 30- MAY 6	19 WEEKS 1983	19 WEEKS 1982	% CHANGE
TOTAL TV#.....	236,973	234,013	+ 1.3	305,728	6,168,457	5,638,142	+ 9.4
COLOR#.....	167,364	150,329	+11.3	236,087*	4,352,059*	3,755,937	+15.9
MONOCHROME....	69,609	83,684	-16.8	69,641	1,816,398	1,882,205	- 3.5
PROJECTION TV...	2,164	1,198	+80.6	1,944	43,519*	28,119	+54.8
HOME VCR.....	54,766*	27,445	+99.5	76,979*	1,089,645*	540,721	+101.5
COLOR CAMERAS...	5,003*	4,554	+ 9.9	7,529*	110,897*	89,839	+22.9

Color TV 5-week moving average: 1983--222,600*; 1982--192,111 (up 15.9%).

Home VCR 5-week moving average: 1983--62,908*; 1982--28,392 (up 121.6%).

Excludes projection TV. * Record for period.

SAMSUNG TELLS ITC OF U.S. PLANT PLAN: Samsung intends to be 11th Far East consumer electronics producer, and 2nd from Korea, with color TV assembly plant in U.S. Disclosure was made at International Trade Commission hearing in Washington last week where agency was listening to testimony on probability of injury to domestic TV industry from alleged dumping of color TVs from Korea & Taiwan.

Samsung said it reinstituted U.S. color plant plan shelved in 1981 (Vol. 21:30 p12), has picked site in S.C., plans to have facility up & running by June 1984. In clarification later, National Sales Vp Robert Branscombe said location hadn't yet been finalized, and that operations could start earlier than announced. It's expected Samsung will follow lead of fellow Korean Gold Star, and that of several Japanese makers, and assemble both color TV and microwave ovens here.

Announcement was intended to show ITC that, long-range at least, Samsung considers itself part of U.S. industry and that sanctions on its color imports would be unwarranted. Otherwise, hearing held no surprises. Spokesmen for Korean & Taiwanese producers followed predictable course, arguing that their low-priced sets represented little in way of direct competition for name-brand U.S. producers. Position was supported by K-mart Assoc. Buyer Paul Eschman, who contended that for his chain Korean sets represented plus sales. He said most customers will buy only well known color brands, but that low-income consumers can't afford them, and would buy b&w if low priced imports weren't available. Price is important too for consumers considering extra set for use with videogame or computer.

Other side of injury coin came from GE and Zenith. They claimed they were losing sales because of inability to match lowball pricing on mechanically tuned 13" & 19" leader models from Korea & Taiwan. In addition, they claimed that unfair low pricing on leaders by offending importers had effect of depressing prices & profits on higher priced models. GE noted that as active private label marketer it was being injured though lost sales on that front as well as in regular retail channels.

Zenith Exec. Vp Walter Fisher said even though company's 13" leader pricing is 13% below 1980 level, and 19" is down by about 10%, it can't match import pricing. He said Zenith study showed Koreans were pricing 13" leaders at \$162-\$192 dealer cost, with 19" in \$200-\$225 range, while Taiwan 13" pricing started at under \$200, and 19" fell in \$215-\$235 area. Those costs, he contended, allow dealer to resell imports for as much as \$80 less than comparable Zenith models. Pricing makes it "virtually impossible for Zenith or any domestic manufacturer to compete profitably" for that business segment, he said. As result, Zenith's market shares in

those promotional sets in first quarter of this year are "well below the shares attained in 1980," although it was in color consoles, Fisher stated.

Hearing produced no major surprises, aside from Samsung announcement, and finding isn't expected to, either. It's considered relatively certain ITC will find "reasonable likelihood" that imports, if indeed being dumped, are injuring U.S. producers. Vote is due next week, verdict announcement June 16.

International Trade Administration has formally accepted dumping complaint for investigation — since dropout by labor-industry group COMPACT, unions are only formal petitioners (Vol. 23:21 p11). ITA will meet in Seoul with Korean manufacturers to discuss its probe into unfair pricing aspects, move to Taiwan following week.

MITSUBISHI WEIGHS 2 PICTURE TUBE PLANTS: At time when picture tube industry is complaining of overcapacity, Japan's Mitsubishi is knocking on door, surveying sites to produce monitors and color tubes in North America. It's understood decision is due in mid-June.

