

WEEKLY

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FOWLER/REAGAN FINANCIAL INTEREST TALKS SCORED: Confirming report in our sister publication Communications Daily Feb. 2, House investigators released staff report same day that says President "acted improperly" by meeting in Sept. with FCC Chmn. Fowler to discuss then-pending financial interest & syndication rulemaking: "The President has intruded on the independence [that] Congress intended when it created the FCC."

"The President was injudicious in calling [Fowler] to the Oval Office... It was particularly unwise, given the President's personal interest, and the financial interests of his friends in the rulemaking proceeding," report continued. "The President acted improperly and undermined the fairness and the integrity of the rulemaking proceeding by failing to place on the record the occurrence if not the substance of the meeting once it was held." Report was silent on question of possible sanctions.

Sixteen-page report was prepared by investigators for House Energy & Commerce Oversight & Investigations Subcommittee chaired by Rep. Dingell (D-Mich.). Investigation was launched

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BETA PICKS UP new adherents in Far East. Chinese venture launched with Sony license; Korea's Hyundai also signs with Sony. (P. 18)

NEW SETS: Sharp adds 20" FST color, one-piece portable. Introductions by Samsung. (P. 18)

immediately after President met with Fowler Sept. 28, was based on interviews with Fowler & Comrs. Dawson, Quello & Rivera, Asst. Attorney Gen. William Baxter, NTIA Dir. David Markey and Fowler's chief aide Randy Nichols. No attempt was made to interview White House aides.

In releasing report, Dingell attached cover letter saying he believed its findings were fair & justified. "The President, like any other citizen, isn't above the law... The President's actions [have] undermined confidence" in the integrity of independent regulatory process, Dingell wrote. Subcommittee Republicans didn't see report until shortly before it was released. Said one GOP aide: "This is obviously a political thing."

Report charges White House with failing truthfully to disclose details of meeting in published accounts and correspondence with Dingell. Investigators said official report of how meeting was set up, recounted in letter by Presidential Asst. Kenneth Duberstein to Dingell in Nov., says Fowler asked for meeting. But investigators said Fowler claimed Presidential Asst. Craig Fuller called him to request meeting. "If [Fowler & Nichols] were truthful in describing how the meeting with the President was arranged — and there is no apparent reason to doubt them — then the President's version, as described by Mr. Duberstein, is inaccurate & misleading," report said.

"A first-time summons to the Oval Office — on a matter where the President was known to have a strong point of view — carried a message all of its own," report says. "Under such circumstances, the forum itself becomes the message. In fairness to all parties, a record disclosure should have been made at least of the existence if not the substance of the Presidential ex-parte contact."

Ex-parte rules limit manner in which anyone with interest in regulatory proceeding may discuss matter directly with FCC members. While rules don't bar such personal contacts, they do require that substance of talks be set down in writing and placed in public file for inspection. White House claimed meeting was merely "briefing" for President, but investigators concluded that President, by asking questions of Fowler during meeting and commenting on the issue, played more active role which should have been reported. Neither Reagan nor Fowler has filed ex-parte report.

Report's release was abrupt & unexpected. Sources said Dingell hoped for dramatic unveiling, possibly at FCC oversight hearing by sister Telecom Subcommittee Feb. 8. Dingell aide refused comment on faster release, claimed no timetable was ever settled. Report came in form of Committee staff recommendations and not as more formal Subcommittee report that would require review of all members, and include comments from dissenting legislators. No Subcommittee report is expected and no hearing is planned.

White House spokesman also refused comment: "I doubt that we will ever comment." Spokesman said President would have no comment. Fowler hadn't yet read report when he talked to our sister publication but said that White House "made no effort, direct or indirect, to influence the [FCC] or to tell us what to do in the proceeding." Fowler contended that briefing with President was "absolutely appropriate [but] I certainly would like to see the report to see why the [House] staff reached a different conclusion."

MODEST BUDGET INCREASES PROPOSED: In line with Administration efforts to hold down federal spending, President Reagan requested only modest increases in fiscal 1985 budgets for FCC, FTC, NTIA & USIA, proposed sharp cuts for CPB despite pressure from Congress for increases there. Budget calls for increased personnel at NTIA, and for USIA to continue upgrading broadcast facilities. FCC would trim 22 from staff, but salary budget would increase about \$1 million.

Proposed for FCC is \$92.6 million, marginally more than \$91.2 million that Congress in Nov. authorized for current fiscal year. Budget breakdown: Mass Media Bureau, \$20.6 million; Common Carrier Bureau, \$18.6 million; Private Radio Bureau, \$9.4 million; field operations, \$19.6 million; commissioners, \$2.2 million; science & technology, \$6.9 million.

FCC budget projects decrease in staff of 22 for total of 1,953. Private Radio would lose 16 positions, 9 as result of CB deregulation. Seventeen jobs in various other bureaus would be cut,

but FCC proposes adding 8 people and spending \$335,000 to monitor Cuban radio interference. Common Carrier Bureau would add 4 staffers costing \$103,000 to audit divested Bell system, and 2 would be added to staffs of 5 commissioners, but where they would go is unspecified.

Mass Media Bureau got 23 additional staffers in FY '84, and proposed budget projects this will result in increase of 140-332 FM license awards in FY '85. Some 12,000 LPTV applications should be processed in FY '85, up from 5,600 in current fiscal year, budget said. In Common Carrier Bureau, 22 positions were added in FY '84 budget (\$748,000) to process cellular radio bids. Budget projects that will mean cellular disposal rate will triple from FY '83 rate of 203 to 650. It's anticipated that comparative hearings among competing cellular applicants in 25 markets will be completed by end of FY '84 2nd quarter, budget said.

Largest fixed cost increase in FCC budget proposal is additional \$2.6 million for rent as result of GSA hike. Commission requests \$334,000 to reconfigure space at 1919 M St. hq to absorb staff now working in nearby Brown Bldg. FCC said it needs \$78,000 for telephone access charges.

White House wants \$20 million slashed from \$130 million FY '86 budget that Congress has already appropriated for CPB, also requested only \$100 million for CPB in fiscal 1987 in what OMB said was Administration's continued drive to encourage private funding of public broadcasting. CPB wants \$238 million for FY '87.

President requested \$14 million for NTIA, vs. current \$12 million. NTIA spokesman said most of money is targeted for salary increases and some 6 new people for Washington office. As in CPB budget, line item was eliminated for grants to public telecommunications facilities; FY '84 proposal provided \$767,000. "The Administration continues to support the abolishment of the public telecommunications facilities grant program," OMB explained. Budget for international policy work would be \$751,000, about same as present. New program to develop Integrated Services Digital Network accounts for most of increase from current \$1.4 million to \$1.6 million in funds requested for systems & networks research & analysis.

USIA is targeted for \$545 million, up from \$477 million expected to be spent in current fiscal year. Budget proposes \$11.2 million for Radio Marti broadcasts to Cuba being administered by VOA. Marti proposal includes funds for land and construction of studios in Marathon, Fla., staff of 188 and purchase & installation of 50-kw transmitter.

Budget proposes \$173 million for VOA and \$43 million increase for TV & film service, including \$1.7 million "Euronet" global satellite network that links U.S. embassies for news conferences. Budget foresees increase in USIA staff from current 8,336 to 8,591. For Board for International Bestg., which administers Radio Free Europe & Radio Liberty, budget contains \$100 million, down from \$118 million currently.

NASA requested \$7.49 billion for FY '85, with just \$20 million of that for communications programs. As expected, \$90 million for Advanced Communications Technology Satellite flight demonstration was knocked out of budget, after Hughes filed FCC application for Ka-band system. ACTS technology development and ground test program will be pursued with \$5 million of FY '85 funds and more than \$25 million carried over from previous years. NASA Administrator James Beggs said restructured program would "address the original program objectives without the NASA-funded flight test." Communications satellite industry apparently doesn't agree, according to NASA file containing 30-40 letters protesting ACTS budget cuts.

Rural Electrification Administration would receive \$15 million to use in administering govt. subsidized or guaranteed loans to CATV & rural phone systems. Proposed FTC budget is \$66.6 million, up slightly from \$64.2 currently.

IT'S NATPE TIME AGAIN IN S.F.: For first time in memory, NATPE convention Feb. 10-14 in San Francisco will unfold without single FCC commissioner on agenda. In past years, quorum of commissioners usually participated in NAB-like panel, along with appearances at other sessions. Also notably absent this year will be any members of Congress as speakers or panelists.

Comr. Quello originally was slated to appear on Fri. panel titled "Washington Explores the Future," canceled in favor of his legal aide Kenneth Howard (Chmn. Fowler's legal aide Thomas Herwitz also will participate). Comr. Patrick told us he's going to NATPE to roam halls "to listen and learn," won't participate formally.

NATPE is going to total exhibit hall concept (as opposed to hotel hospitality suites) for first time in Moscone Center, has 187 programmers signed up for 90,000 sq. ft. Several major syndicators are holdouts, however, will have hospitality suites in Fairmont Hotel. Phil Corvo, NATPE exec. dir., said he expects to have all majors on exhibit floor next year "except maybe MCA."

Simmering underneath surface, too, is continuing dispute between NATPE & INTV over dates — situation that makes programmers who exhibit at both very unhappy. This year, INTV convention was 2 weeks ago in L.A. (TVD Jan 23 p3) and next year 2 will be just 3 days apart — INTV Jan. 5-8 in L.A., NATPE Jan. 11-15 in San Francisco. Corvo denied published report that NATPE moved its dates from Feb. to mid-Jan. in effort to force joint or back-to-back conventions with INTV in same city, said earlier dates were "forced" on NATPE by programmers.

Although 2 sides talked in L.A., will meet again in San Francisco, "there's no possibility of a joint convention and there never has been," INTV Pres. Herman Land told us. He's irked that NATPE never consulted INTV about earlier dates. Corvo said contract through 1985 was signed in Nov. 1980 with Moscone Center and that NATPE is locked in to dates through Jan. 23-27, 1987 in New Orleans. Land also denied that he is "feeling the pressure from angry program distributors" to work out compromise. Land had been scheduled to appear on NATPE panel on "Festivals and Conventions" Sun., bowed out because he didn't want discussions to center on INTV-NATPE dispute.

Corvo said: "We have been getting a lot of complaints from our distributors [about proximity of conventions] and so have they... We made a lot of suggestions in L.A.; they made none." He said chances were "slim to none" that compromise will be reached.

Preregistration for NATPE topped 3,200, vs. 2,900 last year, and "we're getting more [station] general managers than we've ever had," Corvo said.

Metromedia has signed agreement with Pres. John Kluge and 3 other top executives for their takeover of firm in stock buyout worth about \$1.5 billion. Deal, which would take company private, must be approved by Metromedia stockholders — who will receive package worth about \$41 per share. Two investment firms retained to advise company's outside directors called offer "fair... from a financial point of view." Day before proposed takeover was announced Dec. 6, Metromedia stock closed at 24-1/2; Jan. 31, stock closed at 35-1/2. Company said it shortly will file proxy statements with SEC. Boston Ventures Partnership Ltd. is involved with Kluge & associates (George Duncan, Metromedia senior vp-telecommunications; Robert Bennett, senior vp-broadcasting & productions; Stuart Subotnick, senior vp-finance & administration), said it will take "small" equity interest in Metromedia (TVD Dec 12 p2). Among Ventures partners are former Teleprompter principal owner Jack Cooke, Marvin Davis of 20th-Century Fox, newspaper publisher Rupert Murdoch and Warner Communications, which is fighting Murdoch over attempted takeover of Warner.

CATA is joining with NCTA to sponsor series of Washington legislative conferences. In letters sent under joint signatures of NCTA Pres. Thomas Wheeler & CATA Exec. Dir. Stephen Effros, operators are urged to come to Washington Feb. 27-29, March 19-21 & April 9-11 to lobby for HR-4103.

Alberto-Culver and CBS settled class-action suit Feb. 3 when CBS agreed to begin "immediately" accepting 2-product, split 30-sec. announcements through Sept. 1985. In Nov., A-C sued CBS, NAB and 7 major station groups seeking to force broadcasters to abandon "outlawed restrictions" of defunct NAB TV Code on number of products or services which could be advertised in 30-sec. spot (TVD Nov 21 p6). ABC & NBC had agreed to accept split 30s before A-C filed suit and group owners now are expected to fall in line, also. CBS reserved right to limit split 30s to one per commercial break, agreed to eliminate its corporate identification restrictions in such ads. Both A-C and CBS have agreed to withdraw suits against each other. No payment was involved in settlement.

Best. Pioneers Library Pres. Ward Quaal reports major contributors in 1983 were ABC, Blair, Bonneville, Bestg. magazine, Cox, Federated Media, Fetzer, Gaylord, Group W, Hubbard, Lee Enterprises, Magid, Palmer, Stuart Enterprises, Taft, Tribune Co., Wilkes, Artis, Hedrick & Lane law firm. Quaal said Library seeks \$3 million to provide operating income, then will aim for contributions to provide own building. Library is currently housed free at NAB hq.

Following President Reagan's public announcement for reelection, his campaign committee now will pay for airtime for his weekly 5-min. Sat. radio speeches.

SLOW START FOR CABLE TALKS: National League of Cities (NLC) and U.S. Conference of Mayors (USCM) are having trouble agreeing about who will represent them at talks with NCTA on compromise changes in cable legislation (HR-4103), according to sources. "The real question they seem to be facing is exactly what powers [representatives] will have when they come to the table," we were told. As preparation for talks dragged on, HR-4103 picked up additional 10 co-sponsors, raising number to 73.

"There's a lot of bickering going on over there" at NLC & USCM, cable figure said. NLC spokesman denied that but admitted: "We're still working on who will be at the table. There will be one group representing NLC and the mayors, and it hasn't been decided who will head up the delegation." House Energy & Commerce Committee Chmn. Dingell (D-Mich.) recently persuaded NLC & mayors to return to bargaining table with NCTA for changes in HR-4103, said it was urgent that talks not be delayed (TVD Jan 30 p6).

USCM has made more progress than NLC. Spokesman said 3 mayors have been chosen to represent organization on panel, including Pittsburgh Mayor Richard Caliguiri as head of USCM delegation. Whether Caliguiri or leader of NLC delegation will be in charge of cities' panel was undecided. Late in week, NLC said it had named 2 of 3 who will represent it: N.Y.C. City Council Pres. Carol Bellamy and Tucson City Council Pres. Tom Volgy.

"I'm somewhat disappointed that we've now seen a week of footdragging," NCTA Pres. Thomas Wheeler said. He said NCTA's bargaining team will be same as before: Himself, Exec. Vp James Mooney as chief negotiator, and legal adviser Charles Walsh of Fleishman & Walsh.

NCTA was concerned that, whoever represents other side at talks, they have guaranteed bargaining powers. Mooney noted that "last time we sat down with them they told us they did" have power to speak for organization, but NLC negotiators ended up being overruled by membership (TVD Dec 5 p2). Fears also were expressed by cable executives that NLC & USCM representatives wouldn't be authorized to make concessions, only to demand them from NCTA.

"Rate deregulation and renewal are our top priorities," said CATA Exec. Dir. Stephen Effros. "We're concerned that the cities want to keep everything they've got, while talking about getting more," he said. Bottom line, Effros said (statement several others echoed), is that: "Industry negotiators are up against the wall; there's very little more they can give up [without losing support of industry]."

Dingell will attend first session to set stage, charge parties to negotiate in good faith. Staffers representing Democratic & GOP members of Commerce Committee will attend all sessions as monitors.

Some said NCTA is under pressure from largest MSOs somehow to restrict leased access language in bill. "ATC is worried about leased access," cable executive said. "They don't want somebody coming into a big city and starting a movie channel" competing with HBO, owned by common parent Time Inc.

Continuing efforts to stop attempted takeover of Warner Communications by Australian publisher Rupert Murdoch — and at same time boost its stake in Warner — 2 affiliates of Chris-Craft, between Dec. 12 & Jan. 27, purchased additional 2.06 million Warner common shares for \$58.6 million. Purchases raised interest of C-C to 21.3%. C-C also has secured 3-year loan of \$150 million from 6 banks to purchase additional shares. In report to SEC, C-C said it doesn't "presently intend to seek to acquire control of [Warner]. However [C-C] intends to continue to review [its] investment... and may in the future change [the] present course of action and consider other alternative courses of action." C-C purchased additional Warner shares through subsidiaries United TV (900,000 shares at \$25 million) and BHC Inc. (1.16 million shares for \$33.66 million). Prices paid ranged from 22-7/8 Dec. 12 to 29-1/2 Jan. 27. Murdoch's News International Inc. is attempting to acquire up to 49.9% of Warner stock, has asked FCC & court to stop Warner/C-C combine on grounds it violates TV-cable cross-ownership rules.

Justice Dept. has come down on side of ABC-TV in network's effort to gain per-performance music licenses from ASCAP. In filing before N.Y. Dist. Court, DoJ rejected ASCAP argument that BMI (which has blanket license with ABC-TV through 1985) is conspiring with TV networks to competitive disadvantage of ASCAP. Said DoJ: "Through the past 2 decades, BMI has been engaged in frequent litigation against broadcasters, including the TV networks," and that BMI & ASCAP both were defendants in case brought by CBS-TV which upheld legality of per-performance licenses. "Compelling ASCAP to grant ABC a per-program license potentially can produce significant pro-competitive effects... and it could increase the level of competition between ASCAP and BMI, thereby bringing down the price of music performance licenses," DoJ said.

RTNDA & AFTRA have joined Newspaper Guild and Society of Professional Journalists in urging Congress to resist Administration attempts to weaken FOI Act. At news conference with allies House Govt. Information Subcommittee Chmn. English (D-Okla.) & Sen. Leahy (D-Vt.), groups urged Congress to strengthen FOIA and presented petitions signed by 6,500 broadcasters & journalists. Leahy sponsored S-774, which would ease some existing FOIA hurdles, and English this week proposed HR-4696, to make it harder for govt. to use 1974 Privacy Act for rejecting FOIA requests.

Rockefeller Center completed \$332.1 million acquisition of Outlet Co., closing deal approved Nov. 29 by FCC. "The communications industry meets our criteria for strategic growth and Outlet Co. is a broadcast group with an excellent performance record and an even greater growth potential," said Rockefeller Pres. Richard Voell. Outlet's top executives Bruce Sundlun & David Henderson, chmn. of TV Operators Caucus, will remain with Rockefeller. Outlet owns 5 major-market VHF TVs, 5 radios.

BROADCASTERS BACK PACKWOOD BILL: First 2 hearings on Senate Commerce Committee Chmn. Packwood's (R-Ore.) bill (S-1719) to eliminate fairness doctrine, reasonable access & equal time rules for broadcasters amounted to mostly chorus of endorsements with only few witnesses objecting.

Local TV & radio broadcasters, constitutional experts, journalism school deans, newspaper reporters, editors & publishers, and Robert Powers, FCC chief scientist, cited disparity in ways govt. treats broadcast and print media as reasons to remove restrictions. They called rules unconstitutional. But liberal & conservative public interest groups condemned bill, said it was eliminating rules that assure access.

"It's time to recognize that there's simply no logical difference between newspaper space and airtime in terms of the penalty imposed on the exercise of journalistic discretion," said Robert Lewis of the Society of Professional Journalists, Sigma Delta Chi. Lewis and other witnesses claimed rules stifle public debate by discouraging broadcasters from editorializing or addressing controversial issues that might cause expensive license challenge. Increasing use of new electronic technologies to transmit information also is blurring distinctions between broadcast & print media, witnesses added. With 1,046 TV & 8,901 radio stations, spectrum scarcity no longer should be issue, they agreed. Powers underscored other testimony with figures showing growth in broadcast industry, said in last 30 years AM outlets increased 92%, FM 561%, TV 466%.

Stanley Cohen, gen. mgr. of WINZ(AM) Miami, described how his all-news station's license was challenged by state regulators who claimed violations of fairness doctrine & personal attack rules after station launched petition drive asking Fla. PUC to reject rate hike request of electric utility. "Public issues are the meat and potatoes of any good newscast," but rules can too easily lead to costly, unfounded & unfair counterattacks on stations, Cohen argued. Other broadcasters described similar incidents.

Fairness issue also was cited by bill's critics. Samuel Simon of Telecommunications Research & Action Center predicted courts would find S-1719 unconstitutional because fairness doctrine is at heart of broadcasters' public trustee obligations. He advocated congressionally chartered non-profit public advocacy group to monitor broadcasts for abuses of public responsibility and congressionally mandated public access time.

S-1719 was endorsed by ANPA, ASNE, Assn. for Education in Journalism & Mass Communications and Freedom of Expression Foundation, which Packwood founded. Opponents include Accuracy in Media and Media Access Project. NAB, NCTA, NRBA & RTNDA will support bill in testimony this week when hearings continue.

ABC is buying KIXK(FM) Dallas from Kix Radio for about \$9 million cash. KIXK will give network its 13th owned radio station.

Philadelphia cable bids have been thrown out by Mayor Wilson Goode, who said city will start again with new request for proposals to be issued March 2. It will be city's 4th attempt at awarding franchises in 4 areas; each time mayor and City Council couldn't agree on winning bidders. Goode said he will propose changing city ordinance that stipulates mayor picks winners, but with Council approval, to give Council authority to select franchisees. Officials said bidders could resubmit current proposals, which are due March 8.

John Evans, pres. of Arlington (Va.) Telecommunications, has resigned from NCTA board in accordance with bylaws which stipulate same company can't have 2 employees on board. Gustave Hauser, NCTA vice chmn., partially owns Arlington cable system headed by Evans; Hauser will remain on board. Bylaws call for Evans' seat to be filled by special election. Presidents of state & regional cable associations in Dist. 6 (Ky., Tenn., Va. & W.Va.), which Evans represented, must submit nominations by Feb. 13. Ballots must be returned by March 2.

More than half of radio broadcasters who responded to NRBA survey plan to buy satellite dishes in next 2 years. Dishes featured among most popular purchases in 1982-83; 54.7% of respondents bought them. Single most purchased item was microphone. NRBA's survey, "Market for Radio Equipment & Services," also indicated that AM stereo showed "most potential as a growth market" in equipment, with nearly 28% of broadcasters surveyed planning to buy such equipment in 1984-85, compared with 12% who said they bought it in 1982-83.

United Cable TV's acquisition of CommuniCom cable franchise serving 300,000 homes in west L.A. has been approved by L.A. City Council, which also extended franchise 6 years to 1993. Move makes United dominant L.A. cable operator (it earlier acquired East Valley franchise with 365,000 homes). United bought CommuniCom for undisclosed price from parent Neilson Enterprises.

BMI will require radio stations to log only 3 consecutive days annually — instead of full week — as basis for payment of copyright royalties. Effective immediately, BMI said it also had "revised and simplified" logs used by stations.

Aaron Spelling Productions, considered synonymous with ABC prime-time success, will continue exclusive relationship with ABC through 1988, according to ABC Best. Group Pres. Anthony Thomopoulos.

Oak has agreed to out-of-court settlement in piracy suit against 5 L.A.-area Red Onion restaurants. Restaurant chain will pay \$100,000 for pirating ON-TV programming last 2 years.

Vote at FCC to end children's TV rulemaking without setting standards or guidelines was 3-1, not 4-1 as reported (TVD Jan 30 p8), with Comr. Rivera dissenting, Comr. Patrick not participating.

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BCST. BILL ACCORD ELUDES HOUSE: Expected broadcast bill compromise didn't materialize at House meetings last week despite hopes of legislators that they'd be able to resolve differences over TV quantification standard & radio deregulation. Procedural compromise is being considered instead, could be finalized this week. EEO language is likely to be part of final package.

Talks reached impasse at Feb. 1 members meeting, where Telecom Subcommittee Chmn. Wirth (D-Colo.) made what was then called his final offer. He told us he was willing to accept radio deregulation if bill contains language preserving FCC discretion to determine when public interest isn't being served in particular radio markets. Wirth said he wouldn't insist on including language detailing when or how FCC would do this. In return, Wirth wanted TV quantification to include minimum children's programming, perhaps 5 hours weekly.

But Rep. Tauke (R-Ia.) said his bottom line remains total deregulation of radio "with no strings attached." Tauke said he and ally Rep. Tauzin (D-Ia.) already have agreed to accept mandatory program standards in 2 broad categories for informational & local programming. "We will not and can not support any kind of mandatory programming for specific groups," he said. Although Tauke agreed increasing children's TV programming is laudable goal, he said Congress would be opening Pandora's box by mandating such shows for one group and not another. The 2 instead continue to back provisions that would direct FCC to give stations special consideration if they air substantial amounts of children's programs.

To get around impasse, proposed procedural accord was revised to give Wirth what he wants on radio, but not on children's TV. But NAB spokesman said compromise doesn't suit Assn. He said NAB could accept incentives to encourage children's TV programming, but no mandatory guidelines, and nothing but total deregulation for radio is acceptable. Broadcasters also are concerned about other parts of compromise that Tauke & Tauzin already have accepted, particularly number of stations that would have to improve their programming when quantification standard kicks in. Wirth is pushing language that would make as many as 30% of stations upgrade local & informational programming, while Assn. is willing to accept 15% level, spokesman said.

EEO language appears certain, sources said. Rep. Leland (D-Tex.) has been participating in talks and has won considerable support in Subcommittee & parent Energy & Commerce Committee for including EEO, sources said. Idea is anathema to NAB, but Assn.'s chief ally, Tauke, told us he won't get involved with issue: "They're [NAB] going to have to work this out themselves." Leland met privately with NAB Feb. 2, but nothing was resolved. Leland aide said congressman told broadcasters he'd find it "very difficult" to have EEO standards below 60% of parity level in cable bill (HR-4103).

ESPN is seen in 29.3 million homes, according to Dec. Nielsen figures.

NRB's WASHINGTON FRIENDS: National Religious Broadcasters' 41st annual convention concluded last week in Washington, leaving broadcasters reassured that they have friends in White House, FCC & on Capitol Hill. Record-breaking crowd of around 4,000 also included more Hispanic broadcasters than ever, reflective of NRB drive to diversify, attract more minorities. Conference theme was "Issues in 1980s." Of these, social rather than regulatory matters seemed to dominate speeches and discussions.

President Reagan urged broadcasters to support banning abortion, reinstating voluntary school prayer through constitutional amendment, adopting anti-child-pornography legislation. Reagan was joined by others urging religious broadcasters to make stations focal points for furtherance of Bible-based ideals.

Moral Majority head Jerry Falwell challenged broadcasters to use their stations as base for establishing crisis pregnancy counseling or "save a baby" centers to "give young women alternatives to abortion." NRB board, late in week, passed resolution to use stations as vehicles to encourage non-partisan voter registration. NRB Exec. Dir. Ben Armstrong estimated that there are 12 million evangelicals eligible to vote who aren't registered.

Some regulatory issues did emerge. Board authorized \$10,000 for NRB lawyer, former FCC Chmn. Richard Wiley, to file in TBS's must-carry suit pending before U.S. Court of Appeals, D.C. Religious programming would be hardest hit if must-carry rules were abolished because: "It is more profitable for cable systems to carry pay-TV programs and syndicated offerings that are often unsuitable for children and have little relevance to community needs," Armstrong said.

FCC Comr. Dawson spoke warmly of religious broadcasters' work as "something that you believe in and we believe in." For Commission: "There's nothing more important than the restoration of First Amendment protections to broadcasters and nowhere is this protection more important than in religious broadcasting," she said.

Time Inc. 4th quarter income from continuing operations was \$44.5 million (70¢ a share) compared with \$35.9 million in last year's quarter (57¢). Quarterly revenues were \$763.1 million vs. \$668.9 million. For year, income was \$143.2 million (\$2.25 a share) on revenues of \$2.7 billion. Net income in 4th quarter was \$54.9 million compared with \$43.2 million in 1982 quarter (86¢ vs. 68¢). Profits from video operations rose sharply, Pres. Richard Munro said. HBO's universe in 1982 grew by one million to 13.5 million while Cinemax grew to 2.7 million subscribers. Video division had quarterly revenues of \$295.2 million vs. \$236.9 million in same 1982 period, income of \$54.4 million vs. \$51.2 million in 1982 quarter. For 1983, Time Inc. income from video operations (2 pay cable services plus ATC) was \$215.6 million. That compares with income of \$91.9 million from publishing, which Munro said had record results in 1983 despite absorbing \$47 million loss from discontinued TV-Cable Week.

FCC THREATENS ATLANTA TV STATION: FCC has given WVEU (Ch. 69) Atlanta 90 days to resolve interference problems it's causing to host of land mobile radio operators or risk losing program test authority. Last week's ruling came after long, often sharp disagreement over what Commission should do, afforded Comr. Dawson opportunity to say "I told you so" because hers was lone dissent last June when FCC decided to veer from its "last-in" policy, allow Atlanta station to go on air despite knowledge it would frequently jam existing land mobile community.

Commission was told station had failed to reach agreement with 30 Atlanta land mobile operators on paying for them to be relocated in spectrum, thereby ending interference problem, as had been ordered.

Commission ruling was patchwork of partial dissents: Comr. Quello dissented to threatening WVEU with revocation; Dawson dissented "to any aspect of this which veers from our last-in policy"; Comr. Rivera dissented to requiring WVEU to pay spectrum relocation costs for land mobiles that came on air after Ch. 69.

In other actions, Commission: (1) Denied petitions for special relief filed by cable operator Arlington (Va.) Telecommunications for waiver of must-carry rules for 2 Va. educational TV stations. FCC also denied petitions by 2 stations to fine cable system for not carrying them. (2) Authorized use of non-translating repeater ("booster") by licensees to circumvent obstacles in transmission path of studio-transmitter links and intercity relays. (3) Launched rulemaking to liberalize rules governing transmitter remote control devices.

"Much of the research being made available [for broadcasting & cable] is too nebulous and untimely to be important as a decision-making tool," according to Group W TV Pres. William Baker. Speaking at recent meeting of Electronic Media Ratings Council in Boca Raton, Fla., he expressed "frustration" at quality of research, said that as result "our gut feelings are every bit as important as research" in making programming decisions. He noted that Arbitron and Nielsen ratings for 6 p.m. news on Group W's KPIX San Francisco vary by 6 share points, added: "For that kind of surgical precision, this year alone KPIX will pay \$1.2 million and that will probably soon go up to about \$2 million per year." He said that Group W spends more than \$15 million annually for audience research.

Communications lawyers in 24 cities will participate in March 20 videoconference on legal aspects of cable TV franchising sponsored by ABA Cable TV Committee, chaired by Washington attorney George Borsari. Panelists for "Cablelaw '84" are expected to include Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, FCC Mass Media Bureau Chief James McKinney, Catholic U. Prof. Harvey Zuckerman, author Morton Hamburg, United Artists Vp-Gen. Counsel William Koplovitz, attorney Harold Farrow. Cost is \$170 before Feb. 17, \$200 later. Details: Barbara O'Neil, Elsborg Assoc., 202-362-1140.

Reporting to Congress on financial interest & syndication talks Jan. 31, MPAA Pres. Jack Valenti told Senate Commerce Committee Chmn. Packwood (R-Ore.) and House Commerce Committee Chmn. Dingell (D-Mich.) that negotiations between CBS Chmn. Thomas Wyman and MCA Chmn. Lew Wasserman are continuing. Wasserman is representing Committee for Prudent Deregulation (CPD), which includes independent TV stations, programmers & syndicators. Valenti criticized ABC & NBC: "Notwithstanding my persistent entreaties to all 3 networks to meet apart from the CBS-CPD conversations, both NBC and ABC chose not to be involved in separate negotiations." FCC won't be taking action soon on rulemaking aimed at relaxing rules on networks, said Commission official, who added he didn't expect Congress to take action before May. "I expect some of the powerful senators will push the parties back into negotiations," FCC official said.

What diversity there is on networks hasn't been supported by most advertisers, ABC Entertainment Pres. Lewis Erlicht told IRTS luncheon in N.Y. last week. "In the past year or 2 on all 3 networks — with *Playing For Time*, *Adam*, *Something about Amelia*, *Day After* — each of the networks was praised after the fact," he said. In each case, "it was never supported beforehand in terms of advertising dollars." "The very people who cry out for change, when change does appear, must stand up and be counted," he said. Annual institution of panel of 3 network entertainment presidents included CBS's Bud Grant and NBC's Brandon Tartikoff. Along with usual competitive jibes (asked what NBC will program against Olympics, Tartikoff said "punting comes to mind"), all 3 said erosion of network shares in prime time by cable and other competing technologies had peaked and audience is returning to network programming.

Saving NPR from bankruptcy last year may have cost up to \$1.3 million, according to company financial sources. Figure includes combined costs of auditing, transition management team, severance. NPR Pres. Douglas Bennet said total must be compared with about \$1.7 million which transition team was able to eliminate from deficit projected last summer to reach \$9.1 million by Sept. 30. Deficit as of Sept. 30 was \$7.4 million, according to audited review of FY '83. Costs are being "scrubbed" to get "hard" figures for hearings scheduled Feb. 10 before House Energy & Commerce Oversight & Investigations Subcommittee, official said. During board meeting in Washington last week, NPR directors increased FY '84 budget by almost \$2 million to \$21.3 million. It was previously approved at \$19.4 million.

Arts & Entertainment and Lifetime, 2 cable programming services formed from mergers, debuted last week. Lifetime was born from merger of Viacom's Cable Health Network and Hearst/ABC's Daytime. A&E draws programming from Hearst/ABC's ARTS and material originally produced for Entertainment Channel.

CABLE MOUNTS POLITICAL AD DRIVE: Envious of millions to be spent on TV political ads this election year, cable industry is mounting concerted effort to attract some of those dollars by promoting itself directly to Washington politicians. It will put on "how-to" session March 1 for congressmen & senators and their campaign coordinators aimed at convincing them that cable can reach targeted audiences for less cost than TV or radio.

According to Simmons Research Bureau, numbers touted by workshop sponsor Cable TV Ad Bureau (CAB), typical cable subscriber is 28% more likely to vote than non-subscriber, 50% more likely to work for candidate, 69% more likely to be involved in political fund-raising. CAB Pres. Robert Alter also said that cable universe has more than doubled since 1980 election. Moreover, cable franchises sometimes mirror congressional district boundaries, officials said.

Not to be outdone, NAB is linking 28 cities in satellite conference Feb. 23 to advise TV & radio executives on how to attract political advertising. NAB estimates \$225 million will be spent this year for broadcast political ads. TvB says \$180 million will be spent on TV alone.

Success story cable executives will tout at workshop in Cannon House Office Bldg. caucus room is how Rep. Frank (D-Mass.) used cable advertising in 1982 to defeat Rep. Heckler (R-Mass.) for 4th Dist. seat.

"We've always wanted the political dollar," said workshop steering committee Chmn. Richard Holcomb, vp-public affairs at ATC. "Now we have enough systems that sell advertising, that have the lowest-unit rate cards, that have the equipment for us to make a major effort. Two years ago we didn't; a year ago we didn't; but if we don't do it in 1984, we'll have to wait 4 more years for this opportunity again."

Cellular radio subsidiaries of 7 regional Bell Operating Cos. last week submitted to FCC agreements with 23 independents to form wireline franchises in 38 generally small and mid-sized cities. Arrangements must be approved by FCC before they can take effect. Lawrence Schnieders, spokesman for Southwestern Bell Mobile, said deals could "eliminate the need for lotteries" in areas covered by agreements, assuming FCC approves.

Communications Technology is new monthly magazine to start in March, published by Paul Levine, ex-publisher, Cablevision magazine. Periodical will be official journal of Society of Cable TV Engineers. Controlled circulation periodical starts with 10,000 distribution. Editor is Toni Barnett, ex-CED magazine. Hq is Denver, 303-779-9717; N.Y. office (Woody Sumner sales vp), 212-599-0209.

FCC's next LPTV lottery will be Feb. 28, 9:30 a.m. Licensees will be chosen for 9 markets, largest of which is Atlanta, with 11 mutually exclusive applicants. Most popular market, according to number of applicants, is Tulsa, with 19 bidders. Licensees also will be picked for Aberdeen, Wash., Honolulu, Denison, Ia., St. Paul.

Western Union won one and lost one before FCC last week. Its new Westar 6 satellite, launched into orbit on shuttle Feb. 3, is destined for 91 degrees west, position FCC allowed WU to retain to avoid relocation problems for users now on Westar 3 there. WU had also asked for 5th slot for Westar 3, but FCC refused, said that WU can either move Westar 3 into Westar 2 slot at 79 degrees west or choose another location temporarily. GTE Spacenet had been granted 91 degrees for new hybrid satellite, scheduled for launch in 1986. FCC solution to complaints by WU that disruption would be caused by moving its slot from 91 was following: (1) WU retains 91 west for Westar 6, will move Westar 3. (2) Satellite Business Systems slot for SBS 4 (yet to be orbited) would move from 89 to 91 (in Ku-band; Westar 6 is C-band bird). (3) AT&T Comstar D3 will move from 88.5 to 86 degrees west. (4) GTE Spacenet satellite will be launched into slot somewhere between 88.5 & 89 degrees. FCC Satellite Radio Branch Chief Ron Lepkowski said flexibility was due to different spacings available in C- and Ku-band arcs.

Broadcast & cable financials: (1) Capital Cities Communications said gains in cable TV & publishing divisions helped boost profit to \$34.7 million in 4th quarter, up 23.5% from year earlier. Company said it had quarterly revenue of \$214.1 million, vs. \$182.6 million. Chmn. Thomas Murphy said publications division had 12% increase in revenues, while cable unit revenue rose 26%. But "soft" demand for TV advertising resulted in only 7% gain in broadcasting revenue, he said. (2) Rogers Cablesystems had loss of \$5.8 million in quarter ended Nov. 30, vs. \$4.1 million loss in same period year ago (29¢ vs. 23¢ loss per share). Quarterly revenue was \$79.9 million vs. \$80.4 million, while operating income was \$23.4 million vs. \$22.7 million. (3) Multimedia had 1983 earnings of \$35.2 million (\$2.15 per share), up 31% from 1982, company said. Yearly revenues were \$271.5 million, up 20%; broadcasting revenues were \$126.4 million vs. \$110.5 million, while cable revenues were \$54.5 million vs. \$32.8 million. Net earnings for 4th quarter were \$11.1 million, up 22%, on revenues of \$75.8 million.

M/A-Com has unveiled VideoCipher II scrambling and receive system for satellite cable and DBS distribution. Demonstration used 6-ft. dish with offset feed and Galaxy 1 satellite. Company said successful test would open "opportunities for DBS services on existing C-band satellites" and enhance signal reception by eliminating need for audio subcarriers and for using digital synchronization. System "will also provide similar operational benefits in Ku-band DBS systems," company claimed.

Pharmaceutical manufacturer Schering-Plough has retained Merrill Lynch subsidiary to find buyers for all or some of its 12 radio stations licensed to Plough Bestg. S-P owns AM-FM combinations in Atlanta, Baltimore, Chicago, Cincinnati, Memphis & Tampa-St. Petersburg. Stations are headed by Wayne Hudson, billed \$21.9 million in 1982. WJJD(AM) & WJEZ(FM) Chicago had been put on block earlier for \$14.5 million.

WEEKLY

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& Gail Winslow, vice chmn.; Bruce MacGregor, treas.; Ian Portnoy, secy.

Donald Williams, Times Mirror Cable TV senior vp-group operations, retires March 2... Daniel Monahan promoted to Avery-Knodel N.Y. CBS Team asst. sales mgr... Betsy Topilow advanced to ABC TV affiliate relations district mgr... William Andrews, ex-KAKE-TV Wichita, appointed KSNW Wichita promotion mgr... Arthur Elliot, ex-Corinthian TV Sales, appointed WKRN-TV (formerly WNGE) Nashville pres.-gen. mgr... Lorna Bitensky, ex-Warner Bros. TV, named Columbia Pictures TV business affairs dir.

Jack Valenti, MPAA pres., speaks Feb. 16 at Howard U. School of Communications conference... Janis Langley, FCC Office of Public Affairs deputy dir., joins Bell Atlantic Washington office Feb. 21 as media relations mgr... William Crispin advanced to partner in Washington law firm Verner, Liipfert, Bernhard & McPherson... Veronica Ahern becomes partner in Washington office of N.Y. law firm Chadbourne, Parke, Whiteside & Wolff.

Matthew Hart, ex-Magnavox CATV, named S.A.L. Cable Communications vp-national mktg. & sales... Richard Owen advanced to Seltel vp-dir. programming & special mktg. services; Nadine Tekula to program services mgr.; Margaret Agsteribbe to research dir... Gary Wright, RAB consultant, joins fulltime as Communications Div. creative services dir.; Chuck Shepard promoted to production dir.

Bill Brown advanced to ATC senior vp-central Fla. division; Graham Powers promoted to construction exec. dir... Jane Rulon appointed NRBA member services dir.; Debbie Byrnes administrative asst... Hal Krisbergh promoted to General Instrument Jerrold Subscriber Systems Div. vp-gen. mgr... Antoinette Coniglio joins AAF as asst. to Pres. Howard Bell and dir. of conference services.

Tim Newman promoted to dir.-domestic sales administration, Worldvision Enterprises... John Forde promoted to vp-gen. mgr., newly formed Jerrold Telecommunication Sales Div... Eugene Torvend advanced to vp-mfg., Times Fiber... Michael Ortman, ex-Charles Brotman & Assoc. PR firm, appointed PR mgr., Home Team Sports; Lisa Klein, ex-Arlington Telecommunications, named ad & promotion mgr.; Stanford Berizzi promoted to affiliate mktg. mgr... Michael Rhodes joins Viacom Productions as vp-creative affairs.

