

WEEKLY

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PATRICK GETS INTERIM FCC TERM: Former White House aide Dennis Patrick was sworn in as FCC's 5th member late Dec. 2, raising Commission to full strength for first time since June 30. Patrick had been designated by President earlier this fall but never received Senate confirmation hearing. With Congress adjourned until after first of year, he received recess appointment Nov. 30, which doesn't require Senate action. Patrick was to be hosted by FCC at reception Dec. 5.

Patrick, 31, was appointed for term running through June 1985, replacing Anne Jones who resigned to enter private law practice. However, unless President asks for formal Senate confirmation during next session, he may serve only until end of that session, probably in Oct. 1984. Patrick's confirmation was held up by Sen. Goldwater (R-Ariz.), Chmn. of Communications Subcommittee, who reportedly wanted White House to name his candidate for a judgeship before confirming Patrick.

Consumer Electronics

KODAK WILL BUY 8mm camcorder from Matsushita, show it at Jan. CES, start sales in mid-1984, according to Japanese report. (P. 9)

4 MILLION VCRS EXPORTED from Japan to U.S. in 10 months. Color TV shipments rise. (P. 10)

NEXT 2 GENERATIONS of color tubes shown by RCA, topped by 'Square Planar' 27" model with aspherical panel for 1985 sale. (P. 10)

TV STEREO LOBBYING increases in preparation for system choice. Chicago station using Telephonics system. Dolby claims victory. (P. 12)

CED VIDEODISC system makes coin-op debut in Bally's interactive NFL football game. First order seen at 5,000, but number could go far higher. (P. 12)

SAVING U.S. ELECTRONICS is subject of Congressional report proposing major industrial policy objectives. (P. 13)

SHIPPING 125,000-140,000 ADAM computers this year, Coleco says in scaling down plans, denies quality problems, financial trouble. (P. 13)

SEPT. TV IMPORT FIGURES show month had above average by-country increases for color. Korean numbers for Oct. to top 3 million. (P. 13)

A conservative Republican, Patrick formerly was assoc. dir. of personnel at White House, later served briefly at NTIA. At White House, he was responsible for searching out candidates for appointment to regulatory agencies. He's 1976 graduate of UCLA Law School, served as clerk to Cal. Supreme Court Justice William Clark, now Secy. of Interior. He joined Administration in 1981.

Patrick is expected to support most positions of FCC Chmn. Fowler, becomes 3rd Republican member along with Fowler & Comr. Dawson. Comrs. Quello & Rivera are Democrats; Quello is expected to seek his 3rd FCC appointment when term expires June 30.

CITIES REJECT CABLE BILL COMPROMISE: Ignoring warning from House Telecom Subcommittee Chmn. Wirth (D-Colo.), National League of Cities (NLC) Nov. 30 approved resolution calling on Congress to make substantial changes in cable deregulation legislation (HR-4103) before House Energy & Commerce Committee. Resolution amounts to repudiation of agreement League made with NCTA in March during deliberations over now-passed Senate version of cable measure (S-66), would maintain cities' near-total control over cable. In speech before vote, Wirth warned League not to walk away from compromise, implied that change in League position could undermine cities' credibility on Capitol Hill, and that resolution was based on bad information group had about House bill. League was meeting in New Orleans for annual fall assembly.

Wirth delivered sharply worded speech to group shortly before vote, said legislation is "critical to preserving municipal authority over the franchise process," claimed that League's argument that cities know best how to manage local cable operators "is simply incorrect... There is a strong, national interest in the development of cable." Wirth took League resolution to task point by point, said much of what cities want has been addressed by bill: "You are about to reverse an official position based on a good deal of misinformation or omission."

Tough speech "probably swayed more than a few people," NLC official said, but membership nonetheless approved 12-point proposal on voice vote. First Vp, Mayor George Latimer of St. Paul, said resolution is meant to signal that local officials want to "toughen control" over cable in ways that wouldn't be possible under House & Senate bills. But Wirth told League that cities have mischaracterized issues, cited "significant changed circumstances" provision in bill, which some local officials claim would allow cable operators to abrogate franchise commitments "whenever they choose. [That's] flat wrong." He claimed provisions are "consistent" with many franchise agreements across country, also reminded that NCTA had made some significant concessions in signing on to compromise with NLC. He cited 5% franchise fee as example.

"No one else in the communications industry pays anything approaching such a figure. When I suggested a mere 1% fee on commercial broadcasters... I caused an enormous explosion by the National Assn. of Bestrs. and a furor among many of my colleagues," Wirth said, alluding to his failed spectrum fee for over-air TV. Wirth also chastized cities for being uncooperative in recent weeks in drafting of House bill; NCTA, on other hand, has been praised by legislators for its efforts, in particular, for proposing that EEO standards be included in bill (TVD Nov 21 p2).

League resolution both ratifies & voids parts of original compromise, makes most significant recommendations for changes in language affecting franchise fees, rate regulation & grandfathering. Cities would continue support for HR-4103, provided that legislation: (1) Doesn't restrict ability of state & local govts. to negotiate definition with cable operator of basic service or (2) regulate basic service rates. (3) Provides that during franchise renewal, cities are able to obtain reasonable upgrade of hardware to state of art standards; definition of "reasonable upgrade" isn't included. (4) Gives cities right to deny franchise renewal to cable operator for poor service.

(5) Allows cities to negotiate purchase price for cable franchise during municipal buy-back, or when cable system is being transferred to 3rd party through forced sale. (6) Assures that disputes won't be handled in "de novo" court review, under which cases must be argued anew and facts reproved. Cities want less expensive regular court review procedures under which facts in

case may be reused as it moves through courts, ask that this apply in particular to disputes over renewal & nonrenewal decisions.

(7) Grandfathers all existing franchises and requests for proposals that have been issued. (8) Protects cities from antitrust liability that may occur in trying to comply with federal law. (9) Assures that all taxes of general applicability, such as utility user taxes, aren't limited by cap on fees, charges & taxes that bill imposes, and that cable operator can pass on fees. (10) Doesn't preclude local govts. from ownership & operation of systems. (11) Assures that cable operators can't abrogate contractual obligations based on unilateral assertion of "significant change in circumstances." (12) Doesn't restrict cities' ability to require public, educational, governmental & leased access channels.

FRITTS SETS HIRING FREEZE AT NAB: NAB Pres. Edward Fritts has ordered freeze on hiring of new people, with 2 goals in mind: (1) Cut staff through attrition from current 126 to maximum of 120. (2) End current fiscal year March 31 with surplus, despite major unbudgeted expenses approved by Exec. Committee. Now in final stages of staff planning is new budget starting April 1 that will top \$10 million in income for first time. NAB's current budget called for income of \$9.3 million, expenses of \$9.19 million — but both figures have risen since budget was approved last Jan.

"We don't have financial problems by a long shot," Fritts told us. "We're going to end the year with a healthy surplus" — now expected at about \$150,000. "I'm just trying to hold our staff at 120 people." Along with budget restraints, staff requests for additions in new budget are being "trimmed back"; for instance, Science & Technology Dept. was denied request for economist. Also on hold are requests from 3 departments for their own computers. Exec. Committee meets on new budget next week.

However, addition to legal staff had been approved earlier by Exec. Committee, and U. of Ind. Law School graduate Julian Shepherd will join NAB in Jan. He is former NAB legal intern. Two top level vacancies — senior vps for govt. relations and for radio — aren't covered by freeze, and there soon will be 2 more major defections. Senior Vp-Gen. Counsel Erwin Krasnow & William Kennard, asst. gen. counsel for First Amendment matters, will be leaving March 31 to join Washington law firm Verner, Liipfert, Bernhard & McPherson. Krasnow has been gen. counsel 7 years, before that was partner in Washington firm Kirkland & Ellis and aide to late Rep. MacDonald (D-Mass.), ex-chmn. of House Communications Subcommittee. Kennard also is former NAB intern who returned just last spring.

NAB filed reply comments Nov. 28 in its appeal of FCC's DBS decision. Made in U.S. Court of Appeals, D.C., filing argued that: (1) Development of new technologies doesn't alter Communications Act's bar to non-local broadcast services. (2) Cosat, whose subsidiary — Satellite TV Corp. — has been awarded DBS license, isn't authorized to act as broadcaster. (3) Commission and STC still haven't adequately considered issue of how much Cosat may be cross-subsidizing STC from charges to ratepayers. (4) No adequate explanation has been given for exempting STC from ownership restrictions that apply to terrestrial TV licensees. (5) Failure to hold Carroll hearing isn't justified. (Carroll Bestg. v. FCC decision said that "competitive effects may under some sets of circumstances produce detriment to the public interest." NAB contends that DBS will have detrimental effects on STV and local stations.) (6) FCC prejudged outcome in DBS issue in "rush to judgment." L.A. County also filed reply.

Non-commercial KNBP (Ch. 5) Reno has gone on air raising operating U.S. TV stations to 1,135 — 639 VHF, 496 UHF. Station is licensed to U. of Nev.; R. Pagliarini is gen. mgr.

Two Wichita cable companies are suing local satellite earth station dealer for copyright infringement and violation of Communications Act. AirCapitol Cablevision and Multimedia Cablevision, subsidiaries of Multimedia Inc., filed suit in U.S. Dist. Court, Wichita, against Starlink Communications Group, alleging that Starlink transmitted unauthorized satellite signals in its showrooms in effort to sell equipment. Starlink isn't authorized by satellite service distributors to intercept, receive or otherwise use signals, suit alleges. Company is among largest marketers of satellite receiving equipment in Midwest.

Charging CKLW(AM) Windsor is "behaving as though it were an American station," Canadian Radio & Telecommunications Commission censured station with renewal for only one year. Commission said that station programming is too heavily oriented toward America, that its "Canadian content" music is played after 10 p.m. CRTC also said CKLW had "an unsatisfactorily small amount" of Canadian news and public affairs. In related development, CRTC refused to let station switch formats with sister station CKJY(FM), which has big band format.

U.K. PICKS CABLE WINNERS: Eleven of 37 bidders for interim U.K. cable franchises have been accepted as technically & financially fit by Dept. of Trade & Industry, which is expected to award licenses for 100,000-home areas to them by end of year. Next step is final negotiations, in which Dept. will review franchising requirements and issue companies dual licenses as cable operators and program providers. Construction should begin by spring, about same time as govt. establishes Cable Authority.

Selections are surprising in that: (1) Proposals by existing U.K. cable operators SelecTV and Visionhire — each had bid for 4 cities — were thrown out. "Not up to snuff," Dept. spokesman told us. (2) Proposals for 3 Scotland cities in which Cox Cable was major partner also were chosen although Cox has spent 7 months developing projects. (3) Windsor, a franchise many think will prove among most profitable, went to group of investment bankers, not to any major telecommunications companies. U.S. Winners were ATC, partner in 2 successful proposals with British Telecom (BT); Comcast, Oak and Charles Dolan's Cablevision had one each.

Winning applicants and service areas, with major investors in parentheses: (1) Aberdeen — Aberdeen Cable Services (BT, ATC). (2) Westminster — Westminster Cable (Plessey, British Information Technology, BT, ATC). (3) London borough of Ealing — Cable Tel Communications (Comcast, Ladbroke Group). (4) North Glasgow — Clyde Cablevision (Scottish Daily Record/Sunday Mail, Scottish United Investors). (5) Coventry — Coventry Cable (Thorn EMI, BT). (6) Croydon — Croydon Cable (Racal Oak, Crystal Palace Football Club, Surrey County Cricket Club, Dolan's Cablevision, Alda Communications).

(7) South Liverpool — Merseyside Cablevision (Pilkington Bros., Robin Hill, ex-Beatle drummer Ringo Starr). (8) London borough of Guildford — Rediffusion Consumer Electronics (wholly owned). (9) Swindon — Swindon Cable Services (Thorn EMI subsidiary). (10) Belfast — Ulster Cablevision (BT, Standard Telephone & Cables, Thorn EMI, Ulster TV). (11) Windsor, Slough & Maidenhead — Windsor TV (CIN Industrial Investments, Hawley Group, Investors in Industry). BT figured in 5 successful applications, was party in 3 losing bids. Visionhire and SelecTV lost out because of poor track records last 3 years in developing new services, insiders said.

Cox officials were shocked that their venture was passed over after developing what many thought were top-drawer proposals. "Cox remains interested and very positive toward the U.K. market," spokesman said. "[But] we are somewhat concerned and disappointed that over 10 years of Cox's experience in urban cable markets... did not seem to be a factor in government ranking, notwithstanding considerable interest in Cox's expertise within the British financial community, whose investments will ultimately be at risk." It went head-to-head with ATC-BT in Aberdeen and lost; in Glasgow, it lost to local newspapers and in W. Edinburgh, where it bid, no applicant was selected.

Whether manufacturers can supply enough equipment to build 11 systems passing more than one

million homes is in question. Procuring equipment is especially problematical given demands on suppliers when govt. begins 2nd round of franchising by mid-1984 for major urban centers.

Comcast said it would build \$40 million switched star network using GEC-Jerrold and Plessey-Scientific Atlanta equipment. Comcast spokesman said PSA had promised delivery by Dec. 1984 of important neighborhood switches that will serve up to 20 homes, and service is expected to begin in 1st quarter of 1985.

Third negotiating session between MPAA and 3 networks working toward compromise on financial interest & syndication rules is scheduled for Dec. 14 at ABC hq in N.Y. MPAA will come to table angry about what it calls ABC threat to hurt studio pocketbooks by freezing funds for acquisition of new shows in 1984. ABC denies it has "taken out their saber," as MPAA Pres. Jack Valenti charged, by announcing freeze during negotiations: "I find it faintly coincidental that it comes after networks were set back in Congress and at the FCC." Sticking point in talks is syndication rights for networks, which independent stations oppose, and ownership by networks in shows. "I'm still trying to sort out what is negotiable" with networks, Valenti said. "They must give in on syndication if we're to have any progress." Network officials had no comment.

Turner Bestg. System's new rate card nearly doubles rates paid by many cable operators. Rise was attributed by Chmn. Ted Turner to increased costs, acquisition of Satellite News Channel: "The news war of the last 2 years has taken its toll." New monthly rates for Cable News Network are 15¢ when WTBS Atlanta is on basic, CNN Headline is in any level; 18¢ when WTBS is on basic and Headline isn't carried; 22¢ when WTBS isn't carried. New monthly rates for CNN Headline are 20¢ when WTBS isn't carried; 22¢ when WTBS isn't on basic and CNN isn't carried on any level. Headline is free when CNN is carried on any level.

ABC TV began using Network Alert System Nov. 21 for communications with affiliates. New system is said to offer more flexibility than current Telop System, which can send messages only when network isn't broadcasting. Network Alert can transmit computerized messages any time without interrupting programming by using Line 18 of vertical blanking interval. System also can trigger warning bell at affiliated stations when network is about to interrupt programming for news bulletin. Both systems will operate for interim period as Network Alert is phased in. Decoding equipment is by EEG Enterprises.

After rebuff from U.S. Supreme Court, news executives at WBZ-TV & WNEV-TV Boston have agreed to surrender videotapes of 1982 KKK rally never broadcast. Assoc. Justice William Brennan rejected request by stations to delay lower court order that outtakes be given to 2 people who are suing Boston police seeking compensation for alleged injuries during Klan rally.

HBO WINS DBS MOVIE RIGHTS: HBO has accord for DBS rights to movie product from all studios but Paramount and MCA, Pres. Frank Biondi said Nov. 30 at opening ceremony for new multi-million Hauppauge, N.Y. HBO Communications Center. Four of 6 majors have agreed to include DBS in pay-TV negotiations for 1984 now under way, he said.

"[Paramount Pres.] Mel Harris is waving the flag on this one," Biondi said, calling "essentially correct" L.A. Times report that he threatened to cancel HBO's scrambling plans if DBS rights weren't given. "We're saying: 'Look, guys, there's no urge to scramble if there's not a business out there,'" he said. Biondi also said company's DBS plans have "no deadline — it's a totally fluid thing."

HBO Network Operation Senior Vp Edward Horowitz said plans were "technically & operationally" ready to begin shipping dishes next month, though he admitted \$8-10 million project was 23 months behind schedule. "That's what happens when you go from drawing board to reality," he said. In fact, scrambling plans appear not only ready, but rejiggered for maximum effect against United Satellite Communications Inc. Scrambling will begin in east coast test of 700 systems, Horowitz said, rather than Jan. west coast rollout, as originally planned. He denied duplication of USCI footprint had anything to do with change in plans.

Biondi called USCI "not a real business," said it wouldn't be for another 1-1/2 years. DBS rights were sold on original HBO product and prebuys to USCI for "real money" through 1984 on non-exclusive basis.

DBS was big issue at opening, in part because former Time Inc. Pres. James Shepley, for whom carrier is named, praised K-band satellites in his speech. New facility has 2-way capability to communicate with England, which HBO could use in U.K. plans. RCA's Vernon Valley, N.J. satellite transmission center being replaced, didn't have capacity. Center cost more than \$15 million — \$6-7 million for building, \$7 million in electronic gear, which HBO purchased directly, as estimated by Center's architectural firm, Lee Pomeroy.

Bipartisan group sponsored by 20th Century Fund wants the 2 major political parties to require their presidential candidates to participate in nationally-televised debates as condition for nomination. Democrat ex-FCC Chmn. Newton Minow and his Republican counterpart Charles Walker said that debates would enable major parties to reassert their authority in nominating process, shouldn't be encumbered by minor candidates. They suggested 3 debates after 1984 party conventions, with each dedicated to specific subject and lasting 90 min., plus one debate between vice presidential candidates.

Citing "imminence" of signing agreement with Canada, FCC announced Dec. 2 that Canadians have agreed to allow AM daytimers to begin "post sunset operation" immediately and remain on air until 6 p.m. local time. Order affects about 2,300 stations. U.S. delegation will be in Mexico this week negotiating similar agreement with Mexicans.

PBS WANTS TO BUY TRANSPONDERS: Public Bestg. Service wants to buy 6 transponders on Westar 4, we have learned, but faces rapidly approaching deadline and still needs to reach agreement with Western Union. PBS currently uses 3 transponders on bird, leases 4th to Bonneville Satellite Corp. Transponders are rented through agreement between Corp. for Public Bestg. & Western Union.

Under that contract, CPB has option for 2 more transponders, but it must let WU know by Dec. 31, source said. CPB apparently favors PBS purchase of transponders if agreement saves it money and allows for satellite access, distribution to public TV system, and other duties for which CPB is responsible.

Transaction could be vetoed by PBS Exec. Committee, which meets in Washington Dec. 7, but that's not considered likely. Committee is expected to approve deal because of revenue potential. Bonneville currently pays about \$1 million under sublease. WU officials had no comment on negotiations except to say they're at "sensitive" stage. Public broadcasting entities have discussed transponder situation for most of year. PBS has long felt it should have control of transponders, through which it distributes programming to about 300 stations.

Financial details of purchase were unavailable, but Westar 4, launched in Feb. 1982, has about 8 years left in life expectancy, WU spokesman said. Public broadcasting has lease for 4 transponders that runs through 1989, when it could be renegotiated, WU spokesman said. PBS Pres. Lawrence Grossman referred to some distribution system change during speech last week in N.Y. He told broadcasters attending Japan-U.S. Bestg. Conference that they could expect announcement of decision affecting PBS distribution system after Dec. 7 meeting. He wouldn't provide details.

President has signed legislation killing Administration's controversial plan to sell govt. weather satellites to private industry. Congress gave President little choice; language prohibiting govt. from spending money to solicit bids or carry out sale was included by Congress in fiscal 1984 spending bill for Commerce, Justice & State Depts. Congress made no secret of its displeasure with Administration over plan, caused enough pressure on Administration to force announcement in Nov. that Commerce would abandon sale. Language in spending bill ensures end to satellite sale.

McCann-Erickson has won \$5 million advertising account from Council for Cable Information, will have ready by April package of TV & print ads in attempt to boost cable subscribers. Choice will be announced officially at Western Cable Show by Council Pres. Kathryn Creech.

Six employees of KOSA-TV Odessa, Tex. were killed Nov. 26 when private plane crashed and burned near Midland, Tex. Group was returning from covering high school football playoffs. Killed were asst. news dir., sports dir., chief engineer, asst. engineer, 2 production assts.

NCTA EXTENDS WHEELER'S CONTRACT: Thomas Wheeler's contract as NCTA pres. was extended through Nov. 1, 1985 by board, quelling speculation that he might resign soon to become head of large MSO. In annual fall budget meeting Nov. 29, in La Quinta, Cal., board also voted to give Exec. Vp James Mooney additional title of chief operating officer and made him officer of Assn. along with Wheeler, only previous employee to join ranks of Assn. officers. Spokesman declined comment on whether 2 were given significant salary increases, as expected.

NCTA's 1984 operating budget will be \$6.3 million, increase of \$300,000. No rise in dues is necessary, spokesman Edward Dooley said. Dues are based on subscriber revenues, which are rising, and funds flowing into Assn. are expected to increase by roughly \$300,000 next year, Dooley said. Budget increase will pay for internal reorganization and staff expansion, including new Dept. of Research & Policy Analysis, Dooley said.

In report to board, Wheeler urged major national program to combat theft of service, which he said is costing industry \$400 million annually. Arguing that tough anti-piracy program could "substantially" reduce industry losses, he presented "theft of cable primer" that embodies aspects of several successful MSO anti-piracy programs.

NCTA also: (1) Heard report on recent actions by telcos to get into cable business, which paid particular attention to Pacific Telephone's bid to wire Palo Alto, Cal., and Wis. Telephone's effort to wire Milwaukee suburb. Board reaffirmed its position not to oppose leaseback from telcos as long as there are no restrictions on operator's use of facilities. (2) Approved motion to intervene in support of CNN petition to U.S. Appeals Court, D.C., seeking order directing FCC to revisit must-carry rules. (3) Adopted motion to support Berkshire Cablevision, Providence, R.I., which is contesting state cable regulation. NCTA considers case major blow to cable's claim to First Amendment status.

Novel tax issue is clouding U.K. cable development. Inland Revenue Dept. is considering whether operators can claim full tax writeoffs on ducts, according to Financial Times. Industry fears that if writeoffs aren't allowed because ducts are "setting" for cable and not part of plant, govt. might take position that writeoffs won't be allowed for trenching work. British Cable TV Assn. Dir. Gen. Tony Whetstone is quoted: "It could delay the spread of cable and in extreme cases, it could lead some companies to reconsider their commitment." It's estimated that decision to deny writeoffs for ducts and trenching could escalate cost of 11 pilot systems by about \$300 million. British Telecom, which is partner in 5 successful proposals, wouldn't be affected because it has usable ducts in place.

KWWL-TV, Waterloo, Ia.'s 2,000-ft tower was leveled by severe storm Nov. 27. Station soon returned to air with auxiliary facilities but KFMW(FM), which rented space on TV tower, was still off air at end of week.

Broadcast deregulation must be flexible enough to deal with situations such as KTTL(AM) Dodge City Kan., according to ex-FCC Chmn. Newton Minow. KTTL faces license challenge because of allegedly racist broadcasts. Writing in TV Guide, Minow, whose Chicago law firm Sidley & Austin represents, without pay, citizens' groups that oppose KTTL renewal, said stations shouldn't be permitted to abuse "public trust" by practicing bigotry. He said legislation should be flexible enough to deal with KTTL situation "without imposing unnecessary burdens on the vast majority of responsible broadcasters," same argument that citizens' groups advanced at recent congressional hearings on deregulation. Minow also rejected view that lack of "scarcity" of stations — since there now are more broadcast outlets than daily newspapers — is no longer sufficient grounds for First Amendment-type regulation of broadcasting: "The test of scarcity is not by reference to the number of newspapers. The test is the number of citizens who want a broadcast license and are unable to obtain one." Minow is member of CBS board.

Warner Communications stock was among most active on Wall St. last week as rumors flew that Rupert Murdoch was increasing his holdings from 1-1.5% to as much as 5%. Several brokers reported placing large orders for purchases of WCI stock, of which Murdoch's holding company, News America Publishing, had purchased 1 million shares in Sept. Purpose of activity is unclear. WCI refused to comment, while News America management couldn't be reached. But analysts told us they were baffled, said "Murdoch is being very close-mouthed about this, even with his brokers." Smith Barney analyst Mara Meisnick said: "Murdoch has said that Warner's is too big for a takeover, and I'm inclined to agree. On the other hand, he seems to have unlimited funds." Mystery will be cleared up if Murdoch's share reaches 5%, requiring public disclosure within 10 days.

Alberto-Culver has reached accord with ABC & NBC which will allow A-C to promote 2 different product lines in single 30-sec. or "split-30" TV commercial. A-C has been pressing networks since Jan. for switch to shorter commercials, Nov. 16 filed class action suit against NAB, CBS & 6 other TV groups to force broadcasters to abandon rule, which restricts number of products or services that may be advertised in one 30-sec. spot. CBS also has gone to court seeking declaratory ruling that its advertising practices are lawful. A-C officials won't discuss terms, said negotiations continue with other broadcasters.

FCC hopes to issue ruling by end of year on whether broadcasters can censor political advertisements. Issue arises from threat by Hustler magazine publisher Larry Flynt to run for president, buy air time for ads featuring explicit sex scenes. Commission has received numerous inquiries from public, broadcasters & Congress, recently told legislators that it hoped to resolve conflict between Communications Act forbidding licensee from censoring political ads and criminal obscenity laws.

SUMMIT TRANSCRIPTS

Transcript No. 201

SATELLITE SUMMIT USA

\$45.00

Washington, D.C. December 7, 1982

An examination of the satellite marketplace, emphasizing the business challenges of the immediate future.

Speakers: Burton Edelson, NASA; Frederic D'Allest, Arianespace; Andrea Caruso, Eutelsat; Irving Goldstein, Communications Satellite Corp.; Eldon Thompson, Telesat Canada; Olof Lundberg, INMARSAT; Robert Hall, Satellite Business Systems; Lee Paschall, American Satellite Co.; David Piske, GTE Satellite Corp.; Andrew Inglis, RCA Americom; Clay T. Whitehead, Hughes Communications; Sidney Topol, Scientific-Atlanta. 102 pages

Transcript No. 202

SATELLITE SUMMIT EUROPE

\$112.50

London, England May 17-19, 1983

A look at the European environment, capability, perspective and influence on satellite communications and space business.

Speakers: Fredrik Engstroem, Swedish Space Corp.; Alan Jefferis, British Telecom Int'l.; Brian Haynes, Satellite TV PLC; Alan Parker, Ford Aerospace Satellite Services; Rolf Arnim, Eurosatellite; Sidney Topol, Scientific-Atlanta; Patrick Whitten, CIT Research Ltd; Sir Peter Anson, Marconi Space & Defence Systems Ltd; Olof Lundberg, INMARSAT; Andrea Caruso, Eutelsat; Margrith Trappe-Diemand, Tel-Sat, Switzerland; Charles Bigot, Arianespace; Peter Hickman, British Aerospace Dynamics Group; Edmund Mallet, European Space Agency.

Transcript No. 203

TELEPHONE SUMMIT

\$95.00

Washington, D.C. June 22, 1983

Exploration of the new environment created by regulatory changes and the divestiture of AT&T's operating companies.

Speakers: Theodore Brophy, GTE Corp.; Harold Miller, ITT Telecommunications Corp.; Robert Pirnie, Sr., US Independent Telephone Assn.; John Clendenin, Southern Bell; Charles Brown, AT&T; Larry Wallace, NARUC; Mimi Weyforth Dawson, FCC; Charles Wolhstetter, Continental Telecom; William McGowan, MCI Communications Corp.; M. Kenneth Oshman, ROLM Corp. 67 pages

Transcript No. 204

DBS SUMMIT

\$95.00

Washington, D.C. September 19, 1983

An examination of the new chaos surrounding the DBS industry as it prepares to enter today's marketplace.

Speakers: Richard Bodman, Satellite TV Corp.; Frank Drendel, M/A-Com; Dennis Fraser, ALCOA-NEC Communications; Henry Aujard, CIE Francaise Philips; Charles Schmidt, RCA Astro-Electronics; Wilbur Pritchard, DBS Corp.; Robert Greenquist, Western Union Telegraph Co.; Abbott Washburn, DBS Ambassador; Steven Sharp, Advisory Comte on Tech Standards for the DBS Service; Ted Jarman, Northstar Home Theater; Dr. Janet Morgan, BBC; Andrew Inglis, Consultant; Richard Wiley, Wiley, Johnson & Rein; Stanley Hubbard, U.S. Satellite Broadcasting Co. 102 pages

Transcript No. 205

CABLE TELEVISION SUMMIT

\$95.00

Washington, D.C. October 27, 1983

Probe of management problems and business opportunities encountered by the industry in a world of new competition and expanding markets.

Speakers: Thomas Wheeler, NCTA; Robert Alter, Cabletelevision Advertising Bureau; Frank Biondi, Jr., HBO; Lawrence DeGeorge, Times Fiber Communications; Archer Taylor, Malarkey-Taylor Associates; Dr. George Brown, Retired, RCA Labs; Daniel Ritchie, Group W; Ellen Berland Gibbs, Goldman Sachs & Co.; Irving Kahn, Broadband Communications; John Saeman, Daniels & Assoc.; Rep. Timothy Wirth, U.S. House of Representatives.

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PERSONALS

FCC Chmn. Mark Fowler is keynote speaker at Cal. Bcstrs. Assn. convention Jan. 8-10 at Sheraton Plaza, Palm Springs; Martin Rubenstein, Mutual pres., also speaks... Promoted at Bonneville Satellite Communications: Blaine Colton to sales vp; Kenneth Young, operations dir... Russell Mills named Gen. Instrument Components Group staffing & development dir... James Kearney named Columbia Pictures TV comedy development dir.

Sen. Lowell Weicker (R-Conn.) is luncheon speaker at Dec. 8 AAF law conference at L'Enfant Plaza Hotel, Washington; Lee Loevinger, ex-FCC member, also speaks... Brian McGrath advanced to Columbia Pictures International exec. vp... Charles Overby promoted to special asst. to Gannett Chmn.-Pres. Allen Neuharth... John Mathias & Thomas Koon named Katz American TV divisional vps... Mark Blaszkiewicz, ex-Nordhaus Research, advanced to Disney Channel senior market research analyst.

Martin Antonowsky named MCA Universal Theatrical Motion Picture Group exec. vp... Sidney Pike, Turner Program Service pres., adds top spot at TPS International Div. in western & Far Eastern regions... Carl Meyer promoted to NBC west coast special program sales vp... Ann Kalman advanced to CBS Entertainment Media Services vp... Andrew Such joins WJIM-TV Lansing, Mich. as news dir... Richard Shea, ex-TeleRep, appointed Blair TV Chicago independent sales team mgr... Janice Devine, ex-TCI, & Susan Widham, ex-Centel, named Sports Time Cable Network affiliate sales mgrs.

Deborah Brown & Samuel Howe advanced to mktg. staff mgrs., Centel Cable TV; Julie Dasher, programming staff mgr... James O'Neill, ex-American Cable, named Conrac Alston Div. southeastern sales mgr... Linda Smith promoted to Crowell & Moring Communications Group partner.

Alfred Schneider promoted to ABC vp-policy & standards... Roswell Miller, ex-IBM, named U.S. Satellite Systems vp-systems mktg... Robert Webb, ex-Exxon, appointed General Instrument Components Group senior financial analyst... Frank Beatty, ex-UPI, named Byers Communications vp-corporate development/international... Gerald Schultz, Bell & Howell exec. vp, elected a dir., replacing late Betty McFadden.

Rep. Bliley (R-Va.) author of anti-dial-a-porn amendment to fiscal 1984 FCC authorization bill now awaiting President's signature, has renewed battle at FCC against sex-by-phone services. In filing Nov. 28, Bliley asked FCC to seek civil fines against publisher of High Society magazine, which provides sexually explicit taped message service from N.Y. Bliley included transcripts from calls that his aides made to High Society's service, made filing under presumption that FCC bill will win President's approval. If so, FCC would be forced under new language to respond to Bliley's complaint within 90 days, would be able to levy high fines against company. No response yet from FCC.

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Jerrold is entering off-premises addressable converter market with multi-box available by mid-1984. Box is called Intranet, is expansion of Starcom 450 converter. System is intended to work with Omnitel interactive switched-star network developed by Manitoba Telephone Co. Jerrold recently acquired rights to manufacture & market Omnitel technology. Company said integration of Intranet box with Omnitel switched system will allow operator to offer video, data and interactive services as well as digital telephone.

FCC has granted Ch. 18, Farwell, Tex. to Best Bcstg., owner of KJIN(AM) there and permittee for new FM in Farwell — only stations in market. Best was only applicant for Ch. 18 and Commission said that while its rules "generally preclude granting" TV to operator of radio station in same market, that "it did appear that operation of the TV station [in Farwell] would be feasible only because of substantial savings from joint operation with the radio facilities." Farwell is in Tex. panhandle on N.M. border.

Equatorial Communications has agreed with Hughes Communications Galaxy to buy up to 4 transponders on Hughes' Galaxy 3 satellite. Equatorial, which has private data networks to distribute news, commodity and financial information, will join MCI on Galaxy 3, to be launched in June.

NCTA & NAB have joined several other broadcast & cable interests in asking U.S. Supreme Court to overturn appeals court decision upholding Okla. law banning liquor & wine commercials on TV stations in state.

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Nov. 18 (46th week of 1983):

	NOV. 12-18	1982 WEEK	% CHANGE	NOV. 5-11	45 WEEKS 1983	45 WEEKS 1982	% CHANGE
TOTAL TV#.....	488,524	409,322	+19.3	474,900	17,082,155*	14,905,407	+14.6
COLOR#.....	328,514*	287,845	+14.1	313,151*	12,095,752##	9,941,942	+21.7
MONOCHROME....	160,010	121,477	+31.7	161,749	4,986,403	4,963,465	+ 0.5
PROJECTION TV...	4,505	3,910	+15.2	3,400	120,690*	97,564	+23.7
HOME VCR.....	107,230*	67,444	+59.0	97,086*	3,363,359##	1,644,049	+104.6
COLOR CAMERAS...	9,311*	6,716	+38.6	8,463*	329,457##	246,407	+33.7

Color TV 5-week moving average: 1983--369,592*; 1982--283,848 (up 30.2%).

Home VCR 5-week moving average: 1983--106,173**; 1982--60,359 (up 75.9%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

KODAK SEEN BUYING 8mm FROM MATSUSHITA: Eastman Kodak will enter video hardware field in mid-1984 with 8mm camcorder made by Matsushita, will show prototype next month at CES in Las Vegas, according to front-page report Nov. 26 in generally authoritative Japanese daily Nihon Keizai Shimbun and repeated in its English-language weekly edition, Japan Economic Journal (JEJ) Nov. 29.

Although Matsushita denies that any negotiations have even been held, JEJ account confirms our earlier report of video "talks" between Kodak & Matsushita (TVD Oct 24 p14). JEJ says "Kodak is now negotiating" with Matsushita to build camcorder at its Kotobuki Electronics plant and with TDK to supply metal & evaporated tape. Report says camcorder will weigh about 4.5 lb., will be produced at starting rate of 3,000-4,000 monthly.

While we could get no direct confirmation of details of report, attributed to "industry sources," there was no disposition by either U.S. or Japanese to doubt that it was at least broadly accurate, although there was some quibbling on details. Japanese manufacturers (other than Matsushita) say they believe deal is on. Kodak is following its standard policy of not commenting on reports it didn't originate.

Kodak is exhibiting at CES for first time in Las Vegas winter event, with nearly 2,000 sq. ft. of space booked in name of its magnetic product manufacturing subsidiary Spin Physics. It's already known — but has never been confirmed by Kodak — that CES will see its entry into videocassette field with 1/2" & 3/4" tape, probably to be manufactured by its French subsidiary Pathe, as well as Kodak's first floppy discs, made by Spin Physics. But speculation has persisted from the start that Kodak would use show to preview its home video system. It's understood Kodak plans press event, probably day before show.

Matsushita, cited as contract manufacturer of Kodak's camcorder, has no plans to enter 8mm Video this year under own brand name. Virtually entire VCR industry — and specifically leaders JVC (a Matsushita subsidiary) & Sony — have cited numerous arguments against introducing 8mm this year, preferring not to disrupt soaring business in 1/2" VCRs. On other hand, traditional film camera manufacturers such as Canon, Nikon, Olympus & Pentax have been eager to adopt 8mm format as way to recoup some of lost home movie camera business.

Only company to announce plans for 8mm Video is Philips, which has demonstrated its version of camcorder and says it will start marketing in Europe next fall. JVC will base its

near-term camcorder hopes on one-piece VHS-C Video Movie, Sony on Betamovie, while Panasonic has said it will not offer any one-piece camcorders this year. In Aug., RCA talked of offering 8mm in mid-1984, but has since backed off. JEJ article even suggests that Matsushita is making deal with Kodak as test of marketing waters for 8mm Video which is least disruptive to current formats.

If Kodak does introduce camcorder in standard 8mm format, it will be at variance with fairly recent expectations that company planned to field completely new mini-VCR system, possibly with 1/4" tape, to set own standard, as Kodak traditionally does in photography field. Kodak is widely believed to have prompted preliminary investigation by Justice Dept. of possible antitrust aspects of 122-company standardization group which developed 8mm specs. In 1970s, Kodak was extremely active in video development, filed many patents for electronic video still & movie systems, including intriguing lightweight version with all sync information prerecorded on tape (TVD Feb 25/80 p11).

4 MILLION VCRS SENT TO U.S. IN 10 MONTHS: Japan is doing its best to relieve any VCR shortage here — in year's first 10 months, when U.S. sales to dealers totaled 3 million, it exported more than 4 million to us. Color TV exports also continued at high rate.

Oct. VCR exports to U.S. from Japan set another record in Oct. — 559,200, up 128.9% from Oct. 1982, beating previous high of 541,900 set in Sept. Ten-month shipments totaled 4,155,000, up 96.5% from same 1982 period. Average value of VCR shipped in Oct. was \$340, down \$80 from year earlier.

Exports of complete color TV sets to U.S. in Oct. from Japan were more than double Oct. 1982 figure at 78,200, but for 10 months, at 521,600, they still trailed last year by 9.4%. Chassis & kit shipments for Jan.-Oct. were up 45.8% to 398,500, aided by Oct. exports of 30,000, up 32.3%. B&w exports showed 4.9% increase in Oct. to 31,300, but still were 34.4% below last year's figure for 10 months at 237,500.

