

TELEVISION DIGEST®

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

With Consumer Electronics

JULY 2, 1984

VOL. 24, NO. 27

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FCC DEREGULATES COMMERCIAL TV: Virtually duplicating radio deregulation, FCC last week deleted similar rules & guidelines currently applied to TV -- including programming content, program logging, ascertainment of community needs and limits on number & length of commercials. As result of June 27 action, there are now "no standards," according to Mass Media Bureau Chief James McKinney. "Stations are free to decide what to cover and how."

In parallel action for noncommercial radio & TV, FCC lifted ascertainment and logging requirements. Noncommercial broadcasters still will be required to maintain issue/program lists to make certain that stations meet standards for "issue-oriented programming responsibility," FCC said. Commission also eliminated long-form renewal audit for both commercial & noncommercial stations.

Commission guidelines requiring 5% informational programming, 5% locally produced programming and 10% total nonentertainment programming are "not necessary or appropriate" in today's marketplace, said David Donovan, attorney in Policy & Rules Div. of Mass Media Bureau. He said that guidelines are "no longer necessary to achieve our regulatory objectives" because FCC studies have shown broadcasters are presenting programming "far in excess" of what guidelines suggested.

Licensee "will remain subject to the obligation to provide programming that is responsive to the issues confronting its community," Commission warned. Major change is that licensee, in selecting issues to present, will be able to compare programming on other stations & media in same market, meaning license renewal in large part will be based on overall coverage of local issues, rather than job done by any single station.

FCC Chmn. Fowler said decision "removed an unnecessary layer of government involvement in the television program decisions of the American people." Issue at stake "is whether the government trusts the common man to make up his own mind about what to watch or not to watch," he added. Character of TV "won't change by leaps and bounds" by decision, but "the way America chooses to regulate has become eminently more rational by what we do today," Fowler said. McKinney said decision will allow stations to better deal with competitors such as cable and DBS. Noting those services generally are "nonlocal in nature," McKinney predicted stations will concentrate on more local affairs "to be different."

FCC said broadcasters would have to file quarterly issues/program report for public inspection file. In radio deregulation action, FCC originally had recommended annual report, but after requirement was remanded by courts, changed it to quarterly. It followed that procedure in TV.

Current guidelines limit commercials to average of 16 min. per hour. FCC said 99.67% of all TV stations are within that figure now, so guideline isn't needed. In related action, FCC ended inquiry into loud commercials, despite protests from Comr. Quello. Fowler said: "I don't think [loud commercials] are much of a problem." FCC receives about 200 complaints yearly about them.

Comr. Rivera concurred in part of deregulation, dissented to all parts dealing with children's TV programming. He said past programming guidelines provided "safe harbor" for commercial licensees, predicted renewals now will be "more perilous," adding: "Broadcasters may come to rue the day the Commission adopted this decision."

Both commercial & noncommercial broadcasters hailed Commission action -- while public interest groups criticized it. NAB Pres. Edward Fritts called TV deregulation "a welcome and logical next stop down the road of broadcast deregulation." He noted that radio deregulation has resulted in "increased diversity, maintenance of substantial levels of nonentertainment and informational programming, less commercialization and a continued commitment by radio stations to serve their communities." Fritts said he was "confident that television broadcasters will follow this impressive precedent." RTNDA said it "applauds" FCC action and "we dispute those critics who contend that viewers will suffer from this deregulation... Now that the FCC has decided to let the marketplace decide how much news there will be on television, we think it is time to do the same thing for content of television news" by abolishing fairness doctrine & equal time.

"We don't think the court will uphold this," said Telecommunications Research & Action Center (TRAC) Exec. Dir. Samuel Simon, adding: "[U.S. Appeals Court, D.C.] clearly said in radio dereg it was the limit they were willing to go." He indicated TRAC, possibly other public interest groups, will appeal. "It's not that we expected anything different," said Simon, recalling his appearance at FCC en banc session several months ago when he predicted what FCC would do in 6 major deregulatory moves. "This is the third one to come true, and saying 'I told you so' doesn't make me feel any better."

Action in public broadcasting deregulation was similar to that for commercial stations as FCC lifted ascertainment requirements that "unnecessarily emphasize the methodology used to determine community needs rather than the key issue of the station's responsiveness to these needs." In addition, FCC said logging requirements "are costly and time consuming and do not provide definitive information needed by the Commission to determine whether a public radio or TV station has operated in the public interest."

PBS Vp-Program Administration Peter Downey said action was "encouraging news" because it lifts significant administrative burdens from public stations. Downey said he hoped time & resources that were devoted to ascertainment would be put to "more productive uses." House Telecom Subcommittee Chmn. Wirth (D-Colo.), who has opposed complete deregulation of TV industry, called elimination of recordkeeping and program guidelines "unjustified," argued: "Broadcasters must maintain logs for their own business purposes. What today's ruling does is permit those logs to be kept from the public so that viewers will have no adequate means of assessing whether their local broadcasters are serving their needs and interests." Fritts said TV deregulation "comes with strong backing from Capitol Hill" in form of HR-2382, calling for full broadcasting deregulation.

CABLE BILL SENT TO HOUSE FLOOR: In move that virtually assures victory in full House for cable industry later this summer, Energy & Commerce Committee June 26 accepted cable services definition for HR-4103 that reflected accord worked out between NCTA, Communications Workers of America & Pacific Telesis. Definition would restrict cable service to certain one-way informational and video programming -- precluding chances of unregulated cable competition for telcos in regulated data transmission business. But Committee didn't firmly close door on cable industry, instead left way clear for FCC to regulate or deregulate information services at later date.

Unsettled question of FCC authority will mean further battling by cable & telephone industries when bill reaches House floor, possibly between July 24 & Aug. 11 when Congress returns briefly from July recess. But unanimous vote accepting cable services definition has taken wind out of telcos' sails, almost certainly will ease House passage of final bill, Committee leaders & NCTA officials predicted.

More talks between cities & cable over rate regulation provision also are expected. NCTA is unhappy with final version, will push for 2 key changes on floor. NCTA Pres.-elect James Mooney told reporters that amendment by Telecom Subcommittee Chmn. Wirth (D-Colo.) restricting operators' access to apartments already served by satellite master antenna TV systems (SMATV) is unacceptable. Amendment says operators could wire multiple unit dwellings when "equivalent" service isn't already available, but doesn't define what's "equivalent."

Mooney also said NCTA is eyeing recent U.S. Supreme Court ruling upholding FCC cable preemption policies (TVD June 25 p1) as way out of bill's restrictive rate regulations. NCTA already has approached National League of Cities (NLC) & U.S. Conference of Mayors (USCM) about renegotiating rate language. Options apparently could include removing 4-year transition to deregulation & changing state authority with respect to some tiered services.

NCTA Exec. Committee meets in Washington July 16 to review changes made in markup, and give final okay. But Committee minority is pressing Assn. to ditch bill, argue industry can do better in FCC & courts in wake of Supreme Court decision. If group can convince Committee to withdraw support, bill could die on floor.

Accord was offered by Rep. Swift (D-Wash.) with support of Committee Chmn. Dingell (D-Mich.). A modification of NCTA proposal in cable-telco talks (TVD June 23, p5), it defines cable service as "one-way transmission... of video programming, or other programming service, together with subscriber interaction which is required for [their] selection." This would allow cable to offer games, videotex, teletext & stock quotes without regulation, but not voice grade

telephone, burglar alarm or similar transactional services. Bill states: "'Other programming service' means information that a cable operator makes available to all subscribers generally."

Committee strengthened definition by including enforcement provision from Swift that was something of peace offering to telcos. Also accepted on voice vote, it would require cable operators to file informational tariffs with FCC & state regulators explaining their noncable service offerings. Plan leaves decision to states as to whether to regulate noncable services. But members made clear in discussion that FCC would retain its ability to preempt states.

Bill's cross-ownership language, as modified by another Swift amendment, apparently would protect leaseback, joint ventures such as proposed Pacific Bell cable operation in Palo Alto, Cal., and Chesapeake & Potomac Telephone's involvement in D.C. cable franchise. Rest of FCC cross-ownership rules would be codified, with exemption for rural telephone companies serving incorporated areas of 2,500 or fewer residents.

Panel also accepted amendments by: (1) Ottinger (D-N.Y.), grandfathering Cal. & Mass. rate deregulation statutes. (2) Ottinger, grandfathering N.Y.'s public access requirements for life of existing franchises in that state. (3) Synar (D-Okla.), allowing govt. access to subscriber information if data would be material evidence in court case and there's convincing evidence of criminal wrongdoing involved. Amendment had House Judiciary Committee, NCTA & American Civil Liberties Union support.

(4) Markey (D-Mass.), requiring prompt public notice of franchise hearings to ensure public participation. (5) Bliley (R-Va.), requiring cable operators to lease or sell lock boxes, so children can't turn on set. (6) Dannemeyer (R-Cal.), setting maximum \$10,000 fine & 2-year prison sentence for obscene programs. (7) Rinaldo (R-N.J.), allowing state-level disputes over pole attachment rights to skip FCC appeals step and go directly to courts. (8) Broyhill (R-N.C.), guaranteeing 4-year transition to deregulation for franchises granted as bill becomes law.

BROADCAST DEREG BILL DEAD: House Energy & Commerce Committee Chmn. Dingell (D-Mich.) June 28 apparently told 4 key lawmakers who have been negotiating compromise broadcast deregulation bill that they haven't met his prerequisites for Committee markup, effectively killing legislative effort for this session. Industry allies nonetheless promised to continue fight for deregulation in this Congress.

Dingell's decision was something of rebuke for industry allies, Reps. Tauke (R-Ia.) & Tauzin (D-La.), we understand. Chmn. reminded them that he would have been willing to skirt Telecom Subcommittee to bring bill to full Committee only if: (1) Legislators working on compromise reached amicable agreement on bill or procedure for considering it. (2) Industry supported that accord. (3) Broadcasters remained accountable to public in final bill (TVD May 14 p3). Members clearly have failed to reach compromise (TVD April 30 p4). But we were cautioned that while Dingell indicated conditions haven't been met, he'd be willing to move bill if they were before session ends.

Tauke told us he & Tauzin still plan to push for deregulation before Congress adjourns in Oct., will focus on their HR-2382, which has more than majority of House as cosponsors. He said at the least they want FCC's radio deregulation codified and -- given Commission's TV deregulation decision (see story elsewhere in this issue) -- perhaps also TV, and comparative renewal process revised or eliminated. At meeting with Dingell, they argued for bringing something up in Committee after July recess and recommended one-line bill ending comparative renewal, Tauke revealed.

Industry allies disagreed with Dingell on whether conditions he outlined were part of original ground rules to which they had agreed. Tauke said the conditions weren't part of promise Dingell made last year on broadcast talks, that he & Tauzin consider conditions unfair

imposition late in game, and that they will try to attach HR-2382 or at least radio-only deregulation to measure on floor if they can find "suitable bill."

NAB Pres. Edward Fritts told us that he considers any further legislative effort "long shot." Fritts said he was expecting talks to be declared dead. But in light of continued interest by Tauke & Tauzin and FCC decision, Fritts said NAB will reassess its legislative program for rest of this session, hasn't decided yet whether to continue fight for bill. He admitted that FCC deregulation still leaves door open for Commission reregulation later, so action by Congress to codify decision would be protection for industry.

Deregulation of call letters will stand following FCC decision last week not to reconsider earlier action. Commission said that NRBA charge that reassignment of call letters in same market will distort ratings "is speculative." Of NAB claim that FCC is "uniquely qualified" to rule on call-letter disputes, agency countered that local courts will be more attuned to what constitutes potential public confusion over call letters in local communities. Comr. Quello dissented, agreed with NAB & NRBA that confusion & chaos have resulted from call-letter deregulation. In other actions, Commission: (1) Authorized use of AM signal for any broadcast or nonbroadcast function "that does not interfere with their main broadcast channel operation or the signals of other broadcast stations." FCC said AM signals aren't strong enough for paging or beeper-type services, could be used for such applications as changing cycles on traffic signal lights or opening & closing floodgates. (2) Assigned 3 new UHF channels to N.J.: Ch. 62 in Atlantic City, Ch. 59 in Vineland and noncommercial Ch. 66 in W. Milford.

Negotiations between BMI and radio stations for new music performance rights contract have broken down and BMI has mailed stations new license agreements calling for rights increase, effective Jan. 1. Extension of contracts giving stations right to use BMI music expired June 30. NAB Pres. Edward Fritts expressed concern about situation, said "NAB stands ready to help facilitate a resumption of negotiations... For the good of all concerned and the radio industry as a whole, NAB encourages the parties to return to the bargaining table as quickly as possible." BMI Vp Alan Smith said that "we recognize the problem of short notice [on new contracts] and... we will certainly allow stations a reasonable period of time in which to send in their new agreements." BMI Pres. Edward Kramer called increase in fees "modest," comparable to price of "a gallon of gas a day" for average station. Spokesman for All-Industry Radio Music License Committee said group will take legal action against BMI.

Metromedia stockholders have approved company's purchase by JWK Acquisition (headed by Metromedia's 4 top officers) in deal valued at \$1.13 billion. Pres. John Kluge, who heads investor group, said Metromedia filed papers with Del. court June 21 completing transaction officially. When deal was announced, stockholders had been expected to receive about \$41 per share, but declining financial markets dropped that to about \$39.

Major franchise concessions are recommended by Dallas city staff allowing Warner Amex Cable Communications to raise rates for all but basic service, use microwave to connect hubs instead of coaxial supertrunk, assess apartment owners part of cost of installing wiring to each unit. If plan is adopted by City Council July 11, WACC could raise Tier II service from \$7.50 to \$9.50, Tier III from \$9.95 to \$12.95, while premium channels such as HBO & Showtime would go from \$7.45 to \$12 each. WACC also could: (1) Defer construction of institutional loop. (2) Defer installation of 3 public access facilities. (3) Restrict areas of city in which it's required to serve to those with more than 25 homes per mile. In quid-pro-quo, WACC would have to continue dual-cable feed, offer 5 access channels, continue 3-tier service structure, complete construction 6 months early, by March 31, 1985.

ABC will use Sony-developed improved resolution slow-motion recording equipment during Summer Olympics telecasts. Called Super Motion System, it utilizes techniques developed for HDTV, but increases frame rate rather than number of horizontal scanning lines. SMS camera scans standard 525 lines but at 90 frames (180 interlaced fields) per sec., at about 20 MHz bandwidth, that then are converted into 3 separate normal 60 Hz fields for recording on modified one-inch Type C VTR. At same time, camera feeds standard NTSC signal for monitoring or broadcast. When played back on either modified or standard Type C VTRs, tapes provide 1/3 speed slow-motion pictures with detail equal to that in normal speed recording. ABC said it will have only one SMS in use at Olympics but expects it will become standard equipment for sports programs in future.

House Judiciary Committee has approved HR-5873, which would make it misdemeanor for federal workers to record telephone calls secretly. Law enforcement officials would be exempt. Proposal sets maximum penalty of year in prison and \$100,000 fine. Administration is opposing HR-5873, considers it overreaction to secret recordings made by USIA Dir. Charles Wick. Meanwhile, Cal. grand jury decided not to indict Wick for secretly taping calls when in that state, including conversations with Sen. Percy (R-Ill.), who chairs Senate Foreign Relations Committee that oversees USIA. In unrelated development, White House notified Senate that nomination of Leslie Lenkowsky as deputy dir. of USIA is being withdrawn.

SUPREME COURT BOOTS NCAA: Confusion reigned in college football & TV circles at week's end as they tried to make sense out of chaos caused by June 27 U.S. Supreme Court decision ruling that NCAA exclusive college football TV contracts with ABC, CBS & Turner Bestg. violate antitrust laws by prohibiting schools from making their own TV contracts. One sure result will be many more televised games this fall on cable and through regional on-air networks.

High court ruling wasn't unexpected, upholds earlier decisions by federal court in Okla. and U.S. Appeals Court, Denver. Suit was brought by Universities of Ga. & Okla., was joined by College Football Assn. -- whose members include most major college conferences and independent schools, with exception of Big 10 and Pacific 10.

By coincidence, officials of largest NCAA football-playing schools had 2-day meeting scheduled in Chicago starting day after Supreme Court decision. While football wasn't on agenda, case dominated conversations. NCAA hopes to get hearing before Judge Juan Burciaga in U.S. Dist. Court, Okla. City, as early as this week. Burciaga normally sits in N.M., was assigned to case after all federal judges in Okla. City disqualified themselves because they hold season tickets to Okla. football games, we were told.

John Swofford, chmn. of NCAA Football TV Committee and athletic dir. at N.C.U., scheduled hearing in Chicago June 30 on situation and hoped to prepare plan for submission this week to Judge Burciaga. NCAA Pres. John Toner said new plan could be ready for vote by member schools at special meeting to be called within 2 weeks.

ABC & CBS withheld formal comment on decision, although ABC said it "comes as no surprise." Both also indicated they hope NCAA can come up with blanket rights package that courts will accept. Ruling doesn't prevent NCAA from negotiating TV football contracts, but no longer will pacts be exclusive and any college would have right to negotiate for itself. While it's too early to tell what impact ruling will have on televised games this fall, several conferences and individual schools already have made their own TV deals.

NBC, which hasn't telecast college football in years, said it continues to be interested but that college football on network this fall is "unlikely" because of other programming commitments. At same time, NBC called for "some type of umbrella organization that can create order out of the chaos that is impending."

Last summer, Justice White, former All-America football star at Colo. U. and in NFL -- who dissented along with Justice Rehnquist -- suspended lower court ruling to permit ABC, CBS & Turner to televise 1983 games under current 4-year NCAA contracts that run through 1985 and for which

3 broadcast groups paid \$281 million, including \$74.3 million for fall 1983 telecasts. Supreme Court ruling throws out White's injunction, thus leaving up in air major questions about televised college football this fall.

In writing majority opinion, Justice Stevens said: "The anticompetitive consequences of the [NCAA] arrangement are apparent. Individual competitors [colleges] lose their freedom to compete [in selling of TV rights]. Price [for TV rights] is higher and output [games televised] lower than they would otherwise be and both are unresponsive to consumer preference." In dissent, White argued that TV contract "reflects the NCAA's fundamental policy of preserving amateurism and integrating athletics and education."

Stevens said that NCAA's "critical role in the maintenance of a revered tradition of amateurism in college sports" is not enhanced by the exclusive TV contracts. "Rules that restrict output are hardly consistent with this role... By curtailing output and blunting the ability of member institutions to respond to consumer preference, the NCAA has restricted rather than enhanced the place of intercollegiate athletics in the nation's life."

NCAA TV rules have been in place since 1951. In arguing against them, lawyers for Okla. & Ga. pointed to unregulated system of college basketball telecasts, said it's meant wider selection of games. Invalidating NCAA rules would result in more money for colleges and more games for viewers, particularly on regional & cable networks, plaintiffs contended. NCAA rules restrict number of times major schools can be on national & regional TV, require small-college games to be telecast, and prohibit local broadcast of sold-out games if other colleges are playing within 75-mile radius same day unless those games also are sold out. Rules don't apply to postseason bowl games, where entrepreneurs are free to make their own TV contracts.

Among deals that have been made for college football TV rights: (1) Ivy League with Eastern Educational Network for 9 games on PBS stations. Commercial underwriting is being sought; packager is Trans World International. (2) La. State U. signed 3-year deal with SportsView to air its home games across state on pay-per-view basis. (3) MetroSports signed with Pac 10 & Big 10 conferences for weekly package of football games. (4) Raycom acquired rights to 18 Atlantic Coast Conference games.

And, as might be expected, Turner Bestg. hasn't closed deal but is bidding aggressively for TV rights. WTBS Atlanta submitted bid for 6 Notre Dame home games and for prime-time games of Southeastern Conference teams. USA Network said it plans to televise college football in fall, is still formulating plans.

KVCT (formerly KXIX) Victoria, Tex. names Avery-Knodel national rep.

CBS CANCELS DBS PLANS: CBS has pulled out of direct broadcast satellite industry, withdrawing from joint venture talks with Comsat's Satellite TV Corp. (STC) and scrapping plans to build own DBS system, network said June 28. Although STC has contract with RCA for satellite fleet and intends to launch "early-entry" DBS service later this year using SBS-4 satellite, it lacks resources to go into business by itself. Comsat board may give STC 6 months to find new partner or may close it down sooner.

Meanwhile, it was rumored that GTE will bail out only operating DBS firm, United Satellite Communications (USCI), which has been using Canada's Anik C satellite to broadcast to home dishes. USCI wouldn't confirm or deny that company is having financial negotiations with anyone. GTE officials we contacted said they knew nothing about matter.

Named by sources as possible replacement for CBS in STC venture was R.H. Donnelly, Purchase, N.Y.-based firm owned by Dun & Bradstreet which is largest publisher of yellow-page directories. Neither D&B nor STC would confirm possible involvement. STC and CBS also had talked to Gulf & Western's Paramount Studios about involvement in DBS partnership. If STC is closed down, damage to Comsat would be considerable, with writedown of investment costs expected to exceed \$100 million.

Terse CBS statement said it wouldn't execute FCC construction permit for DBS system, would end discussions for partnership. CBS spokesman George Schweitzer said company will continue to study possibility of later entry into DBS.

James Rosenfield, CBS Bestg. Group senior exec. vp, said: "We believe that DBS can provide new and diverse types of services to the public, especially in the area of high-definition TV. CBS intends to continue its efforts to stimulate the development of HDTV. But some open questions and the risks involved in this new and challenging DBS business led us to conclude not to enter this business by the FCC's due diligence deadline of July 17."

CBS had been eyeing prospect of DBS partnership with Comsat since Dec. 1983 but never committed itself. STC said all along that it wanted partner to share risks and may have just been waiting at altar for CBS until another suitor could be found. It's been long wait -- STC had said in initial announcement of service that it expected to name partner by end of 1983.

Comsat wouldn't confirm or deny rumors about possible Donnelly partnership, issued this statement: "We are disappointed with CBS's recent decision not to pursue for the present the DBS business. We are continuing to evaluate in detail the many facets of [DBS], the timely and efficient integration of what is essential to the full commercial potential of this business. At the same time, we continue to explore partnership arrangements with other companies

whose complementary skills, experience and resources can provide the foundation for a successful and profitable business."

Of 8 companies that jockeyed for slots in first round of DBS filings last year only STC has met FCC due diligence requirements. USSB recently announced plan to pay RCA Astro Electronics \$160 million-plus for its 2 DBS birds -- commitment that's expected to win approval from FCC in coming weeks. USSB, Dominion Satellite and DBS Corp. have made claims with Commission of having met these requirements, but only USSB has broadcasting experience needed to make new medium a go, say many in industry. USSB Pres. Stanley Hubbard has often said that nascent industry needed support of broadcasters to become viable medium.

Directors Guild of America and Alliance of Motion Picture & TV Producers' negotiators -- attempting to settle on new contract with movie companies and TV networks -- were "drifting further apart" at middle of last week, according to Guild telephone "hotline" message to members. Contract expired midnight June 30, and if no agreement was reached over weekend Guild members were scheduled to vote today & July 3 on whether to strike. Walkout would occur July 5 because of holiday. "It's not 'if' there's a strike," according to Todd Martin, co-chmn. of Guild telecom committee: "There will be a strike." Major unresolved issue is residuals for home video rentals. Meanwhile, committee negotiating with NBC for NABET has recommended that members reject network's "best offer" -- put on table June 17.

RKO General, which is involved in FCC hearing on its fitness to retain broadcast licensees, now faces new troubles. Parent GenCorp, in 2nd-quarter earnings report, said RKO discovered "errors in charges to advertisers and payments to certain affiliated stations during 1983 and 1984" by radio network subsidiary. Company said about \$4 million is involved.

Little Rock & Raleigh-Durham have been added to FCC top-50 market list for 1983-86, thus will be subject to Commission's prime-time access rule for those 3 years. Dropping out of top-50 markets are Dayton and Scranton-Wilkes-Barre. Market rankings are based on Arbitron Area of Dominant Influence prime-time viewing figures for individual markets.

Captain Kangaroo may hop to PBS after perennial children's show ends run on CBS in Dec., said creator Bob Keeshan. He said he hopes show will go immediately to PBS from CBS, probably won't try syndication on local commercial stations.

Ch. 28 WTTE Columbus, O. has gone on air, raising operating U.S. TV stations to 1,162 -- 865 commercial, 297 noncommercial. Additional 508 applications are pending at FCC for new stations. William Rhodes is WTTE gen. mgr.

HOUSE THUMPS ELECTION PROJECTIONS: In sharp rebuff to news media, particularly TV networks, House adopted nonbinding resolution June 26 calling for voluntary ban on characterizations & projections of election races before polls have closed nationwide. Measure (H. Con. Res. 321) by Rep. Swift (D-Wash.) was approved on 351-65 vote, now goes to Senate.

Congressional resolutions don't have force of law, aren't even signed by President. But proponents said vote should be taken as warning to media to show restraint in Nov. lest Congress try content regulation in next session. "We're only asking the networks to exercise good judgment," said Telecom Subcommittee Chmn. Wirth (D-Colo.).

Opponent, Rep. Gradison (R-O.), said that resolution would have "chilling effect" on media, argued projections are "legitimate news, regardless of when they are made." Rep. Edwards (D-Cal.) disputed Gradison, saying that networks view elections as "marketable commodity. Election day is more than a network event entitled 'The Selling of a Presidential Election.'" Networks should report only vote totals as they're counted, proponents contended. But Rep. Williams (D-Mont.) suggested that Congress order all ballot boxes sealed until nationwide voting ends, thus thwarting TV's efforts to characterize or project results.

Resolution is response to 1980 presidential elections when TV networks gave victory to Ronald Reagan before polls had closed in several western states. Swift claimed that "millions" of westerners didn't bother to vote as consequence, which he contended affected outcome of close local races. Networks dispute claim (TVD July 25/83 p6, March 5 p2), but Wirth says that he was in line to cast his ballot in 1980 and watched people leave without voting after they heard of TV reports.

Networks reacted by repeating that they believe their primary coverage already reflects restraint. Said CBS News Pres. Edward Joyce: "We respect the importance of the issues raised in this resolution. It is our intent to act responsibly in our reporting of the Nov. elections, as we believe we have acted responsibly in our past coverage." ABC News added: "We must question the wisdom of Congress providing editorial advice to those entrusted with making news judgments."

NBC News Pres. Lawrence Grossman said network would continue to report election outcomes state-by-state, only as vote tallies come in: "Our policy will be, as it always is, to report the news; and if we have news that there is a winner in N.Y. State, or Penn., or Conn., we will report that as soon as we know it."

Resolution, which is modification of Swift's original H. Con. Res. 227, reflects compromise with broader Edwards version (H. Res. 395), considers presidential race only (TVD March 5 p2). It also asks

news media to adopt guidelines to assure that exit polling isn't used to characterize election trends before polls close across country.

Meanwhile, in nation's first ruling involving state exit polling law, Wash. state law banning exit polling within 300 feet of voting booths was upheld last week in U.S. Dist. Court, Tacoma. Judge Jack Tanner agreed that while law "incidentally" violates media's First Amendment rights, "the state has an overriding interest to protect the polling places, to protect the peace, order & decorum."

Suit was brought by N.Y. Times, Herald of Everett (Wash.), and ABC, CBS and NBC, which said they will appeal to U.S. Appeals Court, San Francisco.

Cabler sues NCTA: RVS Cablevision, small Wis. MSO, has filed lawsuit naming NCTA, National League of Cities and U.S. Conference of Mayors as defendants, alleging they have restrained RVS's First Amendment rights and violated antitrust laws by endorsing and supporting concept of franchising. Suit, filed by attorney Harold Farrow, charges that franchising process is "corrupt" and has "a chilling effect" on reporting & commenting by cable systems on local govt. affairs. Suit, filed in U.S. Dist. Court, Sacramento, also charges that franchise system uses monopoly power to exclude competition, control content & services and fix prices. NCTA Pres.-elect James Mooney said: "Mr. Farrow's lawsuit is the legal equivalent of a spitball -- it does no damage but has a certain inherent nastiness. We are going to refer to outside counsel and not worry about it."

Robert Rosencrans has been fired as pres. of UA Cablesystems less than month after he engineered merger with GE Cablevision, making UA 11th largest MSO. He told us he'll leave company July 1. "I just wasn't prepared... I was totally nonplussed; I have no tangible explanation," he said. Rosencrans said he was given no warning or explanation by owner United Artists Theater Circuit (UATC) when he was approached "sometime after the middle of the month" about buying out his contract, which extends for another 18 months. "I was unaware of any disputes of any consequence between myself and UATC people. It [dismissal] was not of mutual agreement; I'm not comfortable in leaving," he said.

TV ad expenditures increased 16.9% during first quarter 1984, according to TvB. Network spending was up 19.3% to \$1.94 billion, local spot climbed 18.6% to \$712.2 million, national & regional spot increased 10.3% to \$844.7 million. INTV reports that top 25 advertisers spent \$152 million on independent stations during first quarter, allocating 59% of their spot billings to nonaffiliated stations.

TV and still cameras will be allowed in Vt. courtrooms during 2-year test announced by Vt. Supreme Court. Experiment runs from July 1 to June 30, 1986, court said.

MISS. LIQUOR AD BAN STANDS: U.S. Supreme Court has left intact Miss. statute banning wine & liquor advertising by all media. Without comment, Court on June 25 refused to hear arguments by billboard companies, TV & radio stations and U. of Miss. student newspaper that state statute violates their First Amendment rights. Refusal surprised many, given that Court just last week struck down identical ban in Okla. as it applied to cable TV (*Capital Cities v. Crisp*, TVD June 25 p1).

In that case, Court concluded that Okla. law unconstitutionally conflicted with broad FCC preemption policies, but didn't touch free-speech issues at heart of Miss. case. In Oct. 31 ruling, 5th U.S. Appeals Court, New Orleans, held that Miss.'s ad prohibition is legitimate effort to restrain liquor consumption.

Supreme Court probably felt issue raised in Miss. case wasn't ripe for review and was reluctant to tackle First Amendment questions, plus fact there was little conflict within 5th Circuit, attorneys said. "I'm disappointed, especially after reading the *Capital Cities* case," said Jackson, Miss. attorney Grady Tollison, who represented past & present editors of U. of Miss. student paper in class action suit that was consolidated with that of Lamar Outdoor Advertising. Some 52 newspapers and TV & radio stations had joined Lamar case. "Even though ours involved a slightly different issue, I had hoped they would decide in favor of the First Amendment," Tollison said.

Miss. case, which NAB planned to join if Court agreed to hear it, gives impetus to new group seeking national restraints on broadcast liquor advertising. Stop Marketing of Alcohol on Radio & TV (SMART) was launched last week by Center for Science in the Public Interest, D.C., which said it will lobby Congress to "either ban broadcast ads for alcohol or require [broadcasters airing liquor advertisements to present] a balance of health information about alcohol," SMART spokesman said.

NAB attacked SMART, saying group "neither addresses specific problems nor offers reasonable solutions." Notwithstanding last week's Supreme Court action, NAB maintained that alcohol manufacturers "have the First Amendment right to advertise the uniqueness of their products to the public." Also attacking SMART was American Ad Federation Pres. Howard Bell, who called proposal "completely misguided... Simplistic pronouncements banning alcoholic beverage advertising to counteract alcohol abuse will not solve this difficult societal problem."

Miss. & Okla. are only states that now ban broadcast liquor advertising. SMART spokesman said 15 states are considering similar bans.

CBS, without TV affiliate in Wilmington, N.C., will pick one up when WJKA (Ch. 26) goes on air in Sept.

STORER & T-M SWAP SYSTEMS: Having bloodied each other in Phoenix overbuild war, Storer Communications and Times-Mirror have decided to make peace by swapping 4 large systems each in clustering deal that gives growing Phoenix market to T-M while Storer takes Louisville area, MSOs said June 29. Some 446,300 subscribers are involved in transaction that is largest clustering deal to date, is expected to take 6 months to complete.

T-M will pay Storer unspecified millions in cash that Miami-based MSO needs to bolster its flagging profits. Also aiding Storer is fact that T-M systems it will get are mostly mature, needing little additional investment. "We're giving up long-term growth in return for an immediate improvement in cash flow," Storer Pres. Terry Lee told us, adding: "We're also giving up considerable commitment in future capital expenditures. It won't make much impact on the 1984 bottom line, but it certainly will on 1985's."

T-M will trade systems in N. Little Rock and Jacksonville, Ark., Point Pleasant Beach, N.J. and Louisville for Storer systems in Phoenix, Mesa & Paradise Valley, Ariz. and Laguna Beach, Cal. Groups of systems have roughly equal number of subscribers, but cash payment to Storer reflects growth potential of its relatively new systems, officials said. Systems they receive will cluster with both MSOs' existing franchises.

Deal is result of Phoenix overbuild war where No. 5 MSO Storer and No. 7 T-M have been going head to head under nonexclusive franchises for couple of years, sometimes stringing cable down opposite sides of same street. "Yes, this [agreement] arose over conversations we had over Phoenix," said Lee, adding: "We obviously feel that one company can do better there than 2."

Largest cluster Storer gets from deal is Louisville. It already has newbuilds serving several Campbell County suburbs and neighboring Covington, both 82-channel, 2-way. In Jan. 1983, Storer bought 36-channel system in Newport, also in Campbell County, from MetroVision. Gaining T-M's municipal system in Louisville gives Storer about 125,000 subscribers in that area, Lee said.

"These transfers of cable properties will allow both companies to achieve increased operating efficiencies," said T-M Cable TV Pres. Larry Wangberg. Neither company would speculate on impact on number of employees. Deal is subject to provisions of Hart-Scott-Rodino Act, will be reviewed by Dept. of Justice, FTC & FCC, as well as affected municipalities. "If we get this completed in 6 months I'll be happy," Lee said.

ABC has arranged for increase in available short-term credit from \$150 million to \$350 million. Proceeds of any borrowing "will be used for general corporate purposes, including the financing" of ESPN buy, ABC said.

MIAMI'S CABLE FEES REJECTED: Millions of dollars in "extra fees" assessed against Miami Cablevision for public & govt. access and other local projects -- such as payments to support police drug enforcement program -- have been ruled invalid by FCC in decision that will have national impact by setting clear boundaries as to what cable fees are permissible under Commission standards.

Fees in excess of 11% of gross receipts were being charged joint venture of TCI & Americable: 5% to Miami, 3% to Dade County, 3% (or \$600,000, whichever is greater) to support access services & facilities administered by Miami Cable Access Corp. (MCAC). In addition, system had paid \$200,000 for MCAC start-up expenses.

FCC hackles were raised by requirement that operator pay \$200,000 yearly to Miami Police Dept. to support drug enforcement program: "While the other provisions at least relate to cable access use, this requirement has nothing to do with providing service to cable subscribers and has no business in the franchise. Requirements such as this are clearly impermissible."

System franchised in 1982 (and still under construction) had paid local regulators about \$5.6 million in fees, mostly in initial lump sum to commence regulatory program. During recent 6-month period, Miami Cablevision generated about \$215,000 in subscriber revenues. Such upfront payments must be amortized over life of franchise so that total payments over 15 years don't exceed 5%, FCC said in June 29 decision.

In granting Miami's request for waiver of 3% cap on franchise fees, FCC said city can charge maximum 5% but those funds must be used to defray costs of administering franchise, not for noncable purposes. And while city may demand other services such as public, educational & govt. access, payments to support those services are allowable only if services are available to all subscribers.

City & county together can charge no more than 5%, said Mass Media Bureau Chief James McKinney, who signed order; how it's divided is up to govts., order said. Operator can put fees into escrow account until they decide, he said.

Unusual in Miami's defense of extra fees was argument that operator voluntarily agreed to those payments in excess of franchise fees. Since those payments aren't part of franchise fee, Commission has no jurisdiction to rule on their legality, Miami had argued. "If that were the case -- that we could review only those things that are specifically labeled franchise fees -- then half our cable rules would be null & void," FCC official said.

Miami cable officials had no comment on decision. In statement, NCTA said: "The Commission has made clear that a franchise fee by any other name is still a franchise fee and that its

limit on fees applies to the whole range of payments that cities commonly extract from cable operators." TCI legal spokesman said: "We're very pleased; we think it's a good decision of some financial benefit."

Decision sets stage for pending FCC review of several requests for fee waivers by other cities, including Phoenix, Portland, Ore., Fairfax County, Va., Milwaukee, Pittsburgh & Detroit. Some of those franchises call for extra fees similar to Miami's, FCC official said.

TCI'S PITTSBURGH PLAN: Right weapon to fight off VCR incursions in cableland is on its way to Pittsburgh, according to TCI Senior Vp John Sie. If city accepts TCI proposal to take over & revamp Warner Amex Cable Communications operation, Sie plans to go ahead with installation of one-way addressable service called Movie On Demand.

For pay-per-view charge of \$3-\$5, subscriber will get entire week, 16 hours a day, to watch single feature. Sie claims Addresso-Box decoders are available, at \$5 a month, as is computer software at Denver hq to track which viewers have signed on. He thinks fee emphasizes convenience of PPV, solves frustrations of VCR owners who have to wait to rent one of limited number of copies of hit cassette. "It doesn't have the limitations of retail," Sie told us. "It's a real home box office... it's what Telefirst couldn't do."

It's also what 2-way can't do. Sie considers that a fading technology, claims Movie On Demand will be better at "exploiting the advantages of cable," hopes to get under way in Pittsburgh this fall. As for go-ahead from studios for PPV window, "we hope it's not a problem."

TCI offer, made to city last week, calls for thorough revamping of WACC venture, which cost more than \$130 million to build, this year is expected to lose more than \$20.4 million shortfall in 1983. New operator would cease all interactive services, citing high cost of maintaining 2-way distribution and increasing failure rate of Qube boxes, estimated by Sie at 3% a month. Figure used to be 1% monthly, now is split evenly between problems with decoder itself and remote control. Replacement boxes, company told Pittsburgh, are 10 times more reliable. TCI also cites among WACC difficulties "the very high incidence" of billing disputes, major factor in PPV loss of \$5.6 million last year. Company will consolidate 23 local origination channels into 8, hoping to diminish WACC 1983 loss of \$7.9 million.

Programming packages include: (1) One 17-channel basic service, \$5.25 a month. (2) Three add-on satellite services -- WTBS Atlanta, WOR New York, Black Entertainment TV, Weather Channel (10¢ a month); Cable News Network, CNN Headline News, Learning Channel (\$2.75); all satellite services now on Qube tier (\$4.75).

Personals

Leonard Goldenson, ABC chmn., addresses first fall newsmaker luncheon of International Radio & TV Society Sept. 25 (Waldorf-Astoria Hotel, N.Y.) in spot usually reserved for FCC chmn.; ABC Sports correspondent Howard Cosell speaks July 12 at National Press Club luncheon, Washington; James Duffy, ABC TV Network pres., adds post of ABC Best. Group senior vp in charge of new office of communications "responsible for communicating the policies, performances and responsibilities" of Group "to broad range of publics."

Elected to CBS TV affiliates' board: Frank Roberts (Dist. 4), WREG-TV Memphis, re-elected; Berry Smith (Dist. 5), WSBT-TV South Bend; Nolan Qualm (Dist. 6), KCCI-TV Des Moines; appointed for 2-year terms in newly created districts: Dale Hazen (Dist. 9), KIMA-TV Yakima, Wash.; Ellis Shook (Dist. 10), KOLR-TV Springfield, Mo... John Luden, A.D. Ring & Assoc., elected pres., Assn. of Federal Communications Consulting Engineers; Warren Happel, Scripps-Howard Bestg., vp; William Ball, Carl Jones Corp., secy.; Charles Gallagher, Consulting Radio Engineers, treas... Robert Allen, exec. dir. of Okla. Educational TV Assn., elected chmn., Southern Educational Communications Assn., succeeding Lee Morris, exec. dir. of Miss. ETV; Terrel Cass, KEDT Corpus Christi, Tex., named vice chmn.; Richard Lehner, WUFT Gainesville, Ga., secy.; James Bauer, KUHT Houston, re-elected treas.

Roy Disney rejoins Walt Disney Productions board, elected vice chmn... David Bagliebter promoted to business & legal affairs vp, ProServ TV... James Wesley, ex-Cox Communications, named pres. of newly formed DKM Bestg., which is buying 9 Schering-Plough radio stations for \$62 million... James Robbins promoted to senior vp-operations, Cox Cable.

Ex-NAB Pres. Vincent Wasilewski, partner in Washington law firm Dow, Lohnes & Albertson, keynotes July 20-22 convention of Okla. Assn. of Bcstrs., Afton; among other speakers: Okla. Gov. George Nigh; NAB Vp-Regulatory Affairs Belva Brissett; Donald Zeifang, senior partner in Washington office of Cleveland law firm Baker & Hostetler... Andrew Seid advanced to financial & strategic planning dir., USA Network... Kenlyn Zschunke promoted to regional sales mgr., KHOU-TV Houston.

PBS Pres. Bruce Christensen addresses WETA-TV Washington Business & Industry lunch July 10, Mayflower Hotel... David West advanced to affiliate relations vp, CBS RadioRadio network; Frank Murphy moves to programming dir. from similar job at CBS Radio Network; Norman Ginsburg named mktg. & promotion dir.; Rob Carpenter mktg. & promotion mgr.

John David joins KOMO-TV Seattle as mgr.-promotion & press relations, new post... Tim

Bennett promoted to program dir., WLS-TV Chicago; Tom Remiszewski, ex-WRTV Indianapolis, succeeds Bennett as WLS-TV creative services dir.; Karen Dillon promoted to asst. dir... Ellen Rodman appointed dir.-corporate communications, Westinghouse Bestg. & Cable... William Guttman, Time Inc. assoc. gen. counsel, elected a vp and will become gen. counsel upon retirement of Gabriel Perle at end of year... Rosalyn Schram appointed dir.-community relations, NBC.

James Robbins promoted to senior vp-operations, Cox Cable, new post; Walter Schaar named gen. mgr.-Cox Cable Yakima, Wash... Jeanee Von Essen advanced to vp-Cable News Network in charge of foreign news gathering... Herman Rush named pres. of newly formed Columbia Pictures TV Group; Barbara Corday, independent producer, succeeds Rush as pres. of Columbia Pictures TV... Earl Weirich advanced to dir.-information services, CBN Network, new post; Jack Norman named dir.-creative services... Michael Doto promoted to mktg. operations mgr., C-COR Electronics, new post; Carolyn Fleming succeeds Doto as mgr.-sales administration; Janet Brumbaugh advanced to supervisor-inside sales.

Brian Kelley promoted to vp-sales, TIE/Communications... Joining Washington office of law firm Baker & Hostetler as partners: Gregg Skull, ex-Blum, Nash & Railsback; Edward Hayes, ex-Hayes & White; Mark Sullivan, ex-Hamel & Park... Raymond Banoun, ex-U.S. Attorney's Office in Washington, joins Washington law firm Arent, Fox, Kintner, Plotkin & Kahn.

Dean Taylor, ex-Times Fiber Communications, joins Burnup & Sims as senior vp-Cable Products Group... Patricia Tomaselli moves from parent Westinghouse Electric to Westinghouse Bestg. & Cable as mgr.-corporate security & safety... Laurence Rebich, ex-Group W Satellite Communications, appointed vp-mktg., Viacom's Lifetime... Peter DeMaria appointed vp-controller, Hearst Corp; Edwin Lewis named vp-treas.

ABC and League of United Latin American Citizens have reached agreement on minimum minority employment during Summer Olympics. ABC agreed that 25% of network's 3,500 employees (temporary & permanent positions) and 15% of all on-camera people will be black, Hispanic or other minorities. Also, of 36 L.A. locales featured during Olympic broadcasts, at least 9 will be in minority neighborhoods.

Ted Turner has leveled harshest criticism to date against 3 commercial networks. Addressing National Conservative Foundation in Washington, he charged networks produce "a constant barrage of stupid violence. In my opinion, the greatest enemy that America has ever had, posing the greatest threat to our way of life, are the 3 television networks and the people who run them."

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended June 15 (24th week of 1984):

	JUNE 9-15	1983 WEEK	% CHANGE	JUNE 2-8	24 WEEKS 1984	24 WEEKS 1983	% CHANGE
TOTAL TV.....	268,735	369,931	-27.4	389,876	8,657,670	7,900,899	+ 9.6
TOTAL COLOR...	220,840	253,090*	-12.7	217,345	6,649,816*	5,535,107	+20.1
DIRECT-VIEW..	218,115	251,609*	-13.3	214,280	6,578,913*	5,481,901	+20.0
PROJECTION..	2,728*	1,481	+84.2	3,065*	70,903*	53,206	+33.3
MONOCHROME....	47,892	116,841	-59.0	172,531	2,007,854	2,365,792	-15.1
TV EXCL. PROJEC.	266,007	368,450	-27.8	386,811	8,586,767	7,847,693	+ 9.4
HOME VCR.....	86,242*	54,749	+57.5	98,773*	2,574,182*	1,404,294	+83.3
COLOR CAMERAS...	6,745	7,015*	- 3.8	4,860*	175,937*	145,583	+20.8

Color TV (direct-view) 5-week moving average: 1984--252,064*; 1983--225,968 (up 11.5%).

Home VCR 5-week moving average: 1984--104,127*; 1983--62,946 (up 65.4%).

