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With Consumer Electronics

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FCC SEEN RECEPTIVE TO HDTV ON UHF: In policy with major implications for future of broadcasting, FCC is closely following developments in high-definition TV, and there are strong indications agency would be amenable to proposals for experiments in compatible 2-channel transmissions in UHF band.

"We're staying on top of the work of the ATSC" -- industrywide Advanced TV Systems Committee -- we're told by Ralph Haller, chief of Technical & International Branch of FCC's Mass Media Bureau. "We are aware that this committee may come up with more intensive uses of the spectrum. In the meantime, as we make decisions regarding the spectrum, we will take this into consideration" along with other proposals for efficient use of UHF. Other staffers were less guarded, one commenting: "We're getting ready for the time [ATSC] comes to us to ask, 'What can you do to accommodate us?'"

Consumer Electronics

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Most proposals for HDTV originally centered on use of DBS (one LPTV applicant specified use of HDTV, also), but now there's greater feeling that such systems must be accommodated in conventional terrestrial broadcasting, as future of DBS becomes increasingly problematical. UHF is promising area for HDTV. In UHF band, FCC officials believe, HDTV signal could be carried on 2 adjacent channels -- basic channel providing standard 525-line signal that could be received on conventional sets, upper adjacent channel supplying additional information for widescreen HDTV picture on special sets processing both channels simultaneously.

No rulemaking is planned now -- FCC expects petition from ATSC when time comes. However, one staffer said: "We're not precluding rulemaking on our own, and if anybody came to us and said 'we'd like to run tests on UHF now on a noninterference basis,' we'd certainly consider it carefully." At any rate, he said, "we're remaining vigilant and keeping HDTV in mind" when considering proposals for use of UHF spectrum. "We're going to be very careful to reserve space" for such tests and "I think ultimately it will wind up in some kind of rulemaking." Haller, however, would say only that "at the staff level, we're staying closely aware" of ATSC's work.

Apprised of FCC's hospitable policy toward HDTV, ATSC Chmn. William Henry said: "We have been keeping the FCC posted on our work, and we are delighted... This will be very helpful." He and other ATSC officials pointed out that Committee's top priority is development of HDTV production standard to be submitted to International Radio Consultative Committee (CCIR) for worldwide use before intensive work on standards for transmission to homes.

Several systems for terrestrial HDTV have been proposed, but only 2 have been demonstrated -- by CBS and Japan's NHK. Of those, only CBS system is compatible with current 525-line broadcasting. It would use 2 channels, with 525-line picture sent on one, receivable by any standard TV set. Second channel would supply additional lines for HDTV and information required for widescreen picture. Special HDTV receiver would combine both channels for widescreen 1,050-line picture (TVD Oct. 3/83 p4).

Renville McMann, advanced TV vp at CBS Technology Center and member of ATSC subgroup on HDTV, told us CBS system would be ready for testing this year. "We could start [test] transmissions any time. The limiting factor is the availability of [HDTV] receivers for the system -- developing them could take about a year" (see separate story in Consumer Electronics section). This year, according to McMann, ATSC will evaluate all HDTV systems to determine whether any one has enough advantages to become the standard.

NHK system requires single 8-MHz channel, isn't compatible with 525-line system, needs elaborate circuitry in receiver. With this system, it's possible 525-line picture could be transmitted over one channel, separate complete HDTV signal on another.

Also receiving careful attention is compatible system proposed by William Glenn of N.Y. Institute of Technology that would require only 1-1/3 channels for compatible HDTV, allowing transmission of 3 HDTV programs using only 4 channels. Glenn system is based on psychophysical aspects of vision and provides 1,050 lines of resolution, but bandwidth is saved by transmitting high-resolution information at slower frame rate (TVD March 19 p16). Enhanced systems such as MAC presumably could also come under consideration for testing.

Asked if compatible 2-channel HDTV transmissions could be instituted on regular basis within decade, CBS's McMann replied "easily." And, there's no doubt FCC would be amenable to petition by operating UHF station to test system using adjacent channel.

PICKING A NUMBER TO DEREGULATE CABLE: In what some are calling "cable law, part 2," parties are trying to persuade FCC that as few as 2 TV stations or as many as 10 signals are necessary to provide effective local competition to cable basic service. Which number Commission might pick in implementing cable law as Title VI of Communications Act is

important because number chosen will determine exactly which cable systems are rate deregulated after 2-year transition period.

NCTA would define "effective competition" as presence of 2 TV signals -- independents or network affiliates -- determined by predicted or actual Grade B contours, presence of stations within 35 miles of headend or fact that stations are significantly viewed in community. That standard, also backed by several MSOs, would free all but a few hundred cable systems in rural areas to charge for basic service whatever market will bear. Further, NCTA contends that language in Act, plus existing FCC policy (Nev. case), means basic service should be defined as lowest-priced tier containing only local broadcast signals.

NCTA bases contention that 2 TVs check cable rates on study it made of 88 rate-deregulated systems. According to study, presence of up to 3 TV stations has substantial impact on cable rates. But cable rates don't seem to be impacted when market has 4, 5 or more TVs, NCTA said. NCTA and CATA filed jointly.

At other end of spectrum is National League of Cities (NLC), which claims cable rates are held down only when market has 3 network affiliates, an independent and a public TV outlet. To compete with cable networks on basic service at most systems, NLC argues that effective competition exists when viewers also have 5 channels from some "alternative delivery" system such as DBS or MMDS. "I think [NLC's] position is somewhere between cute and disingenuous," NCTA Pres. James Mooney said.

Justice Dept. and NTIA sharply disagree over defining cable competition. DoJ comments call for 3 criteria, any 2 of which would have to be met before basic service rates would be deregulated after 2-year transition: (1) At least 5 unduplicated TV signals, including affiliates of 3 networks. (2) Number of basic service channels, excluding text and public access services, is less than 3 times number of local TV stations. (3) No more than 20% of subscribers take basic only.

NTIA on other hand criticized FCC's proposed standard of 4 TV signals (TVD Jan 28 p2), said that, according to its analysis of 300 systems, requiring presence of 4 TV stations would leave under rate regulation at least 44% of all cable systems, 24% of all subscribers. (NTIA's data on 300 systems were derived from our TV & Cable Factbook.) NTIA suggests 3-TV standard, which it said would result in deregulation of nearly 73% of all systems, 87% of all subscribers.

Problem with proposed 4-signal standard is that no such markets turned up in analysis of 300 systems, NTIA said. "There are few if any markets with just 4 commercial stations," NTIA said. "Any standard specifying the 3 commercial networks plus a commercial independent station really would deregulate [only] 5-station markets." Thus, FCC proposal might retain rate regulation for as much as 55% of all systems and 33% of all subscribers, NTIA said.

There generally is little competition to cable, DoJ said, especially when pay channels are included in comparison, which Dept. said it thinks should be case. "Cable TV systems are likely to enjoy a significant degree of market power," Justice said. "It is thus not unreasonable to conclude that a substantial number of cable TV systems may have the ability to raise or maintain prices above cost."

DoJ also faulted Commission for concluding that basic service is composed only of local TV signals, maintained that "entire basic tier" should be measured against other programming sources. "All of a cable system's basic service tier, both local broadcast and nonlocal channels, should be considered in determining whether a cable system is subject to effective competition," DoJ said.

Several MSOs filed comments addressing issues of regional or local importance, such as requiring that states asserting jurisdiction over pole attachments prove to FCC that they have

adequate procedures in place for settling disputes. Unlike some other MSOs, TCI embraced FCC's proposed "comparable rate" method of setting prices in noncompetitive markets at 10% above or below rates of deregulated systems. That method will work as long as deregulated systems in comparison are in towns of similar size in same time zone, TCI said.

NAB and INTV urged Commission to be careful in adopting new definition of cable system that apparently wouldn't cover those that only retransmit local stations. Groups were concerned that proposal runs counter to must-carry rules. "The Act simply does not intend to effect any change in the must-carry rules," INTV said in warning that excluding such cable systems would result in "automatically rendering the [must-carry] rules inapplicable" to about 600 cable systems.

Reply comments are due Feb. 11. Under congressional mandate, Commission must complete rulemaking by April 29.

FCC ADOPTS MMDS LOTTERY RULES: With 16,500 applications on file for 1,000 multichannel MDS systems and after more than 2 months of crafting procedure (TVD Nov 26 p2), FCC released 2nd report and order Feb. 1 describing how MMDS licenses will be awarded through lotteries. Commission said "upon further reflection" it has embraced congressional position that there should be minority preferences. At same time, it said it won't hold lotteries for single-channel MDS grants.

Commission will require licensee to MMDS for a year before it can be sold. It also said it would conduct further rulemaking on changing regulation of MMDS in view of its decision that service is mass communications and operator has some editorial control.

Commission adopted preferences based on diversity and minority ownership, same as it does in LPTV. Minority preference of 2-1 is for applicants 50% or more owned by minority groups. Minority groups identified by Commission exclude women.

Commission will issue rulemaking to consider another regulatory scheme for MMDS: To allow operators to program facilities fully and to change regulatory classification to non-common carrier. Meanwhile, applications will be processed under current policies. FCC also said that applicants that don't comply with one-to-a-market rule must disclose that fact.

FCC said it will process mutually exclusive applications first in markets with greatest number of applicants. There will be rewards for settlements, Commission said, with MMDS procedure following cellular lottery order -- applications will receive cumulative number of chances that parties would have had separately if they hadn't settled.

FCC has partially relaxed freeze on accepting applications for FM educational facilities, will now take those for Chs. 201-220 provided FM station has signed agreements with all potentially affected TV Ch. 6 stations. Commission action came Jan. 28, about a month after it imposed freeze as part of reconsideration of Ch. 6 interference decision.

GANNETT BUYS 2 PAPERS: Gannett Co. has purchased Des Moines Register and Jackson (Tenn.) Sun, plus 2 weekly Ia. newspapers, for \$200 million in first step in piecemeal liquidation of assets of Register and Tribune Co. -- owned principally by members of Gardner Cowles family. At same time, N.Y. Times Co. purchased WQAD-TV Moline, Ill., from Register and Tribune for undisclosed sum.

Gannett won out over several other major media firms -- including Washington Post, Chicago Tribune, Cox, Lee, Dow Jones -- for Des Moines paper. Also on block are Register and Tribune's 14.3% interest in Cowles Media (Minneapolis Star and Tribune), KHON-TV Honolulu and satellite KAIL-TV Wailuku, Hawaii, and radio stations in Colo., Ore. and Wis. Company has retained First Boston Corp. to find buyers. David Kruidenier, Register and Tribune chmn.-CEO, said First Boston is in final stages of negotiating sale of Hawaiian stations. Stockholders will vote on sales this spring, and Gannett said it expects to take over newspapers in June.

In filing in Del. court last week, before Gannett purchase was announced Jan. 31, Kruidenier said he agreed to step down as CEO in July, remain chmn., at request of Cowles family. His status under Gannett is undecided, according to Gannett Chmn. Alan Neuhaarth.

United Cable has petitioned FCC to amend Boston-Cambridge-Worcester TV market to include Marlborough, Boston-area community surrounded by 6th largest TV market. United operates 26,000-subscriber system in Manchester, N.H. It wants Marlborough added to Boston market to clear up status of WVJV-TV (Ch. 66) Marlborough that recently went on air. Such changes in boundaries of TV markets have become issue as result of FCC decision adding Melbourne and Cocoa to Orlando-Daytona market (TVD Jan 21 p6).

TV Decisions is new cable text service offered by United Media. Service, available over vertical blanking interval of Arts & Entertainment Network on Satcom 3-R TR 24, offers program listings, trivia games, soap opera summaries, will cost cable operator about \$150 monthly.

HOUSE TELECOM PANEL EXPANDS: Communications policymaking in this Congress is beginning to take shape, with announcements of new members for House Telecom Subcommittee and word that Sen. Goldwater (R-Ariz.) will retain chairmanship of Communications Subcommittee. Changes also are in store for House Copyright Subcommittee.

House Energy & Commerce Committee Democrats last week agreed to increase Telecom Subcommittee from 16 to 24 members. Democrats picked up 4 seats, GOP 4. New Democrats include Rep. Luken (O.), broadcast industry ally who was ousted from panel 2 years ago, and radio broadcaster Rep. Dowdy (Miss.). GOP members will be named this week; Rep. Wirth (D-Colo.) continues as chmn.

Others who join panel are Reps. Tauzin (D-La.), author of TV-radio deregulation measure last year with panel member Rep. Tauke (R-Ia.), Synar (D-Okla.), key player in cable copyright and must-carry battles on Judiciary Committee, and Slattery (D-Kan.), 2nd-term congressman. There are 5 new Democrats because one is replacing Rep. Gore (D-Tenn.), now a senator. Changes bring to 15 number of Democrats, up from 11; GOP members will increase from 5 to 9.

Additions of Dowdy, Luken and Tauzin are considered key changes because all are broadcasters' allies. Luken pushed broadcast deregulation in earlier stint on panel and Dowdy is minority owner in Gulf Coast Bestg.; his wife holds interests in FM and UHF applicants. Aide said Dowdy won't vote on broadcast bills.

Decisions on membership clear way for Wirth to consider agenda. Although panel plans to deal with finance and securities issues, push for ban on TV-radio beer and wine ads will get early attention, we're told. Panel also is likely to focus on implementing policies it has helped set, such as access to cable programming or home satellites, aide said.

Goldwater decision isn't official, won't be announced until this week. But Senate Finance Committee Chmn. Packwood (R-Ore.) last week told us that Goldwater can't obtain waiver of Senate rules that would permit him to chair more than 3 panels. Packwood said Goldwater plans to abolish Tactical Warfare Subcommittee he chairs in order to chair Armed Services and Select Intelligence Committees and Communications Subcommittee. Decision will mean that Packwood, who took special interest in communications as Commerce Committee chmn. last Congress, won't become chmn. of Communications Subcommittee as he had hoped.

Rep. Boucher (D-Va.) is new member of House Copyright Subcommittee, replacing Rep. Mazzoli (D-Ky.). Change was welcomed by cable industry, which didn't have sympathy of Mazzoli in copyright battle in last Congress. Rest of Democratic lineup remains same, and Rep. Kastenmeier (D-Wis.) will continue as chmn. Republican members will be announced this week.

TCI SEEN NEAR DEAL FOR USCI: United Satellite Communications (USCI) sweepstakes is down to one bidding group again. Viacom said it ended discussions with USCI, ailing DBS company, leaving only bid by TCI, with possible participation by General Instrument. TCI reportedly was ready to close deal, had Senior Vp John Sie in N.Y. last week for meetings.

Asked about speculation after his Washington Cable Club speech Jan. 31, TCI Pres. John Malone refused to comment. Nor would he discuss TCI's general view of DBS. USCI Pres. Nathaniel Kwit wasn't available for comment.

GI, which is USCI partner with Prudential Insurance and several investors led by Francesco Galesi, was mentioned originally as partner with TCI. But speculation centered only on TCI, and GI Exec. Committee Chmn. Moses Shapiro declined to comment on USCI.

TCI-GI bid was first after Comsat backed out of merger proposal. When TCI-GI approached USCI with offer to negotiate, we've learned, one of conditions was that USCI be barred from talking with any other bidders. Seeking to hear from all potential parties, USCI board refused. It apparently was only after Viacom backed away from USCI discussions that TCI-GI came back into picture.

If TCI does buy USCI, it would put nation's largest MSO in important programming position. Unanswered question is how acquisition would affect TCI's reported interest in selling programming to dish owners. Also, one observer said that TCI, with 9% of cable market, might draw attention of Justice Dept. if it took control of 100% of existing DBS market.

Meanwhile, related C-band DBS market -- now being called "cable in the sky" -- also is focus of activity. Hughes, owner of Galaxy satellite, is 6th company to propose itself in role as middleman to dish owners, joining TCI, Cnaan, HBO, Showtime/Movie Channel and Oak.

Knox County (Tenn.) Court has dismissed libel suit for about \$8 million filed by Edward M. Johnson & Assoc. against Washington law firm Baraff, Koerner, Olender & Hochberg. Court dismissed all claims by Johnson, noting that his company is in Chapter 7 bankruptcy proceedings in federal court. Johnson had sued law firm because of statement in memo to clients that several hundred LPTV applications filed by Johnson had been dismissed by FCC.

U.S. Supreme Court Justice John Stevens believes that "reasons for rejecting live coverage [of Court] on a regular basis might be outweighed by the public interest in witnessing the argument in the rare case of exceptional importance." Speaking at Fla. State U. recently, he said there "may be no valid reason for refusing to allow coverage of a ceremonial occasion... This is a subject that surely will be discussed further."

BEER AND WINE AD BAN PUSH: Interest in ban on TV-radio beer and wine ads has mushroomed into major policy issue at all levels of govt. Among developments: Senate plans hearing Feb. 7, Bureau of Alcohol, Tobacco and Firearms (BATF) is revising liquor ad rules, FTC is considering investigation and White House adviser said legislation may be inevitable.

Combination of forces is reaching "critical mass," key Hill aide said. Issue was cited as key interest among members who sought seats on House Telecom Subcommittee, spokesman said. Said White House aide Carlton Turner: "If the industry doesn't clean up its approach, it will have a legislative solution crammed down its throat."

But proponents of ban haven't found sponsor in Congress yet, mainly because legislative solution is elusive. "We're getting attention and we're working with several people" in Congress, said George Hacker, who heads Stop Marketing Alcohol on Radio & TV (SMART) (TVD July 16 p4). Group has ally in Rep. Hutto (D-Fla.), who has promised to propose bill but hasn't decided on total or partial ad ban, or requirement for counter ads, he said. But Hutto isn't on key committees involved and doesn't have seniority, opponents are quick to note.

"We're not in this just to get rid of the ads and we're not claiming that these ads are the sole factor causing alcoholism," Hacker said. "It's inappropriate to ban a legal product from the airwaves," responded Donald Shea, pres. of U.S. Brewers Assn. "If a ban isn't going to cut down on consumption, you would think the brewing industry wouldn't oppose this," Hutto said. "Alcohol abuse has predated radio for centuries," replied NRBA Pres. Bernard Mann.

Ad ban proponents will square off in hearing before Senate Alcoholism & Drug Abuse Subcommittee, 10 a.m., Rm. 430 Dirksen Bldg. Witnesses are expected to include Hacker, Mann, Shea, NAB Pres. Edward Fritts.

Spending on beer and wine ads in last 10 years has increased along with alcohol consumption. Brewers' outlays for ads increased nearly 5-fold to \$599.1 million 1975-1983 and per-capita beer consumption rose 14%. Broadcast revenues from beer and wine ads are \$750 million annually; nearly 20% of TV sports revenues and 4% of all TV revenues come from such ads. Hard liquor distillers voluntarily refrain from using TV-radio. Cabletelevision Ad Bureau estimates that in 1985 \$25-\$35 million will come from beer and wine ads.

Broadcasters and liquor industry believe solution lies in cooperating with alcohol and drug abuse groups. At 3-day symposium in Williamsburg, Va. last week, sponsored by Justice Dept.'s Office of Juvenile Justice and Delinquency Prevention, they established task force to work with community groups in developing "effective, national public service campaign." Task force meets in Washington Feb. 20 to discuss options.

Direction Congress and other govt. agencies will take may be known by time task force meets. Known to be considering legislation besides Hutto are Reps. Florio (D-N.J.) and Wyden (D-Ore.). (Rep. Edwards [D-Cal.] has long-standing interest in issue but says he isn't planning bill). Rep. Neilson (R-Utah) already has introduced bill. Last week, he proposed that BATF take year to study whether there's link between alcoholism and suicide, divorce, crime, child abuse and other social ills. He said ad ban without facts would be premature. Bill would require BATF to hold hearings, report to Surgeon Gen. and Congress.

BATF already is involved through its ad regulations, is rewriting them, by end of month is expected to release proposal on use of celebrities in alcohol ads. FTC plans to respond later in month to petition filed 2 years ago by SMART parent Center for Science in the Public Interest seeking ad ban or equal air time for counter ads. Group has obtained more than 600,000 signatures for similar petition to Congress.

In first such action in decade, FCC has approved bid by Chesapeake & Potomac Telephone (TVD Sept 17 p6) to build and maintain cable system in D.C. for use of franchisee District Cablevision (DCI). Sec. 214 grant Jan. 30 was conditioned on C&P's keeping separate books for cable system to prevent that venture from being subsidized from telephone rate base. Although C&P proposal contains "some novel features," such as retaining ownership and some control over use of facilities leased to DCI, FCC said it determined that it had power to rule on request and that proposal doesn't violate cable/telco cross-ownership ban. But FCC left door open to possibility that Justice Dept., which has yet to comment on C&P proposal, may disallow C&P venture as violation of consent decree breaking up AT&T, according to attorneys for Capital City Cable, a losing franchise bidder contesting DCI grant in court.

SFN Cos. shareholders have approved leveraged buyout of publishing and broadcasting firm for \$423 million by Hallmark Cards and N.Y. securities firms E.M. Warburg Pincus and Drexel Burnham Lambert. Pres. John Purcell said company decided to go private because it feared unfriendly takeover attempt. Holders will receive \$36.82 for each common share owned, plus preferred stock. Financing for takeover has been arranged with 9 banks. Hallmark was offered 100% of SFN, settled for 30%. SFN owns WFTV Orlando, WAPA-TV San Juan, WJBF Augusta, WTVM Columbus, Ga. (last 3 purchased from Western Bestg. last June), 3 radios and educational publications.

Ore. shouldn't change pole attachment rules to allow telcos to charge cable operators for portion of future replacement costs of conduits, NCTA said in comments to state Public Utility Commission. PUC is proposing to amend rules to allow telcos to charge more than accepted "historical" costs of pole attachments.

ASPEN HITS MEDIA ON BLACKS: Obstacles to black ownership of mass media "are great and growing greater," according to report by Aspen Institute. It said FCC and media -- including print -- are at fault, put part of blame on FCC deregulatory moves and what it said was agency's failure to enforce EEO rules. Report also hit industry for continuing to use black stereotypes in programming. News coverage of blacks is limited mostly to sports, crime and civil rights, report concluded.

"Although blacks represent a \$163-billion-a-year consumer market, they are generally not addressed as a commercially desirable audience," report said. "So-called 'general audience' [TV] programming is synonymous with 'white audience programming' -- created by, about and primarily for whites..."

"The new media will be, if anything, even more irrelevant and inaccessible to blacks than the old," report said in asserting that deregulation "has undermined" advances blacks had been making, that "blacks have not been helped by the elimination of rules that once required broadcasters to ascertain the needs and interests of the black community... Nor have blacks (or other listeners and viewers) benefited from the move to relieve broadcasters of the requirement to air a reasonable amount of nonentertainment programming."

Among recommendations: (1) Putting black employees onto "fast track" in promotions and training. (2) Training managers and editors "to be more sensitive to the nexus between employment policy and media content -- particularly the danger of negative portrayals and racist stereotyping." (3) Recognizing that effective EEO policies and practices are "simply good business."

Special appeal was made to FCC to enforce its EEO rules. Report, written by Aspen Fellow Nolan Bowie, is based on Aug. 7-11 conference in Aspen, Colo. of 29 persons (13 black), including editors, broadcasters, writers, correspondents, foundation executives, lawyers and civil rights leaders. It was financed by grants from Revson, Ford and Markle Foundations and Atlantic Richfield.

Number of independent TV stations has more than doubled since 1978 -- increasing from 95 to 214 last Dec. 1, according to booklet issued last week by INTV. In 1984, for 4th consecutive year, more than 20 new independents went on air, INTV said. Most of growth has been in markets 25-75. INTV said another 42 independents have construction permits. For copy of census of independents 1972-84, write INTV, 1200 18th St. NW, Washington, 20036.

Construction of St. Paul cable system has begun, with Continental Cablevision stringing plant on city's east side. Continental, 9th largest MSO, said it will spend \$40 million, string 750 miles before system is completed in 1986. First subscribers should be hooked up by this spring.

Mock court debate on cable First Amendment issues will highlight 2-day conference, Future Trends in Cable TV Law, March 6-7 at Washington's Sheraton Grand Hotel. Washington attorneys John Cole, representing cable side, and Nicholas Miller, defending cities, will debate March 6. Ex-FCC Chmn. Charles Ferris speaks at lunch that day. Panel on new cable law includes attorneys Frank Lloyd, Brent Rushforth and House Telecom Subcommittee counsel Howard Symons. March 7 will be devoted to signal carriage, copyright and theft of service, featuring NCTA Exec. Vp Bertram Carp, CATA Exec. Dir. Stephen Effros, attorney Robert Roper and MPAA Vp Fritz Attaway. Conference is sponsored by publishers Matthew Bender & Co. and Paul Kagan.

In "continuing effort to expedite the processing of FM applications" under Doc. 80-90 allocating new FMs to 689 communities, FCC last week urged potential applicants to get FAA clearance "at the earliest possible time" for proposed tower sites. Commission said applicants can file FAA Form 7460-1 before filing for FM channel at FCC. Early filing at FAA could make it unnecessary for applicant to submit engineering amendment at FCC and do away with need to include air hazard issue in subsequent hearing, FCC said. Agency also asked applicants to file extra copy of Sec. V-G from application form (301) when applying for new FM to expedite coordination between Mass Media Bureau's FM Branch and Antenna Survey Branch.

TCI restrained trade in successfully seeking to continue operating cable system in Jefferson City, Mo., jury in U.S. Dist. Court, Kansas City, ruled in awarding \$57 million to Central Telecommunications. TCI, nation's largest MSO, said it will appeal. TCI Jefferson City franchise expired in 1981 and city denied renewal, granted franchise to Central. TCI sued city, and parties reached settlement in 1982 allowing TCI to continue operating 10,000-subscriber system on nonexclusive basis, meaning Central would have to overbuild TCI plant. Central then sued TCI, charging that agreement with city violated antitrust laws.

William Tanner has pleaded guilty to one count of mail fraud and 3 counts of income tax evasion in Memphis federal court. Under plea bargaining, he can be sentenced to up to 4 years in jail and/or fine of \$16,000. Sentencing hasn't been set. Tanner still faces \$237 million civil suit filed by Media General (which purchased William B. Tanner Co. -- now Media General Best. Services -- in 1982 for \$39.5 million) and IRS penalties. Federal indictment charged that Tanner siphoned money from broadcast barter company, made hidden payoffs to clients and concealed funds in fictitious accounts to avoid taxes and hide payoffs.

ESPN, with initials not representing anything -- has been officially adopted as name of cable sports network. Also, company said it will move main satellite feed to Galaxy 1 TR 9, continue using Satcom 3R TR 7 as backup.

TAFT, MULTIMEDIA IN MAJOR DEALS: In \$755 million cash deal, Taft Bestg. is acquiring TV and radio stations of Gulf Bestg. in agreement announced Feb. 1. Same day, senior management and other stockholders of Multimedia announced leveraged buyout of company.

Gulf board voted "complete liquidation" of company and immediately signed contract with Taft, which is acquiring: WTSP-TV St. Petersburg, KTSP-TV Phoenix, WGHP High Point, N.C., KTXA Ft. Worth-Dallas, KTXH Houston, radio stations in Atlanta, Bethesda, Md., Houston, Indianapolis, Dallas. Taft will be required to sell radio stations it is acquiring from Gulf in markets where it has TV stations.

Taft now owns 7 TV stations (13 radios) and buy from Gulf would give it 12 -- permitted under FCC 12-station maximum that takes effect April 1. (Combined Taft and Gulf stations cover 11.28% of U.S. TV households with UHF discount factored in, well under 25% maximum set by FCC, according to Television Digest's TV Station Coverage Census, soon to be published.) Taft has separate option to purchase just KTSP-TV for \$250 million cash.

Trading was stopped in Multimedia stock at 3:30 p.m. Feb. 1 before sale was announced (it closed Jan. 31 at 45). Principals have offered \$37 for each of 16,675,000 common shares outstanding, plus \$25 principal amount of discounted subordinated 20-year debentures. Debentures won't pay interest for 5 years, thereafter will pay 15%.

Principals involved include Multimedia Chmn. Wilson Wearn, Pres. Walter Bartlett, Treas. Donald Barhyte, and members of Peace, Jolley, Sisk and Furman families, who founded Multimedia, along with group of private investors to be organized by Goldman, Sachs & Co. Upon completion of buyout, senior management and founding families will own about 40% of Multimedia. Company publishes 13 daily newspapers, 30 nondailies, owns 5 TV stations, 12 radios, more than 100 cable systems and produces and syndicates Phil Donahue Show plus others.

Multimedia earnings fell in 1984 to \$33.69 million from \$35.17 million in 1983 (\$2.02 vs. \$2.15 a share), Bartlett said last week. Revenues for 1984 were \$304.4 million, up 13% from 1983, with broadcasting revenues at \$135.3 million compared with \$125.9 million in 1983. Cable revenues were \$66 million, up from \$53.2 million. Bartlett said decline in earnings resulted primarily from losses in Multimedia's half-interest in Sports Time, St. Louis sports channel. In 1984, Multimedia charged off \$6 million (36¢ a share) as its share of Sports Time losses, Bartlett said.

Outlet Communications has completed acquisition of WPDS-TV Indianapolis from USA Communications for \$22 million. Ch. 59 independent is Outlet's 7th TV station and 2nd UHF, following Jan. acquisition of WATL-TV Atlanta.

Media schedule for Council for Cable Information's \$6 million ad campaign is set, with time bought for 7-week effort on ABC and CBS TV networks and 8 radio networks, CCI announced. With goal of building awareness of cable, campaign will launch Feb. 17 on ABC in premiere of miniseries *Hollywood Wives*. Three 30-sec. spots will rotate for 59 appearances during such programs as *60 Minutes*, *Dallas*, *Magnum P.I.*, *20/20*, *Hardcastle & McCormick*, *Dynasty*. Ads also will run on networks' Sun., Wed. and Thurs. movies. Ads also will run on CCI-member basic cable networks.

FCC actions appealed to U.S. Appeals Court, D.C.: (1) Dec. 4 decision affirming rules for use of lotteries for awarding grants in mass media and private radio services, by Bahia Honda Inc. and others. (2) Dec. 5 order denying Fla. Power Corp. review of staff action ruling its pole attachment rates were unreasonable and ordering utility to make refunds. (3) Nov. 16 license renewal of KTLA L.A. and approval of sale of station, by Sue Gottfried.

Cox Communications 1984 revenues were \$742.86 million, up 21% from 1983's \$614.62 million. Net income was \$87.29 million, up 12% (\$3.03 vs. \$2.75 a share). Pres. William Schwartz said all divisions contributed to improved results; broadcasting was up 21% in revenues to \$279.01 million, cable climbed 20% to \$405.01 million. Broadcast operations contributed \$107.22 million in income, up 23%, cable systems \$54.6 million, up 20%.

Manhattan Cable TV is expected to announce this week it will begin carrying VH-1 in March, giving new music service big boost. Carriage on ATC system with about 190,000 subscribers is thought necessary for exposing new video music network to Wall St. analysts and ad agency executives. Unanswered question is what service MC will drop; all 36 of system's channels are in use and Pres. John Gault wouldn't say which would be bumped.

Visalia, Hanford and Clovis, Cal. have been added to Fresno market by FCC for purposes of cable must-carry and syndicated programming exclusivity. KMPH Fresno had sought addition of Visalia, KFTV Hanford asked it be added to Fresno and North Star Communications (permittee for Ch. 43 Clovis) sought addition of Clovis. In adding 3 cities to Fresno market, FCC said that Nielsen and Arbitron consider 4 communities one market.

Best. Promotion & Mktg. Execs. is seeking nominations from TV and radio stations and cable systems for 1985 Gold Medallion awards. Programs must have been aired in 1984. Deadline is March 15; fee is \$45 for BPME members, \$80 for nonmembers. Details: Hayes Anderson, chmn., Dept. of Telecommunications & Film, San Diego State U., 619-265-6570.

HBO has settled suit against Acton Corp. over nonpayment of fees. HBO said Acton will pay \$1.7 million due since 1983.

Personals

FCC calendar -- Feb. 4: **James McKinney**, Mass Media Bureau chief, is on FCC panel at National Religious Bestrs. convention, Sheraton Washington; Feb. 5: Chmn. **Mark Fowler** receives Distinguished Service Award from NRB; Comr. **James Quello** addresses NRB luncheon. Feb. 6: **Fowler** makes opening remarks in Black History Month celebration.

George Watson, ABC News vp and Viewpoint exec. producer, returns to Washington as ABC News bureau chief, post he held 1976-80, succeeding **Edward Fouhy**, who moves to NBC News in Washington as exec. producer of prime-time news magazine to be hosted by **Roger Mudd**... **Elizabeth Mills** advanced to corp. communications dir., Multimedia.

Appointments at NCTA: **Michael Schooler** advanced to deputy gen. counsel, **Carol Melton** to asst. gen. counsel; **John Evans**, pres. of Arlington (Va.) Cable Partners, named chmn. of Assn.'s State/Local Govt. Committee; **Robert Wussler**, Turner Bestg., chmn. of National Satellite Network Committee.

Philip Boyer promoted to international development vp, ABC Video Enterprises, succeeding **James Shaw**, retiring... **David Salinger** advanced to dir.-affiliate promotion and special projects, CBS Entertainment; **Jay Rothman**, ex-Graphic Orb, named print ads creative dir., motion pictures-for-TV, miniseries and dramatic specials... Ex-Knight-Ridder Bestg. Chmn. **Albert Gillen** forms cable, broadcast and videotex consulting company, Albert Gillen Assoc., 38 Sunset Cay, N. Key Largo, Fla. 33037, 305-367-2231... **George Blinn** advanced to senior vp-gen. sales mgr., Petry TV... **Joe Cooper**, ex-KDNL-TV St. Louis, named national sales mgr., WMC-TV Memphis... **Kathy Rector**, ex-Miss. Authority for Educational TV, named assoc., Frazier, Gross & Kadlec Asset Appraisal Group.

