

# TELEVISION DIGEST®

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

**With Consumer Electronics**

SEPTEMBER 3, 1984

VOL. 24, NO. 36

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**PRESIDENT VETOES CPB BILL** providing higher authorizations in FY 1987-1989. Both sides begin working on compromise. (P. 1)

**TBS MOVES UP LAUNCH** of new cable music service to Oct. 26. ATC & TCI sign for MTV's new channel. (P. 3)

**MORE GROWTH IN BROADCAST NEWS SEEN** over next 10 years in survey for RTNDA. Intense competition, specialization predicted. (P. 4)

**JUDGE ORDERS CALL LETTER CHANGE** because of confusion between WMZZ(FM) Decatur, Ind. and WMEE(FM) Ft. Wayne. (P. 4)

**TELCO GETS CABLE GO-AHEAD:** Wis. Bell's Sec. 214 waiver approval seen as precedent for C&P in Washington. (P. 5)

**HBO TO SCRAMBLE IN 1985:** New M/A-Com unit is reported ready for deployment. (P. 6)

**26 LPTV WINNERS PICKED** in FCC's 10th lottery. Sioux City TV station hopes to start string of translators. (P. 6)

**DOMINION HAS FAITH IN DBS:** Company expects to sell 150,000 dishes monthly in peak years, mostly to evangelicals. (P. 7)

**REAGAN VETOES CPB AUTHORIZATION BILL:** On last day he could have acted before bill automatically became law, President Reagan Aug. 29 vetoed legislation authorizing sharply increased CPB funding for fiscal 1987-1989. Authorization (S-2436) would have provided CPB budget ceiling of \$238 million in 1987, \$253 million in 1988, \$270 million in 1989, plus \$50 million in 1987 for Public Telecommunications Facilities Program administered by NTIA (TVD July 30 p7). It was first veto of CPB authorization bill since President Nixon in 1972 rejected \$45 million for public broadcasters.

Public broadcasting supporters said there's no realistic hope of overriding veto, at week's end began exploring possible compromise with Administration for scaled-down measure providing slightly increased budget ceiling for those years. That middle ground would be much below 49% increase in rejected S-2436, probably closer to 15% boost suggested by Rep. Oxley (R-O.) during House Energy & Commerce Committee hearing and later on floor, several said.

### Consumer Electronics

**PIONEER'S LV-CD COMBO** player on market this month in Japan. Digital sound to be added to LV discs. Old LV player cut to \$299 in U.S. (P. 9)

**JAPAN EXPECTED TO TRIM 1984 quota** on VCR exports to EC by up to 10% following \$21 cut in minimum export pricing. EC tape tax battle. (P. 10)

**'STRAIGHT' RENTAL SHOPS** doing big VCR business. Companies try video software. Rentacolor makes rent-to-buy switch. (P. 10)

**GERMANY'S 'CES'** at Duesseldorf dominated by Video Movie, with 8mm downplayed. Philips, Grundig & Blaupunkt add Matsushita portables. (P. 12)

**ATARI TO UNVEIL** step-up 16- & 32-bit computers, keep 800XL, stay in games. (P. 12)

**VSDA ATTENDEES EUPHORIC** over market prospects despite concern with growing competition, threat from cable. FMA low-key topic. (P. 13)

**JAPAN & KOREA** topped million color import mark in June on cumulative basis, though shipments from Korea declined. (P. 14)

**PIONEER NET JUMPS 50%** in 3rd quarter on gain from video. RCA says consumer sales rose 13% in 2nd quarter. Wells-Gardner skips dividend. (P. 14)



Hope for compromise was fanned by White House statement that Reagan somewhat supports public broadcasting, would go along with increase in CPB authorizations -- "just not as high as in this bill," which President, in statement to Senate announcing veto, called "obviously excessive." Reagan didn't specify increase he deems acceptable.

White House had asked Congress for authorizations of \$100 million, \$85 million and \$70 million, respectively, in 1987-1989 period. CPB's FY 1983 authorization was \$220 million. Actual appropriations to CPB stand at \$137.5 million this year, \$150.5 million for 1985, \$159.5 million in 1986. On agenda when Congress returns from recess is appropriation for FY 1987.

Several public broadcaster supporters said they are looking to Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) to play key role in any compromise, working with Oxley and Telecom Subcommittee Chmn. Wirth (D-Colo.) in House. Goldwater said he understood why Reagan vetoed bill he and about 50 others cosponsored, but said he will "work closely" with Administration and CPB in attempt "to reach an agreement on authorization levels that will have the support" of both. Sen. Hollings (D-S.C.), also a cosponsor, said through spokesman that he and other Commerce Committee Democrats "will have a sitdown" with GOP members soon after recess to "see what we can put together" in way of compromise.

NPR Pres. Douglas Bennet said: "We are immediately beginning efforts to see that this legislation is passed." He was confident some type of increased CPB authorization bill will be signed by President this year because "strong bipartisan backing" for bill shows there's support for more money for public broadcasters. CPB Chmn. Sharon Rockefeller said: "We are determined to work with the stations and the entire public broadcasting community to secure adequate federal funding."

Veto is "an absolute outrage and a brutal slap in the face to the nation's children," said Wirth, who along with Goldwater had spearheaded efforts to increase CPB authorization. It's "another assault on millions of moderate- & low-income Americans that, but for public broadcasting, would not have access to a wide range of cultural events and educational programming," Wirth said. Rockefeller said veto is "a particular loss for children's programs."

Rep. Broyhill (R-N.C.) said he would oppose any effort to override veto, but would go along with small increase in authorization. "I personally support [Oxley's suggested] 15% increase," Broyhill said, but S-2436 "goes too far too fast, especially since individual and corporate donations to public broadcasting were at record levels." Oxley claimed Reagan was acting on his recommendation in vetoing bill. He said he expects to introduce new legislation to fund CPB "at the more modest, yet adequate" levels he earlier proposed.

According to CPB 1983 annual report, total yearly revenues were up 9%, from \$827 million in 1982 to \$897 million. Private, personal contributions increased 22.5% from \$160 million in 1982 to \$196 million in 1983. Corporate contributions were up 34.5% from \$89.9 million to \$120 million.

NAB did some behind-scenes work on behalf of CPB bill. Pres. Edward Fritts said he telephoned some Administration officials urging against veto after being asked to do so by Rockefeller and CPB Pres. Edward Pfister. Fritts said he was "pleased to hear" that compromise CPB authorization was being discussed because public broadcasting "serves a vital niche."

"We are deeply concerned about the adequacy of the funding pipeline" for new programming, said Peter Fannon, acting pres. of National Assn. of Public TV Stations. Veto comes "just as future program plans and commitments are being made," he said, noting that Public Bestg. Service "heads into its major annual program selection process a few weeks from now."



**GO-AHEAD FOR TBS MUSIC SERVICE:** Music Video Network (MVN) is name Turner Bestg. has chosen for its new cable music video channel, which TBS last week said will be launched Oct. 26 instead of Dec. 5 as had been announced earlier. Although TBS wanted 10 million subscribers committed from cable systems before start, Chmn. Ted Turner decided to launch next month with fewer than 5 million. How many subscribers does company have signed now? Spokesman Arthur Sando wouldn't say, but said it's enough "to make us go ahead and set a launch date."

It already was starting to look like uphill battle for Turner last week, as country's 2 largest MSOs signed long-term agreements with MTV to carry its new channel along with MTV & Nickelodeon. MTV said TCI and ATC had signed affiliation pacts.

ATC Exec. Vp Gene Linder said 1.5 million of ATC's 2.4 million subscribers will get to see MTV2. Deal doesn't necessarily mean ATC won't carry MVN, he added. TCI spokesman hadn't returned our calls by press time, but company, country's largest MSO, has about 2.8 million subscribers. MTV PR Vp Margaret Wade wouldn't say what response MTV is getting from other cable companies but said industry as whole welcomes idea of new service.

Battle of music video programming between TBS & MTV Networks has been one in which one company's announcement pushes rival to make move. When MTV announced 2nd, as yet unnamed, middle-of-road service 2 weeks ago (TVD Aug 27 p7), executives said they had been planning it for more than 2 years, but were pushed to go public because TBS said it was starting service.

In turn, MTV's move seems to have pushed combative Turner to move up date for launch, go ahead with lower number of subscribers committed. Also, MTV announcement apparently changed another part of Turner plan -- company originally said operators would get service free for 5 years if they committed by Aug. 24. But systems didn't have enough time to react, so date has been pushed to Dec. 31. As result, systems will be able to get good 2-month look at MVN before saying yes or no.

MVN will have budget of \$5-\$10 million in first year, will cost TBS \$15-\$20 million over 3 years it will take to reach break-even, Sando said. There's been some confusion in press over whether Turner's service is taking aim at MTV's 12-34-year-old rock fans or older crowd (those 25-49) 2nd MTV service wants to attract.

MVN will have broader range, draw viewers from both demographic groups, Sando said. MVN's "playlist will encompass crossover songs from the pop, rock, dance, R&B & country charts," said MVN Vp-Gen. Mgr. Scott Sassa. TBS has promised it won't air videos seen on MTV that it considers too violent or sexually explicit. Service will use computer graphics and off-screen announcers.

Another offshoot of music video war was speculation that Warner-Amex Cable, sister company of MTV, was considering pulling WTBS Atlanta off all its systems because of Turner plans. John Charleton, Warner-Amex programming chief, said he would pull WTBS off only if he got better offer from another superstation. Has he? Warner-Amex has gotten a couple of offers, he said, adding: "I'm looking." He said he doesn't want either Turner's service or new MTV channel, has committed to new channel from Black Entertainment Network that will program soul music, among other things.

Community Bestrs. Assn. of America for LPTV industry plans 3 organizational meetings: Sept. 17, Sheraton Lakewood, Denver; Sept. 19, Mayflower, Washington; Sept. 21, Airport Marriott, Milwaukee. CBA is charging LPTV stations and CP holders \$125 annual dues, assoc. members \$250; registration for seminars is \$25. Details: Lee Helper, 213-399-3211, or Alan Hale & Leslie Lillien, 212-687-3484.

FCC hq in Washington was evacuated for 2-1/2 hours Aug. 27 because of bomb threat. General Services Administration called FCC Exec. Dir. at 9:45 a.m. with warning of threat that bomb would go off at 10 a.m.; building was ordered evacuated at 9:47 a.m. Police with dogs swept building, found nothing. GSA had received phone call warning of bomb but caller gave no identification.



**RTNDA SEES GROWTH IN NEWS:** TV & radio reporters' specialization in certain areas of coverage is seen as major trend over next decade in study for RTNDA by Magid Assoc. Study predicted major growth in amount of local TV news produced and in number of news jobs at stations, with major decrease in purchase of syndicated programming, while news jobs at radio stations are expected to decrease and specialty radio networks will show "substantial growth."

At Washington news conference Aug. 29 announcing findings, former RTNDA Pres. Paul Davis, news dir. of WGN-TV Chicago and chmn. of RTNDA Long Range Planning Committee, stressed that "nobody is saying farewell to AM radio," which is expected to move to more music with growth of AM stereo. Also, unlike TV, radio is expected to rely more heavily on syndicated programming and there will be increased use of satellite delivery and major advancements in technology for TV & radio.

For FM, study sees increasing competition, growth and FM dominance, along with continued specialization and more program diversity, less music. Largest budget increase for radio is expected to be in marketing & promotion, while salaries were singled out "as the most likely area of decrease." Radio gen. mgrs. "believe overwhelmingly" that their share of ad dollars will increase.

Live radio coverage of news events will increase greatly, according to 75% of respondents, while reliance on news services will decrease. Greater reliance will be placed on satellite and cable news feeds for radio.

Most frequently mentioned TV news changes upcoming by gen. mgrs. & news dirs. were greater emphasis on local programming, advancement of technology, reporter specialization, consumer information and growth of satellite & DBS systems. Generally, respondents see no change in roles of TV affiliates, superstations or major networks over next 10 years. More than 80% of gen. mgrs. said news & promotion departments will get larger share of budget, with 2/3 predicting increase in news personnel & equipment budgets, largest boosts going to programming, advertising, news & research.

News dirs. were more likely than gen. mgrs. to predict changes in standard news-weather-sports format over next decade. News dirs. want more educational or consumer-type information.

Study involved interviews with 200 TV & radio gen. mgrs., 200 news dirs., 17 broadcast executives, 21 professors and 600 members of general public. Interviews were conducted in May & early June. Copies of 55-page study are available from RTNDA (\$6 members, \$35 nonmembers), 1735 DeSales St. NW, Washington 20036.

Warner Amex has contracted to buy \$14 million in Jerrold cable equipment to build Milwaukee system.

**JUDGE ORDERS CALL LETTER CHANGE:** Judge William Lee, U.S. Dist. Court, Ft. Wayne, Aug. 30 ordered WMZZ(FM) Decatur, Ind. to change call letters as soon as possible because of likelihood of confusion by public with call of WMEE(FM) Ft. Wayne, 25 miles away. Judge also ordered WMZZ to broadcast disclaimer that station is not to be confused with WMEE each time WMZZ call is mentioned on air. Disclaimer was aired several times Aug. 30 before WMZZ got temporary injunction from court; call was changed Aug. 31 to WQTZ, according to FCC official.

WDAM-AM-FM Decatur changed its FM call to WMZZ in early July and WMEE went to Lee's court within a week. Calling his order "precedential," judge told WMZZ to adopt new call that wouldn't be confusing. WMEE puts city grade signal over Decatur while WMZZ reaches fringes of Ft. Wayne but has application pending at FCC to move closer to Ft. Wayne. That also was issue in court case.

WMEE sued on basis of alleged trademark infringement. Station's local attorney said question of monetary damages will be considered by court later. WMEE is owned by Federated Media, whose Pres. John Dille III is on NAB radio board.

NAB was denied reconsideration of FCC order earlier this year in which Commission said it no longer would rule on call letter disputes. Now, all licensee has to do to change call is to file notice with FCC for call letters that are unassigned.

In denying reconsideration, Commission said that call letter disputes could be handled better by courts. NAB said it wouldn't take FCC action to court but would monitor such situations in preparation for some future filing.

That Delicate Balance on PBS has been given waiver from equal time law in declaratory ruling by Milton Gross, chief of Fairness/Political Programming Branch of FCC Mass Media Bureau. Funded by CPB and Annenberg School of Communications Project, 13-part series starts later this month. Program explores contemporary constitutional issues by examining U.S. Supreme Court decisions, legal principles, public policy considerations and "political issues that are perennially in the news."

NAB asked FCC to dismiss petition for rulemaking by ACT to prohibit TV licensees from sharing in profits from sale of program-related merchandise. ACT's contention that such profit sharing would compromise licensees' discretion in selection of programming is "based on sheer speculation with no empirical substantiation," NAB said.

PBS led commercial TV networks with 19 news Emmy awards presented last week. ABC followed with 11 (4 for 20/20), CBS 10 (3 for 60 Minutes), NBC 6.



**TELCO GETS CABLE GREEN LIGHT:** FCC has granted Sec. 214 waiver request allowing Wis. Bell to build & own cable transmission system in Milwaukee suburb of Brookfield. According to attorneys, it's first time in more than decade a nonrural telco has been allowed to build cable system within its local exchange area. Wis. Bell has agreed to lease much of capacity to cabler TeleNational, which has been awarded local franchise (TVD Oct 31 p8).

Relatively small area Wis. Bell plans to serve (at cost of \$5.8 million to reach 10,500 homes) belies importance of Aug. 30 FCC decision, which was closely scrutinized by 2 other telcos -- Chesapeake & Potomac, which has contracted to build cable system in Washington, and Pacific Bell, which has its own Sec. 214 waiver request pending at Commission to build cable system serving Palo Alto & other cities south of San Francisco.

Waiver was welcome news to District Cablevision Pres. Robert Johnson (also BET pres.), whose company, which has signed \$54 million construction contract with C&P, is negotiating franchise for Washington. "I think it's a very strong indication that what we're proposing in the District will earn the support of the Commission, as we always thought it would," he said. News wasn't so welcome at NCTA, where Pres. James Mooney said: "It's not a calamity, but it is a further erosion of the cable-telco cross-ownership rule."

Concurrently, FCC Common Carrier Bureau rescinded earlier decision ordering Wis. Bell to make pole attachments available to RVS Cablevision, troubled cable operator in Brookfield area (TVD June 25 p7). Telco previously had denied RVS make-ready requests on grounds Brookfield City Council was disputing validity of cabler's franchise. FCC in June had said that despite RVS dispute with local authorities, telco still must make pole attachments available.

Wis. Bell asked for reconsideration of pole attachment order, said it was based on 2 erroneous premises: That Brookfield hadn't formally revoked RVS franchise and that RVS continued to operate cable system in city. Telco submitted documents showing city in fact had revoked franchise, also that RVS never operated system in Brookfield, only in adjacent communities. In order signed by Common Carrier Bureau Chief Jack Smith, telco's petition for reconsideration was granted and previous pole attachment order was vacated.

FCC imposed only one condition on Wis. Bell's construction & ownership of cable system -- that it maintain separate accounting books. RVS had opposed Sec. 214 waiver, alleging that cable operations "will require continuing cross-subsidy from Bell's ratepayers." In reply brief, telco had offered separate accounting system to allay any Commission concerns.

Telco said separate books "would assure that

actual revenues and costs of the broadband service would be recorded, and that only Wis. Bell shareholders, not its ratepayers, would bear the burden in the unlikely event that [telco] has overstated its revenues or understated its costs." C&P also has said it will keep separate books should it actually build cable system in Washington.

FCC didn't fault Wis. Bell's cable business plan, although it said analysis raised some "concern with the accuracy of the projections," such as 60% penetration and relatively little subscriber churn. Telco projects that system will generate \$2.1 million in average annual revenue from TeleNational tariffs plus income from other lessees providing pay-per-view services, polling and data-gathering services over interactive plant.

Wis. Bell broadband transmission system will require 126 miles of coaxial distribution cable, 126 miles of feeder plant, initially will be capable of 56 channels downstream, 4 upstream. Telco will start construction "at 9 a.m. tomorrow morning. That's no joke," spokesman said Aug. 31. Timetable calls for at least a portion of Brookfield residents to have service by end of year, spokesman said.

**Golden Jubilee Commission on** Telecommunications, to celebrate 50th anniversary of Communications Act, has formed permanent nonprofit organization, National Institute of Telecommunications, to conduct studies, panel discussions, etc. Sparkplug is Exec. Dir. Max Paglin, former FCC gen. counsel & exec. dir. Co-chmn. of board of trustees are former FCC Chmn. Newton Minow (Democrat) & Richard Wiley (Republican) to maintain nonpartisan nature of organization. Advisory board includes: FCC Chmn. Mark Fowler, 7 former Commission chmn., RCA Chmn. Thornton Bradshaw, Comsat Chmn. Joseph Charyk, Pacific Telesis Chmn. Donald Guinn, GTE Group Chmn. James Johnson, Metromedia Chmn. John Kluge, Malarkey-Taylor Pres. Martin Malarkey, MCI Chmn. William McGowan, Mobile Communications Corp. Pres. John Palmer, CPB Pres. Edward Pfister, NAB Chmn. Gert Schmidt, CBS Pres. Emeritus Frank Stanton. Contact: Paglin, 2101 L St. NW, Washington, D.C. 20037, 202-955-4687.

FCC will ask U.S. Appeals Court, D.C., for en banc reconsideration of that part of DBS court decision which said that any programming service going directly to public should be considered broadcasting (TVD July 30 p6). Court upheld most other portions of Commission order authorizing DBS. FCC order had been appealed by NAB, which won't seek reconsideration. Deadline for Commission to file petition is Sept. 7.

**United Cable TV** reports completion of acquisition of 2 TCI cable systems, giving TCI one million shares of restricted common stock. Systems serve Golden, Lakewood & Jefferson County, Colo. (20,000 subscribers) and Papillion, Neb. (10,200 subscribers).



**HBO DESCRAMBLERS BY YEAR END:** HBO intends to scramble all its satellite feeds in 1985 and will ship M/A-Com-supplied descramblers to affiliates by end of 1984, Robert Zitter, HBO vp for network planning, said at sparsely-attended Satellite Communications Users Conference in New Orleans last week. HBO will use 2nd-generation VideoCypher descrambler -- simplified version of first VideoCypher system, which HBO rejected because of cost & complexity. New units are expected to cost \$2,000-\$3,000 each.

David Beeching, mktg. dir. for Oak Communications, which claims to be able to manufacture Orion descrambler units for \$300 or less, pointed to "growing pressure to scramble" satellite feeds. He cited concerns about commercial theft of programming, growing number of C-band dishes and pressure from studios as reasons that programmers like HBO are likely to scramble soon.

Zitter said HBO is in process of moving some feeds from Satcom 3R to Galaxy 1, has been testing "first generation prototype satellite scrambling system on Galaxy." He described tests as "quite successful." He said HBO's scrambling delays are over because technology has improved and is more effective than designs available 18 months ago.

Mark Medress, M/A-Com Linkabit vp-video products, said 2nd-generation VideoCypher took advantage of first-generation experience, eliminated sync information & video inversion. New VideoCypher will be compatible with cable headends and DBS, he said. He said M/A-Com will introduce 3rd-generation VideoCypher in 1986, "consistent with Ku-band DBS introduction." It will feature line segment displacement.

Intelsat Dir. Gen. Richard Colino, who was advertised as keynote speaker at 6th annual SCUC, didn't show up because he had to travel to S. America on business. Attendance at show in Superdome was way down, with sponsors saying 1,500 attended. Last year, some 1,900 showed up.

FCC is expected to form ad hoc task force to help solve allocations dispute between UHF stations and land mobile. Comr. Patrick, who has shown considerable interest in spectrum allocations matters, will chair group, to be composed of reps from Mass Media Bureau, Private Radio Bureau, broadcasters and land mobile users. Last week, NAB asked Commission to deny petition by Land Mobile Communications Council seeking additional spectrum space. NAB said LMCC failed to support "its request for vast spectrum with adequate estimates of future demand." LMCC asked FCC to assign 32 MHz immediately for land mobile use, also sought additional space at later date.

Comcast Corp. board has approved 3-for-2 stock split, effective Sept. 18 for holders of record Sept. 7. Dividend of 4¢ a share (before split) will be paid Sept. 27.

**26 LPTV WINNERS PICKED IN LOTTERY:** Multiple winners were common when FCC held 10th LPTV lottery Aug. 31. Among 26 tentative licensees chosen, 3 groups each won in 2 markets, while Vienna, Va.-based Second Local Power TV was one of 2 that won 3 draws -- selected for Valdosta, Ga. (Ch. 16), Presque Isle, Me. (Ch. 51) & Columbus, Miss. (Ch. 25). Other triple winner was Mountain TV Network of Nucla, Colo., for Twin Falls, Ida. (Ch. 60), Osburn, Ida. (Ch. 42) & Devils Lake, N.D. (Ch. 23).

Other multiple winners were He's The One Bestg, Knoxville, for Weatherford, Okla. (Ch. 24) & Williams, Minn. (Ch. 59). Jeffco Bestg., Tempe, Ariz., won for Williston, N.D. (Ch. 33) & Topeka (Ch. 21). Women's Low Power Stations won for Cottage Grove, Ore. (Ch. 47) & Snyder, Tex. (Ch. 60).

KTIV-TV Sioux City, Ia. won in Neligh, Neb., where it plans to use grant for Ch. 39 translator of American Family Corp. station. Chief Engineer Dale Russell said Neligh is one of 5 LPTV applications KTIV has filed, that station had hoped its bid for Norfolk, Neb. would be granted first because it's closest of 5 to NBC affiliate, is one that Neligh outlet would translate.

Mutually exclusive applicants settled in Indianapolis-Kalamazoo area, Charlottesville, Va., & La Crosse, Wis. Three other markets were withdrawn from lottery for engineering reasons. Selections raise to 237 number of tentative LPTV winners chosen by luck of weighted draw.

FCC's next LPTV lottery will be Oct. 3, 9:30 a.m. in Commission meeting room, when 36 licenses will be tentatively awarded. Among those markets are Tucson, L.A., Pittsburgh, San Diego, Omaha, Jacksonville.

Gene Jankowski, CBS Best. Group Pres., addressing Mich. Assn. of Bests., said broadcasting is "all too often being portrayed as a villain in need of special restraint. And this not by the occasional disenchanted social outcast or self-proclaimed elitist, but by organizations and persons of repute and standing in our society." He cited attacks on FCC order, permitting networks and other licensees to own more than 7 TV stations, by MPAA Pres. Jack Valenti and legislation pending in Congress as laying groundwork for "a whole new restrictive philosophy [of regulation] far more insidious than the scarcity rationale ever was." He said Valenti's argument is that "networks do not have same rights as other communications enterprises, therefore must be treated differently under the law... If television -- or any part of it -- can be simply declared to be in a special category for legal or regulatory purposes, so can any other medium or any configuration of any other medium."

NAB has issued call for engineering papers to be delivered at April 13-17 convention in Las Vegas. Papers may not relate directly to a specific product. One-page abstracts are due by Oct. 8.



**IN GOD DOMINION TRUSTS:** There are 8-12 million evangelical Christians in U.S. underserved by current religious & family programming being targeted by Dominion Video Satellite for DBS service, according to Pres. Robert Johnson. He believes that in "mature" years of DBS operation, company will be able to place 150,000 dishes monthly with evangelicals.

"Religious broadcasting rarely is available in prime time when the viewer will find it convenient to watch," Johnson told us. Also, most religious TV broadcasts go into communities where only "a pocket" of evangelicals actually is interested. "The beauty of DBS is that, from the satellite, we can aggregate those pockets into a national network," he said.

Programming will consist of one religious channel, one educational channel (tuition pay-per-view direct from university to home), one family channel largely programmed by CBN, one all-news channel, 5th channel that may be taken over by Southern Baptist Convention's ACTS Network (subject to finalization of deal) and 6th channel programmed exclusively by Dominion, designed to reach specific audience with sports, culture & entertainment. Dominion also has asked FCC for 2 additional channels -- one to convert into high-definition TV, other perhaps for pay movies.

Dominion is counting on endorsement of 24 religious leaders, mostly TV preachers, who will participate in programming religious channel. Dominion also will launch nationwide ad campaign in fall to heighten awareness of DBS and Dominion. Religious channel will be operated by nonprofit corporation, so fund-raising appeals may be used to keep it going, Johnson said. Otherwise, neither religious broadcasters, leaders themselves nor evangelicals will be asked for financing, he insisted. Money has been raised by private offering that may continue, he added.

Cable Networks (CNI) will sell national advertising on cable interconnect linking Syracuse-area systems with about 200,000 subscribers, company said. Cable Sales, which operates interconnect, said deal is for national spots on ESPN, CNN & CNN Headline, USA, MTV, Nashville Network, Lifetime, local origination channel. Interconnect uses microwave to connect several NewChannels systems plus videotape for suburban Rogers system. Area is considered good cable ad market because there's no local UHF station. CNI is 3M unit.

League of Baby Boom Voters is new entry seeking to sponsor debates among presidential & vice presidential candidates this fall. League said it's composed of 60 million U.S. citizens born between Jan. 1, 1940 & Dec. 31, 1959. Among others seeking to sponsor debates are League of Women Voters and TV networks.

**AMPEX'S NEW VPR-6:** Building on success of its 1" recorder (VPR-3), Ampex will unveil smarter "user-friendly" version VPR-6 at International Bestg. Convention in Brighton, England later this month. Ampex also will introduce companion time base corrector, TBC-6, performance matched to VPR-6, with base price of pair set at \$72,500, plus options & accessories.

Combo is in production at Ampex Colorado Springs plant and orders will be taken at IBC for quick delivery, officials said. Units were shown to trade journalists in July with news embargoed until Sept.

VPR-6 is aimed at networks & major-market TV stations. But by simplifying controls allowing for one-person stand-up editing, company hopes to attract smaller TV stations, cable systems, even some LPTV operators.

Key features are automatic scan tracking, slow-motion range of -1 to +3, top shuttle speed approaching 500 ips, optional sync channel for recording data in VBI lines 10-15, full-speed reverse slow motion, video & audio confidence playback, EBU 4th channel audio option. Audio spot erase allows for audio segment as short as one syllable to be erased -- useful in deleting expletives.

TBC-6 features 32-line memory, 28-line correction window to provide usable picture at all slo-mo & shuttle speeds. Ampex intends to remain "boutique" manufacturer, official said, won't try to overtake Grass Valley in providing line of products for every broadcasting need.

CBS TV & Radio Networks Aug. 30 kicked off nationwide campaign to get out voters in Nov. Project centers on public service messages to be aired on networks & made available to affiliates. Spots will be complemented by CBS-sponsored print ads. "This type of public service campaign is an example of what broadcasters can do best, utilizing their resources to help create public awareness about a most important issue," according to CBS Best. Group Pres. Gene Jankowski.

FCC has denied 5% cable franchise fees for Independence, O. & Lake Worth, Tex. even though operators Space Cable and Storer, respectively, had requested waiver of 3% cap. In both cases, Video Services Div. Chief Roy Stewart said no adequate showing was made to justify cities' need for extra 2%.

**Station sales & transfers:** Price Communications, which owns 6 radio stations, is acquiring first TVs with purchase of WEEK-TV Peoria & KRCG Jefferson City, Mo. from subsidiary of Kansas City Southern Industries for \$28 million.

Gross Telecasting will pay liquidating dividend of \$50 per share Oct. 15 to holders of record Oct. 1. Company's WJIM-TV Lansing & WKBT La Crosse have been sold to Backe Communications.



## Personals

Steven Sohmer promoted to exec. vp, NBC Entertainment, adding supervision of Tonight show and program administration to current duties... William Reynolds, ex-exec. vp of TRW, appointed pres.-COO of GenCorp Inc., parent of RKO General, succeeding Warren Hayford, who resigned several months ago... Andrew Lipman advanced to partner in Washington law firm Pepper, Hamilton & Scheetz.

Rosalie Silberman, special asst. to FCC Comr. Dawson, has been nominated to Equal Employment Opportunity Commission for term ending July 1985, succeeding Cathie Shattuck, who joins L.A. office of N.Y. law firm Epstein, Becker, Borsody & Green... John Tiedemann promoted from daytime sales vp to vp-national sales mgr., ABC TV Network.

Gannett Chmn. Allen Neuharth speaks at National Press Club lunch Sept. 20 on 2nd anniversary of USA Today; outgoing FTC Comr. Michael Pertschuk speaks at club Sept. 25 on agency performance during Reagan Administration.

Dan Darrow joins Anixter Bros. as dir.-inventory services & management, new post... Eugene Pell, program dir., advanced to VOA acting dir., succeeding Kenneth Tomlinson, who will return to Reader's Digest as managing editor... Robert Silberman, ex-vp-national sales mgr., appointed ABC TV Network vp-gen. sales mgr... Tom Claycomb, formerly a news producer, named news mgr., WKYC-TV Cleveland... William Davis promoted to gen. mgr., KAUT Oklahoma City... Michael Eguchi, ex-Fisher Communications, moves to co-owned KOMO-TV Seattle as national sales mgr., succeeding Scott Hayner, now gen. sales mgr... D.J. Wilson promoted to local sales mgr., KIRO-TV Seattle... Andi Poch & Andrew Goldman named assoc. dirs. of new Katz TV sports & sponsorship sales unit.

Edward Bassett, dean of Medill School of Journalism, Northwestern U., elected to Gannett board, increasing dirs. from 14 to 15... Kristin Ostrowski, ex-WKYC-TV Cleveland, appointed news dir., WJLA-TV Washington, succeeding Richard Goldberg, who left in July after only few months on job; Ostrowski will be WJLA-TV's 6th news dir. in last 8 years... Philip Samuels, ex-Gannett Production Services, joins KCPQ Tacoma-Seattle as news mgr., succeeding Steve Hess, who received Benton Fellowship at U. of Chicago... Linda Lipman advanced to dir.-advertising & promotion, WNBC-TV N.Y... Richard Houghton promoted to vp-research dir., R.H. Bruskin Assoc.; Thomas Hinkel joins Bruskin as senior project dir.; Janet Hering named dir.-field services.

Lenda Washington promoted to ad dir., Learning Channel; Jaak Vikati, ex-Entertainment Channel, named northeast mktg. mgr... Appointments at newly formed Independent TV Sales: Michael Spitalnik, ex-Katz TV, named vp-N.Y. sales mgr.;

# TELEVISION DIGEST

Published Weekly Since 1946

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

## EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036

Phone: 202-872-9200 Telex: 467268

MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

## WASHINGTON HEADQUARTERS

Albert Warren ..... Editor & Publisher  
Paul L. Warren ..... Assoc. Pub. & Sr. Ed.  
Dawson B. Nail ..... Executive Editor  
Jonathan Miller ..... Senior Editor  
Daniel Warren ..... News Editor  
Steven Tuttle ..... Managing Ed., Wash.  
Mary Crowley ..... Associate Editor  
Mike Schwartz ..... Associate Editor  
Arthur Brodsky ..... Associate Editor  
Frances Seghers ..... Associate Editor  
Melinda Gipson ..... Assistant Editor  
Theresa Foley ..... Assistant Editor  
Deborah Jacobs ..... Info. System Mgr.

## Television and Cable Factbook

Michael Taliaferro ..... Managing Editor  
Mary Appel ..... Editorial Director  
Barbara E. Van Gorder ..... Sr. Supv. Editor  
Anthony M. Townsend ..... Sr. Supv. Editor  
Melinda M. Lukasz ..... Senior Editor

## Factbook Research, Inc.

Lynn R. Levine ..... Director

## Business

Roy W. Easley III ..... Controller  
Gary Madderom ..... Marketing Director  
Chery Grund ..... Advertising Dir.  
Betty Alvine ..... Circulation Mgr.

## NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017  
Phone: 212-686-5410

David Lachenbruch ..... Editorial Dir.  
Robert E. Gerson ..... Managing Ed., N.Y.  
Seth Goldstein ..... Senior Editor  
Rich Zahradnik ..... Assistant Editor

## JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan  
Denki Bldg., 20th Floor 1-7-1  
Yuraku-cho, Chiyoda-ku  
Tokyo 100, Japan  
Phone: 211-3161 Telex: J24600

Charles Verelly, ex-WXNE Boston, vp-midwest sales mgr.; Marty Owens, ex-TVX Best. Group, L.A. sales mgr.; Martin Ludington, ex-Katz, St. Louis sales mgr.; Robert Bee, ex-Katz, Atlanta sales mgr.

Stephen Thompson, mgr. of Katz TV Cleveland office, promoted to vp... Greg Leydon advanced to regional sales mgr., Siemens Communications Systems, succeeded as major accounts mgr. by Charles Owens... Miguel Martin rejoins NAB in legal fellowship post, succeeding Rose Perez, who joins Policy & Rules Div. of FCC Mass Media Bureau in Oct.

John Fox, ex-AT&T, becomes partner in Washington law firm Reasoner, Davis & Fox, formerly Reasoner, Davis & Vinson... Shelley Fischel promoted to HBO vp-Human Resources Dept... Arthur Kellar, EZ Communications, elected to one-year term on NRBA board, succeeding late John Bayliss; Chester Coleman, Best. Properties West, named for 2-year term... Peter Pitsch, chief of FCC Office of Plans & Policy, speaks Sept. 6 to U.S. Telephone Assn. PR seminar, Hyatt Regency Hotel, Washington.

Solar Satellite Communication has bought 3 SMATV systems in Colo. from Satellink Corp. for undisclosed price.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Aug. 17 (33rd week of 1984):

|                  | AUG.<br>11-17 | 1983<br>WEEK | %<br>CHANGE | AUG.<br>4-10 | 33 WEEKS<br>1984 | 33 WEEKS<br>1983 | %<br>CHANGE |
|------------------|---------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL TV.....    | 445,764       | 297,787      | +49.7       | 359,077      | 12,116,427       | 11,084,754       | + 9.3       |
| TOTAL COLOR...   | 308,804*      | 220,829      | +39.8       | 251,135*     | 9,311,919*       | 7,783,006        | +19.6       |
| DIRECT-VIEW.     | 305,857*      | 218,716      | +39.8       | 247,910*     | 9,211,245*       | 7,709,838        | +19.5       |
| PROJECTION..     | 2,947*        | 2,113        | +39.5       | 3,225*       | 100,674*         | 73,168           | +37.6       |
| MONOCHROME....   | 136,960       | 76,958       | +78.0       | 107,942      | 2,804,508        | 3,301,748        | -15.1       |
| TV EXCL. PROJEC. | 442,817       | 295,674      | +49.8       | 355,852      | 12,015,753       | 11,011,586       | + 9.1       |
| HOME VCR.....    | 113,672*      | 59,171       | +92.1       | 125,280*     | 3,791,976*       | 2,089,040        | +81.5       |
| COLOR CAMERAS... | 7,825*        | 7,070        | +10.7       | 7,679*       | 254,842*         | 213,061          | +19.6       |

Color TV (direct-view) 5-week moving average: 1984--300,937\*; 1983--242,859 (up 23.9%).

Home VCR 5-week moving average: 1984--135,531\*; 1983--76,212 (up 77.8%).

\* Record for period.

**PIONEER'S LV-CD COMBO, DIGITAL SOUND LV:** Combined Laservision & compact disc player is reality, will go on sale in Japan this month and in U.S. in Feb. after formal introduction at Jan. CES. Pioneer will add digital soundtrack to new LV discs, also keeping current analog audio to preserve compatibility. In U.S., meanwhile, Pioneer cut price of older optical disc player to \$299 from \$600. Bare-bones announcement of combo player was made by Pioneer Video Pres. Ken Kai at Video Software Dealers Assn. meeting in Las Vegas last week, while news conference in Tokyo filled in details.

Digital soundtrack on new LV discs will use same technology as CD. New combination player is front-loading, completely automatic, adjusting itself to 5" CD audio disc, 8" or 12" videodisc with either analog-only or digital audio track. Solid-state laser will automatically change in intensity to read digital audio or analog audio & video signals. Player is somewhat larger than current LV machine, has full-function remote with random access, and on-screen display of all functions, including programming of CD audio disc (chapter, program number, elapsed time, time remaining, etc.). It has interface connections for personal computer, provision to adapt to display of video still pictures from CD audio disc when standards are developed. Price in Japan will be 249,000 yen, or just over \$1,000. It will be produced at rate of 5,000 monthly.

Kai said he expected player to retail in U.S. at \$1,200-\$1,400. Combined LV-CD unit had been anticipated at June CES in Chicago, and last Dec. we reported Pioneer planned to add digital sound to LV discs (TVD Dec 23 p13). First LV with both digital & audio tracks, King Crimson Live in Japan, will be released in Japan Sept. 21.

Pioneer obviously wants to enlist other CD player manufacturers in joint marketing effort, reportedly lists Aiwa, Technics & Sony among hottest prospects. Added attraction of Sony is its Lasermix videodisc player made by Pioneer and available in Japan since April. "If they're interested, we'll talk," said Kai.

U.S. player price reduction was cited as step to increase interest in 8" discs, due out this fall, by sharply lowering price of older model LV player. It's move as well to clear inventory of



unit equipped with tube laser (as opposed to solid-state version in new model) and lacking remote-control interactive feature. Machine does operate in CAV & CLV modes. North American Philips, which sells similar unit under Magnavox & Sylvania names, said it has no plans to change price.

Shorter music video discs were centerpiece of Pioneer VSDA display, which featured video jukebox introduced at June CES (VW June 11 p2). Mktg. Planning Senior Vp Kengo Yamamura said discussions with jukebox manufacturers about full-scale production are in "primitive stage."

Another videodisc jukebox -- the 3rd this year -- was introduced, meanwhile, by Wurlitzer in W. Germany. Using variation on standard Wurlitzer jukebox movement, current model accommodates 15 standard laser discs, but future versions will have 20. It will be available in both coin-op & educational versions, featuring access to up to 23 selections per disc. Basic system -- playback unit and changer minus color video monitor -- will sell for about \$1,400.