Obituary

Gertrude G. Broderick, 85, leader in development of educational radio & TV, died Jan. 25 in N.Y. Native of Minn., she came to Washington in 1935 as exec. secy. of Federal Radio Education Committee formed by FCC to develop better relationship between educators and broadcasters. She later headed establishment of division in Office of Education to develop educational radio programs. She was one of first women active in Best. Pioneers.

Personals

Shaun Sheehan has rejected RKO General offer, remains NAB senior vp-public affairs; Janet Miles, NAB regional mgr. for Tex., Okla. & Kan., promoted to dir.-TV membership, Washington hq... Named aides to FCC Comr. Dennis Patrick: Theodore Schofner, ex-National Assn. of Mfrs., special asst.; Kathleen Levitz, ex-Common Carrier Bureau, legal aide for common carrier matters... David Clanton, ex-FTC member who turned down NAB top lobbying job, joins Washington office of Pittsburgh law firm Buchanan, Ingersoll, Rodewald, Kyle & Buerger.

Steve Tuttle advanced to Washington managing editor, Television Digest... ABC-TV Pres. James Duffy will be featured speaker at Feb. 28-29 workshop of ANA, Plaza Hotel, N.Y... Patrick Gmitter advanced to exec. vp, WPXI Pittsburgh, and vp-mktg. for parent Cox Communications; John Howell, ex-WKBW-TV Buffalo news dir., succeeds Gmitter as vp-gen. mgr. of WPXI... John Frisoli, ex-Polygram Distribution, appointed vp-cost management, ABC, succeeding Bruce Maggin, now vp of ABC Video Enterprises.

Ted Koppel, ABC News, speaks at HRTS luncheon Feb. 14 at Beverly Wilshire Hotel on broadcast media in Presidential elections... Diana Dougan, State Dept. dir. of telecommunications & information policy, is FCBA luncheon speaker Feb. 16 at Washington Touchdown Club... William Henry, Washington attorney and ex-FCC chmn., elected WETA-TV-FM Washington chmn., succeeding Aaron Goldman, named chmn. emeritus; Christopher Makins

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Jan. 20 (3rd week of 1984):

	JAN. 14-20	1983 WEEK	% CHANGE	2 WEEKS TO JAN. 13	3 WEEKS 1984	3 WEEKS 1983	% CHANGE
TOTAL TV#.....	424,223	349,585	+21.4	561,514	985,737	817,263	+20.6
COLOR#.....	343,848*	244,910	+40.4	402,946*	746,794*	593,628	+25.8
MONOCHROME....	80,375	104,675	-23.2	156,568	238,943	223,635	+ 6.8
PROJECTION TV...	3,441*	3,293	+ 4.5	4,994*	8,436*	7,746	+ 8.9
HOME VCR.....	111,814*	56,111	+99.3	136,394*	248,208*	146,162	+69.8
COLOR CAMERAS...	6,913*	6,005	+15.1	9,413*	16,326*	16,105	+ 1.4

Color TV 5-week moving average: 1983-84--261,111*; 1982-83--198,794 (up 30.3%).

Home VCR 5-week moving average: 1983-84--96,403*; 1982-83--52,501 (up 83.6%).

Excludes projection TV. * Record for period.

MATTEL, MILTON BRADLEY DROP OUT: Mattel & Milton Bradley washed hands of red-ink generated by videogames and electronic toys last week, Mattel agreeing to sell its Electronics Div. at bargain basement price, Milton Bradley discontinuing Vectrex. In related activity, a major computer introduction was postponed and there have been 3 recent management restructurings, as game & computer marketers seek ways to keep 1983's disruptions & losses from carrying into 1984.

Mattel said it plans to sell Intellivision videogame and other assets of electronics operation for \$20 million to investment group headed by Terrence Valeski, now senior sales & mktg. vp for unit. Mattel Electronics will continue as entity, providing parts & service for new company being formed, also will handle software assembly on contract basis for at least year.

Aside from that activity, Mattel said, it will end all involvement in electronics, concentrate on profitable toy & hobby business. Company has negotiated sale of its publishing operation, said it's seeking buyer for theme park, Circus World. Speculation that Mattel would quit electronics has been rife for year, was fueled last summer when it stopped test marketing and dropped Aquarius home computer system, cut 660 employes from Electronics Div., including most top managers & marketers. At that time, it reaffirmed commitment to Intellivision, followed with introduction of computer adaptor and other accessories. Last month, it dismissed 200 more workers and revised its market position. New official response to its videogame posture: "We are evaluating the industry and our position in it." Electronics Div. ran up \$223 million loss in first 9 months of 1983, said it expected sizable deficit in final 1983 quarter to Jan. 28. That loss, Mattel indicated last week, will be boosted by reserves covering business disposal.

In related move, Penn Central said it will sweeten takeover offer to public holders of Solid State Scientific. PC has agreed to buy Mattel's controlling interest in SSS for \$12.3 million (\$6.11 per share) intended to pay same for 48% held by public and SSS insiders. Under revised proposal, PC will pay them up to 20¢ more per share, depending on SSS's 4th quarter results. Semiconductor maker had \$6.44 million loss in first 9 months, but said it expects to report 4th quarter profit on record sales.

In consigning Vectrex to limbo, Milton Bradley said it took \$16.5 million charge in final 1983 quarter to cover discontinuation costs, reported that in total it lost \$31.6 million on game.

MB also shut down General Consumer Electronics, Vectrex developer acquired in 1982 for about \$4 million. Vectrex was introduced in 1982 at \$200 as first game with built-in monochrome TV tube offering non-raster X-Y display, but it never caught on, and cutting price to under \$100 didn't help.

MB reported net losses of \$18.7 million for both quarter & year, including total losses of \$22.6 million & \$30.2 million from discontinued operations in those respective periods. Additional writeoffs, company said, were for inventory of some electronic board & hand-held games. MB said operating results also were hampered by cancellation of orders from Atari & TI of voice activation systems it developed for their home computers.

Commodore has placed indefinite hold on computer models 264 & 364 introduced at last month's CES amid excitement ranking 2nd only to Kodak's 8mm Video display. Commodore said models were being reevaluated, wouldn't be marketed "until there's a need" for them. Computers presumably got lukewarm reception from consumer electronics and toy retailers. Company is essentially persona non grata with computer specialty dealers, who are still steaming over Commodore's refusal to give them price protection last year when wholesales on Model 64 were trimmed.

Incoming Commodore Pres. Marshall Smith, due Feb. 21 to fill slot emptied by resignation of founder Jack Tramiel, will have little worry about displacing current employees as he builds his own team. Four key marketing & manufacturing executives resigned. Departures seemingly are unrelated to top management changes. Atari's new Pres. James Morgan has totally revamped corporate structure set up only last June, while Apple has split up into operating divisions (for details see Trade Personals).

CUSTOMS REVIEWING TV KIT DUTIES: Labor-industry group COMPACT has won first round in fight to discourage use of imported picture tubes in color TVs assembled in U.S. Customs has agreed to consider whether separate customs entries should be made for picture tubes imported as part of TV kits.

COMPACT's contention is that standard 15% duty should be levied on tubes included as part of kits, rather than 5% rate imposed on complete TVs, chassis, kits and most other parts. That was way things were until 1977. Until then, there was no specific tariff schedule provision for either TV chassis or kits, and any imported tubes not actually built into imported TVs were subject to higher duty rate.

Situation changed when Japan agreed to put voluntary quota on color exports to U.S. Arrangement provided separate allocations for complete and incomplete TVs, counted chassis with tube against quota for complete sets, exempted less-finished chassis from restrictions. To help Customs monitor Japan's compliance with agreement, 8 new tariff classifications for kits, chassis and circuit boards were created, all carrying same duty rate as complete TVs. That opened color picture tube import loophole Matsushita walked through last year, touching off howl from COMPACT.

Last fall, Matsushita started shipping tubes from Japan to chassis assembly plant in Tijuana, Mexico, then shipping tubes & chassis in equal numbers as kits for final assembly to factory in Franklin Park, Ill. where Panasonic & Quasar sets are turned out. Tariff schedule has no requirement that all kit parts be from same country. In 1982, Matsushita shipped estimated 120,400 such kits, saving as much as \$818,000 on duty it would have paid had same tubes been shipped directly from Japan to Franklin Park.

Imports of tube-inclusive color kits from Mexico through first 11 months of 1983 were 387,000, for indicated duty savings of at least \$2.63 million. Other foreign manufacturers have caught on to opportunity. New suppliers this year include Singapore with 27,300 and Korea with 19,600, while shipments from Japan were 54,700, up 48.6% from same 1982 period. Those imports were enough to put total duty savings well over \$3 million. Presumably, manufacturers get additional incremental savings from increased tube production and from not having to use special parts to adapt set design for U.S.-made tube.

In petition to Customs, COMPACT argues that special kit & chassis classifications never should have been used for duty determinations and requests they be disregarded and old system reinstated for future shipments. Otherwise, it contends, tubes should be broken out of kit imports, and duty on them assessed at 15%. Customs has set March 26 as deadline for comments on current classification procedures and COMPACT's petition for change.

'DRAMATIC CHANGES' SEEN IN VIDEO MARKET: Advent of VCR has been major factor in "dramatic" change in consumer electronics market in last 2 years — change which could bring new shakeout in which "global companies" will survive. That's view of industry veteran Robert O'Neil in interview on occasion of 20th anniversary of Hitachi Sales Co. of America.

O'Neil, who has served in major posts at RCA, Sylvania & Admiral, estimated VCR wholesale sales at over \$3 billion — "that was the color business just a few years ago; it's astounding." Companies will find it increasingly difficult to maintain leadership without supremacy in VCR as well as color, O'Neil maintains, says firms which have their own VCR production for global markets have inside track on survival on U.S. consumer electronics scene.

In terms of consumer electronics manufacturing for U.S. market, he said, Matsushita is now No. 1, RCA No. 2, Hitachi "probably No. 3, certainly No. 4." Hitachi's elevation has come in large part through contract to supply RCA's VCR needs, he said, adding that VCR has completely changed Hitachi's posture in U.S., which now takes "most significant share of Hitachi's volume worldwide."

Although for last 15-20 years RCA & Zenith have run neck-&-neck in color sales, totaling some 40% of market, O'Neil observed, RCA kept supremacy in VCR with over 15%, while Zenith dropped to 5% or less. "They may eventually get to 6-7%" with VHS, he said, "but I don't think they can make up for lost momentum" enough to gain same position in VCR they hold in color (O'Neil classified 15% of VCR market as equivalent to about 20% of color). Sizing up U.S.-based giants, O'Neil sees Zenith declining unless it can make sensational comeback in VCR through VHS. As for GE, "it may be the biggest company in our business, but [in video] it's the weakest guy," because it has lowest share of major firms which have only U.S. market base.

Asked about secret of Japanese success in consumer electronics, O'Neil replied: "Forget about management!" and other traditional arguments. "The Japanese have a much wider awareness of the global market and what it can do with volume. When we look at Chicago & Dallas, they're looking at Australia and the Near East and some countries we never even heard of. The world market made VCR. The global giants can survive a U.S. depression." R&D spending in Japan — traditionally about 5% of sales — assures increase in lead, O'Neil maintains. "In 2 years, the Japanese will spend \$1 billion on R&D alone in a single product [VCR]. This gives them strength on that next product," guarantees steady flow of innovation. "Who can compete?"

Parent Hitachi's contract to supply RCA VCRs helps Hitachi Sales Corp. of America "long term," according to O'Neil. "It probably reduced our expansion somewhat." He admits there's some inhibition — "we obviously can't introduce before they do. We're giving up innovation [under Hitachi brandname], there's no question about it. It's a tradeoff — there's a price we pay, but it's offset by our volume base."

Competition from Korea & Taiwan won't gain major foothold in U.S., O'Neil predicted. "In 10 years, they won't be more significant than they are now — I don't see them being more than a nuisance. The entry fee is too high, and the strategy of the TV majors is not to let them in. Giants can keep them out [of world markets]. They'll be more aggressive in 1984, but the majors will go with them."

Discussing Hitachi America's move to direct sales Jan. 1, he said 80 sales people were added for total sales force of 100. Move was made because of Hitachi's vastly expanded line and dilution of reps' efforts as new products such as other brands' phones & computers are added to their lines. "With our own people, Hitachi is all they know. Even audio & video are finally coming together. Reps were handling our video and somebody else's audio. Now, we're getting new exposure to our audio from video. Already, some dealers who carried only our video are

adding audio." In 1984, Hitachi America will sell 250,000 more color sets than it did in 1980, said O'Neil — "and VCR didn't even exist for us" in 1980.

Hitachi will go slow in adding new product categories in U.S.: "We're looking at small refrigerators, air conditioners, laundry — we'll have them in a small way in the next 12 months." Hitachi has had TBM-competitive computer on hold for 2 years. We'll be conservative [in computers] — no big blast. We're looking also at portables \$1,000 & up, but nothing is imminent." He described video games as "the Hula Hoop of the business — they took floor space, and their decline gives dealers more open-to-buy. Now they'll put more effort into VCR & color."

Monitor-receiver business will grow each year, said O'Neil, but not dramatically. "It's a 19-in. TV set at \$700," sometimes hard to sell against 19" remote portable for \$399. He thinks square-cornered tube will stimulate console business. Stereo TV is "like the monitor-receiver, a high-end product." Digital TV, still few years off, will help global manufacturers by making it easier to produce world set. Combination of stereo plus digital plus high performance, he believes, will accelerate obsolescence, shorten replacement cycle for TV sets by couple years.

In projection TV, Hitachi is "selling out everything we're getting." Although most publicity goes to its new liquid-coupled model, Hitachi has much bigger commitment to low-end unit. For minimal risk, "we'll have lots of product which can be sold at \$1,995. We have no major commitment to liquid-coupled, because it's a \$500-\$600 step at retail. Not many sets are available below \$2,000. We're sold out through June on low-end projection" assembled in Anaheim, Cal. (For O'Neil's views of 8mm Video and videodisc, see related reports elsewhere in this issue.)

COLOR TV ANALOGY INDICATES VCR PLATEAU: We've commented before on remarkable similarity between growth years of color TV and of VCR — and that parallel continued through 1983. If its growth curve continues to follow that of color, VCR will level off at 5-6 million for next 5 years before showing any major new growth.

Comparing 1959-66 in color with 1976-83 in VCR shows closeness of parallel in sales to dealers on unit-for-unit basis:

Year	Color TV	Home VCR	Year
1959.....	90,000	55,0001976
1960.....	120,000	160,0001977
1961.....	147,000	401,0001978
1962.....	438,000	475,0001979
1963.....	747,000	805,0001980
1964.....	1,366,000	1,361,0001981
1965.....	2,747,000	2,035,0001982
1966.....	4,702,000	4,091,0001983
1967.....	5,224,000	1984

What happened to color after 1967? 1968 — 5,827,000; 1969 — 5,524,000; 1970 — 4,822,000; 1971 — 6,181,000. It wasn't until 1972 that color left 5-6 million plateau, moving to new 8-9 million level for 6 years, then to 10-11 million for next 5 years, and in 1983 to new area of 14 million or so. Translated into VCR timetable, this would mean sales in 5-6 million area annually through 1988.

Timex announced new computer peripherals to be introduced through June. Most can be used on discontinued low-end TS 1000 as well as recently introduced models with full keyboards. Additions include 85K high speed micro tape drive, supplied by U.K.'s Sinclair, to retail for about \$80; 300-baud modem at \$120; 80-column dot matrix printer at \$325; expansion interface with RGB & video outputs at \$120.

Toshiba marks production of 2 millionth color TV at Lebanon, Tenn. plant next month. Facility started assembling sets in Aug. 1978. So indication is that during its 5-1/2 years, Toshiba plant accounted for about 3.9% of U.S. domestic color production, 3.2% of U.S. (production plus imports) market. Plant produces private label and Toshiba sets, so figures don't reflect Toshiba's own-brand U.S. market share.

FCC WEIGHS TV SOUND: FCC's multichannel TV sound (MTS) proceeding passed another milestone last week — deadline for reply comments expired without postponement or delay. Commission-watchers now think selection of single system — Zenith-dbx, as recommended by EIA MTS Subcommittee — is likely. As for timing, there's some feeling decision could come just before April 29-May 2 NAB convention as present to broadcasters — but that's mere speculation.

Reply comments filed last week ran as predicted, with few surprises. Broadcasters generally endorsed single-standard ruling and requirement that cable systems carry supplementary audio channels. Cable industry also endorsed single system but strongly urged against making MTS "must-carry." Telesonics Inc., proponent of one of 2 losing systems, reiterated that it wanted marketplace decision.

Telesonics Pres. Larry Ocker told us his system "was not even considered in the 2nd round" of MTS tests because subcommittee members were "so mad at us" because of its insistence that tests were rigged against it first time around. He said if FCC makes marketplace decision, Telesonics will push for acceptance of its system. "If it chooses Zenith-dbx, we'll certainly go along." Ocker is engineering vp of WTTW (PBS) Chicago.

Other losers in system race didn't file reply comments — EIA-J for its transmission system, CBS & Dolby for companding systems. CBS Technology official told us that as a broadcaster, CBS was more eager to get MTS moving than it was to push own CX companding system. Dolby spokesman said that while company feels decision for dbx was wrong and that more tests should have been held, it "won't upset the vote." He said Dolby is now working on other technological developments important to future of TV.

Unusual comments were filed jointly by Time Period Modulation (TPM) and Cable TV Supply Co., both of Cal., urging marketplace approach. Document says TPM has "new system for modulating a TV carrier and digitally transmitting TV & other signals... making substantially more efficient use of existing telecommunications spectrum." For MTS, it says "TPM system would permit an inexpensive alternative without sacrificing quality service [and] would convert existing TV transmitting and home receiving equipment into stereo equipment. [It] would not require the broadcast industry to retool, or home viewers to buy expensive new TV sets."

PBS urged FCC to adopt single standard and strongly recommended that it permit use of TV aural subcarriers "with full discretion for public TV stations to use [them] for whatever uses they wish, and for revenue producing purposes..."

Revenue production is also on minds of commercial TV stations, as evidenced by NAB comments urging that no common carrier regulation be imposed on TV aural subcarriers, suggesting that stations could use them for "program-related material for the sight & hearing impaired, storecasting and background music, paging services, electronic mail

delivery, facsimile services to offices and municipal traffic light & sound control." NAB strongly recommended adoption of single system and must-carry status for cable TV.

NCTA just as strongly opposed must-carry rule while urging adoption of service, stating cable systems would carry it where they could but mandatory carriage would impose "technically unacceptable and costly burden on cable operators and their subscribers."

EIA MTS Subcommittee filed its expected comments proposing that FCC choose Zenith-dbx system. It said Zenith was selected because it's "theoretically perfect under ideal conditions," has potential of expandability into quad sound or more channels, requires no complex filtering, is easy to build because of similarity to FM stereo." As for dbx companding system, filing said it provides up to 100% low frequency modulation capability, consistent stereo separation, good headroom and low transient distortion, excellent perceived bandwidth, high audio quality with excellent noise reduction and was choice in listening tests.

8mm—PROFIT-KILLER? Impact of 8mm introduction by Kodak "could cut industry profitability by \$20-\$30 million" this year if it causes consumer confusion, in opinion of Hitachi Exec. Vp Robert O'Neil, who laid much of blame on video industry leaders rather than Kodak itself.

Enlarging on widely quoted comments he made at CES (TVD Jan 16 p13), O'Neil faulted major U.S. manufacturers for jumping on 8mm bandwagon. "If it were only Kodak as a market test, that would be one thing," he said, "but everybody else is helping Kodak by giving them exposure. Talk alone will slow down portable sales."

Based on anticipated 5.5 million VCR sales this year, O'Neil said, more than one million will be portables. "Some 500,000 of these portables are in jeopardy if people decide to wait. These are our deluxe, high-priced models, our most profitable. We can have a nice dump on high-priced portable VCRs... You can lose your year's profits on one model of one product."

As for Kodak, "you can't dismiss them... It's the start of something." He forecast 8mm camcorders could be selling for less than \$1,000 — "camera stores are used to operating on low margin."

Although 8mm may open up big camcorder market, O'Neil believes it won't be only format. "I think we'll see 2 or 3 formats in the future. This is causing manufacturers to look at Betamovie and VHS-C [Video Movie]," which O'Neil believes will be helped, rather than made obsolete, by 8mm.

Price war in high-end computer software is being awaited following Visicorp.'s cutting \$95 from \$495 price of Visi On Applications Mgr. program.

9,000 CED PLAYERS WEEKLY: Based on surge of CED player shipments which began last fall, RCA should have no problem meeting its share of 500,000 videodisc players expected to be delivered to retailers this year. According to RCA Videodiscs Vp-Gen. Mgr. Arnold Valencia, Indianapolis plant has been shipping average of 9,000 machines weekly since Sept., vs. 2,000-2,500 during same period last year. Valencia maintains distributor backorders reached 34,000 units Jan. 10.

He acknowledges pace will drop off in 2nd & 3rd quarters, expects it to move past 9,000 weekly mark by fall. Fly in ointment is preponderance of \$199 monaural players — 60% of total sales — Valencia noting that step up to more expensive stereo models still hasn't occurred and, as result, "music video is not moving as quickly as anticipated." He says retailers don't demonstrate stereo properly, problem he hopes to discuss at RCA's distributor meeting in May.

As for random-access player, sales have been almost non-existent because unit hasn't been available in quantity. Valencia points out that 50% of output to date was sold to Bally for NFL Football arcade game, with production for distributors just beginning. He wouldn't comment on details of RCA-Coleco discussions about use of player with Adam computer except to say "we're talking to a variety of people in a serious vein... We see an opportunity."

Bigger objective is bringing player sales in line with disc deliveries. The 2 components are out of whack, probably will remain that way until midyear, largely because program suppliers overestimated player demand when they decided to go ahead with custom-pressing. That decision was based on strong sales filling retail pipeline. "Everybody just got carried away," comments Valencia. "They didn't apply normal standards," and result has been massive inventory buildup.

Valencia said he now believes correction has set in and "they're ordering responsibly... It's a short-term problem that has taken longer to work out than expected." He believes disc rentals are fact of life accounting for 30% of dollar volume and shouldn't be discouraged. "I know the studios don't like to hear that."

Different solutions to oversupply have led to sniping between CBS/Fox Video and RCA Videodiscs, but reports of feud have been greatly exaggerated, Valencia said. Problem stemmed from CBS/Fox's reduction of 225 CED titles to \$19.98. Valencia said move didn't offer distributors price protection on 180 releases, claims "they stopped buying" rather than incur inventory writedowns of up to \$50,000. CBS/Fox originally posted new purchase price of \$8 a disc, barely above replication cost, in contrast to RCA policy which permitted return of 10% of its titles in Dec.

Apparently, CBS/Fox agrees with Valencia evaluation that plan didn't work. Senior Sales & Mktg. Vp Leonard White told us distributors can hold to first scheme — 50% price reduction and \$1-a-disc ad allowance — or try 2nd, which keeps disc at old cost but offers \$5 rebate. White claims dramatic

improvement in disc sales since difficulties were straightened out, maintains "we're nearly back to the old level."

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Hitachi demonstrated own interactive CED player, along with home videodisc game system, to dealers at Hitachi Sales Corp. of America 20th anniversary cruise down coast of Mexico. System can be used with any home computer, and as demonstrated used horse-racing videodisc programmed from floppy disc. Company said it would be ready by year's end. Hitachi is negotiating with "all videogame makers" in U.S. & Japan about use of its CED players in home disc games, official told us.

Hitachi's CED videodisc player business in U.S. remains "on hold," but "we want it to go," Exec. Vp Robert O'Neil said in interview. CED system, he added, "can still survive, even if RCA doesn't make it this year." He said he thought pricing is "where it belongs, at \$169, \$199," but that system needs specialized software — particularly educational — that "hasn't been developed yet." As for Laservision — "I almost dismiss it. It's about 1/4 of CED [in sales], it will always be more expensive" and will survive only as commercial-industrial product.

Radio Shack is eyeing entry into video software through short music video and special feature programs. It plans to have line of 45-min. recorded cassettes by 3rd quarter, is seeking original product, apparently also is willing to license existing programming if suppliers allow it to be sold on its label. RS won't comment on status of venture other than to acknowledge its existence. Sources tell us RS will guarantee to buy 20,000 copies of accepted programs at \$12.50 each, retail them at \$29.95. Volume is about double what most music videos generate now. RS is offering to have subsidiary Memtech (formerly Memorex consumer products operation) supply blanks for duplication at \$3.75-\$4 each. B&H/Columbia Pictures Video Services would seem to have inside track on duplication because of both capability and past association with Memtech in videocassette loading venture. B&H/C is gearing up for music videos, expects to buy Sony pancake tape duplication facility at Dothan, Ala. plant, will get it started in mass production of shorter tapes. It's probable company will build duplication plant this year, adding 1,000 slave VCRs to 2,500 now in use, although music video still won't be primary reason — they're expected to account for well under 10% of recorded cassette market of at least 13 million units in 1984.

Safety tests of electrical appliances controlled by ICs are planned by Consumer Product Safety Commission. Agency is concerned over possible hazard if chip fails, particularly in ovens and other heating devices (TVD Oct 31 p18). On another safety issue, FDA says it may move on cordless phones if CPSC doesn't go beyond warning labels to attack problem of overload ring. Many cordless phones ring through earpiece and there are reports of hearing loss suffered by consumers who had phones too close to ear when they rang. FDA says Radiation Control Act gives it authority to regulate any product emitting electronically produced sonic waves.

NEW BACKING FOR BETA: VHS format may have dominating lead in VCR market supremacy battle, but Beta continues to pick up new international support. Latest to sign on are manufacturers in China & Korea.

Beta is first format to get formal blessing and major investment from mainland Chinese officials. Sony said it has signed technical assistance, licensing & patent agreements for joint venture by Chinese and Hong Kong interests. New company, Amoy Solid Electronics, is to be located in Amoy economic zone. It's capitalized at \$5.1 million, is slated to start production in Sept. Company plans to turn out 300,000 VCRs in next 6 years.

ASE will use Sony brand name, and at first buy 70-80% of parts from Sony, but plans to have all components made in China within 6 years. Sony said it's also negotiating separate agreement on exporting videotape to China. Matsushita & JVC have small-scale licensees in China, and are understood to be negotiating for larger deals. Sony agreement is believed first to cover plant of significant size.

Korea's Hyundai is including VCR production in plans to evolve into consumer electronics manufacturing force. Hyundai Electronics, recently formed subsidiary of conglomerate, has purchased VCR technology & licenses from Sony in exchange for up-front payment, 5% royalty on sale, expects to start production in 2nd half this year.

Hyundai presumably intends to be Korea's 2nd producer of Beta VCRs. Daewoo produces Beta under agreement with Toshiba, while Gold Star & Samsung have VHS licenses from JVC. Korea's manufacturers are barred from exporting VCRs until Jan. 1, though they're negotiating to have ban lifted Oct. 1. Gold Star, meanwhile, has become first Korean VCR producer to win UL listing, considered necessity for exports to U.S.

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On VHS front, NEC says it plans to switch from assembler of kits supplied by JVC to integrated production in July. All of NEC's VHS output will be for export, primarily to U.S., and company expects shipments of about 6,000 monthly.

JVC's AHD (Audio High Density) digital disc system is due for introduction in Japan this summer. JVC will have separate AHD players as well as adaptors that permit discs to be played on VHD videodisc players already on market. AHD discs are designed to provide stereo audio and still video pictures. AHD will be direct competitor to CD optical digital audio discs, and JVC will have foot in both camps. Company recently announced that members of its records group will release 35 CD titles in March and that it's building capacity to press 300,000 CD discs monthly.

On-screen caption generator used in RCA's interactive videodisc player has been awarded patent, with Charles Wine cited as inventor. Designed to display instructions on videoplayer use, prompting & timing information, it can be used with VCRs as well as disc players, RCA notes. Currently it's part of LSI in disc player, can operate with or without disc.

NEW SET INTRODUCTIONS: Sharp introduces its first flat square tube (FST) in 20" monitor receiver with 142 channels, keypad remote, stereo TV jack, RGB & video-audio inputs, on-screen color coded function display, comb filter at \$760, 2 mechanically tuned 19" portables at \$400, 25" table model at \$590.

New VCRs from Sharp start with front-load model at \$600 featuring search, stop action, 7 day one event timer, 8-function wired remote, illuminated "cassette in" indicator. Updated all-in-one portable VCR including tuner-timer weighs 13.2 lb., nearly 2 lb. lighter than predecessor, with search, still, frame advance, 105 channels at \$900. Sharp introduced new CD player with random program access, search. Sharp enters portable typewriter field with "Intelliwriter" dot matrix portable with 70-character LCD display, 2,200-character memory at \$360.

Samsung introduced 5" AC-DC color set; 13" AC remote color, 13" remote monitor receiver with 133 channels, dual antenna connections; 19" monitor receiver with dual antenna, stereo amplifier, 105 channels, up-down remote.

Color TV sets for classroom instruction were introduced by RCA Service Co. With keypad tuning, video & audio input jacks, 127 channels, sets are available in 19" & 25". Larger size has optional Digital Command Center, wireless remote which also will operate some RCA VCRs and videodisc players, as well as separate input for closed-circuit use.

Toshiba's Walky, to be introduced in Japan in March at \$150, is first headphone cassette player smaller than cassette itself. Cassette snaps on to outside. Walky, which weighs just 7.4 oz., also includes FM-AM radio.

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Backyard satellite dish market should jump from 225,000 units last year to 550,000 in 1984, including sales to schools and other non-home users, bring number in use to 875,000, KLM Electronics Pres. Peter Dalton told news conference at recent WCES in Las Vegas. Show had its usual parking-lot display of earth stations which drew usual glances from passersby, problem that TVRO industry has yet to overcome, Dalton acknowledged, noting sales potential of \$1.4 billion this year "unfortunately has been ignored by [many] dealers." Dalton said average unit price was declining from \$3,000 to \$2,500, and claimed KLM holds 33% market share. KLM meanwhile has licensed Pioneer Electronics of Japan to manufacture receiver line, transferring considerable volume of production outside U.S.

National Semiconductor may face criminal fraud charges for its acknowledged failure to test properly ICs supplied to military in 1978-81. Following investigation, NS was disqualified in Feb. 1982 as military supplier, but won that status back 10 weeks later after revamping testing & reporting procedures. Last week, Pentagon disqualified Fairchild Semiconductor as IC supplier for similar reasons, said that company too was being investigated for fraud. Indications are that other IC producers also are being probed.

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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NAP NET UP: North American Philips posted record 4th quarter results, higher sales & earnings for year. Closing quarter was first in which company sales topped \$1 billion, while net rose 24.8%. For year, NAP had earnings gain of 30.1% on 12% sales rise (see financial table). Earnings are after \$3.97 million dividend on special shares sold to U.S. Philips Trust to finance 1975 acquisition of Magnavox. Excluding that payment, NAP earnings were up 38.1% for quarter, 35.5% for year.

Consumer electronics operations "registered sharply improved results" despite extensive losses from videogames, NAP said. CE improvement "was most notable" in video products, TV tubes, and losses from videodisc business were reduced. NAP said cost reductions and operating efficiencies also helped boost CE performance. Company had higher sales & earnings in all major segments of its electrical & electronic components business, while sales of CATV equipment were down.

Activision reported \$8.1 million loss in 3rd quarter to Dec. 31, putting 9-month deficit at \$12 million. Sales fell 79.7% in quarter, were off 56% for full period. Company said results reflect lower order rates, cost of staff reductions, reserve for higher than anticipated post-Christmas videogame inventories. Activision said it expects soft market to continue through much of 1984, added that most of its new titles will be released in several formats this year "because of significant fragmentation in the hardware marketplace."

Texas Instruments, free at last from home computer business, enjoyed 81.9% jump in 4th quarter net, including \$11 million in sales of home computer equipment previously written off. Full-year loss of \$145.4 million includes \$193 million tax credit, \$350 million in writeoffs and estimated \$310 million in operating losses from home computer business.

Craig said dropping home & portable audio equipment to concentrate on car stereo helped it cut loss 50% to \$609,000 in 2nd quarter to Dec. 31. For half, deficit was \$1 million, down from \$1.6 million. Craig said sales were down only 6.6% to \$15.5 million, but were off 14.7% to \$29.6 million for half.

Dai Nippon Printing said 30% jump in sales of color tube shadow masks and other electronic parts helped boost sales 8.5% to \$1.31 billion in half to Nov. 30. Japanese firm said net rose 4.4% to \$48.9 million.

Walt Disney worldwide home video & non-theatrical sales rose 45.7% in fiscal 1983 (to Sept. 30) to \$55 million, according to annual report. Cited as biggest cassette & disc sellers were Alice in Wonderland at \$1.8 million, Tron at \$1.7 million. Report indicates contract giving RCA exclusive CED disc distribution rights to Disney video titles expires this year, won't be renewed.

R&D spending in U.S. on electrical machinery & communications should rise 12.4% this year to \$14.5 billion, with private industry taking on bigger share of load, according to Battelle Memorial Inst. Govt. financing in field is expected to increase 6.8% to \$5.65 million, to account for 39% of total, down from 41% share in 1983.

FMA HEARING FEB. 23: Final hearing on proposed Fair Marketing Amendment to Copyright Act has been set for Feb. 23 by House Copyright Subcommittee. Witness list isn't out, but we're told it should include Consumers Union's Mark Silbergeld, who will oppose revision that would allow studios to share in retailer revenues from recorded cassette rentals. Training Media Distributors Assn. will speak in favor of FMA.

Session represents last licks for MPAA & HRRC. Lobbyist for latter claims "we've not been told there's any commitment to a markup." Aide to Subcommittee Chmn. Kastenmeier (D-Wis.) told us markup timetable hasn't been discussed, calls Feb. 23 date "fairly prompt scheduling" in contrast to hearing on computer technology, postponed while Kastenmeier draws up own legislation. That could bring FMA issue closer to resolution.

HRRC meanwhile is continuing to fan grassroots response among dealers, got more than 5,000 anti-revision signatures at Jan. CES in Las Vegas, will hold 24 retailer-education meetings around U.S. by month's end. One estimate is that possibly 50% of retailers weren't aware FMA was separate issue, and great many still think Supreme Court's Betamax ruling that home taping isn't copyright violation settled entire matter. HRRC has no count on mail sent to Congress, but claims volume has been significant.

Sony officers slogged through 13-1/2 hour annual meeting in Tokyo last week where they were peppered by stockholders with questions on company's declining profits and future of Beta VCR system. Sony apparently was caught up in current positioning battle fought by group called Sokaiya, and generally referred to as "special stockholders." They are so-called consultants, researchers & journalists, own one or 2 shares, and traditionally show up at meetings to applaud management and help keep meetings short in exchange for consulting fees, ads in limited circulation journals. In 1982, govt. revised commercial code making such payments criminal offense. Sony, it's understood, has moved to comply fully with new rules. Sokaiya apparently used meeting to demonstrate what happens to companies that refuse to deal with them.

Ad notes: Commodore appoints Anametrics Services as agency of record for its \$100 million worldwide budget — \$70 million earmarked for spending in U.S. AS, new subsidiary of Commodore's investment advisor, Anametrics Inc., is assigning actual ad creation & placement to established agencies... Video Movie magazine, devoted to reviews of films on cassette & disc, bows this month with \$2.95 cover price. Ad rates are based on 150,000 circulation.

CD price cuts are extending to discs as well as players. Denon America says it will trim dealer cost of discs by \$2 to about \$10 in March, lower suggested retails \$3 to \$17, expects further reductions later this year. Also in March, company plans to boost CD pressing capacity in Japan 50% to 450,000 monthly.

Consumer Electronics Personals

Henry (Gary) Thone, ex-Team Central exec. vp and pres. of subsidiary Atlantis, joins NAP Consumer Electronics as Magnavox vp-brand mgr., replacing Senior Mktg. Vp Donald Johnstone, who has held post on interim basis since shift of **Kenneth Thomson** to Odyssey vp-gen. mgr... **Susumu Yoshida**, advanced at Sony (Japan) from senior managing dir. to deputy pres. Gen. managers elected dirs.: **Yoshitoshi Hiraki**, Sony Production Technology & Components Group; **Eiji Oki**, TV Group; **Nobuo Kanoi**, Audio Group; **Senri Miyaoka**, Audio-Video Technology Center. Also named dir. was **Kiyoshi Yamakawa**, deputy gen. mgr., Consumer Video Group... **William Harlow** joins Sony (U.S.) Video Communications as videotex/teletext project mgr.

Paul Malloy named Atari Products mfg. exec. vp in restructuring (TVD Jan 30 p17); **Marvin Hoff** appointed R&D exec. vp; **Steve Calfee** named senior vp of new Entertainment Software Div., with **Fred Simon** appointed vp responsible for marketing products in non-Atari formats... **Dennis Groth**, former head of non-operating units, named exec. vp for telecommunications operation, Ataritel, with added responsibility for videogame radio broadcasting venture with Activision... Resignations at Commodore: **Donald Richard**, as pres. of Commodore Business Machines, to become pres. of Polo Business Systems, affiliate of Hong Kong's Radofin; **Myrdin Jones**, as U.S. mktg. vp, now Sperry vp responsible for new personal computer; **William Miller**, systems engineering dir.; **Roy Thomas**, materials dir. for company's IC manufacturing.

Fred Bucy, TI pres., to add post of CEO in May, succeeding **Mark Shepherd**, continuing as chmn.; **William Weber** advanced to exec. vp, strategic development... **Steven Jobs**, Apple chmn., named exec. vp of new Apple 32 Div. responsible for Lisa & Macintosh models; **Delbert Yocam**, former operations vp, named to head new Apple II Div.; **Michael Muller** named vp-gen. mgr. for new Accessory Products Div... **Nolan Bushnell** resigns as Pizza Time Theater chmn... **James Magid**, electronics industry financial analyst at L.F. Rothschild, named senior vp.

Harvey Schneider, ex-Sharp national accts. mgr., joins rep Royal Sales as San Mateo, Cal. office vp-gen. mgr... **Richard Ziff** shifts from PR specialist for 3M Magnetic Audio/Video and Automotive products to other lines including recorded cassettes offered by Leisure Time Products Project... **Jack Tweddle**, ex-Tomy Home Computer Div. sales & mktg. vp, named pres.-COO of Super Tel (home telecommunications equipment)... **Gene Williamson** advanced at Record a Call to national sales & mktg. dir., succeeding **Buck Dates**, now sales & mktg. vp... **Mike Hyde**, Mitsubishi Car Audio Div. gen. mgr., named vp.

Todd Leavitt advanced at CBS/Fox Video from legal & business affairs vp to programming & business affairs senior vp; **Lisa Alter** promoted to legal & business affairs dir.; **Dick Davi** named ad-creative services dir... **Janice Whiffen** promoted to national sales dir., Vestron Video... **Diane Moy** appointed

promotion mgr., Paramount Home Video; **Jack Kanne**, ex-Commtron national sales mgr., named southern region mgr... **Noel Gimbel**, Sound Video Unlimited chmn., adds duties as COO, succeeding **Leonard Grossi**... **Joel Schoenfeld**, RIAA special counsel & anti-piracy operations dir., adds duties as assoc. gen. counsel.

Philo Farnsworth, an inventor of all-electronic TV, and **Theodore Maiman**, developer of first operable laser, elected to U.S. Patent & Trademark Office National Inventors Hall of Fame.

Electronic transaction handling can mean major paperwork cut, according to report of Corporate Trade Payments, 6-month 45-company pilot test run by National Automated Clearing House Assn. Project processed some 300 transactions valued at \$14.5 million among participants, replaced about 3,000 checks with electronic fund transfers. Most of banks & businesses involved indicated plan to continue involvement. Among participants: Sears, Sony, Westinghouse, Xerox. In related activity, 3 new banks agreed to invest in VideoFinancial Services, venture developing electronic home banking software and marketing it to videotex operators. Signing on were State Street Boston, N.Y.'s Chase Manhattan, First National of Chicago, bringing number of institutions involved to 7.

Japan's NHK claims development of high definition TV transmission system that uses single standard TV broadcast channel. Method calls for usual 60 fields per second transmission rate, but using 4 fields to create each complete frame or picture, and NHK says pictures are 2-3 times brighter than standard TV pictures, so there is no noticeable flicker. To further reduce bandwidth requirement, only non-white portions of picture are actually sent, and are reinserted by memory & re-synthesizing circuits contained in receivers. NHK said new technology would make HDTV sets very expensive at first, but estimates cost of 25" model would quickly drop to \$2,100-\$2,600 range through use of large scale ICs.

Conflict at Kyocera is spotlighted in unusual look at Japanese operation in U.S. in TV documentary "The Kyocera Experiment" slated to be aired on PBS March 8. Instead of usual feature on Japanese management turning around struggling U.S. factory, report focuses on how company is handling executive cultural clash between U.S. & Japanese managers at Kyocera's IC ceramics plant in San Diego. One key issue is preference of company's American salesmen for having large orders filled by more efficient plants in Japan.

TV picture tubes have been added to list of semi-monopoly products subject to price surveillance by Korea's Fair Trade Commission. List generally includes critical products which are subject to severe import restrictions and are being made in Korea by limited number of companies. Object of scrutiny is to see producers don't take advantage of situation by charging excessive prices and making higher than reasonable profits. Gold Star & Samsung dominate Korea's picture tube industry.