Mitsubishi is considering 2 plants. As already reported, it has been negotiating with RCA to buy facility in Midland, Ont., last Canadian color tube plant, which was closed at end of 1982 (Vol. 23:16 p20). It's also negotiating for major part of Westinghouse plant at Horseheads, N.Y., which stopped producing picture tubes in Dec. 1976. Westinghouse continues to make govt., military and other special purpose tubes there, employing about 750.

If Mitsubishi decides to take big Horseheads facility, it would share it with Westinghouse, company with which it has traditional relationship. Plant once employed 1,200 in color tube production, and, like RCA's Midland facility, had capacity of million tubes annually. Sony considered purchasing plant when it closed down, ended up in 1977 by buying some \$15 million worth of its production equipment, which was installed in San Diego plant, where complete manufacture of Trinitrons started the next year.

Mitsubishi officials have toured Westinghouse plant, are "in negotiation" now, according to company source, while talks with RCA continue. Those latter discussions are in more advanced stage than those with Westinghouse, and are given more chance of bearing fruit.

Big Japanese firm is well ensconced in Canada as well as U.S., owns brand rights to Electrohome — last independent Canadian TV manufacturer, which now assembles sets for Mitsubishi. Mitsubishi has become increasingly active in tube chemical business, owns Kasai Optonix of Japan, one of world's biggest phosphor makers, in U.S. acquired U.S.R. Optonics, formerly part of U.S. Radium (phosphors), also owns MCI Optonics, maker of X-ray screens acquired from GAF. Mitsubishi assembles TV sets in U.S., makes tubes in Japan.

Westinghouse was last of wave of companies quitting picture tube business, which once had 10 manufacturers in U.S. — others were Philco, Admiral, Motorola, National Video, Channel Master. Survivors in U.S. are RCA, Philips (formerly Sylvania), Zenith, GE, plus Sony, which makes tubes only for own sets, while GE largely supplies own needs, has some outside business.

U.S. OUTPUT DOWN IN RISING COLOR MARKET: U.S. color TV market may indeed be roaring along growth path toward history's first 12-million set year, but domestic factories aren't exactly grabbing full share of that prosperity, according to our analysis of EIA and Commerce data for first quarter.

Figures show that in Jan.-March, period when color TV sales to dealers rose 15.4% to just over 3 million, total market at new supply level — U.S. factory production plus imports — was up just 5.6% to 2.98 million, and all of that increase was represented by rise in number of incoming foreign-made sets.

Although new supply was 2nd highest first quarter total ever — trailing only 3.26 million of 1981 — output of U.S. factories was down 1% to 2.29 million. It was 3rd consecutive quarter-to-quarter falloff for U.S. factory output, and 5th in last 6 quarters — 2nd quarter 1982 edged out same 1981 period by about 1,000 sets. It also was lowest first quarter production level since 1979.

While decline was relatively minor, sign that production was actually down came as something of surprise, particularly as production of domestic industry's newest assemblers, Korea's Gold Star and Japan's JVC, are included in U.S. first-quarter production totals for first time. Domestic conditions, however, aren't quite as gloomy as raw figures indicate. EIA data indicated that factory color inventories at end of quarter were down about 20,000 from start of year, while at end of first quarter 1982 stockpile had increased by 50,000. On basis of production for sale, against production for inventory, output was up 2.1%, and while that's still well below market demand, it at least shows some improvement.

As for color imports, 691,000 total, up 37.9%, was highest first quarter ever, biggest quarterly total since 4th quarter 1972, and was 3rd largest quarterly total in history. That sharp jump, against production cutback, gave imports 23.2% share of complete set market, up from 17.8% in same quarter last year. Import share was highest since 4th quarter 1978 and highest first quarter since 1977. Also up in quarter (13.7% to 604,000) were imports of chassis & kits. That indicates that some 26.4% of U.S.-produced color TVs were essentially assembled from foreign chassis, up from 22.9% in same 1982 quarter, and gives imports effective 43.4% market share for period, up from 36.7%.