RCA SHOWS NEXT 2 COLOR TUBE GENERATIONS: Staking out claims for standardization, RCA is showing set & tube makers working models of its 2 new square-cornered picture tube generations — COTY FS (full square), and, for first time, upcoming deluxe COTY SP (square planar), its unique entry in flat-faced race, which it claims out-flattens Toshiba's FST, and which it is fielding as ideal high-end tube for digital TV age.

SP tube, which has aroused widespread speculation since it was announced last summer (TVD Aug 29 p12), will be sampled to set makers in 27" version next March, goes into production in July 1985, with samples of 20" version available in Nov. 1984, production March 1986. Computer designed, its face isn't spherical like conventional tube, but when viewed from side, rises to flat plateau in center section, instead of being "domed" in center. Charles Quinn, vp-gen. mgr. of RCA Video Component & Display Div., said that using conventional system of measuring roundness, SP tube is equivalent of 2R (2 times radius) vs. 1R for standard tubes (including FS), 1.7 R for Toshiba's FST.

RCA's FS tubes, as previously announced, are already being sampled in 26" 110-degree size, will be in production next July, with sampling to start on 20" 90-degree in Feb., production next Nov.; 20" 110-degree sampling next April, production April 1985; 14" 90-degree samples next June, production March 1985. RCA will also offer 16" FS if there's demand. FS tube faces are standard through industry in U.S. & Japan, but RCA believes it has 6-month lead on U.S. tube industry in 26" version. Among other tube makers, GE & Philips plan 26" & 20" FS-type tubes, Zenith plans 27", to be followed later by flatter 20" with 1.6R face (TVD Oct 17 p14).

Both SP & FS large tubes were demonstrated, along with current 25" in similar console cabinets, as were conventional 19" and FS 20". With absolutely sharp corners and straight sides, they lend themselves to picture-frame bezel treatment, present pleasing aspect both with picture & without. Developmental working model of 27" SP appeared absolutely flat at viewing

distance and closer, looking like extremely bright & sharp projection screen, afforded wider-angle viewing. Its larger viewing area was apparent in comparison with 25".

"The 25-in. set will become obsolete on the dealer floor as quickly as the round tube did," Group Vp Jack Sauter forecast. He saw FS taking over normal TV set market, with SP becoming "the standard of excellence for the balance of the '80s, setting the stage for digital TV and other devices of the electronic living room of the future."

The spherical-faced FS tubes, RCA says, involve no change in cost of set, can be virtually dropped into existing chassis. SP will require new yoke, new linearity & pincushioning circuits, will be ideally suitable to digital sets where parameters of signal can be programmed. Some aspects of SP aren't completed, such as implosion protection. Contrary to industry speculation, SP tube doesn't use exotic shadow mask, has conventional one which is slightly thicker. Glass was developed with Owens-Illinois.

The 26" FS tube will have 324 sq. in. viewing area, while 27" SP will have 340 (same as Zenith's round-faced) as opposed to 315 for standard 25". FS tube in 26" 110-degree weighs 52.2 lb., 27" SP 57.3 lb. vs. 50.7 for standard 25" 100-degree tube. Future SP 27" is 16.4" deep, more than 2" shorter than 25" 100-degree (18.6"), while 26" FS is 17.25". Upcoming 20" 110-degree SP is only 13.8" deep vs. 14.5" for FS 110-degree and 17.5" for 19" 100-degree.

RCA says FS tube will be only "slightly" more expensive than current tubes, while SP will be "premium" tube. Pressed for figures, officials estimated that 26" FS could be around \$125-\$127 in first year, as opposed to \$105 for current 25", but they conceded that would include general price increase they hope to get, and they foresaw FS coming down as it replaced 25", with SP eventually coming in at same \$125-\$127 vicinity.

EPYX GOING STRONG: Despite general impression that computer business is one-way ticket to insolvency, not all companies are suffering, and some are even doing well, such as computer software specialist Epyx, according to Michael Katz, who left mktg. vp post at Coleco to sign on as pres. early this year.

"We're delighted with how things are going for us — we're an oasis in a valley," he said of company that's continuously represented on all best seller lists. "We have had record sales in 3 of the last 4 months; Nov. should be by far the best month in our history with volume going well over \$1 million and we are profitable," Katz told us.

While those in videogame software are suffering, companies with right computer programs are enjoying boom that can only get bigger, but also has its pitfalls. "You have to recognize the the market [for specific formats] can change in a minute and you can get hurt if you don't watch what you're doing," Katz said.

Epyx has just introduced cartridge games for Atari and Coleco Adam computers "and they are moving like crazy at retail. We might have to double our production for this year," Katz said. There have also been meetings with IBM. Epyx has some product for PC and hopes to have conversions for PCjr ready for showing at Winter Consumer Electronics Show in Jan.

But market is something of crapshoot, and for 1984 "it's tough to pick systems to prepare for," Katz said. Right now, software for Adam, Apple's upcoming McIntosh home computer, Commodore 64 and IBM PC are hot. "Retailers are not excited about Atari software right now and are returning software" for TI computers. There's also MSX format now being

introduced by raft of companies in Japan and expected to break into market here next year. "We will be looking at that more closely and talking with Japanese manufacturers in the next month or 2. Anything that would allow us to have titles that stretch to more than one or 2 systems is delightful for us," Katz said.

Changes in market are making profitable participation more difficult. "We see suppliers of software becoming more limited in number as retailers & distributors deal with fewer suppliers and demand more in product & marketing support," Katz said. Those that survive will be the ones "who are flexible & versatile, with the ability to turn on a dime, make last-minute decisions and have the knack of picking the right systems to service." They will become much stronger and have tight controls on inventory & spending, Katz said.

In keeping with his view of what's needed for growth, Epyx recently acquired game design team from defunct Starpath. "That gives us about a 13-person internal design capability," something Epyx didn't have before. "We have done well on a contract basis" with outside designers, "but down the road we can't be a great creative software company without internal programmers." Epyx's success isn't going unnoticed in financial community. Katz said company "is about to close a 2nd round of venture capital financing." That, he indicated, could be followed in near future by public stock offering.

Sony adopts more aggressive posture in OEM components business with establishment of Component Products Div. headed by Kevin Finn, ex-TRW, with Myles Tintle as mktg.-sales vp. Div. hq will be at 15 Essex Rd., Paramus, N.J. after Jan. 1 (see also Trade Personnel)

TV STEREO LOBBYING: Jockeying for approval is occupying multichannel TV sound (MTS) and companding system proponents, who seek to win hearts & minds of EIA MTS Subcommittee members, who are scheduled to recommend standards to FCC on basis of field tests Dec. 22.

Final test report, covering actual transmissions of the 3 MTS systems (EIA-J, Telesonics, Zenith) combined with the 3 companding systems (CX, dbx, Dolby), is now scheduled to be available Mon. (Dec. 5).

Meanwhile, stereo TV is emanating regularly from one station — WTTW Chicago (PBS), which was used for subcommittee's broadcast tests. WTTW plans to continue, using Telesonics system, under temporary authority granted by FCC. In addition to new PBS shows in stereo, station is using as many old PBS tapes with stereo sound, designed for simulcasts, as it has available. Remainder of time it's transmitting in pseudo-stereo, using time-delay matrixing.

Telesonics Pres. Larry Ocker, who is also WTTW engineering vp, said results have been excellent. He conceded Telesonics may have uphill fight for selection as standard, and said patent situation has been exaggerated — referring to fact that both EIA-J & Zenith have said they won't exact royalties from receiver manufacturers, while Telesonics promised "very reasonable royalty rates."

Telesonics charged last year that first round of system tests was biased and that systems had been changed in midstream, implicitly threatening antitrust suit (TVD Sept 22/82 p9), resulting in this year's new round of tests. Ocker told us last week he felt new tests were fairer and more complete.

Meanwhile, Dolby Labs, stirred by success of CBS's CX companding system in subjective tests (TVD Nov 14 p12), said objective tests showed its system the obvious winner and charged that "technical realities are taking 2nd place to other factors." Dolby said "questionable" subjective tests provided little information about quality of noise reduction on longterm basis and choice based primarily on them "is more than likely to be wrong."

Dolby pointed to its experience in noise reduction and said CX "has met with virtually universal rejection by the record industry." It took issue with methodology of subjective tests, which it said were "severely compromised" by impending Nov. deadline.

Dolby cited survey by Opinion Research Corp. to subcommittee to show public prefers its system. It said 72% of those interviewed were prepared to pay \$10 more for stereo TV audio with Dolby over any other noise reduction system, and 53% would pay \$20 more.

RCA introduces 4-model line of 19" sets for lodging industry. Features include upfront guest controls, locked secondary controls, anti-theft device fittings, volume limiter, back panel tamper-proof screws. Among optional items are built-in AM-FM radio, wireless remote, 127-channel capacity, pushbutton scan tuning.

CED'S COIN-OP DEBUT: NFL Football arcade game to be announced by Bally in Chicago this week is built around RCA interactive CED player — not optical unit that has dominated business since Dragon's Lair became available in midsummer. For RCA — which talked of "significant commercial application" last week (TVD Nov 28 p8) — it's coup of major proportions, represents first non-consumer application of new machine and first entry into promising game marketplace. If NFL Football works as planned, it's also vindication of CED, which has never been considered equal of Laservision in interactive potential.

Arcade game could mean significant player sales because NFL Football is expected to go well beyond world of arcade operators, usually limited to about 20,000 units. Bally has co-distribution deal with Silco, which claims to be largest operator of standalone units installed in Trailways depots, 7-11 stores, etc. We're told first order, scheduled for mid-Dec. delivery, will be less than 5,000 but that real growth won't develop until after first of year. Bally plans to ship 6,000-7,000 units within next 3 months, selling to distributors at about \$4,000 each.

RCA player offers advantages to Bally, which at one point was thought to be buying Hitachi LV units. It's available, during period when LV players from Pioneer Video and other suppliers are on allocation, and it's less expensive — about 25% under comparable optical price, according to one source close to project. NFL disc, originally developed for LV, had to be modified. Picture & functions are said to be good, on par with LV. In other effort to keep price down, Bally decided to use single player, will fill screen with computer-generated graphics (cheerleaders, etc.) while player searches for next play sequence.

Arcade videogame reshuffle continues, with Williams Electronics, which expects to show loss in quarter to Sept. 30, involved in negotiations to sell unspecified assets of its game div. to Bally.

Milton Bradley, which expects 4th quarter loss (TVD Nov 21 p13), is shutting down subsidiary General Consumer Electronics, which it bought in Aug. 1982, will take over sales & marketing of GCE's Vectrex tabletop videogame in cost reduction move. MB said it will exhibit new products at CES, is now finalizing marketing plans for 1983. Spokesman said new products would be software only. Atari, meanwhile, reportedly has terminated contracts with 3 big suppliers of its 2600 videogame console — Dimerco, TRW and Taiwan's Williams Electronics — presumably cutting back sharply in marketing plans and bringing all or most production in house as it cranks up own capacity in Taiwan.

Atari Adventure, new type of family game-computer arcade, has opened as pilot project at St. Louis shopping center. Each location will include computer learning center where computer time may be purchased and computer classes will be held, technology showcase where visitors can get hands-on experience with new & developmental projects, as well as standard coin-op game room.

SAVING U.S. ELECTRONICS: Prospects of U.S. regaining lead in any consumer electronic products "seem slim," and goal of industry & govt. should be to avoid repetition of consumer debacle in semiconductors & computers, notes 546-page report, "International Competitiveness in Electronics" by Congress-established bipartisan Office of Technology Assessment (OTA).

Report proposes 5 major objectives for Congress in establishing "more focused industrial policy" to help maintain U.S. electronics industry: (1) Preserving domestic market base and existing jobs. (2) Protecting & supporting limited number of industries critical for U.S. economy or national security. (3) Support for "technological base and institutional infrastructure" of U.S. industries, particularly those undergoing change, including labor retraining & mobility. (4) Promotion of global competitiveness of U.S. industry. (5) Freedom for private industry to make decisions concerning industrial development.

Report is available from Office of Technology Assessment, U.S. Congress, Washington, D.C. 20510.

ADAM PLANS REVISED: Coleco said last week it would ship 125,000-140,000 Adam computers this year, scaling down most recent 400,000 estimate, which in turn had been reduced from 500,000. In tell-all session with press and security analysts at its Amsterdam, N.Y. plant, manufacturer denied there had been any extraordinary quality problems (saying returns were less than 10%) and that it was in financial trouble.

Company said it had shipped far more to date than the 10,000 reported in Wall St. circles, that it's producing 2,000 daily and would increase this volume to 6,000 by year's end and 7,500 in Jan. Pres. Arnold Greenberg said company had firm orders for 400,000 units. Company blamed reports of quality problems on poorly written instruction manual, which is being corrected.

N.Y. Times quoted Exec. Vp Morton Handel as denying reports company was "behind in paying its bills," and he's quoted as saying company withheld payment from Infocsoft, Norwalk, Conn. because of "dispute over the quality of Infocsoft's work" in designing word processing software.

In other home computer news, Japan's Kyocera Corp. has started production of computers based on new MSX standard for OEM sale at 2,000-3,000 monthly rate. Kyocera currently makes personal computers, including successful Radio Shack and NEC portables.

Digital stereo sound channel is planned by 2 DBS operators using new Dolby transmission system. Audio signal would be converted to analog at home terminal. Announcements are expected this month.

Chrysler has signed contract to buy AM stereo chips from Motorola (for Motorola C-QUAM system) for auto & truck radios.

SEPT. TV IMPORTS: Rash of double- & triple-digit percentage increases showed up in color TV imports by country in Sept., but that appears to be mainly counterbalance to lower than average rises in Aug. figures rather than indicating new shipment surge. It's not uncommon for Commerce figures to be abnormally low one month, abnormally high next.

Rise was strong enough to push color set imports from Korea and color chassis & kit shipments from Mexico past million mark for 9 months. Oct. will see total TV imports from Korea' top 3 million level, with b&w over 2 million, while total color from Japan will hit million.

Following are TV import totals by country for Sept. and 9 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	% chg.	9 mo.	% chg.
Japan				
total...	148,800	+17.1	1,217,000	-15.7
color...	111,200	+11.9	923,000	- 7.1
b&w.....	37,600	+13.5	294,000	-34.7
Taiwan				
total...	279,900	+ 1.7	2,226,800	-11.2
color...	100,400	+54.4	717,300	+118.2
b&w.....	179,400	-14.6	1,509,500	-30.7
Korea				
total...	545,800	+67.6	2,917,800	+53.8
color...	269,300	+216.5	1,136,200	+164.5
b&w.....	276,500	+14.9	1,781,600	+21.4
Singapore				
total...	108,500	+183.5	477,300	+29.8
color...	103,900	+233.9	455,800	+46.8
b&w.....	4,600	-35.7	21,500	-62.4
Malaysia				
total...	41,614	+770.6	156,800	+314.6
color...	31,700	+1038.7	111,800	+418.7
b&w.....	10,000	+398.0	45,100	+176.7
Hong Kong*				
total...	700	--	37,600	--
color...	700	--	19,000	--
b&w.....	--	--	18,600	--
Canada				
color...	9,100	+ 15.9	67,500	+21.9

Complete Color				
Japan....	81,200	+23.1	630,900	- 2.9
Taiwan...	100,400	+98.2	678,900	+131.9
Korea....	250,400	+198.8	1,035,200	+141.9
Singapore	17,100	+105.9	139,100	+33.2

Color Chassis & Kits				
Japan...	30,000	+ 7.2	292,000	-15.2
Taiwan...	--	--	38,400	+ 6.9
Korea*...	18,900	+1359.7	101,000	+6232.2
Singapore	86,700	+280.6	316,600	+53.8
Mexico...	130,200	-31.4	1,095,400	- 0.8

*Imports negligible in 1982.

CD player at \$490 is being offered by Sears in special Christmas promotion, reduction of \$100 from price in its Christmas catalog.

COPYPROOF VIDEOCASSETTES: Recorded videocassettes that can be piracy-proofed without causing playback problems are technologically practical, but cost probably would limit them to rental-only use, according to Brotby Krag, pres. of Vault Corp., Westlake Village, Cal. firm that's emerging as expert in devising new ways to secure computer program data.

First product from Vault is Prolok, system for prevention of computer disc program copying. Conventional anti-copy systems have instructions written into program to prevent casual duplication, while others have deliberately damaged magnetic sectors which drive must sense before program will load into computer. But these can be evaded by experienced hackers & pirates.

Prolok discs have non-magnetic impressed "fingerprint," individualized by disc. Discs can be copied for backup, but duplicates won't run unless master is first used to supply needed go-ahead — requiring use of 2 drives. Prolok discs are starting to show up at retail, Krag said. System requires use of premium discs, "and adds a couple of dollars to the basic disc price."

Similar system could be used on videocassettes, but that would require adaptation of VCRs. More suitable, Krag said, is method similar to that developed to provide copy protection for videogame & computer ROM program cartridges. Now being shown to marketers in prototype is Romlok, cartridge with 2 chips. In addition to usual program ROM, cartridge has RAM IC with special coded instructions. As with Prolok disc, ROM program will load, can even be copied, but it won't run without special code fed by RAM. Krag said Vault is now trying to judge industry interest in system.

Video & data problems are essentially same in that "what you can write with software you can duplicate with software," Krag told us. He said company believes "same fundamental concepts" of its other systems "will work for videocassettes." Though Vault isn't "heavily involved at this point, we are doing some basic R&D."

Cost is prime drawback at this point. "We estimate we will have to add about \$10 to the cost of the cassette," which Krag acknowledged is too much for product currently retailing in \$30-\$50 range. However, he pointed out, "that level would seem to be acceptable for the purpose of rental." Should Fair Marketing Amendment to Copyright Act be passed, giving studios share of retail rental revenue and possibly reviving practice of opening rental-only release window, studios may well be willing to trade somewhat higher cost for piracy protection, Krag indicated.

Meanwhile, Vault is continuing to come up with new computer related systems. Due for marketing soon are Telelok, disc for sending files from one secure disc to another over phone lines, and Comlok, for preventing unauthorized reception of data transmission. Other upcoming system is intended to secure data files, such as tax & business records,

while allowing them to be updated by authorized sources. Vault, Krag said, "is doing well, but we are overwhelmed by the diversity & number of [security] products industry is looking for."

CD players for open-reel tape recorders — that's tariff swap agreed upon as EEC foreign ministers took final vote agreeing to Philips-backed plans to double import duties on digital audio disc players (TVD Nov 7 p14). To protect European industry, import duties on CD players would be doubled from 9.5% to 19% for 3 years, then reduced gradually back to 9.5% by 1989. As mandatory offsetting reduction, EEC will eliminate current 7% duty on reel-to-reel recorders, making them duty-free for 3 years, then increasing gradually to current level by 1989. Japanese oppose plan, don't consider it a fair trade, will ask GATT to turn it down; EIA-J said it could set precedent for future restrictions on high-tech products. Germany & Denmark voted against it.

Wrist computers: Seiko unveiled 3-piece wristwatch computer system using wireless inductive transmission to transmit data between components. Watch alone can memorize up to 2,000 characters, while controller is claimed to have calculating capacity equal to personal computer with 4K RAM, 26K ROM. Keyboard will fit in shirt pocket. Output can be fed to printer. Optional software (games, dictionary, etc.) will be available. On Japan market after Jan. 1, watch will be \$80, keyboard \$25, controller \$127... Casio introduces pocket "data bank," which lets user feed in numbers & letters by tracing them on flat screen (\$55). Four wristwatches with calculator capability (\$75-\$100) accept finger-trace input on their glass crystals.

Projection TV sales to dealers pushed through to new record for any full year in 1983's first 11 months, exceeding those of 1981, on basis of figures to be released by EIA next week. For year's first 46 weeks (see State of the Industry), they exceeded full-year 1982. Total TV sales (excluding projection) for 11 months also exceeded those for any full year. Monochrome TV moved into year-to-date plus column in 1983's 46th week. Home VCRs chalked up another 100,000-plus week in 46th, bringing going rate (5-week moving average) to highest in history.

IBM filed \$7.5 billion suit against National Semiconductor and 4 individuals seeking treble damages in celebrated computer espionage case. Company took pains to state that it won't pursue suit against Hitachi. Agreement between Hitachi & IBM, never made public, is said to provide for Hitachi to pay litigation costs and software fees totaling some \$42 million plus \$25-\$30 million annually in software fees for next 6 years, according to one source.

Motorola will build manufacturing and R&D plant in Singapore for assemblies, subassemblies & hybrids for pagers & radio. Size and completion date depend on current negotiations with govt. there. Motorola has had facilities in Singapore since 1974.

PIONEER'S LV PROFIT: Laserdisc system has brought black ink to Pioneer's ledger in year ended Sept. 30, company announced last week, crediting use of videodiscs in audiovisual karaoke, singalong system booming in Japanese bars. Consolidated profit for year totaled about \$9 million, compared with \$12.8 million loss in preceding year, on sales of \$1.31 billion, up about 4% for year. Videodisc hardware & software sales more than doubled to 17% of company's total sales, while home audio sales dropped 5.2% to account for 42.9% of total.

Sharp said video equipment sales sparked 14% increase in pretax profit to \$106.4 million in first fiscal half ended Sept. 30, on sales of \$1.55 billion. VCR & color TV sales rose 25% to \$516 million, while components and industrial equipment sales went up 17% to \$543 million and audio sales rose 2%. Exports increased by 19% to \$882.6 million, represented 56.6% of sales, up from 55.1% in same 1982 period. Company forecast its fiscal year pretax profit would rise 14% to \$220 million on 16% sales gain to \$3.2 billion.

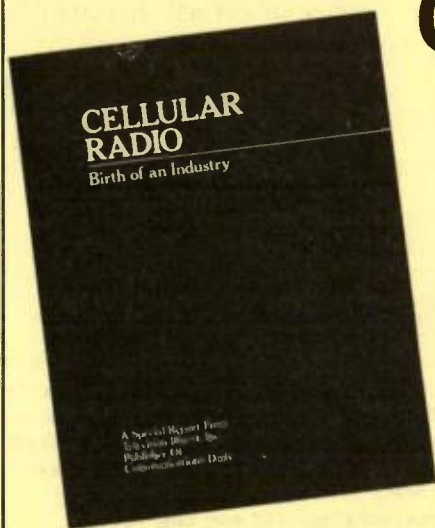
VCR sales are also credited by 2 major Japanese manufacturers as leading factors in profit increases for 6 months to Sept. 30. Component maker Alps Electric cited U.S. demand for VCRs and personal computer equipment in 67% pretax profit increase, and Toray Industries credited polyester videotape base for 9.3% rise in sales of its Plastics Div.

American Home Video's 104 outlets lost \$2.9 million on sales of \$28.7 million for first fiscal quarter to Oct. 29, according to parent Jack Eckerd Corp. Chain dropped \$4.7 million on revenues of \$22.8 million during same period in 1982, \$9.9 million on \$131 million for full year. Store count is down from high of 177 early in 1983.

Reagan Administration will formally endorse amendment of first-sale doctrine to permit copyright holder control of audio & video program rental when House Copyright Subcommittee hearings resume Dec. 14 in Washington. Subcommittee will have session in Jan. devoted solely to video.

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Consumer Electronics Personals

Kevin Finn, ex-vp-gen. mgr. of TRW Semiconductor Div., named to same post with Sony's new Component Products Div., reporting to Michael Schulhof, chmn. of Sony Strategic Planning Committee; **Myles Tintle Jr.**, ex-Memory Products Div., is mkt. & sales vp of new div... **Richard Stearns** promoted to new post of consumer electronics exec. vp, Parker Bros.; **Brent Andrus** named mktg. exec. vp... **James Ferenz** leaves Imagic operations vp post for similar position at Fortune Systems; he won't be replaced at Imagic, which is ending manufacturing operations.

Philip Schmidt named vp-gen. mgr. of new Eastern Div. of Platt Music Corp., which will operate electronics depts. of all Bloomingdales stores starting in May... **Arthur Lambert** promoted to vp, North American Sales, Zenith Data Systems... **Peter Dalton**, pres. of KLM Electronics, elected pres. of SPACE, trade organization of home satellite receiving systems... **John Gray**, ex-GBC CCTV consultant, named mktg. mgr. for Hitachi Denshi America Test & Measurement Div. and Visual Products Div.

Thomas Vanderslice resigns as GTE pres.-COO in dispute with Chmn.-CEO **Theodore Brophy**; the former GE official is said to have raised some GTE hackles when he sought presidency of RCA & CBS... **William Spengler** resigns as Owens-Illinois vice chmn. and chief administrative officer... **Richard Capra** promoted from exec. vp to pres.-COO of Philips' Advance Transformer, succeeding **Louis Duman**, who continues as chmn.-CEO... **John Yarborough** heads VSLI Products Unit in regrouping of Philips' Signetic Corp.; **Eric McLeod** heads Microcontroller Products... **Robert Webb**, ex-Reliance Electric, named senior financial analyst, General Instrument Component Group... **Jonathan Cornell**, senior vp, named Harris Corp. sector exec, heading Harris Semiconductor, succeeding **Michael Maguire**, who becomes consultant.

Jim Mervis advanced to programs & planning vp, MGM/UA Home Video... **John Kelleher** leaves post as head of Thorn EMI video acquisitions to become managing dir., Handmade Films Distribution, effective Jan. 1... **Roger Chan**, ex-Caballero Control, appointed national sales coordinator, Essex Video... **Jane Ayer**, ex-PR consultant to Pacific Arts Video, appointed PR dir., MCA Home Video & Universal Pay TV... **Sharron Ames**, ex-Sony govt. mktg. mgr., appointed midwest regional mgr., Bell & Howell/Columbia Pictures Video Services... **Benson Begun** joins 20th Century Fox Telecommunications as business affairs vp... **Daniel Mark**, ex-Orenthal, named Viacom acquisitions vp.

Thorn EMI Videodisc is charging about \$2,650 to master one side of 60-min. VHD disc, \$5,300 for 2 sides for business & institutional customers. Pressing fees run from \$35 per disc for 10-50 copies to \$11 each for 501-1,000, \$11. Company literature says AHD digital audio will be offered soon.

WORLD CE GROWTH: North America will trail rest of world in consumer electronics growth in next 5 years, according to research by Gnostic Concepts (GC), San Mateo, Cal., which indicates Far East production (factory value) will be 4 times greater than North American in 1987, compared with 2.8 times in 1982.

GC predicts West European production of consumer electronics will overtake North American in 1987. Average annual growth rates envisioned are 10.6% for North America, 11.8% for West Europe, 19% for Far East, 20.6% for rest of world. GC sees consumer electronics worldwide volume rising from \$58.4 billion in 1982 to \$125.2 billion in 1987 in current dollars, about same percentage increase as total electronics (\$321 billion to \$688 billion).

However, North American share will drop from 19% of world's consumer electronics supply to 14.6% over 5 years, while West Europe's share rises from 18% to 19%, Far East from 53% to 59%, rest of world from 10% to 11.7%. Here are GC's factory dollar forecasts for consumer electronics volume (in millions):

Region	1982	1983	1984	1987
North America	\$11,007	\$12,649	\$13,965	\$18,234
West Europe	10,601	10,962	12,170	18,446
Far East	30,965	35,650	44,978	73,819
Rest of World	5,800	6,589	8,385	14,694

Video piracy may not be more serious problem in Japan than in U.S., but it's certainly more blatant. Yamagiwa, one of largest consumer electronics retailers in Tokyo's Akihabara district last week was showing obviously pirated copy of Return of the Jedi on rows of color TV screens along sides & back of store. Pictures were in widescreen aspect ratio, black bars covering unused top & bottom edges of screen, clear indication tape was made directly from theatrical release print. Store personnel were hesitant to discuss source of picture, eventually said they were running videocassette only for demonstration purposes. Tape, they said, wasn't for sale, but could be obtained on rental-only basis for \$10 from dealer on outskirts of Tokyo.

Videotape "Sampler Kit" promotion by JVC contains 3 T-120 VHS cassettes — one each of standard, High Grade and Super High Grade types — to give buyers chance to test performance of premium vs. standard tapes.

Silicon Valley can breathe easily, as workers at Atari's San Jose, Cal. plant rejected Glazier's union, 143-29. Non-unionized electronics industry there had been watching situation closely, seeing possible precedent for major organizing drive.

Motorola will build pocket pager R&D and manufacturing plant in Singapore. Company already has facility in Malaysia turning out pager parts for assembly in U.S.

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DECEMBER 12, 1983

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CABLE'S WESTERN REUNION: Maturing industry will focus on bottom-line concerns. (P. 1)

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NO MAJOR NAB SURGERY recommended by Structure Committee. Fritts promises new management team by Jan. (P. 3)

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FCC TO REBUFF FLYNT, rule against porno political ads. (P. 7)

GROSSMAN TO NBC NEWS PRES.: Frank to head political coverage, then switch to production. (P. 7)

U.K. CABLE BILL: Foreign quotas out. (P. 8)

TOP-100'S PAY UNITS UP 32.8%: Basics up 17.8% to 25,816,657. (P. 8)

WESTERN CABLE SHOW OPENS: "Realism with a smile on its face" is how cable executive describes mood of industry as leaders gather in Anaheim, Cal. this week for Western Cable Show, 2nd largest annual showcase. Industry "can count more pluses than minuses" from developments since NCTA national convention in June, executive said: Apparent end to traumatic shakeout which claimed several program & service providers, further gains in Congress toward national cable policy, emerging growth opportunities overseas, more urban franchises granted and slow but steady progress toward marketing cable to public.

Nearly 11,000 are expected for 3-day show opening Tues., about same as last year. Panels are geared for maturing industry growing out of its troubled construction phase into service era as major market force. After Cal. Cable TV Assn. (CCTA) Pres. Spencer Kaitz opens show, 3 concurrent panels are scheduled which address cable's current hot spots: "Making the Urban Franchise Work," "Packaging Cable" and "Congress Views Cable." Wed. morning sessions follow

Consumer Electronics

KODAK-MATSUSHITA 'just talking,' says Pres. Yamashita, concedes agreement could come. No plans for Matsushita-brand camcorders. (P. 13)

RECORD VIDEO SALES pace continued in Nov. All products but b&w pass full-year records. (P. 14)

\$3-BILLION DUMPING SUIT by Zenith & NUE reinstated by appeals court in surprising reverse. Sears & Motorola dropped from case. (P. 14)

NEW PICTURE TUBES: Zenith studying RCA flat type. Sauter sees 3-year 25" phaseout. (P. 16)

HOME VIDEODISC GAMES seen following RCA-Bally coin-op announcement. RCA plans new interactive player designed for computers. (P. 16)

VIDEODISC PRICES CUT to \$19.98 by CBS/Fox for all one-record releases. (P. 17)

HITACHI NET UP in first half, led by commercial electronics. Pioneer sales breakdown. TDK sells more, enjoys it less. (P. 17)

UNIVERSAL AM STEREO chip developed by Hazeltine to be pushed by Kahn Labs. (P. 18)

RADIO SHACK to sell & lease \$750 home receiving systems for satellite TV. (P. 18)

that trend with "Making Local Advertising Work," "Finding Future Revenue Sources," and "Anatomy of a Rebuild."

Wed. luncheon address will be by CNN's Daniel Schorr, substituting for canceled Attorney Gen. William Smith. That afternoon, panels are slated on "International Cable Marketplace," "Marketing," 2nd session on national cable policy, "Telco Competition" and "FCC Connection." NCTA Pres. Thomas Wheeler will give luncheon address Thurs., urge passage of cable bill pending in House.

FCC representation will be thin at show, with no commissioners able to attend because FCC's Dec. 14 meeting falls in middle of show. Also, Mass Media Bureau Chief James McKinney had to cancel appearance on FCC panel because of meeting, as did Randy Nichols, Chmn. Fowler's chief of staff. Only FCC staffers attending will be Cable Branch Chief Steven Ross, Engineer John Wong and Fowler legal asst. Daniel Brenner. Also, officials said, attempts for satellite-delivered message by Fowler were scrapped because of scheduling, technical difficulties. CCTA official said it "wasn't unusual" for no commissioner to attend show: "Some years we have a lot, other years nobody attends."

On showroom floor, some 250 companies will be demonstrating cable products & services, with much attention expected on new 600-MHz amplifiers by couple of manufacturers allowing up to 85 video channels, feed-forward amplifiers and new products to handle growing data transmission needs. Off-premises addressable converters shown by Zenith, Tocom and Jerrold will attract crowds, as will new low-cost baseband boxes. Times Fiber is expected to launch new Mini-Hub II which employs coaxial instead of fiber. Also of interest will be G.E. Comband system, Jerrold-Cox Communicom venture, and results of 2nd test phase on N.Y. Times Cable-Kanematsu addressable Sprucer converter.

No major new programming ventures will be launched at show, executives said, but newly merged Arts & Entertainment Network will meet public for first time, and programming announcements are expected from recently merged Daytime-Cable Health Network. There's expected to be lots of traffic through Turner Bestg. System booth as operators learn more about new carriage fees for CNN, CNN Headline and WTBS Atlanta in wake of Satellite News Channel demise.

"We're expecting a really good show," said official with CCTA, which sponsors Western Cable Show with Ariz. Cable TV Assn. "It seems all the hype is gone now and we're structuring the show on realities of how to win subscribers, how to approach the big cities, how to expand into Europe," official said. "I guess the thrust of the show is on the bottom line: How to make a buck."

KLUGE LEADS METROMEDIA TAKEOVER: Metromedia Chmn.-Pres. John Kluge leads group of company executives seeking to take company over for \$1.5 billion. Boston Ventures Ltd. Partnership — investment firm specializing in management buyouts and acquisitions — is partner with Kluge group. Percentages held by separate groups in new company to be formed (which will be merged into Metromedia if deal goes through) weren't disclosed. Kluge owns 25% of Metromedia's 28.6 million outstanding shares; buying group has total of 4.5 million.

Offer was disclosed at hastily called Dec. 6 meeting in N.Y. of some 3 dozen top corporate and division executives of Metromedia. Involved with Kluge are other members of Metromedia Office of the President, all senior vps: Robert Bennett, broadcasting & production; Stuart Subotnick, finance; George Duncan, operations.

There was much speculation about why of Kluge's move, with many security analysts guessing that group thinks Metromedia stock is worth much more than it's selling for. Many also speculated that he wanted to go private to get out from under SEC regulations. Among Boston Ventures partners are such media names as Rupert Murdoch, Marvin Davis and Jack Cooke.

Group's proposal "got a very good reception" at meeting, according to participant who isn't member of buying group. Group has offered \$30 cash for common shares, plus \$22.50 principal amount of planned new issue of Metromedia debentures. Debentures will be due 14 years after

issuance, will be callable at any time. They will pay no interest first 5 years, 16% after that. Deal is conditioned on approval by Metromedia board and shareholders and obtaining of cash financing of \$1.45 billion by Kluge group. Buying group said it has had discussions with "major N.Y. bank," is confident it can raise money.

Proposed takeover will be considered by committee of outside Metromedia dirs.; investment firm Lehman Bros. Kuhn Loeb Inc. has been hired as advisor. Outside dirs. include John Crisconi, Philadelphia Motor Car Co., Thomas Goldsmith, physicist, John Griswold, dir. of several companies, Jane Hoving, prominent in several non-profit groups, Warren Lasher, consultant, John Lomenzo, lawyer, James Manges, managing dir. of Lehman Bros.

According to Metromedia proxy statement last May, Kluge received \$962,050 in salary, fees, commissions & bonuses in 1982, Duncan \$410,000, Subotnick \$321,635, Bennett (who returned to Metromedia in May 1982 when company acquired Boston Bestrs. Inc. for \$220 million) \$307,692. At time of May stockholders meeting, Kluge had option to purchase 135,000 shares, had exercised option for 65,000; Bennett, Duncan & Subotnick had options for 25,000 — Bennett had purchased none, Duncan 6,500, Subotnick 3,000.

In 1982, Metromedia had net revenues of \$407 million (up from \$340.4 million in 1981), operating income of \$98.38 million, up from \$83.1 million. At May meeting, shareholders authorized increase in common shares from 10 million to 35 million; in Aug., Metromedia shares were split 9 for 1. In anticipation of major announcement, Metromedia stock wasn't traded Dec. 5, didn't open next day until after announcement of proposed takeover, immediately jumped 11 points, closing at 35-5/8.

NO MAJOR SURGERY AT NAB: "If it ain't broke, don't fix it" is apparent view of majority of NAB Structure Committee, which will recommend to Exec. Committee this week that major reorganization of Assn. isn't necessary. Major change, we're told, will be recommendation that emphasis of some of NAB activities be rechanneled. "We will not recommend any major surgery," Committee member said.

Committee has been at work since June board meeting and was formed following recommendations of retiring NBC Washington Vp Peter Kenney, who said "NAB's effectiveness is hampered... by an outdated organizational structure" (TVD June 20 p11). NAB staff, nearly unanimous against restructuring, will be happy with Committee's tentative conclusion. Committee is co-chaired by TV Chmn. Jerry Holley & Radio Chmn. Martin Beck. Its members interviewed dozens of broadcasters, lobbyists, lawyers and govt. officials, and they believe "we got a good cross-section of this industry." "The best lobbyists [for broadcast positions] are broadcasters and hired guns, not NAB staffers," we were told. "The biggest problem is not radio vs. TV but the haves vs. the have nots — be it radio or TV."

NAB expects to name new senior vp for govt. affairs this week to replace Steven Stockmeyer, who resigned last Sept. in a huff. New person will be either James Range (who is said to hold edge), aide to Senate Majority Leader Baker (R-Tenn.), or ex-FTC Comr. David Clanton, both Republicans. NAB Pres. Edward Fritts and Exec. Vp-Gen. Mgr. John Summers have several other major staff positions to fill — and another resignation is coming this week. Shaun Sheehan, senior vp for public affairs, is expected to join RKO General in Feb. as corporate vp for advertising & PR and asst. to Pres. Shane O'Neill. Other vacancies Replacement for Erwin Krasnow, who will leave by end of April to join Washington law firm Verner, Liipfert, Bernhard & McPherson; senior vp for radio to succeed Wayne Cornils, now with RAB (this job is expected to be filled in-house); another vp in govt. relations. First Amendment attorney William Kennard, who is going with Krasnow, won't be replaced; First Amendment matters will be assigned to attorney already in Gen. Counsel Office.

"I expect to have the entire new management team in place by the time we get to Maui" for Jan. 16-20 board meetings, Fritts told us.

Major items also before Exec. Committee meeting Dec. 14-15: (1) Action on staff-proposed budget for fiscal year beginning April 1 calling for \$10,328,000 in revenues, expenses of

\$10,141,000, leaving anticipated surplus of \$187,000. (2) Consideration of "long-range plan" for NAB priorities & directions prepared principally by John Abel, senior vp for research & planning.