Hilda Jannesson advanced to asst. dir., NAB Conventions and Meetings Dept... **Temple Elliott** promoted to mkt. development mgr., Time-Life Video, new post... **Craig Robin** advanced to traffic vp, Wold Communications, new post; **Dick Marsh** shifted to vp-facilities and network operations... **Mark Mersky** promoted to dir.-mktg. and media research, Group W Satellite, new post; **Bob Van Cleave** advanced to Detroit sales mgr.

Tedson Meyers and **Michael Faber**, both ex-Peabody, Lambert & Meyers and FCC, named partners in Washington office of N.Y. law firm Reid & Preist... **Darrell Blue** promoted to station mgr., KXLY-TV Spokane... **J.A. Simms**, ex-WNHT Concord, N.H., appointed gen. mgr., WWTW Cadillac and satellite WWUP-TV Sault Ste. Marie, Mich... **Jonathon Polier**, ex-Group W Cable, appointed legal affairs vp, Tribune Cable.

Richard Mack named pres., Advanced Best. Management, new sales and programming service for broadcasting, 1730 Pa. Ave. NW, Suite 1125, Washington 20006, 202-783-8429; **Richard Hugel** vp; **Joey Levin**, ex-TM Productions, sales dir... **Stanley Harrison**, CPB dir.-corp. communications, resigns... Promotions at Cox Cable: **Richard Clevenger** to engineering vp, **Ajit Dalvi** to mktg. planning and development vp, **Merritt Rose** to ad sales vp.

Mimi Jones, ex-Metrovision, named sales promotion coordinator, Weather Channel... **Laurie Angotti** advanced to research mgr., Blair/RAR... **Gregg Johnson** moves from Group W Satellite to midwest mgr., Group W Productions Media Sales Div... **Thomas O'Neil**, RKO General chmn.-CEO, retires March 28, will remain a dir.; **Shane O'Neil**, pres., is expected to succeed his father... **Daniel Hathaway** advanced to senior staff attorney, Oak Industries.

Gregory Liptak, Times Mirror Cable TV exec. vp, resigns... **Warren Littlefield** advanced to series programming senior vp, NBC Entertainment, succeeding **Jeff Sagansky**, who resigns to become Tri-Star production pres.; **Perry Simon** promoted to comedy development vp... ABC News & Sports Pres. **Roone Arledge** will receive Christopher Award Feb. 28 ... **Ronald Jacobi** promoted to senior vp-studio legal affairs, Columbia Pictures and Columbia Pictures TV, and deputy gen. counsel, Columbia Pictures Industries.

Allen Levy, ex-WTCN-TV Minneapolis, appointed managing editor, Conus... **John Chickering** promoted to financial administration vp, Warner Bros. TV Distribution... **Roy Weissman** returns to Showtime/Movie Channel as northeast region dir.; **Margaret Boller** advanced to direct response mktg. dir., new post; **Joe Girard**, ex-Video Engineering, appointed western regional engineering mgr.

Brian Bieler, vp-gen. mgr. of Viacom's WMZQ-AM-FM Washington, moves to N.Y. as Viacom Radio pres., replacing **Norman Feuer**, resigned... **David Liu**, film and video producer-dir., named Lifetime programming dir.

FCC Comr. **Rivera** Jan. 29 issued dissents to 3 Nov. FCC allocations decisions. Of Commission regulation of common carrier paging services on FM subcarriers, he said agency's preemption of state regulation is unwarranted, said he took "comfort" in recent court analysis of statutory limits on FCC. On reconsideration of original order last May, he said, Commission majority "intentionally mischaracterized" earlier action. Dissenting to reallocation of 6 MHz for fixed services and 944-947 MHz for studio transmitter links and relay station (plus 942-947 MHz in P.R.), Rivera said reallocations are premature because they restrict FCC "flexibility to make the best allocation at the conclusion of companion rulemakings [and] sets the stage for additional missteps."

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd week of Jan. and year to date:

	JAN. 12-18	1984 WEEK	% CHANGE	2 WEEKS TO JAN. 11	3 WEEKS 1985	3 WEEKS 1984	% CHANGE
TOTAL TV.....	351,771	427,664	-17.7	346,429	698,200	994,172	-29.8
TOTAL COLOR...	297,309	347,289*	-14.4	289,291	595,600	755,229*	-21.1
DIRECT-VIEW..	292,788	343,848*	-14.8	293,856	586,644	746,794*	-21.4
PROJECTION..	4,521*	3,441	+31.4	4,435	8,956*	8,435	+ 6.2
MONOCHROME....	54,462	80,375	-32.2	48,138	102,600	238,943	-57.1
TV EXCL. PROJEC.	347,250	424,223	-18.1	341,994	689,244	985,737	-30.1
HOME VCR.....	189,585*	111,814	+69.6	233,703*	423,288*	248,208	+70.5
COLOR CAMERAS...	11,455*	6,913	+65.7	10,507	21,962*	16,326	+34.5

Color TV (direct-view) 5-week moving average: 1984-1985--254,794; 1983-1984--261,111* (down 2.4%).

Home VCR 5-week moving average: 1984-1985--198,502*; 1983-1984--96,403 (up 105.9%).

* Record for period.

WILL LACK OF RECEIVERS HOLD UP HDTV? High-definition TV may be coming down to earth from pie-in-the-sky DBS, as FCC indicates it will consider proposals for compatible 2-channel broadcasting in UHF band (see story elsewhere in this issue). While at least one transmission system is claimed to be ready for on-air testing, there are few indications of any major work toward development of receivers for compatible systems.

Work on display devices for HDTV -- tubes and projection systems -- has been active, particularly in Japan, and Philips Labs has demonstrated evolutionary approach to HDTV (TVJ Feb 20/84 p13), but there's little evidence that many receiver manufacturers are taking HDTV seriously as potential advance in conventional broadcasting.

All proposed HDTV systems -- compatible or not -- make bigger demands on receivers than do standard broadcast systems, and compatible transmissions generally envision that larger part of complexity will move from transmitter to receiver. This would include storage capability in TV set.

As long as HDTV was considered incompatible specialty service -- reserved for DBS or special cable channels -- manufacturers could enjoy luxury of ignoring it if they didn't wish to participate in what would be slow growth business at best. Now, with prospect of compatible system -- standard 525-line TV on one channel, 1,050-line widescreen picture when HDTV set is tuned to 2 channels -- research in field begins to look as necessary as work in color.

Terrestrial HDTV, with compatible 525-line broadcasting, could provide significant stepup feature of magnitude of addition of color to b&w broadcasting, help to truly establish projection and other giant-screen systems in home entertainment firmament. CBS claims that its own system is ready for testing but that development of compatible receivers will take at least a year.

Receiver industry is working on various enhanced 525-line sets, using storage to increase

apparent resolution through computer technology. It could be short step from enhancement to true HDTV. Advanced TV Systems Committee (ATSC) is industrywide avenue to HDTV; it can be reached at 202-429-5300.

JAN. STREET PRICES--BETA \$220, VHS \$289: Although VCR sales are running at seasonally adjusted annual rate of more than 12.5 million, more chaos than usual has prevailed since Christmas in this normally chaotic market.

Selective price moves have brought street prices, as cited in "laundry-list" ads, to new lows -- VHS at \$289 or less, Beta at \$220 with occasional dip below \$200 in some markets. Price leader in VHS is Sharp front loader with 7-day timer, scan, still, 8-function wired remote, whose wholesale price is understood to have been reduced since Christmas. In Beta it's still Sanyo, which says it has had no reductions this year.

There have been other minor price cuts in Dec. and Jan., reflecting increase in value of dollar against yen, in several major brands -- and just beginning is liquidation of some slow-moving units in preparation for new models. Candidates for liquidation are many VHS Hi-Fi models.

Fact is that VHS Hi-Fi never got moving. Early quality problems resulted in less than rave reviews. Lack of software compounded situation, and high prices sealed fate of many current models -- premium of \$150-\$200 over Beta Hi-Fi when standard VHS models command only \$50-\$75 premium. New spring VHS Hi-Fi models are expected to be considerably lower in price, more in line with other VHS models over comparable Betas.

Major holdouts from price cutting have been Koreans, who have been sticking to their quoted prices in preparation for spring debut -- and presumably getting few takers. As one manufacturer put it, "dealers are saying 'no way' to the Koreans, but once the price pressure gets intense, they'll carry them." Many in industry believe there are too many brands in market and jockeying for market share among majors will be frantic, particularly if there's slowdown, which could result in extensive shakeout.

Among other uncertainties is what to do about so-called "super VHS." VHS makers say they could do this year what Beta group did to improve picture while maintaining compatibility -- but some are uncertain whether it's worth it, as opposed to waiting a year or so to come out with much better semicompatible units using such new technologies as metal tape. By "semicompatible," they seem to mean switchable VCRs that can play both standard and super cassettes, while latter would be incompatible with older models.

Semicompatible is same as semiincompatible, and any incompatibility -- even the "semi" kind -- would pose real software problems. If super-duper VCRs really are that much better, there's going to be demand for recorded software, meaning at least quadruple inventories (assuming Beta group also goes along with semicompatibility). Software people undoubtedly will try to convince manufacturers that today's 1/2" product is plenty good enough.

COMMODORE CAUGHT IN HOME COMPUTER SLUMP: Marketplace realities caught up with Commodore in final months of 1984. Company reported steep earnings drop in 2nd fiscal quarter to Dec. 31 on lower sales, forcing it to slash prices on computers and key peripherals, set up \$30 million pretax reserve. Also announced were layoffs at plants in U.S. and U.K.

Reserve will cover first stage of computer inventory valuation writedown and cost of retailer price protection. Commodore implemented reduction that trimmed retail price of best-selling model 64 \$50-\$150; it also lowered Plus-4, noncompatible computer with built-in word processing and financial software, introduced with only modest success last year, by about same amount to \$200. Also trimmed \$40-\$50 were disc drive and dot matrix printer, now

selling at \$200 and \$230 respectively, while low-end modem was reduced by about \$10 to \$40. With Commodore's inventory estimated at up to \$450 million, additional writedowns are expected.

Commodore has been steadfast in refusing to follow Atari's pre-Christmas cut on 800 model computers that, at \$110, had been underselling 64 by \$70-\$90, or Coleco's earlier trimming of \$200 from list of its now-discontinued Adam system. Commodore Vp John Kelly was quoted by Philadelphia Inquirer as saying low-priced Atari and Coleco computers "may have taken 200,000 to 300,000 units away from us" in quarter.

Near-term market situation promises only to get worse. Retail liquidation of Coleco's Adam inventory should be starting soon, and distress pricing on \$500 package -- computer, tape drive and printer -- could be as low as \$300, against \$580 for Commodore package with disc drive. Atari is ready to start shipping its new expanded memory XE series of 800-compatible computers that will underprice Commodore offerings even after reduction. Also, cut in model 64 may force Commodore to put lower than planned \$250 list on step-up 128K version set for delivery this spring (TVD Jan 14 p15).

Commodore net fell 93.6% to \$3.2 million in quarter on 21.5% sales decline to \$338.7 million. Earnings for fiscal first half were off 58.8% to \$74.4 million as sales slipped 9% to \$582.9 million. On calendar year basis, Commodore was still \$1 billion company, with sales of \$1.21 billion, up 16%. In addition to difficulties in U.S., Commodore said, value of its 2nd-quarter overseas sales was cut by \$33 million because of increased value of dollar, noted that more than half of revenue in period came from sales outside U.S.

Commodore said it laid off about 240 workers at W. Chester, Pa., computer plant, plus 300 at IC plant in Valley Forge, Pa. It said IC production has been slowed in Costa Mesa, Cal., but didn't specify whether any employees were furloughed. In U.K., where Sinclair sparked price war with 28% cut in list of its step-up Spectrum Plus model to \$145, Commodore dismissed 100 production workers at Corby plant, leaving 600 on job.

Company expects to start employee recalls in U.S. later this month as it begins production of 128K computer and portable with LCD display, have all back by end of 2nd quarter. By that time, company is expected to be turning out advanced 32-bit MPU computer originally developed by Amiga, which Commodore acquired last year.

Foreign restraints on trade in intellectual properties are being probed by Office of U.S. Trade Representative as part of investigation into nontariff barriers. In probe for Congress, USTR is seeking submissions from businesses with problems overseas in patent, copyright or trademark areas. Agency is interested in pinpointing countries that afford inadequate or no infringement protection for foreign properties, have burdensome protection requirements, make it difficult to get legal relief or impose ineffective penalties. USTR is to report to Senate Finance and House Ways & Means Committees by Oct. 19.

Digital Audio Disc Corp., CBS/Sony CD manufacturing facility, plans to more than triple production capacity to million discs per month by end of 1985, which will give it largest capacity of any CD plant in world, according to Vp-Gen. Mgr. James Frische. He said unexpectedly high demand has resulted because both CD player sales and number of discs purchased per player have exceeded forecasts. Facility had 300,000 monthly capacity when it opened in Sept., figure that will be doubled by early summer.

Sega coin-op videogames will be reintroduced in U.S. by Sega Enterprises of Japan, recently sold to group of its U.S. and Japanese managers by Gulf & Western. SE, expected to set up marketing arm in Chicago area, says it plans to export about \$11 million of games to U.S. in first year. Last year, G&W sold Sega's U.S. arcade game manufacturing to Bally but retained R&D and licensing under agreement that calls for Sega to develop videogames for Bally. Another G&W unit, Simon & Schuster, has taken over distribution of Sega home videogame and computer software under Sega brand.

Apple is fighting another compatible computer marketer it claims is infringing its software patents. Apple has filed suit in U.S. Dist. Court, Newark, asking \$50,000 in damages plus all profits earned by Eve Computer and parent Computer Technology, has won temporary injunction against further sales. Eve has been marketing computers imported from Taiwan. In similar case last year, Apple won \$2.5 million from Franklin Computer, forcing Franklin into bankruptcy; company still is in process of reorganization.

DURACELL CHALLENGES REAGAN: Dart & Kraft's Duracell battery subsidiary has asked Appeals Court to overrule President Reagan, reinstate International Trade Commission (ITC) order that would bar unauthorized imports of Duracell batteries made by company's Belgian subsidiary. But because case has such narrow scope, Duracell court victory would hold little promise of help for official import marketers here facing similar problem.

ITC investigated and upheld Duracell's claim that such imports constituted unfair import competition, recommended company get relief in form of exclusion order. However, Reagan rejected that, said ITC recommendation ran counter to Treasury policy and court rulings. Those generally permit unrestricted 3rd-party imports of items when foreign manufacturer is directly related to U.S. trademark owner. President noted that policy could be changed following study of economic impact of such imports now being conducted by Commerce and Treasury (TVD Jan 7 p12).

All past challenges to that position involved parallel or gray market imports, where shipments were being made by authorized and unauthorized companies, and this case is different, we were told by James Bierman, attorney with Foley & Lardner, representing Duracell. "We don't have parallel imports," as all batteries Duracell sells here are made in U.S.: "That's how we distinguish our case" from others. These imports "are displacing batteries made in the U.S." instead of other imports, and there are no authorized imports by anyone, Bierman said.

Consumers aren't getting bargains either, Bierman stated. While parallel imports generally are cheaper, "ITC found that the foreign Duracell batteries are being sold for precisely the same price as those made here." In fact, he said, buyers may be getting inferior batteries because shelf life can be diminished through mishandling.

Bierman contended that Reagan "acted on bad advice" by rejecting ITC finding primarily on legal, rather than policy, grounds. Legal issue "should have been left to the court," he said. Duracell victory, he pointed out, wouldn't set general precedent "because it does not directly challenge those regulations" that permit parallel imports.

ITC, meanwhile, has accepted for investigation Tandon's unfair import competition complaint against group of Japanese computer disc drive manufacturers. Company charges that 3.5" and 5.25" drives being shipped here by Mitsubishi, Sony and TEAC infringe on its patents, has asked for exclusion order barring future imports (TVD Dec 17 p14).

Japan's Tabuchi plans to start production of transformers for VCRs and microwave ovens in U.K. this year, expects first-year sales of \$2.2 million. U.S. subsidiary, which makes oven transformers in Jackson, Tenn., will own 25%.

WHERE'S VCR'S PLATEAU? If experience of color TV is any indicator, VCR sales should have reached plateau of about 5 million units in 1984. Instead, they pushed ahead to more than 7.6 million, and plateau still is nowhere in sight.

Color TV completed buildup period when it reached 5-million set plateau in 1967, after which it stayed at 5-6 million for 4 years before beginning 2nd expansion.

In past, we've commented on parallel between buildup years of color and VCR, noting almost one-to-one relationship in unit sales. The 2 products parted company in 1984 -- in analogous year of 1967, color had reached its 5 million plateau, didn't start climbing again and approach 1984's VCR sales level until 1971.

Just exactly where VCR will plateau is anyone's guess, but all forecasts assume growth hasn't stopped yet. Sales to dealers figures below show color-VCR parallel as long as it lasted, demonstrate how the 2 products dramatically parted company in color's 1967 and VCR's 1984:

Year	Color TV	Home VCR	Year
1959.....	90,000	55,0001976
1960.....	120,000	160,0001977
1961.....	147,000	401,0001978
1962.....	438,000	475,0001979
1963.....	747,000	805,0001980
1964.....	1,366,000	1,361,0001981
1965.....	2,747,000	2,035,0001982
1966.....	4,702,000	4,091,0001983
1967.....	5,224,000	7,616,0001984
1968.....	5,827,000		
1969.....	5,524,000		
1970.....	5,219,000*		
1971.....	7,257,000*		
1972.....	8,378,000**		

* Figures for 1970 and 1971 are TV Digest total market estimates, including imports; previous data are domestic brand figures from EIA in years before significant import brand penetration.
** EIA figure, including all imports.

Add Miniscribe to growing list of U.S. computer disc drive makers backing away from domestic production. Company trimmed fulltime workforce by 530 to 1,000 last fall, says additional 360 are being let go as it concentrates on operations in Far East. Miniscribe says it has more than 800 workers at plants in Hong Kong and Singapore.

Multichannel TV sound (MTS) stand-alone converter is now in production for Radio Shack, will be available in May; availability date listed in 1985 catalog was Nov. 30, 1984 (TVD Aug 20 p15). Tuner-amplifier alone is priced at \$140; 2 speakers add \$15.

NOV. TV IMPORTS: Near across-board drop in imports of complete color TVs and sharp cutback in incoming shipments of over-10" b&w resulted in overall decline in TV imports in Nov. (TVD Jan 28 p10). Falloff in month's imports of chassis & kits from Mexico is believed reflection of production reduction by major U.S.-brand factories.

Steep rise in imports of color chassis & kits from Japan and Korea was more than enough to offset effect of decline in complete color, leaving both countries with color increases for month and pushing 11-month totals over 2 million. Nov. also saw highest-ever monthly color import total from Hong Kong. Following are TV import totals by country for Nov. and 11 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV

	Month	%chg.	11 months	%chg.
Japan				
total...	220,500	+13.3	2,751,800	+71.5
color...	178,900	+14.1	2,062,300	+68.7
b&w....	41,600	+ 9.9	689,500	+80.4
Taiwan				
total...	227,000	-44.5	3,472,600	+18.9
color...	99,800	-25.0	1,502,600	+54.0
b&w....	127,200	-53.9	1,970,000	+ 1.2
Korea				
total...	475,800	+11.0	5,514,300	+43.4
color...	197,300	+16.4	2,127,100	+38.6
b&w....	278,500	+ 7.4	3,387,300	+46.5
Singapore				
total...	40,800	-38.3	611,200	n/c
color...	40,800	-38.3	606,900	+ 2.9
b&w....	--	--	4,300	-80.0
Malaysia				
total...	5,500	-79.6	196,500	n/c
color...	5,500	-71.0	185,400	+31.2
b&w....	--	--	11,200	-79.8
Hong Kong				
total...	48,200	+348.7	183,800	+223.2
color...	41,200	+374.1	162,000	+346.8
b&w....	6,900	+240.2	21,800	+ 5.6
Canada				
color...	13,300	+38.7	98,500	+18.0

Complete Color

Japan....	99,200	- 9.1	1,310,600	+56.6
Taiwan...	83,800	-36.1	1,292,300	+38.2
Korea....	134,000	- 9.6	1,781,400	+27.6
Singapore	12,700	-47.9	200,000	+ 9.8

Color Chassis & Kits

Japan....	79,700	+67.2	751,700	+95.0
Taiwan...	16,000	+749.4	210,300	+422.2
Korea....	63,300	+198.6	345,700	+149.5
Singapore	28,100	-32.8	406,900	- 0.2
Mexico...	76,500	-40.1	1,388,500	- 9.4

Note: Some totals may not add due to rounding.

SONY AND TOSHIBA EXPAND: Sony and Toshiba are expanding capacity of their U.S. color TV assembly plants by adding new production lines.

Sony is increasing number of lines at San Diego to 4, new one expected to be devoted to 26". Sony is estimated to have turned out about 800,000 color sets, all 17" or larger, at plant last year and is understood to be looking for output of million in 1985. Sanyo Mfg. in Forrest City, Ark., and Matsushita Industrial in Franklin Park, Ill., are only other Japanese-owned color plants here that have produced million sets in single year.

Toshiba will be coming close, though. Company said it will spend \$1.2 million to add 3rd color line at Lebanon, Tenn., plant, boost annual capacity to 750,000 sets. Construction is to start late this month, with line slated to be in operation by Aug.

Zenith's digital TV sets, to be introduced this year, will contain built-in teletext decoders, according to Satellite Syndicated Systems (SSS), which is supplying satellite distribution of Taft Bestg.'s Electra teletext magazine via vertical blanking interval of superstation WTBS Atlanta. SSS said Zenith will offer sets with built-in World System Teletext (WST) capability as well as WST converters it now sells. Asked for confirmation, Zenith spokesman said company doesn't comment on future products. Zenith digital set, once scheduled for introduction this winter, has been postponed, pending availability of sufficient quantities of chips, presumably until 2nd half. SSS will offer Greendale 54-channel cable converters with built-in teletext capabilities to cable systems at \$299 or for lease at \$4.95 per month. Electra, only U.S. teletext system to use WST standard, is produced at Taft's WKRC-TV Cincinnati.

Color TV slump started off 1985, sales of direct-view sets to dealers for first 3 weeks running 21.4% behind same period last year (see State of the Industry). Color TV 5-week moving average failed to hit a weekly record for first time in 115 weeks -- since Nov. 1982. Jan. appears certain to break string of 17 consecutive months of more than million unit sales to dealers. VCR, on other hand, continued to roar ahead, with sales up 70.1% in first 3 weeks, indicating annual rate of more than 12.5 million units (vs. about 13.75 million for color). It's also record year so far for projection sets and color cameras.

Dashboard information display that doubles as color TV is being offered as \$800 accessory with one auto model by Toyota in Japan. Screen functions as instrument panel, displaying wide variety of information on driver's request, and can receive TV programs when car isn't moving.

Sony expects to produce 30,000 8mm camcorders monthly, of which 20,000 will be marketed under Sony brand, rest under OEM labels, which currently include Aiwa, Fuji, Pioneer, TEAC and Yashica (Kyocera).

Consumer Electronics Personals

Masahiko Iwasa promoted at Sanyo Mfg. from senior vp to pres.-CEO, succeeding **Hajime Nakai**, exec. managing dir. of parent in Japan, who continues as an SMC dir... **Kyoshi Seiki**, Matsushita Electric Corp. of America pres., to be named dir. of Japanese parent at holders meeting this month... **Sam Frankel**, ex-Hitachi and Toshiba, appointed Sampo northeast region sales mgr.; **Edward Porter**, ex-Hitachi, for Midwest; **Larry Scott**, ex-Mitsubishi and Tatung, for West; **Joe Plese** for Southeast... **Henry Kloss**, Kloss Video, given New England Inventor of Year award by Boston Museum of Science... **T.J. Marano**, ex-PepsiCo., joins Apple as U.S. sales vp, new post... **James Gordon**, Coleco creative services mgr., named vp; other new Coleco vps: **Harvey Johnson**, mktg. services, and **John McNett**, design and development... **Peter Wellikoff**, ex-Creative Mktg. Consultants, onetime Philips Audio-Video Systems, joins Tandberg America as vp-Consumer and Professional Audio Products Divs... **Warren Marr**, ex-Daiwa, joins Record A Call as senior sales and mktg. vp; **Ray Bond** advanced from engineering and mfg. vp to product development senior vp.

Norman Milley advanced at K mart from exec. vp mdsg. and subsidiaries to K mart Stores Group pres.; **Larry Parkin** appointed K mart Stores exec. vp... **Kimberly Caplinger**, ex-CBS TV, joins RKO Home Video as west coast regional sales mgr... **Mary Krage** named midwest key accounts rep, VCA Duplicating... **Brad Gunches**, ex-Target Video and Gourmet Video, appointed national sales mgr., Video Latino... **Shoichi Saba**, Toshiba pres.-CEO, named to board of U.K. chemical producer ICI... **Leo Beebe**, retired Philco-Ford exec. vp, named chmn. of K-Tron International, producer of MPU-based weighing products... **Otis Wolking** advanced at GTE from Microcircuits Div. pres. to corp. quality services vp... **Richard Wilson**, ITT Telecommunications Business and Consumer Communications Div. employee relations dir., elected a vp.

Obituary

David Cogan, 74, developer of first commercial color TV set, died of cancer in N.Y. Jan. 26. While an engineering student at Northeastern U., he invented tube tester and formed Cyrad Mfg. Co, which was bought by tube manufacturer Hytron. In 1935, he was elected vp of Hytron, later became pres. of TV set-making subsidiary Air King. CBS purchased Hytron in 1951, changed name of Air King to CBS-Columbia, with Cogan as pres. supervising development of TV sets designed for CBS color system. (For brief period, CBS color system was sole color method approved commercially by FCC, before Commission reversed itself and approved NTSC system developed primarily by RCA.) Cogan retired in 1954, but later became active as CEO of Sheller-Globe Corp. (instruments). At his death, he was Sheller-Globe vice chmn. and chmn. of Dreyfus Corp.'s life insurance and consumer banking operations. Wife, one son, survive.

PHILIPS BUYS POLYGRAM: Dutch Philips increased stake in Polygram Records to 90% by buying out all but 10% of half interest held by partner Siemens. Price wasn't disclosed.

Siemens has been wanting to cut back in music business for some time, planned to sell most of its holdings to new company that was to be formed through merger of worldwide music interests by Warner and Polygram. But deal was called off last Nov. in face of antitrust suit threatened by FTC (TVD Nov 12 p14).

Philips said it's continuing search for new Polygram merger partner -- presumably acquisition of control will help in that effort. Polygram has been money-loser over last 6 years, primarily because of weak distribution in U.S., something it had hoped to correct through Warner link. MCA has expressed interest in tie with Polygram.

Meanwhile, General Mills is looking for buyers for nonfood operations, including toy and game makers Parker Bros. and Kenner Products. Toy operations are profitable, but Parker has suffered from heavy involvement in video and computer games and Kenner hasn't had hot toy for several years.

In other recent merger activity: **Harman International** has agreed to acquire speaker maker Pyle Industries... **David Hafler Co.** is buying speaker producer Acoustat... **National Video** has purchased 30 franchise stores of Video Galore chain in Southeast, bringing NV total to 430 outlets... **CBS's** planned \$362.5 million acquisition of Stereo Review and other consumer magazines from Ziff-Davis is held up by Justice Dept., seeking additional information. CBS already owns Audio and several other magazines that compete with those it's buying... **Rockwell** has agreed to acquire components and automation equipment producer Allen-Bradley for \$1.65 billion cash, expects to complete purchase this month. In year to Nov. 30, A-B earned \$90 million on sales of \$942 million... **AVX** said it's discussing possibility of being acquired by unidentified suitor and as result has called off planned purchase of parts maker Computer & Communications.

Software notes: 3M's upcoming videocassette warranty promises replacement of nonfunctioning tape to original purchaser. It's extension of warranty that pledges replacement for any defect that pops up over expected useful life of tape... **Video Software Dealers Assn.** convention may move from Washington back to Las Vegas. Some members think Washington Sheraton won't be big enough to handle crowd, are proposing LV Convention Center for exhibit, MGM Grand for evening events. Decision probably will be made at board meeting in Scottsdale, Ariz., next week... **Warner Music Video** has been set up as new software unit by Warner. It's unrelated to Warner Home Video or WEA records operation, though like WHV it's using WEA for distribution. Warner may have 3rd entry if Elektra Records completes plan for music video arm.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Activision			
1984-39 wk. to Dec. 29	23,348,000	(9,182,000)	--
1983-39 wk. to Dec. 31	49,620,000	(11,999,000)	--
1984-13 wk. to Dec. 29	9,577,000	(378,000)	--
1983-13 wk. to Dec. 31	10,167,000	(8,106,000)	--
AT&T*			
1984-year to Dec. 31	33,188,000,000	1,379,000,000	1.25 ^b
1984-qtr. to Dec. 31	8,411,000,000	379,000,000	.34 ^b
Arvin Industries			
1984-year to Dec. 30	781,986,000	30,226,000	2.59
1984-year to Jan. 1	600,605,000	18,338,000	1.58 ^c
1984-qtr. to Dec. 30	210,869,000	8,578,000	.73
1984-qtr. to Jan. 1	169,460,000	7,712,000	.66 ^c
A. H. Belo			
1984-year to Dec. 31	354,245,000	54,141,000	4.67 ^d
1983-year to Dec. 31	242,556,000	31,225,000	3.25
1984-qtr. to Dec. 31	97,160,000	9,120,000	.79 ^d
1983-qtr. to Dec. 31	71,101,000	10,552,000	1.02
Cox Communications			
1984-year to Dec. 31	742,855,000	87,292,000	3.09 ^d
1983-year to Dec. 31	614,623,000	77,950,000	2.75
1984-qtr. to Dec. 31	202,401,000	28,407,000	1.01 ^d
1983-qtr. to Dec. 31	172,631,000	25,367,000	.90
GTE			
1984-year to Dec. 31	14,547,344,000	1,125,118,000	5.55
1983-year to Dec. 31	12,943,918,000	995,604,000	5.00
1984-qtr. to Dec. 31	3,892,854,000	243,281,000	1.15
1983-qtr. to Dec. 31	3,551,343,000	268,978,000	1.39
Lee Enterprises			
1984-qtr. to Dec. 31	54,824,000	7,713,000	.56
1983-qtr. to Dec. 31	48,897,000	6,322,000	.46
Multimedia			
1984-year to Dec. 31	304,360,000	33,688,000	2.02 ^e
1984-year to Dec. 31	269,719,000	35,174,000	2.15
1984-qtr. to Dec. 31	83,898,000	9,440,000	.56 ^e
1984-qtr. to Dec. 31	74,018,000	11,090,000	.67
Reeves Communications			
1984-6 mo. to Dec. 31	108,945,000	(3,147,000)	--
1983-6 mo. to Dec. 31	112,447,000	5,579,000	.45
1984-qtr. to Dec. 31	62,756,000	(269,000)	--
1983-qtr. to Dec. 31	58,582,000	2,634,000	.21
Rogers Cablesystems'			
1984-qtr. to Nov. 30	84,062,000	(5,463,000)	--
1983-qtr. to Nov. 30	70,154,000	(5,764,000)	-- ^g
Texas Instruments			
1984-year to Dec. 31	5,741,600,000	316,000,000	13.05
1983-year to Dec. 31	4,579,800,000	(145,400,000)	-- ^a
1984-qtr. to Dec. 31	1,515,800,000	64,600,000	2.64
1983-qtr. to Dec. 31	1,299,300,000	77,500,000	3.23 ^d
Time			
1984-year to Dec. 31	3,067,353,000	216,398,000	3.37
1983-year to Dec. 31	2,717,035,000	168,934,000	2.65
1984-qtr. to Dec. 31	851,021,000	66,691,000	1.06
1983-qtr. to Dec. 31	763,118,000	54,932,000	.86
Washington Post			
1984-year to Dec. 30	984,303,000	85,886,000	6.11
1983-year to Dec. 31	877,714,000	68,394,000	4.82
1984-qtr. to Dec. 30	283,609,000	34,620,000	2.47
1983-qtr. to Dec. 31	254,260,000	28,644,000	2.02

Notes: *Comparative results unavailable. ^bPreliminary. ^cAdjusted. ^dIncludes special credit. ^eAfter special charge. ^fIn Canadian dollars. ^gRestated.

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Sharp's dual-deck VCR, now being sold in Middle East (TVD Jan 28 p15), is closer to U.S. market, and poses more serious threat than distance would indicate, according to source at MPAA. "It's just a matter of time before we're confronted with it directly," he believes, and arrival could force studios to "withdraw from the home video market... It's terrible -- I really don't know what we're going to do." Revision of first-sale doctrine or legislation allowing creation of separate sale and rental prices would ease situation, but MPAA isn't going to take aggressive stance it did in last Congress. "We've slowed down a bit," source told us. "We're waiting for the right opportunity to present itself" before encouraging bill. Present antirevision mood could change at moment's notice, he said.

Ad notes: Walt Disney Productions assigns all ad & PR accounts to Young & Rubicam, replacing in-house operation and outside agencies... Atari ad account has been resigned by Wells Rich Green. WRG held computer portion last summer when Jack Tramiel acquired Atari from Warner, later picked up responsibility for videogames that had been handled by DDB. Resignation was surprise because Atari had been promising major ad campaign to support upcoming launch of new home computers... Epson moves printer account from Ripley-Woodbury, Cerrito to Foote, Cone & Belding, which already handles computers.