* Record for period.

COMPATIBILITY KEY TO 'SUPER VHS': VHS industry group is in preliminary stages of meetings to map improvements in system while preserving compatibility with existing machines & tapes -- as they did in VHS Hi-Fi. One of major keys to maintaining compatibility while enhancing video quality and increasing utility of VCR is new "notched" cassette.

Although no definitive information was available at press time, historically any developments by VHS group are mirrored -- often preceded -- by advances in Beta. One of most carefully guarded Beta secrets is use of new technology to develop machine that can record & play both Beta & VHS cassettes on same transport. However, there are some indications that this effort, believed to have been sponsored by Sanyo -- only licensee of both Beta & VHS -- may be dropped.

JVC Video Products Managing Dir. Shizuo Takano, known as "father of VHS," carefully lifted lid on some new developments last week in briefing & interview in Paris. In response to question, Takano said "preliminary discussions" were being held on developing "some method to show how much tape is left [in the cassette] for recording" as well as other "ways to improve the [VHS] machine."

Cassette notching system was first used in video by European V2000 format, whose cassettes have holes to let recorder know how much tape they contain so it can display indication of time remaining. Specifications for 8mm Video cassette, approved by Standardization Conference in 1983 (TVD April 4/83 p10), provide for "recognition holes which make an automatic detection of such parameters as kind of tape and tape thickness possible."

Notched cassette -- itself compatible with nonnotched cassettes -- could give future machines information not only on quantity of tape, but could tell them, for example, whether tape is oxide or metal type, and direct VCR to make automatic adjustments in signal processing, helping to preserve compatibility of any future "super VHS" system using new techniques for better pictures.

Takano, however, steadfastly declined to be drawn into discussion of possible parameters or timetable for any super VHS system. "We want to cool off this subject," he said, "because people will wait and won't buy" if there's talk of impending radical improvements. Nothing has been decided yet, he said. "We are carefully studying different methods" of improving VHS system. He indicated improvements will come "step by step, slowly & quietly... It's not a good idea to have a revolutionary improvement in 2-3 years. In 7-8 years, the system will be much improved." However, at same time he talked of picture improvements comparable with VHS Hi-Fi's quantum leap in sound.

His comments indicated possible split within VCR ranks, since there's definite movement in Japan looking toward machines with 400 lines, 50dB signal-to-noise ratio in both VHS & Beta, some authorities seeing this as possibility in 2 years (TVD April 23 p10). "Many people don't realize the improvements which already have taken place," said Takano. "The original idea of 8mm was to make it much better than VHS or Beta. Actually when 8mm arrived, the picture quality of VHS & Beta had been much improved" to point where 8mm provided no advantages.

Whatever happens, JVC is firmly committed to retaining format compatibility. "If a completely new format is ever necessary, it should be when the broadcasting system is changed" -- presumably to widescreen high definition.

JVC announced last week it would triple production of VideoMovie by end of July from starting rate of 10,000 monthly; current output is 20,000. Takano said further increases would begin after start of sales in Europe in Aug. Shipments to U.S. began in June for sale under JVC & Zenith brands. In answer to question, Takano said miniaturized transport system used in VideoMovie could be applied as well to full-sized VHS cassette, leading to conjecture that slightly larger machine with longer playing time is under development by JVC, as it is known to be by other VHS makers. Next VideoMovie is expected to be autofocus model, due by next year, following Sony's introduction of autofocus Betamovie.

JVC's Takano seems to think 8mm crisis is past, thanks to VideoMovie. Asked about some Japanese manufacturers' ambivalent attitude toward 8mm Video format, he replied it was true that Japanese factories "made possible the launch in other countries." Because "for some time there was talk about 8mm as the next generation, manufacturers wanted to get on the bandwagon." Now, he said, they're "forced to make 8mm only because they invested money in production facilities -- but they're not thinking of making big money in it, and they don't really believe it is the wonderful product to market."

Asked to analyze Kodak's entry in 8mm market, he said "the No. 1 camera manufacturer [was] a bit late in getting into electronic imaging," after such competitors as Fuji & Konika, and that it had to get into videotape quickly through OEM route. He called 8mm hardware entry "an understandable afterthought... they decided they might as well add the 'next generation' to their line."

As for possibility new head drum and tape wrap designs could lead to combination VHS-Beta recorders, Takano said: "Hardly anything in the world is impossible."

GE-BERKEY IN PHOTO OUTLET SALES DRIVE: In tit-for-tat aimed at offsetting growing presence of film photography brands on video equipment being sold through in traditional consumer electronics outlets, GE is moving to get shelf space in camera stores. It will try to crack that market by taking what for GE is highly unusual route of selling through an independent national distributor, Berkey Photo, marketer of camera supplies and film processing services. While some GE consumer products are sold by distributors and reps, all Video Div. products now move through factory-owned sales branches.

Berkey will start selling GE VCRs, cameras and color TVs to camera stores this fall under agreement that limits its marketing effort to photo specialty outlets. "We don't see camera

dealers as a major force, just incremental, but they are growing," we were told by GE Video Div. Mktg. Mgr. Rick Williams. He estimated that photo stores represent only about 5% share of video market now, "and they may never be a big factor. They see the movie market shrinking and they are getting into video. The question is, with who? We want a piece of that pie. Why should the Nikons and the Canons have it all to themselves?"

GE's now-postponed commitment to 8mm Video camcorder, which will be touted as electronic replacement for home movies, was an issue in decision to go through photo stores, "but not a major one. We've been looking at this for some time, and the stores will be handling a broad line," Williams said. Stress will be on high-end equipment, particularly top-of-line color cameras. "Those dealers have the skills when it comes to demonstrating and they are used to taking the time to explain how to use it." Because of sales effort involved, "they only want to handle the more expensive, higher profit equipment." In VCRs, Williams said, camera stores are expected to concentrate on portables and high-end home decks, including VHS Hi-Fi models. Color TVs are incidental. "They'll need something to demonstrate with," and sales emphasis will be on monitors.

As for going through Berkey, Williams said: "We felt we could execute this on our own, but that we could do it better with somebody who really understands that market. If we only wanted to reach the major stores we would have had no difficulty, but what we really think is the opportunity is to go broadly into that channel, hit the bigger guys of course, but also Bob's Camera Shop." Reaching the host of small, low-volume neighborhood camera dealers would be economically questionable for GE, "while Berkey has more latitude. He has a broader business relationship," and can set up total multiproduct merchandising packages that GE couldn't match on its own, Williams said.

GE brand name isn't total stranger to photo dealers, who handle company's flash bulbs and, through Berkey, batteries. Whether that dealer brand acceptance will be carried through to video gear "is an issue," Williams acknowledged. "I don't know. We think it will and Berkey obviously thinks it will, but that's something we'll just have to find out."

GE action is yet another in series of brand/product crossovers and distribution changes that are sweeping through the industry as manufacturers find themselves forced to meet changes in market demand & character. Hi-fi producers are joining in move to video as quality stereo sound becomes seemingly more important selling factor -- among new brands now preparing for video entry are Denon, Harman-Kardon, Marantz & H.H. Scott. In something of counter to that video encroachment, Magnavox shifted to reps for audio sales to get broader distribution, Quasar is considering similar action, and RCA is preparing for return to high-end hi-fi with video-related system package this fall.

RCA MOVES INTO MONITOR MARKET: After year of groundwork, RCA is ready to launch fullscale entry into growing data display terminal market, will unveil its new line of color & monochrome models for sale to OEMs & distributors at National Computer Conference opening in Las Vegas July 9 and move into consumer monitor market next year, according to Group Vp Jack Sauter.

RCA detailed intention to enter field last year (TVD April 4/83 p14), and "we have now got our operation in full force," Sauter said. It will be multi-resource operation, involving company's Video Components & Display Div., New Products Div. and Consumer Electronics Div., with R&D and engineering aid coming from RCA Labs.

Production, too, will come from variety of RCA facilities. Sauter said all color monitors would be assembled in U.S., with VCDD plant in Lancaster, Pa., handling "shorter model runs of 50,000 or less annually," color TV plant in Bloomington, Ind., taking on responsibility for higher volume models. Components, subassemblies and other support will come from RCA-owned plants in Mexico & Taiwan.

Taiwan, where RCA is more than doubling plant investment to \$27.3 million from \$12.5 million, also will be handling monochrome monitor output. Sauter said production there is under way already "for existing customers and we expect some new orders before the middle of the year." As for color, "we will begin production later this year for a multiyear commitment that we have with a very significant major computer maker," Sauter told us. RCA's output will include both free-standing monitors and chassis with tubes for insertion into terminals by OEMs.

RCA has high hopes for growing participation in what it sees as rapidly expanding market. Sauter said company estimates 5 million data monitors will be sold this year, with 15% in color. "By 1988, it's going to 10 million, with 40% in color, and the home market demand could add another 2 million, all in color," Sauter said. RCA sees monitors as \$1.5 billion market by 1990.

Though Sauter acknowledges import competition is stiff, he said RCA "is matching them right now on pricing" and has a continuing edge because "we are vertically integrated; we don't have to start up major new resources, just add to the ones we have now." RCA, he pointed out, "has worldwide sources and leveraged procurement. We're building a very, very high quantity of TV sets and they use common components." In addition, Sauter said, customers want supplier able to meet specifications demanded for customized product "and prefer working with a U.S. company where there is ease of communication and shorter delivery time." RCA, he said, can meet "the spectrum of demand from the range of U.S. computer companies, from those who need small quantities to companies with long runs and high annual volume. There is an excellent opportunity for us to participate in that breadth of market."

In 1985, Sauter said, "RCA Consumer Electronics will be offering both monochrome & color monitors for home use." Unlike some other home monitors on market, these will be specifically monitors, not receivers with input jacks, he said. In color, he indicated, RCA is likely to have 14" & 20" monitors with square corner medium resolution tubes.

Of course it's not just competition from imports RCA will be bucking. In expanding from consumer TV sets to monitors, it's following path taken 2 years ago by Zenith. Monitor, and related power supply business, has become Zenith's fastest growing sales area, and company is in process of building plant in U.K. to serve European market. Zenith claims it's biggest seller of monochrome monitors in U.S. Most of its mono production, along with its b&w TV output, is in Taiwan.

Hitachi will be Japan's biggest R&D spender in current fiscal year, with scheduled outlay of \$929 million, according to compilation by Japan Economic Journal. Consumer electronics-related companies occupy 15 slots in top-50 list, including: NEC, ranked 3rd at \$841 million, Toshiba 4th at \$664 million, Matsushita Electric 7th at \$531 million, Sharp 13th at \$215 million, Sony 14th at \$197 million, Canon 15th at \$177 million, Fuji Photo 16th at \$159 million, Matsushita Communications 20th at \$119 million, JVC 22nd at \$111 million, Matsushita Electric Works 30th at \$96 million, Sanyo 31st at \$95 million, Tokyo Sanyo 32nd at \$91 million, Asahi Glass 38th at \$71 million, TDK 47th at \$61 million. Matsushita's total outlay of \$746 million, excluding that of subsidiary JVC, would rank it 6th on combined basis, while Sanyo-Tokyo Sanyo together at \$186 million would be good for 15th place.

Taiwan expects only about 5% rise in calculator exports this year to just over 30 million, though shipment value is seen rising about 17% to \$120 million. Helping value increase is continuing production shift to solar powered models, which now account for 65% of production.

Jensen is orphan in restructuring of Beatrice Foods, which recently completed acquisition of Jensen's parent, Esmark. Beatrice said Estronics, umbrella unit for Jensen, Discwasher, Advent & Phase Linear operations, is candidate for divestment, and so isn't being assigned to any of its new operating groups. On interim basis, Estronics will report directly to Beatrice Chmn. James Dutt. Beatrice said it soon will announce detailed disposition plans for Estronics and other Esmark units it doesn't intend to retain. Estronics recently reorganized to put operating responsibility for Jensen video, home & auto audio as well as Advent and Phase Linear under Senior Vp Jon Passini, leaving Discwasher to function independently. Move is viewed by outsiders as preparation for separate sales of Discwasher and Jensen.

Video Software Dealers Assn. convention in Las Vegas Aug. 26-29, expected to attract at least 1,400 attendees, has 230 exhibits, will feature seminar sessions on hardware, regional organization, distribution, advertising and merchandising adult titles. Pioneer Video's Ken Kai will be featured speaker.

JVC NET UP: JVC credited strong demand for video equipment in N. America and Japan for 10.7% rise in consolidated sales to \$2.89 billion in year to March 20. Aided by efficiency improvements and inventory reduction, net rose 8.2% to \$102.6 million. Export volume advanced 10.9% to \$1.92 billion, while home market sales were up 10.4% to \$975.5 million.

JVC said sales of video equipment, including VCRs, increased 12.9% to \$1.82 billion. Audio also showed improvement, with 6.9% rise to \$527.3 million, while phono records and music tape business had 17.5% revenue decline to \$130 million. Sales of TVs and other products were up 19% to \$410.2 million.

JVC said it will be putting stronger emphasis on new products this year, including establishing "strong base for VHD videodisc systems." Also to be stressed are video software and "information-related equipment for the audio-video-computer era."

Tandy said sales were "disappointing" in fiscal 4th quarter ending June 30, expects to report 15-22% decline in net for period to \$58-\$63 million. As result, company said, earnings for year are expected to be up by only 1-3%, in \$281-\$287 million range.

Company blamed decline on computer product shortages stemming from shift in mix and tight component availability, said results also were impacted by need to meet price competition. Tandy said it expected new computer products and improved inventory situation would result in return to sales growth this fall. Among new noncomputer products, company said, would be its first VHS Hi-Fi VCRs and CD digital audio players. Cellular radio-telephones will be added to line in March.

Matsushita earnings on parent-only basis rose 17% to \$223.6 million on 21% sales gain to \$6.69 billion in half to May 20. Company's largest growth segment was electronic components, with 43.7% rise to just over \$1 billion, while communication & industrial equipment volume climbed 38.1%. In Matsushita's biggest segment, TV & video equipment, sales increased 20.9% to \$2.03 billion, paced by 31% increase for VCRs to \$1.44 billion, while sales of audio equipment rose 3.8% to \$618.7 million. Home appliances advanced 8.8% to \$1.14 billion, volume from batteries, solar energy, batteries and kitchen products 3.4% to \$375.8 million, and sales of other products 9.3% to \$211 million.

Matsushita said sales in Japan increased 15.5% to \$4.34 billion, and export volume rose 32.7% to \$2.22 billion, helped by notable hike in shipments to U.S. As result of strong first half, company has boosted its estimates for full year, now expects earnings to reach at least \$97.2 million on sales of \$13.6 billion in fiscal 1984.

Corning net more than doubled in 2nd quarter, with help of \$6.5 million one-time tax credit. While first-half earnings were up just 23%, 1983 period included nonrecurring profit of \$22.2 million on disposal of shares in Owens-Corning Fiberglas.

GAME COPIER SUIT: Does U.S. Supreme Court Betamax Case finding, that sale of copying equipment can't be banned just because it may have infringing use, apply to noncommercial videogame cartridge duplicators? It does, claims JS&A, Chicago mail-order marketer of advanced electronics, in appealing U.S. Dist. Court, Chicago, preliminary injunction against sale of videogame cartridge copying device.

Product involved, called PROM (Programmable Read Only Memory) Blaster, allows user to make copy of any Atari 2600 game program on programmable cartridge. It's made by Control Technology of Webster, Tex., and JS&A sells it with 5 blank cartridges for \$119.

Injunction was granted at request of Atari, which has filed suit charging device infringes on its copyrights & patents, represents unfair competition. In appeal, JS&A says Judge Bernard Decker was incorrect in finding there was no substantial noninfringing use of product. Company says that while unit could turn out illegal copies, it's intended to give cartridge owners opportunity of making backup copies of programs they own, an activity permitted under copyright law.

In brief filed in support of Atari, Assn. of Data Processing Service Organizations argues Supreme Court case was concerned only with copying material that had been broadcast, not with programs offered only for sale. ADPSO says that JS&A failed to show likelihood of cartridge failure that would justify consumer need for backup copy.

International Trade Commission, which agreed U.S. copper producers have been injured by imports and need protection (TVD June 25 p16), has split on remedy. Agency will send 2 recommendations to President Reagan, one calling for 5¢ per lb. import duty surcharge, other for annual import quota of 425,000 tons, or 16% less than 1983 imports. Either would expire after 5 years unless extended. Industry supports quota, as surcharge still would leave foreign copper priced 12-14¢ below 82¢ per pound generally charged for U.S. product. President will have until Sept. 16 to impose remedy or seek voluntary export agreement with major source countries. Other option would be to take no action at all, and explain reasons to Congress.

BASF Systems has opened \$7 million, 80,000 sq. ft. computer disc manufacturing facility in Bedford, Mass. Company said new plant will enable it to start production of 3.5" discs, expand 5.25" output to include higher density 1.6 & 3.3 megabyte discs. On consolidated basis, BASF reported worldwide sales of 20 million discs last year, giving it estimated 8% share of international market, and expects to double disc sales in U.S. this year. U.S. arm of BASF Systems produces & markets video, audio & computer tape as well as hard & floppy computer discs, also distributes printing plates & processing equipment, had sales of \$110 million in 1983.

WARD'S FALL-WINTER BOOK: Montgomery Ward features 11 VCRs with 6 brand names in its Fall-Winter catalog, while in color TV it has dropped Sony and RCA brand models, lowered price points, trimmed prices on most holdover models. MTS stereo-equipped TVs or adaptors aren't mentioned at all, in sharp contrast to Sears, which spotlighted its new stereo-equipped or adaptable sets and an adaptor in new catalog (TVD June 25 p15).

In VCRs, MW's Beta models start with Sanyo wireless at \$430 and 3-head 8-event model at \$530, with Sony wired remote leader at \$500. GE VHS starts at \$500, with portable at \$750, dockable portable at \$1,150, VHS Hi-Fi at \$1,250. Ward's own VHS is \$500, with 5-event wireless at \$600. Panasonic 2-event wireless is \$600. RCA VHS Hi-Fi is \$900. Two cameras are featured, both GE -- palm-held at \$650, high-end autofocus \$1,000.

Color line, all MW brand, starts with mechanically tuned 13" at \$230, down \$40 from similar model featured in Spring-Summer catalog, steps to remote with 139-channel tuning, video-audio jacks and on-screen time-channel display at \$350, down \$50 from discontinued similar version with LED channel display. Leader 19" is mechanically tuned at \$300, down \$50; new model with 14-position 105-channel tuner is \$340, and up-down remote step-up is \$400; holdover with 112-channel programmable scan remote is \$420, down \$60; new model with random access remote is \$440. Top of 19" line is 19" version of 13" remote at \$450, down \$50 from discontinued model without on-screen display.

In 25" table models, MW dropped former \$600 leader with scan remote, now starts with 125-channel random access at \$680 (down \$20), steps to 130-channel version at \$700. Console leaders with keypad tuners are \$600, replacing group of similar RCA models at same price; holdover double-sided console with one-knob electronic tuner also is \$600, down \$30. Keypad 125-channel remote trio is \$670, unchanged, as is double-sided step-up version at \$700. New double-sided remotes with 130-channel tuning are \$750, and high-end holdover with comb filter is \$900, up \$10.

In 12" b&w, MW dropped \$80 AC-only leader, now starts with GE-brand monitor-receiver at \$90, follows with GE AC/DC at \$90, replacing own-brand version at \$100. New 5" battery portable with FM-AM is \$100, down \$20 from discontinued TV-only model.

In computers, MW boosted Atari 800 XL \$70 to \$320, hiked Commodore 64 \$30 to \$220, dropped Atari 400, Commodore Vic 20 & Coleco's Adam from listings, though it continues Adam software. Atari disc drive is up \$50 to \$450, cassette record was raised \$10 to \$100, while printer was left unchanged at \$350. Commodore's drive, however, is down \$30 to \$270 and printer is down \$20 to \$250. Catalog has no videogames, but includes Atari 2600 & 5200 and Colecovision cartridges.

SALES LEVELING OFF: Did June mark beginning of end of video boom, or just a breathing spell? It's too early to say, but most products -- including VCR but excepting projection TV -- showed tendency to level off or decline in first 3 weeks of 5-week month.

It was most obvious in color, which had 2 back-to-back weeks of decline from comparable year-earlier periods -- first time that's happened since Oct.-Nov. 1982. For June's first 3 weeks, color sales were down 5.2% from last year, as decreases of 11.3% & 13.3% in 2nd & 3rd weeks outweighed 11.8% rise in first week.

VCRs had 2 consecutive weeks of sales below 100,000 units, and in June's 3rd week they were lowest since early Jan. All weeks this year have set records in VCR sales, but 5-week moving average has trended downward at time of year when it normally is increasing.

Like color TV, camera sales have suffered 2 consecutive weeks of declines. For first 3 weeks in June, they're off 14%. Monochrome TV sales are down 30.8% for June's first 3 weeks. Projection TV alone continues to advance at strong pace, up 51.4% for month to date.

Gone With The Wind may be first underground videocassette hit in U.S. Feature is licensed for overseas duplication & sales by MGM/UA, which can't sell it here because of restriction in exclusive TV broadcast rights contract with CBS. Unauthorized copies showing up are believed sourced in Japan, where title is sold with original soundtrack, Japanese subtitles. Instant Replay, Waltham, Mass. direct mail retailer, offers Japanese optical disc version of GWTW in its June-July catalog at \$56.95. Copies made in Japan are licensed for local sale only, and importation & sale in U.S. is copyright violation, leaving vendor open to legal action. Also, such copies aren't covered by first-sale doctrine, so retailers can be sued for renting them.

Tokyo Sanyo plans to boost VHS production 60% above May level by year's end, bringing it up to 160,000 monthly, with completion of planned acquisition of Kaizuka Sanyo plant, which formerly produced Beta recorders, from Sanyo Electric. Sanyo is producing 170,000 Beta recorders monthly. Sanyo's German plant is now in production, turning out 10,000 Fisher brand VHS VCRs using transports from Tokyo Sanyo (included in Tokyo Sanyo VCR total). JVC, meanwhile, says it will be producing at rate of 400,000 monthly, including VideoMovie, by year's end.

Beta VCR output by Sony's 51%-owned venture in Taiwan is slated to start in Sept. at 3,000 monthly rate, eventually expand to 5,000. Sony said Taiwan-made VCRs will contain up to 35% local content by end of first production year, 59% after 3 years. Sony said it aims to recapture 50% share of Taiwan's VCR market it held until last year, when restrictions were imposed on complete set imports.

Consumer Electronics Personals

Bernard Appel advanced at Tandy's Radio Shack Div. from mktg. exec. vp to pres... Joseph Giametta promoted at Samsung from national sales administrator to east region sales mgr... Ron Costa, ex-Marantz exec. vp, joins computer accessories marketer Practical Peripherals as exec. vp... Robert Berke, ex-Clarion, appointed Jensen Car Audio west region sales mgr.

Arthur Spencer-Bolland appointed chmn. of new British National Federation of Video Assns... Lamont Winkelman promoted to general plant mgr., VCA Duplicating West; Melissa Jones becomes production coordinator, VCA Duplicating Consumer Div.; Douglas Stone joins S/T Videocassette Duplicating as vp-gen. mgr... Douglas Booth promoted at TDK from west region mgr. for professional-industrial sales to industrial products national sales mgr... Matthew Brown appointed operations vp, Artec, New England video software distributor.

William Denes, formerly with CBS Electronics, appointed CBS Software sales vp; John Rosen, ex-CBS Electronics, named mktg. vp; Marilyn Rosenblum, product development dir., named vp; Robert Lovler, ex-CBS Specialty Stores Div., appointed operations vp... Robert Lane, one-time Commodore pres., forms Clinical Reference Systems, computer software developer... Gary Jose named Creative Software national sales mgr; Bonnie Pettengill appointed ad dir.

David Krueger advanced at Littelfuse from automotive fuses mgr. to circuit protection devices mgr., with additional responsibility for electronic fuses, formerly handled by Arthur Steele, retired... Stuart Horton promoted at CES Publishing from vp-COO to pres.-CEO, succeeding Richard Ekstract, named chmn., new post. Company has moved to 345 Park Ave. S., N.Y., 10010.

Karl Home Video has shipped more than 100,000 copies of Money Hunt in first week of sale. It's first video treasure hunt, with clues on how to find loot woven into mystery story. Sales total is substantially less than KHV's prelaunch order target of 250,000 and total goal of at least 500,000, but company says many major accounts haven't yet placed orders, and heavy reorders are anticipated. Featuring of cassette on Entertainment Tonight and other TV shows is expected to boost interest. Viewers have until Sept. to solve riddle and claim \$100,000 jackpot. As sales will then come to halt, KHV is offering to exchange any copies left in dealer inventories after contest deadline.

Korean TV exporters are running ahead of projections for year in b&w, but are lagging in color, according to Jan.-May figures. In b&w, shipments for first 5 months were valued at \$130 million, representing 50% of industry target for year, while color, at \$186 million, was only at about 33% of annual goal.

WEEKLY

Television Digest

with
Consumer Electronics...
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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Paul L. Warren Senior Editor & Associate Publisher

Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable & Station Coverage Atlas, Satellite Week, Video Week, Communications Daily, biweekly Connections (jointly with Economist, of London), biweekly Public Broadcasting Report and other special publications.

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Franklin Computer followed major layoffs (TVD June 25 p18) with Chapter 11 bankruptcy filing. In prepared statement, Franklin said it's seeking protection from creditors because its declining revenue isn't enough to meet operating costs. Franklin is late with delivery of new CX computers, said it dismissed 160 workers because of disc drive shortage that was holding up production. There are reports shortage stemmed from Franklin's inability to meet supplier payment terms. In court filing, Franklin said it has assets of \$33.9 million, liabilities of \$22.8 million. They show company still owes Apple \$657,000 of \$2.5 million it agreed to pay in Jan. to settle computer copyright infringement suit, \$449,000 in related legal fees. Largest unsecured debt is \$920,000 owed to IC supplier Texas Instruments.

International Trade Administration is adding Alps, Hitachi, Mitsumi & NEC to list of firms excluded from 1970 finding that Japanese manufacturers were dumping tuners of types used in TVs & radios in U.S. market. In tentative ruling, ITA said it found those firms with no sales at less than fair value in 2 years to Nov. 30, 1982. Since 1975, ITA has excluded tuners from JVC, Matsushita, Sanyo, Sony & Toshiba from finding. Importers bringing in tuners from excluded manufacturers don't have to post cash bonds to cover possible future assessment of dumping duties. Bond required on tuners from other Japanese producers ranges from 1.9% to 23.66% of value, depending on source company.

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JULY 9, 1984

VOL. 24, NO. 28

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NO CONSENSUS AT FCC ON 7-7-7 but agency expected to relax ownership restrictions at July 26 meeting. Proposals include no limit; restrictions based on number of stations or percentage of homes. (P. 1)

HIGH COURT NOTES DEREG INTEREST for commercial stations in overturning law banning editorials on public stations. Expresses interest in taking another look at scarcity rationale, fairness doctrine. (P. 2)

NCTA UNDER GUN TO REWRITE HR-4103, pressured by Cal. group, CATA, other segments of industry that find bill unacceptable. (P. 4)

NCAA OFFERS 1-YEAR TV PLAN, calls for single Sat. time slot that could feature up to 4 national games. (P. 5)

NICHOLS TO MOVE FROM TOP AIDE to Fowler next month to become vp-gen. counsel of Comsat. Belvin, Fritz, mentioned as successor. (P. 5)

NCTA NAMES CARP EXEC. VP to succeed Mooney, who assumes presidency as Wheeler moves on to NABU. (P. 6)

SENATE APPROVES \$94.1 MILLION for FCC in fiscal '85, same as House. (P. 6)

NO CONSENSUS ON 7-7-7 BUT FCC ACTION IS EXPECTED: Although there's no consensus among FCC members on relaxation of Commission's TV-radio ownership limits, "you can bet something is bound to happen," according to official close to negotiations on FCC's 8th floor. Item is scheduled for consideration at July 26 meeting -- will be put off until fall if it's not ready or there's no agreement at that session. Mandatory Aug. meeting is scheduled for the 8th, when Comr. Rivera & family will be vacationing in France and he will object to bringing highly controversial item up when he is absent.

Current restrictions limit single owner to 7 TV stations, 7 AMs & 7 FM. Outstanding rulemaking would relax limits and Office of Gen. Counsel is drafting order for consideration July 26 -- although staff isn't expected to formally recommend course it thinks Commission should take but merely outline options for consideration.

Consumer Electronics

SANYO'S 8mm PORTABLE, weighing 2.4 lb., goes into production in Sept. for sale here at \$1,500. Pioneer reportedly plans 8mm output. (P. 8)

JAPAN'S VCR EXPORTS to U.S. more than doubled to 887,800 in May. Color exports also nearly doubled, while b&w shipments tripled. (P. 9)

VCRs' RELIABILITY record compares with TV despite newness and high mechanical content. Bad tape, head cleaners among villains. (P. 9)

END OF BOOM in color & VCR could be at hand. Industry watches figures closely as color sales pace plummets, VCR levels off, cameras dip. (P. 11)

EMERSON NOW VIDEO company, says TVs & VCRs will provide more than 60% of sales this year. It's eyeing 4% color, 10% b&w market shares. (P. 11)

TRAMIEL BUYS ATARI home computer & videogame business for \$240 million in notes, setting stage for market showdown with Commodore. (P. 12)

CED DISC distribution is largely being taken over by RCA as suppliers end custom-pressing pacts. RCA 'pleased' with CED pullout. (P. 13)

VHD SALES of 200,000 disc players, 1,000 titles, forecast by JVC this fiscal year. (P. 13)

And those options -- no limit on number of stations owned, numerical limit, limit based on percentage of U.S. TV homes single owner could serve, combination of numerical & percentage limits (whichever is smaller) -- have commissioners split 4 ways. While nobody but Comr. Patrick would speak for record, we've determined these are current positions of other 4:

Chmn. Fowler -- No numerical restrictions on ownership, with sunshine provision to take another look at impact down road. (We're told whatever Commission does, there will be sunshine clause with some favoring 2 years, some 3.) Quello -- Numerical limit of 12 VHF's, no limit on UHF's. Also being discussed within FCC is limit of 14 TV stations. Dawson -- Percentage limit, with 25% of U.S. homes served most often mentioned, but others say that's too low, that if percentage limit is placed it should be at least 30%. According to FCC figures, Metromedia TV stations now cover 23% of U.S. homes, ABC-owned stations 21%. Rivera -- Combination of numerical & percentage of homes limit. He reportedly hasn't decided what either limit should be. Patrick said that "the only conclusion I've reached is the rules seem to be arbitrary at present and probably should be changed."

Commission sources said so far Quello & Dawson have been adamant in their positions. "A consensus may be very hard to come by," we were told. "But, remember, there's still nearly 2 weeks until the meeting and a lot can happen in that time." Discussions among commissioners and their staffers were heavy last week and negotiations for consensus are likely to intensify this week. Also, there's still no consensus among commissioners on whether ownership limits on networks should be more restrictive than those on other owners. Early speculation on changes in 7-7-7 had centered on more liberal rules for radio ownership than for TV but now we're told any limit likely will be same. Commissioners reportedly didn't have anything in writing from gen. counsel at weekend.

TV networks and major group owners very much want rule relaxed, while many smaller groups and individual owners are against any change, have told commissioners so. Those against relaxation say number of individual owners will greatly decrease and local service will suffer, among other reasons for opposing change.

At July 12 meeting, Commission is expected to deny reconsideration of its decision preempting state & local cable rate regulation authority for all but basic service. Nev. Public Service Commission, National League of Cities and Dallas are seeking reconsideration, but in light of U.S. Supreme Court's decision in *Capital Cities vs. Crisp*, "there's no way we'll go back on that," FCC official said.

HIGH COURT NOTES DEREG INTEREST: In decision last week declaring unconstitutional ban against editorials on TV-radio stations that receive federal funds, U.S. Supreme Court majority included couple of footnotes that give new emphasis to move to abolish fairness doctrine and regulation of broadcasting based on spectrum scarcity. Court's language, in 5-4 decision, has been called very significant by opponents of doctrine and clear signal that Court is eager to reconsider *Red Lion*; backers of doctrine disagree.

Decision for majority was written by Justice Brennan, and here's language that excited broadcasters and FCC & congressional deregulators: Footnote 11 -- "The prevailing rationale for broadcast regulation based on spectrum scarcity has come under increasing criticism in recent years. Critics, including the chairman of the FCC, charge that with the advent of cable and satellite television technology, communities now have access to such a wide variety of stations that the scarcity doctrine is obsolete... We are not prepared, however, to reconsider our long-standing approach without some signal from Congress or the FCC that technological developments have advanced so far that some revision of the system of broadcast regulation may be required."

Footnote 12 -- "We note that the FCC, observing that 'if any substantial possibility exists that the [fairness doctrine] rules have impeded, rather than furthered, First Amendment

objectives, repeal may be warranted on that ground alone,' has tentatively concluded that the rules, by effectively chilling speech, do not serve the public interest and has therefore proposed to repeal them... Of course, the Commission may, in the exercise of its discretion, decide to modify or abandon these rules, and we express no view on the legality of either course. As we recognized in *Red Lion*, however, were it to be shown by the Commission that the fairness doctrine 'has the effect of reducing rather than enhancing' speech, we would then be forced to reconsider the constitutional basis of our decision in that case."

FCC Chmn. Fowler wouldn't comment for record, but he was known to be delighted. FCC Gen. Counsel Bruce Fein said Footnote 11 is "enormously significant" in fight against fairness doctrine because it puts broadcasters in position to receive same First Amendment rights as print media. Reference to *Red Lion* also is significant because "new players on the Court" indicated "a favorable inclination" to revisit "the chilling effect" of doctrine. "Otherwise, why would the Court repeat what it has already said."

NAB Gen. Counsel Henry Bauman called language "very significant even if its dicta in a footnote... It's very encouraging" and unusual that Supreme Court would invite FCC & Congress "to submit evidence" on scarcity rationale and express willingness to reexamine underpinnings of fairness doctrine. He predicted FCC will "seize the opportunity to get something moving as soon as possible." Ex-FCC Chmn. Richard Wiley said Footnote 11 "shows the open-mindedness of the Court when we had no reason before to expect that the Court felt that way." Before, he said, high court always had made First Amendment distinction between broadcasting & print because of scarcity rationale.

There immediately was speculation of what case would be used to test how far Supreme Court is willing to go in rethinking scarcity rationale and validity of doctrine. Cited as possibilities: (1) FCC's outstanding inquiry into fairness doctrine, cited by Court; (2) proposed inquiry into regulations over programming content, which Fowler wants out before Aug. recess; (3) Commission staff ruling last week that NBC didn't violate doctrine in its coverage of war in Lebanon last summer. Complaint was filed by Americans for a Safe Israel, which charged NBC coverage contained "bias and misrepresentations" intended to influence U.S. foreign policy through anti-Israel propaganda.

Comr. Rivera said "everybody [favoring repeal of doctrine] is reading too much into those footnotes." He said Court was just being "prudent" in repeating what it already had said in *Red Lion*, and that "if things change, we want to know about it." Samuel Simon, exec. dir. of Telecom Research & Action Center, said: "I wish they [footnotes] weren't there, but I don't think they are all that significant... For broadcasters, its like putting a piece of red meat before a hungry dog."

In throwing out ban on editorials on public stations, Court said stations may air editorials provided they run disclaimer that editorial isn't necessarily federal govt.'s view. In majority were Justices Brennan, Marshall, Powell, O'Connor & Blackmun.

Restrictions "far exceed" what's needed to protect against assumption that public broadcasters' editorials would represent govt.'s official view, majority said. "It merely bars a station from specifically labeling such issues as its own or those of its management," opinion said.

PBS case stemmed from 1979 challenge by L.A.-based Pacifica Foundation, licensee of 5 public radio stations, was supported by Rep. Waxman (D-Cal.) and League of Women Voters. Carter Administration wouldn't contest issue, but Reagan Administration did and case was argued before U.S. Dist. Court, central Cal., which ruled against Administration. Pacifica also challenged provision that prohibited federally aided public stations from endorsing political candidates, but issue was dropped and ban remains.

NCTA PRESSURED TO REWRITE HR-4103: Suddenly all bets are off on whether cable industry wants -- or needs -- passage of deregulatory bill HR-4103 because wide segment of industry now views it as only marginally beneficial in wake of recent actions by FCC and especially by U.S. Supreme Court. NCTA's once near-unanimous support for national cable policy has evaporated; last week it became unclear whether there's any industry consensus in support of bill. Biggest blow was vote by powerful Cal. Cable TV Assn. (CCTA) to withdraw support for bill unless it's significantly rewritten.

Industry is wavering because, according to many executives we talked to, it realizes it's in no-lose situation: It can continue backing HR-4103 and almost certainly see deregulatory law reconciled with S-66 and signed by President; or it can risk burning its congressional bridges by withdrawing support for HR-4103 and be satisfied with Commission preemption and court decisions loosening city regulators' hold on franchise fees, rates and program content.

NCTA prefers 3rd option that would maintain cable's good-will in Congress while at same time placating industry leaders who are leaving camp. Hoping to refine bill further, NCTA on July 5 reopened negotiations with National League of Cities (NLC) on section dealing with rate regulation, using opening offered by Supreme Court's Capital Cities case (TVD June 25 pl). Talks would have to be wrapped up in time for any changes to be approved by NLC board during July 13 meeting in St. Paul and by NCTA Exec. Committee July 17 in Washington.

NCTA Pres. James Mooney met for 90 mins. with NLC representatives to try to work out amendments to bill in light of Capitol Cities case. "I'm satisfied they understand our position and satisfied they would like to see this thing worked out," Mooney said after meeting, adding: "I think it's anybody's guess whether it will be possible to do so." If those talks aren't successful from industry standpoint, support for bill likely would end: "If we can't get a bill that very clearly is in the interests of the cable industry, there isn't much point in getting a bill," Mooney said. No proposals were put on table, we were told. Date for another NCTA-NLC meeting hasn't been set.

Mooney was under severe pressure to win amendments in bill and salvage NCTA's huge lobbying push. As he sat down to talk with NLC, he knew that:

(1) CATA, reflecting grassroots position of industry, had said July 3 it was officially reconsidering "advisability" of continuing to support HR-4103, will issue final verdict following July 15 board meeting. Said Exec. Dir. Stephen Effros: "We can't accept the rate regulation as written."

(2) CCTA voted July 3 to withdraw support for bill, but backed off slightly July 6 to say it will continue backing legislation if it includes more beneficial terms on rates, renewals, franchise fees, leased channels, access to multiple dwelling units and telco issues. Instead of acting on 9-8 vote flatly to withdraw support, CCTA, after polling members not present at July 3 session, said that "without substantive changes in each of these areas, the CCTA cannot continue to support this federal legislation."

Developments resulted in NCTA's putting more distance between itself and HR-4103. Mooney, in his plainest criticism of bill to date, said: "The bill as passed by the [House Energy & Commerce] Committee is not acceptable to NCTA." He said he believes Congress will go along with modifications to House bill in light of Capital Cities: "You can't ignore what the Supreme Court has done." In striking down Okla. ban on wine & liquor ads carried by cable systems, Supreme Court recognized FCC's authority over cable as separate industry -- not ancillary to broadcasting -- and said most local cable rules are superseded by Commission policies.

NLC is reluctant to rewrite major sections of HR-4103, spokesman said, adding: "It obviously would be difficult to make any significant changes at this late date." But cities apparently are coming under pressure from House Committee staffers to consider concessions.

NCAA OFFERS 1-YEAR FOOTBALL PLAN: U.S. Dist. Court Judge Juan Burciaga in Okla. City has been asked by NCAA to approve football TV plan for this fall that features single Sat. time slot and loss of exclusivity by TV networks. It was necessary for NCAA to seek judge's approval of new plan after U.S. Supreme Court declared current 4-year football contracts (running through 1985) with ABC, CBS & Turner Bestg. a violation of antitrust laws (TVD July 2 p6). NCAA asked Burciaga to hold expedited hearing, called special meeting of its large football-playing schools for July 10 in Chicago to vote on plan.

Under new plan -- to be effective this fall only if approved by court and NCAA members -- NCAA-approved games would air at either 12:30 or 3:30 p.m. eastern time, and separate games could be on more than one network at same time. There could be as many as 4 national games televised during "window." Telecasts of local or regional syndicated games would be prohibited during NCAA time, but could be aired before or after on same day. Networks would have to commit to 10 games per season under NCAA plan. ABC & CBS had hoped there would be 2 Sat. time periods so that each could maintain time exclusivity. Colleges not involved in NCAA plan would be free to make their own TV arrangements.

Schools appearing on national game would split 80% of TV rights fee, 16% would go into pool for other colleges, 4% to NCAA. Assn. also is seeking court approval to maintain Fri. night ban on televised football (to protect high schools and small colleges) and continued use of TV sanctions against colleges that violate NCAA rules.

John Swofford, athletic dir. of U. of N.C. and chmn. of NCAA TV Football Committee, said group was afraid 2 Sat. time slots that would tie up 7 hours "might not fly legally... With that in mind... we wanted a plan that would not restrict output of games or restrain competition, and would not involve the NCAA in what is considered price fixing." Networks indicated new proposal will attract considerably less for TV rights because of loss of exclusivity. Networks also have expressed concern that clearances of affiliates would be tough to come by because many local games available to TV would be more attractive to area viewers.

Swofford told us NCAA is maintaining "close contact" with networks and Turner. "The CBS reaction to the plan has been extremely positive," he said. "CBS has indicated their desire is to work through NCAA channels... ABC's reaction also has been positive... On Turner, I'm not sure how they feel about it [but] I think they are very interested in being involved in college football and with this plan they could [telecast games] in about any time frame."

In devising new plan, "we weren't starting from ground zero in Chicago," where it was formalized, Swofford said. "We as a committee had tried to

anticipate to some degree what would come down from the Supreme Court. We had not finalized the plan [before Court ruled old contracts invalid], but we certainly had spent some time talking about an alternate plan should the need arise." He said if Burciaga doesn't approve new plan "it would certainly really put us to the test to come up with something different. Our feeling is that if this isn't acceptable [to court] it indicates the courts really want no restrictions on televising college football."

Willard (Randy) Nichols, chief of staff to FCC Chmn. Fowler, will resign to become vp-gen. counsel of Comsat in Aug. Nichols will take charge of Comsat's legal & regulatory affairs. Comsat Chmn.-CEO Joseph Charyk said "Mr. Nichols' management abilities and broad legal experience qualify him well for the challenges of this position. He will, we are confident, make a strong contribution to our management team." Nichols, 37, has been in current job since 1981. From 1979-81 he was FCC Cable TV Bureau chief, before that legal asst. to FCC Common Carrier Bureau chief. At Comsat Nichols succeeds William Berman, who retired in May. Mentioned as possible successor to Nichols: Jerald Fritz, chief of Common Carrier Bureau Tariff Div., and Lauren Belvin, deputy FCC gen. counsel. Both are former aides to Fowler. Meanwhile, Comsat World Systems Div. will relocate from Washington to Comsat facilities in Clarksburg, Md. next spring. Move will involve about 300 employees.

Directors Guild of America, in July 2-3 voting, approved new contracts with motion picture & TV producers, averting strike. Guild members went against recommendation of leaders in approving contract by large margins in both N.Y. & L.A. For first time, deal involves 2 contracts -- one covers directors of feature length movies and filmed & videotaped TV programs; other covers directors of news & sports at TV networks. Major stumbling block in lengthy negotiations had been residuals for home video rentals. Royalties for directors were increased from 1.2% to 1.5% for first \$1 million in rental revenues, 1.8% after that. Directors also received 19% pay increase; under old contract, TV directors received minimum of \$25,336 for hour show.

If "indecent" shows are banned from cable, industry may suffer severe economic consequences that could limit program diversity, HBO Chmn. Frank Biondi said in speech to National Press Club, D.C. In urging industry and media to oppose program restrictions more actively, Biondi warned: "If the censors have their way, both pay television networks and the cable operators who depend on them for essential revenues would be severely damaged." He urged industry to band together to fight attempts to censor cable programming because "we need to pay more attention to protecting our own rights."

Tex. Senate has rejected House-passed bill leveling 4% tax on advertising. Bill is now before House-Senate conference committee.

NCTA NAMES NEW EXEC. VP: Bertram Carp, legislative counsel to then-Sen. Mondale from 1970-77 who served 4 years in Carter White House as deputy asst. to President for domestic affairs & policy, has been named NCTA exec. vp to succeed James Mooney. Carp, 39, is partner in Washington office of Boston-based law firm Hale & Dorr, which he joined in Jan. 1981. He assumes NCTA post July 23.

In Carp, NCTA gets attorney with extensive contacts in legislative & executive branches of govt., although his exposure to communications law is limited. NCTA feels that Carp's management experience (he directed staff of about 60 at White House) is as important as his political savvy because exec. vp is responsible for day-to-day operations of Assn. and its roughly \$6 million budget.

"I hope I bring about 12 years of experience here in Washington [to NCTA] and some administrative experience," Carp told us, adding: "NCTA is a terrific association with a terrific reputation and I look forward to working with the people over there." He hasn't been following cable deregulation bill HR-4103 or other major industry issues, but said "I'm trying to get up to speed."