Unusual situation has developed in upcoming elections for radio board. Bernard Mann, pres. of NRBA, is one of 9 certified for Dist. 6 seat. Mann said he hasn't campaigned for post, noted that 60% of NRBA members also belong to NAB — meaning there's lot of common interests despite open friction between 2 groups. Mann owns AM-FM combinations in High Point & Raleigh, N.C., is buying station in Greensboro. On TV side, 40 station executives have been certified for election, including 4 incumbents, for 6 seats.

NASA petition for FCC rulemaking to allocate spectrum in 806-890 MHz band for mobile satellite, and interest by 2 companies in offering such services commercially, has provoked ire of cellular radio companies and interest of rural telcos. Comments received recently at FCC contain sweeping claims about size of eventual market for mobile satellite, but also severe technical criticism of systems proposed by Mobile Satellite Corp. and Skylink. Mobilsat attacked rival Skylink system as "so small as to be little more than an unnecessary continuation of the ATS [Applications Technology Satellite] experiments." RCA Americom and Comsat opposed suggested use of Ku-band by Mobilsat for feeder links, by Skylink for tracking, telemetry and control. Comsat added that Mobilsat proposal for maritime mobile services would have to be coordinated with Inmarsat.

Details of ATC's U.K. systems: Company owns 15% of consortium negotiating for Westminster franchise, 10% of Aberdeen system, ATC said. Aberdeen system will offer 28 channels over traditional tree & branch plant, to be upgraded to hybrid switched system later. In Westminster, where British Telecom (BT) is partner, system will have 30 channels, utilize switched star technology using BT switches. Said ATC Exec. Vp-Corporate Development Michael McCruden: "Just as important as the operations and technology is the opportunity to form new business relationships with the fine members of the consortia. The outlook for these business ventures is especially positive, and we are very pleased to be a part of these groups."

ABC had 3rd quarter net of \$31.8 million on sales of \$659.6 million, compared with \$35.5 million on \$607.1 million for same period last year. Broadcasting profits declined to \$71.9 million from \$78.7 million, while publishing jumped 35% to \$7.8 million. ABC Video Enterprises lost \$11.8 million on revenues of \$2.8 million, bringing losses for 1983 to \$37.5 million, vs. \$19.6 million last year.

Tocom and General Instrument have signed letter of intent for merger of Tocom into GI. Tocom shareholders will receive GI stock valued at \$28 million, and Tocom has granted GI option to buy up to 33-1/3% of Tocom stock at \$3.

Cox Cable will buy \$15 million worth of Jerrold equipment, including 125,000 Starcom 450 addressable converters, AH-2 addressable controllers and other related headend equipment.

Another House member is planning bill to restrict TV election projections. Rep. Edwards (D-Cal.) told Democratic National Committee task force that projections have contributed to decline in voter turnout, that polls on West Coast found 3% of voters didn't cast ballots in 1980 because they understood from news reports that national elections already were decided. Edwards plans to introduce resolution in House when Congress returns in Jan. that would call on networks to refrain voluntarily from airing election projections. Reps. Swift (D-Wash.) & Thomas (R-Cal.) already have made similar proposal, while Rep. AuCoin (D-Ore.) introduced HR-4140 that would prohibit release of election results before 11 p.m. EST election day.

Criticizing WWL-TV New Orleans, ACT Pres. Peggy Charren said its children's program "Popeye and Pals" violates FCC regulations on separation of program and commercial matter and on selling by program host, who "orchestrates an extensive promotion of sponsor products." Charren: "The FCC has a mandate to protect young audiences from just this kind of overcommercialization. Now that the NAB Code is no longer around to discourage such unfair advertising practices, the need is greater than ever for a Commission that's willing to step in and enforce its own rules."

President Reagan has signed \$91.2 million fiscal 1984 FCC budget measure that contains controversial 3-year supplemental authorization for CPB. Both houses overwhelmingly approved bill Nov. 18 despite Administration's opposition to increased funding for CPB. Bill lifts current cap on CPB budget, sets new limits at \$145 million for FY '85, \$152 million in '86, \$162 million in '87. CPB will face new round of battles on Capitol Hill next year when it seeks budget authorization for succeeding 3 fiscal years. Republicans already have promised fight.

Television Digest will have contingent of 9 representatives at Western Cable Show.

Reporting on show events will be Editor & Publisher Albert Warren, Senior Editor Seth Goldstein, Assoc. Editor Steven Tuttle and Asst. Editor Julie Talen. Representing Factbook Research Inc. will be Research Dir. Marilou Legge. For information about all TVD services, stop by our Booth No. 720 and speak to Mktg. Dir. Barbara Pratt, Factbook Senior Editors Lynn Levine and Barbara Van Gorder and Advertising Dir. Chery Grund.

CHICAGO REVOKES 85 SMATV PERMITS: Chicago SMATV operators are up in arms over decision by Windy City's acting building inspector to revoke electrical permits issued to 2 SMATV companies in last 6 months for construction of local distribution microwave service (LDS) systems connecting 85 high-rise apartment buildings.

Permits were revoked, officials said, because they didn't receive review & consent of zoning administrator. But SMATV companies charge action is blatant attempt to halt spread of private cable while city negotiates final contracts with 4 cable companies for 5 franchise areas.

"[Charles] Dolan is behind this," said Robert McMahon, mktg. mgr. for Cablecom, which had 25 electrical permits revoked for LDS-fed SMATV system it's constructing to link apartment buildings along Chicago's affluent lakefront, franchise area that Dolan's Cablevision Systems Development was awarded recently. Said McMahon: "Dolan... has been in here screaming he wants a monopoly in his franchise area, that if he doesn't get that they [city] won't get his millions [in up-front franchise fees] they need to balance the budget this year." McMahon said Cablecom's SMATV service is prevalent in Cablevision's Area 1 franchise: "Probably 50% of Dolan's franchise area is already wired with our cable." Spokesman for Dolan had no comment on charges by SMATV operators.

City will receive some \$17 million it needs to balance 1983 budget if contracts with cable companies are signed by end of year. SMATV companies said they believe city is moving against them in order to guarantee highest penetration possible for cable franchisees, thus increasing payments to city.

"This has nothing to do with cable," said Acting Bldg. Inspector Harry Manley. "We became concerned about the large number of electrical permits requested by these [SMATV] companies, and we decided to check the statute book to make sure procedure was being followed correctly."

Ill. becomes 43rd state to permit some form of TV-radio court coverage Jan. 1 when it begins year experiment. Only appellate and Ill. Supreme Court proceedings are covered by experiment and presiding judges may deny, limit or terminate coverage any time — and such decision can't be appealed. By 4-3 vote, state Supreme Court denied broadcasters' petition to permit coverage of criminal trials.

VVAH-TV Charleston, W.Va., is using RCA videodisc player to broadcast movies, says practice saves it \$200,000 yearly in film rental charges and gives it network-quality look. Only problem is that discs which independent station rents are theatrical versions of movies, which must be edited for violence, language or nudity. Station saves distributor's booking & shipping fees, said Pres. Albert Holtz.

FCC has upheld \$6,000 fine levied against Sonic Cable TV for signal leakage at systems in Grover City, Arroyo & Pismo Beach, Cal.

TOP COURT WANTS POLITICAL AD VIEW:

Although it hasn't agreed to take case yet, U.S. Supreme Court last week asked Reagan Administration for its view on Tex. law which extends "lowest unit rate" provision of Communications Act for political candidates' commercials to cover entire year. Law currently covers periods 45 days before primary elections, 60 days before general elections, applies to candidates only. It requires stations to sell time to candidates at lowest rate (for same time period) charged frequency discount advertisers. Tex. law, passed in 1975, also extends lowest unit rate to political issues as well as to candidates.

Last July, 5th Circuit U.S. Appeals Court ruled that federal regulations preempt states from legislating in area. Tex. law "lengthens, rather than shortens, the campaign season," Circuit Court said. "It encourages greater, rather than lesser, campaign spending by encouraging candidates — and others — to advertise year-round." Lower court ruling was appealed by Tex. attorney gen. In other broadcast-related actions, Supreme Court:

(1) Let stand U.S. Circuit Court, D.C., ruling that stations don't have to identify tobacco companies as chief financial sponsors of spots related to political referendums. Case stems from defeat by Cal. voters of 1980 proposal to require smoking & non-smoking areas in enclosed public places. (2) For 2nd time, cleared way for trial in case brought by Detroit housewife, charging 1977 ABC program — Sex for Sale, the Urban Battleground — insinuated that she was a prostitute.

TV networks don't like new tariffs filed by local telephone companies as part of industry's restructuring, said they contain serious problems, "including many new regulations and practices which are not required to implement divestiture [of Bell System] or to implement the Commission's access charge decision [and which] would substantially alter prevailing and longstanding businesses practices." Networks cited several specific problems: (1) "Greatly inflated mileage projections" for TV distribution facilities & services. (2) Extremely wide variations in proposed charges for same rate element for TV service. (3) New proposals dealing with service ordering intervals, cancellation charges, expedited orders, minimum service periods and advance payment for new facilities. Networks and other broadcasters asked FCC to suspend and investigate new tariffs.

United Satellite Communications, first company to launch U.S. DBS system, has chosen Radio Shack as exclusive sales agent. Companies have signed agreement in principle designating Radio Shack "exclusive retail sales agent" for USCI. Agreement gives retailer go ahead to sell USCI's "Home Satellite TV Service" in Radio Shack stores and participating dealers located in areas where company's DBS service is offered beginning in Jan.

Chief House proponent of Radio Marti legislation, Rep. Fascell (D-Fla.), is next in line for chairmanship of Foreign Affairs Committee following death of Rep. Zablocki (D-Wis.), chmn. since 1977.

BROADCAST BILL STALLED: Negotiations have soured in House over compromise broadcast deregulation bill. Although both sides have made concessions and rough draft of bill has been drawn up by staff, 4 key House lawmakers have reached impasse again on enforcement of quantification standard for TV and whether to extend standard to radio, and license renewal process, sources said. Rift may be signal that negotiations have gone as far as they can. Warned one key member involved, Rep. Tauke (R-Ia.): "It may be time to admit that we have irreconcilable differences."

Key legislators involved are Telecom Subcommittee Chmn. Wirth (D-Colo.), Tauke and Reps. Swift (D-Wash.) & Tauzin (D-La.). With Congress adjourned until new year, problems apparently won't be worked out soon, meaning that what was supposed to have been speedy action on broadcast deregulation in 1983 is facing prospect of delayed, maybe even no action, in 1984. Lawmakers planned to meet in Dec. to continue talks but scheduling conflicts now make meetings unlikely.

Draft is mix of concepts embodied in Sept. & Oct. memos by Wirth (TVD Oct 3 p4) and Oct. "counterproposal" by Tauke & Tauzin. Wirth memo indicates willingness to accept program standard restricted to local & informational programming, and system of "points" which would be awarded for programming in these categories that is aired before midnight & after 6 a.m. Instead of including them in standard, Wirth said he would go along with having additional "incentive" points awarded for children's, minority & public affairs shows. Also in memo is proposed increase in EEO requirements (draft sets requirement at 70% of parity), codification of existing local cross-ownership rules, cost of regulation fees, and revision of multiple-ownership rules.

In response, Tauke & Tauzin floated proposal that still mirrors their bill (HR-2382), which has 234 co-sponsors. They want removal of ascertainment records & program logs, allowing broadcasters to make own decisions on what records to keep. Wirth wants retention of rules, would let broadcasters exercise some discretion. Tauke & Tauzin also said they don't want radio quantified, which has been Swift's bottom line, and would sunset TV quantification standard in year 2000. They don't even mention cost of regulation fees.

Wirth aides think he has conceded more than Tauke & Tauzin, claim there has been "an awful lot of movement on [our] part." Tauke agreed, but told us 2 sides remain far apart. Swift also has given much ground, aide said: "We're not happy" with draft either because it doesn't contain many of things legislator has long wanted. But Swift believes "some legislation is better than nothing," is willing to continue negotiations for fear FCC will "deregulate everything," aide added.

PBS has tentative agreement with Western Union to buy 6 transponders on Westar 4. Terms weren't disclosed. PBS hopes to have final agreement by end of month.

ABC's Nightline will be cut back to half hour following end of Winter Olympics Coverage Feb. 20, network told TV affiliates' board in Hawaii last week. Move had been expected for several weeks. Nightline, started during Iranian hostage crisis, had been highly successful as half-hour program, but many affiliates refused to clear extra half hour and/or delayed news show when it was expanded earlier this year. During affiliates meeting, ABC Chmn. Leonard Goldenson made plea for live clearance of Nightline at 11:30 p.m., vowed he would go direct to stations for support. Soon afterward, 6 affiliates announced they would carry program live. Affiliates' board gave standing ovation to Elton Rule, who retires at end of year as ABC vice chmn.

Galaxy 1 HBO & Cinemax feeds will be scrambled, HBO announced in confirming plans to test M/A-Com Linkabit digital encryption scrambling method with eastern affiliates, rather than western, as originally planned. With announcement that signals will be scrambled from first Jan. transmission, HBO's plans for quasi-DBS use of Galaxy seem set on firm course. "Major technological advances" from joint research made for "dramatic reduction" of price, resulting in scrambling of Cinemax as well HBO, company said. At Time Inc. shareholders meeting last week, HBO Video Group Pres. Gerald Levin confirmed that HBO has garnered pay DBS rights in pay-TV negotiations under way, declined to name studios.

Hughes Aircraft and Advanced Business Communications have agreed to novel arrangement under which Hughes will build ABCI's satellites and also market capacity on one of those spacecraft. ABCI awarded contract to Hughes for construction of 2 medium-power Ku-band satellites to be launched by 1986 — first order for new HS 393 medium-power satellites, each of which will carry 16 transponders. Widebody spacecraft optimized for shuttle launch will be equipped with 50-watt transponders, permitting use of small earth stations. Official announcement of deal is imminent.

Cinemax must discontinue its \$8.3 million national ad campaign billing pay cable service as "Your Movie Star" until trademark infringement suit brought by Tulsa TV station is heard on merits. U.S. Appeals Court, Denver, last week refused to lift temporary injunction against Cinemax levied by federal court in Tulsa. Independent KOKI-TV Tulsa claims it has used "Your Movie Star" trademark since station went on air in 1981.

NCTA has moved for summary judgment in suit against MPAA and member studios in which U.S. Dist. Court, D.C., is being asked to settle question of whether cable operators can prorate copyright payments derived from mixed tiers (83-2785). Assn. said Court should summarily rule in cable industry's favor that copyright law allows operators to prorate gross receipts from tiers by discounting distant signals, other copyright-paid channels.

ATC will buy \$40 million worth of unspecified addressable converter boxes from Scientific-Atlanta over next 30 months, company said.

FCC TO REBUFF FLYNT: Broadcast issues will be very light for FCC's last 2 meetings of 1983 — Dec. 14 & 22 — but there's couple of actions agency is expected to take which will make broadcasters happy. We were told Commission will "give the licensees something to hang their hats on" in reference to obscene TV commercials prepared by Hustler Publisher & Presidential candidate Larry Flynt.

Commission will say that Congress didn't intend to require stations to broadcast obscene material when it adopted Sec. 315 of Communications Act, which prohibits licensees from censoring statement & commercials of candidates. Also, agency will state that there's no way that refusing to air Flynt spots could be considered "willful" or "repeated" violations of law — required to obtain conviction. If problem does develop, licensee will be advised to go to court quickly. CNN recently aired interview with Flynt from his Cal. home which included heavily censored version of one of candidate's spots.

Also this week, FCC is expected to issue further rulemaking on LPTV to: (1) Modify current cut-off procedures; (2) eliminate required filing of financial information; (3) create "priority class of service" for translator applicants.

Major item at Dec. 22 meeting (nothing is scheduled between Christmas & Jan. 1) will be finalization of children's TV rulemaking. Final action won't require TV stations to air specified amounts of programming for children, including educational. Such requirements are being advocated by ACT, public interest groups and several members of Congress — along with Comr. Rivera.

ACT had asked U.S. Appeals Court, D.C., to order FCC to decide rulemaking before end of year. However, before Court acted, Chmn. Fowler wrote Court that Commission would act by year end. Responded Court: "We assume the accuracy of Chairman Fowler's representation, and we advise the Commission that failure to implement his represented schedule will necessitate decisive judicial action." Rep. Wirth (D-Colo.) has introduced HR-4097 which sets minimum standards that TV stations must meet in children's area.

Also on next week's agenda will be proposed allotment of federal funds to certain stations to upgrade their facilities under Radio Marti legislation. Bill requires FCC to decide what stations are eligible for money.

Late Dec. 9, Commission moved to "clarify" procedures to be followed in "80-90" proceeding which authorizes several hundred new FM stations. Contrary to widespread rumors, FCC said it "does not contemplate a general freeze" on applications. Among rules: (1) All petitions & applications filed by Dec. 16 will be entered in FM data base and won't be precluded by any proposals in omnibus rulemaking. (2) Such applications are subject to being consolidated if location selected conflicts with channel assignments in omnibus proceeding. (3) During comment period, FCC will accept only counterproposals to proposed table of assignments.

NBC NEWS HIRES GROSSMAN: Lawrence Grossman, PBS pres. since 1976, last week was named next pres. of NBC News, to succeed Reuven Frank in May. Grossman's resignation at PBS will be effective in late Feb. for 2 months of on-the-job training at NBC News before becoming pres. Frank will remain with network, heading NBC's 1984 political coverage, after which he will switch to news production. NBC also said that News Exec. Vp Tom Pettit will remain in that post.

Grossman was instrumental in developing strong national support and increased viewership for public TV. His replacement will be subject of search to be conducted by committee headed by PBS Chmn. Dallin Oaks. Application deadline to succeed Grossman is Jan. 16; PBS hopes to have replacement by annual meeting March 28-April 1.

Grossman said: "Public TV and PBS have an extraordinary future and will continue its record of unparalleled growth and quality service to all Americans. I had fully expected to continue to be a part of that bright and exciting future. However, the opportunity that was given to me to return to NBC and step into Reuven Frank's shoes as president of one of the world's greatest news organizations was simply too big a challenge to forego. I can think of no other position that could have tempted me to leave PBS of my own choice."

Surprise announcement was made simultaneously in Washington by PBS and in N.Y. by NBC following parent RCA board meeting. Frank said he began discussing with NBC Chmn. Grant Tinker and Pres. Robert Mulholland "some months ago" when he could step down as pres. Frank has been NBC News pres. since March 1982, when he replaced William Small, and also was pres. of NBC News in 1968-73, had remained with network in various news executive positions. Despite NBC's hiring of head hunter to find possible successor for Frank last summer — at request of Frank & Pettit — Tinker & Mulholland said that "Larry was our first and only choice for the job." Grossman has never been in news before, spent most of his career in advertising before joining PBS. Frank is 63, Grossman 52.

Grossman worked 1956-62 in advertising division of CBS TV, moved to NBC in 1962 as vp in charge of advertising. He left NBC in 1966 to form his own ad & production company, and was principal in competing application for WPIX N.Y.'s Ch. 11 before joining PBS in 1976. Bruce Christensen, pres. of National Assn. of PTV Stations, praised Grossman, said his 8-year stewardship of PBS "can only be described in superlatives... His will be the vision of service that public TV will carry for years to come." ABC News & Sports Pres. Boone Arledge (with whom Grossman attended Columbia College in mid-'50's) called appointment "marvelous. It's a master stroke for NBC... He'll be great for our business... and he'll give NBC News a sense of direction and style."

Getty Oil has purchased Galaxy 1 TR-9 for ESPN from Hughes. Transponder initially will supplement Satcom 3R programming, according to ESPN Pres. William Grimes, with transmission beginning in early 1984. Terms weren't disclosed.

U.K. LIBERAL CABLE BILL: Thatcher govt. has rejected quotas on foreign programs that can be shown on cable, move which angered independent U.K. producers but was applauded by industry which is looking mainly to U.S. for enough programming to fill new systems. As expected, Cable & Bestg. Bill introduced in Parliament calls only for "proper proportion" of domestically produced shows as long as "priority" is given to British or European productions. Left to oversight of Cable Authority, which bill would establish, is determination of "proper proportion."

Home Secy. Leon Brittan said in introducing bill that Authority "will be expected to exercise a light touch" in regulating industry. Measure "is designed to give cable a wide measure of freedom to develop in accordance with consumers' preferences," he said. Bill would make Cable Authority censor of "improper material" shown on cable. Legislation is vague in defining what's improper, but says Authority officials must see to it that no program is aired which offends good taste or decency.

Rules limiting time & content of advertising on cable would be promulgated by Authority, while political ads will be forbidden. Bill spells out that amount of advertising can be no greater than that sold by Independent TV Authority, commercial counterpart to BBC. Exceptions are all-advertising shopping services. Authority also is directed to reserve for ITV & BBC outlets all national public affairs and sports events.

Other highlights of U.K. cable legislation: (1) Grants must-carry status to all ITV & BBC channels, plus any DBS services that either may offer later. (2) IBA is authorized to contract for 2 DBS channels and IBA's license is extended 5 years to 2001 to account for long-term DBS deals. (3) "Licensable service" is defined as one-way communication, meaning operators can't offer switched voice or videoconferencing in mix of non-entertainment offerings. (4) Foreigners can not control any license; local newspapers and independent TV & radio licenses can't control systems in their own areas.

New programming ventures applauded what was called U.K. "open door" approach to foreign films on cable. Especially pleased was TV Entertainment Group, composed of Golderest Films, CBS, Columbia Pictures, HBO and 20th Century Fox, which plans to launch satellite-fed movie channel in March.

Mass. CATV Commission has revoked Rollins Cablevision franchise in Danvers upon finding Rollins official attempted to bribe chmn. of Board of Selectmen, who blew whistle. Danvers is town of about 20,000 with 8,500 homes. Franchising began in 1981, became controversial when Selectmen Chmn. John Webb said he was approached by Rollins' local attorney offering cash in exchange for support of Rollins' bid. State cable commission last week concluded Rollins wasn't fit to hold franchise, after appeal by losing bidders Continental Cablevision and Adams-Russell. Matter also is being investigated by FBI, and grand jury has been convened. Officials of Continental and Adams-Russell said they would reapply for franchise if Danvers issues new RFP.

TOP-100'S PAY UNITS UP 32.8%: Most striking figure found in our analysis of top 100 cable operators is their increase in pay-TV units during last year — up 32.8% to 22,652,341. Our survey of top 100, as of Sept. 1, shows basics up 17.8% to 25,816,657 from Sept. 1, 1982.

Another noteworthy figure is miles of plant planned for next 12 months. Top 100 said they planned to add 59,731 miles; this is down sharply from their estimates year earlier: 71,329. Note: Several majors declined to furnish estimates for miles planned — but they're same who declined last year — so figures can be compared.

TCI holds No. 1 spot with 2,450,000 basics, ATC is 2nd with 2,300,000. Rest of top 10 are Group W, Cox, Warner Amex, Storer, Times Mirror, Newhouse, Continental & Viacom.

Full details on all top 100, based on data obtained directly from principals, are included in our Cable Business Magazine Fact-Finder edition, being distributed at Western Cable Show and mailed to all cable operators. Included are figures on basics, pay cable, homes passed, homes in franchised areas, miles of plant, miles planned for next year. Copies may be obtained at our Exhibit Booth 720 or in publication bins.

Westinghouse placed one of its own at top of troubled Group W Cable last week. William Bresnan will leave GWC as CEO in 1984 to "venture into his own business," according to Westinghouse Bestg. & Cable Chmn. Daniel Ritchie. He will be replaced by Westinghouse Electric Pension Investments & Investment Relations Vp Harry Murray. Murray has been Westinghouse employe since 1951 and is former gen. mgr. of Electronic Components unit. He has served on Westinghouse parent liaison committee to cable operations. Bresnan will remain chmn. "as long as he finds it practical to do so," Ritchie said. Bresnan may buy some GW cable franchises, possibly also Muzak franchise, from Group W, GW official told us. Group W Cable Pres. Burt Stanier remains pres. & COO, supervising staff that has been slashed by more than 100 in last year. Company presented move as "completion of management transition plan" begun after acquisition of Teleprompter in 1981.

Paying for cable, Anchorage style: Prospector Donald Lucas decided he wanted to subscribe to Multivisions, system under construction; what he didn't want was monthly bill. According to system Vp Seth Davis, Lucas offered to trade gold nugget weighing about 6 oz. for lifetime service to all tiers. After learning that nugget was appraised at \$8,500, Davis accepted offer. Nugget, which Lucas mined from shaft near his home, is on display at Multivisions office, Davis said. "He came in with a shoebox full of nuggets, and this was the smallest one," Davis said.

Recount of Cambridge, Mass. referendum shows voters are opposed to city ownership of cable. New England Cable TV Assn. demanded recount of ballots, which initially showed voters approving municipal ownership by 102 votes. Recount found voters rejecting municipal ownership by 14,104 to 14,066. Referendum was part of franchising process.

Media Bcst. Services is new name of William B. Tanner Co., owned by Media General. Elected chmn.-CEO of subsidiary was Media General Senior Vp James Linen; Donald Robinson, ex-Independent TV Sales, was named pres. Tanner has been under investigation by IRS for alleged bribery and tax fraud.

"Quest for Excellence" is title of Jan. 28-31 management sales conference sponsored by RAB, Amfac Hotel, Dallas. Speakers include Megatrends author John Naisbitt, Norman Vincent Peale and Richard DeVos, Mutual co-chmn. and pres. of parent Amway Corp.

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Personals

FCC Chmn. Mark Fowler speaks Dec. 14 to National Conference of State Legislatures, Hyatt Regency Hotel, Washington; Mass Media Bureau Chief James McKinney speaks Dec. 15 to Assn. of Federal Communications Consulting Engineers, Army-Navy Club, Washington; Diane Silberstein, FCC Gen. Counsel Office, is detailed to staff of newest Comr. Dennis Patrick; she's his first professional asst., will concentrate on broadcast matters.

Robert Gordon, WLWT Cincinnati gen. mgr., leaves due to "disagreement in management style," according to James Lynagh, pres. of licensee Multimedia... John Dealy promoted to vp-asst. gen. counsel, ABC; Peter Flannery to vp-ABC radio news... Lynne Grasz advanced to dir.-special projects & community services, CBS Best. Group... Jeff Marks, ex-WJLA-TV Washington, appointed news dir., WCSH-TV Portland, Me.

Mark Bonebrake named KGW-TV Portland, Ore. mktg. & research mgr... Richard Hess appointed WHYY-TV Philadelphia mktg. dir... Edward Hippe, ex-KCOP L.A., becomes KBHK-TV San Francisco engineering mgr... Richard Engberg, ex-Katz TV, appointed WFLD-TV Chicago national sales mgr... Suzanne Schulman, ex-McCann-Erickson, named Best. Merchandise Exchange media dir... Edwin Hamowy appointed Warner Communications senior vp-corporate planning... Barbara Sitkin, vp-gen. mgr., Continental Cablevision Cal. systems, adds similar titles at St. Paul operation.

Peter Flannery promoted to ABC Radio News vp, succeeding Robert Benson, advanced to ABC Radio Networks senior exec. vp... Jan Micheli, ex-Seltel, named Avery-Knodel TV San Francisco office mgr.; Taylor Eldon, ex-Seltel, appointed N.Y. vp-gen. sales mgr... Arthur Rockwell, ex-independent analyst, appointed MGM/UA Entertainment corporate relations vp... Robert Napp promoted to Satellite Systems Engineering mktg. dir... Marvin Shapiro, ex-Westinghouse Bestg., named broadcasting affiliate, Veronis, Suhler & Assoc... Stephen Beaver advanced to UPI communications vp.

Richard Vipond named Nielsen Mktg. Research Group pres... William Shriftman promoted to senior vp-finance & administration, RAB, new post; Bonnie Rarick joins RAB as mgr., Chicago office... Kim Price, formerly head of AP Omaha bureau, named AP broadcast exec. for Ore. & Wash... Michael Lambert, ex-Viacom, named HBO Enterprises senior vp, responsible for ancillary program sales, including domestic & foreign pay TV, home video and foreign theatrical... Roger Werner promoted to exec. vp-mktg., ESPN; John Bonanni, ex-ABC, joins ESPN as vp-ad sales; Thomas Conway, ex-Entertainment Channel, named vp-finance & administration.

Leslie Lenkowsky appointed by President Reagan to be USIA deputy dir., succeeding Gilbert Robinson... David Gergen, White House communications dir., has told friends he will quit by end of year, according to USA Today... Frank Price, recently named MCA motion picture group chmn., elected a dir. of MCA

Inc.; Marya Doonan, ex-CBS, appointed MCA TV sales exec. for original & ad-supported programming... Elaine Nass promoted to SelecTV subscriber services dir., replaced as publications dir. by David Alexander, who is replaced as SelecTV Guide editor by Tracy Priestley; Sam Tagliavore advanced to L.A. sales mgr.

Clark Pollock, Nationwide Communications, elected Ohio Assn. of Bestrs. pres.; George Joachim, WMRN(AM) Marion, vp... Cornelius Weed, ex-NBC Radio, named Mutual vp-sales.

Satellite TV Corp., in unusual petition to FCC, alleged that Hughes Communications Galaxy has "misrepresented facts to the Commission and has engaged in premature construction" of 3 Ku-band spacecraft for which it has applied. STC asked that Commission deny or heavily condition Galaxy application. STC complained: "Hughes Galaxy has attempted to get a head start on its competition by twice representing to the Commission that it needed prompt action on its applications 'permitting construction to commence' whereas, in fact, such construction was already underway."

CBS has slipped quietly out of Goldcrest-HBO-Columbia Pictures-20th Century Fox cable programming venture for U.K. announced in June. Best. Group made no formal announcement of decision, arrived at in last few weeks. Scheme didn't "fit within our current business priorities," CBS official told us.

Loew's Corp. acquired 4.8% (794,700 shares) of Storer Communications "solely for investment," Loew's said. Stock was purchased Nov. 4-11 at \$29.25-\$30.37. Loew's affiliate CNA Financial Corp. has option to purchase additional 50,000 Storer shares.

Some cultural gaps will never be bridged. Commenting Dec. 7 on ABC's *The Day After*, U.K.'s Financial Times took note of 70 million viewers, said it was "a bigger audience than that for the Super Bowl baseball final."

Asst. Attorney Gen. William Baxter last week announced resignation as chief antitrust enforcer at Justice Dept., will return to teaching at Stanford U. Law School. He will be replaced by Paul McGrath, head of Civil Rights Div.

Group W Satellite will launch "Home Team Sports" regional pay cable network in Washington-Baltimore area April 4, 1984, company said. About 350 sporting events will be offered in first year to area cable systems.

Obituary

William L. Walker, 62, pres. of Walker Media & Management Inc. (brokers), died of cancer Dec. 5 at his Arlington, Va. home. He was at NAB 1948-70, serving as asst. treas. and dir. of broadcast management. After leaving NAB, he became exec. vp of Larson/Walker & Co. and purchased firm in 1980. He was in Army Air Corps during World War II. Wife, 3 children survive.

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STATE OF THE INDUSTRY

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	NOV. 19-25	1982 WEEK	% CHANGE	NOV. 12-18	11 MONTHS 1983	11 MONTHS 1982	% CHANGE
TOTAL TV#.....	515,381	389,792	+32.2	488,524	17,597,536##	15,295,199	+15.1
COLOR#.....	348,337*	268,285	+29.8	328,514*	12,444,089##	10,210,227	+21.9
MONOCHROME....	167,044	121,507	+37.5	160,010	5,153,447	5,084,972	+ 1.3
PROJECTION TV...	4,659	4,065	+14.6	4,505	125,349##	101,629	+23.3
HOME VCR.....	126,165*	59,075	+113.6	107,230*	3,489,524##	1,703,124	+104.9
COLOR CAMERAS...	13,915**	6,349	+119.2	9,311*	343,372##	252,756	+35.9

Color TV 5-week moving average: 1983--366,481*; 1982--281,485 (up 30.2%).

Home VCR 5-week moving average: 1983--111,396**; 1982--60,140 (up 85.2%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

KODAK-MATSUSHITA 'JUST TALKING' ON 8MM: Japan's Matsushita & Kodak have had some preliminary talks regarding production by Matsushita of 8mm Video camcorders for U.S. photo giant, but no actual business discussions or negotiations have been held and there are no agreements, either formal or informal, according to Matsushita Pres. Toshihiko Yamashita. However, he didn't rule out any future agreement.

In private interview at Matsushita's annual press meeting in Tokyo last week, Yamashita told us Kodak did initiate exploratory talks with video equipment manufacturing subsidiary Matsushita Kotobuki, but he said there had been nothing beyond that. Any serious talks with Kodak would be with Matsushita corporate, not with subsidiary, "and as president I would know about them," Yamashita said.

But time for negotiations may be approaching — Yamashita indicated as much when he acknowledged "there could be" agreement coming. Matsushita & Kodak, he pointed out, "already have a business relationship." Matsushita is supplier of special long-life battery for Kodak's Disc still camera. When 8mm Video production deal does come, however, it may not be with Matsushita. Kodak, we've learned, has had similar opening talks with several potential Japanese suppliers, including Hitachi.

Matsushita could easily produce 8mm camcorder for Kodak and be ready relatively soon. It has already shown prospective customers prototypes, understood to be virtually identical to those Philips demonstrated behind scenes at Berlin show and later at Vidcom in Cannes, leading to conclusion that first Philips units will be largely or completely Matsushita-made, or at least Matsushita designed. Matsushita says it has no deal to make camcorders for Philips.

Yamashita said he feels it will be long time before 8mm Video format becomes major VCR market force — if it ever does. As for its potential to replace existing 1/2" standards, "as long as VCRs will be with us, VHS will be with us."

As for Matsushita's own-brand manufacturing activities, there are no current plans for production either of 8mm Video or VHS-C format Video Movie that subsidiary JVC developed and plans to introduce in Japan early next year and in Europe & U.S. later. Exec. Vp Akio Tanii, who is responsible for video equipment manufacturing, told us Matsushita feels that for while at least market for such camcorders will be very small in proportion to overall VCR demand. "It's not that we have no interest," he said. If any companies want to launch 8mm Video in 1984,

they will have to do without Timeplex baseband recording system wanted by French. Basic 8mm standard is completed, and Timeplex recording would be "another step ahead to a new technology — there are many problems still to be solved," and waiting for Timeplex could mean holding up 8mm "for one or 2 more years," Tanii said.

Yamashita said he expects U.S. color TV boom to continue through 1984 at very least. Growth of cable and other video services will encourage consumer purchases "and so the color market will continue to grow. We used to try to get one color TV in every house — now it's 2, and we are looking for 3 per house." Only cloud Yamashita sees on healthy business horizon is international trade friction. It's situation "that always comes when you export." Matsushita's answer to that, of course, is increase in overseas manufacturing. That, he indicated, would be expanding, and he said it's possible the company will start making VCRs in U.S.

NOV. CONTINUES RECORD VIDEO SALES PACE: If 1983 had ended Nov. 25, it would have set all-time year's record in sales of total TV sets, color TV, projection TV, VCRs and color cameras. Nov. turned out to be best 4-week month in history for VCRs and color cameras, 2nd best for color & projection.

Every product except monochrome TV is setting new records — and even monochrome is being caught up in fever, with Nov. sales up 24.5% and year-to-date sales up 1.3% from same 1982 period, after trailing last year almost all of 1983. Color camera sales ended Nov. with best week in history.

On seasonally adjusted basis, color TV sales ran at annual rate of nearly 14.7 million in Nov. and 13.8 million for year's first 11 months, while VCRs were at 3.8 million rate in Nov., 4.1 million for year to date.

With Christmas season sales reported to be running strongly, particularly in high-end goods — with VCRs and color TV repeatedly mentioned as hot sellers — we see these rates accelerating in Dec. virtually to limit of industry's ability to produce & import.

We now can see staggering total of 19,750,000 TV sets being sold this year (vs. 17.1 million last year) — some 13.9 million color (vs. 11.4), 5,850,000 b&w (5,765,000 last year). VCR sales will come out over 4 million, probably just at 4.1 million mark (vs. 2 million in '82), with color cameras at 410,000 (296,000) and projection TV at 140,000 (114,500). Here are EIA's figures on sales to dealers in record Nov.:

Product	Nov. 1983	Nov. 1982	% change	Nov. 1981
Total TV.....	1,986,734*	1,541,839	+28.9	1,481,653
color.....	1,378,380*	1,053,360	+30.9	1,001,829
monochrome..	608,354	488,479	+24.5	479,824
Projection TV..	16,288*	14,617	+11.4	9,570
Home VCR.....	434,070*	232,595	+86.6	146,147
Color cameras..	40,694*	23,665	+72.0	19,388

*Record for any Nov.

COURT REINSTATES ZENITH'S HUGE DUMPING SUIT: Virtually on 13th anniversary of filing of original suit, U.S. Appeals Court in Philadelphia last week reversed Dist. Court's dismissal of \$3-billion treble-damage antitrust & dumping suit brought against Japanese consumer electronics manufacturers by National Union Electric and Zenith, raising possibility that it could trail through judicial process for another 13 years.

Suit charged that Japanese conspired to destroy U.S. consumer electronics industry so they could dominate it themselves. In March 1981, Judge Edward Becker, in 600-page decision, dismissed virtually all documents Zenith filed in case as hearsay, suggested proper remedies should be sought in Congress and govt. trade agencies (TVD April 6 p10).

In unanimous 164-page opinion written by Judge John Gibbons, Appeals Court held last week that evidence in case was sufficient to warrant full trial on monopoly grounds. Separate

unanimous 26-page opinion by Chief Judge Collins Seitz upheld sufficiency of evidence of conspiracy to violate Antidumping Act. Court affirmed lower court's dismissal of charges against 3 defendants: Sony (which previously had been dropped from Zenith's case), plus Motorola & Sears, former charged because of sale of its Quasar TV business to Matsushita and latter for being part of Sanyo's acquisition of Warwick Electronics. National Union Electric, which originally brought suit, was parent of original Emerson Radio. Since sale of NUE to foreign firm, Zenith has been bearing brunt of pushing case.

Appeals Court ruled that case can now go forward against Matsushita, Toshiba, Hitachi, Sharp, Sanyo & Mitsubishi. Japanese have 14 days (to Dec. 19) to petition for rehearing, then can appeal to Supreme Court if rehearing is rejected. At press time, they were still digesting opinion, had made no decision. There's also possibility Zenith could appeal decision as it relates to dropping charges against Motorola & Sears.