Visage Inc. is now offering V-Link 1000 videodisc controller board for use with IBM & compatible computers, allowing interface with optical disc players, permitting user to combine video & computer graphics. At \$1,150, Visage says it can be used to build complete interactive computer-videodisc system for under \$5,000, including color monitor, keyboard, tablet or other input device.

Pioneer said 965 LV titles are now available in U.S., 927 in Europe, and Japan will have 1,000 by end of Sept., for worldwide total of almost 2,900.

**JAPAN EYES EC VCR QUOTA CUT:** Japanese may lower quota on VCR exports to Europe for this year to ease complaints by manufacturers there over decision to reduce minimum export pricing 5-7% (TVD Aug 13 p13). MITI, which last month gave exporters clearance for across-board \$21 cut on VCRs they ship to EC, says it may lower 1984's 3.95 million quota on complete VCR shipments by as much as 10%.

That would put allowable VCR exports for this year at about 3.56 million. While exporters have been expecting quota reduction, size would be nearly double what they had anticipated. As exports to Europe have been on decline this year, Japanese producers aren't too concerned with impact reduction might have on shipments for remainder of 1984. But they're worried that new level will be used by EC officials as starting point to press for even further reductions at 1985 quota negotiations with Japanese counterparts later this year.

In Europe, as in U.S., VCR & tape marketers are getting together to head off copyright royalty tax on blank videocassettes. Proposal in EC is for 100% tax on tape, proceeds to reimburse copyright owners for revenue deemed lost because of off-air recording. Antitax drive was launched in U.K. and spread to continent last week at Duesseldorf HiFiVideo Fair, where British Tape Mfrs. Group called industry meeting to drum up support for tax blocking effort.

**VCRs BIG AT 'STRAIGHT' RENTAL SHOPS:** Three British-style rental companies in U.S. agree with counterparts in "rent-to-own" industry (TVD Aug 6 p12) that they're witnessing strong consumer demand for VCRs. Top executives at all 3 firms also told us they're trying video software rental. Rent-to-own (RTO) trade has become so attractive for one of 3 companies -- Rentacolor -- that it recently began offering rent-to-buy plans alongside "straight" rental agreements.

Rentacolor, Granada TV Rental USA & Rediffusion Video Leasing Inc. all were modeled on British-style rental business, where companies don't stress rent-to-own agreements, but look for long-term rental customers. RTO industry, with about 4,000 showrooms, is much larger than straight rental business in U.S. By our count, 3 straight rental companies have 42 outlets,



small potatoes compared with RTO. Another difference is that straight rental shops offer only TVs & VCRs, while RTO stores have stereos, major appliances & furniture.

Rentacolor began offering both RTO and straight rental plans because that's what U.S. consumer wants, Pres. Donald Palmer told us. "Both of these markets are there and we believe they can be run quite successfully side-by-side" since it requires no extra investment for company's 15 outlets to offer both plans, he said. Palmer isn't concerned that strong opposition to RTO industry by consumer advocates will pose difficulties for company. Rentacolor is subsidiary of Hong Kong firm, moved into U.S. 10 years ago by buying then-experimental operation from Philco Ford.

Under straight rental, consumer pays Rentacolor \$42.95 per month on 4-month contract for standard model VCR. If they continue to sign 4-month contracts, monthly price slides down to \$30. RTO agreement calls for \$48.95 per month, allows consumer, with payment of one additional month's rent, to trade in rented VCR for new model at end of 20 months.

While unwilling to give subscriber figures, Palmer said 25% of his customers are renting VCRs, by far lowest figure for straight rental companies. Rentacolor went through rapid expansion 2-1/2 years ago, doubled number of stores. Palmer said company will add no new showrooms this year, may open up one or more in 1985. Rentacolor is trying prerecorded cassettes in Jacksonville store. Experiment, with 300 VHS titles, has given company "a return on the investment, but it is not a big business as far as we're concerned."

Granada, largest of 3 straight rental companies, will spend \$2.4 million advertising 22 east coast showrooms this year, is making switch from successful radio campaign to TV ads, Pres. Pierre Delerive told us. Granada has 50,000 subscribers, 50% renting TV, 50% VCR. But Delerive said "our main growth comes from VCR," with 2/3 of all new rental agreements signed for VCRs. In fact, recorders have taken up slack of TV rentals, which had "disappointing year compared to what happened at retail," he noted.

VCRs did well, probably because people "are very concerned about fast-moving technology," he said, expecting stereo & digital TV to have same effect on TV rentals in next 2 years. Price for VCR is \$19.95 per month for basic VHS model. Granada will buy 10,000-15,000 VCRs (RCA & Magnavox), 10,000 TVs between July 1984 & June 1985.

Company plans to add one more store by end of year, moving into Baltimore area, Delerive said. Granada also is going into joint promotion with software retailer Video Connection. VC will display TV, VCR and merchandising material from Granada, while Granada will give VCR rental customers coupon for 3 free tape rentals at nearby VC stores. Tape stores will collect commissions on referred customers who end up renting Granada hardware.

Expansion plans at Rediffusion call for company to open 4 outlets in each of 1-4 cities in next year, actual number yet to be determined, according to Pres. Andy Finlayson. Five Boston stores, open since April 1983, have met target for customer base of 4,000; 60% are renting VCRs. Ad budget for year is \$450,000. In first year, company bought 3,300 VCRs, 2,250 TVs, Finlayson said. Granada's British parent recently acquired Rediffusion operation in U.K., but because deal didn't include Rediffusion outside U.K., it & Granada will remain competitors here, providing Rediffusion's expansion plans carry it into Granada markets.

Finlayson said Rediffusion decided to handle video software as service to customers, is renting tapes from stock of 500 titles at each of 5 outlets. In addition, customers can hire video cameras for 2 days at \$15-\$20. Company rents tapes to VCR customers for \$1 per night, recovered \$150,000 first-year investment plus reasonable return, he said.

Kodavision shipments to dealers will start this week, according to Eastman Kodak. Spokesman said supply of 8mm camcorders will be sufficient to take care of initial dealer demands in nationwide launch. Consumer advertising will start in Oct.

Du Pont & Hitachi have agreed to cooperate in development, production & sales of electronic materials. Agreement is outgrowth of cross-licensing deal worked out last year in settlement of patent disputes.



**GERMANY'S 'CES':** Duesseldorf HiFiVideo Fair last week was largely rerun of last year's Berlin show -- VHS Video Movie everywhere and 8mm virtually invisible (TVD Sept 5 p11). All of Thomson brands plus ITT displayed VM, promised in 2 months at about \$1,300, while only Sanyo officially displayed 8mm -- same miniature deck shown at CES, nonoperating, in glass case.

There was one operating 8mm camcorder at show -- test sample of Kodavision, carried by American free-lance journalist Bob Angus, who became walking exhibit, eclipsing in interest many formal displays. Kodak didn't exhibit, will make European splash at next month's Photokina in Cologne.

Grundig, Philips & Blaupunkt introduced identical Matsushita-made VHS portables, filling hole in their lines. V2000 format was very much in evidence. Philips & Grundig showed developmental version with PCM digital audio, sacrificing unused cue track on tape, and both said they would introduce models next year using same IC developed for PCM sound in 8mm.

Digital audio on V2000 was compressed drastically, using 2-to-1 companding. They said VCR could be 48-hour digital recorder (without video), using whole tape width for 6-track stereo recording.

Major innovations spotlighted at previous European shows seemed to have been forgotten at this one. Enthusiasm for stereo TV sound, which dominated 1981 Berlin show (TVD Sept 7/81 p8), has virtually disappeared, and stereo TV sets were downplayed. DBS and cable TV, which have been big attractions at previous German shows, seemed to be almost forgotten. Hot topic this year was "BTX" videotext, using IBM computers and telephone line, shown at most receiver exhibits.

In computers, Japan's MSX system was creeping in at some of exhibits, but, as at June CES, was nowhere near as prevalent as expected.

**Mergers & acquisitions:** Lorimar has agreed to acquire Karl Home Video for price in excess of \$3 million. Lorimar is expected to leave KHV intact, with Stuart Karl continuing as pres... Compusonics is selling undisclosed amount of treasury stock to Nissho Iwai American Corp. to raise working capital. NIAC gets option granting it exclusive rights to export to Japan or license Japanese production of Compusonics' consumer digital audio floppy disc and will be sole distributor of Compusonics professional digital recorders in Japan.

Color tube shadow-mask expansion by BMC (Buckbee-Mears) has been completed as 2nd line went into operation at Cortland, N.Y., eventually doubling U.S. output (TVD Aug 13 p12). Earlier dust problem in first line has been licked, company spokesman said, and yields are 85-90%. Plant is working on 4-shift 7-day basis, and output is completely booked.

**ATARI SPEAKS:** Atari last week broke 8 weeks of official silence -- that started when Jack Tramiel acquired operation from Warner -- to outline its product course. But statement was very much in line with those issued by competitor Commodore when Tramiel was in charge there in that it provided little detail.

In a nutshell, Atari, through Mktg. Vp James Copeland, said it would continue in videogame business, expand computer line with models containing high-speed 16-bit & 32-bit processors to be introduced at Winter CES in Las Vegas next Jan., and expected to be operating at profit by end of year.

Tramiel said: "With this bright new image and expanded product offerings, Atari Corp.'s first-year sales will exceed even the peak performance levels of my former [working] life" and be "a world leader by the end of 1985." Former life is obvious reference to Commodore, and peak was calendar 1983 sales of more than \$1 billion, achievement recorded just 2 weeks before Tramiel shocked industry by suddenly resigning from company he founded.

Atari's game involvement is expected to be limited to 2600 console, as company is understood to have dropped existing step-up 5200 and scrubbed plan for super 7800 game introduced at June CES, just before Tramiel's takeover (TVD June 11 p18). Atari's 800XL computer also is being continued, and there's possibility some of enhancement cards promised at CES will be introduced.

New computers appear designed to cut into Apple & IBM markets, will be priced much lower, Atari said without giving specifics. Company didn't say when computers would be on market or indicate whether they would be made by Atari or sourced from outside.

Zenith fall ad campaign will feature "Smart Sets" theme, stressing stereo & monitor features of color receivers, with other ads on VCRs, including Video Movie. More than 80% of budget will be spent on network & cable TV commercials. Cable ads will be increased more than 50%, with 243 commercials (vs. 114 on network TV), according to Sales & Mktg. Exec. Vp Gerald McCarthy, who said cable subscribers generally are younger, more upscale and "more likely... to purchase a VCR and/or a more full-featured color TV set." Zenith "his & hers" promotion running through Sept. 23 gives purchasers of any 19" or 25" remote sets extra handheld remote transmitter free... Sharp announced fall-winter ad budget for consumer & industrial products will exceed \$20 million, nearly tenfold increase from last year, with heavy use of network TV for video products, microwave ovens and copiers, including "one of the biggest campaigns ever mounted for consumer electronics products."

Portable projection TV system for industrial use, Vidimagic, will be introduced by Sony this week in N.Y.



**SUCCESS LIGHTS UP VSDA:** Euphoric is only adjective to describe mood of Video Software Dealers Assn. convention in Las Vegas last week. Concerns about distribution, imminent arrival of mass merchants, threat of pay-per-view and studios' doubts about average retailer's merchandising capability took back seat to belief that business has arrived. Registration topped 2,000, vs. 770 in San Francisco last year and 200 at first show in Dallas in 1982. Crowds in 2 exhibition rooms were heavy throughout show.

Other numbers were equally mind-boggling. Executive at major duplicator estimates 4th-quarter recorded cassette sales will hit 7-9 million, possibly 20-22 million for year, about 50% ahead of most estimates at start of year and easy 100% ahead of 1983. Figure seems high but not unrealistic as duplicators now are functioning at or near capacity. Bell & Howell/Columbia Pictures Video Services' new plant in southern Cal. is said to be fully committed before it opens its doors, and company was forced to begin planning for 3rd plant, probably year or so off. VCA Duplicating meanwhile opens latest addition in Ill. in Oct. Plant starts with 1,000 machines, has space for 3,000, Pres. William Follett told us. It will be company's first to handle VHS Hi-Fi.

Other statistics gave additional comfort to VSDA attendees. Survey in Sept. Video Store magazine forecasts cassette rental increase of 36% in Dec. over same month last year and 29% rise in sales, at average dealer price of \$36; cassette inventories should jump 20%. Analysis of 1,000-outlet survey shows chains now account for 48% of volume, and that mom & pop stores are fading away. There's been sharp drop in number of proprietors in business longer than 5 years. Of survivors, average outlet should gross about \$250,000 this year, with 53% of revenues from movies (82% from rentals, 18% from sales), 24% from VCRs (81% VHS, 19% Beta), 23% from accessories. Some 15% said they would carry 8mm machines when they become available.

Growth of chains also means studios will have to change distribution to meet demand for direct sales, something they've avoided until now. Studios will go along, admitted as much during VSDA manufacturer panel. Regular wholesalers realize limitations, figure they have enough to do servicing 14,000 video store accounts.

While movies are biggest market segment, alternative material, including how-to & educational material dominated exhibits, even those of some major studios. This was partly because of expected post-1984 shortage of front-line product, partly because of belief time is ripe for instructional video.

"Biggest single threat" to home video is pay-per-view cable, seminar was told by CBS/Fox Pres. Lawrence Hilford. He and other panelists warned threat will become painful reality if video retailers don't shape up and learn to merchandise

product. Paramount Video Pres. Mel Harris said that within 2 years cable subscribers, with help of PPV, will become greater source of revenue than videocassettes. Later, he told us time may be right to consider reversing traditional sequence, putting cable release ahead of cassette. His reason: Upsurge in piracy due to paucity of rental cassettes is starting to cut into potential cable viewing. Dealers, he said, aren't stocking enough cassettes in their stores.

Continuing saga of studios' attempt to revise first-sale doctrine and get royalties for blank tape or VCR will gain new impetus when next Congress convenes in Jan., Home Recording Rights Coalition attorney David Rubenstein said at VSDA. "Our victory over the last 3 years has been complete," but at same time he warned that "we may have been too successful." Concern, Rubenstein said, is that MPAA will adapt same grass-roots lobbying strategy used with great success by HRRC in present Congress. "The studios have decided to imitate us," he said. Rubenstein said HRRC would match MPAA "dollar for dollar if necessary... We'll not let it be lost for lack of financial resources." Coalition in addition will separate video activities from audio first-sale, much closer to congressional passage, and publish monthly newsletter, aimed at 50,000 people who have signed petitions, attended meetings and lobbied in Washington.

Growing success of VSDA show will make it harder for EIA to get software exhibitors back to either Jan. or June Consumer Electronics Shows. CES certainly can't compete on show biz level. Studios, independents & distributors sponsored all functions, brought in Raquel Welch & Bo Derek, made possible session on first morning that CES would never consider. Before welcoming remarks, attendees were treated to another welcome peculiar to Las Vegas at 9 a.m. -- musical revue with topless chorus line.

Germany's flat TV color display (TVD Aug 6 p12) has developed into mystery. Following recent announcement by W. German Ministry for Research & Technology that 12" plasma display was ready for production by ITT picture tube plant in Esslingen, plant mgr. Reiner Linhard told us no production is planned because technology isn't ready. He said he didn't know why Ministry made announcement. We received no reply to our queries at Ministry in Bonn. To top confusion, Eduard Rhein Foundation will present award for achievements in consumer electronics (\$52,500) to chief of team at Siemens that developed the tube.

RIAA again boosted sales volume needed by video titles to qualify for its gold & platinum awards. Effective Oct. 1, title goes gold with sales of 50,000 or \$2 million list, earns platinum at 100,000 or \$4 million. RIAA started award program in Jan. 1982 setting 25,000 or \$1 million as standard for gold, 50,000 or \$2 million for platinum. That was boosted at start of this year to 37,500 or \$1.5 million for gold, 75,000 or \$3 million for platinum.



**FIRST-HALF TV IMPORTS:** Though shipments from Korea & Taiwan in June were clearly held down as result of color TV dumping case, color imports set record in first half (TVD Aug 20 p13). Decline in month's complete color imports from Korea was first such falloff since quota on shipments to U.S. expired in 1982.

Month saw imports from both Japan & Korea top million mark on cumulative basis for combined complete & incomplete color, while Taiwan joined Korea at million level in b&w. Comeback in b&w from Japan, which has been on decline for last several years, reflects sharply rising shipments of 6"-&-under TVs, including flat-tube Watchman from Sony and LCDs from Casio & Citizen.

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

|                  | Total TV |        |           |        |
|------------------|----------|--------|-----------|--------|
|                  | Month    | %chge. | 6 months  | %chge. |
| <b>Japan</b>     |          |        |           |        |
| total...         | 235,700  | +81.9  | 1,343,100 | +70.7  |
| color...         | 175,700  | +78.8  | 1,000,200 | +72.9  |
| b&w.....         | 60,000   | +91.5  | 342,900   | +68.5  |
| <b>Taiwan</b>    |          |        |           |        |
| total...         | 284,800  | - 5.7  | 1,782,800 | +24.9  |
| color...         | 123,200  | +17.1  | 768,100   | +63.6  |
| b&w.....         | 161,500  | -17.9  | 1,014,700 | + 5.9  |
| <b>Korea</b>     |          |        |           |        |
| total...         | 407,200  | + 8.7  | 2,736,800 | +65.1  |
| color...         | 131,800  | -10.9  | 1,069,600 | +69.1  |
| b&w.....         | 275,500  | +21.5  | 1,667,200 | +62.7  |
| <b>Singapore</b> |          |        |           |        |
| total...         | 50,700   | +22.5  | 380,000   | +24.0  |
| color...         | 47,300   | +18.6  | 375,900   | +29.4  |
| b&w.....         | 3,400    | +126.7 | 4,100     | -74.4  |
| <b>Malaysia</b>  |          |        |           |        |
| total...         | 12,300   | -45.3  | 95,700    | +13.8  |
| color...         | 12,300   | -16.1  | 84,500    | +46.0  |
| b&w.....         | --       | --     | 11,200    | -57.4  |
| <b>Hong Kong</b> |          |        |           |        |
| color...         | 9,400    | +117.1 | 50,000    | +341.9 |
| <b>Canada</b>    |          |        |           |        |
| color...         | 4,500    | -50.5  | 36,600    | - 7.2  |

#### Complete Color

|           |         |       |         |       |
|-----------|---------|-------|---------|-------|
| Japan.... | 116,200 | +63.9 | 682,100 | +78.1 |
| Taiwan... | 108,800 | + 6.9 | 690,700 | +58.4 |
| Korea.... | 121,100 | -11.4 | 967,400 | +67.5 |
| Singapore | 14,200  | -20.2 | 117,900 | +27.9 |

#### Color Chassis & Kits

|           |         |        |         |        |
|-----------|---------|--------|---------|--------|
| Japan.... | 59,500  | +117.4 | 318,100 | +58.8  |
| Taiwan... | 14,400  | +320.3 | 77,400  | +130.5 |
| Korea.... | 10,700  | - 4.9  | 102,300 | +86.0  |
| Singapore | 33,000  | +50.0  | 258,000 | +30.1  |
| Mexico... | 108,000 | -32.8  | 842,400 | + 6.0  |

**PIONEER NET UP:** Pioneer consolidated earnings jumped 50% in fiscal 3rd quarter to June 30 to \$4 million, but sales edged up only 2.7% to \$318 million as sharp drop in home audio sales offset gains in video and car audio.

Pioneer said video products, primarily Laservision disc players & discs, more than doubled to \$53 million, while car audio volume edged up 4.1% to \$136 million. Home audio sales, however, fell 20.5% to \$99 million.

RCA revenues from consumer products & services were up 13% in 2nd quarter, 25% for first half, and earnings increased substantially, company said in quarterly report to SEC. RCA said improvement stemmed from higher demand for color TVs & VCRs and phasedown of its videodisc business.

Wells Gardner, which broke even in 2nd quarter but showed loss in first half (TVD July 30 p14), omitted 3rd-quarter dividend, announced that "as a result of a major rescheduling of product by one of its primary data display customers, the revenue acceleration expected in this product line will be temporarily affected."

Certron credited new videocassette line for increase in 2nd-quarter sales, but said it also was responsible for \$13,000 loss in period. Certron said margins were affected adversely by price deterioration, noted pricing now has appeared to stabilize and that it has negotiated cost reductions with its off-shore suppliers. Company also announced it has agreed to sell audio cassette manufacturing technology to investment group in India, and has reached agreement with Hong Kong distributor for sale of its computer discs to China.

Electrahome had slightly increased operating loss of \$1.1 million in 2nd quarter. But it showed profit for both quarter and first half after sale of tax credit for \$1.35 million.

Quixote earnings rose 42.5% to \$879,000, though revenue declined 2.3% to \$8.1 million. Company attributed falloff to completion of R&D contract involving its proprietary videodisc production process. Quixote said it has increased funding for optical video & computer disc manufacturing plant in Anaheim, Cal.

TV stations will turn on VCRs in Germany using system that will be adopted by the 3 networks. Stations plan to transmit digital signal on line 16 of vertical blanking interval to correct presetting of programmable VCRs. In Germany, program starting times often are approximate, and shows don't always begin even at listed time. Transmitted VPS (video program system) is designed to prompt circuits within VCRs to start recording at proper time. Some VCRs built beginning in early 1985 are scheduled to contain circuits to respond to broadcast signal. Existing VCRs apparently can't be adapted to signal. Test will last at least until end of 1985.



## Consumer Electronics Personals

Jacques Robinson, GE Video & Audio Business Operations vp-gen. mgr., adds duties as Audio Electronics Products Dept. acting gen. mgr., succeeding John Trani, now Major Appliance Sales & Service Operations gen. mgr... Larry Cockrell promoted at Zenith Sales Co. from regional sales mgr. to eastern division vp, succeeding Philip Reichmann, now senior sales & distribution vp.

Walter Allen, Kloss chief engineer, named vp; Eric Geller, quality assurance mgr., advanced to mfg. vp... Richard Jennings, Montgomery Ward mdse. development & presentation vp, and David Snell, ad & sales promotion vp, named senior vps... Des Walsh named Commtron Dallas branch mgr., David Long appointed mgr. of Cleveland branch.

Atsuyoshi Ouchi advanced at NEC from senior exec. vp to vice chmn... Alex Akakura, ex-managing dir., TDK Australia, joins TDK U.S. as special projects dir.; Tony Tsujii, from Japan parent firm, named mktg. dir.; Terry Jackson, ex-Electra, named Uniden Satellite Technology Group quality engineering mgr.; Wayne Wyatt appointed southwest region sales vp for telephone products; Nancy Crosby sales administration mgr. for CBs, scanners & radar detectors; and Gary McGriff midwest ad mgr. for communications products.

Patrick Campbell, ex-North American Philips Norelco Appliance Div. vp-gen. mgr., joins RCA/Columbia Pictures International Video as pres., succeeding Peter Vadasdy, who rejoined Columbia Pictures International as senior vp... Paul Foster promoted from vp to pres., RKO Homevideo... David Lewine named senior vp, Playboy Home Video, new arm of Playboy Video... Barry Kresch, ex-Nielsen Home/Video Index research mgr., joins Lifetime as research vp... Jim Gullo joins Walt Disney Home Video as PR mgr.

Michael Lopez, ex-Columbia Records, joins Vestron Video International as international sales & administration dir.; Ann Templeton promoted from international operations mgr. to international programming dir... Resignations at CBS/Fox Video: Stephen Diener as International pres., Jock McLean as head of music video acquisitions, Lisa Alter as business affairs dir.; Alter has been appointed consulting attorney to CBS/Fox and Key Video div.

Tom Devlin advanced to vp-gen.mgr., Worldvision Home Video... Paul Brownstein joins Video Assoc. as exec. vp, continues as outside producer... James Mervis, consultant & ex-MGM/UA Home Video, given responsibility for foreign rights sales, Best Film & Video, also will co-produce programs... Weston Nishimura, Videospace, elected Video Software Dealers Assn. pres.. Other new officers: John Pough, Video Cassettes Unlimited, vp; Jim George, San Francisco Home Video, treas.; Jack Messer, Video Store, secy.

**JAPAN'S NEW HDTV:** Generally unnoticed among TV vans covering Olympics was one by Japan's NHK with unique mission -- capture highlights of L.A. games in 1,125-line widescreen high-definition TV. HDTV tapes of opening ceremonies and some events undoubtedly will be seen in future demonstrations of new HDTV system, MUSE, scheduled for experimental satellite broadcasting this fall, regular operation in 1989.

MUSE stands for "Multiple sub-Nyquist Sampling Encoding," system using single channel utilizing bandwidth reduction principles, 5:3 aspect ratio, digital audio multiplexed with video, with goal of reducing 24-27 MHz of information into 8-MHz bandwidth. Technically, according to NHK, luminance & color information will be sent by time division and time compressed integration multiplexing. Receivers will be equipped with 4-field frame memories for reconstitution of received signal.

NHK says transmitting & studio equipment have been developed and home receivers are being designed, with required memory to add about \$120 in 1987 & less than \$90 in 1989. HDTV videodiscs & VCRs can be developed, it adds. Already developed are cameras, laser telecine, VTRs, laser-beam HDTV film recorder to transfer HDTV pictures to 35mm, 55" rear projection display developed with Panasonic, with 200" & 400" displays being developed for theater projection.

Most promising display technology for HDTV, says NHK, is flat panel, with active research in progress on gas-discharge displays. "A pulse-driven DC panel having a memory function and a color AC panel were developed in NHK, and the 525-line TV picture was successfully displayed on them," says NHK report, and work is continuing on large panels for HDTV.

Bankrupt Osborne hopes that owners of its personal computers are so pleased with performance that they'll buy stock to help company get back on its feet. Osborne says it plans to offer 2 million shares at \$1 each to its customers, additional million shares to distributors in Europe. Successful sale would put 32% interest in public hands. Proposed stock sale, which won't be regulated by SEC, is subject to court approval.

Computer-videodisc player interface, including cable & software needed to link Commodore 64 to Laservision player, is \$49 from Digital Research, Monterey, Cal. Interface permits computer keyboard control of interactive videodiscs. DR says it will have models for Apple & IBM computers later this year.

Taiwan's Tatung has agreed to set up joint manufacturing venture in Caribbean island nation St. Lucia, with govt. there as partner. Tatung will provide \$1.1 million in start-up investment for venture, which will begin as assembler of electric appliances, expand to electronics.



## Financial Reports of TV-Electronics Companies

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

| Company & Period              | Revenues      | Net Earnings | Per Share        |
|-------------------------------|---------------|--------------|------------------|
| <b>Certron</b>                |               |              |                  |
| 1984-9 mo. to July 31         | 20,688,000    | 144,000      | .04              |
| 1983-9 mo. to July 31         | 18,072,000    | 151,000      | .05              |
| 1984-qtr. to July 31          | 6,691,000     | (13,000)     | --               |
| 1983-qtr. to July 31          | 6,230,000     | 33,000       | .01              |
| <b>Electrohome</b>            |               |              |                  |
| 1984-26 wk. to June 29        | 65,487,000    | 102,000      | .01*             |
| 1983-26 wk. to July 1         | 69,116,000    | (1,803,000)  | --               |
| 1984-13 wk. to June 29        | 34,580,000    | 246,000      | .02*             |
| 1983-13 wk. to July 1         | 33,905,000    | (1,062,000)  | --               |
| <b>NEC<sup>b</sup></b>        |               |              |                  |
| 1984-year to March 31         | 7,304,600,000 | 184,800,000  | -- <sup>a</sup>  |
| 1983-year to March 31         | 5,982,800,000 | 136,900,000  | -- <sup>b</sup>  |
| <b>Reeves Communications</b>  |               |              |                  |
| 1984-year to June 30          | 229,938,000   | 3,331,000    | .27              |
| 1983-year to June 30          | 213,807,000   | 7,731,000    | .62              |
| 1984-qtr. to June 30          | 57,080,000    | (3,766,000)  | --               |
| 1983-qtr. to June 30          | 53,549,000    | (6,716,000)  | --               |
| <b>Regency Electronics</b>    |               |              |                  |
| 1984-year to June 30          | 109,469,000   | 7,126,000    | .66              |
| 1983-year to June 30          | 87,344,000    | 6,961,000    | .65 <sup>c</sup> |
| 1984-qtr. to June 30          | 30,929,000    | 716,000      | .06              |
| 1983-qtr. to June 30          | 27,607,000    | 2,364,000    | .22 <sup>c</sup> |
| <b>SFN Cos.</b>               |               |              |                  |
| 1984-qtr. to July 31          | 139,278,000   | 19,728,000   | 1.85             |
| 1983-qtr. to July 31          | 107,151,000   | 21,702,000   | 2.05             |
| <b>Video Corp. of America</b> |               |              |                  |
| 1984-year to June 30          | 34,000,000    | 3,064,000    | 1.81*            |
| 1983-year to June 30          | 22,707,000    | 965,000      | .58*             |

Notes: \*Includes special credit. <sup>b</sup>At yen's current rate. <sup>c</sup>Adjusted.

CD audio disc manufacturing started in U.S. Aug. 21 at Digital Audio Disc Corp. (DADC) plant in Terre Haute. Joint venture of CBS/Sony of Japan and CBS at first will press 300,000 discs monthly, plans eventual increase to million. About half of output will be for CBS labels, remainder custom-pressed for others. MPO Disques, Anglo-French consortium with plant in Le Mans, France, plans to start pressing CDs Nov. 1, claims capacity of 3 million annually. Mastering for discs will be done by Philips. Annual CD production capacity for other plants, as reported in Japan: Polygram 15 million, CBS/Sony 12 million, Sanyo 4.8 million, JVC 4.2 million, Japan Columbia 3.6 million, Matsushita 2.5 million, Toshiba EMI 2 million.

JVC U.S. sales and market shares in year ended March 31 1984, according to Senior Sales Vp Harry Elias: Video \$150 million (factory sales), 6% market share; home audio \$85 million, 6% share; portable audio \$45 million, 5% share; car audio \$25 million, 2% share; VHS tape \$45 million, 10% share; color TV, not given. Targets for current fiscal year: Video \$280 million, 7%; home audio \$90 million, 7%; portable audio \$50 million, 7%; car audio \$32 million, 3%; VHS tape \$55 million, 12%; color TV \$50 million, 1-2%.

**MORE PHONE CUTBACKS:** Phone market shakeout has reached to very pinnacle of industry, as 2 biggest names in business, AT&T & GTE, moved to reduce involvement in instrument sales.

AT&T Technologies announced cost-cutting program that will trim 11,000 jobs, including 2,000 in AT&T Consumer Products, unit that makes & markets home phones. Unspecified number of jobs in phone servicing also will be lost. Since late last year, AT&T has sharply reduced number of factory employees producing residential phones. Cutback affects only about 4% of operation's 255,000 employees, will be accomplished mainly through retirements and normal attrition, so it won't result in many dismissals. Company also instituted hiring & salary freeze. Only unaffected unit will be Technology Systems, which makes computers & semiconductors.

GTE has unloaded 16-model inventory of some 500,000 phones and answering machines through liquidator Sam Nassi. Phones disposed of were primarily one-piece electronics. GTE wouldn't comment on industry speculation it now will abandon low end of phone business, concentrate on selling standard & step-up models.

Mura also is unloading. Minneapolis-based liquidator C.O.M.B. is offering 5-channel cordless dual-phone model that has wired phone at base station, security code, 32-number memory, for \$68, 73% less than \$250 list.

**Ad notes:** Coleco's new promotion for Adam computer offers college scholarship worth up to \$500 to student whose parents buy \$700 system Sept. 1-Dec. 31. Coleco says it will pay \$125 at end of each completed college year for 4 consecutive years. Age and other restrictions, as well as statistical probabilities, indicate promotion cost will be reasonable, according to Coleco officials... Discwasher appoints Berlau Adv., Kansas City, for video & audio accessories, names Jay Rosenthal & Co., Chicago, for computer products... CBS/Fox Video will back Nov. 13 combined launch of Empire Strikes Back at \$80 and rerelease of Star Wars at \$40 with biggest ad & promotion campaign ever for video software product, according to Sales & Mktg. Vp Leonard White. Also being issued at \$20 is 98-min. documentary, Making Of Star Wars SPFX: The Empire Strikes Back.

Games Network, Cal.-based company formed to deliver videogames direct to home via CATV, is still in limbo, following loss of \$4 million investment deal it needed to reacquire its central computer. It now has 9 employees working on volunteer basis. Company says it's talking with potential new investors, and that it could be operating by year's end if funding comes through.

ITA will hold annual one-day video seminar Nov. 20 at Sheraton Centre in N.Y.



# TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 10, 1984

## SUMMARY-INDEX OF WEEK'S NEWS

VOL. 24, NO. 37

### Broadcast - Cable

**LOTS OF SMOKE IN RUMORS OF ABC TAKEOVER** as stock price & trading volume jump. Pierce says rumors have been 'discounted.' Why Abernathy was fired. (P. 1)

**WIRTH RAPS CABLE & CITIES** as Dingell sets stage for HR-4103 floor vote. NCTA board debates changes in bill, but no consensus emerges. (P. 2)

**ABC WANTS SELECTIVE PRUNING** of fairness doctrine it says in comments to FCC, breaking with broadcasters' calls for appeal. DNC wants doctrine to stay. (P. 3)

**COMSAT & PRUDENTIAL STRIKE DEAL** to operate DBS company along with UPI's Douglas Ruhe. Comsat gets about 50%. (P. 5)

**REPUBLICANS SEEK CHMN. OF CPB:** Rockefeller reelection bid may be challenged; public broadcasters 'anxious.' (P. 6)

**DINGELL POSITIONS FOR ATTEMPTED** override vote on presidential veto of CPB funding, even though Senate support doubtful. (P. 6)

**ADMINISTRATION KEEPS REPORTERS AT BAY** in coverage of Reagan & Bush campaigns. 'Fail-safe' device attached to White House microphones to forestall presidential goofs. (P. 8)

**LOTS OF SMOKE IN ABC TAKEOVER RUMORS:** Security analysts are split over whether attempt is about to be made to take over ABC through stock purchases. On Sept. 5, stock jumped 6 points to all-time record 75 on unusually heavy trading; next day, it rose additional 2.125 to 77.12 with 1.1 million shares traded. Stock leveled off Sept. 7 at 74 and trading returned to normal volume.

Active buyer of ABC shares has been Jeffries & Co., L.A. broker that has been involved in past takeovers. Wall St. Journal speculated that Jeffries' client is Minneapolis investor Irwin Jacobs, who reportedly used same firm last summer in purchase of large blocks of Walt Disney.

A major reason for takeover rumors, along with huge stock purchases, is fact that ABC shares are selling for much lower price than company would bring if parts were sold separately,

### Consumer Electronics

**VHS CAMCORDER** using full-sized cassette due in Japan from Matsushita in spring. Hitachi & others plan similar units, aim at under \$1,000. (P. 10)

**SALES PACE QUICKENED** in Aug., best 4-week month in VCR history. Color's annual rate hit 17 million, up from 15 million in July. (P. 11)

**JAPAN VCR EXPORTERS** set another record in July by shipping 1.14 million to U.S. Color & b&w exports hit monthly highs for year. (P. 11)

**PORTABLE PROJECTOR-VCR** combo with TV tuner offered by Sony for industrial field at \$2,995 uses single beam indexing color tube. (P. 12)

**VIDEOCASSETTE PLAYER** market is attracting crowd, PVI reacts with lower prices. GE showing Matsushita version, Samsung in wings. (P. 13)

**WCES SEEKS TO LURE** video software firms back. Fuji joins 3M as tape dropout. RCA returning as exhibitor, Magnavox out. (P. 14)

**ATARI FACING** cash squeeze as creditors file suits to collect pre-Tramiel bills and old customers balk at paying overdue accounts. (P. 14)

**UNFAIR COMPETITION** complaint filed against Gold Star disc drives being probed by ITC. (P. 15)



according to most analysts. "Their 5 TV stations alone probably are worth more than \$2 billion," analyst told us. ABC has 29.1 million shares outstanding, making its book value a little more than \$2.23 billion. Analysts speculate company is worth well over \$3 billion. Chmn. Leonard Goldenson is largest holder with 376,593 shares.

ABC Pres. Fred Pierce told us that rumors of attempted takeover have been "discounted... clearly and unequivocally... We have not been approached by anybody and we feel that [rumors] are feeding on speculation." He said large volume of trading and sharp stock price rise resulted in "a combination of things" -- fact ABC stock is undervalued, several favorable Wall St. reports, strong ad support, outstanding performance of TV network. "We feel the value of ABC stock finally is being recognized."

Wall Streeters speculated that among those interested in ABC are Capital Cities, Gulf & Western and Coca-Cola -- denied by officials of all 3 companies. "There's absolutely no truth to that," Capital Cities Chmn. Thomas Murphy said. "We don't own a share of ABC... Wall St. is always trying to start something." However, Murphy told us that company is interested in acquisitions. Asked specifically about Storer, he said Capital Cities lost in bid to acquire about 20% of Storer. "I am talking to anyone who will talk to me and so far my score is 0 for 10," he said. "Absolutely untrue," G & W official said of rumored attempt to take over ABC.

Meanwhile, it has been learned that ABC Vp-Corp. Affairs James Abernathy, company's chief contact with Wall St., was abruptly fired 2 weeks ago because he had discussion about takeover attempt, didn't report it to senior management. ABC has given no reason for firing Abernathy, who was called back from vacation to be dismissed. He wasn't allowed to return to his office and was immediately escorted from building. Asked why, ABC official said: "He had access to some very sensitive documents." In line for promotions and more authority as result of Abernathy's leaving are Vp Richard Connelly, head of PR for Best. Group, and Patty Matson, vp-planning & development for Best. Group, who currently reports to Connelly.

**'FLEXIBLE' NCTA CONTINUES TO PUSH LEGISLATION:** Continued rate regulation for 4 years as called for in HR-4103 remains cable industry's main problem with bill, but it may be willing to compromise in order to restart stalled talks with cities and see bill passed. NCTA board adopted that position during 2-day meeting in Washington last week, decided that most of industry's other concerns with bill can be dealt with in language clarifications. Bottom line is that industry should be flexible in its approach to legislation, according to Pres. James Mooney and Chmn. Edward Allen.

Board reaffirmed commitment to legislation, according to Mooney, who expressed belief there still is chance bill can be passed in dwindling days of this session. "This is a time for people who want to make good public policy to be constructive," he said. Although his board has several other concerns, including access to apartments, he said rate regulation is only major public policy issue in contention. NCTA board wasn't unanimous in deciding to be flexible in pursuing legislation, Mooney said, but it "recognized it's dealing with the legislative process and that there's more than one way to skin a cat." He wouldn't spell out what NCTA will seek in any talks with cities.

After meeting with board in private for about an hour Sept. 6, House Telecom Subcommittee Chmn. Wirth (D-Colo.) suggested there was logical compromise on rate regulation. "The question is not if there's to be deregulation but when. We have 4 years in the bill, and allegedly the FCC says zero," he said, referring to FCC's Nev. policy that cities can rate-regulate only basic service, which can contain only must-carries. "You can figure out how to split the difference," Wirth said.

House Energy & Commerce Committee Chmn. Dingell (D-Mich.) prepared way for bill to get floor vote by writing Rules Committee Sept. 5 asking that bill be added to floor calendar. Dingell requested hearing to consider bringing up bill "as soon as possible" and open debate rule



that would confine free-for-all to one hour. Sources said Dingell move shouldn't be taken as indication he intends to bring measure up for vote. Chmn. hasn't decided what to do, they said, although he has made clear he thinks controversial bill would have little chance of passing House. Dingell "very clearly has not decided whether or not to move this bill," Mooney said.

In letters to NCTA, NLC & U.S. Conference of Mayors last week after his meeting with NCTA board, Wirth emphasized that House isn't likely to take up controversial bill now since Congress plans to adjourn by Oct. 4. He warned failure to move HR-4103 now could spell doom for legislated cable deregulation in coming congressional sessions. In veiled threat, he said: "[This] isn't an opportunity we will have again in the foreseeable future. Unless the remaining [cable-cities] differences are compromised, I fear the prospects of HR-4103 being signed into law are extremely dim."