After graduating from Stanford U. and law school there, Carp came to Washington in 1969 as attorney in Dept. of Health, Education & Welfare Civil Rights Div. He served year there before joining Mondale's Senate staff, followed Mondale into Carter Administration.

Thomas Wheeler officially left NCTA July 1 but will remain on payroll until Aug. 1 to account for accrued vacation time.

Wis. Power must lower pole attachment rates from \$4-\$4.65 range to \$1.99 and refund difference, plus interest over last 2 years, to 13 cable companies using 73,000 poles in state, FCC ruled July 5. Total refunds are estimated in excess of \$600,000. Cablers operating 61 systems in Wis. filed complaints in 1982 alleging that Wis. Power's pole attachment rates were unjust & unreasonable, asked that per-pole charge be lowered to \$2.03-\$2.33 range. Utility countered by offering \$3.96 rate, based in part on conclusion there are 14 feet of usable space per pole. Common Carrier Bureau Chief Jack Smith rejected that contention, ordered \$1.99 rate.

"Producers' Sourcebook: A Guide to Cable TV Program Buyers" is new 78-page book published by NCTA updating information on 34 satellite-delivered national programming services and 10 regional services. Book is directed at those wanting to sell programming to cable networks. Listings provide data on programming content & formats, program acquisition guidelines, technical requirements, statistical information and contact names & phone numbers. Copies are \$15, available from NCTA Program & Mktg. Dept., 1724 Mass. Ave. NW, Washington 20036.

Rainbow Satellite and General Dynamics have signed agreement for financing and launch services. Deal calls for GD to provide \$200 million in financing for Rainbow's 2-satellite in-orbit Ku-band system in return for selection of GD as launch services provider and "participation by General Dynamics in a minority portion of the profits from the operation" of 2nd satellite in operation. Citibank said it's willing to arrange syndicate of banks to provide full financing required for Rainbow's system and will put up \$75 million itself. Rainbow will use Atlas-Centaur launchers; first launch will be in late '86 or early '87. Agreement is step forward for GD's continuing effort to take over Atlas-Centaur operations from NASA.

Full funding for FCC in FY '85 was approved June 28 by Senate. As part of Commerce, State & Justice Depts. appropriations (HR-5712), Senate okayed \$94.1 million for FCC. Also approved was small increase for NTIA, to \$14.1 million, to cover \$150,000 expense of daytime AM radio study in light of expanded hours of operations, plus \$30 million for Public Telecommunications Facilities Program administered by agency; \$805.6 million for USIA, including \$13.9 million for Radio Marti, and \$100.5 million for Board for International Bestg. Except for FCC, amounts differ slightly from levels approved by House.

"If everyone is fornicating, that's not exactly the image we want going out of this institution," according to Ray Merchant, exec. vp of Mary Washington College in Fredericksburg, Va., in disclosing that school has turned down request to use its facilities in filming of syndicated soap opera *Rituals*. Several other schools also have turned down request of syndicator Telepictures to film series on their campuses. *Rituals*, already sold in 90% of major TV markets, is being produced by Telepictures in conjunction with Metromedia. Show deals with activities of students at all-female college.

NAB, RAB and NRBA have launched joint effort to get stations' cooperation in compiling market-by-market radio financial reports on annual basis. Such figures haven't been available since FCC stopped requiring annual financial report in 1981 and, so far, trade groups have been unsuccessful in getting voluntary cooperation from stations. NAB issued TV reports for 1981-82 for less than half of nation's markets with 3 or more stations where all stations in market reported to independent firm.

Clarification: Our item on broadcast radiation (TVD June 25 p4) described 100 microwatts of radiation per square centimeter of human skin as "proposed" maximum allowable by Environmental Protection Agency. EPA has yet to make formal proposal.

Rockefeller Group subsidiary Outlet Communications is buying 6th TV station and first independent, WATL-TV Atlanta, for \$28 million from Sillerman-Morrow Bestg.

Personals

Marvin Jones, a senior vp in charge of cable operations who has been with United Artists Cablesystems since 1967, named to succeed Robert Rosencrans as pres... Gene Mater, ex-CBS News, moves to Columbia Best. Group Worldwide Enterprises as vp-administration & policy, new post... John Agoglia, NBC senior vp-business affairs, also named NBC Productions exec. vp; Donald Loughery advanced to west coast business affairs vp, NBC TV.

Thomas Dargan, KATU Portland, Ore., and Jack Rosenthal, Harriscope Bestg., appointed to NAB TV Information Committee, which oversees operation of TIO... Keith Goben promoted to Seattle office mgr., Blair TV... Eric Friesen, ex-Canadian Bestg. Corp., named exec. vp, American Public Radio, effective July 23... Ralph Renick, Wometco Enterprises news operations vp, is 1984 Paul White Award winner given by RTNDA for excellence in broadcast journalism.

Thomas Jenkins, ex-Avon Products, appointed northeast region dir., Home Theater Network... Howard Holst, WKNO-TV-FM Memphis gen. mgr., retires Aug. 6... H.H. Atkinson, U.K. delegate, elected European Space Agency Council chmn., succeeding H. Curien; J. Stiernstedt, Sweden delegate, and H. Strub, Germany, elected vice chmn.

Sherman Wildman, ex-CBS, named pres., SFN Communications; Walter Windsor, gen. mgr. of WFTV Orlando, recently purchased by SFN, becomes SFN Communications chmn. at closing, expected July 16; Clifton Conley will be promoted to WFTV gen. mgr... Kenneth Coleman, ex-General Instrument, appointed vp-gen. mgr., Times Fiber Cable TV... Gerald Walsh, WLVI-TV Cambridge-Boston pres.-gen. mgr., elected pres., New England Bestg. Assn... Ward Thomas named chmn.-CEO, United Cable Programmes, London... Paul Kosacz, ex-Kelley, Dye & Warren of N.Y., joins Washington law firm Fleischman & Walsh.

Thomas Fitzpatrick promoted from acting to FCC chief administrative law judge... Lynn Klugman, ex-Showtime/Movie Channel, named east coast production dir., HBO... Erv Parthe advanced to staff vp, Meredith Bestg.... Bruce Miller promoted to WBTW Florence, S.C. gen. mgr., Earl Schoborg to KIMT Mason City, Ia., gen. mgr.; both stations were acquired recently by Spartan Radiocasting... Gwen Marcus, ex-Paul, Weiss, Rifkind, Wharton & Garrison, N.Y. law firm, named asst. counsel, Showtime/Movie Channel, new post; Vicki Stearn promoted to editorial services mgr.

Deborah Weingrad, ex-Conn. Public Bestg., named public information dir., NPR, replacing Selma Perelman, resigned... Andrew Tollin, ex-FCC Gen. Counsel's Office, joins Washington law firm Wilkinson, Barker, Knauer & Quinn... Actor Frank Maxwell elected pres. of AFTRA, succeeding San Francisco broadcaster William Hillman; actress Ann Loring reelected first vp; Len Dresslar elected 2nd vp.

WEEKLY

Television Digest

Consumer Electronics . . .
(ISSN 0497-1315)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Editor & Publisher
Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable & Station Coverage Atlas, Satellite Week, Video Week, Communications Daily, biweekly Connections (jointly with Economist, of London), biweekly Public Broadcasting Report and other special publications.
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Tony Catella retires after 45 years with AP, last post as national dir... FCC Fairness/Political Programming Branch Chief Milton Gross speaks at FCC brown bag luncheon July 20 Room 856, FCC... Marty Brooks advanced to sports programming dir., USA Network; Guy Sousa promoted to N.Y. office sales mgr... Paul Waring, ex-Cox Cable Communications, appointed pres.-CEO, On Cable Publications, recently purchased by Cox Cable.

"Numerous attempts" by FCC to collect \$2,000 fine levied in April 1983 against unlicensed amateur radio operator Gary Kerr, Los Gatos, Cal., have been unsuccessful, Commission said last week. As result, U.S. attorney for northern Cal. has gone to court seeking payment and injunction to stop unauthorized operation of 2-meter repeater station. FCC refused to renew Kerr's license for WA6JIY because of his "disruptive and deliberate interference" in San Francisco area. "Present problems with 2-meter repeater operators have given the Commission serious concerns for the future of amateur radio, requiring firm enforcement action," agency said.

C-SPAN's subscriber count now tops 18 million, according to Pres. Brian Lamb, who said cable public affairs network has reached new carriage agreements with 18 systems with total of 129,360 subscribers. Largest are Times Mirror system in Riverhead, N.Y. with 35,000 subscribers and Cable Assoc. system in Lancaster, Pa. with 36,000.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended June 22 (25th week of 1984):

	JUNE 16-22	1983 WEEK	% CHANGE	JUNE 9-15	25 WEEKS 1984	25 WEEKS 1983	% CHANGE
TOTAL TV.....	330,478	392,920	-15.9	268,735	8,988,148	8,293,819	+ 8.4
TOTAL COLOR...	277,416	286,103*	- 3.0	220,840	6,927,232*	5,821,210	+19.0
DIRECT-VIEW.	274,337	284,464	- 3.6	218,115	6,853,250*	5,766,365	+18.8
PROJECTION..	3,079*	1,639	+87.9	2,728*	73,982*	54,845	+34.9
MONOCHROME...	53,062	106,817	-50.3	47,892	2,060,916	2,472,609	-16.7
TV EXCL. PROJEC.	327,399	391,281	-16.3	266,007	8,914,166	8,238,974	+ 8.2
HOME VCR.....	102,796*	79,975	+28.5	86,242*	2,676,978*	1,484,269	+80.4
COLOR CAMERAS...	6,511	7,952*	-18.1	6,745	182,448*	153,535	+18.8

Color TV (direct-view) 5-week moving average: 1984--258,405*; 1983--243,526 (up 6.1%).

Home VCR 5-week moving average: 1984--104,286*; 1983--65,606 (up 59.0%).

* Record for period.

SANYO'S 8mm COMING TO U.S. IN FALL: Sanyo's tiny 8mm portable goes into production in fall for export to U.S. By far the lightest VCR announced to date, deck weighs just 2.4 lb., is expected to list here at about \$1,500, including tuner-timer, when it goes on sale in 4th quarter, according to report from Japan. Meanwhile, Pioneer is understood to be planning to start VCR production with 8mm, aiming to be first to offer new format in Japan.

Sanyo's is first 8mm announced for sale that isn't camcorder. It's miniaturized deck with matching tuner-timer, was shown in prototype at both Winter & Summer Consumer Electronics Shows (TVD Jan 16 p12, June 11 p15). Prototype had 2-speed switch said to provide up to 3 hours' recording time on 13-micron tape, 4 hours on 10-micron. Jeff Berkowitz, exec. vp of Sanyo's U.S. sales subsidiary, told us that company was committed to introducing 8mm here this year (TVD May 14 p14). Details of Japan report couldn't be verified in U.S. last week.

In Osaka, Sanyo is building new production line for 8mm, scheduled to start output in Sept., with initial shipment of 2,000-3,000 units to U.S. subsidiary. Thus, Sanyo becomes first of traditional VCR manufacturers to market 8mm under own name -- albeit in U.S., not in Japan. Among Sanyo's other firsts: It was first to manufacture 2 formats, now is first to make 3. It will be first to offer camcorders in 2 different formats -- Beta & VHS, but not 8mm.

Sanyo subsidiary Fisher showed 8mm deck with tuner-timer built in at last Winter's CES, didn't have one on view at summer show. Pres. Howard Ladd told us last month company wouldn't introduce product here, after its supplier Tokyo Sanyo dropped out of 8mm development (TVD May 14 p14). However, he said Fisher probably would have VHS Video Movie. It's understood Tokyo Sanyo will buy Video Movie from JVC on OEM basis, offer it on Japanese market early next year, presumably under Fisher brand, since parent Sanyo has said it will not market VHS recorder under own name. Sanyo sells Betamovie (which it buys from Sony) under own name in Japan & U.S., will add autofocus version this summer.

Although traditional Japanese VCR manufacturers all have skipped Japanese market in their 8mm plans, a new one -- Pioneer -- hopes to be first to sell it there, according to

Japanese press interview with company's Chmn. Nozumo Matsumoto, who is quoted as saying Pioneer has no plans to export unit to U.S.

Other Japanese companies -- notably Matsushita & Toshiba -- have signed OEM agreements with U.S. firms to sell 8mm VCRs on export market, but have been careful to avoid own-brand marketing or any plans for sale in Japan. Matsumoto is quoted as saying Pioneer would go in opposite direction, closely observe success on domestic market before making any plans for export. New VCR will be first to be produced by Pioneer -- it now sells Beta Hi-Fi under own brand name in Japan, but it's produced by Sony. In exchange, Pioneer makes laser videodisc player for sale under Sony Lasermax logo on Japanese market.

Sanyo confirmed last week our report that it's working on combination Beta-VHS recorder (TVD July 2 p12). "Everybody is doing it," said spokesman, noting that while lab has built prototype it's "still at the research level." Big problem is price, he added.

This reinforces recent observation by JVC Managing Dir. Shizuo Takano. In our report on subject last week, final paragraph was cut in transmission error. Complete paragraph should have read: As for possibility new head drum and tape wrap designs could lead to combination VHS-Beta recorders, Takano said: "Hardly anything in the world is impossible." Conceding "some manufacturers are interested in making such a machine," he said JVC feels "it would cost more than 2 machines in one cabinet" and "people who are interested are reaching the point where they will give up their research."

JAPAN'S MAY EXPORTS TO U.S. SOAR: Japanese video equipment exporters to U.S. racked up strong across-board increases in May, setting 4th consecutive all-time monthly high for VCR shipments, 5-year high for complete color TVs, 3-year high for b&w, Finance Ministry figures show.

Month's VCR shipments of 887,800 were up 116% from same month last year, put 5-month total at 3.58 million, up 133.5% from same 1983 period, and at just about same level Japanese hit after 8 months last year. Figures indicate that if they keep up export pace, major sales jump will be needed in U.S. in fall to head off massive inventory buildup. Japanese Jan.-May shipments are about 1.1 million more than what we estimate EIA figures will show for U.S. VCR sales to dealers in Feb.-June, which would be comparable period after allowing 30 days for Japan's exports to arrive here. That excess represents about 11-14 weeks' supply. While imports continued to soar, domestic sales appeared to be leveling off (see related report elsewhere in this issue).

Total TV exports jumped 116.5% in May to just under 212,000, as color rose 88.5% to 151,700, b&w soared 246% to 60,319. In year's first 5 months, total exports were up 112.2% to 944,600, with color at 693,800, just double results of same period last year, and b&w up 154.7% to 250,800. In color, exports of complete TVs were up 144% to 109,500, highest since start of 1978 when Japanese first began releasing separate export breakdowns for complete and incomplete color exports. That put Jan.-May total at 456,900, up 162.6%. Exports of color chassis & kits edged up just 18.5% in May to 42,200, closed full period at 236,800, up 37.3%.

VCRs COMPILE STRONG RELIABILITY RECORD: Despite their mechanical content, VCRs' reliability has turned out to be high -- almost as good as color TV, as good as color TV, or better than color TV, depending on whose statistics are used.

We asked 3 top brands, all produced by different manufacturers, and one major rental company, about service record of VCRs. Although they differed fairly widely on details, all agreed on several aspects: (1) Record is excellent, especially for such a new & complex product. (2) Most early problems are mechanical, and VCRs rank above color TV in electronics reliability. (3) Many problems stem from consumer misuse, which may be biggest single cause

of trouble. At top of "misuse" list are effects of poor quality tape and of head-cleaning cassettes.

Amount of repairs required by VCRs seems to vary sharply among brands & sources and presumably with statistical methods of tallying them. Granada TV Rental Technical Mgr. Nick Bennetts says his company's VCRs average 2 service calls a year. He points out results would be different from those of manufacturers because Granada doesn't charge extra for service calls -- in fact, encourages them. But militating against consumer misuse of Granada VCRs is fact that every renter gets personal instruction on how to use them. Nevertheless, Bennetts estimates about 25% of calls are unnecessary -- and remaining 1.5 calls per year are about same as on Granada's color TVs.

Tallies of dead-on-arrivals show no consistency. One marketer says 5.6% of its machines are either DOA or fail "out of the box." Another says 0.4% of its VCRs are DOAs, a 3rd says "negligible," with which Granada agrees. Bennetts says VCRs have far fewer out-of-box troubles than consoles because they're well packed, can be hand carried, don't take beating in being schlepped around on forklift trucks as consoles do.

Repairs during 90-day warranty, including DOAs, were given as 10.5% by one brand, 7.5% by another. A 3rd company tracked service record of 665,000 units -- 15 models since 1981 model year -- for 18 months, found "overall defect rate" to be 4.7%. It reported service calls on 6.3%, but 25% of those were unwarranted (unit not plugged in, battery in backwards, etc.). Same company found cameras had only 2.9% defect rate in up to 18 months. Part of wide difference in results could have been statistical approach and definition of defect.

One manufacturer lists these top 10 causes of warranty failures, including DOAs: Belt 21.5%, ICs 8.8%, tape heads 4.6%, idlers & pulleys 4.4%, circuit board assemblies 3.9%, motors 2.5%, switches 1.5%, loading mechanism (arms) 1.6%, remote hand units 1.3%, relays 1%. Beyond warranty period, Granada describes VCRs as being "mechanically very sound." Bennetts finds few common faults, lists some problems as caused by mechanical wear, as evidenced by slow rewind and belt failure. In long term, he says, about half of problems are electronic -- "mainly in MPUs, which are very susceptible to electrostatic discharge" -- and, of course, head clogging & damage.

Early scare stories about short head life have turned out to be unwarranted. How long heads wear seems to depend largely on quality of tape. One VHS marketer said own tests showed head life without cleaning to be "easily 2,000-3,000 hours or more." A Beta manufacturer likewise said 24-hour-per-day test showed "no degradation of heads in over 2,500 hours." But these tests were conducted under optimum conditions with high quality tape. Companies conceded that even consumers who buy only good blank tape can run into problems if they buy or rent recorded cassettes, which frequently use cheap tape. In such cases, said one, heads are likely to require cleaning after about 1,000 hours. This company recommends one swipe of head cleaning cassette if dropouts appear.

"Under perfect conditions I wouldn't argue with 2,500 or even 3,500 hours on heads," said Granada's Bennetts. "But we say 1,000 hours. Head problems almost always relate to tape quality or head cleaning, and we advise strictly against any kind of consumer head cleaning." Since service is included in rental contract, Granada sends representative to home to clean heads with swab & liquid. All those we talked with (even companies offering own head-cleaning cassettes) warned against all types of head-cleaning cassettes -- wet or dry. Service vp of one company said: "We do not support consumer head cleaning, and if our company ever offers a head cleaner I'll resign."

Three companies agreed that portables are more likely to have trouble than home decks. Said one service chief: "They get banged around, get wet, get dusty." Said another: "We've had people complain about a charge of '\$200 just to clean the sand out of my machine' after week of seaside taping." Third company -- the one that tracked service records for 18 months -- found no difference in records of portables and home decks.

END OF THE BOOM? Industry is scrutinizing EIA weekly figures more closely than usual to determine whether slackening sales mean return to more plausible levels or whether June setback is just warm weather phenomenon that will soon be reversed.

Fact remains that in first 4 weeks of 5-week June, color sales were down 4.7% from same 1983 period, color camera sales declined 15.1%, and VCR sales -- while still at record pace -- lost some luster. VCR sales in June so far ran at annualized rate of 6.9 million, compared with 7.5 million in May, 7.9 million in April and nearly 8.1 million in March.

Color sales pace plummeted to 13.3 million level in June from nearly 17.2 million in May and 15.8-16.6 million for other 1984 months. If color sales fall below last year for full 5-week June, it will break 20-month string of records. If color cameras register dip for month -- as now seems overwhelmingly likely -- it will be first down month since EIA year-to-year figures became available in Jan. 1982.

Inventories of VCRs at pipeline level are now at record high of more than 600,000, and further buildup seems inevitable in view of accelerating exports from Japan (see related story elsewhere in this issue). Color TV stocks are at or near record 3.5 million.

B&w TV sales for first 4 weeks of June were down 35.1%. Brightest spot in entire picture was projection TV, whose sales at 11,413 units soared 53.9% from June 1983 and, with one week still to go, already are record for any June.

Of course, June could be mere temporary resting spot in boom. Some marketers report sales were hit hardest in east, which suffered from heat wave as air conditioner sales soared. Traditionally, air conditioner boom has adverse effect on other consumer durables during heat wave but leads to pickup later because of dealers open to buy with air conditioner dollars.

Next week, when full data are available for June and first half, we hope to present more complete analysis of sales picture & prospects.

* * * *

Cumulative sales of VCRs in U.S. passed another landmark -- 12 million have been sold to dealers since start of home marketing in 1975 (see Home VCR Census). Subtracting for non-home sales, inventories, transshipments, etc., we figure that nearly 11 million are now installed in homes.

Sanyo has agreed to establish \$6 million color TV manufacturing joint venture in China. New firm, Huaquiang Sanyo, is slated to begin color production in Sept. at 5,000 monthly rate.

Toshiba received \$10.6-million contract from China to help remodel b&w plant in Tianjin for color production, supply 60,000 17" color TV kits for assembly there.

EMERSON NOW VIDEO COMPANY: It took 11 years and corporate rebirth, but Emerson is again bigger in video than audio, according to Senior Vp Saul Knazick. Emerson was almost exclusively TV marketer in 1972 when it was folded by parent National Union Electric. But it's been primarily radio & phono brand since its 1974 market reintroduction by Major Electronics, which has since changed its corporate name to Emerson.

But video is Emerson's biggest market segment now, and will account for 62-63% of sales this year, Knazick says. Video was just under 50% of volume last year. In fiscal 1983 to March 31, Emerson reported sales of \$180 million, against \$14 million in year brand rights were acquired from NUE.

While Emerson usually has had some video in line, primarily b&w minicombos, it really moved into market last year, offering color & b&w sets sourced primarily from Korea's Gold Star. Last April, it added first VCRs, buying VHS home decks from Mitsubishi. In 1984, Knazick said, Emerson expects to sell more than 600,000 color TVs, in excess of 550,000 b&ws, and about 200,000 VCRs.

Based on current estimates, Emerson will hold about 4% share of color market, ranking it about 10th in industry, or about on par with Panasonic & Quasar, as indicated by our most recent market share survey (TVD June 4 p17). In b&w, it would have about 10% share, putting it in 3rd or 4th place, along with Sears. VCR share would be close to 3%, placing it around 15th in industry.

Because color imports from Korea are subject to antidumping penalties, Emerson is still looking for U.S.-based supply source. That Emerson began search last Sept. was revealed by Pres. Steven Lane at International Trade Commission dumping injury hearing earlier this year (TVD March 12 p16). There are negotiations with several companies, but nothing firm yet, Knazick told us. While Emerson may be required to continue relying on imports for most of its portable-table color, it does expect to have domestic production deal for 25" consoles. Knazick said company intends to introduce its first consoles in Jan. at Winter Consumer Electronics Show.

First U.K.-Japan IC technology link is established by Inmos and NBS Semiconductor. NBS is recently launched subsidiary of Mineba, Japan's leading producer of ball bearings. Under license agreement, reportedly valued at about \$4.3 million, Inmos will supply NBS with know-how for production of 256K dynamic RAMs. NBS plans to start output next spring at 200,000 monthly rate, sell half to Inmos. Firms also agreed to cooperate on development of 1M RAM.

Commodore arranged \$125 million in new bank credits, raising current line to more than \$300 million. Company said it would use borrowed funds to increase pre-Christmas production.

TRAMIEL ACQUIRES ATARI: Coming up with better no-money-down deal than N.V. Philips, Commodore founder Jack Tramiel last week got back into home computer business by acquiring Atari computer & videogame assets from Warner Communications. Tramiel has been on beach since last Jan. when he unexpectedly resigned as Commodore pres.

Purchase is by new Atari Corp., launched by Tramiel and several executives who joined him from Commodore, with \$75 million bankroll. New venture gets certain Atari assets, plus warrants to buy million Warner shares at \$22 each for \$240 million in 9% & 13% notes. Warner also gets right to acquire 32% of venture -- assuming it ever again feels urge to get into consumer electronics.

Tramiel acquires Atari inventory -- valued by Warner at \$242 million as of March 31 -- and brand rights, game console and software manufacturing operation in El Paso, game and computer console plant in Tawain. Warner retains all Atari's real estate in Sunnyvale, Cal., profitable arcade videogame business, including plant in El Paso and Ataritel, now-stagnant venture formed last year to take Atari into high-tech home telecommunications market. Warner's 1983 annual report pegged value of all Atari assets at \$661.3 million, including \$218.9 million in inventory. Analysts estimate game-computer operation was being carried at about \$325 million.

Takeover brings end to James Morgan's 11-month tenure as Atari chmn. He was brought in from Philip Morris last Aug. to turn company around. He spent last several months lopping off staff & operations to reduce company size & overhead, moves many considered prelude to Warner's sale of unit. Morgan presumably has long-term contract, and it's likely another job in Warner organization will be found for him. Atari Pres. John Farrand is considered prime candidate to head Warner's continued coin-op involvement, job he had before Morgan moved him to present post.

Under Tramiel, Atari can be expected to abandon Morgan's most recent course of putting renewed stress on games in effort to get quick sales gains, and return heavily to computer wars. Atari's step-up computer with built-in disc drive & applications, which had been promised for delivery later this year, is Tramiel's type of product. With his proven cost-cutting capability, it could be brought in at significantly under planned \$800. Such a model would position Tramiel where it's generally felt he was taking Commodore -- into home-business systems market -- at price well under competitive offerings from Apple & IBM.

Tramiel lost no time in starting to reshape Atari. By week's end, he had installed 2 sons in management posts (see Trade Personals), assigned 3rd, Gary Tramiel, job of collecting \$400 million in doubtful and past-due receivables, began sending pink

slips to white-collar staff. Under Morgan, Atari had dismissed about 1,800 workers this year alone, and Tramiel will drop several hundred more over next couple of weeks as he chops away at current hq staff of 1,100.

Warner said disposition of Atari and writedown on retained assets would result in pretax \$425 million loss. Deficit includes cost of recent layoffs, as well as shutdown of Atari R&D operations in N.Y. & Cal., ending production in Hong Kong & P.R. Adding in Atari's operating losses of \$538.6 million last year and \$34.9 million in first quarter this year brings 18-month deficit to \$998.5 million. In last annual report, Warner said that despite 1983 loss it was still \$284 million ahead on \$27 million investment it made to acquire Atari in 1976. Net operating loss is about \$714 million, or some 23% more than RCA lost on CED videodisc system.

Warner's loss at Atari brings us to conservative estimate of more than \$3 billion for industrywide operating losses on home computers, videogames and related software over last 18 months. Deficits are known for such majors as Texas Instruments (\$660 million), Activision (\$35 million), Milton Bradley (\$32 million), CBS (\$15 million). Loss at Timex presumably approached that of Mattel, deficits at Coleco & N. American Philips were substantial, estimated at combined \$200 million. In addition, such software majors as Apollo, Data Age, Fox Video & Quaker Oats dropped out while Imagic had deficit. Then there were hardware departures by Tomy, Panasonic & Emerson, loss at Spectravideo, unenumerated deficits by semiconductor & peripheral suppliers and other software companies, along with numerous failures among program & systems developers, smaller computer companies.

For Warner, Tramiel bid easily topped what it would have gotten by transferring all or part of Atari to N.V. Philips. Warner & Philips, which still hope to merge their audio record subsidiaries on worldwide basis, acknowledged that their talks had expanded to include possible link through Atari. But insiders tell us Philips was offering to take controlling interest in exchange for no more than partial assumption of any future losses. Philips, of course, also would have helped Atari on technology & manufacturing fronts.

Warner-Philips hardware tie-up is still good possibility as result of Warner's retention of Ataritel. Earlier this year, Philips' U.S. affiliate, N. American Philips, formed Philips Home Interactive Systems subsidiary to probe market opportunities in computer & communications products. Ataritel is known to have developed several high-tech phone-related products for home, could be of interest to Philips & NAP.

VCR component plant will be built in U.K. by Japan's Alps, to start production in fall 1985, employing about 300. Alps' investment will be \$7-\$9 million.

CED DISC CHANGES: CED software has come full circle. Since RCA decided to end production of player, most program suppliers are giving up custom pressing in return for royalties, requesting RCA Videodisc to take over all distribution -- very close to situation as it was 18 months ago. Big difference is that RCA markets discs under studio & independent labels, not RCA name.

Reversion is seen as chief way to keep product available from otherwise skittish suppliers such as MCA, which just signed 2-year pressing & distribution deal. "MCA wasn't comfortable" with custom pressing, said Videodisc Vp-Gen. Mgr. Arnold Valencia.

By year's end, only Paramount is expected to continue as before, preferring to custom-press titles with 3,000-5,000 unit sales potential rather than assign rights to RCA. RCA does have option to license features that don't meet Paramount's minimum requirements. MCA Home Video Pres. Gene Giaquinto doesn't see any loss of volume since "95% of the business" was handled by RCA distributors -- "it never went beyond that." Current MCA deal covers more than 60 titles already available on CED, as well as selected new releases.

Valencia said CED pullout continues "with luck and some skill working for us," and RCA management is "very pleased" with results. "No one is suing us" over failure to support system, he told us, adding: "What I'm doing had to be done." He estimates 5,000 players remain at Indianapolis factory, 40,000-50,000 in distributor inventories, 80,000-90,000 on retailer shelves, of the remaining 150,000 that RCA expects to sell in 1984. He doubts there will be technology transfer to another manufacturer: "If someone was interested, you'd think they would have indicated as much by now." As for U.K., where Hitachi player is still actively marketed, "we'll have to see."

Compushop adopted IBM compatible-only policy for its 50 computer specialty outlets in 11 states, and as result is dropping Apple line after 7-year association. Retailer said decision will enable it to handle broader line of software & peripherals and provide better service & training for customers while reducing costs.

Korea's Gold Star is preparing for next year's expiration of JVC licensing restrictions that keep it from exporting VHS VCRs. It's building \$20 million plant with startup capacity for 1.5 million VCRs and million personal computers annually. Facility also will be used for production of display terminals & printers.

Integrated plant to produce ultra-largescale ICs is slated to be built in Cal. by Hitachi. Facility is expected to produce 64K & 256K dynamic RAMs. Similar NEC plant in Cal. went on stream last month, is expected to hit monthly production stride of 3 million 64K & 256K RAMs by next March.

REPORT ON VHD: Japanese consumers will buy 200,000 VHD videodisc players in year from April 1984-March 1985, bringing 2-year total to 280,000, according to latest JVC estimates. Number of titles is expected to grow from 510 consumer and 127 institutional, as of last month, to 790 & 210, respectively, by end of 1984.

JVC, which will have replication capacity for 4 million discs next year, said sales network will grow from 5,000 to 6,000 software dealers, with machines available at 15,000 outlets, 50% increase. Movies will remain most popular program category but by declining margin, dropping to 29.5% of disc sales from 34.1% in preceding year to March 1984, followed by music (rising to 22.9% from 18.5%), singalong (20.5% from 15.1%), video art (2.6% from 4.3%), education, sports & other (21.5% from 23.7%).

China learned hard way just how tough it can be to make profit in consumer electronics. It has written off 60%, or \$14 million, of \$22.8 million investment to acquire 34.8% interest in Hong Kong's Conic Investments (TVD Jan 30 p12). Conic, which along with being HK's biggest consumer electronics & components producer has major real estate interests, recently revealed it posted loss of \$47.8 million last year, said it may be unable to pay back \$25.5 million in loans. Those loans were made to finance other companies controlled by Conic's founder, Chmn. Alex Au, who has reportedly left Hong Kong for Taiwan.

IC design piracy protection is provided by measure passed by House, but technical differences between it and similar bill Senate cleared last month will have to be worked out before it becomes law. While both would provide protection for 10 years, Senate version would be retroactive to Jan. 1, 1980, include designs under existing copyright law. House bill sets Jan. 1, 1984 effective date, would create new registration system. Supporters in both houses agree IC industry needs protection, are suggesting that to save time language compromise be worked out at staff level rather than in formal conference.

Caution: Cordless phones may be hazardous to your telephone bill. That, or some similar package label warning consumers they could be billed for calls made through their base stations by outsiders equipped with handsets using same frequencies, would be required on phones under rule change proposed by FCC. Label also would have to indicate calls could be triggered by RF noise. Manufacturers would be required to detail any of phone's security provisions to protect against such occurrences.

CBS Records' copyright victory over parallel imports was upheld by Philadelphia Appeals Court, which left standing lower court ban on incoming shipments of records pressed overseas by foreign licensees. Last year, in ruling against local importer-distributor, Dist. Court said even though discs themselves were legal, unauthorized sale here infringed rights of exclusive U.S. copyright holder.

Consumer Electronics Personals

Jack Tramiel, Commodore founder, is now chmn. of Atari Corp., formed to acquire Atari consumer operations from Warner Communications; Sam Tramiel is pres.; Leonard Tramiel heads software operations (details elsewhere in this issue)... Shakeel Mozzafar resigns as Polaroid Magnetic Group product mgr. (videocassettes, 8mm Video camcorder & computer discs), plans and replacement unannounced... John Ford advanced at RCA Records from Canadian gen. mgr. to div. vp for U.S. & Canada... Anthony Connolly, ex-NEC, joins Webcor as sales vp for new Business Systems Div.

Harry Machida, Sony America corporate communications mgr., reassigned to international PR post with parent in Japan, his duties & title taken over by Tom Sugiyama... Vickie Smith, ex-Samsung, joins Gold Star July 16 as ad & PR mgr... Art Levis, named vp-corp. editorial dir., CES Publishing, continues as editor in chief of Consumer Electronics monthly and Consumer Electronics Show Daily... Hope Heyman, ex-Institutional Investor, joins Geltzer & Co. as PR executive on Sony account.

James Cardwell advanced at Warner Home Video from planning & administration dir. to planning & operations vp... Robin Montgomery named Embassy Home Entertainment sales & mktg. vp; David Bixler, ex-Sound Video Unlimited, appointed western regional sales mgr., replacing Chaz Austin, resigned; Robert Cook named vp-gen. mgr. of newly formed Strategic Business Development Div.; James Brown named SBBD sales & mktg. dir... Christie Peterson appointed international services mgr.; Teruji Mochimaru joins as gen. mgr. of EHE Japan, new venture.

Brian Wood advanced to Video Club mktg. vp, CBS's Columbia House... Dan Gold, ex-Disney Home Video, joins Vestron Video as southern Cal. field sales rep... Sandra Brewer named assoc. producer, Home Theater Network; Thomas Jenkins joins as northeast region dir.

Robert Pepper, onetime RCA Solid State Div. vp-gen. mgr., more recently Electronic Products & Labs new business development mgr., appointed pres.-COO of IC maker Semi Processes, succeeding Robert Freund, now chmn.-CEO... Peter Loconta, Sprague IC Div. vp, adds post of gen. mgr. at another Penn Central subsidiary, Solid State Scientific, assuming responsibilities of Pres. George Rutland, resigned.

Sony has agreed to supply parts & knowhow to China's Xiixin Electronics for production of 20,000 Beta VCRs this year, 40,000 next year, 60,000 in 1986. Sony said it would consider expanding tie to include joint production venture after 3-year agreement expires. Sony also said separate Chinese licensee has started Trinitron color TV production, will produce 60,000 this year, expand to 500,000 annually in 3 years.

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			
1984-year to March 31	24,082,000	(6,249,000)	--
1983-year to March 31	32,764,000	1,072,000	.30
1984-qtr. to May 31	5,342,000	(3,460,000)	--
1983-qtr. to May 31	8,679,000	271,000	.08
Corning Glass			
1984-24 wk. to June 17	828,500,000	59,300,000	3.12
1983-24 wk. to June 19	733,100,000	53,500,000	2.54*
1984-12 wk. to June 17	410,100,000	36,600,000	1.74
1983-12 wk. to June 19	30,100,000	16,500,000	.79
MGM-UA Entertainment			
1984-9-mo. to May 31	568,525,000	32,558,000	.65
1983-9-mo. to May 31	505,478,000	28,302,000	.62*
1984-qtr. to May 31	162,073,000	5,582,000	.11
1983-qtr. to May 31	143,176,000	5,014,000	.10*
MGM-UA Home Entertainment			
1984-9-mo. to May 31	145,828,000	33,490,000	1.14
1983-9-mo. to May 31	113,955,000	27,991,000	1.01
1984-qtr. to May 31	53,247,000	12,056,000	.41
1983-qtr. to May 31	40,342,000	9,907,000	.34
A. C. Nielsen			
1984-9-mo. to May 31	529,999,000	38,503,000	1.71
1983-9-mo. to May 31	504,455,000	33,979,000	1.51*
1984-qtr. to May 31	181,798,000	12,987,000	.58
1983-qtr. to May 31	171,775,000	11,571,000	.52*
Orlon Pictures			
1984-qtr. to May 31	51,000,000	522,000	.04
1983-qtr. to May 31	33,951,000	2,047,000	.15

Notes: *Includes special credit. *Restated.

EX-REPS SUE HITACHI: Seeking at least \$950 million in compensatory & punitive damages, 13 former Hitachi reps charge company acted illegally in its switch to direct factory sales Jan. 1. Reps allege fraud and breach of contract in suit brought in L.A. Superior Court. Asked to comment, Hitachi Sales Corp. Exec. Vp Robert O'Neil said he felt settlement with reps was fair, noted that most of the approximately 30 reps had signed.

Reps said they were terminated despite continued assurances that they had 5-10 year future with company, and that Hitachi set up joint venture with each rep, then seized assets. Filing in suit estimates Hitachi Sales Corp. U.S. sales at \$350 million in 1983. Hitachi's attorneys told us they'll file reply July 9.

Mergers & acquisitions: Future Computing, home & personal computer research organization, has been acquired by McGraw-Hill, terms undisclosed. FC is moving from Richardson, Tex. to Dallas... Dale Electronics sale agreement with Dynamics Corp. of America has been terminated by bankrupt Lionel. Lionel claims it had right to call off \$59.5 million deal if it wasn't completed by June 30. DCA said it would challenge action in court. Since signing agreement, Lionel has received better offers for its profitable components subsidiary.

TELEVISION DIGEST®

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With Consumer Electronics

JULY 16, 1984

VOL. 24, NO. 29

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

7-7-7 TO BECOME 12-12-12 if slim FCC majority holds. Waivers to own more stations available if antitrust laws & guidelines aren't violated. (P. 1)

DEMOCRATS EYE TV AUDIENCE, fear protests by gays, lesbians, pot heads will overshadow program, hope choice of woman as vp spruces up show. Network coverage down. (P. 2)

CABLE WINS RATES FIGHT: FCC affirms preemption of tiers, says basic service need contain only must-carry signals. (P. 4)

TV FOOTBALL PLAN FAILS as major schools reject NCAA proposal, so there will be no blanket TV plan this year covering all NCAA football-playing members. (P. 5)

CBS NET JUMPS 49% for 2nd quarter to record \$87.6 million on \$1.22 billion in revenue. Best. Group profits 'rose very sharply.' (P. 5)

SLOWER DBS GROWTH SEEN: FCC acceptance of USSB's due diligence showing overshadowed by RCA Americom delay of its entry, bailout by Western Union. (P. 6)

TV OPERATORS' CAUCUS in hiatus for months but meeting planned in Aug. to get organized. Henderson wants staffer in Washington. (P. 6)

7-7-7 LIKELY TO BECOME 12-12-12: While there's still no "consensus" among 5 FCC members on relaxing 7-7-7 limitations on station ownership, bare majority of commissioners has formed behind new rule of 12 VHF's, 12 AM's & 12 FM's -- with no limit on how many UHF stations single licensee could own. In addition, Commission will establish "permeable barrier" permitting licensee to go above 12 stations in any category so long as antitrust guidelines & laws aren't violated. "That means there'll be no barrier at all," critic of plan told us.

In addition, to obtain waiver to own more than 12 VHF's, AM's & FM's, licensee would have to meet Mass Media Bureau public interest test. "Waivers won't be automatic... they'll be tough to come by," Commission source told us. FCC will establish "sunset" provision to take look in 3 years at impact of relaxation of rules on station ownership and public.

Item is being prepared in FCC Gen. Counsel's Office for consideration at July 26 meeting.

Consumer Electronics

WORLD VCR CAPACITY seen near 30 million by year end, with 1984 output near 27 million. JVC sees no overcapacity in near term. (P. 8)

CLIMACTIC SALES WEEK -- 233,935 VCRs, 447,000 color sets -- rescues slow June. VCR sales at 8 million rate for month. (P. 9)

MITSUBISHI CANADA color tube plant now running 3 shifts, is on schedule for million unit production in 1985, official says. (P. 10)

CBS DROPS CED videodisc production, citing rapid falloff. Pressing customers will go to RCA. Shutdown to cost \$14.1 million after tax. (P. 12)

GE NET IS RECORD in 2nd quarter though video shows loss and audio earnings slip. (P. 12)

ATARI REVAMPING by new owner Jack Tramiel continues with major executive layoffs, closing of El Paso plant, shutting of service operation. (P. 13)

POLYGRAM CD PROGRESS: 10 million pressed, 14 million planned for '84; 1,600 titles mastered. Picture-on-disc standards by '85. (P. 13)

SANYO INCREASES FORECAST of results for fiscal 1984, expects 15% VCR sales rise. Casio net up. Mitsubishi, GEC results. (P. 14)

As outlined above, proposal is believed to have 3 firm votes, with Comrs. Dawson & Rivera likely dissenters. However, the current situation "is still very fluid [with] no definitive consensus." Another source said: "Mark [FCC Chmn. Fowler] has been making the rounds," lobbying for support from other commissioners. In addition to numerical cap, commissioners had been considering limit based on percentage of all TV homes in coverage area of licensee's stations, with 25% most-talked-about figure; some combination of 2 limits also was considered (TVD July 9 p1). There also was speculation that restrictions on TV networks would be more restrictive than for other owners but that doesn't appear to be case.

All major group owners favored relaxation of 7-7-7 rule (although Group W told FCC in reply comments that "complete abolition of national TV ownership restrictions... would be premature at this time," wanted combination of numerical & households restriction) -- and it's known some are ready to negotiate buys. Officials of TV networks have said privately they would seek to buy more stations if permitted to do so by FCC. However, there's likely to be footnote in new order that would prohibit TV network from owning independent TV in same market where it has affiliate, we're told. A major reason Commission will cite for lifting 7-7-7 rule: Large increase in number of TV & radio stations since restrictions were adopted in 1953. In that year, on-air totals were: 108 TVs, 2,410 AMs, 654 FM; today there are 1,162 operating TV stations, 4,671 AMs, 4,725 FM.

DEMOCRATS HOPING FOR BIG TV EVENT: Democrats' fears that their convention July 16-19 in San Francisco will be overshadowed on TV by protests outside Moscone Center may have been reduced by historic selection of Rep. Geraldine Ferraro (D-N.Y.) as proposed running mate for likely presidential nominee Walter Mondale. But Democrats are working hard to keep usually disorganized party gathering organized, plan to do best they can to keep spectacle outside convention hall from diverting cameras away from hoopla inside.

By all accounts, convention organizers faced tough job. San Francisco is an eclectic town that tolerates, even revels in, the bizarre. At our deadline, more than 35 groups had won permits to demonstrate outside Moscone in 11-acre parking lot reserved just for them, steps away from networks' temporary Media Village. Demonstrators also had permission to camp at windy Candlestick Park, adding to potential for TV drama. "If the cameras focus on just half a dozen people outside the convention and give the impression we are one and the same, we may lose something very important here," said Ann Lewis, political dir. of Democratic National Committee. "But, frankly, we don't know anything we can do about it."

Expected to lead demonstrations July 15 was march by estimated 100,000 gays & lesbians, with transvestites & bisexuals staging countermarch later. By choosing day before party convenes to demonstrate, groups ensured TV coverage. But if convention proves as predictable as many fear, Moral Majority's Family Forum, Marijuana Bastille Day festival and annual All Species Day Creature Convention may end up grabbing network airtime.

Fears that reporters will be diverted from floor proceedings may be well-founded. More than 14,000 domestic & foreign news media representatives will be covering convention. Of those, some 4,400 are from radio, TV & cable TV, including 400 from Canada, Europe, Japan, Middle East & North Africa. News persons outnumber convention delegates and in competition for stories will be turning over every rock for copy.

TV networks, having covered about 20 party conventions since 1940, hope to demonstrate maturity in broadcasts this year. ABC, CBS & NBC will concentrate on prime time, dropping gavel-to-gavel coverage of past as unworkable & too costly. Oddly, scaled-down coverage won't mean reduced expenses for networks; while they won't disclose costs, it's estimated they'll spend about \$25 million in San Francisco, compared with \$8 million for 1964 GOP convention at Cow Palace 5 miles down road from Moscone Center.

Networks will begin broadcast each night at 9 EST. Residue of 1972 embarrassment over

nominee George McGovern not getting on air with acceptance speech until 3 a.m. should ensure that this year's winner will appear many hours earlier. Democrats have tailored each day's big events to fit networks' schedules, so look for stars to deliver their speeches between 9-11 p.m. EST. Former President Jimmy Carter and N.Y. Gov. Mario Cuomo speak tonight; presidential contender Jesse Jackson & House Speaker O'Neill (D-Mass.) July 17; and contender Sen. Hart (D-Colo.) July 18. Frequently contentious delegate sessions are scheduled in networks' off hours.