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
Activision			
1983-9 mo. to Dec. 31	49,620,000	(11,997,000)	--
1982-9 mo. to Dec. 31	112,760,000	13,452,000	.45
1983-qtr. to Dec. 31	10,168,000	(8,105,000)	--
1982-qtr. to Dec. 31	50,057,000	4,696,000	.16
Andrea Radio			
1983-year to Dec. 31	4,422,114	448,209	.88
1982-year to Dec. 31	4,781,861	437,111	.86
1983-qtr. to Dec. 31	1,089,796	107,778	.21
1982-qtr. to Dec. 31	1,030,204	75,225	.15
Arvin Industries			
1984-year to Jan. 1	600,605,000	18,338,000	2.37
1983-year to Jan. 2	513,905,000	10,866,000	1.40
1984-13 wk. to Jan. 1	169,460,000	7,712,000	.99
1983-13 wk. to Jan. 2	124,267,000	3,180,000	.41
Capital Cities Communications			
1983-year to Dec. 31	762,295,000	114,704,000	8.53
1982-year to Dec. 31	663,580,000	96,317,000	7.25
1983-qtr. to Dec. 31	214,145,000	34,745,000	2.59
1982-qtr. to Dec. 31	182,645,000	28,140,000	2.10
Chyron			
1983-6 mo. to Dec. 31	9,091,000	2,309,000	.38
1982-6 mo. to Dec. 31	7,571,000	1,992,000	.33a
1983-qtr. to Dec. 31	5,188,000	1,226,000	.20
1982-qtr. to Dec. 31	4,145,000	1,056,000	.17a
Cox Communications			
1983-year to Dec. 31	614,623,000	77,950,000	2.75b
1982-year to Dec. 31	514,746,000	65,421,000	2.31
1983-qtr. to Dec. 31	172,631,000	25,367,000	.90b
1982-qtr. to Dec. 31	146,159,000	17,975,000	.64
Knight-Ridder Newspapers			
1983-year to Dec. 31	1,473,369,000	119,435,000	1.80
1982-year to Dec. 31	1,327,987,000	102,931,000	1.57c
1983-qtr. to Dec. 31	409,543,000	40,323,000	.61
1982-qtr. to Dec. 31	364,155,000	36,146,000	.55c
Lee Enterprises			
1983-qtr. to Dec. 31	48,897,000	6,322,000	.46
1982-qtr. to Dec. 31	46,299,000	5,804,000	.42a
Milton Bradley			
1983-year to Dec. 31	336,963,000	(18,674,000)	--
1982-year to Dec. 31	345,531,000	19,178,000	2.60c
1983-qtr. to Dec. 31	116,967,000	(18,716,000)	--
1982-qtr. to Dec. 31	98,378,000	3,710,000	.51c
Multimedia			
1983-year to Dec. 31	271,538,000	35,174,000	2.15
1982-year to Dec. 31	225,463,000	28,974,000	1.90
1983-qtr. to Dec. 31	75,837,000	11,090,000	.67
1982-qtr. to Dec. 31	62,676,000	9,063,000	.59
North American Philips			
1983-year to Dec. 31	3,799,825,000	95,712,000	6.75b
1982-year to Dec. 31	3,168,052,000	73,564,000	5.33
1983-qtr. to Dec. 31	1,120,325,000	37,095,000	2.58
1982-qtr. to Dec. 31	849,526,000	29,731,000	2.14
Owens-Illinois			
1983-year to Dec. 31	3,422,100,000	69,100,000	2.48
1982-year to Dec. 31	3,552,900,000	90,700,000	3.18b
1983-qtr. to Dec. 31	814,800,000	38,700,000	1.39
1982-qtr. to Dec. 31	887,700,000	(31,800,000)	--
Rogers Cablesystems^d			
1983-qtr. to Nov. 30	79,900,000	(5,764,000)	--
1982-qtr. to Nov. 30	80,400,000	(4,068,000)	--c
Scripps-Howard Bcstg.			
1983-year to Dec. 31	100,631,000	17,558,000	1.70
1982-year to Dec. 31	95,645,000	19,470,000	1.89b
1983-qtr. to Dec. 31	29,464,000	5,400,000	.52
1982-qtr. to Dec. 31	27,284,000	6,045,000	.59b

Company & Period	Revenues	Net Earnings	Per Share
Texas Instruments			
1983-year to Dec. 31	4,579,800,000	(145,400,000)	--
1982-year to Dec. 31	4,326,600,000	144,000,000	6.10
1983-qtr. to Dec. 31	1,299,300,000	77,500,000	3.23
1982-qtr. to Dec. 31	1,107,000,000	42,600,000	1.80
Time			
1983-year to Dec. 31	2,717,035,000	168,934,000	2.65
1982-year to Dec. 31	2,370,931,000	153,115,000	2.45c
1983-qtr. to Dec. 31	763,118,000	54,932,000	.86
1982-qtr. to Dec. 31	668,925,000	43,206,000	.68c
TRW			
1983-year to Dec. 31	5,493,000,000	205,200,000	5.53
1982-year to Dec. 31	5,131,900,000	196,300,000	5.49b
1983-qtr. to Dec. 31	1,381,400,000	52,600,000	1.41
1982-qtr. to Dec. 31	1,208,100,000	31,500,000	.83b
Washington Post			
1983-year to Dec. 31	877,714,000	68,394,000	4.82
1982-year to Dec. 31	800,824,000	52,413,000	3.70
1983-qtr. to Dec. 31	254,260,000	28,644,000	2.02
1982-qtr. to Dec. 31	224,790,000	22,206,000	1.57

Notes: ^aAdjusted. ^bIncludes special credit. ^cRestated.
^dIn Canadian dollars.

LV GROWING IN JAPAN: Introduction of slot-load feature and semiconductor laser late last year has helped boost Laservision optical disc player sales in Japan from 2,500-3,000 monthly to 5,000-6,000, according to Yasuo Aomi, pres. of Tokyo-based Pioneer affiliate Laser Disc Corp. He estimates 90,000 LV players are now in use in Japan, says that with Sony expected to sell at 3,000 monthly following April introduction, it "isn't too unrealistic" to look for population to approach 200,000 by end of 1984.

Aomi puts LV home player population at 90,000-100,000 in U.S., 10,000 in U.K., 1,000 in Australia where system was launched in Oct. Software awareness created by recorded cassettes also is aiding LV, Aomi claims. Latest numbers from Japanese Video Assn. indicate sales of 2.5 million recorded cassettes last year, features accounting for 14%, music 15%, adult titles 40%.

Japanese LV consumer catalog has grown from 450 titles in fall to 660 now, with 260 custom-pressed for Pony, CBS/Sony, Japan/Columbia, others. Pioneer's Kofu plant has annual capacity of 5 million discs, Carson another 1.2 million. Aomi said he considers development of LV arcade games "godsend for the industrial sector," and game manufacturers are "demanding more than we can put out" despite signs market is moving more slowly than anticipated (TVD Jan 30 p13).

Also in Japan, JVC is broadening its video software sales horizons to cassettes through formation of CIC-Victor Video, venture with CIC Video, U.K. based international distributor of Paramount & MCA theatrical & TV titles. New company will lease movies to retailers for consumer rental, put sale-only tag on JVC music titles.

Japanese defendants in Zenith-NUE \$3 billion antitrust have asked 8th U.S. Appeals Court, Philadelphia to reconsider its reversal of district court's dismissal of action. If request is denied, Japanese could ask Supreme Court for review.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NAB MAY SUPPORT 'CORE' BILL, although nothing's yet official. But Assn. won't yield on children's TV. (P. 1)

HOUSE AIDE ROGERS PREDICTS passage of fin-syn, broadcast deregulation & cable deregulation this session. (P. 2)

FOWLER ROASTED during 5 hours of questioning at House oversight hearing. Fowler defends record; Dingell zeroes in on Reagan meeting. (P. 3)

WARNER CHALLENGED to explain its franchise renegotiations. (P. 4)

GOLDWATER TARGETS MURDOCH: Wants bar to more foreign ownership of U.S. media. (P. 4)

UNFAIR DOCTRINE: Packwood praised for efforts to repeal fairness rule. (P. 5)

CBS EARNINGS SOAR as broadcast net leaps 34.5 %, recordings up 193.9% in 4th qtr. (P. 6)

DEREGULATED CABLE systems provide better service, only slightly higher rates than regulated systems, NCTA tells Congress. (P. 6)

LAWMAKERS, ON-THE-RECORD: We quiz Tauke, Swift & Wirth. (P. 7)

NAB EXPECTED TO OKAY CORE BROADCAST BILL: NAB isn't saying on record, but well-placed sources told us Assn. will support core compromise broadcast bill, despite unsettled issues. Formal announcement of support hasn't been made and won't be until NAB examines bill draft and has settled its remaining problems with compromise, particularly EEO issue with Rep. Leland (D-Tex.). But Assn. is said to be "willing to go along" with procedural agreement, which would allow bill to go to markup (TVD Feb 6 p8), and to be largely satisfied with core language for TV program standard.

Broadcasters are expected to support at least core portion of bill through House-Senate conference, if it gets that far. But Assn. continues to oppose mandatory children's programming requirements and giving FCC discretion to re-regulate radio if it determines public interest isn't being served. Assn. spokesman said inclusion of either could cause NAB to abandon compromise.

House lawmakers negotiating compromise met again late Feb. 9 when decision was made to have staff draft what may prove final version of core bill. They also finalized procedural

Consumer Electronics

VIDEO MOMENTUM strong in Jan. VCR at 7 million, color at 16.4 million yearly rate. (P. 12)

PROJECTION TV shortages last year cost up to 18,000 sales, USPL says, sees 178,000 sales in '84 as product improves. About 400,000 now in use. (P. 12)

AM STEREO on 2nd anniversary of FCC decision is now 2-way battle — Motorola for single standard sets, other proponents for universal chip. (P. 13)

NOV. COLOR TV import breakdown shows 4 of 5 major source countries had shipments more than double those of same 1982 month. (P. 15)

COMPUTER-GAME CASUALTY list grows with addition of CBS Video Games and Tomy's computer. Mattel winding down electronics. (P. 15)

VCR OUTPUT EXPANSION slated by JVC, Mitsubishi, Sanyo. Sanyo gearing for Beta output in Taiwan, eyeing India. (P. 16)

GRUNDIG TAKEOVER PLAN by N.V. Philips and bankers would give German video maker \$90.5 million in new capital in exchange for control. (P. 18)

VIDEO BUFF SPENDING on recorded software rising, according to Video magazine reader survey. Disc players catching on. (P. 19)

agreement under which so-called core bill would be marked up by House Telecom Subcommittee shortly. Industry allies, Reps. Tauke (R-Ia.) & Tauzin (D-La.), would have chance to offer amendment that would strip bill of radio "safety net" language while Subcommittee Chmn. Wirth (D-Colo.) would get to offer amendment to require TV stations to air minimum 5 hours per week of children's educational programs on weekdays. Wirth wants to include in that amendment language which would require 30% of all TV stations to improve their local & informational programming. However, NAB continues to oppose this strongly, says figure must be 15%. Well-placed sources said that NAB board may agree to 20% figure, which Wirth is said to be considering.

EEO language is biggest remaining hurdle. Tauke said bottom line is "the NAB will not support the procedural compromise, unless they have an agreement on EEO." That's proving real problem; in meetings with NAB last week, Leland said he won't accept anything less than 60% of parity figure cable industry accepted for HR-4103. "[Leland] will not budge off of that," aide said. "He's already compromised on this — he had wanted a much higher figure." Aide said that if Leland is unable to get EEO agreement with NAB, he won't support bill. Tauke, Wirth & other lawmakers at Feb. 9 meeting agreed core bill must have EEO guidelines, instructed both sides to return to bargaining table. Wirth outlined procedural agreement in memo to Subcommittee Feb. 6, which has met with support from most members. However, some, including Rep. Bryant (D-Tex.), told us they were concerned about how far Wirth went in reaching compromise. "Frankly, I'm happy with the way things are."

Assn. wouldn't confirm report. Spokesman said: "I don't think [we] have agreed to any compromise yet. There's a lot more we need to know." Assn. still sees 4 issues as significant problems — possibility FCC would be able to re-regulate radio, mandatory children's TV requirement, number of TV stations that would have to improve performance under quantification standard, and EEO. But ally Rep. Tauke (R-Ia.) said: "There is an understanding that the core agreement would [be allowed] to survive through conference." Wirth is said to have taken this as assurance that Assn. will back core bill through compromise, according to participating sources.

ROGERS SEES 3 COMMUNICATIONS BILLS: Despite fact this is election year, House Telecom Subcommittee Counsel Thomas Rogers predicted last week that Congress will pass 3 major pieces of broadcast legislation this session. Speaking at NATPE panel on "Washington Explores the Future," he said bills will pass on financial interest & syndication, broadcast deregulation and cable deregulation. He added there's "very good prospect" Congress also will approve legislation requiring TV stations to carry a certain quantity of children's programming.

On broadcast deregulation, he said "prospects are very good" that warring factions on Subcommittee will reach compromise (see story elsewhere in this issue). "We are very close to reaching an agreement." Asked by Robert Pettit, legal aide to FCC Comr. Dawson, if such an agreement would include program quantification, Rogers replied "absolutely."

Pettit said that would put federal govt. right back into content regulation — "that strikes me as absolutely the opposite of deregulation." Pettit also thought it would be unfair because competitors of over-air TV wouldn't be subject to same rules.

Ex-Comr. Abbott Washburn said FCC must remain more than "traffic cop" for spectrum matters and that careful balance must be maintained in regulatory affairs between govt. & industry: "I would hate to see [deregulation] carried too far." He said Dec. FCC decision not to mandate children's programming is "distinct backsliding" and new policy imposes "a meaningless obligation" on stations.

Thomas Herwitz, legal asst. to Chmn. Fowler, said there are "many frustrated" TV programmers in Washington who "really are trying to take your jobs away from you." He said Fowler is pushing for day when it won't be necessary for FCC officials to come to NATPE to talk about "choking regulations." Rogers, on other hand, said deregulation "in and of itself is not a goal" of Congress. He said there should be deregulation only in areas where it's fully justified by marketplace and that it shouldn't be based on anticipation of future developments. That's

"stark difference" between FCC and majority of House members, he said. But, Rogers argued, what happens in Washington "is not all that relevant to your business." Washburn received mild applause when he urged that public interest standards be left intact.

Asked about Fowler's priorities for year, Herwitz cited 7-7-7, attribution, removal of rules such as fraudulent billing. On relaxing station ownership restrictions, he said rules will be liberalized but there's no clear consensus about networks. Rogers said there's "a very deep sentiment" in Congress that TV networks still dominate in programming and that it would be "fallacious" for FCC to rule that networks aren't dominant and to permit them to own & syndicate programming.

Moderator Mickey Gardner, counsel for Committee for Prudent Deregulation, restricted questions about financial interest because, he said, everything has been reported in trade press. However, he added that programmers and CBS discussions toward compromise are continuing and that there were meetings Feb. 10. At Feb. 9 news conference, NATPE Pres. Stan Marinoff, WISN-TV Milwaukee, referred to dispute with INTV over convention dates (TVD Feb 6 p3): "We have no desire to gobble up INTV [but] I don't hear anything coming back from them but 'no, no, no.'"

FCC GRILLED AT HOUSE OVERSIGHT HEARING: Using prosecutorial style, House Telecom Subcommittee grilled FCC Chmn. Fowler for nearly 5 hours Feb. 8 on everything from financial interest & syndication to children's TV. Panel Chmn. Wirth (D-Colo.) in sharply worded opening statement reminded Fowler & 3 other commissioners present (Dennis Patrick didn't attend) that oversight hearings were started as way "to increase the FCC's accountability," particularly in encouraging new technologies and diversity of information sources.

Fowler said Commission has increased diversity by: (1) Disposing of 4,000 of 12,000 LPTV applications, issuing 400 LPTV & 500 translator licenses & CPs in 4 lotteries. Of 90 lottery group winners, 36 were minorities. (2) Speeding up cellular processing to allow issuing most CPs for markets 31-90 by mid-1984 instead of late 1986 as originally expected. (3) Noting that since he became chairman number of minority-owned commercial TV & radio stations has increased 45%. He admitted that minorities still own fewer than 2% of commercial outlets, but he called increase "meaningful progress."

Lawmakers paid scant attention to FCC record, moved quickly to financial interest & syndication. Commerce Committee Chmn. Dingell (D-Mich.) quizzed Fowler on his Sept. 28 visit to White House to discuss rules with President Reagan (TVD Feb 6 p1), said he believes session should have been put in FCC record as ex parte contact. But Fowler sharply disagreed, said rules require such reporting only when presentation on pending issue has been made to FCC member and that President didn't make presentation. Dingell didn't reveal what he planned to do with findings of his staff.

Wirth & allies and Comr. Henry Rivera claimed FCC was irresponsible in ending children's TV rulemaking without taking action. Fowler said evidence didn't support taking action, nor was mandating programming good idea. But Subcommittee members cited figures from panel's summer survey of TV stations, which found that children's programming amounts to only 4.4 hours per week for 326 TV stations which responded.

As expected, minority hiring was issue again this year. But in contrast to 1983 hearing, Rep. Leland (D-Tex.) took more moderate stand, even praised FCC for making effort during year to hire more minorities. But Leland charged FCC with slighting opinions of minority staff. National Black Media Coalition released statement during hearing, said that in reviewing FCC records for 1982 & 1983, it found number of minorities in broadcasting has fallen, with number in professional positions down from 8.3% to 8%. NBMC said that although industry had 271 more professional employees in 1983 than year earlier, there were 107 fewer black professionals in broadcasting.

NCTA was surprised to hear Fowler promise that Commission would enforce 3% franchise fee cap if asked. In exchange with Wirth, Fowler conceded that FCC hasn't enforced limit but would do so if individual cable operators filed complaints and municipality couldn't justify

additional charge. Wirth said 75% of franchise fees above cap have no FCC waiver. Figure is comparable to recent NCTA survey, which found 62 municipalities, or 72% of 93 examined, are charging fee above cap without FCC waiver. Some 22 of total have rates grandfathered when FCC in 1972 set cap and 3 were found to have waivers.

WARNER ASKED TO EXPLAIN: House Energy & Commerce Committee Chmn. Dingell (D-Mich.) has asked Warner Amex Cable Chmn. Drew Lewis to provide Committee with all information about MSO's attempts to renegotiate urban franchise commitments. Feb. 9 letter asks Lewis for list of franchises where WACC "has sought, is seeking or is seriously considering seeking a service reduction or change in the system from the original franchise agreement."

WACC spokesman said information would be provided: "We haven't tried to hide the fact that we're renegotiating in Milwaukee and Dallas. We've also said we're taking a look at all our urban franchises" with eye toward reducing costly services. Lewis said late last week he hadn't yet received letter, but: "I sense he wants some information on the difficulties we're having with large city franchises. I'd be delighted to provide any information he requires."

Meanwhile, Milwaukee will send consultants to N.Y. to get documentation from Warner Amex about its plan to cut \$34 million from franchise commitments, Milwaukee Office of Telecommunications Dir. Robert Welch told us. "We've had a little problem getting specific information for this thing," Welch said at conclusion of 2-day public hearings last week. Also, Cincinnati council voted 7-2 to condemn WACC decision to raise rates average of 34%, except for basic 24-channel tier at \$3.95.

Intelsat's new PR man, Washington political operative Robert Gray, has written letter to CIA Dir. William Casey and Defense Secy. Caspar Weinberger stating that Soviets may benefit if U.S. authorizes new international satellite systems. But a major claim in letter was immediately disputed by Ambassador Diana Dougan. Gray said in letter that Senior Interagency Group review of international satellite policy had "no input from those charged with protecting the nation's strategic interests." He said that "information put before the group for review has not included input from the Department of Defense, the Department of State or the CIA." But Ambassador Dougan told us State, Defense & CIA had been involved in review.

Elections to Broadcast Pioneers Hall of Fame: Former CBS Correspondent Edward R. Murrow and Mark Ethridge, former publisher of Louisville Courier-Journal (WAVE-TV-AM). They'll be honored posthumously at May 1 Pioneers breakfast during NAB convention.

AFL-CIO plans cable TV service later this year, according to Labor Institute of Public Affairs (LIPA), which said AFL-CIO was pleased with 10-week test of labor-oriented programming. Details will be presented at June NCTA convention in Las Vegas.

GOLDWATER vs. FOREIGN CABLE OWNERS:

Foreign ownership & control of new national TV networks & major cable TV systems would be sharply restricted under S-2282 introduced last week by Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.). Proposal is aimed at attempt by Australian Rupert Murdoch to gain control of Warner Communications.

Bill would grandfather existing foreign ownership in cable systems, effective Feb. 9, date bill was proposed. But these systems couldn't increase U.S. interests; existing applications would be grandfathered. Small cable outfits would be exempted but cable systems with more than 250,000 subscribers would be limited to 20% alien ownership of capital stock and prohibited from having foreigners as officers or directors.

Goldwater said measure was needed to prevent foreigners from "buying up" influential U.S. media, should be moved quickly because "communications technology [already] has overtaken the law." In floor statement, he didn't refer to dispute Warner has with Murdoch over control of company, which is part owner through joint venture Warner Amex Communications of major cable franchises, several in Ariz.

CBS has 100% clearance from TV affiliates for prime-time programming for first time. Pointing out milestone to affiliates, CBS Best. Group Pres. Gene Jankowski described network audience growth since 1978 during various dayparts (from 12.55 million homes in prime time to 13.44 million last year), added: "There are those who contend the industry has changed more in the past 5 years than in the previous 30 [but] that is not the case. Whatever its origins, the task of every message in every medium is always the same — to provide service to its audience... A message reaches an audience because it reaches something inside them; because it responds to a need and interests a taste, a curiosity... How well we do it is how well we succeed."

NRBA-NAB radio convention has become reality with unanimous vote by NRBA board to invite NAB to merge its Radio Programming Conference with NRBA's previously scheduled convention. NAB board last month approved combining radio conference with NRBA's. Joint convention will be Sept. 16-19 in L.A. NRBA board also voted Feb. 10 to invite participation of music industry at convention. In other matters, NRBA voted to establish "sales university" for new radio sales personnel, with courses by radio sales professionals at several colleges.

Heritage Communications will buy 4 Ia. CATV systems from ATC for more than \$10 million. Systems serve 25,500 subscribers in Iowa City, Muscatine, Ft. Madison, Mt. Pleasant.

FAIRNESS DOCTRINE REPEAL BACKED: Parade of broadcasters and cable executives last week praised bill by Sen. Packwood (R-Ore.) to repeal equal time & fairness doctrine (S-1917), with only opposition at 3rd hearing on measure coming from representative of Milwaukee mayor, who had been criticized in local broadcast editorials, and lawyer for AFL-CIO. Witnesses at last hearing on measure generally decried restraints that rules impose on broadcasters: "News directors are determined to end their 2nd-class citizenship under the First Amendment," said RTNDA Pres. Edward Godfrey.

Living up to rules can be costly, according to ATC Chmn. Trygve Myhren. He testified that if fairness doctrine & equal time rules apply to cable (issue subject of FCC rulemaking), typical 12-channel system would spend \$720,000 annually to hire 36 workers just to monitor content of 288 hours of programming daily to determine if any programming warranted response from affected parties. He said cable operators as well as broadcasters often shy away from controversial topics, fearing it would trigger equal time rule. "We as a company find abhorrent the notion that others can control what we say and when we say it," Myhren said. "As a result, we take steps to avoid application" of rules by limiting "the number of instances in which they apply." He said that "impact on public debate is unfortunate."

"Free speech and fairness in broadcasting will have no substantive meaning if only private, vested interests are permitted to present one-sided views to the public," said Jeffrey Gillis, Milwaukee dir. of communications in testifying on behalf of his mayor, Henry Maier. He scored WTMJ-TV Milwaukee for broadcasting series of editorials which alleged mismanagement of city's garbage collection system.

NAB Pres. Edward Fritts said rules are "positioned... as an obstacle to increasing the flow of information to the public." He charged that rules are "hampering broadcasters from providing meaningful... coverage of candidates and issues," repeated remark that fairness doctrine "makes it easier and more acceptable... to sell soft drinks than to promote hard issues."

Knight-Ridder Newspapers Pres. James Batten said new technologies like videotex are suffering because it's unclear if rules apply to them. He described chain's videotex joint venture with AT&T, Viewtron, said "today's schizophrenic public policy toward the distribution of news, information, ideas and opinion... now threatens the logical development of new information media."

Trade unions have found that fairness doctrine "is the best hope of assuring that commercial television and radio stations air labor's side on controversial issues," said Laurence Gold, special counsel for AFL-CIO. He pointed out that rules have been upheld by courts. He said: "Broadcast licensees are strangely silent on the origins of their [free speech] rights in arguing for the freedom to employ their government monopoly to silence others." He argued that rules should be expanded to cover newspapers.

WORLDWIDE TELEPORTS URGED: Staten Island's "The Teleport," which will begin operating in few months, is first prototype of "workplace for the 21st century" as world moves toward information economy, its officials said at conference last week. They urged "campaign to construct network of teleports around the world."

Teleport, costing more than \$150 million, will be universal communications gateway for metropolitan N.Y. region, is being developed on 350-acre site by Port Authority of N.Y. & N.J., City of N.Y., Western Union & Merrill Lynch.

Major problem encountered by Staten Island teleport developers was RF congestion caused by microwave glut in area. Solution was to locate earth stations in area with "window through the interference," connect with users via fiber optic network. Fiber optic cable network will reach Princeton, Manhattan, World Trade Center, Queens, Brooklyn, Newark, White Plains.

ITFS authorizations awarded to PBS earlier this year for Houston, Philadelphia & Indianapolis were rescinded by FCC last week because of mutually exclusive applications discovered by FCC after it made grants. Denver application also was rescinded because of interference question stemming from U. of Colo. ITFS operation in Boulder, PBS spokesman said. Competing applications in other 3 markets were from Hispanic Information & Telecommunications Network. PBS's applications there were part of 82 FCC approved Dec. 30. FCC also said 2 PBS channels in Charlotte, N.C. must be set aside because of interference to operations of S.C. ETV Commission in Rock Hill, S.C. Comr. Henry Rivera, in dissent to Dec. 30 decision which was released Feb. 8, said PBS wasn't eligible to be ITFS licensee at all because it doesn't fall into any of 3 categories of ITFS-eligible organizations, said PBS should amend its charter.

Only 23 TV channels out of 706 assigned to top 100 markets remain vacant and unapplied for as of June 30, 1983, vs. 31 at last count of available commercial channels in Dec. 1982, according to FCC. In top 50 markets, only 7 channels, all UHF, remain vacant and unapplied for, study said. In markets 101-200, there remain 29 unsought channels out of 358 assigned, vs. 47 at last count. Among all markets, FCC counted 129 vacant & unapplied for commercial channels out of 1,335 allocated. At last count, there were 192, Commission said.

Houston is latest market to be measured by Arbitron meters. Receiving overnight ratings will be KTXH Houston. Because Houston has 37 % cable penetration, Arbitron will use All Channel Cable meter. Boston will go on meter in April.

HBO has donated \$250,000 to American Film Institute. Money will be used to build HBO Pavilion on AFI campus in L.A.

Satellite Syndicated Systems bought 100-watt Ch. 27 Ponca City, Okla. to extend Tulsa-based STV service.

CBS EARNINGS SOAR: Despite drag on results from now-discontinued videogame operation, CBS earnings soared in 4th quarter, were up sharply for full 1983, financial report shows. In spectacular closing period, net jumped 106.7% to \$77.3 million from \$37.4 million (\$2.61 per share vs. \$1.33), as revenue rose 16.3% to \$1.42 billion.

For year, net was up 69% to \$187.2 million from \$110.8 million (\$6.31 vs. \$3.95), on 10.1% revenue gain to \$4.54 billion. CBS had non-recurring 1982 losses from discontinued operations of \$16.9 million in 4th quarter, \$37.6 million for year, so on continuing operations basis, CBS 1983 net was up 42.4% for quarter, 26.1% for year.

In Best. Group, pre-tax net rose 34.5% in quarter to \$115.5 million, 7.6% for year to \$291.5 million, on respective sales increases of 17.9% to \$773.5 million and 10.4% to \$2.39 billion. CBS said that divisions contributed to gains, and that while TV network margins were down for year, cost management efforts resulted in substantial 2nd half improvement.

Recovery at Records Group was evidenced in 193.9% jump in 4th quarter net to \$33.8 million on 17.3% sales rise to \$326.2 million, profit leap of 392.8% for year to \$109.4 million on just 8.6% revenue increase to \$1.16 billion. Publishing Group also had strong closing quarter, with net up 264.9% to \$20.8 million on 13.9% sales increase to \$158.5 million, ended year with earnings up 45.3% to \$55.2 million on 9% sales rise to \$587 million.

CBS said videogames were responsible for bulk of deficit run up by Columbia Group. Unit lost \$2.4 million in quarter, \$15.7 million for year, though sales for those periods were up 13.2% to \$139.6 million and 11.1% to \$342.7 million. CBS said group has shut down its separate videogame marketing division, shifted some functions to continuing computer program operation, CBS Software. CBS said move would have no effect on its international distribution of Coleco computer and videogame products.

CBS Chmn. Thomas Wyman credited 1983 performance to restructuring and cost cutting programs, said "competitive improvement and the internal streamlining in all of our operations should serve us well in 1984 and beyond."

NCTA and cities held first bargaining session on changes in House cable bill (HR-4103) Feb. 7, and first item of business was agreement by parties to withhold information on talks from reporters. Session in House Energy & Commerce Committee hearing room was described as informal meeting to decide protocol. Parties set date for first official bargaining session, but spokesmen refused to disclose date. Hill source said parties set early March (when NLC board will meet in Washington) as target for concluding negotiations.

PBS has given up on raising \$10 million for gavel-to-gavel coverage of national political conventions. Pres. Lawrence Grossman said proposals costing \$500,000-\$3 million are being developed. He said options range from debates on MacNeil/Lehrer NewsHour to nightly convention roundups.

DEREGULATED CABLE RATES: Attacking arguments by mayors and other city officials, NCTA claimed last week that basic service rates at deregulated systems are only pennies higher than level charged by rate-regulated systems. For those few cents, subscribers get better service, Assn. asserted in white paper sent to all members of Congress.

NCTA surveyed basic service rates at 167 systems deregulated around 1976 and rates charged by 224 systems deregulated around 1980. Those rates were compared with several measurements of average rates charged by regulated systems, including one by FCC and another combining 30 largest regulated systems in country. Calculating results in constant 1976 dollars, NCTA said, study found that average monthly charge for basic service in 1980-deregulated systems declined from \$6.25 in 1976 to \$5.20 in 1982. Rates in 1976-deregulated systems declined from \$6.56 to \$5.46 monthly.

Cable rates in 30 largest regulated systems also declined, from average \$6.85 to \$5.04 monthly, according to study. In Cal., where systems are deregulated under certain circumstances, deregulated systems as of Jan. 1982 charged average \$8.52 monthly vs. \$8.70 at regulated systems. In 17 Mass. cities where rates were deregulated, average monthly charge dropped from \$5.97 in 1976 to \$4.93 in 1982, again in constant dollars. Thus, average nationwide rates at regulated systems (\$5.04) are higher than unregulated rates in Mass., NCTA said.

Without correcting for inflation, \$8.55 average monthly charge at 30 largest regulated systems is lower than \$8.82 charge at systems deregulated in 1980 and \$9.26 fee at systems deregulated in 1976. But NCTA claimed operators of those deregulated systems are using additional fees to improve service: Systems deregulated in 1976 added average 4.5 channels. Also, penetration rose faster at deregulated systems, 29% vs. 16% at regulated systems, which study said indicates subscribers prefer slightly more expensive systems which offer more services.

Christine Craft's \$325,000 award for damages sustained when she was fired by KMBC-TV Kansas City will stand. U.S. Dist. Court Judge Joseph Stevens last week refused to overturn jury award and denied Metromedia motion for new trial. Metromedia, former owner of station, had contended jurors were prejudiced by publicity. Metromedia said it would appeal.

Disney Channel has grown to 5th largest cable service, outdistancing Playboy Channel, according to Pres. James Jimirro. Service, which launched in April 1983, has 714,000 subscribers in 1,200 systems, he said.

Viewtron videotex service has added 15-min. delayed stock price service, company said. Service is managed by Knight-Ridder subsidiary Commodities News.

Daniels & Assoc. brokered nearly \$750 million in cable system sales in fiscal year just ended, company said.

KEY HOUSE MEMBERS DISCUSS ISSUES: In series by our sister publication Communications Daily, 3 House members candidly discussed wide range of communications issues & each other. House Telecom Subcommittee Chmn. Wirth (D-Colo.) was first, was followed by Reps. Tauke (R-Ia.) & Swift (D-Wash.). The 3 are key figures in the negotiations on broadcast deregulation accord, and focused most of comments on broadcast & cable bills.

Wirth blamed pro-deregulation allies Tauke & Rep. Tauzin (D-La.) for holding up broadcast bill talks, said despite concessions he's made during long months of negotiating, "we keep ending up back where we started." But he predicted a broadcast bill will be born.

Cable bill (HR-4103) may threaten "urban empires," Wirth said, but at same time it's far cry from what Congress is asking of broadcasters: "If I were [NCTA Pres.] Tom Wheeler, I'd make the argument that cable's... being disadvantaged." He said cable bill's chances for passage aren't good, depend on what happens in new negotiations between industry & municipal officials.

Don't look for Subcommittee to become involved this year in debate over competition to Intelsat by private satellite companies, Wirth said. He also doesn't think much of proposed Commerce Dept. reorganization: "I'm not sure that you solve your trade problems by moving the boxes around." Just as unrealistic is Corp. for Public Bestg.'s \$238 million budget proposal for fiscal 1987: "It might create... political problems" for public broadcasting's existing authorization.

Broadcasters would have their deregulation now if "major industry players" hadn't experienced "very severe case of cold feet" last spring, Tauke (R-Ia.) said, adding that consequently industry missed golden opportunity to get bill passed. But time has come again to move bill, Tauke said. According to Tauke, biggest problem would be if bill is festooned with provisions addressing issues not strictly involving content regulation — EEO requirements, in particular, could help sink measure because broadcasters don't want them. "The legislation is not going to succeed if it's opposed by the industry," he said.

But bill will include EEO language, Tauke predicted, although he won't go to mat for industry on this one: "It'll be up to [industry and] those members most interested in this issue to work out a compromise." He said Congress should avoid language repealing fairness doctrine & equal time rules if bill is to pass. Cities are to be chided for flip-flopping on cable legislation, he said, but he noted cable industry has big financial stake in winning communities over to deregulation — bigger than broadcasters have in their bill. Cable bill's prospects for passage are far more dicey than broadcast measure because "it's not going to move very quickly unless there is a new agreement between the industry and the cities," he added.

Swift warned broadcasters to hurry up & get on board broadcast bill lest it die. He called charges that Wirth capitulated on bill "unfair," assured: "If Tim Wirth had been easy, we would have been able to

resolve [conflicts] months ago. Like Wirth & Tauke, Swift rebuked cities for balking at accord they worked out with industry, said HR-4103 will die unless cities back down or are able to work out new agreement with NCTA. He also said CPB budget request will prove "difficult" to get out of Congress.

SWIFT WOULDN'T PERMIT PTV ADS: Rep. Swift (D-Wash.) will introduce legislation containing some recommendations of Temporary Commission on Alternative Financing for Public Telecommunications (TCAAF) after Congress returns from recess Feb. 21, aide revealed. His bill would continue current prohibition against ads, extend it to cover spots from not-for-profit groups that engage in commercial activities.

Although ads are strongly desired by some PTV stations, Swift said not all stations could benefit. He said that allowing some stations to carry ads when others couldn't might jeopardize govt. funding for entire PTV system. "Those who can't do advertising would be big losers" both ways, Swift said. But he would allow naming of brands & services in underwriting credits.

Zenith multichannel TV sound (MTS) system shouldn't be adopted as standard because it decodes scrambled audio portion of STV stations using Blonder-Tongue's BTVision system, company told FCC. Chmn. Isaac Blonder complained in letter that EIA's MTS Subcommittee failed to assess impact of Zenith system on STV or LPTV stations, that Subcommittee concluded only that "problem may not be severe and it is believed that adjustments to STV scrambling systems may solve the problem... We believe that LPTV will be irreparably damaged should it be unable to protect the critical audio portion of its broadcasts." Blonder estimated that 20% of all LPTV stations will scramble, representing \$25 million market for company. Blonder asked that Commission either reject Zenith system as standard, seek modifications to Zenith system minimizing impact on STV & scrambled LPTV operations, or delay adoption for 5 years in order for broadcasters using BTVision system to depreciate investment.

USIA blacklist of persons ineligible for foreign speakers program was denounced last week on Capitol Hill by House & Senate members reported to be on it. House Govt. Operations Committee Chmn. Brooks (D-Tex.) called blacklist "something that we've come to associate with Republican administrations." Rep. Downey (D-N.Y.) said time had come for USIA Dir. Charles Wick to quit. USIA late last week said the 84 people on blacklist, including prominent TV newsmen, now are eligible for speakers program. List was compilation of people, mostly regarded as liberal, that agency considered undesirable for program.

House Foreign Affairs Committee will reprimand U.S. Information Agency dir. Charles Wick for secretly taping telephone conversations. Chmn. Fascell (D-Fla.) said that Wick's actions, "if not illegal, certainly were unethical."

SATELLITE LAUNCH DEBACLE: Neither space insurers nor satellite industry seemed consoled by NASA's apparent consideration of "rescue mission" to retrieve 2 satellites sent into wrong orbit during latest shuttle mission. In most expensive debacle in communications satellite launch history, Westar 6 and Palapa B2 have joined each other in unusable elliptical orbits 200-700 miles high.

Early blame for satellite failures was laid to PAM-D2 upper stage which didn't burn properly. Next shuttle/PAM/Hughes satellite customer is Telesat Canada, with launch of Anik planned in June. Telesat has notified NASA that it wants to launch on schedule.

Westar 6 was insured for \$105 million, Palapa for around \$75 million. Greatest portion of loss will trace back to Lloyd's of London, which insurance experts have said will double rates for space insurance from current 5.5-6%. "General freezing" in insurance market which occurred last week as result of satellite losses may last until investigation review board findings are in.

Indonesians said last week they would apply their insurance money to cost of replacement satellite. Failure of Westar 6 to attain proper orbit has caused WU to reshuffle its growth plans. Company's next planned launch, of Westar 7, had been scheduled for fall 1985, but now may be launched earlier, WU said. Meanwhile, terrestrial network and other satellites will be used to accommodate some Westar 6 traffic, and company is considering leasing satellite capacity from other carriers.

Newswire and radio broadcasters which transmit from Westar 3 were prime candidates to move to Westar 6 when it became functional at 91 degrees west. Move would have kept broadcasters' customers happy because they wouldn't have to re-point receiving equipment. Now, they may not have to move at all, assuming FCC will allow WU to retain slot at 91 degrees west. WU conditioned sale of Westar 4 transponders to PBS on successful launch of Westar 6, but decided last week to go ahead with sale. Total deal, which WU proposed to FCC last week, would include sale of 6 transponders on Westar 4.

Major CBS study of information consumers say they need about prescription drugs has found that nearly half of all surveyed households borrow drugs from others or use medication prescribed for previous illness. Study was undertaken in response to FDA's call for research into consumers' perceptions about prescription drug advertising, was launched after FDA's 1983 moratorium on pharmaceutical advertising. Study is based on interviews with 1,233 people.

Communications Technology is new monthly magazine to start in March, published by Paul Levine, ex-publisher, Cablevision magazine. Periodical will be official journal of Society of Cable TV Engineers. Controlled circulation periodical starts with 10,000 distribution. Editor is Toni Barnett, ex-CED magazine. Hq is Denver, 303-779-9717; N.Y. office (Woody Sumner sales vp), 212-599-0209.

HF WARC OFFERS COMPUTER SOLUTION:

Leonard Marks, chief U.S. delegate to High Frequency World Administrative Radio Conference (HF WARC), which concluded last week in Geneva, said conference "had achieved more to relieve congestion in the short-wave radio band than any previous conference." Claim followed 5-week meeting during which 106 countries decided to adopt new procedure for regulating HF. Plan involves use of ITU computer to coordinate spectrum needs for 2 years, after which countries will decide whether they want to subscribe to plan.

Also at conference, countries adopted 2 resolutions on jamming which Marks said "should make the political resolution of jamming easier." U.S. delegate told us spectrum plan was compromise between more developed countries, interested in maintaining frequencies they have, and smaller countries, which wanted to be assured future access to spectrum. Jamming resolutions, authored by Netherlands & U.K., said practice has "negative impact on the use of the frequency spectrum in general and on the use of frequency channels available for HF broadcasting in particular."

Copyright Royalty Tribunal defended fiscal 1985 budget request last week to House Appropriations Legislative Branch Subcommittee. Budget proposes \$722,000 — \$7,000 more than current appropriation. Chmn. Thomas Brennan said CRT estimates \$505,000 of budget will come from royalty funds. Chmn. reminded Subcommittee that cable TV fee schedule will be reviewed this year, asked that \$50,000 in budget be authorized for additional professional staff to do review. He cited 1983 Court of Appeals, D.C., decision, which noted CRT's "lack of resources to engage in independent investigation."