Distressed by how close bill has come to passage, Wirth lamented failure of cable & cities to even discuss last sticking point -- transition to deregulated rates. "If we can get [rate regulation] worked out, it will be brought up for a vote," he said after meeting with industry leaders.

NCTA's Allen said he was angry that Assn. was being painted as bad guy in breakdown of talks with cities and stalled progress on legislation. "I'm upset at people who have pointed a finger at us saying we're not flexible. The board was building for the long-term solution. It would have been very easy to go for a quick fix." Whether bill does move in remaining days of Congress "depends on how intransigent the other parties are," adding those other parties include cities and "individual members of Congress."

**NO SURPRISES IN FAIRNESS DOCTRINE COMMENTS:** Parties commenting in FCC's fairness doctrine inquiry last week stuck rigidly to their earlier expressed positions, with only ABC among broadcast groups failing to call for outright repeal -- among comments available at press time. Public interest groups, led by Media Access Project (MAP) and Telecommunications Research & Action Center (TRAC), continued 100% support of doctrine, told FCC its inquiry is "a colossal waste of the Commission's scarce resources." Also supporting doctrine were Democratic National Committee (DNC) and House & Senate Democratic campaign committees.

Those favoring repeal of doctrine universally argued that it's unconstitutional, inhibiting, chilling, no longer needed under scarcity factor, that it fails to achieve its goals and that FCC has ample authority to act without congressional guidance. However, ABC said doctrine should be "selectively pruned... to be relevant in today's society" and that Commission should seek "congressional guidance" before repealing doctrine "entirely." Network listed several past applications of doctrine that it said were "unnecessary."

MAP/TRAC and DNC argued that Commission can't act before legislation since Congress, in exempting bona fide news from equal time requirements in Sec. 315 of Communications Act, added phrase that action doesn't remove broadcasters' obligation to be fair. (Added wording came in 1959 amendment; until then, doctrine had been FCC rule only.) MAP/TRAC said doctrine "is a remarkable achievement which deeply respects and retains the fragile balance of competing interests and needs of both broadcasters and the public." Most "distressing" is fact that FCC even launched inquiry, groups said. "Instead of collecting information and making recommendations to Congress, the Commission has... undertaken to redefine and expand its own authority far beyond Congress' delegation... It has recast itself as legislator and judge... deciding whether its own [enabling] statute is constitutional."

DNC told FCC its proposal is "seriously flawed," pointing out many alleged flaws, saying that fairness obligations on broadcasters "are the very heart of the public interest standard... and their continued vitality is essential to the proper functioning of our political system." Comments said Democratic Party has made preservation of doctrine "a central part of [its] platform... which holds this doctrine to embody the principles of diversity, access and



opportunity that are fundamental to our future as a democracy... Bereft of their public fairness shield, viewers will no longer assume that they are receiving unbiased information. The integrity of each broadcast voice will be questioned." Committee said that FCC's complete lack of discussion of application of doctrine to issue-oriented advocacy ads is "particularly blatant." Note: DNC comments were filed by ex-FCC Chmn. Charles Ferris and his top aide at Commission Frank Lloyd.

Qualified support was given broadcasters by NCTA, which however pleaded with Commission not to combine "thornier issues that apply solely to broadcasters" with cable fairness issue. Said NCTA: "The FCC can, and constitutionally must, repeal the fairness doctrine as applied to cable television and should not delay eliminating that requirement." NCTA said that "when viewed in the context of the new media marketplace, the fairness doctrine may appear as an anachronism and... its application to broadcasters may even be unconstitutional." AAF asked that doctrine not be applied to product commercials and "so-called advertorials."

RTNDA and group owners Gannett, Gaylord and Evening News Assn. told FCC that marketplace forces will take care of few licenses that cross line of fairness: "All evidence indicates that a broadcaster's bias or failure to adequately present fair opportunities for contrasting views on controversial issues will be noticed, and exploited, by competitors." NAB, which included study of "chilling effect" on broadcasters, called doctrine "a treacherous concept that is premised on logical quicksand and that accomplishes what it sets out to avoid." NRBA told Commission "no justification exists to limit the editorial discretion of broadcast licensees... particularly since the inevitable effect... is to chill the full expression of ideas and viewpoints."

NBC cited 4 documentaries it aired that resulted in fairness cases, concluded: "Because the fairness doctrine inhibits rather than promotes diversity... and because, given the abundance of media voices now speaking, it is no longer necessary -- if it ever was -- to promote diversity of views by government fiat."

CBS declared: "A decision by the Commission that it has authority to rescind the doctrine would be entitled to substantial judicial deference. This flows from the 'venerable principle that the construction of a statute by those charged with its execution should be followed unless there are compelling indications that it is wrong' (Red Lion Bestg. vs. FCC)... The most reasonable interpretation of Sec. 315(a) is that it allows, but does not require, enforcement of the fairness doctrine... It is clearly within the Commission's discretion to rescind the doctrine."

Fifteen witnesses are scheduled for Sept. 11 Senate Judiciary Committee hearing on relaxed FCC TV-radio station ownership restrictions, including: Sen. Wilson (R-Cal.), author of counterproposal (S-2962); FCC Chmn. Fowler; Paul McGrath, head of Justice Dept. Antitrust Div.; MPAA Pres. Jack Valenti; NAB Pres. Edward Fritts; TBS Chmn. Ted Turner; representatives from ABC, Taft Bestg. & National Assn. of Black Bestrs. Hearing will be at 10 a.m., Rm. 226 Dirksen Bldg. New rule allowing single licensee to own up to 12 AMs & 12 FMs became effective Sept. 8 (TVD Aug 27 p5); TV ownership expansion has been put on hold until April 1.

John Blair & Co. has rejected bid from Selkirk for its radio representation business, pledged it will maintain "long-term commitment" to radio. Word was given in conference call to Blair's 23 radio sales offices by Pres. Jack Fritz, who said that firm will remain "major force" in radio, that commitment "is even stronger today than it was when the company was founded in 1935."

Dean Waite will leave CTAM at end of year when contract as exec. dir. expires. He plans to remain in cable industry, joined CTAM 2 years ago from Landmark Communications, where he was vp-mktg. for Weather Channel. Search for successor, led by CTAM Pres. Edward Bennett, Viacom Cable exec. vp, will center on "someone who has been in an association management role, someone who is a professional manager," Waite said.

"Political Broadcasting -- The 1984 Elections" is title of Nov. 15-16 Best. Education Assn. seminar at NAB hq in Washington. Seminar will cover polling, debates, media strategies, campaign consultants, advertising & agencies. Registration is \$50. Contact: Harold Niven, 202-293-3510.

Aug. pledge drives at 78 of 304 public TV stations raised almost \$9.2 million, down 0.1% from Aug. 1983 effort, PBS reported. Pledges totaled almost 184,000, down 8% from year ago, but average gift rose 8.5%, to \$49.91 from \$45.99.



**STC & USCI TO BE 'INTEGRATED':** Capping month-long negotiations over fate of low-power DBS firm United Satellite Communications, Comsat, owner of DBS company Satellite TV Corp., Prudential and UPI co-owners Douglas Ruhe & William Geissler have agreed to form new DBS firm. Deal is styled "preliminary agreement" by Comsat, which walks away from talks with around 50% of partnership to be capitalized by equity & debt.

Prudential reportedly had already more than doubled its initial \$15 million investment (for 50% share) in USCI, which has struggled against high equipment costs and zoning regulations to reach subscriber base it claims to be around 10,000. Insurance firm was unwilling to put any more into USCI, which had run dry of operating capital. USCI was said to have had bankruptcy papers drawn up and was prepared to order cutoff of uplink services in late Aug.

STC had sought partner for some time to save its skin with Comsat investors, growing weary of financial drain from company that had spent \$90 million in startup phase alone. Negotiations with Prudential as potential partner began some time before Comsat Aug. 17 board meeting. Neither Prudential nor Comsat officials would disclose Prudential's new partnership share, but Prudential official said it would be "substantial."

Neither STC Pres. Richard Bodman nor USCI Pres. Nathaniel Kwit is expected to continue with new merged company, we're told. Businesses will be "integrated" and operated by partnership, Comsat said. Shareholders of USCI other than Prudential would also hold limited partner interests. N.Y. real estate developer Francesco Galesci, who originally bankrolled USCI, denied he had sold any shares in company as part of merger. It couldn't be determined whether General Instrument, with 15% share in USCI, would continue as minority partner or sell out. GI almost certainly has lost equipment foothold in new venture. Comsat, which controls partnership, has firm deal with Toshiba and Alcoa/NEC (Ancom) for equipment; Comsat spokeswoman said GI might find place as lesser supplier under contract to Toshiba and Ancom.

New venture, yet to be named, will use SBS-4 satellite designated by STC and Anik satellite contracted for by USCI initially. After life of contract, partnership will expand service to birds being built by RCA. Agreement provides that Comsat retain ownership of satellites, with either sale or lease to partnership when birds become operational, Comsat said. Ruhe said it's UPI's hope "that the benefits of direct broadcast satellites can help provide UPI access to a low-cost, high-volume data delivery system."

**Correction:** M/A-Com 2nd generation VideoCypher descramblers (TVD Sept 3 p6) that HBO plans to use will cost under \$400 when produced in quantity, according to HBO spokesman.

Hearing on broadcast deregulation has been set for Sept. 19, 9:30 a.m., Rm. 2123 Rayburn Bldg. by House Telecom Subcommittee. It will focus on HR-6122 introduced Aug. 9 by Rep. Swift (D-Wash.) with 4 cosponsors, including Chmn. Wirth (D-Colo.) and Energy & Commerce Committee Chmn. Dingell (D-Mich.). Subcommittee has dropped FCC oversight hearing focusing on new TV-radio ownership rules as unnecessary in wake of Commission's postponing action until spring, and already tight congressional calendar, aide said. Still in works is late Sept. hearing on network election projections & exit polling. Also planned is hearing at end of month on HR-5176 by Rep. Gore (D-Tenn.) to codify legality of home satellite reception. Hearing dates on last 2 issues haven't been set.

Divided public radio system narrowly supported NPR in recommendation to CPB that NPR receive \$958,000 from FY 1985 radio supplemental appropriation. Remaining \$3.6 million would go to stations. NPR also proposed that stations be given entire \$1.7 million in FY 1984 supplemental appropriation. But group of stations wants NPR to do without supplemental funding (TVD Aug 27 p8) in FY 1984-85. NPR wants money to raise nonunion employees' pay, strengthen national news programs and help buy programs for national distribution. But how money will be spent is responsibility of CPB, which distributes federal funds to public broadcasters. CPB decision will come at Sept. 21 meeting in Washington.

**Annual celebrity softball game** featuring regulators and Washington-area broadcasters will be Sept. 13 at Jelleff's Boys & Girls Club, Georgetown in Washington, 6:15 p.m. Preliminary game at 5:30 p.m. will feature WKYS(FM) Washington "Lipsmackers" vs. all-star team from Washington Communications League. Games are sponsored by Washington Chapter of AWRT, proceeds going to Soaring Spirits project, which provides audio-video equipment & programming for children's hospitals. Tickets are \$4 in advance, \$5 at gate; phone 202-543-3882.

NBC News sent 25-person crew to Russia last week for series of live reports featuring correspondent Garrick Utley. He said network has been promised "considerable freedom of movement with no restrictions put on us as to who we interviewed." Bryant Gumble also will conduct interviews from Moscow for Today show. "We have had long discussions with the Russians and so far they have been cooperative," according to NBC News Pres. Lawrence Grossman. Metromedia also is sending news crew to Soviet Union this fall.

FCC TV deregulation decision of last June was published in Federal Register in late Aug., becomes effective Sept. 24. Action eliminated Commission guidelines for local news, public affairs & nonentertainment programming, amount of advertising per hour, formal ascertainment requirements and other regulations.



**GOP SEEKING CONTROL OF CPB:** Republicans are maneuvering to consolidate gains at CPB by seeking highly visible chairmanship at Sept. 21 board meeting in Washington. Harry O'Connor and Vice Chmn. Sonia Landau, Republicans, are considering bids for top spot on 10-seat board now held by Democrat Sharon Rockefeller. Efforts are causing anxiety in some public broadcasting circles. Meanwhile, Senate Democrats, frustrated over President Reagan's failure to fill Democratic slots on CPB board, are delaying hearings for new White House appointees.

Public broadcasting law requires that no more than 6 members of board be from one political party and that 2 slots be saved for public broadcasters. Board has 7 members, 5 of whom are Republicans. Rockefeller has strong political ties as daughter of Sen. Percy (R-Ill.), godchild of Sen. Goldwater (R-Ariz.) and wife of W.Va. Democratic Gov. & Senate candidate Jay Rockefeller. She has been given much credit for expanding support of public broadcasting in Congress. Sources said that Rockefeller could back out of contest if defeat is imminent.

Some public broadcasters are nervous because they recall efforts of Nixon Administration to influence public broadcasting. CPB board meets 6 times per year, is supposed to keep out of specific programming decisions. But board selects CPB management, sets institutional philosophy & policy, and approves mechanisms for distributing federal funds to stations. Republican board would be more likely to back Reagan on public broadcasting funding, press for ads on public TV and more entrepreneurial activities by stations, and take harsher attitude toward NPR because of its financial problems.

Republicans scoffed at concerns. Landau said dark implications about GOP control are "fairly stupid, not accurate and unfair." She said she hasn't been contacted by Administration once in 3 years concerning CPB actions. People "see all kinds of plots and speculate on a lot of things that never existed," she said. O'Connor, whose company produced Reagan radio programs before 1980 election, said he isn't definitely a candidate. He doesn't see any issue over who is elected CPB chmn. and maintains there are "absolutely no political blocs" on board.

Senate Democrats are angry because White House has left vacant 2 Democratic CPB seats since March. Commerce Committee member Sen. Hollings (D-S.C.) is leading effort to block confirmation hearings for William Hanley, millionaire industrialist who headed Reagan-Bush campaign in Conn., for 2nd term, Lloyd Kaiser, WQED-TV-FM Pittsburgh pres.-gen. mgr., and Howard Gutin, KLRU Austin/KLRN-TV San Antonio gen. mgr. who was nominated Sept. 7.

FCC & AWRT will sponsor 2nd annual Women in Telecommunications Conference Oct. 1-3 at Washington Marriott Hotel. Theme: "The Woman Entrepreneur." Contact: Patti Smith, 202-632-700.

**CPB VETO OVERRIDE VOTE ASKED:** Convinced House would support override vote, Energy & Commerce Committee Chmn. Dingell (D-Mich.) asked Senate Majority Leader Baker (R-Tenn.) Sept. 7 to schedule override vote as quickly as possible, to salvage FY 1987-1989 funding measure (S-2436) for CPB. Dingell said veto (TVD Sept 3 pl) reflects "unceasing and unprecedented hostility toward public broadcasting."

Dingell argued strongly for increased CPB funding, contending S-2436 "is a fiscally responsible measure," said it "seeks to ensure a viable, long-term, high-quality programming alternative to commercial television." He stressed that lower levels President wants -- \$100 million, \$85 million & \$70 million for next 3 fiscal years -- would provide public broadcasting with only 38%, 31% & 25%, respectively, of CPB's present purchasing power. CPB is funded at \$137.5 million, \$150.5 million & \$159.5 million, respectively, for FY 1984-86.

House leaders have promised to support Senate in overriding Reagan, Dingell said, adding they believe they have necessary votes. But Senate has to act first, and sources there say there's little likelihood that GOP-dominated chamber will move to override. Rather, we're told, compromise is likely. Senate Commerce Committee staffers have been working with Administration to draft proposal acceptable to both houses, but report they aren't near solution. Options being considered are to: (1) Resurrect proposal that advertising be allowed on public TV. (2) Split difference between levels sought by public broadcasting for FY 1987-89 and levels suggested by Rep. Oxley (R-O.) -- \$186 million, \$214 million & \$246 million. (3) Vote separate authorizations for CPB and NTIA Public Telecommunications Facilities Program (PTFP).

Responding to rising costs of syndicated programming, 5 major TV groups have formed consortium to develop first-run offerings. Groups -- Gannett, Hearst, Metromedia, Storer & Taft -- own 32 TV stations (some in same markets) covering 45% of U.S. households. "This isn't supplanting the networks or starting a 4th network," according to Metromedia Pres. Robert Bennett. "We always need more programming." Said Jeff Davidson, pres. of Gannett Bestg.: "We're trying to have some control over our own destiny... This can give the viewing public another opportunity for high-quality, first-run programming." Consortium hasn't been named, nor has any product been picked.

Gen. William Westmoreland supporters will hold fund-raiser Sept. 18, Carlyle Hotel, N.Y., to help defray legal bills of \$120 million libel suit against CBS. Daniel Burt, Westmoreland's lawyer from Capital Legal Foundation, said bills to date total about \$1.5 million and Westmoreland has raised only \$400,000. Pending before U.S. Dist. Judge Pierre Leval is CBS's 2nd motion to dismiss case; he has ordered both sides to be ready to go to trial Sept. 17.



**HOME DISHES & SCRAMBLING:** HBO's signal scrambling plans drew mixed reactions from home satellite dish marketers & manufacturers at Nashville trade show last week. Network Distribution Dir. Ken Kinderman made it clear that HBO hasn't yet decided whether it will offer descramblers to home dish owners. Registrants at Society for Private & Commercial Earth Stations/Satellite TV Technology International (SPACE/STTI) show worried that if & when HBO does move to sell service to dish owners, it will favor cable affiliates over TVRO retailers to provide hardware & service.

When home satellite system retailer sells equipment to consumers, part of promise is getting HBO and other premium services free. HBO plan to scramble signal starting in first quarter 1985 will change those economics. Infant industry's concern is that HBO will scramble to protect signal, then refuse to sell service to dish owners. HBO efforts to negotiate with Hollywood for DBS rights would indicate company is serious about marketing service. However, none of HBO officials who have spoken in last few weeks has given conclusive word that company will in fact offer what would be medium-power DBS service to those with dishes.

While there may be one million dishes installed by next year, Kinderman said there are major business issues "that need to be solved before [selling service to dish owners] looks attractive enough for us to launch on a national scale." HBO is "very skeptical" about demand for service among dish owners, who might point their dishes elsewhere or pay \$2 to rent videocassettes. Compared with HBO's 13.5 million cable subscribers, volume in TVRO area is low, he explained -- "so when you look at a potential market of one million homes at the very most by the end of 1984, the issue of whether it is worth doing the business at all has to be scrutinized." Advantage, he noted, is that company can reach potential subs "in a way not possible before."

M/A-Com scrambling equipment has been selected for HBO & Cinemax. Real hurdle in TVRO area is distribution & servicing of descrambling hardware, then billing & collecting for service. Member of audience questioned whether HBO cable affiliates would be willing to drive 50-100 miles to service dish owners. Kinderman defended cable operators, suggested TVRO retailers could work with them in joint ventures. Such arrangement probably would have retailer selling & installing \$300-plus home descrambler, cable company handling billing for service.

Kinderman alluded to service problems in TVRO business, hinting industry must clean up its act if it wants to sell programming. When industry was getting started, selling dish was enough, he said. "But it's clear today that if there is to be a consumer business, the successful players will be those who recognize that there must be customer follow-up and responsive service." Bottom line on scrambling: "HBO's message to you is 'stay tuned.'"

In separate announcement at SPACE/STTI show, M/A-Com said it will issue "preliminary set of requirements" Oct. 1 describing how home TVRO satellite receivers can be made to work with company's Linkabit Videocipher II descrambler that HBO will use. Requirements will allow receiver manufacturers to evaluate units for compatibility and necessary modifications, and final requirements will be released to industry after field trials in Dec.

M/A-Com also will evaluate home TVRO receivers this fall, suggest changes to suppliers based on tests. Kinderman said HBO tests of 40 receivers show most are compatible with some modifications.

Most in industry agree that before HBO can market service to TVRO owners, other premium service programmers, particularly Showtime/Movie Channel, will have to move to scramble signal. In N.Y.C., S/TMC spokeswoman Tola Murphy-Baran said company has narrowed choice for system to M/A-Com and Scientific-Atlanta. Company definitely will scramble, isn't sure whether it will sell service to TVRO owners, she said. No date has been set to start scrambling. Showtime has DBS rights for most of its programming. (See related report on SPACE/STTI show in consumer electronics section.)

**Satellite Syndicated Systems will fold STV** operation in Tulsa Oct. 31. SSS offers scrambled programming over KGCT-TV Ch. 41 in evenings, but operation has been losing money, company said in concluding "that a shutdown was the only economically feasible recourse." SSS is 50% owner and managing partner of independent station. In 1983, Tulsa STV had revenues of \$2.5 million, operating loss of \$1.2 million. For 6 months ended June 30, revenues were \$687,000, operating loss \$501,000. Subscriber total has fallen from more than 8,000 to current 3,700. SSS said it will continue STV operation in Ann Arbor, where it has 14,300 subscribers.

NCTA has asked FCC to deny review of decision invalidating extra fees assessed by Miami on cable franchisee Miami Cablevision. FCC's Miami decision (CD July 2 p1) was "wholly correct and appropriate," Assn. said in suggesting that FCC dismiss petition by Miami and National Federation of Local Cable Programmers. FCC permitted city to collect 5% franchise fee, but ruled that payments to support access group and \$200,000 annually toward drug prevention program were illegal.

Gray & Co., Washington-based PR firm, is acquiring public communications firm Strayton Corp., which ended fiscal year July 31 with \$8 million in revenues, 60 employees in 3 offices (Boston, Dallas, Santa Clara, Cal.). Gray Strayton International will be formed as subsidiary of Gray; Strayton founder Robert Strayton will stay on as pres. and join Gray & Co. as exec. vp and a dir. Publicly held Gray reported \$11.4 million in revenues for fiscal year ended Feb. 28.



**KEEPING REPORTERS AT BAY:** New procedures that shield President Reagan and Vice President Bush from reporters on campaign have been criticized by Democratic National Chmn. Charles Manatt. "New and additional restrictions on reporters by the Reagan-Bush team are an attempt to muzzle the President and keep information from the public," he said. "In addition, the public should be advised that these kinds of restrictions are... a threat to free society... allowing for campaign coverups that do not serve the American public well."

Manatt was referring to White House limiting press pool to one TV reporter and 4 photographers in coverage of Reagan Sept 2 at Cal. Marine base, exclusion of reporters from Bush press plane. White House rescinded Cal. ban 2 days later, permitting wire services in pool when Reagan shook hands along fence at O'Hare Airport in Chicago.

In separate White House dispute with reporters, Deputy Press Secy. Larry Speakes delayed release of statement by Mormon Church leaders after they had met with President. When reporters asked why, Speakes replied: "We have always not allowed other people to give out press releases in our press room." Mormon release later was distributed after protests by reporters.

Journalists -- and Democrats -- also have complained that White House is using Secret Service agents in a nonsecurity function by assigning them to keep reporters away from President so they can't ask questions.

Meanwhile, Bush, in break with precedent, barred reporters from campaign plane Sept. 3. Peter Teeley, Bush press secy., said press won't be permitted on plane for rest of campaign because Air Force 2 is considered Vice President's office and he wants privacy. Pool of news media personnel usually travels on Air Force One with President, with rest of reporters following in chartered plane. Democratic candidates Walter Mondale & Geraldine Ferraro allow reporters on their planes, although there was a flap right after latter's nomination when she attempted to make all comments overheard on plane off the record.

To prevent airing of presidential off-the-cuff remarks in future (TVD Aug 20 p4), White House technicians have attached "fail-safe" device to microphones Reagan uses. Device emits 1,000-hertz tone until 10 sec. before air time, when red light goes on.

**NAB Govt. Affairs Vp Andrew Vitali** has resigned, effective with adjournment of current session of Congress early next month. He joined NAB just last Feb., moving from American Petroleum Institute shortly after Exec. Vp John Summers was put in charge of govt. relations. Vitali hasn't announced plans. In another move, NAB Membership Dept. discharged Yarbrough Floyd, regional mgr. for south central states.

**National Black Media Coalition** has asked FCC to reconsider order lifting 7-7-7 station ownership maximums in 3 areas: (1) Failure to dispose of proposal to allow minority investment firms to go over original maximum. (2) Establishment of 6-year sunset provision without providing for research into impact of increased station ownership. (3) Failure to remove distinction between ownership of AM & FM stations, as sought by Doubleday Bestg.

In further attempt to lure print advertisers to radio, RAB released study contending that newspaper ad rates have increased 231% since 1970 with 0% circulation growth. Said Robert Galen, RAB senior vp-research: "In most major markets, the metropolitan papers have not kept pace with the market's growth and in many cases total circulations have actually declined, yet the cost of newspaper advertising does not reflect this state of affairs."

**Harte-Hanks** stockholders have approved leveraged buyout by 5 top executives of company, with value of about \$457 million. Each of 13.4 million outstanding shares will be worth \$27 cash, plus 20-year debenture with \$13 face value paying 16% interest. Consummation awaits court approval of proposed settlement of stockholder suit against proposal (2% of shares were voted against buyout).

Any presidential debates sponsored by League of Women Voters will be closed-captioned by National Captioning Institute, paid for by League, NCI said. It also announced it had contract with MCA Home Video to close-caption in English and subtitle in Spanish at least 30 hours of videocassettes. Presidential candidates have yet to agree on how many debates, when or where, will be held.

Phoenix can charge 5% cable franchise fees, FCC ruled in opinion that also authorizes city to collect advance payments to support regulatory program, as long as those payments, as amortized over lives of franchises, don't exceed 5% of system revenues. Phoenix has 3 cable systems.

Request for information has been issued by N.Y. State Urban Development Corp. (UDC) for use in devising proposals to construct statewide public videotex system. Contact: Andrea Tinucci, videotex project mgr., N.Y. State UDC, 1515 Broadway, N.Y.C. 10036.

### Obituary

**Adrian Murphy**, 79, TV pioneer at CBS and onetime CBS Radio pres., died of leukemia Aug. 29 in Hyannis, Mass. He began at CBS in 1936 in marketing position, before appointment to exec. dir. of TV in 1939. He joined Army Signal Corps in 1942, returning to CBS in 1946 as vp & gen. executive in charge of broadcast technical & physical operations. He was appointed pres. of CBS Lab Div. in 1951, pres. of Radio Div. next year, retiring in 1955 to become abstract painter on Cape Cod. Surviving are wife, son, daughter.



## Personals

Timothy Russert, ex-counselor & spokesman for N.Y. Gov. Mario Cuomo, appointed vp & asst. to NBC News Pres. Lawrence Grossman, effective Oct. 1; John Lane promoted to senior vp, NBC News... Rory Wilcox, NAB public affairs vp, takes administrative leave to serve as broadcast liaison in Mondale-Ferraro campaign.

Rep. Al Swift (D-Wash.) speaks at Sept. 24 luncheon of Washington Chapter of AWRT on impact and possible regulation of election projections & exit polling... Ambassador Diana Dougan, coordinator for international communications & information policy, State Dept., addresses AWRT Washington Chapter luncheon Oct. 26 at National Press Club... ABC investigative reporter Geraldo Rivera is keynote speaker at FCC Hispanic Heritage Program Sept. 12, Fine Arts Theater, Washington.

FCC calendar for week: James McKinney, Mass Media bureau chief, addresses DBS IV Conference Sept. 10, Mayflower Hotel, Washington; Daniel Brenner, legal asst. to Chmn. Fowler, addresses Telecommunications Policy Seminar on What's Next in Cable TV Regulation & Legislation Sept. 13, Columbia U. Faculty House, N.Y.; Janice Obuchowski, legal asst. to Chmn. Fowler, addresses telestrategies conference on Cross-Ownership: Will the FCC Abolish the Rules? Sept. 13, Washington; Peter Pitsch, chief, Office of Plans & Policy, talks at joint S.C.-N.C. Telecommunications Managers Assn., Myrtle Beach, S.C.

Ex-FCC Comr. Anne Jones elected a Motorola dir., succeeding Charlotte Reid, also an ex-commissioner... Added to TV Operators' Caucus steering committee, increasing membership to 11: Ward Huey, Belo Bestg.; James Lynagh, Multimedia; Jeff Davidson, Gannett Bestg.

Kevin Sullivan promoted to chief-AT&T section, Antitrust Div., Justice Dept., succeeding Jeffrey Blumenfeld, who forms law firm... Charles Hinds, ex-Catholic TV Network, appointed dir.-administration, Tribune Entertainment... Robert Horen, ex-Paramount TV, appointed midwestern sales dir., MGM/UA; Charles Atkins, ex-Lorimar TV, named eastern mgr... Sandy DiPasquale promoted to station mgr., WIVB-TV Buffalo... Clifford Curly, ex-WCVB-TV Boston, named vp-gen. mgr., WQTV Boston.

Phyllis Olson, ex-Multimedia Bestg., named business mgr., WYFF-TV Greenville, S.C... Steve Homan promoted to vp-news & public affairs, WESH-TV Daytona Beach, succeeded as news dir. by William Bauman, asst. news dir... Ann Engelman, ex-Public Bestg. Service, named program schedule mgr., Md. Public TV, succeeding Michael Styer, promoted to dir.-programming & operations; Brenda Derryberry, ex-PBS, appointed program promotion mgr... William Haight named local sales mgr., WJLA-TV Washington, succeeding Helen Feinbloom, promoted to national sales mgr.

Clay Nappier promoted to sales vp, Microwave Systems Mktg.; Thomas Robertson named eastern regional sales mgr.; Jeffrey Prince, western regional sales mgr... Joyce Boland named asst. to gen. counsel, Arbitron... Douglas Moss advanced to N.Y. national sales mgr., Cable Networks... Peter Nielsen advanced to systems engineering dir., Mutual.

Laura Schrock, producer, named dir.-comedy development, NBC Entertainment... Charles Larsen, ex-Almi Group, appointed exec. vp-syndication, D.L. Taffner Ltd... Lawrence Dickerson, ex-WHA-TV Madison, named dir.-telecommunications planning, Wis. Educational Communications Board, new post... Matthew Shapiro promoted to program operations mgr., MMT Sales Inc... Edna Herbst, vp-asst. gen. mgr., KCRG-TV-AM Cedar Rapids, also named TV program dir.; Dick Nelson, ex-KSNW Wichita, appointed news dir.

Marvin Goldsmith promoted from ABC TV Network prime time sales proposals vp to vp & dir. of eastern sales... Kay Delaney promoted to national sales vp, CNN; Phil Brady, west coast vp-operations & bureau chief, named operations vp-west coast, is succeeded as L.A. bureau chief by Robert Wiener... John Englert promoted to engineering dir., C-COR; Prashant Jhaveri advanced to engineering mgr.-special products group... Burt Goodman promoted to AP best. supervisor for Ariz., succeeding Jani Gilbert, resigned.

Patrick McDougal advanced to asst. to pres., Satellite Systems Engineering... Catherine Quinlan advanced to press & publicity mgr., WNBC-TV N.Y., succeeding Linda Lipman, promoted to dir.-ads & promotion... Peter Pantsari advanced to gen. mgr., Southern Educational Communications Assn... Paul La Camera promoted to vp-programming & public affairs, WCVB-TV Boston, new post; Donna Gittens advanced to community programming vp.

Melvyn Livitsky, VOA deputy dir., will be named ambassador to Bulgaria, succeeding Robert Barry... Tedson Meyers, Michael Faber & Charles Duncan leave Peabody, Lambert & Meyers, take telecommunications practice to Washington office of N.Y. law firm, Reid & Priest, at 1111 19th St. NW, 20036, 202-828-0100.

Nancy Niederman, ex-Columbia Pictures, named dir.-contracts, ABC Motion Pictures... Roger King promoted to King World chmn. & pres.-Domestic TV Syndication Div., based in L.A.; Michael King named pres.-CEO, based in N.Y.; Sidney Cohen appointed senior vp-U.S. sales... Gail Schelat, ex-Mellon Bank, named finance vp-chief financial officer, TCS/Metrosports... Corinne Coen, ex-Group W Cable, appointed central region dir., Home Theater Network... Tony Intelisano named LBS Communications strategic planning vp, new post.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Aug. 24 (34th week of 1984):

|                  | AUG.<br>18-24 | 1983<br>WEEK | %<br>CHANGE | AUG.<br>11-17 | 8 MONTHS<br>1984 | 8 MONTHS<br>1983 | %<br>CHANGE |
|------------------|---------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV.....    | 472,317       | 518,072      | - 8.8       | 445,764       | 12,588,744       | 11,602,826       | + 8.5       |
| TOTAL COLOR...   | 382,512*      | 378,184      | + 1.1       | 308,804*      | 9,694,431*       | 8,161,190        | +18.8       |
| DIRECT-VIEW..    | 378,805*      | 375,543      | + 0.9       | 305,857*      | 9,590,050*       | 8,085,838        | +18.6       |
| PROJECTION..     | 3,707*        | 2,731        | +35.7       | 2,947*        | 104,381*         | 75,899           | +37.5       |
| MONOCHROME....   | 89,805        | 139,888      | -35.8       | 136,960       | 2,894,313        | 3,441,636        | -15.9       |
| TV EXCL. PROJEC. | 468,610       | 515,341      | - 9.1       | 442,817       | 12,484,363       | 11,526,927       | + 8.3       |
| HOME VCR.....    | 132,321*      | 111,597      | +18.6       | 113,672*      | 3,924,297*       | 2,200,637        | +78.3       |
| COLOR CAMERAS... | 7,752         | 10,430       | -25.7       | 7,825*        | 262,594*         | 223,491          | +17.5       |

Color TV (direct-view) 5-week moving average: 1984--323,032\*; 1983--271,783 (up 18.9%).

Home VCR 5-week moving average: 1984--141,938\*; 1983--81,078 (up 75.1%).

\*Record for period.

**FULL-SIZED VHS CAMCORDER IN SPRING:** Just as Kodavision 8mm camcorders start appearing in stores comes word that Matsushita will introduce camcorder using full-sized videocassette on Japanese market next spring.

It's no secret that entire VHS group has been working on this approach, reported here as early as last April (TVD April 16 p13). Matsushita camcorder uses much of technology originally developed for 8mm, will be fielded as answer to 8mm competition. Although Matsushita is making 8mm camcorder for Kodak and similar unit for GE, no Japanese VCR manufacturer has announced plans to market 8mm camcorder under own name. As we forecast here last month (TVD Aug 20 p16), GE has resolved tape problems with its 8mm unit, plans to offer it this year -- no definite date yet. Kodak started shipping camcorders to distributors last week.

Matsushita's VHS camcorder is record & play unit, using SP speed only (2 hours on T-120 cassette). Prototype weighs remarkable 4.4 lb. excluding battery. Record-only Betamovie weighs 5.5 lb., Kodavision 4.9 lb., VHS-C 20-min. Video Movie 4.3 lb., all without battery -- battery weight brings Betamovie to 6.25 lb., Kodavision to about 5.5 lb., Video Movie to about 4.7 lb.; weight of Matsushita battery isn't known.

Other members of VHS group can't be far behind. Hitachi is believed to have targeted Japan market sale of VHS camcorder for late spring. Even JVC -- enjoying huge success with its small-cassette Video Movie -- hinted recently that it was working on standard cassette version (TVD July 2 p13).

It's known that VHS group hopes to be able to price camcorder at magic under-\$1,000 point. This is principal preoccupation of Hitachi, which has developed record & play unit using tube-type pickup (possibly 1/3" Newvicon), standard rather than miniaturized transport & head system, operating at SP speed, weighing a little more than Betamovie. It wouldn't be surprising to see several prototypes at Jan. CES.

Matsushita also is entering another new product category -- play-only videocassette



machine, or VCP, with upcoming model that could list for well under \$250, and GE is weighing its sales potential. First VCP has attracted enough interest for manufacturer Funai to step up production to 30,000 monthly and for U.S. marketer Portavideo International to change its marketing plan to include sale as well as rental. (Details elsewhere in this issue.)

**SALES PACE QUICKENED IN AUG.:** VCR posted best 4-week month in history and color picked up speed again in Aug. sales to dealers after both products showed signs of slackening their pace in July (TVD Aug 13 p11). Aug. was good month all around, even for monochrome TV.

VCR ended year's 8th month with cumulative 1984 sales just a shade below 4 million; it passed 4 million mark in EIA's first statistical week of Sept. (actually last week of Aug.), and should move out beyond 4,091,321 record for any full year (1983) in following week. Final week of Aug., incidentally, set 116th consecutive weekly record in VCR sales.

Color marked 13th consecutive month of million-plus sales in Aug. Magnitude of Aug. pickup is dramatized by jump of 2 million units in seasonally adjusted annual sales rate from July (15 million) to Aug. (17 million). Aug., in fact, was 2nd highest month ever in annual sales rate, falling just 200,000 below May record of 17.2 million. Color sales for first 8 months were at annual rate of 16.1 million. VCR sales rate rose to 7.4 million in Aug. from 6.7 million in July, and was 7.5 million for first 8 months.

Inventories of both color sets & VCRs continued to climb to new highs in units, but are down in number of weeks' supply as fall selling season approaches. Color stocks at pipeline level (factory plus distributor) totaled 3,693,000 sets at end of Aug., up 41% from year earlier and 4% over end of July. Factory color inventories were 2,239,000, up 51% from year earlier, while distributors held 1,454,000, increase of 28%. Color pipeline inventories constituted about 9 weeks' supply at current sales rate, down about one week from end of July.

While most of increase in color inventories was at factory level, brunt of VCR rise was borne by distributors. Pipeline inventories totaled 838,000, up 57.2% over year earlier (and 9.5% over end of July), distributors' stocks soared by 127% to more than 434,000, while factory inventories at less than 404,000 were up only 18% from year earlier. Pipeline VCR inventories represent just over 5 weeks' supply, down from slightly less than 7 weeks one month ago.

Monochrome TV sales were in plus column in Aug. as compared with year earlier for first month since Jan. Projection TV and color once again set records in Aug. Here are EIA's figures on sales to dealers for month:

| Product          | Aug. 1984  | Aug. 1983 | % change | Aug. 1982 |
|------------------|------------|-----------|----------|-----------|
| Total TV.....    | 1,663,768  | 1,386,357 | +20.0    | 1,239,127 |
| Total color...   | 1,272,313* | 1,040,731 | +22.3    | 816,300   |
| Direct-view.     | 1,259,099* | 1,030,150 | +22.2    | 806,460   |
| Projection..     | 13,214*    | 10,581    | +24.8    | 9,840     |
| Monochrome....   | 391,455    | 345,626   | +13.3    | 422,827   |
| TV excl. projec. | 1,650,554  | 1,375,776 | +20.0    | 1,229,287 |
| Home VCR.....    | 532,450*   | 298,022   | +78.7    | 137,223   |
| Color cameras... | 32,764*    | 29,305    | +11.8    | 18,723    |

\*Record for any Aug.

**JAPAN'S VIDEO EXPORTS SET HIGHS IN JULY:** Japanese video equipment exporters launched 2nd half by setting 6th consecutive all-time monthly record for VCR shipments to U.S., hitting monthly highs for year in color and b&w TVs, Finance Ministry figures show.



Japan's July VCR exports to U.S. rose 121.5% to 1.14 million, easily eclipsing previous peak of 1.02 million set in June. In 1984's first 7 months, exports were up 122.5% to 5.74 million. EIA-Japan said month's VCR production rose 51.2% to 2.52 million and total exports climbed 38.7% to 1.92 million, both setting records, although shipments to Europe were off 20.8% to 299,000.

TV exports to U.S. climbed 93.7% in July to 265,800, paced by 277.8% leap for b&w to 72,900, while total color rose 63.6% to 192,900. For full period, total TV exports gained 115.6% to 1.47 million, with color up 97.9% to 1.08 million, b&w 186.2% to 667,700. In color, exports of complete sets rose 79.6% to 99,300 in July, for 7-month total of 667,700, up 153.3%. Chassis & kit shipments increased 49.4% to record 93,600 in July, to put full period at 410,400, up 55.7%.

**SONY'S PORTABLE VCR-PROJECTOR COMBO:** One-piece hand-carried combination video projector, TV tuner, Betamax and PA system weighing under 35 lb. -- using first beam indexing projection tube -- will be introduced this week by Sony Video Communications to industrial & institutional markets. It will be offered as well to video dealers for possible rental with recorded videocassettes.