If Appeals Court decision stands and case returns to Dist. Court, it will reopen massive record comprising some 20 million documents. Zenith's final brief alone had 11,500 pages with 6,000-page appendix cross-referencing 250,000 pages of other documents. Case in lower court outlived several judges and big problem now is that Judge Becker, who is familiar with case, has been elevated to Appeals Court. Unless Becker takes temporary duty in lower court to rehear case, this means another judge will have to go through long educational process.

Case never actually came to trial, and there's concern in Japan that if it finally does, it will air many possibly embarrassing details of business deals & discussions which currently are in secret sealed depositions. Nevertheless, official of prime defendant Matsushita told us in Japan that there is no intention of settling suit, even if it means long & publicized court hearings. News of Appeals Court ruling hit Japan industry like a bombshell.

In another controversial international trade case, Supreme Court for 2nd time refused to hear appeal concerning tax levied by Cal. on income earned on worldwide basis by multinational companies doing business in state — issue which affects subsidiaries of foreign consumer electronics firms as states continue to search for new revenue sources. Court's action leaves open 2 avenues for multinationals opposed to tax — congressional legislation or international treaty, both leading down obstacle-strewn paths. Reagan Administration task force is studying this "unitary taxation" problem. Unitary taxes are now imposed by 12 states.

HITACHI-GEC SPLIT: Sole remaining consumer electronics joint venture of Japanese & British, which owns 5-year-old Hitachi-GEC TV plant, is falling apart, just as did similar tie-up between Rank & Toshiba in 1981. Color TV plant in Wales, said to be biggest in U.K., worth around \$8 million, with capacity to make at least 260,000 color sets annually, has been racked by heavy losses and labor problems, including stoppage by its 1,050 production workers last week.

For last 9 months, Hitachi & GEC have negotiated sporadically on possible buyout, but several Hitachi offers are said to have been rejected. Plant has been producing sets under both GEC & Hitachi brands and marketed through separate operations. In 1981, Hitachi had proposed building VCRs at Welsh plant, but GEC is understood to have rejected idea. Hitachi is now assembling VCRs in West Germany.

Matsushita is currently expanding its wholly owned TV plant in Wales to 1,000 sets per day, and Sony & Aiwa are successfully operating consumer electronics plants there.

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Matsushita will set up TV-radio plant in Ivory Coast in 1985 in joint venture with local interests to produce 10,000 color & monochrome TVs annually, as

Blurring of line between home & personal computers continued at Comdex in Las Vegas. There were hints that price of Apple II would be cut early next year to below \$1,000, which would make it first "home system" with substantial integrated software. The 64K Dragon computer from England made debut at \$399, including 5 programs, 4 games, to be made in U.S. by Tano Corp. Keynote of fall show was IBM compatibility, with at least 12 companies showing look-alikes. Hard discs and integrated software also represented major trends. Most noted Comdex event was introduction of Tandy Model 2000 personal computer at \$2,750, some 25% below IBM, with which it's compatible, and said to be 3 times faster. TI offered portable personal computer with 64K RAM memory expandable to 768K.

Miniature digital audio tape system using cassette about half size of standard audio cassette has been developed and proposed as standard by Sony. Format uses 16-bit encoding process, helical scan, has 3 hours uninterrupted playing time on cassette measuring 2.5x2x0.4". Recorder itself measures only 6x4.7x2".

Sylvania offers 2 new 40" rear projection TVs with liquid-cooled tubes, black matrix screen, 125-channel wireless remote, at \$2,995 with doors, \$2,795 without. Sets are adaptable to stereo; matching hi-fi system is available.

NEW TUBE PLANS: RCA's picture tube competitors & customers were still studying its plans for 2 new generations of picture tubes last week (TVD Dec 5 p10). Since most tube makers will make products similar to RCA's FS tubes (square-cornered tube with conventional faceplate curvature) in 26" & 20" sizes, and some in 14", that size seems certain of acceptance.

RCA's big gamble is in SP (square planar) tube with computer-designed flatter faceplate, which will sell at premium and be available in 27" size in July 1985 and 20" in March 1986, and industry reaction to that will be slower than to the cheaper FS types.

Three of the 4 U.S. tube makers — GE & Philips plus RCA — have agreed on standard 26" size for first of new-generation tube. But Zenith is maverick, having decided on 27" (TVD Oct 17 p14). Zenith tube officials have seen RCA's demonstrations, and Systems & Components Group pres. Karl Horn says he'll have look at it later in month. "If we think they have a better mousetrap, we'll join them," he told us. He termed SP "relatively expensive approach" and asked whether flatness is "worth that much additional expense." He reiterated that company's customers believe squareness is more important than flatness — thus Zenith's decision to go with 27" curved-faced tube.

RCA held press showing of its new tubes in N.Y. last week, where Group Vp Jack Sauter asked rhetorically: "Why bring out new tubes now" when color TV business is so good? "We believe that to keep up consumer interest in the high end of the line, we must visibly demonstrate that there is something new in TV." Currently, he said, "we can't build enough 25-in. TVs" to meet demand, but he argued that industry must "keep regenerating consumer interest in TV."

RCA will add 26" FS tube in premium sets next year, move it a year later to "all Colortrak product," putting SP 27" tube in high end sets, Sauter said, forecasting that 25" will virtually vanish in 3 years. In 19", where low-end products are strong, picture "could be different — we won't change the desire for disposable TV" and "13 & 19-in. could linger longer as low-end products." With new 26" & 27" tubes, Sauter said, RCA's goal is to see industrywide sales of big-screen sets return to 30% of total mix, position it occupied in early 1970s.

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Clinton Electronics, Rockford, Ill. specialist in smaller tubes, announced "first flat square CRT for data display terminals." Monochrome 12" tube is twice as flat as flattest to date, Clinton said, with 50" radius vs. 25" for standard tubes, 67" top radius vs. 26-34" in conventional tubes. Clinton says new design improves readability, reduces reflection, provides uniform screen brightness. Other sizes will be added.

Rental firm acquisitions: Jim Graham, owner of 107-store Colortyme chain, buys competing Remco 75-outlet chain for \$40 million cash, will convert Colortyme outlets to Remco stores. Telerent Leasing Corp. is subject of bid by Aviation Group Inc. seeking minimum of 850,000 shares at \$13.75 per share.

RCA HOME DISC GAMES: RCA entry into arcades with use of interactive CED player by Bally NFL football game (TVD Dec 5 p12) is first step toward consumer market. We're told RCA has had talks with Coleco about matching CED player to Adam computer, already plans to introduce new version of interactive machine in mid-1984. RCA's only comment is that it has approached several manufacturers, presumably including Coleco.

Next generation interactive player is expected to further emphasize home computer-game connection. Pro football disc should have inside track to home market, although there's no timetable for introduction, point stressed by Advanced Video Pres. Rick Fisher at Bally news conference in Chicago Bears locker room last week. Bally won't share in home proceeds since non-coin-op rights are held by Interactive Game Assoc., 3-company partnership consisting of AV, Perceptronics and distributor Silco.

Silco also will be among those bringing game to arcades and street operators, latter accounting for 70% of Bally installations. Bally said publicly it hoped to ship 6,000-8,000 units in first 2 months, but inside estimates are considerably higher — more than 30,000 in first year, we're told. Distributors' enthusiastic response at meeting after formal announcement didn't do anything to deflate expectations. Even at lower number, NFL stands to pick up more than \$1 million in royalties.

Machine costs distributors \$3,995 plus \$999 for replacement disc and computer chips necessary to reprogram system, now showing L.A. Raiders vs. San Diego Chargers. AV already has prepared 2nd game, Dallas vs. Washington, should begin work shortly on 3rd, N.Y. Jets vs. Miami Dolphins. Fisher expects replacements to be installed at 90-120-day intervals, but timing probably will vary depending on popularity.

Players deposit 50¢ each, make offensive & defensive selections; computer finds plays that correspond closest to situation and area of field, while screen shows animated figures during 2.8-sec. search. Game is first to have currency acceptor which will take \$1-\$5 for up to 15 min. — in attempt to reach affluent adult market. Fisher said Bally wanted CED from start because hour-long disc can hold up to 400 plays, twice Laservision capacity. CED disc will have same program on both sides in case one becomes unplayable. Bally adapted game to fit current CED player which Fisher said "is almost if not completely off the shelf." RCA is understood to have diverted shipments from its distributors to meet Bally needs.

Sears phone catalog, 32 pages in color, offers more than 250 products under brand names of AT&T, Magnavox, ITT, GTE, Panasonic, Mura, Uniden, Webcor, Sears & others, from \$10 for cheapest wall pushbutton phone to \$800 for Technicom home communications & control system.

Recording optical disc system developed by Digital Recording Corp., Salt Lake City, is subject of joint development effort with Nakamichi Corp., which will deliver prototypes starting early next spring.

V-DISC PRICES DROP: RCA's plans for lower CED videodisc prices (TVD Nov 28 p48) received unexpected assist last week from CBS/Fox, which announced it will drop every single-disc title to \$19.98 immediately. That's about \$10 under current list, giving CED \$10 advantage over Laservision.

In separate action, RCA will cut prices on 30 titles to same level in Jan. One-two punch won't be ignored by other software suppliers — especially if, as Group Vp Jack Sauter has hinted, RCA is willing to meet demands for cheaper custom-pressing. CBS plant in Carrollton, Ga., only other CED disc manufacturer, would have to follow suit to remain competitive — which it hasn't done so far.

Does price cut indicate CBS/Fox's format preference? "Not at all. One of our partners has an investment in CED. We want to ensure the long-range viability of that investment," CBS/Fox Sales & Mktg. Senior Vp Leonard White told us. Development has nothing to do with recorded cassette prices.

How Pioneer Video will respond for Laservision isn't known, but price issue has to be addressed, either through standard replication or introduction of 8" disc at under \$20, reportedly in the works.

RCA move also is hint that company will be able to hold onto titles after licensing rights normally would have reverted to studios, possibly in return for production cost-cutting. Titles include 2 Dec. releases — Columbia's Blue Thunder, MGM/UA's War Games — plus On Golden Pond, Jane Fonda Workout, From Russia With Love, Chariots of Fire, Dumbo, First Blood, Stripes, Animal House, Jaws, The Toy, The Enforcer. With studio negotiations still under way, RCA can't be sure which or how many budget titles will be added next year. Not part of offer is 2-disc Gandhi, and there's no guarantee that more expensive titles are likely to drop. They won't at CBS/Fox, said White.

Big question for distributors, of course, is price protection, White promising "opportunity for equalizing inventory costs." In return for what apparently are bargain wholesale prices, distributors are expected to deliver on promises of greatly expanded market at lower prices, in particular addition of mass merchants. On roster of new under-\$20 CBS/Fox releases for Jan.-March are Man Called Horse, Hospital, Topkapi, Star Chamber, Horse Soldiers, Fortune Cookie, Billy Joel concert.

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Move of RCA Videodiscs programming operations to Records Div. (TVD Nov 21 p11) should be completed by year's end. Executives Thomas Kuhn, Charles Mitchell & Arnold Holland, probably 2-3 others, are expected to make switch.

RCA, meanwhile, held meetings in Hollywood last week to seek movie producers' cooperation in reducing prices, with "very encouraging" results, according to Sauter.

HITACHI NET UP: Commercial electronics set growth pace for Hitachi in fiscal first half to Sept. 30, as net increased 10.8% to \$338 million on 8.2% revenue rise to just under \$8.9 billion. Sales of information & communications systems and electronic components jumped 23.2% to \$2.28 billion. Consumer product sales were up 5.7% to \$1.89 billion. Sales in Japan rose 9.8% to \$6.39 billion, while overseas volume, mainly consumer & commercial electronics, was up 4.3% to \$2.51 billion.

Pioneer, in reporting move to black ink in year to Sept. 30 (TVD Dec 5 p15), gave this product sales breakdown: Non-audio products (videodisc system, component TV, CATV equipment, etc.) up 34.6% to \$221.3 million, portable & car audio up 4.9% to \$522.1 million, hi-fi down 5.2% to \$559.3 million. Overseas sales were up 0.6% to \$853 million, Japan sales up 11.1% to \$450.7 million. Videodisc & player sales doubled to an indicated \$222.7 million. Pioneer said disc player order backlog will keep plant operating at capacity through April. It recently increased production to 2,000 monthly, plans boost to nearly 30,000 early next year, also will boost disc output.

Daewoo Electronics, Korea, projects profit this year of \$10.7 million on sales of \$236 million; last year it lost \$11.2 million. Daewoo, which acquired TV-appliance business from Taihan, is issuing stock in Korea to double its working capital. With acquisition last March, its paid-in capital jumped from \$6.3 million to \$26.7 million.

TDK expects to report level profits this fiscal year — \$217 million vs. \$215 million last year. Despite fact it shipped 30% more videocassettes this fiscal year than last, average unit prices are down about 20%.

Koreans see computer peripherals as entry to U.S. market for high-tech products. Exports totaled only \$11 million in 1981, jumped to \$30 million last year, are expected to double this year, with U.S. as only significant market, according to govt. estimates. Monitors, terminals and specialty tubes are target area. That accounted for more than 90% of shipment value last year, should hold same position in 1983. Major producers are Gold Star and Samsung, which have been functioning primarily as suppliers to OEMs. Picture should change next year as they start exporting own-brand equipment, expand offerings. Quantity exports of color monitors & terminals are scheduled to begin in 1984. Gold Star and Hyundai are testing market waters here for complete microcomputer systems, while govt. is exploring advisability of encouraging export production of disc drives & printers. As preliminary to export expansion, Korea is expected to further restrict imports of computers & peripherals.

Liquidations: COMB Co., Minneapolis, is clearing Panasonic industrial VHS-C portable recorders (\$895 list) at \$388 and JVC-made 4-head VCR with Tatung brand name at \$488... Mattel is giving away 2 free cartridges from specified selection plus \$2.50 credit coupon with purchase of 2 of its new games for Intellivision or Atari 2600 consoles. Parker is giving \$15 rebate with purchase of 2 game cartridges and trade in of any old cartridge.

MULTI AM STEREO CHIP: Seeking to break standards logjam which has stunted growth of AM stereo and made manufacturers hesitate to produce receivers, Hazeltine Corp., partner with Kahn Labs in Kahn AM stereo system — one of 4 now on air — will unveil universal decoder chip to radio makers at Jan. CES in Las Vegas.

Chip will feature automatic switching and low input voltage, making it suitable for earphone portables as well as car, home & component radios, Kahn Labs Pres. Leonard Kahn said, indicating that semiconductor manufacturers had been lined up as source. It's expected that quantity deliveries will be available in time for midyear product introductions.

So far, only Sony & Sansui have introduced radios which can receive all 4 systems. GM & Chrysler have opted to produce auto radios which can receive Motorola system only. Kahn estimates that more than 150 stations are broadcasting in AM stereo, conceding that "no single system has won the race." However, he says his system is "clearly in the lead with 3 times more listeners than Harris or Motorola." He told us he shipped 82nd broadcast transmitter exciter for his system last week.

"We've always felt that the broadcasters would & should be the ultimate deciders of AM stereo technology," said Kahn in announcing development of chip. "With an abundance of multi-system receivers on the market, the decision is clearly in the broadcasters' hands. We feel that the Hazeltine development may have some sobering effects on those few receiver manufacturers who are prematurely announcing single-system receivers." It's understood that Sony also will offer multi-system AM stereo chip on OEM market.

RADIO SHACK TO SELL DBS: As forecast here last month, Radio Shack has been named exclusive sales agent for first direct broadcast satellite system, now being operated by United Satellite Communications Inc. (USCI), will sell & lease home systems to be installed & maintained by RCA Service Co. (TVD Nov 14 pp7 & 16).

RS won't handle actual equipment, but will take orders, which will be referred to USCI, which, in turn, will order installations from RCA. Under purchase plan, RS will sell 4-ft. dish, converter & receiving package for \$750 installed if customer signs up for minimum of 12 months of DBS pay-TV service at \$29.95 monthly. Alternatively, customer may lease package for \$300 installation fee plus \$39.95 monthly for one-year minimum, including pay-TV service. Thus, outright purchase would come to \$1,000 for first year, lease to \$1,250.

RS will have point-of-purchase displays in its stores, as well as videotape showing installations, samples of programming, etc. after Jan. 1. USCI launched service in Indianapolis, has expanded to Terre Haute, Ft. Wayne & South Bend, has test homes scattered over 26 states east of Rockies, its initial service area. It expects to expand to West Coast in 1984. System is transmitting 2 movie channels, one sports, plans to go to five 24-hour channels.

CABLE STEREO TESTS: NCTA's tests of the 3 proposed TV stereo & multichannel TV sound (MTS) systems with cable equipment resulted in no clearcut winner, according to Science & Technology Vp Wendell Bailey, and NCTA — which has one vote on EIA MTS subcommittee — will either abstain or vote for "whichever one sounds best" in listening tests.

"Some things we feared didn't happen, and some things we hadn't thought of did," said Bailey — and results were neither better nor worse than expected. Good news was that no pay-TV encoders or decoders were completely undone by presence of stereo signal. Bad news was that some types of cable equipment will fool stereo TV set into thinking it's receiving stereo transmission during mono broadcast, turning on stereo light and producing noise.

Among other test findings: Split sound receivers, being explored by some TV manufacturers as way to get hi-fi sound, won't work with cable systems. Baseband cable converters won't pass stereo sound. Most headend equipment degrades stereo separation somewhat, some causes distortion, some won't pass stereo signal at all. Most converters add noise to MTS signal. Each system had advantages & disadvantages with cable, Bailey said, generally balancing each other out. NCTA report will be filed with FCC.

Final volume in MTS Subcommittee's test results, supplement containing measurements of all 3 systems with 3 proposed companding systems, was distributed last week. Subcommittee meets to choose system Dec. 19-22.

Theftproofing system for any consumer electronic product with MPU — sophisticated car stereos, VCRs, etc. — was demonstrated in N.Y. last week by International Electronic Technology Corp. Kaish Circuit Lockout System uses 3 security codes — "factory," "access" & "personal" — programmed into MPU. Each time product is disconnected from power source, personal code must be entered through product's control (TV tuning panel, etc.) or MPU won't operate. MPU can be programmed to foil trial-&-error guesses of code by ignoring any code input for specific time after wrong guess. IETC says security system would add about \$5 to factory cost of consumer product. Information from IETC, 1931 Mott Ave., Far Rockaway, N.Y. 11691.

Japanese VCR production in year's first 10 months totaled 14,394,000, exceeding output for all of 1982 (13,134,000). In same period, Japan exported 12 million, up 38.5% from same period last year, setting record in Oct. with shipments of 1,660,000, increase of 59.8% over Oct. 1982. Year's production is now expected to reach 18 million this year vs. 13.1 million in 1982.

Car TV is offered by American Audio as part of high-end in-dash FM-AM-cassette system. B&W 2" picture is activated only when ignition key is in "auxiliary" position. Turning ignition on disables picture but permits TV sound listening. System, which also contains VCR in/out jack and digital clock, lists at \$995.

NEWSWEEK VIDEO SURVEY: National survey commissioned by Newsweek puts VCR ownership in metropolitan areas at 10% of TV households, more than twice penetration of home computers but less than half that of videogames. Decisions Center report, entitled "A Study of Recent VCR & VDP Purchasers," said videodisc players are in 2% of homes, with 10% of VCR and 59% of disc owners having both.

RCA is leader in both formats. It accounted for 24% of VCRs, 28% of disc machines, although survey's omission of Laservision leader Pioneer Video and inclusion of Sony as disc player brands leaves doubts about reliability of research. Newsweek gives Sony, which doesn't offer consumer player, 6% market share, after Magnavox (8%) and Sears (7%). Pioneer, listed among choices in questionnaire, isn't in final tabulation — "a statistical glitch," according to Industry Advertising Mgr. Steve Wholley. "I don't have an answer as to why it didn't show up." Other VPB brands showing up include Texas Instruments (4%) & Sharp (1%), neither of which has ever offered disc player.

Panasonic has 17% VCR share, Sony 11%, Magnavox 6%, Quasar & Zenith 5% each, Sanyo 4%, Sears, Hitachi, JVC & GE 3% each, Fisher & Sylvania 2%, Mitsubishi, Sharp & Toshiba 1%. However, rankings may be subject to change if survey is repeated because leaders are stronger among long-term owners than among recent buyers, RCA dropping from 28% to 19%, Panasonic 19% to 14%, Sony 13% to 9%. Other differences between long-term & short-term owners: Quasar 5% to 8%, Zenith & Sanyo 6% to 4%.

Another key shift is price. Average amount spent for VCR among respondents was \$738, but 33% of those who bought in year before June 13-July 10 survey period paid under \$500, vs. 15% of long-time owners. There's also upward trend in portables, jumping from 21% to 30% of recent buyers, with standard-sized units now accounting for 73% of total. Only about one in 8 owns camera, and penetration seems to have plateaued.

According to survey's demographic profile, new VCR owners are exactly what manufacturers hoped for — they have lower income than previously (down from \$44,200 to \$40,600), are less likely to be college graduates. Electronic and video specialty stores have 28% share of VCR sales, 21% of disc players, followed by radio-TV-appliance (27% & 28%) and department (18% & 28%). Dec. & Jan. account for 27% of VCR & player purchases, 10% of owners saying that they received machines as gifts.

VCR owners use machines average of 28 times a month, almost 40% for either off-air recording or playback. About 60% buy or rent cassettes, with percentage increasing from 58% to 62% among recent buyers. Same high usage applies to disc owners who rent new movies half as often as they buy. Buyers are generally satisfied with equipment, anticipate trading up in next few years — 20% of disc owners expecting to switch to VCRs. Arrival of units hasn't altered TV viewing. Nearly 60% watch same number of hours as they did before. Report can be purchased for \$25

from Advertising Resource Center, Newsweek, 444 Madison Ave., N.Y. 10022.

KOREA BEEFS UP TV: With Daewoo boosting production at former Taihan plant it acquired early this year and conglomerate Hyundai apparently preparing to enter color TV output, Korea could have capacity to produce at least 6.5 million sets annually by end of 1984.

Taihan facility, which produces sets sold here under Portland brand, was turning out 25,000 monthly when Daewoo took over, is currently producing 60,000 monthly, will jump to 120,000 next year when latest expansion & modernization effort is completed.

Hyundai, Korean heavy industry conglomerate which expanded into electronics last spring, has so far concentrated on developing IC capability, but that will change in 1984. Company has been ordering plastic injection molding and other specialized production equipment from Japan in quantities that suggest it's developing capacity for output of 120,000 color sets monthly starting in 2nd half of 1984.

Gold Star & Samsung are each building color TVs at about 150,000 monthly rate, bringing capacity total above 6.5 million mark after 1984. That total includes color display monitors & chassis for export to U.S. assembly plants, as well as complete color sets.

B&w isn't being totally neglected. Samsung has developed chassis for use in all screen sizes 12" & up, which can be turned out on fully automated production line. Samsung claims it will have capacity for 500,000 monthly and will offer sets in customized cabinets to OEMs for as little as \$35 each. It estimates it will account for 60% of non-captive world b&w in year or so after startup.

Japan's videocassette rental retailers are gearing up to fight Japanese version of Fair Marketing Amendment. Group of 32 Tokyo dealers formed association to battle copyright infringement suit brought against 3 rental dealers by 4 major software marketers. Japan has estimated 2,000-3,000 rental outlets leasing cassettes at \$4.50-\$13. Expansion of minimal protection now offered copyright owners is supported by govt.

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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
Commodore International			
1983-qtr. to Sept. 30	209,300,000	24,300,000	.79 ^a
1982-qtr. to Sept. 30	103,300,000	14,900,000	.49 ^b
Hitachi ^c			
1983-6 mo. to Sept. 30	8,992,700,000	341,600,000	1.20 ^d
1982-6 mo. to Sept. 30	8,305,200,000	308,400,000	1.10 ^d
Pioneer Electronic ^c			
1983-year to Sept. 30	1,313,500,000	9,500,000	--
1982-year to Sept. 30	1,262,700,000	(13,100,000)	--
Tektronix			
1983-24 wk. to Nov. 12	551,019,000	26,204,000	1.37
1982-24 wk. to Nov. 13	533,640,000	26,607,000	1.41
1983-12 wk. to Nov. 12	285,000,000	12,724,000	.66
1982-12 wk. to Nov. 13	273,848,000	14,678,000	.78
Texscan			
1983-6 mo. to Oct. 31	45,152,000	3,089,000	.46
1982-6 mo. to Oct. 31	23,735,000	2,462,000	.40
1983-qtr. to Oct. 31	23,621,000	1,691,000	.25
1982-qtr. to Oct. 31	12,502,000	1,381,000	.22

Notes: ^aRecord. ^bRestated. ^cAt yen's current rate.
^dPer ADR.

Consumer Electronics Personals

Gerald McCarthy promoted to Zenith senior vp, consumer products sales & mktg., post held by the late Dan Dougherty... Art Westburg, ex-Sanyo sales & mktg. senior vp, joins LeTel Electronics, Gardena, Cal. (telephone equipment) as sales vp... Charles (Chuck) Wendt, ex-Jensen, is now Blaupunkt mktg. mgr... Carl Pikus, ex-pres. of Sturme Archer (bicycle parts), named Bang & Olufsen America vp, succeeding Osborne Jones.

Dan Schwartzbaum named national promotion mgr., Sony Video Software Operations. Other appointments at Sony software: Michael Rudick, ex-MTV, promotional coordinator; Frederick Duncan, national sales mgr.; Andrew Schofer, mktg. mgr.; Bonnie Resnick, ad mgr., replacing David Fiore, now ad & promotion mgr., Random House Electronic Publishing Div. Video Software Operations has returned to original Sony hq in N.Y... Donna Bascom promoted to business affairs dir., MGM/UA Home Video, replacing Benton Levy, now business affairs vp; Jim Tauber advanced from video rights coordinator to business affairs asst. dir.

Donald LaDieu, ex-Timex, named gen. mgr., Sharp audio department... Roy Schaub named Audiotronics mktg. dir... Douglas Skinner named sales vp, home & commercial satellite systems, National Microtech; Joseph Garner named vp, William Stark ad & mktg. specialist, Steve Howell materials & purchasing mgr... John Daly appointed pres. of Conrac subsidiary Code-A-Phone, Paul Newman mktg. vp, consumer product div... Donald Boyer appointed Quam-Nichols operations vp.

Bits & pieces of Fotomat's home video venture keep falling by wayside. Latest casualty is Tech Labs, which offered film & slide-to-tape transfers to several hundred photo retailers. It was outgrowth of Fotomat in-house service, accounted for 5-10% of transfer revenues, according to Video Operations Mgr. Hugh Richland. Fotomat lopped off another 5% by phasing out professional transfer services Oct. 1. Richland claims cutbacks have enabled company to reduce turnaround time for general public from 2 weeks to 3 days, said changes "allow us a lot more room to grow & expand." Transfer revenues reportedly are close to \$2 million a year, about same amount Fotomat has invested in film chains, we're told.

Computer Notes: Unipacific Corp. introduces Unitech home telephone with built-in 300-baud computer modem at \$80 for first quarter delivery... Sony will provide 19" color monitors on OEM basis for IBM design computer to be introduced next spring. Sony has \$40-million contract to supply 3.5" floppy disc drives for Apple's Macintosh computer... Sanyo plans to market IBM-compatible computers in U.S. next spring at \$1,000-\$1,400... Imagic says it will start shipping entertainment software cartridges for IBM PCjr this month, at \$35-\$40.

New Laserdisc player with solid-state pickup, already on sale in Japan (TVD Oct 17 p13), will be introduced in U.S. this month by Pioneer. Slot-load model smaller than RCA's interactive CED player has random access remote control, is expected to be somewhat less expensive than current random access model. North American Philips will have similar model, sourced from Pioneer. Contrary to rumors, Pioneer isn't expected to introduce either combination CD-LV player or smaller optical videodisc this winter.

WEEKLY

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with
consumer
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Broadcast - Cable

WESTERN SHOW LACKS PIZZAZZ: Attendance is down from last year, with 9,800 registered. Some exhibitors suffered from poor floor traffic. (P. 1)

NAB EXEC. COMMITTEE 'SUPPORTIVE' of Pres. Fritts after unusual night meeting. Steps taken to assure woman & minority on both boards. (P. 2)

ROSY CABLE PROGRAMMING VIEW presented at conference in L.A. which shunned controversy (P. 4)

TURNER WARNS CABLE OPERATORS that they can be replaced by DBS. (P. 4)

EQUIPMENT TAKES SPOTLIGHT with Oak & Times Fiber launching joint venture to overtake General Instruments-Tocom. (P. 5)

TV STEREO PROBLEMS FOR CABLE discussed at Western show. NCTA tests find all 3 proposed systems cause problems for cable scrambling. (P. 6)

DBS START IS AT HAND, says Time Inc.'s Levin. HBO cuts back original programming. (P. 6)

U.K. CABLE IS RISKY BUSINESS, say British experts. 'Lots of deaths' predicted. (P. 8)

FCC AWARDS LPTV LICENSES: 89 applicants sought 23 licenses. (P. 10)

WESTERN CABLE SHOW LACKS SPARKLE: Cable industry's 2nd largest showcase lacked some of sizzle and excitement of recent years. Western Cable Show in Anaheim had to make do without ballyhoo of major new programming ventures. Attendance was down about 7% to about 9,800. And programming conference earlier in week in L.A. presented mostly sales pitches and rosy views.

Lower attendance was evident on exhibit floor, where traffic often was light. "Companies just aren't sending as many people as they did," said Cal. Cable TV Assn. spokesman Gerald Yonowitz. Despite declining attendance, show is proving profitable for CCTA and co-sponsor Ariz. Cable TV Assn. "I'd say we'll clear about \$1 million," Yonowitz said. Jerrold reported writing \$13 million in orders, and several other manufacturers said enough attendees came to show ready to buy to make Western Show worthwhile.

Hottest topic at show was confrontation between Ted Turner and operators angry over higher carriage fees. Turner issued "warning" that if operator refuses all 3 TBS services, he

Consumer Electronics

'LASERMAX' FROM SONY to enter Japan videodisc player market in April. No timetable for U.S. debut. Sony pledges loyalty to Beta. (P. 14)

POLAROID 'DEDICATED TO VIDEO,' introduces cassettes, floppy discs, plans to add hardware, explores unique new products. (P. 15)

SANYO STICKING WITH BETA format worldwide for own VCRs, Pres. Iue says. Company looks to non-consumer products for long-term growth. (P. 16)

RCA CUTS PRICE for custom-pressing of all discs participating in under-\$20 promotion. Paramount, Embassy to offer \$19.95 titles. (P. 17)

JAPAN'S VCR KIT EXPORTS to Europe are quota free for 1984 provided at least 25% of final value is added in EC, EIA-Japan says. (P. 17)

SONY'S COMEBACK in U.S. marked by 50% sales increase in fall, with sellouts of major products. Vander Dussen sees 15-20% boost in '84. (P. 18)

STEREO TV SYSTEM recommendation scheduled this week. Telesonics hedges on whether it will accept EIA Subcommittee decision. (P. 18)

ACTIVISION & ATARI form venture to deliver videogames to homes via FM radio. (P. 20)

could expect competition from much-discussed Turner-HBO DBS service. "[DBS] is going to come. I'm passing out a warning," Turner told operators: "There is a threat... I have a 4-foot dish that costs about \$700 and it gets a damn fine picture from Galaxy... In systems where we're not being carried, expect to see satellite receivers around." (See story, P. 4)

Our report from Western show includes: (1) NCTA. Pres. Thomas Wheeler warning National League of Cities that they're opening Pandora's Box by demanding further concessions to compromise cable legislation (P. 8). (2) CCTA demanding that telephone companies be legally barred from diversifying into cable TV within their service areas (P. 11). (3) NCTA reporting on problems with carrying multichannel TV sound on cable (P. 6). (4) British officials warning that cable's prospects in U.K. are gloomy (P. 8). (5) Major announcements involving hardware and addressability (P. 5).

Highlights of National Cable Programming Conference include report which shows that ex-subscribers think much less of cable than those who've never subscribed, predictions on fate of cable bill HR-4103, and announcement that 4 MSO owners of Spotlight sold their 784,000 subscribers to recently-merged Showtime/Movie Channel (P. 4). In addition, HBO officials said dawning of DBS may take place in next 1-2 years (P. 6).

NAB EXEC. COMMITTEE 'VERY SUPPORTIVE' OF FRITTS: In unusual & unannounced meeting at Canterbury Hotel in Washington evening of Dec. 16, NAB Exec. Committee discussed problems of Assn. and performance of its pres. since Aug. 1982 — Edward Fritts. As result, Committee reportedly gave "unanimous vote of confidence" to Fritts although it acknowledged many problems remain for both pres. & Assn. "We came out of that session with a very positive feeling," according to Radio Chmn. Martin Beck.

Fritts wasn't present but knew in advance of meeting, was called at home by NAB Chmn. Gert Schmidt immediately after it broke up. Schmidt said that Committee is "very supportive of Fritts," that pres. is being blamed for many things that aren't his fault. Said Fritts: "I am gratified that after a review of the last year's activities — in particular the departure of several senior executives — that the Exec. Committee expressed satisfaction with the direction the NAB is taking under our leadership. I'm encouraged by their vote of confidence."

It was those staff defections, plus formation of TV Operators Caucus and covert opposition to Fritts, particularly by large TV members, which caused "rumblings that made last night's [Dec. 14] meeting necessary," according to Exec. Committee member. "Let's face it, it's been a year of bad luck for Eddie and the NAB with all the senior staffers leaving [but] I think the issue of Eddie's tenure at NAB has been put to bed." However, that statement was disputed by others on NAB board, and while it won't be on agenda for Jan. 16-20 NAB committee & board meetings in Maui, "it sure as hell will be the hot topic of conversation," we were told. "The soul searching and criticisms aren't going away until Eddie proves himself and puts his own stamp on the NAB." Major problem for Fritts, another said, is that he lacks support of much of staff. Another view: "The inclination is to blame Eddie for everything like people are leaving a sinking ship... The NAB isn't in trouble."

One of those key staff vacancies (TVD Dec 12 p3) was filled last week when David Parnigoni, NAB regional mgr. for Conn., Mass., N.H., N.J., N.Y., R.I. & Vt., was appointed senior vp-radio, succeeding Wayne Cornils, now RAB exec. vp. Parnigoni has been in radio 23 years, formerly owned WKVT(AM) Brattleboro, Vt. & WCNX(AM) Middletown, Conn., is former pres. of Vt. Assn. of Bcstrs. and chmn. of now defunct NAB Radio Code Board.

Fritts was unable to announce successor last week, as he had planned, for Steven Stockmeyer as senior vp-govt. affairs because both top candidates — James Grange, legislative aide to Sen. Majority Leader Baker (R-Tenn.) and ex-FTC Comr. David Clanton — reportedly are considering other offers. Shaun Sheehan, senior vp-public affairs, still hasn't formally accepted offer of corporate vice presidency from RKO General in N.Y. but is expected to this week; NAB has made Sheehan counter offer to stay. Other high-level vacancies include successors to Erwin Krasnow, senior vp-gen. counsel, and Carol Randles, govt. affairs vp who was to marry NCTA Pres. Thomas Wheeler Dec. 17.

As part of effort to improve image of Fritts & NAB, Assn. plans first-ever annual report, due for release at end of year. Report has been drafted by Sheehan's department, is awaiting final approval.

Exec. Committee spent very little time on proposed budget for fiscal year beginning April 1, assigned TV Vice Chmn. William Turner & Schmidt job of going over items line-by-line and seeking more information from staff in time for action at Jan. 4-5 Exec. Committee meeting. Full board must approve budget during Jan. meetings in Maui. Staff has proposed budget with expected income of \$10,238,000, expenses of \$10,141,000, staff salary increases averaging 9% over current fiscal year. "There will be some opposition to that," board member told us. During 2-day meeting in Washington last week, Committee didn't get to preliminary recommendations of its Structures Committee — which has proposed no major changes.

While official selection remains with Convention Committee meeting in Maui at start of board meetings, retiring ABC Vice Chmn. Elton Rule is considered shoo-in for Distinguished Service Award, we're told. "He's a natural," member of Convention Committee told us, "and everybody I've talked to has endorsed the idea."

Exec. Committee took steps last week to make sure there's a woman and a minority member on both TV & radio boards. Bylaws Committee was instructed to come up with proposal requiring that, and if black & woman aren't elected to both boards in normal election process, boards would be expanded to make room. In election process under way, hispanic Robert Munoz, KCIK El Paso, has been nominated for TV board (there are no women candidates); on radio side, female candidates are Sally Hawkins, WILM(AM) Wilmington, Del. (Dist. 2), Constance Wodlinger, KZZC(AM) & KCLO(FM) Leavenworth, Kan. (Dist. 12), hispanic Robert Ordonez, KCBN(AM) & KRNO(FM) Reno (Dist. 22) and black incumbent Willie Davis, KACE(FM) L.A. In another action, Committee voted to increase annual contribution for TvB's participation in convention from \$20,000 to \$50,000 — same amount received by RAB.

NAB announced its first minority TV programming conference, to be held in conjunction with April 29-May 2 convention in Dallas. Program suppliers will be provided booths for viewing by potential buyers. For information, contact NAB Vp Dwight Ellis, 202-293-3584. Theme of convention is "You've Got What It Takes," will feature kick-off of NAB's national voter campaign. Assn. also hopes to have top Presidential contenders participate and will provide stations with a "debate model" for sponsoring candidates' debates. FCC recently relaxed rules to permit stations to sponsor debates directly rather than requiring broadcasters to go through 3rd party, such as League of Women Voters.

Dec. 14 meeting between TV networks and program producers seeking compromise on FCC financial interest rulemaking was canceled by "mutual consent." Both sides agreed to come up with new compromise positions; no date has been set for next meeting, with both sides saying they'll meet again when ready. They've met twice in effort to seek compromise, have agreed only that give & take is necessary by both. Jack Valenti, pres. of MPAA, said he'll be in Cal. this week seeking new bargaining position by program producers. Deadline for agreement is end of Jan. Under prodding from Congress, FCC has postponed action permitting networks to own syndicated programming until May.

ABC will give TV affiliates 3 additional 30-sec. spots weekly for local sale, starting in Jan. — move that could result in up to \$15 million in additional annual revenue for stations. New station time will come from spots currently used by network for program promotions. ABC also told affiliates' board during meeting in Hawaii that it planned 2nd nightly news update. Affiliates were happy to hear that network has delayed planned 3rd expansion of prime-time ads.