Hopes are dim for fast action on cable copyright legislation in current session of congress. Industry figures met last week with House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.) to propose combining 2 bills — HR-2902 introduced by Rep. Synar (D-Okla.) and HR-3419 by Rep. Hall (D-Tex.). Meeting with Kastenmeier were CATA Exec. Dir. Stephen Effros and Turner Bestg. System Washington Counsel Robert Ross. Upshot of meeting was that bills are considered too dissimilar to be combined without major modifications.

NBC News Overnight, cancelled last Nov. for poor ratings, received Alfred I. duPont-Columbia U. Award for what jurors said was "conceivably the best-written and most intelligent television news anywhere." Independent producer Jon Alpert received \$10,000 prize recognizing his "American Survival" news film aired on NBC's Today show. Also, independent filmmaker Meg Switzgabel received \$7,500 for "In Our Water," documentary on polluted drinking water.

Despite continued opposition of senior Democrats, Republican Majority Whip Stevens (Alaska) has predicted that by summer Senate will pass legislation to permit at least some TV-radio coverage of Senate proceedings.

An executive briefing for news directors and general managers from two of the television industry's most respected authorities

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The program...

TV Viewing Trends: What They Want to See. John E. Bowen, VP, McHugh and Hoffman, Inc.; Dr. Richard Renck, President, KPR Research Associates, Inc.

The Impact of Social Forces on Local Television: Molding TV Tastes. Geoffery Garin, VP, Peter Hart Research Associates, Inc.; Paul Bortz, Managing Partner, Browne, Bortz & Coddington.

Luncheon: Ed Godfrey, President, Radio-Television News Directors Association.

The Current Evolution of News and Information Formats. Roy Meyer, AE, McHugh and Hoffman, Inc.; Jim Masucci, VP, Broadcast Division, KTRK-TV; Cliff Abromats, News Director, WABC-TV; Gil Buettner, News Director, WOKR; Bill Miller, News Director, KTSP-TV; John Rohrbeck, VP and General Manager, WRC-TV.

New Directions in News and Information Programming. John Bowen; David Salzman, President, N.I.W.S./Newscope; William F. Baker, President, Television Group, Group W Television;

Marc Doyle, Director of Programming, WAGA-TV; Moses Znaimer, President, CITY-TV.

New Technologies. Steven Steinberg, VP and Director of Broadcast Services, WHAS-TV.

Dealing with Talent: Post-Christine Considerations. Jacques de Suze, AE, McHugh and Hoffman, Inc.; Jim Topping, News Director, KTRK-TV; Carole Cooper and Richard Leibner, N.S. Bienstock, New York City (agents); Andy Fisher, News Director, KNXT; George Hiltzik, NBC broadcast contract attorney.

Promotion and Marketing: Selling the Image. Jacques de Suze; Neil Wasserstein, Research Director, McHugh and Hoffman, Inc.; Jerry Della Femina, President, Della Femina/Travisano; Jerry Smith, President, The Jerry Smith Studio.

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Personals

Allen Neuharth, Gannett chmn., receives award for creation of USA Today, at first annual award luncheon of Center for Communication, Plaza Hotel, N.Y., April 5... **Otis Freeman**, WPIX N.Y., wins NAB 1984 engineering achievement award... **Mary Mendola**, head of special projects, & **William Ferrell**, midwest sales dir., promoted to TvB vps; elected to TvB retail development board; **Jerry Campbell**, WJXT Jacksonville; **Don Dominick**, KWGN-TV Denver; **Stanford Levy**, WNBC-TV N.Y... **Gary Cummings**, ex-CBS, named vp-gen. mgr., WBBM-TV Chicago... **Donald Varyu**, ex-WMAQ-TV Chicago, named news dir., KING-TV Seattle; **Linda Gist** advanced to asst. news dir... **Phil Sturhold**, ex-KING-TV Seattle, named asst. news dir., KXTV Sacramento... **Robert Strutzel**, ex-WCBS-TV N.Y., appointed engineering dir., WGN-TV Chicago.

LaRue (Bud) Courson, NAB vp-administrative services, retires April 1 after 33 years; **Timothy Moore** promoted to administrative asst. to Pres. **Edward Fritts**... **Maureen Peratino** promoted to FCC Office of Public Affairs acting deputy dir., replacing **Janis Langley**... **John Wynne**, acting Weather Channel pres., promoted to chmn., replaced by **John Janas**, ex-Seashell Inc... **Peter Murray** promoted to Wetacom pres... **Barbara Bellafiore** advanced to HBO network planning dir.

David Kehe, San Francisco attorney, named FTC N.Y. office dir., replacing **John O'Brien**... **Eugene Torvend** advanced to Times Fiber vp-mfg.

Robert Turner, Lexington Best. Services pres., resigns to form Orbis Communications, beginning operations March 6. Staff includes: **Brian Byrne**, ex-Telepictures, sales dir.; **Ethan Podell**, ex-Lexington, dir.-finance & administration... **Michael Rhodes** named Viacom Productions creative affairs vp... Promoted at Petry TV: **George Blinn** to senior vp-sales dir.; **Ed Karlik** to senior vp-corporate planning dir.; **Jerry Linehan** & **Steve Eisenberg** to vps-dirs.-N.Y. sales; **William Wiehe** & **Paul Morrissey** to group sales mgrs... **John Hughes**, ex-KTTV L.A., appointed KTLA L.A. local sales mgr... **Connie Hollenberg** advanced to WDTN Dayton PR dir... Promoted at Paramount TV Domestic Distribution: **Robert Jacquemin** to exec. vp-sales & mktg.; **Gregory Meidel** to senior vp-gen. sales mgr.; **Steve Goldman** to senior vp-sales & client relations.

James Osborn named ABC Owned TV Stations area vp, new post; **Len Spagnoletti** named KGO-TV San Francisco vp-gen. mgr... **John Rohr** advanced to Blair TV sales promotion dir.; **Charles Lore**, assoc. program dir... **Valerie Pinson**, ex-special asst. to pres. for congressional relations, appointed a NCTA govt. relations dir.; **Patrick Koch** & **Lois Richerson** promoted to govt. relations dirs... Promoted at Showtime/Movie Channel: **Jack Heim** to senior vp-sales & affiliate mktg.; **Joshua Sapan** to consumer mktg. vp; **Fred Schneier** to senior vp-film acquisition; **Peter Chernin** to senior vp-original programming; **James Miller** to senior vp-program planning, new post; **Bruce Rider**, ex-Spotlight, appointed west coast film acquisition vp.

Rod Thole advanced to Heritage Communications cable TV operations exec. vp... **Morgan Lambert** promoted to United Video corporate relations vp; **Jimmie Smith** advanced to Zephyr Weather Transmission Service vp-gen. mgr... **Lawrence Maloney**, ex-WTTG Washington, appointed Seltel independent stations division senior vp-gen. mgr., replacing **Alan Elkin**, resigned... **Clayton Moore**, ex-Centel Cable, named Keycom teletext gen. mgr.

Hal Krisbergh advanced to General Instrument Broadband Communications Group Jerrold subscriber systems division mgr., replacing **Timothy da Silva**, resigned; **William Flaherty** promoted to vp-gen. mgr., administration & Far East broadband group operations.

Criticism & rebukes rained down upon NPR ex-Pres. **Frank Mankiewicz**, NPR and CPB last week during House Energy & Commerce Subcommittee on Oversight & Investigations hearing into how NPR generated \$7.4 million deficit. Subcommittee Chmn. Rep. **Dingell** (D-Mich.), who ordered GAO investigation, said: "Allegations of gross mismanagement were followed by charges of potential wholesale credit card abuse, diversions of withholding taxes... officers purchasing home computers and diamond rings on their lunch hours on their NPR American Express credit cards." **Mankiewicz** denied allegations, offered 4 reasons for NPR's deficit: (1) Effects of recession. (2) "Almost complete breakdown" of NPR financial reporting systems. (3) Insufficient personnel. (4) No margin for error.

NAB has formed Ad Hoc Representatives Advisory Committee to receive input from national sales rep firms. Katz CEO **James Greenwald** will chair group. Members are Eastman Radio Chmn. **Francis Boyle**, McGavren-Guild Pres. **Ralph Guild**, TeleRep Pres. **Alfred Masini**, Jack Masla & Co. Pres. **Jack Masla**, Seltel Pres. **John Mulderig**, Blair TV Pres. **Walter Schwartz**.

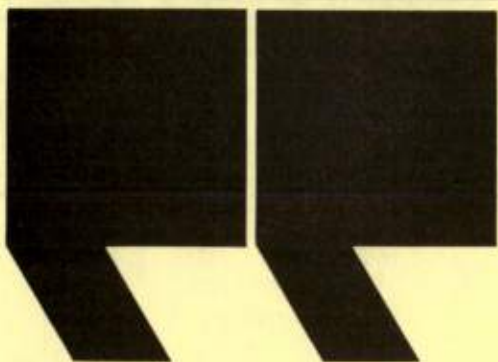
Nomination of William Hanley to CPB has been approved by full Senate. He replaces **Gillian Sorensen** for term ending March 1. Meanwhile, Committee hasn't scheduled hearing for FCC Comr. **Patrick**, nominated to term ending June 1985. **Patrick** currently is serving as recess appointment, would have to leave Commission if not confirmed before current Congress adjourns this fall.

Frank Magid Assoc. has been contracted by RTNDA to conduct research on effect of new technologies on training & employment in electronic news.

Obituary

Sylvia Sternstein, 66, attorney-advisor with FCC about 20 years before retiring in 1981, died Jan. 26 in Brooklyn of cancer. At FCC, she worked in Office of Opinions & Review, Review Board, Field Engineering Bureau. She also had been a coordinator of Commission's federal women's program. Survivors: Husband, 2 daughters.

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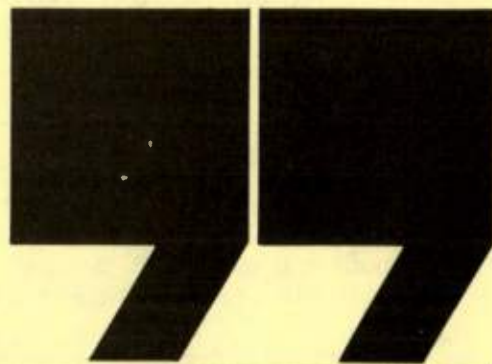
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Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Jan. 27 (4th week of 1984):

	JAN. 21-27	1983 WEEK	% CHANGE	JAN. 14-20	JAN. 1984	JAN. 1983	% CHANGE
TOTAL TV#.....	626,329	400,508	+31.4	424,223	1,512,066	1,217,771	+24.2
COLOR#.....	369,855*	276,676	+33.7	343,848*	1,116,649*	870,304	+28.3
MONOCHROME....	156,474	123,832	+26.4	80,375	395,417	347,467	+13.8
PROJECTION TV...	3,840*	3,381	+13.6	3,441*	12,275*	11,127	+10.3
HOME VCR.....	140,110**	70,105	+99.9	111,814*	388,318*	216,267	+79.6
COLOR CAMERAS...	12,486*	8,413	+48.4	8,413*	28,812*	24,518	+17.5

Color TV 5-week moving average: 1983-84--274,500*; 1982-83--217,152 (up 26.4%).

Home VCR 5-week moving average: 1983-84--96,434*; 1982-83--53,582 (up 80.0%).

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

CHRISTMAS STAYS AROUND THROUGH JAN.: Jan. sales were exceptionally strong in all video products — even including monochrome TV. It was first Jan. in which color TV sales to dealers exceeded million units, marked 12th consecutive monthly record for color. VCR sales continued their march through the roof, and Jan. closed with biggest sales week in history for VCR — 140,110 units. Month's figures are in State of the Industry table above.

Both VCR & color set all-time highs in seasonally adjusted annual rate in Jan. — VCR running at pace of more than 7 million, color at nearly 16.4 million. Previous record VCR sales rate was just under 5 million, established last July, while color's peak was shade below 15.3 million last Oct. Color's Jan. sales easily passed record for month, 885,268, set in 1981.

Sales of projection TV and color cameras established new Jan. highs, and monochrome TV had best Jan. since 1981. Month which started out with moderate gains picked up steam as it progressed, ended with 2 consecutive weeks of 99+% increases in VCR, 40.4% & 33.7% increases in color. One down, 11 to go.

PROJECTION TV '84—MAKING UP 'LOST SALES': Projection TV sales would have been 12,000-18,000 higher than the 143,506 sold to dealers last year had it not been for "lost sales due to inventory shortages from a number of manufacturers." So says U.S. Precision Lens Inc. (USPL), biggest supplier of projection TV lenses, in its annual market forecast, based in part on consultation with TV manufacturers, predicting 24% increase to 178,000 in 1984.

USPL, whose forecast one year ago of 120,000 unit sales was too conservative, sees 75% of 1984 sales in rear projection units, compared with 60% last year, 41% in 1982 and 29% in 1981. Report expresses optimism for 1984 & beyond "because the quality, size & price problems are being attacked at every point," noting these developments: (1) Improved lenses at lower cost, permitting cabinet size reduction, system simplification. (2) Improved CRTs with smaller spot size, smaller dimensions, better phosphors, liquid cooling. (3) Better screens, with cost reduction. (4) More models using optical coupling of tube to lens for better contrast. (5) Better chassis specifically designed for projection.

Dump of unsold older models probably was completed in first half 1983, USPL says, and prices firmed, while inventory depletion was caused by "component shortages, technical problems and missed forecasts," resulting in lost sales. Inventories at end of 1983 totaled 25,000

units, which USPL puts at 9 weeks' sales, down from 55,000 at end of 1982 (24 weeks); in Aug. 1982, inventories were as high as 70,000.

Good sales in 1983 were achieved "in spite of very minimal advertising," USPL says, estimating that Mitsubishi outspent all other manufacturers combined in promoting projection. For first time, in 2nd half 1983, "a little stability" came to projection market.

Projection sets in use total about 400,000, says report. "Most people have never seen a projection set [and] few of those that have seen them have ever seen a good one." As happened in color TV, says USPL, "projection is likely to get its greatest boost from potential buyers seeing good sets in other people's homes," quoting consensus of manufacturers that projection will begin to feel this snowball effect when "over a million good units have penetrated the market." This could come in 1985, USPL thinks.

Manufacturers' optimism has been renewed by their experience with projection in 1983 after earlier disillusionment, USPL says. It cites coming emphasis on 26" & 27" direct-view sets, "breaking the barrier of price resistance in paying over \$1,000" for TV. At same time, as smaller-screen projectors (under 40") come to market, "projection should more properly be considered an extension of [manufacturers'] conventional color lines. They argue we should forget about calling it projection, instead concentrating only on larger screen size."

Among additional factors boding good year, according to USPL, are: (1) Coming introduction of improved compact rear projection systems. (2) State of economy and high interest in video. (3) More advertising. (4) Olympic Games, which in past have been "strong stimulus to projection sales." (5) Some positive impact from political conventions & elections. "The only small negative we foresee," concludes USPL, "is that again there may be some lost sales due to the timing of introductions and occasional lack of inventories."

AM STEREO—MOTOROLA VS. EVERYBODY ELSE: On eve of 2nd anniversary of FCC's "marketplace" decision permitting use of any of 5 AM stereo systems (TVD March 8/82 p10), situation is still a mess, with broadcasters waiting for availability of receivers in quantity. Receiver manufacturers, meanwhile, have had their choices narrowed down to 2 — sets for Motorola system alone or for all 4 surviving systems.

AM stereo race at this stage is stop-Motorola campaign by proponents of the 3 other systems (Belar having dropped out) — all pushing for multi-standard sets. Motorola, with only single-system chip available, continues to lobby hard among manufacturers for receivers designed exclusively for its system, while Kahn Communications, with overt support of broadcasters and tacit backing of competing Harris & Magnavox systems, pushes for universal sets. Recriminations are particularly bitter between Kahn & Motorola — Leonard Kahn, in letter to Motorola Pres. Robert Galvin last week hinting of legal action for "monopoly."

Up to 247 AM stations now are equipped for AM stereo broadcasting — that's absolute maximum, derived by totaling claims of proponents of each system (Kahn 88, Motorola 85, Harris 70, Magnavox 3-4). Meanwhile, only chip generally available on OEM basis is for Motorola system. However, only sets in mass circulation are universal 4-system receivers from Sony — \$90 portable which company says is selling "very well" and AM-FM-stereo Walkman introduced last month at \$170 (TVD Jan 9 p15). Samples of Sansui's universal car radio are being tested in U.S., but it isn't yet in general distribution.

Armed with GM agreement to make car radios for its system, and with 2 broadcast equipment licensees in addition to its own manufacturing capability, Motorola hints dike is about to break in both broadcasting and set manufacture, and its special consultant Oscar Kusisto forecasts minimum of 400 stations will be broadcasting Motorola stereo by year's end, with over 2 million chips making possible good supply of sets. But Leonard Kahn is pushing just as hard — and just as optimistically — to equip stations for his system and receiver manufacturers with multi-standard chips.

Hazeltine Labs, joint sponsor of Kahn system, is developing universal decoder chip for all 4 systems, but it's still in breadboard stage, according to company's Ed Onders. He says it should

be in production in time for radios to be introduced by early 1985. He adds that chip will be made in Korea by Samsung Semiconductor at target price below \$2. Demand for chip is high, he reports, and "phone has been jangling off the hook" since it was announced in Dec. (TVD Dec 12 p18). Sony, meanwhile, is expected to begin offering its universal chip on OEM market in 2nd quarter this year.

Kahn last week promised gadget called "All 4," which will "adapt any Motorola-only car radio" to all systems, requiring user to push button "only when Motorola operation is desired." He told us he expects radio stations to offer it as giveaway or sell it below \$10. In quantities of 1,000, he said, it can be delivered at \$6.50 or less, and installed by anyone who can "change a sparkplug." Adaptor will also be offered to car dealers handling Motorola-only radios, will be made in U.S. for Kahn Consumer Products, which Kahn says is offering universal AM-FM-stereo tuner at \$189, will soon add car radio with cassette at \$440, both made in Japan under "Stereo Stereo" brand.

In letter to Galvin, Kahn referred to "letters from our antitrust counsel" to Motorola regarding "anticompetitive" activities, accused Motorola of using its "relationships with Detroit to attempt to gain a de facto monopoly for its AM stereo system and drive out all competitive systems" and to "obtain a stranglehold on this industry." He charged Motorola with holding back "growth of AM, resisting technical progress in its attacks on imports and engaging in "predatory pricing" of AM stereo transmitter exciters, urged Galvin to "change Motorola's tactics... and order your staff to develop multi-system AM stereo decoder circuits." Motorola had no comment or public response at last week's end.

Kahn says his AM stereo system is available to "over 10% of the entire AM listenership in the top 177 markets," is in use in all major markets except Detroit, plus Canada & Mexico. Other system proponents concede Kahn has broad lead in population coverage. Harris Engineering Dir. Robert Weirather says Harris system has regained momentum after problems with FCC acceptance, and "order rate has picked up very nicely," although he concedes most stations are waiting for resolution of receiver problem. Vern Collins, mktg. vp of Continental Electronics, which makes equipment for Magnavox system, says company is "making and trying to sell" exciters, but "the problem is no receivers." Motorola makes exciters for its own system, with Delta Electronics and Best. Electronics as recent licensees.

In 2 years since FCC's marketplace AM stereo decision, confusion has worsened, if anything. But for time being, 4-way rivalry among systems has given way to 2-way battle — Motorola and everyone else.

Ford is restructuring Brazilian Philco-Ford into separate automotive & components and consumer electronics units to resolve import dispute with govt. there. Brazil allows companies duty-free imports in amounts determined by their exports. P-F is major supplier of autosound and automotive electronics to Ford in U.S., and has been applying Brazilian import allowance to high-duty parts for cars it assembles there. Brazil has been insisting portion be used to cover lower duty components imported by P-F. New company, Philco Home Products, will be free-standing domestic consumer products producer and marketer, and will pay duty on all its imports. Automotive electronic production and export operations will be placed under new holding company for rest of firm's Brazilian businesses, Ford Industria e Comercio, to eliminate question of import credit allocation.

Japan will replace U.S. as world's largest supplier of semiconductors by 1988 as market grows from \$18.4 billion in 1983 to \$49.9 billion, according to study by Paine Webber. Brokerage house says Japan now has 39.7% share of world sales, U.S. 52.6%. But by 1988, Japan's share will rise to 50.2%, dropping U.S. industry into 2nd place.

Low-cost DBS home receiver may be next major product from U.K. innovator Sinclair Research. Company says it plans to build complete system designed for connection to standard TV to retail at about \$145, or less than half prices being quoted today. Sinclair says system could be heart of complete high-definition DBS receiver-TV combination it could make to sell at about \$700. Company and its predecessors have long history of breakthrough products, including first shirt pocket calculator, first 2" b&w pocket portable TV, first personal computer to retail at less than \$100. Sinclair was first to develop flat tube for pocket b&w portable TV, is slated to start marketing 2" set here at about \$100 this summer, \$90 less than similar model now offered by Sony.

Coleco enters home telephone market at Toy Fair in N.Y. this week with introduction of 3 inexpensive electronics decorated for kids. They include series with soft dolls attached, programmable one-piece with greeting card insert, programmable teen model with lockable case, built-in address book. Coleco also is slated to display new Adam software and peripherals announced in Jan. at WCES.

NOV. TV IMPORTS: Combined imports of complete & incomplete color TVs in Nov. of 692,000 may have been down from record 802,300 of Oct., but it was still 3rd biggest month in history, and it was marked by doubling of complete set imports from 4 of 5 biggest supplying countries.

Assuming traditional import pattern was followed in Dec., 1983 imports of TVs of all types, which stood at 10.9 million at end of Nov., easily topped 11.4 million record of 1982, and it will be first year that 4 different countries passed million mark for total color shipments.

Following are TV import totals by country for Nov. and 11 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.	11 mo.	% chg.
Japan				
total...	194,600	+49.4	1,604,500	- 9.5
color...	156,800	+97.7	1,222,400	+ 3.6
b&w.....	37,800	-25.7	382,200	-35.5
Taiwan				
total...	409,000	+152.9	2,921,800	- 0.6
color...	133,000	+131.9	975,500	+119.5
b&w.....	276,000	+164.3	1,946,300	-22.0
Korea				
total...	428,700	+29.7	3,846,000	+52.5
color...	169,400	+159.8	1,534,100	+165.6
b&w.....	259,300	- 2.3	2,311,900	+18.9
Singapore				
total...	66,200	+51.1	611,400	+31.7
color...	66,200	+69.3	589,900	+47.6
b&w.....	--	--	21,500	-66.6
Malaysia				
total...	27,000	+59.7	196,500	+190.4
color...	19,000	+159.4	141,200	+267.1
b&w.....	8,000	-16.4	55,300	+90.1
Hong Kong				
total...	10,700	-16.1	56,900	+109.9
color...	8,700	+81.3	36,300	+361.2
b&w.....	2,000	-74.5	20,600	+ 6.8
Canada				
color...	9,600	+22.0	83,500	+17.4

Complete Color				
Japan....	109,100	+147.4	836,800	+ 9.7
Taiwan...	131,100	+132.6	935,200	+131.6
Korea....	148,200	+127.3	1,395,600	+143.1
Singapore	24,400	+61.8	182,100	+32.9

Color Chassis & Kits				
Japan...	47,700	+35.5	385,500	- 7.6
Taiwan...	1,900	+88.4	40,300	- 0.9
Korea*...	21,200	--	138,600	--
Singapore	41,800	+74.0	407,800	+53.3
Mexico...	127,700	+14.6	1,433,600	+ 7.7

*Imports negligible in 1982.

CASA has changed name, but kept initials. Formerly Custom Automotive Sound Assn., it's now Car Audio Specialists Assn.

MORE VIDEO DROPOUTS: Add 2 more companies, CBS & Tomy, to home videogame-computer dropout ranks. They join such other recent members as CBS/Fox Video, Mattel, Milton Bradley and Panasonic.

CBS announced last week it has shut down CBS Video Games Div. of Columbia Group, transferring some functions to CBS Software, CG unit which has been responsible for development and marketing of primarily non-game computer programs. CBS said videogame operation was responsible for bulk of \$15.7 million pre-tax loss posted by CG in 1983. CBS Software, company said, will continue to offer some videogames, but emphasis will be placed on those with educational value. Move won't affect CBS's international marketing & distribution of Coleco game & computer products.

Tomy, Japanese-based toy manufacturer, has discontinued Tutor 16K home computer introduced last Sept. Unit carried \$150 list, but by year's end was being closed out at retail for as little as \$50. Tomy said it would continue in low-end computer business in Japan.

Mattel, meanwhile, is moving to finalize involvement with electronics, following agreement to sell U.S. assets of its Electronics Div. for \$20 million to Intellivision Inc., venture formed for purpose of takeover by investor group (TVD Feb 6 p12). Company settled, reportedly for about \$1 million in cash and component parts, suit filed against it in 1982 by Compro. Compro charged Mattel with contract breach after toy maker discontinued Intellivision computer keyboard adaptor Compro was scheduled to produce and picked Hong Kong's Radofin as supplier for lower cost add-on introduced last fall.

Mattel also is understood to have put pair of Far East electronics plants on block. Up for sale are circuit board plant in Singapore, assembly factory in Hong Kong. Agreement to sell Mattel Electronics calls on buying group, headed by ME Senior Vp Terrance Valeski, to sign definitive pact this week, to close on deal by end of March. Group will get rights to Mattel's hand-held electronic products and electronic music instruments as well as Intellivision videogame system. Mattel is estimated to have sold 3 million since introduction in 1980.

Mattel said it expects to end fiscal 1983 with negative net worth of about \$150 million, indicating 4th quarter operating loss from electronics plus cost of discontinuing business of at least \$130 million.

Bally operated profitably in 4th quarter but posted \$12.2 million net loss after taking \$18 million charge for coin-op videogame inventory write-off and reserve for accounts receivable. Bally said continued arcade game slump probably will result in first quarter earnings below \$2.1 million posted in same 1983 period. Company said industry shipped only about 200,000 coin-op videogames last year, down 59% from record 489,000 moved in 1982.

HiFiVideo Show to be held in Dusseldorf, Germany, Aug. 24-30, is expected to have 400 exhibits, draw 250,000 attendees. Details: Dusseldorf Trade Shows, 500 5th Ave., N.Y. 10110.

SENATE MOVING ON FMA: In surprise move, at least to Home Recording Rights Coalition, Senate Copyright Subcommittee staff has recommended Feb. 22 as date for 7 members to mark up Fair Marketing Amendment to Copyright Act, which, if approved, would give movie studios right to share in retailer tape & disc rental revenues. That's day before House Copyright Subcommittee has scheduled its final hearing on same measure.

Senate Subcommittee hadn't budged on FMA since hearings last spring, and it was expected to await word from House Subcommittee. Now, according to one opponent of FMA, measure could be sent "right to the Senate floor — non-stop." HRRC agrees scheduling of markup is "very significant move forward for the other side," last week tried to persuade Chmn. Mathias (R-Md.) and other committee members to postpone. MPAA presumably has decided to give priority to FMA copyright royalty fees on VCRs & cassettes, idea not thought to have chance in this session, particularly since Supreme Court ruled home off-air taping is legal.

Newest HRRC ally is NARM. At board meeting in Phoenix last week, phono record distribution group voted to join affiliate Video Software Dealers Assn. in opposition to video FMA and royalties. However, NARM is still on record in favor of FMA for audio tapes & discs, passed by full Senate in mid-1983. Chief motivation wasn't VSDA position so much as growing interest of record retailers in recorded cassettes, particularly music video, spokesman told us. NARM thinks they should be allowed to rent & sell tapes at will, in contrast to control it wants over record rentals — distinction it admits has been difficult to make in Congress. "It's 2 different end-users and 2 different industries," NARM said.

HRRC source considers odds 50-50 that Subcommittee action will take place as planned, believes much depends on time Mathias has to devote to Senate Rules Committee. If vote is taken Feb. 22 to send bill to Judiciary, "we think we have a majority," said FMA lobbyist. "We've never had a really serious opportunity" until now. HRRC staffers we contacted seemed to agree, could point to Sen. DeConcini (D-Ariz.) as only sure opponent. Subcommittee consists of Mathias and 3 other Republicans — Laxalt, Hatch & Dole — plus Democrats Metzenbaum & Leahy.

Top U.S. IC makers trailed their Japanese counterparts, \$1.38 billion to \$1.45 billion, in capital spending last year, according to In-Stat Electronics Report. Outlays for leading Japanese makers (value in millions): NEC \$285, Toshiba \$250, Hitachi \$212, Mitsubishi \$149, Matsushita \$128, Sharp \$85, Oki \$55, Tokyo Sanyo \$51. Spending by U.S. producers: TI \$235, Motorola \$225, Intel \$182, Fairchild \$120, AMD \$115, National Semiconductor \$114, Mostek \$105, Harris \$60, GI \$55, AMI \$35.

Mitsubishi bought 75 acres in Research Triangle Park near Durham, N.C. for construction of \$75 million IC plant. Company says it will complete building by Oct., start production of 64K memory chips in Jan.

MORE VCR EXPANSION: Japanese VCR manufacturers are continuing to expand domestic and overseas production capabilities, with both Beta & VHS marked for rise.

On VHS front, JVC said its production in Japan would be hiked 33% this summer to 400,000 monthly from current 300,000. Earlier this year, it indicated plan for 20% increase to 350,000. Production total includes kits it supplies to J2T Holding, U.K. & German video production venture it has with Thorn EMI, Telefunken & Thomson-Brandt.

Mitsubishi also has raised sights, said VHS output will jump in May to 150,000 monthly from 100,000. It had planned rise to 130,000, and larger increase may stem from its new role as private label supplier. Mitsubishi is producing home decks for Emerson Radio (TVD Jan 16 p16). Also, Mitsubishi said it's adding 16 employees at plant in Livingston, Scotland, where it will double monthly VCR output to 10,000 in April.

Sanyo, which recently announced plan to start assembling Fisher-brand VHS VCRs in Germany (TVD Jan 30 p16), will expand foreign production of Beta as well. It said it will add 80 workers at plant in Lowestoft, England where VCR output is being doubled to 10,000 monthly. Sanyo said subsidiary in Taiwan will start Beta production later this year at 3,000 monthly rate, expand to 5,000 monthly as its integrated parts manufacturing capability expands. Company also said it was negotiating agreement for production of Beta VCRs in India with manufacturer there.

Growth slowdown is in store for France's domestic electronics market through 1988, according to study by Paris research group BIPE. It expects value of electronic products sold in France to rise just 7.4% annually to \$16.6 billion, against average increase of 9.1% in 1979-82. Production, however, will pick up, rising at 6.6% annual rate to \$14.4 billion, against previous 3.4% average growth. Helping will be 9.6% average rise in exports to \$7.24 billion, against earlier increase average of 7.9%. Import average growth rate is seen slowing to 10.5% from 23.6%, with 1988 value estimated at \$9.45 billion. Details on \$170 report from: IPI, 164 Pecora Way, Portola Valley, Cal. 94025.

Intelligent Systems Group has been formed within Sony Video Communications Div. to promote & market company's interactive optical videodisc player, both as stand-alone unit and in conjunction with Sony's microcomputer. ISG also will provide customer support in disc replication, hardware & software systems engineering, industrial design and contract administration. Focus will be on business, education and govt. applications.

Japan bowed to U.S. pressure and agreed to hold off controversial plan for revision of computer software copyright laws while some sort of compromise is worked out. Plan would have set 15-year limit on copyright, against 75 years in U.S., require foreign owners of designated public interest programs to sell royalty-free licenses to Japanese producers (TVD Jan 23 p18).

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DIGITAL STEREO TV: Digitally encoded multichannel TV sound (MTS) system can solve problems of cable in relaying MTS and offers promise for superior broadcast multi-audio. So says Paul Acker, mktg. dir. of Cable TV Supply Co. (CATV), L.A.

CATV and Time Period Modulation (TPM) urged FCC to adopt marketplace decision on MTS so TPM system can be used for broadcasting (TVD Feb 6 p16), but they plan to offer system to cable programmers & operators this summer through Startron Systems, Atlanta, division of CATV.

TPM was developed by self-educated Canadian computer expert Thomas Taylor and movie industry sound mixer John Neal (Star Wars). It achieves compatible stereo sound without use of FM subcarrier. "Combiner" or encoder mixes 2 or more discrete sound channels into single compatible mono soundtrack with stereo information digitally encoded. "Separator" or decoder is attached between cable tuner and TV antenna terminals, uses the digital signal to decode audio information which is fed directly to inputs of any stereo amplifier without entering TV set.

Acker says system is "completely affordable," requires no modification of TV set (although it could be built in) or basic change in TV signal. For cable, combiner can be used at system headend or at site of program transmission to satellite. CATV plans to market system to cable operators, who could sell or lease it to subscribers. Acker says company hopes sale cost to consumer will be less than \$100. He said system wasn't submitted to EIA MTS Subcommittee for testing because it wasn't developed in time. Broadcast version could be ready in 1985.

Visionhire is going national in U.S. with rental electronics, though not through expansion of 3 outlets it has in Cal. Subsidiary of U.K.'s Electronic Rentals Group has formed Video Store Products Div. to lease VCRs for rental to consumers through video software retailers, appointed independent distributor Video Gems as exclusive U.S. sales & marketing rep. VG is offering VCRs to dealers, complete with carrying case, cables, 48-hour repair or exchange, under minimum 2-year lease with dealer payment of \$45 monthly in first year, \$40 in 2nd. There's no royalty on dealer rentals to customers. For extended contracts, rate is \$35 monthly for 3rd year, \$30 for 4th. Dealers who sign up for at least 5 VCRs get 4 free videocassettes from VG library as sweetener. VG says dealers can make profit charging consumers \$5-\$10 daily VCR rental, plus rental charge for tapes.

Operating chiefs are being sought by NARM & Video Software Dealers Assn. They have commissioned headhunter affiliate of American Society of Assn. Executives to find single exec. vp for both organizations, and pair of exec. dirs. Assn. boards meet March 20, would like to have choices ready for announcement at March 23 opening of NARM convention in Hollywood, Fla., make final choices and announce decisions at show. Also, VSDA wants change in relationship with NARM to increase its autonomy.

GRUNDIG TAKEOVER SET: N.V. Philips and European banking group have finalized plan to take control of Grundig, turn management responsibility for Germany's biggest consumer electronics manufacturer over to Philips (TVD Dec 26 p19).

Proposal, still subject to approval of German Cartel Office, calls for bankers to pump \$90.5 million in new capital into Grundig in exchange for non-voting convertible profit participating certificates, while Philips expands ownership in Grundig from 24.5% to 31.6% for undisclosed sum. Certificates would be exchangeable for shares representing 27.5% interest in Grundig, and conversion would dilute Philips' holdings to 22.9%, for combined 50.4% interest. Founder Max Grundig and Grundig family foundation would retain 49.6%. Though no other details were announced, it's presumed agreement gives Philips right to buy additional Grundig shares from bankers.

Figures indicate Grundig is currently valued at \$330 million, which is about what France's Thomson-Brandt was offering for just 74.5% interest in company at this time last year. That takeover bid was rejected by Cartel Office, and T-B instead acquired Telefunken's consumer electronics business (TVD March 14 p12). Philips and bankers plan to complete Grundig buy in April 1, but that could be delayed if Cartel Office drags its heels before giving expected clearance.

Ad notes: Atari moves Ataritel communications products account from Backer & Spielvogel to Wells Rich Green, which also handles its computers. Doyle Dane Bernbach continues as agency for home & coin-op videogames... Citizen Watch appoints Levine, Huntley Schmidt & Beaver, replacing Julian Keonig and Ted Chin... Konica offers 2 free videocassettes to purchasers of its new color camera... Portholes, magazine on videocassette aimed at boat owners, launches Sept. 1 from Nutech Video, Topanga, Cal. It will cost \$89 for 6 one-hour issues annually, each with 40 min. of editorial material, plus ads & public service announcements. Nutech says it has similar projects in works on horses, real estate, skiing.

EIA-Japan is objecting to govt. plan for imposition of 15% commodity tax on new video & audio products. Among items slated to come under tax coverage for first time in March are video & audio tapes, videodisc players & discs, digital CD players & discs, videogames, personal computers, word processors, office automation equipment. EIA-J contends electronics industry already provides more than its share of commodity tax revenue and that imposition of tax on these new products will restrict their market growth.

Corporate piracy of computer software is being challenged by Lotus in San Francisco federal court suit against Schlumberger subsidiary Sangamo Weston. Seeking \$10 million damages, Lotus says SW made at least 13 copies of its multi-function business program Lotus 1-2-3, shipped them to field offices. Case is first in which piracy for free internal corporate distribution, rather than re-sale, is issue.

Consumer Electronics Personals

Steve Isaacson, ex-Panasonic, joins JVC Consumer Video Div. as national sales & mktg. mgr... **Donald Cook** promoted at RCA Service Corp. from govt. services vp to pres., replacing **George Prestwich**, now planning & development vp on staff of Group Vp John Rittenhouse... **Ralph Palaia**, ex-Litton, joins NAP Consumer Electronics as Magnavox VCR & videodisc player national mdsg. mgr.; **George Tremblay** named Waltham district sales mgr.; **Ralph Vance**, ex-RCA, named for Dallas; **Henry (Gary) Thorne** is new Magnavox vp-brand mgr., name was given incorrectly in our report last week.

Sol Davidson advanced at Commodore Business Machines from U.S. Sales Co. pres. to gen. mgr., succeeding **Donald Richardson**, resigned... **Vincent Maiello** promoted at Mura from east region sales mgr. to national accounts sales mgr... **William Cranmer**, ex-Keene Corp., joins King Instrument as controller.

John McPherson, Sony Video Communications Div. national mktg. mgr., adds duties as dir. of new Intelligent Systems Group responsible for interactive videodisc player; **John Hartigan**, national mktg. mgr., named to handle disc support operations... **Ed Grower**, ex-Reeves Teletape sales vp, joins VCA Teletronics as production sales dir.

John Welty advanced at Motorola to exec. vp & chief staff officer in restructuring. Other new exec. vps: **Rhesa Farmer**, Communications Sector; **John Hickey**, chief financial officer; **Steven Levy**, Japanese operations; **Carl Lindholm**, Auto & Industrial Electronics Group; **James Lincicome**, Govt. Electronics Group; **Arthur Carr**, Information Systems Group; **Robert Swift**, personnel; **Gary Tooker**, Semiconductor Products Sector.

James McDonough named mgr., **Nigel Salomon** gen. mgr., of Visionhire's VCR rental Video Store Profit Div... **Herbert Fischer** resigns as mktg. & sales senior vp, Sound Video Unlimited... **Michael Kory** named controller, Warner Home Video... **Richard Fontaine**, ex-B. Dalton, named pres., Ingram Video & Ingram Software; **Joanie Lehman** advanced to vp-gen. mgr., Ingram Video; **John Fowler** promoted to vp-gen. mgr., Ingram Software... **Tim Thompson** appointed video products mktg. specialist, EECO.

Jack Johnston, former Murata exec. vp, joins Allen-Bradley as vp-gen. mgr. for resistor operations in Tex. & Mex... **Thomas Brimer** advanced at Harris Corp. to Interactive Products Div. vp-gen. mgr.

Stephen Traiman resigns as vp & exec. dir., RIAA, effective Feb. 28, to pursue other interests, no successor named... **Robert Smith** advanced at Videotex Industry Assn. from administration dir. to exec. dir... **Ronald Angner**, AT&T, named chmn., EIA Telecommunications Group telephone equipment section.

Microwave oven shipments by U.S. producers & importers jumped 77.6% in Dec. to 771,600, putting total for year at record 6.11 million, up 50.2%, AHAM reports. Shipments in closing quarter were up 64.8% to 2.19 million.

VIDEO BUFFS STILL SPEND: Latest profile of video buffs indicates mounting interest in recorded cassettes, with 35% of Video magazine survey sample planning to watch more rented or purchased programs by 1985, while another 25% maintains current viewing levels. Some 42% of 585 respondents to one version of questionnaire in survey conducted by McGraw-Hill Research claim they're watching more cassettes than 2 years ago when Video did its last study. Slightly different version drew 560 returns for grand total of 1,145, or 57.5% response.

Survey of some 2,000 Video readers, conducted in July, clearly isn't meant to reflect consumption patterns of average population — 8% of sample own videodisc players, well above national average and close to national VCR penetration of 10%. Nevertheless, report is one indicator of leading edge of marketplace, could serve to point out future developments. For example, among those owning VCRs, 48% expressed interest in buying 8mm Video camcorder when it becomes available.

Of course, VCR is most popular video product, 84% of respondents being owners, and 40% of those owning 2 or more. Beta holds 25% share. Of most recent purchases, 67% were table-top models, 31% portables, rest weren't indicated. About 37% use units 7-14 hours a week, 21% 15-21 hours, 10% 22-30 hours, largely to record & play broadcast TV (84%) and cable (65%) and play cassettes (83%). More than 1/3 produce own programs. As for next 12 months, 55% plan to buy additional VCRs.

Respondents are big in software. Average VCR owner bought 20.8 blank cassettes last year, with 65% buying high-grade variety, bringing average outlay to \$212.50. More than 75% of those buying tape said they looked for specific brand.

Also, 51% bought recorded cassettes in past year, 25% buying at least 4. Average number owned was 6.3, and average amount spent was \$226.80. VHS owners were much more inclined to purchase — 41%, vs. 13% for Beta. Also, 60% have rented in last year, with average at 5.4 cassettes a month. Feature films and adult movies dominated both purchase & rental selections.