Number of network staffers & technicians will be down from record 600 each at party conventions 4 years ago. Only NBC will use 600 (with 75 already told they'll be laid off later in campaign, some by Sept.). ABC staff numbers 500 & CBS 400. ABC anchors are David Brinkley & Peter Jennings; CBS is bringing back semiretired Walter Cronkite as special correspondent joining Dan Rather; Tom Brokaw will solo for NBC.

Networks will operate out of prefabricated, modular anchor booths, some 40 feet high, that cost about \$800,000 each and can be disassembled and hauled to Dallas for GOP convention in Aug. Other booth on convention floor will be CNN hq. CNN will have 3 anchors, total of 200 staffers, carry live reports & taped pieces twice hourly throughout 6 a.m.-3 a.m. daily broadcast. Cable coverage will be augmented by C-SPAN, whose 35 staffers will supply gavel-to-gavel pool coverage for own outlets and PBS, Post-Newsweek Stations, WCCO-TV Minneapolis, WNYC-TV N.Y., Gannett Bcstg., Viacom and Independent Network News. (CBS will provide pool feed for 3 major networks. It was NBC's turn but threat of NABET strike at NBC prompted change.) PBS bought C-SPAN feeds for \$40,000 per convention, is offering them free to member stations.

Efficiency & economy of satellite transmissions swelled number of other TV & radio outlets at convention. There will be 3,500 non-network broadcast staffers, representing 385 TV & 355 radio stations. Scores of equipment-packed trailers and uplink dishes in convention parking lot and Media Village out back will be used by 6 satellite providers at scene -- Wold Communications, Videostar, IDB, Bonneville Telecommunications, Netcom International and Western Union. About 20 non-network outlets also organized Washington Electronic News Media, headed by Storer Communication's Washington Bureau Chief Norman Waggy. DNC built 34 skyboxes for use by independents, each 10-by-20-feet, reserved at minimum \$10,000. DNC also is paying for 12 hours of closed captioning in prime time on ABC by National Captioning Institute (GOP will do same in Dallas).

NAB also will have major presence in San Francisco (and next month in Dallas at GOP convention), with 8 staffers -- led by Pres. Edward Fritts -- headquartering in San Francisco Hilton Hotel. Assn. will sponsor 150 TV monitors spotted around Moscone Center and in VIP lounges to keep delegates & press current with what's happening on floor. Sets, which will have plaque proclaiming NAB as sponsor, will cost about \$16,000 and "we'll reach the target audience we want," according to Shaun Sheehan, senior vp for public affairs.

Fritts will host gourmet wine-tasting lunch in wine country for members of Congress. In addition, Govt. Relations Dept. has reserved 3 hours of tennis time daily at San Francisco Tennis Club, had signed up more than dozen members of Congress last week. Only formal cable presence in San Francisco (NCTA isn't sending anybody) will be one-shot ad in National Journal Daily that proclaims: "In-depth convention coverage only on cable." Ad plugs C-SPAN & CNN.

Mutual Bcstg. has asked FCC to exempt Larry King Show from equal time requirements for political candidates. After first denying exemption for Phil Donahue Show, Commission later reconsidered and granted exemption. "Larry King Show presents an even more compelling case for an exemption than Donahue," Mutual told FCC.

Senate has asked USIA to provide report on how much agency has spent on bodyguards and other security measures for Dir. Charles Wick. Action resulted from debate over USIA spending for FY '85 and reflects angry reaction on Capitol Hill to news reports that Wick always travels abroad with 4 taxpayer-financed bodyguards.

CITIES LOSE CABLE RATES FIGHT: Cities can rate regulate only cable basic service, which operator can configure to contain only must-carry signals if he chooses, FCC said July 12. Of greater significance in Commission order was assertion that cities have no voice in channel selection, that franchises specifying that certain channels must be offered or that others must be excluded are illegal.

"Franchise provisions which purport to control the content or placement of broadcast or cablecast signals have been preempted," meaning any operator "is free to add, delete or realign service offerings as long as all must-carry signals are retained," Commission said. It was first time FCC had stated explicitly that basic service need contain only must-carries. Decision came during denial of reconsideration of Community Cable, Las Vegas, case (TVD Nov 14 p7) sought by Nev. Public Service Commission, National League of Cities (NLC) and City of Dallas.

Commission's ruling had been expected in light of U.S. Supreme Court's *Capital Cities vs. Crisp* case (TVD June 25 p1), but was symbolically important to NCTA, which wants to reopen talks with NLC on revising HR-4103, cable deregulation bill passed by House Energy & Commerce Committee. NCTA now says 4-year transition period in which local rate regulation would be phased out must be removed from bill or it will withdraw support.

NLC was "disturbed by the timing" of Commission's action "in relation to the ongoing consideration of legislation," spokesman said. NCTA said FCC decision "is a clear signal to local governments that they are doing more to frustrate the promise of cable than to help it," adding that "unless local governments stop trying to treat cable as a political football, the FCC may take them out of the cable regulatory business entirely." FCC Mass Media Bureau Chief James McKinney wouldn't say whether Commission plans any further cable preemption actions.

Meeting in St. Paul day after FCC decision, NLC board voted to allow its negotiating committee -- which worked out present compromise with NCTA -- to continue meeting with Assn. on additional changes in HR-4103. Panel, composed of Charlotte, N.C. Council member Minette Trosh, N.Y.C. Council Chmn. Carol Bellamy & Tucson, Ariz. Councilman Tom Volgy, won't initiate discussions and was given no policy guidelines for talks, spokesman said.

NLC board also voted to affirm support for HR-4103, urged prompt action on bill by full House. Board "wasn't happy to hear" about FCC preemption actions and court cases further limiting city power over cable, spokesman said.

FCC action and NLC vote set stage for July 17 meeting in Washington of NCTA exec. committee. Committee will give Pres. James Mooney specific direction he should take in talks with NLC

representatives, tell him how bill must be reworked for industry support to continue.

U.S. invasion of Grenada was issue when FCC on July 12 issued rulemaking to eliminate requirement that broadcasters obtain prior approval to retransmit messages from CB & ham radio operators. During invasion, many stations questioned whether they could air broadcasts from ham operators transmitting from island, who initially provided only clear information about situation there. Commission said it now believes it's no longer necessary to obtain permission to rebroadcast CB and ham transmissions. Comments also are requested on proposal to eliminate rule that FCC approval is required to rebroadcast transmissions of private radio stations. In other actions, FCC: (1) Denied petition by NAB to reconsider decision allowing radio stations to use multicity IDs. (2) Decided to revise license applications (Forms 302 & 341) for commercial & noncommercial broadcasters, as well as construction permit applications (Form 340) for noncommercial applicants. (3) Denied petitions by ABC & others for reconsideration of elimination of suburban community policy, Berwick doctrine and de facto reallocation policy. (4) Denied petition by Henry Geller for rulemaking reestablishing rules on cable syndicated program exclusivity and sports blackouts.

NBC engineers & newswriters represented by NABET have "overwhelmingly" rejected network contract, threatened strike this week during Democratic convention in San Francisco. Official said NBC is "disappointed that what we considered to be an extremely fair offer has been rejected." NBC had offered \$50 weekly salary increase each year for 4 years, raising top scale to \$825 by 1987. Union rejected offer because of "significant reductions" in job security. NBC NABET members have been working without new contract for 16 months. At request of NABET, Federal Mediation & Conciliation Service entered dispute, met with 2 sides July 13 in Washington. Union also served notice of contract termination on network effective July 15 -- day before Democratic convention begins -- but said it would give notice before striking. NBC said it's prepared to use management personnel if NABET members strike.

Law & Justice Committee of National Conference of State Legislatures, meeting in Boston July 23, will consider resolution opposing advertising of beer & wine in sports events on TV & radio. Distilled Spirits Institute has hired Wash. U. (St. Louis) Prof. David Pittman to fight proposal; NAB is using First Amendment lawyer Floyd Abrams. Meanwhile, group called Stop Marketing Alcohol on Radio & TV (SMART) has launched nationwide campaign for million signatures against such ads, has garnered support of National PTA, ACT, Consumer Federation of America, National Council on Alcoholism and various church groups. Michael Jacobson, who heads SMART, also will be in Boston pushing cause before state legislators.

TV FOOTBALL PLAN REJECTED: Major football-playing schools rejected new NCAA TV plan on 66-44 vote in Chicago July 10, meaning there will be no blanket TV plan this year covering all NCAA football-playing members. NCAA Pres. John Toner, U. of Conn. athletic dir., said group isn't planning to seek approval of plan for 1985 unless directed by members. On same day colleges voted, House Oversight & Investigations Subcommittee announced it will hold hearing July 31 to look into fall college TV football situation.

Moving rapidly to fill void was College Football Assn., whose members include all major conferences except Big 10 & Pac-10 and major independents such as Notre Dame & Penn State. CFA is seeking Sat. afternoon network package and prime-time deal with a cable network. All 63 CFA members approved plan July 12 -- including major eastern independents Army, Navy, Pittsburgh, Penn State, Syracuse & Boston College which Big 10 & Pac-10 had hoped to capture for separate package. CFA schools cover about 60% of potential TV market, but are weak in midwest & west -- dominated by 2 conferences that aren't members.

Encouraged by CBS, Big 10 & Pac-10 officials said conferences will formulate own TV football plan for presentation to networks this week (as will CFA). CFA plan eliminates geographical restrictions (on when & where schools can appear on TV) and would pay 25% of TV monies to schools appearing in each game.

College officials in Chicago speculated that new NCAA plan was turned down because of uncertainty as to what federal court in Oklahoma City would do. NCAA had asked Judge Jose Burciaga to approve new plan (TVD July 2 p6); it was Burciaga who ruled 2 years ago that NCAA plan violated antitrust laws, decision upheld June 27 by Supreme Court. NCAA football plan, in place since 1952 with several modifications, had been challenged by U. of Ga. & U. of Okla. Said NCAA Exec. Dir. Walter Byers: "The NCAA... is not going to go around shopping for a new plan unless there is a feeling members want one." Major impact of court decisions and NCAA vote is expected to be much more college football on TV this fall with rights payments shrinking substantially, except for such major schools as Notre Dame & Okla.

House hearing is scheduled to examine implications of Supreme Court decision freeing colleges to contract individually for TV rights. House is concerned about impact on TV rights costs, possibility smaller colleges will be crowded off TV schedules (something all agree is bound to happen) and what will happen to student athletes.

Rep. Markey (D-Mass.), who will chair hearing, said key issue is broadcasters' response to what he called "dramatic" decision. Hearing will be at 10 a.m., Rm. 2123 Rayburn Bldg. Witnesses haven't been confirmed but should include college officials, NCAA executives & broadcasters, we're told.

CBS NET JUMPS 49%: CBS net income for continuing operations in 2nd quarter jumped 49% to record \$87.6 million (\$2.95 per share) after taxes, led by "outstanding performance" by TV network and "very sharp" rise in Best. Group profits. Revenues for quarter increased 15% over same period 1983 to \$1.22 billion (see Financial Table).

"Our profit margins continue to improve," said CBS Chmn.-Pres. Thomas Wyman. "These results show that our company's turnaround is continuing, reflecting outstanding product performance as well as our ongoing emphasis on cost management."

Best. Group estimated before-tax profits for 2nd quarter jumped 54% to \$159.1 million, compared with \$103.3 million in 1983, on 19.35% increase in revenues to \$672.3 million. "It was the outstanding performance of the CBS TV Network that accounted for the bulk of the gain," CBS said. Records Group had 2nd-quarter pretax profit of \$30.5 million, up from \$25.5 million last year; Publishing Group showed 10% profit increase to \$6.4 million, while Columbia Group profit fell from \$2.2 million last year to \$200,000 for April-June 1984.

CBS sold parcel of Manhattan real estate during quarter that resulted in posttax gain of \$16.6 million that was "largely offset by the discontinuance of the company's videodisc pressing operation, which resulted in a posttax loss in the 2nd quarter of \$15.7 million [53¢ per share]," CBS said. Results for first half of 1984 show \$127.7 million after-tax profit, up 65%, on revenues of \$2.39 billion, 15% gain.

Independent TV Sales, first rep formed exclusively to provide national sales representation for independent stations, starts July 16 with WXNE Boston and KXTX-TV Dallas as first clients. ITS, with sales offices in 10 cities, is headed by Chmn. Robert Dudley, major stockholder and chief financial officer of Avery-Knodel. In answer to question at news conference announcing formation, Dudley said Avery-Knodel has "zero interest" in ITS. William Bee, ex-Telerep, is ITS pres.-CEO; Robert Somerville, ex-Metro TV Sales, exec. vp-sales; Browning Holcombe, ex-Petry, exec. vp-new business; Joseph Poulin, ex-Sandy Frank Syndication and Petry, vp-programming and sales research. Bee said ITS is "employee-owned company," will aim at representing stations in top 100 markets. He said only "one or 2 markets" in top 50 have no independents, and some 60% of 2nd 50 have independent stations.

TV ad revenues increased average 15.1%, radio 11.8% each year since 1974, NAB said. In 7 of 10 years, TV revenue gains surpassed inflation rate, with largest net rise 21.9% in 1976.

Following 4-year experiment, Cal. Judicial Council has approved TV-radio coverage of trials, effective July 1. Judges will have right to turn off cameras & microphones to protect rights of parties.

SLOWER DBS GROWTH SEEN: FCC acceptance of U.S. Satellite Bestg.'s (USSB) showing of due diligence to build proposed DBS system was overshadowed last week by more bad news for satellite-to-home broadcasting: RCA Americom scaled back its DBS plans upon concluding there will be slower growth in market, while Western Union bailed out.

WU & RCA Americom are 2nd & 3rd major players to revamp strategies in face of DBS's high capital costs and uncertain customer base. CBS earlier announced it didn't intend to pursue joint system with STC now (TVD July 2 p7).

RCA told FCC that changes it plans will cut costs by more than \$300 million, nearly halving expenses. Company also said it will delay market entry by more than year, pushing back launch of first bird to 4th quarter 1989. Americom said decision to delay reflects projections for growth, that by 1991 there will be only 2.5 million subscribers. Delay nullifies RCA's authorization in first FCC round and its prospects for later reauthorization are unclear.

RCA now plans 2-satellite, 32-transponder system instead of 4 satellites, 24 transponders. Transponder expansion with fewer birds is made possible by lowering power levels of traveling wave tube amplifiers (TWTAs). Instead of 230-watt TWTAs, RCA will use 100-watt variety, saving programmers -- RCA's potential customers -- significant sums. Total space segment cost to RCA, originally set at \$677.5 million, will be cut \$308 million to \$369.5 million.

WU's withdrawal wasn't big surprise, given that company seemed more interested in technology than programming. Said WU Vp-Communications Systems Group James Ragan: "DBS is a programmer's business. We have long served as a satellite carrier to the entertainment market but we are not directly in the entertainment business. Our strength is as a supplier of end-to-end communications services." Ragan said industry has been "slow to gel" but may avail itself of WU's technical experience "when the time is ripe."

Exit of RCA and WU leaves only STC and USSB as confirmed entrants, and STC's future still hangs in balance. Comsat board at July 20 meeting will decide whether to allow STC more time to come up with monied partner. We're told that STC may announce partner in coming weeks, also that STC has discussed merger with other DBS applicants such as Dominion Satellite and early-entrant United Satellite Communications.

USSB on July 12 received final authorization for its system from FCC (2nd such after Comsat), subject to submission of tracking, telemetry and command functions.

Both Dominion and DBS Corp. claim to have shown "due diligence" in proceeding with their systems. Only first-round applicant that hasn't made

any showing or filed withdrawal is Graphic Scanning Md.-based company also is said to be on verge of announcement concerning financing arrangements.

TV OPERATORS' CAUCUS IN 'HIATUS': After spate of activity surrounding its birth year ago -- when many thought it would become competitor with NAB (TVD July 11/83 p2) -- TV Operators' Caucus has been in hibernation for months. "I got a little disillusioned with the lack of decision-making," Storer Communications Pres. Terry Lee (and member of Caucus steering committee) told us. "We had a lot of conversation and never could arrive at a consensus."

Said Joel Chaseman, Post-Newsweek Stations: "It's in a little bit of a hiatus but it'll come back even stronger... We are champing at the bit to get going." Caucus Chmn. David Henderson, Outlet Communications, agreed that "there's not a hell of a lot happening," but said that soon will change. He said Caucus will meet in Aug. (date undecided) to get better organized and decide course of action. (Planned meeting in April during NAB convention was canceled, he said, because of difficulty of getting people together.)

Henderson told us Caucus has accomplished quite a lot that hasn't been publicized. "We're trying to do this out of the gaze of the media," he said. Caucus needs paid employe in Washington -- "not a heavyweight but a traffic cop to keep us informed," Henderson told us.

UPI and American LPTV Assn. (for-profit company) are joint venturing on national LPTV network called Community TV Network. Backers envision system in 30-34 markets, starting with Carlsbad & Farmington, N.M., Paducah, Ky. & Burley, Ida. Stations will be ad supported, concentrating on local news, weather & sports. They will acquire, build & operate LPTV outlets, buying as many licenses as possible from FCC lottery winners. Firm hopes to have full contingent of stations going within 24-36 months, expects to spend \$500,000 per station. UPI principals are William Geysser & Douglas Ruhe, who have LPTV applications pending in 150 markets and have won 2 in lotteries. Assn. Pres. is Richard Hucheson, who said he has "several hundred" LPTV applications pending and has won 10 in Ill., Ia. & Tenn.

Networks cover "hard" news objectively in evening shows, with "most of the political slant [appearing] in the bottom 'nonpolitical' half of the newscasts," according to News Study Group survey published in July 7 TV Guide. Group analyzed ABC, CBS & NBC evening news for 10 nights in March, said: "We expected, and found, most of the hard political news... in the top half of the newscasts. These stories were reasonably free from ideology. We didn't expect -- but found -- most of the political slant" in last part of newscasts.

Personals

Amy McCombs, WDIV-TV Detroit gen. mgr., also named pres.; named WDIV-TV vps; Alan Frank, programming & audience development; Chris Rohrs, gen. sales mgr.; Robert Warfield, news dir.... Group W Bestg. & Cable Chmn. Daniel Ritchie keynotes July 30-31 Cal. Bestrs. Assn. convention, Hyatt Del Monte, Monterey; other speakers include ABC commentator Paul Harvey; CBS commentator Andy Rooney; NAB Pres. Edward Fritts; NRBA Pres. Bernard Mann... Ralph Goldberg, CBS News vp, and Ed Godfrey, RTNDA pres., speak at S.C. Bestrs. Assn. convention July 27-29, Wild Dunes.

Lee Hetherington joins Columbia Pictures TV Group as administration vp... Kay Wight, CBS Sports vp-compliance & administration, appointed chmn., N.Y. City Commission on Status of Women... Otto Silha, Cowles Media chmn., retires Aug. 1... Gary Gunn, ex-W.R. Grace, named operations vp, Victory Communications International.

Catherine Lykes advanced to vp, Public Affairs Satellite System... Michael Manning, ex-Hamilton Avnet, named mktg. dir., Satellite Technology Services... Marianne Hall, Northern Virginia Law School prof., is recess appointee of President Reagan to be member of Copyright Royalty Tribunal, succeeding Katherine Ortega, now U.S. Treasurer.

Stanley Burg, ex-Kentrox, named Distribution Systems Div. mktg. vp, General Instrument Jerrold Div... Alan Baugheum, consultant, named telecommunications services mgr., R.W. Beck & Assoc... Brian Sweeney advanced to asst. to chmn., Communications Equity Assoc... Elizabeth Rockhill advanced to TV administration mgr., Columbia Pictures TV Group.

Guy Mazzeo, ex-dir. gen. of Canadian Bestg. Corp.'s CBC Enterprises, appointed exec. vp of Blair Entertainment... Alfred Grover advanced to vp-MIS telecommunications & planning, operations & technical services, NBC... Charles Overby advanced to Gannett Inc. communications vp... Katherine Grincewich promoted to asst. gen. counsel, U.S. Catholic Conference... William Techtmann advanced to media research group vp, A.C. Nielsen... Susan Olive promoted to agency relations dir., RAB, new post.

Julius Barnathan, ABC best. operations & engineering pres., received National Assn. of Deaf Frederick Schreiber Distinguished Service Award July 6 for fostering development of closed-captioned TV... Promoted at Warner Amex Cable Communications National Div.: Joel Rudich to administration vp; S.A. Rennard to eastern operations vp; C.W. Grinstead to western operations vp... Juliet Reising advanced to Cox Cable controller... Sallijane Sluder promoted to mktg. dir., Marquee TV Network.

David Segal, ex-CBS Sports, joins William Morris

Agency in expansion of sports programming... Rhona Saunders begins The Saunders Co., communications strategies firm, 2309 Calvert St. NW, Suite 200, Washington 20008, 202-797-8484... Pat Molander advanced to public affairs dir., KVUE-TV Austin, Tex... John Bowler promoted to operations vp, Zenith Cable Products... George Calcagno advanced to Minneapolis district mgr., Anixter Communications.

WUTV Buffalo is being bought by Citadel Communications for \$15.2 million. Seller Whitehaven Entertainment, headed by 53.4% owner Herman Pease, has no other broadcast interests. Citadel, headed by ex-Corinthian Pres. Philip Lombardo, also owns WVNY Burlington, Vt. Clear Channel Communications is acquiring 5 radio stations and Okla. News Network from Broad St. Communications for \$14 million, plus assumption of \$12 million in liabilities. Clear Channel owns 7 radio stations in Tex. & Okla., is headed by Lowry Mays, went public earlier this year. Blackburn & Co. brokered both transactions.

District Cablevision, headed by ex-FCC Comr. Tyrone Brown and BET Pres. Robert Johnson, was awarded Washington cable franchise July 10 on 9-4 vote of City Council. Winner has contracted with Chesapeake & Potomac Telephone to build system. Losers were Capital City Cable (headed by Percy Sutton, who has franchise for Queens, N.Y.C.) and D.C. Telecom Development Corp. (headed by Early Monroe, formerly of NCTA). All 3 applicants included prominent Washington residents.

ACT will ask U.S. Appeals Court, D.C., to overturn FCC order deregulating TV. Pres. Peggy Charren charged that abolishing "limits on commercial time is a green light for broadcasters to air lengthy advertisements masquerading as programs. Such program-length commercials are particularly unfair to children, who lack the ability to critically evaluate commercial plays."

ABC Video Enterprises is discussing selling part of ESPN to Ohlmeyer Communications, jointly owned by Nabisco Brands and Don Ohlmeyer, former NBC Sports executive producer. Neither ABC nor Ohlmeyer would comment on several reports that network would sell 20% of ESPN for \$50-\$60 million.

Obituary

John McQuillan, 85, participant in first trans-Atlantic radio conversation, died July 8 of pneumonia at Greenwich, Conn. He worked for Standard Telephone & Cable, which later became part of International Telephone & Telegraph, now ITT. In 1923, he was on British side of Atlantic and spoke in first radio conversation between Rugby, England and Stony Point, Long Island. He later helped establish Australia's radio system, retiring in 1971 after working for ITT and its predecessors for 47 years.

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended June 29 (26th week of 1984):

	JUNE 23-29	1983 WEEK	% CHANGE	JUNE 16-22	1ST HALF 1984	1ST HALF 1983	% CHANGE
TOTAL TV.....	578,620	481,280	+20.2	330,478	9,566,768	8,775,099	+ 9.0
TOTAL COLOR...	451,122*	324,667	-38.9	277,416	7,378,354*	6,145,877	+20.0
DIRECT-VIEW..	447,031*	323,138	+38.3	274,337	7,300,281*	6,089,503	+19.9
PROJECTION..	4,091*	1,529	+167.6	3,079*	78,073*	56,374	+38.5
MONOCHROME....	127,498	156,613	-18.6	53,062	2,188,414	2,629,222	-16.8
TV EXCL. PROJEC.	574,529	479,751	+19.8	327,399	9,488,695	8,718,725	+ 8.8
HOME VCR.....	233,935**	94,149	+148.5	102,796*	2,910,913*	1,578,418	+84.4
COLOR CAMERAS...	9,733	9,889*	- 1.6	6,511	192,181*	163,424	+17.6

Color TV (direct-view) 5-week moving average: 1984--277,636*; 1983--262,133 (up 5.9%).

Home VCR 5-week moving average: 1984--125,048*; 1983--69,683 (up 79.5%).

* Record for period. **Highest week in history.

WORLD VCR CAPACITY NEAR 30 MILLION: Worldwide annual capacity for VCR production could stand at around 30 million by end of year, as compared with total 1983 production of about 18.6 million. Actual production this year should be nearly 27 million. These figures were derived from estimates made at recent Paris meeting by JVC Video Products Managing Dir. Shizuo Takano (TVD July 2 p12).

Current world capacity is just under 27 million, of which 25.5 million, or some 95%, is in Japan, Takano indicated. Other countries: Korea 240,000, Taiwan 120,000, Europe (Philips & Grundig only) 1.2 million, Europe (Japanese assemblers whose product is largely counted in Japan's total) 960,000. Estimates from Japan last week indicated actual Japanese production should hit 25 million this year, up about 37% from 18.2 million in 1983.

Total worldwide VCR production last year was 18.6-18.7 million, according to JVC estimate, including 600,000 units made in Europe by Philips & Grundig. Japanese manufacturers and joint ventures in Europe such as J2T assembled 600,000, Takano said -- included in Japanese total since they were shipped from Japan as kits. In 1983, Japan exported 5.44 million VCRs to U.S., up 117% from 1982, while it shipped 4.6 million to European community, down 16.4%.

Is VCR headed into overproduction? JVC thinks not. "We don't see any overcapacity in the near future," said Takano. In fact, "we see further room for expansion." This is partly because of reassessment of public's appetite for VCR. "Two or 3 years ago we saw penetration in advanced countries limited to 50-60% of homes. Now we think it's not a hobby product but a necessity, and we think it will be in 70-80% of households." Reasons: (1) Declining prices. (2) More diversified uses -- playing recorded tapes, home photography, etc. (3) New VCR types -- hi-fi, camcorder, etc. (4) New generation of video-oriented children.

JVC has great faith in portables, sees them representing 40-50% of sales in advanced countries by end of decade, despite fact that they represented only 8.1% of Japan's total shipments in 1983. Takano said home decks will account for vast majority of first-VCR sales,

after which markets with high penetration of home decks will begin acquiring portables, video cameras & camcorders.

Asked about possible production of VCRs in U.S., Takano said he knows of no plans to produce here. "The actual total of VCRs [imported into U.S.] sounds big, but 20 Japanese manufacturers share it, and each manufacturer's share is relatively small. The market is completely different from color TV [which Japanese produce in U.S.]. There is no existing VCR manufacture in the United States. We are not hurting any home market."

JUNE SALES MUSHROOM IN FINAL WEEK: No, the boom isn't over. Not with the kind of sales week that capped 1984's first half: VCR sales of 233,935 were 51.5% higher than previous highest week in history. Color TV sales of 447,030, 4th best week on record. Projection TV sales of 4,091, best of year and up 167.6% from same week last year.

Figures for year's 26th week, following definite slowdown in first 4 weeks of 5-week June (TVD July 9 p11), were so spectacular that phone wires buzzed from manufacturers to EIA asking: "Are you sure?" EIA already had begun recheck on its own and Mktg. Services Staff Vp Clinton Lee told us: "There were no adjustments. We searched it out and found the figures to be very solid. They have been checked & confirmed."

Hot final week rescued June sales, which for month's first 4 weeks ran behind same 1983 period in color and showed definite signs of leveling off in VCR. VCR's first excursion above 200,000 for any week (or above 154,366, for that matter) resulted in best sales month in history, with 625,238 sets sold in June. VCR sales for month were at annual rate of just over 8 million, bringing first-half sales to rate of 7.66 million. Second-quarter sales rate was 7,836,000, up from 7,485,000 in first quarter.

June was 4th best month in history for color sales, set 17th consecutive monthly record, was 13th successive month with sales over million units. But only 2 weeks -- first & last -- set weekly records, and 3 of 5 weeks ran below last year. Even with sensational 5th-week comeback (when sales were up 38.3% from 1983 week), color's annual sales rate fell in June to 14.8 million from May's record 17.16 million. Annualized rate for first half was about 16.1 million, for 2nd quarter just under 15.8 million and for first quarter almost 16.5 million.

Projection TV strengthened its position in June, running at pace of about 200,000 annually during month, for 78.8% increase over June 1983 and up 38.5% for half. (Record projection sales in 1983 were 143,506.) Color cameras trailed 1983 for 4 of June's 5 weeks, ending up 11.8% behind June 1983, for first monthly year-to-year decline since May 1983. Final week's camera sales -- 9,733 -- were quite respectable, but still 1.6% behind very hot close of 1983's first half. Monochrome TV was down 31.1% for month, biggest drop since Sept. 1981.

Thus first half ends with direct-view color up 19.9%, monochrome down 16.8%, for total direct-view TV gain of 8.8%, projection up 38.5%, VCR up 84.4%, color cameras up 17.6% -- all products except b&w TV setting records for first half.

It's still period of anxious waiting and close attention to sales figures as inventories continue to mount. At end of June, color TV inventories at pipeline (factory plus distributor) level totaled record high of nearly 3.53 million sets, up 34.7% in year, and generally considered too high for comfort. VCR pipeline stocks were at 688,000, also all-time high, 85% ahead of year earlier.

* * * * *

Manufacturers generally concurred with EIA's Lee that figures were solid, reflecting really huge final week. Last week of each quarter traditionally is big, with expiration of promotions, various hypes to make quotas, etc. Several manufacturers agreed that eastern heat wave depressed sales in first part of month as dealers concentrated on buying air conditioners, made up for lost time in brown goods at month's end.

Zenith Senior Vp Jerry McCarthy cited "pickup after the air conditioner binge" but said recovery went beyond expectations. Zenith had promotion that expired at end of June, he said, but "we're still trying to understand what occurred," although "we find the EIA figures are sound." He said Zenith's reports from field indicate "the softness at retail in May and the first part of June seems to have dissipated, and color TV, projection and VCR picked up strongly." He added: "The seasonal patterns have shifted. There are no dog days any more. We are looking for a very strong finish" to 1984.

RCA, which had big promotion at end of first quarter, when both color & VCR chalked up their biggest numbers for single week up to that time, found no problem with figures. RCA official said he felt inventories were merely "seasonally high, but they normally build this time of year," and looked high compared with last year because 1983 had no appreciable buildup at end of half.

Hitachi Exec. Vp Robert O'Neil disagreed, saying color inventories are "a million more than I'd like," forecasting VCR inventories would reach 750,000 in 4-6 weeks. "Pricing on the street is getting more cutthroat. Nov. & Dec. will see a VCR glut -- there could be a million VCRs sold in Nov. or Dec., but still we'll sweat a little. There'll be price cuts and dumping all over the place -- I'm not optimistic over market conditions the rest of the year." O'Neil sees color sales for year at 15.5 million, VCR at 7 million, lower than some industry forecasts.

Sony & Panasonic, which are very strong in eastern U.S., agreed that VCR sales zoomed in final week of June. At both companies, it's believed that 5th week accounted for well over 50% of month's sales (industrywide, figure was 37.4%). "The eastern region did especially well in the last week," Sony official said, admitting "we were pretty nervous" during most of June.

Video marketing veteran Kenneth Thomson, vp-gen. mgr. of Almo Sampson Distributing in Chicago, said sudden VCR sales rise may be traceable to improved availability of hot models for some larger marketers. "Companies have opened up and they've got product now." In Ill.-Wis. area, "we haven't noticed anything specific, and we're not getting heavy loading orders" from dealers. VCR has been up-down proposition and "this is a down week as far as I see it around here."

Here are EIA's home video sales-to-dealers figures for June:

Product	June 1984	June 1983	% change	June 1982
Total TV.....	1,848,598	1,964,994	- 5.9	1,567,620
Total color...	1,403,682*	1,319,336	+ 6.4	1,063,474
Direct-view.	1,388,178*	1,310,665	+ 5.9	1,055,452
Projection..	15,504*	8,671	+78.8	8,022
Monochrome...	444,916	645,658	-31.1	504,146
TV excl. projec.	1,833,094	1,956,323	- 6.3	1,559,598
Home VCR.....	625,238**	348,414	+79.5	140,786
Color cameras...	35,734	40,509*	-11.8	29,438

*Record for any June. **Highest for any month in history.

MITSUBISHI CANADA TUBE PLANT ON SCHEDULE: Mitsubishi Electronic Industries Canada, created to acquire & run former RCA color picture tube plant in Midland, wrapped up first full year of operation last week "with full order book" from customers in Canada, U.S. & U.K., though it's still some way from profitability, according to Gen. Mgr. Michael Tolliver. MEIC bought plant for \$16 million, said then that investment could total \$37 million over 5 years (TVD July 11 p12).

"We have a long way to go to get into break-even volumes, and our costs are high. But that

was all expected and we are on track financially," and are "working on getting our efficiency up and our costs down," Tolliver told us last week. On manufacturing side, MEIC is ahead of schedule, already has added 2nd & 3rd shifts. Original plan didn't call for jump to 2-shift operation until Oct. As result, production has climbed to about 50,000 tubes monthly from 20,000, and employment is up to 450 vs. 240 at startup. At peak under RCA, plant had 600 workers.

MEIC is running at about 75% of practical capacity, in keeping with plan to be producing at 800,000-1 million annual rate in 1985, Tolliver said. Growth is held down by shortages, particularly in aperture masks, packaging & tooling, and need to train workers. While MEIC is relying mainly on members of former RCA work force, "they have to be retrained because of new designs" and differences between 2 companies' ways of doing things. But, Tolliver said, "it has been a relatively smooth transition and it's still going well."

Plant currently imports aperture masks and some faceplates from Japanese parent, but it's working with U.S. suppliers on parts that meet Mitsubishi specifications. Tolliver said MEIC expects to be getting masks from Buckbee-Mears, blue-tinted faceplates for Mitsubishi Diamondvision tubes from Owens-Illinois. OI currently supplies blue-tinted glass for GE's Neo-Vision tubes, but availability is limited.

MEIC counts Hitachi & Sanyo plants among its Canadian customers, provides them with customized product, and exports to Mitsubishi plants in Cal. & U.K. Current output is restricted to 19" & 25", but there are plans for expansion. "We will initially move down to smaller sizes, but we will move both ways." That will include addition of square-cornered tubes, which company "is working on right now." Also being explored are high-resolution tubes for computer monitors.

Strength of U.S. currency against Canadian dollar is mixed blessing for MEIC, Tolliver said. It helps keep company competitive against U.S. tube suppliers because of lower labor costs, but increases cost of parts that must be imported from U.S. Another offset is higher productivity of U.S. tube makers.

Growth of MEIC is being aided by expansion of color TV assembly by Mitsubishi Consumer Electronics America in Cal. Mitsubishi expects to boost U.S. color TV sales by about 40% to 450,000 this year from 320,000 in 1983, with 360,000 of those coming from MCEA. About 70,000, mainly small screen, are due from Singapore affiliate United Electronic Engineering, rest from Japan. Mitsubishi's sales got lift earlier this year when 19" model was top rated by Consumer Reports -- CU has since objected to use of rating in ads by Mitsubishi dealers. Reaching targeted sales level would give Mitsubishi just under 3% of U.S. color market this year, against indicated 2.2% for 1983.

Tax breaks and other incentives would be made available to Japanese high-tech ventures in electronics, computer software and other specified areas under technology development law being proposed by MITI. It would help new businesses get unsecured loans, provide tax incentives and let such businesses and participating venture capital firms build up tax-free loss reserves. MITI also is proposing that rules prohibiting venture capital firms from lending executives to start-up companies be lifted. Eligible companies would have to have entered qualified field within last 10 years, spend at least 3% of sales on R&D, express intent to go public.

Apple is doubling capacity to produce Macintosh computers at automated facility in Fremont, Cal. Company says it can't meet demand and plant is operating near 40,000 monthly limit.

IC design piracy protection is provided by measure passed by House, but technical differences between it and similar bill Senate cleared last month will have to be worked out before it becomes law. While both would provide protection for 10 years, Senate version would be retroactive to Jan. 1, 1980, include designs under existing copyright law. House bill sets Jan. 1, 1984 effective date, would create new registration system. Supporters in both houses agree IC industry needs protection, are suggesting that to save time language compromise be worked out at staff level rather than in formal conference.

Pioneer will increase laser videodisc production to 950,000 monthly, or 11.4 million annually, next spring, company said in Japan. Kofu plant's output will be doubled to 800,000 and production in Carson, Cal. plant will be raised by 20% to 150,000 monthly.

CBS DROPS VIDEODISCS: Decision by CBS last week to end manufacture of CED discs at Carrollton, Ga. plant means \$14.1 million after-tax writeoff for CBS and more unwanted business for RCA at its Indianapolis disc facility. CBS said it would use space at Carrollton to boost output of audio records & tapes to meet rising demand.

On heels of CBS announcement, CBS/Fox Video said it was transferring its orders immediately, and Vestron & MGM/UA are expected to follow. Move is easiest for MGM/UA -- it was only program supplier to split orders between 2 producers, with RCA already handling about 50% of output.

RCA has opportunity to lose more money on CED, now a step closer to disappearance. "If we didn't have a commitment to people who've bought players," company wouldn't be interested in acquiring new business, RCA Videodisc Vp-Gen. Mgr. Arnold Valencia told us. Additional volume "is not a meaningful thing to us," but it was anticipated. Valencia said extra expense is built into \$175 million write-down fund established when RCA said it was suspending player production (TVD April 9 p12).

CBS originally had vowed to continue CED output, echoing RCA position that there was plenty of life left with potential disc sales of 10 million units annually. However, CBS claims business fell off faster than anticipated, and its production had dropped from mid-1983 peak of 15,000 discs a day to 5,000 at year's end and just 1,000 early this month.

CBS's restated sales figures indicate its CED disc sales revenue rose sharply to \$10.2 million in 2nd quarter 1983 from \$5 million in opening quarter. But in first quarter this year they totaled only about \$1.9 million. CBS never turned profit on CED, had \$15.7 million deficit from disc business in 2nd quarter -- \$14.1 million for shutting down operations plus \$1.6 million net operating loss. Operating loss was \$2.8 million for half. CBS said 1983 CED operating losses were \$800,000 for half, \$100,000 for quarter.

Last CBS discs probably will be pressed this month. CBS/Fox told us RCA deliveries begin next month. Sales & Mktg. Senior Vp Leonard White said volume will be "much more than 1,000 a day." CBS/Fox was by far biggest of CBS's 10-15 customers, thus is responsible for Carrollton's peaks & valleys. White remains sanguine about CED disc sales, but Vestron Pres. Jon Peisinger said it's "plodding along" -- same description he and several other home video executives apply to Laservision.

First video camera made by Minolta is unique unit weighing less than 2 lb., listing at \$666. With through-lens viewfinder, it has auto white balance, f1.2 lens, 4X zoom, 1/2" Saticon tube, is rated at 10 lux, has "focus-free" setting for most light conditions. Among accessories are VHS or Beta cables, \$34; 6.5mm wide-angle lens, \$60; 1.5x telescopic lens, \$90.

GE EARNINGS RECORD: GE earnings rose 11.1% in 2nd quarter to set new record for period, though sales were off 0.9% because of disposition of housewares, mining and other businesses in period (see financial table). On continuing operations basis, volume was up 6%. GE said rise in net reflected benefits of margin and productivity improvements.

While consumer products operations had higher overall results, earnings from video & audio business "continued to show the impact of product development and productivity expenditures as well as a very competitive pricing environment," GE said. In video, GE said it had strong volume increases, particularly in VCRs, but it "continued to operate at a small loss, due to lower selling prices" and somewhat higher costs of "factory revitalization" and development of its Comband signal compression and Talaria video projection systems. Earnings of Audio Dept. fell slightly "as higher product development costs and lower prices more than offset" effect of modestly higher sales.

Responding to Japanese press reports, GE said it and Matsushita have agreed to international tie-up in consumer products that will include production rationalization and joint development in computers & high-tech video. Companies said they "have developed a broad general understanding to pursue business cooperation in the development & manufacture of consumer products." GE noted it currently sources VCRs & cameras for sale in U.S., as well as air conditioners it sells overseas from Matsushita, sells color tubes and air conditioners to Matsushita subsidiaries here. However, GE noted, both it and Matsushita "have close relationships with other consumer product manufacturers."

TV series in stereo will be supplied by Universal TV to NBC this fall, but it's unlikely any affiliates will carry it in stereo -- at least first time around -- simply because broadcasting equipment isn't ready. New series, Miami Vice, combining police action and music, will be available for stereo simulcasting on FM or on multichannel TV sound, according to Universal, but main reason for adding stereo track appears to be for use in syndicated reruns after more stations are equipped. NBC spokesman reiterated that it doesn't expect to do any regular stereocasting before mid-1985, with owned stations in N.Y., L.A. & Washington to be first equipped (TVD May 21 p13).

Digital Images has given up effort to be first with digital audio Compact Disc plant in U.S., and may be abandoning plan altogether. DI, which got CD license from N.V. Philips last year, had announced it would construct \$10 million plant in Arlington, Va. (TVD March 14/83 p15), now says project is on indefinite hold. DI said it intended to go into production this spring, but couldn't because Philips declined to provide mastering and stampers needed until DI developed own capabilities in those areas. So first U.S. CD operation is expected now to be CBS/Sony plant slated to start production in Terre Haute, Ind. this fall.

ATARI REVAMP CONTINUES: Winding up 2nd week under new management, Atari is just about shaped into new image under Chmn. Jack Tramiel, founder of home computer rival Commodore, who acquired company from Warner Communications for \$240 million in notes earlier this month (TVD July 9 p12).

While details are still sketchy and hard to come by, it's understood that several hundred, and perhaps as many as 800, Atari staffers at Sunnyvale, Cal. have been let go or put on notice of pending dismissal. Total includes virtually all senior marketing, sales and R&D personnel, some of whom already have been replaced by former Tramiel associates (see Consumer Electronics personals). "Look around here and you wonder who's left to run Commodore," one outgoing Atari vp told us. Also, Atari's parts & service operation has been shut, and toll-free numbers customers could call for location of nearest servicers or help with computer-related problems have been disconnected.

Atari's El Paso videogame console and game cartridge plant that was included in asset package bought by Tramiel has been closed at cost of 300 jobs. Some of production, primarily cartridges, is being moved to Atari plant in Taiwan, which now handles all output of computers & software along with 2600 game console & cartridges. El Paso was turning out step-up 5200 game console and was slated to produce recently introduced 7800. But it's believed Tramiel has decided to drop former, scrub latter.

As for old standby 2600 game, there have been reports Tramiel plans to drop it at end of year, license production & marketing rights to manufacturers in Far East, and turn Atari into computer-only business. But there are equally strong indications he'll stick with game as long as it generates cash flow. Tramiel has been talking about his plans with 3rd party software suppliers. Source at Activision told us company expects Atari to remain in game market, and that Activision & Atari will continue as partners in effort to develop broadcast system for direct delivery of computer & game software to homes.

Next move by Atari is expected to be price cuts on 600XL & 800XL home computers, reversing increases instituted in Jan. by outgoing Chmn. James Morgan, brought in from Philip Morris by parent Warner last Aug. to turn company fortunes around. Home computer market has been relatively stable, though sluggish, for last 6 months, and move could revive 1982-83 price war, force some of few survivors out of market. Tramiel is known to have developed new low-cost high-performance home computer, and feeling is Atari will announce it in Jan. Computer will run existing Atari software.

* * * *

It's becoming increasingly clear that, for short term at least, Tramiel will use Atari to challenge Commodore's now dominant position in home computer market, and do it with help of Commodore

people. Last week, Commodore reacted by filing theft-of-secrets suit against 4 former engineering employees who have joined Atari, asked Chester County, Pa. state court for injunction against Atari's use of that information. Suit alleges engineers copied & retained information on new business computer and multistandard disc drive. It charges thefts were made in May & June, before Tramiel acquired Atari, doesn't include either Atari or Tramiel as defendant.

POLYGRAM CD PROGRESS: Polygram last month turned out 10 millionth CD digital audio disc at plant in Hanover, Germany, since start in Aug. 1982, plans to produce at least 14 million in 1984. Current output by the joint Philips-Siemens venture on 3-shift, 7-day basis is 50,000 daily, scheduled to be increased to 80,000 by fall. Factory sources won't discuss reject rate, but it's understood to be around 25-30%, while consumer returns for 1983 product were about 0.1%, considerably below 0.3% target.

Polygram's total investment in manufacture is estimated at about \$25 million, plus another \$10.5 million in R&D. Mastering, originally handled by Philips in Eindhoven, moved to Hanover about month ago, and new mastering facility can handle about 15 titles a day on 2 shifts, our correspondent reports after tour of Hanover facility. Plant has pressed about 1,600 titles -- custom pressing represents about 1/3 of output. Polygram quotes lead time of 30 days, but has achieved 8 days on occasion.

Questions of CD playing time and future applications, including video, were fielded by Technical Assignment Exec. Bjorn Bluthgen, who said 67.5 min. is "critical time -- more than that and a player which is out of spec won't play a disc," although Polygram has produced discs of over 70 min. Absolute maximum playing time is just over 74 min., he said.