Vidimagic system looks like slightly overgrown Electrolux vacuum cleaner with 130mm lens at one end, cassette receptacle at other, will sell complete for \$2,995 list starting next month, appear in version without VCR at about \$2,150 around year's end. Sony says it's capable of projecting picture of 30" to 200" diagonal on curved or flat screen or white wall.

Heart of Vidimagic system is single Sony 5.5-in. Indextron tube with liquid-cooled faceplate, which Sony says is brighter than any conventional tube. Beam index principle is almost as old as shadow mask type currently in use, created excitement in mid-1950s when Philco revealed it as "apple" tube (TVD Aug 7/54 p1). Except for principle's current use by RCA & Hitachi in 1.5" viewfinder for high-end home video camera (TVD May 9/83 p12), it never went into production because of complexities of circuit construction.

Major advantage of Indextron tube is that its beam efficiency is close to 70%, as opposed to 20% for shadow mask -- meaning that 70% of electrons land on screen. Faceplate has vertical phosphor stripes (including new green phosphor), and single electron beam is directed to proper color stripe by electronic indexing instead of optically by perforations in metal shadow mask. Another advantage of single-tube system is lack of need for convergence -- colors are in registration no matter how far lens is from screen. Sony says life of tube is measured in "years rather than hours" of other projection tubes.

System has canvas carrying case, measures less than 10x9x26", uses new f1.0 plastic lens, has 181-channel stereo-convertible cable & broadcast tuner, video & audio inputs, complete VCR, is controlled from wired remote unit that contains built-in mike. Companion folding 55" curved screen with 19 gain can be carried by one person, lists at \$300 for screen itself, \$300 extra for stand. On screen, projector's highlight brightness is 50 ft. lamberts.

As we viewed it in N.Y. demonstration, picture on curved screen in subdued light was very good, with no color bleeding, excellent flesh-tone rendition. Sony also demonstrated it with flat projection screen and on cream-colored wall (and also on ceiling) with picture diagonal of about 100" -- in both cases giving adequate brightness in almost totally dark room. We estimate brightness was less than that of 3-tube system (although there was no opportunity for direct comparison), but better than any single-tube projector we've seen, and with better picture. System has simple motorized focusing procedure -- when focus button is pushed, white cross appears in middle of screen, is then adjusted for sharpness.

Sony officials said they had no plans for consumer version "for the present." They compared all-in-one system at \$2,995 with \$6,000 industrial outfit, but said consumer model



was ruled out by relative high price of tube, adding that 3-tube system still provides highest resolution, brightness & overall quality. Official said tube was "too bright" for direct-view home TV. Nevertheless, Vidimagic was described by Video Communications Vp Robert Mueller as "first product" to use new tube, which "could lead to dramatic changes in the way we see projection." Despite Sony's hedged disclaimer, we'd be very surprised if there isn't strong effort under way to develop consumer version of projector.

**VCPs DRAWING MARKET CROWD:** Industry's first home VHS playback-only videocassette machines are only now being fed into market by Portavideo International (PVI), but it's still open question whether videocassette player (VCP) is mass market item like VCR or specialty product on par with videodisc. Even so, PVI already has run up against threat of stiff price competition from other potential VCP marketers, some of them majors, and has reacted with lower pricing and revised marketing plan.

Japan's Matsushita, world's largest VCR producer, is ready to move into VCP arena. General Electric told us it's now showing Matsushita-made model to potential buyers to judge sales potential. Like PVI, GE is centering effort on video software retailers that would rent low-cost VCPs along with recorded cassettes to consumers who don't own VCRs. GE also is considering sale of VCPs through traditional retail outlets.

Source at Panasonic, Matsushita's U.S. sales subsidiary, said factory in Japan has had VCP in works for several years, but pricing has always been too high. Original unit, we were told, was to retail at about \$350, followed with one intended to sell for \$300. Third version, which could list for well under \$250 and be ready for delivery early next year, is expected to show up soon.

At least one pending PVI competitor, franchisor National Video, is seeking VCPs from Japan's Funai Electric, which named PVI its exclusive North American distributor. Internal Operations Dir. Rod Walker confirmed NV was talking with Funai, but said no deal had been struck yet. He acknowledged NV was aware of PVI's exclusive arrangement, said that question, along with pricing & quantities, still had to be settled.

That comes as no surprise to PVI, according to Finance Vp Thomas Gleason. Funai, he said, needs volume to hold costs down, so agreement has been modified to allow Funai to sell VCPs to other companies here and to pay royalties on such shipments to PVI. But Gleason said such deals must be under long-term contracts for large monthly shipments.

Funai spokesman in Osaka confirmed to us that PVI still has VCP exclusive, said there has been no direct contact with other possible U.S. customers. But he declined to comment on contacts through 3rd parties. Funai, he said, is producing 30,000 VCPs monthly, including NTSC standard models for sale in U.S. & Japan, PAL & SECAM for EC and other countries. He said hi-fi stereo version is under

development, added that company plans start of VHS VCR production soon.

VCP no longer is considered boutique item at PVI, which has revamped pricing structure to bring margins more into line with standard consumer electronic product. Effective this month, Pres. Ted Thrush told us, PVI cut VCP wholesale prices by \$135-\$196, reducing dealer cost of player with special protective case in lots of 5 from \$495 to \$299, player without case from \$395 to \$260. VCPs without case cost PVI about \$200 each, plus duty, freight & insurance. He said company is offering 90-day labor, year parts warranty, will announce contract soon with service company that operates 500 centers nationwide.

PVI is more than pleased with market reaction to date, according to Gleason. He said company has gotten 2nd scheduled shipment of 3,000 VCPs from Funai, expects same number this month, will start receiving 6,000 monthly in Nov. "The intent of PVI has shifted somewhat" to meet market conditions, Gleason said. Company is now as interested in selling to dealers for resale as it is in dealing with renters, has restructured sales terms along those lines. Reduced margins also mean "we have to control our overhead."

As for pending competition, "We're out there first," and should be able to establish position before other brands start showing up, Gleason said. As for revision of deal with Funai, "the longer this goes on, and as others come in, the less important an exclusive becomes." As for potential, Gleason said "right now the market appears to be out there, and we want to go into it in an orderly fashion." Sales to regular dealer outlets is 2nd step, approach to educational & institutional market will be 3rd, he said.

Yet to be heard from as official market entrant is Korea's Samsung. Company had VHS VCP on display at Summer CES in Chicago in June, said then it could be priced to sell for 25% less than leader VCR. Samsung, along with other Korean VCR producers, is expected to start shipping to U.S. next spring when export ban on technology licenses with JVC and Sony expires.

Reports of VCPs' being offered for sale were rife at recent Video Software Dealers Assn. meeting in Las Vegas, where distributors told us they'd been approached by several potential suppliers, including at least one in Canada. Promised pricing, usually topping at about \$300, varied greatly, and general dealer consensus was that best thing to do was to sit tight until conditions clarified.



**CES WOOS VSDA EXHIBITORS:** EIA's Consumer Electronics Group is doing what it can to smooth home video feathers ruffled at June CES in Chicago. Software exhibitors were outraged -- they said -- by placement in tent, alternately hot & windy. EIA CES Vp Dennis Corcoran admits goof, said circulating fans were never installed properly, went to Video Software Dealers Assn. in Las Vegas last month to "let them yell at me -- some did."

Main purpose of VSDA trip was to convince programming independents & distributors that "we really do care about them," sign as many as possible for Jan. 5-8 Winter CES in Las Vegas. Corcoran said he has given up on studios, but thinks as many as 60 of others, including porn suppliers, will take space. Latter will have entire ballroom at Sahara Hotel, with all others where they were 2 years ago, East Hall of main Convention Center.

In place of Hollywood majors, Corcoran hopes to land distributors, who have never been courted as CES exhibitors in any category. Only Ingram Video and Sound Video Unlimited have had booths at recent shows. Corcoran acknowledges that "there definitely have been some dropouts," nonetheless claims he's received applications from about 40 exhibitors while at VSDA, among them Karl Home Video, most vocal critic of Chicago show.

Names couldn't be processed in time to appear on Aug. 31 list of scheduled exhibitors for upcoming WCES. Except for Thorn EMI Video and K-tel Video, list doesn't offer much -- no distributors are present, and most of other 10-12 program suppliers are porn specialists. List does supply probable final chapter in blank videocassette who's-in who's-out of CES story. Fuji apparently is only tape major to follow 3M as dropout, while traditional nonexhibitor, Tandy's Memorex tape marketing subsidiary Memtek, is in, along with Maxell & TDK, which will be showing in sound rooms instead of main exhibit area.

Sony Tape will be on hand but not Sony Consumer Products. Also missing is Magnavox. RCA Consumer Electronics is listed as exhibitor. We're told that's tentative, and if RCA does show it will be sound room display of new Dimensia integrated video-audio system. EIA says 1,200 companies have signed up for 750,000 net sq. ft. of space, same as last Jan. By show time it expects to have 1,400 exhibitors filling 800,000 sq. ft.

Nielsen Video Service, tracking retail video software sales, rentals & market shares, has started 6-month 30-store test to prepare for national launch planned for Oct. 1985. Among start-up subscribers, who have signed letters of intent to enter 3-year contracts: CBS/Fox, Disney, HBO, Karl, MGM/UA, Paramount, RCA/Columbia, Thorn EMI and Warner and tape manufacturers TDK and 3M. First NVS report is due in Nov. Also due in Nov. are results of latest Nielsen Home Video Index survey of consumer VCR owners. Reports should appear quarterly from now on.

**ATARI CASH CRUNCH:** Atari is caught in financial squeeze between hard-to-collect receivables and creditors, both inherited in July when home computer & game operation was acquired from Warner Communications by Commodore founder Jack Tramiel.

Atari & Warner are acknowledged to be negotiating resolution of receivables issue. Along with other assets, new Atari picked up about \$300 million in past-due accounts, many of which are turning out to be uncollectable. Good portion is snarled in counterclaims by distributors who were terminated at end of last year. Other distributors are holding back payments because they plan to drop line or feel they'll soon be dropped by Atari. In other cases, major dealers & distributors say they worked out settlements with previous management. Meanwhile, Atari recently terminated all independent sales reps.

Atari also is becoming legal target of creditors who were left hanging by Tramiel takeover, now aren't sure whom to collect from. Suit seeking \$2 million in compensation and at least \$15 million in punitive damages was filed against both Atari and Warner's retained coin-op unit Atari Games by Synapse Software. Similar suits have been filed by disc distributor GBS Enterprises and Quality Software, and others are understood to be in works; Softweaver Pres. Howard Pearlmuter has been named to head group organized to coordinate collection efforts by Atari creditors.

Atari is in process of building new distribution network and developing broad line of home & personal computers it expects to unveil at Winter CES in Las Vegas (TVD Sept 3 p14). Suits and receivables issue could give current creditors some 2nd thoughts, force Atari to scale back plans.

Coleco eased tight cash situation with private sale of \$13.5 million in 5-year 11% convertible debentures to group of institutional investors. As part of deal, it agreed to recall and reissue at 11% \$41.5 million of 10% debentures it sold to same group earlier this year. Conversion price of all new debentures was set at \$13.75, against \$14.25 & \$15 on earlier issue. If debenture holders fully converted they would own about 20% of Coleco shares outstanding.

Acton Industries has thrown in towel on computer software. Company, which recently wrote off \$4 million investment in defunct distributor SKU, now says it will write off \$2 million investment and dispose of interest in Human Engineered Software. In another sign of tough times in computerware, Denver-based Target stores are unloading selected cartridges for Commodore Vic 20 computer at 5¢ each. Model has been essentially dead since last year when price of Commodore's model 64 dropped below \$200, and is expected to be officially killed off later this year or in early 1985 when company introduces new low-end 16K console to retail at less than \$100.



**ITC PROBES GOLD STAR:** International Trade Commission voted 5-0 to accept and investigate computer disc drive unfair import competition complaint filed by Tandon against unit of Korea's Gold Star and U.S. marketer Format Corp. ITC has year to conduct probe -- extendable to 18 months if it finds case is complicated -- and order corrective action if appropriate.

Complaint is follow-up to \$150 million damage suit Tandon recently filed in U.S. Dist. Court, L.A., against Format, which was launched by group of former Tandon employees. Tandon claims its ex-workers took with them proprietary information and technical documents that they sold to Gold Star Tele-Electric. GST in turn, Tandon alleges, used that information to build drives for sale in U.S. to Format and others. Tandon claims that as result it has lost \$50 million in sales.

In complaint to ITC, Tandon asks for immediate imposition of temporary order to require bonding of future drive imports from GST. Bonds would be forfeited if ITC upholds charge. As final remedy, Tandon is asking ITC to ban imports of GST drives and sale of inventory already in U.S.

In another action, ITC postponed to Dec. 3 from Oct. 3 scheduled deadline for final determination whether sales of unfairly low priced cell site transceivers from Japan are injuring domestic producers. Move follows International Trade Administration's granting of request by Japan's Kokusai Electric for 60-day delay in final dumping finding (TVD Aug 20 p17). ITC is required to issue injury ruling within 45 days after ITA's final dumping determination.

Seattle is hotbed of stereo broadcasting, with ABC affiliate KOMO-TV now claiming to be first commercial station broadcasting regularly in stereo, while competitor KIRO-TV (CBS) plans to go stereo next month. Our MTS Timetable, in this issue, lists stations planning to add multichannel TV sound. Although data are from reliable sources -- stations themselves wherever possible -- list isn't complete and we can't vouch for accuracy of all information. Those listed as "planning 1984 start" are stations featuring music video, all of which eventually plan stereo -- but it's doubtful all of them will make it this year.

Certron has opened 7,800 sq. ft. plant in Anaheim, Cal. for production of 5.25" computer discs, is launching national own-brand retail marketing effort as well as starting sales to computer OEMs, duplicators and software producers. Move follows test marketing by Certron using discs sourced from outside producers.

Konica starts deliveries of autofocus version of its tiny color camera next month. Unit weighs 1.8 lb., is priced at \$699 vs. \$599 for manual focus version.

Emerson raised forecast for sales in year to March 31 to "well in excess of \$300 million" from originally targeted \$270 million. Company said hike stemmed from strong sales of video products.

## MTS TIMETABLE

**Now broadcasting regularly in stereo:**

WTTW Chicago (PBS)  
KOMO-TV Seattle (ABC)

**Now testing stereo, broadcasting intermittently:**

WNBC-TV N.Y. (NBC)

**Sept.-Oct. target:**

WNJT Trenton (PBS), SAP programming for blind

**Debut targeted for fall:**

KPLR-TV St. Louis (independent)  
KRBK-TV Sacramento (ind.)

**Scheduled to start in Oct.:**

KIRO-TV Seattle (CBS)  
KTCA-TV St. Paul-Minneapolis (PBS)  
KTLA L.A. (ind.)  
KABC-TV L.A. (ABC)  
WNET N.Y. (PBS)

**Scheduled to start in Nov.:**

WZTZ-TV Boston\* (ind.), 24-hour music

**Planning 1984 start:**

KMSG Sanger-Fresno, Cal.\* (ind.)  
KRLR Las Vegas (ind.)  
WPWR-TV Aurora, Ill (ind.)  
WFBN Joliet, Ill. (ind.)  
WGNX Atlanta (ind.)  
WLXI-TV Greensboro, N.C. (ind.)  
WTIC-TV Hartford, Conn.\* (ind.)  
WJTC Pensacola, Fla.\* (ind.)

**Planning 1985 start:**

KNBC-TV L.A. (NBC)  
KWHY-TV L.A. (ind.)  
WRC-TV Washington (NBC)  
WMAQ-TV Chicago (NBC)  
WHYY-TV Wilmington-Philadelphia (PBS).

**Network plans:**

PBS -- Now networking most music in stereo; hopes to convert all affiliates in 1985.

NBC -- Networking 2 programs in stereo, plans regular start in spring 1985 on N.Y., Chicago & L.A. owned stations.

(This table will be updated in future issues as information becomes available.)

\*Construction permit, not yet on air.



**BACKYARD DISH SHOW:** Is burgeoning home satellite systems business in search of its own shakeout? Many marketers think so, even though by all outward signs at Society for Private & Commercial Earth Stations/Satellite TV Technology International (SPACE/STTI) show in Nashville, industry is booming. Show, which drew record 8,500-plus registrants in 3 days last week, was infant industry's largest, and both pride and growing pains were in evidence.

Amplica Mktg. & Sales Dir. Asa Baird said his informal measure confirms success of meeting -- expensive lighted signs on exhibit floor outnumbered hand-lettered paper ones. Exhibitors numbered about 300, with more than 325 dishes -- nearly double number at last show -- set up in Opryland Hotel courtyard.

But growth and excitement mask problems, participants said. One retailer-wholesaler talked about "garbage" smaller manufacturers were showing. He said business is attracting many who think they'll make quick buck selling TV receive-only (TVRO) systems. Some marketing approaches resemble pyramid sales schemes, he said.

Another distributor said small minority of retailers & wholesalers will survive as industry matures, and same will hold true for many manufacturers once large Japanese firms move into business. He also lamented industry's high return rate for manufactured equipment.

Chaparral Communications Pres. Taylor Howard said Japanese entry into business shouldn't cause concern because they still will need people to sell & install systems. "If you're in the business now and understand it, you're going to be in it for a long time," he said. He predicted 85 million TV households eventually will have some form of satellite TV, either from cable or backyard dish. He later said 60,000 TVRO systems are in pipeline this month, installed population is now 600,000 and there will be million dishes in ground by 2nd quarter 1985.

Problem of high out-of-box failure rate was addressed by TVRO industry panel. Mike Render of Lowrance Electronics said manufacturers should have toll-free phone numbers to handle such problems. However, Amplica's Baird said solution is for dealers to sell one-brand satellite receiving systems backed by one manufacturer, rather than offering packages of separate components.

Amplica, owned by Comsat, is offering complete system, has signed \$25 million deal with Curtis Mathes, which will sell private label systems through 700 owned & franchised retail stores. Baird said piecemeal approach that forces consumer to make decision on dish, receiver, down converter & other components is akin to making refrigerator customer pick out freezer, compressor & box.

Amplica will sell 7,200 packaged systems in next 4 months, 48,000 in 1985, Baird said, forecasting that

CM stores alone will sell 2,100 systems per month when they all handle them. He said 120,000 TVRO systems will be sold by entire industry in next 4 months, adding to installed population of about 500,000. He expects 600,000 -- or 50,000 per month -- to be installed in 1985. That would make it nearly \$1.5 billion industry if systems go for \$2,300-\$2,400 each. Amplica, Comsat's commercial microwave equipment subsidiary, has had tough 3 years moving into consumer TVRO business. In last 9 months, company has been turned around, Baird said, and made more sales in last 4 months than in preceding 2 years.

On exhibit floor, one of hottest offers was \$495 system by Hoosier Electronics including 55" Regency Polaris antenna, receiver and low noise amplifier. Small size of dish means system probably would be good only for picking up powerful Galaxy 1 satellite, which is home of some of most popular video, including feeds of Showtime, HBO, Cinemax and Disney Channel. Not included in deal are mount, rotor, cable and feeder horn. Senior Vp Maxine Burns said dealer probably could install system for under \$1,000, depending on markup. Hoosier saw "quite a bit of interest" in \$495 package, more than it expected, and was doing strong overall business at show, she said.

Sign TVRO industry may be coming into its own is first real move to collect accurate statistics. SPACE is starting program to collect and publish numbers provided by manufacturers, according to Exec. Vp Chuck Hewitt. Independent accounting firm will collect numbers and SPACE will charge for subscriptions, but manufacturers providing information will get statistics free. Hewitt & staff are completing year as SPACE's first full-time administrative staff. (See related report on HBO signal scrambling plans in broadcast section.)

All-important question of whether home dish owners will be able to continue to get HBO after scrambling begins -- and how -- was a top subject at show, also covered in separate report in broadcast section.

Proliferation of videocassette types continues, TDK introducing its 5th gradation in quality -- "High Standard" (HS) type, which fits in just above standard cassette and is recommended for time-shifting use. Price was unannounced, but is expected to be about 10% above standard cassette. TDK's grades, from bottom to top, now are Standard, HS, Extra High Grade, EHG Hi-Fi, HD-Pro. HS will be available in T-120 & L-750 versions.

Eduard Rhein Prize, top honor in consumer electronics, as reported last week (TVD Sept 3 p13), went to team from Siemens headed by Alois Schauer that developed flat TV display. Second prize was awarded to group headed by Rolf Suhrmann at Philips' German subsidiary Valvo for color TV decoder that switches automatically to PAL, SECAM or NTSC, depending on incoming signal.



**SINCLAIR'S PLANS:** Sinclair's flat-tube b&w TV sets are now trickling out to market in U.K., and Clive Sinclair promises pocket color version in 2 years. In interview, he told us tube is no longer bottleneck for monochrome set, and all tube production problems have been licked, but holdup now is slow deliveries of single giant chip manufactured by Ferranti.

While Sinclair had said that only way to produce color version of his flat-tube set would be to use 3 tubes and back-projection system, he now says that single-tube color is possible. Asked about LCD approach to pocket TV, he said he wasn't impressed by monochrome LCD sets, but that color versions were good. However, he believes LCD has no advantage over flat color tube in terms of power drain, since need to address display at high rate uses more power than that required by tube. He also told us flat tube set would be much cheaper to produce once it's tooled up.

Sinclair's major preoccupation these days is chips -- of which he estimates his company will consume \$72 million worth this year for computers & TV sets. Big future project is large-scale wafer chip production in 2-3 British plants, exclusively for company's own use. Sinclair now employs Ivor Catt, developer of large-wafer technology, which has been tried unsuccessfully by others. Procedure involves production of many circuits on single wafer, testing until good one is found, bypassing duds.

Sinclair believes he'll succeed with new process where others have failed because initially he'll go with giant memory-only chip, while previous users have attempted to put memory & processor together on same chip. He told us first product will be 1/2-megabyte solid-state memory for QL computer costing 40% less than RAM, scheduled for production by end of next year. Complete computer on large wafer is 4-5 years off, Sinclair said.

DBS receiving system at about \$130 with gallium arsenide front end, plugging directly into TV set, is still in Sinclair's plans, but he says he regards this only as transition to real future of DBS, which involves 1,200-line transmissions compatible with 625-line PAL system.

TI & Sears settled dispute over Sears imports of calculators that allegedly infringe TI patents, and TI dropped Sears from list of firms it's charging with unfair import competition. International Trade Commission continues investigation of TI's complaint against group of Hong Kong producers and other U.S. importers (TVD July 23 p18).

**Notable promotions:** Panasonic is offering \$85 starter kit to purchasers of Technics CD players. It includes 3 discs, disc cleaner, membership in disc club with coupon for free disc... Mura is giving \$5-\$7 cash rebates with purchase of phone, plus coupon for \$3 off on additional phone.

**MSX LAUNCHING IN U.K.:** Although Japanese manufacturers' plans for introducing MSX computer system in U.S. are still vague, debut in British market is now scheduled for Sept. 19, according to MSX Group in London, which talks of 15% of U.K. market pre-Christmas, 150,000 home computers in stores by Jan., 1/3 of market next year.

After several false starts and conflicting reports, feeling in London is that MSX must get going before Christmas if it's to succeed in market. Specific authoritative information is lacking, but dealers have seen samples of machines from Toshiba, Sanyo, Mitsubishi & Sony. Some dealers say they expect to have Toshiba computers this month, followed next month by JVC, Sanyo & Sony, with Canon coming in before Christmas, Hitachi next year.

Trade sources put suggested list price of JVC's MSX entry at about \$360, Sanyo & Sony about \$390, Toshiba \$365; all machines will be 64K. Some 64 U.K. software firms are said to be working on programs, and at least 7 MSX consumer magazines are planned. Big question is whether large dealers will deemphasize Apple & Commodore to push MSX. Peter Klein, CEO of big Lasky's consumer electronics chain, is bullish on MSX: "I see the emergence of MSX as a catalyst which will bring orderly marketing of both hardware & software" without problems of incompatible inventories.

Matsushita's U.S. administrative & service subsidiary, Matsushita Electric Corp. of America, is slated to get new pres., K. Seaki, now with Matsushita Electric Trading in Japan. Pending top management change was announced internally during one-day visit to MECA hq in Secaucus, N.J. by Matsushita Pres. Toshihiko Yamashita. Seaki, formerly with Matsushita manufacturing subsidiary in Brazil, will replace Keiichi (Tex) Takeoka, who has headed MECA since 1978. As senior managing dir. of parent, Takeoka was assigned job as Yamashita's "principal representative" in U.S. and charged with making Quasar profitable. When Takeoka arrived, MECA was little more than umbrella holding company. It has since become strong center handling administrative, legal, parts & service and other functions for operating units. Under Takeoka, MECA's holdings, including Quasar, were restructured into separate marketing & manufacturing units; more recently, Panasonic consumer & industrial product operations were divided. All now operate in black. Seaki, it's understood, will function as assistant to Takeoka before taking over at some unspecified future date.

GE will buy digital audio Compact Disc players from Matsushita for sale here next year. Toshiba is understood to be supplier of players GE will use in test market effort this year (TVD June 18 p19). GE currently buys VCRs from Matsushita, earlier this year said companies had "developed a broad general understanding" on future cooperation in consumer electronics.



## Consumer Electronics Personals

Bruce Huber promoted at Zenith from Zenith Sales mktg. operations vp to corp. consumer products mktg. exec. dir. and Zenith Sales mktg. vp, assuming responsibilities of John McCallister, retiring as consumer products mktg. vp after 32 years with company; Roxie Pomarico advanced at Zenith Distributing from Kan. Div. exec. vp to exec. vp-gen. mgr. of new Denver branch; Philip Rauhen, ex-Zenith Sales mds. & mkt. development vp, named Zenith Distributing Kansas Div. exec. vp sales mgr., to add post of gen. mgr. following retirement of Bernard Erlich at end of Sept... David Kennedy, dbx pres., adds operating responsibility for BSR's other audio subsidiary ADC.

Robert Piselli, former BASF duplicating products national sales mgr., joins video & audio cassette shell manufacturer Inches Per Second as regional sales mgr... Philip Nugus leaves as mktg. dir. of Thorn EMI Screen Entertainment to become managing dir. of National Video Corp. in U.K., new post... Lloyd Carmen resigns as engineering dir., CBS/Fox Video... Grant Saidiner named western regional mgr., International Video Entertainment, replacing David Donaldson, advanced to national sales administrator; Mary Linthicum, ex-Ingram Video, joins as southern regional sales mgr... John Loveless has left post of Synapse Software sales & mktg. vp... Diane Aronow advanced at CBS Columbia House to mktg. vp

Sam Lippman, ex-American Federation of Information Processing Societies, joins EIA Consumer Electronics Group as CES operations dir... K.W. Gray appointed Thorn EMI research dir. with responsibility for Central Research Lab... Gerard Daguise, Thomson-CSF Components exec. vp-controller, adds temporary post as gen. mgr. of restructured Electronic Tube Div., now responsible for all tube mfg. & mktg. activities... Joseph Boufaissal advanced at GE Semiconductor Business Div. to national sales dir., assuming some former duties of Sales Dept. Gen. Mgr. Stephen Pletcher, who retains direct responsibilities for international OEM sales... Robert Brandel, former E.F. Johnson industrial communications vp, named to new post of personal communications vp in charge of mobile & cellular phone products in restructuring; David Smith, ex-Northern Telecom, joins as industrial communications programs vp, new post.

**Software notes:** RCA is continuing to supply defunct CED disc system with new releases, will add 16 in Sept.-Oct... JVC acquired rights to offer titles from RCA/Columbia Pictures International Video on VHD videodiscs in Japan. By year's end, JVC said, its VHD catalog will have more than 1,000 titles... RDI Systems, which has developed \$2,000 home interactive optical disc system (TVD June 11 p16), plans home version of Advanced Video's NFL Football arcade game... Mark XII Video in Houston apparently couldn't foresee its fate. Company's phones have been disconnected, indicating it's out of business. Main product was recorded cassettes on astrology.

# TELEVISION DIGEST

Published Weekly Since 1948

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of *Communications Daily*, *Satellite Week*, *Television Digest with Consumer Electronics*, *Video Week*, *Common Carrier Week*, *Connections: World Communications Report* (with *The Economist of London*), *Public Broadcasting Report*, *Space Commerce Bulletin*, *Television and Cable Factbook*, *Telecom Factbook* and other special publications.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

## EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036

Phone: 202-872-9200 Telex: 467268

MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

### WASHINGTON HEADQUARTERS

Albert Warren ..... Editor & Publisher  
Paul L. Warren ..... Assoc. Pub. & Sr. Ed.  
Dawson B. Nail ..... Executive Editor  
Jonathan Miller ..... Senior Editor  
Daniel Warren ..... News Editor  
Steven Tuttle ..... Managing Ed., Wash.  
Mary Crowley ..... Associate Editor  
Mike Schwartz ..... Associate Editor  
Arthur Brodsky ..... Associate Editor  
Frances Seghers ..... Associate Editor  
Melinda Gipson ..... Assistant Editor  
Theresa Foley ..... Assistant Editor  
Deborah Jacobs ..... Info. System Mgr.

### Television and Cable Factbook

Michael Taliaferro ..... Managing Editor  
Mary Appel ..... Editorial Director  
Barbara E. Van Gorder ..... Sr. Supv. Editor  
Anthony M. Townsend ..... Sr. Supv. Editor  
Melinda M. Lukasz ..... Senior Editor

### Factbook Research, Inc.

Lynn R. Levine ..... Director

### Business

Roy W. Easley III ..... Controller  
Gary Madderom ..... Marketing Director  
Cheryl Grund ..... Advertising Dir.  
Betty Alvine ..... Circulation Mgr.

### NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017  
Phone: 212-686-5410

David Lachenbruch ..... Editorial Dir.  
Robert E. Gerson ..... Managing Ed., N.Y.  
Seth Goldstein ..... Senior Editor  
Rich Zahradnik ..... Assistant Editor

### JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan  
Denki Bldg., 20th Floor 1-7-1  
Yuraku-cho, Chiyoda-ku  
Tokyo 100, Japan  
Phone: 211-3161 Telex: J24600

RCA Taiwan won dismissal of unfair labor practices suit filed by group of workers who lost assembly line jobs at plant being closed later this year. Employees had refused RCA offer of employment at new facility being built 15 miles away (TVD Aug 13 p15). Workers had insisted they were entitled to enhanced layoff benefits stipulated in revised labor relations law that became effective Aug. 1, but Taiwan district court ruled RCA had announced move and issued layoff notices well before that, so was required only to comply with old rules. As settlement, workers will get 1/3 of month's pay for each year worked for RCA. Under new law, they would have received triple that.

**Distribution notes:** Zenith set up factory branch in Denver to handle consumer electronics & computer products distribution in Colo. & southern Wyo. Zenith acquired Denver assets of former distributor Joseph Strauss Co., now centralizing distribution activities at hq in Buffalo... BSR assigned marketing & operational responsibility for ADC to its other audio subsidiary, dbx. BSR said ADC will continue as separate division reporting to dbx Pres. David Kennedy.

U.K. has earmarked \$83.2 million for R&D in VLSIs. Aim is development of materials & production techniques necessary to manufacture ICs with million components on single chip.



# TELEVISION DIGEST®

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

**With Consumer Electronics**

SEPTEMBER 17, 1984

VOL. 24, NO. 38

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**LIMIT ON TV MARKET 'REACH'** endorsed at Senate hearing by networks, producers and trade groups. (P. 1)

**CBS BCST. GROUP SEES ROSY 1984:** Jankowski predicts 'significant increase' in profits of owned stations, says CBS will be 'competitive' in bidding for Seoul 1988 Olympics. (P. 2)

**NCTA & CITIES REOPEN TALKS** on HR-4103 this week after arm-twisting by Dingell & Packwood. Compromise in works on rates (P. 4)

**INTV SUES ABC, CBS & ESPN** over college football deals, claiming antitrust violations through exclusivity agreements. (P. 4)

**NABISCO BUYS 20% OF ESPN** for \$60 million. Ohlmeyer and Martin 'come home' to board. (P. 5)

**COLINO STIRS CONTROVERSY** with proposals to change Intelsat rules, limit separate systems. (P. 5)

**TELCO SEES HUGE REVENUE IN CABLE:** C&P asks FCC for right to build D.C. system, says it will realize \$109 million over 10 years. (P. 6)

**FCC SUSPENDS 2 TV PERMITS** for new Okla. outlets after waiting 3 years for company to get UHF on air. Must-carry rules affirmed in Quincy case. (P. 7)

**MARKET 'REACH' CONCEPT WINS ENDORSEMENTS:** Battle over FCC TV-ownership rules (12-12-12 vs. 7-7-7) has shifted back to Congress. In first of 2 hearings this month, opponents skirmished before Senate Judiciary Committee Sept. 11 without firing any new volleys. Repeat performance is expected at House Telecom Subcommittee hearing this week. Concept of limit on market "reach" on station ownership was endorsed by 3 networks, producers & NAB. FCC Chmn. Fowler also warned networks not to try buying independents in their affiliate markets.

Day-long Senate hearing was first action by Congress since Hill critics won 9-month delay in implementation of TV part of rules (TVD Aug 13 p1). More hearings can be expected, said Sen. Hatch (R-Utah), who chaired hearing. House hearing this week will focus on HR-6122 to deregulate TV & radio and station ownership, and will feature as witnesses NAB Pres. Edward Fritts, MPAA Pres. Jack Valenti, FCC Mass Media Bureau Chief James McKinney,

### Consumer Electronics

**KOREAN COLOR DUMPING** margins hiked sharply by ITA following review. Samsung, assigned 52.5% margin, goes on stream with N.J. color plant. (P. 10)

**RCA RETURNS TO AUDIO** with Dimensia integrated audio-video system operated by remote control, using company's first 26" tube. (P. 11)

**VCR & COLOR CAMERA IMPORTS** hit all-time monthly highs in July. VCR shipments for 7 months topped 1983 total. TV imports rose. (P. 12)

**STEREO TV** attracts broadcaster enthusiasm, but equipment & programs are hangups. Three stations now in regular broadcast operation. (P. 13)

**PARAMOUNT HALTS SALE** of 24 videocassette titles in what many in industry view as prelude to major price reduction. (P. 15)

**FLAT 4" SONY TUBE** with 600-line resolution, only 1.2" thick, offered to OEMs, probably will appear in Walkman's big brother. (P. 15)

**UNITARY TAX REVISION** delayed in Cal. at least until Dec. Fujitsu picks Ore. for investment. (P. 16)

**JAPAN-EC TRADE TALKS** set for Tokyo next month. Sony's Morita and Philips' Dekker to represent industry at sessions. (P. 16)



Westinghouse Bestg. Pres. William Baker, Inner-City Bestg. Chmn. Percy Sutton, and public interest group representatives.

FCC rationale for liberalized rules was spelled out for Senate panel by Fowler, who emphasized benefit to group owners. Echoing many in industry, he said opening door to increased group ownership will mean greater program competition to networks, since stations banded together would be able to afford higher quality programming. Later witnesses cited as example joint venture announced recently by Gannett, Hearst, Metromedia, Storer and Taft to produce original programming for their 32 TV outlets. Venture was called instance of economy of scale needed to compete.

But U.S. Asst. Attorney Gen. Paul McGrath questioned economies of scale argument. Although Justice Dept. supported rule change, arguing it wouldn't threaten broadcast competition, DoJ found no evidence that "substantial new economic efficiencies would follow," he said. McGrath also opposed argument that repealing rules would encourage creation of 4th network, said that new network at most could reach potential 65% of U.S. households, mostly by UHF.

Fowler & McGrath warned networks not to buy out independents in affiliate markets. Fowler called that possibility "troubling aspect" of FCC decision, said Commission will monitor acquisitions with eye toward discouraging such purchases. He said that if FCC believes rules aren't working, it "wouldn't hesitate" to require station divestiture. McGrath said DoJ will be watching station purchases for potential antitrust actions, strongly implied that Dept. wouldn't view any network purchases of independents favorably.

Hearing featured usual cast of characters & arguments: Fritts; Valenti; ABC Exec. Vp Everett Erlick; Taft Bestg. Counsel Robert Taft; Turner Bestg. Chmn. Ted Turner; Hubbard Bestg. Pres. Stanley Hubbard; Washington Center for Public Policy Research Exec. Dir. Henry Geller; Spanish International Communications Pres. Rene Anselmo.

Senators appeared inclined toward opposing liberalized rules, with several advocating S-2692 by Sen. Wilson (R-Cal.) that would limit market "reach" of single owner to 22.5% penetration of TV homes for VHF, 25% in case of minority owners. Concept was endorsed by Fritts, Taft, Valenti & Erlick; last said he also was speaking for CBS & NBC. But they withheld endorsement of percentages Wilson advocates, asked for more time. Fowler said approach would only inject "needless complexity" into rules.

MPAA position has hardened, Valenti saying Assn. would support loosening of rules for some owners, but not for networks. Anselmo advocated lifting rules for everyone but restricting network station expansion to UHF. Hubbard urged rules be eliminated for owners of stations in small communities that receive programming via satellite. Geller said Congress already has ruled on problem by stating in 1982 that diversity must be maintained in granting of low-power TV license applications. Sunsetting of rules in 1990 was challenged repeatedly.

**ROSY 1984 FOR SEEN CBS BCST. GROUP:** Financial performance of CBS Best. Group will be bullish in 1984 and owned TV stations "have never been in a stronger position," Group Pres. Gene Jankowski told N.Y. security analysts in 90-min. Q-&-A session Sept. 11. He said that all affiliates but one now are clearing 100% of network's programming, first time that's ever happened, and that there's healthy supply of backup programming for fall.

Best. Group is holding costs down, has eliminated 800 jobs through attrition, Jankowski said; only persons being hired are for new projects. "There's no question that we are a more efficient operation today than a year ago," he said.

Owned TV stations will show "significant increase in profits" in 1984, Jankowski said. (Note: In 1983, CBS's 5 TV stations had pretax profit of \$100 million on \$310 million in



revenues [TVD July 30 pl].) Radio started slowly in 1984 but now "is looking very good," he said. In daytime TV, CBS has jumped from being 4% below top network last year to 18% lead this year, he said. Network TV billings, buoyed by political campaigns and summer Olympics, will be up 19-20% this year, about 11% in 1985, Jankowski predicted.

Jankowski said CBS has 48 hours in miniseries on tap for TV network, double that of last year. He said that in 1977, when he became pres. of Best. Group, CBS had only one pilot in reserve and "we said never again do we get caught" without sufficient number of programs in stockpile. Thomas Leahy, exec. vp in charge of Entertainment Div. and TV network, said 19 pilots and 4 miniseries are ready for schedule if needed. Asked about in-house production, Entertainment Pres. Bud Grant said network would rather have "an out-house success than an in-house failure." He said that except for made-for-TV movies, CBS in recent years has produced only Ball Four (which lasted 3 episodes).

CBS put DBS plans on hold because risks seemed too high in technical areas, Jankowski said. James Rosenfield, senior exec. vp, added: "Certainly we weren't going to go it alone [and] we didn't find the proper partners." He predicted DBS will be viable enterprise "somewhere down the road and we certainly will be a part of it."

On high-definition TV, he said: "I'm convinced it's going to come and it's going to come in the next 5 years," although he said he didn't know which of several proposed systems (including one by CBS) will become standard.

Rosenfield said teletext has developed more slowly than CBS expected, and acceptance by public hasn't met predictions. However, he said, teletext is coming too, as soon as TV sets are all-digital. "We are spending very little money to keep [teletext] alive until it's built into the TV set," he said. Stereo TV, he said, is coming on scene very fast and "we think it will be a part of our lives by 1988."

Asked about TV rights for 1988 summer Olympics from Seoul, Neal Pilson, exec. vp-sports & radio, promised CBS "is going to be competitive and we are going to be in the bidding when it takes place." He said CBS is analyzing results of L.A. Olympics but obviously Seoul won't be comparable because of 13-hour time difference and talk of scheduling events at times when many can be shown on prime time in U.S. However, he said, getting 1988 Olympics isn't "absolutely essential to the success of CBS," whose strength is based on its regular programming series.