Laservision & CED hold about equal share among disc player owners who paid average of \$495 and bought average of 21.5 discs in last year, spending \$340. About 11% of total sample plan to buy player in 1984, 42% opting for CED stereo model, 45% for LV. As for CATV, 59% of respondents subscribe to basic service, and they take average of 2 pay services, spending \$26.10 a month.

These & other findings of \$20,000-\$25,000 study will be presented at opening session of ITA's Audio/Video Update seminar, scheduled for March 18-21 in Palm Springs, Cal.

Motorola will ask holders to approve tripling of authorized shares to 150 million at May 7 annual meeting, follow that with 3-for-1 stock split. Company intends to pay 16¢ quarterly dividend on new shares, or equivalent of 48¢ on pre-split shares, up from 40¢ now paid.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
CBS			
1983-year to Dec. 31	4,540,200,000	187,200,000	6.31
1982-year to Dec. 31	4,122,800,000	110,800,000	3.95a
1983-qtr. to Dec. 31	1,416,400,000	77,300,000	2.61
1982-qtr. to Dec. 31	1,218,000,000	37,400,000	1.33a
Conrac			
1983-year to Dec. 31	141,136,000	6,985,000	1.18
1982-year to Dec. 31	116,261,000	8,065,000	1.76b
1983-qtr. to Dec. 31	34,772,000	1,853,000	.30
1982-qtr. to Dec. 31	29,576,000	2,271,000	.49b
Gannett			
1983-year to Dec. 25	1,703,646,000	191,665,000	2.40
1982-year to Dec. 26	1,519,514,000	180,507,000	2.26b
1983-qtr. to Dec. 25	477,111,000	60,775,000	.76
1982-qtr. to Dec. 26	428,103,000	55,722,000	.70b
GTE			
1983-year to Dec. 31	12,943,918,000	955,604,000	5.00
1982-year to Dec. 31	11,766,658,000	835,626,000	4.70
1983-qtr. to Dec. 31	3,551,343,000	268,978,000	1.39
1982-qtr. to Dec. 31	3,077,558,000	237,610,000	1.31
M/A Com			
1983-13 wk. to Dec. 31	168,474,000	7,075,000	.17
1983-13 wk. to Jan. 1	151,414,000	6,385,000	.16
Media General			
1983-year to Dec. 31	507,784,000	35,907,000	5.07
1982-year to Dec. 31	429,409,000	35,512,000	4.60
1983-qtr. to Dec. 31	134,608,000	9,101,000	1.29
1982-qtr. to Dec. 31	117,894,000	8,478,000	1.20
Times Mirror			
1983-year to Dec. 31	2,491,176,000	199,580,000	2.90c
1982-year to Dec. 31	2,210,483,000	139,874,000	2.05c
1983-qtr. to Dec. 31	690,167,000	81,727,000	1.19c
1982-qtr. to Dec. 31	596,803,000	53,819,000	.79c
Tribune			
1983-year to Dec. 31	1,586,526,000	69,267,000	1.89
1982-year to Dec. 31	1,431,358,000	23,922,000	.67
1983-qtr. to Dec. 31	438,543,000	34,031,000	.85
1982-qtr. to Dec. 31	390,930,000	50,526,000	1.42
United TV			
1983-year to Dec. 31	56,136,000	7,294,000	.63
1982-year to Dec. 26	43,160,000	9,604,000	.80
1983-qtr. to Dec. 31	20,187,000	2,460,000	.22
1982-qtr. to Dec. 26	13,188,000	3,570,000	.30

Notes: ^aRestated. ^bAdjusted. ^cIncludes special credit.

Compatibility is way to bring improved resolution and wide screen TV to consumers rather than new 1,000-line transmission systems, according to researchers from Philips Labs in U.S. & U.K. who delivered paper and gave prototype demonstration at SMPTE Winter TV Conference in Montreal last week end. Shown was TV with digital signal processing circuitry that can derive sixty 525-line pictures per sec., in either standard 4:3 or enhanced 5.33:3 aspect ratio from regular NTSC signal. We'll have details on that and other conference activities next week.

Direct mail list of 2.5 million buyers of 3M blank videocassettes can be rented from Fairfield Direct. List contains about 20% of U.S. VCR owners, is updated every 3 months. Contact: Louis Cuming, 10 Corbin Drive., Darien, Conn. 06820.

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CHINA GETTING TRINITRONS: Sony announced 2nd mainland China licensing agreement in as many months last week, this one involving Trinitron color TV tube receiver technology.

Like earlier deal covering Beta VCRs (TVD Feb 6 p18), this one is with Hong Kong invested venture. Sets will be produced at 5,000 monthly rate starting in May by Huali Corp. at plant near Canton, to be sold primarily in China under Sony brandname. Sony will provide production knowhow, parts.

EIA asked FCC for change in new telephone labeling & testing rules. In petition, it said industry is choking on nearly full year's inventory in pipeline, making it impossible to move existing product through to consumers before June 1 marketing cutoff for phones not meeting new package labeling requirement. Request is to have rule changed to apply only to phones manufactured after June 1, which would give companies unlimited time to clear stockpile. Petitioner also asks delay from March 1 to April 1 for compliance with magnetic field measurement standard. EIA said copies of standard, intended to insure phone compatibility with hearing aid couplers, are only now generally available from IEEE, and manufacturers will need extra time for testing.

Germany's Siemens has allocated \$160 million for first phase of new IC manufacturing operation to be located in Regensburg. Facility will concentrate on micron & submicron technology needed for million-bit memories. Siemens says plant should start production in 1986.

WEEKLY

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with
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Broadcast - Cable

CITIES PUT ON DEFENSIVE on cable bill demands by NCTA studies showing many charge illegal fees. FCC starts investigation. (P. 1)

NATPE SUCCEEDS IN SAN FRANCISCO: 48% of exhibit space already sold for 1985. Record 6,387 attend. Barter, local production, decline in off-network product among major topics. (P. 2)

FINANCIAL INTEREST TALKS END when CBS's Wyman and MCA's Wasserman can't agree. (P. 6)

INTV SPURNS NATPE, will hold 1985 L.A. convention Jan. 5-8. NATPE starts 3 days later; exhibitors are unhappy. (P. 7)

PREEMPTIONS COST ABC-TV \$31 million in 1983, Newt tells affiliates. Sports and movie spillovers concern stations. (P. 7)

TEMPO ON HILL PICKS UP: Hearing set on compromise broadcast bill that doesn't yet exist. EEO still issue. (P. 8)

CHICAGO AWARDS CABLE FRANCHISES: Group W, Continental, TCI, finalize deals with city. (P. 9)

ABC'S DOWNHILL OLYMPICS: Big chill in ratings translates into advertiser concern. 'Everyone is immensely disappointed and startled.' (P. 9)

CITIES PUT ON DEFENSIVE ON CABLE BILL: In carefully orchestrated series of events, NCTA gained lobbying high ground last week, sending cities backpedaling just as the 2 began renegotiating compromise cable bill (HR-4103). Assn. efforts, coupled with decision by bill's sponsor, House Telecom Subcommittee Chmn. Wirth (D-Colo.), to call for lower franchise fees than bill now allows, met with no counterattack by National League of Cities (NLC) or U.S. Conference of Mayors (USCM). Most damaging was NCTA study — which prompted an FCC investigation — alleging that dozens of cities are charging fees in excess of 3% cap without FCC waiver.

"I'm very impressed with what NCTA has accomplished in so short a time," said neutral executive who closely watched events. "All of the activity was geared to hit just as they sat down at the table. They timed a series of papers [sent to Congress] and they lobbied aggressively with some success. It's my impression that the cities are in total disarray and it

Consumer Electronics

COLOR, VCR IMPORTERS closed record year by setting new records in Dec. For 1983, color sets were up 91.6%, VCRs 93.3%. (P. 12)

'SMART TV' using new digital frame store chip planned by Philips 'soon' for improved picture, first step toward compatible HDTV. (P. 13)

RETAIL BOOM could be leveling off, analysis of Jan. Early Warning Report indicates. Business still good, but percentage advances drop. (P. 15)

TI WAS HOME COMPUTER market leader in 1983, while Atari ran away with videogame business, survey of leading dealers shows. (P. 16)

ZENITH SHIPPING VHS recorders, introduces open-list 5-model line to distributors. (P. 16)

VIDEOMOVIE DELIVERIES start in Japan from JVC, producing at 30,000 monthly. JVC & Zenith models scheduled for April-May introduction in U.S. (P. 17)

CBS, IBM & SEARS plan joint videotex venture for access by home & personal computers. (P. 17)

ZENITH POSTS STRONG PROFITS for 4th quarter and year, though consumer electronics sales slipped. SMC net up 187%. Pioneer profitable. (P. 18)

leaves me thinking they don't have anything to hit back with." Others pointed out cities' attention is divided because of proposed Administration budget cuts in many local programs.

FCC Mass Media Bureau is looking into charges that dozens of cities are collecting franchise fees of 5% or more of gross annual revenues without required waiver to charge more than 3% cap. Probe was prompted by NCTA study of 100 systems serving 812 communities which concluded 67 cities are charging illegally high fees. Pres. Thomas Wheeler said those operators haven't blown whistle because they either didn't know city was untruthful in saying it had FCC waiver or knew that no waiver had been granted but were afraid to raise issue for fear of irritating local authorities. NLC said fees that study cites are bloated with utility taxes, bonding, other costs of doing business, charge which Assn. denied.

Majority of franchises surveyed (88.5%) charge 3% or less, but 67 cities (8.25%) are charging above 3% without FCC waiver, NCTA said, adding they aren't grandfathered because all were franchised or refranchised after March 1972 when cap was imposed. Some 25 of 67 are owned by one MSO whose local managers said they were told by cities that waivers had been granted, NCTA said. FCC has no independent way of knowing if cities are breaking rules because it no longer requires operators to submit franchise agreements that could be checked against waivers granted.

Exec. Vp James Mooney said NCTA is cooperating with FCC investigation and will release list of 67 cities to Commission but to no one else because operators surveyed were promised anonymity. But 4 of 6 cities represented on NLC-USCM negotiating team (Pittsburgh, N.Y.C., Nashville, Tucson) have attempted to collect 5% fee before obtaining waivers. Last year, Pittsburgh was denied waiver to charge Warner Amex 5%. We were told that among other cities on list are Boston, Chicago (which just granted franchises), Cincinnati, Detroit, E. Lansing, Dallas, Denver, Portland, Ore., Sacramento, Miami and Milwaukee (last 2 have waiver requests pending).

Responding to NCTA study and subsequent FCC probe, Wirth withdrew his backing of 5% cap on fees written into HR-4103, said: "It's not appropriate for cable subscribers to pick up the costs of balancing city budgets." In letter to parent Energy & Commerce Committee members, he proposed that cities collect no more than 3% of cable revenues for regulation costs, with another 1% going for production & development of local, noncommercial access programming. And drawing analogy to PBS, he called for another 1% to be paid directly to national fund for noncommercial access programming of national & regional interest that would be distributed to access channel operators free or for minimal charge. Wirth directed parties to discuss proposal during their negotiations, which began Feb. 16 on shape-of-table level, ran all day Feb. 17 on substantive matters.

Wirth proposal was said to have driven wedge between NLC and rest of pro-city coalition that includes National Federation of Local Cable Programmers, other public interest groups. "When Wirth waved that money in their eyes, they began having 2nd thoughts," observer said. But others pointed out that NCTA may not be too happy with proposal because, as one said, "it takes away cable's big stick — that we'll swap higher franchise fees for greater ease in going about our business."

Another NCTA study attacked "gold-plating" franchise demands. It said requiring extra system features & services above normal video offerings raises subscriber costs 30%, causes number of subscribers to drop by 7-12%. Over life of 15-year franchise, such bells & whistles cost typical subscriber \$240-\$340 for services which study said subscribers found little interest in obtaining.

NATPE SUCCEEDS IN SAN FRANCISCO; RECORD 6,387 ATTEND: Generally speaking, most were happy as NATPE concluded 21st program conference Feb. 14 in San Francisco with uneventful membership meeting. Nearly all of 205 program sellers on floor of Moscone Convention Center liked traffic and results. At Fairmont Hotel — where several major programmers as well as smaller ones exhibited, much to unhappiness of NATPE officials — there

were mixed though generally good reports. On last day of convention, 8 Fairmont exhibitors (including 2 so-called majors) approached NATPE about exhibiting in Moscone in 1985.

Total attendance reached record 6,387 (including 300 reporters), vs. previous high of 5,930 last year in Las Vegas. On hand taping segments on NATPE were Entertainment Tonight and Morley Safer of 60 Minutes, for episode due to air in late March. For first time in memory, there were no FCC comrs. or members of Congress on program, although newest FCC Comr. Patrick attended as observer. Major issues shifted from govt. concerns of previous years to barter, local & co-productions, decline in off-network product along with long sought joint NATPE-INTV convention (see separate story).

During panel on 4th network possibilities, TeleRep's Al Masini said ad hoc networks are flourishing but there will never be 4th network relying on movies and syndicated programming only. Taft's Lucy Salhany said that 4th network will evolve if enough software becomes available and "that could be as close as 6 months away," and that it will happen with shows like Fame. Joseph Tirinato, MGM/UA, generally agreed but said to succeed stations would have to band together in co-ventures with Hollywood to produce programming.

At various NATPE sessions, there was much talk about stations investing in making their own programming and through joint productions with advertisers and Hollywood. "We've got to start investing in ourselves" according to Bob Jones, program dir. of KING-TV Seattle. "If we're going to survive, we can't depend on others to do it." He said Hollywood productions aren't "the road to the future," cited "liberalizing effect" of having local programs available rather than relying on syndicated shows. Peter Spengler of Bristol Myers said advertisers "are ready to go."

John Goldhammer of Paramount TV said that decline in availability of off-network shows will continue for 5 years, which will make first-run product much more important. He noted that 267 new show ideas and/or pilots were introduced in San Francisco and that programmers must have financial interest rule intact if they're to remain competitive with networks. He said that expansion of local news has stopped and that most TV markets are "saturated" with local news. Greg Nathanson, late of Showtime, now with Golden West Bestg., said independents must band together "in any way they can" to produce programming. Of cable, he said entrepreneurs promised and public expected too much and medium had no way to live up to promises.

Gary Liberthal, Embassy Communications, said "the demise of the 3 major networks is drastically overstated." He said networks are stronger than they've ever been and will remain so for foreseeable future. They'll be getting more & more into programming and will become Hollywood's major competitor, he added. He said that "more and more barter" will occur and that advertisers will become much more involved in programming. "If there's ever going to be a 4th network, that's the way it will work [through advertiser involvement]," he said. Asked by moderator Jack Berry about trends in programming, Bruce Paisner of King Features replied: "I don't have the faintest idea" until it's determined which of new products succeed. (Survey by Telepictures of 200 proposed first-run programs at 1982 NATPE showed that only 10 actually got on air.)

At session on "The Road to the Future," Post-Newsweek Stations Pres. Joel Chaseman said broadcasters must learn to react more quickly to change or they will become "the victims of that change." He said TV networks are much more responsive to affiliates today and that's because of threats posed by other technologies. Networks "are learning how to compete in a much more competitive world," he said, but he disagreed with USA Network Pres. Kay Koplowitz, who maintained cable is rapidly eating into dominance of networks. Ellen Gibbs of Communications Resources said that era of narrowcasting hasn't yet arrived and won't until another way is found to pay for programming other than through advertising. Consumers will foot part of that bill, she predicted.

Stanley Hubbard, pres. of Hubbard Bestg. and U.S. Satellite Bestg. Co., predicted "an explosion" in high-powered DBS by 1988 that will cause major realignment in broadcast industry. He said that DBS will come because of public demand and that software will be available. On cable panel, program costs were brought up and TBS Exec. Vp Robert Wussler said that WTBS Atlanta will spend \$50 million for programming this year, that costs "are escalating

rapidly." James Reid, CBN Cable Network, said CBN's 1984 program budget is more than double last year's and that it's expected to double again for 1985.

At panel on new technology, Richard Galkin of Satellite TV Corp. said DBS "is not the new technology of the future, it's here now." He estimated there are 500,000 backyard earth stations in use and that they're selling at rate of 30,000 monthly. By 1993, he predicted, 7-10 million homes will have TVROs and industry will be spending \$1 billion annually for programming. Wold Communications Pres. Robert Wold said that some 600 TV stations have earth stations, including 90% in top 50 markets, and that by 1990 there will be 1,300 transponders available but industry will need many more. He said there will be dramatic growth soon as more & more syndicators switch to satellite delivery and when ABC & CBS start using C-band on Telstar. Of NBC's decision to use Ku-band, Wold said "they're taking the narrow-gauge railway approach."

William Henry, chmn. of NAB-sponsored Advanced TV Systems Committee, said group hopes to recommend standards for HDTV, NTSC and other services by 1986. Taft Bcstg.'s Terry Connelly touted teletext as future revenue source for TV stations once sets are built with teletext capability on mass scale.

New customer for programmers emerged at NATPE — LPTV. "Their money is as green as anyone's," according to syndicator. Orion Entertainment closed 113-movie deal with JPD TV Network, which plans network of LPTVs and will offer programming for basic monthly rate of \$4,700 — plus 2 min. commercial time per hour. World Vision, Telepictures and Almi TV also have made sales to JPD.

Moscone Center generally drew praise from all sides. Distributor John Claster, noting he had excellent traffic, said organizers had done "terrific job." Telepictures Pres. Michael Solomon said he had been "inundated," with company's 15 screening rooms full at all times. Most programmers with suites at Fairmont Hotel, including MCA, 20th Century Fox & Paramount, were pleased with traffic, and several already have renewed there for next year — despite efforts of NATPE to bring them onto floor at Moscone Center.

NATPE had trouble keeping some of its top names on program. Joan Rivers canceled appearance at Iris Awards Sun. night, was replaced by Bill Cosby; ABC's Ted Koppel canceled as moderator of Mon. panel because he was in Russia for Andropov funeral and House Telecom Chief Counsel David Alyward pulled out of panel on "Living Without Regulation."

Microband will offer multichannel MDS in 25-30 major cities within 5 years, beaming both pay & basic cable fare to rooftop antennas, company said last week. Leasing excess channel capacity from ITFS licensees, "Urbanet" service will continue to carry educational programming on channels where it already exists, but add 3-4 pay channels, 5-6 ad-supported. Microband also will work with existing single-channel commercial MDS services, such as Marquee in Washington and Pay TV of Greater N.Y. Decoder box with descrambling & addressability (manufacturer yet to be chosen) will be placed in subscriber's home on leased basis. With exception of HBO & Movie Channel (services already carried by single-channel MDS), Microband has signed no cable programmers. Agreements have been reached with ITFS-owning educational institutions in Boston, Chicago, Kansas City, Milwaukee, Norfolk, New Orleans, N.Y., Philadelphia, Pittsburgh, Portland, Ore., San Francisco, Tampa & Washington. San Francisco, Milwaukee & N.Y. should be in operation by early fall, with first transmitter testing beginning in N.Y. market in spring.

CNN will televise debate among 8 Democratic Presidential candidates in Atlanta March 11 sponsored by League of Women Voters. It's seen as important debate because it falls 2 days before "Super Tues." when 10 southern states hold primaries & caucuses.

Intelsat will "outhustle, outoffer and outmarket any organization — domestic or international," Joseph Pelton, exec. asst. to dir. gen., said last week. International Satellite counsel William Fishman attributed Intelsat's "radical change" in attitude to Orion and ISI filings for competing satellite systems. In remarks at Phillips Publishing conference in Washington, where 2 appeared on panel, Pelton quoted new Intelsat Dir. Gen. Richard Colino on Intelsat's plans for '80s: "Market, market, market, offer, offer, offer." At next board meeting in March, Intelsat will propose "broad new tariff offerings, including 32 in video alone," he said. International Business Service will be expanded and diversified, allowing use for domestic services as well as international; new video and data services, "particularly for electronic mail and information distribution to remote locations" will be proposed; new options will expand service to cable TV, SMATV and similar markets; new type of international or domestic video lease is under study.

FCC has denied request for extension of time to file comments in rulemaking to repeal regional concentration of control of broadcast outlets filed by National Conference of Black Lawyers and Citizens Communications Center. They wanted extension from current deadline of Feb. 21 until March 14, cited same Feb. 21 deadline for filing comments in 7-7 station ownership limitation rulemaking.

TIMETABLE FOR HDTV: High definition TV and enhancement of current picture were in spotlight at SMPTE conference Feb. 10-11 in Montreal with theme, "Image Quality — a Time for Decisions."

Recommendations of industrywide Advanced TV Systems Committee (ATSC) are scheduled to be presented about year from now, and Chmn. Renville McMann, CBS Technology, gave informal summary of committee's work — more formal report is scheduled for NAB convention April 29-May 2.

Goal of ATSC is "picture that makes the viewer gasp at the quality when he first turns it on," McMann said, saying committee is looking into such aspects as hi-fi TV, HDTV, enhanced 525-line, 3-D, etc. For HDTV, he said, committee "is converging on a picture with twice the horizontal & vertical resolution" of today's picture, with 5.3:3 or greater aspect ratio. Question of sound hasn't yet been addressed, "but it will be digital, probably triphonic."

One problem encountered by committee, McMann said, is that "definitions of high quality and high definition TV are changing. The possibility of a jump in the quality of the 525-line picture is causing us to raise our sights on standards for HDTV — which must be noticeably better than enhanced NTSC." Current picture will be enhanced for first time in DBS, he forecast, by using MAC or some other form of multiplexing which separates chrominance & luminance into separately transmitted signals, or component video signal.

Such component transmission, McMann said, "will feed into the home a picture of studio quality and can actually give the home viewer a picture better than that in the studio control room" in 525 lines, the DBS converter decoding component signal into one which can be processed by home TV set.

McMann gave this hypothetical picture improvement evolution, which he called "from here to eternity": (1) Component signals broadcast by DBS in 525 lines with standard 4:3 aspect ratio. (2) Widescreen TV with at least 5.3:3 ratio, with compatible transmission, adding edges of widescreen picture by means of 2nd channel or folding them into vertical interval. (3) Adding information for true 1,050 or 1,125-line picture. (4) Addition of filter & frame store system some time in future to double resolution to 2,000 lines.

Philips took issue with McMann's timetable, saw addition of frame store as first step rather than last. At same conference, Philips demonstrated enhanced 525-line picture using frame store, which it says will be available on chip "soon." Philips proposed evolution to 60-frame per sec. 525-line picture, then to compatible widescreen TV (see report in Consumer Electronics section).

McMann stressed that 1984 would be "year of component" signal study, with considerable effort devoted to question of "how much information we can get into the 525-line system and how it can be improved."

RCA Labs demonstrated one-time multiplex component signal system (TMC) designed for DBS transmission, with simulated satellite link, showing

pictures completely free from cross-color. CBS Technology Pres. Donald McCoy told us CBS hopes to demonstrate 2-channel compatible widescreen HDTV in April.

Some of papers at session were devoted to psychophysical aspects of vision, and consensus among some scientists & engineers seemed to favor view that wide aspect ratio may be more important than picture definition from viewer standpoint. Although field of vision has 1.8:1 ratio, there was some talk of going to 1.85. The 5.33:3 ratio proposed by most proponents is about 1.78:1; a 1.85:1 ratio would be equivalent to 5.55:3.

"HBO Kid" has been found guilty of conspiracy & theft for selling more than 2,700 illegal cable converter boxes in northeast Pa. over 5 years. Jury in Scranton convicted Frank Cardamone of all charges resulting from what Pa. officials called nation's largest cable piracy ring (TVD April 25 p7). Cardamone, 23, called himself HBO Kid, had that as license plate on his Corvette. He's said to have personally installed 1,100 pirate boxes allowing cable customers to receive HBO and other pay services free. Ring cost 5 Scranton-Wilkes-Barre area cable operators more than \$250,000 annually in lost revenue, officials said. He could be sentenced to 14 years in jail, fined \$30,000; date for sentencing wasn't set. Defense attorney said he would appeal.

WPIX N.Y. will become cable industry's 4th superstation when common carrier United Video begins beaming its signal over Westar V May 1. UV now retransmits WGN-TV Chicago to 4,800 cable systems via Satcom 3R, said it will charge first 300 systems that sign up flat \$400 monthly for WPIX. WPIX is available by microwave from Eastern Microwave; UV said satellite delivery will cost operator less in some cases. UV wouldn't say whose transponder it's leasing for delivery of N.Y. independent, known for broadcasts of Yankees baseball, but there's speculation it has obtained one of 10 Group W transponders.

Cheap home DBS receiver may be next major product from U.K. innovator Sinclair Research. Company said it plans to build complete system designed for connection to standard TV to retail at about \$145, or less than half prices being quoted today. Sinclair said system could be heart of complete high-definition DBS receiver-TV combination which could sell at about \$700.

Showtime/Movie Channel has signed \$150 million revolving credit/term loan agreement with 10 banks led by Mfrs. Hanover Trust. S/MC said it will use money for "financial resources necessary to insure its strong position in the pay-TV marketplace, both in programming and in marketing."

Wold will shift Satellite TV Network traffic to Telstar 301 April 2. Traffic is now on Westar 4, TR 10D. During transition period April 2-8, for convenience of TV stations, syndicated programs will be duplicated on Westar 4 & Telstar 301, TR 5V.

FINANCIAL INTEREST TALKS END: Unable to reach agreement with Hollywood producers on 2 basic issues — level of financial interest network could own in TV shows (and when that level would be negotiated) and amount of net profit it could claim in syndication — CBS Chmn. Thomas Wyman last week broke off talks with MCA Chmn. Lew Wasserman aimed at reaching compromise changes in FCC's financial interest & syndication rules.

CBS said there will be "no further action at this time" to try to break "current impasse." CBS said it won't ask Congress for moratorium on changes in 13-year-old rules, as ABC did when it and NBC pulled out of talks (TVD Jan 30 p3), instead will push FCC to complete rulemaking to relax rules significantly, spokesman said.

"CBS had offered a combination of major concessions it was prepared to make to resolve the current impasse which went beyond what the other networks were ready to offer," said Wyman, "but after lengthy negotiations it is clear that it will not be possible to arrive at a definition of 'financial interest' acceptable to both sides..."

Hopes for compromise were raised earlier when Wyman & Wasserman came close to agreement on level of network ownership in any one show, plus cap on ownership in total network schedule. When talks began in Oct., that figure was placed at 49%, and Hollywood interests have steadily pushed it lower. At their last meeting, Wasserman insisted that network ownership cap be placed at 27.5%. Sources said Wyman at first was agreeable to 27.5% figure but backed out when complexities of writing that into contracts with producers became apparent.

MPAA Pres. Jack Valenti said Wyman & Wasserman also couldn't agree on when network & producer would negotiate ownership in shows. CBS wanted to negotiate ownership before production began, Valenti said, time when producer is "most vulnerable... The networks wanted to negotiate... at the same time they make their deal with the producer. [At that point, producer] can't say no or he won't [get his show] on the air."

Additional problem was "how do you define net profit" when show goes off-network and into syndication, Valenti said. He said that networks & producers use differing accounting methods. "We felt several costs we incur in producing a show should be included before we would split the pie," Valenti said. CBS disagreed: "There wouldn't have been any profit to split after they [producers] discounted everything up to and including their Rolls."

CBS said it will continue opposing moratorium legislation pending in Congress: "The 6-months' moratorium the FCC agreed to ends in May," spokesman said. "We believe the Commission should go forward then and let the chips fall where they may."

Chris-Craft said it has raised stake in Warner Communications common stock to 22.1% of total outstanding.

RCA WOULD SERVE EUROPE: RCA Americom, in bid to join Orion and International Satellite in exploiting international satellite video market, has asked FCC for permission to amend Satcom 6 plans so C-band bird can transmit to Europe. RCA said it supports recent recommendation by Senior Interagency Group to approve Orion/ISI transatlantic satellite applications, but said FCC "must extend similar treatment to all qualified applicants."

Satcom 6 is authorized for launch to 67 degrees west in July 1987. If amendment is approved, 6 of 24 transponders would be switchable from domestic coverage to provide beams over western Europe and northwest Africa. Target market includes videoconferencing, cable & broadcast programming and news services. Proposal said customer could uplink to Europe directly from RCA earth stations in any of 9 cities — or from 4 other cities with terrestrial tails to those uplinks. TV stations or programmers also could use their own uplinks, RCA said.

In past, video market hasn't needed sufficient capacity to justify such dedicated service, RCA said, but rapid growth in international video makes "matter ripe for FCC action." Availability of "single hop" technology to broadcasters would insure enhanced picture quality and thus make service more attractive, RCA source said, and international circuits could be provided more cheaply and this could stimulate demand.

Main U.S. cities with access to RCA international service would be N.Y., Chicago, Seattle, San Francisco, L.A., Dallas, Houston, Atlanta & Miami. San Antonio has land line to Houston; Boston, Philadelphia & Washington could access system on RCA facilities through N.Y. Overseas, sample cities cited were London, Liverpool, Dublin, Lisbon, Madrid, Paris, Brest, Casablanca & Monrovia.

RCA won't "produce, program, supply the networking or anything else," spokesman said. For most part, customers would make own arrangements for corresponding links overseas. Satellite resellers such as "Wold or Vidnet would probably be happy to set up links" on both sides of Atlantic to facilitate service, RCA spokesman said.

Nashville Network cable programming service began transmitting via Galaxy 1, TR 2 last week but will continue existing feed over Westar V, TR 9-D, for unspecified period, according to owner Opryland USA and Group W, which handles sales & marketing. NN, which will be year old in March, claims more than 12 million subscribers with recent carriage agreements with Rogers Cablesystems system in San Antonio (165,000 subscribers) and UA/Columbia system in Wayne, N.J. (130,000).

Oral arguments on 2 issues are scheduled for Feb. 21 before Copyright Royalty Tribunal (CRT): (1) Whether religious broadcasters such as Old Time Gospel Hour (collectively called devotionals) should receive share of payments received from cable operators in 1979-80. (2) Whether radio licensees should receive share.

INTV SPURNS NATPE: "The perception that we're the bad guys in this is as wrong as rain," NATPE Exec. Dir. Phil Corvo said in San Francisco after negotiations with INTV for joint or back-to-back conventions in same city next year broke down. NATPE and program exhibitors had been pushing for joint session because of proximity of meetings next year — INTV Jan. 5-8 in L.A., NATPE Jan. 11-15 in San Francisco.

New NATPE Pres. John von Soosten said his group made 2 proposals to INTV (there had been several earlier talks between 2 groups, also unsuccessful): (1) INTV sessions first, joint days with exhibitors, followed by NATPE convention. (2) Concurrent morning sessions, afternoons with exhibitors. INTV turned down both proposals because, said Pres. Herman Land, independent stations' interests also include govt., sales, engineering and general business problems, in addition to programming. "There's no practical way to merge these 2 organizations with concepts that are very different," he said. Von Soosten added: "There was no animosity between the 2 organizations" and talks ended with good will intact.

Exhibitors have been pushing for joint INTV-NATPE because of expense involved and logistics in showing so close together in 2 cities. INTV just began accepting programmers as exhibitors 3 years ago and its show, like NATPE's, has grown rapidly.

"They'd better get their act together," said Metromedia Vp-Worldwide Sales Paul Rich, "because one will lose and it looks now like INTV will be the loser." It will be "very difficult to justify going to both, corporately speaking," Rich added. TeleRep Pres. Al Masini said he'd "go anywhere to make a sale," but he felt INTV was hurting itself by not having conventions in same city. Said Embassy Telecommunications Pres. Gary Lieberthal: "We won't set up twice. I don't think anyone will." Survey of some 1,000 attendees showed that 71.5% favor joint convention. Many tell us that INTV is afraid of losing its identity if it ties in with NATPE.

Group of 14 non-wireline cellular companies, including Metromedia, have reached partial agreements to provide service in 51 cities in markets 31-90. Parties have until Feb. 21 to complete details before submission to FCC, but agreements call for all companies with applications in market to share equally in joint venture. Metromedia has agreed to settlements in: Albuquerque, Austin, Baton Rouge, Charleston, N.C.-S.C., Charlotte-Gastonia, N.C., Chattanooga, El Paso, Flint, Mich., Fresno, Grand Rapids, Greenville-Spartanburg, S.C., Johnson City, Tenn., Knoxville, Lansing, Mich., Mobile, New Bedford-Fall River, Mass., Omaha, Raleigh-Durham, N.C., Springfield-Chicopee, Mass., Tacoma, Tucson, West Palm Beach, and Wichita.

Philip Rubin & Robert Bednarek, both ex-CPB engineers, form consultancy specializing in satellites, teletext, videodisc & broadcasting, 1001 22nd St. NW, Washington, 20037, 202-296-9380.

PREEMPTIONS COST ABC-TV: Affiliates of TV networks, independents and PBS stations held relatively calm meetings during NATPE convention in San Francisco — with old bugaboos of movie & sports spillovers again a major concern to affiliates. Bothering ABC was one-time preemptions by affiliates, which cost network \$31 million last year, according to ABC Vp-Gen. Mgr. George Newi. "We must find an answer to that problem," he said. He added that ABC coverage of summer political conventions certainly won't be gavel-to-gavel.

Newi also said that network will add 30-min. evening news on Sat., starting in Jan. Network currently doesn't have Sat. news and Wide World of Sports is expected to be cut by half-hour to make room for news. ABC will offer affiliates feeds at 6 & 6:30 p.m.

At NBC meeting, TV Network Pres. Pier Mapes said that "we're certainly not going to let ad hoc networks divide and conquer us." He said such ad hoc programming offers major threat to networks, asked affiliates to cut back on preemptions. Entertainment Pres. Brandon Tartikoff said that No. 3 NBC "is a solid network Sunday through Thursday evenings," that improvement of Fri. night will be getting most immediate attention. He said NBC has 35 pilots in works, same as last year.

Tony Malara, CBS-TV Network pres., said problem of NFL overruns is being tackled but he didn't offer much hope of finding simple solution, such as starting games half-hour earlier. Entertainment Exec. Vp Allen Levin said start of fall season may be delayed because of restrictions placed on location shooting in L.A. during summer Olympics.

Independents' session dealt heavily with barter, while controversy over advertising on public stations was major topic at their meeting.

Only 7% of stations responding to Katz Programming questionnaire believe there will be fulltime 4th network by 1986. Results were released at NATPE convention in San Francisco. Among other key findings: (1) 56% expect no expansion of news operations within next 2 years. Stations were evenly split on plans to expand local programming, but 85% expect to increase promotion budgets. (2) 41% said they would increase reliance on first-run syndication, 40% said use would remain same. Fully 49% expressed interest in station/syndication cooperative program development like PM Magazine or Newscope. (3) 56% said reliance on off-network product would be about same 3 years from now, while 23% said it would decrease. (4) 63% of affiliates currently don't preempt network on regular basis, 34% do. (5) 45% had major concern about cable threat, with 45% of affiliates also more concerned about independents.

NBC-owned WNBC-TV N.Y. and KNBC L.A. dropped Feb. 14 Phil Donahue syndicated show because it featured ABC News correspondents. Program was "a love letter for ABC News," according to Bud Carey, WNBC-TV vp-gen. mgr.

TEMPO ON HILL PICKS UP: Hearing has been set for March 8 by House Telecom Subcommittee for compromise broadcast bill that doesn't yet exist. But sources told us draft should be ready later this week so that it can be available "in sufficient time" for witnesses to prepare testimony. EEO language remains major obstacle.

It's unclear whether EEO issue will be settled before hearing. We were told Rep. Leland (D-Tex.) has turned over negotiations with NAB to aide Larry Irving, who some described as "intransigent" on quotas. "He won't budge," said Hill source. NAB is calling stalled talks "stalemated." Problem is Leland wants NAB to accept EEO requirements at least at level that cable industry conceded in deregulation measure (HR-4103)(TVD Feb 13 p1). Irving told us that Leland "feels very strongly about this. Our bottom line is the cable [bill] standard. We're not prepared to go any lower." However, other House members are becoming anxious; one source said there's pressure on Leland & aide to "be realistic." Rep. Tauke (R-Ia.) noted there's little incentive on Hill to move bill without industry support. At same time, House members negotiating compromise have agreed that EEO will be part of final bill.

Developments last week on cable bill (see story elsewhere in this issue) nearly obscured other Hill events. But pace also was quickening in other areas, with 5 hearings scheduled this week. Sen. Goldwater (R-Ariz.) has set Communications Subcommittee hearing Feb. 22, 9 a.m., 628 Dirksen Bldg., on having ads on public TV. CPB, NAPTS, NAB, Consortium of Public TV Stations, NTIA and FCC Comr. Quello for Temporary Commission on Alternative Financing for Public Telecommunications, are expected to testify. CPB defends FY '85 budget request at House Appropriations Labor Subcommittee hearing Feb. 23, 10 a.m., 2358 Rayburn Bldg.

Cable copyright bills (HR-2902 & 3419) will be subject of Feb. 22 House Copyright Subcommittee hearing, 10 a.m., 2226 Rayburn. Subcommittee also plans 3rd & last hearing on home-taping issue Feb. 23, 9:30 a.m., same room. Sister Senate panel will look at same issue but on Feb. 22, day earlier, 10 a.m., 562 Dirksen, when it marks up Fair Marketing Amendment (S-33). Senate wasn't expected to move before House, but now could send bill to Senate floor "non-stop," source said. Hearings were prompted by U.S. Supreme Court decision that found home taping doesn't violate law.

"Freedom of Expression" bill repealing fairness doctrine & equal time rule (S-1917) is on hold, top Senate aide said. Sponsor, Senate Commerce Committee Chmn. Packwood (R-Ore.), has written colleagues about bill and endorsements it received at 3 recent hearings, will solicit co-sponsors soon, 2nd aide said. In meantime, Sen. Denton (R-Ala.), author of legislation to eliminate pornographic political ads (S-2168), has revised bill (S-2241) to allow broadcasters to refuse to air such ads despite no-censorship provision of Communications Act. Bill is backed by FCC but isn't expected to get much attention by this Congress.

No word yet on confirmation hearing for Dennis Patrick as FCC member. Goldwater still wants White House to nominate Arizonian to federal court in exchange. Patrick is sitting as commissioner under recess appointment.

ABC reported record 4th quarter profits, record revenues for quarter & year. Revenues rose 15% to \$831.3 million, while net income increased 21% from \$41.1 million (\$1.42 a share) to \$49.6 million (\$1.69). Revenues for full year 1983 were \$2.95 billion, 11% increase over \$2.66 billion in 1982. Net income was down slightly from 1982, at \$159.8 million (\$5.45) compared with \$160 million (\$5.54). Two non-recurring gains in 1982, report noted, included investment tax credit refund of \$10.3 million and exchange of stock & cash for debt of \$4.6 million. Broadcasting had record revenues of \$781.1 million for 4th quarter, 14% increase, with 20% profit increase to \$108.5 million. Full-year revenues increased 12% to \$2.61 billion, with profits up 16% to \$365.3 million from \$313.7 million in 1982. Both TV network and owned TV stations reported record revenues & profits for quarter & year, despite "sluggish" network scatter ad marketplace in 2nd half. ABC Video Enterprises, with 4th quarter revenues of \$2.9 million vs. \$2.8 million in 1982 period, reduced 4th quarter loss to \$9.9 million from \$12.8 million year ago. However, division lost \$47.3 million for year vs. \$32.4 million in 1982. Revenues for 1983 were also down — to \$13.4 million from \$15 million. Sale of Satellite News Channel resulted in "modest gain" for AVE, but development costs for TeleFirst, home VCR pay service, added to losses for quarter & year.

Palo Alto, Cal. isn't violating antitrust laws by requiring cable operator to obtain franchise before offering services, U.S. Dist. Court in San Francisco has ruled. But Judge Eugene Lynch, in granting motion by city to dismiss antitrust challenge by plaintiff Century Federal, refused to rule on question of whether requiring franchise violates potential operator's First Amendment rights. Case will continue on First Amendment question, with status conference set for Feb. 27, briefs to follow. Century Federal has filed similar suits challenging franchising process in several Cal. cities, including L.A. & Sacramento. When it filed suit against Palo Alto (acting as lead city with Menlo Park and Atherton in securing cable services), judge granted plaintiff's motion for stay of franchising process, meaning city can't review several bids already received, including one by Pacific Telephone (TVD Oct 17 p6). Bids are to be evaluated by Washington law firm Arnold & Porter.

Senate Foreign Relations Committee has postponed this week's hearing on nomination of new deputy dir. for USIA because of continuing dispute over speakers "blacklist" agency kept. Although nominee Leslie Lenkowsky, who is already with agency, has denied any responsibility for blacklist, other USIA officials dispute his account. Panel member Sen. Dodd (D-Conn.) asked for delay, said hearing would be inappropriate until allegations are investigated.

CHICAGO AWARDS CABLE FRANCHISES: Chicago City Council voted to award 4 of 5 cable franchises last week, signing contracts with Group W Cable to operate 2, and joint ventures TCI/Cross Country and Continental/Stellar for 2 others. Each franchise area has roughly 200,000 homes. But city is still negotiating with Charles Dolan's Cablevision Systems for lucrative lakeshore area.

Franchise agreements call for slightly scaled back versions of cable systems specified in original RFP. Operators must activate 88 channels instead of 104, but contracts call for dual-trunk 400-MHz plant. Operators may be required to increase capacity later.