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With Consumer Electronics

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Broadcast - Cable

BEER & WINE AD BAN PROPONENTS square off with industries at Hill hearing. FTC reluctant; Danforth opposes ban. (P. 1)

IS FAIRNESS CODIFIED IN LEGISLATION? That's major issue at 2-day FCC hearing. It's up to Congress, commissioners agree. (P. 3)

NAB STILL IRKED AT LAS VEGAS for scheduling Holmes-Hagler fight during convention, will seek concessions from hotels. (P. 5)

CIA RETURNS TO FCC with amended fairness doctrine complaint against ABC, seeks reconsideration and 'modest action'. (P. 5)

MUST-CARRY FOR MTS ON HOLD, but FCC staff will monitor situation, make annual reports. NCTA and NAB both claim victory. (P. 6)

V-FOR-U SWAP WORTH \$45-\$50 MILLION, stations say in FCC filing. WEDU and WTOG pressing ahead with controversial deal. (P. 6)

CUTS IN FCC, CPB & NTIA BUDGETS proposed by Reagan but plan is dead letter on Hill. (P. 7)

NPR EYES RESTRUCTURING relationship with member stations by giving them all CPB funding, charging them for services. (P. 8)

FTC'S MILLER BUCKS AD BAN ISSUE TO CONGRESS: Rulemaking to ban wine and beer commercials on TV and radio won't be started by FTC, Chmn. James Miller told Senate Alcoholism & Drug Abuse Subcommittee Feb. 7, arguing that decision involves competing social policies that should be reconciled by elected officials. New Senate Commerce Committee Chmn. Danforth (R-Mo.) said he didn't favor ban or counter-ad proposal offered as alternative.

"I would prefer that Congress do it," Miller said, adding that FTC also is unlikely to launch deceptive ad rulemaking against alcohol ads because there's little evidence of widespread ad abuse. But Miller stopped short of putting FTC on record as opposing ban, also avoided tipping agency's hand on final decision in related citizens' petition. He said that decision should come shortly, that FTC staff report on investigation into alcohol ads would be released within month.

FTC testimony was capstone of long Subcommittee hearing. AAAA, Center for Science in

Consumer Electronics

INVENTORIES SOAR as TV sales plunge in Jan. But VCR sales show no letup, at annualized 12 million rate. Projection, cameras up. (P. 10)

FLAT COLOR TV shown by Matsushita, using 2.6" thick glass-enclosed panel of new design in 10" and 15" sizes. No price or production date. (P. 11)

ATARI READY TO CUT price of 800XL to \$99 list as computer price war continues. Warner selling control of arcade unit to Japan's Nameco. (P. 11)

NEC AND SANYO FOLLOWING Toshiba's lead, adding VHS to Beta lines they sell in Japan. Sanyo, however, will use Fisher brand for VHS. (P. 12)

MORE STEREOCASTING: Stations start MTS in St. Louis and Sacramento. PBS seeks stereo grant from NTIA, testing new satellite audio. (P. 13)

JVC AND DENON JOINING CBS/Sony in boosting CD output this year as industry struggles to meet runaway demand for digital discs. (P. 14)

CALENDAR FOR 1986-MODEL video line showings has most companies following same schedule as last year. Las Vegas tops location roster. (P. 14)

CHINA'S VIDEOCASSETTE ORDERS from Hong Kong big enough to influence pricing here. (P. 15)

the Public Interest (CSPI), parent of Project SMART -- Stop Marketing Alcohol on Radio and TV, Freedom of Expression Foundation created under auspices of Sen. Packwood (R-Ore.), Fla. Bestrs. Assn. (FBA), NAB and Telecom Research & Action Center were among witnesses. Missing was Bureau of Alcohol, Tobacco & Firearms (BATF) because it's completing its own alcohol ad regulation proceeding. More hearings are promised by House Telecom Subcommittee Chmn. Wirth (D-Colo.).

Ban opponents for most part pleaded case for self-regulation. As expected (TVD Feb 7 p6), they refused to accept blame for alcohol abuse, said problem existed before electronic advertising. They argued real question isn't alcohol use, as was case for cigaret industry when its ads were banned from TV-radio as promoting health hazard, but of misuse for which they said there's no scientific evidence of link to ads.

Advertising groups were represented by AAAA Pres. Leonard Matthews, who showed videotape of industry-sponsored national PSA campaign to emphasize benefits of TV-radio ads and said fight over ban is wrongly diverting attention from health problem. FBA official Frank Flynn warned ban would have chilling effect on PSAs: "Effective educational campaigns are difficult when revenue is abruptly withdrawn."

NAB Pres. Edward Fritts told of broadcaster efforts to publicize alcohol dangers in industry-sponsored PSA campaigns, showed videotape that NAB has been using in lobbying Congress. NAB Senior Vp Shaun Sheehan told us Mothers Against Drunk Driving (MADD) is working with broadcasters on national PSA campaign, that founder Candy Lightner will tape broadcast industry-backed TV PSA Feb. 19 in Washington for national airing, plus separate radio spot later.

Ban would mean \$750 million annual ad revenue loss for broadcasters, Fritts said -- about 4% of TV gross, 12% of radio's. He said radio, with its smaller profit margin, would be hardest hit. Since bulk of alcohol ads appear during sports programs, Fritts said, ban would push most such events onto pay-TV. In radio, that would mean end to local sports coverage, he said.

Opponents also emphasized what they contended is real purpose of ads: To shift market share, not create new market. U.S. Brewers Assn. Pres. Donald Shea said ads are important because 1% change in market share is worth \$380 million in sales. Opponents also said ban would violate First Amendment rights.

Ban proponents stressed that ads glamorize alcohol use, appeal to youth. CSPI Dir. Michael Jacobsen presented series of TV ad clips showing Coors Lite exhorting viewers to drink "beer after beer and don't hold back" and Harvey's Bristol Cream arguing beverage should be drunk from tumbler, among others. He added: "We view advertising reforms not as a panacea, but as one facet of a comprehensive program to redefine the role of alcohol in our society."

Self-regulation was eschewed by Wine Institute Pres. John De Luca, but for different reason. He said group's Cal. members have code that forbids appeals to youth, use of athletes or auto driving in ads, and associations between drinking and success. But effort to get code adopted nationwide was stopped by FTC as possible antitrust violation, he said. It was Wine Institute that requested BATF rulemaking, hoping code might be made part of agency regulations, De Luca said.

Danforth told NAB and ad groups Feb. 8 he's moving cautiously on issue because he's leery of placing restrictions on advertisers "absent overwhelming evidence of immediate harm" and "there's been no evidence presented of a causal relationship" between ads and alcohol abuse. He used even tougher language in letter last week to Alcoholism Subcommittee Chmn. Hawkins (R-Fla.), calling voluntary efforts by alcohol industry to encourage moderate drinking "right on target. Such voluntary efforts should be far more effective than increased govt. intervention."

But Danforth assured groups his Committee would retain jurisdiction over any ad

legislation that might be introduced, despite Hawkins panel's interest. Fritts said broadcasters find that reassuring, believe they're winning fight but that issue remains NAB's top legislative priority. Fritts said that although it's drawing heavy attention, he doesn't see groundswell of support for ban, noted that no bill has been introduced in Congress calling for ban. Rep. Hutto (R-Fla.), who had said he would introduce ban bill, now is saying he won't. Rep. Collins (D-Ill.) told us ad ban would "strangle" minority businesses.

Hawkins denied reports she was sympathetic to ban, declared that her mind isn't made up and that she's uncomfortable with issue. But she said that as first step, advertising, alcohol and broadcast industries should "clean up their act" in ads and join community groups in publicizing dangers of alcohol abuse beyond alcoholism disease and drunk driving problems.

IS FAIRNESS DOCTRINE CODIFIED IN LEGISLATION? After 2 days of panel discussions before en banc FCC on fairness doctrine, big question remained as to whether doctrine has been codified by Congress in legislation. No, said opponents of doctrine; of course, said panelists who want it retained in FCC rules. Despite uncertainty over whether FCC has authority to act on its own -- and majority of commissioners undoubtedly favor abolishing doctrine -- most of them said last week's hearings were very worthwhile and, at very least, will result in substantial report to Congress.

Major reason FCC isn't likely to act on its own to repeal doctrine: Rep. Dingell (D-Mich.), chmn. of House Commerce Committee, Feb. 6 jumped out in front of coalition (Campaign for Free Speech) formed to lobby to retain fairness doctrine. Group is composed of 17 labor, public interest and religious organizations (see below).

In panel that he chaired, Comr. Patrick called sessions "most helpful and very interesting." He said he didn't understand attitude of several groups in objecting to FCC's even "exploring" validity of doctrine (CD Feb 8 p3). And, he said, even if doctrine has been codified, hearings have been very helpful in building record for Congress. Patrick told us later that he believes doctrine "probably is codified" by legislation.

Comr. Quello told us he was impressed by argument of attorney Timothy Dyk, of Wilmer, Cutler & Pickering (which represents CBS), who gave history of doctrine in arguing that Commission does have authority to delete requirement from its regulations. (Note: In amending Sec. 315 of Communications Act in 1959 to exempt bona fide news from political equal-time law, Congress added caveat that this didn't relieve broadcasters from obligation to be fair.) NAB Senior Vp-Gen. Counsel Henry Baumann told commissioners: "NAB believes that the Commission is clearly empowered to act, and should act now, to eliminate policies of clear Commission making, such as the personal attack and political editorial rules" -- even if FCC defers to Congress on fairness doctrine. He said doctrine is "in plain violation of the First Amendment [and] is unacceptable not only because it controls content... but [also] because the fairness doctrine accomplishes what it set out to avoid." However, Quello predicted that most that will happen at FCC will be report to Congress. "It'll be up to the House and Senate" to act on doctrine, he told us.

Nobody changed sides during panels and there were no surprises, with broadcasters and their allies arguing doctrine has chilling effect on programming, and public interest groups contending it continues to assure access and diversity and is necessary because of spectrum scarcity -- something those in favor of abolishing doctrine said no longer exists in broadcasting.

At start of hearing Feb. 7, several groups and individuals favoring retention of doctrine issued statement saying their participation shouldn't "be construed as endorsing either the FCC's decision to conduct this inquiry at all or the manner in which it has been administered." They also complained that panelists "disproportionately reflect opposition" to doctrine and that FCC didn't designate particular issues to be addressed by each of 6 panels during 2 days.

Only Group W among media groups didn't support repeal of doctrine. Group W has "never found the doctrine to be unduly burdensome or intimidating of journalistic broadcasting activities," according to Senior Vp Wallace Dunlap. "Rather, we found the doctrine to be rather a simple and straightforward statement of a basic obligation inherent in the concept of broadcasting service... To my fellow broadcasters, let me suggest that some definition of the 'public interest, convenience and necessity' standard such as the doctrine is necessary if for no other reason than our own self-interest. There has to be some accountability for our use of the scarce and valuable resource called the spectrum."

"We think it should be junked" was comment on doctrine by Peter Pritchard of USA Today, appearing as chmn. of Freedom of Information Committee of Society of Professional Journalists. "I'm an absolutist on the First Amendment," he said, and doctrine clearly abridges broadcasters' First Amendment freedoms. He said it's type of regulation normally found in East Bloc countries.

Arguing for retention of doctrine, David Rubin of ACLU said there's still scarcity of video signals, that to argue otherwise is "a canard... Broadcasting is still a medium of scarcity. More people want to broadcast than have the opportunity and they are forever shut out... in all the major markets." Responded NBC News correspondent Bill Monroe: "I support elimination of the fairness doctrine on the grounds that government guidance of editorial content subverts the whole American philosophy of press freedom and deprives the public of the full, free, competitive marketplace of ideas uncontaminated by government control."

Eagle Forum Pres. Phyllis Schlafly objected to "the sponsorship, the scope, the bias and the format" of hearings. "Any hearing on the advisability of retaining or repealing a law should be conducted by a congressional committee, not the agency which has the duty to enforce it." She charged "the outrageous and blatant anti-Reagan bias of the TV network newscasts accelerated rapidly after it became clear that the FCC chairman [Fowler] opposes the fairness doctrine." Comments of conservative Schlafly and liberal Samuel Simon, pres. of Telecommunications Research & Action Center (who were on same panel) led moderator Quello to observe that "politics makes strange bedfellows."

Ex-FCC Chmn. Charles Ferris, after opponents of doctrine had complained about its alleged chilling effect, said any reluctance by broadcasters to program controversial issues is an economic decision and isn't caused by doctrine. "Advertisers want to please," he said. "They don't want to be associated with controversy." Opposing position of noted First Amendment lawyer Floyd Abrams, Ferris maintained "there is no absolutism in the First Amendment." However, he said, Harriet Kaplan (speaking for NRBA) had made strong argument and there may be reasons for treating radio and TV differently under doctrine.

Abrams, saying he's considered "absolutist" regarding First Amendment, said freedom of expression is imperiled by doctrine. He cited attempts by President Nixon to get at Washington Post through its broadcast licenses and CIA complaint against ABC at FCC (see story elsewhere in this issue). He said placing licensing authority in same agency that rules on fairness complaints is too much power and that Commission can and should rule that doctrine has chilling effect.

Speaking for ANPA, Robert Johnson of Newsday said doctrine is "counterproductive to the free flow of information." He said that print press has demonstrated why broadcasters shouldn't be shackled with doctrine, that both use self-imposed discipline "because it is demanded by the public."

Bev Brown, KGAS(AM) Carthage, Tex., chmn. of NAB First Amendment Committee, attacked scarcity argument, said it ignores "wide proliferation of broadcast signals now available [and] the listener's ability to make his own judgments." Kaplan said: "My experience out there in the real radio world convinces me... that broadcasters' programming decisions are substantially and adversely affected by the fairness doctrine."

Andrew Schwartzman of Media Access Project said: "There is wide agreement, at least outside the 6th [Gen. Counsel Office] and 8th [commissioners' offices] floors of this building, that the FCC lacks statutory authority to repeal the fairness doctrine." He said doctrine "is a remarkable accomplishment. It deeply respects the fragile balance of competing interests and needs of both broadcasters and the public."

Ralph Goldberg, vp-asst. to pres., CBS News, said CBS opposes doctrine because it "cannot be reconciled with the fundamental principles underlying the First Amendment... Only a press whose content is free from the influence of government can fulfill its essential role of monitoring the use -- and possible abuse -- of government power."

Citizen groups opposed to repeal of fairness doctrine attempted to strengthen their line of defense last week by forming coalition Campaign for Free Speech, whose leadership includes Dingell. Group was set up by 17 organizations, including AFL-CIO, Black Citizens for a Fair Media, Citizens Communications Center, Consumer Federation of America, Consumers Union, Media Access Project, Public Media Center, TRAC, United Auto Workers, United Church of Christ. Leadership committee includes Dingell, Esther Peterson, ex-Consumer Affairs Adviser to Kennedy, Johnson and Carter Administrations, and TV producer Norman Lear of People for the American Way.

At news conference, Dingell put FCC on notice: "It would be terribly unwise for the Commission to proceed further along its present course. This Commission should have recognized long ago that it is an independent regulatory agency accountable to the Congress and, as such, it may find that what it thinks is a legal loophole can fast become its own noose." Dingell threatened legislation if FCC repeals doctrine. Long an outspoken defender of doctrine, Dingell criticized FCC's "deregulatory fervor" as "all a part of the ongoing desire by the Administration to cater to its business cronies... at the expense of the public."

NAB REMAINS IRKED AT VEGAS: Still irritated because championship Holmes-Hagler fight is scheduled Mon. night of NAB convention in Las Vegas, NAB will seek concessions to guarantee that its delegates will have hotel rooms. Caesar's Palace Hotel, site of fight, has taken away several hundred rooms originally reserved for NAB, as have other hotels -- although rooms at MGM Grand reportedly have been regained.

NAB was to meet in Washington last week with Frank Sain, exec. dir. of Las Vegas Convention/Visitors Bureau, but meeting was rescheduled for Feb. 21. Among concessions NAB said it will seek: \$100 nightly in chips for any NAB delegate with confirmed reservation who doesn't get room; "legally binding contract" from hotels in "very specific detail" about their responsibilities.

Asked if NAB would ever return to Las Vegas, Pres. Edward Fritts (who, when bout was announced, vowed NAB wouldn't return to Las Vegas if fight date wasn't moved) told reporters Feb. 8: "We would never say never to anything." He said NAB will meet with Chicago and Atlanta officials in search for alternate convention sites. NAB is scheduled in Dallas in 1986-87 and 1990-91, back in Vegas in 1988-89.

Major entertainers at April 13-17 convention will be Beach Boys at opening assembly Sun., Pointer Sisters at closing brunch Wed. NAB has added joint TV-radio session Mon. morning on drunk driving and alcohol abuse. Fritts said NAB "is literally being deluged with registrations" for convention.

CIA RETURNS TO FCC: Central Intelligence Agency has asked FCC to reconsider its decision (TVD Jan 14 p3) dismissing Agency's complaint that ABC violated fairness doctrine and personal attack rules and intentionally distorted news by alleging that it had plotted to kill a Honolulu businessman (TVD Nov 26 p3).

Amended complaint filed late Feb. 8 urges Commission to take "modest action" of requiring ABC to respond to CIA charges. Agency also asked FCC to conduct "appropriate investigation and grant such further relief as the FCC may deem appropriate."

CIA said it's not seeking "punishment" of ABC but said Commission should "enforce basic standards of fairness..."

CIA seemed most disturbed that ABC hasn't followed up on what it contends were erroneous news reports on World News Tonight broadcasts last Sept.: "Although the CIA fully expected that ABC would make an internal investigation and make public the facts in this matter, ABC has chosen not to do so. Thus, the viewing public is still unaware that the serious charges made against the CIA are simply untrue." ABC executives couldn't be reached for comment.

Cox Cable Tidewater was indicted by circuit court grand jury in Norfolk for showing obscene programming on Playboy Channel. Grand Jury was shown 9 movies, decided 7 were obscene.

NO MUST-CARRY NOW FOR MTS: FCC said Feb. 8 it has decided to withhold for now any must-carry status for multichannel TV sound (MTS) -- stereo broadcasting and 2nd-language programming. No action was taken even though order admitted that "majority of commissioners believe that program-related MTS is a part of the basic [TV] signal and is required to be delivered by whatever technical means the cable system chooses."

Decision also extends to program-related teletext and telecommunications services carried on TV station's vertical blanking interval. Commission, obviously still divided on issue, directed Mass Media Bureau to monitor MTS developments and compile annual reports.

Chmn. Fowler and Comr. Patrick issued joint statement applauding "restraint" in declining to grant mandatory cable carriage for MTS: "We believe that this is quintessentially a situation where marketplace forces will accomplish the goals that a prior Commission... would have tried to accomplish by imposing rules." Annual reports Bureau will prepare "will allow us to assess the development of MTS and decide the issue of mandatory carriage at some point in the future when it is ripe for decision," they said.

"This is the right decision," NCTA said in statement: "While the Commission reserves its right to revisit the question in the future... we regard this matter as now essentially settled for the foreseeable future." Said NCTA Pres. James Mooney: "[Broadcasters] got the gift wrapping and we got the present." NAB said it was "very pleased" that FCC majority recognized that MTS is part of TV signal and that it will keep docket open.

Bureau was directed to report to commissioners annually on: (1) Extent TV stations are transmitting in MTS. (2) Extent that MTS-capable receivers are sold. (3) Extent and manner of cable systems' voluntarily carrying MTS. Commission order was careful to state that action "does not impose upon our licensees or the public any reporting requirements."

In meantime, FCC will hold docket open, call for new round of comments if issue does become ripe. Decision represented considerable compromising and was agreed to late Feb. 7. Fowler had wanted to wipe out rulemaking altogether, had order prepared to accomplish that but couldn't get majority. Quello, Dawson and Rivera favor MTS must-carry, and Quello insisted on statement that majority supports it. Dawson insisted that teletext and VBI rulemakings also remain open.

Des Moines Register & Tribune Co., which last week sold newspapers to Gannett and WQAD-TV Moline, Ill. to N.Y. Times (TVD Feb 4 p4), has sold KHON-TV Honolulu and satellite KAIL-TV Wailuku to Burnham Bestg. of Chicago, price undisclosed. Burnham is closely held company that owns WLUK-TV Green Bay.

\$45-\$50 MILLION FOR V-FOR-U SWAP: Public TV WEDU Tampa-St. Petersburg would get \$45-\$50 million as compensation for swapping Ch. 3 for Ch. 44, licensed to Hubbard Bestg.'s WTOG St. Petersburg-Tampa, according to FCC filing.

On agenda for Commission meeting Feb. 14 is proposed rulemaking on whole question of channel swapping between commercial and noncommercial stations. Swap proposal was broached by Comr. Quello as way to provide endowments for public stations and to allow for more commercially owned VHF channels (TVD Jan 7 p6). Since then, Quello said public and commercial broadcasters have voiced concern about concept. He said he's been told by Congress there's no money to reconvene Temporary Commission on Alternative Financing for Public Telecommunications (TCAP), which could study issue and make recommendations.

WEDU and WTOG signed exchange agreement Jan. 11. Mark Damen, pres. of Fla. W. Coast Public Bestg., licensee of WEDU, said most of compensation will flow during first 5 years after swap, although direct benefit could continue for up to 50 years. WEDU would get \$5 million when exchange is completed, then \$4 million annually for 5 years, plus interest at 8% paid twice yearly, on remaining balance, for total of about \$30 million. In event WTOG sells or exchanges Ch. 3 within 3 years after swap, WEDU would receive 25% of any amount more than \$33.5 million.

WEDU also will be allowed to lease Ch. 44 tower and transmitter for up to 50 years for \$100 monthly. WTOG will be responsible for maintenance, repairs and new equipment for 10 years. WTOG will pay for 2nd transmitter, antenna, transmission line and attendant equipment to improve UHF signal with circular polarization or to increase power. WTOG also will modify WEDU transmitter to provide multichannel TV sound, worth estimated \$5 million.

Differences in electrical costs will be partially reimbursed, Damen said, putting such compensation at \$1.5 million. For 5 years, WTOG will pay for electricity for WEDU to operate Ch. 44 transmitters and for another 5 years it will pay half of amount by which WEDU transmitter electricity use exceeds WTOG cost of operating Ch. 3. WEDU also will receive \$650,000 for marketing, promotional and PR efforts to alert public to move.

L.A.-area cable operator Communicom has sought protection from creditors under Chapter 11 bankruptcy filing, telling court it has estimated debt of \$166 million. Action had been expected since United Cable in Dec. broke off negotiations to buy Communicom. Subsidiary of Nielson Enterprises has about 47,000 subscribers, mainly in West L.A. franchise. Communicom Chmn. Glen Nielson said agreements have been reached with program suppliers to continue service. He added that Paul Beckelheimer, United Cable vp-operations, has joined Communicom as COO.

FCC, CPB & NTIA BUDGET PLANS: Proposed \$973.7 billion federal budget for FY 1986 submitted to Congress Feb. 4 by President Reagan continues to shift money from domestic to military programs, includes cuts in funding for FCC, NTIA and -- hardest hit of all -- CPB. But budget appears generally to be dead letter; proposal was hailed by few in Congress.

White House wants \$14 million cut from \$200 million that Congress already has appropriated for CPB for FY 1987, argued in budget documents "although public broadcasting is an important national resource," greater funding "is incompatible with the urgent need to reduce federal spending."

Administration also recommended only \$214 million for CPB in FY 1988 -- same as level pushed by Rep. Oxley (R-O.) in last year's budget wars. Reagan proposal is expected to refuel battle with Congress over CPB funding that last year led to President's vetoing of 2 CPB bills. But figures are something of victory for CPB, which in last Reagan budget was looking at only \$110 million for FY 1986, \$100 million for FY 1987.

Public Telecommunications Facilities Program (PTFP) administered by NTIA would be wiped out in FY 1986 under new budget. Administration is asking for \$10 million rescission of \$24 million that Congress has authorized and no future funding, contending program isn't needed because "95% of the U.S. currently receives public broadcast programming." PTFP has been key source of financing for construction of public TV-radio facilities. Cutbacks would freeze staff at current 12, leaving 3 slots unfilled.

Reagan also wants \$183,000 rescission in current \$14 million NTIA budget, with most of cuts in travel, consulting, printing. FY 1986 level would be about \$13.2 million, \$505,000 below FY 1985's nearly \$13.7 million. Cuts would be across board, reflecting freeze in spending, 3.7% prorated reduction in staff salaries (including Dir. David Markey, whose pay would fall from \$66,637 to \$64,138) and nearly 50% cut in consulting fees.

President's proposed \$92.3 million budget for FCC in FY 1986 is down more than \$3.8 million from FY 1985, reflecting fewer authorized employees and proposed pay cuts. Budget will support 1,890 "workyears," which includes all full-time, permanent parttime and temporary employees, down from 1,939 workyears authorized in FY 1985 budget, 1,961 in FY 1984.

Commissioners' share of proposed salaries expenditures is \$2,257,000 vs. \$2,125,000 currently, according to Office of Management & Budget documents; Common Carrier Bureau budget would increase \$4,000 to \$18,660,000; Mass Media Bureau would drop \$433,000 to \$21,453,000; Private Radio Bureau would drop \$308,000 to \$9,489,000; Field Operations Bureau would decline \$1,904,000 to

\$19,402,000; Office of Science & Technology would decline \$695,000 to \$6,531,000; support services would drop \$695,000 to \$14,926,000. Pay cut savings amount to \$2,619,000, said Alan McKie of FCC Office of Managing Dir.

Board for International Bestg. (BIB) was budget winner. President proposes increasing BIB spending from \$97.5 million currently to about \$142 million. Increases include \$39.8 million to upgrade Radio Free Europe and Radio Liberty transmitter sites. Radio Marti, separate Voice of America (VOA) service, would get \$11.2 million -- up from \$10 million appropriated in FY 1984 and \$8.5 million in expenditures expected this year. Marti budget includes funding for bureaus in L.A., N.Y., Miami.

VOA budget would increase to nearly \$185 million from current \$168 million. U.S. Information Agency (USIA) budget for TV and film production, including satellite hookups for news conferences through Worldnet program, would be more than \$37 million, up from nearly \$31 million that USIA expects to spend on program in FY 1985. Reagan budget includes \$433 million rescission through savings on equipment, transportation and salary, and unexpended funds. Total proposed USIA budget next year is \$585 million, up from nearly \$546 million expected to be spent in FY 1986.

Proposed FTC budget is about \$63.9 million, down from \$64.3 million in FY 1986. President also proposed adding more than \$3.8 million to current FTC budget for planned consolidation of 5 Washington offices this year.

Attempt by Sen. Helms (R-N.C.) to engineer takeover of CBS by conservatives through stock purchases (TVD Jan 14 p5) "is a threat to some rather important principles of democracy" -- but not to network, according to CBS Chmn. Thomas Wyman. In news conference at Duke U., he said move "doesn't seem very threatening" and isn't likely to cause changes in network ownership or news operations. Wyman said complaints about networks' news coverage are part of political game. Wall St. Journal said analysts believe Helms and Fairness in Media are "preparing a more forceful assault" on CBS than network might think. Paper said group will amend recent filing at SEC to state that it will seek control of network through stock purchases. Credible showing by group could break new ground in political arena and on Wall St., and effort "already promises to create ripples extending well beyond the issue at hand," according to Journal.

Multimedia stockholder has sued in attempt to stop \$825 million leveraged buyout of company (TVD Feb 4 p8). Bruce Doniger, partner in N.Y. broker Gilbert, Doniger & Co., said he sued because he believes offer of \$49.50 per share is about \$15 too low. He owns about 2,000 shares. Multimedia Treas. Donald Barhyte said: "We have made what we consider to be a fair offer, one which is subject to fairness review by members of our board."

NPR MAY SHUN DIRECT CPB AID: NPR has proposed restructuring relationship with member stations by allowing all CPB funding to go directly to them and then charging stations for programming, engineering support and other services. Five-year plan was advanced Feb. 6 by Chmn. Donald Mullally and was adopted unanimously by NPR board. Member stations will vote on proposal in mid-May at annual meeting in Denver. Approval of CPB, which is studying radical proposal, also is required.

CPB contributed \$10.3 million of NPR's \$22 million budget in FY 1985, all for program production. NPR Dir. Ernest Sanchez said plan tests whether public radio stations believe system is member organization and "will put their money behind that concept."

Mullally conceded risks involved, but said it's also opportunity to gain. He proposed plan as means of unifying system that he said is beset with serious problems.

Unreliability of NPR's federal revenue share is one of those problems. Law requires that no less than 50% of govt. money go directly to stations in form of Community Service Grants (CSGs), sums tied to funds stations raise from nonfederal sources. In practice, split has been 60-70% for stations, with rest going to NPR for program production. But NPR no longer is assured of being exclusive recipient of CPB program production money, and CPB support has declined in real terms in recent years. NPR said it no longer can anticipate amount or composition of CPB funding from year to year.

Some station officials also have said they should get all of federal money because they're close to public and know what they need to serve listeners. They even formed Station Resource Group to help stations influence CPB to give them bigger share. Thomas Thomas, dir. of that group, said he was "very happy" with plan. Donald Smith, one of group's founders, was impressed after his first glimpse of it.

But Thomas is concerned about how high fees will be for NPR services, which would be offered on bundled basis. "NPR clearly intends to exploit its dominating position in the field by keeping services bundled," Thomas said.

Directly after NPR board meeting, NPR Pres. Douglas Bennet was on telephone to frequent NPR critic William Kling, pres. of American Public Radio, explaining proposal and seeking his "constructive advice."

Sextex, erotic on-line videotex service, is being operated by High Society, creator of Hot Line Telephone Service. Service allows personal computer owners to exchange views on erotic matters on-line. Onetime subscription fee is \$12.95. Services offered are Eroticcom, for live parties; Talk To Me, advice column; Open X-Change, reviews, open forum and bulletin board; Sexshop/Personals, erotic swap shop.

Warner Amex (WA) has received several offers for Dallas cable system, will sell it soon, its officials said. Dallas system, with 81,000 subscribers in 320,000-home franchise area, lost about \$20 million in 1983, just under \$40 million last year. Losses for this year are projected at \$30 million. Meanwhile, American Express, WA's parent along with Warner Communications (WC), is considering selling its stake in MSO because it views cable "more as an investment than a line operation," said Amex PR Vp Walter Montgomery. But cable is more closely related to WC's entertainment businesses and it "just doesn't envision a sale" of WA stake soon, said WC spokesman Geoffrey Holmes.

Justice Dept. has ruled that Chesapeake & Potomac Telephone may build and maintain cable TV distribution system in Washington for franchisee District Cablevision (DCI) without obtaining waiver of restrictions in Modified Final Judgment breaking up AT&T. DoJ approval comes on heels of FCC grant of C&P's Sec. 214 waiver request (TVD Feb 4 p6). Commission, though, required C&P to keep separate books for constructing cable system to prevent cross-subsidies from telephone business. Agreement calls for DCI to pay C&P \$53.8 million over 4 years for 78-channel, 550-MHz system, plus about \$4 million annual maintenance. C&P has said building system will cost \$46.1 million.

Attorney Clifford Bond, FCC employee 1973-75, has been indicted by federal grand jury in Atlanta for allegedly issuing licenses, permits, sale approvals, etc., to clients without receiving FCC authorization. Indictment said Bond often didn't file applications at FCC, gave clients documents using FCC seal he took with him when he left FCC to open law practice in N.C. In one case he handled, indictment said, station built new tower and transmitter site thinking it had FCC authorization; in another, stations changed hands after receiving bogus approval from Bond, who practiced law in Winston-Salem and Atlanta.

CNN goes to Europe beginning Sept. 15 under deal with Comsat and British Telecom International (BTI). TBS signed 7-year lease for 1/2 transponder on Intelsat V. CNN will be downlinked in U.K. by BTI, made available to European customers free for 3-month "familiarization" period. Service will be uplinked from Turner facilities to be built in Atlanta. CNN will be uplinked in C-band, downlinked in Ku-band. Europe will be able to receive it on Ku-band dishes 2-3-m.

Justice Dept. has decided not to seek changes in consent decrees barring movie studios from owning theaters. Move was surprise because Justice had been expected to recommend lifting restrictions on movie industry. Dept. apparently was discouraged because studios and distributors refused to ask courts themselves for changes in long-standing decrees.

MTV Networks VH-1 will be carried by Manhattan Cable beginning March 1.

Personals

Columnist-commentator **Patrick Buchanan** named White House communications dir... **David Aylward**, House Telecom Subcommittee chief counsel and staff dir., leaves shortly to form law partnership and consulting firm with former Mondale presidential campaign mgr. **Robert Beckel**... **Mireille Soria**, ex-ABC, named current programs dir., Columbia Pictures TV; **Anne Atkinson** advanced to deputy gen. counsel, Columbia Pictures... **Joel Rudich**, ex-Warner Amex Cable, appointed pres.-COO, Coaxial Communications Columbus, O. system.

Jack Smith, FCC gen. counsel, addresses Feb. 21 luncheon meeting of FCBA, Touchdown Club, on access charge and subscription TV proceedings at FCC; former FCC Chmn. **Dean Burch** is luncheon speaker at March 9 FCBA seminar on "New Roles for Lawyers in International Telecommunications," Washington Marriott... FCC calendar: Feb. 12: Comr. **James Quello** addresses Wis. Bestrs. Assn., Concourse Hotel, Madison. Feb. 12-13: **Robert Foosaner**, Private Radio Bureau chief, addresses National Mobile Communications Exposition, Disneyland Hotel, Anaheim. Feb. 13: Full Commission participates in Golden Jubilee Commission on Telecommunications, Mayflower Hotel, Washington. Feb. 13-14: **Michael Fitch**, Private Radio Bureau deputy chief, addresses National Mobile Communications meeting.

Robert Fuson promoted to vp, SFN Cos... **Kathleen Sichler**, ex-Viacom, appointed sales administration mgr., MCA TV... **Patricia Norwine**, ex-L.A. Herald Examiner, named mgr.-national program mktg., KCET L.A., new post... **Peter Kenney Jr.**, ex-Justice Dept. Antitrust Div., becomes partner in Washington law firm McKenna, Wilkinson & Kittner... Appointments at Coalition Opposing Signal Theft: **Alan Bailey**, Paramount Pictures, business affairs dir.; **Molly Kellogg**, Warner, organizational dir.; **Sandi Wildman**, Showtime/Movie Channel, PR dir.