Jankowski said CBS's "next biggest single problem" will be negotiations to renew sports contracts. Pilson said cost increases for rights have been "quite manageable" except for NFL football, which will be renegotiated for 1986 season and beyond -- negotiations that are "vital." Rosenfield said "we went from a loss position to a profit position" on NCAA football as result of U.S. Supreme Court decision that NCAA TV rules violated antitrust act. As result, rights costs have been reduced drastically in CBS contract with Pac-10 and Big 10.

"There's less than a 50-50 chance that it will happen [but] we are not being complacent," Jankowski said when asked about efforts of several groups to ban alcoholic ads on TV & radio. Only question on news dealt with coverage of recent political conventions. "Some people thought there was no need to do as much [coverage] as we did" this year, according to Van Gordon Sauter, exec. vp. He predicted coverage will be about same in 1988 -- "basically, 9 to 11:30 p.m." There were no questions about radio.

Jankowski followed analysts meeting with similar Q-&-A session next day for executives of Best. Group. Later same day, CBS 9-man management committee flew to Dominican Republic where Pres. Thomas Wyman owns a home) for few days of what was described as "brain-trusting." High on agenda, we're told, was setting CBS objectives & goals over next 5 years.



**NCTA & CITIES REOPEN TALKS:** NCTA and cities' representatives will meet again this week to reopen talks on revising cable deregulatory bill HR-4103, both camps confirmed. Negotiating session in Washington will concentrate on rate regulation, with some compromise expected to be worked out on bill language that would continue cities' power to control cable rates for 2 years. Also to be discussed are clarifying access to apartments, EEO, franchise renewal & several other issues that NCTA has complained aren't treated adequately in bill (TVD Sept 10 p2).

National League of Cities (NLC) & U.S. Conference of Mayors (USCM) agreed to resume bargaining after arm-twisting by House Energy & Commerce Committee Chmn. Dingell (D-Mich.) & Senate Commerce Committee Chmn. Packwood (R-Ore.). NLC told NCTA last month it wouldn't consider any further attempts to revise bill, which Assn. said it wanted to do in light of FCC's Nev. decision and U.S. Supreme Court's Crisp case (TVD Aug 13 p3).

"Next year may be too late," Packwood warned cities in recent letter to USCM Pres. Hernan Padilla, San Juan mayor. "Our legislative schedule may prevent consideration of cable legislation, and in the meantime the courts and the FCC may further define the limit of existing [municipal] regulations," Packwood said, echoing warnings by Dingell & House Telecom Subcommittee Chmn. Wirth (D-Colo.).

Cities were caught in "pincer movement" by Packwood & Dingell that forced return to bargaining table, source said, with heaviest pressure from powerful House chmn. Pressure on cities was increased last week after Wirth & Dingell met privately, in separate sessions, with NCTA officials, including Pres. James Mooney, sources confirmed. Sources said Dingell told Senate side he was uncomfortable with idea of moving HR-4103 without further negotiation effort, said he still wanted attempt at compromise.

Accord is expected to turn on 2-year transition to rate deregulation, with cities giving in on clarifying language NCTA wants for franchise renewal expectancy & related areas, which would help in appeasing industry dissidents. No one's making bets new talks will succeed because of up-&-down progress on HR-4103, but if compromise is reached, bill would be likely to go to House floor for final debate & vote about Sept. 25 & 26. Sources said House Democratic Caucus, whose leaders control floor schedule, included HR-4103 in discussion last week on what legislation House would be handling in waning days of session. Congress plans Oct. 4 adjournment.

"I'm glad they're finally coming back to the table," Mooney said. "Whether anything will come of it is another question," he said.

Station Representatives Assn. has brought its rep firm members into TV Information Office, paying annual fee of \$25,000.

**INTV ATTACKS TV FOOTBALL DEALS:** ABC, CBS & ESPN and major college football powers are limiting "output" of televised games through exclusivity deals, INTV argues in antitrust lawsuits filed Sept. 13 in U.S. Dist. Courts, Okla. City & L.A.

Networks and football conferences are "illegally combining and conspiring to restrain trade and monopolize commerce," INTV said, mirroring claims decided by U.S. Supreme Court in NCAA case. Financial damages aren't sought.

ABC, ABC Sports, College Football Assn., Big 8 & ESPN are named in suit filed in Okla.; CBS, Big 10 & Pac-10 are named in L.A. because of venue issues, INTV counsel Forrest Hainline said.

Suits attack agreements (1) giving ABC exclusive TV rights to CFA games on Sat. afternoons; (2) providing ABC & ESPN exclusive for CFA games Sat. nights; (3) prohibiting CFA members from airing games that might compete with any nationally televised games. CBS has similar agreements with Pac-10 & Big 10, Hainline said.

Independents want chance to compete for national games that 2 networks don't include in packages. INTV members feel "shut out of the whole ball game," said Pres. Herman Land. He said networks and colleges are "returning to the practices of the past [NCAA] cartel" struck down by Supreme Court (TVD July 2 p6).

Decision to sue has "overwhelming support" of INTV board and membership, although many independents realize they can't compete financially with networks for rights to big games, Land said.

Suits seek injunctions against (1) limiting ability of any college to market TV rights to its games on competitive basis; (2) restricting number of times individual school may broadcast its games; (3) prohibiting college from negotiating price for TV rights. But Hainline sounded less optimistic about affecting TV contracts this year, instead seemed to be looking to stop practice in future.

NAB, Canadian Assn. of Bcstrs. and Mexico's La Camara Nacional de la Industria de Radio y Television have agreed to continue efforts to assure that UNESCO doesn't impose any restrictions on free flow of information. Some UNESCO member countries have suggested that organization develop policies that would allow press censorship or prior restraint. Executive committees of 3 national groups, at Sept. 10-11 meeting in Ottawa, also: (1) Urged cautious approach to suggestion that Inter-American Assn. of Bcstrs. be expanded to include members from outside western hemisphere. (2) Continued support of countries' cable must-carry rules. (3) Urged broadcasters to cooperate in steps to prevent FM interference with aircraft. (4) Asked manufacturers to improve quality of AM receivers. (5) Asked their govts. to renegotiate FM subcarrier service.



**NABISCO BUYS STAKE IN ESPN:** In long expected move (TVD July 23 p7), food & beverage producer Nabisco Brands on Sept. 11 paid ABC Video Enterprises (AVE) \$60 million in cash for 20% interest in ESPN in deal widely touted as evidence that Madison Ave. finally has accepted cable as viable ad medium. Nabisco will have little direct contact with cable's largest network, is entrusting its investment to Ohlmeyer Communications Chmn. Don Ohlmeyer and Pres. John Martin, highly regarded sports innovators who began careers at ABC Sports.

Ohlmeyer and Martin will represent Nabisco on newly created ESPN board that will be composed of 8-10 people, depending on number of seats ABC and ESPN get, AVE spokesman Roann Rubin said. Deal also calls for Ohlmeyer Communications, formed 2 years ago with Nabisco money when Ohlmeyer resigned as NBC exec. producer-sports, to become paid consultant to ESPN advising on "potential new revenue sources along with program, marketing and sales concepts," AVE said.

Most of Ohlmeyer's input will come through representation on new planning committee formed by Nabisco, AVE and ESPN to direct cable network's future programming and marketing efforts, according to AVE. Ohlmeyer Communications also may independently produce some programming for ESPN. ESPN ad account will remain with Geers Gross, won't be transferred to Ohlmeyer.

"This is a graphic demonstration," said AVE Pres. Herbert Granath, "that major advertisers such as Nabisco share our belief in the business potential of basic cable networks." N.Y. analysts we talked with agreed that deal signals greater acceptance of cable as ad medium. Nabisco annually spends about \$750 million on advertising and "they see cable sports programming as an excellent way to reach their market," said one analyst.

AVE wanted Ohlmeyer & Martin as much as or more than Nabisco's money, several observers said. "Both are extraordinarily regarded sports programmers. ABC wanted them to come back home as much as they wanted [Nabisco's] cash," one analyst said. ESPN management "was so busy filling up 24 hours [of programming] they didn't have much time to sharpen the focus" of network, another analyst said, adding: "They badly needed an idea person, and they get that with [Ohlmeyer]."

Martin was with ABC Sports 15 years, was regarded as potential successor to Pres. Roone Arledge but left network last Nov. to join Ohlmeyer. Ohlmeyer spent many years with ABC Sports and was original producer of Monday Night Football. He moved to NBC in 1977. Analysts said Martin's strength is administration and negotiating for sports programming. He oversaw ABC negotiations for last 2 Olympics.

FCC has warned cable systems to cease using signal leakage detection devices that employ frequencies in 108-136 & 225-400 MHz bands without obtaining prior approval.

**COLINO STIRS CONTROVERSY:** Intelsat governors last week began discussing controversial reports from Dir. Gen. Richard Colino that would restrict development of separate satellite systems. Governors appeared deeply divided between those supporting Colino's effort to require strict coordination of alternative systems, and those wanting to preserve opportunities for new regional & international satellites.

Governors had just begun taking up contentious issues raised by Colino's proposals at our press time, but corridor talk at Intelsat hq indicated he doesn't have solid support and many Intelsat govts. are wary of conceding too much.

In Washington, Colino faced additional political problems as policy establishment reverberated with opposition to his proposed modifications to coordination procedures and his submission to governors detailing "remedies" open to Intelsat to punish nations that compromise integrity of its global system.

U.S. govt. instructed Comsat to "vigorously oppose" Colino's coordination proposal, govt. source said, almost insisted on sending govt. observer to sit with Comsat at governors meeting. That plan was dropped after Comsat objected.

Heart of govt.'s objection to proposals could be summed up in comment by NTIA Administrator David Markey, who told us: "It's like changing the rules in the middle of the game." Speaking for Commerce Dept., one of agencies involved in international communication policy debate, he said Colino's action "takes away any opportunity for the Administration to take a position" on separate satellite systems. White House is considering position on policy. On issue of modifications to coordination procedures, Markey said "old guidelines suffice" in providing adequate means by which to judge whether new systems would be harmful to Intelsat.

Board also is considering expanded TV service offerings: Digital TV distribution services, integrated video and data services on satellites other than primary and major path satellites, and enhanced preemptible leases (including cross-strapped international video services on satellites other than primary or major path birds).

In weekly radio address Sept. 8, President Reagan urged nation's students to "stop watching too much TV... Time given to a television show that ought to be given to a school book is time badly used... Watching TV is passive. It's not living life... You won't grow by watching a situation comedy, though you can grow by reading a book." In Democratic rebuttal broadcast, House Speaker O'Neill (D-Mass.) gave President failing grade for his educational policies: "When it comes to education, President Reagan has been the country's No. 1 Scrooge."



**TELCO UNVEILS CABLE PLANS:** C&P Telephone asked FCC last week for permission to build cable system in Washington for prospective franchisee District Cablevision (DCI), revealing in Sec. 214 filing that it would gain \$109 million in revenue from cable venture over 10 years, including \$4 million annually for maintenance.

C&P said it will cost \$46.1 million to build 1,155-mile, dual-cable system, but that it will charge DCI \$53.8 million. C&P won't capitalize construction costs and won't require long-term financing, therefore won't be claiming any investment tax credits or depreciation, filing said.

There will be no co-location of cable and telephone facilities beyond probably placing some CARS towers atop C&P structures or locating cable status monitoring equipment in C&P switching centers, telco spokesman said. There will be no interconnection by C&P of telephone network with cable plant, he said. Filing, required whenever telco proposes adding or extending lines in its local exchange area, says that 100% of capacity of cable system will be leased to DCI, that C&P doesn't plan to expand system except at DCI's request.

C&P will keep separate books for revenues & expenses of cable system, excluding revenue from \$4 pole attachments and rental of ducts at \$1.25 per ft. DCI can assign or transfer use of system to another franchisee, but C&P can immediately discontinue providing service if cabler files for bankruptcy, goes into receivership or otherwise loses control of its assets.

C&P and cabler agreed to disagree on data transmission. Plans call for system to have extensive institutional loop. Telco said it would complain to regulators if DCI proposed offering competing telecommunications service, but it "shall not discontinue provision of facilities and service to [DCI] by reason of such opposition, except pursuant to an order of an appropriate governmental authority."

Filing doesn't identify equipment vendors, but coaxial system is mostly engineered in classical fashion with converter boxes in subscribers' homes. DCI will install drops to individual homes & converter boxes.

At same time last week, DCI drew fire from D.C. city govt. by proposing, as expected, to scale down contributions to public access and postpone activation of institutional loop (TVD Aug 6 p6). DCI said in letter to city it can't adequately finance system if it's forced to deliver on all promises made.

DCI is headed by Robert Johnson, pres. of Washington-based Black Entertainment TV, which has 6 million subscribers on 300 cable systems in other areas. DCI backers include MSOs TCI and United Cable TV. Much attention has been centered on C&P's involvement in cable because it would be first

time that telco built and owned cable system within its local, major metropolitan exchange area.

But it wouldn't be first cable-telco deal (there were some leasebacks in 1960s) or first Sec. 214 grant for divested telco to get into cable. In similar arrangement with cable firm, Wis. Bell has been granted FCC approval to build system in Milwaukee suburb of Brookfield (TVD Sept 3 p5). Many said Wis. Bell situation is precedent for C&P in Washington, contention that FCC officials haven't disputed.

Meanwhile, Pacific Bell Sec. 214 cable bid remains undecided at FCC. Telco is proposing to build & own large system in Palo Alto, Cal. area.

Hughes Communications will announce today what it claims is first joint venture to pursue private domestic satellite market in Japan. Hughes last week signed memorandum of understanding with 2 of Japan's largest trading companies, C. Itoh and Mitsui. Venture, first move by Hughes into international communications market, will study Japanese telecommunications market to determine feasibility of creating domsat system. If feasibility is agreed to (Hughes thinks it will be) and Japanese parliament approves pending legislation to permit private competition with Nippon Telegraph & Telephone, 3 companies will proceed with purchase, development & marketing of satellite system for Japan.

NAB launches all-out effort Sept. 18 to win legislation deregulating radio industry before Congress adjourns. Chances are slim that effort will succeed, but Assn. spokesman said Pres. Edward Fritts will argue strongly for radio-only proposal at hearing by House Telecom Subcommittee, 9:30 a.m., Rm. 2123 Rayburn Bldg. Fritts will fly in from Radio Convention & Programming Conference in L.A. (joint NAB-NRBA event) to make appearance, hopes effort will impress upon legislators importance of issue to NAB. NRBA Pres. Bernie Mann isn't on hearing witness list.

James McKinney, FCC Mass Media Bureau chief, commenting on future of DBS at conference in Washington, said "failure" of United Satellite Communications "has hurt the infant DBS industry severely." He said big reason company failed was "the almost total lack of a vibrant, exciting, and well-planned marketing program." Key to success for DBS is good programming -- and programming is in fact "clearly more important to [DBS] success than to the networks or to local TV stations."

Universal Bestg. is first licensee to take advantage of FCC relaxation of 7-station ownership rule, buying its 8th AM station -- WATI Indianapolis -- from Sarkes Tarzian Inc. for about \$300,000. Universal's AMs all are in suburbs of major markets; it also owns 4 FM's. Company was founded in 1960s by Marvin Kosofsky. Hepburn was broker.



**2 TV STATION CPs SUSPENDED:** Three years is long enough to wait for sign of some progress toward putting TV stations on air, FCC ruled Sept. 13 in suspending 2 construction permits for UHF's held by Red Carpet and Great Plains TV Bestg., interlocking companies owned by Choate family of Okla., for Enid & Lawton.

Chmn. Fowler questioned financial staying power of licensee whose business, as he was informed by Video Services Div. Chief Roy Stewart, was hamstrung after spending only 10% of \$1.6 million cost of putting stations on air. One excuse Choates gave FCC, Stewart said, was \$16,500 disputed bill for used equipment. Chmn. stressed that Commission must rely on financial certification licensing process and should demonstrate that it can & will crack down in flagrant cases. Stewart said CPs were granted in June 1981, renewed after 18 months through June 1983 when questions arose, later were canceled. On appeal, Commission (with Rivera & Patrick away) upheld Bureau.

Commission imposed \$5,000 fine on Continental Cablevision in Concord, N.H. for refusing order to carry WNNE-TV Hartford-Hanover, N.H. Fine was levied even though cabler had relented, granted carriage and was joined in appeal by UHF station, a Taft Bestg. NBC affiliate.

In another matter, Commission rejected complaint by Cal. Assn. of Physically Handicapped that it should examine license transfer of independent KBHK-TV San Francisco from Field Communications to United TV (UTV) because Field hadn't hired any handicapped people, hadn't provided wheelchair ramps to station or done any closed captioning, and that UTV wouldn't do any better.

Quincy Cable TV's \$5,000 fine for refusing carriage to translators of 3 Spokane TV stations was upheld. Fowler drew laughter from audience when he traced history of case now grown into test of First Amendment and must-carry rules in U.S. Appeals Court, D.C. Quincy had described itself as small, 12-channel system overburdened with 6 must-carries. But in court it came out that system had rebuilt to 32 channels, causing court remand for FCC reconsideration. On remand Quincy told FCC it would begin carrying KREM-TV, KHQ-TV & KXLY-TV Spokane on \$5.95 tier, deal Commission rejected in upholding fine and returning case to court.

In other items, Commission: (1) Issued deregulatory rulemaking to create single-step cable TV relay service (CARS) microwave licensing process and eliminate several CARS reporting requirements. (2) Denied reconsideration of dismissal of low-power TV application filed by Southern Baptist's American Christian TV System (ACTS) for Vero Beach, Fla., but partially granted ACTS petition on LPTV bid for Tulsa by approving channel change but denying site change. (3) Denied petition for reconsideration filed by National Black Media Coalition against license renewal of WVLK-AM-FM Lexington, Ky. (4) Passed

over agenda item to consider rules for using lotteries to award multichannel multipoint distribution systems.

**Station sales & transfers:** Harte-Hanks Radio Div. Pres. Gary Edens and station mgrs. are working on leveraged buyout of H-H's 9 radio stations that's expected to be completed this week. H-H owns AM-FM combinations in Houston, Richmond, Tampa & Phoenix and WSGN(AM) Birmingham. Top executives of H-H just completed their own leveraged buyout of company last week, taking it private... Malrite Communications, which owns 51% of WAWS-TV Jacksonville, is buying remaining 49% from Crown Bestg. for 100,000 Malrite common shares.

**Cable system sales:** (1) Acton Corp. said it has signed letter of intent to sell group of systems it wouldn't identify for \$25.5 million to buyer it wouldn't name. Michael Milsom, spokesman for Acton, said information was being withheld so municipalities involved could be told first. Pres. George Phillips said proceeds will be used to reduce \$44.9 million bank debt. (2) Dear Publication & Radio has sold cable properties in Ky., Tenn. & Ind. to Midwest Cable. Systems serve about 4,000.

Irwin Jacobs, Minneapolis investor mentioned in speculation about possible ABC takeover attempt (TVD Sept 10 p1), has denied he's involved. He said he doesn't own any ABC shares, wasn't involved in recent heavy trading of company's stock. However, Irwin said in SEC filing he is considering seeking control of Walt Disney Productions. He revealed that his group of investors has raised its stake in Disney to 2.59 million shares (7.7%) and may buy more.

**TV station starts:** (1) KLMG-TV (Ch. 31) Longview, Tex. went on air Sept. 9. Wesley Burr is gen. mgr. (2) WTIC-TV (Ch. 61) Hartford, Conn. went on air Sept. 12. Arnold Chase owns 97% of station, Bruce Mayer is vp & gen. mgr. Chase also owns WTIC-AM-FM Hartford. Start raises number of operating U.S. TV stations to 1,171 -- 873 commercial, 298 noncommercial.

President Reagan and Democratic challenger Mondale have agreed to 2 debates -- Oct. 7 in Louisville, Oct. 21 in Kansas City, according to reports. Vice President Bush and Mondale running mate Geraldine Ferraro will debate Oct. 11 in Philadelphia, reports said. League of Women Voters will sponsor all 3 debates, as it did previous presidential confrontations in 1976 & 1980.

Financially troubled UPI has promoted Luis Nogales to pres.-COO, succeeding William Small, who was fired in shake-up last weekend. Nogales was named gen. mgr. Aug. 16, headed management team that developed operating plan designed to make wire service profitable by 1985. Small, onetime CBS Inc. vp, CBS News senior vp and NBC News pres., had been with UPI since Sept. 1982.



FCC has requested en banc rehearing of DBS case before U.S. Appeals Court, D.C., saying 3-judge panel that remanded portions of case to Commission "imposed its own preferred construction" on Communications Act provision regulating broadcasters (TVD July 30 p6). FCC is concerned that panel's view that DBS is broadcasting and should be regulated as such "might well appear to apply as well to situations involving common carriers in other services," notably multipoint distribution service (MDS) and other satellite services. Initial court decision "drastically alter[ed] the legal environment" in which "host of present and potential programmer-customers thought they would be allowed to operate," and "threatens to inhibit the development of new and existing services, particularly in the satellite field," FCC said. Comr. Rivera opposed decision to seek rehearing, saying: "We must avoid crying wolf when there is no wolf... Congress intended those who disseminate radio communications directly to the general public to be classified as broadcasters."

Bill to provide telecommunications investment tax credit for minorities (S-2987) was introduced Sept. 12 by Sen. Domenici (R-N.M.), mirroring HR-2331 in House by Rep. Leland (D-Tex.). Bill would increase investment tax credit from current \$12,000 to \$500,000 for minority-owned properties, allow FCC to issue tax certificates for sales & transfers of any kind of telecommunications property to minorities. Certificates now are limited to broadcast properties. Aide said Domenici was encouraged to offer bill by FCC Comr. Rivera. Domenici doesn't expect Senate to act this year, but has asked Senate Finance Committee for hearing nonetheless, aide said.

Cox family ownership of Cox Communications has fallen from 40.4% to 39.8%, meaning relatives of late James Cox have lost right to elect majority of board. Change results from distributions of common stock from James Cox estate. Family members could have prevented decline in ownership position by buying other shares on open market but didn't. Meanwhile, Cox declared quarterly dividend of 8.5¢ a share on common stock, payable Oct. 16 to shareholders Sept. 28.

Dearborn Hts., Mich. Mayor Donald Bishop has been convicted of soliciting bribes from 4 of 5 cable companies bidding for town's franchise in 1981 & 1982, was immediately removed from office. Jury in U.S. Dist. Court, Detroit, found Bishop guilty of 5 counts of conspiracy, extortion and obstruction of justice. Bishop's attorney said he was considering appeal; date for sentencing hadn't been set.

FCC Chmn. Fowler & Comr. Dawson are among participants in Oct. 1-3 seminar on "The Woman Entrepreneur," cosponsored by Commission & AWRT. Experts in law, communications & finance are slated for panels at Washington Marriott. Registration is \$100. Contact: Patti Smith at FCC (202-632-7260) or Sally Lawrence at FCC (202-254-7674).

House Telecom Subcommittee Chmn. Wirth (D-Colo.) urged public broadcasters to lobby House & Senate hard to override President's veto of CPB funding bill. Advice came during Sept. 11 meeting with NPR Pres. Douglas Bennet, CPB Chmn. Sharon Rockefeller & Pres. Edward Pfister, National Assn. of Public TV Stations Acting Pres. Peter Fannon & others. But effort continues in Senate to reach accommodation with White House for funding levels. Meanwhile, Sen. Hollings (D-S.C.) is objecting to CPB board nominees. Sources said Hollings considers Reagan nominees Lloyd Kaiser, pres. of WQED-TV-FM/WQEX Pittsburgh, and Howard Gutin, gen. mgr. of KLRU Austin/KLRN-TV San Antonio, too conservative and too "Republican" to fill 2 vacancies reserved for members from nonmajority party. Majority (Republicans now) are limited to 6 seats, nonmajority to remaining 4. Kaiser is said to be Democrat, Gutin independent.

Malicious or willful interference with radio communications would be prohibited under S-2975 introduced Sept. 10 by Sen. Goldwater (R-Ariz.). Bill would clarify existing law, reaffirms FCC duty to prevent intentional interference. TV interference and similar problems caused by, for example, nearby radio transmitter, are exempted from S-2975. Goldwater said intentional interference is increasing, jeopardizing services, particularly public safety. FCC already is authorized to move against violators, but Goldwater said law is vague.

Cable program guide listings are news product, not advertising, U.S. Postal Service Law Judge William Duvall concluded in overruling Postal staff position. Major impact of decision is that such publications can continue to qualify for 2nd class postage. At issue was Cableday, Phoenix biweekly that carries program listings for Storer cable system. Postal Service staff had contended that because publication's main content was program listings material it should be considered advertising for Storer.

TV advertising increased 18.7% in 2nd quarter 1984, 17.8% in first half, according to TvB. Network advertising for quarter was \$2.02 billion, up 19.3%; national & regional spot expenditures rose 16.7% to \$1.1 billion; local advertising 19.3% to \$870.2 million. Among networks for first 6 months of 1984, ABC revenues totaled \$1.453 billion, CBS \$1.354 billion, NBC \$1.156 billion.

Trial date in Gen. William Westmoreland's \$120 million libel suit against CBS has been postponed from Sept. 17 to Oct. 9. Still pending before U.S. Dist. Court Judge Pierre Leval in N.Y. is CBS petition for dismissal of suit and request by CNN that it be permitted to cover trial live.

Arbitron has added 3 area of dominant influence (ADI) TV markets -- Flagstaff, Ariz. (102), Sarasota, Fla. (158) and Hagerstown, Md. (195) -- for total of 211 U.S. TV markets reaching 85.06 million TV households, up from 83.97 million in Nov.



## Personals

Carol Altieri advanced to vp-program practices-Hollywood, CBS/Best. Group; Suzanne Caraher promoted to mgr.-CBS Chicago news bureau; Herbert Gross promoted to program services vp & asst. to pres., CBS Entertainment; Paula Barcellona advanced to on-air planning dir.; Marilyn Matthews promoted to media planning dir... John Miller promoted to ad & promotion vp, NBC Entertainment; Tim Flack, ex-ABC, appointed casting vp, new post; Gerald Reeves advanced to NBC vp-management information systems... Kay Dangaard, ex-ICPR, named vp-publicity & promotion, Columbia Pictures TV.

Elected INTV dirs.: Steven Bell, Golden West TV; Harry Pappas, Pappas Telecasting; Harold Protter, WNOL-TV New Orleans; John Serrao, WPMT York, Pa., WDZL Miami, KTRV Nampa, Ida... Reelected for 2-year terms: Milton Maltz, Malrite; Kevin O'Brien, WTTG Washington... James O'Neill advanced to pres.-CEO, Blair/RAR Inc., newly created John Blair & Co. radio representation subsidiary... Judy Law promoted to vp-programming & creative services, KIRO-TV Seattle.

Lee Guittar, ex-L.A. Times Mirror, named USA Today pres. effective Oct. 1... Louis Boccardi promoted to AP pres.-gen. mgr., succeeding Keith Fuller, retiring in Jan... David Leonard promoted to asst. vp-financial planning, United Cable TV... Harry Mahon advanced to head VideoStar Best. Services Div... Gary Chapman, re-elected Electronic Media Rating Council chmn.

Gregg Skall, ex-Washington law firm Blum, Nash & Railsback, and Edward Hayes, ex-Hayes & White, named partners in Baker & Hostetler Washington office... James Mackin, ex-Chapman Assoc., named membership dir., NRBA... Birch Radio reorganized: Pres. David Gingold becomes pres.-COO of new unit, Birch Consumer Research; Richard Weinstein, ex-Katz, named pres.-COO; William Livek, ex-Arbitron, appointed senior vp-sales & mktg.; William Engel, ex-Arbitron, named senior vp-operations dir.

Daniels & Assoc. Chmn. Bill Daniels addresses Washington Cable Club lunch Sept. 24, Vista Hotel... Andra Sanders advanced to assoc. gen. counsel, Time Inc., also designated to become dir.-Corporate Law Dept... Assigned to new Anixter Communications Dallas regional hq: Tony Barclay, CATV regional vp; Liz Vasquez-Cook, CATV district mgr.; Carl Johnson, operations mgr... Robert Simmons, ex-Southern Educational Communications Assn., named WNYC-TV-AM-FM N.Y. chief financial officer.

FCC Comr. Dennis Patrick delivers keynote address on telecommunications policy at Communications Networks conference in Washington Jan. 29... Barry Cole promoted to resident scholar,

Published Weekly Since 1945

# TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

*Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.*

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

## EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036

Phone: 202-872-9200 Telex: 467268

MCI Mail TELEFACS Facsimile (Group 3): 202-293-3435

### WASHINGTON HEADQUARTERS

Albert Warren ..... Editor & Publisher  
Paul L. Warren ..... Assoc. Pub. & Sr. Ed.  
Dawson B. Nail ..... Executive Editor  
Jonathan Miller ..... Senior Editor  
Daniel Warren ..... News Editor  
Steven Tuttle ..... Managing Ed., Wash.  
Mary Crowley ..... Associate Editor  
Mike Schwartz ..... Associate Editor  
Arthur Brodsky ..... Associate Editor  
Frances Seghers ..... Associate Editor  
Melinda Gipson ..... Assistant Editor  
Theresa Foley ..... Assistant Editor  
Deborah Jacobs ..... Info. System Mgr.

### Business

Roy W. Easley III ..... Controller  
Gary Madderom ..... Marketing Director  
Chery Grund ..... Advertising Dir.  
Betty Alvine ..... Circulation Mgr.

### NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017  
Phone: 212-686-5410

David Lachenbruch ..... Editorial Dir.  
Robert E. Gerson ..... Managing Ed., N.Y.  
Seth Goldstein ..... Senior Editor  
Rich Zahradnik ..... Assistant Editor

### JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan  
Denki Bldg., 20th Floor 1-7-1  
Yuraku-cho, Chiyoda-ku  
Tokyo 100, Japan  
Phone: 211-3161 Telex: J24600

### Factbook Research, Inc.

Lynn R. Levine ..... Director

Washington Program of Annenberg Schools, remains on faculty of Annenberg School of Communication, U. of Pa... Kathleen Canavan, ex-Schenley Imports, appointed vp-mktg. & sales promotion, Group W Satellite Communications, responsible for mktg. of Nashville Network.

John Tiedemann advanced to ABC vp & national sales mgr... Delores Danska, ex-CNN, rejoins WCBS-TV N.Y. as dir.-broadcasting... Jose Ramos joins WKAQ-TV San Juan, P.R. as mktg. mgr... Denise Baddour advanced to southeast regional mktg. mgr., Showtime/Movie Channel; Beverly Surowiec to area mgr.-Ga., parts of Tenn. & Ala., Fla. panhandle; Annabella Riccio, ex-Ultracom Cable, named Boca Raton area mgr.

Gordon Robertson promoted to gen. mgr., Satellite Communications Network... Robert Bedell, ex-HBO, named mktg. vp & professional programming networks gen. mgr., Private Satellite Network.

MacNeil/Lehrer NewsHour is proposing to hold 2 debates weekly during rest of presidential campaign, pitting Democrats against Republicans. Each 30-40-min. debate will have single theme. Program also has invited Reagan, Mondale & Ferraro to appear for one-hour interviews. Bush has already been interviewed.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 35th week of 1984, first week of Sept.:

|                  | AUG.<br>25-31 | 1983<br>WEEK | %<br>CHANGE | AUG.<br>18-24 | 35 WEEKS<br>1984 | 35 WEEKS<br>1983 | %<br>CHANGE |
|------------------|---------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV.....    | 382,561       | 340,025      | +12.5       | 472,317       | 12,971,305       | 11,942,851       | + 8.6       |
| TOTAL COLOR...   | 319,035*      | 262,581      | +21.5       | 382,512*      | 10,013,466*      | 8,423,771        | +18.9       |
| DIRECT-VIEW..    | 315,224*      | 260,213      | +21.1       | 378,805*      | 9,905,274*       | 8,345,504        | +18.7       |
| PROJECTION..     | 3,811*        | 2,368        | +60.9       | 3,707*        | 108,192*         | 78,267           | +38.2       |
| MONOCHROME....   | 63,526        | 77,444       | -18.0       | 89,805        | 2,957,839        | 3,519,080        | -15.9       |
| TV EXCL. PROJEC. | 378,750       | 337,657      | +12.2       | 468,610       | 12,863,113       | 11,864,584       | + 8.4       |
| HOME VCR.....    | 153,166*      | 96,490       | +58.7       | 132,321*      | 4,077,463*       | 2,297,127        | +77.5       |
| COLOR CAMERAS... | 10,745        | 11,420*      | - 5.9       | 7,752         | 273,339*         | 234,911          | +16.4       |

Color TV (direct-view) 5-week moving average: 1984--314,865\*; 1983--258,073 (up 22.0%).

Home VCR 5-week moving average: 1984--137,123\*; 1983--78,902 (up 73.8%).

\* Record for period.

**KOREANS HIT WITH HIGHER DUMPING MARGINS:** Strategy backfired on Korean color TV makers last week, and it now appears that their antidumping penalties will be going up instead of down. Following request by Koreans last April, International Trade Administration conducted expedited review of pricing on their more recent color TV exports to U.S. -- and said it found dumping margins had increased significantly.

Last Oct. ITA issued preliminary finding that color sets imported from Korea July 1, 1982-March 31, 1983 had been sold here at less than fair value, and on April 30 finalized average margins, and set cash bonding requirements for imports, at 14.77% of shipment value for Gold Star, 15.95% for Samsung and 13.9% for any other company not excluded from determination.

Review, covering shipments from Oct. 19, 1983 to last April 30, raises Gold Star's margin to 20.08% and shoots Samsung up to 52.5%. Margin for Daewoo (Portland brand) was set at 25.09%, and that also will be used as margin for any new Korean color exporters. This was first official check of Daewoo's export pricing -- company didn't enter TV market until it acquired business from Taihan in spring 1983.

Hike came as shock to Koreans. Dumping margins are based on difference between prices they charge wholesalers at home and customers in U.S., and there had been general understanding adjustments had been made in both markets. Even ITA staffers were somewhat taken aback by results. But, as one explained it to us, speed with which review of complicated case had to be handled contributed to worsening of what for Koreans was already bad situation.

Though it was Koreans themselves who pushed for review, in expectation that their original margins would be lowered or even eliminated, they were unable to come up with complete pricing & expense data in verifiable form required by ITA. As result, agency disallowed numerous adjustment claims that would have brought home & export pricing more into line, and Samsung was hit particularly hard by that.

Koreans will have chance to argue their cases at ITA hearing scheduled for Oct. 1, but can



expect to accomplish little there. They've been told ITA will accept no new information, and will require some solid reason before extending its Oct. 31 deadline for finalizing review results. If schedule is kept and latest margins retained, Koreans would have to start putting up cash bonds at new higher rates in Dec. to cover potential dumping duty assessments on incoming shipments.

Meanwhile, Samsung has become newest U.S. color TV manufacturer, having put recently constructed plant in Roxbury Township, N.J. on stream. Plant now has about 100 employees, is equipped with 2 lines, has capacity to turn out about 25,000 sets monthly. But, spokesman told us it's still in shakedown phase and training workers, so it's currently running well below that rate, isn't expected to be in full operation until next summer.

Koreans, of course, plan to follow trail Japanese took when they ran up against dumping, and assemble most of their sets here. Gold Star says it's nearing completion of 3rd plant in Huntsville, Ala. complex. It's expected to be in operation early next year, double company's U.S. capacity to 600,000 color sets annually and account for virtually all sets it sells here under its own brand and private labels. Daewoo is understood to be still looking at possible plant sites.

Casualty of dumping case is plan of Hyundai Electronics to ship color sets to U.S. this year. Recently formed subsidiary of giant Korean conglomerate made splash at Summer CES in Chicago last June, said it intended to begin marketing here through private labelers this fall, come in under own brand 1985. Now 1985 is earliest startup date, industry source tells us. Other major Korean supplier, Korea Electronics, was excluded from dumping because of no undervalued sales, so it's unaffected by results of review.

Impacted Korean companies already have suit pending in Court of International Trade charging ITA's first margins were calculated wrong and set too high, and they probably will add review results to that action. At same time GE, which was among parties to original dumping complaint, has CIT suit in which it claims margins were set too low.

As for Taiwan manufacturers also covered by color dumping finding issued last April, they made no request for expedited review, so none was made, and their margins continue unchanged. ITA spokesman said information on more recent pricing is coming in from Taiwan producers, but no review report is expected until some time next spring.

\* \* \* \* \*

In seemingly everlasting Japanese TV dumping case, ITA added Orion and its export agent Otake Trading to list of companies it plans to drop from finding. Orion qualified after review showed it had sold no sets at less than fair value here in 2 years to March 31, 1982. Last year ITA announced intention to revoke finding as it applied to JVC, Matsushita, NEC, Sanyo and Sharp, later extended to Hitachi, Mitsubishi and Toshiba (TVD Sept 19 p13). Finalization will require ITA to look at shipments through Aug. 1983, but meanwhile those companies are excused from bonding requirements. ITA also moved to finalize its ruling that monitors, including those intended to be part of home video component systems, are excluded from Japan dumping case provided separate tuners needed to give them off-air TV reception capability are not imported at same time (TVD Nov 28 p11).

**DIMENSIA--RCA'S RETURN TO AUDIO:** RCA this week will announce officially what has been common knowledge for well over a year -- that it's returning to audio with super deluxe audio-video system. It will unveil at N.Y. news conference the showcase product it previewed to distributors at Las Vegas meeting last May -- set of matched audio and video components all operating from same remote control.

"Dimensia" -- same name used in 1980 for futuristic TV console -- has as centerpiece RCA's first 26" monitor-receiver, with multichannel sound. Total system includes VHS Hi-Fi VCR, CD player, phono turntable, audio cassette recorder, FM-AM tuner, amplifier, all with matching front panels, mounted in chrome & black glass racks, along with 2 large speaker



systems. Components (and cabinets) can be purchased separately, but together ensemble will cost about \$5,000.

"Intelligent audio-video" is RCA's description of system. All components are interfaced using MPU-based circuitry that lets user merely hook one into another with special connection cables. Elaborate 52-button remote control (similar to RCA's Digital Command Center) can program and operate components either separately or together. For example, user can command audio recorder to tape selections from CD disc in any sequence and order VCR to tape show off air while watching TV or listening to LP or radio at same time.

Programming is coordinated by on-screen prompts on monitor -- including such key words as Time, Play, Record, Stop, Fast, Repeat, Pause, Band, Page, Seek, Slow, Memory, Clear, Scan, Antenna, Mute, Volume, Track, Audio A, Audio B, Previous Channel, Status. Commands are confirmed on screen to avoid errors. "Status" command reviews all current commands. All components carry RCA brand, are made for RCA by Hitachi.

It now appears RCA will be first, in Dimensia model, to introduce set with 26" square-cornered tube on U.S. market. Panasonic & Quasar, which had announced models for delivery in Nov., have postponed debut to Dec. or Jan. Zenith plans to start production of its 27" square-cornered tube late this year, with sets to be offered for sale early in 1985. Although Zenith's first 27" model was to have digital chassis, that size could appear first in analog set, followed by digital version in spring.

**VCR & CAMERA IMPORTS AT RECORDS IN JULY:** VCR and color camera imports set all-time monthly highs in July while TV shipments rebounded sharply from sluggish June performance, according to Commerce figures.

Month's VCR import total of 971,700 was up 98.4% from same month last year, easily erased from books previous record of 754,200 set last April. Results put 7-month total at 4.83 million, up 121.1% from same 1983 period, topping import total for all of last year by 70,300 units. Total TV camera imports jumped 114.3% in July to record 80,600, as color rose 114.5% to 67,800, eclipsing 54,900 mark set in Oct. 83. At same time, b&w shipments climbed 142.2% to 12,800, 2nd only to 14,100 that entered in Aug. 1978. For full period, total camera imports were up 71% to 405,700, with color up 73.7% to 342,200, b&w up 36.4% to 63,500.

Neither VCR nor camera figures include imports of VCR-camera combinations. Camcorders are logged in catchall classification for otherwise unspecified combination products and only value of all included items is shown.