1983 U.S. FIRST QUARTER TOTAL TV SUPPLY

		U.S. Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1982....	2,292,000	- 1.0	1,722,000	-10.9	4,014,000	- 5.5
	1981....	2,314,000		1,933,000		4,247,000	
Color TV	1982....	2,292,000	- 1.0	691,000	+37.9	2,983,000	+ 5.6
	1981....	2,314,000		501,000		2,815,000	
B&W TV	1982....	--	--	1,031,000	-28.0	1,031,000	-28.0
	1981....	--		1,432,000		1,432,000	

TV stereo multichannel TV sound (MTS) proposal from FCC still is nowhere in sight. If it's not issued by June, vacations probably will hold it up until Sept. Manufacturers working with EIA on tests of 3 systems don't mind this delay -- it will give them time to complete tests and recommend standard system. Presumably, holdup at FCC is to give Commission chance to assess impact of teletext decision, cited as model for MTS proposal. That decision permits use of any or all qualifying systems, doesn't require cable TV systems to carry teletext when relaying programs. It's foregone conclusion that MTS decision also will be "marketplace" one. Open questions are whether FCC will specify that MTS is "must carry" for cable, and whether it will specify that sound must be program-related. If non-program-related, sound channels might be used for background music and radio-type material.

German VCRs in use at end of last year hit 2.4 million, putting penetration at more than 10% of households, according to German Video Institute, which says it expects level to approach 20% next year. GVI credits VHS with 64% of sets in use, V2000 with 20%, Beta 16%. Blank tape volume jumped 67% last year to 16.7 million units, \$236 million at retail. As for games, GVI said 265,000 master consoles were sold in 1982, 194% increase over 1981, with cartridge sales at 1.45 million, or \$62 million.

Atari trimmed 225 from videogame production ranks last week. Cutback is in addition to current workforce reduction of 1,700 stemming from announcement last Feb. that it was shifting most computer & game console production to Hong Kong & Taiwan (Vol. 23:9 p12). Atari move has forced restructuring at Synertek, Honeywell IC producing subsidiary. Company supplied ROMs and custom ICs. Company laid off 175 production workers last Dec., dropped additional 54 this month. In letter to employees, Pres. Robert Dickey said Synertek was moving to reposition itself, end "overdependence on the videogame market." As result of new plant startup costs and "loss of the sizeable volume" of expected Atari business, company has been operating at loss in recent months, he said.

Export control measure passed by House Foreign Affairs Committee would renew President's expiring authority to restrict exports to specific countries for foreign policy reasons, but would ban such limits on products easily obtainable elsewhere. Change is in response to complaints from U.S. businesses, including semiconductor makers, that some foreign manufacturers benefited from U.S. export blockades while country against which restriction was aimed suffered no more than minor inconvenience. Where question of export restriction effect is questionable, bill would put proof burden on govt.

CED'S 'NEW VISTAS': RCA last week confirmed our reports of U.K. launch for videodisc system, supported by Hitachi players (Vol. 23:19 p14), with debut to come this fall in time for Christmas sales. Facilities for mastering & pressing PAL discs for European market are already in place at Indianapolis plant, Exec. Vp Roy Pollack announced at London's electronics industry Spring Trade Show. RCA also is preparing to move into industrial & institutional market with random-access disc system, we've learned.

At Indianapolis plant, Selectavision Videodisc Vp-Gen. Mgr. Jay Brandinger said discoveries in videodisc technology promise vast increases in versatility of CED system, opening up "new vistas and unique directions," including many applications "not easily accessible to videotape."

Brandinger didn't elaborate on directions RCA would follow in disc, but indicated to us they were related to random-access capabilities and on-screen prompting, first demonstrated in new high-end player (Vol. 23:19 p11). There was strong implication that new uses will include interface with videogames and home computers. Since announcement of random-access player, he said, RCA has had inquiries from industrial & commercial field, and "we plan to move into that area."

Developments will unfold over next 2 years or so, Brandinger told us. One which may not come that soon — but is possible — is super-longplay disc. By use of constant linear velocity (CLV) technique — variable disc speed approach used by Laservision to achieve hour-per-side playing time — it's "theoretically possible" to produce disc which will play 4 hours, he said.

More than theoretically possible is disc using existing standard speed playing for more than current 60 min. per side — CED players to be introduced in U.K. by Hitachi will be capable of playing 75 min. per side in PAL system, which uses 25 frames per sec., as opposed to NTSC's 30. Brandinger said RCA has "no current plans" to make longer playing discs for U.S. market because all existing players here are limited to 60 min. and "we have an important consumer franchise to protect." Brandinger said playing time increase was part of normal "learning curve," and added he didn't know exactly how long disc could be made to play.