Deet Jonker advanced to dir.-east coast TV production services, ABC Best. Operations & Engineering... **Scott Sassa**, ex-Cable Music Channel, appointed current programs vp, Playboy Video... Advanced at Tribune Cable: **Gary MacGregor** to mktg. vp; **James Feeney** to operations vp; **Frances Payne** to information systems dir... **Nancy Graham**, ex-KTVU Oakland-San Francisco, appointed news/public affairs dir., KBHK-TV San Francisco... **Jane Rulon**, ex-NRBA, appointed asst. to dir.-conferences and membership, RNTDA.

Michael Edwards named vp-participation and residuals, Warner Bros.; **Sanford Reisenbach** appointed pres.-worldwide theatrical ad and publicity division, new unit... Promoted at Scripps-Howard Bestg.: **Richard Janssen** to administration vp, remains asst. to pres.; **Steve Roddy** adds radio gen.

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mgr. for 7 stations; **Mendes Napoli** to dir.-news and program development, new post... **Alan Bell** promoted to west coast vp, Cox Communications, new post; **Stanley Mouse**, Cox senior vp and pres. of WHIO-TV-AM Dayton, succeeds Bell as KTVU Oakland gen. mgr. on acting basis.

Arnold Kleiner advanced to pres., WMAR-TV Baltimore... **Vincent Barresi**, ex-Media Central, named vp-gen. mgr., KTXH Houston... **John Colbert**, ex-M/A-Com, named senior vp-chief financial officer, American Satellite; **Dennis Mesko** appointed human resources vp... **Herbert Estrin**, ex-United Satellite Communications, appointed vp-chief financial officer, Cannon Group.

Gregg Cooke rejoins CBS from ABC Sports as international sales mgr., CBS Best. International... **Greg Johnson**, ex-NAB regional mgr. for West Coast, joins Blackburn & Co. L.A. office, succeeded by J.T. Anderton, mid-Atlantic regional mgr.; **Ann Miller** joins NAB as personnel dir., succeeding **Fran Maine**, who moves to Atlanta... **Jennifer Hirshberg**, FTC public affairs dir., named press secy. to **Nancy Reagan**, succeeding **Sheila Tate**, who will go into private business.

Glen Woosley promoted to sales mgr., Blair Radio Atlanta office... **Mark Fratrik**, ex-FTC, appointed NAB dir.-financial and economic research.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th week of year and full month of Jan.:

	JAN. 19-25	1984 WEEK	% CHANGE	JAN. 12-18	JAN. 1985	JAN. 1984	% CHANGE
TOTAL TV.....	397,664	530,169	-25.0	351,771	1,095,864	1,524,341	-28.1
TOTAL COLOR...	332,385	373,695*	-11.1	297,309	927,985	1,128,924*	-17.8
DIRECT-VIEW.	327,480	369,855*	-11.5	292,788	914,124	1,116,649*	-18.1
PROJECTION..	4,905*	3,840	+27.7	4,521*	13,861*	12,275	+12.9
MONOCHROME....	65,279	156,474	-58.3	54,462	167,879	395,417	-57.5
TV EXCL. PROJEC.	392,759	526,329	-25.4	347,250	1,082,003	1,512,066	-28.4
HOME VCR.....	214,725*	140,110	+53.3	189,585*	638,013*	388,318	+64.3
COLOR CAMERAS...	11,030	12,486*	-11.7	11,455*	32,992*	28,812	+14.5

Color TV (direct-view) 5-week moving average: 1984-1985--250,096; 1983-1984--274,500*
(down 8.9%).

Home VCR 5-week moving average: 1984-1985--186,754*; 1983-1984--96,434 (up 93.7%).

* Record for period.

INVENTORIES SOAR AS TV SALES PLUNGE: Further cutbacks in TV production and imports seem to be in order in wake of big sales drop in Jan. and consequent rise in inventories to estimated 14-week supply. However, first-month sales data, shown in table above, indicate no letup in VCR boom as annualized sales rate hit new high of more than 12 million units.

For first time, annual sales rates of VCR and color are in same ballpark -- color's rate in Jan. was 13.2 million, lowest such figure since March 1983. Color TV's Jan. sales to dealers, at 914,914, broke string of 17 consecutive months of more than million sales, was lowest sales month since May 1983. EIA figures indicate that each of Jan.'s 4 weeks probably was down from year earlier (first 2 weeks are lumped together so there's no way to be certain).

Monochrome TV sales in Jan. -- only 167,879 -- were lowest for any month in more than 35 years, could indicate beginning of end for b&w. At "big-screen" end (12"), monochrome sales are being eroded by low-cost 13" color, while minicombo sales have been dropping sharply, and -- at least in Jan. -- interest seems to be slackening in pocket TV, possibly because dealers overdosed on them for Christmas season.

Projection TV and color camera sales both set Jan. records, but by relatively small amounts -- 12.9% and 14.5% respectively -- and each was in minus column for at least one week of month. But VCR was where the action was in Jan., whose 638,000 sales were beaten in only 4 previous months (Sept.-Dec. 1984).

Color TV inventories, although at a high for end of Jan., were down from levels of June-Nov. 1984. Nevertheless, 3.27 million units in pipelines (factory plus distributor) represent about 14 weeks' supply at Jan. sales levels. Pipeline stocks were up just over 30% compared with one year ago, but less than 1% from end of Dec. At factory level, inventories of about 2.05 million were up 48% in year and 2.5% in month. Distributors' wariness was exemplified by decline in their inventories by 2.5% to just under 1.22 million in Jan. and increase of just 7.7% over end of Jan. 1984.

VCR inventories jumped to new all-time high of nearly 1.22 million at pipeline level, up 141% in year and 17% in month, representing 7 weeks' supply if sales continue at Jan. increase of 64% over 1984. Factory inventories of 755,000 were up 146% in year, 27% in month, while distributor stocks of 462,000 were up 136% in year, 4% in Jan.

MATSUSHITA SHOWS FLAT COLOR TV: Bright, flat color TV display panel of completely new type, claimed to have virtually no size limitation, was demonstrated at last week's end by Matsushita in Tokyo in 10" and 15" TV sets. Matsushita gave no timetable for commercialization or projected price, but officials said development work is finished and "last barrier is mass production technology."

Matsushita's display is vacuum tube device of extremely high precision, sealed in rectangular glass envelope that includes all deflection components as well as phosphor screen. The 10" display has 5.9x7.9" picture, panel measuring 11.1" wide, 8.7" high, 2.6" deep, weighs 16.5 lb. Entire 10" set is only 3.9" deep, 14.6" wide, 14" high, weighs relatively heavy 31 lb. Dimensions of 15" display and set weren't given. As we observed it at Tokyo news conference, picture seemed comparable with that from regular tubes in brightness and color rendition.

Surface of display is completely flat and is screened into 3,000 rectangular "picture cells" containing phosphor stripes, arranged 200 cells horizontally by 15 vertically. Each picture cell is scanned by its own electron beam that excites the red, green and blue phosphor stripes. Thus there are 3,000 electron beams formed by 15 horizontal filament cathodes, intersected at right angles by 200 electron beam control electrodes. Deflection is accomplished by horizontal and vertical deflection electrodes. Deflection method is claimed to reduce number of required electrode terminals to about 1/7 of number used in conventional matrix driving method, resulting in 192,000 picture elements on panel.

System uses no shadow mask, and electron beams are same width as phosphor stripes. Signal processing and drive are performed digitally, with red, green and blue electron beams operating sequentially. MPU governs fine adjustment of diameter and position of beams. As example of precision required in building display, Matsushita notes that new cementing technology was developed to evenly and completely adhere alternating 0.1-mm grid electrons to insulating plates.

Brightness of current panels is given as 70 ft. lamberts, compared with about 100 for standard picture tube. Contrast ratio is more than 50 vs. 100 for CRT, with more than 64 steps in gray scale. Horizontal resolution of 10" display is 270 lines, or 2 lines per mm, about same as picture tube. Tube draws 7 watts of power, 10" set 70 watts. Company officials said brightness and contrast can be improved, but as we viewed completely flat picture they seemed perfectly adequate. Main difference in picture from that on standard tube was that rectangular cells on screen's face were visible when picture was viewed very close.

Matsushita sees new display as eventually suited for computers, videotex, HDTV, etc. It will be a highlight of Matsushita Pavilion at International Exposition '85, big science fair March 17-Sept. 16 in Tsukuba, Japan.

ATARI READIES ANOTHER COMPUTER PRICE CUT: Atari is kicking off round 2 in 1985 edition of home computer price wars by cutting list of 800XL by 17%. Computers carrying lower list could start showing up in dealer ads this week.

New list will be \$99, marking first time 64K computer has been priced below \$100. It's 2nd major reduction for 800XL instituted since Commodore founder Jack Tramiel took Atari over last summer. In Nov. he trimmed price to \$119 from \$179 to stimulate Christmas sales. That apparently worked, as Commodore put partial blame for its sharply reduced earnings in quarter to Dec. 31 on sales lost to Atari and Coleco Adam computers.

Atari 800XL is generally available now at discounters for \$109, so new street price should be about \$90. Even if new list turns out to be actual selling price, it would represent full 60% reduction since 1983 unveiling. Atari, then under Warner Communications, introduced unit at \$240 that summer, boosted price to \$280 that fall before it started shipping. Original 800, which had 32K capacity but came equipped with only 16K, was priced at \$1,000 when introduced in 1979.

Whether Atari price cut is reaction to Commodore's recent lowering of list on competing model 64 by \$50 to \$150 isn't certain. There's speculation that Tramiel, instead, is making move to clear out inventory and raise cash to support launch of 800-compatible XE series of home computers shown at CES last month. While Atari said then that some XE models were available for immediate delivery, none has shown up in stores yet, and distributors say only 800XL is being offered to them right now.

Warner, meanwhile, took another big step toward bailing out of Atari last week by agreeing to sell controlling interest in coin-op videogame operation to Japan's Namco. Unit, Atari Games, wasn't included in package of Atari assets sold to Tramiel. Terms of sale to Namco weren't disclosed, but Warner said it would retain Atari Adventure, which operates 47 arcades in U.S. Namco is among leading Japanese videogame designers, is best known for Pac-Man. Atari had home rights to many of company's games, has \$1.2 million investment in Namco.

There's industry speculation that Warner owes Namco substantial royalties and that Namco will be putting up little, if anything, in cash to close deal. Bally, prime competitor to Atari Games in arcade market, holds unspecified equity interest in Namco and has license giving it exclusive U.S. coin-op marketing rights to Namco's games. If Namco takes over Atari Games operation, it presumably would move to get those rights back from Bally. Considering depressed state of coin-op videogame market, and Bally's deemphasis on that business, effort shouldn't be too tough.

NEC AND SANYO GO VHS IN JAPAN: Sony is losing its last 2 major Beta-only VCR market allies in Japan. NEC and Sanyo will offer VHS models there next month.

But Sanyo will uphold position of Pres. Kaoru Iue that company will never market own-brand VHS (TVD Dec 17 p13), instead will come out with VHS under Fisher label. Units will be made by subsidiary Tokyo Sanyo, which makes Fisher VHS VCRs sold in U.S. and Europe. NEC, however, will sell VHS and Beta under its own brand, as it started doing in export markets last spring. Toshiba, which added VHS to Beta line it sells in Europe in late 1983 and introduced in Japan last year, still has no announced plan for start of VHS sales in U.S.

"Image Translator," modified VCR that will play PAL cassettes in color through NTSC TV sets (TVD June 29/81 p12), was featured in exhibit at last month's CES by Instant Replay. Pres. Charles Azar said company is offering modified GE VCRs, with leader model at \$795 list and VHS Hi-Fi version at \$1,795, through dealers. Sets equipped with Image Translator will record and play back standard NTSC signal, play back PAL in color on NTSC sets and record PAL and SECAM in b&w. IR plans to offer modified GE videocassette player for rental market, and Azar said he already has deal with video chain to rent player with European cassettes, including British music videos, now selling for \$14-\$15 as result of strength of dollar. Instant Replay is at 2951 S. Bayshore Dr., 8th floor, Coconut Grove, Fla. 33133.

AT&T and Chemical Bank are discussing possible videotex joint venture. AT&T spokesman said discussions involve possible entry into electronic financial services, not full-bore videotex. Pairing of companies, both separately involved in videotex services, has long been rumored (TVD Nov 12 p16). Venture also is expected to include Time Inc. and Bank of America, both in lesser roles. AT&T manufactures Sceptre videotex terminal and other videotex equipment. For Time, it would mean 2nd go-round in on-screen text. Company conducted R&D project on full-channel cable teletext but dropped it in early 1984 after couple years, taking more than \$30 million loss. Two other major corporate combinations are looking at videotex: (1) Trintex, composed of CBS, IBM and Sears. (2) Unnamed group consisting of RCA, Citicorp and J.C. Penney.

Pioneer is producing Laservision players for sale under Hitachi, Marantz, Nippon Columbia and Sansui brands. Hitachi and subsidiary Nippon Columbia (Denon) have introduced players on Japan consumer market, and Marantz Japan, subsidiary of Dutch Philips, will follow next month. Sansui plans to introduce LV players on export market. Pioneer also makes LV players under Sony and TEAC brands for sale in Japan.

Distribution notes: Sylvania appoints Cowley Distributing for parts of Ida., Nev., Ore., Utah and Wyo., replacing Wells Distributing... JVC opens regional branch, its 5th, in Norcross, Ga.

MORE STEREOCASTING STARTS: Two new multichannel TV sound (MTS) markets opened up last week -- St. Louis and Sacramento -- bringing to 15 number of stations carrying stereo. New 24-hour video music station in Boston area was hoping to get on air this week, and several PBS affiliates were targeted for early next month.

Starting MTS Feb. 6 were KOVR-TV, ABC affiliate serving Stockton-Sacramento, and independent KPLR-TV St. Louis. WVJV-TV Marlborough, Mass., music station serving Boston area, plans full-time stereo, could go on air this week, according to engineers at station.

There's still only one PBS station broadcasting in stereo -- WTTW Chicago, first station to do so -- but others now are almost ready to begin, each one lacking some equipment but hoping to take delivery in next few weeks. They include WEDH Hartford, WCET Cincinnati, WVIZ-TV Cleveland, WMHT Schenectady-Albany-Troy, WNET N.Y.

PBS, as network, broadcasts much stereo, has hundreds of hours of stereo TV on tape, plans eventually to go full-time MTS. PBS got cold shoulder from EIA Consumer Electronics Group when it asked for grant to convert all stations to MTS, now plans to ask Commerce Dept.'s NTIA for funds to help affiliates add stereo.

PBS Engineering Dept. meanwhile is working on lower cost, higher quality replacement for DATE (Digital Audio for TV) satellite TV audio transmission system, according to Engineering Development Mgr. Mark Richer. He said 85-90 PBS stations -- about half of total -- now use DATE, and tests are being conducted on lower cost systems that PBS hopes all its members will be able to afford.

KPLR-TV's debut last week was auspicious, according to St. Louis station's Vp-Gen. Mgr. Barry Baker. He said station has worked with TV distributors and dealers, thinks main problem will be early shortages of MTS receiving equipment. Station will have 4 major prime-time stereo events in first 17-20 days on air, including Diana Ross Central Park Concert (from Paramount) as well as movies. Station also carries first daily stereo cartoon, Voltron, syndicated by affiliate of parent Koplair Communications. Asked if distributors were using station to advertise MTS sets, Baker said: "We could sell every availability in every [stereo] program to a TV set distributor."

One of first stereo stations, WTIC-TV Hartford, hopes to add SAP channel in next few weeks, according to Pres. Arnold Chase, and expects to use it in innovative ways. In addition to broadcasting syndicated bilingual programs (Spanish and Italian as 2nd languages), Chase said he'll experiment with surround sound programming by feeding output of M360 surround sound matrix decoder to SAP channel. To get both stereo and surround sound, viewers will need stereo set and additional stand-alone stereo

decoder or 2 stand-alone decoders with standard set. WTIC-TV also will use SAP as "barker" or program guide channel, keeping viewers informed of what's coming up next. In addition to being pres. of WTIC-TV, Chase is one of best-known collectors of antique TV sets.

EIA boosted its estimate of 1984 consumer electronics factory sales to \$23.1 billion from \$22.8 billion given at last Winter CES in Las Vegas (TVD Jan 14 p17), hiked consensus forecast of 1985 volume to \$25 billion from \$24.9 billion. Original figures were compiled in mid-Dec., and changes reflect sales surge in year's closing weeks. Only significant 1985 product forecast change is rise for color TV to 16.2 million at \$5.5 billion factory value, from original 15.9 million at \$5.41 billion. It put final 1984 color factory value at \$5.53 billion, up from \$5.37 billion, raising average set value to \$344 from \$340, though still well below \$358 average of 1983. Average value is seen slipping to \$340 this year. Final breakdown of VCR sales to dealers puts home decks at 6.73 million, up 100.7%, portables at 885,000, up 20.1%. That left portables with 11.6% VCR market share last year, down from 18% in 1983. With boost from camcorders, EIA forecast is for portables to get 12.6% share of 1985 market.

Consumer electronics firms are heavily represented in list of 100 largest Japanese-owned companies in U.S. compiled by Economic World. At head of industry group, ranked 4th behind car makers Toyota, Nissan and Honda, is Matsushita, with sales estimated at \$2.8 billion, followed by Sony in 6th place at \$1.65 billion. Among other firms ranked, with sales in millions: Sanyo 7th, \$1,350; Sharp 12th, \$932; Toshiba, 14th, \$650; NEC 17th, \$628; Hitachi Sales 20th, \$480; JVC 22nd, \$460; Fuji Photo 25th, \$385; TDK 32nd, \$300; Maxell 40th, \$200; Casio 46th, \$180; Uniden 53rd, \$137; Teknika 66th, \$100; Kenwood 70th, \$95; Alpine 73rd, \$94; Mitsubishi Consumer Electronics 76th, \$90; Clarion 82nd, \$80; Akai and TEAC 99th, \$60. Some companies, such as Hitachi and Mitsubishi, have separate subsidiaries, including private label consumer electronics operations, that, if included, would place them substantially higher in rankings.

FCC amended Part 15 to eliminate requirement that low-power communications device designed for unlicensed operation in 49-MHz band be self-contained except for microphone. Change, effective March 4, permits use of external AC adaptor, plug-in headsets, other external accessories, with no restrictions on connector cable length, but retains requirement that antenna be permanently attached to case. Tests for compliance with radiation emission standards are to be made with accessories attached. Change doesn't apply to cordless telephones.

Motorola laid off 125, or 10% of force, at paging systems plant in Daytona Beach, Fla. Company blames sluggish sales for cutback.

MORE CD EXPANSION: Massive production expansion efforts are in works by pressers to meet what's become runaway demand for digital audio Compact Discs.

JVC plans to be first in Japan to be pressing CDs at million per month rate. JVC said it will boost output at Yokohama plant from current 300,000 monthly to 500,000 next month, launch new facility with 500,000 monthly capacity by Sept. To help speed delivery to U.S. custom pressing customers, JVC said it has set up CD packaging operation at its JVC Cutting Center in L.A. Current capacity is 400,000 monthly.

Meanwhile, CBS/Sony, which recently announced it would be turning out million CDs monthly at DADC's Terre Haute plant by year end, against current 300,000 monthly (TVD Feb 4 p12), said it will be operating at that level in Japan too by 1986. Japanese plant now is pressing about 800,000 monthly. Though total output now exceeds million per month, DADC hasn't been able to meet needs of customers and as result has stopped accepting new custom pressing orders while it works to clear up backlog. Company didn't say when that would be.

At same time, Sony has started sampling computer makers with CD ROM discs and players to check out industry interest in new high-capacity data storage medium. But how fast Sony would be able to respond to order requests isn't certain, as ROM disc pressing would be job of DADC.

Also in audio CD backlog situation is Hitachi subsidiary Denon, which plans to nearly double output to 600,000 monthly by April, step up to 750,000 monthly later this year. Another major Japanese CD supplier, Sanyo, reportedly is operating at its 400,000 monthly capacity.

Problem is that quick and steep decline in player prices moved CD into market mainstream much faster than anyone anticipated. Players were \$1,000 just year ago, had fallen to half that by last summer, broke through \$200 last fall, and current lowball is \$188 for Sanyo model promoted by N.Y. discounter. Instead of being specialty item for upscale classical music lovers, players are being snapped up by pop crowd, and they're stocking up on discs.

Popularity is such that Billboard recently added CD listing to its album charts. Most recent shows 8 of top 10 current best sellers, 35 of top 50 and 114 of top 200 are out on CDs. But being out and generally available are 2 different things, and dealers reportedly are placing multiple orders with different distributors in hopes of getting supplies. DADC ban on new custom orders means situation will get worse, and with CD players selling strongly, capacity expansions announced by pressers may not be enough to make things any better.

1986-MODEL SHOWINGS: With Summer CES again starting at crack of June, industry's major marketers are following last year's pattern by scheduling new line showings earlier than usual.

Just over half of our 18 marketers -- Hitachi, JVC, Mitsubishi, Panasonic, Philco, Quasar, RCA, Samsung, Sylvania and Toshiba -- will hold sales meetings on about same dates as 1984. GE and Sharp are earlier this year by about 3 weeks, while Magnavox, Sanyo, Sony and Zenith are week or 2 later.

NEC and Sampo are only companies with significant date changes, both several weeks later, with meetings scheduled to coincide with CES. Last year, NEC held regional sales meetings while Sampo took reps to Atlanta for combination line showing and factory tour. Gold Star, not in our listing, plans sales meeting, hasn't set date.

GE gathering will be first for new internal video-audio sales organization of Consumer Electronics Business Operations, will be followed by traditional regional dealer shows. Sony, which held regional shows last year, is back on convention trail, will hold meeting for distributors first, follow 3 days later with one for dealers. Hitachi too was regional in 1984 but will hold sales meeting this year. Magnavox is going in other direction, giving up central meeting in favor of regional showings.

Las Vegas is back in favor as convention site. RCA, only company there last year, is being joined this spring by Panasonic and Zenith. Fla. gets 3 meetings, while Cal. draws Quasar as only nonresident company convention. Hawaii, which led with 3 conventions in 1984, gets only Toshiba's 20th Anniversary meeting this year.

Calendar below shows starting dates for national meetings or first regional meetings.

COMPANY	DATE	LOCATION
GE	April 28	Portsmouth, Va.
Hitachi	May 6	Newport Beach, Cal.
JVC	April 11	Ft. Lauderdale
Magnavox	Mid-May	Regional
Mitsubishi	May 14	Anaheim, Cal.
NEC	May 31	Chicago
Panasonic	April 15	Las Vegas
Philco	May 13	Knoxville
Quasar	May 12	San Diego
RCA	May 12	Las Vegas
Sampo	May 31	Chicago
Samsung	May 31	Chicago
Sanyo	April 15	Tampa
Sharp	April 28	Greenelefe, Fla.
Sony	April 14	Tucson
Sylvania	May 7	Knoxville
Toshiba	April 9	Hawaii
Zenith	May 15	Las Vegas

CHINA SOPPING UP TAPE: Buildup of China's VCR population through imports from Japan and local production is creating videocassette demand that could be big enough to have stabilizing influence on world prices, but create supply difficulties here for 2nd-tier U.S. duplicators, according to Michael Rubin, pres. of Hallandale, Fla. tape loader Allied Video.

Rubin says Chinese are committed to buy 11 million blank cassettes Dec. 1984–July 1985 from 18 Hong Kong plants, including one owned by AV. Hong Kong shipped 3 million units here in first 11 months last year. Chinese apparently are eager customers, reportedly will pay up to \$2.80 for 2-hour T-120, 35¢ more than stateside buyers, also have pushed up price of shells from 75¢ to \$1–\$1.05, Rubin claims. That's still cheap by name-brand tape standards, but it's high enough to increase cost of containerload shipments by \$11,000, he said.

Rubin told us his output goes to duplicators using about 10,000 units a week, mostly for public domain titles retailing in \$15–\$20 range. Since margins already are tight, Rubin thinks prices will start up in next 30 days to absorb his increases, from \$3.07 to \$3.25 per cassette. Rise, he said, is caused entirely by arrival of Chinese, who may have even greater impact on other U.S. loaders that lack fallback position in Hong Kong.

AV now produces 180,000 units a month in Fla., plans to squeeze out another 100,000 from 2nd plant, which will still leave company below 400,000 level it had expected to reach this year. Rubin hopes to be able to help out some suppliers, at same time claims his shipments are booked 45 days in advance.

Development seems to fit general mood that tape prices are firming, largely because major manufacturers are sticking to resolve to temper capacity increases. Gary Schwartz, national mktg. and sales mgr. of JVC Magnetic Tape Div., expects blank tape to be more of seller's market in fall, in contrast to last year's "cutthroat competition." He said he sees prices firming up and profits improving even though "it may not look like it now... demand is fast outstripping the industry's ability to produce." Schwartz predicts consumer sales will double this year, again in 1986.

Meanwhile, JVC says it had shipping container of 6,000 video and 200,000 audio cassettes stolen from dock in Cal. last week. FBI is investigating.

Ex-Atari employees, claiming they were fired without cause last summer following acquisition of game-computer operation by Jack Tramiel, filed \$50 million class action suit against company on behalf of hundreds of workers. Action alleges they were promised bonuses and job security if they stayed on and helped turn Atari's slumping fortunes around. Atari says any such promises were made by former parent Warner before takeover and that those terminated by current management were paid off.

France will give Thomson Group about \$133 million this year to help company build up its integrated manufacturing capacity. Stress will be on parts and components for consumer electronics. Thomson needs to compete more effectively against Japanese imports. Grant is part of \$281 million fund govt. has set up to help state-owned electronics companies. Rest will go to Bull computer group and CGCT telecommunications firm. U.K., meanwhile, has backed away from plan announced last year to provide \$133 million in aid to IC, fiber optics and optoelectronics companies pending further study. Components makers have told govt. that instead of holding back, program should be expanded to \$266 million, which represents 67% of what industry says will have to be spent on R&D to keep domestic manufacturers competitive in world markets. Companies suggested extra funds could come from cutbacks in other support programs, including one that provides incentives for foreign components makers to set up U.K. plants.

Video software notes: Distributor Commtron sold 8,247 copies of Paramount's Strong Kids Safe Kids in Sept.–Nov. and at \$2 per cassette donated \$16,494 to National Center for Missing & Exploited Children... **Video Retailers Assn.,** rival of Video Software Dealers Assn., is holding first VRA Trade Fair May 7–8 at Harrah's, Lake Tahoe, Nev. Fair has space for 75 exhibitors and 800 retailer attendees. Details: VRA, 340 Elm Ave., Suite F, Auburn, Cal. 95603... **Low-cost video** to go is new marketing wrinkle from Video Communications, which is offering 10 movie titles for \$5.95 each. Catch, if you can call it that, is that consumers have to supply own new unopened cassette, which they send to VC along with \$2.95 for handling and return postage. Actual cost to consumers of mail-order offer works out to \$15–\$17, depending on what they spent for blanks.

Russia reportedly seeks to place orders for thousands of personal computers, has contacted Apple, IBM, Sinclair and other potential suppliers. Move follows recent lifting of ban on exports of home and small personal computers and peripherals by Commerce Dept. in accord with agreement reached with other 13 members of Coordinating Committee for Multilateral Export Controls, which keeps lid on sales of high technology products to East Bloc nations. Along with freeing trade on lower powered nonmilitary computers, Commerce also is allowing shipments of compatible disc drives, printers, monitors.

Spain declared electronics industry to be preferential interest area, making investors eligible for tax rebates and other state-funded incentives. Declaration is part of govt. drive to attract foreign investment in joint ventures with local partners there.

Hitachi will spend \$5.5 million to triple monthly production at its German VHS VCR plant to 30,000 by Nov. Company said it was increasing output because of reduced quota this year on Japan's exports of complete VCRs to Europe.

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
Audiotronics			
1984-6 mo. to Dec. 31	8,684,000	(37,000)	--
1983-6 mo. to Dec. 31	10,650,000	317,000	.26
1984-qtr. to Dec. 31	3,723,000	(105,000)	--
1983-qtr. to Dec. 31	5,104,000	117,000	.10
Bell & Howell			
1984-year to Dec. 29	713,548,000	33,047,000	3.04
1983-year to Dec. 31	679,248,000	41,191,000	3.59*
1984-qtr. to Dec. 29	188,859,000	7,708,000	.73
1983-qtr. to Dec. 31	184,199,000	7,545,000	.65*
Capital Cities Communications			
1984-year to Dec. 31	939,722,000	142,778,000	10.98*
1983-year to Dec. 31	762,295,000	114,704,000	8.53
1984-qtr. to Dec. 31	259,509,000	38,179,000	2.94
1983-qtr. to Dec. 31	214,145,000	34,745,000	2.59
Commodore International			
1984-6 mo. to Dec. 31	582,900,000	30,900,000	1.00
1983-6 mo. to Dec. 31	640,700,000	74,400,000	2.41
1984-qtr. to Dec. 31	338,700,000	3,200,000	.10
1983-qtr. to Dec. 31	431,400,000	50,100,000	1.62
Conrac			
1984-year to Dec. 31	154,284,000	13,013,000	2.12*
1983-year to Dec. 31	141,136,000	6,985,000	1.18
1984-qtr. to Dec. 31	37,804,000	117,000	.02*
1983-qtr. to Dec. 31	34,772,000	1,853,000	.30
Gannett			
1984-53 wk. to Dec. 30	1,960,197,000	223,934,000	2.80
1983-52 wk. to Dec. 25	1,703,646,000	191,665,000	2.40
1984-14 wk. to Dec. 30	570,084,000	74,509,000	.93
1983-13 wk. to Dec. 25	477,111,000	60,775,000	.76
Knight-Ridder Newspapers			
1984-year to Dec. 31	1,664,679,000	140,810,000	2.15
1983-year to Dec. 31	1,471,050,000	119,435,000	1.80*
1984-qtr. to Dec. 31	451,679,000	46,184,000	.70
1983-qtr. to Dec. 31	408,714,000	40,323,000	.61*
M/A-Com			
1984-13 wk. to Dec. 29	197,404,000	8,800,000	.21
1983-13 wk. to Dec. 31	168,474,000	7,075,000	.17
Media General			
1984-year to Dec. 31	547,661,000	39,760,000	5.60*
1983-year to Dec. 31	507,784,000	35,907,000	5.07*
1984-qtr. to Dec. 31	143,408,000	10,435,000	1.47
1983-qtr. to Dec. 31	134,608,000	9,101,000	1.29
MTV Networks*			
1984-year to Dec. 31	109,543,000	11,907,000	.78
1984-qtr. to Dec. 31	34,515,000	4,542,000	.29
New York Times			
1984-year to Dec. 31	1,229,580,000	100,169,000	2.53
1983-year to Dec. 31	1,091,302,000	78,668,000	2.02*
1984-qtr. to Dec. 31	336,571,000	27,564,000	.70
1983-qtr. to Dec. 31	298,116,000	20,905,000	.54
Tribune			
1984-53 wk. to Dec. 30	1,794,436,000	103,043,000	2.55*
1983-52 wk. to Dec. 31	1,586,526,000	69,267,000	1.89
1984-14 wk. to Dec. 30	501,437,000	35,968,000	.89
1983-13 wk. to Dec. 31	438,543,000	34,031,000	.85
TRW			
1984-year to Dec. 31	6,061,700,000	266,800,000	7.14*
1983-year to Dec. 31	5,493,000,000	205,200,000	5.53
1984-qtr. to Dec. 31	1,575,300,000	59,600,000	1.59
1983-qtr. to Dec. 31	1,381,400,000	52,600,000	1.41

Notes: *Includes special credit. *Adjusted. *After special charge. *Restated. *Comparative results unavailable.

Consumer Electronics Personals

Steven Wozniak, Apple Computer cofounder and developer of Apple II, is shifting to consulting status with company, will devote full time to new venture MBF (My Best Friend) being formed to develop advanced home video products... **James Flynn**, Corning treas., advanced from vp to senior vp; **James Riesbeck** named strategic planning and systems senior vp; **Peter Booth** appointed Latin America/Asia-Pacific vp and asst. gen. mgr.-Japan... **Robert McKinley** named BASF video product mgr.

Burke Mathes, owner of Pacific retail chain (formerly Pacific Stereo), assumes post of pres.-COO, replacing **Richard Sabbag**, resigned... **Marvin Posner** resigns as Coleco senior sales vp to take similar post with unnamed toy company... **Richard Leister** joins Samsung as PR specialist.

David Bean resigns as pres., Pacific Arts Video Records, will continue as consultant while starting theatrical and home video production venture; Chmn. **Michael Nesmith** will assume Bean's operating responsibilities on interim basis... **William Fowkes**, ex-HBO, named mktg. dir., CBS Video Clubs, new post... **Richard Poirier** advanced at WEA International to video royalties dir... **Michael Fine**, ex-Ingram Ventures, named pres.-CEO, **Art Ulone** appointed chmn.-publisher, of Feeling Fine Programs, new home video company; **Samuel Passamano** and **Lawrence Hariton**, both ex-MCA, appointed exec. vp and senior vp-chief financial officer, respectively; **Bertrand Bogash** becomes mktg. dir.

Dan Davis, ex-Video Software Dealers Assn. and NARM, rejoins Capitol Records in newly created post of Group Services video distribution & sales vp... **Jean Satti** named program production mgr. and **Anita Rohwer** licensor mktg. relations mgr., CBS/Fox Videos... **Jere Hausfater**, ex-K-Tel Entertainment, appointed legal affairs vp, Media Home Entertainment... **Mark Roth** promoted to national accounts mgr., Metro Video Dist... **Temple Elliott** promoted to Time-Life Video mkt. development mgr., new post.

Tandy and U.K.'s Applied Computer Techniques launched their joint European computer marketing venture on schedule but on smaller scale than planned (TVD Dec 24 p13). Venture now involves only Tandy's 18 U.K. Computer Centers, along with 20 Computerworld outlets, all also in U.K. Originally, Tandy's 31 other outlets in Belgium, France, Germany and Italy were to merge into venture, TA Computerworld, to create Europe's largest computer retail chain. Tandy said plan ran into legal and other problems so it was decided to go ahead in U.K. only. However, Tandy Computer Centers remaining outside venture will be stocking some ACT Apricot computers and peripherals, as will those U.K. Radio Shack stores that handle computers. Because of smaller scale, startup investment in TAC has been cut to \$5.6 million from \$11 million and first year's sales target has been trimmed 60% to \$23 million.

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LICENSE-SWAPPING RULEMAKING PROPOSED: 'Procedural fairness' ruling stands in way. Swaps already being proposed. (P. 1)

CABLE COMPETITION DEBATE HEATS UP: NCTA and cities toss darts on defining competition, basic service. (P. 2)

ABC & CBS POST RECORD SALES and earnings for 1984, but experience growth slowdowns in final quarter. (P. 4)

VCRs AND PAY-CABLE COMPATIBLE: New survey by Showtime/Movie Channel. (P. 4)

CBS SUES 'FAIRNESS IN MEDIA,' alleging misrepresentation in conservative group's proxy solicitation. FIM calls suit 'outrage.' Rep. Crane named FIM spokesman. (P. 5)

VIACOM ENTERING JAPANESE CABLE, signs agreements to provide consulting and know-how, participate in new pay-TV service. (P. 6)

FCC EYES DBS STANDARDS RELUCTANTLY, issues rulemaking on whether it should set any technical standards. (P. 7)

GAYLORD GETS BASEBALL OKAY: Commissioner Ueberroth calls deal in 'best interest' of sport. (P. 7)

FCC STARTS RULEMAKING ON CHANNEL SWAPS: FCC has begun rulemaking to consider allowing TV license swaps of channel assignments between commercial UHF stations and noncommercial VHF's located in same market. If trades were judged to be in public interest, FCC would modify TV Table of Allocations without considering 3rd parties.

In some cases, intervening parties have caused channel swaps to fail by applying for newly modified channels. Under current proposal, 3rd parties still would be able to challenge proposed deal, but only from public interest standpoint.

Roadblock could be Ashbacker case, 1945 U.S. Supreme Court decision that some have interpreted as saying FCC may not award license for newly available channel without first holding comparative hearing. Ashbacker was argument used in 1983 in 3rd-party claim to one

Consumer Electronics

KODAK PLANS 8mm DECK as possible next step, seeks longer playing time, stereo. Camcorder appeal is mainly as camera, not home VCR. (P. 9)

TV AND VIDEO IMPORTS set across-board records in 1984 despite performance slowdowns in Dec. and year's final quarter, Commerce figures show. (P. 10)

INTEGRATION OF COLOR TV R&D and production planned by NAP and N.V. Philips to create world's largest color manufacturing entity. (P. 11)

SANYO MFG. AND PARENT SANYO post improved results for fiscal 1984. Polaroid feels videocassette margin pinch. Emerson earnings. (P. 12)

19 STATIONS IN MTS as stereo pace quickens. Boston, Denver, San Antonio, Knoxville open. (P. 13)

VIDEO WORLD'S FAIR: Japan's Expo '85, opening next month, will heavily emphasize large-screen video in exhibits. (P. 13)

MATSUSHITA CONTINUED as Japan's VCR production leader last year, but accounted for smaller share of industry's total output. (P. 14)

VIDEOGAME RED INK still flowing as Warner, CBS, Wells-Gardner and Bally take write-offs. Mattel eyeing acquisition of Parker Bros. (P. 15)

of 2 VHF channels in Tulsa that wanted to swap, with result that 2 stations backed out. If broad interpretation of Ashbacker is upheld, "swap won't work," said Mass Media Bureau Chief James McKinney. Proposal probably will land in court and Ashbacker will be central issue.

FCC is seeking comments on whether proposal should include: (1) Only stations now operating (there are 20 vacant VHF channels reserved for public TV). (2) Stations licensed to different communities in same market. (3) Establishment of guidelines dictating how money obtained from swaps should be used. Comr. Rivera expressed concern trades could lower value of UHF channels; McKinney said this issue probably will be point drawing most comments. On Capitol Hill, spokesman for Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, said "internally, we're not particularly pleased" with swap idea.

NAB TV board discussed issue at length during Jan. meeting in Palm Springs, decided to stay neutral -- but many established VHF stations are, so far, quietly opposing plan. Taft reportedly is attempting to drum up opposition on Hill. While Quello is given credit for coming up with swap idea since he first spoke publicly about it (TVD Jan 7 p6), it was first proposed to Chmn. Fowler -- who liked idea -- more than year ago. We're told Fowler's staff was very surprised when Quello went public with concept.

While station trades could mean millions of dollars for financially strapped public TV stations, there also are disadvantages, including increased costs of UHF operation and smaller coverage area. Additional burdens foreseen: (1) How Internal Revenue Service will treat swap revenues. (2) How to establish proper valuation for channel. (3) Need for modern equipment at UHF station. Some public broadcasters are concerned that issue of money-driven V-for-U swaps could get tangled in larger notion of pure marketplace allocations of spectrum being supported by Fowler. National Assn. of Public TV Stations Pres. Peter Fannon was "distressed" that Commission spent so much time talking about "narrow legal issue" rather than rulemaking's implications for development of national public TV system.

Loss of service area in UHF channel swaps was concern of most commissioners. Fowler said coverage areas of UHF and VHF may need to be only comparable -- 80%, for example. He also stressed that rulemaking would merely provide option to public broadcasters. Commissioners said they expect to rely heavily on local public opinion and on public broadcasters. McKinney said there will be some cases where difference in coverage won't be significant. He said Bureau also will study cable penetration in areas surrounding cities where swaps are proposed.

There have been past swaps between commercial and noncommercial stations, and UHF-for-UHF is now being proposed in Gary, Ind. by Northwest Ind. Bestg., Great Lakes Bestg. and Metrowest Corp. because of short-spacing problem that has blocked commercial station from installing antenna on Sears Tower in Chicago. Reports of other public TV stations' being approached on swaps are becoming common.

In Tampa-St. Petersburg (TVD Feb 11 p6), noncommercial WEDU (Ch. 3) and commercial WTOG (Ch. 44) have agreed to trade channels but haven't filed with Commission. Stations said value of switch to WEDU is \$45-\$50 million. Other markets where public stations have been approached are Atlanta, Little Rock, Phoenix, St. Paul-Minneapolis, St. Louis, Savannah and San Francisco; in last, KQED Pres. Anthony Tiano said board rejected \$50 million offer (from United TV) and won't consider less than \$100 million. Public TV stations hold 121 VHF channels, and about half of top 50 TV markets have VHF educational stations.

CABLE COMPETITION DEBATE ESCALATES: Positions have hardened and rhetoric is harsher in 2nd round of FCC rulemaking to determine standard for "effective competition" that would provide for deregulated rates for cable basic service. Reply comments filed Feb. 11 show that cable interests and foes remain far apart, but consensus seems to be emerging on what's key issue in dispute -- determining exactly what's "basic service." Determination is vital

because it's that level of service that must meet competition test FCC will promulgate in late April.

If basic is defined narrowly -- cable interests construe basic as lowest-priced tier containing must-carry signals -- it would be easier to show competition solely from local TV stations. If Commission adopts broader concept, perhaps including some nonbroadcast services, fewer systems might be rate-deregulated. Industry opponents are arguing that basic should be defined according to what operators usually offer -- must-carries, distant signals, satellite services -- and are demanding alternatives to each segment before freeing cable rates.

FCC is suggesting that presence of 4 Grade B TV signals will constrain rates for basic service. NCTA comments suggest that 2 local stations be considered competition level, while NTIA and some MSOs such as Cox prefer 3 signals. National League of Cities (NLC) has argued that 10 signals (5 TVs, 5 from DBS or multichannel MDS) are necessary (TVD Feb 4 p2).

NLC said in reply, however, that it would accept basic as tier or tiers containing must-carries plus "any unaltered broadcast TV signal" which might embrace some distant signals. New to cities' competition standard is proposal that operator can claim deregulation by opening books every 2 years to prove to city that company wasn't earning "monopolistic rate of return."

NLC's proposed standard "will perpetuate virtually all regulation of basic cable rates as though the Act had never passed," said joint reply by 11 cable operators, including Group W, Prime and Tribune. Systems saturated with must-carries could never be deregulated, MSOs said.

Many ad-supported cable channels are on basic at some systems, on higher-priced tier at others, NCTA said in joint reply with CATA, therefore services can't be lumped into either category. "Relevant question" then, NCTA said, "should simply be whether there is effective competition for the retransmission of local broadcast signals."

NCTA said FCC should rely on data and market experience to define competition, such as that supplied by it and NTIA. Of little value are models advanced by NLC and Justice Dept., NCTA said. It derided NLC for "shamelessly assert[ing]" that it would be consistent with Act for FCC to find that competition doesn't exist anywhere.

Also criticizing DoJ comments were NAB and MST. They said in joint reply that Justice is wrong in saying that must-carry rules need not be applied to cable systems that offer only retransmission of local stations. NAB and MST urged FCC not to tamper with must-carry.

Guessing at definition of competition is dangerous because even small margin of error would have dramatic consequences, NCTA warned. Difference between choosing 5 TV stations instead of 4 as standard would sweep under regulation additional 11% of all systems, 9% of all subscribers, NCTA said. Difference between 5 and 3 TVs as standard would mean regulating 55% of all systems as opposed to 17%, it said. NCTA again urged FCC to allow operators to use any of 3 tests to determine whether signal is locally available. NLC stayed with strict 35-mile rule.

DoJ reiterated that question of competition must address other cable services, not only those offered on basic. Proper standard "is based solely on economic concepts of market power and substitutability," Justice argued. DoJ again contended that cable systems "have market power derived from the nonbroadcast components of the basic tier." And on defining basic service, DoJ suggested that Act's definition supersedes any existing FCC rule, specifically Commission's narrow definition springing from Community Cable case.

Some observers told us they're surprised that debate is so extensive, engaging many issues beyond defining competition. Also, sheer numbers of commenters is unusual: Roughly 140 comments and 63 replies. All this activity is to be expected, though, one insider said: "This is their last shot."

ABC AND CBS SHOW RECORD RESULTS: ABC and CBS racked up record results for 1984 on strength of performance of broadcast operations, but they also experienced final quarter slowdowns, figures released Feb. 12 show. For ABC, 4th-quarter sag stemmed from TV network, while at CBS performance suffered from exit from musical instruments, swallowing last bite of videogame bullet and fact Michael Jackson didn't have new hit album.

ABC net for year was up 22.2% to \$195.3 million (\$6.71 per share) from \$159.8 million (\$5.45) on 25.7% revenue increase to \$3.71 billion, up from \$2.95 billion. But quarter earnings increase was just 5.7% to \$52.4 million (\$1.80) from \$49.6 million (\$1.69), as sales edged up 7% to \$932.9 million from \$871.3 million.

ABC said TV network earnings declined on higher sales in 4th quarter, offsetting record results for owned TV stations and ABC Radio and resulting in essentially flat pretax net of \$108.7 million from broadcast operations for period. Sales were up 4.5% to \$816.6 million. For year, broadcast unit earnings gained 17.1% to \$427.8 million on 26.4% sales rise to \$3.3 billion.

ABC Video Enterprises had modestly reduced losses of \$7.6 million for quarter and \$44.6 million for year, as revenue for those periods jumped 708.5% to \$23.3 million and 306.7% to \$54.4 million. ABC attributed revenue rise to ESPN, acquired last June, said Oct. sale of 20% interest in service to Nabisco reduced its share of ESPN's 4th-quarter loss -- ESPN was profitable in 3rd quarter. Full-year loss at Video Enterprises includes \$15 million writedown and operating losses at discontinued Telefirst over-air VCR programming service.

CBS posted 13.5% rise in net in 1984 to \$212.4 million (\$7.15 per share) from \$187.2 million (\$6.31), on 11.8% revenue rise to \$4.92 billion from \$4.4 billion. Earnings for quarter were off 53.3% to \$36.1 million (\$1.22) from \$77.3 million (\$2.61) as revenue edged up just 2.9% to \$1.42 billion from \$1.38 billion. CBS had \$29.9 million in losses from discontinued operations in quarter, \$49.1 million for year, had one-time full-year gain of \$16.6 million on land sale. On continuing operations basis, CBS net was up 28.2% for year to \$244.9 million but still was off 15.9% to \$66 million for quarter.

CBS credited TV network for improvement in broadcast results. Segment had 40.1% pretax earnings rise to \$408.6 million on 13.9% sales gain to \$2.72 billion for year, 14.7% earnings rise to \$132.5 million on 8.5% revenue increase to \$838.9 million for quarter. CBS said that TV Stations Div. also had improved sales and profits in 1984 and that Radio Div. revenues rose but profits were down because of nonrecurring 1983 gain on station sale.

Israel has tentatively approved U.S. request to install transmitter there for VOA broadcasts into Soviet Union.

VCRs AND PAY CABLE SEEN COMPATIBLE:

"Healthy compatibility" exists between VCRs and pay TV, Showtime/Movie Channel said last week in releasing results of survey. Compared with those who don't own VCRs, S/MC said, higher percentages of VCR owners subscribe to premium services, consider themselves likely to sign up in future and are more likely to get multiple pay services.

Results show programmers needn't be "concerned that we're going out of business because of VCRs," Research Vp Stuart Gray told N.Y. news conference. "There are so many people out there who do not see" owning VCR and subscribing to pay TV as "either-or proposition," he said, adding that results confirm strategy of making cable "VCR-friendly."

S/MC said 35% of VCR owners take pay cable, vs. 21% of respondents without VCRs. In households with pay TV, VCR owners take average 1.7 pay services, non-VCR households 1.3, study says, while pay-to-basic ratio is 72% for VCR owners, 51% for nonowners.

Among other findings: (1) 65% of households with pay cable and VCR said they would continue to use both for movies. However, such households represent only 5% of U.S. TV homes. (2) Of those same households, "twice as many planned to continue just subscribing to pay vs. just renting cassettes" -- 18% vs. 9%, respectively. (3) Slightly fewer VCR owners (12%) dropped cable compared with nonowners (14%), and VCR owners were less likely to cut off pay service entirely (12% vs. 18% for nonowners). (4) Purchase of VCR was least-offered among possible reasons for dropping or downgrading premium service.

Meanwhile, Group W Cable is launching campaign to inform subscribers that cable and VCRs "enhance each other's value." It has introduced VCR installation as new service, offers free booklet giving step-by-step instructions for installing VCR to cable.

Oak Industries has sold ON-TV subscription TV service in L.A. to SelectTV, which operates competing over-the-air pay service. SelectTV has about 59,000 subscribers, ON-TV about 165,000. Both suffered heavy losses -- ON-TV had about 380,000 subscribers in late 1981, SelectTV about 125,000. Oak has sold KBSC-TV Corona-L.A., which originates ON-TV programming, to Estrela Communications for \$30 million cash. Estrela is headed by Joseph Wallach, formerly with Globo TV Network of Brazil. Howard Stark was broker.

"Women's Role In Politics" is topic of Feb. 27-28 seminar by AWRT, Hyatt Regency Hotel, Washington. Among participants: Reps. Johnson (R-Conn.), Schroeder (D-Colo.), Leland (D-Tex.), ex-FCC Comr. Anne Jones. Registration is \$75 for AWRT members, \$100 for others: AWRT, 202-296-0008.

CBS SUES 'FAIRNESS IN MEDIA:' CBS has asked Judge William Conner in U.S. Dist. Court, N.Y., to prevent Fairness In Media (FIM) from obtaining stockholder list unless conservative group agrees not to use it for "improper purposes." In suit filed Feb. 14, network accused FIM of making "false and misleading" statements and "attempting to manipulate" market in proxy solicitations connected with group's efforts to influence CBS policy.

Suit charges that FIM falsely told SEC that it's considering proxy campaign to win control of network. Network said: "Through public statements, speeches, press releases and filings with the [SEC], FIM and its associates are attempting to manipulate the market in CBS stock... through statements intended to create the false impression that FIM's efforts will result in a tender offer or other conventional takeover of CBS." Network said it has reason to believe "because of the political nature of the campaign mounted against it and the political interests of the groups supporting the campaign, [stockholder] list may be used for improper purposes," reportedly for FIM fund-raising effort. Complaint didn't elaborate.

Carter Wrenn, who heads FIM, told us charges were "outrageous," said network "wants to intimidate FIM and all the people who've purchased stock at our request and scare off any 3rd parties who we might be pursuing options with." He denied takeover bid is frivolous. He called suit "tactical error" because it shows network takes FIM more seriously than CBS officials admitted (TVD Feb 11 p7).

Rep. Crane (R-Ill.) told SEC he will serve as FIM spokesman. Crane, ex-adman and 1980 candidate for Republican presidential nomination, said he may contribute up to \$500 to FIM but won't participate in business decisions. FIM is soliciting contributions for \$277,000 down payment on TV and radio ad and mail campaigns but has returned \$100,000 from National Conservative Political Action Committee. FIM said it wasn't setting up private investment firm to engineer takeover, couldn't meet NCPAC conditions for money (TVD Jan 14 p5).

FIM's top officials are Helms' key political associates, include Wrenn, exec. dir. of senator's National Congressional Club political action committee, Thomas Ellis, N.C. attorney and former staff aide, and James Cain, attorney who represented Jefferson Marketing in Raleigh until Dec. Company is handling FIM's fund-raising effort, is part of foundation that Ellis and Wrenn head. According to SEC documents, FIM expects \$500,000 bill for service, with other expenses likely to bring total cost of fund-raising to \$1 million.

Ellis also notified SEC he owns 2 shares of CBS common that he reported purchasing more than 2 years ago. Stock was trading last week at about \$79.50, was about \$74 when FIM effort was announced. No other FIM official holds CBS stock or will buy any, in order to avoid appearance of conflict,

they said. Helms revealed that he's unpaid member of Capitol Bestg. board, which owns ABC affiliate WRAL-TV in Raleigh.

CBS Chmn. Thomas Wyman's refusal to meet with FIM has led group to begin discussing proxy battle or tender offer with 3rd parties not named in latest SEC filing. FIM told SEC it considers bias at CBS "a question of the very highest corporate policy... and not a question [Wyman] should attempt to delegate to others." Wyman had suggested group meet with CBS News officials. FIM said it might sell some of company's assets or subsidiaries and make "substantial changes" in personnel if it wins control of CBS.

Eighteen TV stations now are broadcasting in multichannel TV sound (MTS), according to our survey. Boston market opened up last week to MTS when first full-time music video station went on air in suburban Framingham. Other new starters are WATE-TV Knoxville and KSAT-TV San Antonio. KZTO San Francisco and WDCA-TV Washington are expected to join soon. Of stations broadcasting MTS, 7 are ABC affiliates, 6 independent, 2 each CBS and PBS, one NBC. (For full details, see Consumer Electronics section.)

Oak Industries has sold ON-TV subscription TV service in L.A. to SelecTV, which operates competing over-the-air pay service. Price wasn't reported. SelecTV has about 59,000 subscribers, ON-TV about 165,000. Both have suffered heavy losses -- ON-TV had about 380,000 subscribers in late 1981, SelecTV about 125,000. Also on sales block is ON-TV's KBSC-TV Corona-L.A., which originates pay TV. SelecTV Pres.-Chmn. James Levitus said pay services will continue to operate separately.

FCC has eliminated rules that cable operators must maintain public inspection files containing copy of franchise, network nonduplication agreements, FCC registration statements, CARS licenses, list of all subscribers, many other documents relating to day-to-day operation. FCC concluded that public seldom uses files and that maintaining them was burden. Rules will be deleted effective March 18.

Bill to bar exit polling on election day within 100-300 ft. of voting places, depending on local rules on electioneering near booths, has been approved by Md. Senate.

Obituary

A. Earl Cullum, 75, prominent communications engineer whose firm worked for several of largest broadcast groups, died Jan. 31 of heart attack in Dallas home. Graduate of MIT in 1931, he started his firm in Dallas that year. In World War II, he was consultant to U.S. and British military units, received Presidential Certificate of Merit. He was a dir. of A.H. Belo Co. Cullum's firm will cease operations March 10. Wife, 3 children survive.

VIACOM MOVING INTO JAPANESE CABLE:

Viacom is moving into cable in Japan in 3 ventures: (1) Providing consulting and other services. (2) Signing deal in which Sumitomo, Japanese trading firm, will act as worldwide agent for Viacom in delivery systems. (3) Participating with 5 other U.S. and U.K. firms in new pay-TV service called Premier Japan.

Viacom Japan announced 2 agreements with Sumitomo. In first, company will provide Sumitomo and consulting firm Nippon Cablevision Systems (NCS) with consulting, engineering and system management know-how. Jiro Sugiyama, pres. of Viacom Japan, told us company has acquired 19% of NCS, which is 51% controlled by JBC Corp., Japanese construction and engineering firm; remaining interests are held by Sumitomo and a computer company.

Under 2nd agreement, "Sumitomo will act as a worldwide agent for Viacom" in wide-ranging area of "new media," a catchword in Japan for systems ranging from videotex to 2-way TV, Sugiyama said. He said it's possible Viacom also will work with Sumitomo in program distribution.

As indicator of Viacom's involvement in programming for Japan, Sugiyama also revealed preliminary agreement for participation in consortium with U.S. and U.K. companies to create pay TV movie service Premier Japan. Premier is capitalized at \$1 million, with 6 foreign firms controlling 48% (8% each) and Japanese firms retaining 52%. Provisional hq of venture is at Tokyo Bestg., and new company could be established as early as May. Premier members also are considering sports and DBS.

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Operating margin in Viacom International broadcasting group was 29% in 1984 vs. 15% margin for cable division, company reported in preliminary prospectus at SEC for proposed offering of 2 million shares. Viacom cable had \$27.6 million in operating earnings on revenues of \$183.7 million in 1984, while broadcasting earned \$23.9 million on \$83.6 million revenues. Earnings from operations at broadcast properties grew 30% in 1984 over 1983, 10% in 1983 over 1982. In cable, operating earnings were up 24% last year, 16% from 1982 to 1983.

CBS has asked U.S. Appeals Court, D.C., to require CIA to turn over records gathered in 1975 by House Select Committee on Intelligence concerning strength of enemy during Vietnam War. CBS wants Hill records in its defense of \$120 million libel suit filed by Gen. William Westmoreland, also asked for personal records of ex-CIA Dir. Richard Helms, plus other documents. Network also is seeking videotape testimony by Helms, asked Appeals Court to overturn ruling by Dist. Judge Thomas Jackson that Helms didn't have to testify. Trial, which started last fall, will resume today and CBS is expected to put Mike Wallace on stand this week.

L.A. cable operator CommuniCom, now under Chapter 11 bankruptcy proceeding, has only 11% penetration in franchise area covering 298,845 homes, according to L.A. Dept. of Transportation. Report says CommuniCom has built 747 miles of plant passing 99% of homes. CommuniCom has told L.A. authorities it expects to receive reorganization loans from Security Pacific National Bank and First National Bank of Boston. Meanwhile, Sammons Communications, which holds franchise in L.A.'s Slymar area, has invoked automatic 5% increase in basic service allowed under cable law, raising fee to \$6.82 monthly. According to city DoT report, L.A. now has 5,837 miles of cable plant passing 1,172,061 homes. Thirteen franchisees have 204,748 basic subscribers.

In separate statement on FCC decision not to require cable must-carry of multichannel TV sound, Comrs. Quello, Dawson and Rivera, all of whom favor must-carry, said: "We agreed to delay implementation of mandatory carriage at this time because there is uncertainty as to how soon [MTS] will become broadly available and -- most importantly -- because the technical capacity of cable operators to deliver high-quality stereo service at reasonable cost is still evolving. Nevertheless, it should be recognized that a majority of the present Commission approves of mandatory carriage for program-related MTS."

Forum Committee on Communications Law of ABA will sponsor 4th legal forum on "Representing Your Local Broadcaster," April 13, Dunes Hotel, Las Vegas, at start of NAB convention. Panels will cover: Complying with FCC rules, content regulation, buying and selling stations, technical and regulatory developments. Registration is \$120 (\$30 for law students). Contact: Hilda Jannesson, NAB, 202-429-5353.

FCC pulled plug last week on Rainbow Satellite and U.S. Satellite Systems (USSS), withdrawing authorizations it had granted conditionally. Separate orders said companies had failed to meet authorization conditions because they hadn't finalized financing or executed launch contracts. Authorizations were declared "null and void" in staff action. Rainbow vowed to fight decision.

Media General has canceled sale of WJKS-TV Jacksonville to Gateway Communications. Pres. James Evans said company decided to keep NBC affiliate "in order to continue its development and to strengthen [station] as an integral part of the company's Broadcast Group."

Almost year after he was kidnapped, CNN Beirut Bureau Chief Jeremy Levin escaped from his Islamic Jihad captors Feb. 14. He was taken to Frankfurt, W. Germany and, at White House request, Air Force plane was sent to Frankfurt with his wife to return him to U.S.

DBS TECHNICAL STANDARDS: FCC has issued rulemaking on whether it should mandate technical standards for DBS, but it's clear Commission is reluctant: "Our goal is to adopt only those standards which are required to limit interference among DBS systems" and assure "reasonable degree of interoperability" between systems and receivers.

Rulemaking follows report by advisory committee, submitted more than 6 months ago. Committee suggested "must" rules: (1) Transmission of standard video automatic gain control reference in any video signal intended for viewing on TVs in use. (2) Use of circular polarization with uplink polarization opposite to downlink polarization. (3) Prescription of energy dispersal method when required. (4) Universal use of 11.2 GHz as local oscillator frequency for receivers. (5) Adoption of channel numbering plan. (6) Retention of a DC component in video signals. Comments are due March 20, replies April 4.

Unresolved by committee report were issues of signal format and whether receivers should be able to pick up signals in the clear (as opposed to encrypted). Some "voluntary" standards were recommended by committee, but Commission would like to see industry resolve them.

Grant of new FM in Portage, Mich., has been remanded by U.S. Appeals Court, D.C., because FCC didn't give proper weight to "deliberately false statement" of winning applicant Emil Popke, who was among 4 bidders for Class B FM. In 1981 initial decision, FCC judge disqualified Popke's Radio Portage for falsely claiming he owned real estate worth \$430,000. Review Board reversed initial decision and granted CP to Radio Portage, action upheld by Commission. In reversing FCC, Appeals Court said "applicants before the FCC are held to a high standard of candor and forthrightness," cited RKO General case several times.

FCC has declined to reconsider Review Board decision granting application of MSB Communications for new FM in Jonesboro, Ark. Losing applicant Whispering Sounds Inc., which is 100% black-owned, sought review. In refusing to overturn Review Board, Commission said 100% local ownership of MSB "offsets" Whispering minority ownership.

FCC should postpone decision on international satellite competition until Congress can consider issue, chmn. of 2 House Foreign Affairs Subcommittees told Chmn. Fowler. Chmn. Rep. Mica (D-Fla.) of International Operations Subcommittee and Bonker (D-Wash.) of International Policy & Trade Subcommittee have scheduled joint hearing on satellite policy Feb. 19.

FCC and NTIA FY 1986 appropriations hearings in House have been scheduled by Commerce Appropriations Subcommittee, FCC for March 5 & 8. CPB goes before sister Senate panel April 25.

Acting in "in the best interests of baseball," Comr. Peter Ueberroth overruled vote of American League owners and permitted Gaylord Bestg. to acquire 1/3 of Tex. Rangers. Gaylord also has first right of refusal to match any offer received by Eddie Chiles for remaining 2/3. Last month, 9 owners voted for sale to Gaylord, 5 against -- one short of necessary 2/3. Gaylord's KTVT Ft. Worth-Dallas has TV rights to Rangers games, hopes to turn independent V into superstation. Meanwhile, Crawford Rice said he plans to leave as Gaylord exec. vp by end of June. Move comes just week after former Okla. U. Pres. William Banowsky took over as Gaylord Bestg. pres. Company source said Crawford wasn't asked to leave and there's no animosity between 2 men. Rice said he plans to "pursue other interests in the broadcasting field." He said he will remain on NAB TV board and as chmn. of its Children's TV Committee. Gaylord is subsidiary of tightly held Okla. Publishing Co., which is headed by Edward Gaylord, son of founder.

FCC actions appealed to U.S. Appeals Court, D.C.: (1) Grant of nonwireline cellular system in Philadelphia to Automatic Wide-Area Cellular Systems, by losing applicants Celcom and Cellular Mobile. (2) Grant of cellular system in New Orleans to Radiofone, by losing applicant Mid-America Cellular. (3) Renewal of license for WOOK(FM) Washington, by District Bestg. (4) Acceptance of application of Madisonville Media for new AM on 1220 kHz in Madisonville, Tex., by Madison County Bestg. (5) Grant of new FM (92.7 MHz) in Alpine, Tex. to Rio Grande Bestg., by Big Bend Bestrs.

Two 45-watt, 16-transponder satellites will be sold to Luxembourg's Coronet Co. by RCA, with first to be launched next year on Ariane or shuttle, RCA reported. Price wasn't disclosed, but RCA said it "represents a substantial portion" of Coronet's \$180 million estimated cost. Spacecraft will use 11/14-GHz (Ku-band), transmit TV programs to cable, SMATV and hotels in western Europe. Later, service to residences may be possible. Backup will be launched in 1987, RCA said.

Justice Dept. has decided not to seek changes in consent decrees barring movie studios from owning theaters. Move was surprise because DoJ had been expected to seek to have restrictions on movie industry lifted. Dept. apparently was discouraged because studios and distributors refused to ask courts for changes in long-standing decrees.

Interactive Systems has merged into Grass Valley Group, with ISC moving operations to Grass Valley, Cal. hq. ISC founder-Pres. David Bargaen will join Grass Valley, which makes switching and special effects systems for stations, is subsidiary of Tektronix.

Cable Ad Bureau has published 1985 Cable TV Facts, 32-page booklet with subscriber, viewing and other statistics. Price is \$1.50, available from CAB, 212-751-7770.

Personals

FCC calendar -- Feb. 19: **Albert Halprin**, Common Carrier Bureau chief, is on panel on competition sponsored by Utah Dept. of Business Regulation, Salt Lake City. Feb. 20: Chmn. **Mark Fowler** participates in National Telephone Cooperative Corp. annual meeting, Dallas. Feb. 21: Comr. **Dennis Patrick** speaks on telephone deregulation at Catholic U., Washington. Feb. 22: Comr. **James Quello** is on panel at Southern Baptist TV-Radio Commission Abe Lincoln Awards breakfast, Ft. Worth.

Ellis Moore retires March 31 as ABC vp-public affairs, will open PR consultancy, Suite 805, 230 Park Ave., N.Y. 10166, 212-687-2002; he'll continue as ABC consultant for year... **Mary Boies** will resign as CBS vp-corporate information as soon as successor is in place, start law practice... **Marilyn McDermott**, asst. chief of FCC Mass Media Bureau for management and personnel, promoted to assoc. managing dir.-operations, succeeding **Thomas Campbell**, who joins Defense Dept... **Thomas Gagnon**, ex-WOKR Rochester, appointed gen. mgr., WNHT Concord, N.H.

William Quarton, chmn., KWMT(AM) Ft. Dodge, Ia. and former NAB chmn., will receive NAB Spirit of Bestg. Award during convention in Las Vegas; **Richard Dudley**, chmn. of Forward Communications, will receive NAB Grover C. Cobb Award for outstanding service in govt. relations; **Thomas Bolger**, Forward pres. and ex-NAB chmn., will receive Best. Education Assn. Distinguished Educator Service Award; radio personality **Casey Kasem** and **Fred Palmer**, WATH(AM)-WXTQ(FM) Athens, O. owner, will be inducted into NAB Radio Hall of Fame.

Craig Fuller, ex-asst. to President Reagan on telecommunications, named chief of staff for Vice President Bush, succeeding **Daniel Murphy**... **Robert Kalthoff** advanced to chmn., Avery-Knodel TV, succeeding **J.W. Knodel**, retired... **John Goldhammer** advanced to exec. vp-programming, Paramount Domestic TV and Video Programming... **Donald Hacker** promoted to vp-development, Tribune Bestg.; **Gerald Agema** to chief financial officer.

Donald Niska promoted to Meredith Bestg. Group controller... **Bob Henry**, news dir., WOTV Grand Rapids, adds duties as news dir.-special projects for Lin Bestg. TV Group... Reshuffling at WFLD-TV Chicago: **Rich Engberg** moves to local sales mgr., succeeded as national sales mgr. by **Karl Gensheimer**, ex-WTCN-TV Minneapolis-St. Paul... **Francie Leader**, ex-Learning Channel, appointed national cable mktg. mgr., Reuters N. America... **Jeanne Murphy** promoted to sales promotion mgr., Times Fiber.

Neil McHugh promoted to new business and administration vp, Viacom World Wide Ltd... **Bill**

Aber, Home Team Sports gen. mgr., adds title of vp-Group W Satellite Communications; **Glenn Consor**, ex-Edward Weck & Co., named HTS ad sales mgr... **Gary Lico**, ex-Katz TV, appointed eastern regional sales mgr., Embassy Telecommunications... **Mike Lambert** named exec. vp-domestic TV syndication, 20th Century-Fox Telecommunications, succeeding **Bobby Morin**, resigned.

James Grimes, ex-WHSV-TV Harrisonburg, Va., named gen. mgr., WBNB-TV Charlotte Amalie, Virgin Islands... **William Donahue**, ex-WEWS Cleveland, moves to KJRH Tulsa as asst. gen. mgr.; **Thomas Allen** advanced to operations mgr... **Richard Leberman**, ex-Metromedia, named vp-chief financial officer, John Blair & Co., succeeding **James Jurist**, retired; **John Valentine**, John Blair & Co. senior vp, pres.-CEO of Blair ADVO-System and John Blair Mktg., resigns, succeeded at ADVO-System by **William McConnell** and at John Blair Mktg. by **Steven Kampff**.

Ralph Baruch, Viacom International chmn., named first chmn. of NCTA National Cable Academy... **Ronald Fries** appointed chief engineer, WLIG Riverhead, N.Y., scheduled to go on air in May; **Bruce Georgi**, ex-Suffolk Times, named sales mgr... **Andrew Morris** advanced to mgr., Arbitron mktg. research services.

James Buckley, pres., Radio Free Europe and Radio Liberty, plans to resign by end of year... **Walter Cronkite** receives Communications Medal from Southern Baptist Radio-TV Commission; Sen. **Mark Hatfield** (R-Ore.) receives Christian Service Award... **John Bennett**, ex-WAGA-TV Atlanta, returns to SFN Communications, Augusta, as controller and will be controller-station mgr., WJBF Augusta... **William Mehuron**, ex-National Security Agency, named corporate vp-engineering, Ampex, new post; **Michael Felix**, Advanced Technology Div. vp-gen. mgr., adds title of senior scientist, new post.

Larry Maisel promoted to station mgr., WBNS-TV Columbus, O., new post... **Michael Cleary** promoted to Avery-Knodel TV vp-Minneapolis... **John Smith**, ex-GE and onetime communications counsel, Senate Commerce Committee, becomes partner in Washington law firm Deane, Snowdon, Shutler & Gherardi... **Franklin Havlicek**, ex-N.Y. law firm Scham, Klein & Zelman, named NBC labor relations dir... **James Whelan**, ex-Washington Times, named managing dir., CBN TV News.

Peter Brake advanced to asst. gen. mgr., KSHB-TV Kansas City; **Larry Jopek** to gen. sales mgr... **Dennis McCormick** promoted to national sales mgr., KCPQ Tacoma-Seattle; **Denise Roggensack**, ex-Sel Tel, named national sales mgr.-midwest region; **Karla Barton**, ex-KGO-TV San Francisco, local sales mgr... **Que Spaulding**, ex-Rainbow Programming Services, appointed pres., Playboy Programming Distribution.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of Feb. and year to date:

	JAN. 26- FEB. 1	1984 WEEK	% CHANGE	JAN. 19-25	5 WEEKS 1985	5 WEEKS 1984	% CHANGE
TOTAL TV.....	420,811	381,540	+10.3	397,664	1,095,864	1,524,341	-28.1
TOTAL COLOR...	342,945*	306,492	+11.9	332,385	927,985	1,128,924*	-17.8
DIRECT-VIEW..	339,138*	303,496	+11.7	327,480	1,253,262	1,420,145*	-11.8
PROJECTION..	3,807*	2,996	+27.1	4,905*	17,668*	15,271	+15.7
MONOCHROME....	77,866	75,048	+ 3.8	65,279	245,745	470,465	-47.8
TV EXCL. PROJEC.	417,004	378,544	+10.2	392,759	1,499,007	1,890,610	-20.7
HOME VCR.....	224,219*	117,568	+90.7	214,725*	862,232*	505,886	+70.4
COLOR CAMERAS...	11,075*	9,748	+13.6	11,030	44,067*	38,560	+14.3

Color TV (direct-view) 5-week moving average: 1985--250,652; 1984--284,029* (down 11.8%).

Home VCR 5-week moving average: 1985--172,446*; 1984--101,177 (up 70.4%).

* Record for period.

KODAK PLANS DECKS AFTER CAMCORDERS: Appeal of Kodavision camcorder has turned out to be primarily as a camera, but Eastman Kodak also has eye on entering home VCR business with longer-playing 8mm decks designed for timeshifting and prerecorded tapes. In fact, "we wouldn't preclude any element of the hardware market," said Richard Lorbach, Kodak's gen. mgr. of consumer electronics marketing.

What has Kodak learned so far from its video experience? Lorbach's analysis: "The way we tried to position the product was right. Retailers say it did well where it was positioned as a camera [but showed] weakness where it was positioned as a full-line video system. Given its system limitations it is not a competitive offering [in home VCR deck field]." While many dealers have been promoting "total packages," trend of purchasers is to buy AC adaptor rather than cradle. "The typical customer is one who already has a half-inch deck... so he's not interested in the tuner-timer. Through 1985, we'll be basically in the video camera business."

After 1985? "We're looking at a host of areas, at this business in total, and where we can bring the most value to the consumer." This includes home 8mm Video decks. Lorbach believes slower speed is "inevitable for longer playing time -- it's built into the specs... and once you get to 4-hour capability, as well as stereo sound and software availability, you remove some of the very significant limitations" as a home deck that are built into current system.

Kodavision distribution has been nationwide since late Dec., said Lorbach, and "right now we are in a reasonable delivery situation." Dealers are split about evenly between photo and video specialists, he added, "with some exceptions, such as department stores with complete video departments -- but no significant penetration of mass merchandisers, who don't seem to do much with cameras, anyway."

Lorbach listed as allies -- those backing 8mm Video format -- "camera people and Beta people, and you'll see more and more promotion from those without a vested interest in VHS," but he said there were no plans for joint promotions or "8mm Video Assn." or anything of the kind. As for recorded software, "we've had a lot of people in the industry approach us, but at

the present time, given the way we've positioned the product, it isn't appropriate... Down the road, as it becomes more of a VCR-type product," Kodak will consider supporting software.

Kodak is "very pleased" with its entry into tape business -- "it enabled us to get into a lot of new types of dealers." Although Lorbach says tape market still is "very pricey," he thinks he sees "some stability coming... While we still see a high level of consumer price promotion, there's not as much pressure on the dealer level." As for selling to duplicators, Kodak "didn't rule it out, but found there was little value we could add to that market," Lorbach said, noting that a company that buys and resells tape gets "squeezed even more" than those that make own. Tape manufacturing is always under consideration, but current price situation and high capital investment required are important contributors to any decision, he said.

Asked to comment on Japanese reports that Kodak will switch from Matsushita to Sony, or add Sony as hardware source, Lorbach said: "We have no intention of switching... One of the things we have learned is that people in this industry seem to talk among themselves more than people in the photo industry... We have found that as people develop technology, they love to show others where they are." He indicated that perhaps such an interchange led to conclusion Kodak was going with Sony.

Reorganization of Kodak, which resulted in top-level changes in its Consumer Electronics organization, is continuing. "We already have a number of video specialists," as opposed to traditional photo people, in field force, and presumably more will be added. Lorbach thinks growth of VCR portables and camera has been held back by complexity and prices -- prices of "portables have kept stable while decks have fallen." If prices can be brought down in camcorder segment, he forecast "they can grow larger than portables have been historically."

TV & VIDEO IMPORTS SET RECORDS IN 1984: Though Dec. and final quarter were overall down periods for TV shipments and below average for most other video products, hardware importers set across-board full-year records in 1984, Commerce figures show.

Month's VCR shipments of 673,000 were up just 10.4% from Dec. 1983, lowest such increase since sales boom kicked off in 1980. As result, while 4th-quarter imports of 2.65 million were up 48.6% from same 1983 period, they were down 7.7% from 2.87 million entered in 3rd quarter 1984. That was first time ever that final quarter wasn't biggest of year, presumably reflects industry's concern with rising inventories. Full-year shipments were up 97% to record 9.38 million.

But year's closing months were boom time for videotape player imports, which jumped 179.9% in Dec. to 5,200, shot up 373.5% in final quarter to 28,500 and ended year at 57,500, up 115.6%. There's dramatic contrast between that and dwindling fortunes of videodisc players. Disc players closed out year with shipments up 27.6% to 94,700, but imports sank 40.3% in Dec. to 4,100, and in final quarter were off 64.3% to 9,800.

TV camera imports outperformed VCRs in Dec., rising 58.3% to 841,000 as color climbed 52.9% to 59,200 and b&w jumped 98.21% to 10,500. Total camera imports for year, 841,000, were up 79.2%, as color rose 85.3% to 721,600 to erase previous record of 402,700 set in 1982, while b&w was up 49.2% to 119,400. In quarter, color camera shipments gained 48.5% to 214,700. Imports of projection TV were up 18.8% in month to 8,600, and up 27.4% for year to 69,600, but for quarter were down 8.7% to 21,500.

Both month and quarter produced negative results for TV imports. Total Dec. shipments were down 31.8% to 846,300, as color fell 37.9% to 513,700, b&w dropped 19.9% to 332,600. For quarter, decline for total TV was 14.1% to 3.36 million, with color down 14.2% to 1.99 million, b&w down 8.9% to 1.37 million. Even so, year's TV total of 15.1 million, up 23.4%, and color at 8.66 million, up 24.3%, easily eclipsed records set in 1983, while b&w, up 22.1% to 6.47 million, topped previous high of 6.32 million hit in 1980.

In color, Dec. imports of complete sets were down 45% to 312,000, as only Hong Kong managed to improve on performance of same 1983 month, and were off 20.6% for quarter to 1.19 million. But for year, shipments rose 27.6% to record 5.36 million. Color chassis & kit imports were down 22.1% to 201,700 for month, off 1.3% to 801,100 for quarter, however ended year up 19.5% to 3.31 million to top 3.16 million record set in 1981.

Full-year TV import breakout by screen size shows little relative change in color mix, with share gain by 13" about offset by decline in 12", and slight sag in 19" more than made up by rise in 20"-&-over. B&w is different story, and figures show tinyvisions accounted for essentially all import growth last year. Imports of 10"-&-under b&w sets were up 94.8% last year to 2.55 million, while 11"-&-over slipped 1.5% to 3.92 million. Here are details:

	Total	% change	% Share of Import Mix 1984	1983
Color				
Combinations.....	13,000	-57.2	0.2	0.7
10"-&-under.....	560,600	+30.9	10.5	10.2
11-12".....	158,300	-30.3	3.0	5.4
13".....	2,495,300	+32.1	46.6	45.0
14-15".....	163,600	+44.6	3.1	2.7
16-17".....	37,700	+222.8	0.7	0.4
18-19".....	1,597,800	+26.6	29.8	30.1
20"-&-over.....	329,300	+42.4	6.1	5.1
Total.....	5,355,600	+27.6	100.0	100.0
Monochrome				
6"-&-under.....	1,208,400	+165.9	18.7	8.6
6"-&-under, comb.	1,096,700	+82.5	17.0	11.4
7-8".....	21,300	- 8.0	0.3	0.4
7"-&-over, comb..	17,400	-45.6	0.2	3.7
9-10".....	202,500	+ 3.1	3.1	0.6
11-12".....	3,740,400	+ 0.4	57.9	70.5
13-17".....	47,700	+ 1.8	0.7	0.9
18"-&-over.....	127,600	-36.9	2.0	3.8
Total.....	6,461,900	+22.4	100.0	100.0

NAP AND PHILIPS INTEGRATING COLOR TV OUTPUT: Already closely allied in R&D and engineering, North American Philips and affiliate N.V. Philips have launched long-range program for worldwide integration of product development and manufacturing, NAP Chmn. Cees Bruynes told security analysts in N.Y. last week. That Philips was adopting global resources utilization strategy for TV was outlined here 2 years ago in report on our meeting with officials in Netherlands (TVD April 25 p11), but this is first time production tie-up between NAP and Philips has been indicated.

While declining to spell out details, Bruynes said: "It offers us the prospect of a fully competitive cost position through economies of scale in product planning, development and manufacturing" by system and process unification on worldwide basis. "Combining the TV resources of NAP and Philips" will result in world's largest color TV manufacturing organization, he said.

TV, which NAP entered in 1974 by acquiring Magnavox, "is an extremely difficult and competitive business" and one that "has taken us longer to establish on a solidly profitable

footing than we had expected," Bruynes said. Severe price competition has eroded margins, and to boost profitability NAP until now has "focused on reducing manufacturing costs." When integration program is completed, he said, it "will provide us with a major part of the long-term solution to the problem of low-priced imports," along with line of advanced TV products, and "we believe we will be able to achieve a level of profitability and investment return commensurate with our corporate targets overall."

Bruynes indicated that NAP's U.S. consumer electronics employment is expected to remain at about 10,000 -- considered a sign that plant closings here aren't part of consolidation. Bruynes said NAP had scaled back its forecast of industry color sales for 1985 to 15.5 million.

Financial figures released at meeting show NAP operating net from consumer electronics jumped to \$11.3 million last year from a restated \$700,000 in 1983 -- annual report for 1983 had put earnings at \$6.3 million -- and company said restatement reflects new treatment of interest costs of dealer floor planning activities as marketing expense rather than as nonoperating item. Sales for 1984 were up 14.4% to \$1.24 billion. In final quarter, NAP said, consumer electronics sales rose 10.1% to \$381.3 million, but operating income sank to \$2.8 million from \$18.1 million. Decline was attributed to reduced selling prices and valuation writeoff of audio inventory.

SMC NET UP: Sanyo Mfg. Co., which operates plant in Forrest City, Ark., credited higher unit sales of color TV and microwave ovens, along with productivity gains, for improved results for final quarter and year to Nov. 30. Net rose 25.9% for year on 25.2% sales increase, but earnings were up only 4.7% for quarter, while sales climbed 26.8%.

Sanyo Electric, SMC's Japanese parent, said consolidated net rose 20% to \$108 million on 22% sales rise to \$3.93 billion in year to Nov. 30. Overall export sales rose 29% to \$2.43 billion, while sales in U.S. were up 54%, paced by higher demand for VCRs, computers and phone equipment. Sanyo said it expects slowdown in U.S. economy this year, is holding 1985 growth forecast to 6% for pretax net, 10% for sales. Company said 6-year business plan calls for volume more than \$6 billion by 1990.

Polaroid reported reduced earnings for 4th quarter and 1984, said decline stemmed primarily from higher expenses of new programs and products, strength of U.S. dollar overseas. Company cited "expenses associated with the company's magnetic business," including price competition in videocassettes.

Emerson net from consumer electronics doubled to \$5.45 million in quarter to Dec. 31, jumped 153.7% to \$12.8 million for 9 months.

Owens-Illinois said TV Products Div. had record sales in 1984 from increased demand for color TV parts. It said largest single portion of \$100 million it invested in existing businesses last year was \$15 million for expansion of TV tube glass plant in Pittston, Pa. (TVD Aug 13 p12). O-I said addition, which will expand plant's capacity 50% to more than 9 million tubes annually, is on target for Aug. completion.

TDK videocassette unit sales rose 30% in year to Nov. 30, but average pricing was off by 17%. That, plus flat sales of audio cassettes, held TDK rise in magnetic tape sales to 9.5% for year (TVD Jan 28 p12). Company said tape sales overseas were up slightly because of price cutting. For 1985, TDK looks for 20% increase in videocassette sales and expects signs of price stability. "Some manufacturers say that the price confusion seen in the videotape market is an abnormal state of affairs, but we prefer to think of it as a challenge," Exec. Vp Katsuro Kamiya said. He said company is continuing effort to keep costs down, and "we still expect to see high returns."

Conrac results for 1984 (TVD Feb 11 p16) include \$13.5 million provision for restructuring telecommunications business, including consumer Code-A-Phone answerers. Charge covers discontinuation of unprofitable products, inventory writedown and costs related to transferring all consumer product production to Far East. Company said 9.3% sales gain for year to \$154.2 million was led by consumer telephone products and computer graphics monitors. But it noted that profits from telecommunications segment were down.

Disney Home Video is targeting sales of \$100 million for 1985, or about 15% of its \$660 million estimate for industrywide wholesale sales. It projects 36.5 million cassettes will be sold this year. Disney said it expects fully 20% of its home video revenue will come from cassette sales of series or films originally made for showing on cable Disney Channel.

Craig family sold its 36% interest in consumer electronics marketer Craig Corp. to 2 partnerships. Terms weren't disclosed, but at current prices deal was valued at \$5.1 million. Robert Craig said he expects to continue as company's chmn.-CEO.

19 STATIONS IN MTS: Big Boston market opened up last week to multichannel TV sound (MTS) when first full-time music video station went on air in suburban Framingham. WVJV-TV, officially assigned to Marlborough, started in stereo at reduced power, 20 hours daily, plans to increase hours to 24.

Other new starters are WATE-TV Knoxville, KSAT-TV San Antonio and KCNC-TV Denver, bringing known number of stations using MTS to 19. Among next major markets for MTS are San Francisco and Washington, which could begin stereocasting this week. In San Francisco, Feb. 20 is target of independent KTZO, owned by James Gabbert, whose KIOI(FM) was pioneer in FM stereo and first to experiment with discrete quadrasonic. Taft's independent WDCA-TV Washington says it will start stereo "very soon," awaits equipment.

Of stations now broadcasting MTS, 7 are ABC affiliates, 6 independent, 2 each CBS, NBC and PBS. List below shows all known or claiming to be broadcasting in MTS; all are stereo except Trenton's WNJT, SAP only; KTLA and WNBC-TV are transmitting stereo and SAP:

WVJV-TV Boston (ind.)
WTTW Chicago (PBS)
KCNC-TV Denver (NBC)
WFSB Hartford (CBS)
WTIC-TV Hartford (independent)
WTLV Jacksonville (ABC)
WATE-TV Knoxville (ABC)
KTNV-TV Las Vegas (ABC)
KTLA L.A. (ind.)
WNBC-TV N.Y. (NBC)
KATU Portland, Ore. (ABC)
KPLR-TV St. Louis (ind.)
KSAT-TV San Antonio (ABC)
KIRO-TV Seattle (CBS)
KOMO-TV Seattle (ABC)
KQVR-TV Stockton-Sacramento (ABC)
WNJT Trenton (PBS)
WDBB-TV Tuscaloosa, Ala. (ind.)
WTTX Waterbury, Conn. (ind.)

In addition to San Francisco and Washington outlets, among probable imminent starters are PBS's WCET Cincinnati, WVIZ-TV Cleveland, WEDH Hartford, WNET N.Y.-Newark, WMHT Schenectady-Albany-Troy; ABC-owned KABC-TV L.A.; CBS affiliates KMSO-TV Missoula, Mont. and KSL-TV Salt Lake City, independents KPHO-TV Phoenix and KPOL Tucson.

Dearth of stereo programming has been boost for Odyssey, new music video network. Las Vegas and Sacramento stations have signed to air Odyssey 12:30-6 a.m. daily, Odyssey Programming Dir. Thomas Shaw told us. Fact that network is free and is in stereo is "very, very appealing" at time when little stereo programming is available, he said. Two of 17 other stations signed for network are considering MTS, and another probably will become affiliate just because of stereo.

ELECTRONICS' WORLD FAIR: Gigantic video displays will dominate major exhibits at Expo '85 March 17-Sept. 16 at Tsukuba Science City, about 50 miles from Tokyo. Theme of fair is "Dwellings and Surroundings -- Science and Technology for Man at Home," and plans revealed so far indicate that it will rely heavily on video.

Fairgrounds will be dominated by "world's largest TV," Sony's Jumbotron, with picture measuring 82x131 ft., visible from all points in exposition. Jumbotron is made up of 6,300 tubes, each containing 24 "Trini-Lite" CRT elements emitting red, green and blue colors. Digital picture information is sent from computerized control room by fiber optics.

Matsushita, which will display its flat color panels (TVD Feb 11 p11), will have as centerpiece "largest liquid crystal screen in Japan," with video display measuring 10x39 ft.

NEC's theater will have screen composed of 27 projection TV pictures each 11 ft. in diagonal, each viewing location containing computer, touch sensor and TV camera linked to multiscreen system for audience participation -- probably world's largest videogame.

Toshiba pavilion will feature NHK's 1,150-line MUSE high-definition widescreen TV system, for which Toshiba developed complete transmitting and receiving equipment. Equipment includes: Satellite earth station and receiver, 40" widescreen HDTV picture tube with new electron gun that reduces spot size by about 50%, color camera, 1" VT, complete transmission equipment for picture and digital PCM sound. NHK will transmit HDTV video at Expo. Regular HDTV transmission using system is scheduled to start in 1989 from Japan's BS-3 satellite after tests on BS-2 bird. MUSE system compresses widescreen HDTV bandwidth to 8 MHz satellite channel by transmitting only 1/4 of the 2 million picture elements at a time. Memory devices in receiver store and reconstitute all 4 parts into picture.

Best sales week of 1985 so far was statistical first week of Feb., actually week ended Feb. 1, according to EIA figures (see State of the Industry). Color TV was back in record column for first week this year; all major video products set records for week, and even monochrome TV sales exceeded those of year earlier for first time in 9 weeks. VCR sales scored biggest gain of year, 90.7%.

Smith-Corona seeks foreign trade zone designation for electronic typewriter plant near Syracuse. Company says about 20% of value of its typewriters represents imported parts on which it pays average 6.1% duty. Imports of complete typewriters are duty free. Zone status would allow S-C to avoid duty on parts, putting company on equal footing with finished unit importers.

JAPAN VCR RANKINGS: Matsushita continued as Japan's runaway VCR production leader last year, but its share was under heavy attack from other VHS marketers, according to our compilation derived from industry figures and market share survey conducted by Nihon Keizai Shimbun.

While output of Beta and VHS VCRs was up last year, Beta failed to keep pace with industry, and format's market share fell, leaving VHS with 80.4%. Contributing modestly to Beta decline were VHS starts by Beta group members NEC and Toshiba, along with fact that virtually all Sanyo rise was provided by VHS subsidiary Tokyo Sanyo. Another Beta maker, General, has introduced VHS in U.S. and is expected to do same in Japan, leaving Sony and Aiwa as only makers restricting 1/2" output to Beta.

Private label appears key to VCR growth last year among majors. Biggest rise -- nearly 1.9 million -- and largest share increase went to Hitachi, which in 1984 had first full year as exclusive supplier to RCA. JVC, which increased output by 1.66 million, picked up Zenith as customer last year. Mitsubishi was 1984 supply source for Emerson, which presumably accounts at least in part for its near-doubled output.

Most significant change in rankings was Sony's drop, to tie with Sharp for 5th place, from 3rd last year. That move left Sanyo in 4th place with 10.5% share, vs. 11.3% in 1983, and behind Hitachi, which jumped to 3rd from 5th. Toshiba, with 3.7% share, from 3.6%, was 8th, exchanging places with 7th-ranked Mitsubishi. Orion, exclusively private label supplier, moved up 2 slots to 9th, leapfrogging

over Akai, now 10th, and NEC, with 1.6% share up from 1.1%, in 11th. Aiwa, which held undisputed possession of 12th place in 1983, ended last year in 3-way tie with player-maker Funai and General.

Here, divided into VHS and Beta, are Japan's 1984 VCR production rankings (add 000):

VHS	1984		Share	1983	
	Output	%Chg.		Output	Share
Matsushita....	6,622	+26.5	24.5	5,235	28.7
JVC.....	4,649	+55.4	17.2	2,991	16.4
Hitachi.....	3,920	+93.6	14.5	2,025	11.1
Sharp.....	2,460	+58.7	9.1	1,550	8.5
Tokyo Sanyo...	1,243	+88.3	4.6	660	3.6
Mitsubishi....	1,189	+91.8	4.4	620	3.4
Orion.....	703	+381.5	2.6	146	0.8
Akai.....	541	+55.9	2.0	347	1.9
NEC.....	189	--	0.7	--	--
Toshiba.....	108	--	0.4	--	--
Funai.....	108	+18.7	0.4	91	0.5
VHS Total	21,732	+59.1	80.4	13,662	74.9

Beta

Sony.....	2,460	+14.3	9.1	2,152	11.8
Sanyo.....	1,487	+ 5.9	5.5	1,404	7.7
Toshiba.....	892	+35.8	3.3	657	3.6
NEC.....	243	+20.9	0.9	201	1.1
Aiwa.....	108	-15.6	0.4	128	0.7
General.....	108	+200.0	0.4	36	0.2
Beta Total	5,298	+15.7	19.6	4,578	25.1

GRAND TOTAL

27,030	+48.2	100.0	18,240	100.0
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International competitive position of U.S. industry would be improved by formation of cabinet level Dept. of Trade, according to report of special study commission appointed by President Reagan in 1983. Plan, which received little in way of active White House or congressional support when first mentioned last year, would give new agency Commerce's current responsibilities for trade promotion and trade law enforcement plus trouble shooting and negotiating authority now held by President's Office of Special Trade Representative. International Trade Commission would retain independent status. Study commission also recommended creation of cabinet level Science & Technology Dept. to coordinate govt.-industry R&D and further relaxation of antitrust laws limiting joint R&D efforts by competitors.

Nearly 40% of non-VCR owners expect to buy one within 2 years, according to study by Venture Development Corp., which also sees strong growth in demand for camcorders. In separate video software study, VDC says it anticipates 33% rise in blank tape sales to dealers this year to 120 million, growth of at least 40% to 22.4 million in sales of recorded cassettes. Details: VDC, One Wash. St., Wellesley, Mass. 02181.

Consumer brand loyalty is waning in blank videocassette market, according to survey conducted for Chain Store Age by Marketrends. It shows that only 38.3% of those planning to purchase tape this year will stick with specific brand, down from 46.3% last Aug. It finds brand isn't important at all to 5.8% of prospective buyers and indicates that even those who have preference see little difference among tapes. That's supported by Sony jump in preference rankings from 4th last year to first with 14.2% share, followed by TDK with 10.2%, Scotch 9.9%, Maxell and Memorex 7.2% each. In Aug. survey, Scotch, Maxell and Memorex were leaders. Others ranked in most recent survey were RCA 6%, Polaroid 0.8%. Retail store brands collected 5.9%.

End to radiation recordkeeping and test reporting requirements for low-voltage color TVs and other products never found to have excessive X-ray emissions is expected to be among Radiation Control Act changes suggested by FDA staff task force in report due next month. But while agency may favor such changes, it presumably isn't particularly interested in making effort that would be needed to get Congress to pass amendments to 1968 law, is more likely to adopt only changes that would streamline its internal regulations and policies.

V-GAME RED INK FLOWS: Golden age of videogame may be long gone, but red ink drain on corporate treasuries goes on, as evidenced by sizable year-end writeoffs announced last week.

Warner posted 4th-quarter loss of \$203.7 million after dropping from books the already reduced \$150 million carrying value of notes it received from Jack Tramiel for Atari's home game and computer business and after establishing \$75 million reserve for other discontinued businesses. Casting doubt on whether Atari will indeed be able to pay off notes, Warner said "as result of uncertainties" and inability to resolve "significant differences" with Atari over amount actually owed, it is taking conservative cash method of accounting for them, will recognize interest and principle payments when received.

Warner originally received \$240 million in notes plus stock warrants for Atari, cut book value last year to reflect adjustments in sale terms and estimated real value of notes. Adjustment terms weren't detailed but are believed to be related to uncollectable accounts receivable picked up by Atari. On more positive note, Warner said filmed entertainment segment had record operating net of \$27.3 million for quarter, \$150.4 million for year, helped by "impressive growth" of Warner Home Video.

CBS ended last direct involvement with videogames, took unspecified "substantial writeoff" in 4th quarter for quitting international distribution of Coleco videogames. CBS acquired sales rights to all foreign countries except Canada and Japan in 1982, and deal wasn't set to expire until this year's end. CBS shut down its own U.S. videogame operation at end of 1983.

Wells-Gardner said it will report loss for 1984 and closing quarter. Final period will include \$1.49 million pretax writedown of coin-op videogame monitor inventory.

Bally had losses of \$114 million for final quarter, \$100 million for year, after \$169 million pretax charge for consolidating coin-op videogame business. Charge, about \$20 million higher than Bally indicated originally (TVD Jan 21 p12), covers costs of some plant and arcade closings, operating losses and writeoffs.

Meanwhile, there was indication that 2 videogame industry's walking wounded might be getting together. Mattel, profitable now that it has give up electronics, says it's considering bid for Parker Bros. Parker parent General Mills said it's putting toy subsidiaries up for sale (TVD Feb 4 p15).

Taiwan says it was fastest growing major color TV exporter last year, with shipments up 33% to 2 million. Industrial Development Bureau says preliminary figures show Japan's exports increased 26.1% to 6.45 million, while Korean exports rose 4% to 2.5 million.

Consumer Electronics Personals

David Croner advanced from RCA Sales mktg. operations vp to RCA Distributing Canadian sales operations exec. vp... **George Fouts**, former RCA Sales TV mktg. planning dir., promoted to central region vp... **Koichi Yasunage**, Fuji Photo (U.S.) pres., named to board of Japanese parent... **Martin Homlish**, ex-Mura and JVC, joins Sony Consumer Products as General Audio Products Dept. national sales mgr... **John Kelly** promoted at Commodore International from controller to finance vp.

Donald McConnel, former Corning Electrical Products Div. mfg. engineering mgr., named TV products business mgr. in realignment; **David Spille** appointed EPD business development mgr... **Donald Thostenson** advanced at AVX from exec. vp to pres.-COO, succeeding **Marshall Butler**, who continues as chmn.-CEO... **William Rowe**, ex-Zenith, joins Philips ECG as color tube design mgr... **Mark Nevejans** promoted at Agfa-Gevaert Magnetic Tape Div. to national sales mgr.

Changes at Vestron Video: **Kathy Callahan** promoted to national mktg. mgr., new post; **Marilyn Di Girolamo** named administrative dir.; **Ruth Cisero** appointed production mgr., **Rita Chiapetta** advanced to corporate finance mgr... **John Goldhammer** promoted at Paramount Domestic TV & Video Programming to programming exec. vp... **Ada Goldberg** appointed business affairs dir., Playboy Video Corp... **Ronald Gell**, ex-Atlantic Records, joins Sony Video Software Operations as royalty administrator... **Robin Olson** named Embassy Home Entertainment mktg. services mgr.; **Denise Nakashima** advanced to senior creative services coordinator... **Tan Ju Seng** named East Asia and Australasia antipiracy counsel, Motion Picture Export Assn. of America.

Ad notes: Pioneer Electronics seeks new agency for \$9 million audio account following split with Chiat/Day... **Clinton Electronics** appoints Howard Monk & Assoc., replacing Cummings... **AT&T** consolidates all consumer products into \$50 million account at N.W. Ayer, which has been handling residential phones... **RCA/Columbia Pictures International Video** appoints SSC&B... **Computer Entertainment** is new name of Electronic Games magazine.

Obituary

Meade Brunet, 90, former vp and managing dir., RCA International, died Feb. 10 in Mendham, N.J., after brief illness. He retired from RCA in 1966 after 44 years in capacities including Chicago district mgr., Engineering Products Dept. mgr., vp of RCA Mfg. Co., vp in charge of Washington Sales Office, assuming International post in 1946, becoming staff vp-RCA Sales & Services in 1957. He is survived by wife, son.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AM Cable TV Industries			
1984-9 mo. to Dec. 27	22,327,000	(3,835,000)	--
1983-9 mo. to Dec. 31	18,740,000	(2,789,000)	--
1984-qtr. to Dec. 27	8,452,000	(978,000)	--
1983-qtr. to Dec. 31	6,176,000	(1,512,000)	--
American Bcstg. Cos.			
1984-year to Dec. 29	3,707,713,000	195,332,000	6.71
1983-year to Dec. 31	2,948,849,000	159,834,000	5.45
1984-13 wk. to Dec. 29	932,933,000	52,385,000	1.80
1983-13 wk. to Dec. 31	871,280,000	49,570,000	1.69
Andrea Radio			
1984-year to Dec. 31	4,754,405	457,144	.90
1983-year to Dec. 31	4,422,114	448,209	.88
1984-qtr. to Dec. 31	1,196,106	137,146	.27
1983-qtr. to Dec. 31	1,089,796	107,778	.21
CBS			
1984-year to Dec. 31	4,924,900,000	212,400,000	7.15*
1983-year to Dec. 31	4,396,200,000	187,200,000	6.31*
1984-qtr. to Dec. 31	1,422,600,000	36,100,000	1.22*
1983-qtr. to Dec. 31	1,376,900,000	77,300,000	2.61*
Chyron			
1984-6 mo. to Dec. 31	12,635,000	2,329,000	.25
1983-6 mo. to Dec. 31	9,091,000	2,309,000	.25*
1984-qtr. to Dec. 31	7,298,000	1,407,000	.15
1983-qtr. to Dec. 31	5,188,000	1,226,000	.13*
Owens-Illinois			
1984-year to Dec. 31	3,509,500,000	135,800,000	4.70
1983-year to Dec. 31	3,422,100,000	69,100,000	2.48
1984-qtr. to Dec. 31	868,000,000	37,500,000	1.26
1983-qtr. to Dec. 31	814,800,000	38,700,000	1.39
Sanyo Mfg. Co.			
1984-year to Nov. 30	416,079,000	3,295,000	.37
1983-year to Nov. 30	332,121,000	2,618,000	.37
1984-qtr. to Nov. 30	162,980,000	1,775,000	.17
1983-qtr. to Nov. 30	128,538,000	1,695,000	.24
Times Mirror			
1984-year to Dec. 31	2,804,829,000	232,703,000	3.38*
1983-year to Dec. 31	2,491,176,000	199,580,000	2.90*
1984-qtr. to Dec. 31	748,670,000	83,737,000	1.21*
1983-qtr. to Dec. 31	690,167,000	81,727,000	1.19*
Viacom International*			
1984-year to Dec. 31	320,366,000	30,597,000	2.27
1983-year to Dec. 31	315,577,000	28,129,000	2.14
1984-qtr. to Dec. 31	89,177,000	9,803,000	.72
1983-qtr. to Dec. 31	72,623,000	14,844,000	1.14
Warner Communications			
1984-year to Dec. 31	2,023,513,000	(586,099,000)	--*
1983-year to Dec. 31	1,723,209,000	(417,803,000)	--*
1984-qtr. to Dec. 31	535,371,000	(203,702,000)	--
1983-qtr. to Dec. 31	499,397,000	6,860,000	.10*

Notes: *Includes special credit. *Restated. *After special charge. *Adjusted. *Excluding Showtime/Movie Channel as of Sept. 1, 1983.

Commodore is negotiating sale of Costa Mesa, Cal., IC plant to former employees headed by ex-Semiconductor Group Operations Vp Elton Southard. Commodore is understood to be considering large expansion at IC plant in Valley Forge, Pa., that would make Costa Mesa facility surplus. Commodore probably would retain minority interest in plant, continue as customer.

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Electronic pets are just beginning of innovative MPU-controlled toys on way from Axlon, according to founder Nolan Bushnell, in N.Y. last week at Toy Fair. "We are just seeing the beginning of toys that think for themselves," Bushnell told us. "We have a number of things in the works," now practical because declining semiconductor pricing has made use of MPUs in toys cost effective, he said. He said he has put together sophisticated engineering team at Axlon's Sunnyvale, Cal. hq, drawing some from Atari, which he founded. But moving Axlon into computer or videogame areas isn't in cards: "I've already done that." At top of Axlon line are Petsters, plush dogs and cats that move around room on command (hand claps), purr or growl when scratched, will sell for under \$100 (TVD Jan 21 p12). Radio-controlled versions will go for about \$40. A.G. Bear, stuffed teddy that growls, will be about \$45. Axlon has picked up home rights to robots developed by Androbot, company Bushnell founded but left when management decided to concentrate on nonconsumer applications. Top of line is \$120 Andy, which accepts instructions from computers. Others are keypad programmable at \$40 and radio-controlled model at \$35.

Law agencies confiscated \$78 million of counterfeit and pirate copies of video and audio recordings and production equipment last year, according to RIAA.

TELEVISION DIGEST®

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

With Consumer Electronics

FEBRUARY 25, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC IS WESTMORELAND'S NEXT ARENA: Fairness complaint against CBS on Vietnam documentary still pending, will be pushed. (P. 1)

WORLDWIDE HDTV production standard to be proposed by SMPTE is expected to prefer progressive scan, 60 fields, 5.33:1 aspect ratio. (P. 3)

NCTA TO ELECT OFFICERS at annual retreat in Fla. Allen expected to repeat as chmn. with Strange new vice chmn. (P. 4)

MCKINNEY SPURNS CIA CONTACTS on ABC fairness complaint, tells spy agency to stick to formal procedures. Reconsideration to be bucked to Commission. (P. 5)

SSS PLANS DIVERSIFICATION from just transmitting WTBS Atlanta into more cable systems, DBS, programming. (P. 6)

CABLE EMPLOYMENT GREW 6.4% in 1984, FCC says in counting 3,775 new jobs at system level. (P. 6)

AFL-CIO STEPS INTO AD BAN FIGHT: Broadcast and brewery opposition to TV-radio alcohol ad ban gains ally in labor organizations. (P. 8)

STORER BACK IN BLACK: For first time in 2 years, MSO reports profitable quarter. (P. 8)

FCC NEXT ARENA IN CBS-WESTMORELAND FIGHT: "They're going to get their day in court," FCC official told us last week of fairness complaint filed Jan. 19, 1983 against CBS for documentary "The Uncounted Enemy: A Vietnam Deception." Complaint was filed by American Legal Foundation, is expected to be pushed since retired Gen. William Westmoreland on Feb. 18 dropped his \$120 million libel suit against CBS.

Now that libel suit has been dismissed, complaint at FCC has been put on "front burner"; staff will step aside and let full Commission make decision, we're told, and action is expected within next couple weeks. In fact, staff decision already has been written recommending that complaint be dismissed but was put on hold as safeguard against having any impact on Westmoreland case. Michael McDonald, gen. counsel of ALF, said Feb. 21 that "we're waiting for a staff ruling" and that Foundation "might be satisfied with a public censure" of CBS.

Consumer Electronics

PICTURE TUBE PRICES up 3-4% after similar increase in glass. Move seen adding \$2.50-\$9 to cost of 19-25" sets in toughly competitive market. (P. 10)

JAPAN PRODUCED 27.1 MILLION VCRs last year, exported nearly 22.1 million, with more than half going to U.S. Color exports also up. (P. 10)

1985 PROJECTION TV forecast by USPL sees sales of 245,000 units, 75% rear projection, under more than 22 brand names. (P. 11)

WORLD VCR POPULATION topped 66 million in 1984, could hit 100 million this year, according to study by MPEAA. (P. 13)

ZENITH'S TV & VCR SALES topped \$1 billion on record unit volume last year, but earnings from consumer electronics were down. (P. 14)

ELECTRONICS TRADE DEFICIT of \$6.8 billion last year was keyed by VCR imports. (P. 14)

SAP SELLS SETS, Conn. retail chain finds, as 2-channel sound goes commercial. New stereo stations in San Francisco, Sacramento. (P. 15)

CERTRON'S LOSS IN 1984 attributed to videocassettes in company's annual report, although video provided all of sales increase. (P. 15)

"Deception" was aired in Jan. 1982 and ALF said it waited year to file complaint at Commission to give CBS chance to rectify its action in what it charged was "deliberately distorting, slanting and falsifying" documentary. That was never done, ALF said in filing original complaint, which alleged CBS "intentionally edited the program to create false impressions, coached key interviewees [and] knowingly presented false information... All of these actions were intended to, and had the effect of, deceiving and misleading" viewers. ALF also charged that CBS "deliberately decided not to interview witnesses whose testimony would not correspond with its conspiracy charges."

CBS has admitted some of ALF charges in its in-house Benjamin Report (investigation conducted by Senior Exec. Producer Burton Benjamin), which concluded that 5 CBS News standards were violated in preparing program, including coaching witness, not interviewing some persons who would have taken opposite view from that of program's conclusion that there was a "conspiracy" to deceive President and public, and in not disclosing that Samuel Adams was paid consultant in preparing program. CBS also expressed regret that phrase "conspiracy" was used in broadcast. However, in responding to ALF complaint at FCC, CBS said documentary "was a responsible effort to present charges about misconduct by high government officials."

Westmoreland's dropping of his suit has received reams of copy in newspapers, along with many editorials, plus much time on TV-radio. Conclusion of most has been that general dropped out because he was going to lose. Said Lou Prato, WOR(AM) N.Y. and RTNDA pres.: "It seems clear that the general decided to give up the fight when it became clear that he had little or no hope of winning. But for CBS News, for journalism and for the public, it may well have been a Pyrrhic victory... Who can calculate the chilling effect of this and other suits like it on news organizations all over America?" CBS hasn't aired similar controversial documentary since.

Bruce Sanford, First Amendment counsel for Society of Professional Journalists, predicted case will "discourage" public officials from suing news media for libel -- not only because of huge costs involved but also because they stand little chance of winning. "Hidden" impact, he said, will be huge increase in libel insurance because of costs of defending such suits. "You'll see that happen in 6 months or a year," he said.

After suit was dismissed, CBS News Pres. Edward Joyce issued memo praising Benjamin conclusions, said "your findings were both painful to us and encouraging to us -- they pointed to embarrassing transgressions of our own CBS News guidelines... I think this is a time for us to feel relief but not jubilation." CBS corporate and news staffers celebrated end of court case with party at discotheque on Park Ave.

Westmoreland and CBS issued joint and separate statements on settlement, with CBS making much of fact it didn't apologize to Westmoreland, saying "nothing has surfaced... that in any way diminishes our conviction that the broadcast was fair and accurate." In joint statement, network said: "CBS respects General Westmoreland's long and faithful service to his country and never intended to assert, and does not believe, that General Westmoreland was unpatriotic or disloyal in performing his duties as he saw them." Said Westmoreland: "If that statement had been made after the CBS program was aired, it would have satisfied me" and suit wouldn't have been filed. "I brought this suit against CBS to defend my honor and to affirm constitutional principles, which include the rights provided by the First Amendment... I consider that I won." Westmoreland maintained that joint statement amounted to an apology by CBS and that "I got all that I wanted."

CBS said "this experience has further strengthened the CBS News commitment to vigorous, fair and impartial journalism. It is a fundamental principle of CBS that the journalistic process not be limited or intimidated by those seeking to constrain free inquiry and debate and the dissemination of information." CBS said that George Crile, who produced program (which claimed that Westmoreland deliberately deceived public, President Johnson and Joint Chiefs of Staff on strength of enemy troops during 4 years he headed Vietnam War effort) and has been on

leave, will return to network. Mike Wallace, who was correspondent for program and was scheduled to testify last week, will return to fulltime duty on 60 Minutes.

Van Gordon Sauter, CBS Best. Group exec. vp and pres. of CBS News when documentary aired, said: "I personally do not view that [CBS] statement as an apology," stressed that Westmoreland dropped suit "without any monetary award or retraction" by network. He said documentary had been "subjected to perhaps the most intensive scrutiny ever brought to bear on a journalistic effort" and had been "vindicated." Following Benjamin Report, and before suit was filed, Sauter offered to do 45-min. follow-up and give Westmoreland 15 min. at end. General didn't accept offer, filed suit.

David Boies, CBS lead counsel in trial (and husband of Mary Boies, CBS vp-corporate information who also is lawyer and plans to go into private practice), said that until last week Westmoreland's lawyer, Daniel Burt, had sought "money and an apology or both" in return for dropping suit. "When a plaintiff wants to drop a lawsuit without any money or apology, I think you ought to let him," Boies said. Washington-based Capital Legal Foundation (headed by Burt) prosecuted case for Westmoreland at cost of \$3.25 million and is "\$500,000 in the hole," according to Burt. CBS reportedly spent more than \$5 million in its defense.

SMPTE PROPOSES HDTV PRODUCTION STANDARD: Climaxing nearly a year of study and tests, SMPTE working group last week expressed decided preference for progressive (noninterlace) scan as worldwide standard for high-definition electronic production and postproduction of TV programming and feature films, in effect voting against 1,125-line interlace system developed by Japan's NHK and strongly favored by CBS and Sony.

However, report drafted by group meeting at SMPTE conference last week in San Francisco is expected to be worded diplomatically and to state that while working group prefers progressive scan it will accept "family" of standards that also includes 1,125-line interlace system if that's necessary to achieve worldwide standard. Report is being submitted to industrywide Advanced TV Systems Committee, which is working to develop U.S. position at meeting March 19. EBU Technical Committee is expected to finalize European proposals at April meeting. CCIR will consider question of world standards for electronic production at meetings in Geneva that end in Oct.

SMPTE group was more positive and unanimous on 2 other specifications: (1) Widescreen aspect ratio of 5.33:1. (2) Field rate of 60 Hz. Latter spec won't sit well with Europeans, who prefer rate more compatible with European broadcast field rate of 50 Hz -- 80 and 100 Hz are among European proposals.

Vote on progressive vs. interlace scan, coming after 2 days of meetings and demonstrations at TV studio and movie theater, is understood to have strongly favored progressive scan. In progressive scan, entire picture is scanned at one time, as opposed to interlaced scan that requires 2 fields of alternate lines to compose one picture. Although progressive scan requires more bandwidth given the same number of lines (there actually are twice as many scanning lines in given period), its advocates argue that it requires fewer lines for same amount of definition.

One set of subjective tests indicates that 750-line picture progressively scanned is equivalent to 1,125-line interlaced picture. HDTV production proposals vary all over the lot, covering just about all stops from 655 lines to more than 2,000. SMPTE session -- which also saw elaborate demonstrations using widescreen monitors as large as 40" diagonally, theater-sized projection TV, electron beam and laser transfer from video to film -- obviously isn't final shot in progressive-vs.-interlace battle but only first major skirmish.

With such major differences among -- and within -- participating countries, and such a wide variety of system proposals, industry engineers are beginning to despair of getting any kind of agreement on international production standards this year. Or perhaps ever.

NCTA ELECTS OFFICERS: Thirty-member NCTA board meets in Key Biscayne, Fla. Feb. 25-26 to elect officers and receive briefings. High on agenda is decision whether to ask Copyright Royalty Tribunal for review of 1982 decision raising copyright fee to 3.75% of gross revenues for some additional distant signals. CRT will review that decision only if asked.

Chmn. Edward Allen, Western Communications, is expected to be elected to 2nd one-year term, having received high marks from all quarters. Vice Chmn. Trygve Myhren, ATC head, was early choice for chmn. of several board members who cited his extensive Assn. work during last year. However, Myhren has withdrawn, citing pressing ATC business, telling board he will run for top spot next year.

William Strange, Sammons, is expected to be chosen vice chmn. NCTA's No. 2 officer is responsible for planning convention; 1986 gathering will be in Dallas, Sammons hq. NCTA's 2 other officers may switch posts. Secy. James Cownie, Heritage, and Treas. John Goddard, Viacom, are expected to swap jobs, we're told. They've said they want to continue serving with Allen.

Pres. James Mooney and other NCTA staff will brief board on copyright and receive decision on how to proceed at CRT and in Congress. There also will be discussion of NCTA convention June 2-5 in Las Vegas, update on beer and wine ad controversy and NCTA membership drive.

Plan to restructure board will be presented; major companies, whose dues make up bulk of NCTA budget, would be guaranteed seats on board.

It was at NCTA board retreat last year that then-Pres. Thomas Wheeler resigned and Mooney, then exec. vp, was named successor (TVD April 9 p1). Mooney's tenure so far has been very successful, several board members said, pointing to passage of cable act, favorable FCC decisions and improved administration at Assn.

ASCAP and BMI blanket music license fees are legal, U.S. Supreme Court held Feb. 19 in refusing to consider ruling by 2nd U.S. Appeals Court, N.Y., appealed by All-Industry TV Music Licensing Committee. During news conference in N.Y. Feb. 21, Committee Chmn. Les Arries, WTVB-TV Buffalo, said group will continue fight for "fair and competitive music licensing system" at bargaining table and in "rate court" -- body empowered to set reasonable license fees under ASCAP consent decree. Rate court will hold hearing this week on music fees, at which Committee said it will show "incredibly disproportionate" cost of music to TV stations when compared to other programming elements.

Cable Ad Bureau has published 1985 Cable TV Facts, 32-page booklet with subscriber, viewing and other statistics. Price is \$1.50, available from CAB, 212-751-7770.

Rep. Leland (D-Tex.) is planning to send letter to FCC Chmn. Fowler that will question Commission's commitment to minorities. Aide said Leland opposes FCC's proposed scrapping of minority preferences in clear-channel allocations and is worried that Commission will end preferences in other services. He's also upset with what aide described as recent "gratuitous, racially tinged demagoguery" in statements made by some commissioners during consideration of 12-station TV ownership proceeding. Comrs. Dawson and Patrick said then that ownership rules aren't proper vehicle for promoting minority ownership. Leland plans to remind FCC in letter that preference system is required by law. He'll also warn that House Telecom Subcommittee won't let FCC end preferences and that matter will be issue at FCC oversight hearings in Congress later this year.

PBS has agreed to give International MarketNet (Imnet) one-year option to lease VBI of PBS member stations to deliver financial data. Imnet, a venture of Merrill Lynch and IBM, thus has first shot at leasing 4 lines of VBI (6 are commercially available) for 10 years and right of first refusal on any VBI lines FCC may authorize. PBS now must work out deal with PTV licensees to create network. Imnet also plans to send similar data on satellite facilities other than PBS and via telephone lines. First customers of service, expected to be operational in 2nd half of this year, will be 10,000 Merrill Lynch field representatives.

Suit against CBS was filed last week in N.Y. Supreme Court by Fairness in Media (FIM) figure Hoover Adams, N.C. publisher, seeking CBS shareholder list. Adams said he owns 111 CBS shares, giving him right to names of other stockholders. He said he would use list to solicit votes in effort to elect at least one CBS board member sympathetic to FIM. After receiving Adams request, network filed suit against him and FIM head Carter Wrenn charging that they wanted list for "improper" political purposes and asking court for permission to deny bid.

Washington cable franchisee District Cablevision (DCI) has reached out-of-court settlement with losing bidder Capital City Cable (CCC). In suit in U.S. Dist. Court, D.C., CCC had alleged conspiracy by DCI and city officials to favor DCI during franchising process. DCI Pres. Robert Johnson, head of BET, said that as part of settlement his company will pay CCC \$300,000 and give it option to buy \$100,000 worth of DCI stock at \$20 a share (1.5% of total).

Failure at "marketing and packaging" himself on TV led to his defeat in presidential election, Walter Mondale told AFL-CIO leaders Feb. 19. Said Mondale: "A candidate in this country will have a difficult time unless he gains some mastery over that television tube that dominates public discourse... If you don't know how to use that tool, and use it exceedingly well, you are going to be at a disadvantage."

MCKINNEY RAPS CIA: In tersely worded letter Feb. 22 to CIA Assoc. Gen. Counsel George Clarke, FCC Mass Media Bureau Chief James McKinney reminded Agency that it -- like any other complainant -- must follow established procedures in pursuing reconsideration of Commission's decision dismissing fairness doctrine complaint against ABC (TVD Jan 14 p3). We also learned that decision on CIA's reconsideration request (TVD Feb 11 p5) will be bucked by Bureau to full Commission for decision. First CIA complaint was turned down by Bureau.

In letter to Clarke, McKinney says: "As I previously advised your superior, Mr. Stanley Sporkin, I believe that all communications concerning this matter should be reduced to writing and made on the record." Responding to letter from Clarke on Feb. 19 asking for personal meeting with Mass Media Bureau chief to discuss complaint against ABC, McKinney said: "I see nothing to be gained by person-to-person discussions of the issues involved and therefore believe it would be inappropriate to honor your request for a meeting."

In letter to McKinney, Clarke had complained that ABC "has refused to budge from its prior position of ignoring this matter." CIA is disputing ABC news reports that Agency conspired to assassinate Honolulu businessman Ronald Rewald. Clarke said ABC actions "should be of increasing concern to the Commission," added that "ABC's silence now seems to be emerging as an additional issue."

"You may be assured," McKinney told Clarke in reply letter, "that the CIA complaint and the related filings are receiving attention" and that decision "will be rendered at the earliest practicable date." McKinney said that because it wasn't clear whether CIA had sent copies of Feb. 19 letter to ABC and other parties, he was sending them copies of CIA letter and his reply. Commission doesn't plan to ask ABC to respond directly to CIA complaint.

Tex. motel must pay \$15,000 in damages and agree to take cable service for 6 years after losing piracy suit in U.S. Dist. Court, Brownsville. Spokesman for HBO, plaintiff along with ESPN, Southern Satellite and local cabler Heritage Cablevision, said judgment is first one obtained under provisions of new cable law. In similar suit decided last week in Wichita, U.S. Dist. Judge Patrick Kelly ruled that home dish dealer Starlink wasn't violating cable law, as alleged by AirCapital and Multimedia Cablevision. Wichita-area cablers had charged signal theft and copyright infringement, neither of which could be supported by law, judge said.

FCC has proposed deleting rule that broadcaster immediately inform person on other end of telephone line that conversation is being recorded and may be put on air. FCC proposed allowing broadcaster to record conversation without asking, then obtain permission before it's put on air.

More and more items from FCC Mass Media Bureau are being circulated among commissioners for vote, rather than being placed on agenda for discussion at public meetings. And some of those not being discussed openly are controversial -- such as decision not to require cable must-carry of multichannel TV sound, even though majority of commissioners are in favor. Last week, for instance, 11 recommendations from Bureau were being circulated for vote, while only 2 (including cable EEO to fulfill requirements of cable bill passed last fall by Congress) are on agenda for March 1 public meeting. At Jan. meeting, no items from Mass Media Bureau were considered in public, in Feb. only one. There are growing complaints, including from 8th floor (where commissioners are located), that practice violates govt. Sunshine Act.

CBS TV Network has signed with Group W to provide uplink facilities for distribution of programming to affiliates. Under long-term agreement, GW will provide 4 two-way channels directed at CBS transponders on Telstar 301 and 302. By end of 1986, service will be expanded to provide additional 2-way channels. GW also will construct microwave/fiber optic terrestrial link between its Glenbrook, Conn. earth station and CBS Bcst. Center in N.Y. Scientific-Atlanta is providing earth stations to CBS affiliates; AT&T is providing space segment.

NBC news dir. Charles Jones, 59, shot and killed himself at his Washington area home Feb. 15, shortly after resigning in connection with questions network raised about some \$100,000 in expense vouchers he submitted over 7 years with "no reasonable explanation provided," according to network. Incident led to NBC reprimand of 3 unnamed officials for "inadequate supervision" of Jones. Statement said that Jones's actions were "isolated" but that NBC has begun new procedures to prevent recurrence.

ABC TV Affiliates' Govt. Relations Committee will hold first-ever meeting in Washington Feb. 26. Among those appearing before group: Sen. Heflin (D-Ala.), Reps. Moorhead (R-Cal.), Swift (D-Wash.) and Tauzin (D-La.), FCC Comr. Rivera. Attending from ABC N.Y. hq will be Exec. Vp-Gen. Counsel Everett Erlick and TV Network Pres. James Duffy. John Behnke, Fisher Bcstg., is chmn. of Committee.

FCC has launched rulemaking to eliminate cable signal quality standards and interference control rules, saying industry has developed its own standards that generally exceed FCC rules. Commission said it would retain mandate that must-carry signals be delivered with no degradation. Comments are due March 29, replies April 15.

Israeli govt. has told NBC News it will investigate incident last week in which Israeli soldier fired rifle within inches of network correspondent Bonnie Anderson and fired shot into car she and her crew were driving.

SSS EYES NEW FRONTIERS: Distributing WTBS Atlanta gives Satellite Syndicated Systems "reason to exist," said Chmn. Edward Taylor, but that business will grow at only 10% a year for next 5 years. By diversifying, SSS expects to become \$250 million company by 1990 with investments in cable systems, programming, DBS, pay-audio and home video.

Common carrier business brought in nearly \$10 million in revenues during 1984, Taylor said at N.Y. meeting with reporters Feb. 19. Original goal had been to spend \$12 million a year buying cable systems with total 12,000 subscribers, end up with 50,000-60,000 subscribers after 5 years.

SSS is moving to buy remaining shares of Satellite Program Network from Taylor and 35 others. SPN could become biggest part of company in 5 years, chmn. predicted. Taylor said SPN expects 1985 sales of \$8.5 million and operating profit of \$1 million. Company has goal of 20 million SPN subscribers by 1987, vs. current 11.5 million.

Sales of pay-audio service Star Ship Stereo are "awful slow," Taylor said. Service will run up costs of \$1.5 million this year, bring in only 1/3 of that in revenue. As for DBS, by fall SSS will have to sign for \$180 million satellite system if it wants to keep FCC authorization.

SSS has hired Fairfield Group to study home video as part of broader effort to move company into new areas. Research will examine how SSS can put SPN programming into home video market, Taylor told us.

Debate on smoking turned into brawl at CBS News Washington bureau during recent taping for Nightwatch series. George Washington U. Prof. John Banzhaf, exec. dir. of antismoking Action on Smoking and Health, was giving introductory remarks when debate opponent Ernest van den Haag, Fordham U. prof. of jurisprudence, lit cigar. Banzhaf walked over to Haag and doused cigar with coffee cup full of water. Haag threw ash tray at Banzhaf, missed and nearly hit cameraman. Debaters began pushing each other and were separated by moderator Charlie Rose.

FCC should reconsider decision adding Melbourne and Cocoa to Orlando-Daytona Beach TV market (TVD Jan 21 p6), according to petition filed Feb. 19 by NCTA, ATC, Group W and Micro Cable. Petitioners contend that expansion of market is contrary to Commission precedent, inconsistent with must-carry philosophy, raises serious copyright questions. Also, Copyright Office was asked by Group W to begin proceeding to explore copyright liability of cable systems in markets whose boundaries are changed by Commission action.

Walter Kaitz Foundation, which provides college fellowships for minorities, has raised \$58,464 after expenses to support 9 students this year. Foundation is administered by Cal. Cable TV Assn.

CABLE EMPLOYMENT GROWS 6.4%: Reflecting industry's spread into previously unwired areas, number of jobs at cable systems employing 5 or more workers grew by 6.4% in 1984, according to FCC analysis released Feb. 20. Based on reports submitted by 2,640 systems, FCC said industry created 3,775 jobs in year, now employs total of 63,228 at system level.

But opposite was true at cable hq units operated by many MSOs. At 83 hq units employing 5 or more, jobs fell by 763 to 4,153, FCC said.

Figures show that while employment is growing, curve is well below sharp gains made in 1983. Then, industry employment grew by 13.4%, adding 6,989 jobs (TVD May 21 p6). White males continued to dominate all job categories, accounting for 53.3% of all field positions, 68.3% of top 4 job categories. Among all jobs at hq units, white men and women are nearly equal in numbers -- 43.9% to 43.5%, respectively. But among top 4 job categories at hq units, white men make up 62.8% of 2,522 employees.

Minorities now represent 17.1% of all workers, up from 15% in 1983. Women account for 37.2%, vs. 37.0% in 1983. In upper 4 job categories, minorities account for 14% (12.6% in 1983), women 21.5% (19.4% in 1983).

National Basketball Assn. has asked FCC to fine Storer Cable for not blacking out NBA basketball games within 35 miles of home city -- as required by Commission rules -- on 4 occasions. NAB also asked Commission to order Storer to "show cause why it should not be ordered to cease and desist from further violations." Storer responded that NBA is "part of the problem" and its petition "is an overreaction." Warren Zwicky, Storer Washington vp-counsel, said company has received 796 blackout requests from pro sports leagues during current seasons, covering 3,600 system events. He said that "more often than not" requests are directed to systems not covered by FCC blackout rules, that NBA can cite only 5 instances where a Storer system missed a blackout, that Storer honored 99.9% of the requests.

USIA Dir. Charles Wick's secret recording of phone conversations last year and USIA's blacklisting of speakers weren't done out of "malicious intent" but because of "energy, dedication and commitment" to agency's goals, concluded U.S. Advisory Commission on Public Diplomacy, which oversees USIA. Commission agreed "blacklists are wrong" and Wick's unauthorized recording "clearly was wrong and not a wise choice of managerial tools."

U.S. Supreme Court Feb. 19 upheld lower court ruling invalidating Ind. law allowing judges to hold in contempt news organizations that disclose identities of criminal suspects named in sealed court documents. Court's 7-1 vote came without opinion. Ind. law had been challenged by Greensburg Daily News.

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AFL-CIO STEPS INTO AD BAN FIGHT: Broadcast and brewery opposition to TV-radio alcohol ad ban appears to be making headway in Congress. Some developments: Two key wine country lawmakers are considering circulating letter against prolonged study of ads and alcohol abuse; Rep. Hutto (D-Fla.) has backed away from proposing ad ban bill; Senate Commerce Committee Chmn. Danforth (R-Mo.) is against plan; AFL-CIO last week went on record opposing ban and mandatory counter-ads.

Developments have caused AAAA, NAB, U.S. Brewers Assoc., Wine Institute and others to start talking confidently of keeping issue at bay in this Congress. But, they agree issue isn't dead yet; there are at least 2 House hearings still to come this spring that will deal with issue. House Telecom Subcommittee Chmn. Wirth (D-Colo.) has promised hearing devoted to ad ban and Rep. Florio (D-N.J.), who chairs House panel with jurisdiction over FTC, said he will ask agency head James Miller about issue at FTC oversight hearing.

Broadcasters also are stepping up PSA's against alcohol abuse, NAB spokesman said. He said key to organization's fight is local broadcasters' willingness to launch PSA campaigns and keep at them, even after debate over ad ban subsidies. ABC TV Network last week tried to defuse criticism that not enough PSA's are aired in prime time by launching campaign during prime-time. Anheuser-Busch also announced major PSA campaign.

Ban proponents, led by Center For Science in the Public Interest's Project SMART, won't be letting up pressure, said organizer George Hacker: "We've only just begun." He said that coalition hasn't finished collecting one million signatures it's seeking for petition it plans to present Congress and that sponsors for ad ban bill still are being sought in House and Senate.

AFL-CIO position is expected to play big role in keeping Congress from enacting ban. AFL-CIO Exec. Council last week endorsed statement against ban and counter-ads at annual meeting in Bal Harbour, Fla. Statement emphasizes AFL-CIO's support for efforts to eradicate alcoholism but argues ban or counter-ads would be "specious, short-term solutions that fail to address fundamental problems." Labor spokesman in Fla. said statement means AFL-CIO would become active in lobbying against any ban or counter-ad proposals offered in Congress. He said AFL-CIO is concerned about impact ban could have on bottlers, brewery workers, truckers and other union members.

Reps. Fazio (D-Cal.) and Matsui (D-Cal.) are considering circulating letter to House members urging opposition to Rep. Nielson (R-Utah) bill calling for FTC study of link between ads and alcohol abuse (TVD Feb 4 p6).

TV-radio stations activated EBS 995 times in 1984, according to reports to FCC. EBS was used mostly for weather emergencies.

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Storer turned profit of \$6.41 million in 1984 fourth quarter, first time in 2 years it has been in black. But company still ended year in red with loss of \$16.74 million, which however was sharp improvement over 1983 loss of \$39.67 million (-\$1.02 vs. -\$2.42 a share). Yearly revenues totaled \$536.82 million, up 17%. Storer attributed gain to much better results in cable. Despite 18% increase in depreciation for 1984, cable net skyrocketed nearly 900% to \$24.35 million on revenues of \$352.11 million, which were up 21%.

Compass Communications has been formed by Curran-Victor and Peoria Journal Star to own and operate 6 radio stations newspaper owns: KRKE(AM)-KWXL(FM) Albuquerque, KSSS(AM)-KVUU(FM) Colo. Springs, KFRM(AM) Salina, Kan. and KICT(FM) Wichita. San Francisco-based Curran-Victor is headed by Donald Curran and Herbert Victor, former executives at Field Communications and ABC. Compass is pursuing additional radio and TV properties in West.

Cable Networks Inc. (CNI) boosted its position as a leader in cable advertising with announcement that it signed to be Cox Cable's exclusive sales agent for 20 systems with 735,000 subscribers. Cox did \$7-\$8 million in ad sales during 1984, expects \$10 million this year, said Cox Ad Sales Vp Merritt Rose. Of its 1.5 million subscribers, 1.2-1.3 million see locally inserted ads, he said.

Personals

FCC calendar -- Feb. 26: Comr. **Henry Rivera** addresses ABC TV Affiliates Govt. Relations Committee, Henley Hotel, Washington; **Albert Halprin**, Common Carrier Bureau chief, speaks on subscriber line access charges at NARUC Winter Committee Meeting, Hotel Washington. Feb. 27: Comr. **Dennis Patrick** addresses Assn. of Long Distance Telephone Co. of Mo. at University Plaza Hotel, Springfield.

David Murphy, KOKH-TV Oklahoma City gen. mgr., adds duties of exec. vp-Owned TV Stations Div., John Blair & Co., new post... **Tom Capra**, ex-CBS, named news dir., KNBC L.A.... **Lynne Buening**, ex-Chicago Tribune, appointed broadcasting dir., WTTW Chicago... **Robert Iger** advanced to program acquisition vp, ABC Sports... **Michael Lareau**, WOOD-AM-FM Grand Rapids gen. mgr., promoted to pres. of parent Grace Bestg.; **James White**, ex-WSPD(AM)-WTLQ(FM) Toledo, returns to WOOD-AM-FM as Lareau's successor... **Richard Rakovan**, ex-Outlet, appointed vp-gen. mgr., RKO's WFYR(FM) Chicago.

Cheryl Moore promoted to west coast dir.-training & development, NBC; **Paul Stupin** advanced to dir.-current drama programs, NBC Entertainment; **John Chavez**, ex-ABC, appointed NBC dir.-creative services production, new post... **Martha Harvey** promoted to administrative mgr., KPRC-TV Houston; **John Buffington**, ex-WTOK-TV Meridian, Miss., appointed program dir., succeeding **Tom Reiff**, who moves to WESH-TV Daytona Beach-Orlando; **Lyn Salerno** advanced to asst. program dir./administrative.

Paul Yates, KYW-TV Philadelphia vp-gen. mgr., takes leave of absence for "personal reasons," succeeded on interim basis by Sales Vp **James Thompson**... **Ray Saadi**, exec. vp-LaTerr Bestg., elected pres., La. Assn. of Bestrs.; **Edwin Wray**, KTBS-TV Shreveport, TV vp... **William Gilbert**, ex-William Gilbert Assoc., appointed dir.-sales & mktg., RKO Programmes International... **Alexander Dusek**, ex-Dusek Communications, named dir.-ads & mktg., WOR-TV N.Y.... **Lorraine Collins** advanced to vp-current programs and development, D.L. Taffner Ltd., new post... **Colin Browne** elevated from dir. of chmn.'s office at British Telecom to CEO of BT's Broadband Services unit in charge of telco's venture in 5 cable franchises... **Harald Bauer** resigns as pres., United International Pictures, U.K. pay-TV venture of MGM-UA, Paramount, Universal Pictures.

Ronald Beck shifts from HBO International to pres.-CEO, Premiere International, pay-TV venture in Japan of HBO, Showtime/Movie Channel, Thorn EMI, 20th Century-Fox, Warner and Columbia Pictures... **Rex Lardner**, ex-Sports Time Network, appointed sports dir., WTBS Atlanta... **Elizabeth Rawson** promoted to mgr.-radio network services, RCA Americom... **Reid Collins**, ex-CBS News, named a weekday anchor in Washington for CNN, succeeding **John Holliman**, who's reassigned.

Leslie Swackhamer, **Rebecca Dorch** and **Barbara Schneider** become associates in Washington law firm Wilner & Scheiner... **Joseph Ceslik** advanced to exec. vp-gen. sales mgr., domestic sales, ITC Entertainment, succeeding **Pierre Weis**... **Dennis Gillespie** appointed mktg. senior vp, Viacom Enterprises... **Gaye Bagwell**, ex-Times Mirror Cable, appointed vp-gen. mgr., Gulfstream Cablevision of Pinellas County, Fla... **Donald Wright** promoted to Harris vp-gen. counsel... **Patterson Gibson** named compensation and benefits dir., Viacom International... **Michael Raounas** appointed vp-national sales mgr., Katz Independent TV Sabers Sales Team.

Promotions at TV & Cable Factbook, Television Digest Inc.: **Richard Koch** to assoc. editor/editorial supervisor, "B" team; **Gregory Reed**, assoc. editor; **Glenn Brown**, research specialist; **Daniel Kohlmeier**, asst. editor; **James Borup**, production mgr.; **Lee Riley-Hammer**, production editor.

Former FCC Comr. **Anne Jones**, partner in Washington law firm Sutherland, Asbill & Brennan, elected a dir., IDS Mutual Fund Group... TV network Entertainment Div. presidents, **Brandon Tartikoff**, NBC, **Donald Grant**, CBS, and **Lewis Erlicht**, ABC, address March 21 luncheon of International Radio & TV Society, Waldorf-Astoria, N.Y... **Roger Lund** advanced to west coast administration vp, ABC... **David Moore** promoted to Dallas vp, Avery-Knodel TV; **Joan Aveni**, ex-MMT Sales, named dir.-sales research & mktg., N.Y.

Larry Hancock advanced to creative services dir., Universal Pictures Mktg. Group... **Jerrold Blair** promoted to legal affairs vp, MCA Development Co... **Joseph Maddox**, Discovery Channel senior vp and dir.-mktg. & ads, addresses Washington Cable Club Feb. 28, Washington Marriott... **James Gardner**, Digital Equipment, elected secy., Videotex Industry Assn. (VIA); elected VIA dirs: **Richard Adler**, Institute for the Future; **William Lucas**, Packet Technologies; **Hilary Thomas**, Aregon International.

American Family Corp. is buying WITN-TV Washington, N.C. for \$24 million. American Family owns TVs in 4 markets below top 50... **Duchossois Communications**, which owns 3 radio stations, has purchased independent KCBR Des Moines from William Trout and associates, price undisclosed. Blackburn handled both.

Obituary

Esterly Chase Page, 82, founder of Page Communications Engineers, Washington, and an authority on international communications, died Feb. 14 in Naples, Fla. of Parkinson's disease. Company he founded in 1947 was sold to Northrop Corp. in 1959. In 1960s, he left to become technical dir. of DoD's National Military Command System. He's survived by wife, 6 daughters.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Feb. and year to date:

	FEB. 2-8	1984 WEEK	% CHANGE	JAN. 26- FEB. 1	6 WEEKS 1985	6 WEEKS 1984	% CHANGE
TOTAL TV.....	302,839	350,169	-13.5	420,811	1,819,514	2,256,050	-19.3
TOTAL COLOR...	264,483	268,954*	- 1.7	342,945*	1,535,413	1,704,370*	- 9.9
DIRECT-VIEW.	260,785	265,406*	- 1.7	339,138*	1,514,047	1,685,551*	-10.2
PROJECTION..	3,698*	3,548	+ 4.2	3,807*	21,366*	18,819	+13.5
MONOCHROME....	38,356	81,215	-52.8	77,866	284,101	551,680	-48.5
TV EXCL. PROJEC.	299,141	346,621	-13.7	417,004	1,798,148	2,237,231	-19.6
HOME VCR.....	149,106*	100,388	+48.5	224,219*	1,011,338*	606,274	+66.8
COLOR CAMERAS...	5,615	7,245*	-22.5	11,075*	49,682*	45,805	+ 8.5

Color TV (direct-view) 5-week moving average: 1985--273,424; 1984--296,816* (down 7.9%).

Home VCR 5-week moving average: 1985--178,897*; 1984--107,615 (up 66.2%).

* Record for period.

PICTURE TUBE PRICES UP 'VERY MODESTLY': Picture tube manufacturers have succeeded in raising prices but by so little it hardly can be put down as meaningful increase. Last fall, at about the time glass manufacturers were talking of 10% hike in their prices, tube makers started sounding out set manufacturing customers on price rise of same magnitude.

Part of price increase seems to have stuck -- but not the big part. Tube makers describe rise as "very modest," estimate that across-board it comes to perhaps 3-4%, about same percentage that glass makers finally settled for.

Although it's "modest" to tube makers, to set manufacturers it could represent perhaps \$2.50-\$9 more in costs for 19" and 25" sets at time when there's little profit in TV sets and not much prospect for significant rise in their prices. Increase in tube prices together with strong dollar should make imported tubes more attractive, but Far East tube makers also are suffering pressures and their prices are said to be firming as well.

Tube makers hope to use premium prices of new square-cornered types to help compensate for disappointing increases in conventional types. In addition to squared-off 14", 20" and 26", this year should see first 27" tubes -- Zenith's curved-faced unit scheduled for introduction in new sets this spring and RCA's planar-faced premium version slated for production this summer.

JAPAN WRAPS UP RECORD VCR YEAR: Japanese VCR manufacturers closed books on 1984 with records for production and domestic and export shipments, but felt financial pinch from combination of falling prices and declining value of yen against dollar.

Figures released by EIA-Japan last week put nation's VCR output at 27.1 million, up 48.8% from 18.2 million of 1983. Biggest sales volume gain came in exports, which jumped 44.8% to just under 22.1 million, despite 19.1% drop to 3.76 million in shipments to Europe, while home market shipments of 4.27 million were up 18.8%, substantial slowdown from 56.1% rise posted in 1983.

As for U.S.-bound exports, Japanese shipped 1.17 million in Dec., up 82.3%, to put 4th quarter at 3.88 million, up 110.8%, year at 11.9 million, up 119%. Those figures show U.S. accounted for 43.9% of Japan's VCR production last year, 30% over 1983, and fully 54% of exports, up from 35.6%.

In color TV, Japan's output rose 14.4% to 14.5 million, as exports jumped about 32% to nearly 6 million while home market shipments dipped 1.3% to about 7.6 million. Big increase in export demand came from China, which took 1.05 million last year, and is likely to replace U.S. as Japan's best customer in 1985. Exports to U.S. rose 43.6% in Dec. to 93,200 to put final quarter at 621,600, up 188.3%, year at 1.2 million, up 82.1%. Figures on U.S.-bound exports of color chassis and kits weren't available.

Finance Ministry figures put value of Japan's 1984 VCR exports to U.S. at \$3.32 billion, up 92.9%, for indicated average export value of \$278.77, down 11.8% from \$316.49 average for 1983. But those figures are based on yen value of 254 to dollar, and don't take into account 7.5% nosedive yen took over course of last year. Based on yen value at that time, average value of Japan's 1983 VCR exports to U.S. was \$342.08, so current value, in terms of actual dollars paid, is down \$63.31 or 18.5%, with \$22.54 of that directly attributable to foreign exchange rate change.

In complete color exports, value of shipments to U.S. rose 84.8% to \$289.8 million, with indicated average price of \$241.44, up from \$237.86. In color, too, exchange rate change has distorted pricing picture. Average price paid in 1983, at 1983 rate, was \$257.08, so while Japanese got more yen for each set last year, they actually received fewer dollars.

* * * * *

Slump in VCR exports to Europe is expected to be repeated this year, making U.S. market of even more vital importance to Japanese. Key cutback in European demand for complete VCRs will be by Thomson-Brandt, which imported more than million VHS models from JVC last year for sale under its own brand and those of its German subsidiaries Dual, Nordmende, Saba and Telefunken. T-B now is making VCR head drum assemblies at plant in Tonnerre at 660,000 annual rate. All have been going to Berlin and Newhaven, U.K. VCR assembly plants of J2T Holdings, joint venture of JVC, Thorn EMI and Telefunken, but T-B recently started supplying U.K. plant where Toshiba is assembling VHS VCRs. T-B is expanding capacity of Tonnerre to reduce its reliance on JVC for parts, has goal of making all its VCRs in Europe. Toward that aim, T-B plans to consolidate European color TV production into 2 plants, convert remaining 2 for own VCR output. Also contributing to drop in complete VCR exports will be expansion of European assembly by Japanese. Mitsubishi says it will double its VHS production in Scotland to 20,000 monthly by July. Earlier this month, Hitachi said it would triple output in Germany by Nov. to 30,000 monthly.

'85 PROJECTION TV--25% GROWTH, OVER 22 BRANDS: Projection TV sales will total record 245,000 units this year, up 25.6% from the 195,000 sold in 1984. Rear-projection models will constitute 75% of sales, and more than half of these will be 36-40". And the "22 significant projection TV brands" active in U.S. last year should increase in 1985. These are among predictions by U.S. Precision Lens, leading maker of projection TV optics, in its 3rd annual market report and forecast.

Industry could have sold 200,000-205,000 last year if inventory had been available, USPL estimated on basis of interviews with manufacturers. Industry ended 1984 with pipeline inventories of 45,000, up 20,000 from end of 1983 but less than the 55,000 at end of 1982 and "far below the record 70,000 established in Aug. 1982," report notes. For first time, report says, projection TV prices remained "relatively stable" in 1984, with no major liquidations.

Rear-projection systems (those with screens at front, picture projected from rear of cabinet) represented 79% of sales in 1984, up from 60% in 1983. USPL sees leveling off this

year at 75% rear, 25% front. Last year, rear-projection systems were divided 50-50 between compact (36-40") and giant (45-50") screens; this year, compacts should be 53% of total.

Continued improvement in picture quality is expected for 1985, with optical tube-lens coupling for contrast improvement becoming more popular. USPL expects to see "at least one manufacturer offer a digital projection set" this year.

Cumulative sales of quality projection sets since 1980 total 600,000, USPL noting that million mark should be passed in 1986, assuming 25% growth that year. Taking note of 35" direct-view sets to be offered by Mitsubishi and others, USPL sees no major advantages compared with projection, quotes "most engineers" as thinking tradeoff favors projection, adding: "Very few people think direct-view will be a serious competitor in consumer large-screen TV, but we have no way to judge."

Set makers have been cutting development costs in projection by "making essentially the same basic configuration for 2 years rather than change design every year," USPL says. "Also, they are emphasizing the use of commonly tooled components in several models."

Note: USPL's forecast for 1984 projection sales was low, but all others we've seen were lower. USPL predicted sales would total 178,000, our own (TV Digest) forecast was 175,000, manufacturers' consensus forecast in our 1983 year-end survey was 170,000 and EIA consensus was 165,000. For 1985, USPL's forecast of 245,000 compares with our own prediction of 250,000, our manufacturer survey figure of 222,500, EIA consensus of 225,000.

Mergers & acquisitions: MGM/UA

Entertainment has expanded exchange offer to reacquire 15% outstanding interest in MGM/UA Home Entertainment. It's offering choice of 1.75 M/UE shares or note with \$28 face value for each M/UHE share. Bid is being challenged as inadequate by major holder, National Amusements... **Olivetti** has acquired 49.3% of U.K. personal computer maker Acorn for \$11.3 million. Acorn, which last year abandoned unsuccessful attempt to break into U.S. market, will get access to Olivetti's international marketing organization... **Management Science America** has sold its educational computer software subsidiaries, Designware and Edu-Ware, to Encyclopaedia Britannica. Companies will be part of new Britannica Learning Corp... **Quaker Oats**, parent of toy marketer Fisher-Price, is considering purchase of Parker Bros. from General Mills. Buy would put Quaker back in home computer and videogame business. Quaker bought game cartridge marketer U.S. Games in spring 1982, shut it down year later... **Electronics industry** mergers and acquisitions last year involved fewer companies but lot more dollars, according to Chicago consultancy W.T. Grimm. It said number of transactions slipped 3.2% to 334, but value jumped 57.3% to \$5.19 billion.

Expected decision wasn't issued by Supreme Court last week on whether it will accept for review Zenith-NUE antitrust suit against Japanese consumer electronics industry. Japanese manufacturers, with support from U.S. and Japanese govts., have asked Court to reverse Appeals Court order reinstating case and ordering it to trial. Case was on calendar for consideration at Feb. 15 meeting, so verdict had been expected to be among rulings made public Feb. 19. Situation now is week to week. If Court does accept case, next fall is earliest it would hear oral argument.

Intel is cutting worldwide work force by 900, or about 4%, reducing work schedule at 2 plants, closing 2 others because of continued slump in semiconductor market. Hardest hit will be IC and computer board stuffing facility in Ore., where 400 are to be trimmed. Also cutting back is computer disc maker Verbatim, which said it will dismiss about 400 next month, reducing force to 1,500. Company said it also may close some U.S. plants. Verbatim laid off about 475 employees last year. Although price competition in disc market is hot, new companies are still entering market. Nashua, major OEM supplier, is launching own brand in U.S. It's also opening sales and technical support office in Japan to serve its OEM computer media customers in Far East.

Korean color TV dumping case is now in court. Daewoo, Gold Star and Samsung have brought action in Court of International Trade charging International Trade Administration's rolled-back average dumping margins are still too high because agency acted incorrectly in refusing to accept price adjustment requests that would have further reduced their dumping liability (TVD Dec 24 p10). Plaintiffs GE, Zenith and group of industry unions have own action in CIT in which they say ITA went too far in accepting Korean adjustment claims and asking that margins be increased.

Video antipiracy measures taken in U.K. cut business lost by legitimate marketers last year to about \$25 million from estimated \$44 million in 1983, according to Federation Against Copyright Theft. FACT estimates video pirates took only about 20% of market, down from 30%. Key weapon in antipiracy battle has been secret system of marking individual copies of film prints. It lets FACT probers know which theaters were sources for movies on pirate videocassettes.

WORLD VCRs AT 66 MILLION: Worldwide VCR population will hit 100 million this year, according to Motion Picture Export Assn. of America. MPEAA puts 1984 year-end total at 66,244,000, vs. 42,172,000 in 1983, with penetration of TV homes up from 8% to 10.7%. Several countries, particularly in Middle East and Asia, are known as smuggling and transshipping centers, and though MPEAA has tried to make appropriate adjustments, number of VCRs in country doesn't necessarily reflect those in homes, or even on hand.

Biggest surprises are Turkey, jumping from 700,000 in 1983 to 2.2 million last year, after allowances for VCRs smuggled into country, and China, listed at conservative 75,000 but thought to be much higher. Not surprisingly, Singapore is considered one of major transshippers, with China its most active customer. Spain and Mexico also showed jumps of several hundred percent. MPEAA lists 2 markets where growth has stalled -- Oman and Brunei, each at 100% penetration -- and 3rd, Italy at 275,000 units, where it has never taken off. Here's regional population breakdown (add 000):

Region	TVs	VCRs	
		1984	1983
Europe	222,191	19,345	13,745
Asia	66,849	18,879	12,135
N. America	165,814	18,022	9,920
Middle East	11,942	4,849	3,212
Oceania	6,705	2,154	1,168
S. America	27,328	1,468	1,100
Africa	10,149	815	540
Cent. America	9,717	469	144
Caribbean	2,659	243	208

Here's VCR population regionally by country, with 1983 totals in parentheses:

Europe: U.K. 6.7 million (6 million), Germany 4.9 million (3.5 million), France 2.2 million (1.4 million), Spain 1.1 million (325,000), Netherlands 950,000 (400,000), Sweden 715,000 (500,000), Switzerland 350,000 (300,000), Belgium 325,000 (285,000), Austria 275,000 (220,000), Norway 270,000 (200,000).

Asia: Japan 13.9 million (9.1 million), Taiwan 850,000 (700,000), India 610,000 (300,000), Indonesia 600,000 (50,000), Malaysia 450,000 (400,000), Thailand 400,000 (400,000), Singapore 400,000 (200,000), Pakistan 200,000 (200,000). **Oceania:** Australia 1.96 million (1.1 million), New Zealand 180,000 (30,000), Fiji 15,000 (13,000).

Africa: South Africa 485,000 (290,000), Egypt 190,000 (150,000), Kenya 140,000 (100,000).

Middle East: Turkey 2.2 million (700,000), Saudi Arabia 840,000 (840,000), Kuwait 400,000 (366,000), Israel 350,000 (260,000), Lebanon 300,000 (300,000), Iran 200,000 (200,000).

North America: U. S. 16.4 million (9 million), Canada 1.6 million (900,000), Bermuda 22,000 (20,000).

Central America: Mexico 400,000 (95,000), Panama 50,000 (30,000), Honduras 8,000 (8,000), El Salvador 6,000 (6,000), Costa Rica 5,000 (5,000); **Caribbean:** Puerto Rico 120,000 (100,000), Trinidad & Tobago 115,000 (100,000).

South America: Venezuela 500,000 (420,000), Colombia 400,000 (280,000), Brazil 380,000 (270,000), Argentina 60,000 (50,000).

Pioneer will start selling combination Laservision/Compact Disc player here in March, company announced in Japan, moving shipment date up from summer because of favorable reaction in U.S. Meanwhile, Pioneer introduced new Laserdisc player here at \$499, top-loading version with remote control and random access, bringing line to 4 models at \$299, \$499, \$799 and CL-LV combo at \$1,200. In commercial field, company thinks it has winner in optical disc point-of-purchase systems that it says could be worth 4,000-5,000 units this year, as many as 22,000 in 1986. Company is believed to supply 75-80% of demand.

Color TV sales fell back into deficit column in 1985's 6th week after one week of increase over 1984 (see State of the Industry). Sales in 5 of first 6 weeks were below those of comparable 1984 week, and cumulative sales for first 6 weeks were 10.2% behind last year for direct-view color. Because projection TV is up 13.5% for year to date, total color (direct plus projection) is down only 9.9%. VCR sales reached million in year's first 6 weeks, level it took 12 weeks to reach in 1984. Cumulative sales of VCRs since start of consumer marketing in 1975 now exceed 18 million.

Taiwan's electronics and electrical machinery industry led nation in exports and foreign investments last year, govt. there reports. Exports rose 36.9% in 1984 to \$6.57 billion. Fastest growing segment was computer equipment, parts and peripherals, which had 338% export rise to \$664 million. Taiwan said it received \$267.2 million in new electronics-electrical industry investment from overseas last year, representing 47.9% of all such capital inflow.

Electronics industry employed record 2.29 million in Jan., up 6.6% from Jan. 1984 and 0.5% from Dec., Labor Dept. reports. Industry's unemployment rate was 5.4%, compared with 6.1% at same time last year and 5.9% in Dec. Agency said average production worker's hourly wage rose to \$9.33 from \$8.88 in Jan. 1984, and average weekly wage was \$380.66, from \$364.97.

Flat-tube color pocket TV set is scheduled by Sanyo for sale in Japan this fall at about \$385. It's understood to use principle somewhat similar to Sony's b&w Watchman. Sanyo official here indicated set hasn't yet been scheduled for U.S. market.

ZENITH NET UP: Zenith rejoined consumer electronics industry's \$1 billion sales club in 1984 after 2-year absence, according to financial statement. Reversing 2-year consumer electronics sales decline from \$1.04 billion in 1981, Zenith reported volume rose 15.1% last year to record \$1.06 billion, with sales for quarter up 26.8% to \$317 million.

Zenith 1984 sales of all products gained 26.1% to record \$1.36 billion and net rose 37.3% to \$63.6 million, topping \$55 million mark set in 1973. Earnings for year were bolstered by \$10.4 million tax adjustment, and on operating basis were up 15.7%. For final quarter, Zenith sales rose 33.1% but net was off 16.9% (see financial table).

Zenith said profit improvement for year stemmed primarily from computer systems, terminals and related components. Company said it had record unit VCR and color TV sales but earnings from consumer electronics were down because of "sharply lower color TV prices" in 2nd half. While company sold more than million cable decoders in 1984 for 2nd year in row, sales sagged in 2nd half.

Sales of computer products were up 65% for year to \$472 million, jumped 77.5% in final period to \$142 million. Cable product sales rose 19.7% for year to \$182 million, but 4th-quarter volume was down 24.2% to \$25 million.

Meanwhile, Zenith Taiwan, which suffered \$25 million in damage to monochrome terminal and subassembly inventory and production equipment in New Year's Eve fire (TVD Jan 7 p15) is back in business but operations are limited. Company's 1,700 workers are now on job and some production has been resumed. Return to full-scale operation, which awaits delivery of precision test gear, is expected soon. Zenith has had to defer some deliveries, and impact of that is expected to be reflected in results for first quarter this year.

Thomson-Brandt of France had consumer electronics sales of \$2.3 billion but lost \$22 million on that business last year. Company said its German subsidiaries, Dual, Nordmende, Saba and Telefunken, accounted for 21.5% of volume and operated at modest profit.

Grundig of Germany posted loss of \$86.4 million in fiscal year to April 30, although sales rose 9.5% to \$920 million. Issuance of results was delayed because of dispute over valuation of high color TV and V2000 VCR inventories inherited by Philips when it took over management control last year. To help cut costs, company plans to lay off up to 7,000 workers at plants in France, Italy, Spain and Portugal and is considering closing large color factory in Vienna.

Williams Electronics is limiting arcade game production to pinball and shuffleboard units under new policy that requires receipt of sufficient irrevocable orders before output of any new game is

started, according to report for year to Sept. 30. It shows company had \$27.1 million operating loss from arcade games last year as sales fell 73.3% to \$18.1 million. Royalty income from home computer and videogame licenses plunged to \$734,000 from \$16.7 million in 1983.

U.S. Customs reaffirmed administrative ruling that color tubes imported as part of TV kits are dutiable at 5%, rather than 15% assessed against individual tube imports (TVD Dec 10 p10). That clears way for labor union members of COMPACT to file appeal with Court of International Trade. Unions, contending incomplete TV imports were being used to avoid high duty payments on tubes, had asked Customs to review matter in hope of having tubes dutiable separately from other TV parts. Last year, 643,900 tube-inclusive kits were imported, up 19.3% from 1983. Of those, 502,300 were from Mexico, with most of rest from Japan and Singapore. Only major kit importer now is Matsushita Industrial, which assembles Panasonic and Quasar color sets, but unions fear other foreign-owned U.S. color assembly plants will follow suit, thus cutting sharply into domestic color tube sales.

Suit against auditor Coopers & Lybrand has been brought in N.Y. state court by 11 computer and toy companies that claim they relied on misleading financial information in granting credit to now bankrupt Portland, Ore. distributor. Action for \$19.7 million in damages, in which defunct distributor Northern Specialty Sales also is named as defendant, says that was amount they extended in 1983 after reading C&L report that overstated Northern's assets and showed company earned \$1 million in 1982 when it actually lost \$4 million. Northern filed for bankruptcy under Chapter 11 in Dec. 1983. In response, C&L said Northern's problems arose after audit was completed and that suit is unjustified. Among parties to suit: Milton Bradley, Coleco, Commodore, Mattel, Parker Bros., Tomy.

U.S. had worldwide deficit in electronics trade for first time last year, posting imbalance of \$6.8 billion, according to Commerce. Agency said surge in imports of VCRs and other consumer electronics was major cause but cited \$2.8 billion deficit in import-export balance of semiconductors and other electronic parts as well as decline in computer exports. In trade with Japan, electronics deficit in trade was \$15.4 billion. Overall total will nearly double to \$12 billion this year unless Japan and other major trading partners move to lift barriers against high-tech electronics imports, according to American Electronics Assn. It predicted electronics trade imbalance with Japan will rise to \$20 billion this year.

Tax on blank video and audio cassettes, with revenue used to compensate copyright owners for duplicated programs, is endorsed in U.K. by govt. Green Paper that invites discussion of issue, suggests statutory limit of 5% on retail price of videocassettes, 10% on audio. Proposal is considered at least 2 years from becoming law.

SAP SELLS: WTIC-TV Hartford turned on the SAP last week and out came a new medium. SAP, of course, is 2nd audio program in multichannel TV sound (MTS), and the Ch. 61 independent probably is first station to use it commercially.

WTIC-TV aired first SAP-only commercial, carried at same time as program material was on air. It plugged Bernie's, 6-outlet retail TV chain featuring MTS sets (RCA, Quasar, Sony, Sylvania, Zenith). WTIC-TV Pres. Arnold Chase said SAP will be used for aural program guide, news, weather bulletins, etc., in addition to bilingual sound.

Milton Rosenberg, who heads Bernie's, exulted over possibilities of MTS, said there was great interest in it in his stores. "The biggest change since color," he said -- "this makes everything else obsolete." He said SAP seems to be as important as stereo in selling MTS sets. He currently has 17 MTS TV models on floor, forecast this would triple before end of summer.

With WTIC-TV starting bilingual daytime programming, Bernie's is running Spanish language ad in Hartford Courant, offering 19" Quasar nonstereo SAP table model at \$269, expects to sell all 250 in stock.

New stereo starters last week include KRBK-TV Sacramento and KTZO San Francisco, independents. This brings known MTS stations to 19 (we have eliminated WTXN Waterbury, Conn. from our list, since there's no evidence it's equipped for MTS).

Production and test equipment for MTS sets is becoming increasingly available. Modulation Sciences, Brooklyn, last week announced precision TV stereo decoder capable of being calibrated for testing encoders and aligning receivers. It's being offered to TV stations and set makers at \$4,750, delivery in June.

Autosound market of \$2.2 billion this year will be about evenly divided between factory-dealer and aftermarket installations, but aftermarket will account for less than 50% of business next year for first time since 1978, according to study by Venture Development Corp. It shows stereo system sales for new cars will grow at average annual 11% rate to \$1.8 billion by 1990, while aftermarket rises at 9.4% rate to \$1.6 billion. Details: VDC, One Apple Hill, Natick, Mass. 01760.

Semiconductor duties will be eliminated in Japan and U.S. March 1 under final terms of agreement first reached at end of 1983. Current duty rate is 4.2%. Japan has proposed agreement be expanded to cover other products in microelectronics sector.

Coin-op videogames are being cut back at 103 ShowBiz Pizza Palaces and replaced by skiball, table-top hockey, other games. Company says locations that have tested new format reported increased business.

VIDEO BEHIND CERTRON'S LOSS: Videocassettes were prime cause of \$200,000 loss Certron posted in year to Oct. 31 (TVD Jan 21 p13), company showed in annual report for year to Oct. 31. Certron had \$89,000 operating loss from magnetic media products in fiscal 1984, although sales were up 22% to \$16.7 million, with all of rise provided by \$4.8 million from videocassettes, line not added until end of fiscal 1983.

Certron's imported videocassettes provided volume, but they didn't help bottom line. Company said gross profit margin on video was just 14.5%, against average of 20% for audio cassettes and computer discs, and that videocassettes directly increased sales and overhead costs by \$371,000 and interest expense by \$76,000. Certron said it was forced to sell videocassettes at reduced prices from July into opening fiscal 1985 quarter because inventory built up when customer orders didn't meet forecasts.

Company says audio cassette sales were down 13.6% to \$11 million because of reduced demand for higher performance cassettes and tape pancakes. Only sales rise came in computer discs, up 283.5% to \$882,000.

While Certron announced last month only that it was moving all audio cassette production to Far East, report states it has sold audio tape coating equipment and technology to company being set up in China that will supply Certron's Hong Kong cassette loading contractors from there. Arrangement, Certron said, will allow it to buy tape for less than current production costs and will provide royalties.

New videocassette anticopy system developed by Macrovision, San Jose, Cal. has been shown to studios by duplicator Bell & Howell/Columbia Pictures Video Services. It's intended to stop casual VCR-to-VCR copying by retailers and consumers, isn't aimed at commercial pirates. While details are still secret, understanding is that recorded cassettes include signal that confuses VCR's automatic gain control (AGC). VCR essentially is fooled into believing that level of signal being recorded is higher than it should be, lowers AGC to correct. Result is copy with such low signal level that it's unwatchable.

Sampo moves corporate hq May 1 to TV and microwave oven assembly plant in Norcross, Ga. Shift is first step in long-range plan that calls for broadening U.S. product line, expanding plant on Sampo's 23-acre Ga. site and constructing new facilities. Being moved to Ga. are Sampo's sales, marketing, product planning, credit and administrative operations. Current hq in Elk Grove Village, Ill. will function as midwest sales office.

Kloss Video projection TV sets are being exported to China through ITT, which handles them in Europe. Kloss Pres. Henry Kloss said shipments were in "modest quantities." At one point, he visited China to discuss proposal to build projection tube plant there.

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
Cosat			
1984-year to Dec. 31	442,297,000	51,165,000	2.83
1983-year to Dec. 31	440,418,000	50,051,000	2.77
1984-qtr. to Dec. 31	120,261,000	14,339,000	.79
1983-qtr. to Dec. 31	107,732,000	8,695,000	.47
CTS			
1984-year to Dec. 30	327,208,000	(2,582,000)	---
1984-year to Jan. 1	238,511,000	9,145,000	1.61
1984-13 wk. to Dec. 30	78,458,000	4,897,000	.85
1984-13 wk. to Jan. 1	62,507,000	1,803,000	.31
Esquire Radio & Electronics			
1984-year to Dec. 31	10,488,000	852,000	1.76
1983-year to Dec. 31	67,568,000	2,262,000	4.68
1984-qtr. to Dec. 31	120,000	133,000	.27
1983-qtr. to Dec. 31	28,817,000	1,238,000	2.56
Gray Communications Systems			
1984-6 mo. to Dec. 31	20,873,338	1,458,225	2.91
1983-6 mo. to Dec. 31	21,950,868	1,177,673	2.36
1984-qtr. to Dec. 31	10,736,706	794,400	1.58
1983-qtr. to Dec. 31	11,268,360	551,137	1.10
Heritage Communications			
1984-year to Dec. 31	128,788,000	6,561,000	.65
1983-year to Dec. 31	105,972,000	5,353,000	.52
1984-qtr. to Dec. 31	39,608,000	2,380,000	.23
1983-qtr. to Dec. 31	30,474,000	1,661,000	.17
MCA			
1984-year to Dec. 31	1,651,242,000	94,937,000	1.96
1983-year to Dec. 31	1,584,539,000	147,160,000	3.06
1984-qtr. to Dec. 31	496,951,000	18,584,000	.39
1983-qtr. to Dec. 31	395,424,000	24,890,000	.52
Storer Communications			
1984-year to Dec. 31	536,824,000	(16,742,000)	---
1983-year to Dec. 31	458,871,000	(39,673,000)	---
1984-qtr. to Dec. 31	147,592,000	6,410,000	.39
1983-qtr. to Dec. 31	127,753,000	(8,109,000)	---
United Television			
1984-year to Dec. 31	75,240,000	(2,870,000)	---
1983-year to Dec. 31	56,136,000	7,294,000	.63
1984-qtr. to Dec. 31	20,893,000	(1,323,000)	---
1983-qtr. to Dec. 31	20,187,000	2,460,000	.22
Zenith			
1984-year to Dec. 31	1,716,000,000	63,600,000	2.88
1983-year to Dec. 31	1,361,000,000	46,300,000	2.26
1984-qtr. to Dec. 31	484,000,000	11,300,000	.51
1983-qtr. to Dec. 31	363,000,000	13,600,000	.61

Notes: *After special charge. *Includes special credit.

Androbot is for sale. Company, which stole spotlight but generated little sales with line of home toy robots at 1983 Winter CES (TVD Jan 10/83 p11), is running ads in financial publications seeking investor willing to buy 80% interest. Company was launched in 1981 by Atari founder Nolan Bushnell. At recent Toy Fair in N.Y., Bushnell told us he severed connection with Androbot when company decided to concentrate on industrial, rather than consumer, robots.

"**Cable and VCRs enhance each others' value**" is keynote of campaign by Group W Cable. Group W offers free information on installation of VCR with cable, also will provide installation at a price.

Consumer Electronics Personals

Nobuyuki Maeda, former NEC (Japan) Overseas Production Support Office senior engineering mgr., appointed NEC Home Electronics (U.S.) vp and mgr. of color TV plant being constructed in McDonough, Ga... **Burton Prosser**, former RCA Canadian Sales Operations vp, named San Francisco branch vp, replacing **Joseph Clayton**, now RCA Sales Corp. mktg. operations vp... **Manfred Schmidt** promoted at Thomson-Brandt to CEO of German subsidiary Telefunken, succeeding Josef Stoffels who, along with other top management members, resigned last Nov. in policy dispute; **Wilhelm Kahel** named domestic sales chief.

Mike Neighbours promoted at Mura from west region sales mgr. to national sales mgr., succeeding **Martin Homlish**, now Sony General Audio Products Dept. national sales mgr... **Marty Feinberg**, Comdial pres., adds sales responsibilities of Vp **Steve Rand**, resigned in wake of plan to close El Monte, Cal. sales office and consolidate all operations in N.Y... **Deborah McAlister** joins Radio Shack as PR mgr... **James Barry** resigns as Dealerscope editor and publisher March 1 to form PR and research organization **Barry Corporate Communications**; he'll continue with Dealerscope as consultant.

Alfred Markim, pres. of Video Corp. of America, named pres.-CEO, VCA Technicolor, subsidiary of MacAndrews & Forbes Group that operates VCA and Technicolor Videocassette; **Arthur Ryan** elected chmn... **James Lopes** advanced to vp-gen. counsel, CBS/Fox Video... **Melvin Edelstein**, ex-MGM/UA Entertainment, appointed acquisitions vp, Video Latino, foreign language home videocassette marketer co-founded by tape industry veterans **Irving Katz** and **Russell Greene**... **William Simon**, ex-Triskelion Entertainment, joins Heron Communications as asst. to pres.; **Philip Callaghan**, ex-Heron International, appointed finance and administration vp of subsidiary Media Home Entertainment... **Mort Brofman** named pres., Sound Video Unlimited.

Nobuo Noguchi appointed gen. mgr. of Shochiku-CBS/Fox, new Japanese home video joint venture... **Steve Ayres**, ex-MGM/UA Home Video (U.K.), joins Embassy Home Entertainment as U.K. managing dir., replacing **Jim Howell**, promoted to vp-Europe... **Richard Bailey**, ex-AT&T, joins Mycro-Tek as mktg. vp... **Stanley Frank**, Encyclopaedia Britannica exec. vp, named pres. of new computer software unit, Britannica Learning Corp.

Aug. convention of Video Software Dealers Assn. will be in Washington after all. VSDA was concerned over inadequate exhibit area at Sheraton Washington hotel, had been considering shift to Las Vegas (TVD Feb 4 p15). It has picked up additional space at nearby Shoreham, says show can now handle all interested exhibitors and up to 4,000 registrants.