In other video areas, imports of videodisc players shot up 146.9% in July to 10,600, for 7-month total of 73,700, up 143.9%. Projection TV imports rose 82.2% in month to just under 7,000, 57.8% to 36,400 for 7 months.

Total July imports of complete & incomplete TVs rose 40.1% to 1.5 million, as color increased 33.4% to 814,600 and b&w climbed 48.8% to 686,200. For 7 months, total TV was up 41.6% to 8.81 million, paced by 44.5% rise for color to 5.06 million, while b&w gained 37.8% to 3.76 million.

In color, imports of complete TVs were up 12.9% to new July record of 525,500, with main increases coming in shipments from Taiwan, Korea, Malaysia. Seven-month total of 3.17 million was up 52.9%, exceeding any full year except 1983's 4.2 million. Imports of color chassis & kits totaled 289,100, double those of same month last year, and total of 1.89 million was up 32.2%.

Bulk of July b&w import increase came in 10"-&-under, up 168.2% to 293,000, as TV-only models leaped 236% to 188,800 and combinations climbed 96.4% to 104,200. For 7 months,



tinyvisions were up 118.8% to 1.34 million, with TV-only soaring 181.6% to 833,400, combos 59.7% to 501,600. Imports of 11"-&-over b&w were up 12.1% to 393,100 for month, 15% to 2.42 million for 7 months.

**BROADCASTERS HOT FOR STEREO TV:** "For a change, it's not a chicken & egg situation. Broadcasters seem just as enthusiastic as the set manufacturers." This comment from network representative on EIA Multichannel TV Sound subcommittee seems to sum up general reactions we received in informal survey of broadcasters and equipment makers.

Process of adding MTS to stations will be slow, because production model equipment isn't ready yet. But equipment makers indicate much of it should start flowing by end of next month, and they expect increasing numbers of outlets to add stereo & separate audio program (SAP) capability between then and early spring.

Third station to broadcast regularly in stereo is scheduled to go on air today (Sept. 17) with gala inaugural stereo broadcast featuring Hartford Symphony -- brand new WTIC-TV (Ch. 61) Hartford, independent (nonnetwork) station operating on full 5-Mw power from highest tower in New England. Other 2 now broadcasting in stereo are WTTW Chicago (PBS) & KOMO-TV Seattle (ABC), as listed last week in our MTS Timetable (TVD Sept 10 p15), which will be reprinted in updated form as new information warrants.

All equipment makers, as well as NAB, report strong interest in stereo by stations, although specific information is hard to get -- many outlets are holding plans close to chest because of competitive factors. NAB Science & Technology Vp Thomas Keller, who headed EIA MTS Subcommittee that tested systems and recommended BTSC standard, said "we have had a lot of inquiries from stations," echoed by manufacturers of stereo generators. Keller thinks both equipment & programming shortages will be ironed out relatively quickly because of strong demand.

NAB has been issuing regular bulletins on MTS, both from technical & marketing standpoints. Keller and TV Dept. Operations Dir. Robert Yadon estimated in bulletin that complete conversion of station can cost anywhere from \$45,000 to \$280,000, including transmission equipment, program routing & distribution and program origination. For networking, either satellite or AT&T land lines (with addition of low-cost diplexer) can carry stereo signal.

"Major production studios" in Hollywood are "on hold awaiting some indication from the networks" about production parameters for stereo, NAB bulletin notes. Relatively simple options include stereo background music only or background music plus moving sound effects, with full stereo including dialog the most difficult. It comments that many movies already are available in stereo. It's understood that NBC has built west coast studio for full stereo production. Although it will be spring 1985 before there's any substantial network MTS, both NBC & ABC are expected to put on intermittent stereo "specials" or "sneak previews" before that. It's known that ABC is considering broadcasting Super Bowl in stereo, hopes to have Spanish language SAP tracks on some of its series for spring reruns.

CBS has made no announcements about stereo, but Senior Exec. Vp James Rosenfield said at security analysts meeting in N.Y. last week that it's coming on scene very fast and "we think it will be a part of our lives by 1988." He didn't elaborate.

First stereo commercial, for Chevrolet Corvette, is available in both mono & stereo versions. First one for consumer electronic product is 30-sec. Memorex spot that starts airing late this month. And RCA plans to break 6-page magazine insert geared virtually entirely to stereo TV, themed "You've heard only half the story."

Deadline for comments in FCC's deliberation on whether to require cable systems to carry stereo is Oct. 4, with major filings expected by NAB, NCTA, some set makers. NAB's Yadon



thinks cable's stereo problems are exaggerated, notes that cable controls 43% of audience. NCTA insists it favors stereo, but some systems can't pass stereo along to viewers, and it will cause interference on others. Tests in Chicago, where WTTW is broadcasting stereo full-time, are said to have produced good results on many cable systems.

"Probably the best thing to come out of this is a new emphasis on sound," said NAB's Keller. Regardless of stereo, he said, new TV sets are capable of much better sound, and stations also must clean up their audio act because public no longer will put up with bad sound. "Putting sound into TV is what it's all about," he added.

Texas Instruments may be hit with penalty, but probably won't face criminal charges for alleged inadequate testing of ICs it sold for military use. Improper test procedures were said to have been found during check of TI plant in Taiwan by customer IBM, which reported its finding to Defense Dept. Officials said case involves about 4,700 different IC types supplied to some 80 contractors. TI said it has checked about 3,000 types, found no evidence of unreliability, is conducting internal investigation of testing procedures. Govt. probers said they turned up no instances of high failure rates in equipment utilizing questioned devices. Even so, govt. gave case wide publicity, presumably as part of continuing crackdown of corner cutting among semiconductor suppliers. In similar case last year National Semiconductor temporarily lost its rating as qualified IC supplier to military contractors, paid \$1.7 million in fines & penalties after pleading guilty to federal criminal charges.

Hong Kong's Conic Investment has gotten cash infusion from China, is working on restructuring, will continue supporting TV audio manufacturing arm, Conic Electronics, and its U.S. sales subsidiary, Contec Electronics. That's message in trade ad here to reassure U.S. customers. Funds came from Sin King Enterprises, subsidiary of China Resources, which last June wrote off 60% of \$22.8 million it had shelled out to acquire 34.8% of Conic. That move followed revelation that Conic would be unable to pay back \$25.5 million in debts run up by now-absent founder Alex Au, who had pledged assets of Conic to cover loans to other businesses he controls (TVD July 9 p13). Ad says Conic is "facing up to the situation," will "plan its future development on a more solid foundation."

VCR sales to dealers moved into record column for any year Sept. 4 when they passed previous full-year record, 4,091,321. For year's first 35 complete weeks, total was 4,077,563 (see State of the Industry), just 13,858 -- less than one day's sales -- short of record set for all of calendar 1983. If current sales rates continue, color TV sales will exceed full year 1983 record in 2nd week of Nov. and projection TV will break into clear 2nd week in Oct.

Apple cut prices to spur Christmas sales. Model IIc was trimmed \$100 to \$1,195, and package including monitor was reduced \$238 to \$1,295. Macintosh computer was cut \$300 to \$2,195.

Home movie making is key to marketing VCRs in U.S. because Americans are "sick & tired of receiving one-way information," according to Sony Corp. of America Exec. Vp Koichi Tsunoda. Americans "like to manipulate" their video, so home movies get emphasis over playing recorded tapes or time shifting when Sony approaches U.S. VCR market, Tsunoda said at N.Y. seminar last week on U.S. & Japanese marketing strategies. Company spotlights time shifting in Japan, playing of prerecorded tapes in Europe, he said. In future, industry will take "systems approach," selling audio-video-home information systems, rather than components, he predicted. In addition, companies will continue to have to deal with interdependency of hardware & software. With Beta Hi-Fi and CD players, Sony can't just make hardware, must supply software support, he said. Distribution also will change, Tsunoda said, as it becomes possible to purchase goods using videotex shopping services. He said global approach isn't used in Sony marketing because technology challenges life-styles differently in individual countries.

House passed audio-only Fair Marketing Amendment to Copyright Act by voice vote last week. Measure requires copyright owners' authorization before phono records or recorded tapes can be rented or leased, contains exemption for rentals by libraries & other nonprofit organizations. Copyright owners would have right of refusal, be entitled to share rental revenues. Violation would be civil offense. Differences between House audio FMA and one that cleared Senate last June are expected to be reconciled quickly, without conference, and compromise version approved and sent to President by end of month. While audio FMA is likely to be enacted soon, legislation to revise rules for video recordings is dead for this session.

Clarion is latest audio firm to adopt Motorola AM stereo system, announcing it will be included in car audio equipment exported to U.S. & Canada this fall. Company said GM, Ford & Chrysler will use system -- first public mention of Ford's plans. Other manufacturers supplying equipment for system include Concord, Jensen, Kenwood, Marantz, McIntosh, Pioneer & Samsung. Equipment to receive all 4 AM stereo systems is fielded by Sansui & Sony. Motorola claims 159 stations in U.S. & Canada are broadcasting in system, plus 5 in Australia, one each in S. Africa & Venezuela.



**PARAMOUNT REPRICING:** Paramount surprised video software marketers last week by notifying distributors it was accepting no further orders for 24 titles. Speculation is that studio will follow with major pricing move, with industry anxiously awaiting details that Paramount is expected to announce at distributor meeting in Phoenix this week.

As to which way Paramount prices will move, speculation is "down," to as low as \$20 suggested list for some major titles such as *Raiders Of The Lost Ark*, now listing at \$40, when bought in packages with slower moving features.

Such deal would help Paramount compete against market splash CBS/Fox will make with Nov. launch of *Empire Strikes Back*, and to degree compensate for decision not to release *Star Trek III* this year and so deprive Paramount distributors of their own Christmas blockbuster. It also would help fulfill Paramount's goal of selling million *Raiders* copies worldwide this year. Cassette is somewhere around 650,000-700,000 level.

There's also minority view that Paramount has tired of industry price leadership role and will offer pre-Yule promotion package along with warning that prices will go up at start of next year if 4th-quarter sales goals aren't met. Paramount's disenchantment with current state of market was expressed at recent Video Software Dealers Assn. meeting in Las Vegas by Paramount Video Pres. Mel Harris. He complained dealers weren't carrying enough copies of individual titles to fully serve rental & sale business, said tight inventory situation has led to piracy revival (TVD Sept 3 p13).

In other software activity: Lorimar and Scholastic Productions have agreed to produce, acquire & distribute home video programming & feature movies for family market. Deal is Lorimar's 2nd in almost as many weeks, coming on heels of proposed acquisition of Karl Home Video. SPI hopes to work closely with KVC, also sees big opportunities for placement of ads on cassettes... B. Dalton bookstore chain is ready to take home video plunge, we're told. It plans to stock cassettes at more than 100 southeastern stores by end of Nov., in time for holiday rush... Karl Home Video's Sept. 13 deadline for viewers to solve mystery in its *Money Hunt* cassettes and claim \$100,000 prize passed with no winner last week, though one could still show up in mail. KHV plans to extend contest to Jan. 31, add \$15,000 to jackpot, is prepared to add 2nd contest worth additional \$15,000. It still thinks returns of guaranteed-sale tape will be small, but couple of distributors claim it could run 50-75% of shipments. KHV will have better idea when retailers check in this week.

Vladimir Zworykin, who died in 1982 at 92, was awarded Emmy posthumously by National Academy of TV Arts & Sciences for his 70 years of pioneering in TV & electronics.

**SONY's 4" FLAT TUBE:** Sony has developed 4" high-resolution flat b&w tube, twice size of Watchman tube but only 25% thicker at 1.2" in depth. It's being offered to OEMs by company's Component Marketing Group in package called "flat display unit" that includes associated components. Sony is recommending it for TV monitors, video telephones and computer, instrument & automobile displays. Consumer version is expected to show up eventually as larger edition of Walkman.

Tube boasts 600 lines of horizontal resolution, 16MHz bandwidth, measures 7.5" long, 3.95" wide, 1.2" thick, has slightly concave screen to minimize reflections, uses electrodeposited rare earth phosphor. Complete display unit is in box 4.1x8x1.6", containing tube, circuit chip including distortion compensation circuit, dynamic focus plus deflection components, input jacks, contrast, brightness & power controls, operates on 5 volts DC, 800 ma.

Useful screen dimensions are 3.2" horizontal, 2.4" vertical, 4" diagonal. Sony says display unit is about 1/3 size of conventional picture tube in volume & power consumption. Sony also is marketing 2" flat tube as OEM component. No prices were given, nor has date been announced for larger Watchman.

**Mergers & acquisitions:** Agreement by Electrolux of Sweden to acquire 75% of Italy's financially ailing giant Zanussi for about \$84 million has better chance of completion following acceptance by Manufacturers Hanover of 75% lump sum payment of outstanding loans to financially ailing Italian conglomerate. Foreign banks, which are owed \$65 million, had balked at going along with buyout proposal because they felt Italian banks were getting better deal. MH move should bring other foreign lenders into line. Italian lenders have agreed to reschedule Zanussi's \$580 million domestic debt over 7 years at reduced interest, which would cost them about \$110 million... Luskin's of Baltimore has completed acquisition of Cleveland's 5-store Tokyo Shapiro chain. Pres. Jack Luskin said 5 new TS stores would be opened within next 6 months, raising total of Luskin's-controlled outlets to 34.

Teletext's future depends on digital TV sets, CBS Senior Exec. Vp James Rosenfield told N.Y. security analysts. He said that development & acceptance have been slower than expected. He said it will succeed as soon as TV sets are all-digital, added that such a set will be exhibited at Jan. CES. (Toshiba showed digital TV at summer CES, but without teletext.) "We are spending very little money to keep [teletext] alive until it's built into the TV set," he said.

United Technologies will build \$26 million 85,000 sq. ft. microelectronics lab at its E. Hartford research center. Facility is to be completed by mid-1986, will conduct research into advanced silicon IC processing, thin-film materials, digital & microwave circuits and high-frequency devices.



**CAL. DELAYS TAX CHANGE:** Cal. legislators apparently weren't convinced by promise of sharply increased Japanese investment in state, adjourned without acting on bills to repeal or modify unitary tax on multinational corporations. To underscore what Cal. is missing, Fujitsu last week said it would invest \$170 million in Ore., where unitary tax recently was repealed.

Cal. measure that had been given best chance would have restricted tax on foreign-owned companies to their U.S. operations. But it ran into strong last-minute opposition from domestically owned companies such as IBM, Intel, Hewlett-Packard and National Semiconductor, which claimed it would leave them at disadvantage. Representatives of Japanese & British industries were strongest in lobbying for change. Sony Chmn. Akio Morita, as head of Japan's Federation of Economic Organizations, released survey showing 99 Japanese companies would invest \$1.4 billion in new business or expansion in Cal. and create 11,000 new jobs if tax burden were lifted. Battle is expected to resume when legislature reconvenes in Dec.

Fujitsu, which has IC plant in Cal., said that instead of expanding there it will construct 2 plants in Ore. -- \$40 million computer disc drive facility to go on stream next year, \$130 million IC plant it hopes to have running by 1987. Ore. officials said they expect Japan's Epson soon to announce plan to build computer printer plant in their state.

First free videotex service for computer owners, Transactional Computer Data Base, has been launched by Telecue Systems of Huntington, N.Y. Available now only to registered subscribers in N.Y. State, it's ad supported, includes classified, employment & commercial ads, as well as community events calendar and electronic mailbox. Subscribers get needed password, call in on toll-free 800 number, aren't charged for time on line. TS said that during startup phase it will experiment with additional services, get reaction from subscribers. Expansion to other geographic areas will be made as ad revenue and subscriber list grow.

Revise your WCES scorecard again. Sony Consumer Products, indicated as nonexhibitor in most recent list issued by EIA Consumer Electronics Group, will indeed be on show floor for Jan. 5-8 event in Las Vegas. It will occupy space originally reserved by Sony Tape, which like some other tape majors, has opted to move to smaller demonstration room. Magnavox, another major not listed, now also will be on hand.

Sanyo is top own-brand microwave oven marketer in U.S. with 19% share, according to estimate in Appliance magazine. GE, including Hotpoint, places 2nd with 15%, followed by Sharp at 13%, Litton at 11%, Tappan & Amana at 9% each. Magic Chef & Matsushita (Panasonic & Quasar brands) are tied for 7th place with 5% shares.

**JAPAN-EC TRADE MEETING:** International electronics trade, with emphasis on ICs & VCRs, is expected to be prime topic at Oct. 3 meeting in Tokyo of Japanese & European industrial leaders.

Chief private sector representatives will be Sony Chmn. Akio Morita and his European counterpart N.V. Philips Pres. Wisse Dekker. Heading official side will be MITI chief Hikosaburo Okonogi and EEC Industrial Affairs Comr. Etienne Davignon.

Talks are slated to cover market trends, technology, standardization, investment policies and other areas of common interest, presumably including Europe's complaints over deficit in trade with Japan and difficulties its manufacturers have in exporting. Meeting is follow-up to one held in Brussels in 1982.

Sharp introduced multichannel TV sound adaptor for its adaptable sets, to be available next month. Priced at \$200, it has line-in & line-out terminals to accommodate other stereo inputs such as FM stereo and for connection to stereo VCRs or hi-fi systems; it has headphone jacks for main program and SAP, as well as unswitched AC outlet. Sharp also introduced its 2nd TV with built-in MTS, 20" monitor receiver with 140 channels, keypad remote at \$1,000. Stereo-equipped console and adaptable console will be added in Oct. Also new from Sharp are two 140-channel 13" monitor receivers in silver or wood cabinets at \$450.

Owens-Illinois created so-called "poison pill" issue of preferred stock to shove down throat of anyone planning unfriendly takeover. New issue, to be sold to current O-I holders, would carry with it right to buy stock in any new O-I parent company at 50% discount. Any company that succeeded in forcing merger could find itself having to sell shares to minority holders in O-I at half price. Issue would be offered only if corporate raider buys more than 20% of shares outstanding or makes tender offer for at least 30%. Similar move by Household International is being challenged in Del. state court.

Diablo Systems, producer of daisy wheel printers, said it will lay off 200 engineering and other white-collar workers Oct. 5. Company, subsidiary of Xerox, cited need to cut overhead to meet price competition from personal computer printers imported from Far East. Earlier this year, Diablo increased automation at plant in Fremont, Cal., enabling it to trim about 250 from force. SCM recently said competition from low-priced imports may force it to move electronic printer & typewriter production to Singapore or drop those products altogether.

Toshiba's digital TV set, originally targeted for Oct. marketing, has been delayed, but still probably will be first one on sale in U.S. It's now slated for introduction "before the end of the year," according to Toshiba source. There have been some changes in design; at least one IC has been replaced.



**3M CASSETTE SURVEY:** Use of recorded cassettes showed steady increase last year, has become "significant segment of the home video market," according to report from 3M. It predicts 70% increase in sales to dealers this year, number that already may be conservative, and 46% jump in 1985. Given proper pricing, sellthrough should gain as cautious first-year VCR buyer "becomes a smaller proportion of the total," report said.

3M calls impact of under-\$40 titles "obvious," points out that number of tapes bought at under \$45 accounted for 53% of market last year, up from 23% in 1982. Big breakthrough comes at \$19.95 suggested retail, price included for first time. 3M said 29% of those negative or noncommittal about purchase "expressed a positive intention" when new figure was mentioned. Some 17% were inclined to buy regardless of price, so total is respectable 47%. Company adds that \$24.95 "may be almost as hot a price," in fact suggests it would generate maximum revenue. Cassette purchases aren't affected by cable, but rentals drop from 46 annually in homes without service to 29 in those with it.

3M found that proportion of outright purchases increases directly with length of VCR ownership, with biggest gain in 2-year category. Overall, however, buyers have averaged 3.5-4 purchases annually over last 3 years, down from 5.8 in 1980 when installed base was 1.5 million machines. Average cassette rentals doubled from 18.9 a year in 1980 to 37.6 in 1983, and although rentals drop off after 3rd year of VCR ownership, 3M doesn't expect decline to be as significant in future.

Tape maker based 1983 study on Nielsen in-depth interviews with 805 VCR households, completed in Jan. Nielsen's own, broader analysis of VCR marketplace, drawn from same data, released in spring (TVD May 7 p20), essentially supports 3M appraisal.

End of boom in electronic games and shakeout among videogame & computer hardware & software marketers has resulted in steep decline in industry outlay for national TV ads, figures from TvB indicate. It reports ad revenue from home electronics equipment fell 55.7% in first half this year to \$53.3 million from \$118.2 million in same 1983 period. Network revenue dropped 64% to \$27.4 million from just under \$76 million, while outlay for national spot ads was down 40.9% to \$24.9 million from \$42.2 million.

Mitsubishi Electric will concentrate all U.S. consumer electronics manufacturing, along with hq & west coast warehousing, in 240,000 sq. ft. complex now being built on 15-acre site in Cypress, Cal. Facility, expected to be ready for occupancy in Jan., is designed for expansion to 350,000 sq. ft. Mitsubishi currently has hq & warehouse in Rancho Dominguez, Cal., produces direct-view & projection color TVs in separate plants in Santa Ana, Cal.

**TECHNICOLOR EXPANDS:** Technicolor Videocassette is putting finishing touches on expansion that will double number of VCR slaves from 2,000 to 4,000, adds 50,000 sq. ft. to Newbury Park, Cal. plant. Company is getting ready for what it sees as continued growth in demand for recorded cassettes, expects industry sales of 20-21 million this year, more than 26 million in 1985.

Exec. Vp William Hickey, who rejoined after stint with Bell & Howell/Columbia Pictures Video Services, puts Technicolor's market share of duplication business at 18-20%, based almost entirely on output for 3 customers -- Warner, MCA and Embassy Home Entertainment, which earlier this year assigned catalog titles to newcomer Premiere Video. B&H/C is far & away dominant duplicator with 45% share, followed by Technicolor & CBS/Fox at 18-20%, VCA Duplicating at 15-18%, he believes.

Despite push by Sony, Technicolor isn't rushing into high-speed duplication, has finished tests of Sprinter system without decision on whether to buy. "We were pleasantly surprised," said Hickey. "It does what Sony says it's supposed to do." There's nothing else on horizon to drop price of finished cassettes, now in \$8-\$10 range. "I don't think the tape people have much more room," he said. Industry sources told us 2 hours of raw tape costs about \$3, plastic for cassette \$1.25, leaving about 18% gross margin on blank sold to duplicators for \$5.20.

Doyle Dane Bernbach is among major creditors pressing Atari for payment (TVD Sept 10 p14). Though DDB was dropped by Atari when all ad work was consolidated at Wells Rich Green following company takeover in July by Jack Tramiel, DDB reportedly was given go-ahead for already scheduled \$6 million Summer Olympic TV campaign. DDB claims it's owed about \$12 million for media costs, creative work, other services and commissions.

Conference Board's Buying Plans Index moved higher in Aug., as consumers planning to buy color TVs in next 6 months hit 7.7% in Aug., up from 6.1% figure reported for July and Aug. 1983. Plans to buy monochrome sets were expressed by 0.7%, down from 0.8% in July and 0.9% in Aug. of last year. Overall, Consumer Confidence Index was 90.8 in Aug., almost unchanged from July's 91 figure, while Buying Plans Index jumped from 94.5 to 99 during month.

U.S. deficit in semiconductor trade with Japan more than doubled to \$677 in first half, as exports rose 81% to \$183 million, while imports jumped more than 100% to \$860 million, Commerce reports. It estimates Japanese shipments to U.S. will exceed \$2 billion this year, up from \$1.1 billion in 1983, while U.S. exports rise about 80% to \$900 million, leaving \$1.1 billion unfavorable trade imbalance. Figures, however, give understated view of U.S. industry position. Such firms as Motorola & TI make & sell ICs in Japan and account for portion of Japan's exports to U.S.



## Financial Reports of TV-Electronics Companies

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

| Company & Period       | Revenues    | Net Earnings | Per Share        |
|------------------------|-------------|--------------|------------------|
| <b>Chyron</b>          |             |              |                  |
| 1984-year to June 30   | 21,965,000  | 5,213,000    | .57              |
| 1983-year to June 30   | 16,921,000  | 4,286,000    | .47*             |
| 1984-qtr. to June 30   | 7,512,000   | 1,670,000    | .18              |
| 1983-qtr. to June 30   | 5,104,000   | 1,335,000    | .15*             |
| <b>TCA Cable TV</b>    |             |              |                  |
| 1984-9 mo. to July 31  | 20,042,000  | 2,501,000    | .37 <sup>b</sup> |
| 1983-9 mo. to July 31  | 15,762,000  | 2,287,000    | .36              |
| 1984-qtr. to July 31   | 7,088,000   | 737,000      | .11 <sup>b</sup> |
| 1983-qtr. to July 31   | 5,576,000   | 872,000      | .13              |
| <b>Tektronix</b>       |             |              |                  |
| 1984-12 wk. to Aug. 18 | 306,165,000 | 17,753,000   | .92              |
| 1983-12 wk. to Aug. 20 | 266,019,000 | 13,480,000   | .71              |

Notes: \*Adjusted. <sup>b</sup>After special charge.

## Consumer Electronics Personals

**Stephen Diener**, ex-CBS/Fox Video International, named pres.-CEO of Heron Communications, N.Y.-based subsidiary of Heron Group, London; new company will take over international marketing of Heron's Video Form and Media Home Entertainment product... **Harvey Mitnick**, ex-Jewelco, joins JVC America as gen. counsel... **Arthur Faluman** appointed Sanyo gen. counsel; **Marie Volger**, ex-Certified Appliance Distributors, named national co-op ad mgr... **Larry Estes**, ex-RCA Videodiscs, named to new post of acquisitions dir., RCA/Columbia Pictures Home Video and RCA/Columbia Pictures International Video.

**Arthur Barron** advanced to pres., Gulf & Western Entertainment & Communications Group and **Frank Mancuso** to chmn.-CEO of G&W's Paramount Pictures, each assuming part of former responsibilities of **Barry Diller**, who left to join 20th Century-Fox as chmn.-CEO, replacing **Allan Hirschfield**, resigned; Diller also is expected to assume Hirschfield's role on CBS/Fox Video board... **Michael Eisner** resigns as pres., Paramount Pictures, is considered among candidates for post as **Walt Disney Productions** pres.-CEO, replacing **Ronald Miller**, resigned... **Robert Hillman**, King of Video controller, adds post of gen. mgr... **Corinne Coen**, ex-Group W Cable, appointed central region dir., Home Theater Network... **Claudia Flintermann**, ex-Oak Media acquisitions dir., joins Playboy Video as ancillary mktg. dir.

**Richard Beyer**, ex-Booz-Allen & Hamilton, joins ITT Business & Consumer Communications as mktg. vp, new post... **Richard Eichler**, ex-Tatung, joins speaker, communications & parts maker SFI/Sawafuji America as west region sales mgr.; **Ray Smith** named national accts. rep; **Jim Globowsky**, ex-TEAC, appointed credit mgr... **Roy Gattinella**, ex-Champion International, named Moster Cable mktg. mgr.

**William Campbell** advanced at Apple from mktg. vp to sales exec. vp... **Sam Goodman** resigns as Eagle Computer chief financial officer to join Orrox as chmn.-pres. & CEO, succeeding **Philip Arenson**, who moves to new post as strategic mktg. dir... **Henry Montgomery**, ex-Pizza Time Theatre, one-time Memorex, named pres.-COO of semiconductor producer Trilogy, succeeding **Frederick White**, now vice chmn... **Noel Goutard** advanced at Thomson S.A. from exec. vp to pres; **Jacques Noels** appointed to head Thomson-CSF Components operations; **Peter Seats**, ex-Thomas Electronics pres., named Thomson-CSF Components (U.S.) display technology dir.

**Cathy Ciccolella** resigns as editor in chief and assoc. publisher of Mart magazine to become senior contributing editor, based in Sarasota, Fla.; she's succeeded as editor in chief by **Barbara Bagley**, ex-Convenience Store News.

**President Reagan** rejected International Trade Commission call for import protection for U.S. copper producers. ITC had ruled industry was import injured, but couldn't agree unanimously whether import quotas or higher tariffs should be recommended as remedy (TVI July 2 p16). In required explanation to Congress, President is expected to express view that copper import restrictions wouldn't be in nation's best economic interest.

**Singapore** earmarked estimated \$23 million to spur R&D in such high-tech areas as electronic materials, lasers & optics, automation and robotics. Funds would be in form of grants covering 90% of costs to eligible companies. Money would be taken from \$200 million surplus now in Skills Development Fund, which gets about \$55 million annually from manufacturers. Additional \$100 million is expected to be earmarked for boosting Singapore's industrial design activity. Trade Development Board said if program is approved manufacturers would get subsidy to send designers overseas to study or to bring in foreign experts.

**Big MAC** dispute with Apple has been taken to court by Management & Computer Services subsidiary of Pentamotion Enterprises. PE says its unit has used acronym MACS for its software since 1966, and that Apple is causing market confusion by using similar designation in promotion for its Macintosh computer. MACS is asking Philadelphia federal court for damages and injunction against Apple.

**Kaypro** has acknowledged it may be missing several million dollars in computer parts inventory. Company had massive inventory buildup earlier this year as sales slowed, was forced to store some parts in such temporary facilities as tents & trailers, though it recently moved everything to secured warehouses. Company says audit turned up parts shortfall of undetermined size.

# TELEVISION DIGEST®

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

With Consumer Electronics

SEPTEMBER 24, 1984

VOL. 24, NO. 39

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**HOUSE PANEL RINGS OUT YEAR:** with broadcast dereg hearing. HR-6122 gets first public airing. NAB pushes radio-only dereg bill. (P. 1)

**NCTA HIT WITH 'LIGHTNING BOLT'** from Dingell after Assn. and cities fail to reach accord on cable bill. Mooney summons board again. (P. 2)

**ROCKEFELLER OUT AS CPB CHMN:** GOP snares control of board with Landau election. CPB funding compromise passes Senate. (P. 3)

**SENATE SPURNS TV COVERAGE** in rebuff to Baker. Radio proposal doesn't surface. (P. 5)

**ASCAP & BMI WIN ON BLANKET LICENSES:** Court overturns ruling that blanket TV music licenses violate antitrust laws. (P. 5)

**JUSTICE PROBING MTV'S** exclusive music video deals with 5 record companies. Competitor's lawsuit charges MTV with antitrust violations. (P. 6)

**NABU HEADED FOR OWNERSHIP CHANGE** after major backer denies new financing. Wheeler and some cable majors considering buying U.S. arm. (P. 6)

**TCI'S FINAL BID FOR PITTSBURGH** cable franchise offers more public service programming, but 2 fewer access studios. (P. 7)

**BROADCASTERS VS. CRITICS ON TV DEREGULATION:** In what's expected to be last congressional activity this year on broadcast deregulation, battle lines for fight next year on new broadcast deregulation legislation were drawn Sept. 19 by industry, public interest groups & lawmakers appearing at House Telecom Subcommittee hearing. NAB, as expected (TVD Sept 17 p6), urged legislators to end argument now by moving HR-6122, newest TV & radio measure (TVD Aug 13 p5), or legislation to deregulate radio only. NAB testimony drew sharp criticism from Subcommittee. There also was discussion on new FCC TV & radio ownership rules (see story elsewhere in this issue).

Subcommittee Chmn. Wirth (D-Colo.) doesn't intend to try to move any of nearly dozen broadcast deregulatory bills before Oct. adjournment, instead designed hearing as way to wrap up 15 months of negotiations among lawmakers on stalled compromise version (TVD April 30 p4) and way to launch new talks next year. It was first public airing of new bill.

### Consumer Electronics

**CAMCORDER, SUPER VHS** in RCA's future, but not 8mm. RCA raises forecasts, sees 7.5-8 million VCRs, over 16 million color sets in '84. (P. 11)

**KOREAN GOVT. MAY PROTEST** 'shocking' high dumping margins assigned TV exporters by ITA. U.S. retailers say case hasn't affected them. (P. 12)

**GE DIGITAL TV** now 9-12 months away, RCA's is further off. About 50,000 digital sets sold in Europe & Japan by ITT & Matsushita. (P. 13)

**SONY STRIKES BACK** with ad campaign on Beta's 'sharper picture than VHS.' Introduces 4" flat-tube TV, autofocus Betamovie, car CD player. (P. 15)

**RCA'S DIMENSIA** system to be launched by 1,000 dealers Oct. 18. Company surprised, plans cheaper version. (P. 16)

**GE RESTRUCTURES**, forms Consumer Electronics Business Operations, eliminates separate sales units for video & audio products. (P. 16)

**PARAMOUNT CUTTING PRICE** of 25 major titles to \$25 in Christmas promotion with 3M. (P. 17)

**MTS IS CONTAGIOUS** as 3rd stereo station goes on air. Seattle, L.A., Hartford double debuts. 27 stations on list. (P. 17)



Session was quite partisan, with lawmakers involved in bill negotiations blaming each other or NAB for inability to reach compromise. "One thing that has become abundantly clear is that for any communications legislation to be enacted, compromise is necessary," Wirth said. "The NAB, in the end, was not prepared to compromise."

NAB Pres. Edward Fritts disagreed, said broadcasters were "most willing to compromise, to work and trade." But he said talks deviated from broadcasters' goals of ending comparative renewal and codifying FCC radio deregulation, forcing Assn. to choose between supporting compromise that was more regulatory than broadcasters wanted and no bill at all. Recognizing TV deregulation is controversial in Congress, Fritts advocated immediate action on radio alone either as separate new legislation or part of another bill certain to move, such as compromise CPB budget authorization that replaced version President vetoed (see story elsewhere in this issue).

Fritts admitted later that he wasn't optimistic House would do anything in current session, even though he suggested as alternative that Subcommittee vote out NAB-opposed HR-6122, sponsored by Wirth, Reps. Bryant & Leland (both D-Tex.), Swift (D-Wash.) and parent panel Chmn. Dingell (D-Mich.), in order to give full Committee chance to discuss issue. He was supported in plea by Reps. Broyhill (R-N.C.), Rinaldo (R-N.J.) & Tauzin (D-La.).

Wirth allies, including Dingell, denounced NAB for pushing what they said was deregulation without strings attached and questioned why Congress should give broadcasters unrestricted access to spectrum. Industry supporters countered by claiming current renewal process leaves broadcasters easy prey to speculators & lawyers seeking big fees. Broyhill dramatized point with 10-ft. stack of FCC filings in WESH-TV Daytona Beach, Fla. renewal case.

Some lawmakers & witnesses said HR-6122 compromised too much. "The bottom line is that it doesn't guarantee that radio & TV stations will better serve all members of their listening communities," said Samuel Simon, exec. dir. of Telecommunications Research & Action Center. Media Access Project Exec. Dir. Andrew Schwartzman criticized HR-6122 for not including mandatory programming for elderly, children & minorities. Leland said bill's equal employment requirements are too lenient for some of his constituents.

FCC Mass Media Bureau Chief James McKinney cited Commission's enforcement and First Amendment problems with quantified programming standard, raised new concerns that HR-6122 would impose administrative burdens on FCC, adding to budget strain. McKinney was particularly troubled by language in petition-to-deny provisions that would forbid settlement payments without prior FCC approval, said it may not end use of method to extort payments from broadcasters in exchange for withdrawing petition and might add "new administrative complication to the process." Legislators, particularly Tauzin, disagreed strongly. Tauzin said language was necessary, among few points on which he agreed with opponents.

**NCTA & CITIES AGAIN FAIL TO REACH ACCORD:** After talking 6-1/2 hours Sept. 19, representatives of NCTA and cities made some progress but again failed to reach accord on compromise changes in HR-4103 that would make deregulatory bill acceptable to all. Both sides pleaded their cases next day before House Energy & Commerce Committee Chmn. Dingell (D-Mich.), who pressured parties, especially NCTA, to be more flexible. To see if there's more room for compromise, NCTA summoned its board to Washington for 3rd time in last 9 weeks, while National League of Cities (NLC) negotiators called on group's Steering Committee for direction.

Dingell denounced NCTA at week's end, accusing industry of "intransigence" in bargaining with cities. He commended cities for "going the extra mile" of proposing compromise on franchise renewal, especially since it was NCTA that "repudiated the agreement ratified... only last June [TVD July 2 p3]." No agreement is possible, Dingell said, "until the cable industry proposes a resolution of the rate regulation issue that is acceptable to the cities."

"I can express only anger and disappointment," Dingell said, "at the greed and arrogance of those leaders of the industry who have tied the hands of their negotiators." He accused industry of "public-be-damned attitude," said ultimate victim "will be the cable industry itself."

Responding to Dingell statement, NCTA Pres. James Mooney said: "Any lobbyist in his right mind would recognize [it] as a lightning bolt, but I think the chairman is leaving us some room for redemption." Mooney said he summoned board because members at last meeting on cable bill (TVD Sept 10 p2) said "they wanted to be called if there wasn't a deal, and I am complying with their desires." Purpose of meeting is "to apprise them of the situation and to receive any further instructions they may wish to give me," he said.

At one point last week, Dingell discussed imposing own compromise on parties that would allow him to move bill before Oct. adjournment. Many observers said it was possible that industry, perhaps both parties, went into meeting never intending to reach accord, that better politics internally for each was for Dingell to impose decision upon them. This would allow both sides to disavow bill yet still appease their members without completely losing credibility on Hill. But idea for forced settlement was laid aside for present, may be taken up again this week after negotiators for cable & cities receive new policy direction.

It was rate regulation issue that bogged down last week's marathon bargaining session. NLC and U.S. Conference of Mayors (USCM) negotiators were ready to discuss most of NCTA's franchise renewal demands and much progress had been made toward accommodation after about 5 hours of talks. Then negotiators moved on to rate regulation -- and it was there that trouble arose.

Cities wanted bill to specify 2 years' continued rate regulation, but in exchange NCTA wanted automatic 5% annual rate increase plus right to pass through to subscribers any rise in programming costs. At one point, cities offered 2-year rate regulation and either 5% automatic rate increase or programming cost pass-through, but not both. Bill now specifies that city control over cable rates would continue for 4 years, but would allow operators 5% automatic annual increase and permit them to drop service that had dramatically escalated in price.

Further complicating matters, NCTA late in negotiations demanded that at end of 2-year transition to deregulated rates, operator be free to add, delete or realign services at his choosing, as is allowed in FCC's Nev. decision. NCTA also wanted bill to grandfather any operator who already had reconfigured service offerings or rates in light of Nev. decision. That demand angered USCM, which took it as slap at New Orleans mayor who is incoming USCM pres. (Cox Cable recently raised rates and restructured tiers there, citing Nev. power.) When neither side would budge on rate regulation, parties agreed that there was no possibility of agreement and wearily left bargaining table.

Dingell statement doesn't attack Mooney, observers noted, instead directs ire at those board members who have kept him on short leash in bargaining with cities. "This may be a setup," one observer warned: "Mooney can walk into that [NCTA board] meeting, read that statement and tell them they either cave in on [regulation of] rates or Dingell will never talk to the industry again."

REPUBLICANS GAIN CHMN. SEAT AT CPB: Republicans consolidated their control over CPB board last week, defeating Sharon Rockefeller reelection bid and elevating Sonia Landau into seat. Landau, head of Women for Reagan-Bush Committee, denied that her election politicized board and called "counterproductive" public broadcasters' attempts to make election issue out of CPB's problems obtaining new funding authorization.

Landau won 6-4 in secret ballot. Last-minute seating of 3 new board members, confirmed by Senate on evening before meeting, didn't have impact expected (TVD Sept 10 p6). We were



told that Lloyd Kaiser, pres. of WQED-TV-FM/WQEX Pittsburgh, supported Rockefeller, and Howard Gutin, pres.-gen. mgr. of KLRU Austin/KLRN-TV San Antonio and Conn. industrialist William Hanley voted for Landau. Board also elected Kenneth Towery vice chmn. Towery is ex-top aide to Sen. Tower (R-Tex.) and 1955 Pulitzer Prize winner.

Still hanging in balance is fate of CPB Pres. Edward Pfister and Vp-Gen. Counsel Linda Dorian. Fueling public broadcasters' concerns about changes in board philosophy & management, board deferred action on reappointing all corporate officers until Jan. 1985.