One major product of RCA's learning curve may be gradual eradication of generally unpublicized problem of groove-skipping in CED. Using new 1984 model player, we viewed one complete side of old, heavily used disc and detected no skips at all. Brandinger indicated new players are designed for better tracking capability. All that remains now is takeoff in player sales, and "we're looking for that — we're going to be highly successful."

For U.K. launch, Hitachi will make 2 stereo players, one with wireless remote, the other with optional wired remote, both listing for under \$500. London announcement said some 100 disc titles would be available at first at \$20-\$34, with new titles added monthly, distributed by RCA Records subsidiary RCA

Ltd. Both discs & players are scheduled to be sold at start in some 1,500 retail outlets.

'CABLE-READY' STANDARDS: First step in program for compatibility of TV sets and cable (Vol. 23:4 p16) has been completed by joint EIA-NCTA committee — standardized channel plan for cable, accompanied by program to inform consumers which TV sets will receive cable in their areas.

EIA Interim Standard No. 6 lists recommended channel numbering system, identifying special cable channels by numbers 1 through 99, is compatible with official Canadian identification system. Plan includes recommendation that TV set makers put stickers on cable-ready sets specifying which channels they'll receive, so that customers may check with retailers or cable TV systems to be certain set is compatible with local cable channels.

Interim phase is expected to last about one year, during which committee will seek manufacturers' views on how it works. Next step, due for completion by year's end, is standardized "pluggable port" in TV sets to accommodate CATV decoders, teletext converters, etc. Zenith has already adopted port system, which it calls "Redi-Plug" (Vol. 23:21 p12), although most of its sets must have plug installed by service technician.

Copies of Interim Standard 6 are available for \$6 from EIA Standards Sales Office, 2002 Eye St. NW, Washington 20006.

Pre-registration for Summer Consumer Electronics Show, opening in Chicago June 5, has topped 60,000, up about 10% from last year, indicating attendance will easily pass 72,500 record set in 1982. Show this year has more than 1,275 exhibits, fills 735,000 net sq. ft. at McCormick Place, McCormick West and Hilton Hotel. Innovation this year is use of embossed registration badges from which exhibitors can print out names & addresses of booth visitors. Badges are free, however, only to pre-registrants. CES will charge \$5 for on-site registration and for replacements.

RCA found independent to take over one of its distribution territories, has added another to its factory branch roster. McDonald Sales Corp., RCA New Orleans distributor, has formed McD Sales to serve Houston, replacing Art Jones & Co. Thomas Oreck, former TV sales mgr. for parent, is vp-gen. mgr. for McD. RCA Distribution has taken over San Antonio territory formerly handled by Interstate Electric, which retains Dallas & Shreveport markets. Branch mgr. is Richard Carlson, formerly with IE.

Atari and founder Nolan Bushnell are friends again, following agreement under which Bushnell will license to Atari home rights to arcade videogames developed by his new company, Sente. In suit filed last month, Atari said formation of Sente violated 10-year non-competitive clause in agreement Bushnell signed in 1976 when Warner Communications acquired Atari (Vol. 23:16 p15).

MORE COMPUTER COMPETITION: Any hopes that opening of Consumer Electronics Show this weekend would signal truce in raging computer price war were put to rest last week with announcement of more low-priced consoles, yet another major price cut and first sign that still-profitable peripherals were being thrown into conflict.

Announced by Radio Shack last week was \$120 Micro Color Computer, priced \$80 under current, more fully featured, leader model. MCC comes with 4K memory, expandable to 20K (\$30 for 16K module), has raised keyboard, ports for printer & modem, uses cassette recorder for program loading & storage. Timex, which recently introduced \$80 step-up model 1500 computer with 16K RAM and full keyboard for July delivery (Vol. 23:21 p15), said it will follow in Aug. with \$150 model 2000. Unit will come with 40K RAM, expandable to 96K, have full graphics capability. Version with 72K will list at \$200. As cost-saving measure, Timex said, model 2000 will be assembled by subcontractor in Korea. Current unit and model 1500 are assembled in Timex's Dundee, Scotland plant. Company said thermal tape printer and modem, each priced at \$100, will be available for new computers.