Showtime/Movie Channel signed deal late last week for exclusive pay-TV rights to 90-100 Paramount titles over next 5 years for estimated \$400-\$500 million. HBO failed to come to terms with studio for package including Flashdance, Staying Alive, Trading Places & Terms of Endearment — marking first time service has been shut out of major licensing agreement. Agreement reportedly calls for sizable upfront payments to help finance future productions, raising question about where S/MC will get cash. Other studio attempting end-run around HBO is MCA, negotiating deal with CBS which would give network first crack at current releases.

Conservative Catholic foundation DeRance Inc., one of world's wealthiest religious groups, is planning 24-hour satellite network, DeRance official confirmed last week. Milwaukee-based Catholic foundation claims assets of around \$160 million, is funded and controlled by Harry John, heir to Miller brewery fortune. Among assets is Santa Fe Communications, TV production company which owns 2 TV stations: KCIK El Paso & KHS Ontario, Cal. Foundation operates with "very low profile," DeRance official said.

OPTIMISM AT CABLE PROGRAM SHOW: Air of unreality pervaded National Cable Programming Conference held in L.A. last week. The 1-1/2-day event was publicized as hard-nosed look into cable business, but that perspective took backseat to programming sales pitches and rosy view of developments.

Failures of past year were scarcely mentioned, except by Turner Bestg. Chmn. Ted Turner, who joked about Satellite News Channel, claimed that if SNC had spent another \$200-\$300 million over 2-3 years, it would have forced Cable News Network out of business. Cable Ad Bureau was more typical — its news release emphasizing uninterrupted growth of business labeled demise of SNC, CBS Cable, Entertainment Channel & Telefrance as "cable network consolidations."

There wasn't time for questions from audience at most panels, with tight organization particularly evident during session on "The Viewers' Choice." Panel sought to examine what subscribers think about cable, ended by agreeing that prospects for continued growth in audience share and ad revenues were better than ever. Moderator was Paramount Video Pres. Mel Harris, who recently has taken dimmer view of pay-TV potential, predicting that expansion would end when subscriber base reached about 35 million. Harris has said recorded cassette market holds at least as much promise. CAB Pres. Robert Alter, also panelist, unleashed volley of statistics showing heavy erosion of broadcast network audiences, said cable could achieve 50% share in 5 years

Only damper on enthusiasm came from some of ASI Senior Vp Paul Lenberg's data which indicated that ex-subscribers think much less of cable than those who've never subscribed. In measurement sample, 17% of former thought cable was good value vs. 38% of latter, while 14% felt it "makes sense," vs. 22%. ASI found 25% decline in perceived value of cable among group of subscribers 6 weeks after they took service. However, thrust of panel didn't deviate much from general optimism of NCPC.

Cable executives heard optimistic predictions on passage of HR-4103 from 4 of its cosponsors. Rep. Oxley (R-O.) predicted bill would reach full Energy & Commerce Committee's attention by late Jan or early Feb., with passage possible before summer conventions. Opposition of mayors, particularly on issue of franchise renewal, was considered only sizable roadblock, one which Rep. Dowdy (D-Miss.) emphasized. Rep. Whittaker (R-Kan.) said city officials should be pleased with provision for 5% of cable revenues, 2/3 increase over 3% now generally imposed.

In one development at show, 4 MSO owners of Spotlight sold their 784,000 subscribers to recently merged Showtime/Movie Channel. Either Showtime or MC will be put into systems carrying Spotlight service, apparently at no change in cost. Changeover is effective Feb. 1. Terms weren't disclosed. S/MC Pres. Michael Weinblatt wouldn't confirm that negotiations were delayed by S/MC holdout for complete takeover of subscribers rather than split with HBO, which also bid, but did say: "Our interest

was just the way the deal was culminated." Cox Cable, Telecommunications, Storer and Times-Mirror are 4 Spotlight partners.

TURNER ISSUES DBS THREAT: Turner Bestg. Chmn. Ted Turner warned cable operators at affiliates meeting during Western Cable Show that he would replace those who don't want to pay full price for WTBS Atlanta, CNN & CNN Headline News with his own DBS delivery.

Turner was vague on details, nevertheless made threat perfectly clear. "Don't stick your heads in the sand," he said. "It's like a storm coming... In those systems where we're not being carried, you can expect to see satellite dishes around." Reason for get-together was final pitch on new rate structure for 2 news services. Turner is asking 15¢, 18¢ & 22¢ per subscriber per month, depending on carriage of WTBS and whether or not latter is kept as basic service; Headline News would be increased to 20¢ & 22¢, according to similar formula.

Levels might be adjusted based on response from systems, but likelihood is that Turner won't budge much if at all. Company has lost \$100 million since start of CNN 4 years ago, and Turner claimed banks have told him that "you've got to start making money next year." (TBS said that CNN will lose \$15-\$16 million in 1983, that its costs will be about \$85 million. CNN, which recently raised fees for new cable systems, said revenue from advertising will be about \$40 million, about \$20 million from systems, \$10 million from other sources.)

New rates didn't sit well with several operators at breakfast, particularly smaller systems that have put WTBS on pay tier because there's no room for it on basic without bumping must-carry signals. Even where change is possible, local govts. often won't allow it.

Most emotional remarks came from John Hickman of Calvideo in Alpine, Cal. He told Turner: "I saw you as my savior. You were my Jesus Christ. But you're losing sight of who's buttering your bread. Another thing that really scares me is the talk about DBS. You're a captain jumping overboard."

Antitrust suit against NAB and commercial TV networks is heating up again before U.S. Dist. Court Judge Harold Ferguson in L.A. over late NAB TV Code-mandated family viewing hour. "Status conference" is scheduled Jan. 24 (postponed from Dec. 20) before Ferguson. Tandem has asked that judge reinstate 1976 ruling that broadcasters violated antitrust laws. Tandem also asked that it be permitted to "proceed with discovery to establish the amount of financial damages Tandem has suffered." Being discussed behind scenes is settlement of case for partial legal fees of plaintiffs, which are said to be upwards of \$1 million. Ferguson also had ruled FCC was culpable in 1974 adoption of family viewing. Appeals Court returned case to FCC, which last Sept. ruled NAB & networks acted "voluntarily, free of FCC coercion" in adopting family viewing (TVD Sept 19 p8).

EQUIPMENT BASKS IN SPOTLIGHT: Hardware & computer software pushed programming off center stage at last week's Western Cable Show. Among developments: Oak-Times Systems is joint venture of Oak Communications and Times Fiber to market full range of addressable systems. New company will get \$500,000 seed money from each of 2 partners, should have \$5 million operating budget in first year, according to TF Chmn. Lawrence DeGeorge.

Announcement came on heels of General Instruments' proposed acquisition of Tocom, which also will emphasize addressable hardware. AT&T Information Systems unveiled software-driven pay-per-view system using phone lines to turn one-way addressable system into 2-way.

Oak contribution to Oak-Times is Sigma one-way box featuring advanced audio & video encryption techniques. Unit will be available in first quarter after completion of field test in Viacom Seattle operation. TF is offering its 2nd generation mini-hub, which company says has switched star capability at \$125 per subscriber. It will be marketed in first quarter 1984, followed by Oak-TF hybrid unit in 2nd quarter. Oak-Times will be sales arm for all products of partners, with combined sales force of 36, plus support staff. Pres. of venture is Michael Shaughnessy, former Oak sales & mktg. vp.

GI purchase of Tocom will be concluded in April. In next few weeks, Tocom Pres. Michael Carboy expects to receive about \$5 million from GI to ensure production of new baseband converter. GI-guaranteed line of credit will secure another \$3-\$5 million. One-way addressable unit will retail for \$125, vs. \$145 for Zenith product, which has estimated 80% share of market. Carboy told us Tocom should move about 350,000 next year, with converter expected to complement GI's more expensive RF model.

"We've been scrambling," said Carboy, who will shift much of Tocom's production to GI's Taiwan plant. "Now, we finally have the resources."

Carboy was pessimistic about near-term success of 2-way addressability, doubted anything would develop for Tocom in next 3 years. Demand has been "disappointingly slow to develop," he claimed, because of cable operators' preoccupation with rebuilds and other more immediate needs. Carboy thinks key to growth will be what he termed 3rd party providers — such as banks, home security companies & catalog sales organizations that will take 15-20% commission in return for leased channel. Tocom got out of business when it sold Cableguard venture in Dayton, O. It has built 80 two-way systems, "a high percentage of a very small business," Carboy said.

AT&T Information Systems leaped into pay-per-view market with phone-answering system that upgrades one-way addressable systems to 2-way by using phone lines for upstream portion. Announced was marketing agreement marrying computer-synthesized voice systems of Perception Technology, Canton, Mass., with AT&T-IS's Horizon business PBX. Augie Corsico, AT&T-IS division mgr., said Data Entry/Voice Response System, as it's called, will help cable operators capture revenue lost when subscribers

wanting to book pay-per-view event can't get through to headend's jammed phone lines. "Subscriber requests for pay-per-view programming peak in the 2 hours just before airing," he said.

Corsico said AT&T-IS is interested in other applications of its advanced phone systems in cable. He said company will push data-entry portable phones as way cable salesmen and repairmen can keep up with orders, relay service requests directly into headend mainframe. He said AT&T-IS is attempting to "become just another provider of equipment" to cable. "We know that many in the cable field look on AT&T as a competitor, but that competition really is with the local Bell companies."

Meanwhile, Sprucer II, first 2-way addressable converter using baseband technology, has successfully completed 6-month test by NYT Cable, will be rolled out in 23,000 homes in system by end of 1984, maker Kanematsu-Gosho (KG) and NYT Cable announced. First 5,000 units will be installed in N.J. homes over next 2 months, remainder in March. Converters, which allow for impulse pay-per-view, 15-channel "favorite memory" and parental monitoring of channels, are manufactured by Matsushita and were developed jointly by Matsushita & KG. Baseband technology permits stronger signal and better scrambling techniques than RF, KG Mgr. Ken Ogiso said. Converter has potential for teletext, videotex and digital information delivery, he said.

CBS-TV NFL announcer Tom Brookshier has been suspended for remainder of season for remarks made during NFL football telecast about Louisville U. basketball team. In promoting upcoming CBS telecast of Louisville-N.C. State game, Brookshier said Coach "Denny Crum always has a great team at Louisville. They [players] have a collective IQ of about 40, but they can play basketball." Analyst Charlie Waters said: "Don't say things like that." Brookshier: "It's the truth." Later, Brookshier said: "It was a stupid statement and a little flippant... I kid myself sometimes about having a 40 IQ... Now my network is bailing out on me and taking me off the air... After 20 years with CBS, I deserve better than this." CBS Sports Pres. Neal Pilson said network has sent apology to Louisville U.

Washington state law banning exit polling is unconstitutional, 3 TV networks, N.Y. Times and Everett (Wash.) Daily Herald said in challenging law in U.S. Dist. Court, Tacoma. Recently enacted law prohibits "any exit poll or public opinion poll" within 300 ft. of voting places. News organizations said law violates First Amendment by restricting "speech and commentary of the plaintiffs about the electoral process on the basis of content [and] impermissibly restricts the opportunity of the plaintiffs to gather and receive information." Washington state officials said they would fight court challenge.

Long-time holdout Storer Cable has joined NCTA, adding 1.3 million subscribers, bringing last of 20 multiple system operators into membership. Storer hasn't been member of NCTA since 1966.

STEREO TV DIFFICULT FOR CABLE: Ominous warnings on impending multichannel TV sound were heard from 3 engineers at Western Cable Show. Scientific-Atlanta R&D Mgr. Alex Best presented excerpts from recently completed NCTA tests which showed problems for each stereo approach on cable.

More than 700 major tests and 1,000 subtests were conducted on aspects of cable carriage of 3 proposed MCS systems — Telesonics, Zenith and EIA-J — moderator NCTA Engineering Dir. William Riker told group. Report is several hundred pages, will be used to support NCTA position that MCS not be must-carry, as well as to assist manufacturers in designing equipment to file with FCC in its consideration of MCS standard, Riker said.

"As we began to study various components, we discovered that we bruised the signal considerably in stereo and also affected the video signal as well" in cable carriage of stereo sound designed for over-the-air broadcast, Best said. He said main problem came from scrambled signals which use same bandwidth for timing pulses that new TV stereo systems use for stereo sound.

Relief from must-carry status, even if granted, is stopgap solution, Best said. "If, in fact, we do win a victory on must-carry, that's not going to be a very good argument for the guy who's just paid \$1,000 for a stereo TV." Baseband converters were another problem, were found to "break" stereo entirely. Different types of headends in field, and phase noise in settop converters, were other potential problems. But carrying pay services rather than stereo carriage of unscrambled services would be biggest problem, according to Best, who concluded: "We don't have many answers yet and we don't have much time to find the answers."

Wegener Communications Mktg. Dir. Ned Mountain echoed Best's pessimistic conclusions. "If MCS were implemented today, 30% of the TV homes wouldn't be able to get it," he said. Mountain noted that over-the-air TV stereo would be inferior to most other types stereo customer is used to — from compact disc to FM stereo to conventional audio systems. Cable can offer better stereo than MCS "if we are fortunate not to be constrained by MCS system." Mountain suggested stripping stereo sound at head end and carrying it on FM band, but he cautioned that copyright problems may result.

Separate FM stereo through subscriber's amplifier hasn't been stellar success, according to Gill Cable Engineering Vp David Large. He suggested development of "dedicated stereo receiver" to be sold as separate option and to be used only with cable, marketed jointly by cable systems and local retailers. Cable TV Supply offered one such service on exhibit floor.

Asked if he thought cable operators were aware of MCS problems, Best said no. "Quite frankly, we brought this to the attention of the cable operator a little late. I suspect a lot of them will be surprised when it starts happening."

SelecTV launched on 17 new SMATV systems in Oct. & Nov.

HBO MOVES ON DBS: Use of Galaxy satellite and 4-6-ft. receiving dishes makes DBS "much nearer at hand," Time Inc. Video Group Vp Gerald Levin told National Cable Programming Conference last week. He put startup in next 1-2 years, without HBO's waiting for medium- or high-powered satellites. SMATV likely will be first target, according to United Satellite Communications (USCI) Pres. Nathaniel Kwit.

At earlier news conference, HBO Pres. Frank Biondi took more cautious approach, said "we are continuing to look at" DBS, claimed all affiliates who responded to DBS inquiries have been "enthusiastic about it." Systems would handle marketing & installation in unwired areas. Biondi also confirmed speculation that HBO has cut back number of made-for-pay features from 18 to 12 next year, said decision "was strictly an economic one" based on 10% increase in theatrical releases. "We will try to buy them all." Plan now is to produce 18 originals in 1985, 25 in 1986.

Biondi said HBO will spend \$50 million on programming in 1983, with "very significant jump" next year. Budgets for programming revealed by other pay services at same news conference: Playboy Channel, \$15 million in 1983, \$22.5 million in 1984; Disney Channel, \$30 million in 6 months ended Sept. 30, \$45-\$50 million in current fiscal year beginning Oct. 1. Among DC projects is takeoff on MTV called DTV — putting pop music sound track on old Disney cartoons.

Showtime/Movie Channel officials wouldn't comment, but its number obviously is way up to accommodate 3-6 original productions scheduled for Movie Channel in 1984. Service thus far has existed solely on studio product. Showtime meanwhile has acquired Sweeney Todd and Lena Horne show made by RKO/Nederlander for Entertainment Channel.

FCC Comr. Dawson is trying to get amateur radio license, is finding that learning Morse Code is tougher than she thought. FCC decided that it wouldn't set up new class of amateur radio operator license which didn't require proficiency in Morse Code, ruled that it was important to have trained pool of amateur operators proficient in Code for emergency situations and national defense. During FCC discussion, Dawson (who also is defense commissioner) said she was studying Code to get amateur license so she can better participate in Commission decisions: "But I'm not sure that 15 to 22 hours of study is enough." Dawson said she has already spent several hours listening "to those tapes of dots and dashes" and feels she needs much more study before she is ready to pass test.

Short- & long-term goals of NRBA are under study by committee chaired by ex-NRBA Pres. Harriett Kaplan. Committee is due to make recommendations by Feb. 10 board meeting. One goal already has been accomplished — expansion of member services — with 3 new publications: Research Newsletter, Financial Newsletter, Engineering Newsletter for Non-Engineers.

Communities must have ability to prevent cable operators from carrying programs that are obscene or pornographic by local standards, according to Rep. Tauke (R-Ia.). He told operators at L.A. programming conference last week that "someone has to have the authority" to censor cable pornography, contends power ought to be in hands of franchising authority, is author of amendment to cable bill (HR-4103) which would do that.

Daytime Bests. Assn. is negotiating merger with both NAB and NRBA, but is upset that NAB made talks public. Merger will be based on which organization DBA thinks will "best take over and watch out for the interests of the nation's daytime-only stations," according to DBA Pres. James Wychor, KWOA(AM) Worthington, Minn., member of NRBA board. DBA Pres. Gary Capps, KGRL(AM) Bend, Ore., is member of NAB board.

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THORP—Thorp Cablevision Inc., 405 N. Washington St., Thorp 54771. Phone: 715-689-5301. County Clark. Population 1,600.
TV Market Ranking: Below 100. Franchise expiration date: 1995. Began: Sept. 1982.
Channel capacity: 40 (plans 2-way). Channels available: not in use 25.
Basic Service:
Subscribers: 245 (7/1/83). Potential: 450.
Programming (received off air): WEAD-TV (B) Eau Claire, WI; WTBT (C) La Crosse, WI; WHWC-TV (E) Wausau, WI; WAOV-TV (A) & WSAW-TV (C) Wausau, WI; WISN-TV (B) Milwaukee, WI.
Programming (via satellite): WTBS (1) Atlanta, GA; Christian Bcast. Network; ESPN; USA Network.
Current origination (hours weekly): News at 5:00 (100% shared); community bulletin board (100% shared); public access channel (100% shared); educational program channel (100% shared); government access channel (100% shared). Planned origination (hours weekly): Time Warner (100% shared); local live (50% shared); tape (50% shared).
Pee: \$10 installation, \$8.50 monthly.
Tier 1:
Subscribers: 45 (7/1/83). Began: Sept. 1982.
Programming (via satellite): WAOV-TV (1) Chicago, ARTS/Nickelodeon; Cable South Network; Modern Satellite Network.
Pee: \$13.50 monthly.
Tier 2:
Subscribers: 100 (7/1/83). Began: Sept. 1982.
Programming (via satellite): Thorp Post Office Inc. Pee: \$13.50 installation, \$8.50 monthly.
Tier 3:
Subscribers: 15 (7/1/83). Began: N.A.
Programming (via satellite): N.A. Plus.
Pee: \$10.00 installation, \$7.25 monthly.
Security System:
Planned services: Burglar alarm; fire alarm.
Local advertising: Planned.
Equipment: Scientific Atlanta headend; Sylvania amplifiers; Comco/secu-cable; Texascan character generator & set-top converters; Pico traps; Scientific Atlanta satellite receivers; Jantzen satellite antennas.
Miles of plant: 12. Additional miles planned: 5. Homes passed: 600. Total homes in franchised area: 600.
Manager: David E. Keating.
City fee: 3% of gross.
Ownership: Thorp Telephone Co., 100%.
Other interests: Thorp Telephone Co. has undisclosed telephone holdings.

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Abbreviations
Allocations, TV Channels
Applications, TV
Associations
Attorneys
Brokerage & Financing
Cable
Cross-Ownership
Equipment Installers
Group Ownership
Statistics
U.S. Systems
Communications Satellite Corporation
Congressional Committees
CPs & Applications, TV
Educational TV Stations
Electronic Industries Association
European Broadcasting Union
FCC Directory
Group TV Station Ownership

Instructional TV
International TV Directory
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U.K. CABLE WILL BE RISKY: "The prospects are rather gloomy" for initially successful cable TV industry in U.K., said Central Independent TV Head of Program Services Kevin Morrison. That opinion, voiced at Western Cable Show panel on overseas opportunities for U.S. cable interests, wasn't disputed by 2 other panel members who cautioned Americans against high hopes in Europe.

"Cable is a politically driven issue in Western Europe," said Patrick Whitten, CIT joint managing dir. Bruce Fireman, dir. of special projects at London investment bank Charterhouse Japhet, explained that because broadband communications is so new to U.K., "no one knows for sure if the people will buy it." Real question is whether VCR users, which account for 1 in 5 homes, will switch to cable, said Whitten, who noted: "There are more video rental stores than book shops" in U.K.

"There will be lots of deaths along the way," predicted Morrison. He said U.K. probably would experience same pattern of programming shakeout as U.S. Some Americans will be among those who don't make it, Fireman said: "The people who survive in the big U.S. cities are the ones who will do well in the U.K." He said his opinion of American cable industry is falling: "I came away from the programming conference more depressed about the U.S. industry than ever before."

Asked why he thought consortium in which Cox Cable was partner was passed over for franchises in 3 Scottish cities, Fireman said he didn't know: "That was one of several surprises about the way the [U.K.] government awarded the licenses." Another surprise, he said, is that majority of initial franchises are in London area, not spread out across nation as govt. said they would be.

WHEELER WARNS NLC: National League of Cities (NLC) is opening Pandora's Box by demanding further concessions to compromise cable legislation worked out with NCTA, Pres. Thomas Wheeler warned in speech at Western Cable Show. He said dissident cities and their allies "have resorted to sham, collateral attack and unabashed exercise of raw political strength." NLC spokesman wouldn't comment until he'd seen Wheeler's remarks, except to say that "League policy was adopted by the full League membership."

"NCTA is not prepared to issue a series of unilateral concessions from the agreement without obtaining appropriate quid pro quo," Wheeler said. Issues NCTA would want to renegotiate in further talks with NLC are franchise fees, rate regulation, govt. ownership of cable systems and institutional network requirements.

Wheeler was optimistic about passage of HR-4103. But less enthusiastic were 4 congressmen who appeared on "How Congress Views Cable" panel. They said House Energy & Commerce Committee Chmn. Dingell (D-Mich.) may bottle up bill. "With Dingell, you have a 95% chance [of getting HR-4103 passed]," said Rep. Swift (D-Wash.). "Without him you have a 5% chance."

ADMINISTRATION SUES CPB: Reagan White House last week sued CPB, asking U.S. Dist. Court in Washington to order CPB to honor President's "recess appointment" of William Hanley to CPB board. Suit names CPB & Dir. Gillian Sorensen as defendants. Administration is seeking temporary & permanent injunctions against CPB, which would prevent it from interfering with Hanley's right to take board seat. CPB on Sept. 15 refused to recognize recess appointment, didn't allow Hanley to take seat because he wasn't confirmed by Senate.

Filed by Justice Dept., suit stated defendants are infringing President's power to appoint CPB dirs. Hanley, 43, N.Y. industrialist, was named to CPB seat Sept. 12. Hanley's term will expire in late March 1984. CPB action is consistent with its decision in 1981 to refuse seats to 2 recess appointments made by President Carter.

After CPB decision, Hanley and 2 other appointees had confirmation hearing. Sen. Weicker (R-Conn.) objected to Hanley nomination for reasons involved with Conn. state politics, according to sources. Sorensen, N.Y.C. comr. for U.N. & Consular Corps, has served as CPB dir. since Oct. 1977. Her term expired in March 1982 and DoJ wants court to invoke rarely used procedure to require Sorensen to appear in court and state by what authority she's exercising duties, and to order her off board. CPB spokesman Stanley Harrison said CPB will retain separate outside counsel for itself and Sorensen. CPB has 20 days to respond.

Pledging to seek reconsideration, NRBA said FCC decision not to arbitrate disputes over station call letters "is not deregulation, it's abandonment of a proper FCC responsibility." NRBA Pres. Bernard Mann said Commission's ruling that local courts should settle such disputes is "extremely distressing... The vagaries and delays, the widely varying standards inherent in local litigation, are poor substitutes for a function which rightfully rests with the Commission." NAB also has opposed action. FCC ruled that applicant may request any call letters available — no matter what letters spell. Until now, FCC rule required calls to be "in good taste," and any station that wanted to change was required to notify all other outlets within 35 miles.

FCC has tightened EEO rules for cable TV, making them same as those applying to stations, effective Jan. 1. Mass Media Bureau was instructed to review annual reports of 1/3 of all systems with more than 10 employees, spot check systems with fewer. Among requirements: (1) Employment of women &/or minorities at ratio of 50% of their availability in local work force and 25% in upper-4 job categories (officials & mgrs., professionals, technicians, sales) for systems with 5-10 fulltime employees. (2) Percentage will be 50% for systems in both categories with more than 10 fulltime employees.

American Cable Systems of Boston is buying \$15 million in equipment from Jerrold. Addressable equipment will be used for rebuilds in 6 Mass. systems and Pompano Beach, Fla.

**TELEVISION DIGEST INC. ANNOUNCES 'COMMON CARRIER WEEK'
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WASHINGTON — **Common Carrier Week**, a new weekly newsletter for the restructured and newly competitive telecommunications industry, has been announced by Television Digest Inc., publisher of *Communications Daily* and *Television Digest with Consumer Electronics*, among other publications.

Publisher Albert Warren said: "The breakup of AT&T, the deregulation of telecommunications equipment, the increasing competition for the long distance communications dollar and the growing financial pressures on local telephone companies makes it more important than ever for members of the telecommunications industry to get accurate, timely and comprehensive news coverage. **Common Carrier Week** will join our growing family of authoritative newsletters and provide the same type of incisive reporting for busy executives in the common carrier field."

Regulatory, judicial, and legislative decisions of the last few years have changed the traditional telecommunications industry almost beyond recognition and **Common Carrier Week** will provide the insights and the news to enable top management to plan for and adapt to the new competitive environment, Warren said.

Common Carrier Week will monitor action in the courts, in Congress and at the FCC, as well as the increasingly important decisions made by state regulators and legislators. **Common Carrier Week** will report on the new, slimmed-down AT&T and watch how the divested regional Bell holding companies deal with their new-found independence. **Common Carrier Week** also will cover all of the traditional common carriers, including domestic satellite carriers, competitive long distance carriers, enhanced service carriers, international voice and record carriers. In addition, **Common Carrier Week** will provide detailed reporting on the hot political battle over increasing local phone rates and cover the intense price-cutting competition taking place in the telecommunications equipment markets.

Common Carrier Week will be written and edited by Television Digest's award-winning team of professional business journalists who are based in Washington, New York, Europe and Japan and have been covering the communications industry for more than 38 years. **Common Carrier Week** will be published every Monday and will cost \$327. Television Digest Inc. publications include *Communications Daily*, *Television Digest with Consumer Electronics*, *Satellite Week*, *Video Week*, *Public Broadcasting Report*, *TV, Cable TV and AM-FM Action Updates*, *Early Warning Report*, *Television & Cable Factbook*, and *Cable TV Atlas*. For further information, contact Assoc. Publisher Paul Warren, 202-872-9200.

LPTV RULE CHANGES PROPOSED: FCC last week decided to look at new processing rules for LPTV while delaying action on question of obscene political advertising. It also was first meeting for newly appointed Comr. Patrick, who voted on some items.

In surprise move, Commission didn't rule on whether Sec. 315 of Communications Act, which prohibits broadcasters from censoring statements & commercials of political candidates, requires stations to air obscene political ads. Question came up because Hustler Publisher Larry Flynt said he planned to show hard-core sex scene with obscenities in paid TV spots supporting his campaign for President.

Commission planned to rule that Congress didn't intend to force stations to broadcast obscene material and that refusal to air Flynt's commercial wouldn't be considered "willful or repeated" violations of law, which is required to obtain conviction. Item was pulled from agenda because Comr. Dawson wanted clearer language on what FCC's procedures will be if complaint is filed. Chmn. Fowler & Dawson said Commission wasn't backing away from issue, that majority agrees with "bottom line" of planned order. Item will be back on agenda at this week's meeting.

On LPTV, there was rare example of Commission changing its mind during meeting. Commission appeared to be ready to approve proposed rulemaking on changes for LPTV which didn't include question of whether there should be special "priority" class or preference for translator applications when compared to LPTV applications. Chmn. Fowler clearly indicated he supported staff recommendation.

But Comr. Dawson, with backing of Comr. Rivera, said Commission "should at least ask the question. It doesn't hurt to just ask the question." Dawson said she was concerned since approval of applications for translators in rural areas has been held up because they have been lumped in with thousands of LPTV applications. Fowler, after extensive discussion, gave in and said he was willing to include question in rulemaking, but "I probably won't support it on the other end [when final decision is called for]." Whatever decision is made, FCC staff said it wouldn't affect pending applications.

Other proposed LPTV changes: (1) Eliminating present procedure under which applications for LPTV license are placed on cut-off list and competitors are allowed to file applications for same license. Instead, FCC proposes to set specific filing date for LPTV applications. After looking at all applications, those which aren't mutually exclusive would get almost automatic approval. If there are competing applications for same license, present lottery procedure would be used. (2) Eliminating requirement that applicants prove financial qualifications before getting Commission approval for construction permit. FCC staff said agency would still have oversight on applicants' financial abilities, since they have to build station within 12 months. FCC staff also said proposed procedure might make it easier for minorities to obtain financing if they can walk into bank with construction permit in hand.

LPTV LICENSES AWARDED BY LOTTERY: In what has become almost routine procedure, FCC last week held lottery to award LPTV licenses. Less than dozen persons were in audience as FCC staff picked winners from barrel and there was little emotion from crowd as winners were announced. There were 89 applicants for 23 licenses, 21 of them minority. Minority applicants won 11 of 23 licenses. It took 90 minutes for 5 FCC staffers to conduct lottery.

Minority winners: (1) Black Coalition for Media Diversity, Howard, Colo., Ch. 61. (2) Black Coalition for Media Diversity, Douglas, Ga., Ch. 53. (3) Faith That Pleases God Church, Corpus Christi, Ch. 57. (4) Frontier Gulf Bestg., Houston, Ch. 69. (5) Sur Este Bestg., Jackson, Miss., Ch. 56. (6) Applied Communications Tech., Jackson, Ch. 69. (7) Applied Communications Tech., Mobile, Ch. 67. (8) Minority Entrepreneurs, Melbourne, Fla., Ch. 62. (9) Creative Best. Communications, Burley, Ida., Ch. 53. (10) American Black Voice, Newport News-Hampton, Va., Ch. 43. (11) Mejelmar, Cheyenne, Ch. 49.

Other winners: (12) Clearvision Communications, Biloxi, Miss., Ch. 2. (13) Russell Communications, Cedar City, Utah, Ch. 22. (14) Russell Communications, St. George, Utah, Ch. 14. (15) Russell Communications, Cheyenne, Ch. 11. (16) Southern Women's Voice, Charleston, S.C., Ch. 58. (17) Weather Center International, Newberry, Fla., Ch. 33. (18) Carter Bestg., Key West, Ch. 34. (19) Munsch-Westhaver, Ashburn, Ga., Ch. 55. (20) Neighborhood TV, Huntington, W.Va., Ch. 55. (21) Jeff Davis Bestrs., Hazlehurst, Ga., Ch. 63. (22) Nathan Berke & Lucille Rubin, Alamogordo, N.M., Ch. 61. (23) Quentin L. Breen, Laramie, Wyo., Ch. 46.

Several media organizations are seeking meeting with President Reagan to discuss Administration's tightened FOI policies, with stress placed on restrictions against reporters during U.S. invasion of Grenada. Groups first wrote President requesting meeting Nov. 1, recently sent 2nd request to White House, but no response has been received. Mutual Pres. Martin Rubenstein, chmn. of NAB First Amendment Committee, said Administration's policy during early days of Grenadan invasion "fundamentally threatens the vitality of the press." Committee asked that "a symposium be convened with the Administration and media representatives to begin a dialog on this vital question."

Operating U.S. TV stations now total 1,137 (840 commercial, 297 non-commercial) with recent starts of KEKR-TV Kansas City (Ch. 62) & KTBV Anchorage, Alaska (Ch. 4). KEKR-TV is owned by Media Central Inc., is heavy on college sports; Edward Schneiderman (37.5%) is pres. KTBV is owned by Totem Bestg.; Roy Mayhugh is gen. mgr.

Back in Oct., FCC released rulemaking to modify FM & TV licensing requirements — but "inadvertently, the notice was never published in the Federal Register," FCC said. Therefore, deadline for comments has been extended from Dec. 6 to Jan. 16, replies from Dec. 21 to Jan. 31.

NOTES FROM WESTERN SHOWS: Telcos should be barred from diversifying into cable TV business within their own service area, Western Cable Show sponsor Cal. Cable TV Assn. said in policy statement last week. CCTA Pres. Spencer Kaitz said: "We will make our case with the utmost vigor that the cross-subsidy problem is not solvable — there is no workable legal or legislative constraint which can reasonably ensure that home telephone rate payers will not be subsidizing the telephone company's cable television ventures."

Kaitz called "most disturbing development" a bid by Pacific Telephone to build 112-channel cable system in Palo Alto and surrounding area. Pac Tel's proposal was studied by several cable executives who concluded, Kaitz said, that system would cost \$30 million, not \$17 million as telco claims. Irony is that Pacific Telephone was paying customer at Western Show, touting its many telecommunications services at large booth on showroom floor, where Pac Tel officials said they had no comment on CCTA's position.

Sportsvision, Edward Einhorn's Chicago-based regional pay sports network, was purchased by Cablevision Program Enterprises and Washington Post, partners announced at Western Cable Show. New ownership should be final home for White Sox owner Einhorn's peripatetic pay sports channel, which has been seeking national berth for last 2 years, first with midwestern-based Supersports Network, then as centerpiece of Group W's now-defunct Sports Network. Sportsvision carries 100 White Sox games, also Chicago Bulls (basketball), Black Hawks (hockey), Stings (soccer) and regional collegiate games.

Hearst/ABC Video Services' Arts and Rockefeller Center TV's Entertainment Channel finally signed agreement creating new service which begins Feb. 1. Creation of Arts & Entertainment Network (A&E) vindicates prediction of ex-EC Chmn. Arthur Taylor that defunct pay service would resurface as basic channel. A&E is demanding payment from systems, gives them choice of 2 schemes. One-year plan calls for 7¢ per subscriber per month; 3-year plan starts at 5¢, jumps to 6¢, 7¢ in 1986. A&E officials claim top 15-16 MSOs have agreed to conversion, committing about 50% of Arts' 13 million homes (2 million under Nielsen count), but acknowledge new service probably will lose 4 million homes by time fees take effect March 11. Of that number, 2.5-3 million are expected to take full 20 hour feed transmitted via Westar 5, with 6-6.5 million receiving 8 hours nightly from Satcom 3R.

Antenna Technology Corp. said it has received order from Video Electronics for 41 Simulsat satellite receiving dishes to be placed in Ramada hotels. Simulsat is multi-beam antenna that can see all birds simultaneously (83 degrees west to 135 degrees west). Simulsat network, which Ramada joins, provides hotels with capability of receiving in-room video entertainment, special events, data, phone service & teleconferencing.

American Christian TV System (ACTS) said it signed carriage deals with 10 of top 25 MSOs, meaning ACTS "may turn into the largest launch of

any cable network yet" when it starts in May with family-oriented programming. ACTS said it has 8 million potential subscribers, may reach 16 million by launch.

Southern Satellite Systems will donate audio subcarrier space on Satcom IV TR 3 to allow national distribution of In-Touch Networks, N.Y.-based non-profit organization offering news services to non-readers. Service will be launched in April and be offered through Satellite Cable Audio Networks package of commercial-free audio channels.

Pico introduced OTAS off-premises addressable system, which it said will be available in first quarter 1984 for per subscriber cost of \$90-\$95. System features subscriber modules mounted in groups of 8 or 16 inside security cabinets. Each subscriber module contains addressable basic service switch, plus 7 active traps.

In move that provides more autonomy to Jerrold's Subscriber Systems and Distribution divisions, General Instrument has decentralized 2 functions — Human Resources and Finance & Accounting — by integrating them into divisions. Joseph Mayernick was named Subscriber Systems Div. controller; Thomas Lynch, Distribution Systems controller and Robert DiMeo, dir. of human resources at Distribution Systems Div. His counterpart at Subscriber Systems Div. will be announced later.

Rupert Murdoch's News Satellite TV Ltd. and Skyband Inc. have filed complaint against Satellite Business Systems in Supreme Court of N.Y. County, seeking to break \$75-million, 6-year agreement to lease 5 SBS-3 transponders. Murdoch asked to be relieved of monthly payments (in excess of \$1 million) and for recovery of one payment already made. Murdoch, claiming breach of contract by SBS, alleged: (1) That SBS failed to notify Murdoch of effective date of FCC authorization for SBS to enter in sale-lease-type agreement for transponders. At issue are scheduling technicalities — whether that authorization was effective when Commission acted on request or when agency released its order on public notice. (2) That SBS failed to relocate SBS-3 by 2 degrees prior to Nov. 1, as called for in original contract. SBS said "there is absolutely no merit to their claims and SBS will oppose their action."

Capital Cities Communications said it will purchase up to 300,000 of its outstanding shares "from time to time at the market prices then prevailing" at expected cost of about \$40 million. Stock purchased will be used for employee incentive plans and "for other corporate purposes." During current quarter, company has purchased 284,000 of its shares; there are 13.1 million shares outstanding.

Alleging attempt by Pres.-Chmn. John Kluge and 3 other corporate officers to acquire Metromedia is unfair, fraudulent & unlawful, 6 lawsuits have been filed in Del. Court of Chancery seeking to stop proposed buyout. Plaintiffs seek injunction preventing takeover, ask that if it's consummated court order that it be rescinded.

CNN outperformed 3 commercial TV networks in covering business & economic news, according to study by Media Institute. It compared CNN's 2-hour weeknight news show *Primenews* with half-hour nightly network news shows, measuring balance, sensationalism, depth of coverage and news priority. CNN was more balanced and less sensational, study said. Networks had slight edge in depth of coverage but Institute said there was no significant difference between CNN and networks in priorities assigned business & economic stories. Study examined more than 37 hours of news on CNN and 3 networks during summer & fall 1982. Study also compared 3 networks to each other and found ABC substantially outperformed CBS & NBC because ABC devoted most time to business & economic news. Study entitled "CNN vs. The Networks" is available for \$10 from Publications Dept., The Media Institute, 3017 M St. NW, Washington 20007.