Rockefeller tried hard to avoid defeat. Her supporters called public TV stations asking them to urge undecided board members to vote for Rockefeller, who's godchild of Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.), daughter of Sen. Percy (R-Ill.) and wife of W.Va. Gov. and Democratic Senate candidate Jay Rockefeller. Southern Educational Communications Assn. (SECA) executive committee endorsed Rockefeller. SECA Pres. Virginia Fox said after CPB meeting that she'll adopt wait-&-see attitude on Landau but expects from her past record that she will do good job. Fox said strong push by public broadcasters for Rockefeller wasn't "anti-Sonia" move, just "pro-Sharon."

Pressure was applied by Hill as well, particularly from Senate side, where there was concern board would become too Republican & conservative, we learned. Senate Democrats had been objecting to nominees, agreed only at 11th hour to have confirmation hearings Sept. 19; issue quickly surfaced there. Gutin was chided for listing political affiliation in Senate filing as independent. Sen. Ford (D-Ky.) said: "It just seems to me you ought to be on one side or the other and maybe you don't want to be." Gutin admitted that he voted in last Democratic primary in Tex.

CPB funding question also neared solution last week. Senate moved quickly Sept. 20 to pass compromise authorization (S-607) proposed earlier in day by Goldwater. New measure, which House GOP promised to oppose, is \$81 million higher than President apparently wants. But House Democrats are expected to overcome GOP opposition. S-607 would provide \$200 million in FY 1987 for CPB, \$225 million in 1988 and \$250 million in 1989, plus \$25 million in 1985, \$35 million in 1986 and \$40 million in 1987 for Public Telecommunications Facilities Program administered by NTIA. Goldwater said funding figures in new bill represent "minimum level that we believe will allow public broadcasters to provide the kind of quality programming we expect."

Stereo sound and multilingual channel capacity will begin on Wold Communications Satellite TV Network Oct. 1. Premiere of service follows FCC decision last Dec. to establish single standard for multichannel TV sound (MTS), coincides with fall debut of new stereo TV sets by major manufacturers. Stations also will begin stereo broadcasting at that time. Much as it did with earth stations in 1981, Wold will be "seeding" marketplace with MTS receivers it has chosen from Wegener Communications, will offer Series 1600 subcarrier transmission system & Panda II noise reduction system for MTS transmissions to affiliates.

NBC News has changed policy slightly on election reporting. In memo to affiliates, News Pres. Lawrence Grossman said network wouldn't call winners in any state until NBC has begun to receive returns from that state. "We will wait for the first reported vote total to come in before projecting a winner," he said. "That is not to say we will not be reporting on trends." Network has based some projections on exit polling before any official returns have been announced.

Brenda Williams, successor to Christine Craft as news anchor on KMBC-TV Kansas City, has filed race & sex discrimination suit against station with Equal Employment Opportunity Commission. Contract of Williams (who is on medical leave) expired Sept. 13 after talks were broken off in July on new pact. She is scheduled to return to KMBC-TV early in Oct. on month-by-month basis. KMBC-TV News Dir. Michael Sullivan said station hasn't received copy of complaint but "we are confident there can be no grounds to support a charge that we have discriminated against Brenda Williams," who is black.

Chris-Craft Industries (2 TV stations) and United TV (4 TVs) are involved in merger discussions. Chris-Craft currently owns 50.1% of United through its subsidiary BHC Inc. Contemplated is transfer of Chris-Craft's KCOP L.A. & KPTV Portland, Ore. to United for stock, though terms haven't been decided.

Senate joined House Sept. 21 in approving resolution asking networks for voluntary ban on early election projections this year. H. Con. Res. 321 passed by voice vote.

**SENATE REJECTS TV CAMERAS:** Last-ditch effort to bring TV & radio coverage into Senate chamber ended Sept. 21 in defeat for retiring Majority Leader Baker (R-Tenn.). Senate GOP was unable to break filibuster stalling vote on S. Res.-66 calling for gavel-to-gavel live coverage with feed provided free to broadcast news media. Proposed radio-only alternative didn't get chance to be considered.

Senate GOP leaders spent week frantically trying to wrench compromise from Democrats, might even have settled on radio-only proposal as long as something was passed as favor to retiring Baker. But Democrats, led by Sen. Stennis (D-Miss.), opposed all plans as too costly and likely to change character of Senate. Final effort to stop filibuster failed, 37-44. Afterward, Baker said he wouldn't seek to end filibuster again before Oct. adjournment, effectively killing proposal.

If filibuster had been quashed, Sen. Ford (D-Ky.) planned counterproposal of radio-only coverage (TVD June 20/83 p4) as way to keep TV out.

S. Res.-66 sought \$3.5 million to build control room, install 6 cameras, renovate sound & lighting systems. Senate staff would operate cameras by remote control and cameras would be focused only on speakers. Ford estimated radio system would cost Senate \$70,000 annually to maintain.

GOP tried dramatizing issue. Senate Republican Conference had TV camera set up outside chamber trained on closed door and 2 TV monitors -- one showing door, other showing C-SPAN broadcast of House action. C-SPAN officials were disappointed by Senate vote, had been hoping to add Senate coverage to daily feed regardless of format lawmakers approved, official said.

In surprise turnaround at last minute, Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) joined opponents. He said he switched to opposition because he feared TV in Senate would generate same kind of partisan disputes that House has had over control of cameras (TVD May 14 p8).

Meanwhile, seeking to end bickering over TV coverage in House, Rep. Lott (R-Miss.) last week introduced H. Res. 580 that would turn control of cameras over to broadcasters who cover House as members of Radio & TV Correspondents Gallery.

VOA has contracted with private group, Costa Rican Assn. for Information & Culture, for use of transmitters to broadcast Voice programming into Costa Rica & Nicaragua. Secret deal, arranged by USIA after request by Costa Rican Pres. Luis Monge in 1983 letter to President Reagan, was signed Aug. 31. VOA will pay \$3.2 million for facilities, \$168,000 annual user fee. Contract is part of proposed \$1 billion VOA modernization program to expand and improve facilities worldwide. Similar relay station deals have been arranged for Morocco, Sri Lanka, Thailand.

**TV MUSIC LICENSES UPHOLD:** Blanket TV music license performance contracts don't violate antitrust laws, 2nd U.S. Appeals Court, N.Y., ruled unanimously Sept. 18 in overturning 1982 district court decision. Suit had been brought by group of TV stations led by WIVB-TV Buffalo, whose Pres. Leslie Arries also is member of NAB TV board and chmn. of All-Industry TV Music Licensing Committee. Arries said stations would appeal to U.S. Supreme Court.

Committee and its TV station members have been fighting ASCAP & BMI blanket licenses for years. But Appeals Court said: "Since the blanket license restrains no one from bargaining over the purchase and sale of music performance rights, it is not a restraint unless it were proven that there are no realistically available alternatives... The plaintiffs did not present evidence to establish the absence of realistic alternatives."

In 1982 decision favoring stations, U.S. Dist. Judge Lee Gagliardi held that TV stations don't have market power against BMI & ASCAP that TV networks can exert. In 1979, CBS lost similar case against blanket licenses. Appeals Court had ruled in favor of network but was reversed by Supreme Court, which contended CBS had wherewithal to bypass music licensing firms in obtaining performance rights directly from copyright owners.

Commented BMI Pres. Edward Cramer: "We are delighted with the Court's decision [which] was the right one and that, to me, was never in doubt." Said ASCAP Pres. Hal David: "This is a big day for ASCAP and all the songwriters and music publishers... We always knew the system was not illegal."

**Sales & transfers:** Elf Communications bought WNOX(AM)-WNKX(FM) Knoxville, WJRB(AM)-WJKZ(FM) Nashville & WVOK(AM)-WRKK(FM) Birmingham from MetroGeneral Communications for \$10 million. Elf is headed by John Lack, ex-Warner Amex Cable and CBS Radio... Journal Co. bought WFSI-TV Lansing for \$9 million from F&S Development & Investment Group... Seonnix Group Bestg. acquired WBOS(FM) Boston for \$6.83 million from Champion Bestg. System... Capitol Bestg. is selling WDRV(AM)-WLTV(FM) Statesville-Charlotte for \$4 million cash to James & Ray Goodman, who own WRAL-TV-FM Raleigh... A.S. Abell Communications (Baltimore Sunpapers) plans to sell 6 radio stations to Stephen Seymour, who steps down as Abell pres. Seymour also will acquire Abell's option to purchase WLFL-TV Raleigh, N.C. Abell will retain WMAR-TV Baltimore... UPI said it will sell WFBN Joliet-Chicago for \$40 million... Harte-Hanks is selling last 2 radio stations, KKBQ-AM-FM Houston, to Gannett for undisclosed amount.

Burnup & Sims has been selected to construct Milwaukee cable system for Warner Amex. B&S will be paid \$12.5 million to build 1,250 miles, excluding electronics.



**JUSTICE PROBES MTV:** Dept. of Justice Antitrust Div. has begun probe into MTV Networks and exclusivity contracts for music videos it has signed with at least 5 major record companies. In addition, Discovery Music Network (DMN), cable music network to be launched Jan. 1, filed U.S. Dist. Court, L.A., suit Sept. 19 against MTV, claiming contracts violate antitrust laws. MTV is 2/3-owned by American Express & Warner Communications, 1/3 by public.

DoJ probe is based on allegations agency has received, spokesman Mark Sheehan told us. He described inquiry as "routine" and "preliminary" civil investigation. Inquiry isn't related to Discovery's suit, he said.

"MTV has illegally maintained and used its dominant position in the video music programming market as a lever to create a monopoly in another market: The distribution of music videos produced by the major record companies," according to complaint by DMN, which is being started by Financial News Network founders Glen Taylor & Karen Tyler.

DMN said its lawsuit was prompted by MTV announcement last month that it will start 2nd music video channel for older viewers. Performers such as Billy Joel, Michael Jackson, Rick Springfield & Bruce Springsteen are covered by pacts, and DMN would seek to program their material on its service, DMN official said. However, MTV hasn't yet said it will use exclusivity arrangements for 2nd, as yet unnamed, service.

Same day suit was announced, MTV said it signed 5th pact, with Polygram. Until now, MTV hadn't gone out of its way to publicize names of record companies. Names of 4 others -- CBS, RCA, MCA & Geffen -- were obtained from MTV stock prospectus. Those 4 plus Warner's Elektra/Asylum are named in suit, although MTV deal with Elektra/Asylum has been mentioned only in press.

Turner Bestg., which will start Cable Music Channel Oct. 26, doesn't plan similar court action, according to spokesman Arthur Sando. He said CMC is having no problem pulling together clips because exclusivity is for short period and CMC will cover broader range of music than MTV. Official said CMC had signed 5 charter advertisers, including Paramount, Tri-Star Pictures and Wrigley.

National Religious Bestrs. convention will be held Feb. 3-6 at Sheraton Washington Hotel. Jerry Falwell will be congressional breakfast speaker, Billy Graham will address banquet. Falwell also will appear jointly with Sen. Kennedy (D-Mass.); although it won't be "debate," each will respond to comments made by other. Contact: 201-428-5400.

FCC started rulemaking Sept. 20 to streamline CARS CP & licensing process (RM 4328), will receive comments until Nov. 13, replies Nov. 28.

**NABU NEEDS NEW INVESTORS:** Canada's NABU Network plans to lay off bulk of staff by Nov. 13 and last week was talking with several investors about change in ownership of faltering business. We're told it's possible that NABU Pres. Thomas Wheeler and some of his board members, who are majors in U.S. cable industry, will buy out American segment of business and take it private.

NABU's financial pinch became stranglehold when Canadian real estate giant Campeau Corp., company's major investor and shareholder, decided not to advance \$27 million in additional financing. Decision to turn off cash spigot was partially influenced by NABU's \$5 million 2nd-quarter deficit. Without new financing, NABU said it can operate at current levels for only 2 months.

NABU had anticipated laying off many technicians, but Campeau action means that everyone -- more than 175 people -- from chairman on down technically is on dismissal notice. NABU U.S., based in Alexandria, Va., where it's undergoing field test on Tribune cable system, also has cut staff. Wheeler said he fired a secretary, an accountant and a PR person, but "our team is still together."

"This is certainly not something we welcomed," said Wheeler, former NCTA pres., "but it's not something that means NABU won't be here."

RCA backed out of recent talks on investing in NABU because of unfamiliarity with field, we're advised. Others have since expressed interest in investing in company, and NABU now has nondisclosure agreements with 3 companies to allow them to examine its books.

Wheeler wouldn't deny that he and several of his NABU U.S. board members, with Campeau's knowledge, are exploring putting together group of investors from U.S. cable industry to buy American segment. On that board are Daniels & Assoc. Vice Chmn. John Saeman, Tribune Cable CEO Douglas Dittrick and Communications Technology Management Pres. Robert Schmidt, among others.

**Political "hotline"** will be operated by NAB for 3rd straight national election to help broadcasters answer equal time & fairness questions. On Washington end of phone again will be William Ray, former chief of FCC Complaints & Compliance Div. and author of primer on political broadcasting. Starting Oct. 1, line will be open 11 a.m.-7 p.m. weekdays and on last 2 weekends before Nov. 6 elections. Phone is 800-554-4551.

Harte-Hanks will sell its remaining 2 radio stations, KKBQ-AM-FM Houston, to Gannett, which brings Gannett total to 8 AMs & 8 FM. Value of transaction wasn't disclosed. H-H previously sold 7 radio stations to H-H Radio Group Pres. Gary Edens (TVD Sept 17 p7).

**TCI GETS SPECIFIC WITH PITTSBURGH:** In what it called its "final proposal" for buyout of Warner Amex's ailing Pittsburgh cable system, TCI on Sept. 14 offered city 24% minority employment, channels for deaf & blind subscribers, 2 new public service channels plus support for public access for next 2 years. Asked if plan is TCI's final position, Senior Vp John Sie told us: "Yes, it is."

"It's an improvement over their first proposal" submitted Sept. 6, said Pittsburgh cable administrator Brother Richard Emenecker. He said TCI's original plan to buy out Warner for \$93.5 million left unanswered how No. 1 MSO would treat sensitive issues such as minority employment, programming for special audiences and local origination. Only unresolved major issue, Emenecker and others said, is whether TCI will agree to wire 743 homes that Warner, after 4-1/2 years of building, couldn't reach because of right-of-way problems.

TCI said it would operate Community Communications public access facilities for 2-year transitional period. After that, TCI would turn over public access to nonprofit entity, lease all existing studio equipment to it for \$1 annually. But TCI then would shut down 2 of 5 neighborhood public access studios, release 4 of 5 employees who train public to use those facilities, seek 25¢ monthly rate hike to generate funds to support public access.

Sie said Mellon Bank has agreed to be lead bank in consortium that will put up \$60 million to finance TCI acquisition. Lending agreement is based on TCI current business plan, could be withdrawn if company were forced into accepting more onerous franchise terms, Sie said. Plan includes one-year rate freeze on all services, he said.

TCI acquisition agreement with Warner, reached in March, expires Oct. 31. If no final accord has been reached with Pittsburgh by then for taking over franchise, TCI may well walk away, Sie said. "We have certain resources and opportunities in the industry at large if the thing goes beyond this [deadline]," said Sie in also pointing out that Warner agreement can be extended. But "if the city doesn't want us, they've had plenty of time to decide." On other hand: "I think that we have satisfied most concerns the city has operationally or financially. We don't see any problems."

United Church of Christ and 4 other Protestant groups have asked U.S. Court of Appeals, D.C. to overturn March ruling by FCC that CBS Reports program The Gospel According to Whom didn't violate fairness doctrine. Program, aired in Jan. 1983, focused on missionary and relief funds overseas.

Satellite Program Network will move to Satcom 3R TR 6 on Jan. 1 from Satcom 4 and will start 5¢ per subscriber fee, officials said. Ad-supported cable network, which claims 11 million viewers, has been free.

**SYMPATHY ON HILL FOR FCC CRITICS:** In 2nd part of what really was 2 hearings last week (see story elsewhere in this issue), House Telecom Subcommittee turned to new FCC TV & radio ownership rules, same topic Senate Judiciary Committee examined in hearing week before with some of same witnesses (TVD Sept 17 p1). Subcommittee antipathy toward FCC decision was reflected in sympathetic reception it gave critics.

MPAA Pres. Jack Valenti repeated testimony given Senate panel, advocating that 3 networks must be treated differently from other group owners and not be allowed to increase station ownership. He tentatively endorsed market "reach" idea in HR-6134 by Reps. Dingell (D-Mich.), Leland (D-Tex.) & Wirth (D-Colo.) that would limit station ownership by size of market & number of households covered (TVD Aug 13 p1). But he said limiting station reach to maximum 30% of households, no more than 25% by VHF, was too high and asked that bill carefully define "markets." Public interest groups also endorsed HR-6134 with qualifications.

Group W TV Pres. William Baker endorsed percentage cap, opposed 1990 sunset provision, instead urged FCC reconsideration in 10 years, said HR-6134 had "considerable merit." NBC Exec. Vp Corydon Dunham, who also was speaking for ABC & CBS, was cautious in testimony, avoided endorsing new bill by name, but said: "[Networks] would support a combination of a reasonable ownership cap based upon the percentage of homes reached, together with a limit based on number of stations," and higher ceiling for minority-owned stations. Networks "wouldn't object" if sunset language is killed, he said.

Less enthusiastic was Joseph Dougherty, pres. of Capital Cities Communications Bestg. Div. Although he said ownership cap at 12 AM, 12 PM & 12 TV stations could work well combined with market reach limit, "there is no perfect way to formulate group ownership limits at the national level. Approaches based on... population... have drawbacks every bit as serious" as station cap. Point system proposed in latest TV & radio deregulation measure, multi-sponsored HR-6122, for ranking market sizes to determine reach would be cumbersome and difficult, Dougherty said.

**Clarification:** In testimony before Senate Judiciary Committee (TVD Sept 17 p2), Hubbard Bestg. Pres. Stanley Hubbard urged Congress to eliminate FCC station ownership limits for "terrestrial satellite TV stations" that carry chiefly simultaneous rebroadcasts from parent station to markets too small to sustain own full-service outlet.

Walda Roseman, Intelsat senior exec. for external relations and onetime CPB exec. vp, is on final list of candidates for presidency of National Assn. of Public TV Stations, we're told. She would neither confirm nor deny report.



**VIDEOTEX SERVICES TO BOW:** After 3 or 4 missed deadlines, Keyfax videotex service is now set for Nov. 1 rollout in Chicago area. By then, Rupert Murdoch's News America Publishing Co. will have sold 16% share to current partners Centel & Honeywell. In early Oct., also after several delays, Times Mirror's Gateway videotex venture is due for commercial start in Orange County, Cal. Unofficially, it's available now from store in Irvine, Cal. mall.

Both ventures aim to provide electronic banking, shopping and news to consumers in homes at time when many in field, including AT&T, are reevaluating consumer demand and moving into business videotex markets.

Services have been plagued by delays: Gateway had said it would start in mid-1984, then backed off to "after Summer Olympics," now is talking first week of Oct. As for Keyfax, it missed deadlines of April 15, midsummer, early Sept. and "perhaps" may miss another one later, official said.

When complex Murdoch sale is settled, Centel will own about 2/3 of Keyfax, Honeywell about 1/3. Murdoch's Chicago Sun-Times will remain as information provider but will be paid only token amount for news and, eventually, classified ads, official said.

Like Knight-Ridder's Viewtron in Miami, Keyfax & Gateway are menu-driven, rely on slow-moving graphics, won't offer home banking until months after commercial startups. Gateway, partnership of Times Mirror subsidiary and Infomart of Toronto, will lease AT&T Sceptre terminals as part of \$29.95 monthly cost for first 2,000 subscribers. Keyfax prices are based on usage: \$9.95 for 5 hours, \$24.95 for 15 hours, \$5 for each additional hour. Keyfax will lease or rent terminals as well as sell units made by Honeywell subsidiary for \$750.

Petitions by Stop Marketing Alcohol on Radio & TV (SMART) and other groups seeking ban of beer & wine commercials "raise serious First Amendment concerns regarding commercial speech," as do other petitions before FTC seeking restrictions on advertising, according to FCC Comr. Quello. Speaking to AAF conference in Reno, he warned: "There are influential groups in Washington that simply believe advertising -- and particularly TV-radio advertising -- is socially and economically harmful."

TV stations will lose in 2 expected FCC actions at Sept. 26 meeting: (1) Commission will issue rulemaking looking toward reallocating Ch. 19 for use by L.A. County Police Dept. Proposal also will seek comments on sharing UHF channels with public safety in other parts of country. (2) Agency will deny petitions of NAB, MST and other TV groups for reconsideration of teletext order that doesn't require must-carry of that portion of TV signal.

Ban against cameras & microphones in federal courtrooms will continue, Judicial Conference of U.S. has ruled again. Action came same day CNN appealed decision of N.Y. federal judge not to allow CNN to cover federal trial in libel suit filed against CBS by Gen. William Westmoreland. Conference, headed by U.S. Supreme Court Chief Justice Warren Burger, concluded that coverage would threaten fairness of trials, could prejudice jurors & witnesses and could "produce a distorted impression of the judicial process." Conference report said 78% of 600 federal judges and 84% of trial lawyers opposed TV coverage. Conference didn't poll members of ABA, majority of whom favor TV coverage. In states (41) that permit TV coverage, "some lawyers have been motivated to theatrics and posturing, the cameras being viewed as an effective means of advertising those who desire public recognition [and] some judges may be susceptible to similar influences," Conference said. Vote against coverage by group of 26 federal judges was made by show of hands (with few dissents) after half-hour discussion. Edward Godfrey, WAVE-TV Louisville news dir. and pres. of RTNDA, issued statement "deploring" Judicial Conference action: "The members of the Conference have reached their verdict on the basis of imaginary fears and the prejudices of their colleagues and have ignored the hard evidence presented to them by the 28 news organizations... who petitioned for an end to the ban."

Jack Smith, chief of FCC Common Carrier Bureau, was named by Chmn. Fowler Sept. 20 to succeed Bruce Fein as gen. counsel, effective Oct. 1. Fein reportedly will join Central Intelligence Agency after leaving FCC Sept. 28. Albert (Bert) Halprin, former chief of Policy Div. of Bureau, will return to Commission Oct. 5 as Smith's successor. Halprin currently heads his own consulting firm, is married to Janice Obuchowski, Fowler's legal asst. for common carrier matters. Smith joined FCC Gen. Counsel Office in 1974, represented agency in common carrier court cases. He became Bureau chief 14 months ago. Still vacant is post of chief-of-staff to Fowler, and chmn. told us he plans to leave spot vacant for foreseeable future. Position has been vacant since Randy Nichols left in Aug. to become Comsat gen. counsel.

"Major commitment" has been made by NBC for weekly 30-min. Sun. morning news program for 7-12-year olds to start next year. "Exciting, innovative, intelligent are not adjectives I use lightly," Exec. Producer Herbert Dudnick said. "I expect this effort to be all of these." He said unnamed show won't be "simplistic," it will generate adult interest.

Comcast has completed \$62.4 million limited partnership offering to finance acquisition of Caltec Cablevision, which serves 110,000 subscribers in suburban Baltimore. It's "largest single limited partnership offering ever completed by a cable television company," said Comcast Pres. Ralph Roberts. Offering was managed by Lehman Bros.



Britain's Granada TV is world's best TV company, according to article in Sept.-Oct. issue of Channels magazine. Granada, founded by Lord Sidney Bernstein in Manchester in 1954, has given TV such successes as Coronation Street and Brideshead Revisited. Channels picked other "bests" in communications: (1) Radio -- WFMT(FM) Chicago, known for classical music and daily broadcasts by Studs Terkel. (2) Cable -- C-SPAN. (3) Pay-cable -- Z-Channel, Group W Cable's L.A.-area programming service mixing current movies with classics & foreign films. (4) Local broadcasting -- WCCO-TV-AM Minneapolis-St. Paul. for commitment to community programming. Midwest Communications stations both won Peabody Awards this year. Best TV shows of year: Hill St. Blues, Frontline, Concealed Enemies, Sesame St., Kennedy Center Honors, CNN, Tonight Show, Young & Restless, Kate & Allie, Winter Olympics.

FCC Comr. Rivera wasn't "completely unsurprised" by Court decision on DBS that groups that transmit programming directly to public and retain control over such programming must be considered broadcasters under Communications Act. Speaking before IEEE symposium in Washington, he said Court action "sounds the death knell for the FCC's ability to continue the fiction that new television services are something other than broadcasting." Proof of the importance of this issue "lies in the fact that the Commission has appealed the DBS decision to the full D.C. Circuit [Appeals Court, seeking en banc rehearing]. I'm sure, if necessary, the FCC will appeal the case to the U.S. Supreme Court," Rivera said.

Responding to NAB survey of TARPAC contributors, 35.8% said they "strongly agree" that broadcast industry "should be more aggressive with our legislative enemies by seeking out challengers to unfriendly incumbents and working to defeat those incumbents." Another 45.7% said they agreed with concept while 14.6% disagreed. Among reasons given for supporting TARPAC: "My boss requested;" "we have to look out for ourselves;" "common sense;" "we need the clout;" "my general manager insisted;" "to protect my business interests;" "it's the way the game is played;" "we need to be heard in Congress;" "them that has the gold rules;" "just paying my dues."

ABC Chmn. Leonard Goldenson will renew his get-out-the-vote campaign in Sept. 25 speech to IRTS lunch in N.Y. ABC will locate booths immediately outside Waldorf-Astoria Ballroom (where Goldenson speaks) to register N.Y. & N.J. voters on spot, will have information booth for Conn. voters (who are prohibited by law from registering out of state), plus forms for absentee ballots.

American Christian TV System (ACTS) is moving programming to Spacenet 1, TR 8 from Westar 5 satellite. Until Oct. 1, programming will be transmitted simultaneously on both birds. Southern Baptists' ACTS also is expanding schedule from 18 to 24 hours per day.

Commercial TV stations were rapped Sept. 21 by House Telecom Subcommittee Chmn. Wirth (D-Colo.), who scored industry's "atrocious" record on children's programming, urged educators to press for increased federal funding for Corp. for Public Bestg. as way to fill gap. In remarks prepared for N.Y. conference on TV & education sponsored by Carnegie Corp., Wirth criticized networks' fall schedules as "sleaze" because of heavy emphasis on action shows: "TV producers believe that Americans will only tune in if they get their daily fix of violence, sex, car crashes and chase scenes." He also attacked FCC for doing little about problem, noted irony in President's vetoing CPB funding when FCC Chmn. Fowler has been arguing in congressional testimony that public TV should carry burden of producing better children's shows.

Miami ordinance banning "indecent" on cable was debated during oral argument Sept. 20 before 3-judge panel of 11th U.S. Appeals Court sitting in Miami. City's appeal came after ordinance was struck down in federal court last year. Ordinance empowers city mgr., upon his conclusion that program aired on cable is "indecent," to issue fines and other sanctions. Opposing city, as before, are HBO and local resident Ruben Cruz, who instituted case when he was told Miami Cablevision wouldn't offer Playboy Channel because of ordinance. Court isn't expected to rule much before first of year.

NAB & NCTA are among 360 groups whose political action committees (PACs) raised most money in first 6 months of 1984, Federal Election Commission records show. NCTA raised \$200,380 and spent \$142,607; NAB raised \$196,070, spent \$131,934. Also among top groups: GTE, which raised \$147,136 and, with other funds on hand, spent \$149,226; ITT, \$121,030 & \$31,138; Motorola, \$103,626 & \$62,496. Nation's nearly 4,000 PACs raised \$87.3 million in first 6 months, spent \$74.7 million. Including money already in treasury, PACs still had \$79.2 million available for campaigns before Nov. elections.

CBS has placed \$11 million order for Sony Betacam 1/2" ENG equipment. Network, which already has 13 Betacam camcorders, will use new gear at N.Y. News Center and WCAU-TV Philadelphia. Although SMPTE in U.S. has given up on developing camcorder standardization, Sony notes that EBU has recommended Betacam format for ENG analog component recording equipment and CBC has adopted Betacam as its ENG standard.

### Obituary

Robert Guy, 63, KING-TV Seattle program dir. 1970-1980 and a co-founder of NATPE, died Sept. 11 from complications resulting from earlier hip injury. Since leaving KING-TV he had been vp-broadcasting for Mike Parker & Assoc. In 30-year TV career, Guy was Storer Bestg. program development mgr. and program dir. at KABC-TV L.A., KCOP L.A. & KNTV San Jose.



## Personals

Charles Moritz promoted to chmn.-CEO, Dun & Bradstreet, Robert Weissman to pres.-COO; Henry Burk, Nielsen chmn.-CEO, elected a Dun & Bradstreet dir. & vice chmn.; Arthur Nielsen Jr., Nielsen executive committee chmn., elected a dir. (Dun & Bradstreet recently acquired Nielsen).

FCC calendar for Sept. 27-29: Comr. Mimi Dawson addresses Special Industrial Radio Service Assn. annual membership meeting, Sept. 27, Boca Raton, Fla.; Comr. Henry Rivera participates at U.S.-Mexican Consultations on International Communications & Information, Mexico City, Sept. 27; Comr. Dennis Patrick addresses Fla. Assn. of Bcstrs. Sept. 29 on "Broadcasting: Loosening the Regulatory Grip," Sand Piper Bay, Port St. Lucie.

Alan Donnahoe, Media General vice chmn.-CEO, retires Dec. 31 as CEO, will remain vice chmn. and a dir.; James Evans, pres.-COO, will succeed him as CEO... Jerry Franklin, ex-WGBY-TV Springfield, Mass., named CEO, Conn. Public Bestg., becomes pres. in June 1985, succeeding Paul Taff, retiring... Mark Monsky, news consultant to NBC TV Stations Div., named div. vp for news, succeeding Jerry Nachman, who moves to news dir., WNBC-TV N.Y.... Felicia Trader appointed business mgr., KGW-TV-AM/KINK(FM) Portland, Ore.; Stephen Newman advanced to gen. sales mgr., KGW-TV.

Raul Rodriguez, ex-NTIA, becomes of counsel to Washington law firm of Norman Leventhal... David Godbout, ex-KTRV Nampa, Ida., appointed national sales mgr., WRGT-TV Dayton... James Tierney promoted to FCC deputy chief administrative law judge... David Nicoll, ex-Mintz, Levin, Cohn, Ferris, Glovsky & Popeo law firm, joins legal staff of NCTA.

Michael LoCollo, ex-ABC, appointed engineering dir., RF Systems, Wold Communications... Caroline Vanderlip, ex-Thorn EMI, named business affairs vp, King World, new post... Daniel Harrison promoted to pres.-Almi TV Productions, succeeding Chuck Larsen, now exec. vp-syndicated sales, D.L. Taffner Ltd.

FCC Chmn. Mark Fowler & NAB Pres. Edward Fritts address Oct. 15 luncheon of Pa. Assn. of Bcstrs. convention, Hershey; Kathleen Sullivan, ABC, speaks at opening banquet Oct. 14; Edward Godfrey, RTNDA pres. and news dir. of WAVE-TV Louisville, speaks at Oct. 15 session on news; NBC TV Network Pres. Pier Mapes discusses election night coverage at Oct. 15 dinner... Frederick Barber, WSB-TV Atlanta vp-gen. mgr., resigns.

W.S. James named senior vp-strategic planning, Showtime/Movie Channel... Joseph Mahon forms Mahon Assoc., telecommunications consultants, 160 West End Ave., Suite 14U, N.Y.

10023, 212-595-6099... Robert Wilson advanced to asst. gen. mgr., Ampex Audio-Video Systems Div., new post.

Roseanne Leto, ex-Scholastic Productions, named program development dir.-N.Y., CBS Entertainment... Santo Crupi, ex-Seltel, appointed mgr., new Avery-Knodel TV office in Boston, 1400 Statler Bldg., Boston 02116, 617-542-0478... Barry Fromberg promoted to corporate development mgr., Comcast.

Edward Johnson, ex-American Can, appointed vp-planning & development, Times Mirror Co., succeeding Peter Fernald, retired... Billie Kolb, ex-Courtesy Assoc., named northeastern region sales mgr., Conrac Alston Div... Fred Standridge, ex-Blair/RAR, appointed southwest region dir., RAB; Raymond Holbrook, ex-WKTC(AM) Lexington, Ky., named northeast region dir.

Edward Wollock promoted to ABC TV Network Central Sales Div. vp, succeeding John Grace, who becomes gen. sales consultant... Elected 1985 officers of Southern Cable TV Assn.: Pres. Robert Bevis, Southland Communications operations dir.; Vp T.W. Meadows, Decatur (Ga.) Telecable; Secy.-Treas. Donald Perry, pres. of Donald Perry & Assoc. brokers... Mark Evens, ex-Direct magazine, appointed a vp, LIN Bestg.

Lew Friant advanced to operations dir., Wold Communications, succeeding Steve Colley, now with NBC... Ben Whitley, ex-HBO, named Charles Greene Assoc. vp specializing in brokering sales & acquisitions of cable TV firms.

Luncheon speakers for ATAS, Century Plaza Hotel, L.A.: Jack Valenti, MPAA pres., Oct. 25; Ted Turner, Turner Bestg. System pres.-chmn., Dec. 4; Merrill Panitt, TV Guide editorial dir., March 22; Elton Rule, Rule/Starger Co., April 16; Robert Bennett, Metromedia, TV broadcasting & productions senior vp, May 24.

Claire Lee promoted to mgr.-publicity & talent relations, Columbia Pictures TV... Patricia Callahan promoted to vp/dir.-broadcast operations, Best. Traffic & Residuals Inc... Benjamin Dickens, ex-National Assn. of State Utility Consumer Advocates, becomes associated with Blooston & Mordkofsky, Washington law firm.

TV advertising will increase 11% in 1985, according to TvB. That's on top of what's expected to be overall 17% growth this year, TvB said in putting 1984 ad spending at \$5.1 billion in local, \$5.6 billion in spot and \$8.2 billion in national billings. TvB's 1985 forecast by categories is that local ads will increase 13-15%, spot 10-12%, network 9-11%.

FCC's 49th annual report for fiscal year 1983 is available (\$5.50) from Govt. Printing Office (stock number 004-000-00431-1), Supt. of Documents, Washington 20402.

# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, 2nd week of Sept. and year to date:

|                  | SEPT.<br>1-6 | 1983<br>WEEK | %<br>CHANGE | AUG.<br>25-31 | 36 WEEKS<br>1984 | 36 WEEKS<br>1983 | %<br>CHANGE |
|------------------|--------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV.....    | 339,650      | 319,195      | + 6.4       | 382,561       | 13,310,955       | 12,262,046       | + 8.6       |
| TOTAL COLOR...   | 279,822*     | 236,676      | +18.2       | 319,035*      | 10,293,288*      | 8,660,447        | +18.9       |
| DIRECT-VIEW..    | 276,613*     | 234,369      | +18.0       | 315,224*      | 10,181,887*      | 8,579,873        | +18.7       |
| PROJECTION..     | 3,209*       | 2,307        | +39.1       | 3,811*        | 111,401*         | 80,574           | +38.3       |
| MONOCHROME....   | 59,828       | 82,519       | -27.5       | 63,526        | 3,017,667        | 3,601,599        | -16.2       |
| TV EXCL. PROJEC. | 336,441      | 316,888      | + 6.2       | 378,750       | 13,199,554       | 12,181,472       | + 8.4       |
| HOME VCR.....    | 121,821*     | 62,534       | +94.8       | 153,166*      | 4,199,284#       | 2,359,661        | +78.0       |
| COLOR CAMERAS... | 9,373*       | 5,446        | +72.1       | 10,745        | 282,712*         | 240,357          | +17.6       |

Color TV (direct-view) 5-week moving average: 1984--304,882\*; 1983--260,217 (up 17.2%).

Home VCR 5-week moving average: 1984--129,252\*; 1983--79,104 (up 63.4%).

\* Record for period. # Exceeds full-year record.

**CAMCORDER, SUPER VHS IN RCA'S FUTURE:** RCA's plans no longer include 8mm camcorder, but they do call for VHS camcorder next year, super VHS system by mid-1986. This timetable was laid out in Q-&-A session last week at N.Y. news conference to introduce Dimensia audio-video system and outline fall ad drive.

Plans for super VCR, as well as camcorder taking full-sized VHS cassette, have been reported exclusively in these pages since last April. Japanese manufacturers have been working toward VCR with resolution up to 400 lines, 50dB signal-to-noise, high-band color recording. It's now clear that RCA has some kind of improved but compatible home VHS system on drawing board, and that camcorder in standard VHS format could be announced soon, possibly for spring delivery.

"We will not introduce an 8mm camcorder in 1984 or 1985," Consumer Electronics Mktg. Vp Stephen Stepnes said. Vp-Gen. Mgr. Joseph Donahue explained: "With all the improvements in VHS, 8mm has only one advantage -- size. Even some of that will be adapted to VHS. Some of the new technology will make it an even better system." These improvements in VHS, he said, would come "in 12-18 months." Asked specifically about camcorder taking full-sized VHS cassette (TVD Sept 10 p10), Donahue replied, "that's a very good idea, but not this year." However, he later indicated announcement could come before year's end. (In separate development, GE source strongly hinted company would have full-sized VHS camcorder next year as well.)

As for other future products, Donahue said RCA won't have own-brand computer monitor this year, but "will have it in the future." VCR with stereo MTS tuner is "coming," presumably next year. Donahue said RCA sees "definite potential in the whole field of videotex & teletext -- software & economics are holding it up now," but teletext-videotex combination is promising. Stepnes said RCA has looked at play-only videocassette machine (VCP), "but there's not a great deal of cost differential between that and a low-end recorder -- we have no plans, but we'll keep our options open as the rental market grows."



RCA has revised sales forecasts upward, sees \$16 billion retail TV-video sales this year. Color TV sales for 1984, including projection TV, should exceed 16 million units, up from 14.1 million last year, Stepnes predicted, raising forecast from 15.7 million of last May (TV May 21 p14). Beginning next year, RCA sees unit sales "plateau with largest dollar volume at high end." This year 13" sales are up 84%, 25" table models up 87%, remotes 35%, consoles 10%, projection 37%.

In VCR, "no plateau is in sight," with sales of at least 7.5 million this year, possibly as high as 8 million, Stepnes said, raising RCA's forecast of last May by a million. Next year, he added, "we'll still be asking 'how high is up?'" Penetration is now at 14%, "and we're already seeing a replacement & 2nd VCR market." Portables' share of VCR market is down from 17% last year to 12% this year, but RCA's portables are up as percentage, he indicated. Industry percentages would translate to 504,000 portables in year's first 36 weeks, compared with 401,000 in same period last year.

RCA outlined plans for its biggest consumer electronics fall ad campaign in history. Among promotions are \$50-\$75 rebates on MTS stereo TVs, \$100 rebate on Small Wonder solid-state camera, free Footloose movie cassette with VHS Hi-Fi. (Details on Dimensia launch & promotions, elsewhere in this issue.)

Asked about coming competition, Stepnes said Korean VCRs "won't amount to more than 10% of the business," while VHS Hi-Fi will bring customers up to higher priced areas. "Next year we'll be very heavily Hi-Fi." As for complaint by some competitors that RCA is building market share through price-cutting, he retorted: "RCA didn't take the lead in price cuts. Our own line was increased in price last May. After we introduced [it], price moves were made by others, to which we responded. We didn't initiate the erosion; we responded, mostly at the low end. We won't let people come in and take the market away -- anybody can sell by sharpening a pencil." He expressed hope that introduction of stereo systems would "bring some rationale to the market."

Sony is striking back with Betamax ad campaign keyed to "sharper picture than on... VHS." Sony also introduced 4" Watchman, autofocus Betamovie, car CD player. (Details elsewhere in this issue.)

**KOREAN GOVT. MULLS DUMPING LEVY REACTION:** Steep boosts in dumping margins on color TVs imported from Korea, proposed by Commerce's International Trade Administration following pricing review, has shaken Korea up to govt. level, almost certainly will result in diplomatic pressure for some kind of rollback.