Four-channel disc would be possible, Bluthgen said, but disc would have to run at twice speed, giving only half the playing time. Longer play times at lower fidelity are possible, but not by reducing disc speed. He said 11-hour talking book or even 22 hours of low-quality speech can be achieved by tracking disc 11 or 22 times over at same speed, with laser reaching different sections of data each time through. Same technique, he said, could give 4 hours of background music -- final standard on this lower-fi application will be fixed at year's end.

Standards for CD graphic video display also are planned by end of 1984, Bluthgen indicated. Although it takes 10 seconds to fill screen with graphic design by CD, the "slow-scan" effect can be eliminated by making background & foreground colors the same, then switching background color to make image appear completely formed. When still pictures as well as sound are available on CD, "today's players will need only a small modification to link with a graphics decoder."

SANYO BOOSTS OUTLOOK: Sanyo said it now expects parent-only pretax net of about \$221 million in fiscal year to Nov. 30, up 22% from 1983, and about 4% higher than original target. It expects sales will be up 13% to about \$3.96 billion, representing 3% rise from earlier forecast. Sanyo said its VCR sales this year should be up about 15% to \$638 million.

It said first half net rose 27.7% to \$54.9 million on 18.1% sales gain to \$1.88 billion. VCR sales were ahead 30% to \$332 million, while sales of office automation equipment, product area Sanyo is counting on for long-term growth, jumped 60% to \$133 million.

Sanyo's VCR and semiconductor manufacturing subsidiary Tokyo Sanyo said fiscal first half net climbed 62.2% to \$25.7 million on 25.9% sales increase to \$921 million. Sales of VCRs, all for export, were up 80% to \$132 million, while semiconductor volume rose 43% to \$390 million.

Fuji Photo pretax consolidated operating net slipped 6.6% to \$228 million in fiscal first half to April 30. Company attributed depressed results to price competition in magnetic materials market, reduced demand for cameras and movie film.

MGM/UA Home Entertainment reported 21.7% rise in 3rd-quarter net on 32% revenue increase. Company said sales were aided by increased volume from pay-TV and foreign licenses, noted that growth in U.S. home software market "has been virtually unaffected by the RCA announcement of the discontinuance of production of their [CED] disc player."

Casio said consolidated net jumped 25.8% to \$37 million in year to March 20 on 11% sales rise to \$835 million. Watches accounted for 46.8% of volume, calculators 32.1%, remaining 21.1% coming from office equipment, musical instruments and TV. Casio said it accounts for 33% of world market for calculators, 15% for watches. Company said it's preparing to start production of color LCD TV, but hadn't decided on pricing.

Mitsubishi reported sales of consumer products rose 8% in year to March 30 to \$1.73 billion. Total consolidated sales were up 12% to \$7.3 billion.

U.K.'s GEC said pretax profits from consumer products jumped 20% to \$32 million on 5.7% revenue rise to \$374 million in year to March 30.

Cable-ready suit against Tandy Corp. by 2 Pa. cable systems (TVD March 5 p12, March 12 p11) still awaits decision in U.S. Dist. Court, Pittsburgh. Systems are attempting to bring class-action suit against Tandy, charging its Radio Shack cable converters (and, by inference, cable-ready TV sets) constitute illegal interception of communications. Hearing was held March 7, followed by further filings. Judge Edward Dumbauld is expected to rule soon on whether suit is entitled to class-action status.

1ST HALF AT-A-GLANCE: Here's summary of EIA monthly video sales-to-dealer figures for first half 1984, with 1983 comparisons:

TELEVISION SALES TO DEALERS
Direct-View

Month	Total		Color		Monochrome	
	1984	1983	1984	1983	1984	1983
January	1,512,066*	1,217,771	1,116,649*	870,304	395,417	347,467
February	1,502,185*	1,352,540	1,168,092*	934,147	334,093	418,393
March (5 wks.)	1,997,478*	1,782,904	1,553,618*	1,238,027	443,860	544,877
April	1,311,816	1,272,541	1,004,499*	906,130	307,317	366,411
May	1,332,056	1,136,646	1,069,245*	830,230	262,811	306,416
June (5 wks.)	1,833,094	1,956,323	1,388,178*	1,310,665	444,916	645,658
TOTAL	9,488,695*	8,718,725	7,300,281*	6,089,503	2,188,414	2,629,222

PROJECTION TV SALES TO DEALERS

Month	1984	1983	Month	1984	1983
January	12,275*	11,127	April	11,882*	7,430
February	12,292*	9,958	May	12,151*	8,292
March (5 weeks)	13,969*	10,896	June (5 weeks)	15,504*	8,671
TOTAL			TOTAL	78,073*	56,374

HOME VCR AND COLOR VIDEO CAMERA SALES TO DEALERS

Month	Home VCRs		Color Cameras	
	1984	1983	1984	1983
January	388,318*	216,267	28,812*	24,518
February	435,586*	246,797	31,952*	23,403
March (5 weeks)	568,387*	266,501	37,445*	26,497
April	432,596*	228,335	25,938*	23,454
May	460,788*	272,104	32,300*	25,043
June (5 weeks)	625,238*	348,414	35,735	40,509*
TOTAL	2,910,913*	1,578,418	192,181*	163,424

*Record

NEW 8mm ENTRANTS: Ranks of 8mm Video format supporters increased by 2 last week, both on software front, as Sony said it plans to start production of videocassettes later this year and chemical maker Pfizer announced it would be exclusive U.S. distributor of Japanese-made magnetic metal particles for tape coating.

Sony confirmed it intends to start production of 8mm videocassettes at Magnetic Products Div. plant in Sendai this fall, and that output would be sold primarily on OEM basis to producers & marketers of VCRs in new format (TVD June 18 p11). Polaroid, which buys Beta tape from Sony, indicated it still had no contract supplier, thus has to be considered prime customer. Sony said it hopes to produce at least million cassettes monthly, level company official told us would be required to produce "reasonable profit."

Pfizer has concluded cross-distribution agreement, effective Oct. 1, under which it will be exclusive seller in North America of metal particle powders produced by Kanto Denka Kogyo, while KDK will handle sales of Pfizer's iron & cobalt-doped oxides for video & audio cassettes and computer discs in Japan. Pfizer currently markets in Japan through wholly owned subsidiary.

KDK claims it was first commercial producer of metal particles and that it's currently Japan's largest supplier of videocassette OEMs. In addition to distribution link, Pfizer & KDK will establish pilot cobalt oxide production facility in Japan to improve technical service to customers there.

Consumer Electronics Personals

Yoshito (Super) Yamaguchi, Mitsubishi Electric America chmn., returns to parent in Japan as Overseas Mktg. Group gen. mgr.; he's succeeded at Mitsubishi Electronics (U.S.) by Takeshi Sakurai... Michael Tamkin, Zenith Components & Systems Group vp, adds duties as video display operations gen. mgr. with responsibility for color monitors and monochrome displays... Ronald Petty, ex-Pioneer Video, joins Sony Best. Products as mktg. services dir.

William Grubb, Imagic founder and chief exec., has left to join Dataspeed, marketer of hand-held portable stock quotation receiver, as mktg. & sales exec. vp.... David Harris appointed Atari sales vp; Leonard Schreiber named vp-gen. counsel; Shiraz Shivji joins as engineering dir.; all are ex-Commodore... Allan Epstein resigns as Activision corporate development senior vp to pursue personal interests, duties assumed by Operations Vp Joseph Avery... Judie D'Imperio joins VCA Duplicating as east coast computer diskette services information mgr... John Cutrone advanced at Brother International to national accts. sales mgr., new post... Fred Lewis joins JVC Professional Video Div. as SW region sales engineer.

Boake Sells advanced at Dayton-Hudson from vp to pres., succeeding Kenneth Macke, now chmn., who replaces William Andres, appointed exec. committee chmn... Marvin Lurie, trade association management specialist, joins NARDA as asst. exec. vp, will work with Exec. Vp Jules Steinberg, who is slated to retire in 1986... Elizabeth Hallman advanced at National Captioning Institute to mktg. specialist responsible for programs aimed at home video industry.

James Grady promoted at RCA Records from Washington, D.C. branch mgr. to national video sales dir. following company's appointment as distributor by RCA/Columbia Pictures Home Video... Earl Blair resigns as pres. of Nostalgia Merchant to form Earl Blair Enterprises, aimed at home video market... Paul Wagner joins CBS/Fox Video as head of in-house PR; Anne Upson, ex-Intermedia, named to develop & acquire nontheatrical programming... Richard Charnoff named Vestron Video business affairs assoc. dir., Dick Lucas south central regional sales dir., Kris Matters midwest regional sales dir.

Christine Ecklund, ex-Showtime/Movie Channel, joins Children's Video Library as evaluations mgr... Linda Carhart, ex-Chrysalis Records, named pres. of Overture Films, music video arm of EUE/Screen Gems Ltd... Jarvis Astair appointed Intervision Video (U.K.) chmn.; Terry Norris named managing dir., replacing Bev Ripley, now deputy chmn... Karin Owens named ad dir., National Video... Jacques Salters, ex-VCX, joins Continental Video as sales rep.

David Duke, Corning Telecommunications Products Div. gen. mgr., also named senior vp.; Div. gen. mgrs. named vps: Robert Buhrmaster, Ceramic Products; Norman Garrity, Electrical Products; James Kaiser, Technical Products.

APRIL TV IMPORTS: B&w joined with color in posting sharp import rise in April to produce all-time record monthly high of 1.71 million complete & incomplete sets, Commerce figures show (TVD June 25 p11).

Steep jump for b&w was paced by climb in shipments from Korea, with virtually all of increase coming in 12". All of Japan's b&w increase was in 6"-&-under, classification that includes Sony's Watchman and Casio's LCD pocket portables. Japan, Taiwan & Korea all shared in month's color TV import rise, most of increase coming from doubled shipments in 10"-&-under, 13" & 19" sizes. Boost in month's shipments pushed Taiwan's 4-month TV total past million mark, joining Korea at that milestone.

Following are TV import totals by country for April and 4 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chge.	4 months	%chge.
Japan				
total....	300,300	+97.7	890,100	+70.4
color....	203,200	+81.1	656,400	+71.4
b&w.....	97,100	+144.6	233,700	+67.6
Taiwan				
total....	384,300	+84.8	1,211,500	+39.4
color....	169,200	+207.3	523,300	+91.5
b&w.....	215,100	+40.7	688,200	+15.5
Korea				
total....	721,800	+182.3	1,873,100	+93.3
color....	202,300	+119.7	779,100	+125.9
b&w.....	519,600	+217.6	1,093,900	+75.2
Singapore				
total....	70,800	+ 8.4	283,200	+35.8
color....	70,800	+14.9	282,500	+45.6
b&w.....	--	--	700	-95.4
Malaysia				
total....	9,100	-42.2	63,600	+21.2
color....	7,700	-38.9	55,600	+49.9
b&w.....	1,400	-54.8	7,900	-48.2
Hong Kong				
color....	14,300	+744.1	26,800	+339.7
Canada				
color....	7,400	+18.5	26,900	+15.2

Complete Color				
Japan.....	148,000	+85.8	461,500	+81.5
Taiwan....	154,600	+180.7	466,000	+89.6
Korea.....	182,600	+129.7	706,400	+125.6
Singapore..	19,000	+ 2.1	91,500	+57.0

Color Chassis & Kits				
Japan.....	55,200	+69.7	194,900	+51.6
Taiwan....	14,600	+360.2	57,300	+108.5
Korea.....	19,600	+56.2	72,800	+129.0
Singapore..	51,800	+20.4	191,000	+40.7
Mexico....	199,600	+62.7	592,000	+19.8

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			
1984-6-mo. to June 30	2,391,700,000	127,400,000	4.29
1983-6-mo. to June 30	2,087,800,000	76,500,000	2.58*
1984-qtr. to June 30	1,215,800,000	88,500,000	2.98
1983-qtr. to June 30	1,053,800,000	58,700,000	1.98*
Gannett			
1984-26 wk. to June 24	916,886,000	94,522,000	1.18
1983-26 wk. to June 26	813,956,000	84,760,000	1.06*
1984-13 wk. to June 24	491,682,000	59,685,000	.75
1983-13 wk. to June 26	427,157,000	52,513,000	.66*
General Electric			
1984-6-mo. to June 30	13,247,000,000	1,064,000,000	2.35
1983-6-mo. to June 30	12,822,000,000	946,000,000	2.08
1984-qtr. to June 30	6,664,000,000	579,000,000	1.28
1983-qtr. to June 30	6,724,000,000	521,000,000	1.15
Owens-Illinois			
1984-6-mo. to June 30	1,751,100,000	59,600,000	2.12
1983-6-mo. to June 30	1,721,700,000	36,000,000	1.30
1984-qtr. to June 30	908,500,000	40,800,000	1.45
1983-qtr. to June 30	889,100,000	30,200,000	1.10
Post			
1984-6-mo. to June 30	51,112,000	3,816,000	2.09
1983-6-mo. to June 30	44,661,000	2,089,000	1.15
1984-qtr. to June 30	27,841,000	2,729,000	1.49
1983-qtr. to June 30	24,230,000	1,631,000	.89
Raytheon			
1984-6-mo. to July 1	3,017,000,000	67,700,000	.80
1983-6-mo. to July 3	2,758,000,000	150,700,000	1.78*
1984-qtr. to July 1	1,522,000,000	(11,400,000)	--
1983-qtr. to July 3	1,453,000,000	77,800,000	.92*
Toshiba			
1984-year to March 31	11,189,400,000	243,900,000	--
1983-year to March 31	9,924,600,000	158,900,000	--
Westinghouse			
1984-6-mo. to June 30	4,829,500,000	244,700,000	1.38
1983-6-mo. to June 30	4,670,700,000	196,700,000	1.11*
1984-qtr. to June 30	2,559,600,000	128,100,000	.72
1983-qtr. to June 30	2,385,600,000	96,400,000	.54*

Notes: *Restated. *Adjusted. *At yen's current rate.

HITACHI'S FINNISH TVs: Hitachi has gone to Salora, its licensee in Finland, for color TVs to sell in U.K. while it completes overhaul of South Wales plant it acquired last spring when it bought out venture partner GEC (TVD April 2 p15).

Hitachi has trimmed some 500 from worker rolls, or nearly 40% of force, renegotiated labor contract to cut down on wildcat strikes, and has begun installing automated equipment to boost productivity. Plant currently is running only at about 70% of capacity, turning out about 15,000 sets monthly, some of which are sold to GEC. To take up slack, Hitachi is importing additional 4,000 sets monthly from Salora. Sourcing from Salora is expected to continue at least until quantity & quality of U.K. plant output are up to par. Hitachi's European-assembled sets all are 19"-&-over, with smaller sizes imported from Hitachi plants in Far East.

WEEKLY Television Digest

Consumer Electronics ...
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Editor & Publisher
Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable & Station Coverage Atlas, Satellite Week, Video Week, Communications Daily, biweekly Connections (jointly with Economist of London), biweekly Public Broadcasting Report and other special publications.
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Russians are shopping in Europe & Japan for VCR production know-how. In Europe, talks are being held with Grundig, now under management control of N.V. Philips, and only non-Japanese-related manufacturer in integrated production of VHS VCRs. Grundig also produces V2000 format VCRs. Grundig said it has exchanged visits with Russians and is ready in principle to supply help if acceptable deal can be worked out. In Japan, Matsushita said it has received feelers from USSR, but has been told by MITI not to get involved. VCRs, along with computers, semiconductors and other high-tech products with strategic value, as well as know-how & tools needed for production, are on U.S. commodity control list of items banned for shipment to Communist countries. U.S. firms making unauthorized exports of such products can have their export licenses rescinded. Foreign companies that violate ban are cut off from U.S. suppliers and also are subject to sanctions imposed by their own govts.

Sanyo is restructuring national sales & warehousing operation into regions. First step is replacing 29,000-sq. ft. Chicago-area sales & service office with 171,000-sq. ft. facility that also will house product & parts warehouse, plus order processing and OEM sales activities. New midwest hq will serve 13-state region.

McGraw-Hill's biweekly Electronics is undergoing frequency and name change, becomes Electronics Week with July 23 issue.

TELEVISION DIGEST®

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With Consumer Electronics

JULY 23, 1984

VOL. 24, NO. 30

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CHINA-CBS PROGRAM ACCORD: CCTV will show news, sports & entertainment shows starting in Dec. CBS to sell 5 ad mins. for each hour. (P. 10)

CABLE & CITIES AT LOGGERHEADS AGAIN: Just 3 weeks after they joined hands to achieve House Energy & Commerce Committee passage of deregulatory bill HR-4103 (TVD July 2 p3), cable industry and cities are again raising clenched fists, casting grave doubt on whether legislation will become law this year. Eruption came after NCTA board met in Washington July 17 to debate what it finds wrong with bill and to suggest revisions. Adding fuel to fire, NCTA Pres. James Mooney said he believes operators can & will break franchises by reconfiguring service offerings and raising rates for tiers, as he said is allowed under FCC's Nev. preemption decision (TVD July 16 p4).

During 7-hour debate on HR-4103, NCTA board said it still supports concept of national cable policy. But it made clear that bill must be amended to reflect FCC's Nev. decision limiting local rate regulation to basic service, which Commission said can contain only

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MULTICHANNEL SOUND broadcasting era starting with 8 stations poised to begin -- ABC, NBC, PBS active. New music video network formed. (P. 11)

20.6 MILLION TVs sold in 1984 model year, including 15.4 million color sets. VCRs total 5.4 million, up 88.8%. (P. 12)

2-CHANNEL TV decision by FCC stirs opposition from NAB, others. EIA decides to remain neutral. Sanyo not sure it will go ahead. (P. 13)

MAY VIDEO IMPORTS up, but fail to match records of April. VCR shipments rose 87%, color sets increased 41% from May 1983 imports. (P. 13)

WHO'S WINNING AM stereo battle? Both Motorola & Kahn come close to claiming victory. (P. 14)

KODAK 8mm CAMCORDER shipments under way from Japan. Output said to be 2,000 monthly. (P. 14)

RCA, ZENITH, NAP & Emerson show improved results from video. Coleco profit down. (P. 15)

SHARP WINS FREE ZONE designation for Memphis, Tenn. TV-MW oven assembly plant. (P. 16)

3M DROPS OUT of Winter CES, may lead departure parade of other videocassette majors. (P. 18)

must-carries, and preempting local control over content & rates for all other offerings. Board therefore wants removed from bill 4-year transition period in which rate regulation would be phased out. Board also expressed deep concern about franchise renewal, felt that section of bill is so poorly written it can be interpreted in many ways.

"I'm still in a daze, I don't know what happened," said board member after closed meeting. At news conference afterward, Mooney and NCTA Chmn. Edward Allen wouldn't answer any specific questions. "We've been charged," Mooney said, "to go out and do everything we can to put it [bill] right, so we can put the major question to the board at its Sept. 6 meeting." At that meeting, Allen said, board will review Mooney's progress and take up-or-down vote on bill. Mooney conceded that by seeking major rewrite, "it's a bit uphill" to get legislation passed this session of Congress.

Whether National League of Cities (NLC) will agree to changes "depends on how far the cities realize they have been undone" by Commission and court, Mooney said. NLC spokesman disagreed sharply with Mooney's assessment, charged NCTA was "reneging on the compromise" between parties on which HR-4103 is based. And if operators do attempt to alter services offerings or raise tier rates contrary to franchise, "there will be lots of legal confrontation, no matter what the FCC has done," NLC spokesman said. But first test of how cities view Nev. decision may have come in decision by Milwaukee to agree to most demands by Warner-Amex for franchise concessions (see story elsewhere this issue.)

NCTA board took 3 key votes on clarifying franchise renewal section, we were told. First was to delete complex administrative proceeding governing renewals, insert single statement that if operator has materially complied with franchise and city denies renewal, operator is entitled to sell system -- to city or anyone else -- at full fair-market value as ongoing business. Vote deadlocked 12-12; Mooney cast deciding vote to defeat it.

Proposal then was offered to retain but clarify bill's franchise renewal language -- including administrative proceeding in which burden of proof is on operator, allowing city subjective judgment as to whether he has met terms of franchise but adding statement that if city denies renewal, operator is entitled to sell system (again, to city or anyone else) at full fair-market value. Proposal passed 24-1, with sole adverse vote coming from Warner Amex Chmn. Drew Lewis. That revision is "bill-buster," as was proposal by TCI Pres. John Malone, adopted 15-7, to reinstate in bill reasonable expectation of franchise renewal. Another demand was for de novo court review of any denial of renewal.

Many board members maintain NCTA isn't attempting to drastically rewrite franchise renewal section, is only seeking to make bill reflect what industry understood it agreed to in negotiations with cities. One explained: "The bottom line was that we and the cities decided to end comparative renewals. But the bill as written is so murky there's no telling how a judge will interpret it."

NLC claims NCTA argument has a flaw: That FCC preemptions and U.S. Supreme Court case deal only with rate regulation and program content. Said NLC spokesman: "They're saying we have to rewrite all these things because the FCC and the Supreme Court say so. But I invite them to show me one word the Commission or any court has had to say about our system of franchising being wrong."

Cal. Cable TV Assn. (CCTA), which had withdrawn support for bill unless it was significantly rewritten, left meeting applauding board's action to demand revisions. CCTA Exec. Committee met twice with national board, said afterward: "We call on all associations and all members of the cable TV industry to stand behind and support the NCTA board and staff at this critical stage." Said one observer: "That's some turnaround." New England Cable TV Assn. also had withdrawn support for bill and was allowed to make presentation to board. NECTA officials said they also were satisfied with changes. Referring to meetings with 2 groups, Allen said: "They had the same concerns the [NCTA] board has. They made excellent

presentations [and] their views are being accorded a lot of weight."

CATA withdrew support for bill July 15 during annual convention. NCTA Chmn. Allen addressed CATA gathering July 18, at one point said "NCTA appears to be following CATA's lead" on HR-4103. Allen explained NCTA action to CATA board, which seemed satisfied that both groups had same goals. "I'll tell you how pleased we are with what NCTA is doing," said CATA Exec. Dir. Stephen Effros. Allen "was given a standing ovation, and I can't remember the last time an NCTA chairman was received that well."

After several weeks of widespread dissension over bill, NCTA has "recedemented the political unity of the industry," Mooney said, describing himself as "sky high." "We now have a clear picture of what they want." He said meeting was "calmer than one might have expected [although some] expressed their views vigorously."

All agreed that NCTA is at critical stage in what has become 2-year trek toward legislation. Many remain confident that industry is, as Mooney said, in a "win, win" situation because it has FCC preemption to fall back on if bill fails (TVD July 9 p4). "But I'm a little scared," one executive said. "It's a game of chicken. We're speeding down the highway, with the FCC and the court in the back seat, heading right at the cities. If they swerve, we're okay. But what happens if they don't? It could be a hell of a wreck."

TV CONVENTION COVERAGE WANING: TV coverage of national party conventions by 3 major networks, already reduced from 4 years ago, may be much diminished in 1988, according to ex-NBC News Pres. Reuven Frank, now head of network's political coverage, and others. Combination of high costs and sparse news is doing in convention coverage, he said. ABC may have signaled future when it dropped 25 min. of prime time coverage July 17, turning instead to rerun of Hart to Hart.

But interest of local TV stations and cable networks is on rise. "The story isn't national anymore," agreed Group W's Convention Mgr. Richard Sabreen. "The story is in who's here and what they're doing, not why they're doing it. The story is the people, not the process." NBC's Donald Meaney, who heads affiliate & international liaison, agreed: "There's a major change in the way local stations are treating national and international news coverage. They're increasing coverage as they become more familiar with changes in broadcasting technology."

Dramatic change in convention coverage was evident at Democratic national convention last week, particularly in large number of local stations attending and ABC switch to entertainment. Democratic National Committee (DNC) reported that 392 TV stations, 374 radio stations and 66 networks or smaller broadcast news agencies covered convention. In fact, including pencil press, there were more than 3 reporters for every delegate.

Larger broadcast outlets, including TV networks, Independent Network News, Post-Newsweek Stations, Group W and CNN, camped in trailers outside Moscone Center where was held. Their "Media Village" was home to network control rooms, dozen editing rooms and entire parking lot of equipment for microwave & satellite transmissions. About 500 desks, 1,650 telephones, 1,000 typewriters and nearly as many computer terminals were trucked in for the 1,000 broadcast people working in trailers. Networks & CNN had additional facilities inside hall. Big 3 also had fleet of golf carts for transporting equipment & couriers. NBC had additional 8 mopeds to ferry staff.

Although networks scaled down hours of coverage to prime time only and slightly reduced staffs from 1980 levels (TVD July 16 p2), ABC estimated that TV networks lost average \$2 million per night on convention. (Networks won't disclose costs but estimates put total at \$20-\$25 million for each network. ABC-owned TV stations spent more than \$250,000 for Democratic primary, were expected to spend additional \$500,000 on 2 conventions.)

Recent ABC-Washington Post survey also found that 58% of viewers don't want to watch conventions. Numbers "have to be appreciated," contended ABC Vp & Exec. Producer-Special Events Robert Siegenthaler. Because network planning starts long before it's clear there's story, Siegenthaler said there's no way of knowing whether it'll be worth it. "In hindsight, this may be overkill," he said. "We shouldn't do it. I'd like to see it change -- and I'm betting it will" by 1988.

Frank agreed: "There's very little that happens [at conventions] anymore that's in any way surprising. It's not worth it anymore for TV to cover it in a big way. I wouldn't be surprised if this was the last set of conventions networks heavily cover." Columnists & CNN Commentators Robert Novak & Patrick Buchanan agreed, said conventions aren't significant part of political process anymore and don't warrant heavy TV coverage. Yet, even CNN & NBC joined CBS in expressing surprise when ABC cut to entertainment. ABC's opponents called action "incredible," "unbelievable," "another Heidi" and "bad judgment."

ABC defended its decision, said move was made because there was no news happening on convention floor at time. Network returned to convention after House Speaker O'Neill (D-Mass.) started speech. ABC News Vp David Burke said move was merely another indication of how networks' attitude toward convention coverage has changed. "You're seeing the future," agreed ABC Exec. Producer Jeff Gralnick. NBC News Pres. Lawrence Grossman concluded: "Next [time] convention coverage will reflect a matter of news judgment. None of it is so urgent that you couldn't tape it and, after the event, show it."

Only CBS executives appeared to disagree among TV networks. CBS News Pres. Edward Joyce contended: "The national political conventions are an integral part of the American fabric and those who choose to characterize them as dinosaurs and say they will [cut back in 1988] do so with some degree of cynicism about our election process." Upon hearing Frank's remarks, CBS Senior Exec. Producer Thomas Fleming snapped, "that's why they're [NBC] No. 3."

CNN & C-SPAN officials said that conventions are more suited to their kinds of coverage, that trend should be away from typical network spread. CNN Exec. Vp Edward Turner called conventions "our Super Bowl" because as all-news network, "it's the biggest scheduled news event that comes along in 4 years." CNN was only month old for last Democratic convention, had only 6 cameras & 50 people covering N.Y. event. This time, CNN had 16 cameras & about 300 staffers, has budgeted \$10 million for both conventions. "This is our chance to strut," Turner said. CNN anchor Mary Alice Williams agreed, said: "We're supposed to be the network of record. We have to do this. The networks don't."

Convention is "perfect" for C-SPAN, said Pres. Brian Lamb. He called typical convention & typical network coverage "process without substance," with "reporters ending up interviewing reporters and creating news." Politics is typically messy, inefficient & often boring process that TV networks, which are in business of capturing audiences through entertainment, can't afford to foist on public, Lamb explained. Frank said network TV story now is with primaries since convention has become little more than candidate's coronation at end of campaign road. He predicted continued expansion of network TV's primary coverage.

Lamb predicted growth in C-SPAN coverage, said cable-satellite public affairs network already plans to increase staff at Aug. Republican convention to reduce workload that took toll on 35 editorial & technical aides in San Francisco. He said decision was based on viewers' responses to C-SPAN coverage, which began week before convention with call-in shows and "day in life of" features on Cal. newspapers.

Political scientists argue that American political process has become increasingly distant from people, Lamb noted. C-SPAN's gavel-to-gavel coverage "is bringing it back into the living room," he said. C-SPAN's call-in shows fielded some 300 calls per day at convention, he said: "People want [unadulterated] coverage. They want to pick when they watch the conventions and what they watch."

DEMOCRATS ADOPT TELECOM PLANK: In what party officials called a "first," Democrats last week accepted party platform that contained section on telecommunications issues pushed by Sen. Hart (D-Colo.) delegates and edited by House Telecom Subcommittee Chmn. Wirth (D-Colo.).

Plank calls for "proper regulation" of telecommunications to encourage competition & growth, diversity and widespread public access to U.S. communications systems, and contains subtle messages for broadcast & cable industries. Commitment to increased minority ownership is urged. Democrats declared support for fairness doctrine and equal time requirements "along with other laws and regulations on the electronic media which encourage or require responsiveness to community needs and a diversity of viewpoints"

Convention notebooks: White House late July 20 rejected as "unrealistic" challenge by Democratic nominee Walter Mondale for 6 TV debates. President Reagan will hold news conference July 24 to answer charges Mondale made in acceptance speech to convention. No word on challenges from Democratic Vp nominee Geraldine Ferraro to Vice President Bush... Nielsen put CBS first July 16, tied with NBC for first July 17 and tied with ABC July 18. Figures for July 16 were CBS with 8.2 rating, 16 share; ABC, 6.8 & 13; NBC, 6 & 11; for July 17, CBS & NBC, 8.7 & 16; ABC, 7.6 & 14; and, for July 18, CBS, 8.3 & 15; ABC, 8.2 & 15; NBC, 7.3 & 13... House Telecom Chmn. Wirth, originally slated to give afternoon speech about platform, ended up speaking during prime time... Crowds and hot TV lights combined to make convention floor inferno, prompting party to hand out salt tablets...

American Federation of Teachers kicked off national voter registration drive in San Francisco with TV ad campaign on CBS Morning News, Today Show & Good Morning America... All 3 networks and CNN claimed piece of scoop on announcement Rep. Geraldine Ferraro (D-N.Y.) was to be Vice Presidential choice. CNN claimed honor for 1:18 a.m. announcement July 12. NBC contended it was winner with 9:58 p.m. News Digest broadcast July 11, while some ABC viewers were being told Mass. Gov. Michael Dukakis was likely nominee. CBS claimed scoop for announcement Ferraro was to be interviewed for post...

New Cornell U. study argues that competition among 3 major TV networks at 1980 conventions resulted in "coverage gap, an enormous amount of resources and coverage dedicated to events whose newsworthiness didn't merit the attention." Study found that 3 networks devoted almost 40 hours to 1980 convention, using 2,000 staffers and spending about \$40 million. Study concluded "coverage in 1980 was more a reflection of the networks' resources than the news they were covering" and predicted networks will begin to scale back coverage. It also found that networks' individual coverage was very similar, and that Big 3 devoted about half their air

time to official proceedings, 1/3 to correspondents reports, rest to network analysis. CBS & NBC were so similar that out of more than 13 hours study analyzed, there was difference of only 84 sec. between amount of time they gave to official proceedings...

CBS News Affiliate Services provided convention facilities for more than 40 foreign affiliates, including TBS (Japan), SVT (Sweden), ARD (W. Germany), TV Hoy (Columbia), TV Manchete (Brazil) & MBC (Korea). Facilities included feed points for more than 25 3/4" editing systems, simultaneous satellite transmissions and more than 100 hours of satellite time, 4 floor locations for live broadcasts, newsroom & studios, with most housed in 11,000 sq. ft. space next door to convention center. Setup in 1980 included only 3 editing systems serving 28 affiliates... CBS is negotiating with both parties for 3- or 4-hour interviews with 4 candidates at top of 2 tickets. Comments would be edited into one-hour show for 60 Min. Deal hasn't been sealed... President Reagan & Vice President Bush have been challenged to separate debates by Mondale & Ferraro. There's been no response yet.

Multichannel sound telecasting (with supplementary audio channel) could begin as soon as this week if ABC's plan to stereocast opening ceremonies of Olympics on KABC-TV L.A. work out. NBC & PBS also are actively pushing toward MTS, the latter setting up task force to help its stations prepare for it. PBS affiliate WTTW Chicago plans to go "fulltime stereo" early in Aug., and new high-power UHF in Boston plans to be on air Nov. 1 with 24-hour music video programming in stereo, with similar outlets planned in "hundreds of markets." (For details, see report on MTS in Consumer Electronics section.)

CBS TV has signed one-year agreement with Big 10 & Pac-10 Conferences to televise 14 Sat. afternoon college football games nationally this fall. Network paid \$8 million (\$570,000 per game), also will telecast Boston College-Miami and Army-Navy games outside Big 10/Pac-10 deal, paying \$800,000 for each game. College Football Assn., which includes all major conferences except above 2 and most independents, is attempting to sell 33-game deal to ABC. It hadn't been decided how cross-over games -- when Big 10 or Pac-10 school plays CFA school -- would be handled.

New TV stations: (1) Noncommercial WLAE-TV (Ch. 32) New Orleans, licensed to Educational Bestg. Foundation. Jerry Romig is gen. mgr., Doug Curry chief engineer, Constance Cannon program mgr. (2) KINT-TV (Ch. 26) El Paso; Pres. Jose Silva and Vp-Gen. Mgr. Larry Daniels each own 11.1%, as do 6 others. (3) KHS-TV (Ch. 46) Ontario, Cal., which was on air 1972-73 (MBI Acquisition Corp. acquired CP in May 1982); Joseph Buerry is gen. mgr. New starts raise U.S. operating TV stations to 1,165 -- 867 commercial, 298 noncommercial.

MILWAUKEE CONCEDES CABLE FIGHT: City council for Milwaukee voted 14-2 July 20 to grant most cutbacks Warner Amex had sought in cable franchise. New agreement cuts construction costs to about \$65 million from \$94 million. Council also gave preliminary approval to partnership of Warner system & Viacom systems in 14 suburbs. Mayor still must sign new franchise, while Milwaukee and 14 suburbs must move toward final approval for partnership.

Warner Amex Chmn. Drew Lewis told city in Jan. "economic realities of cable industry" required major overhaul of June 1983 franchise agreement. Changes approved include: (1) Plant will be single cable rather than dual. (2) Number of channels is cut from 108 to 56, but if system does better than expected 14 more can be added. (3) No local origination facilities will be built at first. (4) There will be 6 public access channels, down from 18.

New contract contains economic triggers for system to go interactive, add more channels or build local origination studios, said Ron Kuisis, Warner public affairs vp-Milwaukee. Should penetration top 49.5% and operating margins move above 38% in 12-month average, city & system will talk about additions, he said. But upgrades can't cause penetration to drop below 44.5% or operating margins below 35%.

Many thought that FCC's recent decision preempting local rate control over all but basic service, and saying operator alone controlled rates & offerings on tiers, influenced decision. Milwaukee Office of Telecommunications, city attorney and city comptroller all recommended council adopt changes. Kuisis said there's acknowledgment in franchise agreement of companies' ability to set rates for "other than basic service."

Basic service, at \$2.95 monthly, includes 8 must-carries, 6 access channels and 5 basic satellite services, said Telecommunications Office Dir. Robert Welch. Contract allows Warner to pass along any price increases from satellite channel to customers. Welch added he's not even sure that will pass test of recent FCC decision, but negotiations on issue had been completed when FCC ruling came down. In addition, city's hopes for freeze during construction on price of expanded basic were quashed by Commission ruling.

"Cable companies are on a roll" in courts and at FCC, Welch said, adding such decisions mean there's 3rd party "sitting at the bargaining table with you." Welch had been upset when Lewis made Jan. announcement, calling Lewis "lord of the manor." Welch seems more sanguine about changes now, said city had to "deal with the reality of our existence -- if there are 38 programming services, you don't need 108 channels." Because system was only in preconstruction phase, "we didn't have a lot of room to maneuver."

NEW MUSIC LICENSE TALKS ASKED: Speaking for "virtually all" of more than 8,000 U.S. radio stations, 4 groups July 20 called for resumption of talks on new music licensing contracts between BMI and All-Industry Radio Music License Committee. Long-standing negotiations broke off at end of June and BMI sent stations new contracts calling for 10-20% increase in music license fees, effective Jan. 1. Hundreds of stations have returned signed contracts for new rates under protest.

"We believe that both sides, being in the business of communicating, can find ways outside of the courtroom of continuing to communicate," said statement of NAB, NRBA, DBA and Best. Financial Management Assn. "It is in this spirit that we call for an immediate abatement of all threats and postures of litigation by either side... By making this unified, public plea for a resumption of good-faith negotiations, we are neither finding fault nor casting blame. We are... simply calling for a cessation of hostility, a de-escalation of rhetoric, and an immediate resurrection of face-to-face discussions..."

"Specifically, we call upon the All-Industry Committee to refrain from bringing its threatened litigation and we call upon BMI to refrain from pressing copyright infringement actions... And finally, we call for a return to the bargaining table at the earliest possible time."

Negotiating committee met in N.Y. July 19, said it's trying to find grounds with BMI to resume negotiations and would do nothing to prevent that from happening. BMI is owned by about 400 stations and its board is composed of broadcasters. Its directors have stayed away from negotiations but have endorsed BMI management in controversy, saying group made "reasonable efforts to reach a compromise."

In letter to BMI shareholders, Chmn. Robert Pratt, KGFF(AM) Coffeyville, Kan., said that BMI has made "unconditional offer to arbitrate," that BMI rate increase "is fair and reasonable" by comparison with ASCAP. Although stations play more BMI music than ASCAP's, payments to ASCAP have been, and still are, higher than BMI fees. Pratt letter was partially in response to All-Industry Committee charge that BMI board had been derelict in not keeping hand in negotiations. Pratt countered that board cannot, because of antitrust implications, "legally, morally or in any other way" become involved in negotiations.

U.K. Home Office has issued licenses to 4 of 11 interim cable operators, concluding several months of negotiations. They're Swindon Cable Services, Swindon; Croyden Cable TV, Croyden; Rediffusion Consumer Electronics, Guildford; and Clyde Cablevision, Clyde, Scotland. Award of licenses came last week soon after House of Commons passed Britain's first cable legislation, which sets up Cable Authority to oversee industry.

TARPAC SPENDING RISES: NAB's TV & Radio Political Action Committee (TARPAC) has given \$81,728 to 71 House & 28 Senate candidates to date in 1983-84 election cycle, compared with nearly \$70,000 group spent in 1981-82 (TVD Nov 1/82 p2). Recipients include cosponsors of HR-2382 to deregulate TV & radio as well as allies in House Telecom Subcommittee battle to move compromise version. TARPAC pick for Democratic presidential nomination was Sen. Hollings (D-S.C.), who received \$2,000. NCTA also gave to Hollings campaign.

TARPAC contributions are listed in Federal Election Commission (FEC) reports covering 1983 & 3-month period ended March 31. As expected, TARPAC hasn't contributed to reelection effort of Telecom Subcommittee Chmn. Wirth (D-Colo.). Also not shown among recipients was House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.), whose panel handles cable must-carry & copyright issues.

Seven Senate Commerce Committee members got TARPAC funds, as did 32 of 42 House Commerce Committee members, including Chmn. Dingell (D-Mich.)(\$2,000), and 9 Telecom Subcommittee members, including NAB's foe on equal employment issue, Rep. Leland (D-Tex.)(\$100), and deregulation backers, Reps. Tauke (R-Ia.)(\$2,500) & Tauzin (D-La.)(\$2,000).

TARPAC remembered 7 allies on House Copyright Subcommittee, including supporter Rep. Moorhead (R-Cal.)(\$1,000) and parent Committee Chmn. Rodino (D-N.J.)(\$1,000). In Senate, only Judiciary Committee member to receive TARPAC money was Chmn. Thurmond (R-S.C.)(\$2,000).

Turner Bestg. also has PAC, whose latest filing is for quarter ended March 31, shows only \$2,000 in contributions -- \$1,000 each to Republican National Committee & Sen. Simpson (R-Wyo.). Money came chiefly from Turner vps, also from TBS Chmn. Ted Turner (\$1,125) & Turner Program Services Pres. Henry Gillespie (\$335). But reports that Turner filed last year to cover earlier part of election cycle show \$7,208 more in contributions.

Turner emulated NCTA Cablepac (TVD June 4 p8), supporting Hollings for President (but contributing meager \$250) and losing Democratic primary effort by Seattle Mayor Charles Royer for Senate from Wash. (again with only \$250). Turner's PAC has given to 13 Democrats, 12 Republicans, including \$400 to Wirth.

INTV through Dec. (last date on record), had given about \$2,500, mostly in \$250 amounts to 8 House members (7 on Commerce Committee), and \$125 to Rep. Martin (R-Ill.)(\$125).

NAB thinks 2-channel sets violate all-channel law, plans to fight to overturn FCC decision okaying sale of such sets as "monitors" rather than TVs. (Details are in Consumer Electronics section.)

ABC POSTS 12% GAIN: Performance of TV network & owned stations was primarily responsible for 12.2% gain in net income -- higher than analysts had expected -- for ABC in 2nd quarter. Net of \$72.4 million (\$2.49 per share) compared with \$64.6 million (\$2.20) for same 1983 period, on revenues of \$854.1 million, up 13% from \$754.9 million last year. ABC said gains were led by TV network & owned stations, which posted 2nd-quarter pretax profits of \$162.1 million, up 12%.

ABV Video Enterprises lost \$24 million during quarter, vs. \$14 million deficit in 1983, citing \$15 million write-off in shutdown of Telefirst home video service. ABC said ESPN had "minimal" operating loss in quarter.

Cox Communications had 2nd-quarter revenues of \$193.7 million, 23% above \$157.4 million in 1983 period (84¢ vs. 76¢ a share). Pres. William Schwartz said Bestg. Div. revenues were up 25% to \$77.6 million from \$62 million in 1983 period, with operating income ahead by 30% to \$32.5 million. Cable revenues were up 22% to \$100.4 million from \$82.4 million in 1983 while operating income was up 15% to \$11.9 million.

Washington Post Co. had 2nd-quarter net income of \$27.2 million, up from \$21.3 million in 1983 period (\$1.94 vs. \$1.50 a share). Revenues were \$256.1 million, up 14%. Newspaper revenue rose 16%, while revenue at 4 Post-Newsweek TV stations was up 18%. Company reported loss of \$1.5 million as its equity in earnings of affiliates for 2nd quarter, compared with income of \$600,000 in 1983 period. Loss resulted from expenses associated with acquisition of programming for cable Sportschannel and cellular operations.

Comsat will sell 1/3 interest in Satellite Business Systems to partners IBM and Aetna, partly as result of decision to continue supporting its DBS company STC. Price wasn't stated but may run as high as \$60 million. IBM is putting up 80% of purchase price, Aetna 20%, with latter being given 18 months to raise its share to 50%. Comsat board met July 20, same day SBS sale was announced, but didn't set deadline for STC to come up with partner, as had been expected. No changes in plans & operations will occur at SBS as result of buyout, SBS Pres. & CEO Stephen Schwartz said.

Lower results at HBO & Cinemax account for slip in Time Inc. pretax income from video subsidiaries to \$52.9 million in 2nd quarter from \$54.5 million in same 1983 period. Overall company net was \$60.1 million, compared with \$54.8 million in 2nd quarter 1983 (92¢ vs. 84¢ a share). Quarterly revenues rose to \$771.6 million from \$691.2 million. Cable channels experienced "continued slower subscriber growth and higher programming costs." ATC "improved its profits," company said, but gain was generated by sale of systems "related to ATC's strategy of clustering."

EXPANSION TO 12-12-12 FIRM AT FCC: Action is due July 26 by FCC majority to expand limits on station ownership from 7-7-7 to 12-12-12. In only major change in works from what we reported last week (TV Digest July 16 p1), 12 limit for TV will apply to total of VHF & UHF stations. However, critics of plan say proposed waiver policy will be so liberal that there will be no effective limit at all on how many stations of any type single licensee could own.

Plan will create "a new cottage industry," Commission official told us. Another said "it'll really be a boon to lawyers," restoring business that attorneys claim they are losing through deregulation. New ownership rules will have 6-year sunset provision so that FCC can take another look at that time.

Ironically, Comr. Dawson may be only full dissenter to rules relaxation -- ironic because last spring Chmn. Fowler said Dawson "will be a key player" in rulemaking. "I'm going to be very interested in Mimi's input," he told us (TVD April 30 p2). "Indeed, I have asked her to work with me and the staff" in coming up with new proposal. However, Dawson favored maximum based on TV homes covered, not number of stations owned, reportedly plans to have dissenting statement ready when FCC acts.

Comr. Rivera said that he "would like to be able to concur in part if we can. It all depends on whether the number 12 is a real limit." Joining Fowler in endorsing proposal will be Comrs. Quello & Patrick.

Major groups & networks have said they plan to enter buyers market once rules are relaxed. They've also said they have no fears of unfriendly takeover attempts and several already have taken management steps to forestall such moves (TVD April 23 p3).

