

# TELEVISION DIGEST®

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

With Consumer Electronics

APRIL 1, 1985

VOL. 25, NO. 13

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**FOWLER OPPOSES CAPCITIES/ABC WAIVERS**: "I will not be very receptive to waiver requests" from Capital Cities Communications and ABC as they complete merger, FCC Chmn. Fowler told Senate Commerce Appropriations Subcommittee March 27. "I do not see any reason why they should have rules waived," he said, adding that such a decision involving major TV network would be unprecedented. Fowler said he was speaking only for himself and hadn't prejudged any issues.

**Comments came as Fowler was being asked** about proposed merger during Q-&-A with Sen. Hatfield (R-Ore.). Fowler said merged company would have TV and radio properties in excess of station ownership limits, couldn't keep them all without waiver. He cited CapCities cable outlets and ABC's grandfathered co-located AM-FM and TV stations. Chmn. said CapCities will have to divest cable systems and ABC's AM-FM stations will have to split from TVs in

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**MICRO 8mm, VHS-C** camcorders expected from Sony and JVC. Sony seen preparing full 8mm line. JVC chooses size over playing time. (P. 10)

**RCA ACCENTS YOUTH** in first top-level changes under Frederick as Richard Miller gets responsibility for consumer electronics. (P. 11)

**13" MODELS LED COLOR** industry's sales surge last year with 60% rise, while 19" volume held nearly level, EIA figures show. (P. 12)

**MITSUBISHI CANADA HIKING** color tube capacity 50%, says 500,000 boost won't disrupt market. (P. 14)

**VCR BUYER DEMOGRAPHICS** changing as it evolves into mass market item, Gallup survey shows. (P. 14)

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**UPBEAT OUTLOOK FOR VIDEO** hardware sales buoys spirits at ITA. (P. 16)

**NATM NEARS \$2 BILLION** in sales, complains some suppliers are unhappy with rapid expansion. (P. 17)

same market. CapCities Chmn. Thomas Murphy told us March 29 he had "no comment" on Fowler's statements.

Actions won't be necessary until actual ownership transfer takes place, Mass Media Bureau Chief James McKinney told senators. He said merged company will have to file plan with FCC under 12-12-12 station ownership rules on what it will do with stations when transfer occurs. Fowler denied FCC already has struck "deal" with new company on waivers. However, he said, it wasn't improper for company to get staff advice on how to deal with FCC requirements and that staff level meetings weren't inappropriate.

Senators also expressed concern about backlog in LPTV and translator licensing. Hatfield said slow action has hurt some public TV stations that are seeking translators and need FCC approval before they can get grant to build facilities from NTIA's Public Telecommunications Facilities Program. McKinney said separating translator applications from 25,000 backlogged LPTV requests would only slow FCC further.

Sen. Lautenberg (D-N.J.) also warned that he might reintroduce legislation mandating minimum children's educational programs in wake of recent Appeals Court decision upholding FCC decision not to require TV stations to air such programming (TVD March 25 p7). He said that broadcasters don't do enough educational programming for children, that he was dismayed by court action.

**FCC FAVORS 3 TV SIGNALS AS CABLE COMPETITION:** Presence of 3 TV signals of any kind (network, independent, noncommercial, etc.) presents adequate competition to cable service and will effectively restrain basic service rates, FCC is expected to rule at April 11 meeting, we're told. To determine whether 3 TV stations are present, cabler can show they project Grade B contours over community or are significantly viewed, we're advised.

This relatively liberal standard would make nearly 80% of cable systems, serving more than 90% of all subscribers, free to charge what they want for basic service after 2-year transition period written into new Cable Act. In its notice of rulemaking, FCC noted that Congress, in early version of cable bill, had considered requiring presence of 4 TV signals, including affiliates of 3 major networks, before cable rates would be deregulated. Adopting that standard would result in significantly more cable systems' remaining under local rate regulation.

In other key decisions in rulemaking, we're told, FCC will define basic service as lowest-priced tier that can contain only must-carry signals. Definition tracks Commission's holdings in "Nevada" decision. There also will be no penetration test. Some cable opponents had urged that deregulation be withheld from systems that have very high penetration. On cable-telco cross-ownership and definition of rural area, we're told industry will be "somewhat disappointed. We think it could be improved on the telco issues," one insider said.

"My conclusion is they [FCC] have accepted the proposition that what Congress said is 'we want to deregulate to the maximum amount possible while at the same time having a safety net in those rare areas where there is no competition,'" said industry executive. Officials at NCTA, which had argued for 2-signal test (TVD Jan 28 p2), wouldn't comment. Others said, though, that order is "almost exactly what NCTA asked for."

Mass Media Bureau has completed drafting order, but sources cautioned that "there may still be some changes" and noted that some commissioners have misgivings about parts. Congress gave FCC 180 days to complete rulemaking. Second part of FCC's implementation of Cable Act is adoption of EEO rules.

As important as number of signals selected is manner in which their presence is to be determined, industry sources said. Using Grade B or significantly viewed standards -- 2 easiest ways to prove signal is present -- will improve chances for cable deregulation in suburban

fringe areas or rural communities near larger towns. Even if number of signals remained at 3, many such systems couldn't achieve rate deregulation if Commission were to opt for a tougher standard to judge presence of signals, such as 35-mile rule.

A station is considered to serve area with Grade B signal if at least 50% of viewers can receive satisfactory picture 90% of time, but determining whether station is significantly viewed is trickier. Also, if a station is judged significantly viewed in one community, it's assumed by FCC to have that status throughout that county. Significantly viewed is category of FCC rules usually used by TV stations, most recently licensed UHFs, to claim must-carry on cable systems in their fringe areas.

If station is network affiliate, it's significantly viewed if it has share of viewing hours of at least 3% of total weekly hours and net weekly circulation of at least 25%. Independent station has that status if it has a share of viewing hours of at least 2% total weekly hours, net weekly circulation of at least 5%.

FCC order will allow city to dispute cabler's assertion that a station projects Grade B signal over community or is significantly viewed. It's expected there will be fights between cities and operators over counting a station under significantly viewed test. "I know there will be some consultants out there who will tell the cities they ought to do significantly viewed tests and contest all this," cable executive said.

Such disputes are most likely in mountainous areas, where terrain greatly affects off-air viewing. Compounding situation is fact such areas typically have high cable penetration. Said executive: "Say you have 70-80% penetration. How are you going to find enough people who don't take cable to show one way or another that a station is significantly viewed?" And if city successfully rebuts cabler's assertion that station is significantly viewed, "wouldn't that knock the station off your system as a must-carry?"

FCC's expected 3-signal standard is rebuke to National League of Cities (NLC), other municipal groups and Dept. of Justice, which had argued for much tougher competition criteria. NLC had asked for 10-signal test (TVD Feb 4 p2) -- 5 off-air signals and 5 from some alternative delivery system such as MDS or DBS, making it difficult for cable systems outside metropolitan areas to achieve deregulation.

U.S. Supreme Court March 25 let stand lower court decision that FCC had sufficient reason to deny WNYC(AM), municipally owned station in N.Y.C., right to broadcast in evening because of interference it causes to clear channel WCCO(FM) Minneapolis. Court refused to accept WNYC petition that sought to overturn 1982 FCC decision revoking station's right to broadcast until 10 p.m.; right had been granted as wartime exception in 1943. Lower court agreed with FCC ruling that N.Y. residents could listen to many stations at night, while significant portion of WCCO service area isn't well served. N.Y.C. officials argued in appeal that FCC decision ignored special listenership needs of WNYC "which don't cease with the setting of the sun in Minneapolis." WCCO said broadcasts interfered with listening of 7 million people in 8 states.

WNBC-TV N.Y. camera crew walked off set in Manhattan studio last week, refusing to tape interview with 2 victims of AIDS. Another cameraman was brought in after subjects agreed to pin lapel microphones on themselves and dispose of them afterwards.

**ABC Bcst. Group** last week launched major on-air and print campaign to inform viewing public, business opinion leaders and special interest groups about positive sides of TV. Describing effort, Anthony Thomopoulos, pres. of Bcst. Group, said: "We see a strong need to explain the values of American television more assertively; a need for viewers to better understand how television functions [and] how we deal with the diverse issues broadcasters face every day. We feel there are some myths about television that need to be dispelled, some important topics that need to be addressed, so that our system remains responsive and dynamic." James Duffy, who moves from ABC TV Network pres. June 1 to Group senior vp and head of Office of Communications, is featured in campaign TV spots and print ads.

**CBS** has prepared 11-min. videotape on debate involving beer and wine advertising, describing network's efforts to call attention to problem over last several years. Tape, narrated by Donald Wear, CBS Best. Group vp for policy, is available to affiliates, service clubs, public interest groups, etc.

**NAB PREPARES FOR CONVENTION:** All systems are go for NAB's 63rd annual convention, starting in Las Vegas in 2 weeks. Rancor between NAB and Las Vegas Convention & Visitors Bureau -- over fact Hagler-Hearns fight will come in middle of convention and cost NAB hundreds of hotel rooms -- has cooled off, but NAB still is holding to "wait-and-see attitude" to make sure promises on rooms and other amenities are delivered, according to NAB Secy.-Treas. Michael Harwood.

There's little question that Bureau has gone all out to soothe NAB, called meeting of major hotel executives last week solely on upcoming NAB convention. At one point, NAB Pres. Edward Fritts issued ultimatum: Move Hagler-Hearns fight "or never see us [NAB] again" (TVD Dec 24 p3). Many rooms originally taken away from NAB by major hotels have been returned, and Hilton even has refused rooms requested by casino for high rollers, to make sure NAB reservations are honored.

Couple of smaller hotels have promised free gambling chips to NABers if their room reservations aren't honored. Convention Bureau also is providing NAB delegates closed circuit of fight in Convention Center at \$15 (about half regular cost); broadcasters must wear convention badges to be admitted.

Year ago, NAB convention went relatively smoothly despite strike by hotel workers and musicians -- although opening session and others had to be moved or rescheduled, and substitute entertainers were brought in at last minute, at considerable cost to NAB. NAB goes to Dallas in 1986-87, is scheduled to return to Las Vegas in 1988-89.

Chicago Mayor Harold Washington and McCormick Place executives are making hard pitch, are coming to Washington to make pitch to Assn. NAB stopped going to Chicago several years ago, primarily because of problems with unions at McCormick Place. NAB officials said they're looking beyond 1991 (Dallas is scheduled again for 1990-91) because it's probably too late to change any of those already scheduled and there might be legal complications.

NAB has expanded to 5 days, running April 13-17. There will be several firsts this year: (1) "Meet the candidates" session of NAB TV and radio boards -- since there are 3 candidates for joint board chmn. (Ted Snider, Edward Giller and Walter May, all outgoing radio board members). (2) First-ever TV sessions on Sun. morning, before official opening session that afternoon. (3) No closing lunch Wed.; instead, FCC Chmn. Fowler will speak at 9:30 brunch, followed by closing entertainment by Pointer Sisters. NAB said that change was made to permit eastern broadcasters to get home same day and that airport buses will be provided. (4) Opening cocktail reception Sat. evening. (5) Convention exhibits open 8-10 p.m. during fight -- just in case bout ends early and delegates want something to do. Some exhibitors, we're told, aren't too happy about that.

Among govt. officials expected are 6 senators, 23 House members, 8 congressional staffers, all 5 FCC commissioners and 17 staffers. Not attending: Sens. Danforth (R-Mo.) and Goldwater (R-Ariz.), chmn. of Commerce Committee and Communications Subcommittee, respectively; House Commerce Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Wirth (D-Colo.). NAB will pay expenses of congressional delegation, give most members honoraria; Assn. also will pay expenses of 15 of 22 (including commissioners) expected from FCC.

NAB has sold record 320,000 sq. ft. to 678 exhibitors. Harwood said registrations "are still swarming in" and hotel space is very tight. Attendance is expected to exceed last year's record 35,000. Convention has been boon to NAB in bringing in associate members, 102 signing since first of year, producing \$42,000 in revenue. NAB also has taken in \$80,000 in ads for convention program; at end of Jan., it was \$259,343 ahead of projected total revenue for year. As of March 4, Assn. had 3,454 radio members, record 817 TV members, up from 700 Jan. 1, 1984.

**CIA Dir. William Casey**, who was a dir. and counsel of CapCities until he joined CIA in 1983, didn't include 34,755 shares of CapCities stock he owns when blind trust to manage his holdings was established, according to Long Island newspaper Newsday. Stock represents less than 1% of CapCities shares and is estimated to be worth \$7.5 million. In most recent financial disclosure statement, Casey said only that stock was valued at more than \$250,000. Casey said later stock wasn't included because it doesn't meet requirements for a "diversified trust," that he will include holdings if govt. ethics officials approve transfer. He said Senate Select Committee on Intelligence was notified at time trust was established that CapCities stock wouldn't be included.

**First quarter** has been "disappointing" for Cox, and company projects decline in operating income. At March 28 annual meeting in Atlanta, Pres. William Schwartz told shareholders that company will sell many small cable systems having total of about 200,000 subscribers. Proceeds from sales will prop up earnings, which he said will increase over last year. Schwartz said that "industry sluggishness" is affecting Cox's 7 TV stations, that results at 2 largest outlets -- WSB-TV Atlanta and KTVU Oakland-San Francisco -- "have been adversely affected in the first quarter by a softness in audience position which began late last year."

**KXXV (Ch. 25) Waco, Tex.** went on air March 22, raising operating U.S. TV stations to 1,199 -- 884 commercial, 315 noncommercial. Mary Hunter, David Mann and Allen Mann own 33% each, Gen. Mgr. Robert Mann 1%; Robert Good is station mgr. In addition to stations on air, there are 353 construction permits -- 316 commercial, 37 noncommercial. Also pending are 559 applications for new stations -- 532 commercial, 27 noncommercial.

**CABLE 'INDECENCY' BAN HIT:** Miami ordinance banning "indecent material" on cable violates First Amendment and due process rights of cable operators and programmers, 11th U.S. Appeals Court, Atlanta, held March 22. But a section of ordinance banning obscenity (hard-core pornography, as distinct from indecency, which could be mere cursing or partial nudity), wasn't challenged and apparently still stands.

Decision affirms ruling by U.S. Dist. Court, Miami (TVD Aug 8/83 p8), that permanently enjoined ordinance on same grounds. Plaintiffs in case were local subscriber and HBO.

As have other courts recently, 11th Circuit judges drew sharp distinctions between cable and broadcasting. In 9-page opinion, Court held that U.S. Supreme Court's 1978 *Pacifica* case, which said FCC could proscribe broadcasting of vulgar and offensive programming, doesn't support Miami's claim of authority to regulate what it said is similar programming on cable.

"Although we recognize the complicated and uncertain area of constitutional interpretation which we are entering and the importance of the interests asserted by the city," opinion said, "we are persuaded that *Pacifica* cannot be extended to cover the particular facts of this case." In *Pacifica*, U.S. Supreme Court relied on pervasiveness of TV-radio broadcasts. Cable isn't pervasive; subscribers must act to bring it into their homes and can cancel at any time, Court said.

City's appeal relied heavily on *Pacifica* and language in that landmark decision by Justice Stevens, who said: "It makes no difference whether the pig enters the parlor through the door of broadcast, cable, or amplified speech; government is entitled to keep the pig out of the parlor." Eleventh Circuit saw an important difference: "It seems to us, however, that if an individual voluntarily opens his door and allows a pig into his parlor, he is in less of a position to squeal."

Miami ordinance violates due process because it allows city manager to act as judge and jury, Appeals Court said. He could receive complaints or act on his own initiative, find programming indecent and suspend cabler's right to operate for up to 9 days. Case originally arose when Ruben Cruz, a subscriber of franchisee Miami Cablevision, asked for Playboy Channel. Cablevision, citing ordinance, said it couldn't offer that channel, leading Cruz to sue city and Mayor Maurice Ferre; HBO intervened. Cablevision, saying it feared retribution from city, didn't participate.

Independent WGGT Greensboro, N.C. is being purchased by Atlantic TV Limited Partnership I (ATLPI) from Guilford Telecasters for \$11 million. ATLPI Pres. Edward Herlihy was gen. mgr. of WATL-TV Atlanta until that station was bought by Outlet Co. last year. WGGT Gen. Mgr. Mark Conrad will remain.

**FIM WON'T WAGE CBS PROXY FIGHT:** Saying it doesn't have enough time "to launch a full-scale proxy fight," Fairness In Media (FIM) announced March 29 that it won't seek shareholder proxies prior to April 17 stockholders meeting in Chicago in its attempt to win control of network. FIM had reached agreement with CBS earlier in week for network to turn over list of its holders.

In return for FIM pledge, CBS told U.S. Dist. Court, N.Y., that it won't seek approval of anti-takeover resolutions at meeting. CBS also agreed that FIM wouldn't have to return list of stockholders, provided under CBS-FIM agreement.

Judge Conner suspended all proceedings in CBS suit against FIM until latter makes intentions fully known and until court rules on group's motion to dismiss suit -- which accuses FIM of seeking names for improper purposes and some of its affiliates of violating security laws. FIM said that if court doesn't dismiss suit, it will file "extensive counterclaims" against CBS. It's expected that FIM will issue tender offer for CBS stock, seek to call special stockholder meeting later in spring or summer.

CBS agreed to give list of stockholders to FIM and supporter, N.C. Publisher Hoover Adams, after winning court restrictions on how names will be used. Conservative FIM, which wants to take over CBS because it alleges network's news has liberal bias, wanted list to solicit proxies. In gaining access to list, FIM agreed to use names only in connection with soliciting proxies, stockholder petition, tender offers, special meeting "or other stockholder action to effect a change in CBS management or policy."

Meanwhile, Federal Election Commission is considering case against 2 groups whose principals are involved in FIM move to take over CBS. FEC has tentatively concluded that N.C. political ad consultants Jefferson Marketing Inc. and National Congressional Club -- political action committee for Helms -- violated law by being "integral" part of PAC and significantly reducing rates to PAC for developing TV ad campaign against Helms's gubernatorial opponent and other N.C. Democratic congressional candidates, including Rep. Rose (D-N.C.), who filed complaint with FEC.

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**Congress should reject** Administration plan to eliminate NTIA's Public Telecommunications Facilities Program (PTFP) that provides facilities grants to public TV and radio stations, William Hay, vp-radio of S.C. Educational TV Commission said in testimony to House Commerce Appropriations Subcommittee last week. Hay, speaking for NPR, said only 70% of nation receives public radio, and PTFP funds still are needed to expand service. Approval of Administration's proposed \$10 million rescission of FY 1985 PTFP funding "would send a powerful message to our stations that the federal government no longer gives [them] top priority," Hay said.

**WTBS A 'NATIONAL DISTANT SIGNAL'?** To end "windfall double payment" to copyright owners, Copyright Royalty Tribunal (CRT) should classify WTBS Atlanta as "national distant signal" and exempt it from 3.75% royalty rate paid by some cable systems for carrying station, Turner Bestg. said March 25. As expected (TVD March 25 p8), Turner asked CRT to include WTBS in statutory copyright fee schedule for signals carried before FCC deregulation, meaning operator at most would pay 0.893% of gross revenues for carrying Atlanta station.

Basis of petition is claim that WTBS operates in "superstation submarket" of TV syndication market. In this submarket, syndicators of TV shows and movies sell product to WTBS at rates higher than they charge local TV stations because of Atlanta station's national audience of some 34 million cable subscribers. Syndicators sell only certain shows to WTBS to avoid duplicating product sold to local TV stations.

New 3.75% copyright rate is for signals added after FCC in 1982 eliminated rules limiting number of such signals that could be carried (post-Malrite). WTBS claims higher rate, which became effective with 1984 first-half accounting period, has limited growth of station. At end of 1983, there were 74 large (Form 3) systems paying 3.75% rate for WTBS carriage; 336 Form 3 systems weren't carrying WTBS then. Exempting WTBS from 3.75% rate actually would increase payments to copyright owners because more cable systems would carry signal, TBS contends.

If WTBS petition is granted by CRT, all cable operators would pay following rates (as recently adjusted for inflation [TVD March 11 p4]): 0.893% of gross revenues if it were sole distant signal carried; 0.563% if one of 2-4 distant signals; 0.265% if one of 5 or more. Operators in top 100 TV markets would pay added charges to account for loss of syndicated exclusivity. CRT isn't expected to rule on petition before mid-1986.

Other nationally distributed TV stations -- WGN-TV Chicago, WOR-TV N.Y. -- apparently couldn't qualify for status WTBS is seeking because they're so-called "unwilling" superstations. They don't actively seek cable carriage and don't pay higher rates for programming because of their national audiences.

NCTA commented: "The Turner petition challenges one in a whole series of copyright issues, all of which are very high on our agenda. Turner is pursuing one remedy of particular importance to his company, and we certainly are sympathetic with his objectives. NCTA strategy on the whole range of copyright issues that concern us will unfold over the next few months."

Centel has bought 16 Mich. cable systems from Essex Group for undisclosed amount. Acquired systems serve total of about 15,000 subscribers, raising Centel total in Mich. to about 34,000 (277,000 nationally).

**CABLE AD REVENUES OF \$1 BILLION?** After climbing nearly 50% from 1983 to 1984, cable ad revenues will continue growing rapidly this year and should surpass \$1 billion in 1986, Daniel Ritchie, Westinghouse Bestg. & Cable chmn., predicted at Cabletelevision Ad Bureau (CAB) conference in N.Y. March 26. But he warned in keynote address that industry's success in increasing ad dollars can bring problems, mainly commercial clutter. "It's time for some self-policing," he said.

Next year "can and should be the year when our ad revenues surpass \$1 billion," Ritchie said. He said cable advertising jumped from \$350 million in 1983 to about \$515 million last year.

A central factor in growth of cable ad revenues is that more systems now have equipment and staffs to sell local ads, Ritchie said: "I'm enormously encouraged that more than 1,000 systems now sell local inserts in the principal satellite-fed networks." CAB estimates that by end of 1985, at least half of some 6,400 cable systems will be selling local ads.

Cable networks produce vast majority of industry ad dollars, but local ad sales are increasing. According to CAB, latter totaled \$80 million in 1984, up from just \$5 million in 1980. CAB estimates local ad sales in 1985 will hit \$125 million.

"I'm concerned about the prospect of commercial clutter" on cable, Ritchie said in urging industry to increase ad revenues by charging more for each spot.

**HDTV STANDARD DEAD?** Major blow to hopes for international high-definition TV production standard was administered by European Bestg. Union (EBU) working group last week in Brussels when it rejected 60-Hz field frequency. Although this doesn't represent EBU's final position, there's no reason to believe it will be reversed by full EBU committee.

European opposition to 60 Hz is, in effect, rejection of NHK 1,125-line standard recommended by American Advanced TV Systems Committee (TVD March 25 p7) for international CCIR meeting to be held in Geneva in Oct. If CCIR doesn't vote standards this year, issue could be dead -- it certainly will be for next 4 years. Some engineers, however, feel European position isn't so much total rejection of standard as expression of need for more time to develop one.

Chance of European endorsement of 60 Hz always has been regarded as slim -- and now it's slimmer still. In Europe, as in some U.S. technical circles, there's no great feeling of urgency for teleproduction standard. Delay -- if that's all it is -- presumably could be advantage to proponents of noninterlaced progressive scan (TVD Feb 25 p3), giving them time to develop actual standard proposal. American proponents of both progressive and interlaced standards agree on 60-Hz scan frequency.

**MAJOR NAB DISPLAYS:** Among prominent equipment exhibits at NAB convention April 14-17 in Las Vegas, Ampex will emphasize digital special effects and editing, RCA will theme its display to CCD cameras, and Sony will stress Betacam series -- and, of course, it would be a big surprise if there weren't some equipment surprises.

RCA exhibit will be celebration of production of CCD cameras, with many units displayed in virtually every configuration for hands-on operation.

Company will be pushing for orders, with deliveries beginning almost immediately. RCA also will have big area devoted to multichannel TV sound (MTS) with demonstrations of stereo and SAP channel and will introduce new 60-kw UHF transmitter to round out line. Also featured will be camcorder display in 1/2" format using VHS cassette. RCA's surprise, according to Best. Systems Div. Vp Dennis Woywood, will be mystery product code-named "Silverlake."

Sony once again will have biggest exhibit on floor -- increased this year to 17,000 sq. ft. from last year's 14,000, shared for first time by 3 Sony companies -- Broadcast, Communications, Tape. Added to growing Betacam line will be 2 new machines -- portable record and play VCR for 2-piece field operation and front-loading special effects play-only unit with dynamic tracking. Two new Betacam tape cassettes will be introduced, with 5- and 30-min. playing time, as companions to existing 20-min.

Sony Best. chief William Connolly said company would introduce 4-board plug-in time base corrector for 1" VTR, making for single self-contained unit. Completely new product will be probe that sets up monitors in 90 sec., similar to process of adjusting automatic cameras. Sony also will show new HDTV projector with 120" screen claimed to be 40% brighter than predecessor. In hotel suite, company will display prototype digital VCR with 3/4" tape, which Connolly called "now 95% standardized."

Ampex will add 2 members to ADO digital effects family -- "Infinity" option providing new type of effect in which objects appear to pass through one another, and new version of system designed for on-air or teleproduction use in which 30 effects can be preset on line, as opposed to 4 in first version.

Also new from Ampex will be Ace Micro, small version of Ace editor, competitively priced and designed for postproduction or news editing. New remote control will be displayed for all Ampex 1" VTRs. Company denied rumor that it will show camcorder using new 8mm cassette, but said it's "looking at 8mm along with all other [camcorder] options."

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"Group Head Fly-In" on common problems of radio group owners is being sponsored May 20 in St. Louis by NRBA. Sessions, at Stouffer Breckenridge Concourse Hotel, will be limited to 50 participants at \$100 apiece.

**FAIRNESS DOCTRINE PROBED:** U.S. Supreme Court has shown it's "getting itchy" on fairness doctrine and, presented with persuasive evidence, might rule it unconstitutional, Comr. Patrick said March 29. He cited statements by Court last year in League of Women Voters case when it struck down ban on political editorializing on public TV (TVD July 9 p2) as showing justices question "whether the doctrine -- as currently administered -- is... the least restrictive means of achieving its purpose."

Addressing ABA seminar in Washington, Patrick reviewed 1984 decision, said justices "implied that unless a content restriction is the least restrictive alternative," it's unconstitutional. "If... the fairness doctrine as currently administered has an unintended impact upon broadcasters as a result of ambiguity, then it is not yet in its least restrictive form," he said.

"It would seem Red Lion's house of cards will not fall," Patrick said, "unless the Court is willing to conclude... that content regulation need not follow from allocational scarcity." Another Court statement in League decision, on whether doctrine has "chilling effect" on broadcast speech, "may ultimately be the undoing of Red Lion," he said.

But, until doctrine is repealed, FCC is obliged to enforce it, he said. He recalled that he voted to uphold fairness doctrine complaint against WTVH Syracuse (TVD Oct 29 p1) in case involving nuclear power spots, "and I will vote to do so again if the doctrine has been violated."

Andrew Schwartzman, Media Access Project exec. dir. who appeared on related panel at seminar, said FCC acted "deceptively" in its inquiry into whether doctrine is codified in Communications Act by "downplaying the serious legal obstacles involved for the apparent purpose of fomenting a long-term campaign to obtain a legislative result."

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Leading candidates for pres. of INTV are Thomas Sawyer, NBC Washington vp, and Preston Padden, Washington lawyer for Metromedia. Herman Land, pres. of INTV from its beginning in 1972, retires at end of year. Selection committee, headed by INTV Chmn. Eugene McCurdy, WPHL-TV Philadelphia, is expected to call Sawyer and Padden for interview (they've been interviewed only by individual members of committee to date), perhaps others still in running. Land's base salary is \$125,000.

Malrite Communications has filed breach-of-contract suit in U.S. Dist. Court, L.A., against K-LOVE Radio Bestg. and Liberman Enterprises over proposed sale of KTNQ(AM)-KLVE(FM) L.A. to H & W Communications, principally owned by Rep. Heftel (D-Hawaii). Malrite claims it had agreement to purchase stations for \$36 million; Heftel is paying reported \$40 million. Malrite is seeking \$4 million compensatory damages, \$10 million punitive damages.

**STORER DISSIDENTS WIN AT FCC:** Soliciting proxies of Storer shareholders doesn't constitute transfer of control of licensee, FCC Mass Media Bureau ruled March 29, rejecting contention that control of Storer rests with existing dirs. Decision allows Committee for Full Value of Storer Communications to proceed with effort to elect own slate of dirs. (TVD March 25 p4), who plan then to liquidate company's assets, without detailed Commission filings and public hearings.

"We accept the contention of the Committee... that ultimate control of the corporation [rests with] shareholders," said decision signed by Roy Stewart, head of Video Services Div. of Mass Media Bureau. Storer itself provided some basis for conclusion that stockholders, not dirs., control company when it was granted application in 1976 to transfer control of company from Storer family to shareholders, according to FCC decision.

There is no new outside entity trying to take over Storer as company alleges, FCC said. Committee is merely group of shareholders dissatisfied with way company is run and is trying to convince other holders Committee's view is correct and "we will not stand in their way," order said. By accepting position of Committee, FCC "is removed from a dispute among shareholders as to the best course for the corporation to follow," order said.

Storer had asked FCC March 26 to return application for transfer of control of company filed by Committee, charging that group "asserts the right to such approval without any requirement that it submit the information demanded of all other untested applicants and without any opportunity for members of the public to avail themselves of the petition-to-denry procedures."

Earlier last week, Storer Chmn. Peter Storer met with board, said dirs. "unanimously concluded that [takeover of Storer through proxy fight] is not in the best interest of the company's shareholders and will therefore be vigorously opposed." He said board "believes that to liquidate the company now would forsake excellent long-term prospects for short-term gains." He again urged shareholders to reject opposition group's candidates for board and reelect present 9 dirs.

Meanwhile, it was disclosed that Equitable Life Assurance Society, which is advising Committee in its proxy fight with Storer management, owns 1.7 million shares, 10.5% of company. Also, Committee said March 29 it has received Storer stockholder list. Proxy fight will be decided at Storer annual meeting May 7, 10 a.m., Sheraton Bal Harbour Hotel, Bal Harbour, Fla.

**WSUN(AM) St. Petersburg** is eligible for \$12,265 govt. grant because of expenses incurred in modifying transmitter to offset effect of interference from Cuban stations, FCC ruled. This is first such compensation granted under 1983 Radio Marti Act.

**SCRAMBLING BILLS INTRODUCED:** Cable programmers would be stymied from scrambling signals for 2 years under bill introduced March 27 by Rep. Gregg (R-N.H.). Fees to backyard dish users for scrambled signals could be regulated under 2nd bill proposed next day by Rep. Tauzin (D-La.) and 3 cosponsors. Bipartisan effort is said to signal growing sentiment in Congress that home dish owner access to cable programming should be protected.

Gregg bill says that backyard dish owners should have access to cable signals and that programmers must wait 2 years before beginning encryption. Legislator is concerned that rural dish owners will be shut off from cable signals this fall if programmers, notably HBO, begin scrambling. He wants programmers, cablers and dish industry to develop "effective" marketing system to provide decoders to backyard users.

Tauzin bill would protect backyard users' access to scrambled signals by ensuring that they are made available at reasonable rates. Although it doesn't contain fines for violations, bill has strong statement outlawing practices that would deny program availability to backyard users, including charging prices or imposing conditions that would reduce signal availability. Bill also outlaws restrictions on lease or purchase of decoders such as requiring that equipment be bought from specific store locations or sources.

FCC could set program subscription prices for backyard dish users under Tauzin bill if Commission determines that programmer or cabler has denied access to signal. Rates FCC sets would be based on average rate for cable subscribers in area.

Complained NCTA Pres. James Mooney: "With the ink not even dry on the Cable Act, backyard dish merchants are pushing for mandatory access even to scrambled signals and are seeking to impose the whole welter of rate regulation and other regulatory intrusion we just got rid of."

Academy of TV Arts & Sciences (ATAS), which hands out TV's Emmy awards, has voted to consider nationally distributed cable programs for Emmies beginning in 1987. But there's a catch: Cable industry must discontinue its separate programming honors, Awards for Cablecasting Excellence (ACEs). Many in cable chuckled over that. Cable executives noted that ATAS move came just one day after industry announced formation of National Cable Academy (NCA) to enhance stature of ACEs. Will cable discontinue ACEs for chance to win Emmies? "No, I don't think so," said one NCA board member. Another: "I don't think we will be shutting the ACE program down."

CBS, in association with Library of Congress, will air series of one-minute informational spots directed at young viewers, starting in fall. Titled American Treasury, spots will focus on relatively unknown facts about people, places and events in life and fiction. Each will be based on Library material.

**Personals**

**Thomas Cookerly**, pres. of Allbritton Communications, also takes over as gen. mgr. of WJLA-TV Washington, succeeding Vp-Station Mgr. **Dow Smith**, assigned to special projects; WJLA-TV Chief Engineer **John Tollefson** promoted to vp... **Mark Grant**, ex-ABC-TV Spot Sales, moves to co-owned WLS-TV Chicago as gen. sales mgr... **Allen Murphy** promoted to gen. sales mgr., KYW-TV Philadelphia.

**Francis Preston** advanced to senior vp-performing rights, BMI, succeeding **Theodora Zavin**, now senior vp-special counsel and asst. to pres... **Sue Carter**, ex-WWJ(AM) Detroit, appointed public affairs dir., WDIV Detroit... **Anthony O'Connell** named mktg. vp, Sony Bct. Products... **David MacDonald** promoted to cable vp, N.Y. Times Co... **Joseph Rizzo** promoted to vp-sales, eastern region, Private Satellite Network.

**George Borsari** and **Anne Paxson** of Washington law firm Daly, Joyce & Borsari form Borsari & Paxson effective May 1, 2100 M St. NW, Washington 20036, 212-296-4800; **Howard Simcox** joins new firm as assoc., **Paul Schwedler** becomes of counsel... **Gary Schonman**, ex-FCC Mass Media Bureau, joins Washington law firm Bryan, Cave, McPheeters & McRoberts.

**Russell Lukas**, **Gerald McGowan** and **Thomas Gutierrez**, all ex-Lukas, O'Brien & Raiser Washington law firm, and **David Nace**, ex-David Nace Assoc., form Lukas, McGowan, Nace & Gutierrez; also in firm are **Pamela Gist**, **Richard Joyce**, **Theresa Fenelon**... **Morris Chang**, General Instrument pres. since Feb. 1984, moving there from Texas Instruments, resigns effective April 15... **Paul Wedeking**, ex-Viacom Cablevision, named vp, ERLA Group Consulting Div.

**Dominic Bataglia** promoted to dir.-financial planning, ABC owned TV stations; **Diane Dewhurst**, ex-ABC News, named press secy., Democratic Senatorial Campaign Committee, new post... **Jeremy Handelman** moves from CBS Bct. Group to CBS Sports as dir.-program administration... **Donald March** resigns as senior vp, HBO Premiere Films, "to pursue other creative opportunities."

FCC calendar: April 2 -- Chmn. **Fowler** addresses Heritage Foundation, Texas A&M, Dallas. April 3 -- Fowler testifies before House Telecom Subcommittee on international satellites, 2 p.m. (room to be announced).

White House congressional lobbying changes: **Bryce L. Harlow**, ex-FTC, named special asst. to President for legislative affairs, succeeding **Nancy Kennedy**, who joins staff of **Max Friedersdorf**, asst. to President and legislative strategy coordinator; **Alan Kranowitz**, ex-staff of Rep. Loeffler (R-Tex.), appointed deputy asst. for legislative affairs, House liaison, succeeding **Dennis Thomas**, resigned;

**Frederick McClure**, ex-Justice Dept., named special asst.-Senate, succeeding **Robert Kabel**, resigned; **Karen Johnston**, deputy chief under Harlow at FTC, promoted to chief.

**Oscar Reed** retires after 25 years as consulting engineer with Atlantic Research, following 20 years with Jansky & Bailey, Washington, continues as consultant to AR... **Anthony Masucci** advanced to vp-motion pictures for TV, NBC Entertainment; **Kevin Wendle** to mgr.-drama development... **Susan Leaming** promoted to program exec., entertainment and information specials, CBS Entertainment... **Leslie Glenn**, ex-WCIX Miami, appointed research dir., KBHK-TV San Francisco... **Edward Frey**, ex-McGraw-Hill, appointed sales dir., corporate-business advertising, CNN... **Raymond Pierce** resigns May 1 as Oak Industries pres., remains a dir.

**Annette Hollister** promoted to vp-research dir., Group W TV stations; **David Lalich** to vp-controller... **Chris Gordon** named station sales vp, LBS Distribution; **Donna Barrie**, broadcast services vp and Colex mgr... **Niles Jaeger** named HBO corporate PR mgr... **Katherine Wagner**, ex-Wilson Financial Corp., appointed controller, Bresnan Communications... **Charles Gaydos**, ex-RCA, named national sales mgr., Thomson-CSF Best.... **Gregory Green**, ex-Ashly Audio, appointed N. American sales mgr., dbx Professional Products Div... **Richard Dreyfuss** promoted to midwest sales rep, Group W's TVSC.

**Judith Anderson**, ex-HBO, establishes Cable Communications Corp., consulting firm specializing in new business startups, 310 W. 72nd St., N.Y. 10023, 212-580-7601... **Edwin Campbell** promoted to vp-construction, Warner Amex Cable.

**Edward Herbert**, ex-vp-gen. mgr., WKRC-TV Cincinnati, appointed gen. mgr. of co-owned (Taft Bctg.) DCA Teleproductions, Washington... **Kenneth MacDonald**, WSAM(AM)-WKCQ(FM) Saginaw, and member of NAB radio board, appointed chmn. of NAB Radio Audience Measurement Task Force.

**Joseph Casey**, chief of Inspections & Investigations Branch, FCC Field Operations Bureau, promoted to chief of Bureau's Boston office... **John Kircher**, ex-Mutual, joins WNYC-TV-AM-FM N.Y. as development dir... **Howard Rothstein** promoted to vp-finance, ABC-owned TV stations; **William Kovari** advanced to dir.-corporate purchasing, ABC... **Vincent DeLuca** appointed gen. mgr., WOKR Rochester, N.Y.... **Leonard Rosenberg**, ex-Viacom, returns to William Morris Agency as vp in charge of TV.