Hughes Galaxy last week filed application at FCC seeking authority to launch & operate commercial, 2-satellite Ka-band domestic satellite system. Company expects to spend around \$450 million to build and launch system. Industry sources immediately called Hughes application "obvious" competitive attack on RCA, which heads team (including Comsat and TRW) bidding to build NASA's Advanced Communications Technology Satellite (ACTS) program. Hughes said its Ka-band (30/20 GHz) system will offer teleconferencing, high speed document distribution, remote printing and other business uses that take advantage of 2-m earth stations. First satellite, using Intelsat VI bus, would be launched in late 1988, 2nd in late 1989.

Local TV spot expenditures rose 15% in first 9 months of year to \$2.1 billion, according to TvB. McDonald's was leading local advertiser, spending \$74.5 million, up 7%, followed by Pepsico, Burger King and Wendys. Meanwhile, Robert Coen, senior vp of McCann-Erickson, predicted total ad expenditures will reach \$85.4 billion in 1984, up 13.8% over projections for this year, which he said, should reach \$75.1 billion, a 12.7% increase over 1982. Coen said broadcast media will be main beneficiaries of Olympics and political spending in 1984. Worldwide, he predicted, ad spending in 1984 will top \$150 billion "as the trend to expanded spending spreads to many other parts of the world."

Deadline for comments on FCC rulemaking to expand number of stations licensee can own (from 7 TVs, 7 AMs, 7 FMs) has been extended to Jan. 19, replies Feb. 21. Extension had been sought by consumer groups.

"To insure that we have the grassroots lobbying support in Washington to move HR-4103 [cable deregulation] forward," NCTA plans 3 legislative conferences in Washington early next year: Feb. 27-29, March 19-21, April 9-11.

Ariz. Court of Appeals has upheld lower court ruling that regulation of pole attachment rates rests with FCC — not Ariz. Corporation Commission.

GTE Satellite told FCC it opposes Satellite Business Systems plan to operate STS-4 transponder at 101 degrees west on temporary basis for use by Satellite TV Corp. for DBS system. GTE said following assumptions on which SBS premised its request were unsupported: (1) That FCC will authorize STC to put its DBS bird at 101 degrees. (2) That STC will put its satellite in that slot in 1986 before any fixed satellite is ready for operation there. (3) That no other satellites will be ready for launch into that position until at least 1987 (duration of STC lease).

Futuresat, satellite TV company, has signed contract with Parthenon USA, builder of multiple-family dwellings, to install SMATV systems in some 200,000 new housing units to be built over next 2 years. Equipment will encompass cable, fiber optics, telephone switching and internal security systems, will cost Parthenon more than \$60 million over next 2-3 years, Futuresat said. Company said it also will have title for 10 years to programming rights to operate & service equipment, monthly revenues for which are in addition to \$60 million fee.

Metro Bestg. has been awarded new TV station on Ch. 65 Orlando because of "99% integration" of ownership & management, in initial decision by FCC Law Judge Walter Miller. He denied applications of Winter Park Communications (which proposed primarily to serve suburban Winter Park, Fla.) and Rainbow Bestg., which Miller said "knowingly falsified its application" by claiming that 10% owner Leticia Jaramillo would work 40 hours in management position at station.

"**Best. Mktg. & Technology News**" is new monthly publication of NAB Research & Planning Dept. Publication provides marketing tips, statistics, cable penetration, along with selected articles. Meanwhile, NAB TV Dept. ceased publication of bi-monthly *Telemedia* after 3 issues. Dick Hollands, NAB senior vp for TV, said publication didn't serve needs of TV members.

Cellular settlement for Tucson: NewVector Communications (subsidiary of U S West), Ariz. Telephone and United TeleSpectrum have agreed to combine applications for wireline franchise, will ask FCC to approve new limited partnership. NewVector will operate system and own 61%, Ariz. Telephone 25.35%, United TeleSpectrum 13.65%.

C-SPAN's universe now tops 16 million subscribers to 1,200 cable systems, according to Mktg. Representative Beverly Musolf.

Obituary

Forest L. McClenning, 74, who retired in 1975 as FCC law judge, died Dec. 13 in Fairfax (Va.) Hospital of complications resulting from auto accident injuries. He joined FCC after service with Navy in World War II, was graduate of George Washington U. Law School. Since retiring from FCC, he engaged in private law practice. Wife survives.

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new post... Ronald Geagan promoted to Metromedia Producers telemarketing sales rep... Drew Hallman, ex-Grey Adv., appointed Group W Productions research mgr.

Colin O'Brien, vp & deputy group exec., General Instrument's Broadband Communications, resigns to "pursue other interests"... Frederick Kuperberg, ex-Paramount Pictures, appointed Group W vp-business affairs, new post... Jeffrey Carroll, ex-Continental Cablevision, named TeleFirst-Chicago gen. mgr... William Repholz, ex-Lynch Communications Systems, appointed Cal. Microwave Telecommunications Div. mktg. dir... Eileen Bronicki advanced to RCA Americom commercial sales administration mgr.

Diane Schilly, ex-First Interstate Bank, appointed Daniels & Assoc. customer relations mgr... Pierre Weis, ITC Entertainment exec. vp, resigns, continues as consultant... Dean Phillips, ex-WBRE-TV Wilkes-Barre-Scranton, appointed KCWS Glenwood Springs, Colo. news dir... Byron Elton, ex-KTVX Salt Lake City, named WEWS Cleveland national sales mgr... George Stantis, promoted to KTTY San Diego exec. vp... Harlan Reams, ex-KGMC Oklahoma City, appointed KCWS Glenwood Springs, Colo. gen. mgr.-sales vp... Eugene Zastrow, KQED San Francisco engineering dir., also named exec. vp; Allen Kim, appointed chief financial officer... Mary Machanic & Nancy Popkin form Machanic & Popkin consulting firm, 287 Harvard St., Suite 74, Cambridge, Mass. 02139, 617-292-6333.

John Seidel promoted to AP broadcast exec. for Ia., Neb., S.D... Changes at USA Network: Diane Sharon, ex-HBO, appointed dir.-affiliate mktg.; William Parish, ex-HBO, named sales planning & administration dir., new post; Andrew Besch, ex-HBO, returns as mktg. vp effective Jan. 1; Jody Crabtree & Douglas Holloway, both ex-TV-Cable Week, appointed USA Network national accounts dirs.

Mark Elden, ex-Group W Satellite Communications, named engineering dir., Showtime/Movie Channel... Blaine Colton, ex-Radio Data Systems, appointed sales vp, Bonneville Satellite Communications; Kenneth Young, ex-controller, named operations dir... Cheryl Brown promoted to Madison Sq. Garden Network research & sponsor relations dir.; Ed Stecher, ex-HBO, named mktg. dir... Jack Firestone, ex-Lionheart TV, named Satori Entertainment sales dir... DeWitt Helm selected ANA pres.-elect, will succeed Peter Allport... Jerry Solomon, ex-D'Arcy-MacManus & Masius, appointed Anheuser-Busch broadcast group exec. vp, new post.

Martin Davis promoted to Gulf & Western chmn.; post had been vacant since death of Charles Bluhdorn in Feb.; Donald Oresman, senior outside counsel, named exec. vp-gen. counsel... Roger Werner promoted to ESPN mktg. exec. vp; John Bonanni named ad sales vp... Ray Klinge, ex-Tulsa Cable TV, appointed Satellite Program Network sales vp... William Tuxbury, ex-Brand Rex, named Times Fiber Communications R.F. Cable Products Div. vp-gen. mgr... Peter Gloeggler, ex-CBS, appointed Sharp Electronics Professional Products Div. product mgr.; Paul Insko, ex-Basis Microcomputer, and Ronald Parker, ex-Panasonic, named regional sales mgrs.

Personals

FCC Comr. Mimi Dawson speaks on TV deregulation at Jan. 19 FCBA lunch, Washington Touchdown Club... Paul Myer promoted to ABC vp-govt. relations, Washington... Thomas McCoy promoted to exec. vp, NRBA, succeeding Abe Voron, who moves to senior vp-govt. relations... John Hurlbut, Walker Media & Management vp, is buying brokerage firm from estate of late William Walker; David Hurlbut, midwest rep, will become executive after reorganization.

Joseph Higgins, WHP-TV-AM-FM Harrisburg, Pa. retired pres., returns as pres. after 3 years with International Executives Service... Frank Rosenfelt, MGM-UA vice chmn. emeritus, relocates to London Jan. 30... Kenneth Gerdes WGXA Macon gen. mgr., also named vp... Arnold Klinsky, ex-WVIT New Britain, Conn., appointed WHEC-TV Rochester, N.Y. gen. mgr... Kirk Winkler, ex-WTOL-TV Toledo, becomes KTVK Phoenix news dir.

Scott Smith promoted to Harte-Hanks Cable business mgr., San Antonio... Marvin Eisner elected S.A.L. Cable Communications pres... Bruce Ellis, ex-Cox Cable, appointed Matrix Enterprises Nashville operations vp; Dawn Proctor joins as personnel dir... Frank Greer, ex-Kamber Group, establishes Greer & Assoc. communications firm in Washington... Susan Peterson, ex-NBC News, has formed Susan Peterson Productions, Washington TV & media consulting firm... Barbara Crooks advanced to pres., Selcom Radio rep firm.

Sheldon Perry, ex-Warner Amex, named Taft Entertainment senior vp-business affairs & planning,

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 2 (48th week of 1983):

	NOV. 26- DEC. 22	1982 WEEK	% CHANGE	NOV. 19-25	48 WEEKS 1983	48 WEEKS 1982	% CHANGE
TOTAL TV#.....	429,830	401,078	+ 7.2	515,381	18,027,368##	15,696,277	+14.9
COLOR#.....	338,025*	271,027	+24.7	348,337*	12,782,114##	10,481,254	+22.0
MONOCHROME....	91,805	130,051	-29.4	167,044	5,245,252	5,215,023	+ 0.6
PROJECTION TV...	3,753	3,623	+ 3.6	4,659	129,102##	105,252	+22.7
HOME VCR.....	128,977*	67,691	+90.5	126,165*	3,618,501##	1,770,815	+104.3
COLOR CAMERAS...	14,147**	7,318	+93.3	13,915*	357,519##	260,074	+37.5

Color TV 5-week moving average: 1983--343,281*; 1982--264,877 (up 29.6%).

Home VCR 5-week moving average: 1983--112,609**; 1982--60,057 (up 87.5%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

'LASERMAX'—SONY'S HOME VIDEODISC PLAYER: Sony will enter home videodisc player market in Japan this spring with Laservision system, Pres. Norio Ohga announced at Tokyo press reception last weekend. Although no export plans were revealed, Chmn. Akio Morita told us "Japan is just the first step" for product, which will carry "Lasermex" name. In U.S., meanwhile, RCA cut price of CED system custom pressing to those studios which agree to go along with its under-\$20 disc promotion (see separate report in this issue).

Asked about U.S. plans, Sony America responded with statement cleared by Japan hq: "Sony Corp. has decided to introduce a consumer optical laser videodisc system in Japan in April 1984, due to increased interest and rapid growth of the laser videodisc market there. We are carefully monitoring the consumer videodisc market here in the U.S. and have not reached any conclusion at this time." Morita has consistently said that Sony would introduce consumer videodisc system when market is ready for it, but it will be industrial & educational tool first. Sony makes industrial Laservision players & discs.

Whether Sony will manufacture consumer disc player it sells wasn't clarified. Asked how many players Sony would manufacture monthly, Morita told us he saw "sales of 25,000-30,000 in 1984" in Japan. Pioneer is only Japanese manufacturer of consumer-type LV players; Pioneer Video (U.S.) Pres. Ken Kai declined to comment when asked if Japanese parent would make players for Sony. Pioneer currently supplies players to North American Philips. Philips and Grundig in Europe are only other makers of LV consumer players.

Sony officials in Japan also were vocal on future of VCR. Said Ohga: "We will never stop Betamax manufacture. As long as there is VCR, there will be Betamax." Said Morita: "In the long run, 8mm will be the final solution." In answer to question, Ohga replied it probably would take 10 years for 8mm to supersede 1/2" technology. Nobutoshi Kihara, inventor of Betamax, said Sony's technology and manufacturing processes are ready for 8mm, but "changing formats would require a terrific effort." Morita declined to answer question whether Sony had held talks on 8mm with Eastman Kodak, but Kihara disclosed there had been cooperation between Sony & Kodak on Mavica electronic snapshot camera.

Is new-generation Betamovie in works? Any plans are "our secret," said Morita. "Naturally we can't stand still, but at the same time we can't satisfy the demand for the present Betamovie." Sony officials said high-speed videotape duplicator, working at 100-times speed, will be available in U.S. & Japan next spring for both VHS & Beta formats.

In computers, Sony is making model to MSX standard, but Morita said there were no plans to export it to North America, MSX being "special standard for the Japan market." Sony will export new CP/M-compatible "small office computer" with built-in disc drive at about \$630, he said. (Report on progress of Sony America will be found elsewhere in this issue.)

POLAROID—'DEDICATED TO VIDEO': Polaroid's entry into videocassette market at CES (TVD July 25 p15), to be followed by marketing of floppy discs, represents foot in door of consumer video, to which photo giant says it's "totally dedicated." Company lifted veil ever so slightly on its possible plans last week in formally introducing line of blank videocassettes.

Polaroid has changed field from "instant photography" to "instant imaging," says it will make "significant impact" in home video market, including hardware — its obvious goal is to introduce revolutionary products in that market as it did in chemical photography. As company which introduced most highly electronic film cameras (electronic shutters, sonar focusing, etc.) — and with new electronics research labs in Cambridge, Mass. — it has knowhow in both electronics & photography for major innovations.

Buying VHS cassettes from JVC, Beta from Sony, certainly isn't major innovation — and company officials are silent on whether they'll also buy hardware on OEM basis as interim step, choosing instead to say "we will monitor all developments... and make business & technical decisions on how to enter the market," to quote Shakeel Mozaffar, senior mktg. mgr., new products & mkt. development. But company officials made clear that decision has been made to commit financial & technological resources to consumer electronic imaging.

Tantalizing glimpse at some of Polaroid's electronic research in 11-min. videotape gave some hints at directions company is exploring — and these could involve combinations of electronic & chemical photography. Much was made of developing hard-copy color prints from monochrome & color video pictures, improving resolution by digital means to point where it surpasses film; laser printing of color pictures; use of solid-state image sensors instead of Videcons in video and video-&-film cameras; electronic manipulation of picture elements (backgrounds, eye color, etc.).

Other technological avenues being pursued by Polaroid: Perpendicularly polarized magnetic crystals on postage-stamp sized substrate -- "the electronic equivalent of film" -- capable of storing "several dozen high-definition [color] images;" white-light holograms, 3D pictures which can be made under conventional light, even outdoors, and viewed in room light; optical disc technology. "In 4-5 years," said Mozaffar, without revealing when Polaroid would enter video hardware market, "we'll start to see translation of some of these things in the consumer area."

He indicated much of Polaroid's effort is now aimed at digitally improving resolution of video image. Questioned about long-sought goal of high-density perpendicular magnetic recording, he said it needed much more development before it's consumer product, but added that "photography techniques can produce intermediate methods of pushing information density" which may be adaptable to mass market products.

Although Polaroid currently is having videocassettes made to own specs, officials said company had capability to manufacture them itself. It will make magnetic media for own floppy discs, have them finished by PerfectData Corp. and PermaByte Magnetics, both of Chatsworth, Cal. PerfectData will show Polaroid discs at CES.

Company said it had no illusions that it would dominate, or even make money, in highly competitive videocassette market, but pointed out its name was strong among mass merchandisers who are making large inroads in videocassettes. It will sell to all comers, including camera & video specialty dealers as well — to "develop a consumer franchise in video." It will offer standard & super high grade VHS T120 cassettes and standard & high grade Beta L500 & L750, priced "competitively" with other premium tapes. List prices will be announced at CES, but officials estimated standard T-120 would be around \$12.

Polaroid forecast that by 1990 VCR population would be more than 55 million in U.S., 168 million in rest of world, cassette sales rising from more than 60 million in U.S., 400 million

worldwide in 1984 to over 800 million annually, nearly 200 million in U.S. Polaroid Supercolor cassettes were launched in U.K., Australia, Hong Kong & Philippines 6 months ago, will be introduced in continental Europe as well as U.S. in first quarter.

SANYO IS STICKING WITH BETA: Sanyo won't be defecting from Beta VCR camp in any of world's markets, we were assured by Pres. Kaoru Iue during visit to company hq in Osaka. He told us Sanyo plans to produce Beta VCRs for sale in Europe at its U.K. color plant. That's in contrast to plan of another Beta supporter, Toshiba, which recently announced it would assemble VHS VCRs in Britain (TVD Nov 21 p15). However, Iue hedged slightly to concede that "if there is a request from the market [in Europe] we will make both" formats.

Subsidiary Tokyo Sanyo, which Iue also heads, produces VHS models for sale by another subsidiary, Fisher, giving Sanyo foot in both camps. "But it has to be clear," Iue said, "that Sanyo sells only Beta" under Sanyo label. As for possibility of Tokyo Sanyo selling Sanyo brand VHS models to Sanyo sales organizations in U.S. or other overseas countries, Iue said "though there are 2 companies, the president is the same for both."

On 8mm Video, Iue said: "We are ready to bring it into the market at any time. But our existing products are still making good sales so there is no need for it yet." He said he had no idea when right introduction time would come, but when it does, launch by industry will be "on a global scale" and "there will be a single [standard] type." Iue said insistence by France's Thomson-Brandt that proposed standard be amended to provide for baseband recording system was something that would have to be considered. "We have to listen to them."

Sanyo has become international corporation, and Iue said he feels that gives it edge over emerging competition from manufacturers in Korea & Taiwan. Sanyo, he pointed out, is only 1/3 as old as such other Japanese majors as Matsushita, Mitsubishi, Sharp & Toshiba, but proportionally is bigger than they are when it comes to overseas operations. Sanyo has 33 manufacturing ventures and 21 sales companies in 23 countries, 28,000 overseas employees and is continuing to expand — though he said there were no plans for new production facilities in U.S.

Iue's eyes are now looking more west than east, and newest venture is 1,100-employee plant being opened in mainland China economic development zone bordering on Hong Kong. Plant will produce radios, recorders, watches & calculators for export, help keep Sanyo's pricing on those products down, Iue said. It's actually owned & run by Sanyo Hong Kong — Iue referred to it "as our grandchild company." He said he sees new venture as steppingstone on way to more direct involvement in China. "It is only 2-1/2 hours away from here and there is a very big market of one billion people." Entry must be through production there as China doesn't have hard currency to pay for imports, he said.

While Sanyo gets 69% of consolidated sales in foreign markets, only 27% comes from production in overseas plants. Iue said his goal is to have foreign plants account for full 1/3 of company sales, with plants in Japan getting equal sales from domestic & export volume. Overseas production increase is way of easing trade friction and trade balance surplus, and, Iue said, also helps Sanyo's overseas reputation for good quality & pricing, something Korean & Taiwan producers are still trying to get.

But consumer electronics' glory days are about over, Iue said. Of today's mainstay products, only VCR has bright future. By time other countries catch up, "we will be making new kinds of products." While Sanyo is continuing consumer R&D effort, most stress now is on office automation and energy, along with semiconductor & materials technologies needed for advances in those areas. "There is much to be developed and so there will be no [growth] comparison with consumer electronics," Iue said.

Though consumer goods now provide more than half of Sanyo's sales, they "will be just a small part of our business after 10 years," Iue predicted. Sanyo's office equipment business doubled in fiscal 1983 "and will continue to double, or make a drastic increase" in coming years. At same time, he said, Sanyo is investing heavily in new solar energy, power cell and battery devices to help ease Japan's dependence on imported fossil fuels.

This development work is specifically aimed at meeting needs in Japan, but export, particularly of office gear, is always under consideration. Iue said he sees major opportunity for such equipment sales in U.S., and thinks such products will help Sanyo brand keep its 2-to-1 sales volume edge over company's consumer-only Fisher operation.

* * * *

Japanese trade media have essentially declared VHS winner in world VCR standardization battle because of defections from Beta camp. In addition to Toshiba's switch in Europe and previously announced NEC plan to build VHS models for export, Teknika parent General is reportedly ready to offer VHS in foreign markets. Japanese media point out that shortage of recorded software has hampered efforts of Sony and other Beta camp members to obtain viable share in most of world's markets. Even in such countries as U.S., U.K., Italy & Spain, where Beta does have strong acceptance, market share doesn't approach 45% level format holds in Japan.

RCA CUTS PRESSING PRICE: RCA chopped \$2 per disc off custom-pressing price for studios which join it in offering CED videodiscs at under \$20. It's receiving takers — Paramount immediately announced Feb. 1 stereo sound release of boxoffice hit *Staying Alive* at \$19.95 in CED format, \$29.95 in Laservision, \$39.95 in cassette. Embassy home Entertainment will price its new CED titles at under \$20.

RCA already announced it would cut 30 top titles to \$19.98 Jan. 1, and coincidentally, CBS/Fox — not an RCA custom-pressing customer — cut entire catalog of 225 one-disc CED titles to same price (TVD Dec 12 p17). CBS/Fox move is believed to have surprised RCA — pleasantly. CBS is close-mouthed about any changes in custom-pressing prices at its Carrollton, Ga. plant, replying to questions with "no comment." Asked if Pioneer would follow RCA by reducing Laservision prices, Pioneer Video Pres. Ken Kai replied: "There's been no change. They have their policy and I have mine."

RCA plans major promotion of own and others' under-\$20 discs in mid-Jan., along with under-\$200 players. It's offering to list all such low-priced titles in special master catalog. All studios which agree to go along get listed and are entitled to pressing price of \$5.50 per 2-sided disc, down from regular price of \$7.50, which itself includes 52¢ reduction announced earlier (effective Jan. 1) through elimination of label charge. The \$7.50 price remains in effect for discs not involved in under-\$20 promotion. One trade source claims discs can be replicated at \$3, so new \$5.50 price is still profitable for RCA at operating level. Pioneer charges \$8.60 for discs in its Japan plant.

Conversations between RCA and studios are continuing, and more announcements are expected soon. RCA's new player & disc policy, as outlined to us last month by Group Vp Jack Sauter, is to emphasize value of disc-&-player package (TVD Nov 28 p8). Byproduct with particular appeal to studios is argument that lower disc prices discourage rentals. Reduction of CBS/Fox titles is believed to have cutting rentals as a major goal. EHE's first release at new price probably will be *Eddie & the Cruisers* early next year, although cassette will be in \$50-\$60 range. Company will price its new titles at \$19.95, but not catalog titles.

"It changes the expectations of that business," said Paramount Video Pres. Mel Harris of RCA move... "I'm impressed. I guess they listened to us." He said Paramount was discussing pricing strategy last week, although decision on *Staying Alive* was made immediately.

Reaction wasn't unanimously good. "I'm very concerned about the CED situation," said one software CEO, who thinks price cut is last-gasp effort, even suggests CED will be dropped unless Christmas sales are strong. "The math still doesn't work," he says, at \$5.50 for \$19.95 retail price.

EEC VCR QUOTA TERMS: Contrary to general understanding, there's no quota limit on Japan's 1984 exports of VCR kits to Europe, according to Toshio Takai, exec. vp of EIA-Japan, and only quantitative restriction covers shipments of complete VCRs.

Reports that Japan's overall quota was boosted from 4.55 million allowed for this year to 5.05 million for next year, with all increase supposedly going for kits (TVD Nov 28 p10), are incorrect, Takai told us. While it's true Japanese are supposed to hold 1984 exports of complete VCRs to same 3.95 million shipped in 1983, there's no ceiling at all on kits, providing they're designed so that at least 25% of finished product value will be added in Europe in form of parts & labor, he said. As for supposed 1.1 million 1984 quota for kits, up from 600,000 this year, Takai said that's misunderstanding. Figure for 1984 just represents "a view of what we believe will be exported next year, not a quota," he said.

Germany's Grundig, which is scheduled to start assembling VHS recorders and expects to have them available in mid-1984, says it will design & manufacture VCRs itself, won't import either parts or knowhow from Matsushita as we reported last month.

On different quota front, Korea says voluntary ceiling on b&w exports to U.K. has been hiked from 140,000 units this year to 165,000 for 1984, and sets smaller than 5" made quota-free. Change results from sharp decline in b&w production by U.K. manufacturers. Quota increase puts Korea on more nearly equal footing with Taiwan & Singapore, which have quotas of 190,000 & 174,000 respectively.

SONY'S COMEBACK: What a difference a year makes — a year of good business, that is. Sony consumer product sales are up 50% this fall from same period last year, there are shortages in many product lines, gross margins are higher and production in San Diego color TV plant has been increased by 15%, with 25% increase scheduled for 1984.

That was picture painted for us last week by Sony Consumer Products Pres. Neil Vander Dussen. He credited improvements in economy, unprecedented number of new Sony products and concentrated marketing effort with producing turnaround. All of Sony's new products — Betamovie, Beta Hi-Fi, tiny new Walkman, CD digital disc player and new Watchman — have achieved success, Vander Dussen said, and sales are currently "product-limited," but biggest backorder position is in color TV consoles.

Betamovie is sold out for year, Vander Dussen said, and Japanese plant is increasing shipments here by 15%. He saw "significant instances" where people are buying both Betamovie and home Betamax deck. Ed Adis, senior vp-sales, saw Betamovie-deck tie-in sales as promising avenue. "I'd like to have that kind of a promotion, but we don't have enough Betamovies."

Beta Hi-Fi also is sellout, with sales particularly good on high-end model, Vander Dussen said. He said Beta market had strengthened, format having higher share this year than last, with software more widely available now. As for 8mm, he thinks it "will come... but the evolution will be fairly slow. Betamovie shows that the portability advantage of 8mm is not so great." He sees prerecorded software as big impediment to 8mm.

Sony has been selling new miniaturized Walkman at rate of 100,000 monthly in U.S., and shipped 5,000 CD players in Nov. Vander Dussen sees no price erosion on current Sony CD models, but new models coming with "improved price points."

As for stereo TV, Sony can have adaptors available "in a few months" after system decision is made. Many of recent Sony TV models are "stereo ready," can accommodate adaptors. Sony may offer teletext adaptors for Profeel video component system soon to test market in teletext cities, even before lower-cost chip is ready. "We hope to encourage teletext," said Vander Dussen. "We think it will be highly desirable."

Sony's refranchising activities have achieved desired goals, according to Adis. "It has restored credibility to the line," he said. "Our department store business was almost nil last year. It has come back strong in the past year, and in many department stores we are now the No. 1 color line."

In long term, Sony will need another TV plant in U.S., Vander Dussen said, but its plans for new Ala. facility are still on hold. Next year "looks very, very good," he added — "at least 15-20% over this year is realistic."

"Designing for Video" is competition for interior design professionals & students sponsored by RCA in cooperation with The Designer, trade publication, with \$45,000 in prize money for room designs.

STEREO TV VOTING: Virtually on eve of scheduled vote next week on system for multichannel TV sound (MTS) broadcasting, one of 3 system proponents said that regardless of outcome it might continue to push own system unless FCC abandons marketplace approach.

Larry Ocker, pres. of Telesonics, which objected to original round of MTS tests last year, told us in Chicago last week that he thought new series of tests were "very fair and complete." Asked whether Telesonics would accept decision of EIA MTS subcommittee, which conducted the tests, Ocker said: "I think we will accept them," but then added: "It depends on the findings — if it's unanimous, we'll accept it. If the EIA goes to the FCC and says, 'we selected the EIA-J system,' and the FCC says, 'we don't care what the EIA says, we are determined to go marketplace,' then we'll go marketplace. If the FCC says EIA-J, then we'll go EIA-J — we're not going to fight city hall."

Ocker is engineering vp of WTTW Chicago, PBS station which conducted broadcast tests for EIA committee, and which owns 10% of Telesonics. His remarks were made to us at press demonstration of stereo TV broadcasting at station last week. Station is broadcasting all programs in Telesonics stereo system, using time-delay pseudo-stereo for programs which aren't originated in stereo.

EIA MTS Subcommittee members meet for 3 days this week at PBS for final selection process, at which time it will choose one of 3 transmission systems (EIA-J, Telesonics, Zenith) and one of 3 companding systems (CX, dbx, Dolby). TV set and IC makers hold separate meetings Dec. 20, broadcast equipment manufacturers Dec. 21. At each meeting, voting members will hear presentations by proponents, select first & 2nd choice of transmission system and companding system. MTS Steering Committee, composed of representatives of industry segments & associations, meets Jan. 22 for final recommendation.

In voting, TV receiver manufacturers collectively have 3 votes, IC manufacturers one vote, broadcast equipment manufacturers one, 4 networks one each, trade associations MST, NAB & NCTA one each.

Home computers will be dropped by J.C. Penney retail outlets on Feb. 1 because of price deterioration and supply problems. In addition, Penney said, computers don't fit in with its new emphasis on sales of clothing. Penney, which becomes first major mass merchandiser to eliminate computers, has been selling Atari and TI consoles. It was to have Coleco Adam, but couldn't get enough to supply its stores this year. Adding to problem, TI has discontinued product, and Atari has had short supply of new 600XL models, shipped only trickle of new 800XLs. Penney said it will offer only single Atari model in spring catalog.

Sony, JVC & RCA VCRs will be offered by ABC's TeleFirst late-night home pay-TV taping service, which starts in Chicago Jan. 17. Two Sony models and one each of other brands will be offered for those who don't already own VCRs. Financing is arranged through HFC.

CONSUMER ELECTRONICS VIDEO DATA BOOK

1983 Edition

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the past year—to July 1983.

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

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, home VCRs, projection TV and color cameras from July, 1982 to July, 1983;
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 12 months;
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports;
- Average prices, mix, imports & sales by screen sizes and U.S. exports;
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products;
- Television Digest's exclusive Share-of-Market rankings of color & monochrome TV and home VCR brands;
- Trends and forecasts, including statistical analyses from other sources—all major surveys in a 12-month period;
- Market studies and reports, including projections, covering all types of industry products for both the U.S. and overseas.

NOTE: If you don't already have your copy of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK**, covering Jan., 1981 through June, 1982, you may order it with the new edition at a discounted price of \$25.

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CES PROGRAM: Record attendance of more than 80,000 is expected for Winter Consumer Electronics Show Jan. 7-10 in Las Vegas, as indicated by pre-registration of more than 60,000 by last week. More than 1,300 exhibitors will occupy about 725,000 net sq. ft. The 1983 WCES drew 78,126 attendees, had 1,056 exhibitors in 638 sq. ft.

Conference theme will be Outlook '84, keynoted Jan. 7 by RCA's William Boss, EIA Consumer Electronics Group Vp. Major sessions:

Jan. 8, morning — Computers & Games, Don Kingsborough, Atari, chmn. & keynoter; Don Richards, Commodore; David Kay, Kaypro; Ted Gillam, TG Products; James Budro, Child World, Boston; David Davis, Pacific Stereo; Trip Hawkins, Electronic Arts. Software, Michael Katz, Epyx; Marcia Klein, Learning Co.; Bill Brett, Parker Bros.; Joel Gilgoff, G.A.M.E.S., Van Nuys, Cal.

Jan. 8, afternoon — Audio, James Twerdahl, JBL, chmn. & keynoter; Vince Wheeler, Aiwa; Milton McNally, Carver; Robert Winer, Soundesign; Mike Aquilar, Technics; Walt Stinson, Listen Up, Denver; Bill Runyan, Stereo Studio, Niles, Ill. Car Audio, Don Coleman, Clarion; Kent Davidson, Craig; Richard Schaar, Jensen; Edward Anchel, Sparkomatic; Dean Jeancola, Audio Garage, Winter Park, Fla.; Rick Greenberg, Car-Tunes, Farmingdale, N.Y.

Jan. 9, morning — Video, Frank Lann, NAP, chmn. & Keynoter; Harry Elias, JVC; Stephen Stepnes, RCA; Jeff Berkowitz, Sanyo; John McCallister, Zenith; Steve Goodman, Video Warehouse, Atlanta. Software, Stuart Karl, Karl Video; Robert Blattner, RCA/Columbia; John Hollands, Sony Tape; Jon Peisinger, Vestron Video; Tony Lybik, Video Circle, Corvallis, Ore.; Jack Messer, Video Store, Cincinnati.

Jan. 9, afternoon — Govt. Affairs, EIA/CEG Special Counsel J. Edward Day, chmn.; Rep. Kastenmeier (D-Wis.), moderator; Rep. Moorhead (R-Cal.); Rep. Foley (D-Wash.). Telephone Equipment, Bill Kopp, Panasonic, chmn. & keynoter; Alex Cilento, Anova Electronics; George Hardy, Mura Corp.; F.A. Foresta, Record-a-Call; Martin Gerber, Quasar Microsystems; Dayna Ruliffson, Good Connections, New Orleans.

Workshops & mini-workshops will explore Christmas computer sales, financing growth, selecting computer & game software, profiting from computer peripherals, high-end audio, electronic distribution of computer software and video programming, audio listening room, educational computer software, mobile & personal communications, retail sales training, digital compact discs, retail management, car audio, retail advertising & promotion, hardware rental, audio listening rooms.

Atlas Industries of Hong Kong is building \$25 million high-tech electronics and support manufacturing complex in Malaysia. Facility, to employ about 3,000 when it goes on stream in mid-1984, will produce computer disc drives & heads and modems. Facility also will have Malaysia's first plastics & metal finishing plants.

GAMES BY RADIO: Competitors Atari & Activision are getting together to launch venture that will offer radio home delivery of videogames for Atari 2600 consoles, as well as compatible games marketed by Mattel & Coleco.

Companies are understood to have tested subcarrier delivery system on FM station in L.A. area, said they'll launch market test in first half next year, go national if it works out. Technology details weren't announced, but it was indicated customers would be able to retain games for limited time, couldn't make permanent copies. System, they indicated, would provide console owners chance to preview new games and shouldn't cut into cartridge sales by retailers.

System is similar to others being offered or planned, but differs in that it doesn't require either phone or CATV lines. Companies said they plan to offer games developed by other software manufacturers, as well as their own, and that expansion into other game and computer formats was planned.

As new home game delivery service prepares to bow in, the original one, Playcable, appears ready to bow out. General Instrument, partner with Mattel in 3-year-old venture that sends games via CATV to owners of Mattel Intellivision consoles, said system's future is now being evaluated, and decision will be announced soon. That Playcable's fate was in doubt was indicated here last Aug. (TVD Aug 8 p13). In its 3 years, Playcable never achieved more than 5% penetration in CATV systems where it's offered, and it has only about 10,000 subscribers. Only other game delivery service now operating is Game Line which provides games by phone and launched last fall. Games Network is slated to start CATV-fed computer program service early next year, as is phone delivered service planned as AT&T-Coleco venture

Newsweek survey of VCR and videodisc player owners (TVD Dec 12 p19) is accurate reflection of replies of 565 VCR and 85 VDP owners, says Market Research Mgr. Jim Schwartz, and listing of 6% of VDP owners as saying they owned Sony player is correct. Footnote was omitted from report, explaining that "since Sony does not manufacture VDPs, it is obvious that respondents incorrectly identified the manufacturer." Pioneer, which didn't show up in VDP tally, registered 1%, was included with "others." Speaking of accuracy, our report on survey was inaccurate in several respects: (1) We read table wrong — neither TI nor Sharp showed up as VDP makers (but Mitsubishi did, with 1%). (2) Same parallax resulted in our reading of changes in ownership between long-term & short-term owners. Actually Magnavox moved from 5% to 8%, Quasar & Zenith from 6% to 4%; Sanyo was 4% in both cases. (3) In uses of VCRs — 28 times monthly — 57% of occasions are for playback, 43% for recording. We regret our inaccuracies.

Hospital TV line of 9" & 19" color sets has been introduced by RCA Service Co., including wired remote and cable tuning models.

MSX HITS JAPAN: MSX home computers have already hit Japan's pre-Christmas market in force. Tour of Tokyo's Akihabara electronics retailing district turned up models designed to new standard operating system from 6 major manufacturers, and at least that many more should be out before year's end. Some 16 companies are expected to have MSX computers out by 2nd half next year.

Yamaha leads discount pricing parade with console retailing at \$212, followed by Sony's Hit-Bit at \$233. Others: Toshiba \$238, Mitsubishi \$255, Hitachi \$267, Sanyo \$318. Such accessories as cassette data recorders, 40-column thermal printers, light pens and music keyboards are available, but low-priced 80-column printers and disc drives aren't expected until next year.

Also in short supply is non-game software. There are about 150 titles on market, all in cartridge form, and little or nothing in way of word processing, spreadsheet accounting or other functional programs. That presumably will loosen up when appropriate peripherals are more available.

Japanese manufacturers expect to sell about 150,000 MSX computers in Japan this year, close to million next year, and say they would like to start exports to U.S. in 1984. They have sufficient production capacity, but indicate export plans depend on cooperation from software producers here, as Japanese hardware makers want no part of that end of business. As most major U.S. software marketers have already indicated interest in converting their programs to MSX, U.S. sales effort shouldn't be long in coming.

Coming early next year from Trio-Kenwood will be computer-to-computer radio link. Device, called Datamitter, will allow transmission of data or graphics, can be used with special software for playing 2-computer games. Interface will sell for about \$120, optional FM transceiver will be \$40, and games will be priced at \$17 & \$24.

In U.S., there are indications IBM may respond to criticism of upcoming PCjr home computer by offering improved keyboard as option when product is introduced early next year. Many observers at late-Oct. unveiling of system found keyboard hard to use and inadequate for many operations (TVD Nov 7 p13). IBM reportedly will have alternative step-up keyboard with 83 regular typewriter type keys instead of 62 mini-keys used on current board. Presumably, expanded keyboard will have dedicated keys, making use of keyboard overlays unnecessary. Keytronic said it will market full-feature replacement keyboard for PCjr at \$225.

Tandy's Radio Shack cut price of 4K limited function Micro-Color Computer to \$50 in reaction to similar pricing on liquidations of TI's discontinued home computer. Micro has list of \$120, but was being promoted at \$80.

Thirtieth anniversary of FCC's approval of NTSC color system passed quietly Dec. 17 with no major celebrations, upheavals or riots.

MATTEL LOSSES GROW: Mattel said its Electronics Div. posted \$82.4 million loss in fiscal 3rd quarter to Oct. 29, putting 9-month loss from that operation at \$283.5 million. Company said deficit from electronics business more than offset improved earnings in traditional toy area, and company had \$46.3 million consolidated loss for full period. Consolidated sales were down 31% to \$329.6 million, something Mattel also blamed on electronics.

Mattel's actual operating loss was \$55 million in quarter, with \$15.7 million coming from inventory asset writedown, \$9.5 million from facilities revaluation, \$2.2 million from royalty deferrals, according to Paine Webber analyst Barbara Isgur.