Unusual firing: WJLA-TV Washington Station Mgr. Dow Smith flew to Chicago July 15 to fire News Dir. Richard Goldberg -- who had been at station just 10 months and was in process of moving family to Washington. Said Smith, himself former WJLA-TV news dir.: "Dick and I have mutually agreed that it would be in the best interest of all concerned if he were to leave WJLA... Frankly, Dick and I disagreed on too many critical areas of style and substance." Asst. News Dir. Penny Mickelbury takes over as acting head.

Promotions of top aide to each FCC commissioner from Grade 15 to 16 have been authorized by Office of Personnel Management. Chmn. Fowler hadn't decided at press time who to promote on his staff -- we're told because his Chief of Staff Randy Nichols (in SES service and paid more than Grade 16) is leaving next month to become vp-gen. counsel of Comsat. Receiving promotions: William Harris (Quello), Rene Licht (Rivera), Robert Pettit (Dawson), Diane Silberstein (Patrick).

Under aegis of INTV, mgrs. of 76 independent TV stations gathered in Chicago last week to discuss common issues & problems. But "there was no discussion of the NATPE thing at all," according to INTV Pres. Herman Land. He said session was held because "our convention has grown so big that we need a more intimate setting." "NATPE thing" deals with fact 2 groups' conventions next Jan. are back-to-back -- much to consternation of programmers that exhibit at both. Land said largest stations met separately, and "by and large, the issues were amazingly the same" as those brought up by smaller market stations. Among issues: (1) There was "much ferment" about NCAA football situation (see separate story), but independents generally are standing by to see what happens with networks and regional groups. (2) "Age-old" ratings problems, with independents in nonmetered markets expressing concern because metered markets generally show higher audiences for nonaffiliated stations. (3) Closer cooperation with manufacturers to make sure they understand needs & interests of independents; cited in this area were tremendous savings that will accrue from switch to 1/2" tape. (4) Discussion of barter and forced tie-ins in program buys (whereby syndicator attempts to require station to buy undesirable program in return for selling that station program he wants) received much attention. Most station managers believe forced tie-in practice is growing & undesirable. (5) And, of course, 2 old standbys got attention: Cable copyright and growing attacks on beer & wine ads on TV.

Citing problems raised by comments in VHF drop-ins rulemaking, FCC Mass Media Bureau Chief James McKinney told NAB UHF TV Committee July 17 that more comments will be necessary before Commission can issue further order. Two years ago, FCC dropped Ch. 13 into Salt Lake City, Ch. 8 into Knoxville & Johnstown, Ch. 11 into Charleston, W.Va. Under current proposal, short-spaced channel could be added to market as long as new station provided protection to existing stations and new service gains would outweigh losses. In new proposal (due out late this year), Commission is expected to propose additional protections for existing stations. In unrelated move, Council for UHF Bestg. has written FCC Chmn. Fowler pointing out that UHF "continues to labor under a significant technical handicap that requires the partnership of the government and industry to overcome. Only by removing barriers to fuller UHF comparability with VHF can there be more station competitors in local markets." Group offered no specific suggestions for improvement.

Gunman entered KVUE-TV Austin, Tex. newsroom July 19, fired shot and demanded to make live political statement. Station personnel instead videotaped statement of Walter Sauder, who later surrendered to police. No one was injured.

Dow, Lohnes & Albertson, 89-member Washington law firm, moves to Suite 500, 1255 23rd St. NW, 20037; new phone: 202-857-2500.

Personals

FCC Comr. Dennis Patrick opens FCBA fall lunch series Sept. 20, Washington Touchdown Club... Peter Pitsch, chief of FCC Office of Plans & Policy, addresses NARUC conference July 24, Westgate Hotel, San Diego... Promoted to WJXT Jacksonville vps: Lynn Fairbanks, gen. sales mgr.; Melvin Martin, news dir.; Keith Kelly, business mgr.; Gary Corbitt promoted to research coordinator of parent Post-Newsweek Stations, new post.

Theodore Schlissel promoted to pres., Reeves International, succeeding Dennis Kernohan, retired; Adrienne Glasgow, ex-Borden, named treas., succeeding Peter Schreve, resigned... Joseph O'Donnell, Conrac vp-information group mgr., adds title of operations head, Alston Div.

Thomas Waldrop advanced to chmn., Media General Cable of Fairfax... Burke Walsh promoted to sales dir., Washington Best. News... Linda Cruse-Moffat advanced to regional sales mgr., Turner Cable Sales... Robert Rice, ex-WRAU-TV Peoria, named pres.-gen. mgr., WPRI-TV Providence, succeeding William Wuerch, resigned... William Webb, WCTI New Bern, N.C. gen. mgr., named vp of parent Heritage Bestg... Pete McDonald promoted to dir. of sales, WSPA-TV Greenville-Spartanburg, S.C., succeeding Bruce Miller, named gen. mgr. of co-owned WBTW Florence, S.C.; Otis Pickett succeeds McDonald as WSPA-TV sales mgr.

Henry Gramberg advanced to WRIF Detroit gen. sales mgr... Bruce Cynar, national sales mgr. LIN Bestg.'s WAND Decatur, Ill., joins co-owned WANE-TV Ft. Wayne, Ind., as gen. sales mgr., is succeeded at WAND by Michael Gross... Daniel Modisett, ex-KNAZ-TV Flagstaff, Ariz., appointed WLBT-TV Jackson, Miss. gen. sales mgr... Kenneth Tomlinson resigns as VOA dir., returns to Reader's Digest as asst. managing editor in Sept... Gordon King, Post-Newsweek Stations exec. vp, also named vp of parent Washington Post Co.

Nicholas Parham, ex-Va. Electric & Power, appointed Cox Cable corporate communications mgr., new post... Kathleen Thompson, ex-Group W Satellite Communications, named western regional sales mgr., Weather Channel; Lynn Hamilton, ex-Cox Cable, appointed central region affiliate mgr... Kevin McDermott, ex-Katz TV, named mktg. dir., Independent News... Deborah McLaughlin, ex-KDKA(AM) Pittsburgh, appointed affiliate relations dir., NBC Radio Network & Talknet... Steve Gigliotti promoted to gen. sales mgr., WCBS-TV N.Y.

Augustine Campiglia advanced to finance vp, RCA Americom... Nickolas Davatzes, Arts & Entertainment Network pres., adds CEO title... Shelly Schwab, MCA TV senior vp-mktg., heads new div. called Encore Programs... Mark Mitzner named senior vp-chief financial officer, Warner Amex Satellite Entertainment... Otto Silha, Cowles Media chmn., retires Aug. 1, will form Silha Assoc. management consulting firm with hq in Minneapolis.

Nelson Rosabal promoted to NBC personnel operations vp... Elected Best. Financial Management Assn. officers: Hugh Del Regno, CBS Entertainment Div., pres.; Willard Hoyt, Nationwide Communications, chmn.; James MacDermott, KCNC-TV Denver, vp; Joseph Seaver, Western Slope Communications, treas.; William Hankins, KSHB-TV Kansas City, secy... Slated as Best. Pioneers officers: Edward Cramer, BMI, pres.; Jack Thayer, N.Y. State Bests. Assn., first vp; Sol Paul, TV-Radio Age, vp; Wallace Dunlap, Group W, secy.; William Mulvey, Capital Cities Productions, treas... James Ariana, ex-Harris, named exec. vp-mktg. dir., Transmission Structures Ltd.

Elliott Tuckel promoted to mktg. dir., TIE/communications... Winston Cox advanced to corporate planning vp, Time Inc., new post; Thayer Bigelow promoted to chief financial officer, succeeding N.J. Nicholas, advanced to exec. vp-video group.

Lynn Fontana, ex-NPR, named educational activities dir., WETA-TV-FM Washington... Donna Cooper, ex-WMAR-TV Baltimore, appointed mktg. dir., WTTG Washington... Lawrence Divney, ex-CNN, named exec. vp, Business Times... Michael Clark, ex-Showtime Entertainment, appointed west coast development dir., Primetime Entertainment and London Weekend TV International... Jose Cancela joins KTVW-TV Phoenix as gen. mgr.

Francis Urbany advanced to NTIA assoc. administrator... James Meyers, ex-Gammon & Grange law firm, joins Washington law firm Baraff, Koerner, Olender & Hochberg... Donald Tice, ex-exec. secy. to START delegation, joins State Dept. Office for International Communications & Information Policy as political adviser to U.S. delegation to Space WARC.

FCBA annual seminar Oct. 11-14, Seabrook Island, S.C., features panels: (1) "Why Should You Have to Have a College Degree to Make a Telephone Call? -- The New Competition in Telephone Service." Panelists include MCI Chmn. William McGowan; James Denvir, ex-asst. attorney gen. who headed AT&T trial staff at Justice Dept., now with Washington law firm Akin, Gump, Hauer & Feld; Michael Hasten of Chicago law firm Winston & Strawn. (2) "Ratings vs. the Public Interest -- Does Success in the Ratings Reflect Fulfillment of a Broadcaster's Responsibility to the Public?" Appearing will be ABC TV Entertainment Div. Vp Squire Rushnell; Channels Editor-in-Chief Les Brown; ACT Pres. Peggy Charren. For information: Peter Tannenwald, 202-857-6024.

FCC Comr. Quello will be sworn in for 7-year term 4 p.m. July 26 in Commission meeting room. Doing honors for 3rd time will be Damon Keith of Detroit, judge for 6th U.S. Appeals Court. Former Detroit radio broadcaster Quello joined FCC in 1974, was reappointed in 1981 to fill unexpired term of ex-Chmn. Ferris. New term expires June 30, 1991.

CBS INKS CHINA DEAL: China Central TV (CCTV) in Dec. will begin airing 64 hours of CBS-produced programming, including news, sports & entertainment, mainland Chinese & CBS officials announced in N.Y. July 19. Under one-year agreement, each hour will carry 5 min. of ads CBS will sell to 10 corporate sponsors at \$300,000 each for 32 min. CBS will collect no cash for programs, instead will split ad revenues with China, said John Eger, CBS Best. Group Worldwide Enterprises senior vp.

Deal took 2 years to put together, doesn't bar China from dealing with other networks. CCTV Dir. Wang Feng said it's not first time China has brought in programs from other countries, nor will ads be first for Chinese TV. But acquisition of regular schedule of programs, most of which will be shown during prime time, is first for People's Republic.

Most of 33 shows are news & cultural affairs -- 60 Min., Third Camera, 21st Century -- with 7 entertainment programs thrown in. Eger said CBS couldn't offer shows such as Dallas & Falcon Crest because it doesn't own them. For violent action, estimated 630 million viewers (63% of 1 billion) will have to turn instead to N.Y. Rangers hockey & NCAA football.

China estimates nation has 45 million sets in use produced by domestic factories through end of 1983, but that doesn't include many imported from Japan & other countries. All domestic production is in color; sets retail for \$300-\$1,000. China has 60-80 TV stations, 1,200 people working in industry, official said.

Warner Communications will stop paying 25¢ quarterly dividend but board will review position on quarterly basis, said WCI official. However, board didn't act on sale of any company assets, spiking rumors that it would sell cable systems. American Express said 2nd quarter losses at Warner Amex Cable were "below last year's level" because company "achieved progress during the quarter in cutting costs and consolidating operations." Warner also announced that David Horowitz, co-COO and member of Office of Pres. at WCI, was appointed pres.-CEO of MTV Networks Inc., new publicly held venture consisting of Warner Amex Satellite Entertainment's MTV & Nickelodeon. Horowitz replaces John Schneider, WASEC pres., who "resigned to pursue private business opportunities," company said. Robert Pittman continues as MTV exec. vp-COO.

National Black Media Coalition petition asking FCC to investigate 45 stations -- which Coalition claimed had violated EEO rules -- has been denied by agency. Commission said NBMC hadn't shown that midterm sanctions against stations were appropriate. In related case, FCC renewed licenses of WYEN(FM) Des Plaines, Ill. and WTMJ(AM)-WKT(FM) Milwaukee, rejecting EEO complaints by Coalition.

Television Digest
with
Consumer Electronics...
(ISSN 0497-1515)

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This Newsletter is available Electronically via NewsNet.

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Reagan-Bush Committee wants to buy 5 min. of prime time for one or more nights during July sweeps to respond to statements & charges made during Democratic convention. Move is causing consternation among stations; FCC has advised that Reagan-Bush is entitled to reasonable access but that on affiliates it could be in access time. Time is being ordered through Ed Lidov Assoc. in about 25 "selected markets" from networks & stations July 24-27. Spots will feature President speaking from Oval Office. CBS has sold Committee 5 min. at 10:55 p.m. July 25 and at 8:55 p.m. July 27; NBC July 26 at 8:55 a.m. (following Today) and 10:55 p.m. July 27.

Percentage of women in broadcast newsrooms increased only slightly in 1983 over 1982, but more women continue to move into news dir. slot, according to survey by RTNDA. On TV side, 11% of stations reported female news dir., up from 8% in 1982 and less than 1% 10 years ago. For radio, 20% of stations reported woman news dir. last year, up from 18% in 1982 and 4% in 1972. More than 33% of all TV anchors last year were women, as were 25% at radio stations. Total of 97% of TV stations had at least one woman in news department (up from 57% in 1972 but down 1% from 1982) and average TV station had 5-6 women news professionals.

Turner Bestg. will decide in a week whether it will accept hard liquor advertising on WTBS Atlanta, CNN & CNN Headline. "We are holding internal discussions as a result of the Supreme Court decision" in Capital Cities case in which Okla. ban on cable liquor ads was struck down, said TBS spokesman Arthur Sando. TBS hasn't been approached by any liquor companies wanting to advertise, he said.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended July 6 (27th week of 1984):

	JUNE 30- JULY 6	1983 WEEK	% CHANGE	JUNE 23-29	27 WEEKS 1984	27 WEEKS 1983	% CHANGE
TOTAL TV.....	230,999	262,394	-12.0	578,620	9,797,767	9,037,493	+ 8.4
TOTAL COLOR...	198,876*	194,425	+ 2.3	451,122*	7,577,230*	6,340,302	+19.5
DIRECT-VIEW.	195,937*	192,906	+ 1.6	447,031*	7,496,218*	6,282,409	+19.3
PROJECTION..	2,939*	1,519	+93.5	4,091*	81,012*	57,893	+39.9
MONOCHROME....	32,123	67,969	-52.7	127,498	2,220,537	2,697,191	-17.7
TV EXCL. PROJEC.	228,060	260,875	-12.6	574,529	9,716,755	8,979,600	+ 8.2
HOME VCR.....	99,787*	58,959	+69.2	233,935**	3,010,700*	1,637,377	+83.9
COLOR CAMERAS...	5,814	6,024*	- 3.5	9,733	197,995*	169,448	+16.8

Color TV (direct-view) 5-week moving average: 1984--269,940*; 1983--258,764 (up 4.3%).

Home VCR 5-week moving average: 1984--124,307*; 1983--69,636 (up 78.5%).

*Record for period. **Highest week in history.

9 STATIONS RACE FOR STEREOCASTING: Multichannel TV sound broadcasting -- stereo and supplementary audio program -- will start as soon as this week, snowballing as stations receive equipment and figure out ways to get programming. Among early starters will be ABC & NBC owned stations, Chicago PBS station going fulltime stereo -- and PBS says it's "moving aggressively" to implement MTS by its affiliates. Scheduled for this fall is startup of powerful 24-hour all-stereo music video outlet in Boston, designed to be duplicated by UHF stations in "hundreds of markets" throughout U.S. as early as next year.

First actual stereo broadcast in new BTSC system may be opening ceremonies of Olympics July 28 on KABC L.A., but it will be "nip & tuck," according to ABC Project Engineer Kevin Dauphinee, depending on completion of equipment installation at station and whether Olympic Organizing Committee honors ABC request to change public address system feed to stereo.

Next stereocast could be either by WNBC-TV N.Y. or PBS affiliate WTTW Chicago -- latter station aiming for early Aug. start of fulltime stereocasting. WTTW was station used by EIA Multichannel TV Sound (MTS) Subcommittee for its tests of competitive systems. Station actually did broadcast in stereo full time for several months using Telesonics system -- its Engineering Vp Larry Ocker is pres. of Telesonics -- but it's switching to industry-chosen BTSC system, will start as soon as equipment is installed, carrying all programming either in true or synthesized stereo.

WNBC-TV N.Y. has been broadcasting almost fulltime tests of supplementary audio program (SAP) channel and stereo tests during off-air periods. Signal has been used extensively by the 7 TV setmaker labs in N.Y.C. area. It's understood further equipment is being delivered to station now, and it wouldn't be surprising to see sneak stereocast of one or more NBC-TV programs very soon, although network won't start regular stereo until next year. NBC-TV is taping Johnny Carson Show and networking Friday Night Videos in stereo, latter for simulcasting.

In mid-Aug., CBS affiliate KIRO-TV Seattle plans to start extensive series of stereocasts -- including movies, sports, as much syndicated stereo material as it can find. N.J. PBS station

WNJT Trenton probably will be first station with regular schedule of SAP broadcasts in Sept. or Oct., under contract to N.J. Library for Blind, which will conduct non-picture-related readings of books, periodicals, etc., eventually plans to expand program to all 4 N.J. PTV outlets. Library gave contract to N.J. PTV Authority after 2-week test in May (TVD June 4 p4).

Major L.A. independent KTLA plans to add heavy schedule of both stereo & bilingual broadcasts in Oct. after new transmitter is installed, including movies, sports, special local programming, and is seeking clearances for Spanish-language versions of movies and syndicated programs.

First of anticipated nationwide chain of fulltime stereo music stations -- WZTZ-TV Boston -- is scheduled to go on air Nov. 1 with first new RCA stereo transmitter at 3.66 megawatts power. Pres. John Garabijian said station will feature local disc jockeys 24 hours daily, calls concept "radio with pictures." He enthusiastically envisions broadcast music videos knocking MTV off cable and replacing "1/3 of radio listening in 5 years." WZTZ-TV is affiliated with new Boston-based Assn. of Music Video Bcstrs. (AMVB), headed by Gary Cocola and ex-Billboard Publisher and record & radio broadcasting figure Mort Nasatir, which plans to coordinate large group of fulltime & parttime music TVs, syndicating & swapping programs, negotiating with record companies, etc.

Already on air or preparing to go on soon are 9 UHF music station members of AMVB in Aurora & Joliet, Ill., Greensboro, Atlanta, Las Vegas, Pensacola, Fresno, 2 others in Boston area. None of on-air outlets is now in stereo. Garabijian forecast UHF music stations will cover 70% of U.S. population by end of 1985.

PBS last week set up MTS Task Force to help stations achieve "systemwide implementation," guide them on equipment availability, requirements, technical & policy issues. PBS has transmitted stereo to affiliates via satellite since 1979, originated more than 210 hours of stereo in last year.

INDUSTRY SOLD 20 MILLION '84 MODEL TVs: What do you do for an encore? Nearly one out of every 4 American homes made room for a 1984 TV set in the model year just ended. Some 20.6 million receivers -- color, projection, monochrome -- were sold to dealers during last 12 months. Color sales alone, at nearly 15.4 million sets, including projection, were up almost 3 million from 1983 model sales.

Every video product except monochrome TV set new model-year record -- direct-view color, projection, VCR, color cameras. Home VCR sales registered 88.8% increase, up more than 2.5 million to nearly 5.4 million. We reckon model year as July-June, and our data are derived from EIA figures on sales to dealers.

Model year, though perhaps mythical, is interesting benchmark -- particularly for 1984, since it spans the 12 biggest boom months in history of color TV, including 11 consecutive months of sales of more than million. Here are model-year figures on sales to dealers:

MODEL-YEAR SALES, 1982-1984

Product	1984 models	1983 models	% change	1982 models
Total TV.....	20,618,708*	18,096,785	+13.9	16,788,234
Total color...	15,362,075*	12,367,449	+24.2	11,354,668
Direct-view.	15,196,870*	12,232,935	+14.2	11,236,621
Projection..	165,205*	134,514	+22.8	118,047
Monochrome....	5,256,633	5,729,336	- 8.3	5,433,566
TV excl. proj...	20,453,503*	17,962,271	+13.9	16,670,187
Home VCR.....	5,423,816*	2,872,278	+88.8	1,558,452
Color cameras...	442,371*	325,169	+36.0	252,589

*Record.

Following is historical table of sales to dealers (excluding projection) for model years 1970-1984 (monochrome sales record was 8,086,000, set in 1966 model year):

Year	Total TV	Color	B&W	VCR
1984.....	20,453,503*	15,196,870*	5,256,633	5,423,816*
1983.....	17,962,271	12,232,935	5,729,336	2,872,278
1982.....	16,670,187	11,236,621	5,433,566	1,558,452
1981.....	17,804,406	11,193,119	6,611,287	1,061,535
1980.....	16,000,493	10,065,718	5,934,775	581,553
1979.....	16,521,179	10,286,351	6,233,828	439,434
1978.....	15,634,264	9,816,841	5,817,423	n.a.
1977.....	13,761,837	8,374,830	5,387,007	n.a.
1976.....	11,834,174	6,840,443	4,993,731	n.a.
1975.....	12,308,649	6,917,192	5,391,457	--
1974.....	15,770,254	9,061,922	6,708,332	--
1973.....	16,626,541	8,995,693	7,630,848	--
1972.....	11,775,000	6,704,000	5,072,000	--
1971.....	10,048,000	5,324,000	4,724,000	--
1970.....	9,595,000	4,961,000	4,634,000	--

*Record

NAB TO OPPOSE 2-CHANNEL TV SET: FCC's approval of 2-channel TV sets for use with cable TV, VCRs, etc. (TVD June 18 p10) is arousing opposition from broadcasters, and quite likely also will be opposed by some TV setmakers.

National Assn. of Bestrs. board voted to fight decision, on ground it violates all-channel rules, which provide that all TV sets must provide equal access to all broadcast channels. Acting on 2-1/2-year-old request by Sanyo Mfg. Co. for waiver of all-channel rules, Commission majority in split 3-2 decision said that set designed to pick up only Ch. 3 & 4 actually was monitor, therefore was exempt from rules and waiver wasn't needed. Although FCC voted over a month ago, actual ruling didn't come out until last Fri. (July 20).

Calling FCC action "totally unacceptable," NAB Senior Vp-Gen. Counsel Henry Baumann said organization will study ruling, then decide whether to ask for reconsideration or go directly to court to challenge it. Board "expressed very strong displeasure" with "astounding" decision, he said, because Commission "didn't even reach the all-channel receiver issue... We're very concerned about a receiver that gets only 2 channels."

Some manufacturers are concerned as well, and all are studying it. EIA Consumer Electronics Group board discussed situation briefly at recent meeting, decided to take no position because it probably has members on both sides of issue. As one manufacturer put it, "there's enough confusion [about cable-ready sets] already without introducing this one." There's concern that somebody will come out with this type of "gutless wonder" set and everybody else will have to be in market with one to protect their flanks.

Sanyo Mfg. Co., which filed original petition in Jan. 1982, now may have cooled on whole idea. "It's been a long time," said Max Slayton, mgr. of console color TV sales & planning. "The situation may have changed. We're just now starting to reevaluate it in terms of competition and what's going on in the market. We really don't know where things stand now, but the decision will give us an opportunity to look at it."

VIDEO IMPORTS UP MODESTLY IN MAY: While video equipment importers had healthy increases in shipments in May and set across-board records for month, totals and increase rates all were below torrid levels of April (TVD June 25 p11), Commerce figures show.

VCR shipments climbed 87.3% in May to 716,000, well short of all-time monthly record of 754,200 set in April, to put 5-month total at 3.15 million, up 137.7%. Total TV camera imports rose 22.4% to 57,800, as color edged up just 18% to 48,100, while b&w jumped 50.7% to 9,700. For 5 months, total camera imports were just under 266,000, up 50.5%, with color up 57% to 221,000, b&w up 24.2% to 45,000. While May videodisc player imports rose 66.1% to 7,900, that was lowest monthly total for year, and 2nd lowest in 9 months. For year through May, imports were up 144.2% to 53,300. Imports of projection TVs rose 46.1% to 4,000 for month, were up 56.7% to 24,200 for full period.

In TV, total May imports of 1.22 million were up 30.8%, with b&w pacing gain for 2nd consecutive month, rising 35.2% to 528,800, with color up 27.8% to 697,700. For 5 months, TV import total of 6.2 million climbed 51.2%, with color up 57.3% to 3.63 million, b&w up 43.4% to 2.57 million.

In color, complete set imports were up 41.2% in month to 433,200 on sharply reduced rates of increase from Korea & Taiwan, presumably as result of TV dumping case. For 5 months, shipments were up 113.3% to 2.26 million. May imports of color chassis & kits rose 10.6% to 264,500, for full period total of 1.37 million, up 29.8%. In b&w, imports of 10"-&-under, including combinations, climbed 92.8% in May to 158,200, were up 123% to 858,200 for 5 months. Imports of larger screen sets, primarily 12", rose 20% for month to 360,700, were up 22.3% to 1.71 million for 5 months.

AM STEREO--WHO'S WINNING? Proprietors of 2 of the 4 competing AM stereo systems last week expressed confidence of forthcoming victory. Motorola's Oscar Kusisto, just returned from series of technical seminars sponsored by company in Korea, Taiwan & Hong Kong, noted that 152 AM stations are broadcasting in Motorola system, 106 in Kahn system, 101 in Harris.

Kusisto said Motorola will ship 1 million AM stereo receiver ICs this year, limited by capacity, is planning to ship 10 million in 1985, when it will be joined in IC field by Toshiba. Kusisto said 3rd IC source may be announced soon if current negotiations are successful.

Kahn Labs' Leonard Kahn conceded that Motorola has more stations on air, but said his system has "6 times the listenership" because it's on major-market stations. "The key point is that we have the big markets," he said, including 5 major stations in L.A., biggest car radio market.

Kahn is depending on Sony all-system portable radios, is importing own make car radio in small numbers (list price \$440). Asked about his promised "All 4" low-cost converter for Motorola-type car radios, he said, "We'll never have to make that," predicting single-system car radios won't sell. As for AM stereo standards battle, Kahn added: "I think it's over."

Laser card standardization group has been set up by Japan Business Machine Makers Assn. Members include Canon, Fujitsu, Omron, Sharp & Toshiba, all of which are data card reader technology licensees of Drexler Technology. Japanese group intends to coordinate its activities with similar effort by National Standards Inst. in U.S.

KODAK 8mm ON HIGH SEAS: First production quantity shipments of 8mm video recorders are on way to U.S., according to Japanese reports. Exports of 8mm camcorders from Matsushita Kotobuki to Eastman Kodak are understood to have started last week.

Kodak plans deliveries to dealers starting around Sept. 1, with major sales expected in 4th quarter (TVD May 28 p10). One Japanese source reported last week that Matsushita's initial production rate is 2,000 monthly.

Korea's Daewoo, heavy industry conglomerate that entered consumer electronics field last year through purchase of Taihan's TV-audio business, has moved into videocassettes. Firm isn't integrated producer, loads shells using tape sourced from outside suppliers. Spokesman told us that while sales currently are limited to Korean market, plans for exports are being made. In video, Daewoo is Beta licensee, assembles VCRs under technology agreement with Toshiba originally worked out by Taihan. Daewoo is 3rd major cassette producer there, along with Sunkyong and an affiliate of Samsung.

Hitachi asked court to throw out suit by 13 former reps charging illegal action in its switch to direct sales (TVD July 9 p14) on grounds that complaint is defective and gives no facts sufficient for legal action and that petition was improperly prepared. Filing in L.A. Superior Court, Hitachi called entire complaint "uncertain, ambiguous & unintelligible" and an effort to "obscure the basic issue" that Hitachi had legal right to terminate reps' contracts. It flatly denied reps' allegations that it set up joint ventures with them, called complaint "false" and "scurrilous."

FIRST HALF REPORTS: Ups of video business and downs of game/computer market are reflected in financial reports from major marketers last week (see financial table). Reporting upbeat results from TV & VCR operations were RCA, Zenith, North American Philips & Emerson, while Coleco statement shows game-computer depression and ones from Milton Bradley & NAP demonstrate advantages of dropping out.

RCA had record 2nd-quarter net on 12.9% sales rise, and earnings from continuing operations jumped 144.3% to \$108 million. First-half net is after \$175 million writeoff of folded videodisc business, plus disc operating loss of \$17.1 million, both incurred in first quarter. Disc business operating loss in first half last year was \$37.6 million.

RCA said electronics segment set sales & earnings records in period, helped by high sales of color TVs & VCRs, sharply higher results from Solid State Div. Chmn. Thornton Bradshaw said RCA's "recommitment to the company's traditional business of electronics, communications & entertainment is proving to be the correct strategy."

Zenith net rose 54.7% in quarter, 60.8% to set record for half, on new sales peaks for any 3- or 6-month periods. Largest revenue growth came in data display terminals and power supplies, up 51.5% to \$109 million for quarter & 50% to \$201 million for half. CATV product sales gained 36% to \$66 million for quarter, 44% to \$121 million for full period.

In consumer electronics, sales rose 15.3% in quarter to \$249 million, most of increase coming from VCRs. Zenith switched to VHS format from Beta this year, began shipping new models in mid-March. Zenith said that while it set 2nd-quarter record for color TV sales to dealers, continuing decline in pricing hurt profitability. For half, consumer electronics sales were up 18.2% to \$475 million. Zenith said that as result of changes in tax laws relating to undistributed income of domestic international sales corporations (DISCs), it will show \$10 million reduction in tax reserve in 3rd quarter.

NAP, in posting sharply higher net on more moderately improved sales, said it had strong 2nd-quarter sales & earnings gains from consumer electronics, aided by high volume, cost reductions and improved efficiency. NAP said performance also benefited from late-1983 exit from videogame business. NAP said it expected "continuing strong demand for consumer, industrial & professional products" and \$9.5 million 3rd-quarter gain from DISC tax-law change.

Emerson sales nearly doubled and net jumped nearly 15-fold in fiscal first quarter to June 30. Company said net from consumer electronics soared to \$2.58 million from \$828,000 in same year-earlier period, reflecting "success of our expanded TV line introduced less than 2 years ago, and the very strong demand for our recently introduced VCR products."

Demand for audio was favorable, company said. Emerson said it feels earlier forecasts of increases of 48% to \$270 million in sales and 39% to \$10.6 million in earnings from consumer electronics are conservative.

Coleco posted 44% drop in 2nd-quarter net although sales were up 31.9%. It said electronics sales were significantly lower than in 2nd quarter and first half last year, particularly of Colecovision games and software for other game systems, and sales of Adam computer were down from indicated \$46 million of opening quarter this year. Coleco said it expected electronics situation to improve in 2nd half as result of new products and strong promotions for games & computers.

Milton Bradley, which dumped self-contained Vectrex game at end of 1983, showed \$2.4 million profit for quarter, \$7 million net for half, against losses of \$2.4 million & \$4.3 million in same year-earlier periods. Statement indicates that last year MB lost \$3.56 million in quarter, \$5.74 million in half from Vectrex. Earnings for both 1984 periods were boosted by \$750,000 cut in reserve set up to cover Vectrex shutdown.

Apple net fell 24% in fiscal 3rd quarter to \$18.3 million despite sales jump 58% to \$422.1 million. Company attributed profit cut to high promotional costs, said it would spend \$100 million on ads in calendar 1984.

Sony said it increased to \$260 million from \$247 million its earnings forecast for fiscal 1984 to Oct. 31. That would more than double \$123 million net last year.

Toshiba consolidated net rose 54% to \$244 million on 13% sales rise to \$11.2 billion in year to March 31. Helped by strong sales of VCRs and microwave ovens, company said consumer products sales rose 10% to \$3.2 billion. Toshiba said it expects fiscal 1985 net of \$331 million on sales of \$13.6 billion.

Thorn EMI earnings from consumer electronics and appliances edged up 2.2% to \$112.6 million on 9.3% revenue rise to \$1.12 billion in year to March 31. Most of gain came in first half, as demand for TVs & VCRs fell off later. Thorn also announced it plans \$180 million stock offering to finance planned \$163 million acquisition of U.K. govt.-backed IC producer Inmos. Thorn said it will pay \$124 million for govt.'s 76% interest, offer \$39 million for remaining 34%, most of which is owned by Inmos employees. Inmos has plants in U.S. & U.K., signed cross-licensing agreement recently with NBS Semiconductor of Japan.

Technicom said it expects to report loss of \$11 million in 2nd quarter, stemming mainly from inventory writedowns on cordless & wired phones by subsidiary Mura. Company indicated it was seeking restructuring of debt with lenders, may merge into TIE-communications, which holds 57% interest in Technicom.

LV GAME PLAYER SALE: Interactive laser videodisc players are being liquidated at discounts of up to 50% off list as result of failure of videodiscs to revive arcade videogame market. Major source of unwanted players is Cinematronics, Cal. company that got disc-game ball rolling with instant hit *Dragon's Lair*, then saw business take nosedive few months later, and now is having financial difficulties.

Through American Technology Resources, small electronics distributor based in Media, Pa., Cinematronics is trying to sell off 3,000 units of 2 models that have been superseded by Pioneer Video. ATR has single unit price of \$900, dropping to \$850 each for 50, \$750 for 100, \$650 for 500, and \$625 each for lots of 1,000 or more. Pioneer Video asks \$1,125 for its newest player, reportedly will go as low as \$950 for quantity orders.

ATR also has batch of 2,000 older players, originally listed at \$2,450, now priced at \$750-\$1,100 each depending on quantities. These are being reconditioned by Cinematronics at rate of 45 per week, and 25 have been sold already to industrial users, according to ATR's James Pitt. Prime potential customers, he said, include GM, already big buyer of earlier model, and Apple, which has installed LV players in 300 kiosks to promote Macintosh computer.

Resale role "is something that fell into our laps," according to Pitt, who told us ATR also is handling about 200 LV players being dumped by Mylstar. "They're not in that big a hurry." ATR sees continuing role in LV, wants to distribute institutional discs that so far have received little exposure via direct mail.

Ad notes: RCA's long-standing challenge to validity of some Sony ads was rendered moot when Sony said it planned to discontinue mention of Emmy it won for development of Trinitron picture tube. In complaint filed with BBB's National Ad Div., RCA said ads were misleading because they didn't mention that award was won 10 years ago. NAD was unable to resolve case and bucked dispute over to National Ad Review Board (TVD April 23 p16). Sony's dropping of campaign means NARB will take no action... Juki Industries appoints Alden Group for computer printers... GE assigns \$4 million Plastics Group account to Marsteller.

Cal. is top state in electronics employment, had 538,000 in industry jobs June 1983 -- latest date for which figures are available -- representing 23.4% of national total of 2.3 million, American Electronics Assn. estimates. AEA said that work force total was up 3% from June 1982, estimated jobs rose to 2.4 million this year. N.Y. ranked 2nd, but well down from leader with 219,000 jobs, followed by Mass. at 189,000, Tex. 131,000, N.J. 104,000, Ill. 101,000. Other major state totals: Fla. 90,000, Pa. 78,000, Minn. 67,000, Ariz. 56,000, Ohio 53,000, Colo. 51,000, Ind. & Md. 48,000 each, Conn. & N.C. 47,000 each.

SHARP GETS FREE ZONE: Sharp's bid to get free-zone status for its Memphis color TV & microwave oven assembly plant was approved by Foreign Trade Zone Board. Clearance means Sharp will be able to import parts duty free, pay duty of 5% only on foreign content value of TVs, 4% for MW ovens it ships from plant to locations in U.S., no duty on exports. However, FTZB, as expected, made approval contingent on Sharp's paying full 15% on any color picture tubes it imports for use in sets to be sold here.

Sharp gets some advantage on items it makes for sale here, as it doesn't have to lay out duties on imported components & subassemblies until finished products actually leave factory. It gets bigger edge on exports in not having to go through detailed and time-consuming refund procedure. At time it submitted petition to FTZB, Sharp said it wanted free-zone designation because it planned to use facility for exports. Sharp said that if request were approved it would add 125 to current work force of 740, said alternative would be expansion in some other country (TVD Jan 9 p14).

Sharp is 3rd Japanese color producer to get free-zone designation for U.S. assembly plant. First was Sanyo's in Forrest City, Ark., other was Toshiba's in Lebanon, Tenn. Approvals for those also have restriction on use of imported picture tubes. Gold Star's plant in Huntington, Ala. is located in industrial park that has been given general free-zone status, but company hasn't yet applied for needed specific designation.

First big-name casualties in expected major shakeout of nonentertainment computer program marketers are Reader's Digest Software and independent distributor SKU. RDS, along with other activities of Reader's Digest Educational Div., is being phased out in what RD terms restructuring to focus on its core businesses. SKU is being folded by McKesson Corp. & Action Industries, which acquired operation earlier this year. Partners will write off estimated \$8 million total investment. SKU was founded by marketing exec. Don Kingsborough between stints as sales head of Atari. Most recently, Kingsborough was Atari's sales exec. vp, left in May, shortly before consumer business was sold by parent Warner Communications to Commodore founder Jack Tramiel.

Mergers & acquisitions: Media Home Entertainment, subsidiary of U.K.'s Heron Group, has acquired video software library of Nostalgia Merchant. While terms were undisclosed, purchase price has been pegged by trade sources at less than \$1 million. Purchase gives MHE rights to about 400 titles, increases size of library to about 1,000. However, NM's rights to films from RKO & Viacom are expiring soon, may not be renewed... Electronics industry saw 87 mergers in first quarter, up 34% from same 1983 period, as value of deals climbed 45% to \$726.5 million, according to consultant W.T. Grimm & Co.

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.

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MORE CES DROPOUTS? Blank videocassette majors are considering following lead of their recorded counterparts and abandoning at least one of 2 annual Consumer Electronics Shows. First official defector is 3M Magnetic Audio/Video Products Div., and 2nd major, Maxell, reportedly is preparing to make similar move.

3M last week announced it would skip Jan. 5-8 Winter CES in Las Vegas, but would return to exhibit floor for summer version in Chicago in June. Consumer Mktg. Dir. Bob Burnett attributed pullout decision to logistical difficulties caused by "attending 2 major shows every year." Going to single event, he said, will make it easier to make long-term plans.

Maxell is understood to have told some trade affiliates that it has decided to pass up WCES, but we were unable to get official comment. TDK, considered to be industry's leading marketer, hasn't yet made decision on showing in Vegas, according to memo being circulated internally. Sony, other member of blank tape's Big 4, has made reservation for WCES booth, but company official told us that actual participation isn't certain at this time.

High cost of exhibiting what has become low-margin commodity item, and downward pricing pressures that are generated in show itself by newcomers to field, have made dual show participation less attractive, according to industry insiders. Issue isn't same as it was for recorded majors. Movie studios have switched to more targeted audience attracted by Video Software Dealers Assn. convention Aug. 26-29 in Las Vegas.

When it fails to exhibit at WCES, 3M will snap its unbroken string of CES appearances that stretches back to first event, held in N.Y.C. in 1967. That will leave fewer than dozen of original 110 exhibitors who will have made all 31 (18 summer, 13 winter, including 1985) CES events.

July started slowly in video sales to dealers, except for projection TV (see State of the Industry). EIA figures for normally slow holiday week show color cameras in 5th consecutive week of declines from last year, while color TV set record for week, but only by 1.6%. VCR sales for week were below 100,000 after record week of 233,935. B&w sales, at 32,123, were lowest for any week in at least a decade, probably in 20 years. Note: Color TV monthly sales have exceeded one million for last 11 consecutive months, not 13 as we stated last week -- actually the million figure has been exceeded 12 times in last 13 months.

EIA turned down invitation to participate in July 31 Consumer Product Safety Commission meeting on safety of IC-controlled products. CPSC has expressed concern over effect of IC failure in heat-producing appliances. EIA Consumer Electronics and Components Groups both declined to attend, said their products don't pose type of hazards being considered.

TI CALCULATOR COMPLAINT: International Trade Commission is investigating unfair import competition complaint by Texas Instruments, which alleges that some Hong Kong producers are violating its patent with portable models being imported by several U.S. marketers as well as retailer Sears.

In petition seeking ban on infringing imports, TI says that while it has been able to license virtually all world's leading calculator producers, talks with Hong Kong manufacturers are at impasse. It lists 16 offending producers, says largest is Nam Tai, which has run ads claiming it's world's 3rd largest manufacturer with monthly production of 1.5 million. TI says it has infringement suit pending in Hong Kong, but resolution isn't expected for 3-4 years. Importers named include International Merchandising Assoc., Cosmo, Enterprex, Sears and defunct APF.

TI filed, then withdrew, similar complaint against group of Taiwan manufacturers. Company said it was now in licensing negotiations with those producers.

Warner completed previously announced sale of Atari's N.Y.C. think tank to former employes for undisclosed price, while ex-employes at shuttered west coast center have gone out on their own. Warner sold 78% interest in WCI Labs to Take One Co., formed by Steven Mayer, who has headed operation since founding in 1982 and has been serving as senior exec. consultant to Warner. Mayer, credited with co-invention of Atari 2600 game and developing 400 & 800 computers, said Take One will develop computer graphics products for professional & industrial markets. Applied Design Labs has been launched by former execs. of Cyan Engineering, Atari's R&D center in Grass Valley, Cal. ADL is headed by Ron Milner, other co-inventor of 2600 system.

Home computers, most standard personal computers and software generally available for sale at retail have been dropped from list of strategic products banned for export to Communist countries. Decision was made by Coordinating Committee for Multilateral Export Controls (CoCom), composed of representatives from most major western trading nations plus Japan. While member adherence to CoCom policies is voluntary, line is generally followed. Freed for export were virtually all computers with 8-bit processors and 16-bit models with low performance specs.

Radio Shack introduces CD digital audio disc player at \$400 as one of first products in new Advanced Technology Series. ATS designation, according to Tandy Pres. John Roach, will apply to products using "very latest leading-edge technology" or bringing state-of-art technology to public for first time at low prices. Other products included in first 20 ATS items: Tandy 2000 MS-DOS 16-bit computer (\$2,750), Model 100 portable computer (now \$599 & \$799), portable programmable scanner (\$300).

Consumer Electronics Personals

Robert Greenberg promoted at Panasonic from asst. gen. mgr. to gen. mgr., Communications Div., succeeding Vp Russ Johnson, who retires Aug. 31 after 17 years with company, but will continue as consultant and handle special projects for Panasonic and parent organization, Matsushita Electric Corp. of America; Joseph Dillon, former Panasonic Industrial Audio/Video Systems Div. vp, promoted to pres., Matsushita Engineering & Service Co., succeeding Alex Stone, resigned for health reasons... Joseph Clayton, former RCA Videodisc Div. consumer sales vp, appointed vp-gen. mgr. of RCA's owned San Francisco distribution branch, succeeding Ira Kay, resigned.

Robert Baker, ex-Apple Computer, joins Coleco as vp-electronic mfg., new post... Thomas Brightman, ex-Commodore, appointed Atari engineering vp... Gerald Johnson named 3M Magnetic Audio/Video Consumer Products Div. mktg. development supervisor; G.F. MacBride & Mark Fuhrer named area sales mgrs.

Richard Kruger, ex-STP Corp., appointed Jensen International consumer products mktg. vp... G.M. Firth, ex-Delco, joins Delco speaker supplier Bose as dir. of new division responsible for sales to automotive OEMs... Tom Shearer named midwest regional mgr., Sony Video Communications; Andrew Stucker appointed western states district mgr... Donald Gotimer, ex-GE, joins CBS Records as controller, operations... Don Burkheimer named managing dir. of RCA Records U.K. subsidiary, succeeding David Betteridge, resigned.

William Hickey resigns as Bell & Howell/Columbia Pictures Video Services west coast entertainment vp to rejoin Technicolor Videocassette as exec. vp... Bud Jackson promoted at Capitol-EMI to pres. of Magnetic Products and Data Systems operations, replacing, respectively, Dennis White, now exec. vp for records group services, and Ed Khoury, appointed Capitol Industries retail group CEO with responsibility for Capitol Records-EMI Canada... Lawrence Kasanoff named programming mgr., Vestron Video... Randy Mysel advanced at CBS's Columbia House to video operations mgr.

David Gifford, ex-GE Electronic Components Div. vp-gen. mgr., joins Emerson Electric as Motor Div. pres... Robert Trivision advanced at ITT Components from distribution operations vp to gen. mgr., succeeding James Biggs, resigned for personal reasons... William Gemmell, ex-Gulf & Western Consumer Products Group, appointed Ill. Tool Works vp-controller, succeeding Frederick Biermann, retired.

Gusdorf moves exec. & gen. offices next week to new 22,000 sq. ft. hq-showroom next to factory: 11440 Lackland Rd., St. Louis, Mo. 63146, 324-567-5249.

Software notes: Videocassette price to duplicators has been cut 5% from \$5 to \$4.75 for 2-hour T-120 blank, according to trade source. Apparently it was all a mistake -- "somebody goofed" in revising price sheet "and everybody went along"... K Mart stores in Chicago & Detroit will add recorded cassettes, on sale-only basis, in test involving about 120 outlets, being conducted with rackjobber Handleman Co. Handleman is expected to run similar trial with Sears in 4 territories. It will be 3rd time around for Sears, which first used Pickwick to supply selected outlets, then switched to CBS Video in 2nd, failed experiment.