Latest price cut comes from Milton Bradley subsidiary General Consumer Electronics, which said dealer cost on Vectrex game with built-in 9" X-Y monitor was being cut to allow unit to be retailed at \$100. That's \$50-\$70 under current street price, and about on par with price of regular 9" b&w TV. As chassis for standard raster TV costs less to make than one for X-Y display, speculation is that GCE is selling games at, or even below, cost, in hopes of making profits on accessories & software. GCE, which will show computer module for game at CES, said move was made to meet competition. Last month, company said that because of hold orders from dealers it was delaying delivery of some videogame consoles (Vol. 23:15 p17).

TI, which instituted \$50 rebate promotion on \$150 home computer 2 weeks ahead of schedule, is about to announce tie-in giveaway of \$250 expansion box with purchase of 3 other peripheral devices. Box serves as interface with computer for permanent hookup of printer, modem, disc drive, etc. Move may signal spread of price competition to peripherals, most of which now are discounted to relatively modest degree.

Atari, spreading its software wings, this summer will start making its programs available in other computer formats. It said programs will be sold for use on computers made by Apple, Commodore, IBM, Radio Shack & TI.

On game front, Sears is first with national ads for Coleco's Atari-compatible Gemini videogame console. Unit is being offered at \$99 with 2 free cartridges plus \$25 in discount coupons for more cartridges as sweeteners.

* * * *

SCM introduced 2 electronic typewriters that double as printers for home computers at \$495 & \$599. Computer connection is through optional \$170

module; for lower-produced model, \$75 service adjustment is needed. SCM also announced new printer at \$895, and \$200 cut to \$695 in current model, being continued in line.

WARNER EYES BIGGER LOSS: Warner Communications will post 2nd quarter loss even bigger than \$18.9 million deficit of opening period this year, Chmn. Steve Ross told already upset shareholders at stormy annual meeting in N.Y. May 27. He tempered that with promise of better things to come in 2nd half. Ross was peppered with queries on 99% drop in earnings, tumbling WCI stock price, allegations of stock manipulation by Atari executives, Westchester Premier Theater scam, even Pittsburgh Pirates' bad season.

Higher anticipated loss indicates Atari is still having problems. In move to solve some of them, Ross said, Atari Home Computer and Consumer Divs. are being consolidated, and "most thorough review of Atari's operating structure, overhead, product development and marketing strategies" is being conducted "in order to return it to a profitable basis as quickly as possible." He said Atari's adoption of controversial exclusive distributor policy was "costly step but a very necessary step, a very important step," to improve earnings.

Asked about late alert to Atari's woes last year, Ross said Dec. 8, when news was released, was earliest Christmas sales figures could have been predicted. "All of a sudden, it dropped dead. We're a hit-driven business. Maybe we grew too fast, maybe we were a corner store that became the world's biggest supermarket overnight. We went from \$37 million to \$2 billion in 5 years — I'm sure a lot of that is our problem."

Atari's R&D staff is now working on new entertainment & communications products, and "continued creativity will produce wholly new types of videogame products, whose sophistication will make today's videogames appear as archaic as the Victrola," he said.

Without saying when \$4 billion company would be profitable again, Ross assured group at N.Y. Hilton that 2nd half would be better than first 6 months this year and 2nd half of 1982. He cited strong lineup of films & phono records for summer release which should boost profitability. "WCI is and always will be more than Atari," he said, adding that ongoing losses in CATV operation were justified by future potential in cable ads, pay-per-view, data and home security transmission.

A REMINDER

All correspondence with our N.Y. editorial office (consumer electronics, video) should be sent to new address: 475 Fifth Ave., N.Y. 10017. New phone number is 212-686-5410. Please change your records accordingly.

COPYRIGHT CONFUSION: Unsolicited supporter of free videotaping and cassette rental has sprung up under American Video Rights Coalition banner, generating confusion in home video ranks, anger from studio interests.

AVRC is creation of Erie, Pa. consumer activist William Welch, who has sent letters to software dealers asking support & contributions. AVRC is needed, Welch says, because Home Recording Rights Coalition, funded by "Sears, Sony and the Japanese Electronic Council," has "sold out" on issue of Fair Marketing Amendment to copyright law which would give rights owners share of retail cassette rental revenues. He said HRRC's refusal to provide him with mailing list of tape rental stores convinced him it no longer was strongly fighting FMA. Welch told us he has sent out about 15,000 letters asking for \$100 membership fee to defray legal & lobbying costs, declined to provide information on results.