Mattel said electronics unit would had "significant" loss in 4th quarter, and that company would have sizable consolidated loss for full year. Company said it continues to consider sale of operating units to reduce bank debt, but declines to specify which ones. It also said it hasn't yet completed negotiations with lenders on restructuring of its \$494 million debt.

MGM/UA Home Entertainment Group got bulk of fiscal 1983 revenue from non-home market, according to report for year ended Aug. 31. It shows that revenue from pay-TV & non-theatrical program sales plus merchandise licensing totaled \$93 million, or 57.9% of total \$160.7 million revenue. Remaining \$67.7 million came from sales of home video programs, plus licensing and sale of music soundtrack albums.

GEC of U.K. reported 2.4% drop in net for half to Sept. 30 to \$235 million, though sales rose 5% to \$3.18 billion. In consumer products, however, GEC pre-tax profit jumped 62.5% to \$18.5 million, on sales rise of just 1.5% to \$197.4 million.

Sears is being sued by Justice Dept. for \$2.8 million, alleging retailer hasn't fully paid amount it agreed to in settlement of TV dumping claims. Govt. said Sears was to pay \$19.7 million under deal worked out with all major importers in 1980 as way of closing dumping duty books covering all Japanese TVs imported June 1971-March 1979. Sears had paid \$5.4 million under protest in 1978, and claims govt. agreed to apply that plus interest against settlement. Sears sent govt. \$11.5 million more in July, contends that should close books. Suit is unconnected to dumping-related criminal fraud charges still pending against Sears. Indictment handed up in 1980 alleged Sears evaded dumping duties by concealing kickbacks from Japanese suppliers. Case was ordered dismissed by federal district court, but ruling was overturned on appeal last Sept. (TVD Sept 26 p14). Justice hasn't yet refiled suit.

Grundig received order from China for 40,000 color TV kits for delivery by May. Contract is valued at about \$6.5 million, calls for Chinese to provide cabinets, do final assembly. Grundig said that while deal is small, it's first with China, and that it represents start of hoped-for longterm business arrangement.

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
Cable TV Industries			
1983-9 mo. to Oct. 31	22,809,000	409,000	.14
1982-9 mo. to Oct. 31	25,718,000	277,000	.09
1983-qtr. to Oct. 31	7,645,000	177,000	.06
1982-qtr. to Oct. 31	7,793,000	247,000	.08
Mattel			
1983-39 wk. to Oct. 29	754,033,000	(222,769,000)	--
1982-39 wk. to Oct. 30	1,099,827,000	62,581,000	2.83
1983-13 wk. to Oct. 29	329,624,000	(46,295,000)	--
1982-13 wk. to Oct. 30	479,721,000	28,333,000	1.31
Toshiba^a			
1983-6 mo. to Sept. 30	5,400,000,000	111,400,000	--
1982-6 mo. to Sept. 30	5,000,000,000	78,700,000	--

Note: ^aAt yen's current rate.

Consumer Electronics Personals

George Ricci resigns as pres.-CEO of Chicago duplicator Video Dub to join Amaray International as pres.-COO... **Gary Calcara** advanced at AOC International from sales coordinator to west region sales mgr... **Dennis Corcoran**, ex-Recreational Vehicle Assn. shows & management vp, joins EIA Consumer Electronics Group as CES vp, effective Jan. 1, succeeding **William Glasgow**, leaving March 1; **Gary Shapiro** advanced at CEG from legislative & regulatory counsel to govt. & legal affairs vp; **Donald Hatton**, ex-Sanyo Mfg. Co., joins CEG as product services dir., with responsibility for technician development programs.

Jan Pearce named Pacific sales mgr., Home Theater Network... **Eric Pertsch** promoted to exec. vp-gen. mgr. for MCA Home Video Canada & Universal Pay TV Canada... **Sandra Forney** promoted from mgr. to dir. of creative services, Paramount Home Video; **Rose Marie Forbes** named sales coordinator, Carol Jean De Simio sales service rep.

David Kimball, General Signal pres., named chmn., effective April 19, succeeding **Nathan Owen**, retiring; newly named vice chmn.: **Edward Franklin**, Glen Ronk, **George Demos**... **George Ashmore** promoted at ITT to pres. of Cannon-North America... **Paul Chung** advanced at General Instrument to **Clare Div.** North American controller.

Optical & videodisc systems conference, stressing training, education, publishing, games, catalogs, still-frame audio, will be sponsored by Institute for Graphic Communications Feb. 8-10 in Ft. Lauderdale, Fla. Sony's **George Kenney** is chmn.

Hitachi & GEC of U.K. will meet early next year to decide who buys whom out of joint color TV producing venture (TVD Dec 12 p15). Plant is expected to produce 240,000 sets this year, against target of 300,000.

Hong Kong would retain autonomy for at least 5 years after 1997 expiration of Britain's lease on New Territories expires, according to blueprint for change developed by China. In response to expressions of concern by Hong Kong business interests, Chinese say that while they'll take over administration, foreign affairs & defense, current self-rule, economic & legal systems will be unchanged. China said local govt. will have complete control over investments, capital flow, foreign trade and property ownership, promised no national taxes would be levied. Chinese are negotiating detailed terms with Britain as well as local civic & business leaders in effort to smooth way for transition, but say they'll break off talks and impose own policies if agreement isn't reached by next Sept. Only thing that might cause change in takeover timetable, Chinese indicate, would be sign of major civil unrest.

MPAA got support for passage of Fair Marketing Amendment on 2 fronts at House Copyright Subcommittee hearing last week. One, expected, was from Reagan Administration. The other, less certain, was from Educators Ad Hoc Committee on Copyright Law. Latter group dropped previously stated opposition to FMA when MPAA said it would go along with exemption of non-profit organizations from law change that would allow studios to share in retailer cassette & disc rental revenues. **Gerald Mossinghoff**, Commerce Dept. commissioner of patents, put White House on record as backing FMA for first time, noted Administration would prefer bill that applies only to materials copyrighted after enactment. "This legislation is intended to stimulate creativity and it seems unnecessary to provide added protection for existing works," he said.

GE has agreed to sell its housewares business to **Black & Decker** for \$300 million in cash & notes. Not included are audio electronics, currently part of Housewares Div., or any other product line, **GE** stressed. **Paul Van Orden**, consumer electronics sector exec. vp said GE will concentrate resources in "large-scale consumer businesses where it can apply substantial technological and financial strengths. In the past year alone we have committed more than \$500 million in investments to modernize & strengthen our leading positions both in major appliances and lighting and to support our 'niche strategy' in consumer electronics." GE's small appliance business totaled more than \$470 million in 1983, 2% of company's sales of \$26.5 billion.

Milton Bradley killed off voice activation control for discontinued TI home computer, said it reached contract termination settlement with TI. Terms weren't disclosed. MB had just gone into production of system, which was to be sold by TI, when TI announced it was dropping home computer (TVD Nov 7 p13). TI indicated that systems it had bought, those still in MB's inventory and special software for it would not be marketed to consumers, but would instead be offered to employees or otherwise disposed of. MB was supposed to have made similar system for Atari, but Atari canceled out, and MB has damage suit pending.

WEEKLY

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DECEMBER 26, 1983

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC SPURNS KIDVID RULES: No programming minimums or guidelines imposed in 3-1 vote. Rivera lodges strong dissent, grills staff. (P. 1)

TV DEREG AT CRUCIAL STAGE: House lawmakers working on deregulation compromise are approaching crossroads. (P. 3)

RESHUFFLING PAY TV DECK: Exclusive 5-year deal with Paramount by Showtime/Movie Channel has HBO in bunker. (P. 4)

RADIO TO TOP \$5 BILLION in billings for first time this year, RAB's Stakelin predicts. (P. 4)

CBS & COMSAT'S STV CORP. combine to 'explore' DBS possibilities. ANCOM and Toshiba picked to provide ground segment. (P. 7)

CABLE'S PROFITS SEEN SOARING in 1984 by executives who point to slowdown in construction, better regulatory climate, expanding subscriber universe. (P. 8)

MARKEY SPEAKS UP: NTIA administrator surveys broadcast & cable scene in Washington. (P. 10)

KVBO-TV STARTS IN AUSTIN as nation's 1,138th TV station; 225 CPs, 535 applications for new stations are outstanding. (P. 10)

FCC CLOSES CHILDREN'S TV RULEMAKING: Relying heavily on court decisions prohibiting FCC from imposing programming minimums or guidelines and on growth of cable and independent TV station offerings, FCC last week ended rulemaking into children's TV without adopting any guidelines or minimum requirements. Vote was 3-1, with Comr. Rivera strongly dissenting after questioning staff and Chmn. Fowler for about an hour in opposing proposed order; Comr. Patrick didn't participate.

In final order, Commission modified 1974 policy statement on children's TV, saying that "specific quantification rules were undesirable... based on the totality of video programming sources and their offerings for children, constitutional concerns regarding interference with the exercise of a licensee's programming discretion and regulatory anomalies that often result from inflexible standards." However, Commission stressed that "broadcasters continue to be subject to enforceable obligations. The bedrock obligation of every broadcaster to be responsive to the needs and interests of its community, including the specialized needs of children... remains. A

Consumer Electronics

ZENITH SYSTEM & dbx companding selected by all-industry group as choice for multichannel & stereo TV sound. FCC still must act. (P. 12)

PIONEER VIDEO IN BLACK, plans to add digital sound to LV discs for future CD-LV player, debuts new players with solid-state lasers. (P. 13)

OCT. VIDEO IMPORT figures show new monthly highs set for VCRs, cameras, color TVs. (P. 14)

HIGHER PROFITS & SALES seen for 1984 by TV makers in our annual survey. 14.25 million color sets, 5.35 million VCR sales forecast. (P. 15)

INTERACTIVE TV SET, developed by Bushnell firm, giving viewer choice of 4 program segments on single channel, shown to admen. (P. 16)

FIRST HOME DISC GAMES slated for introduction at CES. Voice-controlled unit to be shown. (P. 16)

KODAK 'VIDEO LINE' to be introduced in Jan. Photo firms' success in field seen dependent on fielding unique products for picture-takers. (P. 17)

PHILIPS TAKING CONTROL of Germany's Grundig with some assistance from banking group. Quota problem is created by Philips bid for complete VHS VCRs. (P. 19)

licensee who fails to consider those needs... will find no refuge in this order."

FCC majority ruled that variety of existing communications services provide quantity & quality in children's programs (including public TV and pay services) and that new services can be expected to add to that diversity. Among options of rulemaking, issued in 1980, were mandatory children's programming and license renewal processing guidelines. But, Commission said, "there is no value in substituting its judgment for that of the licensee" and such action is prohibited by First Amendment and several court decisions.

Rivera subjected William Johnson, deputy Mass Media Bureau chief (who presented item to commissioners for staff), to long & rough questioning on proposed order. Fowler and Comr. Quello attempted to help Johnson out several times, leading Rivera to ask Fowler at one point to let Johnson answer question. Johnson argued that "severe practical and legal problems" would result if FCC attempted to set minimums or guidelines for children's programs, said that task force on children's programming didn't adequately consider alternative media to commercial stations that have developed since 1974 policy statement.

Rivera was very critical of FCC relying on other services to help broadcasters meet their obligations to children: "What about all these kids that aren't getting service — the 50% not passed by cable and the 22%" in markets without independent stations. Johnson responded that marketplace is working and children are better served each year as new services come on line — particularly pay services. "I would say we have a modified 1974 policy statement" on children's TV, he said.

Countered Rivera: "I would call it a raped 1974 policy statement. What is left?. This is a sad day for children in this country... This is a real shame... The order writes an epitaph on FCC involvement in children's TV... It's deeply disturbing but not altogether unexpected." Rivera argued FCC should adopt "flexible processing guidelines" for children's TV, disputed Fowler contention that it's prohibited by court decisions. Fowler then quizzed Rivera closely on what latter meant by "guidelines." Rivera was disturbed because he interpreted order as saying TV station "can meet [children's] needs with any kind of programs you want," such as those intended for family viewing. "What's wrong with that?" Fowler asked. He said commercial stations' obligations to serve children "is there, and it cannot in any way be waived" — whether needs are met with family programming or shows specifically tailored toward children.

In closing statement (his full dissent will be issued when FCC order is released), Rivera said task force determined that commercial stations haven't fulfilled their obligations to children delineated in 1974 policy statement and "there is no reason to think that their performance will improve, absent FCC requirements. Public TV has shown us the excellence possible in children's programs but its funding structure is fragile. It is also simply wrong to make public stations shoulder the burden that commercial broadcasters fail to meet... Cable TV is a promising alternative, but a majority of the homes in this country still do not have cable... Until commercial TV stations no longer form the backbone of our TV system, the FCC must continue to rely primarily on these licensees to meet the special programming needs of children."

Peggy Charren, ACT pres., charged "FCC has taken from the poor to give to the rich [and] put a piece of coal in the Christmas stockings of all children... But it doesn't surprise me at all because all decisions" of Reagan Administration have hurt poor. She speculated that under Democratic administration, Rivera might have been chmn. and the vote probably would have been different. Charren said ACT would appeal Commission's action, also push for legislation. (Note: Charren held news conference in FCC meeting room after Commission decision, before 7 TV cameras there to cover meeting. She originally had been turned down by FCC in request for room to hold conference, had planned to talk to reporters in hallway.)

Samuel Simon, exec. dir. of Telecommunication Research & Action Center, charged: "Mark Fowler today stole TV from American children by refusing to issue meaningful guidelines for commercial broadcasters. Fowler should be given the 1984 award for 'doublespeak' for claiming to have strengthened the requirement while in fact freeing broadcasters of every obligation to meet children's programming needs."

NAB Pres. Edward Fritts: "Children's TV demands close scrutiny... To interject federally mandated programming, however, places the government in the role of editor, a most dangerous precedent... What should be analyzed in this situation is not what one individual station is telecasting but what is available to the child in the home on a daily basis. Further, what in the near future will be available. On both counts, the record is and will continue to be impressive."

FCC was under mandate of U.S. Appeals Court, D.C., to release final order on children's TV before end of year. Rulemaking was issued in Dec. 1979, asked for comments on several options ranging from doing nothing to requiring stations to air up to 7-1/2 hours weekly (excluding Sat. & Sun. mornings) of programming for children. Earlier this year, ACT accused FCC of stalling, asked Appeals Court to order Commission to finalize rulemaking.

HILL BROADCAST DEREGULATION AT CRUCIAL STAGE: House lawmakers working on compromise broadcast deregulation compromise are approaching crossroads where decision must be made to continue talks or propose same or separate bills so that hearings & markups may begin. Closer look at draft of rough bill by House Telecom Subcommittee staff and memos by key members involved in talks show some movement has been made toward compromise. With Congress due back Jan. 23, negotiations are certain to end soon, probably not long after House & Senate return. Question facing broadcasters then will be: Does draft represent basis for compromise?

Aides to House Telecom Subcommittee Chmn. Wirth (D-Colo.) hope draft can serve as framework. "We have to believe that. Otherwise, why would we work so hard?" said one. But proponents of more extensive deregulation are pessimistic, say there isn't much room left for negotiations. "I am still hopeful that we will be able to reach agreement," Rep. Tauke (R-Ia.) told us. He's author of industry-backed deregulation package (HR-2382) with Rep. Tauzin (D-La.). "The fact is we [Tauke & Tauzin] have been very patient in trying to develop a consensus," Tauke continued, adding that original Oct. 15 deadline to finish Subcommittee work on bill has passed, in part, because he and other key negotiators agreed that press of other Subcommittee business should be allowed to slow work on broadcast bill. "Our patience is not endless," he said.

Time has become crucial factor. House Republican whip, Rep. Lott (R-Miss.), says budget bills will be only work that House will finish next year: "The agenda for Congress in 1984? Let's see, there's the primaries in the spring, then the breaks for the party conventions in July & August, then the recess for our own re-election campaigns..."

Biggest problem for negotiations is that each side believes it has made more concessions during talks than the other. Argued Wirth aide: "All the significant compromises have come from us." Aide pointed to Wirth's initial commitment to detailed program categories as basis for quantification scheme for gauging broadcaster's service to public, with minimum programming levels required for children, elderly & minority viewers. Staff draft indicates Wirth now would accept more broadly defined categories, which draft lists as local, informational & public affairs.

There are other changes in draft that show movement on Wirth's part away from earlier positions: (1) Looser renewal process with competitive renewal proceeding possible when FCC found that incumbent didn't meet new quantified public interest standard or seriously violated the Communications Act or FCC rules. (2) Voluntary compliance with programming requirements for minority, children & elderly TV shows with additional points awarded to broadcasters for airing these kinds of programming during peak viewing hours. (3) Annual random audits by FCC of at least 15% of TV & radio licensees, as enforcement mechanism, with performance of all broadcasters checked at least once every 5 years rather than more frequently.

(4) Tougher petition-to-revoke procedure under which FCC would have to act on complaints within 180 days, but only if petitioners can raise substantial & material question of fact. (5) Less strict record-keeping requirements under which broadcaster still would keep program logs and ascertain community needs, but in forms broadcaster chooses. (6) Ban, rather than looser limits, on FCC authority to restrict number, length, or frequency of commercials.

But proponents of greater deregulation point out that they want to get rid of most program log and ascertainment requirements, think that broadcasters deserve greater certainty of license renewal, have opposed as unnecessary all previous attempts to require minimum programming standards, would prefer end to comparative renewal and would codify FCC's radio deregulation. "We want legislation that substantially deregulates the industry, and not adds to its burdens," Tauke explained. But Tauke & Tauzin have indicated willingness to accept quantification as necessary evil to winning passage of broadcast bill in this Congress; staff draft contains language that would have FCC develop those standards as long as they "provide for an overall, meaningful increase in the amount of... programming broadcast [in] each category" from 6 a.m. to midnight. But Wirth contingent questions how much of compromise this is for Tauke-Tauzin group. Agreement to have quantified standard formed foundation for talks in first place.

Posing problem for Tauke & Tauzin are provisions in staff draft requiring return of ascertainment rules for radio broadcasters and requiring Commission to establish standards for public access to radio airtime. Lawmakers haven't settled on access guidelines although Subcommittee draft suggests as option that amount of airtime devoted to programming or announcements by individuals and community groups be based on existing industry average for public service announcements and, possibly, according to number of stations competing within a market. Accepting rules for radio would be major concession on part of Tauke & Tauzin.

RESHUFFLING PAY TV DECK: Exclusive 5-year deal with Paramount by Showtime/Movie Channel has HBO in bunker situation, S/MC and most of Hollywood celebrating. "We have never felt that the pictures of any one studio, whether exclusive or not, can affect significantly the performance of our services," HBO said in only official comment. "They're upset about it," HBO source said.

Not just another exclusivity deal, move signals dramatic upgrading of S/MC as competitor, especially in view of discounting of ratecard which S/MC has offered 4 leading MSOs now switching out Spotlight and which it may extend to others as year goes on. Discount is as much as 75¢-\$1 per subscriber (HBO had announced 7% increase this year).

Licensing fees to Paramount are made in extended payout, with cash payment on quarterly basis amounting to roughly \$500 million over 5 years. Terms are favorable to S/MC, analysts noted. "With the lineup of hits they had this year, Paramount saw this as their one chance to do it to HBO," Wall St. source told us.

Telepictures is buying 50% interest in CPs for WKBM-TV Caguas-San Juan & WSUR-TV Ponce, P.R. for about \$5 million. Neither station is on air; present owner Colonial Bestg. has filed for bankruptcy. Telepictures Pres. Michael Garin said company, which is awaiting FCC approval of purchase of KMID-TV Midland-Odessa, Tex. for \$15 million, is seeking to buy other stations.

U.S. delegation to 1985 Space WARC should be appointed promptly and its members should be bilingual and well-briefed on communications topics, HBO said in FCC comments. Further, delegation should have available sophisticated computer system to evaluate proposals for satellite facilities, HBO said.

Satellite TV Corp. has established offices in N.Y. headed by Richard Galkin, senior vp: 1212 Ave. of Americas, N.Y. 10036, 212-398-7900.

MGM/UA and 20th Century-Fox soon will start selling manufacturers specific brand-name identification in movies — reportedly at cost ranging \$10,000-\$40,000. Products will appear in scene in film. 20th Century said it already has signed contracts with Miller beer and Snauwaert tennis equipment, is negotiating with others. MGM/UA said it has agreements in principle with airline, soft drink, beer and computer companies.

Prosecutors have dropped obstruction of justice charges against 4 employees of WCSC-TV Charleston, S.C., arrested after station aired picture of suspect in rape & murder case. Picture was taken from high school yearbook and police asked news media not to use picture. Employees, including station mgr. and news dir., were arrested, handcuffed, booked and fingerprinted before being released on personal recognizance.

Radio industry will have gross revenues of \$5.009 billion in 1983 (up 12.1%), according to prediction of RAB Pres. William Stakelin. He said local & retail revenues will be \$3.745 billion (up 11.3%), \$268 million in network (up 21.2%), \$996 million in national spot (up 12.7%). For 1984, Stakelin predicted radio revenues would increase 15% to \$5.75 billion.

USIA Dir. Charles Wick should be fired for suggesting that British Prime Minister Margaret Thatcher opposed U.S. invasion of Grenada because she's female, 18 Democratic congressmen said in letter to President Reagan last week.

NBC News has invited 8 Democratic Presidential candidates to participate in panel discussion in prime time Jan. 25 following President's State of the Union address to Congress. NBC evening anchor Tom Brokaw will moderate.

"Marketing & New Electronic Media" is 2-day conference sponsored by American Management Assn. at N.Y. hq Feb. 23-24. Fee is \$595. Details: 518-891-0065.

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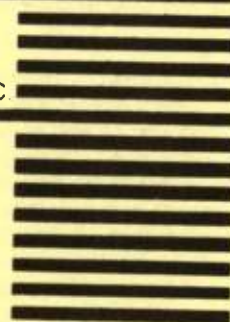
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CBS & STC LOOKING AT DBS: CBS and Comsat's Satellite TV Corp. have agreed to "explore" DBS together, companies said last week. CBS cautioned that arrangement is preliminary, that nothing may develop. Announcement falls short of what had been hoped by STC, which had promised to announce partnership before end of year. Noted one industry wag: "They've gotten into bed together but still haven't taken off their clothes." But later last week, STC said CBS had participated in & approved of STC's selection of Alcoa-NEC (ANCOM) and Toshiba as suppliers of DBS ground segment.

Exploratory talks will include efforts to identify other venture partners, program acquisition, project financing, technical operations and marketing & distribution support. No formal joint venture has been formed and CBS has put up no money. "While there will be cooperation in the development efforts, there will be no joint investment costs during this exploratory period," said CBS Best. Group Vp-Communications George Schweitzer.

Joint venture approach to DBS isn't surprising since both CBS and Comsat have said they wanted partners. "We've said this is a business we won't go into alone," Schweitzer said. Richard Bodman, pres. of Comsat's STV subsidiary, said: "This joint exploratory effort brings together skills that are critical to a successful DBS business." CBS Best. Group Senior Exec. Vp James Rosenfield, who will be in charge at CBS, commented that Comsat deal "will give CBS the opportunity to investigate more thoroughly how and whether entry into the DBS business would fit as part of CBS's long-range strategic plans."

Deal brings novel twist that may pique public interest — high definition TV (HDTV). When STC filed for DBS grant in 1980, CBS expressed some reservations that proposal would use up spectrum for just another pay-TV service. In 1981, CBS filed for DBS grant proposing HDTV. After extensive technical work on development of HDTV systems, CBS last Sept. filed patents for 2-channel HDTV system that would be compatible with existing receivers.

"The [CBS TV] affiliates board was briefed on our involvement [with Comsat] and they share our view that it will be a pay service that's not directly competitive to them in their local markets," said Schweitzer.

STC said it intends to enter discussions with Alcoa-NEC Communications (ANCOM) and Toshiba as suppliers of dishes and associated electronics for ground segment of STC's proposed DBS service. CBS cooperated with STC in reviewing specifications for home equipment and supports selections, STC said. But CBS denied that its participation means that Comsat-CBS joint venture is firming up. "I don't see this as the other shoe dropping," said Schweitzer. "We are not yet in this business; we are exploring this business," he said. Only conclusion that should be drawn from CBS's participation in selection is "if we do go into business with STC and other partners, I would assume that we will follow the line of what hardware commitments STC makes," he added.

Montpelier, Vt., FM station and local company have launched what they say is first operating subsidiary communications authorization (SCA) service to pipe teletext-type information to TV sets. Mad River Video has 2-year lease with WNCS-FM to deliver 40 pages of ski slope information and maps to condominiums and hotels in Vt. resort area. Mad River Pres. John Eddy said system uses Commodore 64 as character generator; data is fed via dedicated phone line to station transmitter. System has been operating about a week, available in about 500 hotel rooms and condos, Eddy said. Station Mgr. Jeb Spaulding said signal isn't degraded by SCA: "From what I can tell it isn't reducing our range or inserting noise in the signal." Mad River is responsible for all equipment, retuning transmitter when necessary. Station gets percentage of subscriber fees and advertising, Spaulding said.

NBC has reorganized press departments under Vp Curt Block on east coast, Gene Walsh on west. Block created new unit under Owen Comora, dir.-national press, to publicize miniseries & motion pictures made for TV. Virginia Holden has been promoted to dir.-entertainment press, Helen Manasian to dir.-corporate & trade press. Promotions on west coast: Doug Mauldin to dir.-drama program publicity; William Kiley, dir.-comedy program publicity; Rold Gompertz, dir.-general program publicity; Kathy Gilpin, dir.-press services; Gene Shepherd, mgr.-corporate press.

"Back door" headstart is being given to several commercial Multichannel MDS operators through FCC method of approving ITFS applications, lawyer Victor Ferrall argued in letter to FCC Chmn. Fowler. Ferrall said that some applicants have agreed to lease up to 75% of excess ITFS capacity to operators and that applications aren't being scrutinized properly by FCC.

Zenith stereo system and dbx companding were chosen by industrywide EIA Multichannel Sound Subcommittee after exhaustive tests and will be recommended as standard to FCC. Chosen system seems certain to become either regulatory or de facto standard, depending on whether Commission adopts single-system or marketplace approach. Details are in Consumer Electronics section.

"Christian Media Facing the Issues in 1984" will be theme for National Religious Bestrs. 41st annual convention, Jan. 29-Feb. 1, Sheraton Washington Hotel. Dr. Oswald Hoffmann, voted international media clergyman of year and speaker for The Lutheran Hour, will be a featured speaker. Contact: John Cummuta, 201-575-4000.

Democratic Party's Memorial Day weekend 17-hour telethon on NBC lost money, Michael Steed, national dir. of Democratic Committee, has confirmed. Telethon grossed \$2.75 million, but cost was \$5.55 million. Party had hoped to raise \$20 million.

Cox Cable San Diego will cablecast 40 Padres home baseball games next year on pay-per-view basis. Entire package of games will cost subscriber \$120.

CABLE'S MOST PROFITABLE YEAR? Having jousting with critics and competitors in 1982 and '83, cable industry next year will vindicate itself — to its creditors if no one else — by demonstrating "vastly improved cash flow, vastly improved bottom lines," industry leader said. Industry has had decent return on investment last several years, but 1984 will be "the year we break out... The year red ink turns to black," said another executive.

Year ahead also will be marked by emerging relationships between cable and telephone industry, by increasing tensions between operators and program providers and by significant court decisions impacting how cable does business.

Rosy assessment of cable's financial state in 1984 by industry executives and trade association leaders is based on several assumptions: (1) Most big-city construction will be under way or completed, allowing industry to begin reducing huge debt for plant installed in last 2 years. (2) Some national cable policy will emerge from Congress that will make cable more attractive to Wall St. (3) Advertisers finally will come around and invest heavily as penetration climbs and industry mounts national image improvement campaign.

"There are a whole bunch of companies that will show improved bottom line performance" in 1984, predicted NCTA Exec. Vp James Mooney. "There will be vastly improved cash flow, vastly improved bottom lines at most major companies," he said, explaining that "what not many people have paid attention to is we're beginning to reach the point where the second great wave of cable construction is concluding and several large systems will be turned on and several rebuilds will come on line."

Wheeler said declining construction means "horrendous cash drains that newbuilds represent will dissipate." While some major urban centers remain uncabled, building them in 1984 should prove financially easier, Wheeler said: "We've found a second form of financing — limited partnerships — and being able to fund the remaining newbuilds through limited partnership means the bottom line doesn't take that shot."

But downside of 1984 is that real — not imagined — competition to cable will emerge, several said. SMATV is mushrooming, low-power TV stations will begin coming on air, price of videocassette recorders is falling, DBS will burst on scene and Multichannel MDS will arrive. "It will be the first year of real competition," Wheeler conceded. And to meet challenge, "we've got to improve our marketing and our product positioning. We've got to improve our customer service" next year, he added.

Cable and segments of phone industry will learn both can make money by making peace, several said. Look for expanded use of phone lines for upstream portion of cable plant in rebuilds, and for telcos to build entire broadband communications networks, lease capacity to cable operator (leasebacks). Said Wheeler: "Post Jan. 1 we may be looking at new relationships with AT&T while at the same time having trouble with some Bell Operating Cos. There

is the possibility down the road for harmonious working relationships [with telcos]." Cable industry is waiting for telcos to make first move: "The ball is in their court," Wheeler said.

Cable and phone industry will spar over co-located ownership of broadband communications systems in 1984, several said. But expect some accommodation to emerge over leasebacks: "We're against co-located ownership because there's too great an opportunity to unfairly cross-subsidize and unfairly compete," Mooney said. "As to leasebacks, we are looking carefully at that now." But industry is wary of leasebacks because no one knows what limitations operators would be obliged to live under. "In the current leaseback phenomenon, none of the phone companies has yet to give anything but very vague descriptions about what they have in mind," Mooney said.

"Automatically renewable contracts is the key to leaseback," said Community Antenna TV Assn. Exec. Dir. Stephen Effros, who said he also envisioned "several areas... built through cooperative ventures between cable interests and telco interests" next year.

But on system level, operators face turbulent period next year, several said. As Effros pointed out: "Everyone talks about rebuilds, and there will be lots of that next year. But it isn't easy for the guy who's been operating a 12-channel system for years, and now suddenly he's going to 24 or 36. How does he do his tiering? What kind of boxes does he buy? How many more sales people does he need? How much more does he charge?"

Developing tensions between operators and program suppliers may erupt into warfare in 1984, some predicted. "They're trying to nickel and dime us to death," operator said, "and next year it will just get worse. The Weather Channel wants a nickel a sub, Ted Turner wants a lot of money — everybody [programmers] wants money that I don't have."

Major court decisions that will come down next year will significantly impact how cable does business, what profits it makes. Tops on list is NCTA vs. Copyright Royalty Tribunal (82-2389). In that case, Assn. is appealing CRT's decision raising cable copyright fees for post-Malrite distant signals to 3.75% of gross revenues. Cable legal figures had hoped U.S. Appeals Court, D.C. would issue ruling before Jan. 1 accounting period, but that was unlikely, given holidays.

Also pending is NCTA's requested Appeals Court ruling that operators can prorate copyright liability for mixed tiers that contain some copyright-paid channels plus distant signals. Because industry's copyright payments, determined as percentage of gross receipts, are so significant when viewed as percentage of net, victory in either case would significantly improve industry's bottom line.

Satellite Syndicated Systems announced year-end results are expected to show about \$3.1 million in earnings for fiscal 1983. Total is record for company since it started in 1976, according to Pres. Edward Taylor.

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MARKEY SPEAKS UP: NTIA Administrator David Markey, at recent luncheon with our editors, broadly surveyed current broadcast & cable scene in Washington, provided these perspectives:

Cable deregulation bill [HR-4103]: "We still believe that some kind of cable bill is probably necessary if the cable industry is going to continue to move forward and wire the remaining areas of this nation. There's concern — legitimate — about the way some of the local governments are, we'll call it, 'regulating' cable. On the other hand, there are legitimate concerns about how some of those cable companies provide their service. So, we have to strike a balance there. We think there will be some decent legislation out of Congress that sets out the regulatory responsibilities for different levels of government here."

Cable TV-telco dispute: "I'm not in favor of regulating cable [provision of data transmission] services until there is some kind of competition. But, when you look at the total amount of services that you're talking about, and who provides it — 99% of it is being provided by the telephone companies. There just isn't much competition, with the exception of a couple of markets, in the whole country. Until you let cable get in and get started to some extent, there won't be any, either. If you require cable to come in under the same regulatory framework as the telephone companies, I'm afraid you're never going to get any kind of competition."

Broadcast deregulation: "To me, talking about getting points for this and points for that — if that isn't a step backward in regulating, I don't know what is. [House legislators are considering new license renewal scheme that would award 'points' to broadcasters based on when & how much public affairs, news & informational programming they air.] That's [not] a good approach."

Spectrum fees: "We could live with a cost of regulation fee. There's nothing wrong with having people pay some kind of user costs, in this case FCC costs. But you won't find support for financing public broadcasting through [a levy on commercial broadcasters]."

On newest FCC Comr. Dennis Patrick: "A good, solid guy. A very good mind. He'll be flexible. He'll work hard. He needs some experience, obviously. But, he's a bright guy and he'll get up to speed early. I think he's the kind of guy that if he had a choice between less regulation or more, he'd certainly go with less."

CPB budget: "The Administration is going to have a very difficult time being for substantially more funds for public broadcasting in these difficult economic times. But that doesn't mean [Reagan] plans to oppose CPB — I mean, he signed the authorization bill. I'm not sure we know what the Administration will do. I think we're going to have to look at the particulars and what we're talking about before we can say where we're going to be."

Seltel appointed rep for independent WCAY-TV Nashville.

Tracinda Corp. has offered \$240 million cash and \$425 million in debentures to buy remaining outstanding shares of MGM/UA Entertainment, company reported. Tracinda, which owns 46% of MGM/UA stock, would form new company, merge it with MGM/UA. Each share of MGM/UA not owned by Tracinda would be converted into \$9 cash and \$16 principal amount of a new issue of subordinated debentures. Proposal is conditioned on getting approval by MGM/UA stockholders, obtaining financing and regulatory approval. Tracinda is owned by Kirk Kerkorian.

Networks interfere with voters' rights by calling elections before polls close, Rep. Edwards (D-Cal.) said in letter to ABC, CBS & NBC presidents. He said networks' projections can cause lower voter turnout on West Coast. He argued that study found at least 3% of westerners didn't vote in 1980 elections, in part because 3 networks had earlier in day projected winner in Presidential race. He's planning resolution much like H. Con. Res.-227 by Reps. Swift (D-Wash.) & Thomas (R-Cal.), calling on broadcasters to avoid airing election projections before polls close.

Wometco Enterprises and Kohlberg Kravis Roberts & Co. said they have signed definitive agreement for Wometco's acquisition by group of investors led by Kohlberg Kravis in all-cash transaction at \$46.50 per share. Transaction will have total cash value of more than \$1 billion, including assumption of debt, is subject to FCC approval. Buyers will pay \$29.50 a share for 1.1 million outstanding shares of Wometco Cable TV, 85%-owned by Wometco. Wometco Enterprises had 1982 revenues of \$493.4 million.

NAB plans 4-hour teleconference to 28 cities Feb. 23 on political broadcasting. It will originate from U.S. Chamber of Commerce studios in Washington, is designed to help stations "get through the election year as smoothly and as profitably as possible." Seminar will provide 2-way audio interaction, and communications lawyers will be at each site to answer questions. Cost is \$75 for members, with graduated fee for participation by more than one from same station, \$125 for non-NAB members. For registration forms, 800-368-5644.

KBVO-TV (Ch. 42) Austin has gone on air, raising operating U.S. TV stations to 1,138 — 841 commercial, 297 non-commercial. In addition, there are 225 outstanding construction permits and applications for 539 stations pending at FCC. KBVO-TV has interlocking ownership with KIII Corpus Christi & KBMT Beaumont through Michael McKinnon and KAMR-TV Amarillo. Steve Beard is gen. & sales mgr., Clyde Formby operations mgr., Ernie Hartt chief engineer.

Customers of United Satellite Communications (USCI) DBS service will have option of buying or renting company's equipment on credit following agreement by Associates National Bank, Concord, Cal., to extend credit to such customers. Associates will issue Execu-Charge/VISA credit card to "qualified customers" nationally, USCI said.

Personals

James McKinney, FCC Mass Media Bureau chief, speaks at National Conference of Black Lawyers luncheon Jan. 19 at Marriott Hotel, Washington, 632-7260... **Seymour Yanoff** promoted to WNEV-TV Boston pres., succeeding **Winthrop Baker**, who remains a dir. of parent New England TV Corp... **Richard Dickinson** promoted to WCVB-TV Boston vp-design dir., new post... **John Jones** named KTLA L.A. gen. sales mgr., replacing **Michael Eigner**, who is promoted to vp-station mgr... **Patrick O'Donnell**, ex-KWGN-TV Denver, appointed Kan. State Network TV Group exec. news dir.; **Richard Nelson**, ex-U. of Mo., named news dir., KSNW Wichita; **Anthony Maisel**, ex-KOAA-TV Pueblo-Colo. Springs, appointed KSNW station mgr.

Joseph Saitta moves from KTTV L.A. to Metromedia TV corporate vp-news; changes at Metromedia's KNBN-TV Dallas: **William Castleman**, ex-WKBD-TV Detroit, named program dir.; **Katy Elliott-Attebery**, ex-KTTV, appointed vp-gen. sales mgr.; **Sheri Germain-Stambaugh**, ex-KRLD(AM) Dallas, named business mgr... **Gerald Adler** promoted to Playboy Channel exec. vp... **Barry Lemieux** named American Cablesystems exec. vp-COO... **Lou Giserman**, ex-WGST(AM) Atlanta, named UPI Radio Network news dir.

Crawford McGill advanced to NBC TV program production operations vp... Promoted at ABC: **Nelson Aponte** to dir.-office services; **Jeffrey Rosen** to corporate legal affairs employment practices senior attorney; **Richard Hockman** to network govt. regulation senior attorney.

Robert Gumer promoted to Columbia Pictures TV business affairs dir... **Gary Grossman**, KRKT-AM-FM Albany, Ore. gen. mgr. elected Ore. Assn. of Bcstrs. pres... "Ratings or Responsibility — the Challenge to Talk Radio" is Jan. 17 IRTS luncheon at Waldorf-Astoria Hotel, N.Y., features 5 radio personalities and **Dick Penn**, NBC Radio Network vp-gen. mgr... **Jeffrey Block** promoted to Petry TV group sales mgr.