Casio is forming U.S. subsidiary to lay groundwork for sales here of its IC-based credit card, named former Mastercard Vp Robert Kichener pres. Unit will be \$2 million joint venture, owned 51% by Casio, 25% by Kichener, 24% by terminal maker ITS-Japan. New company will explore standardization, specifications & applications. ICs in card have substantially higher data capacity than magnetic strip on most credit cards currently in use, can be programmed with detailed credit, banking or personal identification information, so are considered to have wide potential use. Similar card has been developed in France.

Sanyo plans to join several other Japanese home computer makers and begin shipping MSX format to Europe this fall. Japanese appear to be using Europe as bellwether to judge potential for sales in U.S., expected to start next year. MSX has been modest success in Japan, where acceptance has been held up by lack of disc drive. Earlier this year, however, Japanese agreed not to agree on single system, and 3", 3.5" & 5.25" drives, all compatible with any MSX computer, are being readied for sale there.

Antipiracy group FAST (Federation Against Software Theft) has been formed in U.K. by 31 computer hardware & software firms and trade associations. Immediate aim is to lobby for revision of U.K. copyright law to make software infringement criminal offense. FAST claims U.K. pirates are costing industry there more than \$200 million annually in lost sales.

It had to happen: Boston Acoustics introduces speaker system "designed specifically for use with video monitors, color TV sets and computers." Company's A40V compact speaker system has "Magnaguard" magnetic shielding "so that it can be placed directly adjacent to a color TV without adversely affecting picture quality." Price is \$165 a pair.

Unemployment in electronics industry was just 5.5% in June, down sharply from 10.3% at same time last year, but up marginally from 5.4% of Dec., Labor Dept. reports. It says 2.24 million workers were on job last month, up from 2.01 million in June 1983. Average worker made \$8.89 hourly wage, earned \$363.60, up from \$8.61 & \$349.50 in same month last year.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
American Bcstg. Cos.			
1984-26 wk. to June 30	1,690,716,000	96,288,000	3.30
1983-26 wk. to July 2	1,417,930,000	78,481,000	2.68
1984-13 wk. to June 30	854,057,000	72,426,000	2.49
1983-13 wk. to July 2	754,872,000	64,585,000	2.20
AT&T			
1984-6 mo. to June 30	16,766,000,000	682,000,000	.63*
1984-qtr. to June 30	8,627,000,000	455,000,000	.43*
Arvin Industries			
1984-26 wk. to July 1	368,187,000	14,601,000	1.87
1983-26 wk. to July 3	278,574,000	6,600,000	.85
1984-qtr. to July 1	191,772,000	8,938,000	1.15
1983-qtr. to July 3	152,509,000	4,701,000	.61
Bell & Howell			
1984-26 wk. to June 30	342,062,000	12,723,000	1.13
1983-26 wk. to July 2	327,116,000	17,309,000	1.52 ^b
1984-13 wk. to June 30	176,359,000	7,714,000	.69
1983-13 wk. to July 2	169,552,000	11,050,000	.97 ^b
A. H. Belo			
1984-6 mo. to June 30	170,953,000	38,580,000	3.33 ^c
1983-6 mo. to June 30	112,963,000	13,599,000	1.45
1984-qtr. to June 30	95,531,000	15,770,000	1.36 ^c
1983-qtr. to June 30	60,801,000	7,961,000	.85
Coleco Industries			
1984-6 mo. to June 30	352,710,000	9,579,000	.59
1983-6 mo. to July 2	306,508,000	25,275,000	1.57
1984-qtr. to June 30	166,606,000	5,138,000	.32
1983-qtr. to July 2	126,338,000	9,065,000	.56
Comsat			
1984-6 mo. to June 30	212,118,000	24,069,000	1.33
1983-6 mo. to June 30	218,385,000	28,642,000	1.59 ^c
1984-qtr. to June 30	106,919,000	11,710,000	.65
1983-qtr. to June 30	109,957,000	16,056,000	.89 ^c
Conrac			
1984-6 mo. to June 30	75,963,000	2,729,000	.44
1983-6 mo. to June 30	72,984,000	3,434,000	.61
1984-qtr. to June 30	40,646,000	1,553,000	.25
1983-qtr. to June 30	36,091,000	1,833,000	.30
Cox Communications			
1984-6 mo. to June 30	353,966,000	40,006,000	1.41
1983-6 mo. to June 30	291,092,000	34,876,000	1.23 ^c
1984-qtr. to June 30	193,711,000	23,781,000	.84
1983-qtr. to June 30	157,438,000	21,420,000	.76 ^c
Emerson Radio			
1984-qtr. to June 30	61,450,000	2,048,000	.14
1983-qtr. to June 30	31,033,000	141,000	.01 ^b
GTE			
1984-6 mo. to June 30	7,074,509,000	529,850,000	2.66
1983-6 mo. to June 30	6,090,626,000	450,683,000	2.39
1984-qtr. to June 30	3,625,446,000	273,148,000	1.36
1983-qtr. to June 30	3,128,783,000	230,701,000	1.22
Media General			
1984-6 mo. to June 30	271,516,000	20,423,000	2.88 ^d
1983-6 mo. to June 30	248,243,000	18,732,000	2.64 ^d
1984-qtr. to June 30	141,219,000	10,934,000	1.54
1983-qtr. to June 30	128,446,000	10,217,000	1.44
Milton Bradley			
1984-6 mo. to June 30	144,277,000	6,999,000	.97
1983-6 mo. to June 30	121,220,000	(4,316,000)	— ^d
1984-qtr. to June 30	64,896,000	2,438,000	.35
1983-qtr. to June 30	60,799,000	(2,393,000)	— ^d
3M			
1984-6 mo. to June 30	3,834,000,000	368,000,000	3.14
1983-6 mo. to June 30	3,482,000,000	326,000,000	2.77

Company & Period	Revenues	Net Earnings	Per Share
3M (continued)			
1984-qtr. to June 30	1,959,000,000	193,000,000	1.64
1983-qtr. to June 30	1,779,000,000	169,000,000	1.44
Motorola			
1984-6 mo. to June 30	2,672,000,000	176,000,000	1.49 ^b
1983-6 mo. to July 2	1,986,000,000	83,000,000	.72
1984-qtr. to June 30	1,416,000,000	98,000,000	.83 ^b
1983-qtr. to July 2	1,044,000,000	51,000,000	.44
North American Philips			
1984-6 mo. to June 30	2,009,464,000	56,327,000	1.96
1983-6 mo. to June 30	1,733,338,000	36,191,000	1.30 ^b
1984-qtr. to June 30	1,033,768,000	33,373,000	1.16
1983-qtr. to June 30	926,688,000	23,175,000	.83 ^b
RCA			
1984-6 mo. to June 30	4,846,600,000	160,200,000	1.53
1983-6 mo. to June 30	4,227,900,000	91,600,000	.70 ^d
1984-qtr. to June 30	2,482,900,000	109,900,000	1.13
1983-qtr. to June 30	2,198,900,000	62,600,000	.56 ^d
Rogers Cablesystems*			
1984-9 mo. to May 31	250,064,000	(19,935,000)	—
1983-9 mo. to May 31	201,585,000	(10,866,000)	— ^d
Scripps-Howard Bcstg.			
1984-6 mo. to June 30	57,113,000	8,121,000	.79
1983-6 mo. to June 30	47,186,000	8,369,000	.81
1984-qtr. to June 30	31,674,000	5,450,000	.53
1983-qtr. to June 30	25,679,000	5,134,000	.50
Textronix			
1984-year to May 26	1,331,309,000	85,170,000	4.44
1983-year to May 28	1,191,380,000	48,714,000	2.57
1984-12-wks. to May 26	377,932,000	33,282,000	1.73
1983-12-wks. to May 28	284,704,000	8,396,000	.44
Time			
1984-6 mo. to June 30	1,465,305,000	103,674,000	1.59
1983-6 mo. to June 30	1,296,059,000	83,730,000	1.32 ^d
1984-qtr. to June 30	771,549,000	60,137,000	.92
1983-qtr. to June 30	691,146,000	54,840,000	.86 ^d
TRW			
1984-6 mo. to June 30	2,977,300,000	128,800,000	3.45
1983-6 mo. to July 2	2,792,700,000	93,800,000	2.53
1984-qtr. to June 30	1,513,000,000	68,800,000	1.84
1983-qtr. to July 2	1,405,300,000	52,200,000	1.44
Walt Disney Productions			
1984-9 mo. to June 30	1,192,779,000	85,740,000	2.35
1983-9 mo. to June 30	944,319,000	68,664,000	2.00
1984-qtr. to June 30	483,319,000	45,436,000	1.23
1983-qtr. to June 30	358,501,000	21,430,000	.61
Washington Post			
1984-26 wk. to July 1	475,648,000	36,205,000	2.57
1983-26 wk. to July 3	420,526,000	27,490,000	1.94
1984-13 wk. to July 1	256,109,000	27,154,000	1.94
1983-13 wk. to July 3	223,981,000	21,335,000	1.50
Webcor			
1984-year to March 31	35,978,000	(2,711,000)	—
1983-year to March 31	27,064,000	1,287,000	—
Zenith			
1984-6 mo. to June 30	796,700,000	30,400,000	1.38
1983-6 mo. to June 30	657,200,000	18,900,000	.98 ^d
1984-qtr. to June 30	424,000,000	16,400,000	.74
1983-qtr. to June 30	323,100,000	10,600,000	.54 ^d

Notes: *Comparable figures not available. ^bAdjusted. ^cIncludes special credit. ^dRestated. ^eIn Canadian dollars.

Integrated plant to produce ultra-largescale ICs is slated to be built in Cal. by Hitachi. Facility is expected to produce 64K & 256K dynamic RAMs. Similar NEC plant in Cal. went on stream last month, is expected to hit monthly production stride of 3 million 64K & 256K RAMs by next March.

TELEVISION DIGEST®

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With Consumer Electronics

JULY 30, 1984

VOL. 24, NO. 31

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Broadcast - Cable

HUGE TV NETWORK PROFITS IN '82-'83 with ABC continuing as clear leader in revenues, pre-tax profits. Owned TV stations do very well, too. (P. 1)

21-STATION LIMIT NOW 36 PLUS under single owner as FCC relaxes 7-7-7 rule, plans to abolish all restrictions in 6 years. Dawson dissents, Rivera dissents in part. (P. 2)

MERGERS, HIGHER PRICES COMING: It will be slow coming, but raised station ownership rules will bring group members and higher station prices, brokers say. (P. 5)

DBS IS BROADCASTING, Appeals Court rules in remanding portion of FCC order, upholding rest. Ruling will affect STC, USCI's so-called 'early entry' DBS services. (P. 6)

ABC BEGINS AWESOME OLYMPICS JOB: Crew of more than 3,500, including 1,400 engineers, begins telecasting Games. (P. 7)

LARGER CPB & PTFP BUDGETS approved by House after it beats back GOP efforts to reduce both sharply. (P. 7)

MUST-CARRY FOR TV STEREO? 'Neutral' FCC seeks comments to help it decide. NAB & MST offer compromise that NCTA rejects. (P. 8)

HUGE TV NETWORK PROFITS IN '82-'83: Despite fact it has lost prime-time ratings race to CBS last 4 years, ABC TV Network continued to lead in both billings & profits for 1982 & 1983, according to confirmed results obtained by Television Digest. And, for its owned TV stations, ABC was well ahead of both CBS & NBC in profits & billings.

Here's way networks fared (figures refer to results of TV networks only): ABC had pretax profits of \$210 million on \$1.861 billion revenue in 1982; for 1983, pretax profits totaled \$235 million, revenue \$2.073 billion. CBS results: 1982 pretax profit of \$170 million on revenue of \$1.77 billion; for 1983, pretax profit totaled \$190 million, revenue \$1.952 billion. NBC figures are harder to come by and following figures are estimates, whereas ABC & CBS results have been confirmed. "As the son of RCA, it's hard to get a good figure on NBC profits. You just don't know what RCA throws in as overhead," analyst who closely follows RCA-NBC told us.

COMSAT VIOLATED RULES: State Dept. official admits Comsat violated instructions. (P. 9)

APPLICATION 'WINDOWS': FCC proposes 45-day filings for new TV & FM bids as way to expedite new stations. (P. 9)

Consumer Electronics

STEREO TELECASTING begins with 'first network show' by NBC. ABC using stereo at Olympics. FCC opens cable MTS probe. (P. 11)

CONTINUED BOOM, demand for 9-10 million VCRs this year seen by GE, with color remaining strong. Sony cuts low-end VCR by \$50. (P. 12)

MATSUSHITA CONSOLIDATED 6-month net rose 20.5% with help of 26% increase in VCR product sales. W-G has breakeven quarter. (P. 14)

MEMOREX TO ADD VHS-C cassettes, skip 8mm, may introduce it at WCES this Jan. Maxell officially drops out of Winter CES. (P. 15)

MAY TV IMPORT figures show growth slowdown for complete color from Korea & Taiwan. Tinyvisions provide boost for b&w. (P. 16)

TDK BEGINS major videocassette cost-cutting effort to restore profits, says 53% of first-half sales came from components. (P. 16)

Here's what we've got for NBC: TV network 1982 pretax profit of \$25 million on \$1.5 billion revenue; 1983 pretax profit of \$55 million, revenue \$1.7 billion. According to same sources, NBC owned TV stations had 1982 pretax profit of \$85 million on revenue of \$270 million; in 1983, profit was \$100 million on revenue of \$310 million. However, another source said: "Your figures on NBC's stations are much overstated, while network profit is too low." Source gave us these figures: TV network 1982 profit \$32 million, revenue \$1.483 billion, 1983 profit \$72.5 million, revenue \$1.662 billion; TV stations 1982 profit \$75 million, revenue \$255 million, 1983 profit \$82 million, revenue \$285 million. In any case, NBC Chmn. Grant Tinker has announced that TV network performance greatly improved in 1983.

For ABC owned TV stations, 1982 profit was \$110 million on revenue of \$369 million; 1983 figures were profit \$120 million, revenue \$410 million. CBS owned TV stations had 1982 profit of \$90 million on revenue of \$285 million; 1983 figures were \$100 million profit on revenue of \$310 million.

Network officials & analysts say that ABC continues to lead CBS -- despite losing prime-time race last 4 years -- because of early morning and daytime, where ABC has "better demographics," meaning women 18-35. However, CBS official predicted that would turn around in 1984 -- year in which all 3 networks have reported excellent first half.

Analysts also say network stocks are on verge of upsurge. Value Line Investment Survey rates CBS as its favorite for long-term growth, saying "it has given the clearest indication that it is intent on improving profit margins." ABC stock is ranked "above average" by Value Line, RCA "average," although it says RCA has most to gain from industry's rise in profits.

Note: Television Digest has regularly published network profit & revenue figures since 1964, based on mandatory annual financial report networks filed confidentially at FCC. However, that requirement was abolished after reports for 1980. Last TV network profit story we ran was Nov. 1, 1982 -- which included estimates for 1981, plus chart of actual revenue & earnings for years 1973-80. If you keep TV Digest binder, you might want to update those figures, or if you want copy of 1982 story, call Janice Crawford at 202-872-9200.

FCC BOOSTS OWNERSHIP TO 12-12-12 PLUS: Saying that 7-7-7 restriction placed on ownership of broadcast stations in 1953 is unrealistic given today's marketplace, FCC July 26 lifted maximum to 12-12-12 (12 TVs, either UHF or VHF, 12 AMs, 12 FM's) for next 6 years -- with all restrictions to be removed at that time if, as Commission expects, there's no adverse impact on diversity of programming and economic control. During 6-year period, agency will consider waiver requests to go over limits. Decision had been expected (TVD July 23 p8), with Comr. Dawson dissenting, Comr. Rivera dissenting in part, concurring in part. All 5 commissioners spoke out during discussion of issue at open meeting, and all but Quello issued separate statement.

However, before Commission even acted there were strong adverse reactions from Congress. Several House members sought hearing on FCC action before House Telecom Committee (see below) and 4 senators were successful in asking for hearing by Judiciary Committee. Day after FCC order, Judiciary Chmn. Thurmond (R-S.C.) ordered hearing Sept. 11 and FCC Chmn. Fowler will testify. Also expected to appear will be broadcasters and public interest groups opposed to FCC action. House Judiciary Committee also is considering holding hearing.

In presenting issue to commissioners, Trevor Potter of Gen. Counsel's Office said agency was relying heavily on position of Justice Dept., "dramatic growth" in number of stations and cable systems since restrictions were imposed, and emerging new technologies such as MDS & low-power TV. Justice had commented that removal of restrictions would have no adverse impact on economic concentration in broadcasting and FCC is convinced change "would propose no threat to the diversity of independent viewpoints in the information and entertainment

markets." In fact, Commission had much praise for large group owners, saying they usually do a better job in public service programming. "The groups are more likely to win the Peabody Awards," Gen. Counsel Bruce Fein said at briefing for reporters.

Fein and Peter Pitsch, chief of Office of Plans & Policy, said they expected growth of large groups to be slow, particularly in TV ownership, because of high price in major markets (for brokers' predictions, see separate story). Pitsch predicted it's "quite likely" prices of stations won't increase substantially because of Commission's action. Both stressed that action doesn't exempt stations from antitrust laws, that they'll still be subject to Hart-Scott-Rodino Act on concentration, that some owners may even have to get FTC &/or Justice Dept. clearance before they reach maximum of 12.

Citing "enormous transformation" broadcasting has gone through since 1953, FCC said relevant mass media "include a wide range of new technologies, as well as print, TV and radio outlets. Importantly, media cross-ownership at the national level need not -- and given the FCC's [duopoly] rules cannot -- reduce the number of independently owned cable, TV and radio outlets available to the individual consumer. Moreover, because of group owners' record in providing news and public affairs programming, the Commission concluded its goal of fostering viewpoint diversity would be strengthened by this action."

FCC said that "separate restrictions" on networks "are neither justified nor necessary to ensure diversity of viewpoints and competition" with single exception: Footnote will be included in final order prohibiting TV network from owning station in market where it's affiliated with another station. Agency also said that it would continue to foster minority acquisitions of stations but concluded "there are other more appropriate and effective vehicles for achieving that goal" than including minority provision in 12-12-12 rule.

Requests for waivers to exceed 12 limitation "will not be encouraged" but will be considered on case-by-case basis, Commission said. "Transitional limitation," or sunset provision, means agency won't have to issue another rulemaking in 6 years and that ownership limitations will automatically fall by wayside unless Commission at that time keeps them in force, Fein said.

Dawson said she "philosophically" agrees with relaxation of ownership restrictions, but in 16-page dissent written in advance said "the Commission has lost an important opportunity to correct inequities created by previous Commission intrusion into the broadcast market. Equally important, the Commission has lost the opportunity to create a sound record on which to base the ultimate elimination of the Commission's national ownership restrictions."

She favored eliminating all restrictions on radio ownership, putting limit on TV based on households reached -- 30% overall, with no more than 25% in coverage areas of TV stations owned by single licensee. She also backed 3-year sunset provision, rather than 6 years. She charged 12-station limit "does not depart from the arbitrary, irrational restrictions of the past... The rule of 12 is too limiting for some and too liberal for others, [equating] a TV station in N.Y. City, the nation's largest market, with a TV station in Glendive, Mont., the nation's smallest."

Rivera said he dissented to issuance of 7-7-7 rulemaking last fall because notice "appeared to make repeal of this rule a foregone conclusion... Although I disagree in several fundamental respects with this... order, I believe today's action, insofar as it maintains a national multiple ownership rule and cap, is a moderate response... I can concur... to the extent it embodies a continued and firm -- albeit imperfect -- restraint on national multiple ownership...

"On the other hand, I must register my strong disagreement with the philosophical underpinnings of this decision." Rivera dissented to sunset provision "until all groups in our society are broadly represented in our ownership structure in a meaningful way." He also objected to reliance by majority on public interest programming by groups, said it "sets a

dangerous First Amendment precedent because it suggests that the only diversity worth having is that of the large media conglomerates." However, he said "a liberalized rule, if firmly adhered to, may create a proving ground for some of the theories expounded in this order. My colleagues have specified in the item itself, and to me personally, that they are willing to adhere to this cap [of 12]. I am satisfied that the cap is a real one."

Rivera also dissented on new rule's failure to impose ceiling on TV households coverage and failure to distinguish between VHF & UHF ownership, charged FCC has abandoned policy of encouraging UHF.

Fowler said that "one of my major objectives as chairman has been to make the rules governing the broadcast industry more rational. Today's decision is a sensible and sizeable step in that direction. The 7-7-7 rule was a wholly artificial principle. It took a snapshot of the broadcast industry's structure as it was in 1953 and then left the industry in freeze frame for over 30 years." He said Dawson dissent "unfairly" attacked decision to adopt 12 limit, that her proposal counts only TV households, ignoring competitors of over-air TV.

Patrick said that diversity is more properly a local ownership issue and that it's "unaffected by whether station owners also own stations in other markets. It is our duopoly and one-to-a-market rules that foster local diversity, and not our national ownership restrictions... The influx of new, competitive media into the marketplace underscores the conclusion that the market is diversity rich -- and becoming more so every day." Citing DoJ guidelines, he said broadcast market economically is very unconcentrated, that TV ownership concentration is well below having potential antitrust problem. Patrick also stressed that FCC is not "abandoning ship" or indicating "a willingness to close our eyes to diversity and concentration concerns. What we are doing here is raising and then eliminating a ceiling that has functioned as an arbitrary barrier to competition."

Commission's newest & youngest commissioner played major role in behind-scenes negotiations prior to open meeting. He insisted on transitional period longer than 3 years (as proposed by staff), originally favored 10 years, settled for 6. Patrick also wanted language (which is included) that would prohibit TV network from owning independent station in market where it was affiliated with another station and provision spelling out that FCC will take careful look at impact on diversity & concentration in station purchases -- even before 12 maximum is reached.

FCC decision was attacked by Samuel Simon, exec. dir. of Telecommunications Research & Action Center (TRAC). He called action "another step back from [FCC's] legal duty to protect the public interest in telecommunications," repeated warning that station prices would skyrocket, resulting in windfall for owners who sell out. Simon also said prices are likely to become too high for minorities and small businessmen to afford. He said TRAC will appeal.

Also highly critical was MPAA Pres. Jack Valenti, who charged FCC has created "terrifying situation" because of potential audience reach it gives TV networks through expansion of owned stations. "There is not one single public interest rationale in this decision," he said, adding that if Commission goal is to permit groups to compete with networks, then networks should have been further restricted in station ownership. Under guise of deregulation, he said, FCC has made networks an even more powerful force in U.S. and that "for a government agency to say this move is in the public interest is absurd." Valenti said MPAA "is looking at all our options," but first move will be to seek reconsideration at Commission.

Just before acting, Commission got warning from Hill. House Telecom Subcommittee Chmn. Wirth (D-Colo.) sent letter to Fowler to express his "deep concern" and warn of hearings: "You can be assured the Subcommittee will closely scrutinize the Commission's action on this issue."

Wirth said that there's "very broad bipartisan consensus [in Congress] in support of...

maintaining meaningful and effective multiple ownership rules," that "to allow such important communications policy goals to be left to the pursuit of antitrust policy is clearly not a satisfactory means of addressing this issue." In statement after FCC action, Wirth said decision was shortsighted, although he agrees that rules should be liberalized to increase ownership opportunities. Commission action represents "arbitrary short-term policy that leaves no protection against concentration in the long term," Wirth said.

Telecom Subcommittee member Rep. Leland (D-Tex.) condemned FCC action as "worst to come out of a Commission that's noted for its disregard for the public interest." Leland said rule change will have "devastating" impact on small businesses & minorities and that 6-year transition "merely gives the greedy a running start before they begin an unfettered assault on the public interest." Noting bipartisan support in Congress for less liberalized rule, Leland promised new legislation to "substantively" change decision.

Senate Commerce Committee Chmn. Packwood (R-Ore.) called decision "just great," said existing antitrust laws are sufficient to handle problems that might arise and that sunset will provide adequate time for review. NBC called action "a positive step," that growth of industry "clearly compelled a change in the FCC's outmoded ownership rules." NAB Pres. Edward Fritts said FCC action "merely reflects reality and is most timely." NRBA said it's "gratified" by liberalization of ownership rules, called action "first step toward addressing the environment that now exists in the industry... The ultimate result of this ruling will prove to be a clear benefit to the American public."

MERGERS, HIGHER PRICES COMING: Increased station ownership limits allowed by FCC (see separate story), along with prospect of no limits at all in 6 years, may profoundly alter pattern of station ownership, but not quickly, according to brokers we asked last week.

With almost all big groups -- along with networks -- looking to buy more stations, FCC decision looks like it's created surplus of buyers. This probably means no immediate spurt of trading, brokers agree. But sellers' market means upward pressure on prices, especially in markets 16-50.

Changes in top 15 markets are likely to occur through mergers of group owners, rather than straightforward acquisitions, according to Ted Hepburn, pres. of Cincinnati-based brokerage firm bearing his name.

Hepburn predicted that eventually surplus of buyers will ease as "when you have a proliferation of buyers you also have a proliferation of sellers. Sellers know that the time to sell is when you've got a lot of people who want to buy." He agreed that no surge of trading is likely now. "This may take 6 months or a year but you could within 2 weeks see one or more mergers. You're going to hear a lot of speculation about major companies merging."

Joseph Sitrick, vp of Blackburn & Co., Washington, said that to some extent market had anticipated FCC action, pointing to recent sales in Orlando, Dallas & Houston as examples. He said he doesn't anticipate flurry of trading activity. "There aren't that many immediate opportunities. It's going to take time." When trading develops, he said, it will be concentrated in smaller markets that big groups traditionally have neglected.

In continuing dispute over radio music license with BMI, BMI Pres. Edward Cramer will meet in N.Y. Aug. 2 with All-Industry Radio Music Licensing Committee. Meeting was arranged through good offices of NRBA, will be preceded by meetings in Washington between Cramer and ex-NRBA Pres. Harriett Kaplan, and between NRBA Pres. Bernard Mann & Robert Henley, chmn. of All-Industry Committee. Responding to plea by 4 trade associations for resumption of negotiations (TVD July 23 p6), Cramer in July 24 letter pledged that no copyright infringement actions will be taken for at least 2 weeks. Meanwhile, Henley has written "Dear Fellow Broadcaster" letter to radio stations blaming BMI for breakoff of talks. He listed 7 "facts," including point that negotiations were still continuing "just 24 hours [before] BMI put 8,000 preprinted contracts in the mail" calling for rate increases. At meeting in N.Y., Committee completed preparations for lawsuit "if BMI continues to refuse to negotiate new radio station licenses in good faith." At same time, it was announced that Donald Thurston, pres. of Berkshire Bestg. and former chmn. of All-Industry Committee, has rejoined group "to aid in the current crisis." In letter to BMI shareholders, Chmn. Robert Pratt, KGFF(AM) Coffeyville, Kan., said that BMI has made "unconditional offer to arbitrate," that rate increase "is fair and reasonable" in comparison with ASCAP. One thing is sure: Lively panel has been added for NAB-NRBA radio convention Sept. 16-19 when Cramer agreed to appear on session titled "Music Licensing: Where Do We Go From Here?" Also appearing will be officials of SESAC & ASCAP.

Carl Schmauder, part owner & operator of Lincoln TV, Lincoln City, Ore. has been elected CATA pres., succeeding Peter Athanas, who moves up to chmn. Lincoln TV is 12-channel system with about 5,000 subscribers. CATA's 1985 convention will be held in Nashville, in 1986 in Reno.

DBS IS BROADCASTING: Any programming service that goes directly to public should be considered broadcasting, U.S. Court of Appeals, D.C., said in remanding portion of FCC decision authorizing DBS. Otherwise, last week's ruling affirming FCC approval of new service was victory for DBS companies, removes last regulatory obstacle to nationwide direct-to-home offering.

Court issued opinions in cases brought by U.S. Satellite Bestg. against FCC for allowing GTE Satellite to rent transponders to United Satellite Communications (USC) for DBS-type service, and by NAB for review of DBS order on several grounds. With exception of broadcasting restrictions, Court affirmed FCC and its okay for STC to operate DBS.

Court vacated part of DBS order exempting "customer-programmers" of DBS common carriers from statutory requirements imposed on broadcasters. Judge Abner Mikva, writing for panel on NAB case, said: "When DBS systems transmit signals directly to homes with the intent that those signals be received by the public, such transmissions rather clearly fit the definition of broadcasting." Same is true even when common carrier is leasing channels to "customer-programmer" who doesn't own any transmission facilities: "In such an arrangement, someone -- either the lessee or the satellite owner -- is broadcasting."

FCC had made ownership touchstone of broadcasting, saying that only DBS applicants retaining "control over content of transmissions" would be treated as broadcasters. Court said that decision was irrational, opening up situation where "through a general system of cross-leasing, all DBS systems could therefore escape" Communications Act proscriptions.

FCC Gen. Counsel Bruce Fein said ruling seriously hampers Commission move toward deregulation of new services by tying agency to broadcast statutory restrictions. "The court gave us no discretion at all, or at least minimal [discretion] in the classification of new services," Fein said. He said FCC probably will seek rehearing or appeal to Supreme Court.

Court left up to FCC which party to designate as broadcaster and suggested that some DBS uses aren't broadcasting, including "nongeneral-interest, point-to-point service." FCC right to suspend multiple-channel restrictions and cross-ownership rules where DBS is concerned was thus affirmed.

But Court added caveat on ownership rules: "Diversification of media viewpoints and control remains an important component of the FCC's statutory mandate to regulate communications in the public interest... For example, the absence of ownership restrictions on DBS may be particularly worrisome in those remote areas that DBS opens up for television and in which DBS may therefore be the dominant voice."

Court rejected claims by NAB and others that

STC should be precluded from acting as broadcaster. Neither would Comsat's DBS activities prevent it from performing its Intelsat/Inmarsat functions, Court ruled. Court also rejected NAB's "localism" argument, saying: "Because DBS has the potential to yield broadcast services that significantly further the public interest," FCC could approve nonlocalized broadcasting characteristic of DBS.

Question was raised whether ruling will affect other programming services. Said USSB lawyer Marvin Rosenberg: "All the court has said is that delivery of satellite programming directly to the home is broadcasting and someone, whether the programmer or the carrier, has to be regulated as a broadcaster. It would appear the FCC would have to regulate the programmer because carriers have traditionally been exempt from that."

TV group financials: Much improved 2nd-quarter reports came last week from several major group owners. Capital Cities net income was \$39.4 million, up 21% (\$3.03 vs. \$2.41 a share), on revenues of \$243.6 million, up 26%. Broadcast revenues increased 18%, cable 15%... Multimedia net earnings were \$10.7 million, up 14% (65¢ vs. 57¢), on 14% gain in revenues to \$79.1 million. Broadcast revenues of \$36.8 million were up 10%, cable jumped 27%... N.Y. Times Co. net income rose 19% to \$27.7 million (70¢ vs. 60¢), on revenues of \$306.6 million. Best. & Cable Group profit jumped 66% to \$2.5 million... Taft Bestg. profits rose 28% to \$20.3 million. Net earnings were \$11.9 million, up 78% (\$1.28 vs. 66¢). Best. Group operating profit climbed 24% to \$19.6 million while cable losses were reduced 67% to \$318,000... Times Mirror revenues were \$705.9 million, net income \$58.9 million (86¢ vs. 62¢). Best. Group profits were up 13% to \$20 million, while cable division had profit of \$8.2 million... Tribune Co. revenues were \$466 million, up 14%, while net income rose 35% to \$29.2 million (72¢ vs. 61¢). Best. & Entertainment segment profits rose 19% to \$18.2 million while cable division lost \$1 million.

Cable financials: Mixed quarterly results were reported last week by cable interests. Times Fiber sales fell 15% to \$32.8 million from \$38.8 million in 1983 period. Net income was \$238,000; drop of 83% (2¢ vs. 15¢ a share) was laid to cost of 2 newbuilds... Satellite Syndicated Systems net income rose 18% to \$1.03 million (18¢ vs. 17¢). Revenues of \$5.4 million were level... Texscan sales rose to \$23.9 million from \$16.7 million, but net income fell to \$1.5 million from \$1.8 million (22¢ vs. 27¢) due to customer-requested delays in shipments... Viacom net earnings climbed 75% to \$8.4 million from \$4.8 million (61¢ vs. 35¢ a share). Revenues were \$79.1 million, up from \$84.2 million.

KSCI San Bernardino will drop Financial News Network Dec. 15 and begin offering mostly ethnic programming, officials said. KSCI, FNN's flagship in L.A. market, will offer ethnic programming in 6 a.m.-2 p.m. slot occupied by FNN since Dec. 1981. FNN officials are exploring carriage by L.A.-area cable systems to make up for loss of TV outlet.

ABC BEGINS OLYMPICS: Crew of more than 3,500 is assembled in L.A. to transform 1,300 hours of sports competition into 180 hours of ABC coverage of 23rd Olympiad. What's called biggest show in TV history began July 28 with opening ceremonies in L.A. Coliseum, will continue through closing ceremonies Aug. 13. Main job of coordinating ABC's personnel & equipment is being handled by Julius Barnathan, Best. Operations & Engineering pres., who said biggest challenge is logistics: Games are spread over 4,500 sq. mile L.A. area with some events 190 miles apart.

Some other statistics: Network's army of personnel (occupying 2,725 hotel rooms) is being moved around via fleet of 850 cars, 112 vans, 19 buses, all connected by radio to get information on freeway jams. Some 200 cameras will be trained on 221 events and commentators staked out at 404 positions. In addition to microwave paths, coverage of 23 remote events is being fed to central production facility in Hollywood via 660 miles of cable. ABC's budget for covering Games is more than \$100 million; network paid \$225 million for TV rights, is seeking refund of about \$30 million because of boycott by Communist bloc nations that robbed Games of much competitive & audience appeal.

Some 1,600 broadcasters from 141 nations are receiving ABC's live feed for satellite transmission to their countries, operating from International Best. Center, former Columbia Pictures sound stage. By agreement, international feed is neutral -- simply covering events without concentrating on any athlete or event. ABC's domestic feed comes from Unilateral Best. Center's 3 control rooms.

ABC predicts that 2.5 billion people -- nearly half world's population -- will see at least some of Games. It's questionable whether audiences of those proportions will materialize, given reduced competitive level of Games because of boycott. Network has sold virtually all of \$440 million in available advertising but may have to make adjustments if viewing levels don't match promised 16 rating during daytime coverage.

Concerned about loss of local ad revenue during Olympics, about 40 ABC affiliates have decided to preempt network's evening news show, World News Tonight, and insert their own news or entertainment programs on which they will sell ads. Network spokesman confirmed that number, claimed most stations are in smaller markets, represent about 12% audience coverage. ABC moved to staunch defections by increasing number of local availabilities to stations from 702 30-sec. spots to 823 during 2 weeks of Games.

Country Music TV (CMTV) now reaches more than 4 million cable homes through 170 systems, company said. Satellite service also is aired by 35 LPTV stations. Most growth has taken place since CMTV was bought 6 months ago by joint venture of singer Conway Twitty and Tel-Star from Tenn. music producer Glenn Daniels.

LARGER BUDGETS FOR CPB & PTFP: House July 24 passed sharply increased budget authorizations for CPB & NTIA's Public Telecommunications Facilities Program (PTFP) after rejecting GOP amendments to cut both. Not settled is whether House-Senate conference will be needed to reconcile few differences between bills.

Leading Republican attack was Rep. Oxley (R-O.), who twice wrote colleagues urging support for amendments he planned to cut budgets, argued extra money for CPB & PTFP would mean cutbacks for other domestic programs. On House floor, Oxley sought to lower \$238 million ceiling for CPB's FY '87 budget to \$186 million, FY '88's \$253 million to \$214 million and FY '89's \$270 million to \$246 million. He said PTV figures show only one in 10 people who watch PTV contribute.

Oxley also wanted PTFP budget slashed from HR-5541's \$50 million for FY '85 to \$14 million, or \$2 million more than current authorization; FY '86's \$53 million to \$16 million and FY '87's \$56 million to \$18 million. PTFP was excluded from budget President Reagan sent Congress. Oxley said PTFP spending would be wasteful given large size of current govt. deficit, but he said his ire wasn't based on dislike for PTV.

House signaled strong support for PTV by rejecting Oxley cuts, 176 to 217. It also killed, 95 to 298, proposal by Rep. Dannemyer (R-Cal.) to freeze CPB authorizations at current \$130 million for FY '87-'89. (Congress has approved supplemental authorization adding \$70 million to existing authorization but companion appropriation is stalled in House).

Differences with Senate version (S-2436) are considered noncontroversial, and sources said long conference to work out compromise may not be necessary. But there's procedural problem that could slow action: House failed to win unanimous consent to substitute number of Senate bill for House measure (Dannemyer objected). It's small technicality, but authorization can't move until there's bill with same number before both houses. Sources said problem will mean several days' delay but shouldn't prove stumbling block to final approval.

Robert Wussler, TBS Exec. vp and former CBS network pres., has been approached about taking job as Playboy Channel pres. and says he's considering offer. "I admit there have been some conversations with Playboy," Wussler said, "but as of now I work for Ted Turner." But he said he's "at that time in one's life when I have to look at all my options." Playboy Channel founding pres. Paul Klein left June 30 after company didn't pick up option on his contract. Klein departed to head Hi-Life Channel pay cable service. Said Playboy spokesman Richard Nelson: "We've had conversations with [Wussler] and a number of other people about the position, but we have not announced who the next president will be." Nelson said Playboy expects to announce new pres. "reasonably soon."

MUST-CARRY FOR TV STEREO? FCC voted July 26 to seek comments on whether cable systems should be required to pass along to subscribers program-related aural subcarriers of TV stations -- stereo sound and 2nd language programming accompanying station's signal. Commission promised fast turnaround on issue, with Mass Media Bureau Chief James McKinney saying he would have item back on agenda in 90 days.

Rulemaking builds on Commission decision authorizing TV aural baseband for stereo "and any other broadcast or nonbroadcast uses" (TVD April 2 p1). There was much discussion then about mandating cable carriage of aural baseband services, with apparent majority of commissioners expressing concern that cable industry would be forced to incur great expense to develop technical capability.

Commission said it now doesn't have enough information to adopt rules, therefore is taking "neutral stand on this issue." It asked for comments (RM-2836) on several questions, including: (1) What is relationship between program-related aural subcarriers and local program service? (2) How long will it be before TV sets capable of receiving aural subcarriers penetrate marketplace? (3) How important is stereo to viewers? (4) State of cable stereo now in relation to pay services? (5) How many viewers need 2nd language programming? (6) How much programming will be produced in stereo or with accompanying 2nd language?

Comments also are sought on "middleground proposal" by NAB & MST, which basically claims must-carry only for stereo and 2nd language program (not other uses such as paging), and only then when cable operator could do so without causing interference to picture or sound of that or adjacent channel. Operator would have to submit "properly supported certification" to FCC that passing along aural subcarriers would create interference, also that "interference or degradation could be cured only by a significant capital expenditure," NAB-MST proposal states. Proposal doesn't define "significant."

"I don't think it's anything to consider at all," NCTA official said of NAB-MST proposal, adding: "It amounts to modifying the must-carry rules on a case-by-case basis." Cable industry's biggest problem is that aural subcarriers play havoc with baseband converter boxes. Baseband, although more expensive, is fastest-growing segment of converter market because it offers improved signal quality and greater security for scrambled signals.

NAB-MST proposal would deny exemption to must-carry on interference grounds for cable systems that acquired baseband boxes after March 29. NCTA official said: "That automatically puts out of business" several new product lines, including those by Tocom, Scientific-Atlanta, Jerrold, Pioneer, Zenith.

NCTA contends industry eventually will embrace stereo and 2nd language programming on its own. "It

strikes me as bizarre to have a group want to make us do something we eventually will do because our customers want it. These people [NAB & MST], if they would shut up, they would win," official said.

President Reagan on TV debates: "Well, I think this is a decision for those working on the strategy of the campaign to deal with and I'm going to let them do that. And again I know that George [Vice President Bush] feels the same way." He said that at July 24 news conference when asked if he would debate Walter Mondale on TV. Mondale has called for 6 televised debates, to which White House responded: "The President looks forward to debating the Democratic nominee -- on reasonable terms at a reasonable time. Today's request for 6 debates cannot be taken seriously, however. It is obviously a partisan tactic..." "At best, Reagan will sit for only one or 2," network news executive predicts. With change in FCC rules permitting them to carry debates, all 3 TV networks are bidding to sponsor Reagan-Mondale face-offs, as is League of Women Voters, which sponsored 1976 & 1980 presidential debates.

"Major commitment" to expansion of international sales, marketing, program development & acquisition has been announced by CBS Best. Group. In past, international activities have been primarily "an ancillary activity" of domestic efforts, according to Best. Group Pres. Gene Jankowski. However, he said, success of international activities over last 3 years "has made it clear that CBS should be engaged in the world marketplace in a bigger, more active and meaningful way." CBS Best. Group Worldwide Enterprises, under Senior Vp John Eger and Vp-Administration & Policy Gene Mater (recently reassigned from CBS News), will head "an immediate reorganization and expansion of all aspects" of overseas operation, CBS said.

Split FTC has voted to prohibit disclosure of staff recommendations that differ from position taken by agency, move that prevents commissioners from referring to staff documents during public meetings, speeches or Hill testimony. Comr. Pertschuk, whose 7-year term expires next month, called action "outrageous" and "heavy-handed" attempt to stifle dissent, said he would not abide by majority decision. New policy statement was issued after FTC overruled its Bureau of Economics and voted to try to block merger of Warner Records and Polygram Records.

Resolution asking Congress to ban advertising for alcoholic beverages was defeated 27-3 at Boston meeting of Law & Justice Committee of National Conference of State Legislatures. Proposal would have banned "all advertising and other promotional practices aimed at or reaching large numbers of children, teenagers or heavy drinkers." All other ads for alcoholic beverages "should either be banned or balanced by an equal number of announcements highlighting health consequences" of drinking, resolution stated.

COMSAT 'VIOLATIONS' EYED: Comsat has violated instructional process for Intelsat meetings, State Dept. Under Secy. William Schneider admitted during 2 days of House Telecom Subcommittee hearings last week. Responding to charges made at earlier hearing (TVD June 18 p6), Schneider confirmed that Comsat "once or twice" deviated from instructions from U.S. govt. to guide its participation in Intelsat meetings, but he declined to give details. Subcommittee member Rep. Markey (D-Mass.) demanded investigation, said allegations confirm his arguments that Comsat needs overhaul. Meanwhile, stalled White House decision on satellite competition policy is trying patience of Congress.

Schneider said violations weren't recent, that Comsat now considers instructions "binding." He defended secrecy of process, which involves FCC, as important to national security, said Comsat documents are sensitive & proprietary, shouldn't be allowed into hands of countries that won't reciprocate. U.S. firms wanting information on Comsat should use FOI Act, Schneider said. He rejected calls for separate FCC instructional process as infringement on President's authority.

Comsat's Joel Alper, pres. of World Systems subsidiary, never was asked to defend organization against charges of violating instructional process largely because Markey didn't attend 2nd day of hearing. But Alper was pressed hard to explain why Comsat objects to competition. However, in first public indication that mood is changing at Comsat, Alper said competition is possible "if Intelsat's pricing structure were changed." Intelsat now must use income from lucrative transatlantic routes, largely provided by Comsat, to subsidize services for less developed countries. Commerce & State have put lid on their proposals to White House on competition policy, but it's known that looser Intelsat pricing structure was included (TVD May 28 p6).

Intelsat competitors, led by Orion Exec. Vp Christopher Vizas & International Satellite attorney William Fishman, asked Congress to increase pressure on White House for decision on competition policy, complained that delays are costing U.S. lead in providing enhanced satellite services. Slow pace of transborder satellite application processing at FCC & State produced complaints by users.

Subcommittee also learned that Commerce & State Depts. dispute over responsibility for international communications policy-making continues, despite efforts by both to play down disagreements (TVD June 18 p3). Depts. said they considered dispute resolved, but Q-&-A revealed that they didn't agree on resolution. Commerce Secy. Malcolm Baldrige again asserted that lead authority rests with his Dept., while Schneider claimed key role for State.

Baldrige again cited Exec. Order 12046 (TVD May 14 p5) for his authority, said he believed Commerce was responsible for substance of policy and State for conduct of negotiations necessary to implement them.

APPLICATION 'WINDOWS': FCC voted July 26 to seek comments on its proposal to adopt "filing windows" of 45 days for new, full-service commercial TV & FM applications for vacant channels in tables of allocations. "Window" system, springing from FCC's Docket 80-90 proceeding authorizing hundreds of new FM stations, would announce date when all applications for vacant channels must be filed.

All mutually exclusive bids would then be grouped for comparative hearings. Action is intended to expedite new service to public; therefore, construction permits granted as result of "windows" would be good for only 18 months for TV, 12 months for FM.

FCC adopted new rules allowing licensees wanting to upgrade to do so within rulemaking procedure, avoiding costly comparative hearing with competing bidders. Licensee now can simultaneously seek amendments to table of assignments to obtain different channel while seeking modification of license (UHF TV going to VHF or FM moving to higher class, for example) to specify operation on new channel.

Commission also decided to alter rules governing Instructional TV Fixed Service (ITFS), prompted by recent flood of applications by nonprofit groups backed by MDS companies. FCC said it's concerned that most applicants have no local presence in communities where they are seeking licenses, that many "were not tailored to the community applied for; proposed programming [that] was vague and virtually identical; and many did not have the consent of local schools specified as receive sites." This has caused concern "over the possibility of a de facto reallocation of ITFS channels for MDS use," agency said.