Dispute about "Gold Coast" lakefront area centers on prevalence of SMATV systems in high-rise apartment buildings. Cable Administrator John McGuire has said he believes acceptable agreement can be worked out with Dolan in 30 days.

Group W's franchises are expected to cost more than \$200 million to build. Construction will begin this summer, be completed in 45 months. More than 1,400 miles of plant will be required. TCI/Cross Country franchise is mainly western Chicago; Continental/Stellar franchise is mainly south side of town. Contracts call for 5% franchise fees and under prepayment formula, about \$12 million in fees will be paid soon, officials said.

Washington received cable bids Feb. 16. from 3 companies: (1) District Cablevision (DCI), founded by BET Pres. Robert Johnson, which attracted notice because of agreement with local C&P Telephone to build & own system which DCI would program. (2) Capital City Cable (CCC), joint venture of Potomac Cable Access headed by ex-Howard U. law school dean Wiley Branton, and Percy Sutton's Inner City Cable. (3) District Telecommunications Development (DTD), headed by Early Monroe, pres of EDM Assoc. communications engineering firm, and Charles Tate, exec. vp, Booker T. Washington Foundation.

CCC said it would offer 170 channels, 110 more than required in RFP; DTD said it would offer 152 channels, while DCI said it would initially offer 78 channels while building shadow system to be activated later offering another 78. Proposed rates for 3 vary from \$2.95 monthly for 60 channels by CCC to low of \$1.95 monthly for 35 channels by DCI. Bidders said proposed systems would cost about \$130 million.

Baltimore will receive bids March 14 in city's 2nd attempt to award franchise. Different set of bidders is expected (council & mayor last year deadlocked in choosing between county operator Caltec and Cox, and both pulled out). Baltimore has scaled back RFP demands by: (1) Reducing required channel capacity from 100-plus to 74. (2) Reducing bonding requirement from \$10 million to \$5 million. (3) Reducing required local access from 20% of channel capacity to 15%. (4) Including "changed circumstances" clause. (5) Allowing operator to program unused public access channels. (6) Increasing term of franchise from 15 to 20 years. Franchise fee of 5% is unchanged.

It's expected that 2 or more major MSOs will submit Baltimore bids, probably United Cable TV and TCI.

ABC'S DOWNHILL OLYMPICS: Big chill for ABC Olympics advertisers turned to heated concern in ad community last week over how network will compensate for low ratings of Winter Olympics. "Everyone is immensely disappointed and startled. Obviously, this is a giant problem," J. Walter Thompson/USA Exec. Vp-U.S. Media Dir. Buck Buchanan told us.

Reports circulating in N.Y. & Washington that ABC already was offering 3rd quarter make-goods to some advertisers weren't verified by agencies and were hotly denied by ABC. With most of ABC ad sales staff still in Sarajevo, and with ABC's 2nd quarter sold out, advertisers & agencies feel it will take some time to figure out exactly what network should do. Although sports events are sold without audience guarantees, "ABC will want to keep a good customer," Buchanan said. "Nobody knows exactly what to do. I think there will be a long period of negotiation and discussion over the next year."

Average primetime rating for first 9 days of Olympics stood at 18 with 28 share, or 15 million homes. That's down from 1976 Winter Olympics in Innsbruck, which came in with 22.1 rating, 34 share, for 15.3 million homes, let alone 1980 games at Lake Placid, which set industry up for this year's high expectations with average 23 rating, 35 share, or 17.5 million homes.

Cause of viewer decline less openly talked about than weather and losing hockey team is TV networks no longer have TV audience monopoly, Buchanan noted. ESPN & CNN are updating Olympic news every hour on half hour, giving away winners of delayed events on ABC. That and other pay-cable competition has taken its toll, he believes.

Lower ratings, usually to NBC's benefit, and competition from other news sources may be part of reason for harsh ABC reaction Feb. 14 to NBC's beating it out with Feb. 13 airing of brief clip showing gold medal ceremony. ABC denied NBC News access to any of ABC's Olympics material until 48 hours after use by ABC, kept it in effect until Feb. 17. ABC official said discussions had been held with NBC News "and they have agreed to discontinue what we objected to, so we have decided to lift the ban against them." NBC said very brief scene of ceremony was used inadvertently.

Communications lawyers in 24 cities will be able to participate in March 20 videoconference on legal aspects of cable TV franchising sponsored by ABA Cable TV Committee, chaired by Washington attorney George Borsari. Panelists for "Cablelaw '84" are expected to include Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, FCC Mass Media Bureau Chief James McKinney, Catholic U. Prof. Harvey Zuckerman, author Morton Hamburg, United Artists Vp-Gen. Counsel William Koplovitz and attorney Harold Farrow. Cost is \$170 before Feb. 17, \$200 afterwards. Details: Barbara O'Neil, Elsberg Assoc., 202-362-1140.

Pioneer said it's delivering 13,000 one-way addressable boxes to Warner's Cincinnati cable system.

WEEKLY

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Peter Sheppe, Time Inc. vp, named secy. and elected to board, succeeding Charles Bear, retiring Mar. 31; Carolyn McCandless, asst. secy. and international administration dir., named vp... Dennis FitzSimmons, ex-WGN-TV Chicago, named vp-gen. mgr. of co-owned WGN-TV New Orleans, is replaced as WGN-TV gen. sales mgr. by Robert Hoffman; William Bradley promoted to WGN-TV local sales mgr.; Vicki Walker advanced to asst. local sales mgr... Richard Brown, ex-AirBorn, appointed Tocom business planning mgr.

Promotions at Group W TV station: Paul Yates, ex-WJZ-TV Baltimore, to KYW-TV Philadelphia vp-station mgr.; John Spinola, ex-WPCQ-TV Charlotte, succeeds Yates at WJZ-TV as vp-gen. mgr.; Stanley Rudick, ex-WJZ-TV, advanced to replace Spinola at WPCQ-TV as vp-gen. mgr.; Otis Maxfield named KYW-TV vp-gen. mgr., had been acting gen. mgr... David Ting, ex-Ford, appointed WDIV Detroit mgr.-business & administrative affairs... Jodi Dore advanced to WDAF-TV Kansas City program dir.

Jon Doyle, ProServ TV exec. vp, resigns... Owen Comora, NBC dir.-national press & photography, resigns to become partner in Frank & Arlene Goodman Assoc... Pat Faust advanced to WTTW Chicago broadcasting dir... Donald Burgess, ex-NPR transition team, named KUAT-TV Tucson asst. gen. mgr.-TV programming & production dir... Jerry Cohen, ex-Sharp Electronics, named Sony Best. Products camera product mgr.

Linda Devillier, NPR dir.-promotion & public affairs, resigns March 15 to start PR & marketing firm in Washington, joined by Anne Kranz, NPR administrative asst... John Seiver & Wesley Hepler become members of Washington law firm Cole, Raywid & Braverman; Susan Baxter, Maurita Coley & Leslie Cohen become associates.

Raymond Pawley advanced to Harris Satellite Communications Div. vp-mktg... Robert Venner, ex-RCA Cablevision, appointed C-COR Electronics dir.-international mktg. & systems sales; Rien Baan, ex-Elmefa Venlo, named C-COR Europe international mktg. mgr.

Margaret Kline promoted to WCAU-TV Philadelphia dir.-finance & planning, replacing David Gittens, who took similar post with WBBM-TV Chicago; Augustine Martinez, ex-KNXT L.A., replaces Kline as planning dir.; Mary Ann Miller advanced to research dir... Fred Flaxman, ex-KUAT-TV Tucson, appointed WTTW Chicago program development dir., new post.

Pamela Wildfeuer & Eileen Duff advanced to assoc. editors, TV & Cable Factbook; James Borup joins as production editor.

Personals

John von Soosten, WNEW-TV N.Y., elected pres. of NATPE, succeeding Stan Marinoff, WISN-TV Milwaukee; Bob Jones, KING-TV Seattle, moves to first vp, succeeding von Soosten; entertainer Johnny Carson was presented NATPE Award of the Year at IRIS awards ceremony during convention in San Francisco; retired ABC Vice Chmn. Elton Rule and entertainer Dick Clark received NATPE President's Award.

CBS News executives reassigned: John Lane, vp & dir.-news coverage, to London Bureau mgr.; Robert Chandler, senior vp-documentaries, to senior vp-administration; David Buksbaum, vp-operations, to vp-news coverage & operations; Eric Ober, ex-WBBM-TV Chicago, to vp-public affairs broadcasts; Sanford Socolow to Tel Aviv Bureau mgr., replacing Warren Lewis, who will be reassigned in U.S... James Osborn, ex-KGO-TV San Francisco, appointed ABC owned TV stations area vp; Len Spagnoletti advanced to KGO-TV vp-gen. mgr.

William Eames, ex-CBS, named USIA TV & film service news & current events mgr... Wayne Barnett, WTMJ-TV Milwaukee news dir., promoted to vp-gen. mgr., succeeding Wayne Godsey, now in same post at WISN-TV Milwaukee... Ronald Bornstein, WHA-TV-AM Madison, Wis. gen. mgr., also named U. of Wis. vp-university relations... Kenneth Hall, ex-CBS TV Stations Div., named WBBM-TV Chicago station mgr... David Ives, WGBH-TV Boston pres., resigns, is succeeded by Henry Becton, vp-gen. mgr.

Obituary

Kenneth R. Palmer, 59, died Feb. 16 in Denver after long illness. He formerly owned Colo. stations and at time of death owned WZZD(AM) Philadelphia and WWDJ(AM) Hackensack, N.J. He was known as innovator of several radio formats. Wife, 5 sons, survive.

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An executive briefing for news directors and general managers from two of the television industry's most respected authorities

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The program...

TV Viewing Trends: What They Want to See. John E. Bowen, VP, McHugh and Hoffman, Inc.; Dr. Richard Renck, President, KPR Research Associates, Inc.

The Impact of Social Forces on Local Television: Molding TV Tastes. Geoffrey Garin, VP, Peter Hart Research Associates, Inc.; Paul Bortz, Managing Partner, Browne, Bortz & Coddington.

Luncheon: Ed Godfrey, President, Radio-Television News Directors Association.

The Current Evolution of News and Information Formats. Roy Meyer, AE, McHugh and Hoffman, Inc.; Jim Masucci, VP, Broadcast Division, KTRK-TV; Cliff Abromats, News Director, WABC-TV; Gil Buettner, News Director, WOKR; Bill Miller, News Director, KTSP-TV; John Rohrbeck, VP and General Manager, WRC-TV.

New Directions in News and Information Programming. John Bowen; David Salzman, President, N.I.W.S./Newscope; William F. Baker, President, Television Group, Group W Television;

Marc Doyle, Director of Programming, WAGA-TV; Moses Znaimer, President, CITY-TV.

New Technologies. Steven Steinberg, VP and Director of Broadcast Services, WHAS-TV.

Dealing with Talent: Post-Christine Considerations. Jacques de Suze, AE, McHugh and Hoffman, Inc.; Jim Topping, News Director, KTRK-TV; Carole Cooper and Richard Leibner, N. S. Bienstock, New York City (agents); Andy Fisher, News Director, KNXT; George Hiltzik, NBC broadcast contract attorney.

Promotion and Marketing: Selling the Image. Jacques de Suze; Neil Wasserstein, Research Director, McHugh and Hoffman, Inc.; Jerry Della Femina, President, Della Femina/Travisano; Jerry Smith, President, The Jerry Smith Studio.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 3 (5th week of 1984):

	JAN. 28- FEB. 3	1983 WEEK	\$ CHANGE	JAN. 21-27	5 WEEKS 1984	5 WEEKS 1983	\$ CHANGE
TOTAL TV#.....	378,544	374,568	+ 1.1	626,329	1,890,610	1,592,339	+18.7
COLOR#.....	303,496*	271,809	+11.7	369,855*	1,420,145*	1,142,113	+24.3
MONOCHROME....	75,048	102,759	-27.0	156,474	470,465	450,226	+ 4.5
PROJECTION TV...	2,996*	2,820	+ 6.2	3,840*	15,271*	13,947	+ 9.6
HOME VCR.....	117,568*	70,410	+67.0	140,110**	505,886*	286,677	+76.5
COLOR CAMERAS...	9,748*	7,547	+29.2	12,486*	38,560*	32,065	+20.3

Color TV 5-week moving average: 1984--284,029*; 1983--228,423 (up 24.3%).

Home VCR 5-week moving average: 1984--101,177*; 1983--57,335 (up 76.5%).

Excludes projection TV. * Record for period.

IMPORTS END RECORD 1983 WITH SURGE: Color TV & VCR importers rode 1983's market demand tidal wave right to year's end, ignoring traditional seasonal shipment pattern to climb new peaks in Dec. and leave industry record books in shambles, Commerce Dept. figures show.

In VCRs, month's imports doubled to 611,600 for new monthly record, putting quarter at 1.78 million and year at 4.76 million, both also records. Month's results were strong for other video product imports as well. Total TV camera shipments rose 12.2% in Dec. to 44,500, as color was up 12.1% to 39,200, b&w increased 13.2% to 5,300. For year, however, total camera shipments were off 1.5% to 478,800, as color slipped 1% to 398,800 and b&w dropped 4.3% to 80,000. In color, imports of cameras valued at less than \$2,000 totaled 38,800 for month, 389,400 for year. No comparable 1982 figures are available.

Videodisc players continued to show strength in Dec., jumping 124.6% to 6,800 for 12-month total of 74,200, up 50.9%. Projection TV imports also more than doubled in Dec., rising 152.1% to 7,300, ended year at 54,700, up 48.8%.

In TV, 1983's last month saw new import records on wholesale basis. Dec.'s overall imports of complete & incomplete sets (color plus b&w) climbed 66.8% to 1.24 million, erasing 867,600 record for Dec. set in 1980, while for year shipments were up 22.6% to just under 12.3 million, topping 11.4 million record of 1981. Total color imports doubled in Dec. to 826,700, beating 802,300 record set last Oct., ended year at 6.97 million, up 55.5%, and passing 5.11 million record of 1981. B&w shipments rose 24.6% in month to 415,200, but at 5.3 million were off 4.1% for year. In torrid 4th quarter, total imports were up 54% to 3.91 million and color climbed 90.4% to 2.32 million, both setting new quarterly highs, while b&w rose 13.5% to 1.5 million.

Importers accomplished record sweep in complete color. For Dec., shipments soared 210.1% to 567,800, beating out 502,000 record set last Oct., while 4th quarter shipments swelled by 139.9% to 1.5 million, to top 1.09 million mark set in 3rd quarter last year. Full 1983 shipments of 4.2 million were up 91.6%, shattering previous high of 2.83 million reached in 1976.

You'll be seeing other Commerce figures indicating 1983's complete color imports at nearly 4.8 million. Those will be based on agency's report of imports for consumption which, from start of 2nd-half 1983, included sets assembled in U.S. in plants located in designated Foreign Trade Zone. When such sets are shipped to locations in U.S., they are counted as imports in one set of Commerce figures. With Sanyo's plant in Forrest City, Ark. and Toshiba's in Lebanon now

running as FTZs, and Sharp's in Memphis about to receive that designation, consumption figures no longer give accurate picture of real import situation. Since last July, we've used Commerce's figures for general imports because they exclude FTZ shipments.

In color chassis & kits, imports rose 13.4% to 258,900 to set new Dec. record, rose 38.3% to 821,600 for new 4th quarter record, ended year at 2.77 million, up 21%, but well short of 3.17 million record of 1981.

Here's breakdown on how TV imports performed by screen size in 1983 and how mix has shifted:

	Total	% change	% Share of Import Mix 1983	1982
Color				
Combinations.....	30,400	-30.6	0.7	2.0
10"-&-under.....	428,400	+15.4	10.2	16.9
11-12".....	227,100	+23.6	5.4	10.1
13".....	1,889,000	+181.2	45.0	30.6
14-15".....	113,100	- 7.3	2.7	5.6
16-17".....	16,900	+14.7	0.4	0.7
18-19".....	1,262,600	+118.3	30.1	26.4
20"-&-over.....	231,200	+37.7	5.5	7.7
TOTAL.....	4,198,700	+91.6	100.0	100.0
Monochrome				
6"-&-under.....	454,900	- 4.3	8.6	8.6
6"-&-under, comb.	600,800	-20.3	11.4	13.6
7-8".....	23,200	-34.2	0.4	0.6
7"-&-over comb...	32,000	+ 4.8	0.6	0.6
9-10".....	196,400	-18.8	3.7	4.4
11-12".....	3,725,000	+ 0.7	70.5	68.8
13-17".....	46,900	+ 1.0	0.9	0.8
18"-&-over.....	202,200	+42.6	3.8	2.6
TOTAL.....	5,281,300	- 4.3	100.0	100.0

PHILIPS PLANS DIGITAL 'SMART TV' SOON: Digitally enhanced TV pictures will be featured in Philips TV sets within "a few years," thanks to new VLSI frame-store chips now in pilot production and shown for first time at SMPTE TV Conference in Montreal Feb. 10-11. Engineers from Philips & N. American Philips told us some benefits of new chip could come in TV sets "very soon" in terms of partial frame-store features such as picture-in-picture.

Philips demonstrated proposed evolution to compatible high definition widescreen TV (HDTV) with taped program showing how its future sets will produce "high quality TV" (HQTV) utilizing frame store and digital signal processing vastly to improve picture derived from standard 525-line transmission by eliminating interlace, doubling number of frames to 60 per sec., almost completely eliminating line structure, line flicker, cross-color and other disturbing elements in standard NTSC picture. In paper presented at conference, Joseph Nadan (Philips Labs, U.S.) & Richard Jackson (Philips Research Labs, U.K.) said "the way to enhanced TV is now open," and methods are now in sight to double resolution at receiver without changes in transmitted signal.

Theme of SMPTE conference was "Image Quality — a Time for Decisions," with wide-ranging discussions on HDTV (see report in Broadcast section). While most others talked of initiating true widescreen HDTV via direct broadcast satellite (DBS), Philips thinks "cable TV presents a much more viable distribution system than DBS," Nadan told us. Its improved NTSC picture is evolutionary step to compatible widescreen system which would occupy 2 channels — one channel for standard NTSC picture, other for additional lines of resolution and material for display on extended sides of screen with aspect ratio of about 5.33:3 (vs. 4:3 on standard tube).

Most HDTV proposals have centered on use of 1,050 or 1,125 lines, as pioneered in Japan by NHK. Philips, however, has concluded that this is "not the optimum for the consumer market," Nadan telling us that company is now looking at 657 lines plus use of frame store, which Philips says "will make possible the design of 'smart' receivers in the future which can adapt to a variety of signals and display a number of formats."

Philips believes optimum screen size for future will be 21x37" picture (about 43" diagonal) as opposed to 16x21" in biggest direct-view tube today (26"). Philips Labs Pres. Donald King told us "quality projection TV" is "absolutely essential adjunct" to widescreen, because video technology is moving faster than picture tube development. He said projection systems with higher brightness, better contrast and picture quality superior to tubes are in development. He feels that in long run widescreen is more important than high definition because it presents immediately noticeable consumer benefit.

New picture enhancement technology, however, was demonstrated on developmental widescreen Barco direct-view monitor, although it was confined to showing digitally enhanced 525-line picture made possible by new Philips chips (which were shown, but discrete circuitry was employed in demonstration). In picture, scan was converted from 30 to 60 frames per sec., with special motion detection circuit to develop derived or averaged lines in portion of picture where motion occurs to avoid problems caused by normal time delay between 2 fields of picture.

As observed and compared directly with unprocessed 525-line picture on adjacent monitor, picture was virtually free of any noticeable line structure, showed far greater detail and lacked "sparkle," moire patterns and other annoyances of conventional TV. Philips said same system can be used to virtually eliminate noise.

That such a picture can be derived from standard NTSC signal isn't news. What is significant is that Philips says chips which make it possible will soon be ready for use in consumer TV sets — CBS last week told us flatly that consumer priced frame store won't be available for 6 years or so. Nadan specifically stated that these technologies "will be reflected in future Philips, Magnavox, Philco & Sylvania color TV products." New chip is controversial, uses CCD technology, rather than RAM proposed by others. King said CCD is ideal for purpose because it can operate more effectively at higher speeds required by TV. Each chip is 308 Kbit; 7-8 are required to store one field, 14-16 for frame. They're produced in Europe by Philips.

Philips still doesn't subscribe to ITT's all-at-once digital approach. Said King: "We'll use digital circuitry where it's necessary — in this case to make a better picture. Eventually, the TV receiver will be all digital — when it's cheaper than analog — but going digital doesn't gain much, if it's just for the sake of having a digital set."

Byproduct of Philips storage chips will be reasonably priced picture-in-picture (PIP) feature to display 2 or more channels on same screen. At June 3-6 NCTA convention, Philips plans to demonstrate "multiple picture-in-picture" (MPIP) system which displays 9 channels at a time on TV screen, so viewer can sample all available fare to decide what to watch without channel-hopping. King indicated "some benefits" of new chip could come "very soon," taken to mean near-future sets with some storage capacity — perhaps enough for PIP or MPIP — but without full frame or field memory.

Hitachi had demonstration somewhat similar to Philips' at SMPTE show, also with 60 frames and motion detection system, using CMOS RAM chips, but officials gave little information, except to say conversion equipment was now available at about \$45,000 for commercial & industrial uses. RCA Labs demonstrated version of MAC system to improve 525-line picture in DBS by separating chrominance & luminance signals, reuniting them in set — feature used in one way or another by almost all HQTV & HDTV systems, including Philips'.

"We need better pictures and we must digitize to do it," King told us. "This will lead to intelligent TV. Worldwide TV is within reach, based on available computer power. In TV, we're just beginning to do things we already know how to do with computers."

IS RETAIL BOOM LEVELING OFF? Jan. retail sales were good, but they failed to maintain year-to-year percentage increases of 4th quarter and showed some signs of leveling off as month progressed. This is our interpretation of Early Warning Report, Television Digest's retail sales & inventory research service, which in the past has accurately foretold industry trends.

Early Warning Report (EWR), which entered its 10th year last month, is distillation of trends reported by special panel of retailers who operate more than 1,000 outlets across U.S.

For Jan., EWR panel reported color sales up median 10% in units & dollars from Jan. 1983 — good increase, but well below record pace of 1983's last 4 months, up 15% in Sept.-Nov., 18% in Dec. Perhaps more significant, 47% of panel reported either decrease or no increase in color sales; however, healthy increases by rest of panel were enough to offset these declines statistically.

Stereo sales, which had been running 16-25% ahead of preceding year in Aug.-Dec. (except for poor showing in Sept.), were up only 9% in Jan. Home VCR sales were up 25% in units in Jan., lowest increase in 10 months. However, no panel members reported VCR sales decreases, and individual increases ran as high as 600%.

Projection TV was in doldrums in both Dec. & Jan., showing neither increase nor decrease, after 5 months of steady rises, with as many panelists reporting decreases as increases in Jan., and nearly half indicating sales in Jan. 1984 were about same as in Jan. 1983. Monochrome TV sales also were unchanged from year earlier, after slight uptrend in 4th quarter. Videodisc players, still handled by too few dealers on our panel to yield meaningful data, have been showing some increase in strength in last few months, but this has been spotty, presumably confined to stores which promote them strongly, and median change for past 12 months has hovered around zero.

Retail inventories declined in Jan. for all products except videodisc players, where picture was mixed. This could indicate open-to-buy — or caution. One important part of EWR tabulation is "short-term sales trend" — indication of whether sales improved as month proceeded. For Jan., there was no clear direction for any product — in color TV, stereo & VCR trend was equally divided between up & down, in projection & monochrome it was more down than up, but in no product was there clearcut majority trend. Short-term sales trend frequently is precursor of business for following month.

On plus side, EWR figures indicate firm pricing — at least no deterioration as compared with Jan. 1983, with median unit sales increases equaling dollar sales increases in all products, even slight uptrend in VCR, which had registered much stronger unit than dollar increases in 4th quarter. (For information on monthly EWR service, contact our Washington Circulation Dept.)

Software notes: Recorded videocassettes & videodiscs will generate \$10 billion at retail by 1990, according to RCA Exec. Vp Herbert Schlosser, who predicted there would be 110 million players in use, including 40 million in U.S., by then... **Bell & Howell/Columbia Pictures Video Services** sales hit \$65-\$70 million last year, could jump to \$80-\$90 million in 1984, according to Wall St. Journal interview with B&H Chmn. Donald Frey. Frey said B&H/C hopes to introduce high-speed duplication this year or next... **Syufy Enterprises**, west coast movie exhibitor, last week began test sale of Paramount cassettes at theater in San Jose, Cal... **National Video** signed largest franchise deal to date, selling rights to open 150 stores in 5 states to Byron Boothe & Assoc., Wichita. Boothe has 5 years to open outlets. Deal gives NV 762 franchisees, of which about 250 are actually operating... **RCA Records** plans spring start of test marketing 90-min. music video cassettes.

Japan's IC output last year was valued at \$4.94 billion, up 38% from 1982, and 1984 outlook is for 30% rise to \$6.4 billion, according to EIA-Japan.

Low-cost Quick Disc Drive developed for home computers by Maxell & Mitsumi is due on market in Japan next month at \$85 retail, making it cost competitive with tape cassette drives. Drive offers 8-sec. average access time, uses 3" discs that will sell for \$2 each, provide 64Kbyte capacity on each side. Mitsumi plans to make 10,000 drives monthly, Maxell is to turn out 50,000 discs monthly.

World market for blank videocassettes will rise 37% this year to 321 million from 233 million in 1983, Fuji estimates. It sees demand in U.S. climbing 54% to 96 million from 62 million, market in Japan increasing 37% to 71 million from 52 million, while European market rises 24% to 100 million from 80 million.

Export restraint pressures are being exerted on Japan again by EEC. At trade meeting in Tokyo last week, Europeans complained that Japan's efforts to moderate shipments of consumer electronics, electronic watches and other products haven't been good enough, and that Japan must do more to help cut its growing trade surplus.

COMPUTER, GAME MARKET: Texas Instruments was far & away biggest home computer marketer last year, while Atari dominated home videogame console business, according to the results of national survey of leading retailers.

TI 99/4 home computer sales volume was nearly triple that of closest competitor, Commodore's model 64, figures derived from survey indicate. Much of TI's sales came in last 2 months of 1983, after TI announced it was leaving home computer business and retailers were liquidating model at prices as low as \$50. Survey shows that 43% of 1983's 3.8 million home computer sales were made in Nov.-Dec., period in which TI is estimated to have dumped some 800,000 computers.

From software marketing standpoint, Atari is tied for 2nd place. Though Commodore captured about 24% of total market for computers priced at less than \$1,500, it did it with 2 non-compatible models. Atari's 13%, equal to share of Commodore's Vic 20, came from sale of models 600, 800 & 1200, all of which run same programs.

In videogame consoles, industry sold 5.9 million last year, nearly half of market captured by Atari's low-end system. Its stepup 5200, which internally is 600 computer but uses non-compatible cartridges, edged out Intellivision for 3rd place, while Colecovision finished comfortable 2nd. Here's rundown on 1983 market:

HOME COMPUTERS		
Brand	% Share	Units
Atari	13	494,000
Apple	5	190,000
Vic 20	13	494,000
Commodore 64	11	418,000
Timex/Sinclair	5	418,000
Tex. Inst.	38	1,444,000
Coleco Adam	1	38,000
Other	14	532,000

VIDEOGAME CONSOLES		
Brand	% Share	Units
Atari 2600	49	2,891,000
Atari 5200	13	767,000
Colecovision	21	1,239,000
Intellivision	12	708,000
Other	5	295,000

Ad notes: Contec Electronics, U.S. sales affiliate of Hong Kong's Conic, appoints Garrison, Jasper, Rose & Co. for print campaign... Activision account has been resigned by J. Walter Thomson. Tatham-Larid & Kudner, which shared account with JWT, continues... Epyx appoints Frank Barth for PR... Video Review marks 5th anniversary in April by raising circulation rate base to 360,000, dropping ads for X-rated cassettes & discs.

Sony's AM stereo chip, designed to tune all 4 systems, will be offered to OEMs soon, according to company's Semiconductor Group, confirming our report of last week (TVD Feb 13 p14).

ZENITH SHIPPING VHS: Zenith officially joined VHS group last week, showing distributors its 5-model line at Scottsdale convention, starting shipment of decks and releasing description of products to press. Line, which we viewed in early Jan., was described in detail for first time in these pages more than month ago (TVD Jan 16 p16).

Highlight of line is first VHS Video Movie camcorder to be introduced in U.S. — interest in which is certain to be heightened by Kodak's introduction of Kodavision 8mm Video, which has longer recording time but weighs more. Video Movie deliveries start in June.

Zenith will have no suggested list prices on line, all of whose decks have 4 video heads, remote controls compatible with Zenith TV sets. Leader model is expected to compete with units which carry \$600 list, while Video Movie will be in \$1,500 area. Docking portable unit, with deck weighing less than 6 lb., along with 3-lb. camera, will be available in May. Line is topped by VHS Hi Fi deck, which has 2 stereo sound systems — longitudinal & helical.

Home computer software market will nearly triple this year, climbing to \$700 million at retail from \$250 million in 1983, according to estimate from Goldman, Sachs. Market still will be dwarfed by videogame business, where combined hardware-software sales are expected to slip to \$1.5 million from \$1.9 million. GS estimates 80 million videogame cartridges were sold in 1983, about 33% at liquidation prices. It expects degree of profitability to return to that industry in 4th quarter, as current inventory glut eases. GS credits Atari with being runaway game cartridge leader, accounting for 39% of 1983 unit sales, followed by Mattel at 15%, Activision 14%, Coleco 10%, Imagic 7%, Parker Bros. 5%, all others 8%.

First still-frame audio system for laser videodiscs developed by EECO, Santa Ana, Cal., has been sold to Medcom, Garden Grove, Cal., to replace film strip libraries and videocassettes. Recording system digitally compresses audio information during premastering; decoder reconstitutes audio message for listening. System can put 10 sec. of audio on each still frame. One 30-min. disc can hold 18,000 still frame images and 100 hours of audio, or 150 hours of audio alone. Specs indicate visual capacity of disc is reduced by system — 30-min. Laservision disc normally can hold 54,000 frames. First delivery will be in mid-July.

Taiwan's exports of electronic & computer products totaled \$3.77 billion last year, setting growth pace for all categories of industrial product exports with 24.4% increase and accounting for 15% of product shipments, govt. reported. Computer peripherals had largest rise, jumping 623% to \$151 million, while largest individual electronic export was color TV, up 96% to \$269 million. Among other electronics export growth leaders: Telephones \$247 million, up 204%; microcomputers \$38 million, up 161%; minicomputers \$31 million, up 98.6%; other computers & parts \$160 million, up 45%.

VIDEOMOVIE ON MOVE: JVC's VHS VideoMovie (VM) camcorder went on sale in Japan last week at \$1,225 (288,000 yen). Such components as battery, AC adaptor & charger are priced outboard as "optional accessories."

U.S. deliveries will start in April & May by JVC & Zenith, neither of which have announced prices — expected to be about \$1,500 here. Zenith has already introduced unit to its distributors (see separate report) with open list price. JVC will announce details of its U.S. debut March 6.

In Japan, these optional accessories were announced: 30-min. battery \$21, 45-min. battery \$34, AC adaptor-charger \$83, charger \$77, RF unit \$42, extension cable \$11, camera remote control \$4.25, VHS cassette adaptor for camcorder's VHS-C cassette \$42. For buyers who already own VCR, battery, AC adaptor and probably extension cable would be essential. Non-VCR owners would also require RF unit unless they had TV with video input.

JVC's initial production is 30,000 units monthly, including those to be exported to U.S. for sale under Zenith & JVC labels and to Europe under the various Thomson brands. In final version, camcorder itself weighs 4.2 lb., or less than 5 lb. including cassette & battery, vs. about 5.5 lb. for Kodavision. Dimensions given for VM are 6.9x5.35x12.4" including viewfinder, making it about 40% smaller in total volume than Kodavision.

JVC claims VM is "smaller & lighter than any similar system," but has higher performance, easier operation, lower power consumption. It features new 4-head recording system with 270-degree tape wrap (TVD Jan 23 p20), "world's first 1/2-in. electronic viewfinder," plastic-mount lightweight 6X power zoom, 15 lux sensitivity 1/2" Saticon tube with f1.2 lens, smallest & lightest battery pack (30-min. unit weighs 7.4 oz.), which charges in 60 min.

Coleco order cut for Adam computer printers was cited by U.K.'s Spiralux as behind decision to scrub plan for U.S. plant and trim output in Gillingham, England factory by half. Spiralux said level of Coleco's 1984 orders is down 50% from last year. Last fall, Coleco said it planned to ship 500,000 printer-inclusive Adam systems in 1983, but ended up moving only about 95,000. If printer orders were based on its original Adam sales expectations, Coleco presumably has enough on hand to last for a while. In addition, Coleco produces some printers on its own under license from Spiralux.

Fox Video Games, closed down by 20th Century Fox late last year, and recently-folded CBS Video Games were unrelated to each other or to their respective parents' joint video software venture CBS/Fox Video. In recent report, we incorrectly indicated CBS/Fox Video had been in game business.

Digital ICs using gallium arsenide technology, and which provide 5-times signal processing speed, were announced by Harris Semiconductor. Harris said its new shift register & binary counter ICs are available at \$393 each in quantities of 100.

CBS-IBM-SEARS VIDEOTEX: Consumer-oriented videotex service, accessible by home & personal computers, is in formative stages, with formidable trio of CBS, IBM & Sears as partners. Joint announcement gave no details.

CBS teamed with AT&T in videotex experiment in Ridgewood, N.J., and industry source said the 2 companies came away from test with bad feelings about one another. CBS spokesperson said results of experiment showed strong consumer interest in videotex and CBS programming talents. Sears has been involved in 3 different electronic marketing tests — Viewtron service in south Fla., Times Mirror's Gateway videotex, which starts operating this year in Orange County, Cal., and catalog on Laservision disc.

System will be "as open & flexible as possible," spokesman said, accessible by computers through phone lines. Services will include home shopping, bill-paying, news & information, electronic mail, financial data, education, home banking. It will "definitely" use NAPLPS standard, IBM spokesman said, and "most likely" also will use ASCII "and probably others."

CBS said banking service will be provided "not just by Sears, and not just by one bank," declined to confirm whether it would be ad-supported. Unconfirmed reports said service will cost consumers \$30 monthly, probably debut in Northeast. Definition of videotex, once confined to 2-way services using home TV set, recently has been enlarged to include such data base systems as Source, Compuserve, Dow Jones.

Royal warrant has been bestowed on Commodore by Queen Elizabeth. Commodore is first computer company entitled to use familiar "By Appointment" logo on its products. Commodore is one of few companies without significant production facilities in U.K. to get warrant, though it plans to have major plant going there by year's end. In winning honor, Commodore beat out such U.K. computer locals as Sinclair Research, whose founder Clive Sinclair was knighted for company efforts, and Acorn, now challenging Atari & Commodore in U.S. market for low-cost computer systems for schools.

Italy's Zanussi is giving up effort to turn its ailing consumer electronics business around. Company plans to form Zanussi Domestic Appliances to house its profitable major home & commercial appliance business, while new separate consumer electronics unit will be spun off to fend for itself. Italian govt. is expected to include new operation in \$200 million program to rebuild nation's consumer electronics industry.

Kodak has started trade advertising for Kodavision VCR and videocassettes. Two-page color spread in photo trade publications shows picture of Brownie camera and Kodak roll film on one page, with caption, "the camera & film that turned us into a nation of shutterbugs." Facing page has picture of Kodavision camcorder and Kodak cassette with caption, "the camera & tape that will turn us into a nation of video bugs."

ZENITH, SMC NET UP: Zenith and Sanyo Mfg. Co. both reported sharply improved results on increased sales for 1983, but also indicated that low color TV margins restrained earnings growth.

Zenith posted strong profits in both year and closing 1983 quarter, against losses in 1982, on respective sales gains of 9.8% and 16.8% (see financial table). Zenith restated earnings for 1982 and first 9 months of 1983 because of accounting change. Effect was reduction of \$2.4 million in net for last year, \$2.5 million increase in loss for 1982.

Zenith said it joined industry in posting record unit color TV sales in 1983, though size of increased earnings from consumer electronics stemming from design & manufacturing efficiencies and cost cutting programs were partially offset by lower selling prices.

Those selling price cuts, elimination of audio and reduced VCR volume in preparation for this year's format switch from Beta to VHS, resulted in 1.7% decline in company's consumer electronics dollar volume last year to \$925.7 million from \$941.8 million. Growth came from Zenith's newer product areas, including CATV equipment, computer products, power supplies, video displays and Heath, with combined volume up 46.4% to \$435.6 million from \$297.4 million.

New products provided 32% of Zenith sales last year, up from 24% in 1982, and increased importance of that segment is presumably behind plan to change company name from Zenith Radio Corp. to Zenith Electronics Corp. Holders will be asked to approve switch at April 24 annual meeting.

Major non-operation contributor to Zenith's profit improvement was steep cut in net interest expense, \$8 million last year against \$23.9 million in 1982. Zenith said that resulted from planned inventory reduction plus high demand level. Also, not repeated in 1983 was \$15 million loss from VCR price cutting and inventory writedowns incurred in 4th quarter 1982.

SMC said high color TV & microwave oven sales, efficiency & productivity improvements, and reduced interest costs combined to provide near tripling of earnings in year to Nov. 30. Sales were up 21.1%.

SMC, subsidiary of Japan's Sanyo Electric which runs plant in Forrest City, Ark., maintained sales growth in final quarter, but net was down 56.4%. Company spokesman attributed that to large production run in quarter of high-volume but low-margin 13" models, size new to SMC last year.

Pioneer credited sales surge in videodiscs & players for strong performance in first fiscal quarter to Dec. 31. Videodisc product sales jumped 156% to \$61.7%, and \$37.6 million rise more than accounted for company's overall 6.7% sales increase in period. Pioneer said that while autosound sales continued strong, sales of home audio products were off 12%. It reported sales in Japan were up 15% to \$135.4 million, while overseas volume increased 2.2% to \$232.5 million.

Warner said Atari nearly broke even in 4th quarter, and as result parent will be profitable for

that period, but had loss of about \$420 million for full 1983.

Coleco denied its dismissal of 50 hq employees was linked to corporate cash squeeze, said move was made to eliminate duplication caused by its hiring of 400 during last 2 years. Coleco, which worked out revised short-term credit agreement with lenders last month, indicated it's now looking at ways to expand long-term financing.

Atari & Mattel videogame patent dispute was settled as Mattel became Atari licensee. Issue involved Atari game cartridge adaptor for Mattel's Intellivision videogame. Mattel's willingness to settle is believed related to decision to drop out of videogame business, sell electronics operation to new Intellivision Inc., being formed for purpose of acquisition. License agreement ends any issue of past liability for Mattel and presumably will pass to new owners. As part of another game industry settlement, Coleco agreed to stop using, at end of this year, name Gemini on free-standing Atari VCS-compatible videogame it introduced in 1983. Copyright infringement action had been brought against Coleco by Gemini Industries, game, computer & VCR accessories marketer.

Retail furor has erupted in Danville, Va. over plan of Danville Cablevision to open consumer electronics stores in Danville & Altavista. Existing dealers are concerned DC will offer special deals to its 22,000 area subscribers. At DC's request, city council deleted retail sale prohibition included in cable franchise, and legality of that move was upheld by state's attorney general. DC said it plans to conduct survey to determine types of consumer electronics and software products local residents want.

RCA Videodisc has stopped, at least for time being, acquiring rights to new programming, will concentrate on developing its role as CED player marketer and custom presser. It will continue to press & distribute titles already in its library. Move comes in wake of last year's reorganization in which player & disc operations were combined. RCA remains involved in new software acquisition & distribution through RCA Video Productions unit of RCA Records and joint venture RCA/Columbia Pictures Home Video.

Taiwan expects VCR production to total 130,000 this year, top 200,000 in 1985, enough to meet market demand there. Currently Tatung, licensee of JVC & Toshiba with 5,000-6,000 monthly capacity, and Sampo, in 3,000 monthly capacity venture with Sharp, are producing VCRs there. Taiwan affiliates of Matsushita, Sanyo & Sony are slated to start output this year.

Japan's Fujitsu plans to make hard computer disc drives in Cal. next year. Fujitsu said facility would assemble drives from U.S. & Japanese parts. Fujitsu is major private label as well as own-brand drive marketer, claims its 1983 drive sales of \$214 million represent 12% share of world market.

Consumer Electronics Personals

Thomas Steckbeck, ex-Bell & Howell/Mamiya, joins Sony Consumer Products as Audio Products Div. senior vp... **Jerome Ruzicka** rejoins dbx as mktg. & sales vp... **James Lakas** promoted at NAP Consumer Electronics to service parts dir., succeeding **Robert Brenizer**, retiring; **Bernie Laplante** advanced from service parts dir. to field services & consumer affairs dir., replacing **Lakas**... **Henry Sunderland** promoted at Sears from Merchandising Group administration & planning senior vp to corporate administration senior vp responsible for planning, personnel, employee relations & public affairs... **Bernie Hochman** advanced at Gusdorf from St. Louis district mgr. to midwest region mgr.

Akio Morita, Sony chmn., elected to succeed NEC Pres. **Tadahiro Sekimoto** as EIA-Japan chmn. when latter's term expires in May... **Robert Frederick**, RCA pres., elected National Foreign Trade Council chmn., replacing **William Anderson** NCR... **Emiel Petrone**, Polygram, named chmn., **Harlan Lippincott**, Magnavox, appointed vice chmn. of Compact Disc Group following digital audio promotion organization's disaffiliation with RIAA to become independent association.