As result of review, average margin on color sets exported to U.S. by Samsung would leap from 13.9% imposed last April to staggering 52.5%, while Gold Star would rise to 20.08% from 14.77% and Daewoo to 25.09% from 13.9% (TVD Sept 17 p10). New levels would become official Oct. 31, and Customs probably would start requiring companies to post cash antidumping duty bonds at higher rate in Dec.

In Seoul, Foreign Ministry lodged informal complaint with U.S. Embassy, saying ITA determination was incomprehensible and calling for reconsideration of data and new, lower margin ruling. There also was talk of dispatching high-level mission to U.S. to protest what official termed "shocking" results.

Though case is of major importance to Koreans, there's little chance of any kind of trade retaliation from Korea, according to Deuk Wahn Yu, commercial attache at Embassy in Washington. "Because the U.S. is the largest trading partner of Korea we want to keep very good relations," he said. Yu pointed out case is between Commerce and individual companies, but acknowledged Embassy is "now trying to find out just what the situation is. The new margins were surprisingly high, and we cannot understand this, so now we are trying to

determine the specific reasons." However, he said, Embassy is working with affected TV makers, hasn't yet been directly involved in talks with ITA.

Korea's worries extend well beyond threat high dumping margins pose to color set exports. "Our electronics industry is newly born," Yu said, and color TV is serving as a spearhead product for development of industry at home and overseas sales, "so our overall industry suffers." In addition, Yu pointed out color TVs are prime users of ICs and other advanced parts, and Korean component manufacturers need that high volume to support lower quantity production for use in other products. There also could be impact on color sales to other countries, "so we are very much concerned," Yu said.

ITA source told us margins went up so steeply because Korean companies were unable properly to verify claims for cost adjustments that would have narrowed gap between high home market and lower U.S. prices. ITA and Korean set makers are due to meet at hearing Oct. 1, and it's probable that any diplomatic pressures will center on getting ITA to delay implementation of new results and reverse current position that it will accept no new factual submissions.

It would seem vital to Koreans to get some kind of concession. New margins resulted from expedited review of pricing requested by Koreans themselves in hopes of getting original margins lowered. ITA completed review in 5 months instead of usual 12, and with current massive workload isn't likely to accept new request for quick review. As things stand now, ITA won't start looking at Korean color export pricing again until next May, and if Koreans can't get things changed now they'll be stuck with high dumping margins until May 1986.

Meanwhile, case seems to have had virtually no impact in U.S. TV marketplace. Several major retailers we talked with said they've been given no warnings of possible shortages of low-end Korea-made sets or of any impending price increases. "We're still getting the usual kind of deals offered to us," one told us. Another said that while one of his Korean suppliers increased price on one color model, it cut prices on several others. Another retailer, also seeing price declines, speculated Korean companies may "be cleaning out inventory so they can restructure their new lines at higher prices."

**GE DIGITAL TV NOW 9-12 MONTHS OFF:** Plans for digital TV sets by at least some manufacturers continue to recede further beyond horizon as evaluation of current state of art continues. GE, once one of 2 biggest digital enthusiasts among U.S. TV makers, now says its version won't be along for 9-12 months.

"We looked at what we'd have and saw a picture which wasn't as good as analog" conventional set, said Mkt. Development Mgr. Richard Williams of GE Consumer Electronics Business Operation. "We didn't think we could sell it -- and we certainly didn't want to service it." ITT "is still way ahead of anyone else" in digital TV chip technology, is producing digital VLSI chips and is well on way to next generation, which "is something we'd be happier with," Williams told us.

GE weighed project thoroughly, found digital sets at current stage more expensive to produce in U.S. than analog, even given economies of scale implicit in major changeover of high-end chassis. "In Europe, it's different," said Williams -- European factories make more elaborate sets with much higher labor content, and they're less automated than in U.S.

GE's disenchantment with digital-now started last year when Consumer Electronics Business Operations Vp-Gen. Mgr. Jacques Robinson visited ITT Semiconductors plant in Freiburg, W. Germany, observed it was behind schedule and that at least one chip still wasn't available for testing (TVD Nov 28 p9), then announced last May it was out of "horse race" to be first, wouldn't have product until it could bring "specific features & benefits." Williams now has further clarified time frame.



RCA's view of digital TV is similar to GE's -- but even less optimistic. While company has major project in works, it has never committed to digital TV for near term. Consumer Electronics Vp-Gen. Mgr. Joseph Donahue put it succinctly last week: "Why should we offer a set that's not as good for more money?" He said RCA thinks pictures currently available on digital TV suffer in quality compared with analog. Donahue indicated he thought digital sets would take over market eventually, but implied time frame for RCA's entry was far beyond GE's 9-12 months.

Toshiba is still likely to be first on U.S. market with digital set, talks of having model before year's end, but held up planned Oct. debut, presumably for chip changes to produce better picture (TVD Sept 17 p16). Zenith still plans first-quarter introduction, indicates it thinks it has all problems solved -- former Chmn. Walter Fisher last May said upcoming product was "mind boggling" and would "obsolete everything ever made in TV" (TVD May 14 p13).

There are 2 digital TV sets on consumer market, and around 50,000 have been sold to date. ITT's German SEL brand is said to have sold about 40,000 sets in first year of production at price slightly higher than comparable analog set, while Matsushita reportedly sold 4,000 in Japan in first 3 months and has doubled output to 5,000 monthly because of good sales and in anticipation of exports to U.S., where Panasonic is scheduled to offer it next year. Others may have plans for early entry, but they're not talking.

While GE has close ties with Matsushita and is now buying some small-screen color sets from Japanese company, Williams flatly denied reports in Japan that Matsushita would make digital sets for GE. Meanwhile, ITT is now said to be ready to produce \$10 videotex chip with 8 pages of storage for instant access, to be featured in SEL sets later this year. Chip is said to be usable for U.S. NTSC teletext. All proposed or announced digital TVs use ITT chips.

Warner & Polygram will have to go through complete FTC antitrust review if they want to complete year-old plan for merging worldwide phono record and tape operations. Federal appeals court overturned lower court ruling, granted temporary injunction against merger. Court said FTC had strong enough case to justify trial by administrative law judge. Warner-Polygram would be world's largest record marketer, hold 26% share in U.S. Merger already has been approved by French authority, is still under review in W. German Cartel Office. Following announcement of plan in July 1983, CBS & RCA said they would have to seek similar international tie-ups to remain competitive. MCA said it would be interested in linking its record subsidiary with Polygram if Warner deal falls through.

Computer specialty magazines are continuing to fold. Scholastic is dropping K-Power, will include it as section of its continuing Family Computer magazine effective with Jan. issue. Last June, company acquired rival Microkids, merged it into K-Power. Compute Publications is discontinuing IBM-oriented magazine, PC & PCjr, will start including PC material in continuing Compute in Nov. Ziff-Davis is shutting down Color Computer, PCjr and Microsystems, while CW Communications is discontinuing Microcomputing.

RCA is building \$23.6 million plant for production of submicron-sized very high speed CMOS ICs in Somerville, N.J. Facility will be 62,300 sq. ft. addition to RCA's Solid State Technology Center, is due to start production by end of 1987.

Japan's Matsushita has established \$10 million foundation in U.S. to fund educational programs here. In announcing fund at meeting in N.Y. last week, Chmn. Masaharu Matsushita said it was expression of gratitude for company's 25-year history of success in U.S. In addition to cash grant, Matsushita will absorb foundation's office & administrative expenses. Robert Ingersoll, former U.S. ambassador to Japan, was appointed chmn. Ira Perlman, Matsushita Electric Corp. of America gen. administration vp, will serve as pres.

Nipper is 100 this year. Fox terrier that posed for original "His Master's Voice" trademark was born in Bristol, England in 1884. Painting by Nipper's owner Francis Barraud was first used as logo by Gramophone Co. of London, and was registered in U.S. in 1900 by Victor Talking Machine Co. RCA acquired VTM, and Nipper, in 1929. Nipper was "retired" in U.S. in 1968 when RCA underwent corporate image change, has since been brought back, though in somewhat modified pose. Original version of Nipper is still used by JVC in Japan.

Direct-view 40" color picture tube with 1,000-line resolution, for use with 1,125-line high-definition TV systems, has been developed by Toshiba. Tube uses 12mm electron gun that produces beam spots about half diameter of those from conventional guns. To go along with tube, Toshiba said it also had to come up with new fluorescent substance to improve color purity, revamped dynamic focusing circuit and automatic digital convergence circuit.

**SONY STRIKES BACK:** "Sony is taking the gloves off," said Senior Sales Vp Ed Adis in 14-city teleconference announcing company's fall ad plans to dealers & distributors. Betamax campaign, which started last Fri. (Sept. 21), is keyed to surveys that showed "Sony Betamax records a sharper picture than VHS."

Sony introduced new Watchman with 4" flat tube (TVD Sept 17 p15) and video input, which lists at \$200, while 2" version will be reduced to about \$150 street price. Autofocus Betamovie also is being shipped, and car CD stereo player with AM-FM, still unpriced, will be shipped starting in Oct. or Nov.

TV & print ads will use "sharper picture" theme, mentioning VHS prominently. Commercial shows large group of VHS recorders, informs viewers that "throughout the country, more people said the picture was sharper with Sony Betamax than VHS." Sony Consumer Products Pres. Neil Vander Dussen said that national consumer survey "revealed that more people saw a sharper picture on Betamax VCRs than on 14 top-selling VHS" recorders.

Vander Dussen declined to reveal details of survey, which presumably was conducted among consumers at shopping malls, but said Sony has proof it will reveal when it is challenged. He noted that networks already had seen proof, accepted ads.

Another facet of Beta vs. VHS campaign is software, capitalizing on VHS Hi-Fi's slow start. "Beta has hundreds of hi-fi movies VHS doesn't have," is one claim. "Beta Hi-Fi has over 700 more movies than VHS Hi-Fi." Sony said it would add 80 Video 45 titles to current 65.

Sony's biggest ad campaign, said by Vander Dussen to be budgeted 25-50% above previous drives, also will feature use of Trinitron tubes in aircraft instrumentation and spots on MTV plugging CD contest giving away \$100,000 worth of audio equipment. One promotion is "stadium survival kit" giveaway with purchase of 2" Watchman -- pouch with thermos and space for Watchman.

In informal conversation following teleconference, Vander Dussen invited other Beta brands to join in "sharper picture" promotion. He said Beta has had market share as high as 40% some months this year, put its share at 25-30% this year, with 5.5-6 million in use by year's end out of total 15 million VCRs in place.

Vander Dussen forecast continued strong business through Christmas, but saw slowdown early in 1985 because of "high interest rates, consumer uncertainty, tough government decisions no matter who wins the election." Next year as whole will see "reasonable" sales, but without 1984's rates of increase. He predicted 1984 color TV sales at 15.8-16 million, rising next year to "16.5 million or so." He put 1984 VCR sales at 7.5-8 million, with next year's growth "not so dramatic."

Quasar's ad drive will be geared to innovation, feature heavy TV & magazine use, plugging color TV, VCRs, microwave ovens, CD disc players, use new slogan "Out of Our Minds, Into Your Hands." Special "Fall Values" promotion will feature reduced prices on selected items.

Latest video franchise effort is for do-it-yourself 1/2" videotape editing centers. Video Workshop Franchises, Ft. Lauderdale, has been running pilot operation for year, claims to have signed 3 franchisees, expects to add 50 next year. Centers are supposed to generate about \$200,000-\$250,000 a year from about 700 sq. ft. devoted to tape duplication, film-to-tape transfers, titling, voice recording, etc. Customers pay \$12.50 an hour for use of cubicles housing equipment. "We're renting rooms," said VWF executive David Bawarsky, who told us VHS-Beta ratio is 4-1. Bawarsky estimates that small businesses account for 65% of current revenues, but sees greater potential in consumer duplication. Centers are supposed to screen out material that appears copyrighted, have users sign forms emphasizing penalties for illegal duplication. However, VWF's biggest safeguard against difficulties, he told us, is that "we don't push any buttons." Those eager but inexperienced can learn techniques via 2-hour lesson, using interactive training tape, which costs \$25. More than 200 have taken course at pilot location, which has averaged 11% sales growth every month since Dec. 1983, according to Bawarsky. VWF estimates startup cost at \$90,000-\$95,000 and improvements to physical space at \$10,000-\$20,000. It charges franchises 7% of sales plus 2% for co-op ads.

Canada's NABU Network is on rocks, put most of staff on dismissal notice, and unless it comes up with financing in 2 months it may follow into oblivion others who tried home electronic delivery of computer & game programs. (Details are in Broadcast section of this issue). Earlier this year CATV-based game feeder Playcable shut down and Control Data closed similar phone-fed service. Games Network, CATV-linked service in Cal., is in suspended animation while it seeks financing. There's no sign of life in ventures planned by AT&T with Coleco and by Activision with Atari. Bellsouth, which was to have started test last summer of service using Control Data computer & software, says effort is still in preliminary stage.

**New editions:** 1985 ITA International Source Directory listing products & services of 450 member companies is available free in U.S., Canada & Mexico, for \$4.50 elsewhere, from ITA, 10 Columbus Circle, N.Y.C. 10019... 1985 Video Source Book, 1,900-page guide to 40,000 titles of all types available on tape & disc, including directory of distributors, is \$140 including postage. Excerpted Video Tape & Disc Guide to Home Entertainment, with 5,500 titles, is \$15.95. Both from National Video Clearinghouse, 100 Lafayette Dr., Syosset, N.Y. 11701.



**RCA'S DIMENSIA:** RCA's integrated video-audio system (TVD Sept 17 p11), although not a mass market product, could be forerunner of lower cost systems using same principle, Consumer Electronics Mktg. Vp Stephen Stepnes said last week at introductory N.Y. news conference.

Shipments are starting now, according to Vp-Gen. Mgr. Joseph Donahue, and more than 1,000 dealers will have it by Oct. 18 launch. One company official told us RCA was surprised by number of orders and by types of dealers ordering new product. One indicator of size of initial shipments comes in report from Japan that special Hitachi-made CD player will be delivered to RCA at rate of 2,000-3,000 units monthly.

Donahue said RCA has filed more than 60 U.S. patent applications covering system, which uses "System Link" technique permitting components to be connected in series by simple cable and controlled completely by wireless remote control from monitor receiver, which displays prompts & status reports. As many as 16 components can be connected to system, leaving room for future growth.

Although total price for all system components is \$5,000, they may be purchased separately, and RCA has several introductory promotions. If consumer buys TV & VCR, RCA throws in audio amplifier free; purchaser of amplifier & tuner gets free turntable. When 2 pieces of audio equipment are purchased, RCA pays for installation.

RCA's first 26" set, Dimensia monitor receiver, with all high-end features including 52-button remote control, 33 input & output jacks, lists at \$1,300. High end 5-head VHS Hi-Fi VCR with one-year programmability, on-screen tape counter, is \$1,550. Audio components individually cost \$300 for 50-watt per channel amplifier, \$600 for programmable CD player, \$400 for 3-way speaker system with 11" woofer, \$250 for digital display AM-FM stereo tuner with 16-station memory, \$250 for linear tracking turntable, \$350 for audio cassette deck.

Dimensia comes with 2 "instruction books" -- one hard-covered version and a 2nd on VHS cassette for step-by-step visual instruction.

There's one obvious missing Dimensia component -- CED videodisc player -- and system has holes where it was supposed to have fit. Dimensia has 4 video inputs, marked TV, VCR, Vid2 & Aux. Vid2 was to have been labeled "Disc," and now is officially said to be for use with 2nd VCR. Remote control has buttons for Band & Page, intended for use with advanced interactive CED player that was scrubbed. Monitor has interface that gives direct access to system's central control microprocessor, and could have been used for interactive disc-based computer games. Sole function now is for connection to Commodore 64 computer RCA will offer dealers, along with program that continuously puts Dimensia through its operating paces for display to customers.

Meanwhile, RCA corporate has launched own image-building campaign stressing its recent technology & entertainment accomplishments. Theme is "RCA: One of a Kind."

**GE RESTRUCTURES:** GE completed melding of its video & audio businesses started last spring when they were tenuously linked in Video & Audio Business Operations. Formed in final restructuring is new Consumer Electronics Business Operations (CEBO), which remains under Vp-Gen. Mgr. Jacques Robinson, and has centralized administrative, marketing & manufacturing responsibility for all products.

Only really major change is abolition of separate video & audio sales units, effective Jan. 1. They're being replaced by 2 organizations with overlapping but not identical product lines. Specialty Sales will assume responsibility for dealing with major TV-appliance, electronics & department stores. Staffing will come from Major Appliance Business Group, which formerly handled TV line, and unit will be headed by Gordon Moore, now MABG Cincinnati region mgr.

Mass Merchant Sales unit, being formed from Audio Electronics Dept., will be responsible for sales to catalog houses, mass merchants & drug stores. In charge will be John Dineen, audio east region mgr., who will replace retiring Gen. Sales Mgr. Charles Gustafson in Dec. Both units will hq in Portsmouth, Va., home of GE's video operation, though audio group will remain in Syracuse, N.Y.

On product level, CEBO will break into 5 segments: color TV, audio/video systems (including VCRs & video-related audio equipment), personal entertainment (radios & tape), information & control (phones, CB, home control devices) and new products. John Nick was named Sales & Distribution Dept. gen. mgr., charged with setting up new operations. Richard Williams becomes Mktg. Dept. gen. mgr. Other new department mgrs.: Manuel Hunter, Technology; Blair Fowler, Mfg.; Francis Sericco, Commercial Electronics. Newly named mgrs.: Donald Dight, information & communications systems; John Ossolinski, relations; William Graber, finance. William Marx was appointed gen. counsel.

Universal sound synthesizer developed by Casio in cooperation with noted Japanese musician Isao Tomita is claimed to be able to reproduce any existing sound and create new ones. Cosmo Synthesizer, to sell at about \$42,000, uses microphone to pick up sounds, stores them in digital form. Stored waveforms, or ones drawn by hand, can be displayed on CRT and manipulated, combined & expanded by operator.

Electronic fish tank is computer program, Fishies, from Harper & Row. Listing at \$15, it produces animated video display of variety of fish swimming amid ferns and around rocks. On command, they rise to the top of screen to feed.

**PARAMOUNT AT \$25:** With a little help from a friend, tape supplier 3M, Paramount cut pricing on 25 videocassette titles by \$15 to \$25 as part of promotion announced at Phoenix distributor meeting last week. Price drop had been expected following studio's premeeting freeze on new orders (TVD Sept 17 p15). Offer, which studio thinks will move up to million cassettes, will run Oct. 31-Jan. 9.

Paramount said that while Bell & Howell/Columbia Pictures Video Services will still be its duplicator, only Scotch-brand cassettes will be used for titles covered by promotion. Though no one's commenting, it's clear 3M is supplying cassettes at well below usual price and helping absorb margin crimp caused by 37.5% drop in retail list for such major films as *Raiders Of The Lost Ark* & *Flashdance*. In return, 3M gets package blurb saying "recording on Scotch videotape gives you the assurance of quality." Tape maker also will stuff each package with flyer on its "Rainbow of Rewards" contest for blank tape buyers, and cross-promote by putting flyer plugging Paramount titles in 6 million blank tape packages.

If participants are squeezed equally, no one should be loser -- provided cassette volume runs 2 to 2-1/2 times \$40 level -- said one source. According to his analysis, 3M and B&H/C would have to lower combined tape & duplication price to \$6-\$7, leaving Paramount with \$8-\$9 on cassette that wholesales for about \$15. Out of remainder comes 20-25% royalty fee, based on suggested retail. Studio is left with about \$4, vs. \$8-\$10 for \$40 level. It's tight fit all around, indicates why \$20 isn't feasible for first-run titles. Only one out in cold seems to be Memorex-Bell & Howell, B&H's venture with Tandy's videotape manufacturing subsidiary that makes & loads cassette shells and has been big supplier of B&H/C.

Paramount-3M deal, first studio to endorse specific cassette brand, could, if successful, cause scramble among other studios and tape suppliers for similar tie-ins. Most tape producers rely heavily on volume they get from duplicators, couldn't afford to be shut out of market. Over long term, this would tend to freeze supplier-studio relationships, might even bring some lasting price stability to blank tape market, at least at duplicator level.

Warner Home Video, meanwhile, is reentering pricing wars by putting list on Beta and VHS Hi-Fi versions of *Purple Rain* at \$30, lowest nonpromotional price for major title in home video business to date. WHV sees title becoming its all-time best seller, is looking to move 200,000 copies, against 100,000 each for current record holders *Superman* and *Sudden Impact*, which list at \$80.

Audio microcassette standard has been developed by ITA Audio Technical Exec. Committee in cooperation with Japan's Olympus. Copies of ITA-A-106 are available free: ITA, 10 Columbus Circle, N.Y.C. 10019.

**MTS IS CONTAGIOUS:** Forecasts that stereo TV would spread on market-by-market basis seem to be coming true. When one station in major market announces it plans stereo broadcasting, another seems to pop up quickly.

Major example is Seattle, where KIRO-TV was shooting to be nation's first commercial station to broadcast regularly in stereo. Seattle did become first such market -- but it was competitor KOMO-TV that won title of "first."

Hartford's new WTIC-TV last week became 2nd commercial outlet to add regular stereocasts (TVD Sept 17 p13), but before it even went on air, competitor WFSB (CBS) announced it would put new transmitter on air in stereo late in Nov.

Two stations in L.A. -- KABC-TV & KTLA -- are scheduled to start stereo next month. In Boston area, 24-hour music station WZZZ-TV plans to go on air in stereo in Nov., while major PTV station WGBH-TV is understood to expect startup this fall or winter. In N.Y., where WNBC-TV has been broadcasting in MTS on test basis, PBS's WNET could go on this fall. In next year's announced plans, L.A. again is featured prominently, with KNBC-TV & KWHY-TV committed; Chicago's WMAQ-TV is expected to join WTTW, along with couple of music stations in outlying area.

Multiple station announcements in various markets is some indication of depth of broadcast industry's plans for MTS -- announcement by one station smokes out plans by competitors, plans that presumably had been made independently rather than as result of what competition was doing.

We think that for every station announcing plans for MTS, many more outlets have plans but don't want to reveal them for competitive reasons. Station equipment manufacturers also are extremely secretive about naming customers or even giving timetable on production of MTS gear.

KTCA-TV (PBS) held 3-day stereo tryout Sept. 10-13 using prototype stereo generator from Modulation Sciences. It's believed station plans to add MTS permanently this fall. WTBS Atlanta, Turner Bestg.'s superstation, carried on more cable systems than any other, plans to add MTS next spring, spokesman told us. Our list of stations broadcasting or planning to broadcast in MTS now contains 27 stations, with this week's additions (for others see MTS Timetable, TVD Sept 10 p15).

Single-chip NTSC color signal processor, designed to replace 2 IC set now used, is being offered TV OEMs in Japan by Mitsubishi at about \$4 each. IC, which processes video & audio IF, video, color & deflection signals, is primarily designed for use in compact 13-15" sets, but works as well with tubes up to 20", company said. Planned production is 200,000 monthly.



**JULY TV IMPORTS:** Imports of both color and b&w TV rose sharply in July, following stagnant performance in June, according to Commerce figures. Color bounceback was spurred by near doubling of chassis & kit imports, with strongest growth coming from Far East.

While Japan has largest increase in shipments of incomplete color, the comparison is against abnormally low July 1983 total. Jump for incompletes from Korea & Taiwan presumably reflects increased assembly activities in U.S. by manufacturers hit with dumping charges.

Month saw total TV imports from Korea pass 3 million, overall color hit million, b&w shipments top 2 million. Taiwan hit 2 million mark for total TV, is certain to pass million for color when Aug. figures are in.

Following are TV import totals by country for July and 7 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. | 7 months  | %chge. |
|------------------|---------|--------|-----------|--------|
| <b>Japan</b>     |         |        |           |        |
| total...         | 310,200 | +36.4  | 1,653,300 | +58.2  |
| color...         | 213,700 | + 4.3  | 1,213,900 | +48.2  |
| b&w....          | 96,500  | +328.5 | 439,400   | +94.4  |
| <b>Taiwan</b>    |         |        |           |        |
| total...         | 366,500 | +35.9  | 2,149,300 | +26.6  |
| color...         | 179,000 | +84.5  | 947,100   | +67.2  |
| b&w....          | 187,500 | + 8.5  | 1,202,200 | + 6.3  |
| <b>Korea</b>     |         |        |           |        |
| total...         | 600,500 | +55.1  | 3,337,300 | +63.2  |
| color...         | 201,300 | +50.5  | 1,270,900 | +65.8  |
| b&w....          | 399,200 | +57.5  | 2,066,400 | +61.7  |
| <b>Singapore</b> |         |        |           |        |
| total...         | 39,800  | +30.3  | 419,800   | +24.6  |
| color...         | 39,800  | +34.8  | 415,700   | +29.9  |
| b&w....          | --      | --     | 4,100     | -75.9  |
| <b>Malaysia</b>  |         |        |           |        |
| total...         | 24,500  | - 2.2  | 120,100   | +10.1  |
| color...         | 24,500  | +23.4  | 109,000   | +40.3  |
| b&w....          | --      | --     | 11,200    | -64.5  |
| <b>Hong Kong</b> |         |        |           |        |
| color...         | 17,500  | +416.2 | 67,500    | +359.1 |
| <b>Canada</b>    |         |        |           |        |
| color...         | 8,100   | + 5.3  | 44,700    | - 5.2  |

#### Complete Color

|           |         |       |           |       |
|-----------|---------|-------|-----------|-------|
| Japan.... | 154,800 | -22.0 | 837,000   | +44.0 |
| Taiwan... | 149,600 | +61.0 | 840,300   | +58.9 |
| Korea.... | 147,000 | +20.8 | 1,114,400 | +59.4 |
| Singapore | 21,100  | + 3.0 | 139,100   | +23.4 |

#### Color Chassis & Kits

|           |         |        |         |        |
|-----------|---------|--------|---------|--------|
| Japan.... | 58,900  | +813.7 | 376,900 | +58.7  |
| Taiwan... | 29,400  | +616.2 | 106,800 | +183.4 |
| Korea.... | 54,200  | +352.0 | 156,500 | +133.5 |
| Singapore | 18,700  | +106.7 | 276,700 | +33.4  |
| Mexico... | 130,000 | +57.5  | 972,400 | +10.9  |

**FANON SV SPLIT:** Fanon Courier's agreement to acquire 80% interest in computer marketer Spectravideo has fallen apart, ostensibly because of SV's inability to restructure \$2.6 million unsecured debt and get creditor approval (TVD Aug 6 p16). However SV also blames attempt by FC to alter proposed terms.

Indication now is that SV's prime supplier and 16% owner, Hong Kong's Bondwell Holdings, may again propose takeover offer. Original plan for Bondwell to buy controlling interest in SV also ran into debt restructuring problem. While launched as home computer company, SV moved into professional computers last June with introduction of Bondwell brand portables with built-in CRT displays and disc drives.

For Atari, however, things may be looking up. Pres. Sam Tramiel says company lined up new credit lines from banks and is heading off any possible Christmas product shortage by significantly boosting output of 800XL computer and 2600 videogame consoles. He said Atari would introduce new low-priced computer at Winter CES, was developing pair of more advanced models in-house, and already has worked out most past problems with suppliers & customers. He said production for rest of year has been sold out, predicted Atari would be profitable by year's end.

Meanwhile, Atari reached agreement on payment of \$11 million it owes ad agency Doyle Dane Bernbach. Though DDB lost Atari's videogame account shortly after company was acquired from Warner by Commodore founder Jack Tramiel last June, it had go-ahead to run series of planned TV ads during Olympics. Tramiel, its understood, has put hold on some Atari debt payments for check on whether they should be responsibility of previous management.

In Europe, N.V. Philips has unveiled MSX standard home computer that it will produce on its own and start marketing along with Japanese, who are now entering Europe with MSX models. Philips move seemingly marks end to consideration of deal with France's Thomson that called for Philips to adopt Thomson's home computer format, and Thomson to become licensee of Philips' optical home videodisc system. Companies issued joint statement saying they are continuing talks on computer cooperation, particularly on software.

NEC is nearly doubling planned investment in Scottish IC plant to \$112 million in hopes of doubling its share of European market to 10%. Company opened \$19 million IC assembly facility there in 1982, indicated then it would later build \$31 million companion wafer fabrication plant. Now NEC says it will spend \$93 million on substantially larger fabrication facility, start construction next month, production to begin in first half 1986, reach capacity in 1987. Complex, which will represent largest Japanese investment in U.K. will have capacity for 6 million ICs monthly when fully operating.

## Consumer Electronics Personals

John Nick appointed Sales & Distribution Dept. gen. mgr., Richard Williams Mktg. Dept. gen. mgr. in new GE Consumer Electronics Business Operations formed through merger of video & audio units (details elsewhere in this issue); John Traini, former Audio Electronics Products Dept. gen. mgr. who had been slated to become Major Appliance Sales & Service Operations gen. mgr. (TVD Sept 3 p15), instead will head Mobile Communications unit... Richard O'Brien retires Oct. 1 as JVC (U.S.) exec. vp... Peter Konold appointed Quasar audio national sales mgr., succeeding Ted Nestor, who has left company... David Feir, former BSR (U.S.) senior vp who has been serving company as senior consultant, rejoins as mkt. development dir.

Bernard Vanderfin promoted to finance & administration vp, RCA/Columbia Pictures Home Video... John Freudenthal, ex-May Co., joins American Home Video as mktg. senior vp, new post... Marc Grinker appointed exec. asst. to pres., Corp. for Entertainment & Learning, new post... Kenneth Holland, ex-Image Transform, joins International Video Conversions as engineering vp... Thomas Kraus, RCA Records special products dir., named vp.

Don Linehan named mktg. communications mgr. and David Koepke western regional sales supervisor, 3M Magnetic Audio/Video Div.; Richard Anthony chosen product mfg. mgr., Frank Price national sales mgr.; Mark Anderson Optical Recording Project mktg. mgr... Robert Witt, ex-CBS, named operations services mgr. for Visage, Natick, Mass. developer of interactive videodisc systems... Roy Lunel, ex-Tri Tronics, joins TDK as west region pro-industrial sales mgr., succeeding Douglas Booth, recently named pro-industrial products national sales mgr.

William Matthies, onetime Pioneer mktg. senior vp, joins transducer supplier Barcus-Berry Electronics as sales & mktg. vp... Stephen Hargrett, ex-Eschem, joins Discwasher as chief financial officer; Ted Kostecki named asst. controller; Michael Hayes, ex-O'Sullivan Industries, appointed credit mgr... James Prior, former U.K. state secy. for Northern Ireland, named GEC chmn., succeeding retiring Deputy Chmn. Lord Aldington, who held post on interim basis.

Robert Jacob joins Thorn EMI (U.K.) Computer Software Publishing Div. as international publishing sales mgr. responsible for setting up worldwide network of distributors and manufacturing licensees... Joan Manley, retired Time group vp, named Scholastic dir... Sue Ambron promoted at Human Engineered Software from educational product development dir. to sales & mktg. mgr., succeeding Vp Bow Rodgers, resigned; David Demers resigns as title acquisition mgr.

Robert Carlson resigns as United Technologies pres., reportedly in dispute with Chmn. Harry Gray; board is seeking successor to Gray, slated to retire at

end of 1985... Vladimir Langer, ex-Drivetec, joins new Sony Data Products Div. (computer peripherals) as gen. mgr... Douglas Smith advanced at Sprague to corporate strategic planning & development dir., new post... Eric Chow, Chemi-Con International chmn., named pres. of U.S. unit United Chemi-Con, succeeding Toshikazu Kimura, recalled to unspecified post with Japanese parent, Nippon Chemi-Con; Robert Alwitt is leaving as UCC R&D mgr. in wake of plan to close Northbrook, Ill. lab next month.

Funai's newest videocassette player customer is U-Haul International, which says it has 10,000 units due by mid-Oct. for distribution to 1,100 of its trailer rental outlets that now also rent videocassettes. Retail store franchisor National Video's plan to get up to 4,000 VCPs (TVD Sept 10 p13) is now on back burner following eruption of legal battle for management control between co-owners Ron Berger & Andy Anderson. NV is understood to have delayed signing deal for direct purchase from Funai after Funai's U.S. distributor, Portavideo, came up with limited time offer to supply units at \$240 each, or \$60 below regular wholesale.

Super speed IC, capable of up to 90 billion switching operations per second, has been developed at AT&T's Bell Labs. IC contains what company calls selectively doped heterostructure transistors (SDHT), made of layers of gallium arsenide and aluminum gallium arsenide. AT&T said SDHT technology isn't intended as universal replacement for silicon, but should have impact in areas where high speed and low power are important, such as computers and optical communications systems.

Fisher has cut prices on 3 VCRs, added MTS stereo versions of 3 TV sets. Front-load VCR with 105 channels, 7-day 5-event timer, wireless remote has been reduced \$50 to \$550; 4-head unit with 14-day 9-event timer is down \$100 to \$600; similar model with Dolby stereo is cut \$50 to \$750; leader continues at \$500. Two monitor receivers and one console, now with MTS, are \$850, up \$50 from non-MTS versions; new MTS console for delivery next month is \$1,000.

Microwave oven shipments by domestic producers & importers climbed 44.5% in July to 661,800, to put 7-month total at 4.58 million, up 68.5%, AHAM reports. Surge in demand for room air conditioners, which many industry marketers felt was responsible for color TV & VCR growth slowdown in June, apparently has come to halt. July air conditioner shipments fell 39% to 186,900, though 7-month total of 2.82 million was up 70.2%, highest percentage increase for any major appliance.

One-inch CRTs for commercial applications developed by Westinghouse offer 800-line resolution, give same picture detail as 19", company says. Model drawing 20 watts provides 100 ft. lambert brightness, version for portable use needs only 3 watts, has 10 ft. lambert display.



# TELEVISION DIGEST

Published Weekly Since 1948  
With Consumer Electronics  
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

## EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036  
Phone: 202-872-9200 Telex: 467268

MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-1435

### WASHINGTON HEADQUARTERS

Albert Warren ..... Editor & Publisher  
Paul L. Warren ..... Assoc. Pub. & Sr. Ed.  
Dawson B. Nail ..... Executive Editor  
Jonathan Miller ..... Senior Editor  
Daniel Warren ..... News Editor  
Steven Tuttle ..... Managing Ed., Wash.  
Mary Crowley ..... Associate Editor  
Mike Schwartz ..... Associate Editor  
Arthur Brodsky ..... Associate Editor  
Frances Seghers ..... Associate Editor  
Melinda Gipson ..... Assistant Editor  
Theresa Foley ..... Assistant Editor  
Deborah Jacobs ..... Info. System Mgr.

### Business

Roy W. Easley III ..... Controller  
Gary Madderom ..... Marketing Director  
Chery Grund ..... Advertising Dir.  
Betty Alvine ..... Circulation Mgr.

### NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017  
Phone: 212-686-5410

David Lachenbruch ..... Editorial Dir.  
Robert E. Gerson ..... Managing Ed., N.Y.  
Seth Goldstein ..... Senior Editor  
Rich Zahradnik ..... Assistant Editor

### JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan  
Denki Bldg., 20th Floor 1-7-1  
Yuraku-cho, Chiyoda-ku  
Tokyo 100, Japan  
Phone: 211-3161 Telex: J24600

### Factbook Research, Inc.

Lynn R. Levine ..... Director

## Financial Reports of TV-Electronics Companies

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

| Company & Period           | Revenues      | Net Earnings | Per Share        |
|----------------------------|---------------|--------------|------------------|
| <b>Cable TV Industries</b> |               |              |                  |
| 1984-6 mo. to July 31      | 15,330,000    | 235,000      | .08              |
| 1983-6 mo. to July 31      | 15,163,000    | 232,000      | .08              |
| 1984-qtr. to July 31       | 7,640,000     | 102,000      | .04              |
| 1983-qtr. to July 31       | 7,299,000     | 67,000       | .02              |
| <b>General Instrument</b>  |               |              |                  |
| 1984-26 wk. to Aug. 26     | 507,302,000   | 20,784,000   | .66              |
| 1983-26 wk. to Aug. 28     | 433,347,000   | 23,340,000   | .75              |
| 1984-13 wk. to Aug. 26     | 268,597,000   | 11,533,000   | .36              |
| 1983-13 wk. to Aug. 28     | 213,830,000   | 8,040,000    | .26              |
| <b>Microdyne</b>           |               |              |                  |
| 1984-39 wk. to July 29     | 21,539,000    | 1,263,000    | .28              |
| 1983-39 wk. to July 31     | 17,183,000    | 973,000      | .21              |
| 1984-13 wk. to July 29     | 7,514,000     | 274,000      | .06              |
| 1983-13 wk. to July 31     | 5,441,000     | 198,000      | .04              |
| <b>Sony*</b>               |               |              |                  |
| 1984-9 mo. to July 31      | 3,718,200,000 | 219,700,000  | .95 <sup>b</sup> |
| 1983-9 mo. to July 31      | 3,282,600,000 | 69,300,000   | .30 <sup>b</sup> |
| 1984-qtr. to July 31       | 1,256,700,000 | 77,900,000   | .34 <sup>b</sup> |
| 1983-qtr. to July 31       | 1,113,700,000 | 25,000,000   | .11 <sup>b</sup> |
| <b>Texscan</b>             |               |              |                  |
| 1984-qtr. to July 31       | 20,774,000    | 860,000      | .13              |
| 1983-qtr. to July 31       | 19,405,000    | (229,000)    | — <sup>c</sup>   |

Notes: \*At yen's current rate. <sup>b</sup>Per ADR. <sup>c</sup>Restated.

**SONY NET JUMPS:** Despite first-ever decline in Betamax VCR sales and falloff in exports to Europe, Sony recorded 212% jump in 3rd-quarter earnings on 12.8% sales rise. For 9 months, Sony net was up 217.2% as sales rose 13.3% (see financial table).

Sony said Betamax sales value slipped 5% for quarter, but decline was more than offset by increased volume in cameras & professional VCRs. For period, total video equipment volume was up 7.6% to \$497.4 million. Earnings improvement for quarter was bolstered by \$7.3 million gain on sale of stock in subsidiary, Sony Magnescale. In apparent recognition of difficulty it's having competing against VHS at low end, Sony revised Betamax unit sales estimate downward for year to Oct. 31 to 2.6 million from 2.8 million. Last year it sold 2.25 million.

For 9 months, Sony sales in Japan were up 9.5% to \$357,800, sales overseas rose 14.2% to \$904 million on strength of higher demand in U.S. Video equipment sales were up 13.1% to \$1.55 billion. TV volume rose 13.2% to \$884.5 million, including 5.8% gain in color to \$749.5 million, 190% increase in b&w to \$42.4 million, 66.6% rise for projection TV to \$44.6 million and 53.4% for other products, including components, to \$48 million. Audio sales edged up 4.4% to \$768.7 million, while other products,

including home & office computers, disc drives and information systems, increased 29.8% to \$532.3 million. In audio, Sony said that in 9 months it sold 2.9 million headphone portable tape players & radios, against full-year target of 3 million.

Thorn EMI expects to show lower results in first half this year because color TV and VCR sales were down from record levels of same period last year, though rental business continued stable, Chmn. Peter Laister told annual meeting. Also, he said, U.S. subsidiary Capitol Records lost money in period but should improve results in 2nd half.

Sharp says it expects operating net rise of 23% to \$246 million in year to March 31, on 20% sales rise to \$3.7 billion.

General of Japan, parent of Teknika Electronics, has reduced sales forecast for year to March 31 to \$464 million from \$488 million, but said it was leaving \$12.2 million earnings prediction unchanged.

JVC expects to report 14% rise in operating income to \$85 million in fiscal half to Sept. 30, and that sales will be up 14% to \$1.24 billion. It said total VCR sales rose 18%, total sales in U.S. nearly doubled.

Sinclair reported 5.3% earnings drop in year to March 31 to \$9.6 million, though sales rose 42% to \$95.4 million. U.K. high-tech firm attributed reduced net to costs relating to new QL computer and pocketable flat-tube b&w TV.