Commission asked for comments (Doc. 83-523) on: (1) Nature & scope of permissible ITFS service. (2) Eligibility requirements for becoming ITFS licensee. (3) Control of ITFS facility by licensee that leases excess channel capacity to others. (4) Procedural standards for "cutting off" applications accepted for filing. FCC said it would continue processing ITFS bids that aren't mutually exclusive during pendency of rulemaking, but it adopted interim processing standards: Applications granted will be conditioned on applicant's complying with any policies or rules that may eventually be established. It also gave parties 30 days to file petitions to deny or to file mutually exclusive applications against pending ITFS bids. Those applications will then be "cut off."

In other broadcast-related items, Commission: (1) Denied petition for reconsideration filed by Sue Gottfried of April 10 decision to transfer Metromedia from John Kluge's de facto control of publicly owned company to his de jure control of private company. (2) Denied National Black Media Coalition (NBMC) petition for review of staff action dismissing NBMC's 1983 request to select single AM stereo technical standard through lottery.

Personals

Joseph Cicero promoted to finance & administration vp, NBC Entertainment, effective July 30... John Tallerico, ex-American Advertising, appointed WFSL-TV Lansing gen. mgr.; William Shipley promoted to operations mgr... Charles Sherman, pres.-gen. mgr., WTRF-TV Wheeling, named to same post at Forward Communications' co-owned WRAU-TV Peoria, replacing Robert Rice, now gen. mgr. of WPRI-TV Providence; James Squibb, WTRF-TV local sales mgr., succeeds Sherman.

Walter Schwartz, Blair TV pres.-COO, reelected pres., Station Representatives Assn... David Moore advanced to vp-Dallas office mgr., Avery-Knodel TV, succeeding Wallis Ivy, retired... Carl Rogers, promoted to gen. mgr., KTPX Odessa & KWAB Big Spring, Tex.; David Orrell advanced to asst. gen. mgr.; Richard Wells promoted to KTPX news dir... Melvin Martin WJXT Jacksonville news dir., also named vp... Michael Kronley, ex-KHSL-TV Chico, Cal., named KSBY-TV San Luis Obispo news dir... Bob Hope will receive Governors Award of Academy of TV Arts & Sciences Sept. 23 during Emmy Awards broadcast... Stan Walderhaug promoted to KIRO-TV Seattle asst. national sales mgr... Gordon Peil, ex-WRC(AM) Washington, appointed midwest regional mgr., Mutual.

James Emerson, AM Cable TV Industries, elected pres., Society of Cable TV Engineers... Margaret Ludemann, ex-United Cable TV of Sarpy County, Neb., named mktg. mgr., First Data Resources Cable Div... Donald Toye, ex-Viacom, named sales mgr., Encore Programs Div. of MCA TV... Paul Morse promoted to mktg. vp, Jerrold Subscriber Systems Div.; Daniel Hoy, ex-Sperry, named vp, Sales & Service Div.

Elected officers of American Teleport Assn.: Robert Schmidt, CTM-Teleport Washington, pres.; Gerry Hanneman, ELRA Group, vp; John Crone, Tex. Teleport, secy.; Barry Pasternak, Tele-Link, treas... Richard Shay, ex-NTIA, named deputy gen. counsel, Dept. of Commerce; Richard Firestone promoted to NTIA acting gen. counsel, succeeding Shay; Robert Pepper advanced to acting assoc. administrator, Office of Policy Analysis & Development, succeeding Dennis LeBlanc.

Joseph Quigley, ex-Continental Group, joins Comsat as vp-management information systems, new post... George Ivey, ex-WCAY-TV Nashville, moves to WTVZ Virginia Beach, Va. as gen. sales mgr... Miles Ptacke, ex-Kavco Inc., appointed chief engineer, WRGT-TV Dayton... Mitch Semel advanced to mgr.-current comedy programs, NBC Entertainment... Reese Schonfeld named to new post of vp, Communications Development Corp., affiliate of Cablevision Systems Corp... Denise Allia, Interpublic Group, assigned to loaned executive program of AAAA Washington office... David Wyllie, ex-Group W Satellite Communications, appointed mktg. rep for midwest

U.S. and central Canada, Magnicom Systems... Jeff Morris, ex-HBO, named dir.-mktg. research, Showtime/Movie Channel; Robert Greene promoted to mgr.-national accounts.

Lee Pollock, KSL-TV Salt Lake City, elected pres. of BPA, which plans Jan. 1 name change to Best. Promotion & Mktg. Executives, succeeding Fred Bergendorff, KNX(AM) L.A.; Beryl Spector, WMHT-TV-FM Albany-Schenectady-Troy, named pres.-elect... Ron Jamison, ex-WJJD(AM)-WJEZ(FM) Chicago, appointed vp-dir. of sales & mktg., Bonneville Bestg... Richard A'Hearn promoted to operations mgr., WTVT Tampa, new post... Jeffrey Weiss, ex-NBC-TV Spot Sales, named national sales mgr., KTLA L.A., hq in Petry TV N.Y. office, succeeding Thomas Arnost, who moves to KTLA local sales mgr... Jeff Hufford promoted to vp-sales mgr., Blair TV ABC Team, Chicago; George Dallas, dir. of data systems in N.Y., named vp... Paul Saltin, ex-WISH-TV Indianapolis, appointed mgr. of Seltel Atlanta office and head of new Independent Div... Ray Swenson, ex-KTVU Oakland, joins KERA-TV-FM Dallas as vp-technical services... Ben Crimi promoted to supervisor of production & program services, ITC Entertainment.

Bernard Cory, ex-GE, named mgr.-manufacturing engineering, Jerrold Subscriber Systems Div... Rainer Matuszewski promoted to corporate mktg. mgr.-dir. of telemktg. & customer service, Continental Cablevision; George Thorry to corporate mktg. mgr.-sales development dir... Promotions at Cox Cable Communications: Craig Startt to senior vp-corporate & international development; William Spiesel, senior vp-human resources; Geoffrey Gates, senior vp-engineering & technology; Wayne Knighton, senior vp-operations; Gilbert Varela, vp-gen. mgr., Tucson; David Woodrow, western regional mgr.; Robert Keller, dir.-industry & govt. relations, central region; Jeffery Berman, dir.-mktg. research; Terry Wingfield joins Cox Cable Legal Dept.; Steven Podowitz, ex-Klein-Siebert Advertising, appointed dir.-advertising & communications; David Fedels, ex-Northern Telecom, named gen. mgr.-southern region... Daniel Davids, ex-Group W Cable, appointed mktg. dir., Arts & Entertainment Network.

Wayne Nelson, ex-Repro Inc., appointed vp-sales, Oki Advanced Communications... Hugh Price named senior vp-dir. of National Div., WNET N.Y... Robert Baal, ex-WBPT Miami, elected chmn., WBPT Communications Foundation production subsidiary Comtel Inc... David Green, ex-Satellite Business Systems, named mktg. dir., VideoStar Connections... David Sobieraj, ex-Storer Cable, appointed vp-administration & planning, Praxis Media, new post.

Final report of FCC Advisory Committee on DBS Technical Standards is available from International Transcription Services, 4006 University Dr., Fairfax, Va. 22030, 703-352-2400.

Consumer Electronics®

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended July 13 (28th week of 1984):

	JULY 7-13	1983 WEEK	% CHANGE	JUNE 30- JULY 6	28 WEEKS 1984	28 WEEKS 1983	% CHANGE
TOTAL TV.....	356,385	329,002	+ 8.3	230,999	10,154,152	9,366,495	+ 8.4
TOTAL COLOR...	213,442	215,493*	- 1.0	198,876*	7,790,672*	6,555,795	+18.8
DIRECT-VIEW..	210,341	213,132*	- 1.3	195,937*	7,706,559*	6,495,541	+18.6
PROJECTION..	3,101*	2,361	+31.3	2,939*	84,113*	60,254	+39.6
MONOCHROME....	142,943	113,509	+25.9	32,123	2,363,480	2,810,700	-15.9
TV EXCL. PROJEC.	353,284	326,641	+ 8.2	228,060	10,070,039	9,306,241	+ 8.2
HOME VCR.....	103,619*	70,601	+46.8	99,787*	3,114,319*	1,707,978	+82.3
COLOR CAMERAS...	6,653	6,989*	- 4.8	5,814	204,648*	176,437	+16.0

Color TV (direct-view) 5-week moving average: 1984--269,152*; 1983--253,050 (up 6.4%).

Home VCR 5-week moving average: 1984--125,276*; 1983--71,687 (up 74.8%).

* Record for period.

NBC FIRST NETWORK IN STEREO, ABC 2ND: First network stereocast using new multichannel TV sound system was aired last week, and 2nd was scheduled over weekend, NBC-TV beating out ABC-TV by 2 days in surprise photo finish.

Stereo sound actually was carried on only one station per network -- WNBC-TV N.Y. and KABC-TV L.A. -- because no other affiliates are equipped, and there are only handful of stereo-equipped sets to pick up new sound. ABC-TV had been straining hard to carry opening ceremonies of Olympics in stereo July 28, and at our press time all systems were go.

NBC beat ABC by carrying July 26 Johnny Carson Show in stereo on WNBC-TV, claiming it was "first network telecast in stereo." Network said transmission was "being done as a test," already had announced regular stereocasting won't begin until spring 1985. Show actually was sent out in stereo to the 22 affiliates on NBC's Ku-band satellite network, but only WNBC-TV was equipped to broadcast it in stereo. Last week we commented that "it wouldn't be surprising to see sneak stereocast of one or more NBC-TV programs very soon" (TVD July 23 p11).

Carson show, which had been taped day earlier, was preceded by inserted announcement by bandleader Doc Severinson that it was "first show in broadcast stereo." For ABC stereo debut, NBC parent RCA installed stereo monitor-receiver in President Reagan's box at Olympics. Sanyo is official TV-video supplier to Olympics, has supplied more than 2,500 pieces of equipment, including monitors, VCRs.

ABC-TV stereocast of Olympics opening ceremonies was scheduled to be quite elaborate, running 3-1/2 hours, using special miking for ambience effect of crowd noises, announcers, with stereo added to stadium PA system as well. Closing ceremonies Aug. 12 also will be stereocast. KABC-TV Engineering Dir. William Dryer told us final equipment tests were being conducted at week's end, and "unless something blows up, we'll be in stereo."

Both of last week's stereo debut stations are widely carried on cable systems, many of which can't handle multichannel signals without causing major service disruptions. As it promised when it made stereo decision, FCC last week voted to seek comments on whether cable systems should be required to pass along to subscribers stereo and 2nd audio program accompanying telecast signals. Details are in Broadcast section, this issue.

GE SEES CONTINUED BOOM, VCR SHORTAGE: Antidote to gloom & doom talk came from GE last week. Company, noted for doing its marketing homework, still sees blue skies ahead with hot color sales for full year, particularly at high end and in 13" category, and soaring VCR market that could gobble up 9-10 million units if product was available and in right mix.

"All of our consumer surveys" show that many of VCRs could be sold by industry this year, said TV Div. Gen. Mktg. Mgr. Richard Williams. "I still wish we had more inventory at the low end. Our inventories of all VCRs vary from a fraction of a week to a couple of weeks. Our planning assumption is that inventories will stay relatively tight through the year," Williams told us.

GE's research indicates inventories will "build a little for the rest of the month and the first 3 weeks of Aug." -- but also shows sales takeoff "starting in about 2 weeks," with movement "very strong, more demand than supply" for rest of year. During period of inventory buildup, Williams forecast "some price cuts but no dumping" -- because sales pickup will come so quickly.

Overall industrywide inventory bulge is natural, according to Williams, because "wholesale and retail buying patterns have seasonality, but production doesn't." There are many constraints on production -- such as IC availability -- and he sees demand increasing as fast as capacity. "Exactly the same thing happened last year at the same time."

What about falloff in sales of portables, which represent about 12-13% of VCR sales this year vs. 20% last year, and cameras, which have been down for 6 consecutive weeks? Williams thinks it's natural phenomenon. "The initial buyers of VCRs were affluent and more into the product -- they would buy anything we offered." Now that VCR has reached 2nd tier of buyers, "new people in the market buy basic models. Chevys sell more than Cadillacs. We're tracking right on forecast, including portables, which are a little better than we thought, if anything. We can't get enough portables, and we could sell 3 times as many low-end cameras if we could get them -- and we're not alone in this."

As for color TV, "the growth rate is down, but sales are still going at the same rate as the 2nd half last year. The rest of the year we'll be up against some pretty big numbers from last year." Williams conceded "there are warm and hot pockets in color," but believes "no part will die." High-end products are hot in color, particularly 25" table models, "remote is up a lot and stereo will take off much faster than people think -- the mix is good," he said.

Williams expressed surprise at "continuing strength of 13-in. in view of the cooling off of the [home] computer and game market," but apparently there's huge demand for additional sets. Although there's been much industry concern about color inventories, "in weeks' supply on hand, it's above last year but below a number of other weeks -- inventories are okay. We just have had some months when they were much too low." Hopefully, he said, "nobody will react to the slowing of color's growth rate" by dumping. In color, balance of year will be strong, barring erosion of consumer confidence, he predicted.

Confidence is high now, highest on record in U. of Mich. index, Williams pointed out. "People are saving, they have money, and when they feel good they buy better models -- that's true now in cars and appliances." On top of that are Olympic games, which always in past have boosted sales of TVs & VCRs -- and this year they're live from U.S., adding interest.

* * * *

GE's confidence isn't universally shared. Everybody agrees business is good now, but there's some fear that this is peak and it's all downhill from here. Of particular concern is whether there'll be big tumble in VCR prices. They're already down sharply at import level, due partly to decline in yen and partly to reductions at factory -- having averaged about \$293 at export level in first 5 months of this year vs. \$336 in same period last year, both computed at today's yen value.

In major price cut, Sony chopped \$50 from cost of leader VCR, which now will be advertised as low as \$299. Senior Sales Vp Ed Adis declined to comment specifically on action, but did express view that "VCR has hit a plateau" and expressed some concern about possible overproduction & price cutting. Asked about recent strong decline in camera sales, he pointed out Betamovie is still doing very well. He noted that camcorders are counted as recorders but not cameras in EIA sales statistics, which could be significant factor in depressing camera figures.

"Color hasn't been impacted yet" by turndown that is beginning to affect some other consumer products, particularly soft goods, Adis told us. "We've had no cutbacks in advance July orders taken at our conventions last spring." However, he feels that color may follow trend to softer sales soon.

Mergers & acquisitions: TIE/communications has agreed to acquire 43% interest it doesn't already own in financially troubled Technicom through \$19 million stock swap. Technicom posted \$26 million loss in 2nd quarter, much of that caused by \$26 million downward revaluation of consumer telephone inventory of subsidiary Mura. Acquisition is subject to successful renegotiation of Technicom's \$80 million short-term debt... K Mart has agreed to acquire Waldenbooks book & videocassette retail chain from Carter Hawley Hale Stores for \$295 million, subject to Justice Dept. approval. K Mart will give \$5 million to General Cinema, which held option to purchase Waldenbooks for \$285 million. CHHS sold that option to GC last April, along with new issue of convertible preferred shares, to thwart unfriendly takeover bid being made for CHHS by another retailer, Limited Inc... Video Corp. of America gets improved terms under revision of leveraged buyout agreement with First Capital Holdings that will take company private. VCA holders now will receive same \$16 per share, but will get \$13 instead of \$8.50 in cash. Rest will be in notes... Plessey of U.K. has agreed to acquire U.S. IC producer Microtechnology from Storage Technology, terms undisclosed. ST said sale would enable it to concentrate on primary business of producing magnetic tapes & discs and optical disc data storage devices & printers. Companies said Microtechnology would continue as prime IC supplier to ST.

Hitachi U.K. won support of majority of 800 workers at its South Wales color TV plant for proposal to assign factorywide bargaining rights to single union and adopt mandatory arbitration to settle all labor disputes. Company plans to put new arrangement into effect next month even though complaint filed by 5 plant unions that lost bargaining powers is still pending with Trades Union Congress. In return Hitachi has promised to make additional products at plant and improve job security. Company also has begun \$4 million worker relations program that includes common uniform and single cafeteria for all employees.

Information center and library on consumer electronics industry & products is slated to be set up by EIA Consumer Electronics Group. Facility, with fulltime staffer, will contain nonconfidential materials for use by students, teachers, researchers and others interested in industry history & trends.

Sony Beta Hi-Fi VCRs bowed in U.K. last week, but with big difference. Unlike version offered here and in Japan in which video heads are used to record and play back superstereo audio, U.K. Beta, like VHS Hi-Fi, has special pair of audio heads on rotating video head drum and uses depth multiplexing technique. Sony has promised to support launch by distributing recorded cassettes to as many as 1,000 hardware outlets, about 10% of specialty store total. Sony has installed Beta Hi-Fi duplication equipment -- said to be on very advantageous terms -- at duplicators Rank Phicom, REW and Frazer Peacock. Warner Home Video, U.K.'s most active software supplier, said it would release all new titles available in stereo in new format this fall, replace others as stocks are exhausted. VHS Hi-Fi has been on market for some time, but Panasonic hasn't been as helpful as Beta group. WHV Managing Dir. David Rozella said VHS Hi-Fi plans aren't as advanced "and we can't make a full commitment yet."

Party-pooping ruling by Japanese court could put damper on rising popularity of karaoke sing-along audio & video entertainment in bars & clubs there. Acting on complaint filed by Japanese Society for the Rights of Authors, Composers & Publishers, court said such establishments with karaoke equipment are using music performances commercially to attract customers and increase profitability and so violate rights of copyright holders. Court ordered bar named as defendant in case to pay \$60,000 to cover royalties and penalties for infringement dating back 3 years. JASRAC estimates there are more than 300,000 karaoke bars in Japan, said royalty payments from them could total \$165 million annually. First karaoke machines used 8-track or cassette decks to play back sing-along tapes. New models use videodiscs, and last Jan. JVC said karaoke accounted for about 70% of its VHD disc sales.

Industry meetings: EIA 60th annual Fall Conference is set for Oct. 8-11 at Century Plaza Hotel, L.A.... National Assn. of Video Distributors 2nd trade conference will be held May 4-7, Hotel International in San Diego, same location as 1984 meeting... First International Music Video Festival runs Oct. 8-11 in St. Tropez.

GE has opened 125,000 sq. ft., \$25 million plastics technology center in Pittsfield, Mass., adjacent to its Plastics Group hq.

MATSUSHITA NET JUMPS: Matsushita's consolidated earnings jumped so sharply in 2nd quarter & first half that company has doubled its estimate for profit growth for full year. Paced by strong overseas demand, particularly in U.S., Matsushita said, net in quarter to May 20 rose 21.2% on 15.6% sales rise, and for half it reported earnings climb of 33% on 19.8% increase in sales (see financial table).

Based on those results, Matsushita said it's now predicting profits for full fiscal 1984 will be up at least 21% to \$940.2 million, and sales will increase no less than 14% to \$4.54 billion. Matsushita earlier had forecast 11% earnings rise, 10% sales growth for this year.

Video equipment continued as Matsushita's largest business segment for full period, with sales up 18.9% to \$3.42 billion. Increase was paced by VCRs, cameras & tapes, with 26% rise to \$2.55 billion. Sales of all other video products were up just 1.5% to \$863 million, though color volume edged up 4% to \$795 million. Electronic components was fastest growing business, with 57.7% jump to \$1.11 billion. Communications & industrial equipment also posted sharp 41.8% rise to \$1.61 billion.

Outside of video, however, Matsushita's consumer business improved only modestly. Audio equipment rose 1% to \$983.5 million, appliances 8.5% to \$1.3 billion, kitchen & energy products 2.6% to \$400 million and other products (phono records, bicycles, photo equipment) 4.7% to \$740 million. Overseas sales jumped 26.9% to \$4.58 billion, while sales in Japan were up 13.9% to \$4.98 billion.

Wells-Gardner had breakeven 2nd quarter, showed loss for first half, on lower sales. Company attributed decline in results to continuing deterioration in demand for coin-op video arcade games, noted that number of operators in market also is shrinking. Drops of 13% & 1% in quarter & half respectively in TV sales to Teknika also had unfavorable impact. On brighter side, W-G said revenue from new data display monitor business jumped 11-fold in quarter, 550% for half. Company said monitors now account for 40% of business, up from just 4% at this time last year.

Akai credited higher VCR sales in reporting 27% rise in pretax profit to \$2.2 million in first half to May 30 on sales of \$163 million. However, it expects continuing slump in demand for audio products and outlook for general market downturn in Europe to lower operating earnings for year 27%, to about \$4.1 million.

QT&T, former Quasar Microsystems, had \$76.5 million net loss in 3rd quarter to March 31, 2% profit decline to \$407,100 for 9 months. But excluding one-time special charges and credits, operating net of phone equipment marketer rose 43.3% to \$104,900 for quarter, was up fivefold for 9 months to \$588,500.

ITT trimmed quarterly dividend to 25¢ from

69¢. Company said it was making cash conservation move to help support current \$2 billion annual rate of investment in high-tech products & services and to improve debt-equity ratio.

Bally posted 36% rise in 2nd-quarter net to \$7.07 million, but improvement all came from gaming & health club businesses. Company said that all sectors of coin-op videogame business, including manufacturing, distribution & arcades, "still are below break-even levels."

Stiffer unfair import competition enforcement measure passed by House last week would allow domestic producers to file antidumping or countervailing duty complaints against foreign manufacturers that use underpriced components in their products. Bill, however, hasn't been taken up in Senate and is opposed by Administration. Deleted from bill was section declaring as unfair "targeting" of specific product areas for intense exports by foreign govts. that fund or provide other incentives for manufacturers. Administration spokesmen argued that U.S. support of domestic computer & semiconductor industries could be considered unfair practice under bill's language. EEC, meanwhile, toughened its antidumping code to permit instant reimposition of penalty duties against products of companies suspected of breaking pledges to sell only at fair value. In past such move couldn't be made until pricing was verified. It also reduced time companies will have to appeal dumping findings.

Ad notes: Polaroid moves computer disc account from Ally & Gargano to Ogilvy & Mather. O&M now handles all Polaroid magnetic media, including videocassettes and 8mm Video camcorder, which it already had... Toshiba will double ad outlay in 4th quarter for largest ever campaign that will appear in 72 national & regional magazines, include broadcast & cable TV ads... Atari is expected to discontinue ad campaign for videogames, end association with agency Doyle Dane Bernbach. Games may be consolidated with computer account that is remaining at Wells, Rich, Green for time being at least... Citizen appoints Newhoff & Burr, L.A., for \$3 million computer printer account... Viare Publishing (Video Review & Video Pro magazines) moves to 902 Broadway, N.Y.C. 10010, 212-477-2200.

Commerce & Customs Depts. have extended to Sept. 20 from July 20 deadline for submissions for their study on need to revise Customs regulations permitting gray market or parallel imports (TVD May 28 p14). Imports of foreign-brand products by companies other than registered trademark holders are allowed when foreign owner of brand is related to official U.S. importer. Usual source for gray market products is overseas distributor disposing of excess inventory. Authorized importers seeking legal change to stop such shipments complain they cause market disruption, generally aren't covered by warranties honored in U.S. and often are models not intended for sale in U.S., leading to repair problems for consumers and generating ill will for brand name.

MEMOREX EYES VHS-C: While industry focus is always on newest products & concepts, Memtek won't be jumping on 8mm Video wave with its Memorex line of videocassettes, instead will follow JVC's lead and come out with VHS-C cassettes for JVC's competing Video Movie camcorder, according to Joseph Petite, mktg. mgr. for video products. Memtek is free-standing marketing subsidiary of Radio Shack parent Tandy, formed in 1982 following Tandy's acquisition of Memorex's video & audio cassette business (TVD May 3 p12).

"We have no plans for 8mm cassettes at this time, but we are looking at VHS-C because we feel it is the format likely to show the largest consumer growth over the next several years," Petite told us. "I'm not announcing an introduction right now," he said, "but we are looking at it strongly and when the market is big enough we will introduce it."

There was implication, however, that Memtek is eyeing early 1985 product launch, and will return to Jan. CES after 3-year absence to announce it, and also to plug its recently introduced line of rechargeable batteries. Petite said company dropped out of WCES "because of some of the same concerns 3M is citing" for its decision not to show at Las Vegas next year (TVD July 16 p18). But event is considered perfect showcase for new products, and company has sent in deposit for main floor space, though decision to exhibit is still considered somewhat tentative.

Memorex is 2nd or 3rd biggest selling videocassette brand, but doesn't get as much recognition as other majors because of its low-profile distribution, Petite said. Company doesn't sell much through video or audio specialty dealers, or what Petite terms "high awareness" outlets, instead concentrates on mass market stores. That, he said, isolates Memorex somewhat from intense price competition.

"We continue to be able to sell our product at the premium edge of pricing" because outlets Memorex deals with are somewhat less price sensitive, and so are Memorex customers, who are attracted by "our long-standing investment in national advertising and our unique product features." In addition, Memorex packages videocassettes in plastic cases rather than paper sleeves as extra bonus.

Memorex customers, Petite said, "are willing to pay a little extra because we haven't conditioned them to buy strictly on the basis of lowest price." From consumer viewpoint, he said "there is little differentiation" among videocassette products now available -- "there's more consumer differentiation between bar soaps than tape brands." If more tape marketers adopted Memorex's strategy "and provided product that had easily identifiable features there would be less cutthroat pricing," he contended.

* * * *

Maxell is 2nd blank videocassette marketing major to become official Winter CES dropout. Company said last week it had decided to skip Jan.

5-8 event in Las Vegas, following lead of 3M, which announced pullout just week earlier. One option Maxell is said to have considered was staying in WCES but moving from its traditional main floor space to small display in Convention Center wing that houses individual rooms and generally is used for audio exhibits. But final decision was not to show at all.

Meanwhile, CES sponsoring organization, EIA Consumer Electronics Group, is continuing to try to come up with way to lure movie studio majors back. Plan now is for sizable increase in WCES space at Sahara Hotel, where adult cassette marketers exhibited last Jan., and movement of other cassette companies back onto main show floor. At Summer CES in Chicago next June, all video software companies will be inside McCormick Place. Temporary outdoor tent arrangement used at last show is being folded.

Portavideo International said it received first shipment of 3,000 VHS videocassette players from Japan's Funai last week, about month behind schedule given when PVI announced signing of purchase agreement (TVD May 14 p20). Deal calls for PVI to buy 63,000 VCPs in first year of contract that makes it exclusive distributor in U.S., Canada & Mexico. PVI will house VCP and power supply in plastic carry case, offer package to retailers and industrial customers. Prime market is expected to be videocassette software dealers who will rent players along with cassettes to nonowner VCR consumers. Past statements from PVI indicate it's paying Funai \$200 each for VCPs, will resell, with case, for \$666 each.

Microwave oven sales by U.S. factories & importers rose 68.3% in June to 725,700, AHAM reports. It put 2nd-quarter sales at 2.06 million, up 55.5%, first-half total at 3.97 million, up 73.7%. Surge in air conditioner sales also is shown in AHAM figures. Video marketers have blamed massive demand for air conditioners, particularly on east coast, for slowdown in dealer demand for color TVs & VCRs through most of June (TVD July 16 p9). AHAM said AC shipments jumped 144.9% in June to 647,900. Figures show month alone accounted for 44% of industry sales rise of 105.8% to 1.69 million in 2nd quarter, 33% of 95% increase to 2.63 million in first half.

Kodak is expanding into another nonphoto products area -- batteries. Company is expected to introduce alkaline batteries late this year or early 1985. Best bet as supplier is Japan's Matsushita, which, though one of world's largest battery makers, never has been serious challenger to positions held here by Eveready & Duracell, which share 95% of \$900 million U.S. alkaline battery market. Matsushita already is closely linked with Kodak as supplier of 8mm Kodavision camcorder & videocassettes, though Kodak buys its Beta, VHS & U-Matic cassettes from TDK. Kodak reportedly has budgeted \$20 million for product launch campaign.

MAY TV IMPORTS: Sharp slowdown in growth of complete color TV imports from Korea & Taiwan is reflected in May figures from Commerce. Reason for minimal increase, compared with first 4 months, is believed to be impact of color TV dumping finding. In contrast, shipment increase from 3rd major color source country, Japan, was about average for this year.

B&w imports from Korea, which has become leading supplier to U.S. of that product, were up sharply for 2nd consecutive month, while those from Taiwan held about level with same month last year. Tinyvision, 6"-&-under, accounted for bulk of b&w shipments from Japan and better than 10% of imports from Korea.

Following are TV import totals by country for May and 5 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chge.	5 months	%chge.
Japan				
total....	217,300	+61.3	1,107,400	+68.5
color....	168,200	+64.9	824,500	+70.0
b&w.....	49,100	+50.2	282,800	+64.3
Taiwan				
total....	286,500	+11.8	1,498,000	+33.1
color....	121,500	+33.7	644,900	+77.1
b&w.....	165,000	- 0.3	853,200	+12.1
Korea				
total....	474,400	+51.4	2,329,500	+81.6
color....	176,700	+26.4	937,800	+93.5
b&w.....	297,700	+71.6	1,391,700	+74.4
Singapore				
total....	46,000	-18.6	329,300	+24.2
color....	46,000	-18.6	328,600	+31.1
b&w.....	--	--	700	-95.4
Malaysia				
total....	27,000	+195.8	83,400	+35.4
color....	23,800	+288.5	72,200	+67.0
b&w.....	3,200	+ 6.3	11,100	-39.3
Hong Kong				
color....	13,800	+1466.0	40,600	+582.2
Canada				
color....	5,200	-25.6	32,100	+ 5.9

Complete Color				
Japan.....	104,500	+81.3	566,000	+81.4
Taiwan....	115,800	+31.3	581,900	+74.2
Korea.....	157,900	+23.6	846,200	+92.0
Singapore..	12,200	-24.2	103,700	+39.5

Color Chassis & Kits				
Japan.....	63,700	+43.5	258,600	+49.5
Taiwan....	5,700	+113.3	63,000	+108.9
Korea.....	18,800	+58.6	91,600	+109.2
Singapore..	33,900	-16.3	224,900	+27.6
Mexico....	142,500	+ 2.0	734,500	+15.9

New 5" AC-DC color set introduced by Samsung has video & audio input & output jacks, lists at \$299.

TDK COST-CUTTING: TDK is embarking on major videocassette cost-cutting effort that it says is intended to restore profitability to product. Unmentioned was other side of coin -- that move could lead to further price competition.

TDK said that in first half to May 31, its consolidated sales of magnetic tape rose 7.1% to \$395.7 million, and while videocassette unit volume was up 30%, sale value rose just 16.6%. Holding total down was 20% drop in pricing, though decline was sharpest in 2nd quarter and "prices have become stabler in the 3rd quarter," according to Exec. Vp Katsuro Kamiya.

Videocassette industry "is still plagued with overproduction," and all tape producers are facing same problem, Kamiya said. But as world's largest videocassette producer and an early entrant, TDK has advantage over rivals in terms of economies of production scale and advanced depreciation, Kamiya said. TDK's new approach to videocassette market "is to cut costs in such a radical way as to restore profits." While TDK always has tried to increase efficiency, this will be "more of a cost revolution," he said.

Thanks to substantial growth in nontape businesses, TDK posted 34.2% earnings rise to \$65.2 million on 22.2% sales increase to \$844 million in half. Sales of electronic components & materials rose 39.6% to \$448.4 million, accounting for 53.1% of volume, up from 46.5% in same 1983 period. Overall sales in overseas markets gained 20.1% to \$402.1 million, paced by 53.1% rise in nontape products.

TDK said it has increased its growth forecast for fiscal 1984 from general 14% rise to 20% increase in sales, 19% hike in net. Long-term target is to attain \$4 billion in annual sales by 1990, with 20% of that volume coming from products not yet on market.

U.K. VCR market was world's fastest growing, now it's fastest shrinking, according to figures from BREMA. Group says sales to dealers in first quarter totaled 304,000, down 44.7% from 550,000 in same 1983 period. U.K. market has been in decline since end of first half and sales for all of 1983 were down 3.1% to 2.16 million from 2.23 million. VCR shipments surged in early years, topped those in U.S. in 1981 & 1982 despite having only about 20 million homes or less than quarter of U.S. total. General availability of low-cost leasing plans helped boost VCR popularity but penetration in U.K. now is about 35%, against about 15% in U.S., and market cream appears to have been skimmed.

International Jensen still has home at Beatrice, which acquired IJ parent Esmark earlier this year. Estronics, unit that houses IJ, along with Discwasher, Advent & Phase Linear, wasn't included among businesses Beatrice Chmn. James Dutt told N.Y. security analysts were initially being sold off to help pay off debt incurred to buy Esmark. However, possibility of future sale wasn't ruled out.

Consumer Electronics Personals

Cees Bruynes, North American Philips pres.-CEO, will add post of chmn., effective Jan. 1, replacing Pieter Vink, who will retire but continue on board; Daniel Minahan advanced from vp-group exec. to senior vp; Francis Olmstead, former Corning Electrical Products Div. vp-gen. mgr., joins Lamp Technical Div. as exec. vp, replacing Alan Hegedus, now pres. of NAP Lighting... Leonard Nicoletti promoted at Sony Consumer Products to mid-Atlantic region vp in continuation of restructuring announced last month (TVD June 11 p22); other new region vps: Mike Meltzer (east-central), Barry Mitchell (southeast), James Palumbo (midwest), Anthony Piazza (New England), Yukio Utsunomiya (northwest).

Bruce Entin resigns as Atari corporate communications vp... Rick Glosman, former media vp, and Robert Hanley, ex-media dir. of Atari's shuttered N.Y. media buying office, form Creative Media, media buying, planning & programming agency... Patrick Kearney joins BASF Systems Computer Products Div. as retail mkts. mgr... James Moser promoted at K Mart to sales vp & gen. merchandise mgr.; Glen Mielke named merchandise coordination vp... Appointments to EIA Consumer Electronics Group CES staff: Alec Des Roches, operations dir.; Karen Howe, exhibits dir.; Rosemary Petruso, housing dir.

Michael Barlett, ex-Rotel, joins Acoustic Research as international mktg. dir.; Kenneth Cantor named advanced R&D dir... Robin Green named product mgr., Ingram Video, replacing Mary Linthicum, now with Family Home Entertainment... Douglas Richardson, ex-Commtron, joins Poppingo Video as east regional mgr.; William Freeman, ex-Montgomery Ward, named for central region, Wes Wallace for west.

Emerson Radio, which has been licensing rights to Emerson name, now owns it outright. Company bought it from holder National Union Electric at end of last year, 6 years ahead of schedule, Emerson said in annual report. Sales in consumer electronics jumped 91.6% in year to March 31 to \$181.6 million, and operating net from that business rose from \$1.9 million to \$14.9 million. Earnings from electronics in fiscal 1983 declined by \$3.5 million because of costs stemming from discontinuation of Arcadia programmable videogame. Emerson said its products now are sold by almost every major U.S. retailer and catalog showroom merchandiser.

Autofocus Betamovie, which goes on sale about Sept. 1, is expected to be priced here by Sony at around \$1,600 list, same area as original Betamovie when it was introduced. Suggested list on that model has been cut to \$1,295 and it shows up occasionally at \$995. It will be discontinued when current stocks are exhausted. Autofocus model is on sale in Japan at about \$1,250, based on current yen exchange rate. Sony says Betamovie continues to be hot seller, with west coast sales particularly strong.

Television Digest with Consumer Electronics...

(ISSN 0497-1515)

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This Newsletter is available Electronically via NewsNet.

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Television and Cable Factbook

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FCC reconsideration of 3-2 decision that 2-channel set is monitor, not receiver, probably will be urged by NAB board before any attempt to go to court (TVD July 23 p13). After reading FCC's ruling, Senior Vp-Gen. Counsel Henry (Jeff) Baumann told us he thought reasoning was weak, said he would recommend that board seek to have Commission reconsider. Ruling was made in response to request for waiver of all-channel rules by Sanyo so it could produce set to receive only Chs. 3 & 4 for cable, VCR, etc. FCC would have been "better off to have granted the waiver," Baumann said, than to try to tackle issue of "when is a receiver not a receiver."

Color camera slump went into 6th week of consecutive declines in 2nd week of July. During 6-week period, sales to dealers were down 14.2%. For year's first 28 weeks, however, camera sales still are up 16%. Color TV has turned in relatively weak performance in first half of July -- at least compared with pace of year's first 5 months -- with sales for the 2 weeks up just 0.1%. Projection TV continues solid, setting records in 27 of year's 28 weeks to date.

Diamond phono needles from U.K. are still being dumped in U.S., International Trade Administration said in completing review of shipments for year to March 31, 1983. ITA said it found undervaluation averaging 9.86% on needles shipped by Diamond Stylus Ltd., only producer exporting in that period. Original final positive dumping determination was handed down April 1, 1972.

AT&T has placed \$110 million order for cordless phones with Taiwan's Great Electronic. Shipments under 3-year contract are to start immediately.

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
Andrea Radio			
1984-6 mo. to June 30	2,426,962	240,958	.47
1983-6 mo. to June 30	2,381,544	259,775	.51
1984-qtr. to June 30	1,159,049	81,723	.16
1983-qtr. to June 30	1,122,658	107,829	.21
Capital Cities Communications			
1984-6 mo. to June 30	450,386,000	66,449,000	5.10
1983-6 mo. to June 30	364,146,000	53,657,000	3.99
1984-qtr. to June 30	243,568,000	39,355,000	3.03 ^a
1983-qtr. to June 30	194,018,000	32,541,000	2.41
Cohu			
1984-6 mo. to June 30	11,405,519	683,255	.39
1983-6 mo. to June 30	8,443,327	374,373	.22
1984-qtr. to June 30	5,965,345	374,077	.21
1983-qtr. to June 30	4,434,163	206,758	.12
CTS			
1984-26 wk. to July 1	184,341,000	8,074,000	1.41
1983-26 wk. to July 3	142,785,000	5,232,000	.94
1984-qtr. to July 1	90,242,000	4,357,000	.76
1983-qtr. to July 3	78,645,000	2,461,000	.43
Electronic Memories & Magnetics			
1984-26 wk. to June 30	43,815,000	2,212,000	.32 ^b
1983-26 wk. to June 30	36,833,000	1,345,000	.15 ^c
1984-13 wk. to June 30	22,827,000	1,386,000	.21 ^b
1983-13 wk. to June 30	19,154,000	685,000	.08 ^c
Gross Telecasting			
1984-6 mo. to June 30	7,339,939	1,734,696	2.17
1983-6 mo. to June 30	6,917,594	1,682,278	2.10
1984-qtr. to June 30	4,027,947	970,026	1.21
1983-qtr. to June 30	3,640,828	895,297	1.12
Heritage Communications			
1984-6 mo. to June 30	56,620,000	2,878,000	.29
1983-6 mo. to June 30	50,988,000	2,813,000	.28
1984-qtr. to June 30	30,682,000	2,142,000	.24
1983-qtr. to June 30	27,750,000	2,258,000	.25
ITT			
1984-6 mo. to June 30	6,985,233,000	157,592,000	1.04
1983-6 mo. to June 30	6,831,789,000	292,527,000	1.95 ^d
1984-qtr. to June 30	3,608,856,000	78,295,000	.52
1983-qtr. to June 30	3,502,747,000	155,474,000	1.03 ^d
Knight-Ridder Newspapers			
1984-6 mo. to June 30	810,066,000	64,544,000	.99
1983-6 mo. to June 30	707,297,000	52,658,000	.79 ^a
1984-qtr. to June 30	419,384,000	37,608,000	.58
1983-qtr. to June 30	366,784,000	32,955,000	.49 ^a
Lee Enterprises			
1984-9 mo. to June 30	141,820,000	16,096,000	1.17
1983-9 mo. to June 30	129,409,000	14,216,000	1.02
1984-qtr. to June 30	49,996,000	6,597,000	.48
1983-qtr. to June 30	44,747,000	5,655,000	.41
LIN Bcstg.			
1984-6 mo. to June 30	69,518,000	12,358,000	.56 ^d
1983-6 mo. to June 30	49,118,000	10,307,000	.47 ^d
1984-qtr. to June 30	41,538,000	7,802,000	.35 ^d
1983-qtr. to June 30	28,466,000	6,365,000	.29 ^d
Matsushita Electric^f			
1984-6 mo. to May 20	9,102,600,000	442,500,000	2.79 ^g
1983-6 mo. to May 20	7,598,500,000	322,600,000	2.12 ^g
1984-qtr. to May 20	4,686,600,000	231,000,000	1.46 ^g
1983-qtr. to May 20	4,053,900,000	190,500,000	1.22 ^g
Multimedia			
1984-6 mo. to June 30	145,061,000	17,769,000	1.07
1983-6 mo. to June 30	127,688,000	15,158,000	.94
1984-qtr. to June 30	79,123,000	10,737,000	.65
1983-qtr. to June 30	69,351,000	9,426,000	.57

Company & Period	Revenues	Net Earnings	Per Share
New York Times			
1984-6 mo. to June 30	603,904,000	52,233,000	1.32
1983-6 mo. to June 30	542,487,000	43,141,000	1.11 ^a
1984-qtr. to June 30	306,611,000	27,727,000	.70
1983-qtr. to June 30	284,070,000	23,317,000	.60 ^a
Rollins Communications			
1984-year to June 30	92,091,938	9,933,590	.68
1983-year to June 30	81,876,159	13,152,521	.90
1984-qtr. to June 30	24,788,088	2,229,474	.15
1983-qtr. to June 30	21,993,159	4,108,529	.28
Satellite Syndicated Systems			
1984-6 mo. to June 30	11,187,000	1,984,000	.35
1983-6 mo. to June 30	10,317,000	1,319,000	.26
1984-qtr. to June 30	5,422,000	1,030,000	.18
1983-qtr. to June 30	5,483,000	870,000	.17
Storer Communications			
1984-6 mo. to June 30	255,942,000	(15,703,000)	-- ^d
1983-6 mo. to June 30	217,681,000	(16,562,000)	--
1984-qtr. to June 30	136,968,000	(1,131,000)	-- ^d
1983-qtr. to June 30	116,205,000	(5,550,000)	--
Taft Bcstg.			
1984-qtr. to June 30	88,766,000	11,936,000	1.28
1983-qtr. to June 30	107,632,000	6,720,000	.66
TDK^f			
1984-6 mo. to May 31	793,700,000	61,300,000	--
1983-6 mo. to May 31	649,300,000	45,700,000	--
Times Mirror			
1984-6 mo. to July 1	1,375,521,000	102,171,000	1.49
1983-6 mo. to July 1	1,183,457,000	72,535,000	1.05 ¹
1984-qtr. to July 1	705,912,000	58,906,000	.86
1983-qtr. to July 1	616,133,000	43,137,000	.62 ¹
Tribune Co.			
1984-6 mo. to June 30	860,722,000	39,137,000	.97
1983-6 mo. to June 30	758,028,000	22,690,000	.64
1984-qtr. to June 30	466,333,000	29,171,000	.72
1983-qtr. to June 30	407,519,000	21,634,000	.61
Turner Bcstg.			
1984-6 mo. to June 30	132,976,000	2,790,000	.40 ^d
1983-6 mo. to June 30	104,961,000	6,251,000	.31 ^d
1984-qtr. to June 30	78,036,000	8,102,000	.14 ^d
1983-qtr. to June 30	60,474,000	4,254,000	.21 ^d
United Artists Communications			
1984-40 wk. to June 7	279,892,000	7,753,000	.75 ^d
1983-40 wk. to June 7	225,171,000	8,671,000	.81 ^d
1984-14 wk. to June 7	110,238,000	5,147,000	.50 ^d
1983-14 wk. to June 7	80,931,000	4,586,000	.43 ^d
United Television			
1984-6 mo. to June 30	35,944,000	3,331,000	.30
1983-6 mo. to June 30	21,916,000	3,764,000	.32
1984-qtr. to June 30	21,522,000	2,715,000	.25
1983-qtr. to June 30	12,289,000	2,405,000	.20
Viacom International			
1984-6 mo. to June 30	152,707,000	13,986,000	1.05 ¹
1983-6 mo. to June 30	163,162,000	8,995,000	.67
1984-qtr. to June 30	79,133,000	8,398,000	.62 ¹
1983-qtr. to June 30	84,186,000	4,788,000	.36
Wells Gardner			
1984-6 mo. to June 30	11,428,000	(218,000)	--
1983-6 mo. to June 30	16,556,000	358,000	.10
1984-qtr. to June 30	6,065,000	--	--
1983-qtr. to June 30	7,653,000	85,000	.02
Western Union			
1984-6 mo. to June 30	545,258,000	19,357,000	.58 ^d
1983-6 mo. to June 30	514,468,000	50,044,000	1.90
1984-qtr. to June 30	284,382,000	5,298,000	.08 ^d
1983-qtr. to June 30	256,596,000	27,565,000	1.05

Notes: ^aRecord. ^bAfter special charge. ^cRestated. ^dIncludes special credit. ^eRestated & adjusted. ^fAt yen's current rate. ^gPer ADR. ^hAdjusted; includes special credit. ⁱAdjusted. ^jExcludes Showtime/The Movie Channel Inc.