Mark Dellafera resigns as BASF mktg. dir. to join Sine Qua Non Records... **Michael Cangialosi**, ex-Numark Electronics, joins JVC as Magnetic Tape Div. eastern sales mgr... **Charles Tarr** joins Quasar as videotape mktg. specialist, new post... **Robert Basso**, former Sony Consumer Products video ad mgr., shifts to Magnetic Tape Div. as national ad mgr.; **Barbara Ela** named Communications Products Co. ad mgr. for video communications & professional audio... **William McEvoy**, Showtime Video Ventures national mktg. mgr., named vp.

Ralph Lancellotti advanced at Coleco from national sales mgr. to sales vp... **Richard Gordinier**, ex-Max Factor, named pres. of Vault Corp., producer of anti-piracy system for computer discs, succeeding founder **Krag Brotby**, who continues as chmn... **Smith McKeithen**, ex-Genstar, joins Activision as vp-gen. counsel & secy... **Walter Semonoff** has left post of American Audio exec. vp... **John Beuttell**, ex-Atari International, joins educational software publisher Mindscape as sales & mktg. vp.

Donald Helgesen advanced at CBS/Fox Video from production operations dir. to mfg. vp; **Jill Varley** appointed media & promotions co-ordinator, CBS/Fox Video International in Australia... **William Mooney** advanced at Embassy Home Entertainment to exec. vp & chief financial officer; **Robert Cook** named strategic business development vp-gen. mgr.; **Alan Kaupe** appointed EHE Europe pres... **Steve Ayres** appointed MGM/UA Home Video U.K. managing dir., replacing **Colin Bayliss**, now with Vestron Video International... **Leonard Grossi** resigns as CEO, Sound Video Unlimited... **Paul Levinson**, ex-Videofarm in U.K., named chmn. of newly formed Prism Entertainment; **Barry Collier**, named pres.; **Edward Walsh**, ex-CBS/Fox Video, joins as sales & mktg. vp and **Cheryl Benton**, ex-Embassy Home Entertainment, as production mgr.

Roger Gower advanced at ITT Qume from exec. vp to pres., succeeding Qume founder **David Lee**, promoted to group exec. of new Business Information System Group... **James Binns** promoted at Timex from operations exec. vp to pres., succeeding **Fred Olsen**, who continues as chmn... **Jim Smaha** promoted at National Semiconductor to Semiconductor Div. vp-gen. mgr., succeeding **John Finch**.

Protectionist legislation is moving through Congress. House Ways & Means Trade Subcommittee has approved measure to give Commerce Dept. power to impose countervailing duties against countries "targeting" exports to U.S. and creating intense import competition in specific product areas. Administration has proposed bill to eliminate duty-free treatment for imports from advanced underdeveloped countries that restrict imports from U.S. Amendment to that, offered by Sen. Heinz (R-Pa.) would set up more tougher entitlement test, result in cutting off such major exporters as Brazil, Hong Kong, Korea, Taiwan & Mexico.

RDI Video Systems plans to unveil home videodisc-computer system, along with program *Thayer's Quest*, at Summer CES in Chicago this June. Home computer included in system responds to verbal commands, contains speech synthesizer. System and 56-min. game are expected to be available in Aug. Price wasn't disclosed, but in past RDI indicated it was looking at \$500-\$600. One key change may be choice of disc format, switching from Laservision RDI used for *Dragon's Lair* and other arcade games to interactive CED employed by Bally in NFL Football unit.

Harris Corp. has waived all receiver licensing & royalty fees for its AM stereo system as it seeks to regain initiative lost when FCC revoked type acceptance of its broadcast exciter, ordered all stations using it off air (TVD Aug 29 p13). FCC has accepted new version of exciter, and Harris says it's shipping against large number of back orders, can supply stations on 2-week notice. Meanwhile, McIntosh Labs has selected Motorola C-Quam AM stereo system, will incorporate it into new line.

Electronics market in U.S. for non-entertainment automotive electronics should jump to \$4.6 billion in 1988 from \$1.06 billion in 1982, according to study by Frost & Sullivan. Ford estimates that by 1990, with introduction of new display and sensing devices, average electronics content of new cars will approach \$1,400, against just \$250 in 1980.

Taiwan is launching new drive to attract investment in high-tech production or know-how transfers from Western manufacturers. Among targeted products: Optical semiconductors, fiber-optic communications equipment, industrial robots.

First trade conference of National Assn. of Video Distributors has been moved from May 2-4 to May 5-8. Location is still Hotel Intercontinental, San Diego.

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
AM Cable TV Industries			
1983-9 mo. to Dec. 31	18,740,000	(2,789,000)	--
1982-9 mo. to Dec. 31	24,085,000	801,000	.22
1983-qtr. to Dec. 31	6,176,000	(1,512,000)	--
1982-qtr. to Dec. 31	8,641,000	246,000	.07
American Bcstg. Cos.			
1983-year to Dec. 31	2,948,849,000	159,834,000	5.45
1983-year to Jan. 1	2,664,528,000	160,027,000	5.54
1983-13 wk. to Dec. 31	871,280,000	49,570,000	1.69
1983-13 wk. to Jan. 1	759,682,000	41,064,000	1.42
Bell & Howell			
1983-year to Dec. 31	679,248,000	41,191,000	3.59 ^a
1983-year to Jan. 1	611,805,000	(2,930,000)	-- ^b
1983-13 wk. to Dec. 31	184,199,000	7,545,000	.65 ^a
1983-13 wk. to Jan. 1	162,948,000	(13,027,000)	-- ^b
Cowles Bcstg.			
1983-year to Dec. 31	23,867,000	4,484,000	1.13 ^a
1982-year to Dec. 31	20,541,000	3,690,000	.93
1983-qtr. to Dec. 31	6,412,000	1,312,000	.33
1982-qtr. to Dec. 31	5,678,000	993,000	.25
CTS			
1984-year to Jan. 1	306,153,000	9,145,000	1.61
1983-year to Jan. 2	256,954,000	9,368,000	1.78 ^b
1984-13 wk. to Jan. 1	78,057,000	1,803,000	.31
1983-13 wk. to Jan. 2	54,134,000	2,029,000	.37 ^b
Harte-Hanks Communications			
1983-year to Dec. 31	443,630,000	33,331,000	1.58
1982-year to Dec. 31	394,357,000	27,297,000	1.39 ^b
1983-qtr. to Dec. 31	121,402,000	10,519,000	.48
1982-qtr. to Dec. 31	109,469,000	8,451,000	.43 ^b
Heritage Communications			
1983-year to Dec. 31	105,972,000	5,353,000	.52
1982-year to Dec. 31	94,825,000	6,149,000	.63
1983-qtr. to Dec. 31	30,474,000	1,661,000	.17
1982-qtr. to Dec. 31	26,455,000	1,440,000	.14
Metromedia			
1983-year to Dec. 31	532,759,000	102,179,000	3.45
1983-year to Jan. 1	407,074,000	309,153,000	8.31 ^c
1983-qtr. to Dec. 31	160,346,000	37,205,000	1.27
1983-qtr. to Jan. 1	130,987,000	221,511,000	6.51 ^c
New York Times			
1983-year to Dec. 31	1,091,302,000	78,668,000	2.02 ^a
1982-year to Dec. 31	933,692,000	54,257,000	1.44 ^c
1983-qtr. to Dec. 31	298,116,000	20,905,000	.54
1982-qtr. to Dec. 31	252,092,000	9,535,000	.25 ^c
Pioneer Electronic			
1983-qtr. to Dec. 31	367,900,000	13,400,000	.23 ^e
1982-qtr. to Dec. 31	344,900,000	(4,500,000)	--
Sanyo Mfg. Co.			
1983-year to Nov. 30	332,121,000	2,618,000	.37
1982-year to Nov. 30	274,317,000	913,000	.13
1983-qtr. to Nov. 30	128,538,000	1,695,000	.24
1982-qtr. to Nov. 30	106,280,000	3,892,000	.56
Video Corp. of America			
1983-6 mo. to Dec. 31	14,124,000	938,000	.56 ^a
1982-6 mo. to Dec. 31	10,463,000	167,000	.10 ^a
1983-qtr. to Dec. 31	8,024,000	567,000	.34 ^a
1982-qtr. to Dec. 31	5,591,000	306,000	.18 ^a
Western Union			
1983-year to Dec. 31	1,044,829,000	(59,097,000)	--
1982-year to Dec. 31	1,024,950,000	85,782,000	3.50
1983-qtr. to Dec. 31	269,443,000	(125,769,000)	--
1982-qtr. to Dec. 31	249,362,000	14,287,000	.51

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
Wometco Cable TV			
1983-year to Dec. 31	58,056,000	6,126,000	.87
1983-year to Jan. 1	45,992,000	4,280,000	.61
1983-16 wk. to Dec. 31	18,982,000	2,605,000	.37
1983-16 wk. to Jan. 1	15,211,000	2,734,000	.39
Wometco Enterprises			
1983-year to Dec. 31	519,656,000	30,880,000	1.76 ^a
1983-year to Jan. 1	493,408,000	26,040,000	1.51 ^a
1983-16 wk. to Dec. 31	162,061,000	10,615,000	.61
1983-16 wk. to Jan. 1	152,178,000	7,792,000	.45 ^a
Zenith Radio Corp.			
1983-year to Dec. 31	1,361,300,000	46,300,000	2.26
1982-year to Dec. 31	1,239,200,000	(24,300,000)	(1.28) ^b
1983-qtr. to Dec. 31	363,200,000	13,600,000	.61
1982-qtr. to Dec. 31	311,000,000	(17,700,000)	(.93) ^b

Notes: ^aIncludes special credit. ^bRestated. ^cAdjusted.
^dAt yen's current rate. ^ePer ADR.

Playcable, Mattel-General Instrument joint venture to supply Intellivision videogame software direct to homes via CATV, is slated for shutdown next week. Move wasn't unexpected. Service never had more than 20 affiliates or achieved better than 1.5-2% penetration, and Mattel is getting out of electronics business. Playcable, announced in 1979, was pioneer in electronic home software delivery. It represented merging of 2 previously unrelated GI capabilities. GI designed & made Intellivision console & cartridge ICs, and is CATV equipment supplier. Playcable's start-up was hampered by late, then slow, game console shipments. Everything needed for Playcable's success wasn't in place until 1982, but by then home computers and Coleco's competing Colecovision were offering superior performance and market had fragmented. Concept is still very much alive, however. Several companies now offer phone or cable delivery of computer & game software, Coleco is involved in developing phone delivery venture with AT&T, while Atari & Activision are cooperating with as yet unidentified 3rd party in venture expected to use broadcast delivery system.

Latest Nielsen Home Video Index survey report on VCR usage, due to be sent to subscribers next month, will contain 12-14 categories on such details as use of remote control and video cameras, length of ownership, number of hours recorded monthly. Previous report covered 5-6 such topics. Nielsen said 55% of 1,100-home sample in top 10 markets returned diaries. Nielsen also is working on retail activity measurement service, may start in midsummer.

Sanyo will use Philips' mini-neck (22.8) picture tubes with CFF (conical field focus) gun system in its U.S. output, receiving pilot quantities of tubes in first quarter, production quantities early in 2nd. CFF, designed for standard performance at low cost (TVD March 21 p10), is Philips' competitor to RCA-developed COTY-29 tube.

3M's updated video market estimate calls for U.S. consumers to buy 4.1 million VCRs, 93.3 million blank videocassettes, this year. It sees duplicator sales of recorded cassettes at 8 million, industrial market absorbing 16 million blanks, bringing total demand for videocassettes to 117.3 million.

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

MORE THAN 600 NEW FMS DUE as FCC is set to finalize Doc. 80-90. Inquiry on fairness doctrine off until March 15; other major broadcast items on agenda in March. (P. 1)

WIRTH CHASTISES NETWORKS: ABC, CBS & NBC rebuked for projecting results of Ia. caucuses, warned to do better in N.H. (P. 3)

PTV'S SURVIVAL TIED TO AD ISSUE by Goldwater (R-Ariz.) during Senate hearing. (P. 4)

SKEPTICISM GREETES CPB BUDGET: House panel pessimistic about prospects for proposed \$238 million FY '87 budget. (P. 4)

MORE 'FREE' CABLE SIGNALS? Independent broadcasters propose treating all outlets in ADI as local stations. (P. 5)

USCI NEEDS MASSIVE FUNDS: Company changes pricing, says it must sell dishes, needs \$200 million in next 2 years. (P. 6)

MORE TROUBLE FOR BROADCAST BILL: NAB stalling on EEO. (P. 6)

CBS & MCA CAME CLOSE TO DEAL for 6-year experiment on financial interest & syndication, executives disclose. (P. 7)

MORE THAN 600 NEW FMS DUE UNDER 80-90: After months of stressing common carrier matters, FCC will move heavily into broadcast items during March — as witnessed by its expectation to authorize "in the range of 600" (actually 684, we're told) new FM stations, some in major markets, in finalization of Doc. 80-90 rulemaking this week. Put off until March 15 at last week's meeting was major inquiry into fairness doctrine in which it appears Commission will seek justification for position of Gen. Counsel Bruce Fein that agency has "discretion" to repeal or relax fairness requirements.

At March 1 meeting, Commission will pinpoint cities where new FMs will be allocated — most, we're told, will be in southeast with very few allocated to Boston-Washington corridor which is overpopulated by radio stations. Also, agency will attempt to establish priorities for flood of new applications expected. Also on agenda March 1:

(1) Character qualifications. Gen. Counsel's office has proposed that Commission do away

Consumer Electronics

ITA SETS DUMPING MARGINS that could push Korean & Taiwanese color TV wholesale prices up \$10-\$40. Action virtually assures ITC will find injury to domestic industry. (P. 10)

MORE UPHEAVAL hit computer-game industry last week when Timex dropped out and Commodore increased software prices. Atari deficit trimmed sharply. (P. 11)

U.S. COLOR OUTPUT LAGGED, was up only 6% in 1983, record year where total supply increased 22%. Import share was at 7-year high. (P. 12)

COLOR TUBE IMPORTS UP just 7% on component part basis last year, but jumped 53% when tubes included with kits are added. (P. 14)

FAIR MARKETING AMENDMENT Senate markup postponement hailed as victory by HHRC, but viewed as only minor setback by MPAA. (P. 14)

TELEPHONE MARKET GLUT reflected in Commerce figures showing wired & cordless instrument imports skyrocketed 222% to 34 million last year. (P. 15)

MATSUSHITA NET UP 16% in 1983. Video sales were up, audio down. NEC & Certron report. NAP declares stock split, increases dividend. (P. 15)

with most character issues in comparative hearings, saying there's no rational connection between non-broadcast misconduct by licensees and operation of stations. Thus, agency proposes to consider character only after issue has been decided in court and won't order hearing based on allegations by competing party. Even after court acts, Commission would add character issue only if there's shown "a clear nexus between misconduct" and possible violations of Commission rules or Communications Act "which directly relate to what the viewer will see and hear" on radio & TV, according to FCC official. Proposed new rule on character qualifications would apply across board (too late for RKO General) to corporations, partnerships, individuals.

(2) Comparative broadcast hearings. FCC will attempt to simplify 1965 policy statement on hearings for new facilities. Order will focus on efficient use of spectrum and diversification — but latter to apply only in area applied for. For instance, if you owned 5 Cal. stations it wouldn't count against you when applying in Pa. However, it will be made clear that minority applicants would get preference in such cases.

(3) Reconsideration of earlier order to provide mileage "buffer" for FM stations seeking to upgrade facilities. Such stations generally wanted 15-mile reduction in separations; Commission official said they'll get "something less than that."

(4) Radio deregulation. Court had remanded that portion of deregulation which no longer required stations to keep program logs, and FCC is expected to rule that certain "non-entertainment programming" should continue to be logged and made available to public.

Fairness doctrine inquiry was put off until March 13 because at least 3 commissioners felt document as drafted prejudged issue against doctrine and read more like rulemaking than inquiry. However, even those commissioners favor inquiry to seek comments on legal & policy underpinnings of doctrine and there's no question that comments will be sought. In inquiry, sure to be violently opposed by many members of Congress and public interest groups, Commission will seek answers to 10 questions related to doctrine, among them: Is primary purpose of doctrine to assure public access to diverse ideas? If so, is retention of doctrine essential to obtain that end? Is doctrine legislatively mandated under public interest standard or Sec. 315 of Communications Act? How much discretion does FCC have in imposing or removing doctrine? Does 1959 amendment to Sec. 315 codify doctrine in law? Gen. counsel, and obviously Chmn. Fowler, believe that 1959 amendment doesn't put doctrine in tablet of stone.

Inquiry essentially has been ready since last summer but was held up for "polishing and political" reasons, we were told. Fowler took unusual step of sending staff proposal to House Commerce Committee Chmn. Dingell (D-Mich.) in advance. (Dingell & Fowler also met Feb. 23 on inquiry and other Dingell requests — particularly on access — for FCC documents in what Fowler described as "friendly and productive meeting.") Staff-drafted inquiry begins with long regulatory & legislative history of fairness and background of how it came about. Doctrine was adopted by FCC in 1930s and when Congress amended equal time rule in 1959 to exempt news coverage, it added this language: "Nothing... shall be construed as relieving broadcasters... from the obligation imposed upon them in this Act to operate in the public interest and to afford reasonable opportunity for the discussion of conflicting views on issues of public interest."

Supporters of doctrine claim that sentence makes fairness doctrine law of land and that FCC can't tamper with it. Now, Fowler, Fein and their supporters obviously believe that may not be case and are seeking support — surely to come from most broadcasters, although some (including ABC) say doctrine isn't inhibiting. NAB, CBS, NBC and most broadcast groups have historically argued just the opposite.

Mass Media Bureau Chief James McKinney said several major broadcast items will be scheduled for March 15 & 30 FCC meetings, including: (1) Power increases for Class 4 AM stations, along with extended hours for daytimers on Mexican & Canadian clear channels. (2) Attribution of percentage of ownership that would count against 7-7-7 rule. (3) Multichannel TV sound. Industry committee has recommended Zenith system rather than relying on marketplace to pick system (as was case in AM stereo) and Commission official said that

agency "will protect the industry-selected system" although not necessarily recommending only Zenith. (4) Relaxation of regional concentration rule which prohibits single licensee from owning more than 3 stations within 100-mile radius.

(5) Moody Bible Institute. As of press time, Mass Media Bureau hadn't decided what to recommend in response to request that FM translators be permitted to pick up programming via microwave or other means. Under present rule, such translators must pick up signal off-air. Best bet, we're told, is that Commission will dismiss petitions for rulemaking by Moody and several others.

WIRTH CHASTISES NETWORKS: ABC, CBS & NBC were rebuked by House Telecom Subcommittee Chmn. Wirth (D-Colo.) last week for projecting results of Ia. caucuses Feb. 20 before voting for Presidential candidate preferences was over. In letter, Wirth asked networks to exercise restraint in N.H. coverage this week, invited them to Feb. 27 hearing where angry members, particularly Rep. Swift (D-Wash.), wanted networks to explain themselves.

Wirth letter was prompted by complaint from Ia. Democratic Party Chmn. David Nagle that CBS & NBC "interfered" with caucus process when they aired bulletins about likely outcome of caucuses before voting began. CBS ran crawl "characterizing" expected results at 8:12 p.m. CST; NBC projected winner in bulletin at 8:18. Caucuses didn't begin voting until 8:30. ABC projected winner at 8:46.

CBS & NBC didn't use exit polling techniques that have rankled Congress in past. CBS said network broadcast was based on sign-in sheets indicating candidate preference that party members filled in as they arrived for caucuses. NBC said its projections came from telephone poll earlier in day and early results from News Election Service. CBS & NBC have rejected Nagle complaint.

CBS & NBC reactions to complaint "outraged" Wirth, aide said. Citing recent ABC-Harvard U. voter participation symposium in Washington, Wirth said networks apparently could withhold projections to assure that electoral process isn't affected and not harm their news credibility. "We haven't been presented with any credible evidence that delaying the reporting of projections... harms the public in any way or interferes with the responsibility of the media to report real news events as they occur," Wirth letter said. He asked networks to wait until N.H. polls close Feb. 28, even though that would be after network news feed deadlines.

To underscore congressional concern, Wirth scheduled hearing for day before primary. Scheduled to testify: ABC News Vp George Watson, CBS News Vp Ralph Goldberg, NBC News Vp Thomas Pettit, chmn. of Democratic & Republican National Committees, League of Women Voters Pres. Dorothy Ridings and Nagle. Wirth also won appearances Feb. 27 on Today Show (CBS) and Feb. 28 on Good Morning America (ABC) to discuss issue.

Dispute gave new life to House resolutions by Swift & Rep. Edwards (D-Cal.) asking broadcasters to refrain from projecting election results (TVD Nov 21 p8). Resolutions (H. Con. Res. 227 & H. Res. 395) don't have force of law, which has prompted Swift to threaten bill that would prohibit projections if networks don't voluntarily comply. "We want the networks to know this isn't an issue that will go away," Swift said.

Storer lost \$39.7 million in 1983, compared with profit of \$9.2 million in 1982 (-\$2.42 vs. 56¢ a share), mostly blamed on cable operations. Revenues in 1983 were \$458.9 million, up 21% from 1982's \$379.3 million. Losses in 4th quarter were \$8.1 million, compared to profit of \$3.5 million in 1982 quarter (-49¢ vs. 21¢). Reasons cited for losses: (1) Depreciation expenses, primarily related to urban cable newbuilds, were up 35% to \$89 million. (2) Expenses, also associated with cable division, were up 32% to \$67.7 million. (3) Loss of \$1.5 million from sale of several small cable systems in Fla. & Colo. Best. Div. revenues in 1983 were up slightly.

ABC TV Network Pres. James Duffy said ABC is very pleased with ratings for winter Olympics and that "as far as I know, the advertisers are very pleased. I certainly have had no calls from them." He said reports that advertisers would ask ABC for make-goods because of ratings are premature, that only ad agencies, not their clients, are talking about make-goods (TVD Feb 20 p9).

Juneau cable system has been sold to McCaw Communications for undisclosed price by B-C Cable. System serves about 7,000 subscribers. Daniels & Assoc. handled transaction.

MORE ON PTV ADS: Debate over ads on public TV which has focused attention on grim situation facing public broadcasting, led Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) to hold hearing last week to look at "survivability of the system and of quality [programming]," he said. Concerned about PTV's ability to retain quality programming if Congress allows ads, Goldwater said public broadcasting could slip into commercialism "and then have all the junk on." He's torn between same 2 issues dividing PTV community: "I don't like to see public broadcasting change but I don't want to see it go out of business."

Consortium of 5 PTV stations favoring limited local ad option has hired Washington lobbying firm Wexler, Reynolds, Harrison & Schule to push 3-year experiment allowing 30 or more stations to accept advertising, with results studied. Consortium is bucking public broadcasting's power brokers, who support findings of congressionally appointed Temporary Commission on Alternative Financing for Public Telecommunications (TCAF) which favors enhanced underwriting based on results of 13-month experiment involving 9 stations.

"I think that a great advantage to public television has been, frankly, the absence of commercial-type advertisements," Goldwater said at hearing. He praised quality of PTV programming, recalled his past as advertiser and said: "Some of the things I look at on regular TV I wouldn't pay a nickel for. It's regular crap." Stewart Cheifet, KCSM-TV San Francisco-San Mateo, argued for ads, said public broadcasting's "poverty" is threatening its integrity more than ads would. College station he manages raised \$300,000 in ad experiment, lost \$200,000 last year when govt. funds were cut. "All we are trying to suggest is that limited advertising can be a clean, honest & efficient way to help the private sector justify its contributions to public television," he said. Ad supporters, however, don't want to cause federal funding for public broadcasting to be eliminated.

Lloyd Kaiser, WQED Pittsburgh pres., led ad opponents: "The suggestion that public broadcasting embrace advertising is a desperate attempt by a responsible group of stations that sincerely want to serve their communities well, and can't with past sources of revenue." Kaiser urged Congress to "proceed with the original script" — keep federal funding high. Public broadcasting is seeking \$238 million FY '87 authorization, which even supporters say is too much (see story elsewhere this issue). Joining opposition were NPR Pres. Douglas Bennet, who said NPR doesn't believe there are enough ad revenues to warrant participation. CPB Chmn. Sharon Rockefeller said board favored enhanced underwriting because it allows for some revenue gain "while not altering the educational nature of public broadcasting."

NCTA's 5th annual Executive Seminar will be April 2-3, South Seas Plantation, Captiva Island, Fla. Major item this year at invitation-only event will be results of subscriber satisfaction study funded by NCTA & 7 MSOs.

SKEPTICISM GREETES CPB BUDGET: Little hope was expressed by House Appropriations Labor Subcommittee last week about prospects for Corp. for Public Bestg. \$238 million FY '87 budget request. Long-time ally of public broadcasting Chmn. Natcher (D-Ky.) showed usual support for CPB at Feb. 23 hearing but made clear request nearly to double current federal funding faces tough going: "We're going to need all the help we can get." Plans call for CPB to submit legislative proposal for FY '87 authorization within matter of days. CPB also is seeking supplemental appropriations already authorized for current & next 2 fiscal years.

CPB Pres. Edward Pfister argued that \$238 million merely would put public broadcasting "back where it was in 1981-82." He listed effects that Reagan Administration budget cuts have had on CPB, including: (1) Community service grants (CSGs) for PTV were reduced 20% for FY '82 & '83. (2) Stations cut funding for local programming production 35% in same period. (3) Program purchases were decreased 39% by PTV stations. (4) Stations cut capital investment 66%. At NPR, federal reductions for period forced CPB to cut CSGs 11%, causing 40% reduction in spending for program purchases, 39% decrease in capital investment expenditures, he said. "We are now at a level where we have cut too much and can reduce no more," Pfister contended.

CPB budget has been frozen at \$130 million for 3 years. Corp. wants panel to approve supplemental appropriations authorized by Congress in Nov. Authorization made CPB eligible for additional \$15 million for current fiscal year, which would bring FY '84 total to \$145 million; another \$23 million for FY '85, increasing budget to \$153 million; and \$32 million more for FY '86 for year total of \$162 million. Increases amount to 5.7%, which Pfister said would keep CPB abreast of inflation.

Rep. O'Brien (R-Ill.) said he thought PTV ad experiment should be extended: "I am not convinced it can't be done. I don't think you have made a case against it." He cited WTTW Chicago, successful participant in experiment, said: "I just don't see the risks." O'Brien was among 17 House members from Ill. delegation who endorsed continuing experiment in letter to Pfister Nov. 17. Pfister responded by repeating fear raised in report by Temporary Commission on Alternative Financing (TCAF) that ads could commercialize PTV programming decisions.

ABC News & N.Y. Times filed suit in U.S. Dist. Court, D.C., last week to obtain transcripts of telephone conversations secretly recorded by USIA Dir. Charles Wick. They said USIA denied FOIA requests for documents after being told materials were Wick's "personal papers" not subject to FOIA. Meanwhile, Wick ordered agency's chief investigator to return from Brazil to "accelerate" internal investigation of agency "blacklist" that named people considered too liberal to represent USIA overseas as speakers. Wick action reportedly followed decision by author James Michener to protest blacklist by withdrawing from USIA speaking tour planned for eastern Europe. Michener is on Board for International Bestg.

MORE 'FREE' CABLE SIGNALS?: Every TV signal in given ADI should be defined as local outlet for cable systems in that ADI, meaning those signals could be carried free, NAB and INTV told Congress last week. Proposal, offered during hearing on 2 cable copyright bills (HR-2902 & HR-3419), would exempt from 3.75% cable copyright rate those stations which, while over 35 miles away, are in same ADI as headend.

Proposal sent NCTA and CATA scurrying for Arbitron ADI maps to figure out how many more free signals that would mean. NAB & INTV said idea is to boost cable carriage of newer UHF independents by enlarging geographic area defining market's local TV stations.

NAB recognizes that 3.75% rate for post-Malrite distant signals is "disincentive" for cable systems to carry independents within local ADI, said WPIX N.Y. Senior Vp David Polinger, NAB Copyright Committee chmn. Therefore, NAB "would not oppose exemption from the 3.75% rate for voluntary cable carriage of all TV signals" within ADI where system operates. INTV Vp-Govt. Relations James Hedlund said cable systems should "be allowed to carry, without copyright liability, the signals of all the television stations licensed to the ADI in which the cable system is located."

"It's interesting and we're looking at it," said NCTA Exec. Vp James Mooney, who pointed out he suggested last year that INTV members should side with NCTA on cable copyright questions (TVD Jan 24/83 p3). He said proposal was "not directly communicated to us," that NCTA learned about it at hearing.

Proposal was major development during Feb. 22 hearing. (Subcommittee was scheduled to continue hearing Feb. 27.) Measure by Rep. Hall (D-Tex.) would exempt from copyright fees 3 "superstations" (WTBS Atlanta, WGN-TV Chicago, WOR-TV N.Y.), defining them as "national cable broadcast networks." Proponents claim copyright fees for those stations are paid twice — higher program fees because of their national audience and again for cable carriage as distant signals. Related HR-2902 by Rep. Synar (D-Okla.) would benefit smaller-market cable systems. It would allow them to import without 3.75% copyright rate 3 distant signals (they're now limited to one), same as large-market systems.

ADI proposal may evolve as separate legislation because it seems to be unopposed by any major group, said CATA Exec. Dir. Stephen Effros: "It's non-controversial, so it ought to be adopted. I will seek a jointly introduced bill by all of us on this ADI proposal." MPAA, while not endorsing proposal outright, didn't voice any opposition during hearing chaired by Rep. Kastenmeier (D-Wis.).

Substance of 2 copyright bills was attacked by some witnesses, especially Hall measure exempting superstations. MPAA Pres. Jack Valenti said it amounted to "mouth-to-profit resuscitation for Ted Turner." Polinger said bill would give WTBS Atlanta "unfair and anticompetitive preferred status" over all

other stations interested in cable carriage beyond their local markets.

Compromise was discussed to allow 2 free distant signals for every cable system regardless of size. But MPAA said it definitely wouldn't go along with both concessions — free carriage for all stations in ADI plus 2 free superstations. "There has to be some quid pro quo involved. We can't be the only party making concessions," MPAA official said.

Ban on beer & wine ads on TV & cable systems in Okla. is improper, Supreme Court was told last week. Ban is unworkable because stations and cable systems have "no notice of what advertisements are on specific shows," according to Brent Rushforth, arguing for cable industry. He also said ban could result in blackout of much non-commercial programming as well. Okla. Asst. Attorney Gen. Robert McDonald said state has interest in keeping wine & beer ads from being seen by children. "We have the right to prohibit the artificial stimulation of alcohol advertising," he said. Justice Dept. supported cable & broadcast interests in argument before Supreme Court. DoJ attorney Michael McConnell, in answer to question from Chief Justice Burger, said that if federal ban against broadcast cigaret ads was rescinded states would be prohibited from banning such commercials.

NAB will "greatly expand" engineering conference during April 28-May 2 convention in Las Vegas, adding Sat. sessions and Tues. night workshops. In addition, number of papers to be delivered will increase from 48 to 92 — 38 TV, 35 radio, 14 special. Thomas Keller, NAB senior vp for science & technology, said that in past papers and sessions have dealt primarily with transmission matters but this year "we are starting at the microphone and working out to the transmitter." He said new sessions were added as result of FCC deregulation and because of requests for "more production-oriented technical presentations." Otis Freeman of Tribune Bestg. will receive Engineering Achievement Award at Mon. lunch with James McKinney, FCC Mass Media Bureau chief and an engineer, as speaker.

STL Cablevision Partners has been recommended to receive St. Louis cable franchise. Partnership of 5 local investors and Kan. cable operator Larry Hudson was favored by consultant over St. Louis City Communications, minority company owned by William Johnson, Columbus, because of better financial arrangements and construction timetable. City Council is expected to review recommendation, make award in late March.

Monthly meetings of broadcast lobbying groups in Washington have been instituted by NAB Exec. Vp John Summers, new head of Govt. Relations Dept. First such session last week attracted about 20, consisted of "information session and a get to know each other" exchange, Summers said. "It will be very useful in the future... We'll learn how to help each other on common issues."

USCI REVEALS HIGH COST OF DBS: United Satellite Communications (USCI), early DBS entrant now offering service in 6 states, will require large infusions of cash over next 3 years if it's to survive, according to prospectus for private \$40 million offering being placed by Salomon Bros. and Morgan Stanley.

USCI has begun promoting \$995 hardware sales plan, giving subscribers dish plus year of programming, compared with old scheme of \$750 for hardware, \$25 monthly charge. Outright purchase of 2.5-4-ft. dishes is only way company can survive, USCI Pres. Nathaniel Kwit said in prospectus. Currently, 70 % of subscribers are lessees who paid \$300 for installation, are charged \$39.95 monthly. Company projects first profit in 1987, when it claims it will earn \$106 million on revenues of \$807 million; net in 1988 will grow to \$137 million on revenues of \$1 billion.

"Why not \$8 billion?" Smith, Barney entertainment analyst Edward Atarino asked us. "Projections are projections — you should have seen some of the projections for cable services that have already disappeared." But General Instrument Strategy & Planning Vp Frank Sterling thought numbers "conservative," notes his company had predicted \$1.5 billion market for DBS in 5-year plan.

USCI expects to lose nearly \$120 million over next 3 years, requires additional financing of more than \$200 million through 1986 in order to proceed as planned, according to figures quoted in Wall St. Journal. Company is looking for \$150 million from bank loans, \$55 million from equity financing.

Search for private capital indicates USCI's major backers, Prudential and 14 % partner GI, have given up on search for new partner. Prudential's coverage clearly isn't enough. Having pumped in \$45 million, it will add cash only if Wall St. provides infusion. If \$40 million is raised from outside, Prudential will add \$5 million to pot, GI another \$1.6 million, through stock purchases.

Private investors, who have to show serious intent and ability to invest at least \$100,000 before even getting copy of offering document, haven't been given hard numbers on current subscriber base, apparently USCI secret. USCI claims its subscribers are "in the thousands" and offering document projects 100,000 customers by Nov. In meantime, USCI has added 4 new cities with March 1 launch date: Philadelphia, Dayton, Cincinnati & Salisbury, Md. Phone receptionists at 800-225-USCI told us that north shore Chicago suburbs have 10-14-day waiting list for installation.

"Second Age of TV" will open Banff TV Festival May 21, stressing opportunities to use new ways of producing & distributing programming. Day-long session, moderated by Les Brown of Channels magazine, will survey new technologies. Among panelists in day-long session: David Lachenbruch, editorial dir., Television Digest Inc.; Gustave Hauser, pres., Hauser Communications; Michael Fuchs, exec. vp, Home Box Office; Robert Wussler, pres., Turner Bestg.; Stanley Moger, pres., SFM Enterprises; Peter Morley, Thorn EMI, London.

BROADCAST BILL COMPROMISE: Despite earlier optimism, NAB has grown unhappy with broadcast bill accord. "There are so many things that could kill this bill," NAB source said. Assn. is especially unhappy about pressure for EEO language, also has started to rethink provisions that had already been accepted as part of final package. We understand NAB wants toughened petition-to-deny provision reviewed because Assn. has serious reservations about prehearing discovery language.

Discovery language is intended to ease ability of petitioner to secure documents from stations, and includes provision that would allow FCC to stop discovery process if it looks like "fishing expedition." Although section is being drafted in final compromise version due to be released this week, provision has been accepted by House negotiators, including broadcast industry allies Reps. Tauke (R-Ia.) & Tauzin (D-La.). But NAB source said Assn. will "never" accept this provision.

EEO remains biggest roadblock to consummating deal. Key House advocate Rep. Leland (D-Tex.) still won't back down from having standard at least at 60 % of parity level in cable bill (HR-4103) awaiting markup in parent Energy & Commerce Committee. But well-placed source said congressman would negotiate on other parts of proposal, particularly which size stations must meet requirements.

Station size is key issue for NAB. Assn. wanted exemption for stations with 15 or fewer employees (cable bill sets that industry's exemption at 5 or fewer), but industry probably would settle for 10. But, NAB hasn't proposed number to Leland yet, instead has put talks on hold until Leland addresses Tex. Assn. of Bests. in Houston Feb. 27. Leland has come under fire in Tex. for alleged intransigence on EEO.

Leland aide said congressman asked for meeting in Tex. and is expected to blame NAB for stalled talks. "His position has been well known for months," aide said. "If anyone's being intransigent, it's the NAB — they're the ones who may kill this bill."

Meanwhile, execs. of half-dozen major groups had breakfast in Washington last week with Tauke, prime NAB supporter of deregulation, for update of how they'd be affected. Some were members of TV Operators Caucus, which met day before and which hasn't been actively supportive of NAB efforts.

RAB will provide free access to all its materials for year to applicants for radio stations which receive loan guarantees from NAB-backed Best. Capital Fund. Only minority-owned applicants are eligible for Broadcast funds. Said RAB Pres. William Stakelin: "Anything we can do to encourage and help these new minority owners in marketing our medium and their stations is a service to our industry."

CNN will debut in Japan April 1 on Japan Cable TV which serves 15,000 homes plus 22 major hotels near diplomatic area of city. CNN will be carried 17-1/2 hours daily on system's English-language channel. System is owned by Asahi National Bestg.

CBS-MCA AGREEMENTS: Before CBS Chmn. Thomas Wyman broke off talks with MCA Chmn. Lew Wasserman aimed at compromise changes in financial interest & syndication rules (TVD Feb 30 p6), principals had agreed on several issues and would have had deal if networks had accepted Hollywood's definition of "net profits." "We believed we were close to agreement at one point," Wyman said in letter to Senate Commerce Committee Chmn. Packwood (R-Ore.). But network didn't trust what's called "creative bookkeeping" practiced by some producers, source said.

CBS was ready to compromise on definition of net profits, Wyman said, but language proposed by Wasserman was "so restrictive that the possibility of meaningful participation was negligible... Under the terms proposed by Hollywood, our minority participation (27.5%) would be so trivial as to frustrate this objective."

Terms agreed to before talks broke off: (1) Network could negotiate up to 27.5% ownership in any single show. (2) Cap on number of programs in which net profit interest could be negotiated by network amounting to no more than 27.5% of total prime-time schedule. (3) Network could produce in-house no more than 2-1/2 hours of shows weekly through Sept. 1985, escalating to 3-1/2 hours weekly until Sept. 1990. (4) Current syndication rules remain intact. (5) At end of 6-year "interim experiment" in Sept. 1990, rights of all parties would revert to status quo stipulated in present Justice Dept. consent decrees. (6) If Congress fails to implement proposed changes "despite the best efforts of both parties," network & Hollywood interests agreed to press Congress for 2-year moratorium on changes in financial interest & syndication rules.

Hollywood's proposed definition of net profits essentially was that proposed by INTV to FCC last Sept., according to MPAA Pres. Jack Valenti. INTV definition was "the excess, if any, of gross receipts over the total of all production costs, normal distribution costs, standard distribution fees, overhead and interest."

Several recent lawsuits by actors against Hollywood producers figured in CBS's decision to reject proposed definition, we were told. Several stars of popular network shows, who were promised as much as 40% of syndication profits, claim they've never been paid although shows are widely syndicated. That's because "creative bookkeeping" practiced in Hollywood ensures there's never any net profit to distribute, attorney said.

Trouble on NAB board election front: Ballots for elections to TV & radio boards went to post office Feb. 15 (5 days late), but as of Feb. 23 NAB member stations still hadn't received ballots. Originally, they were due back at NAB by March 1 but Secy.-Treas. Michael Harwood said that deadline has been extended to March 19. He said NAB still is trying to find out what happened (outside firm prepared and sent ballots to post office), that ballots may have to be reprinted and mailed again. In that case, there'll be another extension, Harwood said.

FCC refused to lift freeze on LPTV applications as requested by Alaska. Staff said Alaska hadn't shown harm and that freeze was fulfilling purpose of allowing staff to clear backlog. In other actions, FCC affirmed that sports franchises have obligation to inform cable operators of need for blackout on systems, but didn't set notification procedure. Major League Baseball, National Basketball Assn., other sports interests, said they believed FCC was going to require them to notify operators of need for blackout in each cable community. But Commission said it will rely on sports groups & cable operators to work out agreements among themselves. During closed meeting, Commission affirmed 2 cellular radio rulings — decision of ALJ Thomas Fitzpatrick to award Rogers Radiocall franchise in Chicago, decision of ALJ Leonore Ehrig to award Pittsburgh franchise to MCI Cellular Telephone. FCC also issued written order temporarily suspending expiration of wireline set-aside, now set to end April 8.

Tocom's financial health is worse than General Instrument thought when it agreed to acquire manufacturer in Dec. Following Tocom's announced 2nd quarter loss of \$6.9 million (compared to loss of \$1.2 million in same 1983 period), GI has lowered value of its stock issued to Tocom holders to effectuate merger. Tocom shareholders now will receive GI stock valued at \$3 instead of \$3.50, and value may be reduced further, GI said, following audit of Tocom financial statements. Other changes in acquisition terms include agreement for GI to provide Tocom additional interim financing before closing deal, now expected by mid-May. In return, GI will receive license to manufacture Tocom addressable baseband converters. License will remain effective subject to buy-back conditions even if GI decides not to sign merger agreement.

Consultant Edward Johnson has been ordered to refund \$21,000 to client for preparing faulty LPTV applications. Johnson had sued L.F. Amburn, editor & publisher of Chowan (N.C.) Herald, for what he claimed was \$29,000 still owed for preparing 30 LPTV bids for locations in N.C. & S.C. Amburn countersued, claiming 17 applications were so faulty they didn't even receive FCC file numbers and none resulted in construction permit. He asked for refund of \$21,000 already paid Johnson plus \$125,000 spent preparing to become LPTV operator. U.S. Dist. Court, Knoxville, held Amburn's \$125,000 expenses weren't result of Johnson's mistakes, but ordered Johnson to refund \$21,000 and pay Amburn's attorney fees.

"The Media and New Technology" is public forum Feb. 28 (9 a.m., Vista International Hotel, Washington), sponsored by Citizen's Choice National Commission on Free & Responsible Media. Participants will include Henry Geller, dir. of Washington Center for Public Policy Research; Harry Shooshan, Shooshan & Jackson; Samuel Simon, Telecommunications Research & Action Center; Prof. William Lee, U. of Ga.; John Abel, NAB senior vp-research & planning. Details: Keith Collins, 202-463-54521.

WFTV Orlando is being purchased for \$125 million cash by SFN Cos., headed by ex-CBS Publishing Pres. John Purcell. Buyer is holding company for Scott, Foresman & Co., recently purchased Western Bestg. from estate of late Dale Moore. WFTV is owned by joint venture of 5 former competing applicants which went through long comparative hearing, involved in late 1950 ex parte contacts at FCC. Gen. Mgr. Walter Windsor will remain with WFTV as pres. In other station sales: (1) WBRE (Ch. 28, NBC) Scranton-Wilkes-Barre has been sold for \$21 million to TV Station Partners (headed by Martin Pompadur & Ralph Becker) by David Baltimore. TV Partners owns 4 other TVs. (2) KAIT-TV (Ch. 8, ABC) Jonesboro, Ark. has been sold by George Hernreich to Channel Communications for about \$22 million. Channel Pres. Brian Byrnes is former gen. mgr. of WSMV Nashville; company is subsidiary of Nashville sporting goods firm, recently bought KPLC-TV Lake Charles, La. (3) NAB Pres. Edward Fritts has sold 2 more radio stations — KCRI-AM-FM Helena, Ark. — for \$400,000 to Delta Bestg., which also owns KFAA(AM) Helena. Delta will sell KCRI-AM. Fritts sold WELO(AM)-WZLO(FM) Tupelo, Miss. last summer, is expected to sell his remaining stations to current management. (4) Group headed by Donald Law of Cambridge, Mass., is buying WKSS(FM) Hartford from Sturgeon Corp. for \$3.4 million. Law is talent agent, has no other broadcast interests. Blackburn brokered foregoing 2 sales.

Comsat is "a large, status quo monopolist," with "outdated structure," Rep. Markey (D-Mass.) charged last week. Markey, co-sponsor with Rep. Bryant (D-Tex.) of bill (HR-4494) that would require Comsat to divest itself of competitive businesses, said he was confident House would hold hearing on bill before "end of spring." At same seminar, Intelsat Dir. Gen. Richard Colino said Intelsat board in March will have nearly 40 new tariffing "concepts" to consider, including tariffs for various bit rates of digital TV, fiber optic and medium-capacity submarine cable restoration services. Board also will look at "more than 100" preemptible international video services and associated tariffs on satellites not now used as primary or major path satellites, Colino said. New proposals include services on global beam, hemispheric beam, zonal beam and spot beam transponders with both C- and Ku- transponders.

MPAA has won copyright infringement suit against Caracas, Venezuela retailer who sold prerecorded videocassettes without authorization from MPAA members. Court imposed lien on all equipment, ordered seizure of 1,500 tapes. Later, retailer agreed to settlement calling for public confession, destruction of tapes, payment of \$10,000 damages and \$3,500 in MPAA legal fees.

"National Teleport" will be constructed on roof of National Press Bldg. in Washington, with plans for 2 Ku-band earth stations in first phase, reports National Teleport Inc., partnership between Videostar Connection and Microwave Express. Teleport will have space for 6 more earth stations.

Motion Picture Export Assn. (MPEA) and Jamaica Bestg. Corp. (JBC), settling long-running copyright infringement action, have agreed to negotiate schedule of fees JBC will pay in future for airing movies intercepted from U.S. satellites. But JBC won't have to pay for years of pirating American films to offer what's been called best free broadcasting service in world. Asked why MPEA gave in on demanding millions of dollars for past copyright infringements, official said: "What can you do when the guy you're negotiating with is a personal friend of Reagan?" MPEA will represent various copyright owners in negotiating individual agreements with JBC.

AAF Pres. Howard Bell said most important policy question facing advertising is its public standing. Speaking at AAF conference in L.A. last week, he said: "It is extremely disturbing... to have it suggested that 'honorable' lawyers should not advertise and to have [U.S. Supreme Court Chief Justice Warren Burger] analogize lawyers not advertising to lawyers 'keeping separate accounts of clients' property.'" Bell said Burger failed to note that advertising by lawyers must meet same standards as all other advertising. "Nowhere did he acknowledge that those lawyers who do not meet this standard can be disciplined by the bar, as well as the FTC and the courts."

"No Place to Hide" is title of video presentation to be made by TvB May 1 at NAB convention in Las Vegas. It will focus on financial institutions, address importance of firm establishing its name & image in marketplace and how TV can accomplish that. Citing past successes, TvB Pres. Roger Rice said that "TV is becoming the essential ingredient to more and more types of advertisers." Chmn. William Moll, Harte-Hanks, will report on new TvB research; Rice will cover cable and new technologies, comparing predictions with what actually has happened; TvB Senior Vp-Research Harvey Spiegel will discuss future of newspapers.

Harris has been awarded \$10 million contract by Isacom, subsidiary of United Telecom Communications, to supply more than 100 Ku-band satellite dishes for new communications network. Isacom will use dishes to offer videoconferencing and high-speed data transmission. Plans call for 30 Isacom videoconferencing facilities in 15 cities by end of year.

Continental Cablevision, Richmond, wasn't acting anticompetitively by requiring apartment owners either to pay for inside wiring or sign exclusive deals with Continental, U.S. Supreme Court ruled. Court refused to hear appeal by Satellite TV & Associated Resources, local SMATV company. Dow Jones owns 24.7% of Continental.

American Express is information provider for Times Mirror Gateway videotex service, allowing subscribers to review credit card accounts, shop, search vacation brochures, receive investment & insurance advice.

Personals

Rep. Thomas Tauke (R-Ia.) will address Washington Metropolitan Cable Club luncheon Feb. 27, Washington Marriott Hotel... Steven Bonica promoted to NBC engineering vp... Robert Wright promoted to ABC Best. Group motion picture PR dir., west coast, new post... Edward Shea, ex-WNEW-TV N.Y., appointed WTTG Washington gen. sales mgr., succeeding Larry Maloney, now with Seltel... Mauro Sardi named Warner Bros. TV Distribution Div. vp-worldwide operations... Michael Boscoe advanced to Nielsen Mktg. Research Group USA vp-account mgr.

Al Jerome, NBC TV Stations Div. pres., will address NATAS N.Y. Chapter luncheon Feb. 29 at Copacabana... William Stakelin, RAB pres., addresses AWRT Washington Chapter lunch March 15, National Press Club... Hazel Kahn, Warner-Amex, will join Satellite TV Corp. as vp-research... William Biendorf promoted to WVEC-TV Hampton, Va. gen. mgr., succeeding Thomas Chisman, who becomes chmn... Tony Kiernan, ex-WPLG Miami, named WLWT Cincinnati vp-gen. mgr... Manuel Marquez advanced to WANX-TV Atlanta operations mgr... Carolyn Gorman, ex-Satellite News Channel, named bureau chief, new Outlet Co. Washington news bureau.

Ralph Haller, one-time Kan. broadcaster at FCC since 1971, promoted to chief, Technical & International Branch, FCC Mass Media Bureau... Dom Giofre promoted to NBC corporate press mgr... Mendes Napoli, ex-WNGE Nashville vp-gen. mgr., moves to Scripps-Howard Bestg. as corporate exec... Christopher Golson, ex-Elector, appointed Sony Best. Products Co. monitors product mgr... Rick Levy, ex-TeleRep, named pres., King World barter subsidiary Camelot Entertainment Sales.

William Scott, ex-Satellite News Channel, named Group W TV exec. vp... Stella Zadeh, ex-CBS Extravision, resigns to form Stella Zadeh & Assoc. communications consulting firm, 11759 Ia. Ave., L.A. 90025, 213-826-2136... Frank Mack, ex-WBTV Charlotte, named WPCQ-TV Charlotte local sales mgr.

Marsha Dubrow, Senate Commerce Committee spokesman, resigns to freelance... Joseph Volpe, ex-operations vp, named vp-gen. mgr., RCA Best. Systems Div., succeeding Joseph Howe, who becomes vp & chief engineer on staff of Group Vp John Rittenhouse.

Neil Sullivan appointed Rogers Cablesystems mktg. & operations regional dir... Larry Fischer, ex-Madison Sq. Garden Network, named Katz Sports sales & mktg. vp... Brenda Young, ex-KCET L.A., named KTLA L.A. legal counsel-business affairs dir... Thomas Dawson one-time CBS, named BPA ad & mktg. consultant.

Ann Birch, ex-On-Air Promotion, named dir. of advertising & promotion, WCCO-TV Minneapolis... Michael Arnold advanced at Harte-Hanks Cable to Ariz. operations pres... John Tokar joins Walker Telecommunications as finance vp-treas.

Tay Voyer, ex-Post-Newsweek Stations,

appointed vp-programming, Western World TV; Doug Johnstone, ex-Columbia Pictures, joins as sales mgr. for midwestern & eastern regions; Paul Vane named western sales mgr... Mark Kaner, ex-PolyGram TV, appointed head of co-production & development in U.S. for Yorkshire TV.

Ted Van Erk promoted to Petry TV corporate senior vp, succeeded as vp-administration by Michael Membrado, ex-Arbitron; John Heise advanced to vp-regional sales dir... Ann DeLarye-Gold, ex-Evanston, Ill. cable communications commissioner, appointed Central Educational Network communications dir... Promoted at WBTV Charlotte: John Hutchinson to asst. vp-station mgr.; Marion Meginnis program mgr.; Sandra Thomas broadcast operations mgr... Pat Watkins, ex-National Federation of Local Cable Programmers, named National Federation of Community Bests. dir.-training & outreach.

Clive Hill-Archer resigns from Thames TV Feb. 15 to become Thorn EMI Cable TV Ltd. mktg. dir... Francie Leader, ex-Group W Cable, appointed Learning Channel Mktg. Div. coordinator for affiliate-community relations... Diane Weingart, ex-Cablevision of N.Y., named USA Network affiliate services mgr.; Martha Urscheler, ex-Showtime/Movie Channel, named affiliate mktg. & communications mgr... Paul Steinle advanced to Financial News Network pres.-CEO, succeeding Norman Potter.

Paul Till advanced to United Telecommunications vp... Jack O'Hern, ex-WAGA-TV Atlanta, appointed KHOU-TV Houston gen. sales mgr.; Douglas Morgan advanced to news operations mgr., new post... Jack Harris, H&C Communications broadcast pres., leaves active management April 1 to coordinate company acquisitions... Robin Silverman promoted to Golden West TV sales administration dir.; Bette Alofsin advanced to east coast sales mgr.

David Williams, ex-AP, appointed Turner Bestg. System dir.-sales promotion... Christie Hefner advanced to Playboy Enterprises COO... Browning Holcombe rejoins Petry TV as vp-manpower development... Roger Price named W.Va. Community TV Assn. exec. dir., succeeding Joseph Gollehon.

Daniel Olson promoted to Tocom northern regional sales mgr... Michael Kaeser promoted to UPI national broadcast news dir., succeeding Jordanka Lazarevic, promoted to asst. managing editor for regional administration in Washington; Steven Christensen advanced to Pacific Div. broadcast editor, succeeding Kaeser... Steven Schaffer named member of Washington law firm Schwartz, Woods & Miller.

Promoted to HBO national accounts dirs.: Michael Grindon, Jack Hayes, Gail Williams, Bruce Zeller... Gil Faccio, ex-Warner Amex Satellite Entertainment, appointed USA Network affiliate relations vp... John Dussling, ex-Fairfield Bestg., joins RAB as regional mgr.

U.S. Satellite Bestg. is first DBS member of NAB.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 10 (6th week of 1984):

	FEB. 4-10	1983 WEEK	% CHANGE	JAN. 28- FEB. 33	6 WEEKS 1984	6 WEEKS 1983	% CHANGE
TOTAL TV#.....	346,621	311,776	+11.2	378,544	2,237,231	1,904,115	+17.5
COLOR#.....	265,406*	204,471	+29.8	303,496*	1,685,551*	1,346,584	+25.2
MONOCHROME....	81,215	107,305	-24.3	75,048	551,680	557,531	- 1.0
PROJECTION TV...	3,548*	2,579	+37.6	2,996*	18,819*	16,526	+13.9
HOME VCR.....	100,388*	58,788	+70.8	117,568*	606,274*	345,465	+75.5
COLOR CAMERAS...	7,245*	4,933	+46.9	9,748*	45,805*	36,998	+23.8

Color TV 5-week moving average: 1984--296,816*; 1983--234,445 (up 26.6%).

Home VCR 5-week moving average: 1984--107,615*; 1983--60,088 (up 79.1%).

Excludes projection TV. * Record for period.

ITA SETS HIGH KOREA-TAIWAN DUMPING MARGINS: Any hopes color TV exporters in Korea & Taiwan had of wriggling off color TV dumping hook evaporated at week's end when International Trade Administration announced final dumping margin determinations that could force their wholesale prices here up \$10-\$40.

Koreans were hit hardest, particularly because tentative findings issued by ITA last Oct. had relatively minor average margins. But final results came down hard on Taiwanese as well.

Biggest average margin, 23.77%, was assessed against Taiwan's Sampo, shown with margin of just 0.64% in tentative finding. For Korea, margin leader was Daewoo, formerly Taihan, with 16.57%, up from original 1.77%. Found dumping-free were Korea Electronics, with no margin at all, against earlier 2.04%, and Taiwan's Orion, unchanged at 0.01%.

Margin is weighted average spread between price at which manufacturer sold sets to U.S. and fair value as determined by ITA. Though any dumping duties actually assessed will be determined on model-by-model basis, customs uses margins to establish amount of dumping duty bonds importers must post to cover possible penalties on incoming shipments. No bonding is required if companies have margins less than 0.05%.

Korea's other major exporters, Gold Star and Samsung, also were given major margin increases. Gold Star, which had original tentative 9.53% lowered to 3.87%, was jumped 14.77%. Samsung was cited at 15.95%, up from 3.05%. Anam, which had no margin under tentative finding, was assessed at 0.82% in final finding. Overall Korean weighted average, which will be applied to any new or uninvestigated exporters, was 13.9%, up from 5.31%.

ITA reduced margins for 3 Taiwan exporters. AOC, which counts NATM among its big private label customers, was dropped to 3.5% from 6.38%; Fuleit, supplier of Proton monitors, was cut to 23.77% from 31.12%; RCA, which imports 9" model from its Taiwan subsidiary, was lowered to 2.89% from 8.61%. Domestically owned Tatung was increased to 8.10% from 6.61%. Also up were margins for 2 Japanese owned producers, with Hitachi rising to 1.2% from 0.26%, and Sanyo, which had original lowered to 2.05% from 25.36%, with final of 4.66%.

With ITA result in, scene shifts to International Trade Commission, which is investigating whether dumpings has injured domestic industry, plans hearing March 8. But unfairly low sales and injury must be found before dumping penalties can be assessed. Exporters and importers had planned to use ITA's low tentative margins to support argument that while dumping exists,

margin was too small to hurt anyone here. Size of final margins makes positive injury finding by ITC virtually foregone conclusion.

Gold Star and Sampo are in best position, among affected importers, to cope with problems dumping finding will create. They have color assembly plants operating here and can minimize need for increasing prices to avoid dumping duties on imported sets by stepping up their U.S. output. Dumping finding covers only complete color sets, not chassis imported for assembly.

Tatung has small assembly operation in Cal., and while it built color plant in Atlanta in 1981, it now makes only electric fans there. That facility presumably could be equipped for color. Samsung recently broke ground for color plant in N.J., won't have it in operation until late this year. AOC had plan for color plant in Kansas City, but abandoned that several years ago. Daewoo acquired former Taihan color business early last year, is still in process of modernizing facilities in Korea and, at last report, hadn't given much thought to U.S. production base.

TIMEX OUT; ATARI TURNING CORNER? Computer-game industry got new series of shocks last week when Timex became 4th major hardware dropout of year, Commodore boosted software prices to distributors and, on upbeat side, Warner released 4th quarter financial results that indicate Atari's financial fortunes may indeed be turning around. Meanwhile, Mattel completed its market departure, finalized sale of electronic business to Intellivision Inc.

"It came as a total surprise," national distributor said in reference to Timex's sudden decision to quit home computer business. Just days earlier, Timex salesmen "were here trying to sell me on their new line, and I got a sample of their new modem just yesterday," he told us. As has been tradition with privately held Timex, company was essentially closed-mouth about move. Mktg. & Sales Vp Michael Jacobi broke silence only to say company felt market was too volatile to produce reasonable profits.

Timex, of course, had full share of responsibility for computer price wars. Low-end Sinclair computer it introduced in 1982 at \$99 was selling for as little as \$49, with 16K memory expander, at end of last year. In dropping out this year, Timex joins computer marketers Tomy and Panasonic, as well as Mattel, which is selling Intellivision operation. Biggest defection came last fall when TI threw in towel.

As always happens in such cases, retailers who handle Timex computers are left in lurch. Sears, for example, devotes full page in new spring catalog to Timex's new \$100 & \$180 full keyboard models and their accessories. Also left hanging is U.K.'s Sinclair Research, which has lost its U.S. computer distribution and is in no position to take up slack itself. Timex was having its new low-end computer assembled in Korea, but was building step-up in own European plants. Timex said it plans to continue as contract assembler of computers and pocket TVs for Sinclair.

Sinclair said it won't reintroduce any of Timex's computer models in U.S., but it plans to start selling \$100 2" b&w TV and new \$580 QL computer here on its own this summer, but is having trouble filling orders now in U.K. Company reportedly has delivered only 1,000 TVs since introduction last fall because of production problems, has unfilled orders for some 7,000. Sinclair also is heavily backordered on QLs, but blames that on unexpectedly strong demand. QL is being assembled by Thorn EMI, which doesn't expect to be operating at peak 20,000 monthly capacity until summer. QL, however, faces uncertain reception here. Neither software suppliers nor retailers have much interest in supporting yet another new home computer format.

Industry is crediting Commodore's new management for company decision to boost software prices, expects it to be followed by wholesale increase for popular model 64 home computer. While most increases were very modest, some amounting to little more than upward roundoff of some strange price points, there also were programs, in applications software area, where prices doubled & tripled.

Explanation we got from insiders is that boosts were reaction to excessive software price reductions Commodore instituted last June, and are intended to bring retail prices more into

line with competition and actual costs. Meanwhile, Commodore said computer retail sales survey cited here last week substantially understates its actual market share. While its claim for 15% share for Vic 20 is in line with 13% shown in survey, Commodore claims 64 accounts for 45% of home market, which is far cry from 11% it got in survey. Reason may be that survey centered on multi-line retail outlets, didn't include toy and discount specialists that account for major portion of Commodore sales.

Recent Warner contention that subsidiary Atari was pulling out of tailspin was upheld in year-end financial statement showing Atari's loss in 4th quarter was just \$2.23 million, against \$536.3 million deficit piled up in first 9 months. Sales in quarter were down 38.5% to \$367.7 million, a modest improvement from 46.9% fall-off in Jan.-Sept. Elimination of Atari's severe drag on earnings allowed Warner to show consolidated net of \$6.9 million for quarter, though loss for year was \$417.8 million.

Mattel sale of electronics operation for \$20 million gives Intellivision videogame system new home, but still leaves its future open to question. Primary member of investor group heads Odd Lot, retail close-out chain that handled liquidation of Mattel's Aquarius computers and 13" Samsung color TVs Mattel was offering as premium to Aquarius and Intellivision buyers. That alone is enough to raise some eyebrows. New owners insist every effort will be made to keep Intellivision console and software in market. But belief in trade is that rough market times will continue through most of this year at least and that new owners may not be willing to pump in enough additional financing to keep Intellivision afloat.

U.S. OUTPUT LAGGED IN RECORD COLOR YEAR: 1983 was color TV record setter in virtually all major areas — sales to dealers, factory shipments, total supply and presumably retail sales — but domestic factory production was sole glaring omission. U.S. factory output was indeed up from 1982, but that was down year, and 1983 production level was below that of both 1980 & 1981, years in which significantly fewer color sets moved through pipeline. That's picture derived from our analysis of EIA and Commerce figures.

Total new color supply, equal to production plus imports, rose 22.2% last year to just over 14 million, eclipsing 12.4 million mark of 1981. Fourth quarter supply, up 48.6% to 4.2 million, easily shattered previous quarterly high of 3.72 million set in 3rd quarter last year.

Having suffered in 1982 from impact of high interest rates, domestic producers went into 1983 with very conservative approach to production and goal of keeping inventories down. Industry also went through most of year underestimating market potential. Production, including that in foreign-owned factories here, was held below that of 1982 in first & 2nd quarters, figures show. Output was boosted moderately in 3rd quarter, and while hike was more substantial in 4th quarter as plants tried to catch up with market, 2.7 million production total was good for only 3rd place in list of all-time high quarters. It trailed 2.76 million and 2.72 million reached respectively in 4th & 2nd quarters of 1980, year in which still-standing production record of 10.5 million was set.

Domestic factory hold-down at time of record demand left door wide open for importers, and march through they did. Imports of complete color TVs set new records for each quarter last year, hit all-time quarterly high in 3rd quarter at 1.09 million, beating out 933,000 mark that had stood since 3rd quarter 1976, topped that in 4th. Second half import total of 2.59 million would alone have represented 3rd biggest full import year, exceeded only by 2.83 million of 1976 and 2.78 million of 1978.

Closing quarter color import surge, during which shipments from Korea leaped 178%, those from Taiwan climbed 138% and Japan had 95.8% rise, left imports with 35.7% share of market at new supply level, up from 22.1% share in same 1982 period. That's highest since 39.2% share in 4th quarter 1976. For year, imports accounted for 29.9% market share last year, up from just 19.1% in 1982, and 2nd highest in history to 35% of 1976. Factoring in color TV chassis & kit imports of 821,600 for quarter, 2.77 million for year, indicates that 55.2% of all new color TVs in 4th quarter, and 49.7% in year, were either foreign made or assembled here from largely

imported parts. B&w too joined in closing period import surge. Rise of 20.1% broke string of 6 consecutive quarterly declines.

Here's breakdown of how domestic factories and imports performed in 4th quarter and full 1983:

1983 U.S. TOTAL TV SUPPLY

		U.S.- Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1983....	9,835,000	+ 5.8	9,480,000	+22.9	19,315,000	+13.6
	1982....	9,292,000		7,713,000		17,005,000	
Color TV	1983....	9,835,000	+ 5.8	4,199,000	+91.6	14,034,000	+22.2
	1982....	9,292,000		2,192,000		11,484,000	
B&w TV	1983....	--	--	5,281,000	- 4.3	5,281,000	- 4.3
	1982....	--		5,521,000		5,521,000	

FOURTH QUARTER

Total TV	1983....	2,704,000	+22.7	3,087,000	+58.6	5,791,000	+39.5
	1982....	2,204,000		1,946,000		4,150,000	
Color TV	1983....	2,704,000	+22.7	1,500,000	+140.0	4,204,000	+48.6
	1982....	2,204,000		625,000		2,829,000	
B&w TV	1983....	--	--	1,587,000	+20.1	1,587,000	+20.1
	1982....	--		1,321,000		1,321,000	

*U.S. production includes sets assembled from imported chassis & kits; imports are complete sets only.

* * * *

There is possible other side to domestic production coin, however, and it may be that output here last year was significantly higher than traditional figures indicate. Through most of 1980, analysis of EIA and Commerce figures resulted in derived domestic production figures that were noticeably lower than expected, considering market conditions and company statements regarding sales. In mid-1981, EIA issued upward revision of its 1980 new supply figures, bringing them more into line with what industry had expected. Cause, it's understood, was underestimation of production by non-reporting manufacturers, principally Japanese-owned plants here. Both RCA and Zenith, industry's 2 biggest producers, said their color TV unit sales were at all-time highs in 1983, and volume increases were noted by virtually all other manufacturers. Also, 2 new producers, Gold Star and JVC, hit production stride last year. So it may well be that last year EIA again fell short on estimation of non-reported production.

Import surcharge imposition as way to ease U.S. trade balance deficit is expected to be considered by Senate Finance Committee next month. Committee has tentative plan for hearing at which Administration officials will be asked why use of surcharge hasn't been included among White House proposals for handling growing trade imbalance. President has responsibility to levy surcharge of up to 15% on imports across board, or just on products from specific countries, when trade deficit gets out of hand, but can hold off if he determines that to do so would be in national interest. Last surcharge was 10% ordered in 1971, since withdrawn.

Japan's Konica expects to capture 1.5% of U.S. video-audio tape market this year, increase that to 2.5% in 1985, according to National Sales Mgr. Mitchell Ravitz. He said company, which introduced line at Winter CES in Las Vegas in Jan., is aiming for 10% share of what's expected to be \$2 billion market in 1987.

Yugoslavia is challenging major European and Asian manufacturers in world market for color TV plants. Elektronska Industrija has sold SECAM plant to Soviet Union, is in negotiations for plant sales to Nigeria and United Arab Emirates.

1983 TV TUBE IMPORTS: As component parts, color TV picture tube imports barely held their own in 1983, rising just 7.3% to 674,000, in year when consumption by TV OEMs here rose 5.8% to 9.8 million. But tube import figures from Commerce tell just over half story.

Nearly equal number of tubes were imported as part of kits for assembly into complete sets by foreign-owned color factories here. Addition of those would put tube imports at 1.21 million, up 53.3% from 1982 on comparable basis. Figures indicate that overall color tube imports were equal to 12.3% of domestic TV OEM demand, up from 8.5% in 1982. With kit imports excluded, tube imports represented 6.9% of OEM use in 1983, against nearly matching 6.8% in preceding year.

While imported color tubes are normally dutiable at 15%, rate is only 5% when they're part of kits. Labor-Industry group COMPACT claims importers are misusing kit classification to evade high duty rate on tubes, is asking Customs to change rules (TVD Feb 6 p13).

Value of color tube imports (excluding those included in kits) fell 27.5% last year to just under \$28 million. Good part of reason for drop was 19.3% falloff in average value of imported 18-19" tubes, to \$62.79 from \$77.93 in 1982. In contrast, value average for 20"-&-over was off just 2.3% to \$63.87 from \$65.40, while average for other major import size, 13", held nearly level at \$45.25, against \$45.92.

In b&w, end to domestic set production has put severe crimp in import demand. Total imports, including projection tubes which were classified in with b&w in 1982, were down 79.8% to 377,800. Value, at \$9.83 million, was down 79.3%. Here's 1983's picture tube import picture:

U.S. 1983 PICTURE TUBE IMPORTS

Type	Units	%chg.	\$ Value	%chg.
Color				
12" & under	35,502	-54.2	2,256,846	-55.8
13".....	178,138	-11.6	8,061,559	-12.9
14-15".....	81,503	+ 0.5	4,102,498	- 4.3
16-17".....	6,370	-42.0	735,560	-34.8
18-19".....	204,223	+28.3	12,823,266	+ 3.3
20" & over.	168,290	+71.7	10,750,147	+67.7
w/TV kits..	539,593	+232.8	n/a	--
Monochrome				
12-16".....	41,102	-74.0	722,360	-69.5
Other.....	243,044	-85.7	4,633,438	-89.7
For projection TV				
	93,574	n/a	4,471,573	n/a

CED videodisc custom pressing price cut by CBS Records Video Enterprises lowers charges to \$5.50 for single disc albums, \$8.80 for double-disc set, down from \$7.50 & \$12. CBS also offers 1-5% discount based on annual orders exceeding 100,000 units. CBS said move, unlike recent RCA adjustment, isn't tied to under-\$20 retail price.

FMA MARKUP POSTPONED: Senate Copyright Subcommittee shelved, without scheduling new date, plan for markup of Fair Marketing Amendment last week when only 2 of 7 members showed up for discussion & vote. Adjournment of meeting was hailed by Home Recording Rights Coalition as major victory in fight to kill measure that would give movie studios right to share in retailer cassette rental revenues, but MPAA said it was minor setback.

HRRC said delay during shortened election-year session was big boost to effort to stymie FMA movement. It said senators were scared off by its anti-FMA campaign, which included half-page ads in 11 newspapers in 7 states represented by Subcommittee members, turnout of anti-revision retailers in Washington on Feb. 21. Recent Washington Post story which described MPAA lobbying efforts of Romano Romani, ex-aide to committee member DeConcini (R-Ariz.), and Michelle Laxalt, daughter of committee member Sen. Laxalt (R-Nev.), was considered contributory factor.

Subcommittee members had been polled before Presidents' Day recess, indicated that at least quorum would show, according to aide to Chmn. Mathias (R-Md.). "I thought they were going to be there," he said, described visiting retailers as "very persuasive people." HRRC thinks they've been persuasive enough to have turned around Subcommittee vote, thought to be overwhelmingly in favor of FMA passage just 2 weeks ago (VW Feb 13 p2). According to one HRRC headcount, there are 3 anti-FMA votes — Sens. DeConcini, Laxalt, Metzenbaum (D-O.) — with Sen. Leahy (D-Vt.) said to be uncommitted.

View from MPAA side remains optimistic. "That list is wishful thinking," says Bruce Lehman, 20th Century-Fox lobbyist. He claims odds favoring successful markup were never more than 50-50 because committee members had lot more on schedule on first day after recess and several hadn't written amendments they expect to introduce. Lehman maintains markup delay "happens 80% of the time. I wouldn't be surprised if we had some false starts on the House side... We're not going to give up. This is a winnable piece of legislation." Pro-FMA forces think Subcommittee will settle issue in about 30 days.

Computer notes: Radio Shack adds combination disc drive-video output adaptor to convert its \$799 knee-top portable computer for home-office use. Adaptor includes 5.25" drive, converter that will feed 80-column 25-line display to TV monitor... Zenith added 5 IBM PC-compatible computers, trio of desk tops at \$2,700 to \$4,800, portables at \$2,800 & \$3,200... Video Corp. of America is expanding duplication services to include floppy discs. Videocassette duplicator says it now has disc duplication equipment on line in Cal. & N.J. plants, expects to have operation going in Ill. & Tex. plants later this year.

Microwave oven factory sales jumped 136.1% to 737.8 million, setting new record for month, AHAM reports.

TELEPHONE IMPORT GLUT: EIA contention, in petition to FCC seeking change in upcoming telephone labeling rules, that domestic industry is choking on full-year home phone stockpile (TVD Feb 13 p20) is, if anything, understatement, comparison of industry sales and Commerce import figures indicates.

Data collected from outside sources by EIA for presentation at Winter CES in Las Vegas last month estimated total phone sales to dealers at 19.7 million last year, including 15 million wired handsets, 4.7 million cordless. Those figures, of course, supposedly included sales by such major domestic producers as AT&T, Comdial, GTE & ITT, U.S. companies that rebuild and sell AT&T phones as well as imports.

Commerce's final 1983 figures show imports alone totaled nearly 34.2 million, up 222% from 1982, and 73.6% higher than industry wholesale sales. Value of imports jumped 222% to \$783.9 million, for indicated per-unit average f.o.b. price of \$22.95, down 30.5% from \$33.04 average of 1982.

Biggest import rise came in wired phones, with units up 372.5% to just under 25.8 million, while value rose 205.2% to \$415.1 million. In cordless, shipments climbed 338.5% to 8.39 million, with value up 243.2% to \$368.8 million.

Steepest average import value decline came in wired phones, down 35.4% to \$16.10 from \$24.94, while average for cordless dropped 21.7% to \$43.96 from \$56.15. Retail prices are falling even faster. In N.Y., recent sales saw cordless phones going for as low as \$40. Street vendors are peddling one-piece wired electronics for \$4.

While source-country character cast was unchanged, there were some significant rankings shifts, particularly in cordless phones, where virtually all supplies are imported. Taiwan, formerly across-board import supply leader, lost starring role in cordless last year to Korea, which had almost 12-fold shipment jump to 2.71 million, to account for 32.2% of new import supply, up from just 12.1% share in 1982. Taiwan, with 134.7% rise to 2.43 million, was 2nd with 28.9% share, down from 54.1%. Shipments from Hong Kong surged 825% to 1.79 million, for 21.3%, up from 10.1%. That dropped Japan into 4th place with 1.46 million, up 221%, for 17.4%, down from 23.7%.

In wired phones, Taiwan improved market position with shipments up 550% to 11.3 million for 44% import share, up from 32%. Hong Kong was not too distant 2nd with 9.64 million, up 458.1%, for 37.4% share, up from 31.7%. Imports from Korea rose 317.6% to 1.92 million, for 7.5% share, down from 7.9%, but that was good enough to edge out Japan for 3rd place. Japan supplied 1.91 million, up 126.7%, for 7.4% share, down from 15.5%.

SECAM adaptor chip option has been added to digital TV IC chip set by ITT Semiconductor. ITT said new signal processing IC will allow manufacturers to produce digital color TV that will function anywhere in world. When available this summer, chip will cost about \$3.50, ITT said.

MATSUSHITA NET UP: As result of strong closing quarter, Matsushita posted 16.3% gain in consolidated net in year to Nov. 20 on 9.3% sales rise. In 4th period, earnings jumped 35% as sales rose 13% (see financial table).

Sales in TV segment, Matsushita's largest, rose 8.6% last year to \$6.12 billion on strong rise in demand for VCRs. Audio equipment sales slipped 0.8% to \$2.04 billion. Largest increase, 26.6% to \$2.49 billion, came in communication & industrial equipment, while volume in electronic components jumped 24.5% to \$1.63 billion. Matsushita said home appliance sales edged up 1% to \$2.53 billion, and other products contributed \$1.3 billion, up 5.7%.

Matsushita figures show largest sales gain came in overseas markets, where volume rose 10.4% to \$2.49 billion. Sales in Japan were up 8.3% to \$9.02 billion.

NEC sales of consumer electronics in fiscal first half to Sept. 30 rose 8.9% to \$363 million, company says in report to holders. Growth rate trailed that of corporation as whole in period, in which NEC posted consolidated sales rise of 18.8% to \$3.29 billion and 28.9% earnings increase to \$65.5 million. Computers and industrial systems had largest segment revenue increase, jumping 41.4% to \$822.8 million, while communications equipment, NEC's largest individual segment, had 12% rise to \$1.09 billion. Sales of electronic components were up 18.8% to \$921.5 million, and revenue from other products dropped 10.7% to \$98.7 million.

Certron sales of magnetic products rose 1.8% to \$13.7 million in year to Oct. 31, but operating net from that business segment fell 27.6% to \$944,000, according to annual report. Certron says earnings decline stemmed from combination of lower selling prices for its lines of promotional audio cassettes and increased operating costs. Certron entered computer floppy disc market last year by distributing products sourced from outside. This year, report says, Certron will start producing discs on its own, though it will continue to buy coated media from unaffiliated vendors.

North American Philips board declared 2-1 stock split, approved 17.6% quarterly dividend increase to 25¢ on post-split shares.

AT&T bid of about \$65 million for U.K.'s advanced semiconductor venture Inmos was rejected as too low by govt. and British Technology Group, which own most of shares. Takeover offers are being considered as govt. has indicated it won't provide any more financing for Inmos. U.K. has pumped about \$150 million into company since startup at end of 1970's, and Inmos has indicated it needs \$15-\$20 million more this year for R&D and new equipment. Inmos has operated at loss since founding, but reportedly had sales of \$50 million last year and was in black in 4th quarter.

Ad notes: Commodore appoints Daniel Edelman Inc. for PR... Bozak appoints Lessner Slossber Gahl & Partners.

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
John Blair			
1983-year to Dec. 31	414,317,000	18,306,000	2.32
1982-year to Dec. 31	322,387,000	17,061,000	2.21 ^a
1983-qtr. to Dec. 31	128,121,000	5,598,000	.70
1982-qtr. to Dec. 31	92,609,000	5,785,000	.74 ^a
Dynascan			
1983-year to Dec. 31	173,439,000	8,777,000	2.00
1982-year to Dec. 31	82,921,000	3,356,000	.82 ^b
1983-qtr. to Dec. 31	44,303,000	1,640,000	.37
1982-qtr. to Dec. 31	23,928,000	1,085,000	.26 ^b
Electronic Memories & Magnetics			
1983-53 wk. to Dec. 31	79,145,000	3,338,000	.41
1982-52 wk. to Dec. 25	73,481,000	(890,000)	--
1983-14 wk. to Dec. 31	22,200,000	1,123,000	.15
1982-13 wk. to Dec. 25	20,394,000	994,000	.13
Matsushita Electric^c			
1983-year to Nov. 20	17,070,000,000	782,100,000	4.98 ^d
1982-year to Nov. 20	15,620,000,000	672,500,000	4.32 ^d
1983-qtr. to Nov. 20	4,900,000,000	249,900,000	--
1982-qtr. to Nov. 20	4,300,000,000	185,200,000	--
MCA			
1983-year to Dec. 31	1,584,539,000	147,160,000	3.06
1982-year to Dec. 31	1,586,022,000	176,198,000	3.69
1983-qtr. to Dec. 31	395,424,000	24,890,000	.52
1982-qtr. to Dec. 31	438,597,000	39,348,000	.82
Post Corp.			
1983-year to Dec. 31	95,329,000	6,570,000	3.60
1982-year to Dec. 31	84,055,000	3,774,000	2.07
1983-qtr. to Dec. 31	27,742,000	3,456,000	1.89
1982-qtr. to Dec. 31	24,748,000	1,873,000	1.03
Tocom			
1983-6 mo. to Dec. 31	9,194,000	(8,840,000)	--
1982-6 mo. to Dec. 31	15,050,000	(1,189,000)	--
1983-qtr. to Dec. 31	3,562,000	(6,993,000)	--
1982-qtr. to Dec. 31	6,007,000	(1,211,000)	--
Viacom International			
1983-year to Dec. 31	315,577,000	28,129,000	2.14
1982-year to Dec. 31	281,418,000	25,963,000	2.01 ^a
1983-qtr. to Dec. 31	72,623,000	14,844,000	1.14
1982-qtr. to Dec. 31	77,286,000	7,969,000	.62 ^a
Warner Communications			
1983-year to Dec. 31	3,425,272,000	(417,803,000)	--
1982-year to Dec. 31	4,090,651,000	257,811,000	3.96
1983-qtr. to Dec. 31	1,052,009,000	6,860,000	.10
1982-qtr. to Dec. 31	1,158,316,000	33,008,000	.50

Notes: ^aRestated. ^bAdjusted. ^cAt yen's current rate.

^dPer ADR.

Home satellite receiver sales topped 100,000 annually for first time in 1983, could exceed 250,000 this year with help from United Satellite Corp.'s direct broadcast service, according to report from Venture Development. Market study shows consumers would prefer to buy their equipment from professionals, with 48.7% of those polled saying they want to deal with dish specialist, 28.4% specifying electronics retailer. Poll results show Radio Shack was ideal choice as national marketer of USC's hardware, VD says. Details: VD, One Washington St., Wellesley, Mass. 02181.

Japan's Citizen Watch says 2.75" LCD b&w pocket TV it displayed at last Winter CES in Las Vegas will go on sale in Japan this May at about \$165, will be followed in Dec. by similar-sized color version at about \$215. Citizen said it held down cost by eliminating fluorescent backlighting. Instead, display panel is mounted at angle to allow ambient light to pass through. Image is viewed in mirror rather than directly.

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Television and Cable Factbook

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Consumer Electronics Personals

Charles Winterble, former Commodore engineering head, joins Coleco as electronic development chief with prime responsibility for Adam computer system... Peter Wensberg, ex-Atari Ataritel Div. pres., one-time Polaroid, named pres.-CEO of Uniform Software Systems, developer of programs for AT&T Unix format; William Agee, former Bendix CEO, appointed chmn.

William Gallagher advanced from worldwide mktg. vp to exec. vp-gen. mgr, MGM/UA Home Video, replacing Micky Hyman who resigned as pres. to become exec. vp-COO, Cannon Group... John Pike advanced to video programming senior vp, Paramount Video... Ronald Heide appointed international controller, CBS/Fox Video International... Sanford Friedman joins Embassy Home Entertainment as credit mgr., new post... Judith Bresler, ex-ABC Video Enterprises, named business affairs vp, MGM/UA Home Entertainment Group's Ancillary Rights Div.

Frank Applestein advanced at Yamaha from SE region mgr. to audio components national sales mgr... John Gennaro, ex-BSR, appointed JVC Hi-Fi Div. east coast sales mgr.

Larry French, ex-RCA Solid State Technology Center vp, joins North American Philips as technology & mfg. services vp... Rick Younts advanced at Motorola to Japan operations vp-gen. mgr... Nicholas Pensiero, currently RCA Govt. Systems public affairs dir., to retire March 31, after serving 33 years in PR posts with various RCA units.