Resignations at MCA Universal Pictures: **Robert Rehme**, theatrical motion picture group pres., and **Charles Glenn**, exec. vp-ads, publicity & promotion... **Richard Ayerig**, Nielsen Clearing House mktg. research dir., and **David Bender**, Clearing House Western Div. sales mgr., elected vps... **Cynthia Winning** promoted to Daniels & Assoc. mktg. services dir... **David O'grean** promoted to ESPN senior program acquisitions specialist... **Michael Richardson**, ex-KOKE(FM) Austin, Tex., named head of new Tex. AP Radio Network which begins in 1984; AP names new state broadcast editors: **Chris Dahl**, Conn.; **Len Iwanski**, N.Y.; **David Staats**, Ore.

Stuart Hersch, ex-Barovick, Konecky & Kay law firm, named King World Productions COO-gen. counsel... **Jeffrey Meadows**, ex-NBC, appointed Sony Best. Ltd. managing dir.-designate... **James Luksch** advanced to Texscan pres., succeeding **Carl Pehlke**, who continues as chmn.

Terry Reagan promoted to MCA corporate

internal audit dir.; changes continue at Universal Pictures Div.: **Marvin Antonowsky**, ex-Columbia Pictures, rejoins as pres. of newly formed Mktg. Div.; **William Soady** promoted to newly formed Distribution Div. pres.; **Marc Halperin**, ex-Embassy Pictures, appointed Universal Classics Div. national sales mgr... Newly elected Best. Pioneers Educational Fund dirs.: **Nancy Dickerson**, TV Corp. of America; **Jack Harvey**, Blackburn & Co.; **Richard Schmidt**, Cohn & Marks; **Harry Smart**, Blair TV; **Lawrence Taishoff**, Bestg. Publications; **Albert Warren**, Television Digest Inc.

Lee Paschall promoted to American Satellite chmn. effective Jan. 16, replacing **Emanuel Fthenakis**, who remains a dir.; **John Lemasters**, ex-Harris, appointed pres... **Larry Frankenbach**, ex-Multimedia Entertainment, appointed Group W Productions Midwest Div. mgr... **Diane Sass** advanced to Metromedia TV corporate vp-research... **Barbara Levy** joins AAAA as staff exec.-public affairs.

FCC Senior Executive Service bonus awards for 1983: Common Carrier Bureau Chief **Jack Smith** \$180,000; Mass Media Bureau Chief **James McKinney** \$8,000; \$6,250 each to Gen. Counsel **Bruce Fein** and Private Radio Bureau Chief **Robert Foosner**; \$5,000 each to Field Operations Bureau Chief **Richard Smith**, Deputy Chief of Common Carrier Bureau **William Adler**, Deputy Chief of Mass Media Bureau **Henry Baumann**, Assoc. Managing Dir. **Thomas Campbell** and Deputy Managing Dir. **Alan McKie**; \$3,500 each to Assoc. Gen. Counsel **Daniel Armstrong** and Field Operations Bureau Deputy Chief **Arlan van Doorn**.

FCC lacks jurisdiction to preempt state & local regulation of tiered cable services that contain some distant signals, National League of Cities (NLC) argued in asking Commission to reconsider Nov. 8 order restricting state & local rate regulation to basic service. Cable TV Information Center, in separate filing, joined NLC in asking FCC to reconsider decision which stemmed from bid by Nev. to rate regulate mixed tiers offered by Community Cable TV in Las Vegas. Both groups claimed that it's common in franchising for cities to exert rate regulation over package of non-basic channels.

Someone costumed as **Darth Vader** made 2 sneak appearances on Storer's South Fla. cable system recently, interrupting HBO movie to pitch sale of illegal converter/descrambler boxes. Storer official said interloper apparently wired into trunk line for broadcast. Pitching "Ernie's Descrambler Service," person told viewers: "We're going to make scrambled eggs out of Storer Communications." Investigation is under way.

NPR won't extend agreement with National Information Utilities which would have allowed NIU to use satellite system and subsidiary communications authorizations of NPR member stations for commercial data transmission network. NIU last week missed its 2nd deadline for obtaining funding.

Some 38% of radio stations editorialize, according to RTNDA survey.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 9 (49th week of 1983):

	DEC. 3-9	1982 WEEK	% CHANGE	NOV. 26- DEC. 2	49 WEEKS 1983	49 WEEKS 1982	% CHANGE
TOTAL TV#.....	443,800	394,670	+12.4	429,830	18,471,166##	16,090,947	+14.8
COLOR#.....	315,199*	239,828	+31.4	338,025*	13,097,313##	10,721,082	+22.2
MONOCHROME....	128,601	154,842	-16.9	91,805	5,373,853	5,369,865	+ 0.1
PROJECTION TV...	3,820	3,239	+17.9	3,753	132,922##	108,491	+22.5
HOME VCR.....	119,868*	73,005	+64.2	128,977*	3,738,369##	1,843,820	+102.8
COLOR CAMERAS...	14,746**	9,603	+53.6	14,147*	372,265##	269,677	+38.0

Color TV 5-week moving average: 1983--328,645*; 1982--263,302 (up 24.8%).

Home VCR 5-week moving average: 1983--115,865**; 1982--65,718 (up 76.3%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

ZENITH SYSTEM & DBX CHOSEN FOR TV STEREO: Climaxing 4 years of organization, testing & deliberation, industrywide EIA Multichannel TV Sound (MTS) Subcommittee last week voted unanimously to recommend Zenith transmission system with dbx companding as standard for new compatible TV sound system with stereo and extra audio tracks.

Choice will be filed with FCC by Jan. 30, along with voluminous test data, and optimism was high on subcommittee that Commission would choose single system, as staff is expected to recommend (TVD Oct 24 p10). But even if FCC goes ahead with original plan to okay all qualified systems and let marketplace decide, industry has chosen single system which almost certainly will become de facto standard.

Zenith was clear-cut choice — as we forecast more than month ago (TVD Nov 14 p12) — and clincher was final series of tests of each transmission system with each companding system, preserved on digital audio tapes (Test 7). Subcommittee members agreed that Test 7 was decisive — one member saying: "After all the work we did, it all came down to listening to tapes and picking the best system."

Unanimity was somewhat retroactive in voting, but there was none of acrimony which marked meeting after last year's tests, in which one of proponents, Telesonics Systems, charged bias, threatened suit, resulting in this year's new round of tests, which were far more complete. On MTS subcommittee, TV set makers had 3 votes, each of 4 networks one, IC manufacturers one, trade associations NAB, NCTA & Assn. of Maximum Service Telecasters one each.

TV set makers came in from own meeting giving pro forma vote to EIA-Japan system — Japanese manufacturers forming majority of group — with instructions to switch vote to Zenith if others chose it. MST abstained because its mandate was only to see that chosen system didn't cause interference; PBS also abstained because its Chicago affiliate WTTW is 10% owner of Telesonics (TVD Dec 19 p18).

Voting on companding system (to avoid curtailing audio coverage area of TV sound signal, help cut noise) was more complex. Initial vote was running 5 for dbx, 4 for Dolby, when CBS's eligibility to vote was challenged because its CX system was one of candidates. Steering committee went into 1-1/2-hour executive session, decided CBS was eligible. Voting again went 5 dbx, 4 Dolby, with CBS among abstainers. Next vote made it unanimous.

NCTA voted for Zenith, but added qualification stating that all 3 transmission systems were "detrimental to the cable industry" and that its sole criterion in voting was on best quality sound, specifying that its vote was with "express condition" it didn't imply that "mandatory carriage of the signal will be acceptable to cable operators." NCTA will file with FCC, strongly opposing any must-carry rules.

"I don't think the industry ever has had more complete tests or reports on anything we've ever done," said NAB Vp Thomas Keller, subcommittee chmn., adding that MTS "should go like gangbusters, because we don't have any restrictions as we've had with other systems" — reference to industry studies on AM stereo and teletext which resulted in no recommendations and FCC "marketplace" decisions.

MTS transmission can offer both stereo and additional audio channel for TV. There already are indications that some stations hope to get new equipment on air as soon as possible after FCC okay, probably starting first with bilingual sound broadcasts — almost all filmed programming is available with Spanish dubbing. ABC-TV is believed to be considering broadcasting summer Olympics with both English & Spanish commentary if FCC authorizes broadcasting in time.

Audio & TV manufacturers don't have to wait for FCC, are already preparing to introduce receivers, adaptors & TV sets designed for new sound. Best bet is that multichannel radios with dual speakers, designed for set-top mounting, will come first, followed by adaptors for TVs which have MTS jacks, then hi-fi component tuners and complete stereo TVs. Since manufacturers have had time to design around all systems, first complete TV sets could come as early as this summer or fall.

Zenith promised to grant free licenses to all comers; dbx, subsidiary of BSR (USA), promises "mutually acceptable royalty fees." Zenith said last week it "plans to design & build adaptors & receivers as soon as the FCC authorizes TV stereo audio broadcast systems," noting there are over 2 million Zenith sets in the field equipped with its Redi-Plug feature which makes them easily adaptable.

As if booming TV sales weren't enough, TV receiver industry's Christmas eve was spiced with visions of stereo sugar plums.

PIONEER VIDEO, IN BLACK, PLANS DIGITAL-SOUND LV: Pioneer Video, U.S. business built on laser videodiscs & players, moved into profit column "in all areas" this year, will be in black for quarter ending Dec. 31, and "we are making money with every machine we sell," Pres. Ken Kai announced exuberantly at company's annual news conference and Christmas party in N.Y., where new compact consumer & industrial players using semiconductor lasers were introduced.

Last week's new products are only beginning in big Pioneer Video expansion. Following news conference, Kai told us that digital audio soundtracks would be added to future LV discs (presumably Pioneer Artists music releases) after Pioneer introduces combination LV-CD digital audio disc player. Digital sound videodiscs also will have analog sound for compatibility with non-digital players. He said new player & discs will be introduced in 1984 after license negotiations with Philips are completed. To be introduced at summer CES will be 8" LV "single" discs, running 23 min. in CLV (non-special-effects) mode.

Company also is developing system capable of still picture with digitally encoded sound, providing 20 hours commentary with 6,000 slides per side, as well as recording videodiscs in both permanent & erasable modes, according to annual report. Kai said recordable disc would be available in about 5 years. He heralded imminent expansion of PV's video component line with new product in 1984 not connected with videodisc business. "We have the most expensive [video] equipment on the market," he said, "and find it a nice business. We don't have to compete with the biggest guy."

That seems to sum up PV philosophy, which sees coexistence with RCA's mass-market videodisc player, whose prices are continually being brought down. Kai stressed PV's limited distribution — "we hope to keep it a high-end product, keep the price high; it's one of the few video products which makes the retailer money." He said Pioneer had no plans to reduce

custom-pressing price and Pioneer Artists wouldn't cut disc prices. PA's music discs don't have much rental business, "so they're not as price sensitive" as movie discs. As for PV's limited approach vs. mass-market disc business: "RCA isn't making money" on players & discs. "I'm making money."

PV subsidiary Pioneer Artists, which has been in black since 1982, is "biggest music-only company in home video," said Pres. Barry Shereck. It now has 60 titles, will add like amount in 1984. Total of 650 titles will be available in LV format by early 1984, said Kai, and 600 more will be added by Sept. 30.

New consumer player, which has been on sale in Japan since Nov. (TVD Oct 17 p13), goes on U.S. market in Feb. It's front-loaded through drawer, has added access features, complete wireless remote control, computer interface port, is about size of RCA CED player, matches Pioneer's Foresight line of video components. It will be priced at \$800, same as bulkier predecessor, which is sold out and discontinued. Low-end non-random-access unit continues at \$600.

Industrial player is similar, with addition of frame memory and other features, sells for \$900 in single-unit quantities. Wired remote control at \$45 has 2 speakers for stereo audio in handheld unit, as well as jacks for headphones.

Audio reporters at news conference had deja vu experience as PV demonstrated upcoming audio processor accessory for LV, which has settings for surround sound in studio, theater, stadium or simulated stereo modes. It uses matrix 4-channel system similar to CBS's SQ, plus variable reverberation and one other process not described. For maximum effect, 2nd amplifier and 4 speakers are needed. It will be available in Feb. at \$300. Kai indicated some LV discs are being released with special encoding for system, demonstrated it with Earth Wind & Fire concert disc, Raiders of the Lost Ark, Rocky II.

PV is "working with personal & home computer companies," believes "a good percentage of our future is there," Kai said. Most of current industrial product is going to arcade games, where PV is now supplying 3 of 16 companies which have ordered product — "the others are suing us." He added: "I don't want that business exclusively — it's just another business to us." In 4th quarter, he said, PV rejected 25,000 retailer orders "which we suspected were for arcades." Asked about feature in RCA's new random-access player not contained in any consumer LV unit — programmability — Kai quipped: "We have to leave some room for RCA to be in business."

Pioneer in Japan is now producing 25,000 players monthly, will step up to 30,000 in Feb.-March, increase capacity to 40,000 in May-June, Kai said. Over half of output goes to U.S.

* * * *

Pioneer will manufacture Sony Lasermax LV player for Japan market, as we intimated last week (TVD Dec 19 p14), supplying some 3,000 monthly. In exchange, Sony will supply Pioneer with Beta Hi-Fi VCRs, also for sale in Japan. Pioneer is longtime member of Beta group, but hasn't been active in market. Kai said PV won't market VCRs in U.S.

VIDEO IMPORT RECORDS SET IN OCT.: Strength of pre-Christmas demand for video products is reflected in rash of new import records in Oct. VCRs, color cameras, total TV, total color TV and projection TVs all set all-time monthly high, while new Oct. peak was set by complete color, and highs for year were hit by incomplete color and videodisc players.

VCR imports doubled in Oct., coming in at 607,600, erasing 504,700 mark set last Aug., and putting 10-month total at 3.58 million, up 74.1%. Total camera imports jumped 26% in month, as color climbed 33.3% to 55,500, while b&w slipped 15.4% to 6,200. However, 10-month camera imports of 375,200 were off 10.4%, with color down 10.1% to just under 308,000, b&w down 11.5% to 67,200. In cameras, imports of color units valued at less than \$2,000 were 54,900 for month, nearly 300,000 for 10 months. In other video gear, shipments of disc players leaped 228.1% to 10,500, putting 10 months at 57,200, up 34.2%, while projection TVs jumped 179.9% to 9,100, for cumulative total of 40,200, up 43%.

In TV, total imports rose 32.6% to 1.29 million, as color climbed 84.6% to 802,900, b&w slipped 9.3% to 490,100. For full period, imports were up 14.3% to 9.64 million, with color up 47.4% to 5.45 million, b&w down 11.5% to just under 4.2 million. Imports of complete color sets doubled to 480,500 on strength of major increases in shipments from Korea & Taiwan, and put 10-month total at 3.18 million, up 75.9%. That well exceeds full-year complete color import record of 2.77 million set in 1978. Imports of color chassis & kits jumped 66.2% in Oct. to 322,400, for cumulative total of 2.27 million, up 20.2%.

Mini-combos took biggest Oct. nosedive in complete b&w category, falling 28.7% to 75,700, while other tinyvisions rose 12.3% to 82,000 and over-10" slipped 8% to 332,100. For 10 months, combos were down 30.6% to 485,200, other small screens were off 20% to 514,000, larger models were down 6.3% to 3.18 million.

INDUSTRY SEES HIGHER '84 SALES, PROFITS: In burst of optimism, manufacturers see consumer electronics industry reversing long-term trend and realizing increased profits in 1984. Forecast is made on basis of belief in 31% increase in VCR sales, modest gain in TV, but expansion of total consumer electronics sales volume by 10%.

Those are highlights of results in our 25th annual survey of TV manufacturers on prospects for new year. In terms of numbers, these are median predictions, together with our projections of final 1983 results:

Product	1984 (forecast)	1983 (estimated)	1984 vs. 1983	1982	1983 vs. 1982
Total TV#.....	19,750,000*	19,655,000**	+ 0.5%	17,131,568	+14.7%
color#.....	14,250,000*	13,900,000**	+ 2.5%	11,366,334	+22.2%
monochrome#.	5,500,000	5,760,000	- 4.5%	5,765,234	- 0.1%
Projection TV..	170,000*	145,000**	+17.2%	117,253	+23.7%
Home VCR.....	5,350,000*	4,075,000**	+31.3%	2,034,797	+100.3%
V'disc players.	400,000*	300,000**	+33.3%	222,625	+34.7%

Excluding projection. ** Projected record. * Record.

Color forecasts ranged 13.5-16.8 million, 69% putting number at 14-14.5 million, only 19% giving figure below 14 million, and only one of the 16 respondents (6%) going above 14.6 million. Prospects for price increases are poor, according to consensus, only 19% seeing rise (discounting changes in mix), 44% forecasting lower prices, 37% predicting unchanged average prices. Median forecast is for no change in prices.

Imports will continue to rise — median estimate is that imports of complete color sets will represent 29.5% of total, up from 27% this year. Translated into numbers, this means increase from 3.8 million imports in 1983 to 4.2 million in 1984, based on color sales forecasts. Estimates of imports' share ranged from 25% to 35%. About 14% of total color sets sold in 1984 will include video input jacks, according to median forecast.

Monochrome TV sales will slip slightly to 5.5 million from this year's 5.76 million, in opinion of manufacturers, individual forecasts running gamut from 4.5 to 6 million. Some 170,000 projection sets will be sold, forecasts ranging 150,000-350,000, but with over 80% in 150,000-175,000 ballpark.

Home VCR once again will be biggest gainer in 1984, sales up 31.3% to 5.35 million, survey indicates. No single respondent saw decline, and forecasts ranged 4.5-6 million. There was strong feeling VCR price decline would continue, at median 5% dip below 1984 prices. Of respondents, 69% forecast decline (ranging 5-12.5%), only one (6%) saw increase, remaining 25% predicting no change in average prices. Manufacturers foresaw slight increase in percentage of portables — to just under 19% from 1983's estimated 17%.

Videodisc player sales were seen increasing to 400,000 from estimated 300,000 in 1983. All

but one respondent saw increase, and numbers ranged up to 500,000 units.

Nobody saw sales decline for consumer electronic products, and increases ranged 4-30%, median coming to 10%. And — best news of all — nobody forecast dip in profits, although 37.5% said they'd run at same level as 1983; forecasts of increases ranged 1-20%.

Biggest challenges to industry in 1984? In past years, "making a profit" was overwhelming pick. This year, comments varied all over the place, although profits or profitability — often in connection with VCR or color — were mentioned by 50% of respondents.

Maintaining sane price policies was prominently mentioned as challenge. Also repeatedly expressed was availability of parts and end products to keep up with demand — and just as prominent was concern over overproduction & inventories coming off banner year. Among others: New products and confusion they can cause — new picture tubes, monitors — and maintaining price premium for them. Forecasting demand for specific models. Adjusting to shrinking lead time brought about by rapid innovation. Among products specifically mentioned as challenges, computers were overwhelming preoccupation, with DBS receivers, mobile radio, audio also nominated.

Just how good is industry's self-forecasting? Exactly 52 weeks ago, it looked into same worn-out crystal ball and came up with 11.5 million color sets, 5,250,000 b&w, 2.5 million VCRs for 1983. Highest forecast for color TV was 11.8 million, highest for VCR 2.8 million.

INTERACTIVE TV SET: TV system which lets viewers choose between 4 simultaneous transmissions on same channel — or lets cable systems feed different programs to different groups of viewers — is being demonstrated to advertisers & agencies by Catalyst Technologies Inc., Sunnyvale, Cal., one of Nolan Bushnell's companies.

"ACTV" is one-way system, receiving end consisting of "smart box" measuring about 2x4" and handheld 4-button remote control. CT representative declined to reveal any details of transmission system, said it could work on cable or broadcast and that there was no deterioration of picture quality. Among suggested uses is transmission of videogames, or viewer's option in watching different views of same sporting event transmitted simultaneously on single channel.

One aspect being proposed to advertisers is transmission of 4 commercials simultaneously within same program, each beamed to different demographic or interest group. Home control box can contain information on family, and different commercials can be beamed to different family groups on same cable program, according to CT, home box making decision which commercial is to be shown over set. As described, home system could be installed & leased for about same price as cable subscription.

Invented by Michael Freeman, ACTV is said to be ready now, will first be used in "controlled situation," such as hospital closed-circuit system, where debut is being proposed in about 6 months, with system "fully on line" in 18 months to 2 years. Formal debut of system is planned in 30 days in N.Y. Perry Odak, ex-Atari, is CT exec. vp-gen. mgr.

Hi-tech seminar on U.S.-Japan relations is being sponsored by JETRO at Fairmont Hotel, San Francisco, March 13-14. Among slated speakers: Former MITI Vice Minister Naohiro Amaya, Sony Chmn. Akio Morita, NEC Chmn. Koji Kobayashi, Hewlett-Packard Chmn. David Packard.

FIRST HOME DISC GAMES: CES next week is scheduled to give trade first view of at least one home videodisc game — developed by RDI Video Systems, described here 3 months ago and subsequently postponed (TVD Sept 19 p18, Oct 10 p17). Now it's apparently on again and is scheduled for availability in Sept. at \$500-\$600 including videodisc player.

System is brainchild of Rick Dyer, who developed Dragon's Lair coin-op game and is partner in RDI, and is scheduled for availability in 3rd quarter. Game combines Laservision disc player with computer system containing 1,900-word memory, uses voice simulation & activation, so that user may converse with it. First game for system is Thayer's Quest, a Dungeons & Dragons type fantasy game with full animation, said to have cost more than \$1 million to develop.

Game console's computer is capable of storing information about various players and exchanging chitchat ("Hi, Bill — we played last Wed."). Built-in disc player can play standard videodiscs as well as interactive games. Dragon's Lair, which has grossed over \$43 million in coin-op version, won't be used on RDI game — home rights have been licensed by StarCom to Coleco, also planning home disc games.

Gray market is as active in electronic components as it is in finished products and is causing same kind of headaches for authorized importers. NEC Electronics is threatening trademark infringement suits against distributors selling gray market ICs, says it will drop any of its authorized distributors who handle such products. ICs from NEC and other Japanese companies are being sold to distributors here by brokers who pick up cancellations and surplus from factories in Japan. Authorized distributors are complaining about unofficial competition because parts being offered are frequently in short supply here and pricing is generally lower.

KODAK'S VIDEO LINE: Eastman Kodak says it will "introduce a new line of video products" Jan. 4 in N.Y. and display them at CES. Company continues to maintain silence on what it will show, but in view of its talks with Japanese manufacturers (TVD Dec 5 p9, Dec 12 p13), there's speculation it will include prototype of 8mm camcorder.

With both Kodak & Polaroid (TVD Dec 19 p15) now committed to video (both introducing videocassettes and floppy discs as first products) and other photography firms champing at bit to get at 8mm or other systems suitable for home photo market, test is coming as to whether — and with what products at what price — film buffs can be converted to video.

Certainly, photo firms have bombed in their fielding of conventional video products so far. In our market-share survey for 1982, the 5 such companies in VCR — Canon, Nikon, Olympus, Pentax, Technicolor — collectively gathered less than 1.5% of market, or about 300,000 units (TVD March 21 p9). Technicolor, which marketed unique 1/4" Funai-made CVC recorder, had already dropped out of market, liquidated inventory during 1982.

Magic of such names as Kodak, Polaroid & Nikon may not necessarily extend into field where big names are RCA, Panasonic & Sony — and most camera stores which have moved seriously into video market have added traditional electronic manufacturers' products.

Big chance for success of photo firms in video — perhaps only short-term chance — would seem to be in marketing unique products specifically designed for home picture-taking buffs. This certainly is market where traditional TV makers haven't met great success — camera sales in 1983 were equal to only 10% of VCR sales.

Another big photo name — Konika — now in videocassettes, will introduce its first video hardware at CES with exclusive product. It's vertical-design color camera weighing 1.6 lb., with new "Cosvicon" tube, 3:1 zoom, f1.5 lens, 35 lux sensitivity in version introduced in Europe, where it sells for about \$575 (TVD Sept 19 p18). Accessories are available, including electronic viewfinder.

RIAA tightens requirements for video software sales awards. Starting Jan. 1, new titles will need combined cassette & disc sales or licensed rentals of 37,000 units or \$1.5 million in retail transactions for Gold Award, up from 25,000 units or \$1 million. Platinum Award moves to 75,000 units or \$3 million from 50,000 & \$2 million. RIAA said members of its Video Div. will become full associate RIAA members April 1, giving them full participation in activities. Annual dues will run from \$250 for companies with sales under \$1 million yearly to \$5,000 for those with volume more than \$5 million.

Distribution notes: Zenith appoints Huish Distributing, Salt Lake City. Wells Distributing, former Zenith distributor for area, takes on Sylvania line, replacing Huish... BSR named U.S. distributor for video, audio & computer care products by KEMI of Denmark.

SONY'S RECOVERY: Sony's drive to cut costs and boost productivity paid off in final fiscal 1983 quarter with 411.2% jump in net on 10.3% sales rise. For year, though, earnings were off 35% on 0.3% sales decline (see financial table).

Sony said profit improvement in quarter stemmed from increased production, reduction in inventory, overhead & interest costs. For year, sales in Japan climbed 13.2% to \$1.37 billion, while overseas volume was off 4.8% to \$3.37 billion.

Though Sony had generally strong sales gains in final period, only TV among its major product areas showed improvement for year, with volume up 1.5% to \$1.14 billion. Sales of VCRs, tapes and other video gear slipped 3.6% to \$1.95 billion and audio sales were off 2.9% to \$1.05 billion. Sales of other products, including office equipment and computers, rose 14.5% to \$602.2 million.

In TV, sales of color sets edged up 1.2% to \$1.03 billion. Buoyed by pocket Watchman models, b&w jumped 36.3% to \$27 million, while projection systems slipped 7.6% to \$45 million and other, including components, rose 2.8% to \$44.9 million.

Sony said unit VCR sales climbed 18% for year to 2.25 million, color volume rose 13% to 2.72 million, while Walkman audio players were down 10.3% to 260,000. For 1984, Sony said it expects earnings to jump 67% to about \$214 million on 10-15% sales rise. It's looking for unit production & sales of 2.8 million VCRs, 3 million color TVs, 3 million Walkmans.

General Instrument cited depressed demand for components from videogame, computer & CATV equipment manufacturers, cost of switching to silicon-based technology for microelectronics, for 79% drop in fiscal 3rd quarter profits. For 9 months, earnings were down 64%.

Mergers & acquisitions: AT&T has agreed to acquire 25% of Italy's Olivetti for \$260 million. Transaction would give AT&T European distribution base for its communications equipment, provide product source for its expected entry into U.S. computer and office equipment markets... Mattel has agreed to sell subsidiary Western Publishing to N.Y. real estate investor Richard Vernstein for \$75 million plus assumption of certain liabilities. Mattel, which has suffered large losses from electronics operations, is expected to use proceeds to reduce bank debt... Heron International of U.K., parent of British distributor Videoform, has acquired majority interest in Media Home Entertainment. Herron Chmn. Gerald Ronson assumes same title at MHE, succeeding Joseph Wolf, who will continue in management role. Ron Safinick remains as pres. Under Heron, MHE is expected to expand into production financing, industrial films and cable market distribution.

Braun TV component line is slated for fall introduction by ADS, which holds exclusive U.S. distribution rights to German manufacturer's consumer electronics. On drawing boards now are 25" monitor with matching cable-access component tuner, audio amplifier, speakers. VCR is being considered.

Video software notes: Sony Video has acquired rights to issue Video 45's on 11 rock music acts from EMI Picture Music International... 3M enters recorded video with 11 how-tos on fishing at \$60-\$90... MTV says it's being approached by software marketers wanting to license name for planned "Best of MTV" video clip albums... Jem Records, national audio disc & tape distributor, is adding Sony's music video line to catalog... Pathmark food chain in N.Y. has completed test of tape sales & rentals in one store, program is being expanded to most of its other major outlets. Spokesman for distributor Win Records & Video, supplier to General Home Video, said next stage is addition of rental VCRs. Win, he said, will purchase hardware on its own. Also coming are blank cassettes.

Electronic typewriter at just \$71 is being offered in U.K. by Spiralux under Krypton brand. Battery portable unit apparently uses same low-cost daisy wheel system company builds into computer printer it supplies for Coleco's Adam system.

China may acquire 20% interest in Conic Investment, Hong Kong-based manufacturer of consumer electronics, computers & components and which also has real estate & investment operations. Last fall, Conic and govt.-owned China Resources Ltd. launched \$20 million 50-50 venture to produce components in development zone just north of Hong Kong. Facility is designed for expansion for production of complete TVs and audio equipment. Direct investment by China could give Conic inside track for setting up mainland sales organization.

JVC has expanded playing time of longitudinal-scan standard cassette digital audio recorder to full hour. New version is bidirectional, uses 13-track thin film head, offers 30-min. per side recording on metal tape. System has 2.12 megabit per sec. transmission rate, compared with 1.04 mbps of unit shown last year. JVC said prototype could be produced by 1985, indicated it would submit system for consideration as industry standard.

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 ____ Charge to: _____ American Express _____ MasterCard _____ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

PHILIPS' GRUNDIG TAKEOVER: Consolidation of Europe's consumer electronics industry will move major step forward April 1 if German Cartel Office gives expected approval of N.V. Philips' plan to expand ownership in and take operating control of Grundig. GCO said it will discuss proposal with those companies next month.

Though details of takeover move weren't announced, indication is that Philips will increase its current 24.5% interest in Grundig, and Grundig family will sell enough of rest of its holdings to European bank consortium so that Philips & banks combined will have absolute majority ownership. While Grundig is expected to continue as independent entity, management will be directed by Philips. Founder Max Grundig, 75, will retire, continue as senior consultant. Estimates are that transaction will cost several hundred million, including \$54 million up front cash payment to Max Grundig. Also, there will be guaranteed minimum dividend payments to Grundig family foundation.

Through takeover, Philips would be assured of Grundig's continued support of V2000 VCR format, even though both are to start assembling VHS models next spring, and Grundig could be expected to join in Philips' scheduled European introduction of 8mm Video camcorders next year. It also would ensure continuation of Grundig as European market force. German producer racked up deficits of \$67.5 million & \$12.6 million in 1980 & 1981 before recovering with \$37.5 million profit last year, but that could be reversed by competitive pressures.

Both Philips & Grundig believe united European industry is only answer to import competition. Cartel office has been wary of such potentially anticompetitive ties, and earlier this year refused to allow Philips to acquire control of Telefunken's consumer business unless it sold its Grundig holding. Telefunken unit was instead picked up by France's Thomson-Brandt, which also controls Germany's Nordmende, Saba & Dual. Since then, however, TB linked up with JVC and Robert Bosch entered VCR production venture with Matsushita, and Philips-Grundig deal is being viewed as best European-based solution to Grundig's longterm survival. European sources say Philips is prepared to help Grundig meet capital needs with \$90 million loan, and may institute production rationalization by manufacturing VCRs and other high-tech production for Grundig, reducing need for new equipment investment.

* * * *

Philips has handed Japan's MITI knotty EC VCR quota allocation problem by requesting Matsushita supply it with finished VHS models in first half 1984. Under license agreement, Matsushita is to provide Dutch company with parts kits for its own assembly operation; they would be quota free as long as 25% of finished product value is added in Europe. But now Philips is asking for 200,000-300,000 completed VCRs for use as market pump primer while it ramps up own production. These would of course be counted under 3.95 million quota on Japanese 1984 exports, and would eat up as much as half of Matsushita's estimated 600,000 allocation.

While Matsushita is assembling in Germany, output there wouldn't make up for quota loss. MITI can't unilaterally increase quota, and other Japanese manufacturers aren't likely to volunteer allocation shares to help Matsushita out. However, Philips has insisted it plans no sales of VHS VCRs in Europe this year, so it presumably could arrange to have Matsushita ship to 3rd countries, get extra quota for any that go to Europe by pledging to re-export them.

Ad notes: Gold Star appoints TBWA Adv. to \$2 million account, replacing Braun Adv. First objective will be building consumer brand recognition... Viare Publishing has put plan for new magazine Home Computer Review on ice, will replace Electronic Fun magazine with ComputerFun in April... Magnavox will feature factory rebates of \$20-\$100 on TVs, VCRs & cameras in Jan. 29-Feb. 25 promotion... Capitol Data Systems, new division of Capitol Records, appoints Ogilvy & Mather to handle market test of blank floppy disc line... 3M names Grey & Davis for PR for Memory Technology Group — video & audio cassettes, computer discs & tapes.

JVC has started pilot production of one-piece VHS-C Video Movie, expects to be in full production, at 20,000 monthly, by start of 1984. Though camcorder isn't due for marketing in Japan until March, retailers there are already promoting it with in-store posters, promising delivery at \$1,275. Sales in U.S. & Europe are planned for midyear. JVC has set up 2 Video Movie production lines at Yokohama plant at reported cost of \$850,000. Sony's competing Betamovie sells in Japan at about \$1,145.

Japan has notified EC Ministers it wants to discuss reversal of scheduled imposition of doubled duty on digital audio CD players before it makes formal complaint to GATT (TVD Dec 5 p14). Rate is slated to jump to 19% Jan. 1, drop to 16.5% in 1987, to 13.5% in 1988, return to standard 9.5% rate for phonos in 1989. Proposed offsetting concession is eliminating duty on open-reel tape recorders for 3 years, raising that to 2% in 1987, to 4% in 1988, 7% in 1989, restoring current 7.6% rate in 1990.

Mandatory standards for advertising & packaging of telephones were urged on phone industry by Telecommunications Research & Action Center. Exec. Dir. Samuel Simon said he intends to file complaint with FTC over deceptive advertising. Simon took exception to advertising "FCC approved" or "Govt. accepted," said packaging often doesn't specify whether phone inside is intended for pulse or tone dialing.

Applied Materials of U.S. obtained \$3.4 million loan from Japan Development Bank for IC r&d subsidiary it's establishing there. Loan is first ever granted by JDB to 100% foreign-owned venture, and observers credit its approval to recent U.S.-Japan agreement to lift all barriers to international IC trade and investment. JDB says it's first only because no company ever applied before. AM is getting additional \$4.1 million in bank and local govt. loans.

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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
General Instrument			
1983-39 wk. to Nov. 27	661,027,000	28,638,000	.92
1982-39 wk. to Nov. 28	743,582,000	78,821,000	2.58
1983-13 wk. to Nov. 27	227,680,000	5,298,000	.17
1982-13 wk. to Nov. 28	234,264,000	24,855,000	.81
National Semiconductor			
1983-28 wk. to Dec. 11	801,487,000	24,100,000	.29 ^a
1982-28 wk. to Dec. 12	627,906,000	(3,429,000)	--
1983-12 wk. to Dec. 11	368,964,000	13,196,000	.15 ^a
1982-12 wk. to Dec. 12	277,525,000	(3,493,000)	--
S.A.L. Cable Communications			
1983-9 mo. to Oct. 31	18,007,000	(614,000)	--
1982-9 mo. to Oct. 31	20,997,000	(217,000)	--
1983-qtr. to Oct. 31	5,139,000	(359,000)	--
1982-qtr. to Oct. 31	6,431,000	33,000	--
Sony^b			
1983-year to Oct. 31	4,707,700,000	126,200,000	.55 ^c
1982-year to Oct. 31	4,719,600,000	194,200,000	.84 ^c
1983-qtr. to Oct. 31	1,272,100,000	53,700,000	.23 ^c
1982-qtr. to Oct. 31	1,153,100,000	10,500,000	.05 ^c

Notes: ^aAdjusted. ^bAt yen's current rate. ^cPer ADR.

Consumer Electronics Personals

Whitson Smith, former Magnavox SW Div. gen. mgr., joins Pioneer Video as consumer sales vp... Michael Wiggins advanced at Akai to sales vp; T. Kobayshi named finance & operations vp... Daniel Ross resigns as Timex Computer vp following merger of computer & watch sales organizations, will handle special projects until he leaves company in March. Ross's duties are being assumed by Michael Jacobi, corporate mktg. vp; Kirk Pond, Timex Computer pres. & corporate electronic products vp, retains responsibility for OEM manufacturing.

Ed Hart, ex-JBL & Phase Linear, named exec. vp of Select Representatives, N.J. reps for JVC, Nintendo & Soundesign... Jack Smith, ex-Jensen, joins Micor Software International as national sales mgr... Reid Boates appointed Warner Software vp... Bruce Bengtson, NAP asst. controller, Ronald Philips, administrative services dir., and Denis Riordan, labor relations dir., named vps... Walter Cole joins Sony as vp for taxes.

Dan Davis resigns as pres. of NARM and affiliate Video Software Dealers Assn. for personal reasons, successor to be considered at NARM board meeting in Chicago this week... Patrick Howley advanced at VCA Teletronics from engineering & technical maintenance dir. to operations & engineering vp; Will Roth promoted from vp to senior vp, sales & mkt. development... Harold Komisar, ex-CBS & MCA Records, joins distributor Win Records & Video as liaison with key accounts.

Melvin Morris, ex-Zilog, joins RCA Solid State Div. as national sales vp, succeeding Joseph Cleary,

now responsible for international business development... William Watson advanced at GI's Clare Div. from finance & administration vp to pres., succeeding Harry Skilton, resigned... Lawrence Klassen, ex-Control Data, named mktg. & sales vp of Vertimag Systems, developing perpendicular recording computer disc drive.

Coleco shares fell sharply in heavy trading last week in response to quality complaints over its Adam home computer. In article, Consumer Reports said it couldn't run evaluation tests because none of 4 Adams purchased would run, promised to try again if it could buy model that "works the way it should." J.C. Penney said it canceled outstanding orders because systems didn't meet retailer's quality standards. Earlier, Penney announced it would stop selling home computers at its stores Feb. 1, though it would offer single Atari model in spring catalog. Coleco said it had corrected production problems experienced with early models, and that defect rate of current output is "within industry standards."

NEC & Zilog settled patent infringement and unfair competition dispute. Terms weren't announced, but arrangement is expected to include cross licensing. Action started last spring when Zilog charged NEC infringed its 8-bit microprocessor patents, then asked International Trade Commission to block further imports. NEC brought countersuit in U.S., filed similar import-suspension request in Japan.

Taiwan's growth in electronics output is expected to average 12.7% yearly through current decade, reach \$13.5 billion in 1989, Economic Planning & Development Council predicts. Council says island had 1,987 registered electronics manufacturers at start of 1983 — 1,780 locally owned, rest wholly or partly foreign-invested.