McHugh & Hoffman, news and program consultant, and Curran-Victor Co. management firm are forming joint venture, MCVH Ltd., for "new range of consulting services" to stations. These include research, management, sales, financial, administrative, analysis.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of March and 1985's first 11 weeks:

	MARCH 9-15	1984 WEEK	% CHANGE	MARCH 2-8	11 WEEKS 1985	11 WEEKS 1984	% CHANGE
TOTAL TV.....	381,345	341,938	+11.5	339,425	3,764,880	4,061,839	- 7.3
TOTAL COLOR...	303,997*	257,867	+17.9	285,290*	3,126,986*	3,081,853	+ 1.5
DIRECT-VIEW.	299,836*	255,145	+17.5	280,918*	3,083,622*	3,049,774	+ 1.1
PROJECTION..	4,161*	2,722	+52.9	4,327*	43,364*	32,079	+35.2
MONOCHROME....	77,348	84,071	- 8.0	54,135	637,894	979,986	-34.9
TV EXCL. PROJEC.	377,184	339,216	+11.2	335,053	3,721,516	4,029,760	- 7.6
HOME VCR.....	194,696*	96,436	+101.9	158,391*	2,007,655*	1,136,998	+76.6
COLOR CAMERAS...	9,792*	8,013	+22.2	5,045	90,624*	82,286	+10.1

Color TV (direct-view) 5-week moving average: 1985--313,915\*; 1984--272,845 (up 15.1%).

Home VCR 5-week moving average: 1985--199,263\*; 1984--106,145 (up 87.7%).

\* Record for period.

**MICRO MODELS OF 8mm AND VHS-C COMING:** Both Sony and JVC are reacting in same way to Hitachi and Matsushita introduction of full-sized VHS camcorders -- by working on further miniaturization of their respective 8mm and VHS-C camcorders, according to sources here and in Japan. But there the similarity ends. While VHS-C is designed only as portable device, there's strong but unconfirmed evidence that Sony plans full line of 8mm products with recording time as long as 4 hours per cassette.

Close inspection of Sony's 8mm camcorder in Japan shows that deck portion is completely self-contained, has plug connections to camera head -- in fact, TDK demonstration of its 8mm tape there used Sony deck removed from camera section. This substantiates view that Sony can easily offer deck separate from camera.

Added evidence that Sony plans home deck is fact that PAL version of camcorder introduced recently in London had 2 speeds, stretching 60-min. cassette to 2 hours (TVD March 25 p15). In Japanese literature for NTSC camcorder offered there (which has only one speed), Sony promises 2-hour metal powder cassette as well as current 30-, 60- and 90-min. versions. TDK (and its OEM customer Kodak) plan to introduce 2-hour cassettes at June CES. High quality of PAL pictures demonstrated by Sony at half speed in London would indicate 4-hour recording time definitely is possible. This could give 8mm significant recording time advantage over full-sized VHS camcorder, currently operating only at fastest speed for 2-1/2 hours tops.

Although Sony hasn't given formal timetable for U.S. introduction of 8mm, it's generally assumed it will be in summer. In Japan, unconfirmed reports are rife that Sony will be placing heavier emphasis on 8mm than on Beta line and that it has top-secret ultramini version in works.

Smaller VHS-C Video Movie camcorder or portable deck also is due, according to JVC Video Products Managing Dir. Shizuo Takano. In interview in Tokyo, we asked about plan to increase VHS-C's recording time from 20 min. to full hour (TVD Dec 24 p9). "We're still doing research on it," he replied, "but we don't seriously think time is the critical problem. The most important areas are light weight and small size and good picture quality -- we don't want to

sacrifice either for more playing time." Can we assume smaller, better Video Movie is in works? This is reasonable, Takano replied.

Introductions of Sony's 8mm and Matsushita's full-sized VHS camcorder at first had adverse effect on Video Movie sales in Japan, Takano confirmed. "With 3 or 4 different kinds of camcorder on the market," he said, "I don't think total sales have been as drastically increased as anticipated... The portable's time hasn't come yet. The industry has sold about 100 million home VCRs [worldwide], but the world can absorb at least 200-300 million. When this saturation is reached, the next step is the outdoor model. At this point, portables are perhaps 7-8% of the total VCR market. In several years, this will go up to 14-15% and in 5-6 years to 30% or so. In the long term, portables will be mainly camcorders."

Video Movie is still in relatively short supply because of its simultaneous worldwide introduction, Takano indicated. "We were hesitant to make too much investment in production because we weren't sure how it would sell," but demand has been high and JVC now is producing 40,000 monthly en route from its initial 30,000 to the 60,000 a month planned for this summer.

As for future of Beta on world market -- with millions now in use, Takano sees no reason why format should falter. "If they try hard to further develop better products based on Beta, it should continue." He takes similar attitude toward Korean and Taiwanese invasion: "VCR markets can become much larger if the idea of the product is promoted at attractive points. We don't think just because they come in it will be overcrowded -- the market can be large enough for everyone. We can prosper together, coexist, if we compete in the proper way."

As for use of metal tape in 1/2" formats, "it still has a lot of problems. We have some doubt about its reliability, noise, production capability, dropouts. VCRs work pretty well with oxide tape. In metal, we must select the good ones out of hundreds of tapes. It's difficult to persuade users to spend a lot of money for just a slightly better picture. Besides, oxide can be improved in many ways."

Will Super VHS follow Super Beta? Not necessarily. "From the customer's point of view a little improvement doesn't mean that much. Just because the competition does it, we don't necessarily have to. Improvements like this are targeted only at people who already have VCRs. People who aren't equipped with VCR are still the target," at current low saturation. "Manufacturers who have concentrated on feature competition haven't necessarily been successful."

Note: Sony Super Beta is now on sale in Japan in hi-fi version at about \$980 under name "Beta Pro," subtitled "Hi-Band Beta Hi-Fi." Unique feature is professional type "jog-shuttle dial," large wheel with crank for freeze frame and infinitely variable speed reverse and forward motion.

**RCA ACCENTS YOUTH IN TOP-LEVEL CHANGES:** As new CEO, RCA Pres. Robert Frederick lost no time in carrying out his promise to continue restructuring, "reshaping the organization [with] fresh blood both from within and without the organization" (TVD March 11 p11).

New lineup, all from within RCA, accentuates youth in top posts. Richard Miller, 44, who joined RCA as chief financial officer 3 years ago from Penn Central, becomes exec. vp, Consumer Products & Entertainment, taking over some of responsibilities of Exec. Vp Roy Pollack, including Consumer Electronics and Display Devices, plus Records, A&E Network, RCA/Columbia video, formerly under Exec. Vp Herbert Schlosser.

Pollack continues as exec. vp, Electronic Products & Technology (Solid-State and New Products Divs., Labs, licensing, patents, engineering). Schlosser now heads up Entertainment Business Development, new operation. Status of Group Vp Jack Sauter is unchanged.

Eugene Murphy, 49, is promoted from group vp to exec. vp, Communications & Electronic Services, adding responsibility for RCA Service Co. to communications. John Rittenhouse, also 49, advances from group vp to exec. vp, Aerospace, & Defense.

Also in youth movement is James Alic, 42, who moves up to group vp, Entertainment Operations, reporting to Miller; his former post of senior vp, Corporate Planning & Development, is assumed by Senior Vp Paul Wright, formerly a div. vp. Alic thus returns to operating post, having served in past at Consumer Electronics operation and NBC. John Rolls, ex-vp-treas., becomes senior vp, Finance, taking over Miller's former function.

New "young guard" at RCA thus consists of Miller, Murphy and Rittenhouse in highest ranks, and Alic (among others) one notch below. Miller, who gets his first staff post, is Harvard Business School graduate described by one insider as "bright, energetic -- he did extraordinarily well in strengthening our balance sheet and credit rating." Frederick told us in interview on taking over as CEO that one of biggest challenges would be finding successor to take over as pres. after Bradshaw retires as chmn., presumably within next 2 years. Strong contenders are now beginning to emerge.

Reporting to Frederick are operating officers Miller, Murphy, Rittenhouse, Hertz Chmn.-CEO Frank Olson, Pollack and NBC Chmn.-CEO Grant Tinker, and staff officers Senior Vp-Gen. Counsel Samuel Murphy, Rolls, Employee Relations Senior Vp Edward Scanlon, Schlosser and Wright. Staff officers reporting to Chmn. Thornton Bradshaw are Exec. Vps Eugene Beyer and William Hittinger and Corporate Affairs Senior Vp Thomas Ross.

**ALL OF '84 COLOR GROWTH--13" AND 25":** Just why color TV marketers weren't able to make any marked improvement in profitability last year despite nearly 2.1 million increase in wholesale unit volume is pretty much explained by screen size breakout of EIA sales to dealers figures, which show that 71.9% of net rise stemmed from low-margin 13" portables.

Unit increase of just under 1.51 million, or 59.6%, left 13-14" with record 25.1% share of total color market, and for first time larger than share represented by consoles. Though 19-20" sales rose by only 88,000, that size category retained comfortable, though shrunken, first-place position with 42.7% share. Also up in units, while down in share, was color tinyvision, while market for 15-18" shriveled by 121,800 sets.

Other bright performer for industry, and one with some bucks behind it, was 25" table model, leading 21"-&-over table classification to 74.5%, or 424,300-unit, sales increase. Size group is now 3rd biggest in portable-table, dropping 12"-&-under to 4th. Part of that swap, however, probably is traceable to Sony's increased emphasis on 13" sets as substitute for its former small-screen mainstay 12".

Consoles also enjoyed sales growth, but their below-average 6.5% increase (183,300 units) left them with smaller market share. However, combining consoles and 21"-&-over table models puts big-screen color sales last year at 3.98 million, up a highly respectable 18%, or 607,600 sets, for 24.8% market share, up from 24.1% in 1983.

Remote control got double slice of larger color sales pie, with 30.6% overall unit rise -- 1.63 million sets -- accounting for record percentages of both portable-table and console action. In portable-table, it's reasonably safe assumption that remote was included in virtually all 21"-&-over models, which means that screen size accounted for full 33% of increased sales of feature. Data indicate remote was featured in 33.9% of 20"-&-under set, up from 30.6% in 1983.

In b&w, EIA screen size mix results parallel those of import figures in showing 6"-&-under as only classification to grab off bigger percentage of sales (TVD Feb 18 p11). That's no particular surprise because there's no domestic production of b&w TVs, so all supplied have to

be imported. Much of decline in total monochrome TV sets probably is traceable to decreased prices of 13" color. While sales of b&w sets in all above 6"-&-under tinyvision category declined by nearly 1.1 million units from 1983, 13-14" color sales rose by 1.5 million. Here's how TV market broke down last year:

### 1984 TV SALES TO DEALERS PRODUCT MIX

	Unit Sales	% Change	1984 % Mkt. Share	1983 % Mkt. Share
<b>COLOR</b>				
12" & under.....	840,300	+ 2.0	5.2	5.9
13-14".....	4,035,300	+59.6	25.1	18.1
15-18".....	351,200	-25.8	2.2	3.4
19-20".....	6,871,100	+ 1.3	42.7	48.5
21" & over.....	993,900	+74.5	6.2	4.1
Total port.-table...	13,091,800	+17.1	81.4	80.0
Consoles.....	2,990,800	+ 6.5	18.6	20.0
<b>Total color.....</b>	<b>16,082,600</b>	<b>+15.0</b>	<b>100.0</b>	<b>100.0</b>
Total remote.....	6,947,800	+30.6	43.2	38.0
Port.-table*....	5,089,500	+33.4	38.9	34.1
Console*.....	1,858,300	+23.4	62.1	53.6
<b>MONOCHROME</b>				
6 & under.....	1,496,700	+25.2	30.5	21.0
7-10".....	144,900	-54.2	3.0	5.5
11-12".....	3,148,600	-21.0	64.1	70.0
13-&-over.....	119,000	-40.5	2.4	3.5
<b>Total monochrome....</b>	<b>4,909,200</b>	<b>-13.8</b>	<b>100.0</b>	<b>100.0</b>

\*Percentage shares are of portable-table and console sales, respectively.

**Color TV sales** pulled ahead of 1984 on year-to-date basis in week ended March 15, setting record for first 11 weeks of any year (see State of the Industry) and were up 23.5% in first 3 weeks of 5-week March. VCR sales, with two 100%-plus weekly increases over 1984 in March's first 3 weeks, were up 97.7% for month to date. VCR sales for year's first 11 weeks passed 2 million, point that wasn't reached last year until 19th week, ended May 28. Cumulative VCR sales to dealers since start of home marketing in 1975 passed 19 million in March's 3rd week. Projection TV sales were up 73.7% in month's first 3 weeks, color cameras up 22.6%, monochrome TV down 13.9%.

**The little VCR market share** that wasn't there: Our VCR survey gave Nikon 0.2% of U.S. VCR market. There's only one problem -- Nikon doesn't sell VCRs in U.S. Minolta, which does, was inadvertently left off list. Company tells us its share is 0.1-0.2%.

**Microwave ovens** continued torrid sales pace in Feb., according to AHAM, which put month's shipments by domestic manufacturers and importers at 598,300, up 14.1% from Feb. 1984. For first 2 months, sales jumped 20.6% to 1.46 million.

**Total electronics sales** in U.S. last year rose 17.1% to just under \$170 billion at factory level, EIA reports. Fastest growing segment was components, with volume up 25.1% to \$38.5 billion, while consumer product volume was next with 21.8% increase to nearly \$17.8 billion. Continuing as largest segment was computers and industry equipment at \$67.6 billion, up 15.8%. Sales of communications equipment rose 11.2% to \$46.1 billion. Industry had 1.81 million employes at year's end, up 10.4% from end of 1983.

**Megapixel sensor** is needed for electronic still cameras to be able to produce prints satisfactory for consumers, and Kodak is "making good progress" on developing one, according Group Vp Wilbur Prezzano. He said Kodak showed one-chip sensor with 360,000 elements several years ago, and company researchers "are far beyond that today."

**Twin-deck VCR** capable of copying videocassettes turned up in London last week in shop in affluent section a stone's throw from Sherlock Holmes's former digs on Baker St. Sharp PAL-SECAM machine, same one sold in Mideast (and with Arabic printing on tags), was quoted to different shoppers at \$1,170-\$1,580.

**MITSUBISHI TUBE EXPANSION:** Mitsubishi Electronics Canada is awaiting approval from Japanese parent of plan to boost color TV tube production capacity at Midland, Ont. plant 50% to 1.5 million annually, according to Gen. Mgr. Michael Colliver. Expansion would involve adding new assembly line and tooling for output of 20" and 27" full square tubes.

Plant, acquired from RCA in 1982, has room for new line "but it will make things tight," Colliver said. MEC produced about 750,000 tubes last year, sold most in Canada and U.S., also exported to Mitsubishi TV assembly plants in Australia, Singapore, U.K.

Sharply rising demand for color tubes forced MEC to scrap original plan to produce data display tubes. "We're not into that yet, and are questioning the merits of getting into the display market. We have focused on the TV tube market because of the change in market size," Colliver said, noting that display market is for smaller size tubes while MEC has been concentrating on higher value 19" and 25".

MEC should be able to expand by half-million tubes "without causing any market disruption or adding to the industry pricing pressures" because of strong demand, Colliver said. While some of new output is expected to be earmarked for shipment to China, "we see the U.S. as the biggest part of our market." Some of capacity increase will be snapped up by Mitsubishi's U.S. set plant, which plans to increase production from 400,000 annual rate to 600,000 this summer.

In addition to Mitsubishi's TV plant here, MEC has Sharp as customer and has had inquiries from other Japanese, as well as Korean and Taiwan producers with TV plants in U.S. MEC also has been discussing cooperative agreement with RCA. Colliver said MEC could take over some markets "they are not able to serve profitably," such as selling certain sizes to RCA customers in Canada, and "we may buy some tubes from them."

MEC currently is dual-sourcing key components, buying masks and glass from both Japan and U.S. -- with BMC and Owens-Illinois as prime U.S. suppliers. Company "buys as much American material as we can," particularly for tubes it ships to states because of high 15% U.S. duty on color tube imports. Duty isn't paid on U.S.-made content, which helps hold price down -- and "that's important, particularly when you are competing against kit imports where they only pay 5% duty for the tube," Colliver said.

MEC recognizes it will be facing even more competition next year when Toshiba and Westinghouse color tube venture goes on stream in Horseheads, N.Y. (TVD Dec 17 p8). "We're well aware that they make a good product and are tough competitors. They're smart, and we're just going to have to be smarter and a bit sharper," Colliver said.

**VCR BUYERS CHANGING:** VCR buyer demographics are changing, with notably increased percentage of new sales being made to less affluent (\$20,000-\$30,000 incomes) consumers without college education, according to Gallup study. Also shown is continued shift to lower priced units. It says 42% of surveyed consumers who bought VCRs last year paid less than \$450, vs. 33% in 1983.

While ease of connection to TV is most important feature to existing owners, they're interested in getting stepup capabilities in next VCR they buy, with visual scanning (83%), 7-day or more programmability (79%), wireless remote (78%), stereo (76%) and compatibility with audio-video system (76%) among most desired. But, in keeping with pricing trend, only 25% indicated willingness to pay \$100 more to get one or 2 extra features.

Owners expressed high satisfaction (98%) with VCRs, and 13% said they owned more than one. Only 14% had portables, though 22% expressed interest in buying one. Of brands owned, RCA and Panasonic were leaders with 15% each, though they were down significantly from 20% and 17% in 1983, with Sony 3rd at 8%, down from 9%. Big brand gainers were Fisher, unranked in 1983, 5% in 1984; Magnavox, up from 4% to 7%; and Mitsubishi, up 3 points to 4%. Top 3 ranking should stay that way for some time -- asked what brand they'd buy next, 13% said Panasonic, 12% RCA, 9% Sony.

Timeshifting remains dominant use of machine, but it's not as important as it was. Gallup said owners play back off-air tapes 13 times a month, rented cassettes 6 and purchased tapes 2. Some 82% of owners had rented tape at least once in last year, up from 71% in 1983 and nearly double 42% in 1981. At same time, only 20% had bought tape, down from 32% in 1983. Respondents paid average of \$3 for feature-length movie rental, \$1 under what study shows to be acceptable maximum of \$4. However, maximum is down from \$6 in 1983 and \$9 in 1981. There's good deal of copying, too. Survey shows 17% have borrowed tapes from other VCR owners and made duplicates.

Best-known brands of blank tapes were 3M (Scotch) with 36% awareness, TDK 31%, Sony 30% and Maxell 28%. Kodak and Polaroid, not ranked in 1983, were cited by 25% and 12%, respectively, in 1984. Memorex was cited by 24%, Fuji by 18%.

Philips sold 10.7 million color tubes last year, giving it 21.4% of what it estimates was worldwide demand for 50 million. Biggest share was in 13.5 million European market where company sold 6.6 million for 48.9%. In U.S., including sales of affiliate North American Philips, it sold 2.1 million for 19.1% share of 11-million market. Smallest share was 4.5% in Far East, where sales were just million against demand for 22 million. Rest of world, says Philips, used 3.5 million color tubes, of which company supplied million for 28.6% share.

**COMMODORE EYES APPLE:** "This year you'll see a whole new company," said Commodore Mktg. Vp Frank Leonardi last week. "We'll maintain distribution and add where necessary so we can continually surround our competition," he said, explaining that company plans to reenter specialty distribution as well as continue mass market emphasis. "Competition," of course, is Apple, which presumably plans to invade Commodore's mass-market turf with IIe.

Leonardi and Corporate Planning Vp Clive Smith painted IBM's exit from home market as great opportunity for Commodore. Said Smith: "PCjr was a cut-down PC at \$1,700 a year ago. Their crystal ball wasn't clear. The product was misguided in features and functions; the basic design was at fault. IBM pulled out because it couldn't make a profit. PCjr couldn't get down to the proper price. It was never designed to sell at a price point where it finally settled -- \$895, less discounts. IBM price pressure hurt dealers. They just weren't geared to those [new] competitive price points. Our overhead is lower." Said Leonardi: "PCjr has added to our credibility."

Commodore's upcoming model 128 is designed as competitor to Apple IIc. "We have everything they do at 30-35% less," said Leonardi, explaining that basic 128 including RF modulator, cables, etc. to attach to TV set would sell at street price of about \$299, including "relatively good margins." With external drive it will be \$500-\$549 vs. IIc's starting price of \$795 (\$995 list). He said Commodore's expandability to 512K and other features such as alphanumeric keypad will make it far better buy than Apple IIc.

Company will continue model 64 as entry-level computer. Smith saw modest expansion in home computer market this year, adding that it now has shaken down to niche as adjunct to office and school computers. He said untapped area is communication between computers, claimed Commodore has 30% of home modem market.

As for new Amiga computer, Leonardi and Smith were shy about details. "Hottest damn product I ever saw," exulted Leonardi. He did say it was "on track," adding "it won't be under \$1,000," indicating it will be sold through specialty stores rather than mass merchandisers. As for debut date, it's still "months away, but keep the summer open."

Leonardi conceded Commodore was under "big strain," introducing unprecedented 4 major products at same time -- the 128, Amiga and in Europe PC-10 "IBM clone" and Unix-based machine. He forecast major growth in next 2-3 years based on these products.

\* \* \* \*

**Apple was biggest** marketer of personal computers purchased for home use in 1984, topping Commodore, which led in 1983, according to Future Computing. FC credits Apple with 29% of what it

estimates was \$2.5 billion factory value of home market last year, up from 18% of 1983 market pegged at \$1.7 billion. Commodore, with 23% share in 1983, dropped to 19% in 1984. Growing along with Apple was IBM, with 18% share in 1984, up from 12%. Shown with slipping market shares are Tandy at 7% from 8%, and Atari at 5% from 6%. All other marketers divided up 22% in 1984, down from 24% in 1983. FC estimates there were 12.2 million home and office type personal computers in use in homes at end of 1984.

**PHILIPS' YEAR:** N.V. Philips' consumer electronics business lost more than \$117 million last year, more than double \$55 million deficit of 1983, but much of red ink stemmed from writeoffs and share of loss in Grundig, company said at meetings in London and Amsterdam last week. It said that as result of restructuring, it should be profitable next year.

Philips said it charged \$45 million "against stockholder equity and good will" because of loss at Grundig, and established reserve of \$83 million to cover costs of extensive restructuring, particularly in color TV. Company didn't give details but indicated there would be plant consolidations in Europe and layoffs of up to 10,000 worldwide. Changes aren't expected to affect U.S. plants of affiliate North American Philips (NAP).

Philips said that it's now assembling all its VHS home deck requirements in Europe using 95% local content, and that production is just about keeping up with sales. Company indicated it's considering making VCRs and NTSC color sets for NAP sale in U.S. and is prepared to produce 8mm Video camcorders when market develops. At same time, Philips said, it isn't abandoning V2000 VCR format.

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**U.S.-Japan trade** dispute that began simmering in earnest last month (TVD March 4 p14) approached boiling point last week as Senate voted 92-0 for nonbinding resolution calling on President to take "all appropriate and feasible action" to persuade Japan to open its markets to imports from U.S. and to impose tariffs or quotas on Japanese products if it doesn't do so. Of prime concern is getting Japan to boost purchases of American goods enough to offset increased exports of cars to U.S. now that quota has expired. Some senators indicated willingness to support retaliatory legislation if Japan doesn't respond.

**TV ad spending** by major home computer makers sank 43.9% last year to \$44.3 million, according to figures from Tvb. Prime cause of falloff was departure of Texas Instruments, which spent \$37.3 million on national TV and spot ads in 1983, just \$1.95 million last year. TI discontinued its home computer at end of 1983. Also reducing outlays last year were Atari at \$7.74 million, off 26.3%, and Commodore at \$23.9 million, down 13.1%. Rising sharply was Coleco spending on now-discontinued Adam system, up 187.9% to \$10.7 million.

**UPBEAT AIR AT ITA:** Reflecting continued sharply rising demand for VCRs, runaway sales growth for blank and recorded cassettes and bright 1985 sales prospects for videotape players and stereo-ready video gear, mood was upbeat to point bordering on euphoria at ITA seminar in Tampa.

Importance of stereo was underscored by RCA Vp Bruce Allan, who predicted that stereo-equipped TVs, Hi-Fi VCRs and tapes plus audio-video systems would combine to ring up sales of more than \$2.5 billion at retail this year. JVC's Steven Isaacson and Sony's Tom Harvey agreed some 500,000 Beta and VHS Hi-Fi VCRs were sold in 1984, estimated they would jump to 1.5 million this year. They also agreed portable VCRs were in for about 70% growth this year to 1.5 million, with 8mm Video accounting for about 10%.

There was similar agreement when it came to videocassette players (VCP). Panelist Harvey Urman of Harjoy Inc., which markets Funai brand VCP, and Portavideo's Ted Thrush said they expected industry to move 200,000-250,000 this year. Thrush said he expected market to double in 1986, said VCPs would account for 20% of video hardware sales by 1990. Sales of VCPs "haven't scratched the surface yet," said Urman, who indicated they wouldn't move into consumer market mainstream until price drops to \$150. Until then, he said, he'll be "very happy to continue selling" to rental market.

Strong VCR sales are stretching ability of cassette makers to keep up with demand and "there's going to be a tape shortage" by year's end, seminar audience was warned by JVC's Gary Schwartz. He got agreement from Maxell's James Ringwood, who told panel on 1/2" quality that "we're not going to be able to meet that demand" from consumers and duplicators. Manufacturers disagreed just how big 1985 market will be. Sony's John Bermingham came out highest, estimating 160 million consumer blanks and 40 million recorded cassettes, followed by Schwartz at 160-170 million total and Panasonic's George Casteel at 140 million.

No significant new capacity is expected until 1987 -- and perhaps not then. Ampex's Ed Pessara, continuing theme he developed at ITA meeting in Nov., said "one has to wonder what you do" about new plant investment in business where margins have been thin "and are getting worse." Panelists kept emphasizing more profitable high-grade tape as hope for future, at same time admitted such tapes don't have more than 10-15% market share, although Schwartz thought they might account for 20-25% of sales this year. Shortage could bring relief from competitive pricing pressures that now are at point where production and marketing costs equal retail quotes, according to Sunkyong International's George Saddler.

As for recorded videotape market, Fairfield Group's Paul Eisele estimated it was worth \$2.3 billion at retail last year, up 115% from 1983, with

rental volume up 96.3% to \$1.7 billion and sales more than double to \$606 million.

DuPont's Roger Uhler used ITA as forum to introduce company's thermal magnetic duplication process, said speed will be increased from present 35 times faster than real time to 80-1 gain when system becomes commercial in 2 years. Sony's Sprinter got big play at last year's ITA, still hasn't progressed beyond single installation at Creative Video Services.

**MOTOROLA LOOKS OFFSHORE:** To overcome competitive disadvantage it faces in world markets, Motorola will be sending increasing percentage of its product development and manufacturing expansion funds overseas, company told stockholders in annual report.

Causes of disadvantage, which Motorola said "are beyond the control of otherwise highly efficient U.S.-based manufacturers," include strong dollar, cost of capital and indirect costs of labor. In addition, said Motorola, it's required to play on "a generally tilted competitive field wherein easy access is given to foreign participants in U.S. markets while U.S. producers continue to confront a variety of impediments to participation on corresponding foreign markets."

Motorola said that while it will continue as yet unsuccessful effort to get U.S. govt. to correct policies, it feels it must put more emphasis on foreign expansion "for the benefit of our customers and shareholders." Unit govt. "achieves a greater sensitivity to the need for more balanced trade policies," domestic producers have "no viable alternative to greater offshore resource deployment" and that will result in "an apparent and adverse change in the makeup of the U.S. economy and its employment base," Motorola said.

Meanwhile, Kodak has called on holders to urge Congress to launch "vigorous attack on the federal deficit." In letter, company said deficit helps produce overvalued dollar that hampers domestic industry's ability to meet foreign competition and has directly reduced Kodak's earnings by \$500 million over last 4 years. Company said it "believes in free trade," won't support calls for higher tariffs or quotas on imports and felt "confident in the nation's ability to deal" with trade problems if appropriate action is taken. To back that up, Kodak said it will invest \$1.2 billion in capital improvements in U.S. this year.

Video software exhibitors at Summer Consumer Electronics Show in Chicago, June 2-5, are being moved from tented outdoor location they suffered in last year to McCormick West, filling up space vacated by dwindling home computer and videogame hardware and software marketers. EIA already has applications from more than 1,200 exhibitors, said it expects show to have about 1,400 booths, draw some 100,000 attendees.

**NATM PROSPERITY:** Poised on brink of \$2 billion in annual retail sales, members of NATM Buying Corp. issued warning March 23 to "a few" manufacturers they think want to stifle expansion by NATM's 14 superpower dealers.

"A few suppliers do not appear to be really happy with NATM's growth" as dealers move to open stores in "what were sleepy noncompetitive markets," incoming Pres. Barry Feinberg told annual meeting in Miami. Feinberg, also pres. of Silo, wouldn't tell us target of criticism, claimed some manufacturers refuse to sell to NATM members in those markets -- but there's no "epidemic."

Top officials from major manufacturers and importers always are on hand for annual meeting, so Feinberg had perfect audience for complaint. However, consumer electronics executives we talked with said that while willy-nilly store expansion can cause distribution problems, it would be ridiculous to attempt to stop growth. One even noted that Silo's recent move into Rochester opened up market where company had no presence. Principal criticism was aimed primarily at one appliance manufacturer.

Single complaint was better score for manufacturers than last year's session (TVD March 26/83 p12), when NATM griped about too frequent model changes, unrestrictive distribution practices, poor quality control and parts supply. Group also asked suppliers to appoint ombudsmen for personal contact with NATM members, which several have done since.

With several members now competing head-to-head in some markets, NATM's viability has been questioned. Calling it "Perils of Pauline in the retail business," Feinberg said competition had turned out to be good for all involved, including suppliers.

With sales up 28% to \$1.9 billion from \$1.5 billion in 1983, celebration was in order. For 1985, group is projecting \$2 billion year, indication even it expects growth slowdown this year. Feinberg said members had 10.4% of retail brand-name market for color TV in 1984, 10.9% for VCR, up from respective 9.2% and 7.8% claimed for preceding year.

As in 1983, group's members outpaced industry in most consumer electronics categories. They sold 1.4 million color sets (up 22.4%), 706,000 VCRs (up 137.7%), 29,000 cameras (up 41.8%). NATM trailed industry in projection TV, 15,000 sets (up 20.5%), and blank cassettes, 6 million (up 30.2%). Like industry, b&w was off in NATM stores but not as deeply -- 350,000 sets sold (off 11.6% vs. 13.8% for industry). Total audio sales for members were \$388 million (up 19.2%), including \$61.1 million in autosound (up 44.8%), \$235 million in hi-fi (up 25.1%), \$92.5 million in lo-fi (off 3.6%).

While it was 2nd anniversary of NATM's exclusive Capehart line, sets rated no mention in official presentation this year -- last year officials

said line had 2% of national color TV market. Exec. Dir. Saul Gold told us more than 280,000 sets were sold in 1984 -- roughly same as last year. NATM members are Audio/Video Affiliates, Brick Church, Forest City, Circuit City, Highland, Handy Andy, Lechmere, Luskin's, Newmark & Lewis, Scott Appliance Group, Steinberg's, Sun, Tipton, Silo.

\* \* \* \*

Tandy's planned acquisition of Scott Appliance Group (TVD March 25 p14) was cause of serious concern to NATM members, some of whom would rather not have Radio Shack's parent as fellow member. There was some talk of expelling Scott, but wait-and-see attitude emerged. Feinberg told us NATM board is considering request to transfer Scott's shares in buying corporation to Tandy, didn't say when decision would be made. SAG Pres. Clint Thomas said that under Tandy, 24-outlet chain would continue with present management as separate freestanding unit, said he hoped it would remain part of NATM "forever."

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**Mergers and acquisitions:** E.F. Johnson is being sold by Western Union to Diversified Energies for \$26 million plus assumption of \$35 million debt. Total \$61 million price is less than half \$132 million WU paid in shares to acquire Johnson in 1982. DE said Johnson, which had sales of \$98 million last year, would continue functioning as independent unit... **General Mills** won't be selling Parker Bros. and its other toy operations after all, but is getting rid of them. Because of tax considerations, GM said, it will transfer toy assets to new subsidiary and spin it off to shareholders... **MGM/UA Entertainment** is expected to revise offer to reacquire outstanding interest in 85%-owned video software subsidiary and sweeten deal as result of negotiations with National Amusements. NA owns 7.7% of MGM/UA Home Entertainment Group, is seeking improved terms in return for dropping suit in which it challenged MGM/UA's original offer of \$28 in notes for each outstanding share as too low. MGM/UA later amended that to give holders option of accepting 1.75 MGM/UA shares for each HEG share... **N.V. Philips** reportedly is negotiating sale of stake in Polygram to U.S. investment group headed by Alan Hirschfield, formerly Columbia Pictures CEO and one-time Warner Records head. Group would acquire 80% share of Polygram's record business in U.S., 50% of other worldwide operations. Philips has been seeking U.S. partner for Polygram since last fall, when Justice Dept. objection forced it to abandon merger with Warner Records (TVD Nov 12 p14).

**Video software notes:** Cassette rentals generate 86.75% of video software retail revenues and sales 13.25%, according to informal postcard survey of members conducted by Video Software Dealers Assn... **Premiere Video**, one of industry's newest duplicators, expects to double number of slave VCRs to about 1,000, now has 9 home video accounts and one industrial. Pres. Larry Bennett is bullish on industry prospects for year: "I tend to lean more to 40 million cassettes than 35 million."

## Consumer Electronics Personals

**Koichi (Ken) Tsunoda**, former Sony (U.S.) Marketing Group exec. vp, named pres. of Sony-Eveready, Japanese battery manufacturing and mktg. joint venture of Sony and Union Carbide... **Robert McCarthy**, former Panasonic asst. gen. mgr. for VHS products, joins electronic furniture producer Gusdorf as mktg. and sales senior vp; **Robert Livergood**, national sales mgr., promoted to sales vp... **Tom DeVesto** has left Kloss Video post of senior exec. vp, continues as consultant; **Sales Vp Darryl Pomicter** will add DeVesto's sales planning and marketing responsibilities.

**Timothy Clott**, Paramount Home Video gen. mgr., promoted from vp to senior vp with expanded responsibilities in distribution and planning... **Michael Tarrant**, former Columbia Pictures International home video and pay-TV vp, shifts to RCA/Columbia Pictures International Video as new business development senior vp... **David Young**, ex-WEA operations dir. in U.K., appointed Warner Home Video Asia-Pacific region vp... **Stephen Moore**, ex-MGM/UA Home Video mktg. mgr. in U.K., joins Vestron Video International as U.K. mktg. dir... **Barry Martin** advanced to sales vp, King of Video... **Donald Penfield**, management consultant, becomes chmn. of Avalanche, holding company formed as result of Heritage Home Video and Video Assoc. merger... **Michael Vassen** appointed Lightning Video east region sales mgr., **Ralph Walin** named for west region, **John Scott** for central region; **Kathy Clayton** and **Maria Kahn** appointed sales administrators... **Brian McNamara** joins Coffee Table Videos as sales dir.; **William Le Blond**, ex-Chronicle Books, named publicity dir.

**Phil Hart**, former Sony Video Communications national sales mgr., appointed Services Administration Div. vp, Sony Communications Products... **Teri Zehentner** joins Franklin Computer as sales vp... **Yasuo Sugihara**, vp-Juki Office Machines (Japan), named pres. of U.S. marketing subsidiary, succeeding **Thomas O'Reilly**, who continues as consultant... **Mardi Garren**, ex-Verbatim, joins Ramtek as mktg. communications mgr.

**Dwain Aidala**, ex-NEC Electronics, joins Mitsubishi Electronics (U.S.) as asst. to Semiconductor Div. Gen. Mgr. **Hiroo Taniguchi**... **Jack Driscoll** promoted at Murata Erie from mktg. vp to mktg. and sales senior vp, new post; **Charles Augello** named vp-gen. mgr. of Marietta, Ga. ceramic capacitor plant, succeeding **George Yumoto**, advanced to corp. mktg. and sales administration vp... **Robert Boughrum** resigns as AVX sales and mktg. vp.

**Tokyo Sanyo** has halted production of 5.25" computer disc drives, said competition caused by excess industry capacity has made business unprofitable. TS, which started output in mid-1984, had been selling drives to parent Sanyo Electric and other computer OEMs.

# TELEVISION DIGEST.

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

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**Ad notes:** Pioneer Electronics appoints Dancer Fitzgerald Sample for \$10 million home and car audio ad account, replacing Chiat/Day, names Rowland Co. for PR... **Akai** names Bob Thomas & Assoc. for PR... **NEC Home Electronics** appoints Racz & Dessimoz Assoc. for computer monitors and other peripherals. Agency has been handling home video... **Axon** selects D'Arcy MacManus Masius to replace Chiat/Day on electronic toy account... **Kodak** and **NFL Properties** signed expanded 2-year licensing agreement extension that for first time formally covers videotape as well as film, gives Kodak designation as official videotape supplier to NFL... **Enter**, Children's TV Workshop computer magazine for kids, folds with June issue. Industry had 3 major tot-oriented computer magazines. Others, K-Power and Microkids, closed last year.

**Local zoning ordinances** that discriminate against home and commercial receive-only satellite antennas "in favor of other communications facilities" would be preempted under rules to be proposed by FCC. Targeted regulations are those that seemingly are intended to block spread of new services. Acceptable ordinance limitations are those that have reasonable "health, safety or aesthetic objections" and "constitute least restrictive method available to accomplish such objectives," according to FCC proposal.

# TELEVISION DIGEST®

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

With Consumer Electronics

APRIL 8, 1985

VOL. 25, NO. 14

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### Broadcast - Cable

**STORER GETS HELP** from Congress, public interest groups, in unfriendly takeover attempt. FCC agrees to Storer request for expedited reconsideration, refuses stay of staff ruling. (P. 1)

**MUST-CARRY IMPERILED** by court cases holding that cable is First Amendment speaker. (P. 3)

**COMMITMENT TO HDTV** in Europe strong enough to overcome misgivings, some in U.S. think. (P. 5)

**ABC STILL AHEAD IN BILLINGS** for 1984 despite finishing 3rd in prime-time ratings. (P. 5)

**McKINNEY MAD ABOUT BUYOUTS** in comparative proceedings and payoffs in petitions to deny, sees 'extortion' going on. (P. 6)

**BROADCAST DEREG BILL** proposed in House again by Tauke-Tauzin. Majority of members on Commerce and Telecom panels cosponsors. (P. 6)

**CBS SAYS NO THANKS TO BOESKY:** Network not interested in buying his stock. Other developments on takeover threats. (P. 7)

**DoJ APPROVES CABLE SWAP** by Storer and Times Mirror involving nearly 500,000 subscribers. No antitrust barriers seen for ending overbuild war in Phoenix. (P. 8)

**STORER GETS HELP FROM CONGRESS IN PROXY FIGHT:** Reacting to congressional pressure, FCC April 5 agreed to expedite petition by Storer Communications for reconsideration of staff action saying Commission would, in effect, keep hands off in fight with dissident stockholders who seek to take over company, sell off assets. Commission also put case under its ex parte rules, meaning no off-record contacts are permitted, but denied Storer request for stay of staff action on Committee for Full Valuation of Storer Communications' filing of short-term transfer applications (TVD April 1 p8). FCC said it would rule on Storer petition by April 12.

Key congressional lawmakers had stepped into proxy battle earlier last week on side of company, complaining to FCC about Mass Media Bureau decision not to get involved (TVD April 1 p8). They included House Commerce Committee Chmn. Dingell (D-Mich.), who said staff

### Consumer Electronics

**SUPREME COURT TO REVIEW** Appeals Court order of trial for Zenith-NUE \$3 billion antitrust suit against Japanese TV manufacturers. (P. 11)

**40% OF TV HOMES** now within range of stereo equipped stations. List of 33 seen growing to 200 in major markets by year end. (P. 12)

**JAPAN VCR EXPORTS** to U.S. again topped million in Feb., but TV shipments declined. U.S.-Japan trade dispute still simmering. (P. 13)

**TV-APPLIANCE DEALERS** sell 40% of all color sets, 28% of VCRs, NARDA is told. Members enthusiastic about business for rest of year. (P. 14)

**RADIO SHACK STICKS** with true home computer but sees home office as real growth area. (P. 14)

**MARANTZ RETURNING** to video this year after 2-year hiatus with 2 VHS VCRs, packaged A-V components. (P. 15)

**RCA AGAIN TOP VCR** brand in newest edition of Nielsen video survey, but market share down; Panasonic remains 2nd. (P. 15)

**FUJI 8mm CAMCORDER**, made by Sony, shown in U.S. Kodak postpones Kodavision in Europe. Polaroid unit on market in Tampa. (P. 16)

decision was premature, and Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.). Lawmakers were joined by several public interest groups.

Dingell questioned whether staff ruling that change in Storer board as result of proxy fight wouldn't be transfer of control, said decision was "merely an individualized and subjective interpretation of the Commission's responsibilities" and should be stayed pending further FCC review. He urged broad Commission review of ownership transfer guidelines, said FCC needs to spell out differences between kinds of transfers -- such as unfriendly takeover attempts -- and appropriate related FCC actions. Dingell said staff decision is "especially important" in light of its subsequent recommendation to grant company transfer application. "It is one thing to attempt to remain neutral in the contest for control of Storer by not reaching the question of whether new Storer board members committed to a substantially different operational philosophy would be new broadcast licensees," Dingell wrote. "It is quite another to determine, as the staff did, that any transfer of control potentially involved in the Storer proxy fight would serve the public interest, convenience and necessity."

He said latter "amounts to prior approval of a transfer... without any of the procedural protections," such as petitions to deny. "This is not a neutral posture; rather, it involves the Commission directly in the proxy fight on the side of those challenging the existing [Storer] board," Dingell charged.

Dingell's remarks were strongest that FCC received from lawmakers. House Telecom Subcommittee Chmn. Wirth (D-Colo.) concentrated on congressional concerns about hostile takeovers in general, said Commission must not become "shield for incumbent management, nor a sword for parties seeking to win control" of broadcast outlets. Others who wrote included members of Goldwater panel, Sen. Proxmire (D-Wis.), and Republican and Democratic House members.

Public interest groups have joined fray on Storer's behalf. In joint filing for 3 groups -- Media Access Project, ACT and Telecommunications Research & Action Center -- former FCC Gen. Counsel Henry Geller said Commission should establish procedures for unfriendly takeovers, argued it would be illegal for Storer licenses to be taken over by dissident group without input from public. National Black Media Coalition complained that Storer stockholders seeking takeover must file long-form (315) transfer application as "required by Commission precedent, by Congress, and by common sense given the size and importance of the company." Bureau had ruled such a filing wasn't necessary. Coalition said public's rights were being violated and argued that grant of application might not serve public interest because of potential impact on minority ownership and EEO, among others.

Storer had asked full Commission to give expedited reconsideration of Bureau decision, claiming takeover attempt raises "new and novel" questions that Mass Media Bureau doesn't have authority to decide and that in making decision, Bureau ignored letter from Storer counsel that reply pleading was being prepared. "The Bureau also denied Storer's request... that this matter be decided by the Commission rather than the staff so that review could be sought on an expedited basis." Storer claimed order "plainly exceeded the limits on staff delegations" because Committee's application presented "new or novel issues not previously considered by the Commission."

Storer also has sued Committee in U.S. Dist. Court, Miami (Storer hq), seeking to block takeover. Suit alleges that group violated securities laws by soliciting proxies for its own slate of dirs. Storer also claims in suit that Donaldson Lufkin & Jenrette Securities and Alliance Capital Management, members of takeover Committee, had inside knowledge of impending proxy contest when they or their customers purchased more than one million shares in Storer.

In promising action on Storer petition this week, Commission recognized there's likely to be court appeal no matter how agency rules. In placing case under ex parte embargo, FCC said that "this is a gray area since this type of proceeding isn't expressly governed by" ex parte rules

and that given "sensitivity" controversy and nature of issues, no off-record presentations would be permitted. In filing its petition, Storer had told Commission if agency didn't act by April 8 it would go to court. However, in granting expedited action, FCC said "given the extent of the pleadings, the issues and arguments raised, the time needed to draft an appropriate document... for review by April 8 is not anticipated." FCC said that by acting by end of week it would have decision out more than 3 weeks before Storer shareholders' meeting May 7 in Miami.

In separate statement, Comr. Quello said that he agreed staff had exceeded its authority and that he would have granted stay sought by Storer. "Even tentative answers to these crucial procedural questions may have significant impact both on the progress of this controversy and on the corporate strategy of other incumbent licensees or their shareholders," Quello said.

Commissioners are believed to be split on whether to grant Storer reconsideration -- with Quello and Rivera (who wanted to require Metromedia to file long-form renewal applications in leveraged buyout of that company last year) backing Storer, Chmn. Fowler and Patrick likely to be on other side. Comr. Dawson is seen as swing vote, reportedly hasn't made her position known.

Storer mailed its proxy statement March 28, urged shareholders (in bold face type) "not to sign any proxy you may receive from them [Committee]... If you previously signed a proxy statement solicited by the dissident group... you have the right to change your vote." There are 16,446,785 Storer common shares outstanding, with Cede & Co. (nominee of Depository Trust Co.) controlling 11.55 million (70.42%). The Capital Group owns 1.6 million shares (9.8%). Storer Chmn.-CEO Peter Storer (whose father founded company) owns 342,435 (3.574%) shares; his cash compensation in 1984 was \$350,000. Storer Pres. Terry Lee received \$325,000; Exec. Vp Kenneth Bagwell \$295,000; TV Stations Div. Pres. Joseph Dimino \$250,000; Vp-Gen. Counsel Abiah Church \$165,000; Vp-Treas. Kenneth Mosher \$165,000.

Dissident group seeking board takeover told shareholders in proxy materials that they'd get \$90-\$100 a fully diluted share if company is liquidated. "There is no realistic prospect in the near future for the market value of Storer... to reach its presently realizable sale value," said Committee, which is backed by N.Y. investment firm Coniston Partners. It said Storer's past financial troubles and high debt would continue to hold down share price. If dissident group succeeds in electing slate of dirs. at May 7 annual meeting, Storer liquidation should be completed by early 1986, Committee said.

**CABLE FIRST AMENDMENT CASES MOUNT:** Odds of FCC's must-carry rules being judged unconstitutional have improved markedly as result of several recent court rulings that cable is a First Amendment speaker more akin to newspapers than TV, several attorneys said last week. Comments were made as U.S. Appeals Court, D.C., prepares to hear consolidated oral argument April 16 in 2 important challenges to rules -- Quincy Cable and TBS appeals.

D.C. and 2 other appeals courts last month issued rulings that seem to strengthen cable's claims that must-carry rules are impermissible restriction on operator's editorial functions. Said one attorney: "I would say the odds have improved [to point where] it's a 50-50 chance the Court will say must-carry is unconstitutional."

Latest case came April 2 when D.C. Court held that TCI has First and 5th Amendment claims overriding Air Force's right to order cabler off Homestead AFB in Fla., where TCI had provided cable service for 10 years until franchise expired in 1983. Appeals Court overturned U.S. Dist. Court, D.C. (which had dismissed TCI complaints for failure to state a claim), and remanded case for trial on merits.

Although not as weighty as 9th Circuit's recent "Preferred" decision out of L.A. (TVD March 4 p5) recognizing cable's First Amendment status separate from that of broadcasters,

attorneys said TCI case is important because it extends cable's free-speech protections to military bases.

"Every time a circuit [court] comes out and says cable is a First Amendment speaker, it adds one more brick to that edifice. The implications for the must-carry case are there," said one attorney. In addition to Preferred and TCI cases, other "bricks" are 10th Circuit in Boulder case, which was argued on First Amendment but decided by Supreme Court on antitrust grounds, and 11th Circuit in striking down Miami ordinance banning indecent material on cable (TVD April 1 p5).

NAB disputes conclusions that cable First Amendment victories imperil must-carry. NAB contends must-carry can and will be shown to be legitimate limitation on cable's First Amendment rights supported by a compelling govt. interest. "The law that the cable people are getting in the First Amendment area has nothing to do with must-carry," NAB official said. "The Supreme Court has spoken on must-carry [in Capital Cities vs. Crisp case (TVD June 25 p1)] and said it has no problem with it."

"Must-carry is a form of content regulation," NCTA official said, "and one thing that stands out in all these First Amendment cases is that in each opinion there have been content discussions [in cable's favor]." NCTA concedes that "while none of these cases even comes near mentioning must-carry, it undoubtedly is a form of content regulation, which 3 circuit courts have said can't be done."

Counsel for Quincy Cable, operator in central Wash., filed supplemental brief with D.C. Circuit April 2 calling court's attention to Preferred case and arguing that that holding is important to must-carry consideration. "In 5 critical respects, the 9th Circuit's reasoning in Preferred is in accord with that position taken on behalf of Quincy Cable... and is directly at odds with arguments advanced here by the FCC," brief said.

At the least, recent cable cases present D.C. Court with difficult balancing test, other attorneys said. But legal observers said balance has shifted in cable's favor: "In view of these cases and in view of generally accepted First Amendment theory, the burden would very clearly be on the Commission and the broadcasters to show there is a legitimate, compelling interest" supporting must-carry. Also, Court could rule only on procedural grounds and avoid First Amendment issue in deciding must-carry cases, attorneys said.

In another First Amendment case, Group W Cable is claiming victory in early stages of lawsuit against city and county of Santa Cruz, Cal. U.S. Dist. Court, San Francisco, while dismissing several other allegations, has upheld constitutional claims by Group W that it's entitled to continue cable service to area. When Group W franchise expired late last year, Santa Cruz said it wouldn't renew, sent out request for proposals. Cabler sued, claiming it has First Amendment rights to continue serving area and also alleging that refusal to renew franchise is unlawful taking of property.

There also is some momentum building for NAB to compromise on must-carry, now that NCTA's hand has been strengthened. Call for compromise was issued last week by Viacom Chmn. Ralph Baruch, who told Ohio State Cable TV Assn. that "when an issue like this is permitted to fester, it never fails to draw the attention of legislators and regulators. We must... sit down face-to-face with the broadcasters to work out a problem which affects us all," Baruch said. "While the cable position of eliminating must-carry has had some favorable reactions at the FCC, it is -- in the present regulatory and legislative environment -- just as unrealistic a position as the one taken by some of these broadcasters [in seeking expanded carriage through market expansion]."

Baruch offered these possible compromises: (1) Must-carry signals limited to a percentage of cable channel capacity. (2) Limit on number of duplicated network or public TV stations

system would be required to carry. (3) Limit on geographical area in which cable system must carry broadcast signals.

NAB is surveying large groups which own TV and cable properties, seeking information on cable systems saturated by must-carry signals. Questionnaires were sent to Capital Cities, Cox, Multimedia, Nationwide, Stauffer, Storer, Tribune, Viacom, Westinghouse. But effort isn't making much progress: At start of last week, NAB had received only 3 completed questionnaires.

**'COMMITMENT TO HDTV':** U.S. govt. in effect became committed to HDTV production standard last week as Advanced TV Systems Committee (ATSC) exec. committee formally recommended to State Dept. that it back 1,125-line, 60-Hz, 2-1 interlace system with 5.33:3 aspect ratio as CCIR standard.

Most of Europe is strongly committed as well to principle of worldwide production standard, many broadcast industry figures believe -- strongly enough to overcome major stumbling block of 60-Hz field rate, which isn't particularly palatable to Europeans because of incompatibility with their 50-Hz rate.

Many industry people took exception to our report last week that key decision by European Bestg. Union (EBU) technical working party indicated that field rate dispute is insurmountable enough to block agreement on any worldwide standard in CCIR (TVD April 1 p6).

These sources pointed out that meetings of EBU working groups are conducted in utmost secrecy, that such lower level committees don't make decisions, and therefore specific Working Party V referred to in our report made no decision. Our report, they said, was based on "misinterpretation of a document out of that group." They noted that same working party has expressed strong support for worldwide standard and EBU will "try everything to get an agreement."

"Over the next few weeks you won't see any firm position in Europe," one observer put it. "The decision simply hasn't been made. There has been relatively little discussion. A drafting committee was set up, came back with a document, which will be continually discussed and modified before there's anything like a vote."

Neither EBU nor its working groups have rejected 60 Hz. But, as we pointed out last week, if EBU does reject 60 Hz, agreement on HDTV worldwide production standard is unlikely and within EBU working groups there's some feeling that there's too much of a standards conversion problem with 50-Hz countries to support proposal backed by U.S. and Japan.

**Holiday Inn** in downtown Las Vegas has been reopened just for NAB convention -- and its 400 rooms are nearly gone. Hotel has been closed for year, will shut doors again after broadcasters leave town. Rooms are especially tight this year because of Hearns-Hagler fight April 15 during convention.

**ABC FAR AHEAD IN BILLINGS:** ABC TV Network ad sales in 1984 totaled \$3.236 billion, far ahead of CBS and NBC, despite network's poor 3rd-place ratings finish in 1984-85 prime-time season about to be concluded, according to estimates released by Tvb based on figures from Best. Advertisers Reports.

Total TV network advertising last year was up 21% to \$8.5 billion -- with CBS getting \$2.828 billion, NBC \$2.49 billion. Comparative 1983 figures were \$2.495 billion for ABC, \$2.373 billion for CBS, \$2.172 billion for NBC. ABC has been able to maintain lead because of strong daytime sales and 1984 Summer Olympics, according to other 2 networks.

Total TV advertising in 1984 was \$19 billion, up 18% from \$16.1 billion in 1983, according to Tvb. National and regional spot rose 13% to \$5.5 billion, local TV billings 17% to \$5 billion. Procter & Gamble continued to be by far largest TV advertiser, increasing spending 13% with \$412.7 million on TV networks, \$239.3 million in spot TV. AT&T jumped over General Motors to 2nd place, increasing TV advertising 73% from \$146.6 million to \$253.1 million. McDonald's made largest percentage jump -- 101%, from \$80.93 million to \$162.46 million.

On radio side, RAB said spot spending was up 20% in 1984 to \$1.33 billion, compared with \$1.1 billion in 1983.

"I have tentatively concluded that Congress codified the fairness doctrine when it amended Sec. 315 [of Communications Act] in 1959," said FCC Comr. Patrick. He also said: "I do not believe the Commission has the discretion to repeal the doctrine. The Commission can play a valuable role, however, by examining the doctrine and providing a finding to the Congress and the courts." In keynote speech to American Bar Assn. seminar on content regulation (TVD April 1 p7), Patrick said language in U.S. Supreme Court's League of Women Voters case, which struck down ban on political editorializing on public TV, questioned constitutionality of doctrine.

**FCC Mass Media Bureau** will sponsor April 30 seminar in Washington on how to apply for new FM channels created under Doc. 80-90. Advance registration is required. Contact: Donna Searcy, 202-632-6460. Commission said that videotape will be made available for those unable to attend and that additional seminar will be held if there's enough demand.

**McKINNEY ANGRY ABOUT BOYCOUTS:** FCC Mass Media Bureau Chief James McKinney wants to set Commission rules and guidelines to control one applicant's buying out another in comparative hearings and payoffs by stations in petitions-to-deny license renewals and sales. "I think there is extortion going on," and in many cases FCC doesn't even know payoff has been made to prevent petition to deny from being filed, he told our sister publication *Communications Daily* in interview last week.

In recent buyout case, FCC Review Board approved grant of Ch. 63 Bloomington, Ind. to Ch. 63 Inc. -- which paid \$150,000 to initial decision winner Bloomington 63 Ltd. to drop its application -- despite some caustic language confirming just what McKinney told us.

Statement written by Norman Blumenthal -- and joined by other Board members -- pointed out that Bloomington 63 principals had been bought out in several other TV comparative hearings. "Forget Denmark -- something is rotten in Tennessee," he wrote. "The voluntary dismissal of our 'winning' applicant's application in return for \$150,000 has the watermarks of a visible pattern by the various parties involved in Bloomington... I urge our administrative law judges to familiarize themselves with the *dramatis personae* in this case... with an eye toward very close scrutiny in future cases."

On CIA petition for reconsideration in its fairness complaint against ABC, McKinney said: "We'll probably exercise our staff option and send it on up to the Commission... in the May-June timeframe."

Asked if he's aware of any instance where marketplace has failed to work in areas where FCC has deregulated, McKinney said he's bothered by "buyouts in the comparative process to the extent that parties are allowed to file applications -- in some cases which appear to us to be strictly for the purpose of excising a ransom down the road. I don't think that serves the public interest."

"I've talked to Mark [Chmn. Fowler] about it, I've talked to Dennis [Comr. Patrick]," McKinney said: "I think the commissioners ought to be brought up to date and it's my intention to prepare a document for them that will highlight some of those kinds of instances."

"I think there is extortion going on," McKinney said. "A lot of it occurs that is never on paper because a lot of it occurs in this form: 'Give me X amount of dollars and I will not file a petition to deny.' Given that, the Commission is not even aware that it has occurred. I find that obscene and I find it very objectionable."

"But I talk to a number of broadcasters and they just shake their heads and say it's part of the cost of doing business," McKinney said. "I think somebody needs protection but I'm not sure who it is." (If you'd like full interview with McKinney, call 202-872-9200 and we'll send it.)

**BROADCAST DEREG BILL:** Replays of events of last Congress, Reps. Tauke (R-Ia.) and Tauzin (D-La.) April 3 introduced TV-radio deregulation bill (HR-1977) that would codify FCC deregulation and eliminate comparative renewal process. Bill is cosponsored by 44 House members, including majorities on Commerce and Telecom panels. But in interview, Tauke said he won't be pushing for passage immediately: "It isn't on the front burner, just on the stove."

Summary of bill circulated in Congress says HR-1977 would eliminate any FCC rules related to programming, such as guidelines for news, public affairs or locally produced shows. Commission couldn't "interfere" in stations' program format decisions or restrict amount, length, timing or frequency of commercials. Bill would delete ascertainment requirements and wouldn't allow FCC to dictate form of program logs. Stations still would have to keep program logs "used in the normal conduct of broadcast operations" for 2 years and make them available for public inspection, summary said.

Bill would require FCC to grant renewal applications "unless it finds that the actions of the licensee demonstrate serious disregard for" Communications Act or Commission policies. Bill would direct FCC to simplify petition-to-deny procedures.

Station owners would be allowed to sell facilities without receiving FCC approval. Sanctions for antitrust violations contained in Sec. 313 & 314 of Communications Act would be repealed, leaving broadcasters subject only to general antitrust laws.

Identical bill in last Congress never managed to win majority support of either panel. Cosponsor Rep. Broihill (R-N.C.), senior Committee GOP member, said through spokesman that he would be "very supportive" of efforts to move bill, that its majority of Committee cosponsors "shows that support for this legislation in Committee continues to grow."

Tauke said proposal was being introduced now "in order to make certain the issue continues to remain alive." Broadcasters have been skittish about pushing bill, fearing it could detract from efforts to slow momentum for TV-radio alcohol ad ban or counterads. Tauke said he and Tauzin are "aware of the opposition of those in control of process," referring to Telecom Subcommittee Chmn. Wirth (D-Colo.), key opponent to original bill last year.

Said NAB Exec. Vp John Summers: "We're all going to wait and see what happens. We won't be up there beating on doors to get them moving on it." He said Assn. board agreed bill should be introduced to emphasize NAB's continuing support for deregulation.

**Convicted of stealing cable service,** Raymond McDonald, E. Orange, N.J., has been sentenced to 30 days in county jail. It's believed to be first time person has received jail term for piracy.

**CBS SAYS NO TO BOESKY:** CBS said April 2 it has "no interest" in buying back 2.6 million shares (8.7% of company) acquired since Feb. 8 by arbitrageur Ivan Boesky. Commenting on takeover rumors in general, CBS said it "has no intention to sell or merge the company and today affirms once again its intention to pursue its goals as an independent company."

Meanwhile, neither CBS nor Wall St. put much credence in story in N.Y. Times April 3 reporting that Ted Turner had obtained commitment for \$50 million each from MCI and ex-Secy. of Treasury William Simon in Turner's reported attempt to take over CBS. Times story was based on unidentified sources, but MCI denied it has made any commitment; Simon couldn't be reached for comment. Times quoted Turner as saying: "I'm not confirming or denying anything."

There also were widespread rumors that CBS and GE have talked informally about GE's coming in as white knight to counter any serious CBS takeover bid, if one develops. Reports were that GE would pay \$150 each for CBS shares.

And it was disclosed that CBS dirs. had tightened procedures for calling special meetings of shareholders. Board eliminated provision allowing special meeting if one is called by holders of 10% or more of shares. Now, special meeting may be called jointly by CBS chmn. and exec. committee chmn., by vote of majority of dirs., or at request of any 2 dirs. Change hampers efforts of Fairness In Media, which got list of shareholders too late to send proxy materials for April 17 meeting and has been trying to force special meeting.

Boesky last week filed mandatory statement with SEC disclosing that he paid average of \$95 for shares. He also said he has no desire to attempt takeover. Commented CBS: "Based on Mr. Boesky's filing... with the SEC, it appears that he has taken his position in CBS stock in the ordinary course of his arbitrage business and not for the purpose of acquiring control."

CBS had an official "no comment," but executive there said network didn't think there was much going on regarding Turner -- as opposed to situation with Boesky. MCI official Gary Tobin said company officials had met with Turner: "We are often invited to sessions held by investment bankers and investment houses to discuss potential investments and we often attend them. We did attend a session [with Turner] where the topic of CBS came up. We left having made no commitment and having reached no agreement." Turner reportedly also has had conversations with Boesky. Simon is partner with Ray Chambers in Wesray, which last year acquired Forward Communications and its 6 small-market TV stations.

CBS said it has received \$1.5 billion credit line -- 7 times the \$225.6 million in unused credit available at end of 1984. CBS said funds would be

used for "general corporate purposes," claimed credit line has "nothing to do with mergers, takeovers, acquisitions, leveraged buyouts" or any other defensive maneuvers. Price of CBS stock continued to rise last week, hitting high of \$114.25 April 4, closing that day and week at \$111.

**United Satellite Communications (USCI)** went dark last week after losing use of uplink and satellite because bills weren't paid. Another blow to DBS firm was dealt next day when Telesat Canada, owner of Anik C-II that carries USCI signal, didn't receive payment, canceled access. Now, even if USCI had uplink, it wouldn't be allowed back on satellite until bill is paid. USCI's demise places TCI on very short leash in its efforts to acquire USCI. However, talks to sell company are still going on, according to spokesman for Prudential, major USCI shareholder with General Instrument. Meanwhile, GI reported last week that it will write off investment in USCI and report "small" loss for 4th quarter and full year. Chmn. Frank Hickey said write-off will amount to about \$18 million after taxes, wiping out about \$25 million in profit from first 9 months of year. "We have made this decision due to the inability of USCI to obtain adequate financing and the uncertainty of the value of our investment therein," Hickey said.

**FCC will define** effective competition for cable service at meeting April 11, according to agenda. Rulemaking, one of 2 mandated by new Cable Act (other relates to EEO), is expected to call for presence of 3 TV signals of any type as adequate to hold down cable basic service rates (TVD April 1 p2). Rulemaking also will include new definitions of cable system, cable operator and cable service and will specify how far telcos can go in providing cable service. Commissioners also are scheduled to consider complaints by ACT and National Assn. for Better Bctg. on TV advertising directed at children. In related matter, Commission will consider starting rulemaking to prohibit TV stations from agreeing to air children's shows without payment in exchange for share of profits from sale of products bearing name of program, its characters or program devices.

**Libel judgment** against French-language magazine that was critical of Chinese restaurant has been overturned by 2nd U.S. Appeals Court, N.Y. N.Y. restaurateur Chow had sued Gault/Millau Guide to N.Y. because of 1980 unfavorable review, and U.S. Dist. Court jury awarded Chow \$20,000. Many broadcast and print groups joined magazine in appealing. Said Appeals Court: "Appellants raise a host of grounds for reversal. Among them are a claim that the statements submitted to the jury are opinion and thus protected speech and a claim that the evidence on the issue of malice is insufficient to support the jury's findings. Because we find these 2 claims dispositive of this appeal, we do not consider appellants' other claims." Court decision included entire text of unfavorable review.

**TECHNOLOGY AT NAB:** Stereo broadcasting -- both TV and AM -- will be major topic at NAB convention technical sessions in Las Vegas April 13-16.

A highlight session will be on advanced TV systems, moderated by CBS-TV's Richard Streeter and featuring ATSC report by Chmn. William Henry and Exec. Dir. Robert Hopkins. Other ATSC reports will be given by Kerns Powers, RCA (improved NTSC), Daniel Wells, Satellite TV Corp. (enhanced 525-line), and Renville McMann, CBS Technology Center (HDTV). William Glenn, N.Y. Institute of Technology, will report on his HDTV bandwidth reduction system; Arthur Kaiser, CBS Technology Center, resolution requirements; Takashi Fujio, NHK Research Labs, NHK's MUSE system; Howard Miller, Group W, political aspects of international TV standardization.

Multichannel TV sound (MTS) discussion on opening day will be devoted to papers on transmitter conversion, with participation by representatives of RCA, Information Transmission Systems, WTTW-TV Chicago, NBC-TV, TTC Inc., ABC-TV, Comark, Micro Communications and Bcast. Electronics Inc., as well as FCC Policy & Rules Div. Asst. Chief Ralph Haller.

Second MTS session, April 15, will emphasize techniques, with discussions on console requirements, station experiences, production and postproduction, VTR conversion, network distribution, stereo synthesizers and STL channel. AM stereo session includes papers by Leonard Kahn, Kahn Communications, and Broadcast Electronics.

One TV engineering session will be devoted to electronic graphics centers. Another has back-to-back papers on Sony Super Slo-Mo and RCA CCD cameras. SMPTE Digital Recording Working Group Chmn. Frederick Remley, U. of Mich., will report on digital VTR standardization. Session on TV satellite systems will emphasize Ku-band services.

Radio sessions will include AM panel on areas such as proposed band expansion and Cuban interference. Highlighting Radio New Technology session will be paper by CBS Technology's Emil Torick on new transmission and companding systems for improved reception, and by Sony's Takeshi Yazawa on broadcast applications of CD digital disc.

Hot subject of nonionizing radiation will include papers by NARDA Microwave, Washington engineer Jules Cohen, consultant Neil Smith and panel discussion including FCC's Edward Minkel, Robert Powers, Ralph Haller and William Hassinger, EPA's Richard Tell, NAB's Barry Umansky.

Showtime/Movie Channel has signed 10-year licensing deal with MGM/UA giving pay-TV network access to about 4,700 titles. All films will have 18-month pay-TV window, will begin airing later this year.

**DoJ APPROVES CABLE CLUSTERS:** Justice Dept. ruled April 1 that there are no antitrust barriers preventing competing cable companies from agreeing to end local competition, even though this lack of competition may result in higher prices for consumers. Decision allows Times Mirror and Storer to proceed with what has been described as industry's largest trade of operating systems, involving some 500,000 subscribers (TVD July 2 p9).

Of greatest concern to DoJ was Phoenix and suburb Paradise Valley, where MSOs for 2 years have waged overbuild war, occasionally erecting plant on opposite sides of same street under nonexclusive franchises. Storer agreed to swap its Phoenix operation to TM in exchange for TM's Louisville city franchise. Storer has several franchises in suburbs surrounding Louisville.

Also in deal, TM will trade systems in N. Little Rock and Jacksonville, Ark., and Point Pleasant Beach, N.J., for Storer systems in Mesa, Ariz., and Laguna Beach, Cal. Storer gets unspecified millions in cash because its systems are mostly new, with much growth potential. Those it's receiving from TM are mature, requiring little capital investment.

Paul McGrath, head of DoJ Antitrust Div., said Justice will defer to local govts. on whether such swaps ending local competition between franchisees should be allowed. Here's his key statement: "Where the relevant local government has the authority to deny transfer of a cable television franchise, the Department will generally rely on the municipality's decision and will not bring suit to prevent consolidation unless unusual facts indicate that an exception should be made." Phoenix officials are still considering transfer, haven't yet acted on granting entire franchise area to TM.

\* \* \* \*

Major step in completing swap of cable properties by Storer and TM was accomplished when Louisville City Council voted to renew TM franchise for 20 years and transfer it to Storer. Added benefit is that, under provisions in Cable Act, Storer achieves rate deregulation in Louisville. Act specifies that any new franchises or those renewed during 2-year transition to rate deregulation will be deregulated immediately. Storer has cable properties in 91 Jefferson County towns around Louisville, said cluster now has about 140,000 subscribers, making it nation's 9th largest system.

**Cable Networks** has reached deal with Colony Communications to sell national advertising on Colony cable interconnects in Boston (99,000 subscribers) and Providence-New Bedford (218,000). Advertising rep deal also covers individual Colony systems in Evansville, Grand Rapids, Indianapolis, L.A., Miami, Peoria, South Bend. Deal extends to several UA Cablesystems and Heritage Communications systems that have leased ad availabilities to Colony, includes 612,000 subscribers in all.

**BRIGHT FUTURE FOR DBS SEEN:** Despite major setbacks to U.S. DBS industry in last year, satellite executives remain optimistic that service eventually will be profitable. That was consensus at 5th annual Satellite Summit in Washington April 1, conducted by Television Digest Inc.

Michael Alpert, exec. vp of Satellite TV (STC), said he believes DBS will be profitable despite "curves and potholes in the road" that caused Comsat to restructure STC plan to launch DBS system. It still isn't clear what Comsat will do with 2 high-power DBS birds under construction by RCA Astro. Asked if Comsat made "monumental business blunder" in undertaking satellite construction prematurely, Alpert said: "There is a chance it might have been a mistake but I believe it won't be. [The satellites] will be of value to someone wanting to get into DBS."

Alpert was enthusiastic about DBS's potential to provide business services -- for example, data and software distribution, electronic publishing and point-to-multipoint communications. But James Jimirro, Disney Channel pres., disagreed: "There's no market for that. The market is for entertainment. To assume there's a market demand [for DBS business services] can be folly."

Disney intends to scramble its C-band satellite signal soon, enabling it to market programming to owners of backyard C-band stations, which have been estimated to number one million in U.S. Jimirro said Disney may seek partner that can "retrofit" backyard dishes to receive scrambled programming. Disney is likely to market to home users in conjunction with another pay-TV company; "arrangement" should be in place within weeks, said Jimirro.

Word of caution came from FCC's Anthony Rutkowski, who repeated recent prediction of AT&T executive that market share of satellites in total telecommunications transmissions will fall from 7% to 3% by end of decade. Reason for drop is increasing competition from fiber optics, he said.

He said phenomenal advances are being experienced in cable technology and, in U.S., \$1 billion yearly is being spent on new fiber facilities. He said fiber's success may result in part from industry's freedom to innovate. FCC, in contrast to its prominent regulatory role in satellite facilities licensing, has "thus far played a relatively minor role in the ongoing fiber optic revolution," he said.

Michael Tyler, economist with CS&P International, said satellites were due for "painful transition" as they adapt to markets they're best suited for. He said forecasting demand is difficult, given fact that highest growth rates -- in business video and data broadcasting -- have occurred in applications that "didn't exist" few years ago.

Citicorp Industrial Credit's Jerry Simonoff focused on importance of insurance underwriters to

market's success. Insurance rates aren't too high, and in fact could be higher and still allow satellite companies to be profitable, he said.

While future of U.S. DBS industry appears tumultuous, China is moving toward launch of its 2-satellite system in 1987 or 1988, Jing Zhaoquian, 2nd secy. for science and technology at Chinese Embassy in Washington, told conference. Only 1/3 of Chinese can receive TV programming with current system. Satellite system will be used to distribute educational programming throughout nation. Chinese are evaluating 3 proposals to build satellites -- from RCA, Matra and team of Aerospatiale/Ford Aerospace/MBB-Erno.

Jennifer Dorn, Dept. of Transportation Commercial Space Transportation dir., said govt. subsidies to telecommunications satellite industry via subsidized launch transportation must stop. U.S. and Europe are in "international price war fueled by government subsidy," she said, referring to competition between NASA and Arianespace to sign up satellite owners for launches. DoT is attempting to help U.S. expendables get into competition but is having difficulty because of alleged French govt. subsidy to Ariane and shuttle, with which U.S. rockets must compete.

Dorn is pushing for higher shuttle prices that would be charged under "full-cost recovery" formula. Without price increase, U.S. expendables may go out of business. Dorn warned that shuttle may not have enough capacity to carry communications satellites if space station, Star Wars and space manufacturing payloads are added to manifest.

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**FCC Chmn. Fowler** will serve out his current term, through June 30, 1986, but "probably" won't seek reappointment, he said in interview for first issue of INTV Quarterly, to be published this week. He also said he will oppose repeal of cable must-carry rules. "We can't even think about removing must-carry because it is tied in so integrally with the question of copyright," he said. "Until we have full [copyright] compensation -- and I think you'd have to have a transition of 3 or 5 years -- then I don't see the agency looking at must-carry."

**Court ruling** that service that sold news clips taken off air violated copyright of WXIA-TV Atlanta was upheld without comment April 1 by U.S. Supreme Court. Station had sued TV News Clips for \$50,000 and sought permanent injunction against practice. Lower court ruled that sale of tapes infringed WXIA-TV's copyright but awarded only \$35 in damages and refused to grant injunction. After 11th U.S. Appeals Court, Atlanta, upheld decision, station appealed to Supreme Court.

**KXRM-TV (Ch. 21) Colorado Springs** is now on air, raising operating U.S. TV stations to 1,201 -- 886 commercial, 315 noncommercial. Larry Douglas is KXRM-TV pres., Mary Douglas gen. mgr.

## Personals

N.Y. Gov. **Mario Cuomo** will address April 15 TV lunch during NAB convention in Las Vegas... **Brandon Tartikoff**, pres. of NBC Entertainment, has received new "multiyear contract"; he became pres. of division in 1980 at age 31; **John Lane** promoted to NBC News exec. vp, in charge of all daily news programs and coverage... **William Paley**, chmn. of CBS Exec. Committee, will receive Communication Award from Center for Communications at April 9 lunch, Plaza Hotel, N.Y.

NAB TV Dir. **Gregory Stone**, WSOC-TV Charlotte, appointed chmn. of NAB Children's TV Committee, succeeding **Crawford Rice**, who resigned from TV board when he moved from Gaylord Bestg. to Daniels & Assoc.; NAB Pres. **Edward Fritts** appointed to board of National Commission on Drunk Driving.

ABC TV Owned TV Stations Div. has abolished jobs of **Vincent Burke**, vp in charge of news, and **Eugene Swerdlow**, vp in charge of programming, respectively, and both will leave company; **Max Berry** promoted to vp-engineering, ABC Best. Operations & Engineering Div.; **Michael Rosenberg** named gen. sales mgr., ABC Spot Sales.

**Kent Repleglo** resigns as KMBC-TV Kansas City gen. mgr. to open Cityline, consumer service operation via telephone; ex-pro quarterback **Len Dawson** returns to KMBC-TV as sports dir., succeeding **Mike Bush**, resigned... **James Gilmore III** promoted to pres., Gilmore Bestg... **Irwin Jacobs**, a dir., exec. vp of M/A-Com and CEO of its Telecommunications Div., resigns; **Jack Shaw**, Div. pres., assumes operational responsibility... **Albert Brashears**, ex-Interior Dept., named deputy White House press secy., succeeding **Marlin Fitzwater**, named press secy. to Vice President Bush.

**Timothy Nulty**, ex-chief economist and key aide to House Commerce Committee Chmn. Dingell (D-Mich.), leaves to become independent consultant... Judge **Abner Mikva**, U.S. Court of Appeals, D.C., addresses April 18 FCBA lunch, Washington Touchdown Club... "The 4th Network Market -- How Real? Who's in Charge?" is subject of April 24 IRTS lunch, Waldorf-Astoria Hotel, N.Y.; panelists include **Richard Block**, Metromedia; **Jerome Dominus**, CBS TV Network; **Mel Harris**, Paramount TV; **David Henderson**, Outlet Co.; **Michael Moore**, Benton & Bowles.

**Rick Bieber** promoted to senior vp-HBO Premiere Films, succeeding **Donald March**, resigned; **Iris Dugow** named senior vp-production, new post; **Eugene Kelly** to vp-programming operations; **William Kerstetter** succeeds Bieber as vp-business affairs, West Coast... **Frank Bussone**, vp-gen. mgr., WEEK-TV Peoria, named pres. of parent Eagle Bestg... **David Del Beccaro** promoted to controller, Jerrold Subscriber Systems Div... **Betsy Ferguson** promoted to asst. dir.-Times Mirror Washington office.

# TELEVISION DIGEST.

Published Weekly Since 1945  
With Consumer Electronics  
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

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**John Rose**, gen. mgr., WDCA-TV Washington, moves to same post at WKRC-TV Cincinnati, succeeding **Edward Herbert**, now gen. mgr. of DCA Teleproductions (all are Taft properties); Taft Vp-Sales **Elliott Troshinski** named WDCA-TV acting gen. mgr... **Dan O'Brien**, ex-King Bestg., appointed gen. mgr., KONG-TV Seattle... **Jonathan Kramer** promoted to vp-mktg. and ancillary rights, CBS Productions; **Teddi O'Shea** to dir.-broadcast operations and film services, CBS Operations & Engineering... **Richard Colbert** promoted to exec. vp-domestic syndication and made partner in Colbert TV Sales.

**Barry Sherman**, ex-Norman Fischer & Assoc., forms media brokerage firm Barry Sherman & Assoc., Suite 300, 1828 L St. NW, Washington 20036, 202-429-0658... **Don Troutt**, KOCO-TV Oklahoma City, appointed vp-controller, Gannett Radio Div... **Donald Gill**, KLIN (AM) Lincoln, Neb. gen. mgr., appointed dir.-development, Neb. Educational TV Network and Nebraskans for Public TV.

**Edwin Huse**, ex-WHUE(AM) Huntington, Ind., and **James Mackin**, ex-NRBA, join NAB as regional mngs. for Mid-Atlantic and Northeast, respectively, replacing **J.T. Anderton**, reassigned to West Coast, and **James Steele**, resigned... **Yoram Yahav** joins Media General Best. Services as west coast regional dir., Special Products Div.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of March and 1985's first 12 weeks:

	MARCH 16-22	1984 WEEK	% CHANGE	MARCH 9-15	12 WEEKS 1985	12 WEEKS 1984	% CHANGE
TOTAL TV.....	417,464	398,835	+ 4.7	381,345	4,182,344	4,460,674	- 6.2
TOTAL COLOR...	332,379*	317,626	+ 4.6	303,997*	3,459,365*	3,399,479	+ 1.8
DIRECT-VIEW.	328,748*	314,745	+ 4.4	299,836*	3,412,370*	3,364,519	+ 1.4
PROJECTION..	3,631*	2,881	+26.0	4,161*	46,995*	34,960	+34.4
MONOCHROME....	85,085	81,209	+ 4.8	77,348	722,979	1,061,195	-31.9
TV EXCL. PROJEC.	413,833	395,954	+ 4.5	377,184	4,135,349	4,425,714	- 6.6
HOME VCR.....	198,710*	100,927	+96.9	194,696*	2,206,365*	1,237,925	+78.2
COLOR CAMERAS...	8,887*	7,353	+20.9	9,792*	99,511*	89,639	+11.0

Color TV (direct-view) 5-week moving average: 1985--322,321\*; 1984--281,725 (up 14.4%).

Home VCR 5-week moving average: 1985--202,739\*; 1984--106,876 (up 89.7%).

\* Record for period.

**OP COURT TO LOOK AT ZENITH-NUE SUIT:** U.S. Supreme Court last week agreed to review Appeals Court order that \$3 billion antitrust suit against group of Japanese consumer electronics manufacturers by Zenith and National Union Electric go to trial.

Action, brought in 1970 by NUE, then parent of Emerson Radio, and later joined by Zenith, alleges Japanese conspired to destroy U.S. consumer electronics industry and entered into price fixing and sales restriction agreements. It also claims Japanese in parallel sold TVs here at less than fair value, gave hidden rebates to U.S. customers, submitted false invoices to Customs and acquired U.S. TV manufacturers. Official defendants in case are Hitachi, Matsushita, Mitsubishi, Sanyo, Sharp and Toshiba, though others are included as unnamed coconspirators. Sony, as well as Sears and Motorola, were named originally but were dropped later.

Case dragged on through decade of hearings, motions and depositions in U.S. Dist. Court, Philadelphia, until March 1981, when 4th judge on case, Edward Becker, issued 600-page decision dismissing all charges. He ruled that virtually all supporting documents submitted by Zenith were hearsay and that there was no evidence that Japanese companies were acting together rather than as independent competitors. But Judge Becker was overturned by 3rd U.S. Appeals Court, Philadelphia, which held that there was sufficient evidence to justify full trial.

In accepting case, Supreme Court said it would look at basic antitrust conspiracy question as well as aspect not considered by lower courts -- issue of sovereign compulsion. Japanese acknowledge that at one time they agreed to charge minimum prices on TVs exported to U.S. and limit number of importers with which they would do business, but they said that they were ordered to do so by Tokyo govt. and that such agreements aren't subject to U.S. antitrust law.

That issue is considered of major international importance -- which is why U.S. Justice Dept. joined defendants and Japanese govt. in urging Supreme Court to conduct review. Justice told Court that ruling such foreign govt.-imposed restraints illegal would seriously hamper efforts to resolve trade problems. Similar concern was expressed through State Dept. by Australia, Canada, France, Korea, Spain and U.K.

Allowing usual 30-45-day periods for submission of briefs, replies and final filings, Oct. term would be absolute earliest Court could schedule oral argument, and that would be tight fit. Next spring is considered much more probable. Observers are wondering whether timing of Court decision to take case had any relation to return of Justice Lewis Powell after 11-week absence for medical reasons. Court had case on consideration agenda in Feb. and March but took no action. That has led to speculation that justices were divided on whether to accept it and, considering case's significance, decided to wait for Powell to return and cast deciding vote.

**40% OF TV HOMES NOW IN RANGE OF MTS:** More than 34 million homes, or some 40% of TV households in continental U.S., are now within reception range of at least one of the 32 stations equipped to broadcast in stereo.

Four of nation's top 5 TV markets (all except Philadelphia) have multichannel TV sound (MTS) broadcasting, as do 6 of top 10 and 14 of top 20. PBS, only network carrying significant amount of stereo, has 8 affiliates known to be equipped; ABC and CBS, which carry no stereo, have 7 and 4, respectively, while NBC, which carries occasional stereocasts and plans to start almost daily stereo programming this summer, brings up rear with 3 affiliates. Eleven independents are equipped.

Most of stations are translating their programs to synthesized stereo while they await availability of significant stereo program material. There's certainly no overwhelming amount of stereo broadcasting going on, but at NARDA convention last week in Nashville, dealers generally agreed that stereo made good selling point nevertheless (see separate report, this issue). Six stations are known to be equipped to broadcast SAP (separate audio program); one of them -- public WNJT Trenton -- is using SAP to broadcast talking books for blind but isn't yet equipped for stereo.

Major group going MTS is Taft Bestg., which has equipped WCIX Miami and WDCA-TV Washington for stereo and SAP, plans to do same in next year for its outlets in Birmingham, Cincinnati, Columbus, Kansas City and Philadelphia. In addition to the 33 stations now equipped, 170 more are known to be planning to convert, on basis of our survey last fall (TVD Oct 22 et seq.) -- and undoubtedly at least that many more have similar plans. With equipment logjam now breaking, we think as many as 200 outlets could be equipped by year's end. Our list of known equipped stations:

WTBS Atlanta (ind.)  
WAXA Anderson, S.C. (ind.)  
WVJV-TV Boston (ind.)  
WBTV Charlotte (CBS)  
WTTW Chicago (PBS)  
WCET Cincinnati (PBS)  
WVIZ-TV Cleveland (PBS)  
KERA-TV Dallas (PBS)  
KCNC-TV Denver (NBC)  
KDIN-TV Des Moines (PBS)  
WFSB Hartford (CBS)  
WTIC-TV Hartford (ind.)<sup>a</sup>  
WTLV Jacksonville (ABC)  
WATE-TV Knoxville (ABC)  
KTNV-TV Las Vegas (ABC)  
KTLA L.A. (ind.)<sup>a</sup>

WCIX Miami (ind.)<sup>a</sup>  
WPBT Miami (PBS)  
WNBC-TV N.Y. (NBC)<sup>a</sup>  
KATU Portland, Ore. (ABC)  
KRBK-TV Sacramento (ind.)  
KPLR-TV St. Louis (ind.)  
KSL-TV Salt Lake City (CBS)  
KUED Salt Lake City (PBS)  
KSAT-TV San Antonio (ABC)  
KTZO San Francisco (ind.)  
KIRO-TV Seattle (CBS)  
KOMO-TV Seattle (ABC)  
KOVR-TV Stockton-Sacramento (ABC)  
WNJT Trenton (PBS)<sup>b</sup>  
WDBB-TV Tuscaloosa, Ala. (ind.)  
KXXV Waco-Temple, Texas (NBC)  
WDCA Washington, D.C. (ind.)<sup>a</sup>

<sup>a</sup> Stereo and program-related SAP

<sup>b</sup> Nonprogram-related SAP only

**JAPANESE VCR EXPORTS UP, TV DOWN IN FEB.:** Japanese exporters continued U.S.-bound VCR shipment surge in Feb., extending string of consecutive million-plus months to 9, but experienced marked decline in TVs, according to figures from Finance Ministry.

Although Japanese are on VCR export binge, they're managing to keep only hair's breadth ahead of market demand here, comparison of month's export figures with EIA figures indicates. Japanese exported 1.09 million VCRs to U.S. in Feb., up 69% from same month last year. Comparable period for EIA sales-to-dealer figures, allowing 30 days for Japan's exports to arrive, would be March. While final week's sales figure isn't in, if pace of earlier weeks was maintained, month will approach 1.1 million, could even be first time Japan's exports in one month fell short of U.S. sales in following month. Feb. shipments put Japan's 2-month total at 2.16 million, up 92.9%.

In TV, total exports of 160,400 were down 19.7%, as color dropped 14% to 122,300 and b&w fell 33.9% to 38,100. Results more than offset gain posted in Jan., left 2-month TV total at 303,800, off 7.5%, with color down 0.2% to 240,700, b&w off 27.8% to 63,100. All fall-off in color came in shipments of chassis and kits, down 39.8% for month to 33,700 and off 22.5% to 64,400 for 2 months. In complete color exports, Feb. shipments edged up 2.7% to 88,600, to put cumulative total at 176,300, for 11.6% gain.

Administration, meanwhile, moved to smooth troubled U.S.-Japan trade waters. President Reagan expressed satisfaction with Prime Minister Yasuhiro Nakasone's promise to improve U.S. access to nation's telecommunications market and develop long-term action program to open Japan wider to all imports. But that wasn't enough to put lid on in Senate, where Finance Committee approved legislation proposed by Sen. Danforth (R-Mo.) that would require President to take action to retaliate against unfair Japanese trade practices and correct any increased trade imbalance resulting from higher imports of Japanese cars. Measure is similar to nonbinding resolutions passed by Senate (TVD April 1 p15) and House. Danforth also announced he would introduce bill later this month that will include restrictions on FCC equipment registration and approval if Japan doesn't immediately improve market access for U.S. manufacturers. Also last week, Reagan nominated Chicago Mercantile Exchange Pres. Clayton Yeutter for post of U.S. Special Trade Representative, to replace William Brock, scheduled to become Labor Secy.

**At Motorola's request** International Trade Administration postponed to June 4 issuance of preliminary determination of whether Japanese are selling cellular telephones in U.S. at less than fair value. Motorola, original complainant in dumping case, said it felt more time was needed for ITA to complete verifications of information submitted by Japanese manufacturers and that it could use extra time to review and comment on those responses. Motorola filed complaint last Nov., and following month International Trade Commission issued preliminary finding of reasonable indication that dumping would injure domestic producers. ITA must issue preliminary and final determinations of undervalued sales, and ITC has to come up with final positive injury determination before Customs can begin assessing antidumping duties.

**Justice Dept.** has asked Kodak and Verbatim to supply additional information on Kodak's planned \$175 million acquisition of computer disc maker (TVD March 18 p15). Verbatim is considered industry's largest manufacturer, and Kodak entered market last year, so acquisition has anticompetitive implications. Kodak said it considered request for details routine.

**Eight-track audio tape cartridge** was officially buried by record industry last year, according to RIAA survey that shows not single major company issued, or reissued, any material in that format. That brings to an end history that began when 8-track was launched in June 1965 by developer Lear Jet in conjunction with RCA Records, Motorola as first hardware licensee and Ford as first to adopt it. It was sluggish year all around for new music releases, RIAA reports. LP issuances were down 24% to 1,740, cassettes off 28% to 1,795 and 7"-12" singles, at 2,356, down 13%. Digital CD releases, however, jumped 70% to 1,038, raising number of catalog titles to 1,648.

**"Camcorders stripped of their cam"** will serve as slave machines for first 8mm duplicating plant, Fraser Peacock, major duplicating firm, subsidiary of Granada TV, announced with straight face in London. Only when phones started ringing with inquiries did company point to release date of "April 1" at bottom of press release. Managing Dir. David Tuckman said hoax was intended to dramatize serious message -- protest against introduction of new developments before duplicators have chance to make money out of existing formats.

**HAPPY NARDA MEETING:** Appliance-TV dealers sell more consumer electronic products than any other type of dealers, Pres. Thomas Peterson told about 400 NARDA members at annual convention in Nashville last week. He said appliance-TV group sold 42% of all color sets last year while closest competitive group -- department stores -- had only 16% share. Appliance-TV dealers had 18% of projection TV and 28% of VCRs. Peterson told us these percentages were about same as 1983, with color TV up slightly and VCR and projection TV down slightly.

Dealers at 3-day convention generally were optimistic about sales for rest of this year but, as usual, expressed concern about profitability. Peterson said he expects unit volume of color to match 1984, but profits could be down because of greater proportion of 13" sets in mix. He forecast emergence of stereo TV as major product later this year, but said there's little activity now because of lack of programming. "People want built-ins," he added, "they don't want stereo-ready." As for VCR, he said sales can go nowhere but up for remainder of year, and prices nowhere but down.

John Fisher, pres. of Fisher's, Cherry Valley, Ill., said he expects 1985 to be one of best years in his company's history, particularly from VCR sales. "Sales have been excellent because of reduced prices," he said. "Stereo TV is becoming important, especially at the high end."

Former NARDA Pres. James Renier, Dubuque, Ia., looks for modest increases in color sales this year because of replacement market for growing number of sets at least 13 years old. He said he's selling more models above \$400 than under \$400. He added: "We've been stocking stereo TV even though there's no stereo TV broadcasting in our area. We sell it on the basis that stereo will be at hand this year and you shouldn't obsolete your purchase." Renier's outlook for VCRs for remainder of year: "The sky's the limit." As for Korean imports, he believes Japanese manufacturers already have met the challenge in their price structure.

Al Rubin, Philadelphia, says he has been having "unbelievably good year," expects good business to continue through year's end. He credits advertising -- budgeted at 5% of sales -- for his strong showing. Rubin told us stereo TV was starting to sell: "People are aware of stereo TV and the sophisticated consumer asks for and buys it." Projection TV sales have been doing better than last year, Rubin added, because they're now being priced under \$2,000.

Peter Vrantikis, Salt Lake City, said his brown goods sales were off slightly from year ago, but he expects improvement later this year. "We're doing a respectable job with VCRs," he said. "It's a competitive market. The VCRs we sold last year at \$400 are now going at \$329. I'm more encouraged with the sale of big-screen than stereo TV. I think people are more ready to buy big-screen since prices

dropped than they are to buy stereo TV." He agreed with Rubin's appraisal of projection TV, adding: "The under-\$2,000 price point has put life into big-screen."

**RADIO SHACK ON COMPUTERS:** IBM decision to scrap PCjr and problems Atari and Commodore are experiencing aren't causing other leading home computer marketer, Radio Shack, to have any 2nd thoughts about continuing in that market, according to Pres. Bernard Appel.

"The low-end market is not showing any growth, but it's big enough for us selling the quantity we are," though "it's true we haven't sold as many [color computers] as we would have liked to," Appel told us last week. As for so-called home market, it's growing, but away from entertainment. "The customer is becoming more sophisticated and wants more."

Company's newest model, \$1,200 IBM PC-compatible Tandy 1000, is targeted at just that market as "combination home and small business unit that fills the gap in the market even stronger" than any current competitive offering. Company spotlights that in new print campaign that bills 1000 as "what the IBM PC and PCjr should have been, but never were. (And never will be.)"

As for IBM's dropping PCjr, "that could say the home market isn't big enough for them, but that's not true," Appel said. Big reason for move "is obvious -- the consumer didn't like the machine. The name was a misnomer, it wasn't a junior PC but another machine altogether, it wasn't 100% compatible," he said. IBM, Appel said, never was able to position it properly; "it was poor execution all down the line, a case study of how to do it wrong, and it goes to show what a great marketing system we have in this country."

Appel said he doubts industry has seen last of IBM in home-office personal computer market, indicated expectation that IBM will introduce new low-cost model before too long. His view is in line with other observers who have been expressing doubt that IBM has really abandoned that market segment. There's speculation it has U.S. marketing plans for less expensive PC compatible computer now being produced in Japan under IBM license by Matsushita.

Advanced CD digital audio system being developed jointly by Warner Records and N.V. Philips subsidiary Polygram would combine disc's music and data-handling capabilities. Along with music, discs are to contain text and graphics that would be shown on liquid crystal or other display in player. Further down road, companies say, CDs could offer video. Meanwhile, Sony, first on market with battery portable and car CD player decks, announced first complete CD boom box. It's battery portable combination stereo FM-AM with cassette deck, CD player and detachable speakers, \$550 list.

**MARANTZ INTO VIDEO:** Marantz is returning to video after 2-year hiatus, will introduce products at Summer CES in Chicago in June, now ranks among marketers that have switched VCR allegiance from Beta to VHS.

Company, which dropped its lone Beta offering at end of 1983, is reentering with pair of VHS stereo units, both with MTS tuning, one with standard 2-track linear audio, other with Hi-Fi, according to Pres. Fred Tushinsky. Other video component in line will be video-audio switcher and enhancer.

But while components will be in line, emphasis will be on sale of packaged systems. First will be 25" monitor with VCR, 100-watt audio components housed in wood cabinet and expected to retail at around \$3,000. More monitors and another pair of VCRs will be added in Jan., as will systems with unified remote control.

For Marantz, pricing on its first system is "highly competitive -- we don't want to come in way above anyone else, and we're not daydreaming about margins, they will be close," Tushinsky said. Company also knows it can't compete head-to-head against TV majors. "Marantz has to become a factor in video to sustain its growth, but we have to stay out of separates" and stress systems, he told us.

Meanwhile, Marantz expects to be big U.S. beneficiary of N.V. Philips effort to develop advanced audio-video products. Philips in 1982 acquired Marantz Japan, as well as rights to Marantz brand outside U.S. and Japanese facility continues as one of Marantz (U.S.) audio equipment suppliers. Philips is now putting its technological talent into Marantz product -- "it's state of the art now and by 1986-87 it will be startling," Tushinsky said.

Tushinsky said he meets with Marantz Japan on product 3-4 times yearly, and while Philips's prime interest is in aiding audio volume of U.S. affiliate North American Philips (Magnavox, Philco and Sylvania), "in most cases we are the driving force in a lot of concepts for the entire line" for U.S. market. That's because "you are not going to find Magnavox handling some of the type of product we carry -- they have to sell where their market is."

\* \* \* \*

Marantz's financial turnaround effort paid first big dividend in final quarter when it posted operating income of \$1.54 million, netted \$1.46 million after \$80,000 loss on discontinued operations. Sales for period were up 42.7% (see financial table). Although it had \$138,000 net loss for year, that stemmed from \$960,000 deficit from discontinued operations. Continuing operations showed \$822,000 profit, against loss of \$444,000 in 1983. Company's \$10.3 million net profit for 1983 was after \$11.4 million special gain on debt restructuring and tax benefit. It had operating net loss of \$1.12 million.

\* \* \* \*

**Uniden** is closing offices in N.Y. and Cal., consolidating operations in new hq at 6345 Castleway Ct., Indianapolis 46250, 317-842-0280.

**RCA TOPS IN VCR SURVEY:** As it has in all past polls, RCA came out as leading VCR brand in latest edition of Nielsen Home Video Index. Based on July-Sept. survey of 910 VCR owners, it shows 20.4% said RCA was brand of VCR purchased most recently. RCA's share, however, was down from 22.2% it received in 1983 study (TVD May 7 p20).

Continuing in 2nd place, also with reduced share, was Panasonic at 15.5%, down from 19.4%. Among shares of others ranked, with 1983 results, where available, in parentheses: Sony 8.5% (9%), Sanyo 6% (5%), Quasar 5.9% (7.5%), Fisher 5.8% (3.8%), Magnavox 5.6% (5.7%), JVC 5.4%, Sears 5.2% (5.1%), GE 4.9% (5.2%), Zenith 3.8% (3.8%), Hitachi 3.6%. In blank tape, TDK was most recent purchase of 11.3% of sample, down from 18% last year, followed by 3M Scotch brand at 11.3%, Sony 10.3%, Memorex 9.6%, Maxell 7% and 6 others including Kodak and Polaroid in 2.5-4% range.

Videocassette player poses little threat to displace VCR, at least as primary product. Only 6.9% of sample would buy it instead of VCR, even if VCP was priced as low as \$99. However, HVI didn't pose question in terms of VCP as 2nd unit. With this survey HVI goes quarterly. Next will cover Oct.-Dec. 1984, should be out early this summer.

\* \* \* \*

**MGM/UA Entertainment** came up with expected sweetened offer for 15% interest in MGM/UA Home Entertainment Group it doesn't already own. It will give \$34 in 10% 8-year notes for each outstanding HEG share -- up from previous offer to swap either \$28 in notes or 1.75 of its own shares. That raises value of offer to about \$150.5 million from just under \$124 million. That 15% of HEG was valued at \$53.1 million when MGM/UA sold it to public in Dec. 1982. Offer is subject to approval by holders of at least 50% of those outstanding shares, meaning it must win support of National Amusements. NA owns more than 7.5% interest in HEG and brought suit challenging MGM/UA's original offer as inadequate. MGM/UA said that it has no advance agreement with NA but that it assumes NA will drop legal action if it accepts new terms. Meanwhile, HEG reported net rose just 6.4% in quarter to Feb. 28, although revenue jumped 26% to \$61.5 million from \$48.8 million in same period last year (see financial table). In fiscal first half, earnings were down 13.4% on 9.7% revenue rise. HEG said Home Video Div. had improved results in both periods, but sales and earnings from pay-TV and other nontheatrical outlets were down, though performance in both areas picked up in 2nd quarter.

**Consumers Union** can't stop manufacturers from referring to its product ratings in ads, N.Y. Supreme Court Judge Bruce Wright ruled last week. Dismissing \$2 million suit CU brought against Remington Products, Wright said company did "no more than quote from a newsworthy report already disseminated to the public" when it ran ad bragging that its electric razors were top-rated by CU. CU has long history of trying to stop commercial use of its ratings, said it will appeal.

**FUJI CAMCORDER IN U.S.**: First Sony-made 8mm camcorder publicly shown in U.S. was a Fuji. Unexpected video highlight of Photo Mktg. Assn. trade show in Las Vegas was demonstration of Fujix-8 camcorder by Fuji U.S.A. Company said it hadn't decided whether it would market unit in U.S.

Currently available in Japan (TVD Oct 8 p12), camcorder has different configuration from Sony unit now on Japanese market. It uses same 2/3" CCD pickup (250,000 pixels). Weight is 4.2 lb. without battery or cassette. It has 6:1 power zoom, electronic viewfinder, optional electronic editor and tuner-timer. Fuji will supply 8mm tapes, with 2-hour version due this summer. Unlike Sony version shown in London, Fuji unit is single-speed only. Camcorder sells for about \$1,120 in Japan.

Fuji also showed still-film player using standard 1.85" video floppy at about \$200 in Japan (no U.S. plans yet). Home film photos can be transferred to floppy for \$5.60-\$8.40. Also at PMA, Berkey Photo, distributor of GE video equipment, demonstrated both 8mm and VHS camcorders under GE brand, while Konica showed video floppy still photo system and video printer, said it had no current plans for U.S. marketing.

Kodak, meanwhile, has postponed European debut of Kodavision to 1986 or later, company announced in Europe. In U.S., company official told us it was pleased with response to NTSC version here but found it "advisable to reschedule PAL and SECAM" launch until "1986 at the earliest" because of European economic conditions and strength of dollar. At time of official news conference in N.Y. in Jan. 1984 to announce Kodavision here, Kodak held simultaneous conferences in Belgium, Netherlands and England as well as Canada (TVD Jan 9/84 p12), had planned to start deliveries of PAL version fall 1984. No working prototypes were shown in PAL country introductions.

Kodak is offering rebates of \$100 each on cradle and tuner-timer when purchased with 8mm camcorder April 1-Aug. 31. Smaller rebates, \$2-\$5, are offered on accessories (cables, head cleaners, etc.), as well as rebate and free cassette promotions on purchases of 3 cassettes. Autofocus camcorder is being offered in N.Y. at \$999-\$1,100, some ads noting "\$1,600 value." Nonautofocus Sony Betamovie is advertised at \$799.

Polaroid's 8mm camcorder is now on market in Tampa area, preliminary to rollout toward nationwide sales in 2nd half (TVD Jan 14 p12). The \$1,650 Toshiba-made unit weighs 3.75 lb. without battery and cassette, 4.5 lb. with, operates 60 min. on battery charge. It uses 1/2" CCD imager, has optical through-lens viewer. Companion playback cradle has 28-pin connector for upcoming tuner-timer.

**Employment in electronics** dipped slightly in Feb., declining 2,000 from Jan. to 2.28 million, Labor Dept. said in preliminary report.

**JAPAN'S OUTLOOK**: Japan's electronics manufacturers will increase production by healthy 12.6% this year to \$71.1 billion, with bulk of increase coming in nonconsumer area, according to forecast from EIA-Japan.

Outlook is for 15.1% increase in output of industrial electronic equipment to \$26.5 billion, 16.2% rise in value of electronic parts and components to \$26.3 billion, while growth in consumer electronics is held to 4.9% for \$18.4 billion total.

EIA-J sees value of video equipment production up just 5.95% to \$11.9 billion, with VCRs rising 3% to \$7.74 billion, color TVs up 2.3% to \$3.03 billion, and other products, including cameras and videodisc players, contributing \$1.16 billion, up 40.2%.

Limited 3% increase to \$6.42 billion is predicted for audio equipment. EIA-J sees recorders up 2.9% to \$3.74 billion, compact stereos up 6.3% to \$260 million, components up 4.1% to \$1.77 billion, other audio down 0.4% to \$650 million.

In parts and components, largest increase is seen for integrated circuits, with production rising 24.1% to \$8.9 billion. In industrial electronics, biggest gains are expected in computers, up 17.9% to \$12.7 billion, and office equipment, up 16% to \$1.69 billion.

**NAB will join MST** in asking U.S. Appeals Court, D.C. to reverse FCC ruling that Sanyo doesn't need waiver of all-channel TV set law to produce units capable of receiving only Ch. 3 and 4. In Feb., Commission refused to reconsider June 1984 order, stating that Sanyo product wouldn't constitute "receiver" under Act since it would be "marketed without an antenna and [is] not intended to receive over-the-air broadcast signals." Sets, which Sanyo since has said it doesn't intend to make, would have been marketed for use with VCRs, home video games, personal computers and cable TV. EIA and INTV are expected to join appeal.

**Total electronics sales** in U.S. last year rose 17.1% to just under \$170 billion at factory level, EIA reports. Fastest growing segment was components, with volume up 25.1% to \$38.5 billion, while consumer product volume followed with 21.8% increase to nearly \$17.8 billion. Continuing as largest segment was computers and industry equipment at \$67.6 billion, up 15.8%. Sales of communications equipment rose 11.2% to \$46.1 billion. Industry had 1.81 million employees at year's end, up 10.4% from end of 1983.

**March VCR sales** to dealers exceeded million units, making it 2nd best month in history. Only other month more than million VCRs were sold was last Dec. (total 1,293,373). (Details in next week's issue after release of EIA figures.) Sales in first 4 weeks of 5-week March were 97.5% ahead of same period last year.

**TDK SEEKS NEW MEDIA:** With demands for higher density recording systems and materials, along with diminishing profits in current magnetic tape types, diversification is top priority for TDK, probably world's largest tape manufacturer and certainly the most specialized.

"We must explore new technologies because of price cutting in magnetic tape. Despite big increases in total tape unit sales, growth in sales and net is small because of the video price wars." So said Exec. Dir. Yasuo Imaoka to U.S. trade and technical press on recent tour of TDK facilities in Japan. He also noted that for first time in fiscal 1984, ended Nov. 30, magnetic recording media constituted less than 50% of TDK's net sales -- 46.3%, as opposed to 53.7% for electronic materials.

TDK is working to reduce further its dependence on magnetic media under plan known as "Trillion 90" -- goal of trillion-yen (\$4.1 billion) sales by 1990. Imaoka forecast that 19% of this amount will come from products company isn't producing or selling now, with recording technology remaining most important new product field, representing 45% of new products.

Among recording projects actively under way at TDK are intensive R&D in optical discs -- both write-once and erasable types. In latter category, TDK sees great promise in magneto-optical media, combination of 2 technologies. Company officials said in answer to question that TDK may offer disc software duplicating service in future.

In magnetic recording, company's research is centered heavily on digital audio and videotapes (TVD March 25 p11), perpendicular recording, thin-film magnetic heads and floppy and hard minidisc drives.

Imaoka forecast that combined annual growth of magnetic and optical recording media would be in 20-30% range, "although optical discs will erode some of the demand for magnetic tape and magnetic discs." He said next generation of magnetic heads probably will be thin film, using semiconductor manufacturing processes. Already being used by IBM for magnetic disc heads, technology will expand to digital audio tape heads and other technologies, including still-camera magnetic disc recording heads.

TDK has started production of still-camera (Mavica-type) 1.85" recording discs, which it calls "video floppy," to standards set by industry committee and can deliver any time there's demand. Company is enthusiastic about other possible uses of video floppy, whose density is extremely high because of metal particle coating. Some TDK engineers think this could be next computer disc, since it could store 2 megabytes.

Under active investigation at TDK is perpendicular or vertical recording technology in which magnetization is at right angles to surface of tape, and recording and playback are accomplished by

head consisting of 2 poles on opposite sides of tape (TVD Dec 11/78 et seq.). In answer to question, Imaoka said if tiny video floppy were to use vertical recording technology, its density for computer use could be increased tenfold, to 20 megabytes. Toshiba already is in pilot production of one type of compatible perpendicular magnetic coating that it says makes possible fourfold increase in floppy disc recording density (TVD Dec 24 p10).

TDK is mass-producing 8mm metal particle videocassettes under own name and that of Kodak in 30-, 60- and 90-min. lengths, with 2-hour cassettes to be added at June CES. All commercially produced TDK 8mm tape uses metal particle (MP) coating; Kodak sells TDK-made MP tape under its own name, along with metal evaporated (ME) tape made by Matsushita.

At TDK technical center in Nagano, company has set up elaborate and costly pilot plant to make ME tape. Engineers said that development work on ME is completed but that it costs more than twice as much as MP. They also noted that all 8mm VCRs introduced to date are optimized for MP tape, in terms of heads and of tape tension.

Comparative demonstration of different compositions and types of tapes showed Sony, Kodak and Canon 8mm recorders, along with VHS and 1" Type C broadcast VTR. MP 8mm tape's picture was slightly noisier than TDK's HS (high standard) 1/2" tape, with less sparkling color but good resolution. Developmental ME tape seemed to have better color than MP but far more noise and dropouts -- exactly the same conclusion we reached when evaluating MP vs. ME tape on Kodavision camcorder last summer (TVD Aug 27 p14).

TDK's modern, robotized Mikumagawa plant on southernmost island of Kyushu has capacity for equivalent of 6 million T-120 cassettes monthly, while older Chikumagawa facility can make 3 million. TDK's Peachtree City, Ga. plant has capacity of 1.6 million, is supplied with tape pancakes from Japan. Of TDK's Japan videotapes, about 13.3% are Beta (all supplied from Chikumagawa plant). Company says it will build new plant for MP and/or ME tapes if demand warrants.

GE is halting domestic production of microwave ovens, appliance industry's hottest product, will stay in market through outside sourcing. Company, which has been importing most of its lower priced ovens, said it was making change to improve competitive position. Last year, GE cited same reason when it ended output of 10" and 13" color TVs and switched to imports (TVD Dec 3 p11).

**Aiwa adds** its first Beta Hi-Fi home VCR deck, featuring on-screen programming display, cable tuning, MTS adaptability, at \$750. Aiwa, a Sony affiliate, said it expects to have its first Super Beta Hi-Fi VCR on market late this year.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Chris-Craft Industries 1985-6 mo. to Feb. 28	86,203,000	(7,404,000)	---
1984-6 mo. to Feb. 29	79,324,000	3,002,000	.39
1985-qtr. to Feb. 28	38,321,000	(11,193,000)	---
1984-qtr. to Feb. 29	35,059,000	276,000	.02
Corning Glass Works 1985-12 wk. to Mar. 24	392,400,000	28,900,000	.68
1984-12 wk. to Mar. 25	418,400,000	29,200,000	.69
Marantz 1984-year to Dec. 31	44,047,000	(138,000)	---
1983-year to Dec. 31	33,873,000	10,305,000	4.47
1984-qtr. to Dec. 31	14,495,000	1,459,000	.63
1983-qtr. to Dec. 31	10,156,000	5,152,000	2.23
MGM/UA Entertainment 1985-6 mo. to Feb. 28	332,924,000	(80,497,000)	---
1984-6 mo. to Feb. 29	406,452,000	26,976,000	.54
1985-qtr. to Feb. 28	162,061,000	(82,192,000)	---
1984-qtr. to Feb. 29	214,270,000	16,015,000	.32
MGM/UA Home Entertainment 1985-6 mo. to Feb. 28	101,568,000	18,555,000	.63
1984-6 mo. to Feb. 29	92,581,000	21,434,000	.73
1985-qtr. to Feb. 28	61,460,000	11,809,000	.40
1984-qtr. to Feb. 29	48,784,000	11,097,000	.38
Tektronix 1985-40 wk. to Mar. 2	1,057,878,000	66,578,000	3.44
1984-40 wk. to Mar. 3	953,377,000	51,888,000	2.71
1985-16 wk. to Mar. 2	418,296,000	26,804,000	1.38
1984-16 wk. to Mar. 3	402,358,000	25,684,000	1.34
United Cable TV 1985-9 mo. to Feb. 28	124,703,000	7,734,000	.55
1984-9 mo. to Feb. 29	102,999,000	6,783,000	.51
1985-qtr. to Feb. 28	42,605,000	3,420,000	.25
1984-qtr. to Feb. 29	35,960,000	2,227,000	.17
Webcor 1984-9 mo. to Dec. 31	13,582,000	(5,803,000)	---
1983-9 mo. to Dec. 31	31,034,000	2,320,000	.65
1984-qtr. to Dec. 31	3,897,000	(3,931,000)	---
1983-qtr. to Dec. 31	6,366,000	248,000	.07

Notes: \*Adjusted. \*Includes special credit; restated.

**No CES exhibit** is planned by Sony Consumer Products at this year's summer show. Company, which had most prominent and elaborate display at last winter's CES, notified EIA it won't be at Chicago show. Sony said it's having its first national distributor and dealer convention in 3 years in Tucson starting April 15, plus extended private showings and dealer open houses in May, and thinks it's more important to go direct to own dealers and distributors than to devote effort to CES exhibit. Sony Tape Sales will exhibit as usual.

**Australia** has been bitten by high-tech bug, has set up \$47.8 million fund to help local companies with R&D and provide grants to foreign investors. Targeted are firms in microelectronics and communications. Three-year industry development program calls for spending about \$12 million to support research, with rest earmarked for worker training and grants to manufacturers.

## Consumer Electronics Personals

**Keith Drysdale**, former North American Philips corporate business planning mgr., moves to NAP Consumer Electronics as strategic planning vp, succeeding **R.W. (Mike) Staup**, resigned to pursue personal business interests... **Jerry Kalov**, former Harman International pres. and more recently an HI consultant, appointed Dynascan pres.-CEO, replacing Chmn. **Carl Korn**, who has held post on interim basis since resignation last Dec. of **Frank DiLeo**.

**Robert Emmer** named MGM/UA Home Video west coast business affairs dir... **John Turner**, a Heron International dir., appointed pres. of Media Home Entertainment, replacing **Ronald Safinick** who resigned earlier; **Jack Bernstein** advanced from distribution and mktg. senior vp to exec. vp, **Philip Callaghan** to finance and administration senior vp; **Stephen Diener**, pres. of Heron Communications and MHE chmn., joins Heron International board... **Gene Marino** named exec. vp, World Premiere Home Video, succeeding **Wendy Marino**, advanced to pres... **Howard Miller** named King of Video controller... **Howard Ramkin** joins Lightning Video as Canadian region sales mgr... **George Hodgkins** resigns as Waldenbooks video mkt. development mgr.

**James Dykes**, GE Semiconductor Business Div. gen. mgr., adds post as pres. of IC manufacturing subsidiary Intersil, succeeding **George Wells**, resigned to join LSI Logic as pres.-COO.... **Minoru Ohnishi**, Fuji Photo (Japan) pres., named Man of Year by U.S. Photographic Mfrs. & Distributors Assn.

**Texas Instruments** is eyeing site of Tsukuba Expo '85 (TVD March 25 p14) as location for its 4th Japanese IC plant. Company has put in bid for portion of land in Tokyo suburb that will be vacated when fair closes in Sept. TI said it plans to construct centralized R&D lab and plant for ultra large scale ICs. NEC, meanwhile, announced it will build R&D center on 17-acre Tsukuba site. Research will center on new materials, ultra large scale ICs, optical data processing, artificial intelligence, bioelectronics.

**RCA** is offering to repurchase for \$37 each up to 75% of 10.6 million outstanding shares of \$3.65 preferred stock issued in 1980 in connection with its acquisition of CIT Financial. RCA sold CIT last year. Price is about \$2 over market but \$3 less than original issue value.

## Obituary

**Fred Goldstein**, 55, pres. of rep Component Marketers, died of cancer April 4. A concert cellist and pioneer audio marketer, he started career at Terminal-Hudson hi-fi retailer in N.Y., was national sales mgr. of KLH 1965-69, left to become original mktg. vp of Advent, resigning in 1976 to be dir. of Longy School of Music, Cambridge, Mass. He rejoined Advent following year as senior mktg. vp, leaving to join rep in May 1981 after Advent's bankruptcy. Wife survives.

# TELEVISION DIGEST®

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APRIL 15, 1985

VOL. 25, NO. 15

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**NABers GATHER IN RECORD NUMBERS:** More than 35,000 in Las Vegas for 63rd annual convention themed 'Take Part... Take Pride'. (P. 1)

**FCC REJECTS STORER 2ND TIME** in fight against takeover. Hectic week for media mergers as Cox family makes tender offer, Multimedia rejects outside offer, CBS sues Boesky. (P. 3)

**FCC CABLE COMPETITION ORDER:** Choice of 3 over-air TV signals as competition standard will deregulate 90% of subscribers. (P. 5)

**FCC REBUFFS KIDVID AD ISSUES:** ACT petitions to prohibit 'program-length commercials' and profit-sharing arrangements denied. (P. 7)

**SEAGRAM THREATENS NETWORKS** with fairness doctrine complaints on beer and wine ads. House counterad legislation in works. (P. 7)

**REVISED FCC FEE SCHEDULE** and auction bill being readied by Commission. New fee plan goes to Congress early this week. (P. 8)

**VIDEODISCS FOR TV** and cable introduced by Panasonic for use in editing, automation. (P. 8)

**MEREDITH SEEKS REVIEW** in campaign to have FCC reverse ruling on WTVH Syracuse. (P. 9)

**NABers GATHER IN LAS VEGAS IN RECORD NUMBERS:** More than 35,000 broadcasters, govt. officials, equipment manufacturers, programmers, lawyers, reporters, brokers, engineers, bankers, various hangers-on and, more than ever this year, prospective station buyers are gathered in Las Vegas as NAB 63rd annual convention enters its 3rd day.

Featured along with 30 members of Congress, all 5 FCC commissioners and many Commission and Hill staffers is largest-ever exhibit of broadcast equipment, taking up 320,000 sq. ft. in Convention Center and nearby Hilton Center. Record 678 manufacturers are showing wares.

NAB hopes it has overcome some rough times with Las Vegas Convention & Visitors Bureau -- primarily because of Hearns-Hagler championship fight Mon. night, which took hundreds of

### Consumer Electronics

**TOSHIBA'S VHS FUTURE** emphasized at 20th anniversary sales meeting with forecast of 75-85% of its VCR business in new format. (Pp. 11 & 15)

**MARCH VCR SALES** at record 15 million annual rate, color at 18 million. Color sales for first quarter fall 1% below 1984. (P. 12)

**AVERAGE COLOR PRICES** dropped nearly \$17 in 1984, steepest decline of decade, perhaps most severe in history in terms of profits. (P. 13)

**SONY INTRODUCES DIGITAL** set at sales meeting. Toshiba stresses FST, MTS, monitors. (P. 15)

**PRICE WARS CITED** in GE and NAP reports. Wells-Gardner suffering from game-computer slump. (P. 16)

**EIA AUDIO SURVEY** shows audio systems in 87% of U.S. homes, component ensembles in 37.8%, compacts in 51.1%, consoles in 22.9%. (P. 17)

**RCA-SHARP JOINT venture**, with more than \$200 million investment in 5 years, to design and manufacture CMOS VLSIs in U.S. (P. 18)

**700,000 AM STEREO** radios already made using C-QUAM system, Motorola claims, with 24 radio brands, 250 stations broadcasting. (P. 18)

hotel rooms away from NAB delegates. However, 2 new irritants have arisen: (1) Cab drivers Fri. were threatening work slowdown because dozens of extra cabs have been brought in for convention and fight. (2) Many golfing broadcasters had requested Desert Inn Hotel so they could play golf there during convention. However, golf course will be closed starting today because LPGA tournament starts there with pro-am Wed.

Using theme "Take Pride... Take Part," this convention is like many in past except there don't appear to be any major, dominating issues -- with possible exception of legislative threat, albeit minor, to ban beer and wine advertising on TV and radio. NAB is making it an issue, has scheduled 3 major sessions on subject Mon. morning featuring heads of Mothers Against Drunk Driving and National Federation of Parents for Drug-Free Youth, along with several members of Congress.

Convention officially opened Sun. with presentation of Distinguished Service Award to Multimedia Chmn. Wilson Wear, former NAB chmn., annual State of the Industry speech by NAB Pres. Edward Fritts and entertainment by Beach Boys. As "senior citizen" of broadcasting, Wear said he felt a duty to tell broadcasters and regulators "what's broke and tell them how to fix the damn thing." His acceptance speech consisted of series of memos to FCC, Congress, networks, Justice Dept. and broadcasters.

In prepared remarks, Fritts stressed responsibilities of broadcasters to public they serve while at same time making profit. "The time has come again to examine our own contributions to these desirable ends," he said. "Not just in quantity, but in quality. Not merely because it's right, but because it's responsible. Not only to make a better living for broadcasters, but to make our communities better places to live... We are more than a license, a call sign, a place on the dial." Fritts also said it's "good" that Wall St. has discovered broadcasting but expressed concern at attempts at hostile takeovers of broadcasting companies. "When a hostile takeover emerges with the objective to dismantle an existing company for stockholder profit, I understand," he said. "But I ask -- has anyone measured the intangibles, the service that company may have provided or the possible long-term effects? Perhaps it's time to remind the investment community and the takeover wizards that broadcasting is indeed a unique industry... We live in a world which requires commitments beyond the bottom line... In fact, our obligation is to serve the public interest first and stockholder interest second... When hostile takeovers are aimed at liquidating a company to maximize assets... all of us, whether publicly held or not, should pause to reflect. We broadcasters are concerned... The FCC must clarify the ground rules so all the players know where they stand."

As always at NAB, too, First Amendment issues will play major role with Mon. panel on "Staying Out of the Libel Stew" and Tues. TV session on "The Free Press: A Matter of Principle & Profit" featuring Walter Cronkite, Elie Abel, CBS First Amendment lawyer Timothy Dyk, and WHAS-TV Louisville Gen. Mgr. (and former news dir.) Robert Morse. Other major TV sessions Mon. include cable must-carry and copyright, with panel including 10 members of Congress, and luncheon speech Mon. by N.Y. Gov. Mario Cuomo and presentation of Grover Cobb Award to Forward Communications Chmn. Richard Dudley.

Other featured sessions include annual RAB and Tvb presentations, and on TV side: "Multichannel Sound: Problems & Opportunities"; changes in TV audiences, particularly as they relate to drop in networks' share (with research heads of 3 TV networks); TV and radio music licensing problems; "crisis" in funding of public broadcasting with Comr. Quello, CPB Chmn. Sonia Landau, Rep. Oxley (R-O.) and Peter Fannon, pres. of National Assn. of Public TV Stations; satellite distribution of programs (see separate item on NBC switch from AT&T delivery); "Communication with the FCC," with Comrs. Patrick and Rivera; Programming in 1990's. Radio: FCC session with Dawson and Quello and Washington lawyers Peter Tannenwald and Bernard Koteen; induction of Fred Palmer and Casey Kasem into Radio Hall of Fame; presentation of Spirit of Bestg. Award to former NAB Chmn. William Quarton.

NAB has dropped closing day panel with FCC members and luncheon speech by FCC chmn.,

instead will have 9:30 a.m. champagne brunch featuring Chmn. Fowler, entertainment by Pointer Sisters. Added to closing session last week was ex-FCC Chmn. Robert Lee, now pres. of Bcst. Pioneers Library. He will announce \$3 million fund-raising drive for Library, now housed at NAB hq in Washington. Lee will say he took job because "I too owed something to this industry that I love... I am not asking you for a token handout on a one-time basis. I am asking that you, in the framework of your company's budget, accept the responsibility of maintaining this institution on a continuing basis by contributing... to the extent of your corporate ability."

Fowler is expected to give his views on what he considers the "3 toughest challenges in broadcasting": Ratings, children's TV and media concentration. We're told he won't come forth with "a smoking gun" for solutions but will ask whether ratings have become "the master rather than the servant of broadcasting."

**INTENSIFICATION OF TAKEOVER BIDS:** Several major media concerns were involved last week in fighting off unfriendly takeover bids, preparing themselves to oppose such bids, and in couple of cases in continuing forward on friendly mergers. Companies involved included many names heard before -- CBS, Taft, Multimedia, Storer, Turner Bcstg., Fairness in Media, Wesray -- and major new player Lorimar.

Over expected dissents of Comrs. Rivera and Quello, FCC again rejected Storer Communications plea in its fight against unfriendly takeover attempt by Committee for Full Value of Storer Communications. On 3-2 vote April 11, Commission refused to stay staff action approving transfer on short form (316) if, in fact, Committee is successful in taking control of Storer board at May 7 stockholders' meeting in Miami. Commission majority said no actual transfer would occur if dissident stockholders are successful in electing new board. On unanimous vote, Commission also ordered inquiry into how to handle such unfriendly takeover attempts in future, said it will issue rulemaking after comments have been analyzed.

In other media merger actions last week, Cox family, through its closely held newspaper chain Cox Enterprises, made \$1.6 billion tender offer to take Cox Communications private. Multimedia board rejected \$1 billion outside bid to acquire company and said pot would be sweetened in leveraged buyout of firm by senior management and founding families. And CBS filed suit in U.S. Dist. Court, N.Y., accusing financier Ivan Boesky of violating federal security laws in acquiring 8.7% of CBS stock.

In FCC filing earlier last week, Storer said its "continuing operations would be irreparably injured" if new board is elected. Storer said it will seek stay and expedited consideration from U.S. Appeals Court, D.C. just as soon as it gets formal order from FCC -- which acted at open meeting called just couple hours in advance.

Quello and Rivera believe any transfer of control through change in board would be "substantial." Stephen Sewell, asst. chief of Mass Media Bureau Video Services Div., said FCC processes shouldn't be used to protect Storer's existing board. But, he said -- and Commission majority agreed -- FCC wasn't taking sides in takeover fight. In dissenting, Quello said: "There is a clear transfer of de facto control [in FCC action] from the Storer management group to a hostile group... and this is accomplished by the most drastic change in corporate operating policy possible -- the proposed dissolution of the company." Committee has said it plans to sell off Storer assets -- primarily TV stations and cable systems.

In renewing request for stay April 8, Storer complained that takeover effort would cause "key management and other operating personnel [to] begin actively to search for other employment, and to devote substantial time and energy to that process rather than their normal operating functions." It asked FCC to launch inquiry into corporate tender offers and proxy battles to deal with issues "in an intelligent, deliberative manner, with full participation" by industry, Congress and public.

Cox Communications, dominated by Cox family since its inception, would be taken private under total family ownership through tender offer worth about \$1.2 billion announced April 8. Bid was made by family-owned newspaper chain Cox Enterprises (CE), offering \$75 per share cash for about 15.5 million shares (54.6%) of Cox held at large. No change in management of Cox is proposed.

Bid attracted wide attention on Wall St., where trading quickly pumped up share price about \$14 to \$77 day bid was announced, level it held rest of week. Analysts said rise was indication investors believe tender offer will be sweetened, perhaps to \$80 a share. Cox board on April 11 took no position on tender offer, said: "Each shareholder should make his own determination as to whether or not to tender his shares in light of his personal circumstances."

CE is 96% owned by Barbara Cox Anthony and Anne Cox Chambers, daughters of founder James Cox. CE and Cox family members own 45.4% of Cox. Although Cox is publicly traded company, de facto control rests with Barbara Anthony and Anne Chambers, FCC decided last Sept.

CE filed transfer-of-control application with FCC seeking change from de facto to de jure control of Cox by Barbara Anthony and Anne Chambers. FCC officials said they view filing as noncontroversial and expect transaction will be approved routinely if tender offer succeeds (actually, tender offer need attract relatively few shares to push sisters' ownership over 50% for change to de jure control).

Multimedia board said April 8 that it had rejected outside bid of about \$1 billion (by Wesray Inc.) to acquire company and that pot would be sweetened in leveraged buyout of firm by senior management and founding families, announced in Feb. (TVD Feb 4 p8). Under new arrangement, company also will remain public, with current stockholders being able to retain shares in same ratio as those of founding families. But 2 days later, Multimedia was surprised by offer of \$1.02 billion for company by Lorimar, prime TV programmer that has made much money through syndication of Dallas. Lorimar is offering \$61 per share.

Multimedia said its own offer was for \$60 for each of its 16.7 million outstanding shares. Management offer was increased to \$41.25 cash per share, plus \$26.54 principal amount of 16% subordinated discount debenture; number of shares outstanding will be reduced to 11 million. Original Multimedia buyout offer was \$37 per share, plus \$25 in subordinated discount debenture per share. Also, first offer would have taken company private. Multimedia also is offering to buy up to 3.2 million shares for \$125 principal amount of 16% debentures. Stockholders who accept this option won't retain equity interest in company.

Principals in offer are Multimedia Chmn. Wilson Wearn, Pres. Walter Bartlett, Treas. Donald Barhyte and members of Peace, Jolley, Sisk and Furman families -- which founded Greenville, S.C.-based company. Wearn sent letter to shareholders last week explaining offer, said holders will be able to cash out 90% of their holdings and roll over 10%, which he said would let them maintain 80% of their equity in Multimedia under new approach. He disclosed for first time that 26% of company's net profit last year came from Entertainment Div. -- primarily Phil Donahue Show, with which Multimedia has contract through Aug. 1990. Donahue is stockholder, will remain so if buyout bid is successful.

Following receipt of Lorimar bid, Multimedia said company "is not being sold, and management and the founding families [involved in takeover bid] have indicated no intention or willingness to sell Multimedia... Since South Carolina law requires that mergers be approved by at least 2/3 of the company's outstanding shares, no one should assume that any transaction will occur with either of the above parties [Wesray or Lorimar]. Senior management and members of Peace, Jolley, Sisk and Furman families -- founders of Multimedia -- own 40% of outstanding stock.

CBS filed suit April 9 in U.S. Dist. Court, N.Y., accusing financier Ivan Boesky of violating

federal security laws in acquiring 8.7% of CBS stock for \$247.1 million. CBS charged Boesky broke law by: (1) Financing purchases through illegal margin transactions, practice that has "artificially and temporarily inflated CBS stock prices while creating a risk of a sharp stock sell-off and a downward price spiral." (2) Portraying "himself as a champion of CBS shareholder values" while at same time attempting to sell stock to CBS "at a substantial personal profit." (3) Claiming to be "supportive of CBS management while not disclosing his proposals for disposition of his shares to hostile investors... Boesky has had conversations with Ted Turner... and with other unidentified 3rd parties concerning the sale, disposition or other use to be made of defendants' block of CBS shares."

"Boesky's purposes in having those conversations were to strengthen his position in attempting to coerce CBS into acquiring, or causing another to acquire, defendant's shares at a price higher than could be obtained by sale of the shares in the market," CBS added. CBS, which also lodged complaint with N.Y. Stock Exchange against Boesky, asked Court to order arbitrageur to sell his CBS shares and to issue injunction barring him from making additional purchases. Boesky had no comment on CBS suit, which also named several companies he controls. Last week, CBS rejected offer from Boesky to buy back his shares and refused to meet with him (TVD April 8 p1).

**3 SIGNALS CHOSEN AS CABLE COMPETITION STANDARD:** Cities can't regulate rates of basic cable service if franchise area is served by 3 over-air, unduplicated TV stations of any type, FCC said April 11 in adopting major revisions of its rules to implement Cable Act. Operator can show presence of signals by demonstrating that stations place predicted Grade B contour over any part of franchise area or if stations are significantly viewed. Most provisions of Commission's cable competition order are as we reported earlier (TVD April 1 p2).

Order allows cities to rebut operator's assertion that community is served by 3 TV signals by submitting monitoring surveys proving that stations aren't significantly viewed or that no part of franchise falls within actual Grade B contour. FCC also signalled in decision that it won't get involved in resolving franchise fee disputes.

Generally, FCC strictly adhered to Act's language in promulgating competition standard and related rule revisions. In all but one case, FCC adopted bill's definitions, including that of cable operator, cable service, cable system, video programming and "other programming service."

New definition of cable system excludes those that only retransmit TV signals, anomaly that would remove them from signal carriage requirements. Commission grandfathered all such existing systems (there are thought to be about 50), meaning they still must comply with must-carry rules. But FCC said systems constructed after April 28 effective date of order that don't carry any cable networks won't be subject to must-carry rules, but also can't obtain CARS licenses. New definition of cable system will regulate some SMATV systems.

Rate deregulation of systems meeting competition standard will occur on Dec. 29, 1986 -- conclusion of 2-year transition period written into Cable Act. However, systems that don't have rate freezes written into their franchises will be deregulated immediately if they meet competition standard. NCTA said decision will result in deregulation of more than 75% of all systems serving more than 90% of all subscribers.

"The Commission has done a very good job in carrying out the intent of Congress," said NCTA Pres. James Mooney. FCC action "marks the end of a long and difficult effort," he said. Said CATA Exec. Dir. Stephen Effros: "This, I think, is the beginning of the end for any regulation by the Commission of signal carriage." Comr. Quello termed decision "emancipation proclamation for cable." National League of Cities spokesman Cynthia Pols said: "We're appalled, outraged... about the FCC's amazing contempt for cities and the law."

Commission now won't require informational tariff filings by operators when offering data transmission services. But FCC said it "is not resolving, at this time, the regulatory treatment of noncable communications service offered over cable systems." Commission also decided to retain existing TV-cable cross-ownership rules but adopted Act's more liberal rules on telco-cable cross-ownership in rural areas.

Decision also has some tough language on pole attachments. Mass Media Bureau Chief James McKinney said Commission was "concerned about states' passing quickie [pole attachment] laws with no supporting methodology." Revised rules require states to certify to FCC that they have adopted pole attachment laws that "include a specific methodology."

Commission isn't requiring that any of 3 TV signals necessary for competition to cable basic service be network affiliates "because of First Amendment concerns," said Bruce Franca, asst. Mass Media Bureau chief. McKinney said FCC "felt we couldn't mandate signals of a certain type" in competition standard. But that shouldn't be construed as contradicting must-carry rules "because they are based on geographic areas," he said.

Order contains minimal guidance for rate regulation of cable basic service in uncompetitive markets. McKinney said regulation in such situations will be limited to basic service, which must contain must-carry signals, all public, educational and governmental (PEG) channels, and "all unaltered broadcast signals." Latter excludes all cable networks and superstations delivered by satellite but includes distant signals by microwave, he said. That definition of basic retains "80 to 90% of our Nevada decision" where FCC said basic can contain must-carry signals only, McKinney said.

Systems that remain rate regulated will be allowed 5% increase in fees yearly, as specified in Act, plus automatic passthrough to subscribers of any costs directly associated with providing basic service, McKinney said. All other rate increase questions "must be negotiated in good faith" by operator and city, he said.

McKinney had a warning for industry and cities: "The Commission wants to be sure the cities and the industry understand that there are certain mandatory things in [Cable Act], and the cable operator or the city cannot waive them." He offered no further explanation. Industry officials said they understood him to mean, for example, that potential operator couldn't volunteer to pay more than 5% of revenues as franchise fee, that city couldn't require operator to waive any rights to win franchise.

(Note: Sole publication including maps showing Grade B contours of all stations and cable systems' locations is Cable & Station Coverage Atlas, published by Television Digest Inc. For details: Circulation Dept., Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036, 202-872-9200.)

**"Reflections on Television: The Process, The Practices and The Problems"** is book published by CBS, based on NYU seminar last fall. Book examines role of govt. and use of new technologies in broadcasting, TV news, entertainment, impact of VCRs and changes in network program content. It's based on responses of CBS Best. Group Pres. Gene Jankowski to questions from students and communications faculty members. Book is available free from CBS Best. Group Communications Dept., 51 W. 52nd St., N.Y. 10019.

**FCC has accepted** for filing DBS applications of Advanced Communications, Antares Satellite and Graphic Scanning. These will be considered with others accepted by May 20, cutoff date for so-called 3rd round of DBS filings.

**NAB Pres. Edward Fritts** has asked House Telecom Subcommittee Chmn. Wirth (D-Colo.) for meeting to discuss alternative ways to finance public TV-radio, including annual national telethon by commercial broadcasters. Children's TV also would be meeting topic. In April 9 letter, Fritts said NAB is prepared to create committee to explore ways commercial stations could help public TV-radio with funding.

**NRBA is opposing** cost-of-regulation fees that FCC proposed to Congress. In April 8 letter to Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.), NRBA said fees would be unwarranted new tax on industry and warned that FCC proposal provides no guarantee that fees won't escalate.

**FCC TURNS DOWN KIDVID RULES:** Denying requests by Action for Children's TV (ACT), FCC said April 11 it won't get involved in restricting commercial practices in children's TV programs. Commission turned down ACT request to prohibit arrangements between TV stations and syndicator under which station receives percentage of profits from sale of toys based on characters in show that station airs free. And it denied complaints by ACT and National Assn. for Better Bestg. that several TV stations are airing Sat. morning cartoon shows that complainants contend actually are program-length commercials.

But FCC upheld ACT in one instance -- issuing admonition to WWL-TV New Orleans for confusing child viewers by airing Popeye & Pals cartoon show sponsored by Popeye Fried Chicken. FCC also found station engaged in "host selling" when show's MC, dressed as Popeye, improperly made brand-name references.

Problem FCC encountered in considering ACT complaint against so-called program-length commercials -- cartoon shows whose characters or devices become popular toys -- is that ban "would throw out the baby with the bath water," as one FCC official said. "If the existence of commercial rewards from associated products was the criterion for imposing restrictions upon children's programming, no program-related product licensing would be feasible," FCC said. Even popular educational programs such as Sesame St. and acclaimed commercial programs like Peanut series, which also have extensive associated product licensing, "would be subject to the same scrutiny."

Where New Orleans station went wrong was mixing program and commercials, Mass Media Bureau Chief James McKinney said. He said that station has corrected situation and that disposing of ACT petitions clears FCC's plate of all children's TV matters.

Comr. Rivera dissented on profit-sharing issue, said in statement that he's "disturbed about the predatory impact of the commercial practices at work in toy-based programming on young viewers. I am disappointed that my colleagues fail to appreciate the potential for harm posed by these practices." Rivera, who has been rumored to be leaving Commission soon for private law practice, recused himself from program-length commercial item and from cable competition decision (see story elsewhere in this issue.)

During closed portion of meeting, FCC voted to order Weiner Bestg., licensee of WOZW(AM) Monticello, Me., WOZI(FM) Presque Isle, Me. and remote pickup station KPF-941 Yonkers, N.Y., to show why its licenses shouldn't be revoked. Officials said field investigations showed Weiner was broadcasting to public over remote pickup station and was operating "Pirate Radio North" from WOZW studio out-of-band on 1622 kHz.

FCC also began proceeding to investigate extent and nature of interference problems between FM stations located near airports and 2-way radios of small airplanes.

**SEAGRAM THREATENS TV NETWORKS:** Joseph E. Seagram & Sons is threatening to file fairness doctrine complaints against ABC, CBS and NBC, claiming each has "failed to present fairly or adequately contrasting viewpoints on the controversial issue" of responsible use of alcohol. Networks have turned down Seagram ads saying typical servings of beer, wine and liquor all contain same amount of alcohol.

Letters outlining complaint went to networks April 8, say Seagram expects response "within the week." Company is "obviously prepared" to file with FCC and has indicated to networks "appropriate time frame" for response, said House of Seagram Pres. Edgar Bronfman Jr. Complaint is coming at time when anti-alcohol ad forces, led by Center for Science in the Public Interest's Project SMART, may have found sponsor for legislation requiring TV-radio counterads. Rep. Seiberling (D-O.) is considering proposing measure.

Seagram showed 2 spots to reporters, each with same finishing line -- "So remember, a drink is a drink is a drink... no matter what you drink. And no matter what you drink, drink responsibly." At end, commercial fades to card carrying words "Know the Facts" and "The House of Seagram." Seagram will continue effort to find "vehicle which is acceptable to the networks." It is launching \$5 million print ad campaign touting equivalency of alcohol in beverages.

NBC said that Seagram complaint "is without merit," added that neither ads for beer and wine nor public service announcements against drunk driving "state a point of view on a controversial issue of public importance."

**FCC Chmn. Fowler** has warned staffers -- as well as commissioners -- that it's illegal to disclose internal documents to outsiders. He reportedly warned that those caught leaking information would face administrative sanctions. AP reported that warning was prompted by story in our sister publication, Communications Daily, disclosing that Commission would rule at April 11 meeting that 3 off-air TV signals present adequate competition to cable service under new cable law (TVD April 1 p2).

**ABC Video Enterprises** (AVE) sees "a growing role for pay-per-view delivery of programming," according to ABC's annual report. It said current studies "have prepared us to successfully participate in the developing pay-per-view market." One method of delivery sounds much like failed TeleFirst effort: "In some cases, that material will be transmitted through cable; in others, electronically to home video recorders."

**FCC FEE SCHEDULE GOES TO HILL:** FCC is expected to submit to Congress early this week revised cost-of-regulation fee schedule that would scrap annual broadcaster fees and impose blanket charge for Ku-band network applications. Proposal to auction certain licenses also is nearly ready to go to Congress.

We learned that strong broadcaster opposition to annual \$9,000 fee and potentially crippling effects of earth station charges on satellite industry convinced FCC to revise fees. Industries affected have argued that fees don't reflect administrative costs. When same point was raised in court case decade ago, U.S. Supreme Court ruled FCC fees unconstitutional, declaring they weren't "reasonably related" to cost of regulation and ordered refunds.

FCC apparently will change schedule to make broadcaster fees "transaction specific," sources confirmed. Broadcasters would be charged for applications when filed. "If a broadcaster doesn't have any transaction before the agency, then there'd be no fees," source said in explaining that annual fee idea was being dropped. Original version of measure called for one-time charge for grant of new commercial TV station according to market size, with range from \$27,000 in top 20 markets to \$2,700 below 181st, and annual administrative charge also scaled by market size.

On Ku-band networks, Commission was described by sources there as "leaning toward" scrapping proposed \$1,350 one-time charge for processing individual transmit/receive earth station initial authorizations. In letter to Senate Communications Subcommittee, Eugene Murphy, RCA chmn.-CEO, said new charges would inhibit Ku-band development by adding 25% or more to development costs.

Not likely to be changed is \$700 charge for cable TV special relief petitions, sources said. NTCA had said that fee was inhibiting and contrary to citizens' right to petition govt. for redress of grievances. NCTA argued charge was discriminatory since only cable industry would be made subject to fee.

Auction proposal came to light in FCC responses to written Subcommittee Q-&-A that was submitted to Commission after March 20 authorization hearing, where it was first openly discussed by FCC Chmn. Fowler. He said Commission is considering using auction for future spectrum allocations, although not for mass media or public safety licenses.

Fowler said that he wants legislation authorizing auction on trial basis and in Q-&-A revealed that Commission would like to try out system for 5 years before making final decision on whether to make auctions permanent.

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**WKFT (Ch. 40 independent)** Fayetteville, N.C. has been sold by Central Carolina TV to George Lilly for \$5.17 million. Lilly, ex-Park Bestg. vp, owns 4 TVs in Mont.

**VIDEODISCS FOR TV:** Panasonic begins delivery today of laser videodisc recording system that it's recommending for small TV stations and most cable systems. It's variation of erasable laser computer discs that company has been marketing for about year (TVD April 11/83 p16).

System employs 8" discs with spiral (rather than concentric) tracks, each capable of being recorded once and storing 13.3 min. of continuous motion or 24,000 still frames. Players and recorders have standard RS-232 computer interface and so can be automated, storing, for example, 26 half-min. commercials. Discs have 2 channels of audio with dbx noise reduction for broadcast stereo.

Price of recorder, scheduled for announcement April 14 at NAB convention in Las Vegas, will be about \$30,000, with play-only unit around \$4,000, discs for one-time recording \$260 each.

Disks will be recommended for off-line editing and other uses, including program and commercial exchange. Players are capable of continuously variable motion from 1/256 to 10 times real time. System will be handled by special distributors franchised by Optical Memory Disc Recorder Dept. of Panasonic's Computer Products Div.

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**House Telecom Subcommittee** Chmn. Wirth (D-Colo.) is putting together organization for Senate bid in 1986. Wirth has set sights on seat held by Sen. Hart (D-Colo.) and will run if incumbent confirms widely circulated rumors that he will retire to teach. The 2 have talked about Wirth Senate bid and it's known that Hart has helped Wirth organize. Some recently departed Subcommittee staff members have retained connections with operation, notably ex-staff dir. David Aylward, who began consulting firm with well-known Democratic party organizer Robert Beckel. Aylward is said to be helping with fund raising. Aylward's wife, Cary Caton, who's leaving Wirth personal staff shortly, also is expected to play role.

**NBC** virtually eliminated use of microwave and cable landlines to connect with its affiliates last week, taking over control of own distribution system via Ku-band satellite. Network now is transmitting afternoon feed to affiliates exclusively by satellite, within next few weeks will drop other leased AT&T feeds. NBC-TV affiliates have 172 earth stations. NBC leases up to 10 transponders on SBS satellites. Satellite interconnection makes NBC only commercial network capable of transmitting stereo to sizeable number of affiliates, since most AT&T landlines aren't equipped for stereo. NBC plans to transmit stereo programming daily starting this summer.

"Service To Children Awards" will be presented to 13 TV stations at April 15 reception at NAB convention in Las Vegas. Awards will be made in conjunction with J.C. Penney and U. of Mo. FCC Comr. Rivera, chmn. of agency's Children's TV Committee, will speak.

**WTVH SEEKS FAIRNESS REVIEW:** Meredith told FCC last week it will pursue "all legal remedies" to reverse Commission decision finding WTVH Syracuse in violation of fairness doctrine (TVD Oct 29 p1), calling doctrine "veritable loaded gun." FCC had said WTVH violated doctrine by airing spot ads that supported construction of Syracuse area nuclear power plant without adequately presenting contrasting views.

Meredith filing said chilling effect of FCC ruling is clear in power utility's stopping advertising power plan on TV. It's time for court review of fairness doctrine to "reject the government's clumsy effort to program" TV stations, licensee said.

FCC action is governmental intrusion that violates station's First Amendment rights, Meredith said. Commission must "clearly recognize that the doctrine... establishes the outer limits of governmental intrusion" and doesn't allow FCC to enter programming arena, filing said. Meredith also questioned whether doctrine isn't far worse than "perceived evil" it was designed to correct.

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**Preston Padden**, Washington lawyer for Metromedia, was unanimously selected INTV pres. April 12. Padden's selection will be ratified by INTV board in May and he will formally replace Herman Land (who has been INTV pres. since it was formed in 1972), who plans to retire next Jan. Metromedia is one of INTV's biggest supporters, with 6 independent stations.

**Times Mirror** has agreed to sell Hartford cable system to United Cable TV for \$61.5 million cash. Deal gives United large cluster around city with about 128,000 subscribers. Conn. Supreme Court last Nov. ordered TM to divest system because it owns Hartford Courant newspaper in same market. Hartford cable system has more than 60,000 subscribers. TM will keep system in Meriden, Conn. United has 2 cable properties next to Hartford system with 58,000 subscribers. United said acquisition will move it up a notch to 10th largest MSO.

**NCTA Pres. James Mooney** will deliver "major statement" on must-carry controversy April 17 in address to Washington Cable Club, Ramada Renaissance Hotel. Address will come day after U.S. Appeals Court, D.C. hears consolidated oral argument in 2 important challenges to FCC must-carry rules -- in Quincy Cable and Turner Bestg. cases.

**NAB 1986 winter board meeting** will be Jan. 13-17, Mullett Bay on Dutch side of St. Maarten Island in Caribbean. It will be sandwiched between Jan. 5-9 INTV convention in L.A. and NATPE sessions Jan. 17-21 in New Orleans.

**Denying 1977 petition** by Citizens for Cable Awareness in Pa., FCC ruled last week that cable operators shouldn't be required to file financial and ownership information with Commission and local authorities.

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## Personals

FCC calendar -- Attending NAB convention in Las Vegas April 15: Chmn. **Fowler** and Comrs. **Quello**, **Dawson**, **Rivera** and **Patrick**, Managing Dir. **Edward Minkel**, Mass Media Bureau Chief **James McKinney**, Common Carrier Bureau Chief **Albert Halprin**, Chief Scientist **Robert Powers**; **Peter Pitsch**, chief of Office of Plans and Policy, addresses Energy Bureau's conference on deregulation of telecommunications, Sheraton Crystal City, Arlington, Va. April 19: Chmn. **Fowler** addresses International Telecommunication Union World Telecommunication Forum Plenary Session, Washington Convention Center.

**Robert McDermott**, ex-consultant, appointed vp-corporate information, ABC; **Roann Rubin** advanced to dir.-video enterprises and corporate communications; **William Wilkinson** promoted to vp-compensation and organization planning... **Neil MacLeod** advanced to finance and planning vp, ABC broadcast operations & engineering administration... **Philip Sweenie** advanced to sales and mktg. dir., ABC Owned TV Stations, new post... **Gary Brooks**, ex-ABC, named national sales mgr., WLS-TV Chicago.

**Roberta Brackman**, ex-N.Y. law firm Mudge, Rose, Guthrie, Alexander & Ferdon, appointed asst. gen. attorney, NBC... **Barry O'Donnell**, ex-ESPN, appointed PR dir.-N.Y., Turner Bestg. System... **Mark Shannon** named west coast affiliate promotion mgr., CBS Entertainment... **Judy Neustadter** named ad sales and mktg. dir., MTV, VH-1 and Nickelodeon... Promoted at LBS Communications: **John Storrier** to business affairs senior vp; **Louis Festa** to financial planning vp... **Anne Foran**, ex-Petry TV, named Blair Entertainment research mgr... **Lisa Schoenback** appointed Katz American TV research dir.; **Joan Rutman** named to same post, Katz Independent TV.

**Lynne Grasz**, ex-CBS, appointed station services mgr., TIO... **Judith Pond**, ex-Justice Dept., named dir., FTC Office of Public Affairs... **Fred Nichols** advanced to pres., TCA Management Co. and other TCA cable TV subsidiaries... **Harrison Klein**, ex-Group W, appointed senior engineer, Hammatt & Edison consulting engineers... **Thomas Cantrell**, Gulf Coast region mgr. for Tex. Cable Network, adds corporate responsibility for affiliates... **Salvatore DeBunda**, ex-Greater Media, appointed chmn. of new Cable & Communications Law Group of Philadelphia law firm Fox, Rothschild, O'Brien & Frankel... **Andrew Pillsbury**, ex-NTIA, named membership coordinator, Videotex Industry Assn.

**Charles Rule** named Justice Dept. acting asst. attorney gen. for antitrust, following resignation of **Paul McGrath**... **Howard Kennedy**, ex-KIMT Mason City, Ia., moves to WSAZ-TV Huntington, W.Va. as gen. mgr., succeeding **George Andrick**, named senior mgr... **Nancy Reeves** promoted to assoc. gen. mgr., WGBY-TV Springfield, Mass... **Scripps-Howard Bestg.** Financial Mgr. **Mary Reed** also appointed personnel dir. and EEO officer... **Merrill Grant** appointed chmn.

of new Reeves Entertainment Group, subsidiary of Reeves Communications... **William Smither**, ex-Selcom, elected vp-corporate development, Avery-Knodel TV... **Lorenelle Whittington** promoted to local and regional sales mgr., WVAH-TV Charleston, W.Va... **Steven Levy**, ex-Hogan & Hartson, becomes of counsel to Washington law firm Arent, Fox, Plotkin & Kahn.

**Denis Coleman**, ex-Katz Sports, named station relations dir., Mizlou Programming... **Constance Balthrop** advanced to exec. asst. to Group W Cable Pres. **Burton Stanier**... **Anne Rodgers**, ex-TeleRep, returns to Tribune Entertainment as dir.-station sales and media programming... HBO Senior Vp **Don Anderson** also will head Black Entertainment TV sales and mktg. under agreement with HBO... **Mary Pittelli** and **David Price**, both ex-Satellite TV Corp., form Pittelli & Price, PR-marketing firm, 1701 18th St. NW, 4th Floor, Washington, D.C. 20009, 202-332-6551.

**Ralph Renick**, vp-news dir. of WTVJ Miami, resigned on air April 9, said he's considering running for gov. of Fla. in 1986... **Gary Fries** named pres., Sunbelt Communications stations... **Stephen Hudgins** promoted to sales mgr., Cableguard San Antonio office; **Patrick Hunt** advanced to Atlanta gen. mgr... **Glenn Brown** advanced to ad sales dir., Television Digest Inc., succeeding **Chery Grund**, resigned... **Robert Thompson**, Nashville attorney and a SESAC dir., named SESAC pres... **Jenny Davis** promoted to mgr., ABC Merchandising... **Jay Doub**, ex-Group W Cable, appointed Fla. region dir., Essex Group... **Phil Harmon** promoted to programming and production senior vp, Madison Sq. Garden Network... **Thomas Russo**, ex-TeleRep, named program research analyst, MMT Sales... **Glen Lahman** appointed Group W central licensing bureau mgr... **Jerry Smith** named division vp-mktg., RCA Best. Systems.

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**FCC Comr. Quello**, writing for March 22 op-ed page of L.A. Times on "Public Interest Twist in Broadcast Takeovers": "The financial community should realize that broadcast properties should not be considered just another takeover game. Potential buyers have to meet the requirements of not only the Securities & Exchange Commission and the Justice Dept., but also the FCC, which is required to make a public interest finding before a transfer of control of ownership. The requirement for FCC approval is something that potential raiders should keep in mind. Our broadcasting system requires a degree of stability that is not enhanced by excessive financial manipulation and speculation... The Commission is required to find that any transfer of control, hostile or otherwise, serves the 'public interest, convenience and necessity'. The Commission has considerable latitude in making this determination... If it were clear to me that the public needs and interests were not being adequately addressed by any applicant, I could not support a transfer." Did Quello have attempted takeovers of CBS and Storer in mind? He didn't say. He was offered \$250 for article, turned it down.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th statistical week of March and 1985's first quarter:

	MARCH 23-29	1984 WEEK	% CHANGE	MARCH 16-22	1ST QTR. 1985	1ST QTR. 1984	% CHANGE
TOTAL TV.....	487,519	589,591	-17.3	417,464	4,669,863	5,050,265	- 7.5
TOTAL COLOR...	390,247	477,416*	-18.3	332,379*	3,849,612	3,876,895*	- 0.7
DIRECT-VIEW..	385,829	473,840*	-18.6	328,748*	3,798,199	3,838,359*	- 1.0
PROJECTION..	4,418*	3,576	+23.5	3,631*	51,413*	38,536	+33.4
MONOCHROME....	97,272	112,175	-13.3	85,085	820,251	1,173,370	-30.1
TV EXCL. PROJEC.	483,101	586,015	-17.6	413,833	4,618,450	5,011,729	- 7.8
HOME VCR.....	263,538*	154,366	+70.7	198,710*	2,469,903*	1,392,291	+77.4
COLOR CAMERAS...	11,713*	8,570	+36.7	8,887*	111,224*	98,209	+13.3

Color TV (direct-view) 5-week moving average: 1985--331,902\*; 1984--310,724 (up 6.8%).

Home VCR 5-week moving average: 1985--216,223\*; 1984--113,677 (up 90.2%).

\* Record for period.

**TOSHIBA KEYS FUTURE TO VHS:** Toshiba America cast darkest shadow yet over already clouded future of Beta VCR format with all but complete defection to VHS camp at convention last week in Hawaii, where it met with reps and key dealers to celebrate its 20th anniversary. Action leaves Sony as Beta's one and only.

TA introduced 3 VHS VCRs for immediate delivery, promised that additional models, including VHS Hi-Fi and possibly camcorder, would be added starting this summer. Although 7 new Betas were introduced, VHS is being counted on to lead 40% overall sales growth TA has targeted as minimum increase for 1985. By year's end, TA's VHS-Beta sales ratio should be close to that of industry, with VHS providing at least 75% of units, and possibly as much as 85%, according to Exec. Vp Paul Michie. While TA's Beta sales here more than doubled last year, there may be some falloff in 1985, he said. At least part of that could result from dealer format switching. "Our dealers will make the decision for themselves whether to drop Beta," he told us.

TA is pricing VHS models at premium against its similar Beta offerings, in keeping with market realities, Michie said. Beta, he added, must be priced against other market leaders, while Toshiba feels it doesn't "have to be at the low end" with VHS. All new VHS decks are wireless remotes, as all future versions will be, have cable tuning and comb filters. Two-head leader lists at \$550, with 4-head step-ups at \$650 and \$750. Comparable new remote Betas list at \$430 and \$450.

VHS was adopted with degree of reluctance, "but you can't really stand back forever," Michie said. "The unfortunate thing is that in VCRs, the best format lost." Phaseout of Betas has started already, to some degree. Betamovie camcorder has been discontinued, and introduction of Super Beta, which TA demonstrated at last Winter CES, "is being reevaluated," according to Mktg. Vp Jay Yancy. Barring Super Beta, meeting saw last of new Beta models from TA. They include 2 wired remotes at \$380 and \$400, hi-fi wireless remotes at \$620, \$650 and \$880, last with 4 heads.

In dropping Betamovie, TA is out of portables, but that's temporary, Yancy said. Move back in will be through camcorder, with timing dependent on format. Yancy said TA could have VHS-C available in 90 days if it opts for that. Other choice would be to hold off and wait for full-sized VHS camcorder. While 8mm Video is viable option -- Toshiba produces unit for Polaroid -- it's not being considered right now. Reason is combination of format's uncertain status and possible market confusion that could be created by TA's introduction of 2 new VCR formats. Also in development is VHS Hi-Fi, which will have MTS stereo when it arrives late this year.

Format shift announcement was something of surprise but not a shock. Toshiba introduced VHS in Europe last spring and in Japan last winter, so question for U.S. was when, rather than whether. TA's hand was tipped 2 days before formal announcement when giant billboard went up in N.Y. Times Sq. with company's name and reading in 3 directions: "VHS or Beta -- the Choice in VCRs."

In Japan, Toshiba has capacity to produce 2.4 million VHS VCRs annually, according to Consumer Sector Senior Managing Dir. Fumio Ohta. He told us Toshiba will be producing more VHS than Beta VCRs by 2nd half this year. He told sales meeting attendees Toshiba has eye on 10% share of world consumer electronics market, would have to capture 15% in U.S. to achieve that goal. Expanding later, he said Toshiba intends to be world's biggest consumer electronics company by end of century. Acknowledging that amounted to challenge to Matsushita, he pointed out Toshiba outranks Matsushita in components, office automation and heavy electrical equipment, said he saw no reason why it should have to take back seat in consumer electronics.

Except for move to VHS and introduction of its first audio-video system, Toshiba took conservative approach to new products, concentrating on broadening existing offerings, but with prices considerably lower than year ago. Only really new color TVs were those with 26" flat square tubes, and dealers got preview of those at last Winter CES. Toshiba will continue with only one 20" digital color set, doesn't plan to expand on that until next year when it hopes to introduce one with more features, including built-in high-resolution capability, using ICs designed and built in-house, rather than sourced from ITT. (For details on convention and video line see reports elsewhere in this issue.)

This week will give Sony chance to respond to Toshiba's defection from Beta camp when it holds own dealer-distributor meeting (preview of Sony's first digital set reported elsewhere in this issue). In Japan, evidence continues to mount that Sony plans to introduce home 8mm deck this fall as part of full-line 8mm strategy. Pioneer, which is having 8mm camcorder made for it by Sony, is said to be readying 8mm combination home video deck and digital audio taping system. Mitsubishi may be newest recruit to 8mm and has decided to end expansion of VHS output because of possibility of overproduction.

**MARCH VCR SALES AT 15 MILLION ANNUAL RATE:** Both VCR and color TV hit their highest annual sales rates in history in March -- color TV just a shade below 18 million and VCR at whopping 15 million. Thus, both are performing far above industry's median forecasts of sales to dealers made at first of year -- color 16-16.2 million, VCR 9-9.5 million.

Although 5-week March was best month to date in sales rate, first quarter was quite creditable, color running at seasonally adjusted 16.3 million pace, VCR at 13.5 million. Quarter built up steam as it went along; in VCR, Jan. saw sales rate of just under 12.2 million, Feb. 12.6 million, March better than 15 million. Color moved from poor 13.2 month in Jan. to 17.1 million in Feb., nearly 18 million in March.

In spite of color's impressive showing -- March set record for that month and was 3rd best month in history -- color sales moved into deficit column for first quarter after being at year-to-date record for preceding 2 weeks. First-quarter direct-view color sales, 3,798,199, were 1% below those of first quarter 1984. This is caused largely by fact that first quarter

1984 ended with whopping week in which nearly 474,000 sets were sold -- 2nd best sales week in history -- which wasn't matched this year, even though final week of March '85 was best week this year.

However, color TV sales were ahead of last year in 7 of year's first 13 weeks and March itself ended up 6.8% ahead of 1984 month. Of year's first 3 months, only Jan. trailed 1984 -- and it trailed badly, by 18.1%. If color's current momentum continues, it should break out into cumulative record column again soon -- perhaps in first week of April, whose 1984 figure will be very easy to beat. Sales of 196,524 that week were lowest for any full business week last year. Monochrome TV sales continued in doldrums in March -- down 10.3% for month and 30.1% for quarter; 10 of year's first 13 weeks were downers for b&w.

March was 2nd month in history in which dealers bought more than million VCRs -- only other was all-time record month of Dec. 1984. Thus March was 2nd-best VCR month to date and beat March 1984 by big 90.2%. First-quarter VCR sales, which totaled 2,469,903, were higher than those for any full year except 1983 and 1984.

Projection TV enjoyed one of its best months to date -- March sales were up 51% from same 1984 month -- and sales of 21,098 units for month made it 3rd best in history. Projection sales were up from 1984 week in 11 of this year's 13 weeks, and gained 33.4% for quarter.

Color TV cameras ended March with their best week of year; month was up 25.5% from year earlier, following Feb. that saw 2.2% decline. However, quarter ended up 13.3% and sales ran ahead of last year 9 of the 13 weeks.

Color and VCR inventories continued to climb, color to high for any March and VCR to all-time record for any month. Color inventories (including projection) at pipeline level (factory plus distributor) stood at 3,488,000 sets at end of March, up 26% from year earlier and up 4.4% from end of Feb. Factory inventories, at 2,218,000, were up 39.2% over year earlier and 7.3% for month. At distributor level, inventories were over 1,269,000, rise of 8.4% in year and drop of 0.4% in month.

VCR inventories were at all-time high of just over 1.3 million at pipeline level, up nearly 161% from year earlier and 6.3% during month. At factory, inventories exceeded 788,000, annual increase of 155.6%, and rise of 3% from end of Feb. Distributors held more than 514,000 VCRs, increase of 169% in year, nearly 12% in month. Here are EIA sales-to-dealer statistics for March; for first quarter, see State of the Industry.

Product	March 1985	March 1984	% change	March 1983
Total TV.....	2,078,673	2,011,447	+ 3.3	1,793,800
Total color...	1,680,609*	1,567,587	+ 7.2	1,249,514
Direct-view..	1,659,511*	1,553,618	+ 6.8	1,238,027
Projection..	21,098*	13,969	+51.0	10,896
Monochrome....	398,064	443,860	-10.3	544,877
TV excl. projec.	2,057,575	1,997,478	+ 3.0	1,782,904
Home VCR.....	1,081,117*	568,387	+90.2	266,501
Color cameras...	46,979*	37,445	+25.5	26,497

\*Record for any March

**COLOR PRICES NOSEDIVED IN 1984:** Zenith may have understated case in its annual report when it said 1984 saw steepest color TV price cuts in 10 years (TVD March 11 p16). EIA figures indicate falloff in industry's average factory color pricing was sharpest in at least 16 years, may actually have been most severe from standpoint of profits since color became mass market item.

EIA put total new color supply -- domestic production plus imports -- at 17.2 million last year, up 22.5% from 1983, pegged value of those sets at just under \$5.9 billion, up only 16.8%. That indicates average set value of \$342.99, down \$16.64, or 4.6%, from \$359.63 in 1983. It was 2nd straight year of major average value declines for profit-pinched color industry. In 1983, pricing dropped by \$13.76, or 3.7%. In that 2-year period, industry's average color pricing has fallen 8.1%, or \$30.40, which translates to cut of \$45-\$55 or more at retail.

It's still not steepest such drop in history. That came in 1968 when average color pricing fell \$26.57, or 7.3%. But that was caused in good part by significant shift in mix away from consoles to portables; contributing factor was inclusion for first time of foreign-brand imports. Change in market condition was something industry was prepared for in 1968, as evidenced by higher sales and earnings from color TV for that year reported by about every major U.S. manufacturer. That's in sharp contrast to cautionary remarks about intense price competition and reduced margins issued by manufacturers at end of 1984. So while last year's average price decline may not have been biggest, it may have been one that hurt most.

Outlook for 1985 pricing could well be more of same. General industry view is that most intense competitive pressure came from low-end Korean 13" and 19" sets, which forced other marketers not only to bring leader prices down but also to reduce step-ups to maintain rational differences between models. This year, because of dumping case that handicaps their imports, Koreans will rely more on sets assembled in U.S. and will be moving heavily into step-up 19" and 25" to offset increased costs. While tags will be higher, Koreans' pricing will be significantly lower than that of U.S. and Japanese sets, and for first time will bring sharp price competition into growing market for upscale receivers, only area where majors have been able to maintain healthy profit margins.

In contrast to color, b&w average pricing reversed 3-year slide, edged up 2.1% to \$82.98. Though EIA's figure for new supply was down 8% to 5.19 million, value was off only 6.1% to \$431 million because of shift in mix to more expensive battery portable tinyvisions. Total TV market came in at 22.4 million sets, up 13.7%, worth \$6.33 billion, up 14.9%.

Here's 22-year color & b&w TV average pricing history as derived from EIA figures (foreign and importer brands not included before 1968):

Year	Color	Monochrome	Year	Color	Monochrome
1963 . . .	345.88	117.95	1974 . . .	316.01	79.06
1964 . . .	347.58	109.35	1975 . . .	341.05	83.97
1965 . . .	356.28	105.79	1976 . . .	349.04	88.93
1966 . . .	371.31	98.16	1977 . . .	349.96	89.00
1967 . . .	362.21	92.48	1978 . . .	350.01	84.95
1968 . . .	335.64	74.19	1979 . . .	359.99	85.93
1969 . . .	328.08	77.84	1980 . . .	367.62	89.02
1970 . . .	316.54	75.07	1981 . . .	376.96	89.00
1971 . . .	323.76	81.21	1982 . . .	373.39	88.79
1972 . . .	319.39	78.77	1983 . . .	359.63	81.28
1973 . . .	307.52	76.74	1984 . . .	342.99	82.98

**Union Carbide** said it's doubling capacity at recently completed \$85 million polycrystalline silicon plant in Moses Lake, Wash. to 2,400 tons annually. Electronics Div. Pres. Frank Holloway said addition will be operating by late 1986, help company meet increased demand from semiconductor makers through late 1980s. Company said it's now designing 2nd plant, with capacity for 3,000 tons a year, for production start in 1988. Site for that facility hasn't been announced.

**Implications and opportunities** for U.S. electronics industry stemming from China's rapid development of consumer and industrial electronics manufacturing capability is subject of study being launched by International Competitive Assessments Report, due later this year, also will look at effect China's industry will have on other Far East countries, provide overview of Chinese business institutions. Details: ICA, 330 Pearl St., N.Y., N.Y. 10038.

**NEW FROM TOSHIBA, SONY:** Sony introduced its first digital set in U.S. last weekend at sales meeting in Tucson as Toshiba expanded its line of flat-square-tube (FST) sets as its reps and key dealers met in Hawaii.

**Toshiba** color TV line has 21 models, of which 14 have FST, 8 have multichannel sound, 14 have audio-video out terminals, 15 wireless remote.

In list prices, comparisons are with same or comparable model year ago. Line starts with pair of holdovers -- 4.5" AC-DC set with A-V terminals at \$400 and 9" AC-DC at \$380, only set with mechanical tuning. Leader 13", with voltage synthesized tuner that Toshiba says is nearly same cost as mechanical type, is \$300 (down \$40 from predecessor), remote version with cable tuning is \$380 (down \$80). In same series, new 19" leader is \$380, and is last in line without cable tuning; remote is \$490 (both down \$70); 20" FST remote with A-V terminal is \$540, and 25" holdover MST remote with A-V is unchanged at \$1,200.

All-FST step-up series, with A-V monitor features added, starts with 14" at \$400 (down \$20), remote at \$530; 20" begins at \$490 (down \$40), with remotes at \$620 (down \$60) and \$670, and MTS model at \$720; new 26" is \$1,150.

Top-of-line Video Logic monitors, all remote with MTS, all holdovers, open with 14" at \$760 (down \$40), with 20" at \$880 (down \$50), version with RGB input \$980 (down \$20), digital set at \$1,300 (up \$100). Toshiba introduced first audio-video system -- 26" color with Beta Hi-Fi VCR, MTS, color controller-enhancer, 100-w amp -- at \$4,000.

**Sony** digital TV, introduced last fall in Japan (TVD Oct 22 p12), is 25" model incorporating "Home Management Helper." Remote control has alphanumeric keypad, permitting viewer to use set as "electronic memo pad" to store information and programming instructions, events such as birthdays, turn-on and -off, channel blocking, etc. It can accept up to 80 formatted pages, can be used to control recording and playback on one Betamax model. Set, which is in XBR Black Trinitron series, also has digital comb filter, carries \$1,350 list. Component digital system with line-doubling feature is scheduled for introduction here later this year.

Sony also introduced another, nondigital, member of its highly praised XBR series, another 25" model at \$1,200. Both new sets have MTS, all monitor features, on-screen display of user controls.

**Yamaha's** new top-of-line audio receiver has back panel connections for video signal sources and front panel switch for dubbing, also synthesizes stereo from any audio or video source. New super-woofer has built-in shielding to protect picture tube when used with video system. In answer to our question, Exec. Vp Don Palmquist said Yamaha "is looking very closely at video and what we should be doing, but we have no announcement at this time."

**TOSHIBA MEETING:** Toshiba America outperformed industry in unit sales growth across board in 1984, Exec. Vp Paul Michie told reps and dealers at sales convention in Hawaii last week. He reported increases of 17% in color TV, 112% in VCR, 33% in portable audio, 118% in hi fi (noting that "the volume is a bit less impressive than the percentage.")

TA has goal of becoming \$1 billion consumer electronics company by 1988, group was told by Chmn. Mike Kurashima. Company will try to achieve that by broadening product line and dealer base, improving product availability. Help will come from color tube plant Toshiba will be opening in Horseheads, N.Y., in venture with Westinghouse (TVD Dec 17 p8). Kurashima said Toshiba is trying now to get plant operational in 1986, instead of originally scheduled 1987.

Although upbeat atmosphere at convention showed TA had successful 1984 and was looking to continue that progress this year, meeting wasn't without somber notes. Kurashima cautioned group that consumer electronics sales boom of last 24 months "may or may not be continuing," said he expected 1985 to be "year of change" in marketplace. Current U.S.-Japan trade conflict surfaced during presentation by Consumer Product Sector Senior Managing Dir. Fumio Ohta, who said mood in U.S. is such that foreign manufacturers no longer can expect to succeed by flooding U.S. market with low-priced goods. Foreign companies "have to change our strategy" and concentrate on high-tech products "across the entire line."

**Vidmax**, early advocate of interactive Laservision discs, has moved hq from Cincinnati to Don Mills, Ont., near Toronto, to be near new Canadian financing, said CEO Robert Robbins. He won't say who's providing funds, told us money is being used to complete R&D work on interactive LV project designed for coin-op games and possibly military training. It's scheduled for release later this year, will provide what Robbins calls point-of-view simulation -- "as if you were there." Vidmax had been involved with Atari in aborted games project, still subject of year-old lawsuit that now isn't expected to reach trial stage until May, month after original date. Robbins has given up on home video, including computer-LV applications, said "it doesn't look like there'll be any business." However, company's National Gallery and 2 Mysterydisc programs are still carried by Pioneer Video; about 1,500-2,000 copies of former have been sold, with latter averaging 50-100 a month.

**Custom mastering** and replication of 8" laser videodiscs is offered by Laservideo Inc., Chicago. "When a CAV program is less than 14 min. or 25,200 frames, using our 8-in. disc instead of any 12-in. videodisc can decrease your cost 60%," company says in brochure. Laservideo offers turnaround time as fast as 24 hours, replication cost as little as \$7 for 10 copies or fewer, says it will be accepting orders soon for longer runs of both 8" and 12" discs.

## Consumer Electronics Personals

**Jeff Berkowitz**, Sanyo sales and mktg. exec. vp, adds responsibilities for Parts & Services Div.; **Cheryl Bast** promoted to mktg. services mgr.; **Todd Nakamura** named import traffic mgr.; **Hunter MacDonald**, ex-national account mgr., becomes national sales mgr. for Ultrax hi-fi line; **Tom Jones** adds responsibility for catalog showroom sales; he's also in charge of military and premium sales.

**Jay Yancy** promoted from TV-VCR mktg. mgr. to audio and video mktg. vp., Toshiba America; **T. Watanabe** advanced from mdse. mgr. to dir., audio products... **Rick Staniszewski**, ex-Warner Communications, and **William Tovatt**, ex-Thermador/Waste King, join Hitachi as eastern regional and western area sales mgrs. respectively.

**Thomas Rattigan**, ex-Pepsico, named pres.-CEO of Commodore North America, new operating group of Commodore International... **Mark Yoseloff**, former exec. vp in charge of manufacturing Adam computer, has left Coleco... **Thomas Mullaney** named pres.-CEO, Softsel Computer Products, succeeding **Robert Leff**, now co-chmn.

**Brian Heidtke**, former staff vp and asst. treas., elected RCA vp-treas., succeeding **John Rolls**, now senior vp, finance (TVD April 1 p11)... **Francis Arnone**, ex-chmn.-CEO, Broadway dept. stores, appointed to new post of exec. vp for mktg. and mdse., Platt Music Co... **Harvey Shrednick**, ex-Nabisco, joins Corning as vp, information services.

**Christopher Deering**, ex-Spinnaker Software, appointed sales and mktg. senior vp, RCA/Columbia Pictures International Video... **Cheryl Gersh** joins Hal Roach Studios Nostalgia Classics Div. as mktg. dir... **Richard Corrigan** promoted from Fuji Magnetic Products district sales mgr. to regional sales mgr., midwest region; **Donald Jackson** promoted for western region; **James Stovall** becomes senior district sales mgr., western region; **Peter Mitchell** and **Gregory Bakeburg** district sales mgrs., midwest; **David Dietz** senior district sales mgr., western region; **Jeff Berman** district mgr., western region.

**Robert Sumner**, RCA Records pres., elected chmn., RIAA. New board members: **Al Teller**, CBS Records; **Jose Menendez**, RCA; **Mel Ilberman**, Polygram; **Lee Young**, Motown... **Jack Eugester**, Musicland pres., elected pres. of NARM, succeeding **Noel Gimbel**, Sound Video Unlimited; **Roy Imber** named vp, **Billy Emerson** secy., **Russ Solomon** treas... **Howard and Jeanette Shapiro**, founders of Howard Electronics, jointly receive 1985 Ill. Small Businessperson of the Year award from U.S. Small Business Administration.

**RCA Service Co.** has been chosen to supply nationwide warranty service on Commodore computers, disc drives and color monitors. It also will provide after-warranty service and long-term service contracts.

**NAP, GE, W-G REPORT:** Both GE and North American Philips singled out low prices in consumer electronics as weak points in first-quarter results (see financial table). NAP reported 20.4% increase in net on 4% gain in sales for first quarter, attributing most of gain to sale of its bus transportation and hospital attendant TV business, which increased net by about \$6 million (21¢) per share. Without those transactions, net would have been down by 5.7%. Company said intense price competition continued to have impact on consumer electronics business and, while continuing records were set by professional equipment segment, these were offset by sluggish industrial conditions that affected electrical and electronic components business.

GE said some consumer-related markets were "more sluggish" than anticipated and cited "price weakness" in consumer electronics but generally reported consumer product earnings well ahead of year earlier on lower revenues because of sale of housewares operations to Black & Decker.

Wells-Gardner's loss last year (TVD March 18 p15) resulted from deficits in both its business segments, annual report shows. Company had \$2.81 million operating loss from video monitor business, after \$1.79 million in arcade game monitor inventory writedown and other special charges. Monitor sales fell 40.9% to \$13.5 million, all of decline from arcades, as sales of data display monitors jumped 121% to about \$6.8 million. W-G also lost \$427,900 on its contract assembly of color TV for Teknika Electronics, as revenue from that business dipped 18.4% to \$4.27 million. Teknika switched to overseas source for 13" color sets last year. Despite that, Teknika was W-G's biggest customer last year, accounting for 24% of its \$17.8 million in sales, followed by newcomer AT&T, presumably buyer of monitors, at 16%.

None of W-G's former large arcade monitor customers -- Bally, Centuri, Mylstar and Williams -- accounted for as much as 10% of sales in 1984. Mylstar and Centuri quit coin-op videogame business last year. W-G report notes that company's component parts purchases from Teknika last year fell 91.4% to \$682,000. Those parts were primarily for arcade game monitors. Under contract agreement, Teknika retains ownership of parts it sends W-G for TV assembly, so they aren't counted as purchased.

**Semiconductor sales** in first quarter dropped 6% to \$2.4 billion, recovery hampered by slow orders for computers and office equipment, Semiconductor Industry Assn. reports. Although it says recovery is under way, SIA projects 10% decline in shipments for year, or about \$10.4 billion, with 2nd quarter at \$2.5-\$2.6 billion, down from \$3.57 billion in 1984 period.

**Maxell** started shipment of 8mm MP videocassettes in U.S. April 1 in 30-, 60- and 90-min. lengths, with 120-min. due in June.

**AUDIO BUYING SURVEY:** Ownership of component and compact systems has increased in last 2 years, while consoles declined. In car audio, aftermarket sales have declined significantly as percentage of total. These are among findings in 3rd of series of studies of audio ownership and buying patterns prepared by Market Facts Inc. for EIA Consumer Electronic Group's Audio Mktg. Services Committee. Previous studies covered 1980 and 1982 (TVD April 25/84 p15).

Survey shows 87% of U.S. homes had audio systems last year, as compared with 79.9% in 1982. Some 37.8% of homes had component systems (up 6.6% from 1982), 51.1% had compacts (up 7.4%) and 22.9% had consoles (down 1.2%).

Rather surprisingly, percentage of component owners with single-brand systems hasn't changed significantly in 2 years -- in 1984 it was 29.4%, vs. 27.6% in 1982. Ownership penetration of various products: Portable tape recorders using standard cassette, 50.9%; mini or micro cassette, 7.5%. In car systems, 50.5% are AM-FM, 34.6% have cassette (up 13.4% from 1982), 11.6% have 8-track (down 1.6%). Almost one in every 10 households owns at least one combination telephone-clock radio, with median price paid listed as \$50.

Among those buying in last 2 years, 18.3% of cassette recorder owners said their systems were dual-cassette type. Rack systems accounted for 57% of single-brand systems, up from 38% in 1982. Aftermarket car stereo purchases declined by 5.5% from 1982 to 1984. Compact disc systems were purchased by 0.2% of U.S. households in last 2 years. Total of 20.1% of households bought personal portable stereos with headphones in last 2 years.

The 70-page study, with demographic data, is available to non-CEG members for \$150 from EIA, 2001 Eye St. NW, Washington, D.C. 20006 (ask for EIA Audio Industry Consumer Study).

**China will be** world's 2nd largest picture tube glass producer, with capacity for 13.5 million, when all plans are completed, according to Japan Economic Journal. Japan is largest with 40 million. China currently has only one tube glass plant but is reported to have asked Japan's Asahi and Nippon Electric Glass, Holland's Philips and America's Owens-Ill. to bid on building glass plants in 4 sites. China also plans to build 6 new picture tube factories. Specs indicate 7 tube sizes, 13-20", including square-cornered tubes. Asahi Glass is quoted as saying that Chinese color TV sales rose from 1.5 million in 1983 to about 4 million in 1984. Meanwhile, Hitachi said it would boost Japanese production of color tubes 30% to 13 million in year to March 31, 1986 to meet demand from China.

**Spectravideo** has reached agreement with unsecured creditors to restructure about \$2.4 million of its debt, and former 16% owner and supplier, Hong Kong's Bondwell, now has officially purchased controlling interest (TVD Oct 8 p17), according to SV Pres. Christopher Chan, who heads new Bondwell-appointed management. Company's hq has been moved to Fremont, Cal. SV says it will market Spectravideo brand home computers, Bondwell business computers... **Latest shakeout victim** is Software Arts, developer of Visicale, which will be acquired by Lotus Development Corp. to market SA's programs. Visicale developers SA Chmn. Daniel Brickman and Pres. Robert Frankston will join Lotus.

**Semiconductor shipments** to U.S. OEMs were down 18.8% to about \$2.39 billion in first quarter, according to estimate by In-Stat Electronics Report, which predicts only modest recovery in next 9 months and estimates sales for year will be off by 14%. In-Stat traces problem to combination of inventory glut and reduced demand. It says that while 1984 shipments were valued at \$11.6 billion, \$2 billion of that was sitting in customer inventories at year's end.

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

# TELEVISION DIGEST

With Consumer Electronics  
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

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**RCA-SHARP VLSI VENTURE:** First RCA-Japanese joint manufacturing venture will be major CMOS VLSI plant in U.S. with Sharp Corp., at investment to exceed \$200 million over next 5 years. Companies announced preliminary agreement last fall (TVD Dec 3 p14) to establish new RCA/Sharp Microelectronics in which RCA will have 51% interest, signed final agreement last week.

New venture will establish design center for development of advanced memories, microprocessor peripherals, gate arrays, standard cells and specialized telecommunication circuits to serve markets in U.S., Europe and Far East. Next step will be to build advanced manufacturing facility.

RCA said several sites are under final consideration for design center and wafer fabrication plant, with goal of mid-June for selection, Sept. for start of construction. New venture's board will have 5 directors from RCA, 4 from Sharp.

World's densest IC, capable of containing 16 megabit memory or 100,000 logic elements, has been developed experimentally by IBM using electron beam etching technique that allows use of half-micron circuit line widths. ICs are designed for one-volt power supply, as against 7 volts used for typical currently available ICs that perform similar functions.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
CBS 1985-qtr. to Mar. 31 1984-qtr. to Mar. 31	1,122,500,000 1,148,500,000	16,700,000 38,900,000	.56 1.31*
Cable TV Industries 1985-year to Jan. 31 1984-year to Jan. 31 1985-qtr. to Jan. 31 1984-qtr. to Jan. 31	32,302,000 29,694,000 7,569,000 6,885,000	586,000 501,000 54,000 92,000	.02 .20 .02 .03
Movielab 1984-year to Dec. 29 1983-year to Dec. 31	4,306,692 3,327,532	(4,565,148) (3,087,886)	--- ---*
General Electric 1985-qtr. to Mar. 31 1984-qtr. to Mar. 31	6,196,000,000 6,583,000,000	511,000,000 485,000,000	1.12 1.07
North American Phillips 1985-qtr. to Mar. 31 1984-qtr. to Mar. 31	1,014,500,000 975,700,000	27,700,000 23,000,000	.96 .80
Owens-Illinois 1985-qtr. to Mar. 31 1984-qtr. to Mar. 31	858,400,000 842,600,000	21,200,000 18,800,000	.71 .67
Westinghouse 1985-qtr. to Mar. 31 1984-qtr. to Mar. 31	2,314,100,000 2,269,900,000	129,700,000 116,000,000	.74 .66

Notes: \*Restated. \*After special charge. \*Includes special credit. \*\*Adjusted.

**700,000 AM STEREO:** More than million chips for Motorola C-QUAM AM stereo were shipped to radio manufacturers last year, with at least 700,000 now in radios, Motorola estimates. Motorola says 24 companies have announced intention of marketing C-QUAM products, of which 18 already have been introduced (including Sansui and Sony receivers that can pick up all AM stereo systems).

In rundown of brands and their plans, Motorola says GM estimates it will deliver more than 500,000 C-QUAM car radios during 1985 model year and Chrysler plans about 500,000. Other car radio brands offering C-QUAM include Ford, Nissan, VW, Toyota, Concord, Sherwood, Pioneer, Sparkomatic, Kraco and Audiovox. Home receivers are being offered by Marantz and Carver.

Motorola says 250 radio stations were broadcasting C-QUAM stereo as of March 25 -- 185 in U.S., 33 in Australia, 30 in Canada, 2 elsewhere. Meanwhile, NAB lists 175 AM stations using Motorola system, 116 Harris, 74 Kahn, 7 Magnavox. Listings aren't complete and NAB notes "it is expected that more than 140 stations using the Harris system will convert to the Motorola C-QUAM system" since Harris, in effect, withdrew its own system and took out Motorola license, offering to modify current Harris system equipment for C-QUAM (TVD Dec 24 p14). Listings are in April issue of NAB's Best. Mktg. & Technology News.

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APRIL 22, 1985

VOL. 25, NO. 16

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**NAB'S 'DULL' CONVENTION:** Well-attended convention goes smoothly in absence of dominating theme. Fowler defends deregulation. (P. 1)

**TURNER LAUNCHES CBS TAKEOVER**, offering stacks of junk bonds but no cash for all CBS shares outstanding. Skepticism abounds. Turner spends \$14.9 million for CBS stock. (P. 3)

**MADD URGES VOLUNTARY TV-RADIO RULES** for alcohol ads, review panel, govt. oversight. House bill coming on mandatory counterads. (P. 5)

**MUST-CARRY ATTACKS WIDEN:** Congressman at NAB say codification is long-shot, urge compromise. Appeals Court seems to favor cable view; Mooney raps rules. (P. 5)

**FCC FEE PLAN REVISED:** Annual broadcaster fee is eliminated from plan, FCC Managing Dir. Minkle says. Fowler strong supporter. (P. 6)

**PANASONIC MAKES WAVES** at NAB with new M2-format recorder using 1/2" VHS tape. RCA shows off Silverlake. Cart machine war erupts. (P. 6)

**LACK OF STEREO TV PRODUCT** hit by MTS stations that accuse networks and Hollywood of foot-dragging. Costs cited. (P. 7)

**NO MAJOR ISSUES DOMINATE NAB CONVENTION:** Unlike most past NAB gatherings, no single issue dominated last week's convention in Las Vegas. There were no spear-rattling statements or threats by govt. officials and very few complaints by broadcasters. NAB had hoped to spotlight threat that beer and wine ads might be banned on TV and radio. Two major panels on issue featured members of Congress, but subject attracted little corridor talk (see separate story). Some 30 members of Congress came and went, while FCC members stayed in Las Vegas and were easily accessible to broadcasters. Word we heard most often to describe proceedings was "dull."

Las Vegas hotels seemed to do acceptable job providing rooms for record 38,000 delegates, up from 35,000 year ago at same site. Number of exhibitors (678) and exhibit space sold (32,000 sq. ft.) also were records. Traffic through exhibits was described by most as moderate to

**STORER GOES ON OFFENSIVE** with N.Y. news conference and letter to shareholders urging rejection of dissident slate. Chmn. questions takeover group's claims. (P. 8)

**ABC NET DROPS 18.6%** while NBC earnings nearly triple in quarter. CBS TV sparks small Best. Group profit increase. (P. 8)

### Consumer Electronics

**SONY STAKING VCR FUTURE** on 8mm format, promises more to come, at convention in Tucson. MTS stressed in Panasonic line. (Pp. 11 & 14)

**GE IS REVIEWING ROLE** in U.S. color market, considering production options, but has no immediate plan for change, says Vp Jacques Robinson. (P. 12)

**STEREO TV AUDIO** without MTS planned by Group W Cable for all its systems. Jones Intercable selling VCRs as part of service package. (P. 15)

**RCA WILL MAKE INVESTMENTS** needed to stay world class color maker, official says. (P. 15)

**RCA NET UP** but video profits decline. Lloyd's posts loss. Tandy earnings down. (P. 16)

**ATARI APPARENTLY OUT** of CES as exhibitor but may have presence in Chicago. Coleco signs 5 retailers to handle Adam liquidation. (P. 17)

heavy, and no one we talked to complained about lack of business. Sony's high-definition TV demonstration was a hit, but broadcasters seemed cautious -- reflecting transition period from analog to digital (see separate story on equipment).

Politicking was biggest issue for NAB board members as race for leadership posts heated up. Board had special meeting April 14 to hear pitches by 3 candidates for joint chmn., 2 for radio chmn., 2 for radio vice chmn. Political pundits tell us that ex-radio Chmn. Walter May is ahead of current radio Chmn. Ted Snider and Vice Chmn. Edward Giller to succeed Gert Schmidt in top spot. For radio chmn., John Dille III is believed to have slight lead over Clyde Price, and Wallace Jorgenson is ahead of Peter Kizer in race for TV vice chmn. William Turner, seeking to move up from vice chmn. to succeed Jerry Holley as TV chmn., and Bev Brown, running for radio vice chmn., so far are unopposed. New board members -- 1/4 of those elected to board -- will be exposed to most of candidates again at May Exec. Committee meeting in Washington; elections will be at June board meetings.

In traditional FCC chairman's closing day speech, Chmn. Fowler said 3 toughest challenges in broadcasting are dominance of ratings, children's TV and "economic freedom and freedom of thought." He said days of FCC manipulation are over: "The government was expected to prick you with policy needles so as to spur you on to officially approved performance -- a sort of regulatory acupuncture. Some of our patients merely bled; others... unfortunately passed away."

Detailing FCC deregulation, he said agency "soon will reach the limits of what [FCC] as an agency of Congress can deregulate under the [Communications] Act. The Act should be changed. It's outmoded... It's a handy jackhammer for politicians to keep pressure on the press." Fowler asked whether ratings "have become the master instead of the servant" of broadcasting. He said perhaps industry should reconsider suggestion of ex-CBS Chmn. William Paley several years ago that TV networks "disregard ratings for 2 prime-time hours each week and aim for quality, not numbers."

In speech to TV lunch, N.Y. Gov. Mario Cuomo said founding fathers might have tried to write constraints on press into Constitution but "knowing all the odds, they chose to gamble on liberty and the gamble has made us all rich... It's been the press that has let the sunshine in." Mutual announced that Democrat Cuomo and ex-Senate Majority Leader Baker (R-Tenn.) -- both potential candidates for President in 1988 -- will present daily political commentaries on network's "Viewpoint" starting July 15.

NAB broke from past practice of featuring panel of all FCC members except chmn. on closing day of convention, instead had separate TV panel (featuring Comrs. Rivera and Patrick) and radio panel (Comrs. Quello and Dawson). TV panel on April 15 was poorly attended -- no more than 30 in room at any one time, only 20 at end. Radio session next day drew about 100.

Ex-FCC Chmn. Richard Wiley, who moderated TV panel, said his advice for publicly held broadcast companies is to "go private, go private." Rivera said impact of FCC's refusal to regulate children's TV will be "extremely negative." He said most children's programming will move to pay services, hurting underprivileged. Marketplace can't protect youngsters, he said, and so-called program-length commercials are "insidious."

At radio session, Quello said most complaints about double billing, network clipping, etc., come from disgruntled ex-employees. Dawson saw many "imperfections" in continued deregulation but said that is preferred over many forms of continued regulation.

Mass Media Bureau Chief James McKinney told TV and radio delegates it will take "3 to 5 years" for FCC fully to implement provisions of Doc. 80-90. On proposal to permit commercial UHF stations to swap for educational VHF in same market, he said it will be late fall or winter before Bureau is ready to present recommendation to commissioners.

Accepting NAB Distinguished Service Award, Multimedia Chmn. Wilson Wearn delivered spoken "memos" to get his points across. They were directed at FCC (where he started his career as engineer after World War II), Justice Dept., Congress, Gen. William Westmoreland, TV networks and fellow broadcasters. He saw "a distressing trend" by news media "of mixing news and opinion. The job of news is to report to the American people, not do their thinking for them... When one reporter engages in reporting the facts, mixing it with analysis and concluding it with an editorial view, he is destroying not only his credibility, but ours" as a news medium. "When we present as truth fact mixed with opinion, we are living dangerously."

In his annual "state of the industry" speech at opening session, NAB Pres. Edward Fritts stressed broadcasters must "make our communities better places to live... We are more than a license, a call sign, a place on the dial."

Fritts expressed concern at raids on broadcast companies. "When a hostile takeover emerges with the objective to dismantle an existing company [as in Storer situation] for stockholder profit, I understand," he said. "But, I ask, has anyone measured it in intangibles, the service that company may have provided or the possible long-term effects? Perhaps it's time to remind the investment community and the takeover wizards that broadcasting is indeed a unique industry... We live in a world which requires commitments beyond the bottom line... In fact, our obligation is to serve the public interest first and stockholder interest second... When hostile takeovers are aimed at liquidating a company to maximize assets... all of us, whether publicly held or not, should pause to reflect. We broadcasters are concerned... The FCC must clarify the ground rules so all the players know where they stand."

**TURNER LAUNCHES CASHLESS BID FOR CBS:** In takeover offer criticized as relying entirely on so-called "junk bonds" and not at all on cold cash, Turner Bestg. System April 18 launched bid to acquire control of CBS, offering 30 million units of TBS stock, securities and notes worth about \$5.4 billion for all 29.7 million CBS shares outstanding. Turner, who said he intends to merge CBS into new TBS subsidiary through what is essentially a leveraged buyout, said offer is worth about \$175 a CBS share. But some analysts valued it at as low as \$120-\$125 a share.

Turner hopes initially to acquire 67% of CBS shares, said in long-form FCC Sec. 315 transfer-of-control filing that gaining that majority control would cost \$2.98 billion. Turner said TBS, of which he owns 80%, has acquired 140,000 CBS shares for \$14.9 million (less than half of 1% of all CBS shares). Top CBS executives were said to discuss TBS bid at lunch April 18, and one reportedly said afterward that mood was "relief and optimism" that offer wasn't more substantial. CBS also received messages of support from some of its large institutional investors.

Turner is offering \$122 principal amount of TBS fixed-income debt securities, \$56.49 principal amount of TBS zero-coupon notes, one share of TBS preferred stock and 0.75 share of TBS Class B common stock for each CBS share. TBS securities consist of: (1) \$46 principal amount of 15% senior notes due 1992. (2) \$46 principal amount of 15-1/4% senior debentures due 2000. (3) \$30 principal amount of 16-1/4% senior subordinated debentures due 2005. (4) \$56.49 aggregate principal amount of 4 series of zero-coupon notes maturing 1990 through 1994. (5) One share of \$2.80 TBS preferred (stated value of \$16.50 per share). (6) 3/4 of a share of TBS common.

TBS SEC filing said offering will be backed by about \$5.4 billion principal amount of notes and debentures to be issued, about 30.3 million shares of TBS preferred and about 22.8 million shares of common stock. Proposed merger would result in "conversion of the remaining CBS equity interest into TBS securities on the same basis as in the exchange offer.", FCC said it will set 30-day comment period on Sec. 315 filing, allow 15 days for replies. SEC is expected to take 30 days to review and accept or reject registration statement.

Exchange offer and proposed merger would recapitalize CBS so that shareholders would retain about 50% of equity in combined companies and receive package of fixed-income securities. Absent any hard cash, that's main attraction for CBS holders: TBS said securities would yield about \$21.70 annually for each CBS share, compared with present indicated dividend rate of about \$3 annually.

Some analysts and observers said offer shows Turner was unable to convince other investors with deep pockets to go along with bid. "All I see in this is junk bonds," said a N.Y. media analyst; TBS offer boils down to asking CBS holders to finance takeover. One analyst said deal comes down to this: "Would you cash Ted Turner's check?"

E.F. Hutton is acting as dealer/manager for exchange offer and has big stake in outcome. SEC filing shows Hutton has collected \$4.5 million from TBS for services, would get \$3.5 million more when SEC gives its clearance, \$20 million more if 67% of CBS shares are tendered. D.F. King & Co., N.Y., is acting as TBS proxy solicitor and consultant. Statement to SEC is candid in pointing out risk factors resulting "from the highly leveraged capitalization of the combined companies." Preliminary prospectus acknowledges higher interest and expenses and amortization charges for merged CBS-TBS, totaling about \$600 million, would have resulted in \$371.6 million loss from continuing operations in 1984.

If deal goes through, TBS would divest "essentially all" 13 CBS owned radio stations and CBS's WCAU-TV Philadelphia to meet FCC cross-ownership rules and to pay off part of debt. All CBS nonbroadcast properties also would be put on block plus other "corporate assets not considered essential to the development of the core broadcast business," said Turner, who maintained he was acting alone. He asked FCC for a year to complete transaction, 2 years to complete proposed divestitures.

CBS had this statement: "The unusual number and complexity of Turner's proposed securities make it difficult for CBS to comment at this time. Once we have evaluated the material, CBS will inform its shareholders of the merits of Turner's proposal." CBS stock opened at \$109.75 day offer was made, rose \$5.25 a share in early trading, then closed at \$106.75. At end of week, CBS stock closed at \$107.50, up 1-3/8 on 1,095,000 shares traded on N.Y. Exchange. TBS stock, traded over-the-counter, was bid at \$22, offered at \$22-3/8, off \$2 on 11,800 shares traded.

At CBS annual meeting in Chicago April 17, Chmn. Thomas Wyman pledged to maintain company's independence and integrity. "We are dedicated to resisting efforts which threaten" that independence, he told shareholders. Asked by a stockholder if he thought Turner is "moral enough" to run CBS, Wyman reportedly replied: "I don't think so." Fairness In Media, group backed by Sen. Helms (R-N.C.) that has alleged CBS News is too liberal and is urging conservatives to buy up CBS stock, applauded takeover effort. FIM spokesman Carter Wrenn said his group "will more than likely do everything we can to assist" Turner.

"We have decided to attempt to have the shareholders of CBS decide for themselves whether they'd like to have TBS acquire CBS," Turner said at N.Y. news conference after meeting with securities analysts. He said TBS believes "that the nonessential businesses of CBS... generally have produced much lower returns on investment than the broadcasting operations... We believe that the disparity between the market price and the asset value of CBS is a direct result of the underutilization of debt capacity and the investment of its cash flow into these other operations." He warned that "highly leveraged capitalization" of merged companies "would have a serious impact on their cash flow."

TBS also filed lawsuits in 5 states challenging state laws and CBS bylaws it maintains are "roadblocks" that could hinder hostile takeover. U.S. Dist. Court, Atlanta, was asked to throw out recent CBS bylaws change making it harder to call special meetings. U.S. Dist. Court, N.Y., was asked to strike down state law mandating disclosure of financial information by party attempting hostile takeover.

**TV-RADIO AD GUIDELINES BACKED:** Alcohol and broadcast industries were urged to establish voluntary beer and wine ad guidelines at NAB convention by founder of Mothers Against Drunk Driving (MADD), Candice Lightner. Declining to back calls for TV-radio ban on alcohol ads, she proposed 3-pronged plan -- ad standards, media review panel and, as last resort, govt. oversight. But lawmakers at later panel weren't enthusiastic about govt. involvement. They said threat of ban or counterad bill remains real in Congress. Rep. Seiberling (D-O.) is preparing mandatory counterad legislation, we confirmed. House Telecom Subcommittee has set May 21 date for hearing on ads and possible legislation.

FTC, meanwhile, last week rejected request of 29 public interest groups, including Center for Science in the Public Interest (CSPI), that alcohol ads be banned. But commissioners warned ad industry in 4-1 ruling that FTC will consider complaints case by case. Comr. Patricia Bailey cast dissenting vote, said further study was warranted.

Lightner plan calls for alcohol and broadcast industries to develop separate enforceable ad content guidelines by Jan. 1, 1986. If neither acts, Congress should name govt. agency to monitor ads, report results. She didn't include enforcement measures in plan. In proposing voluntary guidelines, Lightner admitted later that she wasn't aware similar industry effort was scrapped decade ago in antitrust action. But she said she believes antitrust problem could be overcome. NAB officials withheld immediate support, said industry lawyers would have to be consulted.

Lightner applauded increased numbers of PSAs broadcast against drunk driving in recent months but said spots seemed merely response to threat of ban. She questioned industry's long-term commitment, chided it for airing so few PSAs in prime time, asked for more in nonholiday seasons. She said MADD at March board meeting took "no position with regard to drinking or alcohol sales per se, or with respect to alcohol advertising, so long as advertisers and the media exercise responsibility with respect to the promotion of alcohol products." (At same meeting, members elected NAB's Shaun Sheehan to board -- action that hasn't formally been announced.) MADD position is fortunate for broadcast industry; group is considered credible grassroots lobby by Congress and, coupled with Project SMART, probably could get ad ban passed, observers said.

Reps. Fazio (D-Cal.), Nielson (R-Utah), Rinaldo (R-N.J.), Shelby (D-Ala.), Swift (D-Wash.) and Synar (D-Okla.) said they opposed ad ban and mandatory counterads but warned that either could pass Congress if they ever reached floor. "Irresistible" emotional pitch could move proposals, said Rinaldo. Swift criticized Seagram company for "poor" timing of alcohol ad complaint against networks (TVD April 15 p7), said effort will heighten attention on issue. "Someone ought to tell them to go away," he said.

In interview, Fazio revealed House members have formed informal coalition to be early warning system for industries, monitoring ad ban activity in Congress. It includes Reps. Cheney (D-Wyo.), Conte (D-Mass.), Fazio, Matsui (D-Cal.). Group will actively oppose ban/counterad bills if proposed, introducing own legislation, such as resolution urging 2 industries to be responsible, if that's needed, Fazio said. Seiberling bill in works would require counterads at industries' expense (TVD April 15 p7). Contrary to rumors, Seiberling doesn't have cosponsors in line yet.

**MUST-CARRY WORRIES RISE:** At NAB convention and in Washington last week, many wondered whether FCC must-carry rules can long survive, given increasing court attacks and shallow interest in Congress for codification. "Diversity is not enhanced when you have 3 duplicating network stations [as must-carries]," said Rep. Waxman (D-Cal.) at convention panel. Said Rep. Fish (D-N.Y.): "We should consider codification... but we also should amend it to see if it needs to be as extensive as it is."

Congressmen at NAB generally agreed that must-carry should be codified, but admitted that there isn't much Hill interest now. "There would have to be a dramatic change in the rules, either by the FCC or the courts, for Congress to become active," said Sen. Gorton (R-Wash.). Such interest could develop if U.S. Appeals Court, D.C. strikes down rules in suits by Turner Bestg. and Quincy Cable.

Appeals Court seemed skeptical about rules during oral argument in those cases April 16. Attorney for broadcasters said after being grilled by Court that more FCC action "apparently is needed to meet apparent First Amendment concerns of the panel." Another attorney present said it was obvious that cable interests were "very elated" with way judges seemed to be thinking while members of other side "obviously weren't very happy with the thrust of the judges' questioning."

Attorneys on both sides were guessing that Appeals Court will remand cases to FCC, order it to begin rulemaking reexamining must-carry rules in light of cable's First Amendment rights with view toward narrowing scope of must-carry. But even some high FCC officials weren't dismissing possibility Court will strike down rules completely.

"Congress is interested in people getting their local programming," said NAB panelist Rep. Moorhead (R-Cal.). But he cautioned that "we may need to make some adjustment because of the duplicated network signals' all getting carried." Congressmen urged cable, broadcast and Hollywood to revive compromises reached in HR-5949, bill that made some progress in 1982 before dying. HR-5949 "will be the template for any agreement, but it must be updated," said Rep. Mazzoli (D-Ky.)

(Cont. on Next Page)

NCTA Pres. James Mooney last week told Washington Cable Club that rules are vulnerable in courts, in Congress and at FCC. Mooney stopped short of declaring "total war" on issue, leaving that decision to NCTA board. Cable industry, on a "judicial roll" with 3 favorable First Amendment rulings in past 5 weeks, is being pushed closer to seeking elimination of "the whole must-carry regime" by "each additional ounce of must-carry burden" broadcasters seek to impose, Mooney said.

Mooney said broadcasters are "absolutists" about own First Amendment rights but "suddenly discover the legitimate interests of the state" when it comes to cable industry's editorial freedom. As for recent reports that broadcasters want to seek compromise on must-carry, he said "meetings of the mind... do not occur by osmosis" and NCTA hasn't been contacted.

**FCC REVISES FEE SCHEDULE:** FCC is scrapping annual broadcaster fee, Managing Dir. Edward Minkle revealed in interview at NAB convention in Las Vegas, said licensees now would be charged only for specific FCC actions. Revised fee schedule proposal was sent to Congress last week, as expected (TVD April 15 p8).

Minkle said proposal has strong support of FCC Chmn. Fowler. New plan will raise about \$43 million in first year vs. \$52 million for original. Elimination of annual broadcaster fee would be offset in new plan by higher levies in other TV-radio areas, Minkle said. License fee replaced original high grant fee. Total revenues from mass media fees would be \$19.4 million.

Costs to FCC to implement plan remain at \$1.6 million in first year, \$1.1 million subsequently, Minkle said. FCC estimates it will need 45 new fulltime positions, dropping to 41 in subsequent years. Senate staffers have told FCC that Commerce Committee hopes to mark up Commission authorization legislation containing fees by early May but there's good chance Congress will tinker with numbers. Industries would begin paying fees one year after bill enactment, Minkle said.

Many broadcasters at convention were pleased with elimination of annual fee and, although official industry position remains opposition, said privately they were willing to pay their fair share if charges remain across board. NAB Pres. Edward Fritts said broadcasters continue to oppose fee plan.

For commercial TV stations, application fee for CP or major change in existing CP would be \$2,260, minor change application \$500. Instead of one-time grant fee for new commercial TV stations, which were scaled by market size and ranged from \$27,000 in top 20 markets to \$2,700 for below 181st, FCC now is proposing flat \$150 license fee.

Application for new commercial radio station or major change in CP would be \$2,000. Application fee

for AM license would be \$2,000, \$1,800 for FM. Minor change in AM-FM CP would be \$500. Hearing charges for both TV and AM-FM are unchanged from \$6,000 but FCC still is struggling with question of who should pay hearing fee, has indicated it probably will be charged to company that initiated action resulting in hearing.

Grant of license for AM station would be \$325, for FM \$100. Directional antenna license fee for AM would be \$375. Proposed fee for TV and AM-FM station assignments and transfers would be \$500 for Form 314 or 315 applications and \$70 for Short Form 316s. Renewal fee for all services would be \$30 each. Charge for new or significantly changed CPs for FM-TV translators and for LPTV would be \$375. FM-TV translator and LPTV assignments would be \$75. Minkle said FCC anticipates 20,540 translator applications in FY 1986, producing \$7.7 million in revenues.

Cable industry didn't win elimination of proposed fee for special relief petitions that it wanted; it would remain \$700. CARS CP and CP assignments, transfers, renewals and modifications would be \$135.

**NEW EQUIPMENT SHOWN AT NAB:** Panasonic drew praise and controversy at NAB convention with new M2-format machine that uses 1/2" metal particle VHS videocassette tape. It's designed for TV studios, mobile vans and production houses, is said to produce quality of 1" VTR. On other equipment fronts, first shots were fired in brewing cart machine war, with several manufacturers showing new products.

M2 format builds on Panasonic's 3-year-old M-format (Recam) machines, was designed with Japan's NHK, which is using 91 M2s and has agreement to buy many more. But many questioned wisdom of yet another analog format when digital is on horizon.

M2 has internal time axis compression with multiplex recording of video signal and built-in time base corrector. Recording time is 65 min. It has ports that accept SMPTE time code generator and reader. Recording is on 4 rotary heads, with 2-track helical scanning.

RCA unveiled improved "Super Duper Slo Mo" tubeless TV camera. Advantage of new CCD-1S is ability to make sharper slow-motion and stop-action pictures. CCD-1S is designed mainly for coverage of sports.

RCA also showed much-discussed "Silverlake" system -- computerized system for TV stations capable of playing back 281 videocassettes. Model TCR-500 has programming capacity of 93 hours, meaning it can play programs of various lengths comprising average broadcast day. System uses ChromaTrak M-format VTRs. Master controller is standard IBM PC/AT computer that operates robot arm that moves along 7 racks of cassettes,

retrieving them according to prearranged schedule. Silverlake deliveries are scheduled for early 1986.

Sony had most popular exhibit at convention with its experimental high-definition TV broadcast system. After watching HDTV, many commented that it looks like 3D, makes all other TV sets look fuzzy. But HDTV standards question is forcing most broadcasters to be cautious.

It was first NAB show where more than one company had new cart machine, and as many as 5 makers now are in field. Shown were Asaca machine which can take either M-format or Beta, Silverlake's M-format, and Panasonic's Lake Systems. Ampex had private showing of proposal for cart machine using 19-mm tape and digital recording. Sony showed digital VTR configured to digital standard as adopted by SMPTE and EBU. It's same size as Type C recorder, uses cassette with 19-mm tape.

Another equipment trend is new low-price special effects generators. Aurora, other manufacturers, showed computer graphics machines in \$50,000 range, about half cost of most now on market and containing many of same features.

**LACK OF STEREO TV HIT:** Stereo TV stations are complaining of shortage of stereo programs. At NAB panel on multichannel TV sound (MTS), consensus was that it take 4-5 years before there are enough stereo shows. That sounds slow, but is twice as fast as color TV became standard, panelists recalled. Cost is slowing MTS growth, causing networks and Hollywood studios to be cautious, panelists said. Audience was shown tape of clips of TV shows and ads produced in stereo -- they were stunning. But it took 5 days in postproduction for one 60 sec. spot shown, versus one day if it had been done mono.

Said Nick Freeman, KIRO-TV Seattle, which converted to MTS last Oct. at cost of \$126,000: "I can't buy any more stereo programming." He said CBS, with which station is affiliated, isn't moving rapidly with stereo. Studios are waiting for networks to signal they're willing to bear increased production costs, said Paul Sehenuk, Universal City Studios.

Stereo stations yearn for syndicator to offer package of stereo movies. Most movies are produced with 4- or 3-track stereo sound, and converting to 2-track for TV isn't prohibitively expensive, panelists said. NBC will expand its stereo lineup in July when *Tonight Show* goes 2-track permanently, as will *Fri. Night Videos* and some sports events. In 6 months other NBC shows will go stereo, including *Sat. Night Live*.

Transfer of EBS from FCC to Federal Emergency Management Agency (FEMA) has been approved by FEMA Dir. Louis Giuffrida and is expected to be before FCC commissioners for final action within 4-8 weeks, FCC Comr. Dawson told convention.

## NAB CONVENTION NOTEBOOK

**New audio companding system** for reducing noise in FM broadcasts was announced at NAB Engineering Conference. Developed at CBS Technology Center with NAB assistance, system was tested at WKPT(FM) Hartford. Technique increased station's stereo service area from 1,200 sq. mi. to 4,800, according to paper presented by Emil Torick, CBS vp-audio technology.

**Fewer sports events** will be on networks and cable next year, NAB panelists advised. Channels were glutted last season with 1,600 hours of college and pro games; ratings were down. This year everyone is paying much less to air and syndicate games, according to CBS's Neal Pilson, who said network will air fewer games this year. Only in regional areas marked by extreme fan interest will sports maintain high exposure, panelists said.

**Bonneville will provide satellite transmission** for CNN's L.A. bureau.

**Two tragic events** marred convention. On April 14, Pat Henzel (wife of Len Henzel of BMI and ex-NAB radio chmn.) suffered ruptured aneurysm while eating breakfast. She died next day. Evening of April 15, Plaude Hill (owner of equipment manufacturer in Claremore, Okla.) was crossing street in front of Hilton when he and 2 others were struck by pickup truck. Hill was killed, other 2 were critically injured.

**Group W's Newsfeed Network** is installing teleport at its Washington bureau and technical operations center in Philadelphia. Newsfeed is satellite-based news sharing pool of 80 TV stations. David Foreman, ex-KSTP-TV Minneapolis, was named Newsfeed managing editor.

**TV viewing by adults** increased from 182 min. per day in 1980 to 252 min. in 1985, according to study quoted by TvB Pres. Roger Rice. But TV networks "may be currently creating a scenario that will seriously weaken their medium" through proliferation of 15-sec. spots, warned Marcella Rosen, N.W. Ayer senior vp. TV reached 88% of adults daily this year (up slightly from 87%), Rice said, adding that local spot for first quarter was up 10-12%, with national spot ahead 7-8%.

**Electra teletext magazine** is being offered free to TV stations by Taft Bestg. and Satellite Syndicated Systems, cosponsors announced. Electra is produced at Taft's WKRC-TV Cincinnati. TV station equipment costs \$5,000-\$6,000.

**Walter Cronkite** accused Administration of "frontal attack" on news media at convention. Cronkite said that govt. is trying to cripple U.S. system of public accountability through news media and that journalists are reacting with increasing timidity. He said profit and survival are becoming priorities over public service.

**STORER QUESTIONS TAKEOVER CLAIMS:** Storer Communications went on offensive last week in its fight against takeover and liquidation by Committee for Full Value of Storer Communications. At N.Y. news conference April 15, company released April 12 letter to shareholders urging rejection of directors slate proposed by Committee, which is backed by investment firm Coniston Partners.

At meeting, Chmn. Peter Storer said company cannot be liquidated as easily as dissidents' statements indicate. He said sell-off would be mistake because investment in cable systems is starting to produce results: "We are just halfway along the road of what now looks like a... very successful, very large, but somewhat risky experiment in the cable business." Storer annual meeting is set for May 7 in Miami; in proxy materials mailed last month, company urged shareholders not to vote with dissident group.

Committee may produce only \$60 per share for stockholders as result of liquidation, rather than \$90-\$100 group has estimated it can get by selling off company's assets, Storer asserted. Reason is that liquidation can't be finished by early 1986 as promised by Committee, he said.

If liquidation takes longer than year, Storer wouldn't be able to avoid capital gains taxes so net proceeds to shareholders would be reduced substantially, according to letter to shareholders. Both chmn. and letter also asserted that Storer assets would have to be sold at "fire-sale" prices to complete program in year.

Peter Storer projected that within 4-5 years company's asset value could be \$200 a share. "The long-term prospects, we feel, are tremendous," he said. Cable will be driver, as capital requirements fall off and cash flow and profits increase. Broadcasting's contributions will continue to increase but only at same rate as general economy.

Storer is not seeking white knight because that wouldn't be in best interest of shareholders, chmn. said, but will talk to any company that seems viable buyer, has done so at least twice already. Both firms, which Storer declined to name, didn't make proposals because they quickly decided cost of acquisition would mean too large an earnings dilution, he explained. He maintained he couldn't say what he considered good offer for company until he sees proposal on the table. Leveraged buyout, which also has been studied, may or may not be something company can pull off, he indicated.

Letter to shareholders criticized takeover attempt as "totally unrealistic." Of 3 Coniston partners Augustus Oliver, Paul Tierney and Keith Gollust, letter says "none... has disclosed a shred of background in the broadcasting or cable communications industries or any experience in either managing or liquidating a public company of any size."

**ABC, CBS, NBC EARNINGS:** Absence of Winter Olympics and higher corporate expenses left ABC with lower sales and earnings in first quarter, company said April 18. ABC said net for period was off 18.6% to \$19.4 million (67¢ per share) from \$23.9 million (81¢), as sales slipped 4.6% to \$797.8 million from \$836.7 million. Biggest impact on revenue came in broadcasting unit's 8.3% decline to \$685.1 million from \$746.9 million in same 1984 quarter. Pretax net from broadcasting operation was essentially flat at \$56.8 million. ABC said performance of owned TV stations was most affected by loss of incremental revenues from Olympics telecasts. TV network matched year-earlier profit performance, while ABC News and ABC Radio had improved results.

Video Enterprises had 10-fold revenue rise to \$28.1 million, primarily because of income from ESPN, not acquired until June 1984. VE loss was trimmed to \$7.5 million from \$9.5 million. Loss for 1984 included deficit from now-discontinued TeleFirst direct-to-home VCR pay-TV delivery service. ABC said losses at Lifetime and Arts & Entertainment Network were comparable to those of last year.

CBS TV network sparked 9% increase in profits of CBS Best. Group on 3% sales gain in otherwise dull first quarter that saw corporate net income down 57%, income from continuing operations off 59% on 2% dip in revenues. CBS net income for quarter totaled \$16.7 million (56¢ per share) vs. \$38.9 million in same 1984 period, while total revenues were \$1.12 billion, down from \$1.14 billion. Best. Group earned \$56.4 million on revenues of \$660.3 million, compared with \$51.8 million on \$640.8 million in same quarter last year.

NBC racked up record profits in first quarter, nearly triple those of Jan.-March 1984, RCA said (see financial table). All NBC units contributed to profit improvement, with TV network doing "particularly well," RCA said. "NBC, which never was for sale, is definitely not for sale now," RCA Chmn. Thornton Bradshaw told security analysts at April 15 meeting where financial results were released. Bradshaw said NBC's 5 owned TV stations now reach about 20% of U.S. households and company would consider purchasing additional stations to bring reach to maximum allowable 25% "if the price isn't going to go through the roof."

Pres. Robert Frederick said "losses have been contained" at RCA Best. Systems, "but the results are still unsatisfactory." Operation, he said, is still subject "to continuing corrective actions" to restore profitability.

Producer Leonard Goldberg said April 15 he had rejected ABC offer to rejoin network. ABC had no comment. AP, quoting unnamed ABC sources, said Goldberg was to oversee creation of 3rd-place network's fall schedule. Goldberg left ABC in 1969 to form partnership with Aaron Spelling.

**FCC deregulation** and surging stock market are translating into record prices for TV stations, NAB panelists said. Last year 82 traded hands for average adjusted price of \$24.6 million, according to convention paper by Washington attorney Erwin Krasnow and NAB lawyer Julian Shepard. "We expect a property to double in value in 5 years," said venture capitalist D.D. Croll of T.A. Assoc., Boston. Taft Bestg.'s Dudley Taft said profit margin at network affiliate ought to hit 45%, and in high 30s at independent, he said. But it's not uncommon for station with much growth potential to sell for 13 or 14 times annual cash flow, panelists said. According to Krasnow and Shepard, 1,008 TV and FM stations changed hands in 1984 for more than \$2 billion.

**Cox Cable** is selling cable systems in Ariz., Ore. and Wash. with total of 76,800 subscribers to McCaw Communications for \$90 million. Changing hands are: (1) Tucson cluster serving 46,500 in Tucson, South Tucson and parts of neighboring Pima County, for \$66 million. (2) Northwest cluster serving 30,300 in Aberdeen, Long Beach and Ilwaco, Wash., and The Dalles, Astoria, Seaside and Warrenton, Ore., for \$24 million.

**General Instrument** has \$15.75 million contract with Cox Cable to supply Jerrold Starcom 450 addressable converters and distribution electronics over 3 years. Cox said contract is part of MSO's effort to upgrade various systems to addressability.

**Ex-ABC Pres. Elton Rule** cautioned new communications management entities taking over existing companies not to let "bottom-line thinking" stifle their creative processes. In first speech since leaving network, Rule told Academy of TV Arts & Sciences luncheon in L.A. last week that it's easy for entertainment companies to lose sight of what made those businesses strong. "The conflict between corporate America and our industry can be great," Rule said. He said he was encouraged by recently proposed ABC-Capital Cities merger.

**TV ads for autos** increased 25% from 1983 to 1984, to about \$1.47 billion from nearly \$1.18 billion, TvB reported. Auto category is 2nd to food and food products in TV ads. Car manufacturers spent about \$964 million for TV ads in 1984, up 13%, dealers about \$257 million, up 49%. Dealer associations spent nearly \$250 million, up 63%, TvB said. GM was highest spending manufacturer at \$240.4 million, up 22% from \$197 million in 1983. Largest rate of increase was BMW, up 83% to \$9.5 million from \$5.2 million.

**Oak Industries** reported \$119.8 million 4th-quarter net loss, compared with \$34.3 million net loss in same period of 1983. For 1984, company reported net loss of \$149.3 million vs. \$122.1 million in 1983. Results from 1984 include \$115 million in charges, principally from terminating STV services in L.A. and Chicago.

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Television Digest, Inc.

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## Personals

Nominated as PBS board officers: Former NCTA Chmn. and NBC Vp **Alfred Stern**, chmn. of Jakobson, Kass Partners, to succeed **Dallin Oaks**, whose term expires; **Joseph Welling**, WOUB-TV-FM-AM Athens, O./WOUC-TV Cambridge, O., a vice chmn.; **Bruce MacGregor**, Ernst & Whinney Washington, a vice chmn... **Jack DuVall**, ex-U. of Chicago, named vp-program resources, WETA-TV Washington... **Donald Hoeger**, ex-Western Union, appointed technical facilities mgr., Satellite Gateway Communications... **John Tollefson** advanced to a vp, WJLA-TV Washington... **James Truelove** named ABC TV Washington Bureau operations vp; **Richard Hockman** promoted to real estate and construction vp.

**Dawn Steel** advanced to production pres., Paramount Pictures Motion Picture Group. **Irwin Yablans**, ex-Lorimar Productions, appointed chmn., Orion Pictures Distribution Corp... **David Brangan** advanced to senior vp-west coast mgr., Avery-Knodel TV, new post... CBS correspondent **Walter Cronkite** named first Josephine B. and Newton N. Minow visiting professor in communications at Northwestern U... FCC calendar: **James McKinney**, Mass Media Bureau chief, participates in State Dept. discussions with Italy and Vatican on international telecommunications issues, Rome... Va. lawyer **Steve Lentz** appointed CBN Cable sales mgr.-direct response ads.

**Sheila Parker** advanced to assoc. dir.-recruitment, CBS News... Promotions at Turner Bestg.: **Rick North** to national sales mgr., WTBS Atlanta; **Bob Levi** to WTBS vp-Atlanta market sales; **Toby Steinberg** to vp-gen. mgr., Turner Reciprocal Ad Corp.; **Charlotte Leonard** to direct response mktg. mgr.; **Suzanne Cronin** to traffic mgr.; **Joe Uva** and **Art Cohen** to vps-sales mgrs.-CNN sales... **Marc Daniels**, a dir. with Academy of TV Arts & Sciences, named to exec. committee succeeding **Sy Salkowitz**, resigned... **Joe Collins**, HBO pres., named a dir., Black Entertainment Television... **Terry Dyke** advanced to information systems vp, Tex. Cable Network... **Charles Sherman**, WRAU-TV Peoria, Ill., elected chmn. of Best. Education Assn.; **Christopher Sterling**, George Washington U., vice chmn.; **Stan McKenzie**, KWED(AM) Sequin, Tex., secy.-treas.

**Edson Spencer**, Honeywell chmn.-CEO, elected a CBS dir... **Gerald Ferri**, ex-Best. International, named mktg. dir., Atlantic Video... **Anthony Peters**, ex-Random House, appointed human resources dir., John Blair & Co.; **Thomas Turner**, ex-Republic Radio, returns to Blair as senior vp-gen. sales mgr., Blair/RAR Inc... **Ray Chumley**, WTOV-TV Steubenville, O./Wheeling, W.Va. vp-gen. mgr., moves to TV Station Partners co-owned WEYI-TV Saginaw, Mich. in same posts, succeeding **Robert Farrow**, resigned to join Midwest Radio-TV, is succeeded at WTOV-TV by **Brett Cornwell**, who was vp-gen. sales mgr.



(ISSN 0497-1515)

### PUBLISHED BY TELEVISION DIGEST, INC.

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

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**John Chaffee** advanced to pres. of new Malrite Communications Group TV Div.; **John Rosenwald** promoted to pres. of new Radio Div... **Alan Fields** advanced from a dir., Paramount Pictures (UK), to vp-entertainment and communications group of Gulf & Western Industries... **Jane Bancroft Cook**, a Dow Jones dir. for 35 years representing Barron-Bancroft family, retires... **Italo Ablondi** and **David Foster** form Ablondi & Foster, international trade law firm, 1776 K St. NW, Washington, D.C. 20006, 202-296-3355... Speakers at Annual Radio Workshop sponsored by Assn. of National Advertisers and Radio Ad Bureau, June 18, Waldorf-Astoria, N.Y.: **Joseph Campana**, Chrysler; **Frank Gifford**, ABC Sports; **Ed McCabe**, Scali, McCabe, Sloves.

**Tom Troja** promoted to Disney Channel national accounts mgr.; **Charles Nooney**, ex-Showtime/Movie Channel, joins as national accounts mgr... Appointments at Showtime/Movie Channel: **Annette Caruso**, Michele Miranda and **Joseph Safuto**, district affiliate mgrs., northeast region office; **Deidre Walsh**, sales representative; **Dana Bucklin**, district affiliate mgr., northwest region office, recently moved from Seattle to Portland; **Jim Lindly**, area mgr... **James Barnette**, gen. mgr., WPCK(AM)-WIRK-FM W. Palm Beach, adds post of exec. vp at parent Atlantic Bestg... **John Cronopoulos** advanced to eastern region vp-ad sales and ad sales mktg., USA Network;

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of April and 1985's first 14 weeks:

	MAR. 30- APR. 5	1984 WEEK	% CHANGE	MARCH 23-29	14 WEEKS 1985	14 WEEKS 1984	% CHANGE
TOTAL TV.....	218,442	242,662	-10.0	487,519	4,888,305	5,292,927	- 7.6
TOTAL COLOR...	191,308	199,182*	- 4.0	390,247	4,040,920	4,076,077*	- 0.9
DIRECT-VIEW.	188,226	196,524	- 4.2	385,829	3,986,425	4,034,883*	- 1.2
PROJECTION..	3,082*	2,658	+16.0	4,418*	54,495*	41,194	+32.3
MONOCHROME....	27,134	43,480	-37.6	97,292	847,385	1,216,850	-30.4
TV EXCL. PROJEC.	215,360	240,004	-10.3	483,101	4,833,810	5,251,733	- 8.0
HOME VCR.....	131,593*	102,204	+28.8	263,538*	2,601,496*	1,494,495	+74.1
COLOR CAMERAS...	4,819	6,673*	-27.8	11,713*	116,043*	104,882	+10.6

Color TV (direct-view) 5-week moving average: 1985--296,711; 1984--296,820\* (n/c).

Home VCR 5-week moving average: 1985--189,386\*; 1984--109,174 (up 73.5%).

\* Record for period.

**SONY COMMITS TO 8mm AS SUCCESSOR TO 1/2" VCR:** Sony finally said flat out what it has been implying for some time -- it is betting on 8mm as the complete home video system of future, and camcorder is only first of full line of 8mm Video products. Distributors and dealers attending Sony America's 25th anniversary convention in Tucson last week saw U.S.-debut of Sony's first 8mm product, camcorder at list price of \$1,695, and heard promises of more products to come soon.

Sony didn't say exactly how soon, but next week seems to be as good a time as any for company to introduce its 2nd 8mm VCR. Chmn. Akio Morita addresses N.Y. security analysts April 29, and that could be opportune moment for him to show off palm-size video deck or other such new product. Meanwhile, Sony, which has changed name of its Betamax Div. to Video Products Div., says 8mm product expansion will come "in matter of months," and much more miniaturization is possible in 2nd and 3rd generations.

"More than 125 companies are committed to the Video 8 format," Sony sales convention was told, and for emphasis, "it has been accepted by more than 125 companies worldwide as the next standard in video." Neil Vander Dussen, pres. of both Sony Consumer Products and Sony Mktg., forecast 8mm would overtake 1/2-in. in sales volume "and continue to grow, eventually becoming the dominant format." He saw this point coming in 3-6 years, but added quickly, "Beta will be around for many years."

Recording time will be extended from 2-hour maximum as "evolutionary step," Vander Dussen said. Two hours is more than adequate for a camcorder, but feature films need more time. Extensions will come through tape developments and speed changes. Sony has developed cassette shell for duplicators, but no slave machines, and expects prerecorded software will come as natural consequence when sales of 8mm VCRs reach sufficient volume.

Sony made it clear it's not abandoning Beta -- but equally clear that Beta is in for change of direction, although nobody ever mentioned Beta's woes. Of 5 new Betamax VCRs it introduced, 4 are Superbeta high-band color models that are hi-fi or hi-fi ready. In addition,

Sony revealed that its new CCD autofocus Betamovie, at \$1,495, has Superbeta switch for shooting in new mode that Sony says increases picture resolution as much as 20%. Mindful that Beta has always been choice of video aficionados, Sony apparently now is stressing quality end of line to position Beta as perfectionists' VCR. It did introduce new low-end machine, however, with 7-day 6-event timer at new low of \$400 and carried over 2 midline (hi-fi and hi-fi ready) models.

Betamax line is topped by Superbeta Hi-Fi machine with professional type jog-shuttle dial for precise editing, similar to one sold in Japan as Beta Pro (TVD April 1 p11), at \$1,500. Hi-fi ready Superbeta machine is \$550, while 2 Beta Hi-Fi VCRs, both with built-in MTS stereo decoders, are \$800 and \$1,000.

Sony's 8mm camcorder is impressive piece of miniaturization, apparently identical to one introduced in Japan; it lacks 2-speed switch that appears on European PAL models. Unit weighs less than 4.5 lb. without cassette and battery, 5 lb. with, has CCD pickup rated at 19 lux with 250,000 pixels, claims 300 lines of horizontal resolution. Long line of accessories is offered, including home editor at \$180, wireless remote tuner-timer (4 events, 3 weeks) with 181 channels at \$300, AC adaptors, multibattery chargers, various cases, etc.

In TV, Sony introduced its first digital model at \$1,350 (TVD April 15 p15), added dark-faced high-contrast tubes to all new 13" and 19" models, added monitor jacks to many sets and put keypad cable tuning in all new sets. At same time, it cut many prices around \$30 per set. "We will be competitive," said Vander Dussen, who promised "competitive products, competitive pricing, aggressive marketing." As Exec. Vp Thomas Steckbeck put it: "Sony has been the Mercedes Benz of consumer electronics, but now we are going to be the IBM or the General Motors." He added that Sony won't abandon its price premium or high-end products but will "attack the complete market."

Sony consumer product sales totaled billion dollars last year, 38% increase over 1983, according to Senior Sales Vp Ed Adis. Vander Dussen noted that growth of economy was slowing, nevertheless raised his earlier forecasts of industry sales, lifting color prediction from 16.5 million to 16.5-17.5 million, VCR from 10 million to 10.5-11.5 million, with total consumer electronics sales coming to \$15.5-\$16 billion vs. \$14.5 billion in 1984. (For more details of Sony meeting and product introductions, see report elsewhere in this issue.)

\* \* \* \* \*

Panasonic will introduce full-sized VHS camcorders this summer -- manual and autofocus. They're still unpriced, but company indicated at sales meeting in Las Vegas at week's end that they'll be lower than \$1,600 originally estimated at Winter CES -- quoting "somewhere between \$1,000 and \$1,500." Autofocus will be \$150 step-up. Light sensitivity has been increased to 10 lux from 20 lux shown in Jan. Panasonic emphasizes stereo in new VCR line, has 5 VHS Hi-Fi models, starting at \$750. Leader, and \$875 step-up, are MTS adaptable, while top models at \$1,150 and \$1,300 have MTS built in.

First digital TV by Panasonic is 20" at \$1,200, featuring picture-in-picture, freeze frame of smaller picture, but not MTS. Panasonic became first to introduce TV with built-in teletext -- 20" non-MTS also priced at \$1,200 and designed to receive NABTS system (chip isn't yet available for digital set). Six other new Panasonic color models have built-in MTS stereo and 20 others are stereo adaptable. More than half of company's 60 color models are monitors or monitor-receivers, and 37 have cable channel tuning. Technics audio-video receiver at \$550 is first with built-in MTS, while others at \$270 and \$320 can accommodate Panasonic's adaptor -- same \$150 unit used for TVs and VCRs and designed to be usable with other TV brands.

**GE ASSESSING ITS TV FUTURE:** GE again last week found itself forced to deny it was preparing to suspend production of color TVs, though it acknowledged that its long-term role as manufacturer is under review.

"It's no secret the industry is in tough shape and that GE is having some tough times in TV," we were told last week by Consumer Electronics Business Operations Vp Jacques Robinson. In keeping with statement he made to us at last Winter CES that "every element of cost is going under the microscope" (TVD Jan 14 p14), Robinson said: "We are holding monthly meetings; we're constantly struggling to get costs down."

Responding to queries about management memo circulated at 1,800-worker Portsmouth, Va. plant citing difficulties TV operation was experiencing and cautioning that correction steps will have to be taken, Robinson said: "What's going on is management wrestling with a difficult issue. We all know what the issue is and what the options are." As result of operation's first-quarter performance -- GE noted it was impacted by price weakness in consumer electronics in reporting results for that period (TVD April 15 p16) -- Robinson said "we are discussing our options again."

Late last year GE "decided we have to source to be cost competitive" in small-screen color, and that has helped spur speculation over company's continued commitment to domestic production, Robinson said: "These rumors get going and pick up facts along the way." Early last week industry's grapevine was carrying word of imminent announcement GE would be closing TV plant, move to outside sourcing for all video products. "We haven't made any decisions or come to any conclusions yet," Robinson said. "We are still struggling with a tough problem and as soon as anything is decided we'll announce it. You won't have to come to us, we'll tell you."

Those reports that GE is getting ready for TV shutdown "just don't make any sense," Robinson said. "We are locked in for the whole [TV] line for this year; we're right now finalizing our 4th-quarter promotions and our efforts are beginning to look to next year." Under those conditions, he said, no significant plan for change in operation could be expected this year.

Fueling speculation that GE was readying pullout statement was decision not to exhibit at upcoming Summer CES in Chicago. Acknowledging GE will "not have a floor presence," Robinson said "historically we've always put all of our weight behind the winter shows. This year, because of the way we have scheduled our previews, we will have spoken to 90% of our dealers before the show opens and all of our 2nd-half dealers' programs will have been done by then. So the CES wouldn't be adding anything." Even so, GE will have hotel hospitality suite "to mop up." Robinson said GE "would be delighted if there was only one CES show a year, as I think a lot of our industry members would be." Problem is that there's no agreement on best time of year for single show "and as a result I guess we'll have 2 shows for the foreseeable future."

GE is now in process of finalizing agreements for purchase of small-screen (13"-&-under) color sets from outside suppliers, and product "will be in the '86 model line we will be showing at our sales and dealer meetings next month," Robinson said. GE has been talking to number of different potential suppliers and expects it will have multiple sources, Robinson told us. Companies known to be after contract include Korea's Gold Star, which supplies GE's b&w TVs, and Samsung, along with Taiwan's Sampo. There's possibility GE might have some models assembled for it in U.S. by Matsushita, its VCR supplier.

GE has found itself squelching TV dropout reports since 1978, when Justice Dept. blocked on antitrust grounds plan to put its TV set and color tube manufacturing operations into joint U.S. video production venture with Hitachi (TVD Dec 4/78 p8). Another round of probing questions followed establishment of policy in 1981 by Chmn. Jack Welsh of GE's "being No. 1 or No. 2 in every business we are in" by 1990. Since then GE has disposed of number of units to concentrate on high-tech core operations. Robinson was shifted from corporate staff post to head TV in 1982, and general view then was he had 3-5 years either to turn unit acceptably profitable or shut it down.

**SONY MEETING:** Sony's first national sales meeting in 3 years, coming in wake of unexpectedly good year, saw strong front of optimism despite imponderables in Sony's brave venture of spearheading new 8mm Video format. At meeting, Sony Tape announced 30-min. cassettes at \$13, 60-min. at \$14 and 90-min. at \$16, with 2-hour version to come. Tapes will be distributed through Sony Consumer Products at least until Nov. to assure coordination of supply with hardware availability.

Sony Consumer Products Pres. Neil Vander Dussen cited survey by Nomura Research in Japan, where Sony already has shipped 40,000 8mm camcorders, that forecast total sales of 40 million VCRs worldwide in 1990, of which half would be 8mm -- increase from Nomura's earlier forecast of 6.5 million 8mm units in 1990.

In answer to question in news conference, Vander Dussen said Sony has "no plans of any kind" to introduce 2-cassette VCR that could be used to copy cassettes. As for videodisc players, he said Sony has no plans to offer them on U.S. market but is keeping eye on situation, thinks there may be opportunities as new interactive uses develop.

Inevitably, trade deficit issue came up, and Sony Pres. Kenji Tamiya responded to question as to whether VCR imports might bear brunt of any restrictions or agreements. Conceding that issue was "highly politicized," Tamiya pointed out that VCRs were mentioned because of their high visibility but that there is no U.S. VCR industry to protect. He said he was optimistic on resolution of trade problems.

Color TV sets introduced by Sony start with new 13" sets, all monitors with "Mirrorblack" screen and 181-channel tuning, at \$370, with remote versions \$420 and \$450. Five new 19" models, all with black screen and cable tuning, start at \$500 with wood step-up at \$520, remote version with 2 antenna terminals at \$600, MTS-adaptable model at \$620, new version of programmable set with channel blackout at \$640. MTS model with stereo amplifiers, speakers to left and right of screen, is now \$700, vs. \$960 last year.

New 20" has XBR tube, built-in MTS at \$800. XBR line, all MTS, now has 20" at \$900, two 25" models at \$1,200 and digital Home Management Helper with wireless alphanumeric keypad at \$1,350. Console models continue in line. Unique security product is Watchcam, system which uses 4" Watchman flat tube in monitor version, tiny 6-oz. b&w camera, microphone and 60 ft. of cable. It's \$500, can be mounted to any door peephole.

New extremely bright 41" rear projection system has 160-degree viewing angle, new translucent screen, special glass and plastic lens assembly developed with U.S. Precision Lens, is claimed to take less space than console, has built-in MTS, at \$2,500.

Sony has lengthened line of audio rack systems, now from \$750 up, and those starting at \$800 are "video ready," topped by one version to be sold with video monitor. Component receiver line is billed as "the audio receivers built for video." New home CD players list at \$330 and \$350. Sony also introduced its first car stereo, which uses its universal AM stereo chip. Long line of Walkman stereos now includes double-cassette version and thin credit card FM unit

\* \* \* \*

**Infinity Systems** is introducing bookshelf speakers designed for use with stereo TVs. Cabinets are fitted with decorative bellows device so speaker height can be adjusted to match that of TV. High-end units, with built in amplifiers, will list for \$490 and \$800 per pair. Versions without electronics will start at about \$300.

**Canada and Japan** were top U.S. electronics trading partners last year, with Canada leader in taking our exports, Japan in supplying imports, according to EIA analysis of Commerce figures. Canada was best customer, buying \$4.26 billion, followed by U.K. at \$3.47 billion, with Japan 3rd at \$2.51 billion. Others among top 10 purchasers, with exports in billions: West Germany \$2.38, Mexico \$1.77, France \$1.42, Netherlands \$1.27, Malaysia \$1.17, Singapore \$1.12, South Korea \$1.04. Top suppliers of electronics imports (value in billions): Japan \$17.7, Taiwan \$3.09, Canada \$2.48, South Korea \$2.44, Singapore \$2.41, Mexico \$2.29, Hong Kong \$1.98, Malaysia \$1.75, West Germany \$1.1, Philippines \$0.91.

**Recorded cassettes**, which topped LPs to become biggest music media seller in 1983, ran away with market last year, RIAA figures show. Cassette sales jumped 40% to 332 million, with list price value of \$2.38 billion, up 31.6%. Industry's 2nd largest segment, LPs, had 2.1% unit drop to 204.6 million, 8.3% value decline to \$1.55 billion. Digital audio discs were, not surprisingly, fastest rising star, jumped 625% in unit sales to 5.8%, with value up 500% to \$103.3 million. Traditional single-record sales rose 5.1% to 131.5 million at \$298.7 million, up 10.9%. Sales of 8-track tapes were down 1.7% to 5.9 million units, although value rose 28% to \$35.7 million. In all, industry sold 679.8 million discs and tapes, up 17.6%, worth \$4.37 billion, up 14.6%.

**AT&T has agreed** to acquire Synertek, semiconductor subsidiary of Honeywell, but final price is still being negotiated. Being included in deal is new, but currently idle, \$100 million plant in Santa Cruz, Cal., as well as plants in Bangkok, Munich and Singapore. Plants were designed for production of ICs for videogames, computers and consumer electronics, and acquisition could put AT&T into new area of merchant semiconductor market. AT&T said purchase would expand IC production capacity to meet own needs and those of 25%-owned computer marketing affiliate Olivetti, as well as provide opportunity for increase overseas sales of ICs.

**NON-MTS STEREO FOR CABLE:** Summer launch of delivery of non-MTS stereo TV audio to subscribers is planned by Group W Cable. Company operates cable systems in 33 states, has more than 2 million subscribers. Method selected requires use of set-top cable converter with special audio adaptor that puts out stereo signal for feeding into amplifier, and means customer has no use for TV with either built-in MTS decoder or cable tuner.

As explained to us by Business Development Vp Kazzie Metzger, Group W systems will strip stereo from broadcast signals, convert them to FM and send them down cable. Adaptor automatically will select in correct audio for channel tuned in on converter. Initially, Group W will be using adaptors supplied by W&S Systems, cable hardware development and manufacturing entity it formed last year with Sanyo. Adaptors from Pioneer will be made available later.

First units, Metzger said, are designed for use only with remote control converters it sources from Jerrold, and customers with manual converters will have to step up to new units to get stereo. Adaptors coming later will work with other converters, she said. She said Group W expects its systems will offer to sell converters outright to subscribers for something more than \$100 each. "Our research indicates they would rather pay a one-time charge than have an increase in their monthly subscription fee," she said. In addition, Group W systems will be offering low-cost amplifier-equipped speakers as option to customers.

Delivery method picked eliminates significant stereo reception problem for customers, Metzger pointed out. Stereo audio available on some systems for such cable-only programs as MTV and USA Network have to be fed through stereo FM tuner, while broadcast TV has to go through MTS decoder. "We feel we should be supplying our subscribers all the stereo in the same way," she said. Method also eliminates any problems cable systems might have handling MTS signals. In addition, Metzger said, customers save money by not having to buy new TV sets.

With intense price competition eliminating color TV profitability at low end, set makers are counting on sales of models with MTS and other step-up features to improve bottom line. Some 38 million homes, or 44.6% of viewers, are now hooked to cable, and realization that alternative stereo delivery systems could take substantial number of cable homes out of market for high-tech TVs is issue of growing concern.

Meanwhile, retailers are concerned by entry into hardware tie-in sales by Jones Intercable, which has more than 400,000 subscribers to systems it runs in 21 states. Earlier this month it launched test in systems in Cal., Colo. and Wis. of package that includes basic cable service, 2 pay channels and \$500 GE remote VCR for \$45 per month. Customer must sign 2-year contract, owns VCR after that.

Price is about \$15 more than what JI normally charges for similar cable-only service, meaning customer pays \$360 for VCR. But, it was indicated, GE Credit Corp., which is financing deal, will get \$20 of monthly fee, or \$480. JI said it will go national with program if tests are success.

**RCA'S OUTLOOK:** RCA is world-class producer of color TVs and "it is not our intention to do anything but continue to manufacture," RCA Pres. Robert Frederick told security analysts last week. But with competition growing, he said, "we simply must do an even better job of lowering costs," which will require "considerable investment around the world." He noted that production cost of typical 19" color TV "has been reduced by nearly 20% since 1981."

Despite pressure on margins in consumer electronics, "we are in a profitable position this year" and expect to stay that way, although with intense competition, business won't be "as profitable as last year," Frederick said. For long term, he said, RCA feels "digital TV will have a major impact [on market] but timing is mainly a matter of cost. When a megabit memory is down to \$2 or \$3, compared with \$25 today, I expect the digital circuits will give better cost performance than today's analog circuits."

Many digital-type features can be added to analog sets, and it would be "inappropriate to offer the customer a more expensive product" without "any real performance improvement," Frederick said. He noted that RCA has no thought of launching VCR production on its own. Company, he said, is "too far down the learning curve" to think about challenging its Japanese suppliers.

Going public is becoming rage among NATM Buying Corp. members. Latest to file stock offering proposals with SEC are Luskin's, which operates 25 stores in Washington-Baltimore area and 5 Tokyo Shapiro outlets in Cleveland, and Highland Superstores, which has 33 outlets in midwest. Luskin's will seek to raise \$20-\$24 million through sale of 1.35 million shares at \$15-18 each. Highland is offering 6.36 million shares at \$17-\$20 each, putting sale value at \$108-\$127 million. Shares for both are coming from current insider holdings as well as from corporate treasuries. Prudential-Bache is underwriting for Luskin's, E.F. Hutton for Highland.

Consumer electronics has \$40 billion impact on U.S. economy, accounts for 1.5 million jobs here, according to study prepared by Arthur D. Little for EIA Consumer Electronics Group. Figures include direct and indirect benefits relating to production, importations, shipping and sales of industry's products, notes that even such import-only products as VCRs generate employment for U.S. workers and profits for U.S. businesses. For more on 42-page study that details economic effect of variety of industry products, contact: EIA CEG, 2001 Eye St. NW, Washington, D.C. 20006.

**RCA NET UP:** RCA posted 29.2% rise in first-quarter earnings, and while sales were up only 1.4%, they set opening period record, company reported last week (see financial table).

RCA said it had lower sales, flat earnings from electronics operations in period. Pricing pressures and resulting lower margins produced reduced sales and earnings from consumer electronics, while performance of Solid State Div. was off significantly, company said. It reported improved results from RCA Service. In entertainment segment, RCA said it had substantial profit gain from home video venture with Columbia Pictures, while RCA Records had higher earnings on lower sales. (For more on RCA see report on meeting with security analysts elsewhere in this issue.)

**Lloyd's** was primarily responsible for both increased sales and reduced earnings of parent Bacardi in first quarter. Bacardi, which reported 15.4% drop in consolidated net to \$10 million on 8.9% sales rise to \$57.3 million, said profit slippage was "primarily the result of losses in the electronic consumer products segment," while same unit was one of 2 divisions credited for \$4.7 million rise in revenue. Bacardi, primarily rum producer and food distributor, acquired Lloyd's in 1983.

**Tandy** net fell 64.9% in fiscal 3rd quarter after \$18.3 million writedown of computer hardware and software inventory. Sales of Radio Shack parent were up 2.2%. Tandy said rapid decline in pricing of semiconductors and subassemblies, along with price deterioration in pricing of personal computers, "made it prudent to write down the raw materials and finished goods associated" with its model 2000 computer. Also written off was cost of upgrading memory of lap computer inventory to 24K from 8K as well as cost of some software for discontinued models.

**Korea's Daewoo** said increased exports, including consumer electronics, contributed to 20% rise in 1984 consolidated sales to \$5.12 billion. Earnings of \$43.9 million were down 2% when translated to dollars but because of reduced exchange rate were up 2% expressed in won.

**Motorola** blamed sluggish semiconductor market for 47.4% drop in first-quarter net, said device sales were off 6% in period and new orders were down 53%. It said short-term orders picked up at end of quarter, which may be indication that customer inventories are being worked off. Motorola said that since Nov. its Semiconductor Products Sector employment has been trimmed about 5% through attrition to 20,000.

**Texas Instruments** too is suffering from semiconductor market sag, said decline in demand, falling prices and startup costs for new facilities were responsible for 73.3% drop in first-quarter earnings. TI said it isn't joining others in looking for recovery in short term, predicted world market would

be down 15% this year to \$22 billion. "We believe the impact that the weakness in the computer market will have on future semiconductor demand has not been fully recognized," company said in letter to holders. Over longer haul, TI said, it expects world semiconductor market to grow to \$70 billion by 1990 as demand for electronics products rises to nearly \$700 billion. TI said it expects to spend \$800 million on R&D, \$585 million on capital expansion this year.

**Apple** sales jumped 45.1% in 2nd quarter, although high marketing costs held gain in net to just 9.2%. Company said sales in education market were higher than expected. Pres. John Sculley said company would continue effort to keep expenses in line with business conditions.

**BSR** posted 28.8% rise in pretax net to \$33.5 million on nearly doubled sales of \$503.4 million in 1984. Company credited performance to now about-completed restructuring, which included closing of last U.K. record changer plant last year, increased emphasis on private label assembly of high-tech electronic products. BSR said it has contract to help modernize factories of Shanghai Instrumentation and Electronic Import & Export Corp., but said it will be some time before its involvement with China results in any significant profits. BSR said it has completed reorganization of North American electronics operations, expects profitability in that area this year.

**Verbatim**, computer disc maker being acquired by Kodak, posted \$5.67 million loss in fiscal 3rd quarter to March 29, \$14.8 million loss for 9 months, against profits of \$2.42 million and \$9.94 million in same 1984 periods. Deficit includes \$2.7 million provision for loss on disc duplication business being sold to Polaroid.

— ■ —  
**Audio add-on** for electronic still photography is being worked on in Japan by 13-company standardization group led by Sony. System under consideration would provide 10 sec. of sound for each picture stored on 1.85" micro floppy disc. FM modulated sound would be recorded by video heads, result in slight deterioration of picture color quality. Companies hope to have standard settled by June and prototypes ready for showing this fall. Other companies involved: Canon, Casio, Fuji, Hitachi, Matsushita, Minolta, Mitsubishi, Nikon, Olympus, Sanyo, Sharp, Toshiba.

**Sony** will do its bit to improve imbalance in U.S.-Japan trade by importing 300,000 19" and 26" color picture tubes, valued at \$20 million, from its plant in San Diego to Japan. Sony said it also planned to buy Cadillacs for use by its 3 deputy presidents.

**Clarion** is newest Japanese manufacturer to climb on 8mm Video bandwagon. Producer of car stereos says it will use 8mm as heart of in-dash video system it expects to start selling next year, with 7" color display, for about \$800.

**ATARI OUT OF CES?** Whether Atari is in or out of June 2-7 Summer CES in Chicago depends on who's asked. Show sponsor, EIA Consumer Electronics Group, says out, while spokesman for Atari Canada says company will be on hand and showing for delivery at least some of new models promised at last Winter CES. Best guess is Atari will be on hand but in hotel suite, not on show floor. Corporate officials were in Europe last week and unavailable for comment.

Atari, Canadian subsidiary told us, will be shipping 16-bit 524K model by end of May, priced at just under \$1,000 in U.S., slightly over that in Canada. It will be packaged with 12" monochrome monitor, 3.5" disc drive, and has earned nickname Jackintosh, play on names of Atari Chmn. Jack Tramiel and Apple's Macintosh computer, which Atari's new unit is intended to match. It's understood Atari has scratched plan for 131K version of 16-bit computer as well as 65XE step-up replacement for current 800XL. But company is expected to start supplying distributors with 130XE.

Meanwhile, Atari filed suit in U.S. Dist. Court, San Jose, Cal., to block Commodore's shipment of 16-bit computer developed by Amiga, which Commodore acquired last year. Action alleges that chips used in computer infringe on Atari patents, asks court for injunction and damages. Suit is outgrowth of one Atari filed last year charging Amiga with fraud in backing out of contract to supply Atari with computer IC chip designs (TVD Aug 27 p18).

Coleco last week said it canceled agreement to have Odd Lot Trading handle liquidation of its inventory of Adam home computers and software, said it has made new close-out deal at less favorable terms with 5 retail chains. Computers will be sold off through Best Products, Kay Bee Toys, Lionel Leisure, Toys "R" Us, Zayre. Adam packages, including printer, are expected to go for about \$300. Odd Lot parent Revco, it's understood, was unhappy with agreement because of unsatisfactory results from liquidation of Mattel's Intellivision videogame and Aquarius computer inventory. That's been going on for year and supply still hasn't dried up.

Still looking to hit computer jackpot is U.K.'s Clive Sinclair. At recent meeting with British retailers, he said company would introduce "no-compromise" portable, indicated it would use version of his flat CRT display for readout. Sinclair said he considers LCD displays used on most Japanese-made portables to be totally unsatisfactory. He said production problems with 2" flat-tube b&w portable TV have been solved, and sales in U.S. through American Express are to start soon. Production, which had been moved to Thorn EMI, has been shifted back to Timex plant in Dundee, Scotland.

Taiwan will set up its 4th export processing zone, first in northern Taiwan, 45 km from Taipei and 70 km from Keelung, nearest port.

## Consumer Electronics Personals

**David Bearden** promoted at Quasar from VCR mktg. mgr. to VCR national sales mgr., succeeding **Roger Heuberger**, resigned to join International Jensen as mktg. vp... **Terrence Hogan**, ex-Akai and Sony, joins Sharp Consumer Electronics as west central region video products sales mgr... **John Sohn** promoted at Arvin from group vp to exec. vp, consumer segment... **John Kalec**, former Magnavox CATV Systems controller, moves to same post with NAP Consumer Electronics, succeeding **Charles Birlem**, resigned.

**John Constantine**, ex-Atari, joins Spectravideo as pres., succeeding **Christopher Chan**, who held post on interim basis until finalization of acquisition of majority interest in company by Hong Kong computer supply firm Bondwell Holding; **Joseph Lacayo**, ex-Atari, appointed sales vp... **Philip Ritti** advanced at Ampex Magnetic Tape Div. from video tape product mktg. mgr. to division mktg. mgr., succeeding **Ed Pessara**, resigned... **Thomas Brew** appointed Kloss Video finance vp, new post; **Walter Liebman**, Albert Frank-Gunther Law vp and Boston U. Dean **Henry Morgan**, named dirs.

**Tsuneo Tanaka** appointed pres. of Hitachi America, succeeding **Katsuaki Suzuki**, who returns to parent in Japan... Constant Busch advanced at N.V. Philips from U.K. finance dir. to corp. finance dir... **John Chamberlin**, one-time GE Housewares and Audio Div. gen. mgr., resigns as Lenox chmn. to join Avon as pres., succeeding **Hicks Waldron**, who continues as chmn. Waldron headed GE's consumer segment when Chamberlin was there.

**Robert Wiley**, pres. of RCA distributor Fidelity Northwest, adds same post with Video One Video, replacing **Tom Myers**, now VOV consultant; **Douglas Meadows** and **Owen Hoskinson** move from Fidelity to become VOV exec. vp-gen. mgr. and vp of finance and systems, respectively... **William Hickey** resigns as exec. vp, VCA/Technicolor, to become pres. of new home video subsidiary of San Francisco Chronicle... **Gary Needle** named to new post of vp-gen. mgr., Vidamerica, subsidiary of VCA/Technicolor... **Cathy Mantegna** advanced to press relations mgr., Vestron Video... Regional sales mgr. appointments at CBS/Fox's Playhouse Video: **Debbie Skaler** eastern, **Shelley Gritz** central, **Jana DeZeeuw** southern, **Bill Bridges** western... **Felicia Kestenberg** joins Video Gems as customer relations mgr... Promotions at VTR Movie Distributors: **Andrew Kairey** to dir. of mkt. services, **Jeffrey Miller** to national sales mgr.

Ad notes: RCA agreed to modify instructions for its portable VCR and color camera after consumer complained to BBB that special AC converter was needed for use in Europe. RCA said it would retain its "go-anywhere" ad claim but amend instructions to provide guidance for overseas use... **Thomson Consumer Products** appoints Dancer Fitzgerald Sample for line of consumer and business monitors it plans to introduce in June.

## 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
Acton			
1984-year to Dec. 31	18,311,000	(12,258,000)	—
1983-year to Dec. 31	15,072,000	(5,958,000)	—
American Bcstg. Cos.			
1985-qtr. to March 30	797,813,000	19,421,000	.67
1984-qtr. to March 31	836,659,000	23,862,000	.81
AT&T			
1985-qtr. to March 31	8,302,000,000	354,000,000	.31
1984-qtr. to March 31	8,139,000,000	227,000,000	.20
Arvin Industries			
1985-qtr. to March 31	196,702,000	6,497,000	.55
1984-qtr. to March 31	176,415,000	5,663,000	.48
Bell & Howell			
1985-qtr. to March 30	167,139,000	4,380,000	.42
1984-qtr. to March 31	165,703,000	5,009,000	.44
Circuit City Stores			
1985-year to Feb. 28	519,200,000	20,200,000	1.93
1984-year to Feb. 28	356,700,000	12,000,000	1.23
1985-qtr. to Feb. 28	179,700,000	8,900,000	.80
1984-qtr. to Feb. 28	124,600,000	5,700,000	.57
Coleco			
1985-qtr. to March 30	194,130,000	27,397,000	1.67
1984-qtr. to March 31	186,104,000	4,441,000	.27
Comsat			
1985-qtr. to March 31	121,899,000	15,939,000	.88
1984-qtr. to March 31	105,199,000	12,359,000	.68
Cox Communications			
1985-qtr. to March 31	180,794,000	19,489,000	.69
1984-qtr. to March 31	160,255,000	16,225,000	.57
Craig			
1985-9 mo. to March 31	17,769,000	596,000	.34
1984-9 mo. to March 31	28,088,000	(1,644,000)	—
1985-qtr. to March 31	3,827,000	31,000	.02
1984-qtr. to March 31	7,884,000	(566,000)	—
CTS			
1985-qtr. to March 31	85,138,000	5,867,000	1.02
1984-qtr. to March 31	78,328,000	3,717,000	.65
Gannett			
1985-13 wk. to March 31	482,688,000	41,328,000	.52
1984-13 wk. to March 25	425,204,000	34,837,000	.44
GTE			
1985-qtr. to March 31	3,651,554,000	273,170,000	1.29
1984-qtr. to March 31	3,449,063,000	311,879,000	1.59
Jones Intercable			
1985-9 mo. to Feb. 28	9,642,900	1,638,400	.18
1984-9 mo. to Feb. 29	8,419,400	2,124,600	.23
1985-qtr. to Feb. 28	3,462,000	606,500	.07
1984-qtr. to Feb. 29	3,755,800	1,215,600	.13
LIN Bcstg.			
1985-qtr. to March 31	35,421,000	5,294,000	.24
1984-qtr. to March 31	27,980,000	4,556,000	.21
Media General			
1985-qtr. to March 31	139,932,000	6,892,000	.97
1984-qtr. to March 31	130,297,000	9,489,000	1.34
Meredith			
1985-9 mo. to March 31	354,619,000	33,405,000	3.54
1984-9 mo. to March 31	333,992,000	29,817,000	3.17
1985-qtr. to March 31	119,607,000	9,794,000	1.04
1984-qtr. to March 31	113,376,000	8,431,000	.90

Company & Period	Revenues	Net Earnings	Per Share
3M			
1985-qtr. to March 31	1,906,000,000	164,000,000	1.42
1984-qtr. to March 31	1,875,000,000	175,000,000	1.50
Motorola			
1985-qtr. to March 31	1,332,000,000	41,000,000	.35
1984-qtr. to March 31	1,256,000,000	78,000,000	.66
Oak Industries			
1984-year to Dec. 31	333,244,000	(149,250,000)	—
1983-year to Dec. 31	320,172,000	(122,113,000)	—
Park Communications			
1985-qtr. to March 31	24,888,000	2,625,000	.29
1984-qtr. to March 31	23,272,000	2,281,000	.25
RCA			
1985-qtr. to March 31	2,397,600,000	65,000,000	.58
1984-qtr. to March 31	2,363,700,000	50,300,000	.40
Rollins Communications			
1985-9 mo. to March 31	73,181,849	8,335,039	.57
1984-9 mo. to March 31	62,258,480	7,704,116	.53
1985-qtr. to March 31	23,891,604	2,274,079	.16
1984-qtr. to March 31	20,694,887	1,917,400	.13
Storer Communications			
1985-qtr. to March 31	136,112,000	(5,760,000)	—
1984-qtr. to March 31	118,974,000	(14,572,000)	—
Tandy			
1985-9 mo. to March 31	2,159,620,000	135,872,000	1.51
1984-9 mo. to March 31	2,137,825,000	223,436,000	2.15
1985-qtr. to March 31	670,513,000	21,932,000	.25
1984-qtr. to March 31	656,130,000	62,556,000	.60
Texas Instruments			
1985-qtr. to March 31	1,287,900,000	9,100,000	.37
1984-qtr. to March 31	1,339,000,000	79,800,000	3.32
Time			
1985-qtr. to March 31	747,392,000	44,038,000	.70
1984-qtr. to March 31	693,756,000	43,537,000	.67
TRW			
1985-qtr. to March 31	1,598,600,000	56,600,000	1.51
1984-qtr. to March 31	1,464,300,000	60,000,000	1.61
United Artists Communications			
1985-26 wk. to Feb. 28	212,095,000	4,583,000	.23
1984-26 wk. to March 1	169,654,000	2,606,000	.12
1985-12 wk. to Feb. 28	115,703,000	2,503,000	.12
1984-12 wk. to March 1	87,660,000	2,083,000	.10
Viacom International			
1985-qtr. to March 31	82,113,000	6,188,000	.43
1984-qtr. to March 31	73,574,000	5,588,000	.42

Notes: \*Restated. <sup>a</sup>Adjusted. <sup>b</sup>Includes special credit. <sup>c</sup>After special charge. <sup>d</sup>Adjusted; includes special credit.

Trade-in program to eliminate cordless phones that might pose hearing hazard was suggested to EIA by FDA in recent discussions. EIA Telecommunications Group Vp Eric Schimmel told us members are considering proposal. Only phones involved would be those with ringers in earpiece, which have been phased out of current models. There's no indication yet whether FDA will ask for recall of such phones.

Annual Japan Electronics Show will be held this year in Osaka, Oct. 17-22. During 3 trade-only days at 1984 event in Tokyo, JES drew 221,250 attendees, including 4,975 from overseas. Details: Japan Electronics Bureau, 1 Penn Plaza, Suite 1533, N.Y. 10119.

# TELEVISION DIGEST®

The Authoritative Service for Broadcasting, Cable, Consumer Electronics  
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APRIL 29, 1985

VOL. 25, NO. 17

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**STORER ACCEPTS BUYOUT OFFER** from Kohlberg, Kravis 3 days after rejecting similar bid. But Coniston Partner's proxy fight looms. (P. 1)

**TBS OFFER 'GROSSLY INADEQUATE'**, CBS board decides. Some wonder if Turner wants CBS to buy TBS. Other buyout offers. (P. 3)

**MUST-CARRY AFTER COURT RULING:** NCTA and NAB ponder what Appeals Court will do, warily prepare for possible compromise. (P. 5)

**CPB BOWS TO VETO THREAT** on funding. (P. 5)

**2-YEAR FCC BUDGET BILL PROPOSED** by Goldwater containing regulatory fees. Hollings wants to ban V-for-U swaps. (P. 6)

**RENEWAL HEARING ON KTTL(FM)** ordered by FCC, excluding fairness and First Amendment issues as being 'protected speech.' (P. 6)

**NCTA TO FOCUS ON EXHIBITS:** Convention luncheons are scrapped so attendees can remain near exhibit floor. Operating in deregulated environment is dominant theme. (P. 7)

**USCI FILES FOR CHAPTER 11** protection from creditors. Prudential, General Instrument, GTE Satellite are among largest creditors. (P. 7)

**STORER REJECTS, THEN ACCEPTS, BUYOUT OFFER:** Storer Communications rejected \$1.6 billion leveraged buyout proposal by N.Y. investment bankers Kohlberg, Kravis, Roberts & Co. (KKR), then 72 hours later reversed course and accepted KKR's sweetened offer to take company private. Offer accepted April 27 would swap \$75 in cash and \$25 in new stock and warrants for each outstanding Storer share. Warrants were the sweetener to the April 24 offer, will allow Storer shareholders to buy 10% equity in new company if it makes stock offering in next 10 years. Deal is valued at \$1.8-\$2.1 billion, depending on how warrants are translated into stock buys.

But there are more than a few catches, including KKR's ability to line up financing for cash portion of offer, but mainly whether Coniston Partners will succeed in its proxy fight for control of 9-member Storer board. Deal would fall through if (1) fewer than 5 incumbent Storer

### Consumer Electronics

**13" COLOR PRODUCTION** being wound down by domestic makers. GE has quit; RCA shifts to Canada, Zenith to Mexico; NAP eyes Taiwan. (P. 9)

**MATSUSHITA STAYS 'FLEXIBLE'** on 8mm, says it will have new format but not this year, even though VHS has become 'global standard.' (P. 10)

**VIDEO IMPORTS** turned in sluggish performance in Feb. with VCRs off 50% from Jan. Color was also down. (P. 11)

**FIRST 8mm SOFTWARE** to be introduced by Kodak this fall; reports indicate company is arranging for 200,000-250,000 run of 150 titles. (P. 12)

**RCA INVESTING \$112.7 MILLION** in 3-year program to expand and automate tube output. (P. 12)

**DROP IN ZENITH NET** in first quarter blamed on price competition. VCRs lead Matsushita's improved results. Sanyo net off. W-G posts loss. (P. 13)

**RAY GATES RESIGNS** as Panasonic pres., becomes MECA senior adviser. (P. 13) 1986 Panasonic line features lower prices, data-grade tubes. (P. 14)

**VECTOR IN VIDEO:** Selected-dealer audio firm introduces first VCR, plans projection TV. Linear stereo VCR to ship in Sept. (P. 14)

dirs. are reelected at May 7 annual meeting, (2) 3rd party (read Coniston) acquires 15% of Storer common in tender offer or (3) a person discloses ownership of 15% or more of Storer common, including at least 5% acquired after April 24.

If deal were to collapse, KKR would be well paid. Storer disclosed that in that case, KKR would receive "fee" of \$1 for each of 19.39 million fully diluted shares outstanding "and will be reimbursed for out-of-pocket expenses." Storer also said it was withdrawing recapitalization plan announced after first KKR offer was rejected, in which it would reacquire up to 6 million shares in 2 stages.

KKR was in news last year with leveraged buyout of Wometco Enterprises and its 6 TV stations. With Storer's 7 TVs, deal would give KKR 13 outlets (9 V, 4 U) and would make it 5th largest TV group owner in terms of audience reach, according to our recently published TV Station Coverage Census book, with 19.66% national reach. Order: ABC-Cap Cities, CBS, Metromedia, NBC, KKR. But Storer's WJKW-TV Cleveland and WTVG Toledo have Grade B overlap and that grandfathered situation would have to be addressed in any change in ownership. There's no apparent overlap between Storer and former Wometco outlets.

While face value of deal is \$100 a share, others put it at \$85-\$91 because \$25 preferred stock is expected to trade at discount since it won't pay dividends for 6 years. After that, each share would pay 13% interest, Storer said. Warrants to purchase stock given Storer holders would be good for 10 years. If warrants don't become exercisable during that period, they would be repurchased at price based on appraised value of underlying assets of new company, Miami-based concern said. Merged company would continue under Storer name.

Deal isn't deterring Coniston Partners and its Committee for Full Value of Storer Communications, which holds 5.29% of Storer stock. Committee hopes to gain enough proxies to elect its own board, which then would liquidate company and pay holders projected \$90-\$100 a share. Coniston principal Keith Gollust told us: "We think that [Storer] management is finally started turning in the right direction, but it isn't the best deal that can be gotten and we will continue to solicit proxies." He valued package at \$85-\$87 per share.

Peter Storer would remain chmn.-CEO of new Storer, which would be merged with a corporation to be formed by KKR. Rest of management also would remain in place. Storer management, KKR and investors associated with KKR would hold about 90% of stock in new company. Storer said deal could be closed by year end. Storer lawyers are preparing long-form Sec. 315 transfer-of-control FCC filing describing KKR buyout, which would be submitted if Coniston group is defeated at annual meeting.

It also was clear that Storer will continue legal challenges to FCC decision to stay out of proxy fight with Coniston. Said a Coniston attorney: "Storer has seen that its regulatory plays aren't working and [KKR deal shows] an obvious lack of a chance of winning in the Court of Appeals." Attorney also said: "It seems to me to be a fairly clear indication of their reading of the stock market in terms of the proxy situation."

Storer requested suspension of trading in its stock April 25 (2nd time in week that had happened). When trading resumed later that day, price was up about \$3 to around \$78. It closed week on N.Y. Exchange at 77 3/8, down 3/8 on volume of 187,900 shares.

Storer said even if market values offer at \$90 or less per share, with new preferred stock discounted to \$10-\$12, it's still better deal than that being offered by Coniston. Storer contends heavy tax bite on liquidating company would reduce shareholders' value to \$62.26 a share.

Storer board had met April 22 for 2nd time in 3 days amid rumors that it was considering friendly purchase offers from TCI and KKR. Series of meetings began April 21, when board considered hostile takeover proposal from Coniston Partners. Peter Storer had confirmed April

15 that company had talked with firms that would be viable buyers. TCI had studied Storer to determine how its cable operations could fit in with TCI ventures with Knight-Ridder, Taft and Scripps-Howard.

Also, FCC released order April 22, deciding on 3-2 vote (Quello, Rivera, Patrick; Fowler, Dawson dissenting) that transfer of control would take place if Committee is successful in taking over Storer board. In separate 3-2 vote (Quello, Rivera dissenting), Commission ruled that transfer wouldn't be "substantial" and thus Committee wouldn't be required to file long-form transfer application.

**CBS BOARD REJECTS TURNER OFFER:** CBS board "firmly and unanimously" rejected proposed offer by Turner Bcstg. System to acquire CBS. In April 22 letter to shareholders, board labeled offer of notes, debentures, zero coupon bonds and Turner stock "grossly inadequate and detrimental to the interests of CBS and its shareholders." And there was some speculation last week that Ted Turner may actually have concocted deal as way to force CBS into buying him out.

Meanwhile, reports circulated on Wall St. that Turner was scouting possibility of "preselling" some CBS assets in order to sweeten deal with cash. Proceeds from any agreements made with prospective buyers of CBS holdings could be substituted for some high-yield notes and securities that currently make proposed tender highly speculative, reports said.

CBS stance surprised no one, but package of documents distributed to shareholders contained unusually harsh language about financial ramifications of deal and barbs for Turner personally. Board said that paper Turner is offering is "highly speculative" since its value, "if any, would be almost entirely dependent on CBS's future performance." And "in light of a number of pejorative statements by Mr. Turner about various minority, religious and ethnic groups," acquisition by Turner would "undermine the CBS network's present broad acceptance" by American public, letter said. Turner spokesman criticized "mudslinging" by CBS, said it didn't deserve response.

Debt load incurred by merged company to fulfill high-yield notes has been calculated by Turner to peak in 1992 at annual payment of \$2.4 billion. In CBS's biggest year ever, 1984, company generated just over \$5 billion in revenues; Turner Bcstg. 1984 revenues were \$281,732,000. These kinds of calculations have led CBS's investment banker Morgan Stanley to conclude that offer is "financially imprudent" and would put company in "highly leveraged position" threatening CBS's ability to "sustain its traditional leadership position" in face of increasing competition.

But not everyone is dismissing viability of proposal. Washington Post quoted unnamed Wall St. experts as valuing deal at \$150 per share, said it's viable and financially credible. After scrutinizing SEC prospectus, those experts reportedly said it's structured much like other leveraged buyouts that were successful.

Meanwhile, another major shareholder, Ivan Boesky, said Turner's offer "should not be underestimated." Nevertheless, he moved to sell 1,320,000 shares of CBS, reducing his holdings to 1,268,000 or 4.3% of total outstanding shares. CBS took pounding on Wall St., closing April 26 at 105-1/4, off 2-7/8 on 165,000 shares traded.

CBS filed securities and antitrust suit April 22 in U.S. Dist. Court, N.Y., and said it will oppose TBS application before FCC. Six-count answer and counterclaim alleged antitrust violations, various violations of securities laws through misrepresentations in SEC filings, leaks to inside speculators and common-law fraud. Turner spokesman said CBS agreed to hold off invoking state laws in Neb., N.Y., Okla. and S.C. that could delay Turner's bid.

Morgan Stanley's stake in deal was revealed in SEC filing that accompanied board's letter

to shareholders. Banker will receive first fee of \$1.5 million and, if proposed offer is withdrawn or otherwise fails, will get additional \$3 million. Banker told CBS that Turner offer should be viewed as "recapitalization of CBS" and as "CBS's acquisition of TBS" in exchange for transfer to TBS stockholders of around 49% of common equity interest in and 90% of voting power of CBS.

House Telecom Subcommittee members expressed concern at April 23 hearing at use of "junk bonds" in corporate takeovers. Chmn. Wirth (D-Colo.) and Reps. Luken (D-O.), Oxley (R-O.) and Rinaldo (R-N.J.) and others said financial institutions that back such risky, high-yield noninvestment grade bonds increase instability of takeover target and leave door open to corporate failure if national economy falters. Sen. Domenici (R-N.M.) introduced bill to impose moratorium on hostile takeovers involving junk bond share exchanges.

Turner Bestg.'s SEC filing describing its offer for CBS stock contains hints that Turner may actually have crafted deal as way to force CBS into buying him out, according to Anthony Hoffman, analyst with Cralin & Co. SEC filing says E.F. Hutton & Co., TBS's investment banker, will be paid \$20 million fee if TBS acquires 67% of CBS stock or if TBS is sold to CBS.

Provision calls into question "what was [Turner's] intention in the beginning," Hoffman said. Is takeover attempt a well-thought-out plan that "has a chance of success" or "a rather heavily cloaked greenmail attempt to get CBS to buy Turner?" he asked. He noted TBS leveraged buyout of CBS would be larger and much more complex deal than CBS acquisition of TBS, yet Hutton would be paid same for accomplishing either.

Ending up with TBS wouldn't be bad deal for CBS, Hoffman said, since TBS has "very attractive assets," cost would be \$500-\$600 million and WTBS Atlanta alone could easily be resold for \$300-\$400 million. Hutton would be "handsomely compensated," making \$20 million from selling off TBS, so that kind of deal has to be very much in back of minds of those at Hutton managing deal, Hoffman said.

Takeover rumors, activities and actual bids continued frenetically all last week. Among activities late in week: (1) