

TELEVISION DIGEST®

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With Consumer Electronics

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TURNER QUERIES FCC ABOUT CBS TAKEOVER BID: Ex-FCC Chmn. Charles Ferris made rounds at FCC last week, calling on commissioners on behalf of Turner Bctg. and asking questions about procedures to be followed in unfriendly attempt to take over a TV network -- CBS. He canceled scheduled meeting March 1 with Roy Stewart, chief of Video Services Div. of Mass Media Bureau, which would handle applications that might be filed -- after news of his efforts leaked into press.

After issuing "no comment" Feb. 28, next day TBS (Turner himself reportedly was out of country, couldn't be reached for comment) released prepared statement saying Ferris "this week made general inquiries at the FCC concerning broadcast license transfer procedures." But TBS claimed inquiries "were general in nature and not related to any particular broadcast group." High FCC officials disagreed, said CBS was mentioned specifically in meetings with Ferris.

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FCC Mass Media Bureau Chief James McKinney, at end of press briefing March 1, made terse statement: "We have not received any request or application for takeover or any application to take over CBS... We have nothing before us." McKinney declined to answer any questions, told reporters not to call him on subject.

CBS also first issued "no comment," next day said no discussions had been held with Turner. CBS noted that Turner often has said he wants to acquire CBS or another network and that he approached CBS 2 years ago proposing CBS-TBS merger (TVD Feb 28/83 pl). "CBS rejected this proposal unequivocally," network said.

Among questions asked by Ferris: At what point in unfriendly takeover is it necessary to file transfer of control application for CBS licenses? Is short-form or long-form application required? We're told he also was "feeling the commissioners out on what their attitudes would be." Response reportedly was "bring us something."

FCC official commented: "I don't see anything to stop him [Ted Turner] at the FCC if there's no cross-ownership problem... He probably can't pull it off, but if he can I don't see any FCC problems." Others wondered why Ferris had to go to commissioners, saying that as ex-chmn., and with several former Commission lawyers practicing with him, he should be able to answer questions himself. Ferris didn't return our calls.

Some on Wall St. speculated Turner actions may be based on conclusion that CBS's attention is being diverted by current takeover bid by Fairness In Media (FIM) and conservatives led by Sen. Helms (R-N.C.). It's also possible, those observers noted, that Turner could team up with conservative group in takeover bid. Conservatives "have the money [to buy CBS stock] and Turner has the expertise [to run broadcast operation]," one observer said.

CBS stock closed March 1 up 4 points to \$88.50, but analysts speculated it was institutional investors -- not Turner or FIM -- whose buying caused price to rise. In over-the-counter trading, Turner stock closed up 3/4 at 19-3/4.

TBS public offering of stock, warrants and notes in Dec. raised \$191 million. After paying \$133.7 million in bank debt, company was left with \$57.4 million in cash and \$190 million credit line for total \$246.4 million acquisition fund. However, prospectus for offering reveals that agreement with 4-bank lending group severely limits acquisitions by TBS. Loan agreement prohibits "expenditure in respect of acquisitions of fixed or capital assets, except for expenditures in the ordinary course of business, in excess of \$15 million in any fiscal year," and "subject to certain exceptions, any acquisition, merger or consolidation or any sales of assets or similar transaction," according to prospectus. Because of restrictions, Turner presumably would have to renegotiate agreement if he intends to move against CBS. As part of agreement, Turner pledged to banks his personal holdings of 16.6 million shares of TBS common and 600,000 warrants.

Link between Turner and Fairness in Media is suspected by many. In Jan. 17 SEC filing, Helms group -- in Q-&-A prepared for use in telephone canvass -- asked: "Do you have any allies, such as Jerry Falwell or Ted Turner, waiting in the wings to help you" Answer was: "We have, to this point, only mailed out letters, and Rev. Falwell or others may have received them. We hope to have the support of everyone who shares our views." FIM spokesman Rep. Crane (R-Ill.) told us that he hoped CBS takeover attempt would have "healthy" spillover effect on ABC and NBC, but not CNN, which he said already provides most objective coverage of the 4.

FIM principals refuse to comment on possible Turner connection and haven't revealed to SEC names of 3rd parties approached for help in takeover bid. But N.C. newspaper publisher Hoover Adams, who's involved in suit against CBS to obtain network stockholder list, told us: "I've heard that Ted Turner is interested, but I don't know that for a fact." CBS has been ordered by N.Y. Supreme Court Justice Stanley Parness to show cause in court March 7 why list shouldn't be given Hoover.

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CBS has enlarged suit against FIM that network had filed in N.Y. Supreme Court (TVD Feb 25 p4), adding as defendants Jefferson Mktg., Educational Support Foundation, both of Raleigh, N.C., and National Congressional Club political action committee. Groups are controlled by FIM members, led by Helms, who are urging conservatives to buy stock in CBS. Network said complaint charges defendants with violations of federal securities laws, improper political activities for tax-exempt organizations and illegal corporate political contributions.

CBS also is gearing up for possible takeover fight by FIM at April 17 shareholder meeting. In SEC filing, CBS said it has hired Morrow & Co., a proxy solicitor, and PR specialists Burson-Marsteller. CBS also said that if there's proxy fight, other advisers would include outside counsel Cravath, Swaine & Moore. Skadden, Arps, Slate, Meagher & Flom, N.Y. law firm known for role in takeover battles, also has been retained by CBS and by its financial adviser, Morgan Stanley & Co.

FCC PROPOSING COST-OF-REGULATION FEE TO CONGRESS: FCC will propose mandatory cost-of-regulation fees to Congress this week, and Commission officials estimate it will raise \$30-\$50 million annually. Commission wants fee schedule in its FY 1986 authorization legislation.

Proposal is part of OMB general user charge initiative, FCC officials said. Plan calls for charging applicants and licensees fees to cover costs of processing and administering licenses. It includes schedule of charges for private radio, mass media, common carrier, equipment certification and satellite services, and recommends that rates be adjusted every 2 years to reflect Consumer Price Index.

Proposed fees, still being reviewed by bureau chiefs, range from \$27,000 one-time levy for granting new commercial TV in top 20 market to \$60 for CARS renewals. Late payments would be subject to 25% interest penalty. All fees would take effect 360 days after congressional enactment. Public TV and radio stations would be exempt, as they were under previous FCC fee schedule.

Fees wouldn't be used to offset Commission budget, would be handed over to Treasury Dept. Commission would continue to operate on funds appropriated by Congress only to ensure its legislative oversight. FCC started collecting fees in 1964, but U.S. Supreme Court declared them unconstitutional in 1974, ruling they weren't "reasonably related" to cost of regulation, ordered refunds. Commission eventually refunded more than \$50 million.

FCC official said proposal closely mirrors schedule included in S-55 that Senate passed in 1983. Fee schedule also was included in S-821 that moved in Senate 2 years earlier. House never has approved fee bill, but measure directing FCC to establish cost-of-regulation fees (HR-3239) was adopted by House Commerce Committee in 1981.

NAB has opposed fees for broadcasters, especially "spectrum fee." Spectrum fee proposal has proved controversial, particularly when linked by lawmakers to idea that funds generated be used to support public broadcasting. Cost-of-regulation fees are more popular, even in Congress where budget deficit has both parties exploring sources of federal funding. NAB also has taken softer position on such fees. New proposal will be major item of discussion at NAB Exec. Committee meeting March 4-5 in Washington.

Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, which gets first crack at FCC authorization, generally has supported regulation fees, according to aide. "Our review won't be in terms of whether it's a good or bad idea but whether individual fees are too low or too high," aide predicted.

Among proposed fees (none of which were firm at our deadline): (1) Equipment certification, receivers (except TV & FM), \$200; all others, \$650. (2) Commercial TV station, new or major change CP applications, \$1,200; hearing charge \$6,000. Grant fees depend on market size, range from \$27,000 for stations in top 20 to \$2,700 for below 181; all are 3 times proposed annual administrative fees. (3) Commercial radio, new or major change CP applications, \$375; directional antenna license, \$375; hearing charge, \$6,000. Radio grant fees also are 3 times annual administrative fee, range from \$3,750 to \$450. (4) CARS CPs, \$300; renewals, \$60. (5) Station assignment and transfer applications, TV \$1,250; radio \$600. (6) Annual fee for LPTV station, \$150. (List includes only major items from copy of schedule we obtained.)

Chicago City Council has granted cable franchise for Lakefront (Area 1) to partnership of TCI and Communications & Cable of Chicago. Council also approved TCI's 80% purchase of Continental Cable, which had partnered with Stellar Investors for franchise on far south side (Area 5). TCI already owned controlling interest in Chicago Cable Communications, joint venture of TCI and Cross Country Cable, which has franchise for near south side (Area 4). TCI's 3 franchise areas cover about 700,000 homes; Group W, which has other 2 franchise areas, has about 400,000. City also granted major concessions to all franchisees, allowing them to build 60-channel systems instead of 120. Franchisees won't be required now to provide institutional loops. Reductions also were made in required access studios and channels and in financial contributions TCI and Group W will make toward Chicago Access Corp. TCI expects to spend \$600 million building 3 franchise areas.

FCC approved 2 more DBS applications last week and received bid from 3rd company backed by United Cable. FCC allowed Satellite Development Trust (SDT) and National Exchange (NEX) to modify their systems to conform to Region 2 DBS technical specifications. Companies complied, raising power and, in case of NEX, changing polarity. Antares Satellite Corp., backed by United, asked FCC for authority to launch 2 GE satellites, each with 9 high-powered channels and 3 lower-powered spot beams. Antares is 60% owned by United Paging, United unit. Sixteen-channel NEX birds will provide 8 channels of eastern and 8 channels of western service from each of 3 satellites to cost \$471 million. SDT will launch 4 birds with 8 transponders on each. Two will beam east, 2 west. Ten DBS firms so far have received authorizations to build and operate DBS systems.

Gen. William Westmoreland shouldn't have filed \$120 million libel suit against CBS, Alexander Haig told Pa. Assn. of Bestrs. in Harrisburg last week. He was there to accept group's Gold Medal Award. "Very frankly, I did," Haig said when asked if he advised Westmoreland not to file suit. He said that "bad policy, not a bad press," caused U.S. to lose Vietnam War. CBS made its case in courtroom "very effectively," Haig said. At same news conference at which Haig spoke, Amway Pres. Richard DeVos said Mutual Radio Network, which Amway owns, "is definitely not for sale."

Copyright Royalty Tribunal is seeking 1986 budget of \$758,300, up from this year's \$722,000, mainly to help pay salary of new Gen. Counsel Robert Cassler, ex-FCC. Cable copyright and other royalty payments will top \$531,000 vs. \$505,000 for FY 1986, leaving \$227,300 to be paid by govt. CRT budgeted \$34,000 in 1985 and \$32,500 in 1986 for hearings on inflation adjustment for cable rates. **Board for International Bcstg.** said it needs budget increase next year to combat Soviet jamming and to install more powerful Radio Free Europe transmitters. Vice Chmn. Ben Wattenberg said program will cost nearly \$77.3 million. BIB requested \$39.8 million for transmitters in 1986 budget that seeks total of \$142 million. **USIA Dir. Charles Wick** asked Congress for 22% increase in budget to \$973.6 million. He said more money is needed to compete with Soviets, said funds will modernize and expand VOA relay stations and build new studios.

Black College Educational Network (BCEN) began series of educational videoconferences Feb. 26 to 9 black colleges in program aimed at improving job opportunities in communications by exposing students to policymakers. Nonprofit BCEN is outgrowth of Black Entertainment TV, developed with NCTA assistance. First program featured C.A. Francke, General Motors dir. of placement and college relations. Students pose questions to speakers via phone. Videoconferences will use studios, uplink and satellite distribution donated by Comsat. Universities have TVROs and related ground equipment donated by 11 cable companies, which Scientific-Atlanta installed and will maintain free; Panasonic gave each college 3 TV monitors.

Sports Time Cable Network will cease operations March 31, just short of its first anniversary. Regional network was launched last April by TCI, Anheuser-Busch and Multimedia. It hasn't been able to turn corner, and "attempts to obtain an additional partner for Sports Time have proved unsuccessful," company said. SportsChannel, joint venture of CBS, Cablevision Systems and Washington Post, was last company reported to be talking with ST. Network ends life with 1 million subscribers, 37,000 of those pay, rest basic.

WSAV-TV (Ch. 3) Savannah, Ga., which switched affiliation from NBC to ABC in Sept. 1982, is reaffiliating with NBC -- leaving ABC with UHF WJCL Savannah.

COURT QUESTIONS FRANCHISING: City can't use franchising process to deny access to public rights of way for person interested in building cable system, 9th U.S. Appeals Court, San Francisco, ruled March 1 in major First Amendment case that throws into doubt underpinnings of municipal power over cable. In footnote in decision, Court questioned constitutionality of new federal cable law that recognizes franchising rights of cities, attorneys said.

If there physically is space on utility or telephone poles on public land and room in conduits, then city can't stop unfranchised operator from using them to effect his free-speech rights, 3-judge panel of Court said in 42-page opinion. Also, utilities and telcos can't deny access to their poles by requiring person to show he has franchise from city, attorneys said. Ruling goes long way toward equating cable with newspapers.

"We won. The issue is: How big?" said Washington attorney George Shapiro, who represented ATC and HBO as friends of court in appeal by Preferred Communications. "It's a ringing decision for the First Amendment rights of people who want to become cable operators and the death knell for the stranglehold cities have placed on those rights," said attorney Sol Schildhause, whose partner Harold Farrow represented Preferred.

Preferred was unsuccessful applicant for L.A. franchise, was used by Farrow as vehicle to test franchise law in suit against city. Attorneys said Court remanded case for trial on First Amendment issue to U.S. Dist. Court, L.A.

Central question in appeal -- lower court had dismissed First Amendment issue -- was whether city can use franchising process to limit access to public utility facilities. Court ruled that if those public facilities are physically capable of accommodating more than one additional wire, then city may not limit access to them, attorneys said. "This opens up the door to unchecked overbuilds" where 2 or more cable systems operate in same city, said Stephen Effros, CATA exec. dir.

Said Shapiro: "This decision is a firm judicial recognition of the First Amendment rights [of those wanting to become cable operators] and that the auction procedure used by most cities for awarding a franchise fails to pass constitutional muster because of its impact on the rights of other speakers, at least where it's possible to accommodate more than one speaker on the poles."

Said HBO: "Although we have not yet seen the actual opinion of the Court, from what we understand we are very pleased with the decision." ATC spokesman said nation's 2nd largest MSO "will not be commenting on this until we read the decision."

Attorneys noted that 9th Circuit has been reversed many times by U.S. Supreme Court, also said opinion runs counter to 10th Circuit holding in Boulder case.

CAPPS vs. SNIDER FOR NAB CHMN.: Radio Dir. Gary Capps, who owns 7 stations in Ore., Ida. and Wash., has entered race for NAB joint board chmn. -- challenging Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock. In letter to NAB dirs., Capps said "there appears to be considerable sentiment on the board for an alternative that perhaps represents a more flexible and innovative approach."

He wrote that if elected, "my objective would be to build on the progress of the past few years to make NAB the truly dynamic force that it has the potential to be." He told us he will offer choice "between a progressive or a caretaker leadership." By that, he said, NAB must launch "new initiatives" and aggressively address low regard public has for broadcasting.

Under nonmandatory rotation of joint chairmanship between TV and radio boards, it becomes radio's turn for top spot in June (with Gert Schmidt of Harte-Hanks ending 2 years as chmn.), and Snider had been expected by many to move up. Snider wrote article for Feb. NAB publication RadioActive decrying broadcasting's bad image.

Of NAB leadership, Snider told us: "We have been through a relative calm which the NAB needed because of the change in leadership and reorganization. Now, it's time that we began to move ahead aggressively on important issues." If elected, Snider said, his top priorities will be First Amendment parity for broadcasting and helping broadcasters take advantage of new technology. He also said that some overzealous stations haven't been totally fair in news coverage, said he would discuss that in RadioActive.

Vying for radio chairmanship are Clyde Price, WACT-AM-FM Tuscaloosa, and John Dille, Federated Media -- latter's father is a former joint board chmn. Bev Brown, KGAS(AM) Carthage, Tex., is running for vice chmn.; Ray Saadi, KHOM(AM)-KTIB(FM) Houma, La., told us March 1 that he is "very seriously considering" running.

On TV side, current Vice Chmn. William Turner, KCAU-TV Sioux City, is running for chmn. unopposed. Seeking to succeed Turner are Wallace Jorgenson, WBTV Charlotte, and Peter Kizer, Evening News Assn.; both also are seeking reelection to TV board, with results of mail balloting to be announced next week. Elections will be held during June board meetings in Washington.

VHF-for-UHF channel swaps between noncommercial and commercial stations is opposed by CPB board. But, if exchanges are completed, board said, money received by noncommercial station should be used for "public broadcasting purposes." Board also approved spending \$10 million to produce children's programming in FY 1986, up from \$8 million this year. Official position of NAB has been neutral, but consensus of TV board at Jan. meeting was to oppose swaps if called on to testify.

EXPANDED NCTA BOARD SET: Cable's top 10 MSOs, which fund bulk of NCTA's budget, essentially would be guaranteed seats on Assn. board under major restructuring plan adopted by board last week. Board would be expanded from 30 to 39 members "to promote greater participation by all segments of the cable industry," NCTA said Feb. 27.

Plan, which must be ratified by general membership, would fill 39 seats this way: Independent operators would have 3 guaranteed seats (they now have one); associate members would have 4 (2 now); members elected from regional districts would have 9; 11 seats would be filled at-large; 10 seats for top dues payers. Past chmn. and Assn. pres. would continue on board. Expansion would take effect during elections in March 1986.

Plan was advanced, as expected (TVD Feb 25 p4), by William Strange, Sammons vp, during 2-hour presentation to board in Key Biscayne, Fla. Feb. 25-26. Strange, who was elected NCTA vice chmn., has pushed plan before; it was studied by blue-ribbon panel 2 years ago. Strange told us he presented plan "to reflect the broadening membership that cable is a part of. We're now not just a pole and antenna business." Plan will "make room and eliminate the incentive for the largest companies to control elections for at-large seats," Strange said. There were some dissenting votes, we're told.

NCTA board targeted copyright reform as Assn.'s top legislative priority in 1985. Pres. James Mooney said board action underscored industry's determination to "restore balance and equity to copyright law." He said rulings of Copyright Royalty Tribunal (CRT) and Copyright Office "have distorted the original intent of Congress, which was to facilitate importation of distant signals."

NCTA's major copyright complaint is 1982 CRT proceeding that raised royalty rate for most post-Malrite distant signals to 3.75% of gross revenues. CRT by law must reconsider that decision this year if it's asked, but most parties (NCTA, NAB, MPAA, sports interests) see review request as risky.

Mooney said Assn. would ask Congress to enact legislation to: (1) Require CRT in any future rate adjustment proceeding to consider impact of its rulings on cable subscribers. (2) Provide equity in determining number of signals exempt from post-Malrite rates. (3) Ensure that copyright payments are based only on revenues that a distant signal generates. Points were heart of bill considered by House Copyright Subcommittee last Congress.

Western Communications Pres. Edward Allen was reelected NCTA chmn.; Strange is new vice chmn., succeeding ATC's Trygve Myhren; Secy. James Cownie, Heritage Communications pres., and Treas. John Goddard, Viacom Cablevision pres., swapped jobs. No posts were contested.

FCC STARTS EEO RULEMAKING: FCC adopted rulemaking March 1 to implement tough EEO rules in Cable Act of 1984 and said that, because of complex nature of issue, it will allow long comment and reply periods. Proposed EEO rules will cover some 3,000 cable "employment units" -- hq operations, individual systems with 5 or more workers that do their own hiring, and regional offices controlling hiring for commonly owned systems.

Sec. 634 of Act requires operators to establish and follow EEO program, file annual report identifying workers in 9 job categories by race and sex (as most do now on Form 395A). In 2 new responsibilities assigned by Act, Commission must certify annually that each reporting unit is in compliance with EEO rules, both as to overall hiring and as to presence of minorities and women in top jobs. To judge compliance, Commission proposes to add new categories to Form 395A.

Second new FCC duty under Act is to investigate each cable unit's EEO performance every 5 years. It proposes examining 20% of such units annually in paper process (new Form 397) where units would submit additional data proving EEO goals are being achieved. Submission of extra data for that year would replace system's annual EEO report.

In addition to paper investigations, FCC will conduct 50-100 on-site audits, said Mass Media Bureau Chief James McKinney. Some systems will be chosen randomly for field examinations; others will be targeted for probes if FCC suspects they aren't following EEO rules, he said.

Exempt from EEO rules are parents of cable companies if parents aren't engaged in cable operations (such as Time Inc. and HBO). But SMATV operators are covered whether or not systems cross public rights-of-way if they serve 50 or more subscribers. Act also expands on current FCC rules by adding prohibition against age discrimination.

In final days before Act was adopted by Congress, requirement that operators hire minorities and women at 60% of parity was stripped from bill. FCC for last 18 months has used processing guidelines that specify 50% of parity overall, 25% for top 4 jobs. Commission official said text of rulemaking will propose same guidelines. Operators' EEO reports will be reviewed by computer for compliance, so some such standards would have to be used, FCC official said.

Critics have complained that cable law's EEO rules are hollow because operator's failure to be FCC-certified won't automatically result in Commission sanctions. Law does authorize FCC to suspend operator's CARS license for willful and repeated violations. And there are \$200 per day fines for each EEO violation. Reacting to rulemaking, NCTA Pres. James Mooney said: "It sounds reasonable, but in EEO the details are everything. We will not have any detailed comment until we see the detailed proposal."

COX DROPS PLAYBOY IN VA.: To avoid "prolonged and expensive litigation," Cox Cable, which has 112,350 subscribers in Va. Beach, Portsmouth and Norfolk, decided to drop Playboy Channel in face of 7-count indictment for showing alleged obscene films (TVD Feb 11 p5).

Some 12,500 subscribers lost Playboy service March 1, are being offered Cinemax during one-month free trial, said Cox spokesman David Andersen. He said decision to discontinue, criticized by some on First Amendment grounds, was made primarily by Vp-Gen. Mgr. Roger Pierce. Although Cox expects to be criticized for not defending free-speech issues involved, Pierce judged it more important "to get on with the business of serving all subscribers and running a system in good standing with the community," insider told us. Playboy subscribers had lockboxes.

Dropping Playboy wasn't quid pro quo with Commonwealth Attorney Paul Sciortino, who sought indictments by showing grand jury 9 Playboy movies he had taped. Sciortino still is mulling how to proceed, may quash indictment as moot. Case was scheduled for trial May 7.

"We still maintain," Andersen said, "that the programming on Playboy isn't obscene and we remain confident that the courts will eventually substantiate that position." He said Playboy will continue to be offered on Cox systems in other states. Spokesman for Rainbow Programming, which markets and distributes Playboy to 750,000 subscribers, said she had no comment, but official of Playboy Channel said he was "distressed."

"We are particularly concerned," Playboy said, "that a major publisher and communications company would voluntarily limit its First Amendment rights by allowing a vocal minority to affect its editorial policy." Cox "will come to regret this decision from a business perspective," Playboy said.

"It's a bad precedent," one cable lawyer said. "Every time someone complains, we lose a program service." Another attorney said: "Everyone wants the other guy to be the one to bring the test case." Attorneys pointed out that courts are divided on cable obscenity. Given uncertain nature of present holdings, "it might have been worse if Cox litigated the case and lost," another attorney said.

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House Commerce Committee has formed subcommittees composed entirely of Democrats after Republicans walked out of organizational meeting, prompted by Democrats' rejection of GOP proposal to add Republicans to each panel. Telecom Subcommittee is composed of 15 Democrats, with 9 additional seats reserved for Republicans. Republicans are threatening to boycott Subcommittee affairs for duration of this congressional session. Dispute also involves House Judiciary Committee.

HBO SELLS TO SMATV: HBO has switched policy on selling to SMATV, will let cable operators subdistribute HBO and Cinemax to systems within their franchise areas. Move culminates year-long study of policy that, at least officially, had barred company from selling to SMATV.

But other programmers said HBO has been dealing with some SMATV operators for at least 6 months. In addition, HBO said it granted operator Oxford Technology preliminary authority to carry its services on OT systems so HBO could collect information on SMATV.

Cable operators will buy HBO services at standard wholesale rate, then set own price to SMATV. SMATV operators still will install own dishes and wiring, while cable systems will handle billing. High-volume SMATV companies with several operations will deal directly with HBO. In such cases, HBO will compensate cable systems with special dividend for each SMATV subscriber in franchise area that HBO handles on direct basis. HBO estimates one million SMATV homes passed represent \$100 million in annual revenues.

Scrambling of pay service is providing real push to legitimize much of illegal SMATV market. S/MC spokeswoman noted that "phones have been ringing off the hook" since scrambling was announced.

Showtime/Movie Channel has sold to SMATV for several years. Under its policy, SMATV operators that call S/MC are told they can contact cable system in their area. Cable operators also are encouraged to sell to SMATV. But they don't have to and, in fact, S/MC will deal directly if cable company's affiliation agreement doesn't bar it. Also, S/MC affiliates get no cut of company's revenues from direct deals. S/MC officials maintain that lower wholesale price of their services provides cable operators with better margin when they sell to SMATV.

In related hotel market, HBO reportedly has signed deal to sell directly to Hilton hotels without making "operator-friendly" gesture of offering business to systems first. Rate HBO has given apparently is \$2.50 per subscription, below regular hotel/motel rate of \$3 it offers to cable systems.

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Writers Guild of America members were voting over weekend whether to accept what Alliance of Motion Picture & TV Producers said was its "best and final offer" in effort to avoid strike. Offer was made Feb. 28 after 15 hours of negotiations. Terms weren't announced, but major issue involves royalties paid writers for sale of prerecorded videocassettes. Last writers' strike against movie and TV producers lasted 40 weeks in 1981, came on top of 67-day strike by Screen Actors Guild.

N.H. Supreme Court has reversed state Public Utilities Commission by ruling that PUC has no jurisdiction over cable pole attachments.

FRITTS DEFENDS ALCOHOL ADS TO PTA: NAB Pres. Edward Fritts was put on defensive Feb. 27 as he opposed TV-radio alcohol ad ban in appearance before often hostile National PTA meeting in Washington. Fritts argued there's no evidence ads contribute to alcohol abuse.

Fritts showed videotape (TVD Feb 11 p1) describing how industry is responding to concerns about alcohol use in ads and programs, said he, also, was "card-carrying member" of PTA. That brought retort from a mother who said she was unswayed by his "I-have-children-so-trust-me" comment.

"If I believed there was a causal relationship between ads and misuse, I would support a ban," Fritts said. Comment drew hoots from audience that moments later cheered SMART organizer Michael Jacobson of Center for Science in the Public Interest. SMART is working with PTA in getting signatures for petition to Congress, has 750,000 so far, wants 1 million. But PTA is divided over issue; some state chapters, notably Fla., aren't supporting effort.

Jacobson, on same panel with Fritts, showed videotape of questionable alcohol ads. None of ads is still on TV. He also accused broadcasters and brewers of "buying" support of Sen. Hawkins (R-Fla.) with promises of campaign donations. Hawkins chairs Alcohol & Drug Abuse Subcommittee. Her aides called accusation "ridiculous."

Jacobson said ban opposition of Sen. Danforth (R-Mo.), chmn. of Senate Commerce Committee, was predictable since Anheuser Busch hq is in Mo. He urged parents to mount grassroots efforts to turn Danforth and Hawkins around.

House Telecom Subcommittee Chmn. Wirth (D-Colo.) also appeared before PTA, and copy of his text shows he planned to discuss ban. In delivering speech, however, Wirth omitted section on Subcommittee plans. Prepared text said panel would be looking into issue from standpoint of drunk driving since Subcommittee has jurisdiction over auto safety.

Pa. Rep. Stanley Jarolin (D-119th Dist.) told Pa. Assn. of Bestrs. Feb. 26 he won't be pushing state TV-radio alcohol ad ban: "I've changed my mind in the last 2 weeks." Besides, he conceded during Assn. meeting in Harrisburg, "probably [ban] would violate free enterprise." Jarolin is chmn. of House Subcommittee on Underage Drinking & Drug Abuse and sponsor of H-Res. 279 that would ban such ads.

However, Jarolin said he won't withdraw resolution, that it will be held "in abeyance... on the bargaining table... I don't want to see you people go out there and advertise to the teenagers" using teenage heroes. Broadcasters in audience, and Richard Klemp of Miller Brewing (who was on following panel), countered that spokesmen in beer and wine ads all are retired athletes, that most aren't even recognized by teenagers.

Debate moves to NAB-sponsored state association presidents' conference this week. Featured panel will be on beer and wine ads, moderated by Andrew Ockershausen, WMAL(AM) Washington, chmn. of NAB Task Force on Alcohol & Drug Abuse, as well as member of White House committee on issue. Panelists include Donald Shea, pres. of U.S. Brewers Assn.; Arthur Silverman, Washington counsel for Wine Institute; Jerry Sachs, pres. of Capital Centre sports arena. Crew from 60 Minutes, with correspondent Morley Shafer, was in Washington last week, taped Fritts for 3 hours, covered PTA session, will tape NAB panel March 5.

Meanwhile, NAB is launching "Operation Prom/Graduation" designed to reduce teenage deaths and injuries from alcohol and drug-related accidents during graduation season. Stations will be asked to organize alcohol-free related activities.

HDTV PROPOSALS: Battle between proponents of progressive scan and interlaced pictures for HDTV teleproduction standards apparently is far from over. As we reported last week (TVD Feb 25 p3), SMPTE working group on high-definition electronic production came up with something of a compromise by agreeing to accept "family of standards" including both progressive and 2-1 interlace.

Although group expressed preference for progressive scan, it was pointed out informally that it didn't actually reject or defeat the 1,125-line interlace proposal backed by Japanese, CBS and movie interests. Exact wording of that portion of final SMPTE statement:

"The working group prefers a progressive scan standard for production. However, in the interest of achieving a worldwide standard, the working group will accept a family of standards that include the 1,125-line 60-Hz 2-to-1 interlace system as well as the progressive scan member (members). The working group will continue to work toward evaluation of preferred specifications for the progressive systems."

As noted here last week, group also reaffirmed recommendation of 5.33:3 aspect ratio and recommended 60-Hz field rate. Recommendations will be forwarded to Advanced TV Systems Committee (ATSC) "as an input to their task of developing a U.S. TV industry position for international discussion in the CCIR" (International Radio Consultative Committee), which is scheduled to hold final study meetings on issue in Oct. in Geneva.

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Toledo Blade Co. is buying KTRV Nampa, Ida. from Payton Best. for \$4.9 million, plus assumption of \$1.7 million in lease obligations. Blade also owns Pittsburgh Post-Gazette, 3 TVs and cable systems. La Rue was broker.

Personals

FCC calendar -- March 3: Mass Media Bureau Chief **James McKinney** delivers keynote address at Society of Cable TV Engineers lunch, Sheraton Washington Hotel. March 4: **Albert Halprin**, Common Carrier Bureau chief, speaks on telephone rate reform at Harvard U. March 5: Chmn. **Mark Fowler** testifies before House Commerce Appropriations Subcommittee, Rm. 310, House Office Bldg.; Comr. **James Quello** addresses La. broadcasters, Phoenix Hotel, Washington; Comr. **Mimi Dawson** is on panel on international telecommunications competition sponsored by American Enterprise Institute, Washington. March 6: Comr. **Henry Rivera** delivers keynote at American Newspaper Publishers Assn. dinner, International Club, Washington; **Daniel Brenner**, adviser to Fowler, participates in debate on First Amendment at conference cable TV law, Sheraton Grand Hotel, Washington.

Steve White advanced to senior vp-movies, miniseries and special projects, NBC Entertainment, succeeding **Perry Lafferty**, who becomes nonexclusive producer for NBC Productions... **Mel Harris** advanced to Paramount TV Group pres., succeeding **Richard Frank**, resigned.

Michelle Tessier, ex-staff of Rep. Conte (R-Mass.), appointed asst. dir.-congressional affairs, National Assn. of Public TV Stations, succeeding **Ann Tonjes**... **Curt Viebranz**, HBO treas.-financial planning vp, named finance and planning vp in Time's Video Group... **Randall Cantrell**, ex-Del Rogers, named vp-gen. mgr., Mountain States Bestg., and gen. mgr., KZAZ Tucson-Nogales... **Ellyn Berk**, ex-Ruder, Finn & Rotman, appointed corporate programming dir., Arts & Entertainment Network... **John Albert**, ex-Western Union, named exec. vp, Visnews Ltd., U.S. subsidiary, Viscom International.

Vera Wells promoted to NBC audience services dir.; **Patti Grant** advanced to dir.-specials and late night programs, NBC Entertainment... **Daniel Castellini**, Scripps-Howard financial vp, adds treas. post for subsidiary Scripps-Howard Bestg... **Laurence Tompkins** appointed WRC-TV Washington sales dir., succeeding **Allan Horlick**... **Bruce Bryant** promoted to creative services dir., KPRC-TV Houston... **Kathy Bartlett** advanced to mgr.-business affairs administration, Warner Bros. TV... **Sandy DeLaunay**, ex-KING-TV Seattle, named sales mgr., KTZZ Seattle.

Robert Fay promoted to Harris Corp. treas... **Janice Barning**, ex-Group W Cable, appointed exec. asst. to pres., Bresnan Communications... **Richard Warsinske**, ex-KPIX San Francisco, named program mgr., KOMO-TV Seattle... **Mark Kirsch** becomes associate in Washington law firm Bechtel & Cole... Nominated by President Reagan to Radio Marti advisory board: **Anne Brunsdale**, American Enterprise Institute; **Joseph Glennon**, formerly with U.S. mission to U.N.; **Jose Rodriguez**, M&R Farms; **Danford Sawyer**, R.R. Donnelly & Sons.

Marsha Greenberg, ex-Warner Bros. TV, appointed creative services vp, Multimedia Entertainment... **Edward Gilbert**, ITC Entertainment gen. counsel & secy., adds vp-legal & business affairs... **Morgan O'Brien** and **Randall Lowe**, both ex-Lukas, O'Brien & Raiser law firm, become partners in Washington firm Surrey & Morse... **Lisa Tumbleson**, ex-HBO, appointed east coast dir.-ads. promotion and publicity, Warner Bros. TV.

Robert Cassler, ex-FCC Office of Administrative Law Judge, named Copyright Royalty Tribunal counsel... **William Watson**, ex-Standard Communications and onetime FCC, appointed corporate secy. and counsel, Malrite... **Roger Turner**, ex-Colony Communications, appointed pres.-COO, Cablevision Industries... **Michael Raounas** promoted to a vp-national sales mgr., Katz Independent TV.

"**Media scapegoating**" has placed both journalism and theater in jeopardy through attacks on TV, CBS Best. Group Pres. Gene Jankowski said in address to CBS Best. Group Management Conference in Phoenix Feb. 25. "We have followed the tradition of a press that is captive to no ideology. It has the obligation to monitor the centers of power, including the government." Jankowski defended "Benjamin Report," in-house investigation of charges against "The Uncounted Enemy" documentary, said about Westmoreland suit: "I would suggest that the Westmoreland case ought to have set to rest once and for all any doubts about the magnitude" of CBS's commitment to standards. He also discussed CBS standards on commercial clearance and revealed that "still others, now being worked on, will apply to docudramas."

Washington cable franchise was signed Feb. 25 by District Cablevision (DCI) Pres. Robert Johnson. He said that construction on 78-channel system will begin in fall and that first customers will receive service in spring 1986. Immediate task is to raise some \$85 million -- \$50 million in bank debt and \$35 million in limited partnerships. TCI owns 20% of DCI and United 10% with option to buy another 10%. Johnson conceded that nonminorities eventually could own majority of DCI but he maintained that structure guarantees continued minority management and control.

WVJV-TV (Ch. 66) Marlborough, Mass. (Boston) has gone on air, raising operating U.S. TV stations to 1,194 -- 890 commercial, 304 noncommercial. John Garabedian is pres., 90% owner; Arnold Ginsburg, gen. mgr., 10%. Ginsburg said there's been "spectacular" response to station's 24-hour telecasts of music video in stereo.

NRBA board has given music licensing rates "top priority," established Music Licensing & Copyright Review Committee to be chaired by Jeff Smulyan, Emmis Bestg. NRBA Pres. Bernard Mann, at last week's Fla. board meeting, said radio stations paid \$100 million to ASCAP and BMI last year and "that's unheard of."

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

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

	FEB. 9-15	1984 WEEK	% CHANGE	FEB. 2-8	7 WEEKS 1985	7 WEEKS 1984	% CHANGE
TOTAL TV.....	350,711	350,998	- 0.1	302,839	2,170,225	2,607,048	-16.8
TOTAL COLOR...	291,037*	273,133	+ 6.6	264,483	1,826,450	1,977,503*	- 7.6
DIRECT-VIEW..	286,716*	270,345	+ 6.1	260,785	1,800,763	1,955,896*	- 7.9
PROJECTION..	4,321*	2,788	+55.0	3,698*	25,687*	21,607	+18.9
MONOCHROME....	59,674	77,865	-23.4	38,356	343,775	629,545	-45.4
TV EXCL. PROJEC.	346,390	348,210	- 0.5	299,141	2,144,538	2,585,441	-17.1
HOME VCR.....	181,331*	97,269	+86.4	149,106*	1,192,669*	703,543	+69.5
COLOR CAMERAS...	5,600	6,457*	-13.3	5,615	55,282*	52,262	+ 5.8

Color TV (direct-view) 5-week moving average: 1985--301,381; 1984--310,590* (down 3.0%).

Home VCR 5-week moving average: 1985--191,833*; 1984--113,430 (up 69.1%).

* Record for period.

VCR MARKETERS RAISE '85 SALES FORECASTS: With dealers buying VCRs at annual rate of about 12.5 million in year's first 2 months, marketers are beginning to lift forecasts slightly from the 9-9.5 million they almost unanimously predicted in Dec.

Even revisions are quite cautious -- nobody has yet come up to our 11.5 million forecast (TVD Jan 7 p10) -- but they're starting to edge up to 10 million and above.

Among most conservative is RCA Group Vp Jack Sauter, who says he's officially sticking with company's prediction of 9.5 million but concedes probability that number will end up above 10 million. Running rate of more than 12 million, Sauter noted last week, reflects dealer buying, not retail sales. He said dealers are out of inventory, buying to catch up -- "12 million isn't necessarily what we'll end up with."

"We're now looking at a VCR market of 10 million, give or take," we were told by North American Philips Consumer Products Pres. Donald Johnstone. "A lot will depend on what happens in the coming months. Right now we are far ahead of that" in sales rate, "but you have a bad March and the numbers could change quickly." He said he saw camcorders of all types coming in at 350,000-400,000, said Magnavox will be introducing videocassette player this spring, "but I don't look for that to be a big deal in 1985 -- there's not a significant enough price differential" between that and VCRs. As for size of differential, "I'm thinking about \$100 [retail], but the marketplace always tells its own story."

"We're moving them along great," said Quasar Pres. Jack Pluckhan. "I don't know where it's going or why it's moving like it is. The high end is still not as good as we'd like to see it," but lower priced models are selling very strongly." For year, "I think 10.5 million is a very realistic possibility."

As for retailers building stockpiles, "we haven't seen any evidence of that so far." It wouldn't make much sense for dealers to hoard inventories, he said -- there's general expectation of further price reductions "and if prices are going to drop, why have so much on

hand?" In general, Pluckhan added, while there's no shortage of product, distribution inventory levels are good. "Our distributors are in better shape than they have been for a long time," and are down to 3-4 weeks' supply.

VCR sales of 10-11 million units in 1985 "is probably a reasonable guess," Panasonic OEM Account Mgr. Thomas Hitzges told Videotape Production Assn. home video seminar in N.Y. last week. He said he didn't think current rate of 12.5 million machines would hold. Even if demand plateaus at 10 million annually, Hitzges foresees at least 55-60 million in use in 1989, including deductions for replacement units. He quoted "conservative" Magnetic Media report that estimates \$20 billion in cassette sales and rentals by then, added that they would strike 50-50 balance with average tape price of \$19.95. Growth of \$10 music videos will place "unprecedented demands on duplicators."

RCA OPTIMISTIC ON TV, VCR, AUDIO: RCA's May line will have decidedly upscale look, featuring Dimensia spinoffs, including more audio-video component combinations and emphasizing new series of 26" monitor-receivers that will lead to super-premium 27" Square Planar (SP) tube late in year and eventually perhaps to 35" tube.

Group Vp Jack Sauter, whose responsibilities include consumer electronics and picture tube operations, said RCA has done considerable experimental work on 35" tube -- using same Japan-made bulbs employed by Mitsubishi. He indicated tube operation is sounding out other TV set manufacturers on possible OEM demand for that size here. "We think it has some merit as a meaningful tube size," Sauter told us. He said costs of glass or tube aren't yet well defined but indicated that proper positioning for 35" color set might be just under \$2,000.

RCA will "exploit" Dimensia system concept with new products containing some of features of that high priced audio-video center, Sauter said, hinting that it would offer digital Compact Disc players and tuner-amplifiers that will work on same remote controls as TVs and VCRs, but they won't carry Dimensia logo. Dimensia's sales results have been about what was anticipated and "we will continue to promote it to help sell spinoffs," he said.

Slackening of color TV sales early this year doesn't worry Sauter, who had forecast first-quarter letdown at CES (TVD Jan 14 p15). "This will average back out by the 2nd quarter -- we look at a 16-million set year." He foresaw strong growth potential throughout decade, fed by new features and high performance. "The number of people who buy high-end products has surprised us." As for stereo TV, he said there's been little feedback from marketplace to date, but "when the stations get on the air, and networks vie for elaborate sound, it's going to obsolete every TV set in the United States in one fell swoop."

Digital TV sets will be widespread by end of decade, Sauter believes. "We're not ballyhooing this as something the public has been waiting for," but it will make possible new features that now are impossible or economically unfeasible, lay "system foundation for high-definition viewing," eventually reduce costs and improve profitability.

In VCR, 8mm format is "no factor now." Attitude of manufacturers so far doesn't indicate it will be major item, Sauter said. "It will be a good specialty product for some manufacturers but largely a camera store item." He envisions no leveling off of VCR sales before penetration reaches 30% but doesn't see camcorders becoming major factor until 1986. He said portables and convertibles currently represent more than 20% of RCA's VCR mix, against only about 10% for industry as whole, and forecast camcorders eventually will "pull from the 2-piece unit." But, he added, it will take higher saturation of home decks before camcorders become major product because they appeal mainly to those who already own VCRs.

Videocassette players "will be less of a factor than camcorders, even below 8mm," said Sauter. Cost of play-only machine "is substantially higher than the public is willing to pay as a 2nd machine," he said, adding that "this could change if saturation gets high enough." However,

"it only takes \$30-\$40 off the cost" of recorder to strip it down to play-only, and "the public wants at least one bell and one whistle."

Super VHS won't be ready this year, but when it comes "it must be compatible" with existing VHS because of recorded cassette market, said Sauter. He forecast VHS Hi-Fi would get off ground this year. As if to underscore this, RCA introduced lowest priced VHS Hi-Fi recorder to date, designed to sell "under \$800" (see report elsewhere in this issue). Sauter said dealers are missing important sales if they neglect VCR accessory market -- head cleaners, dust covers, cassette and camera cases, batteries -- generally sold at list price. By 1987, he predicted, accessory sales will approach dollar volume of VCRs themselves.

On color tube prices, he said RCA is up 3.5-4% -- "an improvement, but it doesn't give us what we'd like in profit" (TVD Feb 25 p10). He said new square-cornered tubes present opportunity for better profits, forecast no erosion of their prices for rest of year "because we're sold out." RCA now makes about 60% of its own glass requirements in Circleville, O. plant.

As for multichannel sound, he said single chip wasn't in sight this year, estimated that SAP alone (nonstereo) adds about \$7 to cost of set, stereo being higher. As for DBS receivers, "that's not a line we have any immediate plan to offer."

ADAM COMPUTERS BEING DUMPED AT \$300: Discontinued Coleco Adam home computer systems popped up N.Y. market last week at predicted price, but not in expected outlets. Complete system, including keyboard console, tape drive and printer, is being offered at \$299.94, or just where we pegged it (TVD Feb 4 p12) -- but chain handling it is Toys R Us.

Closeout price is just half of Adam system's original \$600 list, and 57% less than \$700 peak following price hike at end of 1983. Last fall, Coleco effectively cut it back to \$500 by offering free software package to dealers. But \$299.94 may not be rock bottom. Toys R Us refers to it in ads as "our new everyday low price," so presumably it has room to move down from there. Salesman at one of 28 N.Y. metro outlets told us that only complete Adam systems are in stock and that he knew of no plan to offer expansion package that lets owner of Colecovision videogame console upgrade to computer.

But Adam story is far from over. Toys R Us isn't "U.S. retail chain" signed up to handle official year-long liquidation of Adam hardware and software in deal announced by Coleco last Jan. when it said it was pulling Adam's plug (TVD Jan 7 p8). Coleco spokeswoman told us that retailer still hasn't made market move but is expected to do so within next few weeks. Speculation on identity has centered on Odd-Lot Trading, which bought Intellivision game and computer inventory from Mattel and has handled game cartridge closeouts for Activision, Coleco, Mattel and others.

New Adam pricing, understood to be made possible by rebates Coleco is giving retailers who agree to sell off inventory, is latest shot in current home computer price war. In Jan., Commodore cut list of its model 64 \$50 to \$150, and Atari followed last month with by dropping 800XL \$20 to \$99. Atari now is expected to price new 64XE computer at \$99 when it reaches market later this year. At last Winter CES, Atari indicated new leader would carry \$120 list. Meanwhile, last week Commodore moved to support its upcoming launch of new personal computer line by appointing Ted Bates as ad agency for estimated \$80 million account, naming Geltzer & Co. for PR.

As has happened before, latest wave of computer price cuts caught major catalog marketers with their deadlines down. In spring-summer books, both Montgomery Ward and Sears offer Commodore 64 at \$200, along with peripherals at before-cut prices. Ward computer offerings also include Commodore portable at \$900, Epson Geneva LCD portable at \$995, Zenith monitors, page of Epson printers. Ward and Sears video lines are described elsewhere in this issue.

NAPCE'S LINK TO PHILIPS: There will be no immediate or dramatic change resulting from folding together consumer electronics operations of North American Philips and Holland's N.V. Philips, according to NAP Consumer Electronics Pres. Donald Johnstone. Start of long-range plan to integrate Philips's worldwide consumer electronics interests was outlined recently in N.Y. by NAP Chmn. Cees Bruyness (TVD Feb 18 p10).

"What it really means is coordinating our worldwide effort more. We've always done that to a degree, but in the past we went our own ways and for good reasons," Johnstone said. But "if you are going to be a healthy player in this game you have to be world class. We are going to start doing what many people felt we could do but never have."

Basic independent relationship NAP has always had with Philips apparently will remain. "We are going to integrate where it makes good sense, and sometimes it won't," Johnstone said. NAPCE will "continue to have engineering and manufacturing responsibilities here," as well as sales and marketing. "We are mutually going to work a lot harder together to combine their strength in technology with our strength in delivering in the American marketplace.

"One of the major jobs ahead of me is to make sure we leverage on Philips' technological strengths," Johnstone said. "We have to use that to our fullest advantage because only worldwide players will survive."

For present at least, NAPCE won't be involved in physical consolidation of manufacturing facilities. Johnstone told us there are no plans in the works for NAPCE to source from other Philips plants any of products it now makes. But, he noted, "we always have to have worldwide equivalency in cost," so some such move down road can't be totally ruled out.

Philips's world program to improve efficiencies, cut costs and speed up new product flow through world integration is being directed by Hans Tuyt, chief of Consumer Electronics Products Div., created Jan. 1 through merger of formerly independent video and audio units (TVD Dec 24 p18). Tuyt was head of video.

While video integration is considered top priority, faster progress is being made in audio, area where Philips has total manufacturing control, making sharing of parts and designs among factories simpler. Now in works is broad new line of hi-fi and audio systems, much of which will start showing up here under Magnavox name in 1986.

Kodak's latest electronics expansion effort is formation of Beta Physics as arm of Eastman Technology. Beta will manufacture and market unspecified types of electronics components. Kodak said Beta will start hiring late this year, is expected to have only about 80 employees during first few years.

MATSUSHITA RECORDS: Matsushita reported record consolidated results for fiscal 1984 to Nov. 30 as net rose 30.4% on 18.3% revenue gain (see financial table). Company said that while uncertain world economic conditions make forecasting difficult, it expects earnings increase of no less than 5.7% to \$1.03 billion on sales rise of at least 5.9% to \$19.7 billion in fiscal 1985.

Matsushita said total video equipment sales for year were up 20.2% to \$7.08 billion, paced by 24% increase for VCRs to \$5.32 billion. Sales of TVs and other video products gained 10.2% to \$1.73 billion. Largest business segment increase came in electronic components and parts, up 40.8% to \$2.22 billion. Audio equipment sales were off 0.4% to \$1.96 billion, while volume in communication and industrial equipment rose 31.7% to \$3.21 billion. Matsushita said sales in Japan rose 14.3% to \$9.96 billion, overseas volume was up 23% to \$9.38 billion.

Pioneer had increased sales of video products in opening quarter to Dec. 1, but rise was more than offset by continued softness in home audio, and company had \$899,400 loss for period, against profit of \$12.1 million in same year-earlier quarter. Pioneer said total sales were off 1.7% to \$324.9 million because of 13.2% drop in home audio to \$123.2 million. Sales of disc players, discs and other video equipment rose 14.2% to \$63.3 million, car audio volume edged up 0.9% to \$113.1 million and other products had 21.1% rise to \$25.2 million.

American Home Video, now operating 203 Videoconcepts stores in 30 states, had sales of \$62.9 million in 2nd quarter ended Jan. 26, up 15% from same year-earlier period, according to parent Jack Eckerd Corp. Operating profits jumped 16.7% to \$1.4 million. Sales for outlets operating more than year were up just 4.5%.

Williams Electronics continued to feel impact of soft market for arcade game in first quarter to Dec. 31. Company sales were off 18.3% to \$11.5 million. Loss for period was trimmed to \$2.1 million from \$3.2 million through cost cutting.

Relaxed antitrust guidelines that now prohibit merger or stock acquisition transactions that have potential for reducing competition or creating monopoly in an industry are being recommended by Commerce. Dept. said easing of rules would benefit companies in industries being hard hit by import competition by allowing them to combine resources and improve efficiency. Commerce said such merger opportunities would reduce need for companies to seek relief in form of import restrictions, pointed out that Justice Dept. still would be free to break up any combines that result in reduced competition.

Microwave oven shipments picked up in 1985 where they left off in 1984, setting records. AHAM reports Jan. shipments by domestic producers and importers were up 25.5% to 858,200.

SANYO'S FLAT TUBE: Flat color TV tube developed by Sanyo with 3" picture (TVD Feb 25 p13) is 2nd such thin color display to be announced in Japan in less than month -- other being Matsushita's larger glass panel (TVD Feb 11 p11).

Sanyo tube looks very similar to Sony's Watchman b&w tubes -- lollipop-like design with neck on plane roughly parallel to screen's surface. New tube is scheduled for production this fall, and Sanyo presumably will offer it to other manufacturers as well as market it in Japan in TV set said to be slated to list at about \$385. In U.S., Sanyo said it had no plans to market set here. Sony is developing color version of Watchman tube, but company official in U.S. indicated it probably wouldn't be ready this year.

Sanyo tube doesn't use shadow mask but is based on beam-indexing principle developed by Phileo in mid-1950s and used commercially in RCA and Hitachi 1.5" color camera viewfinder and Sony Vidimagic portable projection TV. Tube makes possible set less than 2" thick -- dimensions of prototype are given as 5.1" wide by 8.3" high and 1.7" deep.

Set operates on 12 volts, draws less than 5 watts, can be powered for 1.5 hours by 8 AA alkaline batteries or 2.5 hours by 9 N-900 rechargeable Nicad cells. White peak brightness is given as 200 nit (58.4 ft. lamberts). Fact that Sanyo says tube is being considered for computer display and auto dashboards is indication that larger sizes are in works.

Sanyo says tube uses "reflection type phosphor screen" providing much brighter picture, with phosphor stripes applied to glass along with index stripes. Extremely narrow electron beams are said to provide sharp, clear picture. Computer-designed glass face is claimed to minimize irregularities in brightness, fluctuations in spot diameter and deflection distortion.

Signal processing for beam indexing is accomplished by proprietary IC. Combination of light collector plate impregnated with special fluorescent material and new photodiode provides "perfect detecting of index signal to identify the location of electron beams," Sanyo says. Tube face has 145 sets of phosphor stripes. Deflection angle is 47° horizontal, 16° vertical. Tube will be described at International Conference on Consumer Electronics in Chicago June 5-7.

Philips ECG will spend \$6.8 million on renovation and new equipment at Ottawa, O. plant to complete consolidation of all color TV tube manufacturing there, according to state officials. As previously reported, Seneca Falls, N.Y. plant will be used for color display tubes (TVD Nov 5 p8). State of Ohio is providing \$2.5 million low-cost loan, \$250,000 inducement and job-training grant. When expansion is completed, ECG is expected to add 297 to 1,640 now employed at Ottawa.

TOUGH TALK ON TRADE: Official U.S. impatience with Japan's footdragging on opening its market wider for imported telecommunications and other products is building to boiling point, could result in retaliation that would impact on Japan's VCR and other consumer electronics shipments to U.S.

Tough trade messages were sent to Japan last week by Administration and Congress. Commerce called off scheduled talks in Tokyo on opening Japan's market to U.S. telecommunications equipment. U.S. has never before canceled trade meeting, and Secy. Malcolm Baldrige said step was taken because Japanese failed to come up with promised specific liberalization plans.

Meanwhile, Senate Finance Trade Subcommittee Chmn. Danforth (R-Mo.) declined to meet with Japanese trade delegation led by Sony Chmn. Akio Morita. Japan's continued refusal to free its market for imports makes such meetings "a waste of time," and until situation is changed "I have no intention of seeing" any more delegations, Danforth said.

Senate Foreign Relations Committee Chmn. Lugar (R-Ind.) said he's ready to push for tax or duty surcharge on all imports from Japan. He indicated legislation has been drafted, could be introduced any time. However, he expressed preference for congressional resolution calling on Reagan to impose surcharge by executive order. Surcharge is understood to have support of House Commerce Committee Chmn. Dingell (D-Mich.). At Foreign Relations Committee hearing last week, Federal Reserve Board Chmn. Paul Volcker said he wouldn't have as much opposition to import surcharge targeted specifically on products from Japan as he would to one against imports from all countries.

Continuing slump in semiconductor sales is forcing manufacturers to continue cutting back on work force. Texas Instruments said it will extend short work week imposed on plants in Dec. through 2nd quarter at least. TI had been expected to return to full operation at end of this quarter. Micron Technology is letting go half its 1,250 production and office workers because of severe price competition and low demand for memory ICs. Seeq Technology is cutting employment 15% to 523. Company said it expects to show substantial loss in 2nd quarter to March 31. Signetics announced it would reduce work force by 400 through layoffs and attrition, shut some plants for week or 2 next month, put support staff on shortened work weeks. Wacker Siltronic, producer of wafers, said it will close Portland, Ore. plant for week, postpone for 6 months planned \$85 million expansion intended to double facility's capacity by 1989. Intel, which last month announced plan to lay off 900 employees, said it expects to about break even on 15% lower sales in opening quarter.

Maxell adds 8mm Video cassettes to line April 1. Startup line will include 30-, 60- and 90-min. lengths, with 120-min. version slated for June introduction.

1985 TV IMPORTS: Dec. was all-around sluggish month for TV imports, though last year's newcomer Hong Kong found low Dec. 1983 figures easy to beat, and Japanese exporters continued to ride wave of demand for small-screen b&w, Commerce figures show.

Overall month's imports were down 31.8% (TVD Feb 18 p10). Shipment declines were steep enough to keep Japan's TV total from breaking 3 million mark and held Korea below 6 million, but latter's 5.86 million set full-year record from single country.

Following are TV import totals by country for Dec. and full year 1984. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period:

Total TV

Month	%chg.	12 Months	%chg.
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Japan

total...	154,900	-11.1	2,906,600	+63.4
color...	106,300	-23.8	2,168,500	+59.2
b&w....	48,600	+39.8	738,100	+77.0

Taiwan

total...	202,000	-36.2	3,674,600	+13.5
color...	125,000	-4.8	1,627,600	+47.1
b&w....	77,000	-58.5	2,046,900	-4.0

Korea

total...	343,700	-31.0	5,858,000	+34.8
color...	142,200	-34.1	2,269,300	+29.7
b&w....	201,500	-28.8	3,588,700	+38.3

Singapore

total...	41,600	-25.7	652,800	-2.2
color...	41,600	-25.7	648,500	+0.4
b&w....	--	--	4,300	-80.0

Malaysia

total...	14,200	-27.6	210,700	-2.5
color...	14,200	-26.5	199,600	+24.3
b&w....	--	--	11,200	-79.9

Hong Kong

total...	24,200	+164.6	208,100	+215.0
color...	20,000	+308.2	182,100	+342.2
b&w....	4,200	-0.6	26,000	+4.5

Canada

color...	1,900	-61.5	100,400	+13.8
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Complete Color

Japan....	75,400	-31.1	1,386,000	+46.5
Taiwan....	114,700	-9.8	1,407,000	+32.4
Korea....	79,200	-54.0	1,860,500	+18.7
Singapore	5,200	-85.4	205,200	-5.8

Color Chassis & Kits

Japan....	30,800	+2.8	782,500	+88.3
Taiwan....	10,300	+154.2	220,600	+396.7
Korea....	63,100	+45.2	408,800	+124.6
Singapore	36,400	+79.4	443,300	+3.5
Mexico...	61,000	-62.0	1,449,500	-14.4

Note: Some totals may not add due to rounding.

Consumer Electronics Personals

Thomas Steckbeck promoted at Sony Consumer Products to exec. vp with overall responsibility for sales and communications; **John Briesch** advanced to Audio Product Div. vp, assuming Steckbeck's former duties; **Leonard Israel** appointed planning and control vp for Sony Industries, OEM sales operation... **Shoichi Yamada** promoted at Pioneer Electronic (U.S.) from exec. vp to pres., succeeding **John Doyle**, advanced to new post of chmn. Pioneer said Doyle will continue as company's chief spokesman, concentrate on development of advanced marketing strategies and techniques for increased customer recognition, service and satisfaction... **Mel Harris**, who was advanced at last year's end from pres. of Paramount's home video unit to Network TV Production and Video Distribution Div. pres., has been named TV Group pres., succeeding **Richard Frank**, resigned... **Simon Ramo**, TRW cofounder, to receive EIA Medal of Honor at March 18-21 Spring Conference in Washington.

Michael Marcus named pres.-gen. mgr. of Beta Physics, new Kodak electronic components production and marketing unit; **Alfred Czerkas** appointed operations vp, **Michael Gittinger** named mktg. and distribution vp... **Robert Coolidge** resigns as pres.-CEO of Apricot Computer, U.S. sales unit of Britain's Applied Computer Techniques, in policy dispute. Also resigned: Mktg. Vp **William Sopp**, Hardware Mgr. **John DiPietro**... **Joseph Graziano** resigns as Apple chief financial officer to pursue personal interests... **Michael Stanley**, ex-Maxell consumer audio national sales mgr., named sales vp at Fischer Corp., German producer of high-end video and audio cassette storage systems.

Chaz Austin, ex-Embassy Home Entertainment, joins Sony Video Software Operation as west coast sales rep... **Marco Colombo**, ex-Overseas Film Group, appointed foreign sales and acquisition vp of new Vestron Video venture Vestron Entertainment... **Jaime Ovadia**, ex-Warner Bros., named vp, Central and South America, Warner Home Video... **Milton Olin** appointed A&M Video business development vp; **Laura Reitman** resigns as home video dir... **Jana D'Amico** advanced to customer relations dir., New World Video... **Myron Goldstein** appointed chief financial officer, Sound Video Unlimited.

BSR is chipping in its Singapore IC plant to form \$6.1 million venture with American Technology Engineering & Mfg. BSR subsidiary Astec will get \$3.1 million for plant plus 41% interest in venture, to be called Team Singapore. Venture will move into large scale ICs.

NEC and **Intel** are involved in countersuits over Intel's charge that NEC microprocessors infringe on its internal design copyright. NEC claims its design is original. Dispute is similar to one NEC had with Zilog in 1983. That was settled through cross-license agreement.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
John Blair			
1984-year to Dec. 31	842,438,000	10,469,000	1.31
1983-year to Dec. 31	414,317,000	18,306,000	2.32
1984-qtr. to Dec. 31	253,634,000	2,232,000	.28
1983-qtr. to Dec. 31	128,121,000	5,598,000	.70
Cohu			
1984-year to Dec. 31	23,637,919	1,740,901	1.00*
1984-year to Dec. 31	20,013,507	1,217,849	.70*
1984-qtr. to Dec. 31	6,379,084	503,033	.29
1984-qtr. to Dec. 31	5,995,691	368,274	.21
Gulf Broadcast Co.			
1984-year to Dec. 31	86,927,000	7,730,000	.18
1983-year to Dec. 31	72,144,000	3,369,000	.08*
1984-qtr. to Dec. 31	24,462,000	(328,000)	--
1983-qtr. to Dec. 31	19,893,000	487,000	.04*
Kloss Video			
1984-year to Dec. 31	20,282,416	(744,698)	--
1983-year to Dec. 31	20,396,037	1,003,134	.58
1984-qtr. to Dec. 31	6,034,730	(192,273)	--
1983-qtr. to Dec. 31	6,563,853	343,678	.20
Matsushita Electric ^c			
1984-year to Nov. 20	17,976,700,000	907,700,000	5.13 ^d
1983-year to Nov. 20	15,188,600,000	695,900,000	4.03 ^d
1984-qtr. to Nov. 20	4,994,500,000	273,500,000	1.53 ^d
1983-qtr. to Nov. 20	4,364,600,000	222,300,000	1.28 ^d
Telepictures			
1984-year to Dec. 31	106,756,900	9,315,000	1.28
1983-year to Dec. 31	71,135,300	6,057,100	.93
1984-qtr. to Dec. 31	43,492,400	3,872,300	.47
1983-qtr. to Dec. 31	24,856,800	2,577,300	.38

Notes: *Includes special credit. ^bPro-forma. ^cAt yen's current rate. ^dPer ADR.

VHS camcorders have arrived in U.S. from Japan about 4 months ahead of schedule, traveling on gray market passport. Two N.Y. discount camera stores are offering Matsushita-made manual focus model at \$1,795. Price includes combination battery charger-RF converter that also offers video-audio output, but not input, jacks. Camcorder was designed for sale in Japan, carries National brand name, and operating instructions on charger are written in Japanese. Price is about \$600 higher than unit is going for in Japan, but is about in line with list Matsushita's U.S. subsidiaries Panasonic and Quasar will put on auto-focus version they're expected to start delivering in June.

Twin-deck VCR has made it to these shores, at least according to classified ad in Feb. 20 edition of L.A. Times. Copy claims availability of "world's first double-headed VCR... Only one required to duplicate movies." Price of "nationally known famous make" is \$695, from D&M Electronics, 1-800-327-6330. No one answered phone despite repeated calls. Only dual deck VCR we've uncovered so far is Sharp PAL-SECAM model being offered for sale in Middle East (TVD Jan 28 p15).

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RCA VHS HI-FI UNDER \$800: Although it has new policy of doing without suggested list prices, RCA said its new VHS Hi-Fi is designed to sell for less than \$800, a new low for any brand, to our knowledge. Three other RCA video products for March sale also achieve new benchmarks.

Autofocus version of Small Wonder MOS camera has 10 lux light rating (vs. 35 on predecessor), stereo mike jack, adaptable eyepiece for glasses, weighs same 2.2 lb., will sell for "under \$900," as compared with earlier version's \$1,000 list price.

RCA's first 4-head VCR is priced under \$700, will be offered with 4 free T120 cassettes until May 31. Its first 2-head convertible VCR, with 4-event timer, 107 channels, is under \$800.

Ad notes: Sanyo shifts \$4 million audio account to DYR, which already handles \$14 million video account, replacing Nathanson Adv... **Computers & Electronics** magazine, formerly *Popular Electronics*, is being folded by Ziff-Davis after April issue because of low ad sales. *Newsletter Marketing Technology* says 55 computer-related publications were shut down last year... **GE** was best-recognized home electronics-appliance brand in Jan. consumer Ad Watch survey by *Ad Age*, with 10.1% response. Sears placed distant 2nd at 3.5%, followed by Sony at 3.3%, RCA and Whirlpool at 2.3% each.

TELEVISION DIGEST®

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With Consumer Electronics

MARCH 11, 1985

VOL. 25, NO. 10

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FOWLER DEFENDS BUDGET in congressional testimony that touches on possible CBS takeover attempt. (P. 3)

COPYRIGHT SETTLEMENT: Cable, broadcasters and copyright owners agree on formula raising fees to account for inflation since 1980. (P. 4)

FCC FEE SCHEDULE: NAB Exec. Committee takes no position, but Assn. expected to continue opposition without 'substantial deregulation' as trade-off. (P. 5)

'PREFERRED' DECISION hailed by NCTA for equating cable with newspapers. (P. 6)

MUST-CARRY BILL OFFERED by Sen. Trible codifying FCC cable rules on must-carry, nonduplication and sports blackouts. (P. 6)

CBS WINS ANOTHER ROUND on Vietnam documentary as FCC dismisses fairness complaint by American Legal Foundation. (P. 7)

FCC REAFFIRMS CABLE RETIERING in rebuff to La. federal court that denied Cox right to retier basic services. (P. 7)

TURNER WILL ANSWER SUBPOENA, TO BE QUESTIONED BY CBS: TBS's Ted Turner is scheduled to be questioned by CBS lawyers in Atlanta March 13 in connection with network's lawsuit against conservative Fairness In Media (FIM) group seeking stock takeover of CBS (TVD March 4 pl). Network subpoenaed Turner in effort to discover nature and extent of his alleged contacts with group.

FIM spokesman James Cain confirmed in interview that Turner discussed joining conservative group's takeover attempt of CBS with group's key supporter, Sen. Helms (R-N.C.), about 3 weeks ago, and that senator advised Turner to contact group directly. Cain said FIM attorneys advised him not to comment further on whether Turner has met with group because of pending CBS and FIM lawsuits and because group hasn't disclosed to SEC names of potential parties to takeover.

Consumer Electronics

COLOR BREAKS THROUGH to Feb. record, at annual 17 million rate, VCRs' pace 12 million. (P. 10)

RCA'S FREDERICK ELEVATED TO CEO, pledges spending to cut factory costs, remain No. 1 in color. Sees new stability at RCA. (P. 11)

JAPANESE VCR EXPORTS to U.S. rose 125% in Jan. to top million for 8th consecutive month. Color shipments also increased. (P. 12)

U.S. NEW COLOR SUPPLY at record 17.2 million in 1984. U.S. factory market share up in 4th quarter, EIA and Commerce figures show. (P. 12)

CHINA BROADENING VIDEO capabilities through purchase of disc plant, 4 color plants. Bids for color tube plants being accepted. (P. 14)

CHOOSING UP CAMCORDERS: Shifting loyalties seen in welter of manufacturing and marketing deals for Betamovie, 8mm, VHS, VHS-C. (P. 14)

SPRING CATALOG prices largely unchanged. Montgomery Ward offers GE, Magnavox, Panasonic, RCA, Sharp, Sony, Zenith models. (P. 15)

ZENITH PRETAX NET from consumer electronics edged up by only \$3 million last year because of color TV price cuts. GE reports. (P. 16)

Meanwhile, CBS last week filed required papers in N.Y. Supreme Court to show cause why N.C. publisher Hoover Adams shouldn't be given network stockholder list. CBS attorney Paul Dodyk charged that Adams was acting as "front" for FIM and wanted list for group's "national crusade" against network and for soliciting political contributions, which CBS contends are improper uses of shareholder information. Hoover had sued CBS for list (TVD Feb 25 p4). CBS also has suit pending against FIM in U.S. Dist. Court, N.Y. (TVD Feb 18 p5).

Turner has consistently refused to comment on alleged takeover attempt of any network, but he described his objective to WCBS-TV N.Y. news crew when it caught up with him in N.Y. March 5: "To make the programming more in tune with America... [programming that now makes] mockery of all our institutions -- business, religion, family, business, government." Newscast said Turner wouldn't admit to connection with Helms but said he wished him well. Turner was asked if he was talking about CBS in particular: "Well, they're all guilty of the same stupid programming."

Speculation on Turner's intentions arose 10 days ago when he sent ex-FCC Chmn. Charles Ferris to call on all 5 commissioners, inquiring about procedures involved in unfriendly takeover of a TV network. Turner Best. System said inquiries didn't involve individual network, but Commission sources said Ferris mentioned CBS as target. However, there's been much speculation that Turner may really be after ABC, using CBS as smokescreen. ABC official told us network isn't concerned and isn't taking any steps to fortify itself. CBS, on other hand, has hired law firms that specialize in takeover defenses.

Currently pending at FCC are 2 FOI requests relating to Ferris talks with commissioners. Both seek all FCC records since Feb. 1 dealing with potential acquisition of CBS by Turner. One was filed March 1 by Walter Stahr of Washington law firm Cleary, Gottlieb, Steen & Hamilton; Stahr didn't say on whose behalf request was filed and we couldn't reach him to ask. Other request was filed March 6 by CBS correspondent Robert Schakne, who said information was wanted "for the purposes of preparing news reports." He asked that any information turned over to any other party be "simultaneously made available to CBS News." There was unconfirmed report that Ferris (who has been unreachable for comment) submitted memo to FCC staff detailing how network takeover could be accomplished before he called personally on commissioners.

Wall St. analysts give Turner little chance of succeeding in taking over CBS -- if that's his goal. They point out it would take \$3-\$4 billion, well beyond Turner's means.

Govt. Relations Committee of CBS TV Affiliates' Assn. met with several members of Congress separately in Washington March 4-5, and Turner situation came up several times although "it wasn't the dominant part of the discussions," according to CBS official. Legislators primarily were seeking CBS reaction, we were told, and CBS is limited to what it can say by court action and securities laws. CBS official said "we're taking steps to protect ourselves," but network said it is seeking no independent help from Hill. He said that most of time spent with legislators was devoted to beer and wine ads, that alleged arrogance of TV networks also came up. Rep. Swift (D-Wash.) told TV affiliates that "I said it and I meant it" -- that networks are arrogant -- but that he's encouraged because he sees signs that all 3 networks now recognize this and are trying to correct situation.

FIM's call for takeover of CBS by conservatives was blasted before CBS group by Rep. Fazio (D-Cal.). Fazio said CBS must resist effort so that network doesn't become like conservative N.Y. Post and Washington Times, which he called "scandal sheets." He said: "I find it sometimes uncomfortable to live in a fishbowl [but] understand that in spite of the imperfections of the [news media], it ensures our accountability." Fazio said FIM would have Dan Rather replaced by "a cheerleader and an uncritical observer" whose news coverage "would be filled with disparagement and incessant criticism" of those who don't agree with FIM views.

Speaking to Conservative Political Action Conference in Washington, Helms charged that news media are "profoundly out of step with the ideals and goals of the American people." He said TV news is "produced by men and women who, if they do not hate American virtues, they certainly have a smug contempt for American ideals and principles." He singled out Washington Post and CBS News. Countered Edward Joyce, pres. of CBS News: "This is not the first time in recent history when we in journalism have been under attack from a group which wants its narrow ideological bias to control the press... These groups don't just want their voice to be heard; they want theirs to be the only voices to be heard."

Meanwhile, Americans oppose by more than 3-1 CBS takeover attempt by Helms and FIM, according to Business Week/Harris poll. Poll said opposition to plan included 3-1 majorities among Helms' supporters, conservatives, Republicans and evangelical Protestants. Responding to question whether it's generally good or bad to have networks taken over by conservative political groups like that headed by Helms, 62% said it was bad idea, 12% called it good idea, 26% were undecided. Also, by 70-22% margin, those surveyed favored protecting networks from takeover by any group with particular point of view -- conservative or liberal. Respondents also opposed Turner's acquiring network -- 48% to 24% -- with remainder undecided, Business Week reports in March 18 issue. More than 80% of those surveyed said CBS was doing excellent or pretty good job covering news and 58% said they feel CBS news coverage hasn't slipped since Rather replaced Walter Cronkite as evening anchor 4 years ago. FIM's Cain disputed survey results.

* * * * *

Turner Bcstg. 1984 net income climbed 43% to \$10.06 million on revenues of \$281.73 million, company reported last week. That compares with 1983 net of \$7.01 million on revenues of \$224.53 million (49¢ vs. 34¢ a share). In final quarter, TBS had net income of \$1.97 million (9¢ a share) on revenues of \$71.9 million, compared with loss of \$5.11 million (-25¢ a share) on revenues of \$57.92 million in 1983 period. Turner said 1984 results "establish a new record for our company."

FOWLER DEFENDS BUDGET REQUEST: FCC role in network takeover effort (TVD March 4 p1) dominated first congressional hearing on Commission's fiscal 1986 budget request March 5. Budget was submitted by President in Feb., with formal request including proposed cost-of-regulation fees (TVD March 4 p3) sent to Congress last week.

Chmn. Fowler told House Commerce Appropriations Subcommittee that FCC would weigh public interest benefits before approving any network takeover (see related story, page 1). He said Commission would judge whether individual or firm attempting takeover met FCC ownership requirements, such as whether principals were American citizens with sufficient money and expertise to run network. FCC wouldn't review program content in any takeover bid, chmn. said in alluding to network bias as alleged by Fairness In Media's bid to buy CBS (TVD Jan 14 p5).

FCC seeks \$92,285,000 for 1986 -- down about \$1.3 million from fiscal year that began Oct. 1 (TVD Feb 11 p7). Proposed budget includes \$607,000 for 17 new staffers to implement EEO and other requirements of cable law, Fowler said. FCC doesn't expect to expand 2-person staff handling Radio Marti compensation program until Marti goes on air, Fowler said, which could be late this year. Congress already has approved up to 10 staffers for program, he said, but so far FCC has had only 8 reimbursement applications and 5 requests from broadcasters to alter signal intensity temporarily to minimize interference.

Fowler said budget reflects \$2,619,000 savings from proposed 5% salary cut that would take effect Jan. 1986 and \$604,000 in salary cuts expected from govt.-wide program to reduce number of GS 11-15 employees. Budget also reflects \$2,427,000 increase in salaries from pay raise this year, plus \$391,000 request to build interference monitoring station in San Juan. FCC also is seeking \$1.83 million pay supplemental for current fiscal year for mandated pay increases.

If Congress enacts cost-of-regulation fee plan this year, it would cost FCC \$1.6 million in 1986 to administer, about \$1.1 million annually in following years, Fowler said. He said fees would raise about \$50 million annually for U.S. treasury.

PHILIPS ON HDTV: North American Philips says its research has resulted in "real preference for progressive" scan (noninterlaced) HDTV. "The more we work on it," we were told by Senior Vp Robert Cavanagh, "the more we feel it is the sound direction to take."

SMPTE's Working Group on High-Definition Electronic Production Standards recently came up with split vote favoring progressive vs. interlace, then voted unanimously to recommend "family" of standards including both types to Advanced TV Systems Committee (TVD Feb 25 p3, March 4 p8).

Progressive scan, says NAP's Cavanagh, "gives rise to less motion artifacts, a cleaner basic image to work with. As a production standard, this makes it much more compatible for conversion to the present NTSC standard." Progressive scan's disadvantage is it requires twice the bandwidth of interlaced image of equal number of lines, but proponents say fewer lines are needed in progressive scan to equal effect of 1,125 interlaced lines.

"We're working at determining the optimum number of lines," Cavanagh said. Although current proposals are for teleproduction only, he added that NAP thinks any HDTV transmissions to public "must be compatible" with existing 525-line system "to upgrade transmission without obsoleting" existing receivers. "We get the feeling that a 2-channel system [one channel broadcasting existing 525-line standard, the other the added information needed for widescreen HDTV] will do the job eventually. We feel there should be experimentation in terrestrial and satellite broadcasting and cable."

Discussing SMPTE working group's deliberations on progressive vs. interlace scan, Group Chmn. Richard Stumpf, Universal Pictures, pointed out final resolution backing both systems was adopted unanimously. "No such clear consensus could have been achieved on either 2:1 interlace or progressive scanning alone." Commenting on our statement that final report would be "worded diplomatically," Stumpf said "only facts are necessary in the report which will convey the sense of the committee to ATSC."

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NAB has mailed annual financial questionnaires to commercial TV stations seeking 1984 financial data, with return date of April 12. Response is voluntary, and figures aren't published for any market for which NAB doesn't receive 100% return. Last year, NAB received full returns from only 80 markets. Since FCC dropped mandatory financial reports in 1980, NAB survey has been only major financial survey of TV and radio stations. Radio questionnaires will be mailed March 29.

CABLE FEES RISE FOR INFLATION: Cable copyright fees will rise moderately in June to account for inflation since 1980. All major copyright interests agreed to adjustment formula March 8 and asked Copyright Royalty Tribunal (CRT) to accept deal, thereby avoiding formal proceeding and costly litigation.

Copyright bills for smallest (Form 1) systems -- which pay flat rate -- would rise \$16 yearly to \$56, while largest systems (Form 3) generally would see their bills rise about 12%.

Agreement adjusts rates for each distant signal equivalent (DSE) carried by cable systems. New rates: .893% of gross revenues for first DSE (.799% now); .563% for 2nd through 4th DSE (now .503%); .265% for 5th or higher DSE (up from .237%). Those levels are up about 11.8%.

Parties agreed as part of deal not to seek any change in controversial rate of 3.75% of gross cable system revenues for most post-Malrite distant signals or any change in syndicated exclusivity surcharge. Parties reserved right possibly to seek change in 3.75% rate at later date.

Settlement raises financial threshold that divides cable systems into 3 levels of copyright payments, partly counterbalancing rise in DSE rates, and significantly protecting many medium-sized systems from falling into Form 3 rate structure. Form 1 systems were those with semiannual gross revenues of less than \$55,500. That threshold would rise to \$76,000. Middle-size systems (Form 2) now would be defined as those with semiannual revenues of up to \$292,000, rising from \$214,000, while Form 3 systems would be those with semiannual revenues of more than \$292,000.

Parties to settlement are NCTA, CATA, NAB, MPAA, Major League Baseball, National Basketball Assn., North American Soccer League, National Hockey League, NCAA, ASCAP, BMI and SESAC.

—
Daniels & Assoc. received \$11.8 million for its equity in Multivisions, largest cable system in Alaska, recently sold to Pacific Telecom, a major independent telco. Chmn. Bill Daniels said about \$6 million of net proceeds have been distributed to employes through company's equity sharing plan.

American Legal Foundation asked FCC to set aside preference for minorities in rule adopted in Dec. permitting ownership of up to 12 TV stations -- 14 if licensee is principally owned by minorities. Foundation claimed preference is illegal since it wasn't part of original rulemaking and no comments were sought on issue.

NAB TO OPPOSE FCC FEE SCHEDULE: While no official position was taken at NAB Exec. Committee meeting March 5, Assn. is likely to continue its long-standing opposition to any FCC fee schedule -- unless there's "substantial deregulation" in any legislation authorizing fees. FCC this week sent fee schedule plan to Congress (TVD March 4 p3).

"We're keeping our options open," said NAB Pres. Edward Fritts; he doesn't think there would be "significant political problem" -- rubbing off on industry campaign to protect beer and wine ads -- if NAB opposes fees on Hill. One small group owner predicted schedule would cost his company \$87,000 a year. Fritts said NAB's sole congressional lobbying effort now is on beer and wine.

"There seems to be a spirit of cooperation" developing between NAB and Las Vegas Convention & Visitors' Bureau over dispute on Hearn-Hagler fight April 15 during middle of NAB convention there, Fritts said. Hotels have guaranteed rooms; some are offering free shows, others gambling chips, if NAB delegates don't get promised rooms. Convention Bureau had offered plush party for NAB board, officials and guests, but Assn. turned that down, said it wanted something for its members. As result, closed circuit of fight is being worked out for NAB delegates at nominal fee. Fritts said registration is 10-15% ahead of year ago when record 35,000 attended.

Fritts said NAB TV membership is at all-time high, 817 stations. He said radio membership has rebounded from doldrums of last fall, with 26 Fla. stations signed March 5 in first 3-1/2 hours of telephone blitz. He said new radio members are being given 6-month introductory rate before regular dues are set, and 102 new associate members have joined in last 3 months. NAB has started reevaluating its 24 committees, will study 12 this year, 12 next year, looking toward abolishing some, combining others.

All incumbents seeking reelection to TV and radio boards were successful in results announced March 7. Newly elected to TV board were Margo Cobb, WLBZ-TV Bangor, Me., and Frank Flynn, WCTV Tallahassee, Fla. TV incumbents reelected: Leslie Arries (who received most votes), WIVB-TV Buffalo; Peter Kizer, Evening News Assn.; Wallace Jorgenson, Jefferson Pilot Bestg.; Michael McCormick, WTMJ-TV Milwaukee. Failing by single vote to be elected was Harold Protter, WNOL-TV New Orleans and long-time force in INTV. Current NAB TV Chmn. Jerry Holley, Stauffer Communications, and Dir. William Bengston, KRCG Jefferson City, Mo., have served 4 years and weren't eligible for reelection.

Elected to radio board (*incumbent): Dist. 1 -- James Asher*, WJDA(AM) Quincy, Mass.; Dist. 3 -- Jerry Lee, WEAZ(FM) Philadelphia; Dist. 5 -- Bayard Walters, WKCM(FM) Hawesville, Ky.; Dist. 7 -- George Hyde, WQBA-AM-FM Miami; Dist. 9 --

Clyde Price*, WACT-AM-FM Tuscaloosa; Dist. 11 -- David Palmer*, WATH(AM)-WXTQ(FM) Athens, O.; Dist. 13 -- Kenneth MacDonald*, WSAM(AM)-WKCQ(FM) Saginaw; Dist. 15 -- Fred Baker, KFSA(AM)-KISR(FM) Ft. Smith; Dist. 17 -- Dean Phelps, WIVS(AM)-WXET(FM) Crystal Lake, Ill.; Dist. 19 -- Beverly Brown*, KGAS(AM) Carthage, Tex.; Dist. 21 -- Paul Hedberg, Hedberg Bestg., Blue Earth, Minn.; Dist. 23 -- Thomas Young*, KVON(AM)-KVYN(FM) Napa, Cal.; Dist. 25 -- Gary Capps, KGRL(AM)-KXIQ(FM) Bend, Ore.

NAB was happy with high returns of mail balloting, with 82% of TV members voting, 61% of radio.

Meanwhile, contest for NAB joint board chairmanship may develop into 3-way race. Current candidates are Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock, and radio Dir. Gary Capps, who owns 7 stations in Wash. and Ore. (TVD March 4 p5). Current Radio Vice Chmn. Edward Giller said last week that -- after Capps got in race -- he has received "a significant amount of pressure to run also." He said he's giving it serious consideration, will decide before April 2-3 NAB Exec. Committee meeting. Giller's term on board ends in June and he wasn't eligible for reelection.

Strike against Capps is fact he lives in Bend, Ore., would have to travel 8 hours to get to Washington. Ray Saadi, KHOM(AM)-KTIB(FM) Houma, La., has decided not to run for radio vice chmn. against Bev Brown, KGAS(AM) Carthage, Tex. However, Ray Lockhart, KOGA-AN-FM Ogallala, Neb., told us he now is considering running for vice chmn.

U.S. Supreme Court refused to review grant of new FM in Hart, Mich. to Nancy Waters because she's black. She won out over West Mich. Bestrs., owned by 3 whites who are Hart residents; Waters wasn't at time of grant in 1982. Grant was made to Waters on 4-3 FCC vote. Earlier, in upholding FCC, U.S. Appeals Court, D.C. said that black ownership of more broadcasting outlets is "a legitimate goal" of Commission to "assure that current allocations do not perpetuate race-based disparities derived from past discrimination."

FCC Comr. Patrick was interviewed in White House March 7 for reappointment to 7-year term. He received recess appointment in Dec. 1983 to fill unexpired term (through June 30) of Anne Jones. No other candidate has surfaced for Patrick's seat, and mandatory FBI check is expected as soon as he submits necessary paperwork.

RTNDA has shifted 1986 convention from Dallas to Salt Palace Convention Center, Salt Lake City, Aug. 26-29. Orange County Convention Center, Orlando, will be site of Sept. 1-4, 1987 convention. This year, RTNDA goes to Nashville's Opryland Sept. 11-14.

PREFERRED'S IMPACT: Debate raged within cable industry last week as to exact impact of ruling by 9th U.S. Appeals Court, San Francisco, in Preferred Communications case (TVD March 4 p5). NCTA Pres. James Mooney said key part of holding affirming cable First Amendment rights is that Court equates cable more with newspapers than with broadcasting, while CATA Exec. Dir. Stephen Effros said it opens door to overbuilding of small cable systems.

It's first time "we have seen any federal court, much less a federal appellate court, come down that hard in favor of cable's First Amendment rights," Mooney said during interview with our sister publication Communications Daily. Appeals Court reinstated Preferred's First Amendment challenge to L.A. grant of exclusive cable franchises, remanded case to L.A. Dist. Court for trial on merits.

But, industry will be given "some pause... if a court said that the First Amendment requires open entry but does not otherwise mandate a deregulatory result and left us subject to even the moderate regulatory regime permitted by the Cable Act," Mooney said. "It would be prudent for us to understand that while authoritative, it nonetheless is dicta and we have a long way to go before, as a practical matter, we would begin to enjoy a First Amendment right of the kind described in the case."

He conceded that ruling, if upheld, does spell death of exclusive cable franchises, something industry has anticipated in its quest for First Amendment rights. "Even though a constitutional situation might develop that mandates open entry, it's not necessarily the same thing to say that in every place economics will allow cable TV overbuilds any more than economics in every place permits 2 newspapers or 3 newspapers."

Court's contention that poles may be forum for public speech is "a difficult part of the opinion," Mooney said. But he said ruling may result in "imposing much more stringent access standards against municipally owned poles than any other kind of poles."

Small-market cable systems are ones most in danger of overbuilds, Effros said, because costs are much less than in larger markets.

-

Obstacle to TV-radio coverage of Senate is "intricate rules" governing proceedings, said Minority Leader Byrd (D-W.Va.) in remarks to RTNDA board. He said it's essential that Senate rules protect interests of minority, and "any electronic coverage of Senate proceedings must be consistent with that need." He said changes he proposed to permit TV-radio coverage "will remove the last real objections to cameras and microphones in the Senate and at last permit the American people to see and hear the Senate debate the great issues of our time." He said Senate coverage is achievable this year.

MUST-CARRY BILL OFFERED: Following through on promises to broadcasters, Sen. Tribble (R-Va.) March 5 introduced bill to codify FCC cable must-carry rules and related signal carriage requirements such as those pertaining to nonduplication of network programming and sports blackouts. Measure is identical to one Tribble introduced in last Congress.

Tribble said bill is intended to ward off continuing attacks on rules. Challenges to must-carry rules are pending before U.S. Appeals Court, D.C., by Turner Bestg. and Quincy Cable, small operator in Washington state.

Tribble argued that if rules are eliminated, "the ability of cable subscribers to receive local news, sports, weather and other programming of unique local interest would be curtailed." He called rules "sound and necessary" and urged prompt passage of bill. Industry position on must-carry signals is that, absent rules, most such signals probably would continue to be carried because they're popular with subscribers. Cable operators, however, have long complained about being forced to carry duplicating signals of network affiliates and public stations.

Little action on proposal is expected this year. NAB, preoccupied with battle over TV-radio alcohol ad ban and its efforts to bolster broadcaster image in Congress, doesn't plan to push for bill. Nor is major copyright rules rewrite expected soon from House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.), who ended last Congress trying to draft comprehensive measure. Chmn. is expected to move more modest proposal targeting copyright relief for LPTV stations.

Writers Guild of America began strike at midnight March 4 against TV and movie producers. Over previous weekend, west coast writers rejected "best and final" offer from Alliance of Motion Picture & TV Producers; eastern writers followed suit early last week. Major issue is writers' share of revenues from prerecorded videocassettes. Movie companies and TV programmers have stockpiled scripts in anticipation of strike. Guild officials said walkout of more than 6 weeks would seriously disrupt daily soap operas. First program to be disrupted was NBC's hit Bill Cosby Show, which dropped last 3 new episodes of year because scripts weren't completed. If strike lasts into summer, it will delay start of new fall season in Sept., networks said. Writers struck for 13 weeks in 1981, delaying fall premieres several weeks. Federal mediator has called for renewal of talks between Alliance of Motion Picture & TV Producers and Guild in effort to end strike.

Average TV station's news staff grew by one professional in 1984, while radio news staff remained same size, according to survey by RTNDA. Typical TV station had news staff of 18 fulltime, 2 parttime -- although staffs at some network owned stations reached 160.

FAIRNESS COMPLAINT DISMISSED: FCC "is not the national arbiter of the 'truth' of news programming. Nor is the Commission prepared to judge the wisdom, accuracy or adequacy in which particular news coverage may have been handled on the air." So saying, James McKinney, chief of FCC Mass Media Bureau, March 4 dismissed complaint against CBS's "The Uncounted Enemy: A Vietnam Deception" that had caused Gen. William Westmoreland to file \$120 million libel suit against network, recently dropped (TVD Feb 25 p1).

Complaint to FCC was filed in Jan. 1983 by American Legal Foundation, charging CBS with "deliberately distorting, slanting and falsifying" documentary. Michael McDonald, gen. counsel of ALF, said that no decision has been made on whether to ask full Commission to reconsider McKinney's action, added that "we'll probably take the full 30 days" permitted for such appeals. "We can claim victory," he said, "because there wasn't any point in the opinion where [McKinney] disputed the facts."

McKinney said "extrinsic evidence" in ALF complaint came mostly from TV Guide article and Accuracy in Media, conservative watchdog group. He said that in a democracy dependent upon "fundamental rights of speech and the press, the Commission cannot authenticate the news that is broadcast nor should it try to do so." He said CBS's own investigation (Benjamin Report) supports some of factual statements and allegations in ALF complaint, but these admissions "do not demonstrate that any CBS personnel selected, rejected or made editorial determinations in an attempt to deliberately distort the content of the broadcast." McKinney said such "breaches of broadcasters' standards [as CBS admitted occurred in preparing documentary] are not to be equated with intentional distortion of news programming... In sum, there is a lack of extrinsic evidence... that CBS intentionally presented distorted material."

CBS said it was "pleased" with McKinney action, added: "We trust this is the last chapter in the 2-1/2 year scrutiny of the broadcast." Complaint had been put on hold at FCC pending resolution of Westmoreland's \$120 million libel suit against CBS and McKinney originally told us it would be sent to full Commission for decision (TVD Feb 25 p1). However, after ruling last week, he said no new ground was broken so there was no reason for commissioners to rule.

Ch. 5 Bcstg. Assoc. has been awarded Ch. 5 Honolulu by FCC Judge John Frysak. Ch. 5 Assoc. won over 5 other applicants, including KHAI-TV Honolulu, which wanted to shift from Ch. 20 and received "slight demerit for its media holdings." In another TV grant, FCC affirmed initial decision granting Ch. 48 in Galveston to Bluebonnet Bestg. and denying application of Old Time Religion Hour (OTRH). Commission ruled that OTRH principals "lacked candor."

FCC REAFFIRMS CABLE RETIERING: In rebuke to Judge Veronica Wicker of U.S. Dist. Court, New Orleans, FCC said in so many words March 7 it meant what it said in twice ruling that cable operators can retier basic service to contain only must-carry signals. Wicker, in upholding New Orleans' challenge to Cox Cable's removing 22 channels from basic, had held that Commission staff either didn't know what it was doing or was overstating its authority in saying operators could reconfigure basic in such fashion (TVD Oct 8 p4).

It's 3rd time FCC has held cable operators are free, regardless of franchise commitments, to remove satellite and distant signals from basic as long as must-carry signals are retained. Doctrine first arose in Community Cable case (referred to as Nev. decision), where FCC sided with Las Vegas operator who had done so (TVD Nov 14 p7). Reconsideration was denied (TVD July 16 p4).

Cox was relying on Nev. when it reduced 31-channel basic to 9 channels of must-carries and local origination. City sued and was upheld by Judge Wicker. FCC had filed friend-of-court briefs in case backing Cox.

Recalling judge's "somewhat nasty decision," FCC official said signatures of all commissioners were obtained to new order as a rebuff to Wicker's contention that "staff wasn't allowed to say that. So in order to put this to rest we had to get the commissioners to vote on it. We wanted to make sure this is a dead issue."

"Cox Cable was entirely correct in relying on past Commission decisions in this matter," said FCC in order reaffirming Nev. But Commission cautioned that such retiering is limited to actions taken before Dec. 29 effective date of Cable Act, which contains section grandfathering retiering actions.

Cox has appealed New Orleans case to 5th Circuit, New Orleans. It's expected that FCC will again file as friend of court on Cox's side, and this time submit Nev. decision with commissioners' signatures attached.

RCA Pres. Robert Frederick, elected CEO last week, says he's convinced there will always be role for over-the-air broadcasting and networks. "There will still be a large audience for a long time to come, but there will be cost pressures on networks as cable systems grow." He believes there will continue to be 3 networks -- "perhaps more as DBS comes along." He said NBC is well placed in comparison with ABC and CBS in satellite transmission to affiliates, which "opens up opportunities for delivery of ancillary businesses. We're very happy we have embarked on this considerable investment program... We think it puts us in a superior position." For other comments by Frederick in interview, see report in Consumer Electronics section.

Personals

FCC calendar: March 11 -- Comr. **James Quello** is luncheon speaker at Business of TV News Conference co-sponsored by McHugh & Hoffman and Television Digest Inc., Vista Hotel, Washington; Comr. **Dennis Patrick** is on panel on govt. role in telecommunications ownership at National Conference on Telecommunications Opportunities for Minority Entrepreneurs, sponsored by NTIA and Storer Communications, Vacation Village Convention Center, San Diego; at same conference, **Zora Kramer**, special asst. for minority enterprise in FCC Public Information Office, moderates panel on successful business plans, and **William Russell**, dir.-congressional and public affairs, participates in workshop on commercial broadcasting. March 12 -- **Robert Foosaner**, Private Radio Bureau chief, speaks on energy communications at Energy Telecommunications & Electrical Assn. Symposium and Equipment Exposition, Convention Center, San Antonio. March 16 -- Comr. **Henry Rivera** delivers keynote at 4th Biennial Communications Law Symposium on international satellite and cable TV sponsored by UCLA Communications Law Program, L.A.

Gen. **William Westmoreland** addresses National Press Club lunch March 15, sponsored by Club and Society of Professional Journalists... NBC Pres. **Grant Tinker** and former Attorney Gen. **William Smith** added to RCA board, increasing number of dirs. from 11 to 13... **John Spence** promoted to west coast telesales dir., NBC Entertainment; **Sandra McFadden** advanced to mgr.-corporate events... **Seth Davidson**, ex-Washington law firm Wilmer, Cutler & Pickering, appointed assoc. gen. counsel, NCTA.

Anne Luzzatto, ex-D.C. City Council Consumer & Regulatory Affairs Committee and member of Ferraro campaign staff, named CBS corporate information vp, succeeding **Mary Boies**, who will enter private law practice... **Robert Cook**, pres. of King's College, Briarcliff Manor, N.Y., elected pres., National Religious Bestrs., succeeding **Brandt Gustavson**... **Penny Haft**, ex-Katz TV, appointed national sales mgr., WTTG Washington, succeeding **Mike Turner**, who joins WBFS-TV Miami in same position... **James Allegro** promoted from finance and administration vp to operations vp, ABC owned TV stations... **Oliver Featherston** appointed NBC daytime sales vp.

Robert Siegenthaler promoted to ABC News vp-news practices; **Joyce Kravitz** advanced to news information dir., Washington Bureau, succeeding **Rebecca Leet**, resigned; **Joanna Bistany** promoted to special news projects dir., News Div... **David Obel** advanced to gen. attorney, NBC Labor Relations; **Diane Tarnoff** promoted to vp-sales development and mktg., NBC daytime and specials... **Theodore Ruback** advanced to vp-accounts dir., Media General Best. Service, N.Y. office... **Al Evans**, WCLQ-TV Cleveland, named vp-chief engineer for parent Channel Communications.

Charles Rule, deputy asst. attorney gen.-policy and planning and legislation, Justice Dept. Antitrust Div., addresses FCBA luncheon March 21, Touchdown Club, Washington... **Robert Unkel** named LBS Communications exec. vp, corporate affairs; **Rand Stoll** promoted to vp-ad sales mgr.; **John Reisenbach** to mktg. and ad sales vp... **Toni Smith**, A.C. Nielsen Media Research Group vp, appointed national mktg. mgr., Nielsen TV Index; **Robert Taragan** named NTI eastern mgr., new post; **Stanley Seagren**, NTI eastern regional mgr.-agencies and networks, new post; **Colleen Hall**, client service executive, Nielsen Station Index.

Patrick Butler, onetime RCA, appointed vp-Washington office dir., Times Mirror... **Susan Braden**, ex-asst. to FTC Chmn. **James Miller**, becomes partner in Washington office of Columbus, O. law firm Porter, Wright, Morris & Arthur... **Burt Hoffman**, ex-aide to Rep. Waxman (D-Cal.), appointed media relations dir., Hill & Knowlton PR firm, Washington office... **George Bailey**, dir.-Radio Liberty, resigns, replacement unannounced; administrative responsibilities are assumed by **Nicholas Vaslef**.

Dale Rhodes, ex-PBS, named exec. dir.-research, National Assn. of Public TV Stations... **Stan Mawyer** appointed mktg. vp, Communications Group Inc... **Catherine Grzanka**, ex-Chicago Cable Communications, named central region affiliate relations mgr., USA Network... **Reid Davis**, ex-Colbert TV, named a regional sales mgr., Muller Media... **Robert Johnson**, District Cablevision pres., addresses D.C. chapter of Women in Cable March 18, NCTA hq.

Richard Montesano advanced to vp-market planning and technology research, ABC Mktg. & Research Services; **Thomas Mackin** promoted to program information vp, ABC Best. Group; in ABC PR Dept. reshuffling, **Jeffrey Tolvin**, business information dir., adds duties covering radio and owned TV stations; **Jane Paley**, community relations dir., adds development of educational broadcast materials... **Robert Jacquemin**, Paramount Pictures exec. vp, named senior vp-domestic TV distribution, Walt Disney Productions, effective in June.

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Daniel Schorr, who spent 25 years with CBS News and was first newsman hired by CNN in 1979 before it went on air, was fired March 8. Schorr said CNN "insisted on abrogating the assurance of my journalistic independence" when CNN refused to continue clause in his contract assuring that "no demand will be made upon [Schorr] that would compromise [my] professional ethics or responsibilities." He said there was "no financial issue [and] I was advised today of the termination of my employment." CNN Pres. Burt Reinhardt said cable network and Schorr couldn't agree on terms of new contract and that "Dan is now using his accumulated vacation time prior to the end of his contract May 31."

V-FOR-U SWAPS GAIN: FCC appears to be leaning toward allowing VHF-for-UHF station swaps between commercial and noncommercial broadcasters operating in same market without comparative hearings and intervention of 3rd parties, according to rulemaking adopted Feb. 14 by Commission, text of which was released March 8.

"Our initial view is that we have the legal authority to amend the rules as proposed... and that there are sound policy reasons to do so," FCC stated. What's proposed is to allow Commission to modify licenses of commercial and noncommercial stations in cases where licensees agree to exchange channel assignments and where agreements are found to serve public interest, FCC said. That finding would come on case-by-case basis involving separate rulemakings for each proposed swap, and comments would be directed to public interest benefits of specific proposals.

Key question is legal applicability of Ashbacker decision, 1945 U.S. Supreme Court holding that FCC can't grant one of 2 mutually exclusive station applications without comparative hearing. Ashbacker doesn't "appear to be controlling" when swaps between commercial and noncommercial licensees are done by rulemakings and are found to serve public interest, FCC said.

Commission doesn't foresee determining that a proposed swap lacked public interest benefits because someone else "could have entered into a better agreement, or because the proposal could increase competition" in a market. Rather, rulemaking said, "it would be incumbent on opposing commenters to show that the proposal... did not serve the public interest."

Daytime AM stations would get "separate enhancement credit" for integration in applying for new FM allocations in 1,600 cities created by FCC in Doc. 80-90 under Mass Media Bureau recommendation to be considered at March 14 Commission meeting. Daytimers would get such a break under what Bureau terms "best practical service to public." Credit would be separate from or equal to any preference now given for local or minority ownership. However, staff would put these conditions on favoritism for daytime applicants: (1) Station must apply for new FM in same community of license. (2) Licensee must operate station. (3) Applicant must have owned daytimer for at least 3 years before applying for FM.

TV 58 Inc. has been granted new TV station in Milwaukee in initial decision by FCC Judge Joseph Chachkin over competing applicant Zodiac Partnership. Judge ruled that TV 58 had "qualitative enhancement credit for 100% minority ownership and participation of John Torres [proposed station mgr.]; 50% female ownership and participation by Debra Jackson," proposed gen. mgr.

Blair TV is named rep for KENS-TV San Antonio, replacing Katz.



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RTNDA has asked FCC to dismiss renewed

CIA fairness complaint against ABC (TVD Feb 11 p5) "without reaching the merits." Said RTNDA: "As a matter of policy, if not law... and in order to avoid a chilling effect even more likely than the FCC posited in its [ongoing] inquiry into the fairness doctrine, the Commission should decline to act as the instrument of any other agency of government in calling the electronic press to account for its reporting or criticism of the government..." First CIA complaint was dismissed by staff in Jan. (TVD Jan 14 p3). CIA filed amended complaint 4 weeks later.

Speaking at Satellite Summit '85, at Four Seasons Hotel, Washington, on April 1: Thomas Oliver, HBO; James Jimirro, Disney Channel; Jing Zhaoqian, Chinese embassy; Clay Whitehead, National Exchange; Steven Dorfman, Hughes Communications; Michael Alpert, Satellite TV Corp.; Michael Tyler, CS&P International; Eddy Hartenstein, Equatorial Communications; Anthony Rutkowski, FCC; William English, SBS; Jennifer Dorn, Dept. of Transportation. Conference is sponsored by *Satellite Week*. For reservations call Leslie Crismond, 202-8762-9200.

Stations may register calls for trademark protection, U.S. Patent and Trademark Office has ruled. Decision reverses order by examining attorney, who had ruled that call letters are property of FCC. Case was brought by WSM(AM) Nashville.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Feb. and 1985's first 2 months:

	FEB. 16-22	1984 WEEK	\$ CHANGE	FEB. 9-15	2 MONTHS 1985	2 MONTHS 1984	\$ CHANGE
TOTAL TV.....	420,965	431,770	- 2.6	350,711	2,591,190	3,038,818	-14.7
TOTAL COLOR...	342,553*	331,805	+ 3.2	291,037*	2,169,003	2,309,308*	- 6.1
DIRECT-VIEW..	337,925*	328,845	+ 2.8	286,716*	2,138,688	2,284,741*	- 6.4
PROJECTION..	4,628*	2,960	+56.4	4,321*	30,315*	24,567	+23.4
MONOCHROME....	78,412	99,965	-21.6	59,674	422,187	729,510	-42.1
TV EXCL. PROJEC.	416,337	428,810	- 2.9	346,390	2,560,875	3,014,251	-15.0
HOME VCR.....	196,117*	120,361	+62.9	181,331*	1,388,786*	823,904	+68.6
COLOR CAMERAS...	8,963*	8,502	+ 5.4	5,600	64,245*	60,764	+ 5.7

Color TV (direct-view) 5-week moving average: 1985--310,409*; 1984--307,589 (up 0.9%).

Home VCR 5-week moving average: 1985--193,100*; 1984--115,139 (up 67.7%).

* Record for period.

COLOR BREAKS THROUGH TO FEB. RECORD: Color TV was in record column again in Feb. after Jan. adjustment broke string of 17 consecutive monthly records. Meanwhile, VCR sales chalked up best 4-week month in history and 4th best month overall.

Color's sales pace returned with a vengeance, direct-view models hitting annual rate of more than 17 million after Jan. letdown to 13.2 million rate. For year's first 2 months, direct-view color sales still were down by 6.4% and ran at annual rate of just under 15.2 million. Color sales set records in 3 weeks of Feb., while one week was down from last year; in Jan., all 4 weeks trailed same 1984 periods. Color TV's 5-week moving sales average set record as of month's end.

VCR sales were up 72.4% in Feb., their annual rate for month picking up steam to exceed 12.6 million, as compared with just over 12 million in Jan. Rate for first 2 months was 12.4 million. VCR sales in first 2 months of 1985 were higher than entire year of 1981.

Projection TV sales to dealers accelerated as month progressed, 2nd half of Feb. seeing 55.7% gain over same 1984 period, with full month up 33.9%, year's first 2 months up 23.4%. Monochrome sales, down 57.5% in Jan., were off 23.9% in Feb.

Color cameras showed 2.2% decline in Feb. but were up 5.7% for first 2 months. Feb. decline actually was only 700 units. Camcorders aren't included in camera sales, but in VCR column, and their performance in Feb. unquestionably would have pulled cameras to new high had they been included.

Color inventories moved up another notch in Feb., pipelines gaining 2.1% during month to 2,516,000 sets, 25.6% higher than year earlier. Factory inventories, just under 2.1 million, were up only 0.6% from end of Jan. but increased 39.4% over 1984 month. Distributors kept inventories to 1,274,000 units, up 4.4% in month and 8.1% in year.

VCR inventories reached new high at end of Feb., but gain during month was less than 1% at pipeline level, although the 1,225,000 units in inventory were some 163% higher than year earlier. At factory there were around 765,000 units, up 1.3% in month and 152% in year, while distributor stocks dropped by 0.4% during Feb. to 460,000, but were up 176% from year earlier.

Here are EIA data on sales to dealers for Feb. Year-to-date figures are in State of the Industry above.

Product	Feb. 1985	Feb. 1984	% change	Feb. 1983
Total TV.....	1,495,306	1,514,477	- 1.3	1,362,498
Total color...	1,240,998*	1,180,384	+ 5.1	944,105
Direct-view.	1,224,564*	1,168,092	+ 4.8	934,147
Projection..	16,434*	12,292	+33.9	9,958
Monochrome....	254,308	334,093	-23.9	418,393
TV excl. projec.	2,478,872	1,502,185	- 1.6	1,352,540
Home VCR.....	750,773*	435,586	+72.4	246,797
Color cameras...	31,253*	31,952*	- 2.2	23,403

* Record for any Feb.

RCA'S FREDERICK--'WE'LL STAY NO. 1 IN TV': RCA is striving for manufacturing cost leadership in consumer electronics and will make necessary investment in plants and automated equipment to improve yield. "I don't see any cataclysmic change" in consumer market climate, "but I do see a need for investment -- we're No. 1 in color TV and we intend to stay there."

Thus, RCA Pres. Robert Frederick, who was elected CEO last week succeeding Chmn. Thornton Bradshaw, summed up key part of company's consumer electronics philosophy to us. Frederick joined RCA as pres.-COO in Sept. 1982 from GE, where he served in various posts, including group exec. of Consumer Products Group.

Among other consumer electronics challenges, Frederick cited "changing retail marketplace" with emergence of "power retailers." Asked about gravitation of production overseas, he replied: "RCA continues to produce many of our components in Taiwan and Mexico," and expansion could go to these areas or to Bloomington plant -- "but I do see need for investment."

Major problem is profits, he said: "We wrestled with the same thing at GE -- this is a cost-driven industry." He expressed hope that such upscale products as Dimensia and eventually digital TV would help put more profits in business but said industry constantly must continue to increase manufacturing efficiency to reduce costs.

Asked about RCA's agreement with Japan's Sharp to explore joint CMOS VLSI venture (TVD Dec 3 p14), he said project still is in early discussion stage. It doesn't mark major change in RCA's traditional go-it-alone policy, he added, but "in areas where we need more strengths and have something to bring to the party" RCA will participate in joint ventures.

RCA has finally convinced itself and financial community that "the enemy is outside and not within" and now can "get on with the race" in its chosen fields of communications, entertainment and electronics. Frederick, whose ascent to CEO this year was planned from start, said that perhaps its greatest significance was that "my succession has been a nonevent" after almost 2 decades of turbulence at RCA.

Although RCA has no plans to name a COO in near future, Frederick said, restructuring will continue. "In the last 2 years, more than 60% of our top managers have expanded, changed

or left their jobs. We are a dynamic organization... and I don't see that changing [and] as we go into new businesses, we'll be reshaping the organization on a regular basis... looking for fresh blood both from without and within the organization." Asked to cite biggest challenge of new post, he replied: "To find a successor who's more brilliant than I am... to help solve problems, improve internal communications... so our people can get about their business."

Bradshaw continues as chmn., post he has held since July 1981. As CEO, Frederick now is in charge of all of RCA's business, and all operating units report to him. Bradshaw said he will provide advice and oversight for CEO in areas of entertainment, public and govt. affairs and major acquisition planning.

JAPAN VIDEO EXPORTS UP IN JAN.: Japanese video equipment exporters got 1985 off to strong start in Jan., more than doubling VCR shipments to U.S. and posting modest but healthy increase in color TV, Finance Ministry figures show.

Japanese VCR exports to U.S. topped million level for 8th consecutive month in Jan., hitting 1.06 million, up 125.7% from same month last year. In TV, total imports were up 11.4% to 143,400, as total color rose 19.6% to 118,400 while b&w dropped 29.9% to 25,000. In color, exports of complete sets jumped 22.2% to 87,700 and chassis & kit shipments rose 12.8% to 30,700.

Final 1984 TV export results show Japan shipped 176,100 to U.S. in Dec., up 25.4%, with color ahead 42.7% to 137,300, b&w down 12.2% to 38,900. That put full-year combined total at 2.53 million, up 76.8%, including 1.95 million color, up 75.1%, 573,300 b&w, up 83%. Complete color exports gained 43.7% to 93,200 for month, up 82.1% to 1.2 million for year. Exports of color chassis & kits rose 40.7% to 44,000 in Dec., ended year at 752,500, up 65%. As previously reported, Japan shipped 11.9 million VCRs to U.S. in 1984, up 119% from 1983 (TVD Feb 25 p11).

COLOR SUPPLY SET RECORDS IN 1984: Not surprisingly in what was peak year for sales to dealers, U.S. factories and importers combined to set record for color TV supply last year, our analysis of EIA and Commerce Dept. figures show. Industry also set all-time quarterly high in Oct.-Dec. in something of role reversal, as record color output by domestic plants made up for decline in imports.

Total 1984 color supply of just under 17.2 million was up 22.5% from previous record set in 1984, paced by 27.6% rise in imports to new annual high of nearly 5.36 million. But U.S. factories rewrote record book too, with output up 20.3% to 11.8 million, to top the 10.5 million record set in 1980.

U.S. plants really turned on production heat in 4th quarter, cranking out nearly 3.2 million color sets, up 18.2% from same 1983 period and easily eclipsing 2.96 million record set in opening quarter last year. In contrast, imports of 1.19 million were off 20.5% from same 1983 quarter and down 21.7% from record 1.52 million in 3rd quarter. As there were signs that traditional U.S.-brand color manufacturers held down output in 4th quarter to trim inventories, good portion of credit for production rise in period probably should go to U.S. color assembly plants run by Japanese, Korean and Taiwanese. Their increased U.S. output could account, in part, for import decline.

Combination of domestic production rise and import drop left U.S. factories with 72.8% share of 4th-quarter color market on new supply level, up from 64.3% in same 1983 period. That's first such quarterly rise since 1982 and highest quarterly share since 76.8% of Jan.-March 1983. For year, however, U.S. color market share slipped to 68.8% from 70.1%. On relative basis, U.S. plants cut down on use of imported color kits and essentially complete chassis. Such shipments rose 19.5% last year to 3.31 million, representing 28% of domestic

production, down from 28.1% in 1983. Even so, it indicates 50.4% of new color sets were either imported or assembled from imported parts, up modestly from 49.7% in 1983.

U.S. TOTAL TV SUPPLY, 1984 vs 1983

		U.S.- Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1984....	11,834,000	+20.3	11,818,000	+24.7	23,652,000	+22.5
	1983....	9,835,000		9,480,000		19,315,000	
Color TV	1984....	11,834,000	+20.3	5,356,000	+27.6	17,190,000	+22.5
	1983....	9,835,000		4,199,000		14,034,000	
B&w TV	1984....	--	--	6,462,000	+22.4	6,462,000	+22.4
	1983....	--		5,281,000		5,281,000	

FOURTH QUARTER

		U.S.- Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1984....	3,195,000	+18.2	2,560,000	-17.1	5,755,000	-0.6
	1983....	2,704,000		3,087,000		5,791,000	
Color TV	1984....	3,195,000	+18.2	1,192,000	-20.5	4,387,000	+4.3
	1983....	2,704,000		1,500,000		4,204,000	
B&w TV	1984....	--	--	1,368,000	-13.8	1,368,000	+13.8
	1983....	--		1,587,000		1,587,000	

*U.S. production includes sets assembled from imported chassis and kits; imports are complete sets only.

Are VCR-owning phono record buyers switching to music video? Street Pulse is collecting opinions on that from more than 2,000 music retailers and poll 1,500 shoppers in Atlanta, Dallas, L.A., Minneapolis and N.Y., will present results at annual NARM convention this month. Study released by SP last summer indicated strong consumer interest that hadn't yet been translated into videocassette sales. Presentation will be part of NARM home video panel at Hollywood, Fla. meeting. Street Pulse Pres. Michael Shalatt said retailer involvement with videocassettes "hasn't been consistent."

RCA filed 20 suits in 3 federal courts charging infringement of Cole patent, which it says covers digital generation of characters on video display. Among those charged are Atari and Warner Communications, Coleco, Commodore, Sinclair and Timex, Harris, Honeywell, Burroughs, Kaypro, Nixdorf, Televideo, Wang, Xerox. U.S. Appeals Court, D.C. last March upheld validity of 1967 patent and judgments of infringement were entered against Hazeltine, Lear Siegler and Applied Digital Data Systems. RCA in 1984 filed suits against Data General and U.S. govt.

TV stereo broadcasting started last week on 2 PBS stations and a CBS affiliate, bringing number of stations known to be transmitting multichannel sound to 23. PBS starters are WCET Cincinnati and KUED Salt Lake City; CBS affiliate is WBTV Charlotte. WCET's introductory program featured The Music Man in stereo. Imminent starters include KERA-TV Dallas (PBS), KSL-TV Salt Lake (CBS), WVIZ-TV Cleveland (PBS), WNET N.Y. (PBS), WMHT Schenectady (PBS).

Multicompany R&D venture Microelectronics Computer Technology Corp., set up in Jan. 1983, is first such cooperative to get antitrust clearance from Justice under National Cooperative Research Act passed by Congress last fall. Agency said it's reviewing 14 other ventures seeking clearance under act that limits damage payment liability of members of approved ventures should court later find that joint R&D effort had anticompetitive effect.

Revised standard for color coding of electronic components and cables, EIA-359-A, is available at \$9 from EIA Standards Sales Office, 2001 Eye St. N.W., Washington 20006.

CHINA'S VIDEO BUILDUP: China continues to buy its way into world video manufacturing mainstream. Latest purchases include Laservision videodisc assembly plant from N.V. Philips and new color TV plants from JVC and Toshiba. In addition, it's accepting offers for color picture tube plants.

Philips received 2nd order for finished Laservision players, as well as assembly plant contract, from Chinese city of Shenzhen. Contract, valued at \$90 million, calls for Philips to supply production equipment and know-how for player assembly to start this year, along with parts needed for output of 200,000 players over next 3 years. Philips also will get \$9 million for 10,000 PAL-standard players it will ship during startup period. In Dec., Philips received \$14.3 million order for 10,000 players and 1.5 million custom-pressed videodiscs.

In announcing contract, Philips Vp C.J. Van Der Klugt said company has maintained faith in LV, although "to develop it was expensive and its acceptance in the marketplace was not perhaps as fast as we expected." Company's "patience with LV is now rapidly justifying itself," he said, and Philips expects additional player sales to China "while the market in the West will also grow rapidly, partly due to a reduction of the cost price which has now become possible."

JVC said it has agreed to supply color TV production equipment and technical assistance for 2 more factories. One contract, for \$7.7 million with city of Nantong, calls for plant with annual capacity of 210,000 to be operational by Sept. Other, \$3.8 million facility in Dadong, is to start production at 150,000 annual rate in Oct. Toshiba also has contracts for 2 new plants, each with design capacity for 200,000 sets annually, with one to start production in Oct., other in Jan.

To date, JVC has equipped or agreed to supply China with 17 color factories, representing combined annual capacity of 2.3 million, while Toshiba has received orders for 7 color plants, representing million sets annually. China is expected to absorb up to 6.5 million color sets this year.

Meanwhile, Hitachi said its joint color manufacturing venture in Fujian will build new plant with startup capacity of 400,000 sets annually, rising to 700,000 in 1987. Existing facility, now producing at rate of 300,000 a year, will drop back to 200,000 as some space will be converted for production of tuners and other components.

International scramble is on for \$1.2 billion in contracts expected to be awarded this year for construction of color picture tube plants in 6 Chinese locations. RCA and Philips are expected to win one each. Bidding for others are Japanese tube makers Hitachi, Matsushita, Mitsubishi, Sony and Toshiba.

CHOOSING UP CAMCORDERS: Betamovie, 8mm Video, VHS-C Video Movie, full-sized VHS -- these 4 camcorder options are dividing Japanese VCR manufacturers and eventually could create new loyalties.

Some VCR manufacturers make 2 types of camcorders, some one, some none at all. Making 2 types are Sony (Betamovie and 8mm) and Matsushita (VHS and 8mm). Sony sells both formats under own name and makes them for other brands. Matsushita makes 8mm for Kodak and GE but so far is reserving its own brands (National, Panasonic, Quasar) for VHS camcorders.

Toshiba is making 8mm camcorder for Polaroid and in Japan, at least, is launching full-sized VHS camcorder under own name -- to be made by Matsushita, which makes 8mm camcorder for Kodak. Toshiba also sells Betamovie camcorder -- made for it by Sony, which makes Betamovie for rest of Beta group as well.

Actually, only 2 manufacturers are known to be planning to make large-cassette VHS camcorders -- Matsushita and Hitachi, which supplies RCA. Mitsubishi will start selling VHS camcorders in Japan this summer, but they'll be made by Matsushita or Hitachi.

Most film camera companies seem to be choosing 8mm Video format. This includes Fuji and Kyocera (Yashica), to buy from Sony, and Canon (making its own portable 8mm deck), in addition to Kodak and Polaroid. However, not all photo companies are going 8mm -- Asahi and Minolta are expected to go VHS, buying camcorders from Hitachi. Also offering 8mm camcorders in Japan are Aiwa and Pioneer, both buying from Sony.

Also firmly in several camps is Sanyo, which offers Betamovie camcorder and 8mm deck (but not 8mm camcorder) and whose Fisher subsidiary is understood to be considering VHS camcorder.

OEM brands already announced for Matsushita's VHS camcorder in U.S. are GE and NAPCE's Magnavox, Philco and Sylvania, in addition to Panasonic and Quasar. In Europe, according to Japanese reports, Grundig and Philips will sell Matsushita-made units.

JVC's VHS-C recorder using 20-min. minicassette (expected to be upgraded to one hour) is offered in U.S. by Zenith, in addition to JVC, and in Europe by Thomson brands (Dual, Nordmende, Saba, Telefunken), ITT and Thorn EMI.

Electronic typewriter plant is to be built in North Wales by Japan's Brother at cost of about \$4.5 million. Scheduled for completion early next year, facility will employ about 150, have capacity for about 240,000 machines annually, which would about equal 65% of Europe's typewriter imports from Japan last year.

SPRING CATALOGS: Prices in spring-summer mail order catalogs are largely unchanged from fall-winter versions, as are product offerings, except for Montgomery Ward, which emphasizes national brands in expanded catalog.

Sears reduces lead Beta VCR by \$30 to \$290, with wireless version at \$490, Beta Hi-Fi \$690. VHS models start at \$490 for 4-event wireless remote model, 105-channel model \$640, VHS Hi-Fi \$880 through April 2, \$980 thereafter. Portable VHS with tuner-timer is \$940, Sanyo-made 2-piece 8mm portable is \$1,200. Saticon cameras are \$790 and \$890, Sanyo branded CCD camera at \$1,000. Although catalog explains Sanyo camera can be used with VHS, Beta or 8mm VCR, Sears then commits goof by adding: "Sanyo 8mm Video Tape ... for camera above... \$24.99."

Sears' color TVs, largely unchanged in price (except as noted) include 5" AC-DC at \$270; 12" at \$260; 13" at \$270 (down \$20), ladder-tuned model \$290, remote version \$340, higher resolution monitor receiver with RGB \$340; new 14" scan remote \$370; 19" color starts at \$299 (up \$10), ladder-tuned model \$340, 112-channel keypad model \$340 (down \$150), similar set \$420, with bilingual SAP tuning \$450; 19" remotes start at \$440, another at \$490, double-ended stereo remote \$690; 20" stereo set is \$540, remote version \$590, remote without stereo \$540, stereo remote monitor receiver \$590 through April 2, then \$690.

In 25" models, remote-ready table model is now \$590, vs. \$690 for predecessor, and remote kit is \$30 (vs. \$50); remote-ready consoles are down \$30 to \$650 (with remote down \$50 to \$680), other remote consoles \$520, \$550, \$780 and \$840, double-sided stereo console \$840 to April 2, then \$990.

Once again, Sears was caught between computer price cuts. Catalog advertises now-reduced Commodore 64 at old price of \$200, other Commodore computers at similarly high prices, has page of Commodore software.

Montgomery Ward is testing new idea, with 4 catalogs bound into one for most consumers, but with 1.2 million receiving 2, 3 or 4 separate specialized catalogs. The 4 books are Electronics, Furnishings, Home & Leisure, Fashions.

Electronics catalog features 43 color sets and 15 VCRs under 7 brand names. In VCRs, only 2 of Ward's recorders survive, both reduced \$150, to \$350 and \$450. Most of brand name products have special prices through May 15. Among VCRs: Sony Beta Hi-Fi \$700, Betamovie \$1,200, Sanyo \$430 and \$470, GE from \$500, RCA and Panasonic from \$600.

In color TV, Ward's 13" models start at \$240 (up \$10), with ladder-tuned unit \$250, keypad remote \$350; 19" start at \$300 and \$350, with both keypad and scan remotes at \$400; 20" remote monitor receiver is \$450; remote 25" table models \$600 and \$630, monitor receiver with channel blockout \$650;

consoles start at \$500, remotes \$570, \$650, stereo adaptable \$700, built-in stereo \$750 and \$800. Among name-brand sets are GE bilingual 19" color at \$330, Sony 4" Watchman \$180, with GE, Magnavox, Panasonic, RCA and Sharp sets also featured. Highest priced set is Sony 16" stereo console at \$1,250.

Ward features Commodore computers (again, model 64 at \$200), including portable at \$900, plus Epson Geneva LCD portable \$995, Zenith monitors, page of Epson printers.

J.C. Penney has 8 own-brand VHS VCRs starting at \$600, 2 cameras, one combination audio-video rack system, including 19" monitor at \$600, with entire system including VCR, monitor, speakers, turntable, other audio components at \$2,000, claimed to be saving of \$1,000.

In color TV, Penney's 9" AC-DC is \$300, with 13" at \$300, keypad remote \$350, cable-capable version \$380, monitor receiver \$400; 19" at \$350 and \$450, remote \$450, cable version \$500, stereo monitor receiver \$600; 25" remote table model \$700, monitor receiver \$900; consoles start at \$600, remote at \$700, 2-sided stereo adaptable unit at \$900. Penney catalog shows computer furniture but no computers.

American Express's most recent catalog again emphasizes electronics, lists 15 TV sets and 11 VCRs. Among products: Sony 4" Watchman, Profeel, portable, console and projection TV, Betamax, Betamovie; Sharp TVs, portable VCR and camera, table VCRs; JVC TVs, VCRs and camera; Proton component TV; Toshiba TV; Akai audio-video stereo amplifier and switcher with built-in 4" TV monitor. Most items are priced at or above suggested list.

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Court appeal of FCC's decision to permit marketing of 2-channel TV will be considered by NAB, Senior Vp-Gen. Counsel Henry Baumann told us last week. Commission majority upheld its decision of last June that set that can receive only Ch. 3 and 4 is monitor, not receiver, therefore isn't subject to all-channel rules (TVD June 18 p10). In new 3-2 decision, majority said those objecting to its original ruling presented no new facts. Once again, Comrs. Quello and Rivera dissented, Rivera noting that "while 6 petitioners sought reconsideration of this decision, not one party, not even the original petitioner, has expressed continued support." Original petition was filed by Sanyo Mfg. Co. However, EIA Consumer Electronics Group in Jan. unanimously opposed FCC action (TVD Jan 21 p12); Sanyo Electric is member of CEG.

Hitachi's 2nd European VHS VCR assembly operation is slated to go on stream at its U.K. color TV plant in July. Hitachi said it will spend \$1.1 million to equip plant for production of 10,000 monthly, though startup rate will be half that. Company's main European VCR plant is in Germany, where output is being tripled to 30,000 monthly.

ZENITH, GE REPORT: Steepest color TV price cuts in 10 years all but offset beneficial effect on operating earnings of record color TV and VCR unit sales last year, Zenith said in annual report. Zenith consumer electronics sales rose 15.1% last year to \$1.06 billion (TVD Feb 25 p14).

While dollar volume from consumer electronics was up by \$52 million in 1984, selling prices were down by \$48 million. Increase of \$6 million in payroll and materials costs was virtually balanced by \$5 million gain from design and manufacturing efficiencies, leaving Zenith with \$3 million improvement in operating income. Zenith also had \$7 million rise in sales of computer products, CATV equipment and components, \$1 million gain on sale of plant, but absorbed \$6 million in increased interest expenses.

In message to holders, Chmn. Jerry Pearlman said Zenith's unit VCR sales in 1984 were 350% higher than in 1982 -- volume was down in 1983 as company prepared for last year's switch from Beta to VHS format -- and exceeded its combined total sales of last 7 years. Record color volume came as Zenith maintained its market share in 19" and 25" models but failed to match industry's near 50% increase in 13" because it "did not choose to match fully the widespread price reductions brought about by the dumping practices of Far Eastern manufacturers." Zenith, he said, expects to improve color margin situation this year by expanding number of stereo audio models and introducing new screen sizes, including 27".

Zenith spent \$66 million on capital improvements in 1984, primarily on expansion of components production, construction of wood cabinet plant in Mexico and picture tube development. Outlay for this year will be in \$60-\$80 million range, funds mainly earmarked to support launch of new consumer electronic, component and computer products.

GE gave consumer electronics short shrift in annual report. But while it didn't list CE among either its core or high-tech businesses, neither was it placed among specific areas of disappointments. In fact, CE didn't get single mention in expository section of report.

First indication that GE is indeed in TV-audio business comes in financial section, where report presents revised table of operating results by business segments. Old consumer products classification has been divided, with one segment now for major appliances; other, which keeps former consumer products designation, includes CE, batteries, mobile communications, lighting products and company's one remaining TV station, KCNC-TV Denver.

Report shows earnings from consumer products jumped 39.9% last year to \$228 million, and while revenue was up only 3.1% to \$3.86 billion, increase was 14% after adjusting for sale of housewares

operation in 2nd quarter 1984. Improvement was led by lighting operation, report says, adding that "consumer electronics and the battery business also had a good year."

MATSUSHITA-GOLD STAR TIE: Japan's Matsushita and Korea's Gold Star have agreed in principle to cooperative effort in consumer electronics and appliances. It's first such expansive arrangement between Japanese and Korean companies -- other links have involved only Japanese sales of technology or participation in joint Korean manufacturing ventures, with limited product scope -- and is similar to Matsushita-GE agreement last year (TVD July 16 p12).

Matsushita is understood to be prepared to offer Gold Star immediate technological aid on color TVs, refrigerators and air conditioners, but is holding back for time being on similar help on VCRs. That's presumably to help Japanese maintain lead in know-how over Koreans in higher priced hi-fi and camcorder models. In addition, companies say they'll be supplying each other with suitable products on OEM basis.

Philips is discussing VCR production joint venture with Korean interests. Spokesman in Eindhoven confirmed that talks are in progress but said nothing has been finalized. Report in Japan indicated Philips would provide 70% of capital for venture, which would serve primarily as export base for Far East.

While Atari, Commodore and Coleco Adam computers are engaged in price cutting war for low end of personal computer market, Apple has made some moves that could spark similar battle for sluggish upscale end. In apparent bid to get sales going at retail, Apple trimmed \$300 from dealer cost of packaged Macintosh system that includes extra disc drive and printer along with computer, and is offering \$100 to retail store salesmen for each system sold. To spark action for its lower cost Apple II models, it's offering consumer rebates ranging from \$30 for basic computer to \$300 for complete system. To help trim its own inventory, Apple said 3 plants will close next week, and 4th, where Macintosh computers are assembled, will shut down for week next month. Meanwhile, Commodore, in preparation for introduction of 16-bit computers, said it's increasing number of authorized service centers in U.S. from 650 to 1,000, including 160 RCA Service locations. It also is adding toll-free customer service hotline, setting up special service training program for schools and regional service agencies.

Taiwan's first computer disc plant has been opened by Dimerco High-Tech. Firm's \$3.75 million facility has capacity to turn out more than 75,000 3.5" and 5.25" discs daily, expects first year sales of \$6 million. Dimerco said it has received 5-year purchase contract from major U.S. customer.

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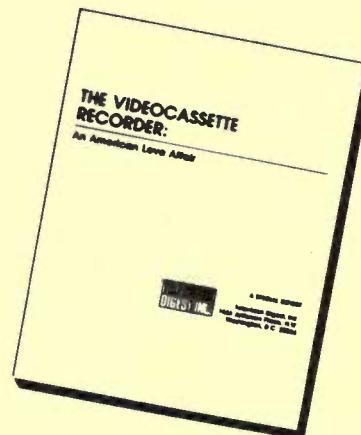
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Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
BMC Industries			
1984-year to Dec. 31	333,317,000	1,947,000	.38
1983-year to Dec. 31	144,599,000	7,788,000	1.66*
1984-qtr. to Dec. 31	95,808,000	(299,000)	--
1983-qtr. to Dec. 31	38,022,000	1,949,000	.38*
Certron			
1985-qtr. to Jan. 31	6,154,000	(95,000)	--
1984-qtr. to Jan. 31	6,227,000	39,000	.01
Dynascan			
1984-year to Dec. 31	125,271,000	(16,042,000)	--
1983-year to Dec. 31	173,439,000	8,777,000	1.94*
1984-qtr. to Dec. 31	30,027,000	(5,454,000)	--
1983-qtr. to Dec. 31	44,303,000	1,640,000	.36*
Malrite Communications			
1984-year to Dec. 31	76,974,000	2,468,000	.30*
1983-year to Dec. 31	46,887,000	5,088,000	.73*
1984-qtr. to Dec. 31	23,152,000	1,259,000	.15*
1983-qtr. to Dec. 31	14,267,000	636,000	.09
Philips NV*			
1984-year to Dec. 31	13,970,000,000	288,300,000	--
1983-year to Dec. 31	12,080,000,000	173,200,000	--
1984-qtr. to Dec. 31	4,290,000,000	85,200,000	--
1983-qtr. to Dec. 31	3,470,000,000	76,600,000	--
Texscan			
1985-9 mo. to Jan. 31	56,495,000	(1,098,000)	--
1984-9 mo. to Jan. 31	60,969,000	3,280,000	.48*
1985-qtr. to Jan. 31	17,708,000	(2,085,000)	--
1984-qtr. to Jan. 31	20,831,000	1,906,000	.27*
Turner Bcstg.			
1984-year to Dec. 31	281,732,000	10,062,000	.49*
1983-year to Dec. 31	224,532,000	7,012,000	.34*
1984-qtr. to Dec. 31	71,087,000	1,974,000	.09*
1983-qtr. to Dec. 31	57,924,000	(5,110,000)	--*
Western Union			
1984-year to Dec. 31	1,133,978,000	(58,377,000)	--*
1983-year to Dec. 31	1,044,829,000	(59,097,000)	--*
1984-qtr. to Dec. 31	289,115,000	(62,244,000)	--*
1983-qtr. to Dec. 31	269,443,000	(125,769,000)	--*

Notes: *Restated. *Adjusted. **Includes special credit.
*At guilder's current rate. *After special charge.

ITA SEMINAR: Market potential of videocassette players, as well as recorders, will get open discussion for first time at ITA's 15th annual Audio-Video Seminar in Tampa March 20-23. Panel will include Steven Isaacson of JVC, Roger Heuberger of Quasar, Harvey Urman of Funai sales agent Harjoy and Ted Thrush of Portavideo. Other hardware highlights include talks on video-audio systems by RCA's Bruce Allen and on 8mm Video by Kodak's Richard Lorbach.

In video software, panels and individual presentations will cover outlook for videodiscs, videocassette duplication and distribution, status of cassette rental vs. sale, marketing of blank videocassettes. Among other topics on agenda are status of audio cassette industry, digital audio cassettes, use of digital audio Compact Disc for computer data storage, status of computer floppy disc market. Attendees also will get rundown on status of Europe's video market. Full seminar details from ITA, 10 Columbus Circle, N.Y. 10019

Consumer Electronics Personals

Robert Frederick, RCA pres., adds post of CEO (see separate story), succeeding Thornton Bradshaw, who continues as chmn. and will retain oversight responsibility for such entertainment areas as NBC, RCA Records and video; **Bruce Babcock** advanced at RCA Videodiscs to mktg. vp, adding responsibility for sales of RCA product through RCA distributors, while retaining coordinating custom pressing activities... **Ross Roeder** will resign this summer as chmn.-CEO, Fotomat Corp.; **Shigeru Suzuki** of parent Konishiroku Photo named interim pres.

Mitch Horwits, ex-Universal Pictures, named programming and acquisition vp, CBS/Fox Video; **Arthur Aaron**, ex-CBS, appointed vp-treas., new post; **Ira Schreck** named assoc. counsel... **Jesse Wittenberg** moves from Embassy TV to Embassy Home Entertainment as programming senior vp,... **Steve Macon**, ex-ZBS Industries, joins Active Home Video as national sales mgr.; **Dennis Handler**, ex-Paramount, named controller... **Chris Collins** advanced from European finance and administration dir. to European operations vp, MGM/UA Home Video.

Robert Tammero advanced at Federated to pres. of Bloomingdale's retail unit, succeeding **James Guinan**, now chmn.-CEO of mass merchandiser Caldor; **Robert Anderson** promoted to pres. of Abraham & Straus stores, replacing Tammero... **Theodore Deikel** appointed chmn.-CEO of Minneapolis liquidator C.O.M.B., succeeding **Dennis Carlson**, resigned... **David Ruggles**, ex-Pneumo, joins Coleco as finance exec. vp, succeeding **Frank Alfieri**, resigned... **Ronald Posner** named Ashton-Tate computer software sales and mktg. exec. vp.

Norman Neumann, North American Philips exec. vp, assumes interim duties as CEO of IC maker Signetics, replacing Pres. **Charles Harwood**, resigned. While companies are not directly related, controlling interest in both NAP and Signetics is held by U.S. Philips Trust... **James Simpson** joins ITT as pres. of printer manufacturing subsidiary Qume, succeeding **Fogar Gower**, now with MiniScribe.

MPAA battle against concept of twin-deck VCR was taken to op-ed page of N.Y. Times last week by Pres. **Jack Valenti**, who described Sharp machine sold only in Mideast (TVD Jan 28 p15) as "the cruellest blade of all" in program piracy. His dark prognosis: "You are now in the pirating business right in your own home, courtesy of this new device. All you have to do is go to your local video store, rent 3 movies for \$2 each, bring them home and call your friends. They arrive with their blank tapes; at the end of the night, each has several films permanently inscribed on tape... For something like \$6 in total rental costs and from \$8 to \$10 per blank tape, the group now owns movies costing a collective \$50 million!" Valenti foresees "several million such taping parties a week," causing "the slow hemorrhaging of a precious national trade asset," with surplus of more than \$1 billion annually.

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IN THIS ISSUE: TELEVISION DIGEST'S ANNUAL VCR MARKET-SHARE SURVEY

MARCH 18, 1985

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CABLE COPYRIGHT ESCALATES: As 1984 payments approach \$82 million, issue's importance grows in uncertain regulatory climate. (P. 6)

SHAKEUP AT ABC BCST. GROUP: Cohen named exec. vp over several divisions, Mandala to ABC TV pres., Duffy to communications pres. (P. 6)

NPR GETS FUNDS from CPB for FY 1985. (P. 7)

JUDGE URGES CBS-FIM TO COMPROMISE ON STOCKHOLDER LIST: Federal judge in N.Y. has urged CBS and Fairness In Media to reach agreement on FIM's demand for list of network's stockholders in conservative group's attempt to take control of CBS through stock purchases. FIM supporter Hoover Adams sued CBS in attempt to get stockholder list. CBS countersued, claiming that FIM wanted names for improper purposes and had violated securities laws.

Addressing N.Y. security analysts March 14, CBS Chmn. Thomas Wyman said FIM had asked what it would cost to have CBS mail FIM's materials to stockholders. He didn't give cost of special FIM mailing, but CBS proxy statement puts figure for routine mailings at \$60,000. (Note: AP, in March 15 in dispatch from Raleigh, said U.S. Dist. Court Judge William Conner had ordered CBS to turn over list to FIM, corrected that hour later to say judge had urged parties to reach out-of-court agreement.)

Consumer Electronics

VCR MARKET SHARES show relatively little change from 1983 to 1984. Biggest gain made by Fisher. Top 6 brands of the 34 ranked total 52.5% of the business. VHS market share is 83%. (P. 10)

COLECO LOST \$259 MILLION from electronics in 1984, including \$118 million Adam writeoff. Colecovision future in doubt. Commodore inventory at worrisome level. (P. 12)

VCR IMPORTS JUMPED to record 1.58 million in Jan., Commerce figures show. First shipments from Korea. TVs, cameras, videotape players joined in rise. (P. 12)

CABLE WILL MISS BOAT in digital TV and HDTV as it has with stereo because of failure to invest in R&D, Blonder charges. He says Sony will have 1,000-line system this summer. (P. 14)

KODAK TO BUY computer disc maker Verbatim for \$175 million. Toshiba acquires control of Sord. RCA, Bertelsmann set music merger terms. (P. 15)

RCA VIDEO PRODUCT SALES rose 19.6% to \$1.95 billion in 1984, but videodisc costs produced lower earnings from consumer electronics. Digital TV is R&D focus. (P. 15)

Conner also refused to rescind subpoena for Ted Turner, said CBS is "entitled to explore if there is a connection" between FIM, led by Sen. Helms (R-N.C.), and Turner -- who had Washington lawyer (ex-FCC Chmn. Charles Ferris) explore procedures to be followed in any unfriendly takeover attempt of TV network (TVD March 11 p1). CBS is due to take deposition today (March 18) from Turner in Atlanta; Turner will be represented by Jack Zepp of L.A. law firm Latham & Watkins. According to Charlotte News & Observer, network planned to take depositions March 15 from FIM supporters Hoover Adams, Thomas Ellis and James Cain -- codefendants in CBS suit against FIM. FIM had asked that depositions be stayed until Conner ruled on FIM's motion to dismiss CBS suit.

In related development, CBS subpoenaed 5 brokerage firms to determine whether they handled purchases of CBS stock by Turner or FIM supporters. CBS said subpoenas were issued March 11 "in connection with the company's efforts to discover the nature and extent of Ted Turner's trading in CBS stock on Feb. 28 and March 1." CBS shares were particularly active those 2 days after disclosure of Ferris visits with FCC commissioners. Proxy solicitor Georgeson & Co. said it has been retained by FIM to gather proxies of CBS holders.

CBS already has spent \$175,000 to combat FIM takeover threat, estimates it would cost \$60,000 to solicit proxies backing management if FIM tries to line up shareholder support, company said in proxy statement for April 17 annual meeting in Chicago. It said law firm Morrow & Co., hired to help combat FIM, estimates its fee will be \$25,000 plus expenses.

Wyman has written stockholders asking for support. Noting that FIM has indicated it would nominate candidates for CBS board and propose resolutions at stockholder meeting, Wyman said: "Your board of directors firmly believes that FIM's charges [that network news is biased on liberal side] are unfair and unwarranted and that FIM's campaign is but an attempt to change the content of CBS news reporting to reflect FIM's own partisan views... While your board regrets the cost, both in money and executive time, which are a necessary part of responding to FIM's efforts, it believes such costs are a small price to pay to protect the reputation" of CBS News.

Wyman repeated to N.Y. security analysts company's strong opposition to any attempt by FIM to acquire control, said "we have not seen the broadcasters who would be qualified in our terms" to take over and run network. Wyman told analysts: "There is no financial substance behind reports that Ted Turner plans to take over the network... any network." (Note: Day after Wyman and other CBS officials met with analysts, network's stock jumped 3-1/2 points to 86-3/8. Said Alan Kassan, who recommends accumulation of CBS stock: "Network programming costs are finally under control and it came through loud and clear that CBS Broadcast [Group] is very healthy.")

After session with analysts, Washington Post reported, Wyman said: "[Turner] is not qualified because he doesn't have the conscience. When what you are broadcasting goes out to 70 million people, you better be thinking about something broader than the things I think occupy [Turner's] thinking, and that includes money."

Wyman said CBS is taking FIM seriously because it doesn't want to look weak or indecisive to those who might have real capacity to make move against CBS. But Wall St. apparently isn't taking FIM or Turner seriously: only 3 questions from analysts dealt with takeover. Many focused on impact of acquisition of Ziff-Davis consumer magazine group. Wyman said \$362 million purchase will reduce 1985 earnings by something less than \$1 a share.

Costs in broadcast group were up 9.9% in 1984 -- just under 10% goal -- with increase expected to be 8% or less this year, Bcst. Group Pres. Gene Jankowski said. Upfront sale of ads in daytime looks as good as previous season, with prices up, while 2nd-quarter scatter market is "healthy," he said. Citing recent developments in Washington on beer and wine ad issue, Jankowski told meeting CBS is "encouraged that right will prevail and that legislation will not pass."

CBS purchases of its own stock are possible some time this year, Wyman said, noted company planned similar move last year before Z-D acquisition. He expressed little interest in buying more stations, said "prices of stations of all sizes and shapes are very high." There are several stations CBS would like to buy "and most of them know we would love to," he said. (Reports are widespread that CBS has shown interest in purchasing affiliates WTVJ Miami and WNEV-TV Boston.)

CBS/Fox Video had pretax earnings of about \$50 million on revenues of \$300 million last year, reported Finance Senior Vp Fred Meyer. Within about year, joint venture with 20th Century-Fox should be producing \$1 per share in earnings for CBS, he said.

Proxy statement shows Wyman resumed position as CBS's highest paid officer, with cash compensation last year of \$1.16 million, including \$560,000 in bonuses. CBS Records Group Pres. Walter Yetnikoff, who was leader last year on strength of \$728,000 bonus, was 2nd at \$939,800, including bonus of \$560,000. Jankowski received \$830,600, including \$411,400 in bonuses. Added bonus for Wyman, starting in 1991, is 3-year appreciation rights package on 62,500 shares. Each year, he can collect difference between base price of \$79.50 and then-current value of each of 15,625 shares, or let rights ride until Nov. 1996. He can, however, use all unexercised rights if there's change in CBS management.

QUELLO HITS BROADCAST NEWS: "Arrogance" of TV news reporters is undermining credibility of medium, FCC Comr. Quello said March 11 at 2nd annual Business of TV News Conference in Washington, sponsored by Television Digest Inc. and McHugh & Hoffman. Blasting TV news for "biting the hand that feeds it," he said medium has "trivialized" U.S. govt. and other institutions, fueling arguments of "those who would retain, even tighten, the straitjacket on electronic journalism."

Citing "adversarial excesses" and "insolence" of reporters at White House news conferences, Quello said: "It's presumptuous to believe that the media was anointed on high as the nation's... omnipotent judge and jury."

Quello sided with Gen. William Westmoreland in latter's libel suit against CBS, said that general was "unjustly maligned" and that network's documentary about Vietnam War troop estimates was "one-sided" and "shoddy journalism." "As I see it, Gen. Westmoreland made a command decision regarding enemy strength which he had the right and obligation to make, right or wrong... CBS won the lawsuit but suffered a journalistic embarrassment and a public relations defeat."

On CIA's fairness complaint against ABC, Quello warned: "It's fortunate that the present FCC doesn't believe in substituting its editorial judgment for that of a broadcaster." He called ABC report about alleged CIA murder of Honolulu businessman an "unbelievable accusation" for which he said network failed to apologize adequately. Quello urged broadcasters to stick to facts, asked them to reexamine attitudes, manners and adversary mentality. Repeal of fairness doctrine probably won't come, he said, until Congress is convinced that broadcasters have earned it.

Upcoming speakers at N.Y. Academy of TV Arts & Sciences: March 20, Leavitt Pope, WPIX N.Y. pres., on "Rise of Independent Stations"; March 27, CBS Vp-Gen. Counsel George Vradenburg on "Westmoreland Case: What Happened and Why"; April 4, Robert Metz, Financial News Network managing editor, on "Scooping the Financial Press on TV"; April 25, Frank Biondi, Coca-Cola exec. vp-entertainment business sector, no topic announced; May 15, Ted Turner, Turner Bestg. System chmn., no topic announced. Drop-in luncheons are at Copacabana; reservations, 212-765-2758.

A.C. Nielsen has formed Nielsen Syndication Service "to better meet the needs of the rapidly growing program syndication" business. Service will have hq in N.Y. under Exec. Vp Andrew Faller, formerly mktg. dir., Nielsen TV Index. Jerome Infantino, TV Index vp, named NSS national sales mgr.; Ann Rosenberg moves from TV Index to NSS local sales mgr.

KQED San Francisco and NABET have agreed on new 3-year contract, effective March 1. Public TV station's board will be asked to ratify agreement March 28; union already has done so.

TvB, OTHER ASSN. SALARIES: TvB Pres. Roger Rice was paid \$156,566 for tax year ended Sept. 30, 1982 -- putting him ahead of \$150,000 paid NAB Pres. Edward Fritts for his first year on job, starting in Aug. 1982. TvB had income same year of \$4.71 million (\$4.42 million from dues), expenses of \$4.69 million. Information for TvB and other industry associations was taken from IRS tax returns.

TvB Exec. Vps George Huntington and Robert Lefko were paid \$110,756 and \$104,144, respectively; Senior Vps Richard Severance and Harvey Spiegel, \$84,778 and \$70,355, respectively. Salaries of TvB vps (all still with Assn.) making more than \$50,000 for year ended Sept. 1982: Robert Baker \$73,808, Joe Gavin \$66,955, Perry Bascom \$63,823, Arthur Trudeau \$61,064, Robert Fairbanks \$60,789, Charles Hanson \$58,241, Robert Grebe \$53,453.

In 1983, Advertising Research Foundation had income of \$1.8 million, \$1.58 million in expenses. Pres. Michael Naples was paid \$135,000, Vp James Moore \$63,077, Research Dir. Robert Chestnut \$57,852. Advertising Council had revenue of \$5.08 million for fiscal year ended June 30, 1983, expenses \$5.04 million. Pres. Robert Keim received \$108,846, Senior Vp Aldo Podesta \$66,885.

Screen Actors Guild had revenue of \$10.09 million (\$8.86 million from dues) for year ended Oct. 31, 1983, expenses of \$10.01 million. National Exec. Secy. Alfred Orsatti was paid \$64,625, with \$24,502 expense account; N.Y. Exec. Secy. John McGuire received \$63,175, \$22,793 expense account. Morality in Media had income of \$926,636 (\$821,895 from contributions), expenses of \$761,459, in 1983. Counsel Paul McGeady was paid \$68,467, Secy.-Treas. Evelyn Dukovic \$37,362, Pres. Morton Hill \$17,502.

CPB board, wanting to avoid 3rd veto, has accepted President Reagan's recommended appropriation of \$214 million for FY 1988 -- level it opposed last year. Position could cause split within public broadcasting, although neither NPR nor NAPTS, public TV's lobbying arm, had made positions public. NAPTS Pres. Peter Fannon said that while \$214 million would "go a long way," it's not as much as public TV and public radio "could sensibly spend if it were available."

NTIA Dir. David Markey March 12 defended budget of about \$13.2 million for 1986 to House Commerce Appropriations Subcommittee. He said spending plan reflects proposed \$10 million rescission in funds for Public Telecommunications Facilities Program and \$183,000 rescission in current salary expenses.

BMI Pres. Edward Cramer was voted 5-year contract at recent board meeting in Caribbean. He had been working without contract, has been BMI pres. 17 years; he'll be 65 when new pact expires.

TELCO FINED FOR CABLE DEALS: FCC levied \$20,000 fine against Northwestern Ind. Telephone Co. (NITCO) and gave it 6 months to divest its ownership in 3 small cable systems that telco constructed in its service area without FCC authorization. Commission also said March 13 that matter has been referred to Justice Dept. "for whatever action it may deem appropriate."

At issue is telco's relationship with cable systems in Ind. towns of DeMotte, Lake of the Four Seasons and Hebron. Northwest Cable and First Pic were granted nonexclusive franchises in towns in 1981. First Pic complained to FCC that Northwest is affiliated with NITCO and that the 2 were acting anticompetitively.

Northwest Cable and NITCO are described as tightly controlled companies owned by Mussman family. Robert Mussman is NITCO pres., son Rhys owns Northwest Cable.

NITCO constructed and owns cable plant in 3 towns without obtaining Sec. 214 waivers, Commission said in upholding First Pic complaints and ordering \$20,000 fine against NITCO. FCC also found NITCO liable for actual damages to First Pic but encouraged parties to negotiate settlement. FCC denied First Pic request for punitive damages and attorney fees.

FCC gave NITCO 40 days to file proposals outlining how it will comply with Commission orders, including plan to "minimize disruption of service" to cable subscribers. Case was described by Commission official as first of its kind in more than a decade.

Intelsat said Soviet Union has given no sign it's about to join Intelsat, but as member of ITU it can at any time. Washington Post last week reported that Intelsat Dir. Gen. Richard Colino had returned from Moscow with "commitment" from Soviets to join Intelsat "within 2 years." Intelsat later said Colino and his deputy visited Moscow to meet with Soviet Minister of Posts & Telecommunications V.A. Shamshin to discuss draft memorandum of cooperation between Intelsat and Soviet govt. that has been in works for 6 years. Intelsat had similar agreement with China before Chinese joined Intelsat several years ago.

Gen. William Westmoreland compared himself to biblical Daniel about to be thrown to lions, told National Press Club March 15 media should revive and support National News Council as way to police their own performance. Council had operated for about 10 years before going out of business March 22, 1984, partly because of nonsupport by journalists. In Q-&-A, Westmoreland said he bore CBS no ill will, wasn't member of Fairness In Media group attempting to gain control of network, hadn't bought any CBS stock.

FCC ADOPTS Doc. 80-90 RULES: After months of internal debate continuing up until last minute, FCC March 14 adopted rules governing awarding of licenses for 689 new commercial FMs created under Doc. 80-90, and for 78 FMs already in table of allocations that haven't been applied for. As expected (TVD March 11 p9), existing AM daytimers can receive same consideration as minorities when applying for new FMs, if they meet 4 criteria.

Favoritism given daytimers prompted dissent by Comr. Rivera, who said action "will directly undermine" objective of diversity of ownership. Nod toward daytimers "assures that hundreds of existing broadcasters will receive these new FM stations," Rivera said.

Commission also took 2 related actions for transition to new rules: (1) Eliminate "cutoff" list procedure that notifies public that party has applied for FM station, replacing list with one-time, 30-day filing windows for receiving bids for vacant FM channels or for modification of existing facilities. (2) Thirty-day freeze on applications for new FMs or modification requests.

Broadcast experience of daytimers was upgraded to be equal in importance to minority ownership and local residence when comparing applications for new FMs, if AM owner (1) has owned station 3 years, (2) is active in station management, (3) is applying for new FM in same city, and (4) pledges to sell AM station within 3 years of receiving program test authority for new FM.

Chmn. Fowler disagreed with Rivera that majority of new FM stations automatically would go to daytimers: "I believe that when all the comparative hearings are over, we will see a leap in the number of minority-owned FM facilities."

Fowler will be questioned about decision at hearing before House Telecom Subcommittee. Panel member Leland (D-Tex.) is "deeply disappointed," believes decision is "another attack on minorities," aide said.

Decision was "less egregious" than Hill was anticipating, said spokesman for Subcommittee Chmn. Wirth (D-Colo.). Although Commission action isn't as "sensitive" to encouraging diversity of ownership in new services as he would want, Wirth believes it's "a much better decision than it seemed FCC was going to put forward."

NAB is "encouraged" that FCC "recognized the special status of the daytime broadcasters," position it has long advocated. On other hand, "it is unfortunate that the Commission has attached certain conditions to awarding of preferences, including the requirement that a daytimer, in a comparative hearing, must divest itself" of daytime station in 3 years, NAB said. "Why not give the licensee the option of selling either station?" NAB official asked.

Before Commission begins awarding Doc. 80-90 channels, it will accept bids for 78 FM channels vacant and unapplied for under current table of allocations. When freeze is lifted in mid-May, FCC will announce open window for applications. Bids will be subject to comparative hearings.

Doc. 80-90 application processing begins next month when Commission will hold lottery to determine order in which channels will be awarded. At stake are 80 frequencies (221-300 MHz) among 689 new channels. It will be mid-June at earliest before first applications are considered, said Mass Media Bureau Chief James McKinney.

RF RADIATION RULES: For first time, FCC will consider public's exposure to RF radiation when receiving applications to build, license or modify TV, radio, LPTV, experimental and satellite earth stations.

Effective Oct. 1, Commission actions will be treated as "major" if existing or proposed facility is designated by applicant as one that would expose workers or public to radiation levels exceeding American National Standards Institute (ANSI) guidelines. "Major" action category requires applicant to submit factual narrative statement on environmental effect, which could lead to Commission staff's determining that environmental impact statement (EIS) should be prepared.

Commission is required under National Environmental Policy Act of 1969 to consider whether its actions affect environment, but it has lacked explicit radiation guideline. FCC has power to order preparation of EIS.

Enforcement method for cases in which owner isn't forthcoming on RF radiation levels isn't established in new rule, we're told. Guidelines on evaluating compliance are being devised by Office of Science & Technology and are to be ready by Sept.

Further rulemaking released March 14 also seeks comments on whether to add shipboard satellite earth terminals to list and to exclude others, such as microwave relay links and land mobile transmitters.

Environmental Protection Agency reported earlier this year that radiation from 2 radio towers in Honolulu exceeded ANSI guidelines but that there was no immediate risk to public (TVD Jan 28 p6).

FCC action is continuation of proceeding begun with notice of inquiry in 1979. NAB said it's "happy" that Commission adopted ANSI standard but that order amounts to only "half of a decision." Assn. official said NAB probably will seek "clarification" of several issues before agency issues technical standards in fall. Left unclear, he said, are such matters as how stations are to comply with radiation standards, measurement procedures, if any, and questions about antenna clustering.

CABLE COPYRIGHT ESCALATES: Cable industry compulsory license payments for carriage of copyrighted programming -- financial small potatoes just a few years ago -- are likely to hit \$82 million for 1984, according to our analysis of Copyright Office figures. That's up from \$69.2 million in 1983.

Cable systems paid \$40.2 million in copyright fees for 1984 first half. With 100-200 statements of account still to be totaled, Copyright Office said March 15 it has collected \$40.42 million for 1984 second half from roughly 3,800 systems.

Cable industry and copyright owners last week cleared first of several hurdles arising this year when they agreed to formula raising rates to account for inflation since 1980 (TVD March 11 p4). Attention now turns to 2 other key CRT matters to be resolved this year: (1) How copyright owners will divide 1983 fund. (2) Whether CRT will be asked to review its controversial 1982 proceeding that raised rate for most post-Malrite distant signals to 3.75% of gross revenues. A party can ask for review of 3.75% rate at any time in 1985, but so far uncertainty and posturing abounds:

Will MPAA ask for review? "At this time I don't know," said Pres. Jack Valenti. Will NCTA? "That has not yet been decided," said Pres. James Mooney. How about CATA, whose smaller cable operators long have complained about distant signal rates? "We are still looking at it. We have until Dec. 31 to decide," said Exec. Dir. Stephen Effros. Will NAB? "At this point we're keeping all our options open," spokesman said. NAB has re-retained Victor Ferrall as copyright counsel.

Cable interests think MPAA is least likely party to ask for review, theorizing that studios would lose, whatever CRT decided: Rate could be lowered, thus reducing cable royalties; or it could be raised, event that cablers would seize on as evidence supporting push for legislation reforming copyright policy. Some parties said TBS is most likely to ask for review. "That has not yet been decided," TBS official said.

Some distrust of CRT also is behind parties' reluctance to rely on Tribunal to arbitrate copyright matters. Since 1982 proceeding, there has been much turnover at CRT. Only Comr. Edward Ray has participated in proceeding. As one executive said: "There is more concern about the unpredictability of the CRT in a case like this than anything else. It's a runaway agency and that does not lead to confidence in filing anything there."

Valenti said there's been little progress toward compromise with NCTA. He offered what he called olive branch at Western Cable Show last Dec. "We really haven't done any talking" with NCTA, he said. "It's better to sit down and work out our differences. [But] as of this moment I can't tell you we're going to sit down. We're hopeful that it's possible [to reach compromise], but nothing concrete has been determined."

SHAKEUP AT ABC BCST. GROUP: Mark Cohen came out big winner, John Severino biggest loser, in breakup March 12 of ABC Best. Group engineered by Group Pres. Anthony Thomopoulos. As result of reorganization, Thomopoulos again becomes directly involved in mainstream of picking network's prime-time TV schedule.

Cohen, senior vp of ABC Inc., was promoted to exec. vp of Best. Group to serve as Thomopoulos's top aide. Reporting to Cohen will be broadcast operations and engineering, finance, market research and administration. Severino lost post of ABC TV pres. to Mark Mandala, former pres. of owned TV stations. Severino, who had been promoted from KABC-TV L.A. vp-gen. mgr. in 1981, will return to L.A. as senior vp of TV stations.

In change affecting ABC Entertainment, Pres. Lewis Erlicht now reports directly to Thomopoulos (himself pres. of Entertainment when network reached top spot in prime-time ratings). Erlicht formerly reported to Severino.

Dennis Swanson, vp-gen. mgr. of WLS-TV Chicago, succeeds Mandala as head of TV stations. James Duffy, pres. of TV network, was promoted to pres. of communications, new post, effective June 1, over external communications and PR. He'll be succeeded as TV network pres. by George Newhi, now vp-gen. mgr. All changes except Duffy and Newhi are effective immediately. Duffy will become ABC's broadcast spokesman on major issues, beginning with series of TV spots extolling network TV in general. He has been pres. of TV network since March 1970 -- by far longest tenure at any TV network.

Under restructuring, reporting directly to Thomopoulos, will be Erlicht, Brandon Stoddard, pres. of motion pictures; ABC Radio Pres. Ben Hoberman, Duffy, Cohen, Mandala and ABC News and Sports Pres. Roone Arledge on policy issues. Thomopoulos said changes were made "to establish greater flexibility within the organization to simplify and accelerate the way we make creative decisions, and creating a closer accountability will help accomplish this."

TV-radio aspirin ads are coming under attack from children's health advocates, who have allies in Congress for bills to require 48-word health warning about alleged link between aspirin and Reye's Syndrome. Broadcasters fear warning could force ads off air. Proposal is in House bill by Health Subcommittee Chmn. Waxman (D-Cal.), and in Senate by Sen. Metzenbaum (D-O.). Bills would make violations subject to FDA action. TVB estimates that annual broadcast revenues from headache remedy and sedative ads are about \$200 million, vs. about \$700 million for alcohol.

Utah legislature has passed bill redefining telecommunications to include cable and other technologies and to give PSC more regulatory flexibility.

CPB GIVES NPR BONUS: Moving to prop up National Public Radio, CPB late last week voted to give it \$921,000 to make up for anticipated shortfall in private contributions. CPB set conditions that could require NPR to pay back some or all of CPB's grant. NPR had asked CPB for \$1.3 million supplemental payment, said that new CPB grant does not fully meet its financial needs. NPR board will meet April 9 to discuss further "budget adjustments."

CPB tied its grant to support for "Morning Edition" and "All Things Considered" news programs. It said its grant must be repaid if NPR raises more than \$3.5 million in private contributions in fiscal 1985. NPR has raised \$2.5 million in such contributions thus far.

In related development, General Accounting Office report released by Rep. Dingell (D-Mich.) found that financial viability of NPR remains in jeopardy although it has made advances in management practices.

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NBC operating earnings last year rose 39.6% to \$218.1 million on 13.2% revenue gain to \$2.37 billion, according to annual report of parent RCA. NBC results are in line with estimates appearing here earlier (TVD Jan 28 p5). RCA said TV Stations Div. had record sales and earnings for 5th consecutive year. RCA communications segment had 12.4% earnings gain to \$107 million on 10.7% sales increase to \$417.2 million. RCA said sales of broadcast equipment declined as reduced volume from recorders and cameras was offset only partially by higher shipment of VHF transmitters. Reduced loss at Best. Systems Div. and increased sales of commercial satellites contributed to improved results of commercial products and services segment.

Daniels & Assoc., long major force in cable, now plans to acquire TV stations in big way. Daniels has formed Best. Mergers & Acquisitions Div., is bringing in Crawford Rice of Gaylord Bestg. as senior vp in charge. Rice was exec. vp-CEO of Gaylord until Feb., when former Okla. U. Pres. John Banowsky was brought in as pres. Rice resigned last week as chmn. of NAB Children's TV Committee and as member of TV board; he's expected to be replaced as NAB TV dir. by Harold Protter, WNOL-TV New Orleans -- who lost out for board seat by single vote in recent election (TVD March 11 p5).

Associated Communications, owner of 6 AMs, 5 FMs, has charged former chief financial officer, David Miller, with embezzling estimated \$1.3 million from company 1979-84. Lawsuit charging Miller, who was fired by Associated in Jan., was filed in Pittsburgh.

U.S. Tax Court, D.C., has ruled that Goodson-Todman is entitled to claim investment tax credit for certain costs in producing *To Tell the Truth* game show. Decision overturns 1979 IRS ruling, may have major impact on producers.

Senate Communications Subcommittee has organized, with Sen. Goldwater (R-Ariz.) renamed chmn. Sens. Gore (D-Tenn.) and Packwood (R-Ore.) were added, increasing panel by 2. Staying on: Sens. Ford (D-Ky.), Gorton (R-Wash.), Inouye (D-Hawaii), Pressler (R-S.D.), Stevens (R-Alaska). Partisan dispute over subcommittee assignments is continuing in House Commerce Committee. Republicans rejected latest Democratic offer of 2 more subcommittee seats because it didn't extend to Telecom Subcommittee, where GOP wants additional seat, source said. Rep. Brodyhill (R-N.C.) complained to House Administration Subcommittee of "gross abuse of power" by controlling Democrats; of 158 staffers for 7 Commerce subcommittees, only 21 work for GOP, he said. Dispute could stop work on FCC and NTIA budgets, make it difficult for panels to get quorums. New Copyright Subcommittee members are Reps. Boucher (D-Va.), Coble (R-N.C.) and Swindall (R-Ga.). Rep. Kastenmeier (D-Wis.) remains chmn.

Paramount Pictures won't scrap contract to provide movies for United Satellite Communications' DBS service, and that apparently is delaying TCI's efforts to buy USCI. However, we've learned that solution for Paramount would be if TCI promised to carry Showtime in prospective DBS service. Paramount TV Group Pres. Mel Harris told us company's agreement with USCI is central issue of discussions and "exhaustive attempts have been made" to settle problem. TCI wants Paramount simply to vacate contract, move that executive said would leave studio with nothing. TCI Senior Vp John Sie acknowledged there are problems with effort to buy USCI, also confirmed that ATC could end up as partner with TCI if USCI deal goes through. That may be at heart of current problems. ATC parent Time also owns HBO and might not be too happy to be part of DBS business with S/MC.

Hearing on TV-radio alcohol ads will be held by House Telecom Subcommittee April 18. Subcommittee wants to determine whether there's causal relationship between ads and alcohol abuse, appropriateness of applying fairness doctrine to advertising in general and alcohol ads in particular and effect ban or restrictions on ads might have on programming, particularly sports. Also, Senate Investigations Subcommittee will hold hearing March 20 on TV and movie portrayals of alcohol and drug abuse. ABC, CBS, NBC, MPAA and "celebrities" have been asked to testify.

Disney Channel turned small profit in Jan., 3 months ahead of schedule, said Pres. James Jimirro. Channel, which began in April 1983, had more than 1.8 million subscribers at end of Feb., he said. Jimirro noted that about 20% of Disney Channel revenues came from outside cable, including cassette rentals and foreign distribution.

Senate Commerce Committee holds FCC oversight hearing March 20, 9:30 a.m., Rm. 253 Russell Bldg. FCC Chmn. Fowler is scheduled to testify.

Personals

FCC calendar -- March 19: Comr. **Rivera** addresses international telecommunications conference sponsored by law firm Hogan & Hartson, 4 Seasons Hotel, Washington. March 20: Chmn. **Fowler** testifies in oversight hearing before Senate Communications Subcommittee, Rm. 253, Russell Bldg.; same day, Fowler addresses luncheon of Communications Task Force of National Conference of Black Lawyers, Ramada Renaissance Hotel, Washington... **Jack Smith**, gen. counsel, speaks on antitrust law and Communications Act, sponsored by D.C. Bar, International Club, Washington. March 21: Rivera and Rep. **Leland** (D-Tex.) receive Public Service Awards for outstanding leadership in govt. from National Assn. of Black Owned Bus. & Inds., Communications Awards Dinner, Sheraton Washington Hotel. March 23: Comr. **Quello** speaks at Muscular Dystrophy Assn. broadcast gen. mgrs. meeting, Sonesta Key Hotel, Key Biscayne, Fla.

Patrick Buchanan, White House dir.-communications, adds control of Office of Public Liaison, succeeding **Faith Whittlesey**, appointed Ambassador to Switzerland... **James Bennett**, KCBS-TV L.A. vp-gen. mgr., resigns to pursue "different challenges"; **Nan Tepper**, station services dir., will assume his duties on temporary basis... **James Thompson** advanced to vp-gen. mgr., KYW-TV Philadelphia, succeeding Paul Yates, resigned... **Joel Chaseman**, Post-Newsweek Stations pres., receives first Donald McGannon Public Interest Telecommunications Award presented by Telecom Research & Action Center March 28 at Waldorf-Astoria Hotel, N.Y.

Richard Frank, ex-Paramount Pictures TV Group, named pres., Walt Disney Productions Motion Picture & TV Div., succeeding **Jeffrey Katzenberg**, advanced to Div. chmn., new post... FCC Comr. **Patrick** delivers keynote address to American Bar Assn. Forum Committee on Communications Law session March 29 at Hyatt Regency, Washington; NBC's **Bill Monroe** is luncheon speaker.

Robert Angel advanced to dir.-business affairs program and talent contracts, NBC... **Fred Schneier**, Showtime/Movie Channel Film Acquisition Group head, adds title of senior vp-program acquisition, Program Enterprises... **Robert Lawrence** appointed exec. vp, Columbia Pictures Worldwide Productions; **Nicholas Bingham** named vp-European operations, Columbia Pictures International... **Steven Konow**, ex-Lorimar, named vp-first run syndication, Warner Bros. TV Distribution.

Steve Wagner advanced to market-sales support dir., Jerrold Distribution Systems Div. Mktg. Dept.; in realignment of Sales & Service Div., **George Fletcher** becomes vp-western operations; **Donald Burns**, west coast regional mgr.; **Tim Roberti**, central region mgr.; **Dan Hoy**, eastern operations vp.

Larry Sugar, ex-Lorimar Productions, appointed vp-international distribution and acquisitions, CBS

Productions; **Randolph Blotky**, ex-L.A. law firm Mitchell, Silberberg & Knupp, named business affairs vp; **Gregg Maday**, ex-HBO, returns to CBS as miniseries-dir., Entertainment Div.

ABC News anchor **Peter Jennings** will deliver keynote address at NPR conference in Denver May 20... **John Fuller** advanced to research dir., PBS, succeeding **Dale Rhodes**... **Stella Giannasi** advanced to WNET N.Y. dir.-public information.

Robert Erburo, Times Mirror pres.-CEO, adds chmn. title Jan. 1, succeeding **Otis Chandler**, who will become chmn. of Exec. Committee, succeeding **Franklin Murphy**, retiring... **Gene Bauer** advanced to assoc. gen. counsel, General Instrument... **John Barber**, ex-Fleet National Bank, opens John Barber & Co. in R.I. as financial advisory service in communications, 401-272-4800... **Merrill Panitt**, TV Guide, addresses March 26 lunch of Academy of TV Arts & Sciences, Beverly-Wilshire Hotel, L.A.

Steve Tuttle, ex-KRON-TV San Francisco, named news dir., WOC-TV Davenport, Ia... **William Fanning**, ex-Rockwell International, named sales vp, Times Fiber Communication Systems Div... **Walter Flynn** advanced to vp-gen. mgr., ABC Owned TV Stations Sales & Mktg. Div.

FTC Comr. **George Douglas** resigns for personal reasons... **Alan Ladd Jr.** promoted to MGM/UA Entertainment pres.-COO; **Jay Kanter** advanced to pres., MGM Film Co.; **Richard Berger** promoted to pres. of United Artists... **David Weitzner**, ex-Embassy Pictures, named pres., 20th Century-Fox Entertainment Group Film Mktg. Div.; **Thomas Sherak**, formerly pres. of combined distribution and mktg., retains distribution post.

Gary Fiebert, ex-Profit Strategies, named S.A.L. Communications pres., succeeding **Alan Scheinman**, who remains chmn... **Patrick Wilkinson** advanced to vp-compensation and benefits, Columbia Pictures.

Drive to stop \$755 million acquisition of Gulf Best. stations by Taft Bestg. (TVD Feb 4 p8) has been launched on several fronts by American Continental (AMCC) and 2 of its subsidiaries -- which together own 25% of Gulf -- on grounds price is "inadequate." AMCC also is opposing Gulf sale of \$88 million in preferred voting stock to Taft, said it would nominate slate of 3 dirs. for 9-member Gulf board. AMCC subsidiary Lincoln Communications Co. (which owns 18.98% of Gulf) has filed suit in U.S. Dist. Court in Ohio seeking to enjoin Taft from voting that stock, claiming transaction violated security laws. Lincoln also has filed de facto transfer of control application at FCC in case its proxy fight against Gulf-Taft deal succeeds. Suits involving case also are pending in Nev. state court.

FCC turned down requests from ABC, CBS, NBC and other broadcasters for extension of time to file petitions to reject or suspend AT&T's restructured private line tariff.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of March and 1985's first 9 weeks:

	FEB. 23— MARCH 1	1984 WEEK	% CHANGE	FEB. 16-22	9 WEEKS 1985	9 WEEKS 1984	% CHANGE
TOTAL TV.....	452,920	314,032	+44.2	420,965	3,044,110	3,351,985	- 9.2
TOTAL COLOR...	368,696*	269,001	+37.1	342,553*	2,537,699	2,577,444*	- 1.5
DIRECT-VIEW.	364,180*	266,041	+36.9	337,925*	2,502,868	2,550,782*	- 1.9
PROJECTION..	4,516*	2,095	+115.6	4,628*	34,831*	26,662	+30.6
MONOCHROME....	84,224	45,031	+87.0	78,412	506,411	774,541	-34.6
TV EXCL. PROJEC.	448,404	311,072	+44.1	416,337	3,009,279	3,325,323	- 9.5
HOME VCR.....	265,782*	124,722	+113.1	196,117*	1,654,568*	948,626	+74.4
COLOR CAMERAS...	11,542*	6,178	+86.8	8,963*	75,787*	66,942	+13.2

Color TV (direct-view) 5-week moving average: 1985--317,749*; 1984--286,826 (up 10.8%).

Home VCR 5-week moving average: 1985--203,303*; 1984--112,062 (up 81.4%).

* Record for period.

OUR ANNUAL VCR MARKET-SHARE SURVEY: Although total of 34 brands showed up with measurable figures in our VCR market-share survey for 1984, percentages of leaders were relatively unchanged from 1983. Once again, top 3 were RCA, Panasonic, Sony -- but No. 4 for 1984 was Fisher, only brand to gain a full percentage point. (This analysis is copyrighted, 1985, by Television Digest Inc.)

Our annual market-share survey is general guide to rankings and share. It's based on exhaustive survey of VCR manufacturers in which they're asked to estimate competitors' market share but not their own. Market shares are based on medians, with rankings determined by medians augmented by averages to break ties. Result is overall industry opinion of market shares. (We're always glad to print rebuttals by companies that believe they've been wronged).

Leader RCA emerged with exactly same share as in 1983 -- 16% -- but runner-up Panasonic dropped by one point to 14%, still far ahead of No. 3, Sony, whose share dipped by half point to 6.5%. Fisher, 1984's No. 4, pulled up from No. 5 status in 1983, ahead of GE, which lost half-point and dropped from 4th to 6th behind Sanyo, which gained half-point. Other ranking changes in top 10: Quasar from 10th to 8th, Sears from 8th to 9th, Magnavox from 9th to 10th.

Top 6 brands represented 52.5% of market. If multibrand companies were rated by total of their brands' shares, Matsushita (Panasonic and Quasar) would be No. 1 with 19%, followed by RCA with 16%, Sanyo (Sanyo and Fisher) No. 3 with 12.3%, North American Philips (Magnavox, Sylvania, Philco) 4th with 6.8%, and Sony No. 5 with 6.5%, for total of 60.6% by 5 top companies' own brands. As far as we could measure, Beta had about 16.5% share, 8mm 0.5%, VHS the rest. Each percentage point in 1984 share represents about 76,000 VCRs; in 1983, a point was good for just under 41,000. Only 2 brands had sales of more than million in 1984 -- RCA just over 1.2 million and Panasonic just under 1.1 million. No brand came near a million in 1983. Every manufacturer increased sales last year, but 4 in top 16 had increases of more than 100% -- Fisher, up 123%; Zenith, up 115%; Quasar, up 102%; Toshiba, up 133%.

Some brands on our list weren't in market for full year 1984, particularly Emerson and Kodak. Zenith, which dropped Beta format in 1983, didn't start shipping VHS until 2nd quarter. Some respondents in survey mentioned Gold Star and Polaroid in their ratings; neither sold any VCRs in U.S. last year. Led by Kodak at 0.5%, traditional photography companies (Canon, Nikon, Olympus, Pentax) cumulatively held share of 1.6%. Except for Fisher, none of traditional hi-fi companies had more than 0.5% share. Here are our market-share rankings by brand name:

TELEVISION DIGEST VCR MARKET-SHARE SURVEY -- 1984

1984 Rank	Brand	Format	1984 % Share	1984 Range*	1983 Rank	1983 % Share	1982 Rank	1982 % Share	1981 Rank	1981 % Share
1	RCA.....	VHS	16.0	14.1-18.0	1	16.0	1	22.0	1	28.0
2	Panasonic.....	VHS	14.0	10.5-17.5	2	15.0	2	17.75	2	15.3
3	Sony.....	Beta	6.5	4.4-8.5	3	7.0	3	13.0	3	14.2
4	Fisher.....	VHS	6.0	3.0-8.0	5	5.0	12	2.0	--	--
5	Sanyo.....	Beta	5.0	4.0-7.0	6	5.0	7	4.0	10	2.6
6	GE.....	VHS	5.0	4.0-6.5	4	5.5	4	5.0	8	3.3
7	JVC.....	VHS	5.0	4.0-8.0	7	5.0	5	4.1	7	3.9
8	Quasar.....	VHS	5.0	2.8-5.7	10	4.6	9	3.5	4	6.0
9	Sears.....	Beta, VHS	4.575	3.0-6.4	8	4.65	10	3.5	9	3.3
10	Magnavox.....	VHS	4.0	3.0-5.0	9	4.65	8	4.0	6	4.5
11	Hitachi.....	VHS	3.8	2.0-6.0	11	4.0	11	3.4	11	2.0
12	Sharp.....	VHS	3.5	2.0-5.0	12	3.0	14	1.5	14	1.2
13	Zenith.....	VHS	3.0	1.2-9.0	13	2.6	6	4.1	5	6.0
14	Mitsubishi.....	VHS	2.0	1.0-3.0	14	2.0	16	1.0	16	1.0
15	Sylvania.....	VHS	2.0	0.9-2.5	15	2.0	13	2.0	12	2.0
16	Toshiba.....	Beta	1.5	1.0-2.9	18	1.2	17	1.0	13	1.5
17	Montgomery Ward	VHS	1.5	0.5-3.0	16	1.5	18	1.0	17	1.0
18	J.C. Penney....	VHS	1.3	0.5-2.5	17	1.5	15	1.1	15	1.1
19	Curtis Mathes..	VHS	1.0	0.2-2.0	19	1.0	19	1.0	18	1.0
20	NEC.....	Beta, VHS	1.0	0.3-2.0	--	--	--	--	--	--
21	Emerson.....	VHS	0.9	0.1-1.5	--	--	--	--	--	--
22	Philco.....	VHS	0.8	0.3-1.0	20	0.9	21	0.7	20	0.6
23	Realistic.....	Beta, VHS	0.5	0.2-1.3	--	--	--	--	--	--
24	Akai.....	VHS	0.5	0.2-1.0	--	--	20	0.7	19	1.0
25	Tatung.....	VHS	0.5	0.1-1.0	--	--	--	--	--	--
26	TMK.....	VHS	0.5	0.1-1.0	--	--	--	--	--	--
27	Kodak.....	8mm	0.5	0.1-0.7	--	--	--	--	--	--
28	Jensen.....	VHS	0.5	0.1-1.0	--	--	--	--	--	--
29	Kenwood.....	VHS	0.45	0.1-0.7	--	--	--	--	--	--
30	Canon.....	VHS	0.45	0.1-2.0	--	--	--	--	--	--
31	Pentax.....	VHS	0.35	0.1-1.0	--	--	--	--	--	--
32	Sansui.....	VHS	0.3	0.1-0.5	--	--	--	--	--	--
33	Nikon.....	VHS	0.2	0.1-0.6	--	--	--	--	--	--
34	Olympus.....	VHS	0.1	0.1-0.5	--	--	--	--	--	--
34 BRANDS**, TOTAL..			98.225			92.1		96.35		100.0
Others.....			1.775			7.9		3.65		0.0

(Mentioned by respondents: Aiwa, Gold Star, Lloyd's, National Sound, Polaroid)

*Adjusted to eliminate highest and lowest estimates.

**Top 20 brands in 1983, 21 brands in 1981 and 1982

COLECO BITES \$259 MILLION ADAM BULLET: Coleco suffered \$258.9 million loss, larger than expected, in consumer electronics last year, including costs associated with killing off Adam home computer, company reported last week. Also, it indicated for first time that Colecovision home videogame is candidate for same fate. Coleco had net loss of \$79.8 million in 1984, against \$7.4 million deficit in 1983. Loss for final quarter, in which special reserve of \$118.6 million for disposition of Adam was set up, was \$93.2 million, up from \$35 million in loss in final year-earlier period.

Coleco said consumer electronics operating loss for year, \$140 million, stemmed primarily from sales of Adams "at prices well below cost," writeoff of prepaid assets and plant and equipment, and writedown of inventory and accounts receivable for Adam and Colecovision. Size of accounts receivable reduction is indicated by \$75.4 million difference between Coleco statement in Jan. that consumer electronics sales were about \$175 million (TVD Jan 7 p8), and figure released last week putting volume at \$98.6 million, which is below the \$115 million in electronics sales it reported for first half 1984. Coleco's electronics sales in 1983 were \$403.9 million.

After writeoffs, Coleco said, it's carrying Adam inventory of \$24.7 million and accounts receivable of \$18.7 million on its books. For Colecovision, value of inventory and receivables was put at \$40.5 million. Coleco said it expects to collect outstanding Colecovision receivables and sell off "balance of Colecovision inventory" this year. Colecovision spokeswoman said company feels it has enough videogame inventory on hand, including production in progress, to meet demand for 1985, indicated company hasn't decided whether to continue Colecovision after that stockpile is worked off. When made, "it will be a marketing decision," she said.

Coleco operating net from nonelectronics, primarily Cabbage Patch Kids line, jumped 11-fold to \$208.6 million on volume that more than tripled to \$676.3 million. Though losses cut net worth some 88% to just \$10.6 million and working capital 67% to \$26.5 million, Coleco said it has reduced bank debt by \$80 million since start of last year and has credit agreement with banks covering financing it needs for rest of this year.

Commodore confirmed trade speculation it's suffering from heavy inventory buildup. In letter to holders, company valued Dec. 31 inventory, primarily model 64 computers and peripherals, at \$449.3 million, up from \$287.7 million at end of 1983, and in keeping with estimates made in Jan. when it announced it was cutting prices and slowing production to help trim stocks (TVD Feb 4 p11). At that time, Commodore said its Christmas volume was much lower than expected, claimed it lost sales of 200,000-300,000 units to low-priced competition. Inventory at end of Sept. was valued at \$437.4 million, and normally should have declined. Commodore said it expects price reductions in U.S. and continued strong demand in Europe to bring inventory "more into line with market conditions" by end of June.

COLOR & VCR IMPORTS JUMPED IN JAN.: VCR importers more than made up for sluggish performance in Dec. by starting 1985 with new all-time monthly record, according to Commerce figures that also show sharp shipment rise for complete TVs, color cameras and videotape players.

VCR imports for month were 1.58 million, up 179.4% from same month last year, and easily erased from books previous monthly high of 1.02 million set last Oct. While virtually all shipments were from Japan, total does include imports of 9,400 from Korea, presumably marking start of bigger things to come. Total camera imports were up 53.2% to 94,600, as color rose 50% to 79,400, b&w increased 80% to 15,200. Imports of videotape players climbed 11-fold to 15,300, while videodisc players dropped 31.5% to 9,500. Also in video, imports of projection TVs were up 13.4% to 10,000.

Total TV imports gained 24.5% in Jan. to 1.56 million, as color rose 7.7% to 774,900, b&w

jumped 47.2% to 783,900. In color, imports of complete sets edged up 6.7% to 503,500, while color chassis & kits increased 9.5% to 271,400.

In color set imports, by-country increases were posted by Japan, up 71.6% to 157,400; Taiwan, up 33.5% to 177,300; Malaysia, up 141.2% to 24,900; and Canada, up 70.1% to 8,900. On down side were shipments from Korea, off 42% to 104,000; Singapore, off 26% to 27,300; Hong Kong, down 50% to 3,000. Biggest rise in incomplete color was Korea's 588.6% jump to 73,800, while imports from Taiwan rose 70.8% to 34,500. Color chassis & kit imports from Japan were off 12.6% to 47,100, Singapore was down 41.9% to 36,000 and Mexico declined 23.7% to 76,900.

Import figures for first time include separate breakout for monitors intended for TV use. They're defined as complete direct-view sets that don't have all parts needed for off-air reception included in cabinet. Figures show 3,300 color, 3,800 b&w monitors were imported in month. That b&w TV monitors showed up at all and that largest color monitor source (1,900) was Canada indicates Customs examiners probably don't know difference between TV and data monitors and that new breakout won't be statistically useful anytime soon.

In b&w, majority of rise came in 10"-&-under, up 102.5% to 348,200, as combos soared 246.3% to 197,400 and TV-only versions rose 31.1% to 150,700. Imports of b&w 11"-&-over were up 21% to 435,600.

CBS/Fox Video has become important cash cow to its venture partners. At meeting with analysts in N.Y. last week, CBS Finance Senior Vp Fred Meyer said worldwide revenues of CBS/Fox in 1984 were "of the order of about" \$300 million, with pretax earnings at \$50 million. CBS is making money on another side of video software business as well. Annual report says Columbia House's CBS Video Club was profitable last year for first time "on the basis of a substantial sales increase." In another new software area, digital audio Compact Discs, Chmn. Thomas Wyman said CBS/Sony pressing plant in Terre Haute is "hopelessly inadequate" to meet unexpectedly large demand for discs and situation will get worse as portable and automotive players start selling here. It was indicated partners will soon start discussions on further expansion. Commenting on future of high-definition TV, Wyman said scientists have taken sides in "9 different ways," so he wasn't optimistic that single worldwide standard would be agreed upon.

N.V. Philips has set up \$188.8 million reserve to cover what it terms "major restructuring" of consumer electronics and appliance operations, is expected to release details soon. Reorganization, believed related to company's plan for worldwide integration of consumer electronics operations (TVD March 4 p13), is expected to involve some consolidation of European manufacturing plants, including Grundig's, writedown inventory of V2000 format VCRs.

Sony 8mm Video camcorder exports will start in May with shipments to Europe, company announced in Tokyo last week. It said it expects to ship about 100,000 this year for sale in France, Germany and U.K. at about \$1,480, which represents premium of 35% over list in Japan. Sony said it would be showing 8mm Video at Summer CES exhibit in Chicago in June, begin marketing in U.S. later that month.

Panasonic is trying new tack in war against gray market imports. It filed suits in U.S. Dist. Court, N.Y. last week charging 2 Manhattan camera retailers with false advertising, trademark infringement and unfair competition in connection with their sale of National brand VHS camcorders made by Panasonic parent Matsushita and intended for marketing only in Japan (TVD March 4 p16). In suits seeking injunctions, court costs and unspecified damages, company charges Olden Camera and Grand Central Camera improperly used Panasonic name in ads, made misleading statements about "source, origin, servicability and performance" of camcorders. Suit notes units don't carry appropriate FCC registration, aren't UL listed, come with set of instructions that have "been poorly translated." Japanese markings on camcorders have been covered with stickers in English, action that's "roughshod and sloppy and conveys an image of poor quality," threatening Panasonic's reputation, suits claim.

Japanese produced 1.94 million VCRs in Jan., up 28.6%, according to EIA-J, which put domestic shipments at 259,000, up 6.1%, worldwide exports at 1.64 million, up 59%. Color TV production rose 21.4% to 1.12 million. Domestic shipments increased by 6.1% to 646,000 while exports shot up 71.5% to 646,000.

Zenith-NUE antitrust suit against Japanese consumer electronics industry was again on Supreme Court consideration agenda for March 15, meaning court may announce today (March 18) whether it will accept case for review. Court is being asked to overturn Appeals Court order that case go to trial.

Sony is supplying digital audio Compact Disc player parts kits to all 3 major Korean consumer electronics makers -- Daewoo, Gold Star and Samsung. Initial orders add up to 10,000 players.

BLONDER SAYS CABLE MISSES BOAT: Cable lost out in multichannel sound, will probably do same with digital TV and high-definition TV because industry refuses to do research to ensure new developments in consumer electronics will be compatible with cable hardware. So stated Blonder-Tongue Labs Chmn. Ike Blonder last week. Cable's attitude is "we get [R&D] for free, why pay for it?" Blonder said during QV Publishing's Cable Bypass Seminar in N.Y.

Every cable system in country is obsolete when it comes to delivering stereo "and the flood is coming," Blonder said, and with digital TV, there is danger that chip sets can be programmed to decode scrambled premium services. At recent NCTA Engineering Committee meeting, he said, proposal was made to force set manufacturers to "encapsulate" chips in digital sets because engineers have been able to defeat majority of scrambling systems.

But representatives from cable decoder companies at meeting said digital TV won't be problem because manufacturers won't provide consumers access to bus that's needed to program chips. They also countered that most scrambling systems can't be defeated that easily. Zenith Cable Products Mktg. & Product Planning Vp Vito Brugliera said manufacturers will be responsible, won't make chips reprogrammable by consumers. Set may be able to defeat video sync suppression, but not dynamic video inversion Zenith also uses in its baseband systems, he said. He admitted baseband cable decoders already manufactured and sold by Zenith can't pass stereo signal but said "we will have boxes that will."

Other threat to cable from consumer electronics is continual enhancement of picture quality with new VCRs, digital sets and high-definition TV, Blonder said. All deliver much better pictures than cable -- particularly with HDTV, which cable doesn't now have technology to carry, he said. Enhanced picture on digital set "looks as if picture were painted inside the tube" and cable can't match that: "When is the industry going to protect itself from the future?"

Jack Clifford, chmn. of multiple cable system operator Colony Communications, agreed that new technologies might require new franchises and new marketing but said he needed some kind of time frame for when such technologies will appear. Blonder responded that Sony will have "1,000-line" VCR, TV and camera in U.S. this summer.

At panel on home satellite receivers, World Video Library Pres. John Ratliff said Tandy has been trying for 2 years to develop system with small dish that can be mass produced for \$400, but has had trouble getting good video resolution. Tandy has been in final design stage for year now, said Ratliff, who was first pres. of Tandy Computers.

NCTA, at least, wants to work out cable-CE problems. Cable trade group plans discussion on how

2 industries can get along better as part of June 2-5 convention in Las Vegas. One test may come this week. EIA Consumer Electronics Group has completed final draft of pamphlet on function of cable tuning in TVs and VCRs it plans to distribute to consumers, will be showing it to NCTA representatives at meeting. NCTA has raised objections to all previous drafts, and feeling at EIA is to go ahead with this one whether or not NCTA likes it.

Consumer Electronics Personals

Bruce Allan, former RCA Consumer Electronics strategic planning dir., named RCA Sales Corp. strategic planning vp, new post, with responsibility for mkt. research... **David Davis** promoted at Quasar from Appliance Div. national sales mgr. to mgr. of Washington-Baltimore branch... **William Goldberg**, veteran industry exec. (Admiral, Olympic, Morse, Curtis Mathes), retires April 30 as exec. vp of Larsam Group (DuMont TV), will continue as consultant.

William Lowe advanced at IBM to pres. of Entry Systems, its personal computer division, succeeding **Philip Estridge**, named corp. mfg. vp... **David Barram**, ex-Hewlett-Packard, named Apple finance vp; **Joseph Nevins**, ex-Intel, joins as management information systems dir... **Randy Griffin** resigns as Zenith Data Systems product management and planning vp... **James Bull** advanced at CBS software to national sales dir.; **Sheldon Safir** promoted to product development dir.

Ronald Nelson promoted at Paramount from TV Group exec. vp to Network TV and Video Distribution pres., succeeding **Mal Harris**, recently named TV Group pres... **Robert Fead**, ex-A&M Records, appointed pres., Pacific Arts Video Records, replacing **David Bean**, who resigned earlier... **Michael Agee** advanced from asst. to chmn. to pres. of Nostalgia Classics, new Hal Roach Studios' home video venture... **Brown Johnson** promoted from east coast film acquisitions vp to film acquisitions vp, Vestron Video, replacing **Ruth Vitale**, now feature film programming vp; **Jason Zelin** resigns as west coast film acquisitions vp... **Ellen Wander**, ex-Disney Channel national accounts mgr., named mktg. dir., RKO Homevideo... **Richard Frank**, ex-Paramount, joins Walt Disney Productions as pres. of Motion Picture & TV Div... **Amanda Marmot** appointed creative affairs mgr., Embassy Home Entertainment International, new post... Appointments at CBS/Fox Video: **Lori Levine**, ad projects mgr., **Edith Verzyl**, art supervisor, **Iris Brown**, graphic designer.

Bradley Friedrich named Fuji Magnetic Products Div. mktg. mgr... **Roger Carroll**, ex-Qualitech Computer Centers, joins Discwasher as computer products national sales mgr... **David Wolff**, who retired as pres. of Yorx Electronics in 1981, rejoins company as exec. vp... **Jack Romanos**, promoted at Simon & Schuster to Trade Div. pres., which includes responsibility for video and audio publishing.

KODAK BUYING VERBATIM: In move that will make it major magnetic media marketer, Kodak has agreed to acquire Verbatim, industry's largest producer of computer floppy discs, for \$175 million.

Kodak said it will pay \$7.55 for each of Verbatim's 23.2 million outstanding shares. Price represents premium of about \$1.25 per share, or \$52 million over market value. If fewer than 90% of outstanding shares are tendered, Kodak is obligated to purchase only 49%. It then would exercise option to purchase additional 2.26 million direct from Verbatim, giving it majority control.

Kodak has been in disc business as marketer, buying floppys from outside to supplement limited production of subsidiary Spin Physics. Last Oct., company signaled its commitment to become factor when it announced plan to build large-scale disc coating plant in Rochester, set up finishing and assembly plant in Mexico, expanded into production of disc drives and other electronic media, such as optical discs (TVD Oct 29 p15). It later set up Mass Memory Products Div. to handle involvement.

Kodak said Verbatim will become part of MMPD but will continue operating as free-standing subsidiary, marketing own disc line. It presumably will be major supplier of Kodak-brand discs. Kodak said Verbatim management is expected to remain in place.

In other merger activity: Toshiba has acquired 38% of Japan's Sord computer, is expected to end up with majority after purchasing 9% from minority holder and shares to be issued. Sord will get about \$9 million in new capital plus management and engineering assistance, along with access to Toshiba's worldwide marketing operation. Sord has solid reputation in personal computer market and capabilities in office automation equipment, both of strong interest to Toshiba... **MGM/UA Entertainment** reacquisition of outstanding shares in video software marketing subsidiary MGM/UA Home Entertainment has been approved by directors of both companies. MGM/UA Home Entertainment holders will receive either 1.75 shares in parent or 10% debentures with \$28 face value for each share.

RCA and Germany's Bertelsmann have reached preliminary agreement on terms for merger of their worldwide music businesses (TVD June 18 p18). Bertelsmann would have 51% in Germany, Austria and Switzerland, share 50-50 with RCA in rest of Europe, while RCA would have 75% in U.S. and rest of world. N.V. Philips told German Cartel Office it has disposed of remaining 24.3% interest in consumer electronics producer Loewe Opta. Last year, govt. approved Philips's acquisition of management control of Grundig on condition that it sell holding in Loewe.

Ford is investing \$33 million in IC plant, its first, in Colorado Springs. Facility, slated to go on stream this fall, will produce high-speed gallium-arsenide devices.

RCA REPORTS: Buoyed by record color TV and VCR unit volume, RCA sales of video products rose 19.6% last year to \$1.95 billion, from \$1.63 billion in 1983, according to annual report.

Pretax operating net from consumer products and services, which includes consumer electronics, fell 76.1% to \$20.8 million, from 1983's restated \$86.9 million, on 21.3% sales increase to \$2.19 billion from \$1.8 billion. Income for 1984 is after inclusion of \$175 million in writeoffs and \$17.1 million operating loss from discontinued videodisc business. Operating loss in 1983 was \$99.6 million. Excluding videodisc, RCA's consumer segment income was up 14.1% to \$212.9 million from \$186.5 million.

Restatement of consumer results stems from transfer of RCA Records results to records and video subsegment of new entertainment business segment, which also includes NBC. Records and video reflects sales and earnings of RCA Records plus RCA's share of earnings from joint video software distribution ventures with Columbia Pictures. New breakdown shows subsegment had sales of \$621.8 million last year, \$599.3 million in 1983, \$586.7 million in 1982, all from RCA Records. Operating earnings were \$31.5 million in 1984, \$30 million in 1983, \$4.5 million in 1982. Report says RCA Records and RCA/Columbia had higher earnings in 1983 but credits improved performance of RCA/Columbia Pictures with rise in net last year. Earnings of RCA Records were held down by higher artist investment expense and startup cost of new audio cassette plant.

RCA's net R&D costs rose 12.4% last year to \$242.9 million. In consumer area, RCA said, R&D "is focused on digital TV and improved TV technologies that are compatible with existing broadcast systems as well as even longer range plans for higher definition systems" and flat-panel TV displays. Among specific future products mentioned are interactive TV, terminals, home computers and monitors.

* * * *

RCA Pres. Robert Frederick received \$100,000 raise in base salary to \$500,000 March 6 when he added duties as CEO, according to proxy statement for May 7 annual meeting. Increase puts Frederick on par with Chmn. Thornton Bradshaw. In 1984, statement shows, Bradshaw received \$926,396 in cash compensation, including bonuses and incentive award, Frederick \$608,333.

Wells-Gardner had pretax loss of \$3.68 million in year to Dec. 31, operating deficit of \$2.61 million in final quarter. Company said losses included \$1.49 million writedown of arcade videogame parts inventory, \$303,000 charge for resizing game assembly operation and building repairs. Sales for year were down \$10.3 million, caused primarily by \$13 million decline in revenue from videogame monitors. Sales of data display products rose \$3.71 million.

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
Coleco			
1984-year to Dec. 31	774,900,000	(79,800,000)	—*
1983-year to Dec. 31	596,498,000	(7,433,000)	—
1984-qtr. to Dec. 31	240,900,000	(93,200,000)	—*
1983-qtr. to Dec. 31	175,510,000	(35,010,000)	—
Electronic Memories & Magnetics			
1984-52 wk. to Dec. 29	87,685,000	1,511,000	.10
1983-53 wk. to Dec. 31	79,145,000	3,338,000	.41
1984-14 wk. to Dec. 29	24,577,000	(18,000)	—
1983-13 wk. to Dec. 31	22,200,000	1,123,000	.15
ITT			
1984-year to Dec. 31	12,700,988,000	448,046,000	2.97
1983-year to Dec. 31	12,490,333,000	674,510,000	4.50*
1984-qtr. to Dec. 31	3,653,000,000	174,859,000	1.16
1983-qtr. to Dec. 31	3,635,000,000	278,155,000	1.86*
Microdyne			
1985-13 wk. to Jan. 27	5,578,000	124,000	.03
1984-13 wk. to Jan. 29	6,818,000	482,000	.10*
National Semiconductor			
1985-40 wk. to Mar. 3	1,358,900,000	45,900,000	.52*
1984-40 wk. to Mar. 4	1,184,300,000	39,600,000	.47
1985-12 wk. to Mar. 3	394,500,000	1,500,000	.02*
1984-12 wk. to Mar. 4	382,800,000	15,400,000	.18
Sanyo Electric*			
1984-year to Nov. 30	5,400,000,000	168,400,000	—
1983-year to Nov. 30	4,300,000,000	129,900,000	—
Satellite Syndicated Systems			
1984-year to Dec. 31	21,917,000	3,454,000	.60
1983-year to Dec. 31	21,144,000	3,152,000	.60
1984-qtr. to Dec. 31	5,288,000	382,000	.06
1983-qtr. to Dec. 31	5,564,000	938,000	.17
Wells-Gardner			
1984-year to Dec. 31	17,803,000	(2,156,000)	—
1983-year to Dec. 31	28,136,000	115,000	.03
1984-qtr. to Dec. 31	3,384,000	(1,646,000)	—
1983-qtr. to Dec. 31	7,855,000	31,000	.01

Notes: *After special charge. ^bRestated. ^cIncludes special credit. ^dAt yen's current rate.

Mostek joins growing ranks of semiconductor producers scheduling layoffs because of market's failure to make expected first-quarter recovery. Company said it's dismissing 620, or about 10% of work force in U.S., and is starting review of overseas operations. Company said cutback is necessary because of "continued low level of demand for dynamic RAMs." Meanwhile, **National Semiconductor**, which recently resumed operations after 2-week shutdown, said it had scrubbed plan for similar shutdown in April, instead is putting all U.S. and European plants on 4-day week starting this week. In addition, NS said it has laid off 400 at Salt Lake City facility. LFE said it lost \$4.3 million on semiconductor manufacturing equipment business in quarter to Jan. 25 and is quitting field. Company said slack market for semiconductors made it unlikely IC makers would be spending much for new capital equipment in near future.



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WTBS Atlanta begins MTS stereo broadcasts

April 12 with home opener of Atlanta Braves.

Station had been set for spring launch on our list of multichannel sound starters (TVD Feb 18 p13), and start will bring number of active MTS stations to 24. WTBS will go 100% stereo, with Night Tracks music video show, Braves' home games and other shows with binaural sound tracks in true stereo, and mono shows offered in simulated stereo. WTBS is carried by cable to 33 million subscribers. Turner Bestg. says it estimates 5% of TV households can receive TV in stereo, but number is far larger than number of MTS stereo sets sold, probably includes households that receive FM stereo simulcasts from cable systems.

Clive Sinclair, U.K. entrepreneur who over years has launched ventures in pocket calculators, pocket TVs, home computers and, most recently electric cars, is trying to raise \$55 million to finance construction of world's first wafer-scale IC plant. Single IC, etched on 4" wafer that's usually broken up into hundreds of individual chips, would offer 5 megabyte storage, which would be 5 times capacity of largest memory ICs being developed by U.S. and Japanese producers. Sinclair said he expects to come up with funds in few months, have plant up and running by end of 1986. Trilogy of U.S., only other company to attempt wafer-scale IC development, dropped project last year after spending \$200 million on it.

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CAPCITIES WOULD EXCEED 25% CAP on audience penetration even after selling Conn. and N.Y. TV stations, according to Television Digest study. (P. 9)

BAN ON V-FOR-U SWAPS may be sought by leaders in Congress. Ford and Hollings said to be examining options. (P. 9)

ABC AND CAPCITIES GET WARM RESPONSE IN WASHINGTON: It's extremely unlikely that FCC or Congress will place roadblocks in way of Capital Cities Communications' proposed \$3.5 billion purchase of ABC announced March 18. At least, that's reaction of almost everyone in Washington -- including Commission and congressional officials. Feeling was fortified after CapCities Chmn. Thomas Murphy and ABC Chmn. Leonard Goldenson called on all 5 commissioners and Hill leaders. However, much divesting of TV-radio stations and cable systems will be required before deal can be consummated -- and FCC staff already has determined informally that CapCities and ABC would be entitled to favorable tax certificates.

It's by far biggest deal ever in broadcasting -- largest corporate merger in U.S. outside oil industry -- and could take more than year after applications are filed to gain Commission approval because of station and cable spinoffs. Both parties said no formal plan has been

Consumer Electronics

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IBM QUITTING HOME COMPUTERS, to halt PCjr output next month. Announcement casts further cloud over battered industry. (P. 12)

JAPAN'S TSUKUBA '85 exhibition is high-tech video playland with emphasis on big screens. (P. 14)

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TVRO SALE SLOWDOWN coming when pay services start scrambling, ABC's Granath predicts. Retail franchisor Brooks going public. (P. 16)

U.S. TV EXPORTS rose last year but average value dropped, Commerce figures show. (P. 16)

COLOR PICTURE TUBE imports gained in 1984, though shipments from Japan declined. (P. 17)

worked out for presentation to FCC, and CapCities was keeping mum about how it would operate ABC except to say it wouldn't interfere in news area.

Murphy reportedly told commissioners that CapCities will divest whatever is required to speed agency processes. It has announced that WKBW-TV Buffalo and WTNH-TV New Haven will be sold. WPVI-TV Philadelphia also may have to be sold because of Grade B contour overlap with WABC-TV N.Y., reason WTNH-TV is on block. WKBW-TV is on market because there will be cross-ownership problem after Warren Buffett, chmn. of Buffalo News, joins CapCities board with consummation of merger. With purchase, Buffett's Berkshire Hathaway Inc. will become largest single CapCities stockholder, with 18%. Berkshire also owns 13% of Washington Post Co., of which Buffett is dir., 6% of Boston Globe and Interpublic, and 3% of Ogilvy & Mather.

Murphy reportedly "finessed" question by commissioner of whether CapCities would seek waivers for some stations or cable systems, replied in negative when asked whether CapCities would present written proposal to Commission before filing applications. Ex parte contacts aren't barred at this time and won't be unless protest is lodged once applications are filed -- not expected until early summer.

Murphy told reporters there will be no interference with or cutback in ABC news output under CapCities: "You've got to remember that we have been in the business almost as long [as Goldenson]. We just don't interfere in any way with our editorial people. You can't get good editorial people when you do that." Purchase will be financed through bank loans and \$517.5 million for sale of 18% of CapCities stock to Berkshire Hathaway; Buffett will become CapCities dir. (For stock activity in CapCities, ABC and others, see separate story in this issue.)

Responding to reports that ABC merged with CapCities to forestall unfriendly takeover, Goldenson told us that "we had no threats of such an attempt at all" -- although he said there had been informal conversations with other parties, but nothing serious except with Murphy. At 79, he said, he likes deal because "one of these days I'm going to have to be bowing out" and tie with CapCities "assures that ABC will be carried on in continuity forever." He said "I'll keep active" in new company. During March 19 visits in Washington with FCC and Hill officials, Goldenson said he and Murphy got "absolutely wonderful" receptions: "It was terrific."

Wall St. analysts see possibility that somebody might come in with higher bid, but most believe there would be little chance of success. ABC, they said, could drag out negotiations and legal proceedings at FCC and in courts for months. Said Goldenson: "That's a problem we will have to face when and if it happens." However, as protection against unfriendly takeover attempt, CapCities paid \$53 million for option to purchase 5.3 million ABC shares at \$118 per share -- with amount to be applied to final purchase price.

"I feel terrific" about deal, ABC Pres. Fred Pierce told us. He said that if a person isn't in a position to run his own business -- and he said he isn't -- then "this is the best marriage you could make."

In closed-circuit telecast to ABC employes and affiliates, Goldenson reviewed his 32 years at helm of ABC, said: "Now it is time to look to the next decade in our growth and the decade beyond." Saying he felt "like a proud father," Goldenson said new company will be "uniquely equipped to take advantage of the changes and meet the competitive challenges which are occurring in our society today." Goldenson and Pierce stressed compatibility of ABC and CapCities. Pierce called "this a special day for this company in many ways" and "a very historic time." He said merger is "very good news" for ABC employes and stockholders and pledged that all employe benefits provided by ABC will be kept intact.

Antitrust lawyers predicted that Justice Dept. won't move to stop merger. At FCC, official told us: "Obviously, we have nothing pending yet, but there'll be no bar here." FCC

Comr. Quello squelched speculation that he wouldn't participate when deal comes before Commission. He's former Capital Cities vp as gen. mgr. of group's WJR(AM)-WHYT(FM) Detroit. Said Quello: "That's not necessary and it would be ridiculous... I've been here [FCC] 11 years." Lawyer close to case said "there's no legal reason why Quello couldn't participate."

Capital Cities/ABC Inc. will be name of new company. Deal was announced just after noon March 18 after meeting of ABC board. Stockholders will meet in June (dates unspecified) to approve transaction -- and 2-year window for consummation will be included in contract to provide time for FCC approval. Murphy will be chmn.-CEO, Goldenson will move to chmn. of Exec. Committee. CapCities Pres. Daniel Burke will be pres.-COO, ABC Pres. Fred Pierce (who will report to Burke) vice chmn. and chmn.-CEO of ABC Inc.

Major financing for deal will come from Berkshire Hathaway, which will purchase 3 million unissued Capital Cities' common shares, making Berkshire largest stockholder with 18% (for other details of transaction, see separate story). Buffett -- described as "a Washington Post liberal type" -- will be elected to Capital Cities board. "That may not set well with the Jesse Helmses and Fairness In Media," we're told. Goldenson will take cash for his stock (1.4%) in ABC. CapCities also said it would consider stock split at time of consummation.

Talks with ABC, originated by Murphy, had been under way for "several weeks," became "serious in last 2 weeks" and almost fell apart several times, we're told. It's known that ABC and CapCities also were discussing merger more than year ago. Last Dec., after FCC increased number of TV stations licensee could own from 7 to 12, Murphy told us he'd been talking with several other groups about merging (including Storer Communications, see separate story), hadn't been able to strike deal.

Murphy and Goldenson issued statement: "This agreement will create a new, broad-based and balanced communications company that is uniquely equipped to take advantage of the rapid fundamental changes that are occurring in the business. By combining our substantial strengths, we can provide our audiences, customers and the general public the best services possible... Capital Cities and ABC complement each other... The news and information services of the combined company will continue to be fair and objective and will be fully supported in the best traditions of a free press."

As chief exec. of ABC, Murphy will be hard put to remain in background and keep low profile, as is his penchant. CapCities has smallest corporate staff of any major group -- and no PR staff. CapCities also is known as hard-nosed union negotiator, particularly within its newspaper division, and several Guild strikes have occurred against its newspapers. Company is highly profit oriented, with what many believe to be highest profit margin of any group, and maintains tight control of expenditures -- although its station executives are given relatively free hand in running their properties. Several sources, including ABC executives, expect Murphy and Burke to place stringent cost controls on ABC expenditures, including salaries.

Several communications-related public interest groups are seeking to band together in attempt to "influence" provisions of merger. Groups are expected to make move as loose coalition under umbrella of Telecommunications Research & Action Center (TRAC). Success of negotiations with CapCities/ABC will determine whether petitions to deny transfer of ABC stations and spinoffs of some of CapCities' will be filed at FCC, we were told.

Groups are expected to ask for meeting with CapCities officials soon. Among decisions to be made in which they want to exert "influence": (1) CapCities "sensitivity" to minorities in divesting TV and radio stations. "We don't want mass sales to already existing multiple owners," one group put it. (2) Greater commitments for children's TV. (3) Waivers of FCC cross-ownership and cable rules. Will they be sought and if so what kind? (4) Treatment of women (sexual harassment suit against ABC was said to be key element here).

Among groups expected to participate along with TRAC are Action for Children's TV,

National Organization of Women, Citizens Communications Center and Media Access Project. Others are expected to join.

Rep. Leland (D-Tex.), in March 22 speech to National Assn. of Black Owned Bcstrs., urged minorities actively to seek stations and systems to be spun off by CapCities. He said merger "presents a unique opportunity for minorities to purchase major market television and radio properties... Sales of this magnitude are usually completed before the public is even aware that a sale opportunity exists."

STORER TARGETED FOR LIQUIDATION: Dissident stockholders group calling itself Committee for Full Value of Storer Communications notified FCC and Storer March 19 that it intends to try to gain control of company by soliciting enough proxies to elect dirs. who would sell off all Storer assets, including 7 TV stations and cable systems with about 1.5 million subscribers. Committee, which believes liquidation could generate as much as \$2 billion, was formed by Keith Gollust, Paul Tierney and Augustus Oliver, general partners in Gollust & Tierney, N.Y. investment firm.

Committee told FCC in Sec. 316 filing that it and its associates have bought 5.29% of Storer stock since last May and "became convinced that Storer common stock ought to be worth substantially more than its market price." Storer responded by retaining Dillon Read & Co. as financial adviser and Simpson Thacher & Bartlett as special counsel. Company said management and current board "have aggressively pursued plans and programs that have enhanced shareholder values, and this objective will continue to guide their actions." Chmn. Peter Storer "cautioned holders not to act hastily with respect to their investments."

Announcement lit fire under Storer stock, which quickly rose several points to 71-1/4, closing that day at 70-1/8, up 5-3/4 on 160,000 shares traded. As recently as Jan., stock was languishing at 45 but rebounded recently to 57-58 on news company in 1984 4th quarter had first profitable period in 2 years (TVD Feb 25 p8), although it still ended year in red. Upturn in finances came after Storer sold nearly 2 dozen unprofitable cable systems for \$180 million, with proceeds earmarked for reducing \$750 million debt.

Joining Gollust, Tierney and Oliver as proposed dirs. are Peter Grace, managing dir., Ramosa Inc.; Phillip Handy, pres., Parkview Investment bankers; Henry Lodge, Tufts U.; Gregory Mutz, Amlí Realty chmn. and pres. of Mutz & Assoc. investment consultants; Eben Pyne, retired Citibank senior vp; David Strassler, former UA-Columbia Cablevision chmn. who now is investment counselor; Charles Tillinghast, former Trans World Airlines chief executive and investment consultant.

Committee has retained Skadden, Arps, Slate, Meagher and Flom N.Y. law firm as special counsel; its Sec. 316 transfer-of-control filing was made by law firm's Stephen Sharp, ex-FCC commissioner. Donaldson, Lufkin & Jenrette was retained as financial adviser and Carter Organization will act as proxy solicitor, Committee said.

Committee told FCC it believes Sec. 316 filing is unnecessary, is proceeding under assumption that soliciting proxies doesn't involve change in ownership or transfer of control of licenses, that therefore "no regulatory filing or approval is necessary for the election to proceed." Committee also filed 13-D form at SEC disclosing Storer stock acquisitions.

Looming Storer proxy fight, coming on heels of CapCities/ABC proposed merger (see page 1), caused bull market for most media stocks and rumors of pending takeovers of other firms, notably CBS. Trading in Cox shares was suspended temporarily March 19 because of unexplained heavy activity that forced price up several points. CBS, responding to several newspaper reports, including one suggesting that ex-Chmn. William Paley would return to active role, issued statement March 21 denying rumors that management will take company private. There were unconfirmed reports that arbitrager Ivan Boesky had bought 7% of CBS for estimated \$240 million.

High-up CBS executive said network has little to fear from Boesky because "he has never been a take-over guy... I'm more than ever suspicious of the rumor mill as this point... Everybody lies to everybody else [in such situations] and it's to the advantage of the arbitragers to keep the rumors going." However, Wall St. source said CBS should be concerned because such a person would "throw in with just about anybody to make a buck."

Also enjoying booming stock prices were RCA and Taft, whose prices rose several points in heavy trading. Also last week, Australian publisher Rupert Murdoch agreed to buy half of 20th Century Fox from oilman Marvin Davis. Murdoch will pay about \$162 million, also agreed to "advance" Fox holding company, TCF Holdings, additional \$88 million. Closing prices on N.Y. Exchange March 22: CBS, 108-1/2, up 2 7/8; RCA, 42-7/8, up 1/8; ABC: 106-1/8, down 5/8; Storer, 72-3/4, down 1/2; Cox, 63 1/4, up 1-1/4; Taft, 66, down 1-1/2; CapCities, 215, up 8.

"The media companies are red hot now," said Anthony Hoffman, media analyst of Cralin & Co., N.Y. "Anybody sitting around thinking about a deal like this [now will think] 'after ABC, everybody will be going after media companies and I'd better do my deal quickly,'" Hoffman said.

Storer is vulnerable, mainly for 3 reasons, Hoffman said: "Storer hasn't much experience defending against actions like this; they're not regarded as the smartest managers, and they have several choice broadcast properties that traditionally have underperformed." Storer owns WAGA-TV Atlanta, WJKW-TV Cleveland, WJBK-TV Detroit, WITI-TV Milwaukee (all CBS affiliates), WTVG Toledo, KCST-TV San Diego (both NBC), independent WSBK-TV Boston.

Committee members don't plan any further stock buys, we're told, and already own more shares than Storer family and current dirs. According to last proxy statement, Peter Storer holds 173,185 shares, has voting power for another 306,573 held by George Storer Foundation. Other family members hold 50,000, dirs. own 80,242, for total of 609,669 held by Storer family and current board. Committee members have acquired 867,400. There are 16.4 million outstanding.

Analysts said it couldn't yet be determined whether group is serious about taking control of Storer or just wants to be paid "greenmail" to drop proxy fight. "Either way, they've made out like bandits already," Hoffman said in pointing to rise in stock price. "They may extract \$90 or \$100 a share to get lost, so how could they lose?" he said. But insider familiar with group's motives said: "This is for real. They intend to accomplish what they have set out to do -- put their people on the board."

Washington Post Co. has bought 17% of Cowles Media (Minneapolis Star & Tribune, other papers) owned by Cowles family member Kingsley Murphy. Price wasn't announced, but Post article on sale estimated company paid about \$100 a share or "about \$64 million." Day Post buy was announced, lightly traded Cowles stock jumped \$40 to \$120. Also up for sale is 14.3% of Cowles stock owned by Des Moines Register & Tribune Co, which accepted bids for stock March 15 through First Boston Corp. Analysts speculate that Post expects to acquire those shares and eventually all of Star & Tribune stock. However, Cowles Chmn. David Kruidenier said company isn't for sale. Register Co. is in process of liquidating, and last month Gannett won bidding war over Post and others to buy Des Moines paper for \$200 million. N.Y. Times purchased Register's WQAD-TV Moline, Ill.

Pollster Louis Harris said 72% of those surveyed in 1984 were willing to pay extra \$5 in federal income taxes so that U.S. support for arts can be increased.

"It just doesn't make sense," NRBA said of FCC's plan to start charging licensees cost-of-regulation fees (TVD March 11 p5). "The FCC is trying to lessen its burden on the broadcaster, and then it turns around and wants to charge administrative fees... fees that are totally separate from the spectrum, contract, or leasing fees proposed by broadcasters in the past." Microterminal industry also is complaining about fee schedule because it includes first-time \$1,350 charge for individual transmit earth station, \$450 for transfer authorization and \$90 for "other" applications.

U.S. Dist. Court, Minneapolis has upheld right of ATC system in Montevideo, Minn. to raise basic subscriber rate automatically by 5%, as specified in new cable act. ATC, citing act, notified Montevideo it would implement 5% increase -- 42¢ monthly -- on Jan. 1. City Council then passed resolution freezing rate for 2 years. ATC sued and won injunction allowing increase to take effect until issue was resolved. Court then ruled city's resolution was invalid.

DETAILS OF CAPCITIES/ABC: Under terms of agreement whereby CapCities is acquiring ABC for \$3.5 billion (see page 1), ABC holders will receive \$118 in cash per common share, plus 1/10th of a warrant to purchase Capital Cities stock. Each warrant will entitle holder to purchase a Capital Cities share for \$250 for 2-1/2 years after merger is consummated. ABC shares outstanding total 29.1 million. Agreement also provides that ABC may spend up to \$1.1 billion to purchase its stock pending closing of merger.

If deal is finalized, several TV and radio stations will have to be sold, and Capital Cities is expected to sell its cable systems. ABC currently owns 5 VHFs covering 20.79% of U.S. households; CapCities 5 Vs and 2 Us covering 7.92%. Under FCC 12-station rule, licensee is permitted to own VHF stations covering no more than 25% of TV homes (unless it's minority owned) (see Station Coverage Census story, this issue). CapCities Us are CBS affiliate KFSN-TV Fresno and independent WFTS-TV Tampa-St. Petersburg.

There would be Grade B overlap problem between ABC's WABC-TV N.Y. and CapCities WPVI-TV Philadelphia and WTNH-TV New Haven. CapCities already has put WTNH-TV and WBKW-TV Buffalo on market, won't say whether it will seek waiver to retain WPVI-TV. (CBS owns TVs in both N.Y. and Philadelphia, but dual ownership was grandfathered when FCC adopted contour overlap rule.) CapCities also owns WTVD Raleigh-Durham and KTRK-TV Houston. Sources said new company also will have to dispose of 9 FMs and 6 AMs because of cross-ownership rules, will be left with 4 AMs, 4 FMs. It could, of course, add to those in other markets, avoiding cross-ownership problems.

Cable cross-ownership questions involved: CapCities is nation's 19th largest MSO with about 360,000 basic subscribers in 35 systems in 11 states. Franchises cover about 550,000 homes. Company publishes daily papers in Bellevue, Ill., Pontiac, Kansas City, Red Bank, N.J., Wilkes-Barre, Ft. Worth. It also owns Fairchild Publications, publisher of Multichannel News, Electronic News, Management Information Systems (MIS) Week, Women's Wear Daily, many other business periodicals.

FCC rules prohibit TV networks from owning cable systems, but new Cable Act gives Commission discretion to abolish ban. Moreover, present rules allow for waivers, and CBS 2 years ago was permitted to buy cable system in Black Hawk, Tex. (Dallas suburb). For 2 years, FCC rulemaking has been pending to abolish network-cable cross-ownership ban, and item was circulating at Commission last week. But word that FCC was leaning toward repeal got out and Hollywood film studios "went damn berserk," FCC official said.

We're told MPAA, which opposes networks' gaining more market power, appealed to Sen. Wilson (R-Cal.), who "raised hell" with Chmn. Fowler,

convinced FCC to back off repeal. Officials cautioned that Commission had no knowledge of CapCities-ABC merger when considering issue last week. "They've got to get rid of their [cable] systems... There are too many political problems," informed source told us. Another said issue is "too particularly charged" for CapCities to seek waiver to continue to own systems after it takes over ABC.

ABC stock rose 33 points -- from 73-3/4 at close March 15 to 107 when trading on ABC and CapCities resumed March 18 after deal had been announced (both firms had asked before market opened that trading be suspended pending important announcement). ABC closed day of deal at 106 on volume of 1.5 million shares traded. It ended week March 22 at 106-1/8. CapCities closed March 15 at 176, opened March 18 at 183 and closed at 183-1/2 with 202,000 shares traded. At end of week, it closed at 215.

Word that CapCities probably will be required to sell cable properties sparked interest among other large cable MSOs. We're told that Time Inc.'s ATC and largest owner TCI already are looking at systems with eye toward buying those suitable for clustering with their properties.

Cecily Coleman, ex-ABC employee, has increased judgment sought in her sexual harassment suit against ABC and 4 network executives to \$10 million from \$1 million as result of "information obtained through discovery" process. Also, 2 more network executives have been added as defendants -- Everett Erlick, exec. vp-gen. counsel, and Peter Cusack, human resources vp. Dismissed as defendant is Edward Fouhy, ex-ABC News Washington bureau chief now with NBC. Trial is scheduled for June 28. Ex-ABC Vp-Corporate Affairs James Abernathy and Jeffrey Rosen, senior gen. attorney, remain defendants. Suit alleges Abernathy made sexual advances toward Coleman during nearly all 14 months she worked at ABC.

PBS will provide equal time to Accuracy In Media, agreeing to broadcast one-hour documentary that AIM produced in response to 13-part Vietnam: A Television History that PBS carried in fall 1983. Show will air during 2-hour special Inside Story program June 26 funded by Corp. of Public Bestg. and public TV stations. AIM documentary, titled Television's Vietnam: The Real Story, was produced by Peter Rollins, English prof. at Okla. State U. and AIM member, and is narrated by actor Charlton Heston. Host of special hasn't been named. Inside Story will do analysis of AIM's criticism of series and provide it chance to respond.

At request of NAB, House Telecom Subcommittee Chmn. Wirth (D-Colo.) has agreed to postpone April 18 hearing on TV-radio alcohol ban, probably until May. NAB argued that date was inconvenient for broadcasters because it came day after NAB convention ends in Las Vegas.

FCC UPHELD ON KIDVID: FCC was within "broad scope of its discretion" in relying on "all video sources" in denying ACT's bid to require TV stations to air daily children's programs, U.S. Appeals Court, D.C. ruled March 19. It was first time Court has said Commission could consider nonbroadcast signals and public TV in deciding whether TV stations are serving public interest.

Judges rejected ACT argument that it was improper for FCC to consider such offerings in weighing need for children's programs. Court said that while cable isn't available everywhere, "it has a sufficiently broad and increasing presence that the Commission may appropriately consider its offerings... This does not mean... that the broadcaster in any community can disregard the needs of those not served by cable. We also see no need for the Commission to blind itself to the contribution of noncommercial television."

While Congress and FCC haven't relieved commercial broadcasters of requirement to program in public interest, Court said, "that does not mean that the Commission must require commercial broadcasters to pursue those responsibilities in disregard of the fact that some gaps in the public interest may have been filled by [commercial TV] while other needs remain entirely unmet."

But Court said that FCC's Jan. 1984 order refusing to mandate children's TV doesn't repeal agency's 1974 order that broadcasters make reasonable effort "to present programming designed to meet the needs" of children. That order "explicitly affirms" that stations have "a continuing duty... to examine the program needs of the child part of the audience and to be ready to demonstrate at renewal time its attention to those needs." Unsigned decision was handed down by Court with unusual speed -- just 2 months after argument.

ACT Pres. Peggy Charren told us no appeal is anticipated, said "we may have lost the ball game but we won the pennant" since Court clearly affirmed TV stations' responsibility to program for children. She said that most significant problem is program-length commercials directed toward children and that Court's ruling should influence FCC in deciding complaint now pending against practice. She said ACT now classifies 40 separate shows as program-length commercials.

In other FCC cases appealed to D.C. Circuit: (1) State of Cal. seeks review of Jan. order authorizing TV stations to operate nonbroadcast services on VBI. (2) Two losing applicants oppose grant of new AM station to Community Bestrs. in Miami. (3) St. Charles CATV and Chaso Cablevision seek reversal of FCC order that their Md. cable systems carry WHMM Washington.

FCC ordered Sonic Cable TV, Watsonville, Cal. system, to begin carrying independent KSTS San Jose within 30 days. Order was issued March 22.

HDTV STANDARDS RECOMMENDED: Rejecting call for "family" of studio HDTV standards, as advanced by SMPTE, Advanced TV Systems Committee's (ATSC) HDTV Technology Group has come out in favor of single worldwide standard, recommended 1,125-line, 60-Hz, 2-1 interlace system with 5.33:3 aspect ratio, as backed by Japan's NHK and Sony as well as by CBS and most major U.S. movie studios. ATSC group met March 18-19 at NAB.

Recommendations will get stamp of approval from ATSC executive committee at April 3 meeting, be forwarded to U.S. State Dept., which presumably will back them at international CCIR meeting to be held in Geneva in Oct.

Door wasn't totally slammed on SMPTE. Group also recommended that work on 60-Hz progressive scanning system, for which SMPTE has expressed preference (TVD March 4 p8), continue during next 4-year CCIR cycle, which starts in 1986. ATSC Chmn. William Henry said: "SMPTE provided valuable input in these deliberations."

Proposals to be considered by CCIR will be for studio production standards only, and if single standard eventually is approved, it may or may not end up as basis for consumer-use HDTV system. That aspect of battle is far from over, and notice to that effect was given by RCA Exec. Vp Roy Pollack in keynote speech March 21 at meeting of International Tape/Disc Assn. in Tampa. "Perhaps there should be worldwide HDTV standards, but perhaps as we quantify potential economic waste there should not," he said.

Pollack explained that advanced solid-state devices may eliminate need to come up with whole new TV systems. "If all the possible improvements resulting from new knowledge and technology were incorporated into the existing NTSC system, we could suggest to the human visual system that it was seeing the equivalent of high-definition video, and in the process eliminate possible economic waste."

CBS will pay \$4.2 million to settle suit in U.S. Dist. Court, Chicago, accusing it of conspiring with 12 other companies to fix record and tape prices. CBS said in court filing that settlement was made "to avoid the expense, burdens and distractions which would be involved in protracted litigation." Remaining as defendants in case are MCA, Capitol Industries-EMI Inc., RCA, United Artists, Warner Bros. Records, Warner Communications, Warner-Elektra Atlantic, ABC and 2 subsidiaries, WEA Inc. and Atlantic Recording. Trial is scheduled to start June 17. Suit was brought by United National Records, Gary, Ind.

Noncommercial WQEC (Ch. 27) Quincy, Ill., has gone on air, raising operating U.S. TV stations to 1,198 -- 883 commercial, 315 noncommercial. WQEC is licensed to Central Ill. Educational Telecommunications Corp.; Jerold Grubel is gen. mgr.

TBS TO SEEK LOWER CRT RATE: Turner Bestg. System will ask Copyright Royalty Tribunal (CRT) this week to begin review of its controversial 1982 decision raising fees most cable systems pay for many distant TV signals to 3.75% of gross revenues. Petition for review will maintain that cable operators should pay much lower fee for carriage of WTBS Atlanta because TBS already is paying higher rates for programs because of superstation's national audience, insiders told us.

TBS Chmn. Ted Turner discussed issue March 20 over breakfast with NAB Pres. Edward Fritts and at lunch with MPAA Pres. Jack Valenti. Sources said NAB viewed meeting as informational in nature, told Turner that Assn. couldn't agree or disagree with his proposal until it had been considered by Exec. Committee. Valenti confirmed he lunched with Turner but said he had no comment. However, another executive close to issue told us Valenti "turned him down flat" on any special copyright status for WTBS.

TBS executive confirmed that petition will be filed this week. "TBS over the last 2 years has held discussions with all the significant copyright parties on the inequitable application of the 3.75% rate by cable operators for the carriage of WTBS," executive said. Higher rate "is inequitable because we've already paid for that audience," executive said.

TBS petition has been expected (TVD March 18 p6). Any party can petition for review at any time in 1985. Most other copyright parties -- cable trade associations, sports interests, NAB -- privately have expressed reluctance to seek CRT review of 1982 proceeding because agency is viewed as volatile and unpredictable. NCTA has opted for legislative approach to cure what it perceives as CRT regulatory overkill in setting copyright rates.

TBS will ask CRT to set rate as low as 1.5% of gross revenues for WTBS carriage, we're told. Turner has argued that 3.75% rate makes WTBS too expensive for many cable systems. Copyright owners get double dip from WTBS, Turner has contended: He pays national rates for programs, then cable operators pay 2nd time for carrying Atlanta station. He also feels strongly, we're told, that station -- because it's nationally distributed -- is a network just like ABC, CBS or NBC and that it's unfair to single out WTBS for copyright fees.

Turner also discussed with NAB must-carry issue as it relates to copyright, we're told. He sounded out NAB on possible accommodation linking copyright relief for cable industry with more concrete status of FCC's must-carry rules, sources said. "NAB has to keep in mind the welfare of all its members," executive close to discussions said. "What's good for Turner may at first glance look good [for NAB], but we have to look at how that might impact all our members." Other executives looked with disfavor on Turner's expected CRT ploy. "He may be opening Pandora's Box. I'm afraid he's starting something he can't finish," one executive said.

GILLER & MAY ENTER NAB RACE: There's now 3-man race for NAB chairmanship, with one dropout and 2 new entries in opposition to Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock. Gary Capps, KGRL(AM)-KXIQ(FM) Bend, Ore., withdrew last weekend when, he told others, he realized he couldn't win. After Capps had announced, Radio Vice Chmn. Edward Giller, WFBG-AM-FM Altoona, Pa., said he had received "significant amount of pressure to run also," decided to do so week ago.

Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky., who was chmn. of NAB radio board several years ago, is latest to join race to replace Gert Schmidt, Harte-Hanks, as NAB chmn. All 3 candidates' terms on NAB radio board expire in June and they weren't eligible for reelection. They also have experience on NAB Exec. Committee -- issue used against Capps during his 10 days in race since he hasn't served on that Committee -- and all are successful small-market radio broadcasters. May had been instrumental in getting Capps to run, got into race when Capps withdrew. Capps will support May.

Candidates are making NAB's Washington lobbying major campaign issue. All say they're best equipped to make NAB the force it should be. Officially entering race March 18, May claimed 2 days later: "I have over half enough votes to win that election right now."

Amid growing reports of anti-Semitic and antidemocratic programming by Radio Free Europe and Radio Liberty, House International Operations Subcommittee asked Board for International Bestg. (BIB) officials to explain problem at hearing last week. Rep. Smith (D-Fla.) charged BIB Chmn. Frank Shakespeare with pressing for program and staff changes "more suited to his [personal] beliefs." Smith said BIB has become too involved in day-to-day management, which he said wasn't intended when RFE/RL boards were merged into BIB by Congress in 1983. He said change has resulted in "extremist ideologies and inflammatory segments that are anti-Western, antidemocratic and anti-Semitic."

GOP walkout on House Commerce Committee ended March 20 when Democrats agreed to add 3 Republicans, one Democrat, to several subcommittees, including Telecom. Under compromise, GOP gets one more seat on Telecom, increasing total to 25 -- 15 Democrats, 10 Republicans. In addition to Reps. Brody (N.C.), Moorhead (Cal.), Oxley (O.), Rinaldo (N.J.) and Tauke (Ia.), who were on Subcommittee in last Congress, Republicans will add Biley (Va.), Coats (Ind.), Fields (Tex.), Nielson (Utah), Ritter (Pa.).

HBO and Harte-Hanks Cable have signed 5-year carriage pact calling for premium service to be offered systemwide. HBO has been available at many H-H systems, but new contract covers several systems, serving more than 100,000 subscribers, recently acquired by H-H.

STUDY -- CAPCITIES TO EXCEED CAP: Capital Cities-ABC, after selling off WTNH-TV New Haven-Hartford and WKBW-TV Buffalo, would still exceed FCC limit of 25% penetration of U.S. TV households (see page 6). It would have to get waiver or make other divestiture arrangements to reduce market share, according to data taken from major study of all TV stations published last week by Television Digest's Factbook Research Inc. subsidiary. Data show that even with sale of 2 stations, combined CapCities-ABC would have 27% penetration.

Even before merger, ABC led networks in penetration, data show. Among nonnetwork groups, Metromedia is first in penetration, according to study. Titled "Television Station Coverage Census," study shows ABC is tops among networks with 20.79% penetration, CBS 2nd with 20.61%, NBC 3rd with 19.89%. All network-owned stations are VHFs. Factbook Research conducted study to provide comprehensive information for use in new broadcast marketplace created by FCC's relaxed TV station ownership limits.

Other than networks, here are Top 10 group owners, with penetration and VHF and/or UHF stations (after UHF figures were reduced 50%, per FCC rules): (1) Metromedia, 20.45% (4 V, 3 U). (2) RKO, 13.53% (3 V). (3) Tribune Bestg., 13.44% (3 V, 2 U). (4) Wometco, 11.81% (4 V, 2 U). (5) Group W, 10.08% (5 V). (6) Spanish International, 9.31% (7 U). (7) Trinity Bestg., 8.88% (7 U). (8) Cox, 8.09% (5 V, 2 U). (9) CapCities, 7.92% (5 V, 2 U). (10) Storer, 7.85% (5 V, 2 U).

New company formed by pending Taft Bestg. and Gulf Best. merger will temporarily move into No. 5 position (11.28% penetration, 8 V, 5 U) upon approval and consummation of that deal, but it will have to sell at least one station to comply with FCC rules. Rules allow for 12 TV stations per owner, with cap that no owner may serve more than 25% of U.S. TV households. Companies with more than 50% minority ownership may go up to 30%. Impact of UHF discount is notable for several groups. Without it, Metromedia would be No. 1 group owner overall with 23.93% penetration. Networks then would be followed by SIN with 18.62%, Trinity Bestg. with 17.76%.

TV Station Coverage Census runs 446 pages and provides commercial TV station ownership for all TV stations -- more than 800 groups and individuals. Information covers market penetration, station reach and net weekly and average daily circulation for each station, all in terms of share of total U.S. and actual TV households. Report includes owner-by-owner and market-by-market studies. Also given for each owner are subtotals for VHF and UHF stations, network affiliate and independent stations.

Census is available for \$250. For information and immediate shipment: Lynn Levine, dir., Factbook Research, 202-872-9200.

HOLLINGS OPPOSES SWAPS: Opposition to proposal to allow channel swaps between commercial UHF and public VHF TV stations is building in Senate and could lead to attempt at legislative ban, Hill sources said. Sens. Ford (Ky.) and Hollings (S.C.), senior Democrats on Communications Subcommittee, expressed reservations with proposal at hearing March 20 featuring FCC Chmn. Fowler. Lawmakers are concerned about adverse impact on public TV audiences and service and signal quality and about ramifications for federal funding of PTV system, sources said.

Senators haven't made any decisions on what they'll do, but we're told some other panel Democrats are equally concerned. They and Subcommittee Chmn. Goldwater (R-Ariz.) also have privately voiced concern about impact proposal could have on PTV efforts to obtain federal funding, sources said. (But Goldwater hasn't taken position on swap plan.) Swaps that result in big cash infusion for some PTV stations could jeopardize chances of federal funding for all stations, including those that haven't traded with commercial outlet and have little prospect of making such transfer. Fowler defended plan, said some PTV stations believe swaps could provide funds for improving programming and facilities. He said swaps would be approved individually and only if they're found to be in public interest. Conflict with Congress promises to be hot one because some members of House Telecom and Commerce Appropriations Subcommittees also oppose swaps, we're told. Quick Hill action is certain because Senate panel is expected to mark up FCC authorization April 2.

CBS camera crew was fired on by Israeli tank March 21 in Kfar Malke, Lebanon killing Tafik Ghazawi and Bahije Metni and seriously wounding Ayad Hassan Harake, all Lebanese citizens. Eyewitnesses described attack as deliberate and unprovoked. CBS News Pres. Edward Joyce called attack "wanton" in telex to Israeli Prime Minister Shimon Peres and asked for govt. investigation. Other networks expressed also outrage. Peres rejected charges, said soldiers "didn't deviate from the strict orders concerning the protection of innocent bystanders." Reagan called deaths "tragedy," said "these things can happen" in war and "I'm quite sure... this wasn't a deliberate killing."

Acton Corp. has completed sale of L.A. cable properties to Daniels & Assoc. for \$13.2 million in cash, plus performance clauses that could raise total to \$17 million in 6 months. Sold was 13,000-subscriber group of systems in eastern L.A. County, operating from 2 headends. It was Acton's last Cal. cable property. Acton said it would use bulk of funds to reduce bank debt from \$48 million to about \$40.5 million, expects further \$10 million cut by Sept. 30, firm said.

Heritage Communications declared 3-for-2 stock split, payable April 18 to holders of record April 1. Company has 7.7 million shares outstanding.

Personals

FCC calendar -- March 26: Comr. **Dawson** keynotes Institutional Investment Analysts seminar, sponsored by U.S. Telephone Assn., Hotel Plaza, N.Y. March 27: Chmn. **Fowler** testifies before Senate Appropriations Subcommittee, 9:30 a.m., Rm. S146A, U.S. Capitol; **Daniel Brenner**, senior adviser to Fowler, speaks at Close-Up Foundation, USIA, Washington. March 28: FCC open meeting. March 29: Comr. **Patrick** speaks on First Amendment rights of broadcasters, ABA forum of Committee on Communications Law, Washington Hyatt Regency Hotel; Brenner speaks on content regulation; Gen. Counsel **Jack Smith** speaks on obscenity; **Janice Obuchowski**, legal asst. to chmn., participates on 1985 World Administrative Radio Conference panel, Columbia U., N.Y.

William Lilley, head of corporate relations for CBS, promoted to senior vp... **Alan Fields**, former dir. of Paramount Pictures U.K., moves to parent Gulf & Western as vp, Entertainment & Communications Group... **Marlin Fitzwater**, White House deputy press secy., named press secy. to Vice President Bush, succeeding **Peter Teeley**, who opens consulting firm; **Denny Brisley**, ex-OMB, joins White House press office as coordinator for TV interviews.

James Rupp, Midwest Communications pres., adds CEO title; **Everett Klosterman** advanced to vp-chief financial officer... **Marvin Szymkowicz** elected partner in Washington law firm Ward & Mendelsohn; **Bernard Strassburg**, onetime chief of FCC Common Carrier Bureau, becomes of counsel.

Joseph Di Giovana promoted to vp-TV operations, East Coast, ABC; **Peter Cusack**, ABC vp-human resources, resigns to form consulting firm, succeeded by **Steve Solomon**, who has been in charge of ABC real estate management... **Andy Beers** advanced to chief, King Best. Washington news bureau... **Janet Baser**, ex-NBC TV Stations Div., appointed research dir., Multimedia Entertainment.

Don DeCesare advanced to northeast bureau mgr., CBS News... **Robert Butler**, NBC group exec. vp, and **Dan Cordtz**, ABC News business editor, speak at May 11-15 Best. Financial Management Assn. convention, Palmer House, Chicago... **Alan Cohen** advanced to mktg. dir., NBC TV; **James Ring** promoted to sports sales dir... **Adrian Caddy**, ex-King Features, named dir.-broadcast sales, Turner Program Services International... **David Cummings** advanced to sales mgr., Blair TV Minneapolis; **James Burke** promoted to asst. sales mgr., N.Y... **Allen Sabinson**, ex-NBC, named senior vp-original programming, Showtime/Movie Channel... **Kathleen Criner**, dir.-telecommunications affairs, ANPA, speaks at March 26 brown bag lunch of FCC Consumer Assistance & Small Business Div.

Eugene Edwards, mktg. vp Harris Best. Group, retires... **Abbott Ezrilov**, ex-Videotex America, named vp-mktg. and sales, Chronicle Videotex, San

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Francisco... **Karl Lahm**, ex-Jules Cohen & Assoc., named partner in A.D. Ring & Assoc., consulting engineers... **Penn Hoyt**, ex-Assn. Management, named mktg. dir., NRBA.

Shareen Colombo advanced to Detroit mgr., Avery-Knodel TV... **Donald Dunbar**, onetime ABC and NBC, named sales mgr.-closed circuit TV products, Audiotronics... **David Buckler** promoted to sales vp, Chryon Telesystems Div... **Joseph Mackil**, ex-GE, appointed group financial exec., General Instrument Broadband Communications... C-SPAN Chmn. **John Frazee**, Centel Communications pres., addresses Washington Cable Club March 27 luncheon, National Press Club.

Obituary

Charles A. Siepmann, 86, prof. emeritus of communications at N.Y.U. and one of earliest and most influential critics of commercial broadcasting, died March 29 in his London home. Siepmann co-authored controversial FCC "Blue Book" in 1946 describing public service responsibilities of licensees, also wrote several books on broadcasting. He was chmn. of N.Y.U. Dept. of Communications from 1946 until he retired in 1968 and chmn. of N.Y. Civil Liberties Union 1956-60. Native of Bristol, England, he came to U.S. in 1939 as Harvard lecturer. Wife, 2 daughters, son, survive.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of March and 1985's first 10 weeks:

	MARCH 2-8	1984 WEEK	% CHANGE	FEB. 23— MARCH 1	10 WEEKS 1985	10 WEEKS 1984	% CHANGE
TOTAL TV.....	339,425	367,916	- 7.7	452,920	3,383,535	3,719,901	- 9.0
TOTAL COLOR...	285,290*	246,542	+15.7	368,696*	2,822,989	2,823,986*	n/c
DIRECT-VIEW.	280,918*	243,847	+15.2	364,180*	2,783,786	2,794,629*	- 0.4
PROJECTION..	4,372*	2,695	+62.2	4,516*	39,203*	29,357	+33.5
MONOCHROME....	54,135	121,374	-55.4	84,224	560,546	895,915	-37.4
TV EXCL. PROJEC.	335,053	365,221	- 8.3	448,404	3,344,332	3,690,544	- 9.4
HOME VCR.....	158,391*	91,936	+72.3	265,782*	1,812,959*	1,040,562	+74.2
COLOR CAMERAS...	5,045	7,331*	-31.2	11,542*	80,832*	74,273	+ 8.8

Color TV (direct-view) 5-week moving average: 1985--306,105*; 1984--274,897 (up 11.3%).

Home VCR 5-week moving average: 1985--190,145*; 1984--106,935 (up 77.8%).

* Record for period.

DIGITAL AUDIO TAPE DELAYED: Agreement by Japanese on standards for digital audio tape recording, originally scheduled for midyear, now probably will be delayed until year's end, according to Fukuzo Itoh, vice chmn. of industrywide Digital Audio Tape Standardization Conference (DATSC), largely because of minor disagreements on mechanical specifications of cassettes.

Itoh, who is TDK gen. mgr.-engineering, gave report on status of digital audio tape recording (DAT) to American press touring TDK facilities in Japan last week. He was expected to cover much of same ground in talk to ITA seminar in Tampa last week.

Committee will recommend 2 standards -- one for helical scan or rotary head system (R-DAT), another for longitudinal scan or stationary head (S-DAT). Although Itoh expressed hope that only one type would be made, use of 2 could lead to situation similar to Beta-VHS dichotomy in videotape.

R-DAT system holds inside track for several reasons, in Itoh's opinion. Major advantage is that it probably can use same metal particle tape formulation developed for 8mm VCR and already in production, whereas new formulation would have to be developed from scratch for S-DAT. Tape smoothness is extremely important for digital audio, and available tape coatings for longitudinal scan systems are too rough.

Among other advantages of R-DAT listed by Itoh: (1) Cassette is about 60% of size of that for S-DAT. (2) Material cost of both cassettes is almost same, but S-DAT would cost an estimated 10% more to produce. (3) Evidence seems to favor rotary type as more suitable for high-speed replication. Disadvantage of R-DAT is that it has "some compatibility problems at present."

Tentative cassette size for S-DAT is 4.09"x2.6"x0.39", about same as audio Compact Cassette, with smaller R-DAT cassette measuring 2.87"x2.48"x0.41". Each would have 2 speeds and up to 2 hours of record-play time, depending on tape length. S-DAT would have 20 tracks

plus control track and auxiliary track in each direction for total of 44. In both cases, tape width would be 1/4".

Preference for R-DAT is far from universal. JVC spokesman, for example, told us company is preparing for both types but leans toward S-DAT. JVC has developed first 22-track thin film recording head with built-in IC for S-DAT system. Spokesman said S-DAT format recorder or player is more susceptible to miniaturization -- for headphone type portables -- and that JVC believes replication of software would be more economical with S-DAT.

Both systems test out about same for use in car environment, Itoh said. Essentially digital audio Compact Disc system will remain supreme in digital audio for some time -- Itoh said he thought that it would take 1-2 years after standardization before digital tape system could get to market and that R-DAT would be the first, presumably because of tape availability.

COURT UPHOLDS ITA'S JAPAN TV DUMPING MARGINS: In ruling that may at least clear way for eventual end to 15-year-old Japanese TV dumping case, Court of International Trade dismissed, but grudgingly, Zenith's challenge to International Trade Administration finding that most sets imported from Japan in year through March 31, 1980 were either fairly priced or were underpriced at average margins so low as to cause negligible harm.

In decision 4 years ago, ITA found no dumping of sets by Matsushita, NEC, Sanyo, Toshiba and JVC, insignificant margins on TVs from Hitachi, Mitsubishi and Sharp, left only General and Orion with margins high enough to require importers to post bonds to cover possible antidumping duty assessments (TVD Feb 16/81 p10). Shipments were in first full year for which imports were liable for dumping duties. All dumping penalties, along with any civil liabilities stemming from other dumping-related misconduct for imports before April 1, 1979, were closed out in return for importers' payment of \$76 million as settlement (TVD May 5/80 p8).

CIT Judge James Watson found in favor of U.S. govt. on all counts, granted summary judgment upholding ITA's method of calculating fair value and its decisions on factors to consider in accepting claims for price adjustments. But in dismissing Zenith complaint, Watson made it clear that he disagreed with what he was doing and that his decision was based strictly on earlier appeals court ruling that, in effect, ITA had broad discretionary, and nearly unchallengeable, authority when it comes to procedures for establishing dumping margins.

Unless Zenith appeals, verdict clears way for Customs to liquidate covered entries, should serve as signal for ITA to issue margins for imports in more recent years. Agency is known to have been ready for several months to issue ruling on margins for Japanese sets imported in year to March 30, 1981, but has been holding back, possibly waiting for Judge Watson to act. Lack of new margin rulings also is delaying action on ITA consideration of granting exclusion from antidumping case to individual Japanese companies. ITA proposed exclusion for group of firms in Aug. 1983 on grounds it found all with no undervalued sales for 4 years. But it can't grant exclusions until it issues official margin determinations for 1983.

Watson's decision also gives indication CIT will be ruling in favor of ITA in Korean color TV dumping case. Suits pending at CIT involve: (1) Korean color manufacturers, which insist ITA erred and set margins too high in determination last Dec. (TVD Dec 24 p10), and (2) Zenith, which charges agency erred in setting them too low.

BIG BLUE THROWS IN HOME COMPUTER TOWEL: It took just year of participation in wild and woolly consumer electronics market for IBM to remember what its middle initial stands for and announce it was pulling out of home computers. Company said it would halt production of PCjr computers next month, had no plans for resumption, though it would continue to support owners with software and service.

Pledge of support has familiar ring. It's one used by every company that dropped out and generally precedes total abandonment by 6 months or so. In IBM case, however, "support" pledge probably will be true to some extent because company has broad service organization, and there's degree of software compatibility between PCjr and IBM's professional PC. But owners can expect to see supply of cartridges start drying up soon and aren't likely to be offered much from IBM in way of nonutility programs on disc.

IBM move sent yet another shock wave through already battered ranks of independent entertainment software suppliers, which are beginning to wonder whether home computer is about ready to follow videogame into oblivion. At start of this year, there were only 5 home hardware players left -- Atari, Coleco, Commodore and IBM, plus Apple with line that fits somewhere between home and office. Software marketers generally have been restricting new releases to Apple, Commodore and PCjr formats because of concern over staying power of Atari and Coleco. Coleco of course is now out; Atari's success is still uncertain; sagging sales and profits make Commodore's financial future subject of speculation; Apple is suffering from declining demand; and now IBM is quitting. Apparent decision by company of IBM's stature that home computer business isn't worth pursuing won't help already shaky confidence of financial community in industry and is likely to make it much harder for survivors to attract capital.

PCjr unveiling came in Nov. 1983 amid much hoopla from IBM at particularly inauspicious time -- same week Texas Instruments announced it was discontinuing 99/A home model, Atari said it was having delivery problems with new XL series and Coleco acknowledged it was having production headaches with Adam. IBM started fullscale deliveries in first quarter 1984, by which time Mattel and Timex had dropped out.

PCjr got off to slow market start, in part because of poorly designed and hard-to-use keyboard; there was speculation that was done deliberately to keep home model from cutting into sales of standard PC. IBM later acknowledged it made mistake, let owners turn in keyboard for dramatically improved version introduced in Aug. at time it lowered price of version with built-in disc drive \$270 to \$999 and retargeted sales effort toward education and small business markets. But only real sales spurt came in Dec. when IBM offered package with color monitor that could retail for less than \$900. When promotion ended in Jan., package price shot up to \$1,400, and sales dried up.

It's probably no coincidence that news of PCjr demise came on heels of reassignment of Philip Estridge, former head of personal computer Entry Systems Div., to post as worldwide manufacturing vp, or that earlier this year responsibility for personal computer sales was transferred from ESD to National Distribution Div., which handles sales for most other IBM products.

IBM is estimated to have sold some 250,000 PCjrs and to have stockpile of 100,000-150,000. Having brand clout it does, IBM probably could move them out quickly at bargain prices to schools and institutions, thus avoiding market disruption and damage to its reputation that retail liquidation would cause. In significantly worse shape are software houses, stuck with hundreds of thousands of PCjr program copies that dropped 50% in value overnight. First official casualty is Teledyne, which says it will be laying off many of 1,600 workers at Lewisburg, Tenn. plant, where it has been assembling and testing PCjrs under contract from IBM.

VCR foiling system developed by MIT under contract from Columbia Pictures alternately speeds up and slows down frame transmission rate of broadcast or cable-fed TV signal. MIT claims this confuses VCR but doesn't interfere with normal TV reception. System is in experimental stage; use by broadcasters presumably would require FCC approval.

Philips will invest \$2.2 million in cooperative advanced IC design and production venture with Taiwan's state-run Electronics Research & Service Organization. ERSO will design and produce wafers for final assembly at Philips's existing plant in Taiwan, where it already turns out 400 million devices annually.

MACROVIDEO '85: The fun starts when 18 loudspeakers boom out "It's zoom time" and unseen cameras select members of audience picnicking on grassy knoll, enlarging them 10 times larger than life on world's biggest TV screen -- 82 ft. high, 131 ft. wide. This is Sony's Jumbotron, and this is Japan's Tsukuba Expo '85.

Billed as exposition of science and technology, 6-month world showcase near Tokyo that opened last week actually uses clever combinations of old and recent technologies -- with large measure of cuteness thrown in -- to assemble sort of high-tech amusement park. Although recent technical advances have concentrated on microscopic circuits, Expo's emphasis is on the huge, and several records are set for bigness if not for newness.

Video comes into its own in some exhibits, but in many cases reliance is on film -- several of most popular exhibits highlight 3D film, a technology spotlighted in every world's fair since 1939, with no noticeable advances since then.

In 2 days of exhibit-hopping, we spotted only handful of standouts that would be of interest to electronics mavens -- and even these concentrated on spectacle rather than science, as macro triumphed over micro.

Sony's Jumbotron (TVD May 14 p20), in dominant hilltop position, must be considered No. 1 attraction of fair, if only because of its size. Huge screen is composed of 151,200 "Trini-lite" cells, each consisting of 3 rectangular light-emitting devices (nonscanned CRTs) in 3 primary colors. Highly equipped studio-control room processes live, taped and teletext pictures. Standard NTSC signal is input into system, delivered to display screen by optical fibers, then converted to digital signals, with entire field excited at a time, rather than scanned as in standard TV.

Jumbotron has 5:3 aspect ratio instead of normal 4:3, and Sony says it's capable of displaying high-definition TV image -- which was being transmitted experimentally by NHK on a satellite frequency (but not from satellite). Among equipment items in Jumbotron control room is 1" digital VTR. System has 1,500 ft.-lambert peak brightness, picture is plainly visible for about 1,500 feet, even on sunny day, though brightness falls off when it's viewed at angle. It took one year to build, consumes about 800 kw, is understood to be for sale (price unknown).

Most ingenious single attraction is NEC's C&C Theater (for computers & communications). "World's largest electronic multiscreen theater system" is composed of 27 133" rear-projection screens programmed by computer-coordinated Pioneer optical videodisc players. Audience interacts with computerized space travel saga from 108 consoles (3 people to a console), each containing 13" color screen, personal computer, video camera. At some point in 20-min. show, every member of 324-person

audience appears on screen and influences action in saga in which rocket ship motion actually is relayed to seats. NEC says giant videogame took 3 years to make, involved 500 people.

Newest film technology on display was in Toshiba exhibit -- giant wraparound Showscan theater developed by Douglas Trumbull that uses projection rate of 60 frames per sec., instead of normal 24, to combine feeling of video and motion picture.

Matsushita also competed in race to be "biggest." Its theater show was displayed on 3 side-by-side color LCD panels, each measuring 10.5x14.1 feet, equivalent of a 220" color TV screen. Panels, lighted by fluorescent lamps, are only 15.7-in. deep. Each screen provides 399,360 dots with excellent color and better resolution than previously seen giant LCD panels.

Matsushita display was reminiscent of its major products of future exhibit at 1981 Summer CES, with updated versions of some of same items shown. One of highlights was its new flat color TV tube (TVD Feb 11 p11), still with no production date. Also shown was updated version of company's nonglasses 3D TV system, using 5 superimposed images, special projection system, lenticular screen. Like Sony, Toshiba and Hitachi, Matsushita displayed receiving and recording equipment for NHK's MUSE 1,125-line HDTV system.

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Tandy could be moving to join ranks of name brand super retailers. Company has agreed to acquire Scott Appliance Group for undisclosed sum in cash and notes. SAG operates 24 TV-audio-appliance outlets in Tenn. and Fla. under names Scott Appliances, Santa and McDuff's, earned \$4.58 million on sales of \$46.9 million in year to Jan. 31. Until now, Tandy has restricted hardware sales to its own Realistic logo through 9,000 owned and franchised Radio Shack stores worldwide. Tandy also owns O'Sullivan, producer and independent marketer of stands and furniture for consumer electronics, and Memtek, manufacturer and marketer of Memorex video and audio cassettes. Calling acquisition "Tandy's initial entry into name-brand discount retailing," Chmn. John Roach said it "will provide us the opportunity to become more familiar with a segment of the electronics industry in which we have not been participating."

Korean brand VCRs showed up in market last week, right on schedule. Export sales ban in Koreans' VHS license from JVC expired March 17. First ad noted was Gold Star \$400 list leader model being offered by 9-store Wiz discount chain at competitive, but not dramatically low, \$299. Same ad offered Emerson VHS at \$149, but only if purchased along with JVC VHS-C camcorder at \$1,495. Among other VHS lowballs featured in ads of other N.Y. dealers: GE at \$300, Panasonic \$288, Emerson \$266, plus Sanyo Beta at \$175.

SONY NET UP: Aided by growing overseas demand for color TVs and digital audio disc players, Sony posted 14.8% rise in consolidated net on 9.4% sales increase in opening fiscal quarter to Jan. 31 (see financial table). Sony said China and U.S. were primarily responsible for 14% hike in foreign volume to \$974.9 million. Sales in Japan were down 1.5% to \$349.9 million.

Betamax home VCRs lost out to color TVs as Sony's biggest selling consumer product. Sony said its Betamax sales dropped 25.3% to \$211.1 million, indicated falloff more than offset effect of increased sales of professional video equipment and resulted in 4.7% revenue decline to \$498.8 million in video products. Sales of TVs rose 20.4% to \$352.5 million, helped by 17.4% increase in color volume to \$290.7 million. Sales of projection TVs, up 51.6%, and video components, up 72.6%, came in at around \$22 million, while b&w had 0.5% rise to \$17.9 million. Sony b&w volume increased sharply last year with introduction of flat-tube pocket portables, appears to have leveled off. Audio product sales were up 21.7% to \$295.5 million while other products, including office equipment, increased 17.2% to \$178 million.

Sony said that it expects to show comparable improvement in 2nd-quarter sales but that profit margin is likely to decline because of costs related to start of worldwide sales of 8mm Video camcorders and fact that CD players still aren't making full contribution to earnings. That anticipated slowdown is evident in Sony's forecast that earnings for fiscal year will be up at least 4.8% to \$288 million on 11.1% sales increase to \$5.39 billion.

Recoton posted record sales and earnings in 1984, but 4th-quarter net slipped 5%. Accessory product marketer attributed profit decline to year-end adjustments and higher overhead.

Polaroid is joining Kodak in getting piece of floppy disc maker Verbatim. Polaroid has agreed to buy U.S. assets of Verbatim's Data Encore Diskett Duplication Service, one of industry's largest contract duplicators of software. Undisclosed purchase price includes DDS production equipment in Sunnyvale, Cal., packaging inventory, customer list and accounts receivable, as well as exclusive rights to company's copy protection systems. Polaroid said some DDS equipment would be used to expand existing duplication operation, but most will go to new facility it will be opening in Cal. Earlier this month, Kodak agreed to acquire Verbatim through \$175 million cash tender offer (TVD March 18 p25).

General is adding VHS VCRs to its Beta line in Japan, leaving just Sony, affiliate Aiwa and customer Pioneer as sole Beta-only marketers there. General is only original Beta camp member that never marketed format in U.S. While U.S. sales subsidiary Teknika originally showed Beta models to its customers, first actual VCR introductions, made at last Winter CES, were VHS.

SONY 2-SPEED 8mm: Sony's big surprise at last week's London introduction of 8mm Video camcorder it plans to start marketing there in May is that it will be dual-speed, offering up to 2-hour record-play time on 60-min. cassette. Price will be \$1,265, somewhat lower than anticipated. Price on 60-min. cassette also will be low, about \$9.20, when compared with \$8.05 list Sony will put on 30-min. cassette.

To date, Sanyo is only company to show dual-speed for 8mm, has it on portable deck it's now marketing. All other 8mm models, including Canon's deck, and camcorders made by Matsushita (Kodak and GE), Toshiba (Polaroid) and one Sony itself is now selling in Japan have been single speed. Acceptable half-speed performance would make 8mm VCRs suitable for use with recorded software, lack of which would keep format from becoming serious challenger to Beta and VHS formats for general home use. Sony declined to comment on whether 8mm camcorder it will introduce here in June also will be dual-speed.

Also at London meeting, Sony gave first European demonstration of Super Beta, said first VCRs would be introduced there this fall. PAL units will use same high-band recording technique employed in NTSC version shown last Jan. (TVD Jan 7 p9), but video carrier signal frequency will be raised by only 200 kHz instead of 800 kHz. Sony didn't discuss reason for change, but it could be to improve compatibility between standard and Super Beta formats. Sony also declined request for compatibility demonstration, explained it was showing prototypes and results wouldn't be satisfactory.

Japanese would be forbidden to sell telecommunications equipment in U.S. until U.S. manufacturers receive reciprocal treatment in Japan under bill (S-728) introduced March 20 by Sen. Chafee (R-R.I.). Chafee said he was frustrated with trade talks and believed Japanese wouldn't make any meaningful concessions. Bill would close U.S. markets to Japanese until U.S. Trade Representative and Commerce Secy. certify that American companies were being accorded same market access in Japan as Japanese receive in U.S. -- not just same kind of treatment in Japan as Japanese companies get there.

New MTS TV stereo broadcasters: KSL-TV Salt Lake (CBS) began March 13, is synthesizing nonstereo programming. WVIZ-TV Cleveland (PBS) launched March 7. KERA-TV Dallas (PBS) was slated to begin March 24 during Gala of Stars 1985 that marks end of public TV pledge drive. They bring to 26 number of MTS stations now on air, excluding superstation WTBS Atlanta, which has announced April 12 debut. Other probable imminent starters are PBS stations WEDH Hartford, WNET N.Y.-Newark, WMHT Schenectady-Albany-Troy; ABC owned KABC-TV L.A.; CBS affiliate KMSO-TV Missoula, Mont.; independents KPHO-TV Phoenix and KPOL Tucson.

SCRAMBLING TO SLOW DISH SALES: Backyard dish sales will slow dramatically in "very near future" as major cable programmers begin scrambling and charging for signals in fall, predicted Herbert Granath, pres. of ABC Video Enterprises (AVE), at recent 2nd annual Business of TV News conference, sponsored in Washington by Television Digest Inc. and McHugh & Hoffman.

Granath said industry should expect cable operators and dish sales staffs to collect fees for programmers, possibly as early as fall. Comments are important because AVE is unit that oversees ABC's investment in cable networks ESPN, Lifetime and Arts & Entertainment Network -- none of which has yet announced specific scrambling plans.

Granath said dish sales have been based on sales pitches emphasizing that signals can be downlinked for no extra cost. He said programmers will begin protecting copyright, using new cable law provisions allowing them to scramble signal and set up mechanisms to collect fees from home users.

At meeting in N.Y., Satellite Syndicated Systems Chmn. Edward Taylor said cable systems that buy WTBS Atlanta signal from his company are demanding it be scrambled. System operators have warned they will switch to WGN-TV Chicago if it moves to scrambling before WTBS. Meanwhile, HBO on March 15 started testing recently installed scrambling system.

TVRO trade still isn't likely to take all this lying down. SPACE Exec. Vp Charles Hewitt recently warned that his trade group will seek legislation to ensure fair pricing of pay-TV services offered to home dish owners and that it plans to fight any program packaging deals that would create market monopoly. He said SPACE estimates 470,000-560,000 dishes were sold last year and 850,000-1.1 million are in use.

Growth is producing some rather interesting projections from participating companies. Uniden says it captured 35% of satellite dish market after it entered field in June last year, will account for 50% of industry's 750,000 unit sales this year. Panasonic Industrial, which has moved recently to distribute own-brand TVRO equipment in U.S., expects to win 10-15% of market in first year. Scientific-Atlanta, long a major player in commercial earth station business, didn't make sales projections but said it will enter home market this summer with Hemesat line.

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Brooks Satellite Inc. has sold 12 Brooks store franchises, 5 of which already are in operation, company reports in SEC filing for public stock offering. Filing covers 500,000 units, each consisting of 2 common shares and one warrant. Also covered are 163,563 warrants to be issued to current holders and 70,000 warrants issued in earlier private placement. Estimated \$2.7 million proceeds will be used to repay debt, expand franchise marketing and

development and for working capital. Registration statement shows nation's first franchisor of satellite TV stores lost \$356,663 on revenues of \$778,125 in first 9 months of 1984. Unaudited results for last quarter show \$196,688 loss on \$447,469 revenues. Report from company's accountant warns "continuation of the company as a going concern" depends on successful completion of public offering.

Filing says both Panasonic Industrial and General Instrument have agreed to supply Brooks with equipment under its own brand. Prospectus estimates number of satellite systems in use at 600,000, predicts that will grow beyond one million this year. Brooks sees opportunities for chain as subscription collection agent for scrambled TV services. Filing also notes Chmn. Jack Grumet bought 50% of Brooks's franchise for southern N.J. Pres. David Bondon, former M/A-Com mktg. vp, makes \$75,000 under 3-year contract, upon completion of offering will receive \$25,000 bonus and salary will be raised to \$100,000.

U.S. TV EXPORTS UP: Reversing 4-year pattern of decline, U.S. exports of TV sets rose in 1984, according to figures from Commerce.

Exporters shipped 351,100 TVs to foreign markets last year, up 17.8% from 297,800 of 1983, and value of shipments rose 10.4% to \$104.1 million to \$94.2 million. But while exports grew, total still represents less than 3% of 11.8 million TVs imported last year.

Bigest export increase came in b&w, with units up 51.2% to 78,800 from 52,100, as value rose 18.8% to \$8 million from \$6.77 million. However, b&w TVs no longer are produced in U.S., so those shipments presumably all were re-exports of foreign-made product. Exports of color TVs rose 12.7% to 266,900 from 236,800 and value increased 10.5% to \$92.6 million from \$83.8 million. Still on decline, however, were shipments of TV combinations, off 40.5% in units to 5,300 from 8,900 but down just 7.6% in value to \$3.39 million from \$3.66 million.

Figures indicate average value of exported color TV slipped 2% last year to \$347.06 from \$353.97, b&w average sank 21.4% to \$102.03 from \$129.83. For combinations, average jumped by 55.2% to \$636.94 from \$410.47.

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Mexico's Grupo Alfa, financially troubled conglomerate, is nearing agreement on restructuring of \$2.5 billion debt to international lenders. Company has been in default on principal and interest payments since 1982. Apparently being dropped from agreement plan is requirement GA sell off most of its 143 subsidiaries and concentrate on steel and petrochemical business. GA has been unsuccessful in finding purchasers for those operations, including its consumer electronics units that market Admiral, Philco and Magnavox lines. Instead, GA will embark on more orderly 5-year divestiture program.

1984 TV TUBE IMPORTS: Total imports of TV picture tubes rose moderate 21.7% last year to 1.94 million, as increased shipments of color and projection tubes offset effect of decline in b&w, Commerce figures show.

In color, Japan, still largest individual source country, lost dominating position last year as trade pattern changed. Imports of color tubes as components (excluding those brought in as part of TV kits) were up 17.6% to 792,700, but shipments from Japan fell 27.7% to 350,500. Much of that loss, however, was made up for by 14-fold jump in imports from Canada to 106,200. Only color tube manufacturer in Canada is Mitsubishi, which operates former RCA plant there. Korea continued as 2nd largest color tube supplier, with shipments up 52.3% to 151,300, while imports from Singapore rose 15.1% to just under 83,000. Newcomer to color tube import ranks in 1984 was Brazil, source for 77,700. Philips and Philco-Ford are understood to be largest producers there.

Additional 643,900 color tubes were imported as part of kits, nearly 80% believed to have come from Matsushita's chassis plant in Mexico and presumably containing Japanese-made tubes. Most of rest came either from Japan or from Japanese-owned plants in Singapore. Inclusion of kits puts total color tube imports at 1.44 million, up 18.4%. Rise slightly trails 20.3% estimated increase for domestic production of color sets last year, would leave tube imports representing about 12.1% of U.S. OEM demand, down from 12.3% in 1983.

Total imports of b&w tubes sank 33.7% to 188,400. As b&w TVs no longer are produced in U.S., imports presumably are for replacement market.

"Culling graybeards" is how senior workers at Philips's R&D lab in U.K. are terming company's request for voluntary retirement or job transfer of older employees. Lab, which employs 300 and is heavily involved in R&D on such advanced products as large flat tube and LCD color TV displays, interactive video systems and artificial intelligence, is asking for 50 employees over age 50 to resign and for some over 35 to accept jobs with other Philips operations in U.K. All would be replaced by younger engineers. Philips said it looked at staffs of its other research organizations and feels that age pattern in U.K. is less favorable. However, involved engineers say that when working on long-term development projects, experience is more important than being fresh out of college.

China is cutting import duties on ICs to 6% and on small computers to 9%, both now at 25%, as well as on many raw materials used in electronics manufacturing. China said rate on ICs and materials is being reduced to help domestic producers expand their activities. Lower rate on computers is intended to encourage their increased use in schools and industry.

Value of individual color tube imports rose 20% to \$46.5 million on strength of price increases in larger sizes. Commerce figures indicated import price of average 18-19" tube increased last year to \$65.99 from \$62.70, while average 20"-&-over -- classification that would include new square-cornered 20" tubes -- rose to \$70.23 from \$63.88. Average price for other most popular import size, 13", declined to \$41.60 from \$45.25, while 14-15" slipped slightly to \$49.02 from \$50.33.

Here's rundown on tube imports by screen size:

U.S. 1984 PICTURE TUBE IMPORTS

Total TV

Type	Units	% chg.	\$ Value	% chg.
Color				
12" & under	43,820	+23.4	2,394,143	+ 6.1
13"	151,058	-15.2	6,284,112	-22.0
14-15"	142,076	+74.3	6,965,364	+73.6
16-17"	20,844	+227.2	1,243,516	+69.1
18-19"	226,240	+10.7	14,928,478	+16.4
20" & over.	208,706	+24.0	14,657,062	+36.3
w/TV kits..	643,948	+19.3	n.a.	--

Monochrome

12-16"...	65,815	+60.1	1,038,722	+43.8
Other....	122,597	-49.6	2,475,779	-46.6

For projection TV

312,356 +233.8 14,481,178 +223.8

Tatung replaced RCA last year as Taiwan's biggest exporter. Economic Affairs Ministry said Tatung's 1984 exports were valued at \$210 million, with 75% stemming from color monitors and other computer peripherals, most sold to U.S. No export value was given for 2nd place RCA, which had shipments valued at \$182 million in 1983. Other Taiwan-based electronics firms with exports of more than \$100 million last year were repeaters Texas Instruments and General Instruments, first-timers Atari, Digital Equipment, Orion.

Gray market suits have been filed in Cal. state court by NEC and parts distributor Cal Abco. NEC brought \$50 million action claiming trademark rights were infringed by CA's unauthorized importation and sale of NEC-made ICs. In \$100 million counteraction, CA says NEC's efforts to cut off its overseas supplies constitute restraint of trade.

3M named Berkey Photo authorized distributor of Scotch video and audio cassettes, computer discs and accessories to photo specialty retail outlets. Last year, Berkey got similar VCR and camera distribution rights from GE.

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
Comcast			
1984-year to Dec. 31	103,007,000	12,173,000	.96
1983-year to Dec. 31	84,437,000	9,025,000	.77
1984-qtr. to Dec. 31	27,200,000	4,208,000	.33
1983-qtr. to Dec. 31	23,723,000	3,032,000	.24
Recoton			
1984-year to Dec. 31	25,077,000	1,610,000	.60
1983-year to Dec. 31	21,911,000	1,424,000	.69
1984-qtr. to Dec. 31	6,755,000	402,000	.15
1983-qtr. to Dec. 31	6,377,000	423,000	.20
Sony*			
1985-qtr. to Jan. 31	1,299,500,000	76,300,000	.33
1984-qtr. to Jan. 31	1,187,600,000	66,400,000	.29
TCA Cable TV			
1985-qtr. to Jan. 31	8,278,000	1,348,000	.20
1984-qtr. to Jan. 31	6,344,000	972,000	.14
Tele-Communications			
1984-year to Dec. 31	449,416,000	17,382,000	.39
1983-year to Dec. 31	347,267,000	20,532,000	.46
1984-qtr. to Dec. 31	123,669,000	(1,461,000)	--
1983-qtr. to Dec. 31	103,335,000	(234,000)	--

Notes: *Adjusted. *At yen's current rate. ^Per ADR.

^Restated.

ITT has produced 60,000 digital TV sets in German plant since production began in Sept. 1983. Third-generation circuit includes chip that can decode all European teletext systems and can be aligned by service technician through hand-held remote control unit after special service code is entered. ITT says its Digivision set now has been field tested in all PAL countries and is on sale in many of them. ITT is leading German exporter of TV sets, builds 900,000 complete sets and 500,000 kits a year. Sound has been major selling feature for Digivision sets, which are equipped for German stereo TV system. Only one network (ZDF) has been broadcasting stereo sound for almost 4 years; the other national chain (ARD) will begin stereo at big Internationale Funkausstellung TV-radio exposition that opens in Berlin Aug. 30.

AT&T is expanding IC production capacity in U.S., planning for start in U.K. Company said it's doubling capacity of Kansas City plant, which now turns out 256K RAMs, and is preparing for output start of megabit memories. New capacity is expected to be on line next Jan. In U.K., AT&T said it planned to set up advanced IC design center if its telecommunications equipment venture with Philips receives expected orders from British Telecom. Also being considered is \$110 million IC plant.

Sony will boost spending on semiconductor development nearly 3-fold this year to \$153 million from \$59 million in 1984. Sony said its overall capital budget will be up 25% this year to \$382 million.

Consumer Electronics Personals

H. Omikawa advanced at Sansui (U.S.) from exec. vp to pres., succeeding **M. Miyake**, who continues with parent in Japan; **Tom Yoda** promoted from sales and mktg. vp to exec. vp with additional responsibilities for planning in reorganization; **Hiro Higashiomori** named senior mktg. vp; **Warren Mann**, former asst. to Yoda, promoted to home audio and video sales vp; **Jim Oblak**, former Car Audio Div. mgr., named car audio sales and mktg. vp; **Terry Gribbon** appointed credit and data processing operations vp... **Tony Tsujii**, TDK (Japan) corp. managing dir., appointed TDK (U.S.) consumer video and audio sales and mktg. vp; **Koyo Yokoi** named consumer products national sales dir., succeeding **Douglas Chatburn**, resigned; **Julian Phelps**, former south region sales mgr., advanced to computer products national sales mgr., replacing Yokoi; **Alex Akakura** promoted from special projects dir. to computer products sales and mktg. dir.

David Morse resigns as pres. of Amiga, computer development firm acquired by Commodore last year, will leave later this month following scheduled delivery to parent of 16-bit computer prototype... **Charles Perrin**, ex-Chesebrough-Ponds, named pres. of Dart & Kraft's Duracell U.S.A. Div., succeeding **Robert Kidder**, who continues as pres. of Duracell Inc... **Robert Schubert**, ex-United Satellite Communications, joins TVRO retail franchisor Brooks Satellite as product engineering dir.

William Hoard, ex-Embassy Home Entertainment, joins Pioneer Video as software mktg. mgr... **Steve Johnson** advanced at Sony Tape Sales to national sales mgr. for consumer video and audio tape; **Gene Dunham**, ex-Sunkyong and TDK, joins as west region mgr., succeeding Johnson... **James Auer** has left post of Fuji consumer tape product mgr... **Ronald Safinick** and **Joseph Wolf** resign as pres. and vice-chmn., respectively, of Media Home Entertainment... **Robert Komisar**, ex-Ingram Video, joins Active Home Video as national field sales mgr... **Grant Saidiner**, ex-International Video Entertainment, appointed sales dir., Essex Video... **Mike Henry** named mktg. dir., King of Video.

Carol Rovner, former House International Economic Policy & Trade Subcommittee staff consultant, joins EIA as International Business Council dir... **Pamela Cohen**, ex-WEA, named special projects dir., Video Software Dealers Assn. and NARM... **Sophie Sa**, ex-Social Science Research Council, appointed exec. dir. of Matsushita Foundation... **Bernard Schneyer** promoted at Bartex Publishing (Dealerscope and PC Retailing) from exec. vp to pres... **Roman Beyer** appointed Stereo Review vp-publisher, succeeding **William Lippe**, who left following CBS acquisition of magazine... **Pamela Golden**, ex-Frank Barth PR agency, joins Robert Griffin Assoc. as account group supervisor... **Rona Barrett** named copublisher and exec. editor of Coming Attractions, monthly guide to new releases from Convenience Video.