HRRC, which is primarily supported by EIA Consumer Electronics Group and its members, says it's unconnected with AVRC, but is staunch opponent of FMA. Video Software Dealers Assn. Pres. Frank Barnako said his group hasn't heard directly from AVRC, added he feels its promotion describes "a very nice program" of anti-FMA publicity, but said some portions of mailing "are misleading and confuse the issue at stake."

Upsetting studios and MPAA, and questioned by VSDA, is letter to software dealers from fictitious American Motion Picture Assn. Film Security Office, and bearing Welch's signature as pres. It demands "that your business cease & desist using... videocassettes for home rental," warns that practice is "willful violation of the Federal Copyright Law which provides for severe penalties for willful violation." Welch letter was supposed to be dramatic example of what retailers can expect if FMA becomes law.

Such dramatizations, however, don't sit well in Hollywood. Late last week, MPAA denounced portions of AVRC campaign as "totally fraudulent," including assertion that MPAA has sent rental warning letters of its own to dealers.

FMA measure applying only to audio recording was approved without dissent last week by Senate Patents, Copyright & Trademark Subcommittee and sent to full Judiciary Committee for consideration. Bill was amended to make clear that both the sound recording and music itself are covered, and that publishers & writers, as well as performers, get share of any revenues stemming from authorized rentals. Action on FMA for video recordings still pends.

Resurgence in demand for receiving tubes has manufacturers & importers puzzled. Best explanation seems to be that consumers are resuscitating old tube-type TVs for use as monitors for home computers and videogames. First quarter tube imports, mainly from Singapore where GE has plant, totaled 1,691,000, double number of same 1982 period. Philips is sole major domestic receiving tube maker.

TOSHIBA NET DOWN: Toshiba parent-only profits declined for first time in 7 years in year to March 31. Japanese producer said net was off 2.4% to \$197 million on slight rise in sales to \$7.54 billion.

Largest segment falloff came in heavy equipment, where sales were down 4% to about \$2.78 billion. Sales of consumer electronics and appliances slipped 2% to \$2.41 billion, while components and industrial electronics volume rose 13% to \$2.34 billion. Toshiba said it's looking for 2% rise in net on 9% sales increase for current fiscal year helped by recovery in demand for color TV, VCR & audio equipment, continued expansion in office automation.

Hitachi said parent-only net rose 12% in year to March 31 on 9% sales gain to \$11.4 billion. Revenue from consumer products dropped 5% to \$2.5 billion because of soft demand for color TV and appliances. Sales in that segment are expected to jump 9% this year because of contract to supply RCA with all its VCR requirements, Hitachi said.

Sharp reported 29% jump in parent-only net to \$113 million in year to March 31 on 12% sales gain to \$2.76 billion. It said sales of electronic equipment jumped 15% to \$874.5 million, paced by 31% gain for VCRs to \$385.5 billion. Audio sales were down 14% to \$374.5 million. Sharp said it looks for 9% earnings gain on 12% sales rise for current fiscal year.

Video Corp. of America had net of income of \$586,000 in 9 months to March 31 against \$581,000 loss in same year-earlier period. Sales rose 23% to \$16.3 million. VCA said duplicating and Vidamerica cassette businesses were strong, but video production continued to be soft.

Toys "R" Us retail chain said price cutting by videogame and home computer makers that sparked strong consumer demand was major factor in its earnings jump of 112.9% in quarter to May 1 to \$5.4 million. Sales were up just 31.2% to \$181.7 million.

Sega, Paramount's home & arcade videogame subsidiary, posted \$1.7 million loss in quarter to March 31, \$4.5 million deficit for fiscal 9 months, against earnings of \$2.5 million & \$8.2 million in same periods year earlier. Sales were down 42% in quarter to \$30.4 million, off 37% to \$89.7 million for 9 months. Company blamed depressed results on declining arcade videogame market, said it hopes new videodisc arcade games will help revive that business.

Spectravideo, now entering home computer market, says million-share offering was sellout at \$6.25 a share (Vol. 23:17 p18).

Grey market attack on legal front being launched by Swedish camera maker Hasselblad will be watched closely by consumer electronics companies plagued by same problem. Firm's U.S. sales subsidiary charged Berkey Photo with trademark infringement, though Hasselblad products it sells through its Willoughby's retail outlet are produced by Hasselblad. Suit says consumers don't get full value when buying such unauthorized products as they often come without English instructions, aren't covered by U.S. distributor's 3-year warranty and factory support services.

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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
Outlet Co.			
1983-qtr. to April 30	22,103,000	2,731,000	.59 ^a
1982-qtr. to April 30	20,175,000	1,951,000	.42 ^a
TCA Cable TV			
1983-6 mo. to April 30	10,185,000	1,415,000	.23
1982-6 mo. to April 30	7,966,000	1,104,000	.20 ^b
1983-qtr. to April 30	5,332,000	735,000	.12
1982-qtr. to April 30	4,338,000	520,000	.09 ^b
Turner Bcstg. System			
1983-qtr. to March 31	44,500,000	1,997,000	.10
1982-qtr. to March 31	28,400,000	(5,333,000)	--

Notes: ^aIncludes special credit. ^bAdjusted.

ex-Signetec, appointed R&D mgr., GE Electronics Labs... Richard Lindenmuth, ex-Burroughs, appointed pres.-gen. mgr., ITT Business & Consumer Communications North America Group.

Obituaries

Peter Grant, 64, pres. of Sylvania Home Electronics 1960-1962, and Magnavox regional & zone mgr. for 8 years, died recently at his home in Portland, Ore. He resigned earlier this year as mktg. vp of Code-A-Phone, position he held for 13 years, to form own company. Wife, 3 daughters, survive.

Yoichi Nakase, senior vp of Kenwood (U.S.) died of cancer in Cal. hospital May 21. Nakase had been with company since its founding 23 years ago as subsidiary of Japanese hi-fi maker then known as Trio. Wife, 2 children survive.

Melvin Karns, 78, retired RCA patents & licensing vp, died May 26 at U. of Pa. hospital in Philadelphia. Wife survives.

Commodore was first computer maker to feel FCC wrath over violation of RF interference certification rules. FCC hit Commodore with \$4,000 in fines for selling business computer and printer not labeled to indicate compliance with RF emission standards. FCC turned up offending products during spot checks of retail outlets under program launched last month (Vol. 23:18 p12). Commission isn't limiting checks to computers, is looking at cordless phones and FM radios, has power to fine retailers & distributors, as well as manufacturers & importers, for handling non-complying products.

Another pocket TV is on way, this one bearing tradename of Epson, subsidiary of Seiko which makes computers & printers. As announced in Tokyo, 2" LCD set, due for marketing in year or so at around \$500, measures about 6x3x1.1", weighs 1.1 lb., has screen with 60,000 picture elements. Seiko recently showed wristwatch TV at N.Y. news conference, will introduce it in U.S. in Oct. (Vol. 23:20 p16).

Consumer Electronics Personals

Fred Simon, ex-Walt Disney Productions telecommunications vp, joins Atari Computer Div. as software mktg. vp responsible for selling software designed to run on non-Atari computers... **Charles King**, ex-Sharp, rejoins Panasonic as Northeast Group VHS mgr... **Darryl Pomietter**, ex-Boston Acoustics, joins Kloss Video as sales vp; **Tom Devesto** advanced from sales & mktg. vp to senior vp... **Jay Eagle**, ex-Yamaha, appointed Proton exec. vp, new post.

Richard Childs, ex-Paramount Home Video, named vp-ancillary sales, Samuel Goldwyn Co... **Stephen Murphy**, ex-First Bank of Boston, joins CIC Video as Latin America supervisor... **Sanford Fisher** advanced from exec. vp to pres.-chief operating officer, Corp. for Entertainment & Learning, replacing **Charles Grinker**, now vice chmn. & creative dir... **Kathy Morris** elected pres., International TV Assn.

Eric Geis resigns as American Telecom-munications product planning dir. to become pres. of new phone marketer Telequest. Other former AT execs. now at TQ: **Thomas Eisenstadt**, exec. vp; **Robert Lee**, engineering & operations vp; **John Forbes** named AT mktg. vp, assuming Eisenstadt's former duties... **Theodore Hoffman** appointed Datasoft vp-chief financial officer... **Marc Goldberg** joins Empire Scientific as east region sales mgr.

George Wells, ex-Fairchild Camera, named pres. of GE subsidiary Intersil, succeeding **James Dykes**, who held post on interim basis and continued as GE Semiconductor Div. vp-gen. mgr; **Kenneth Pickar**,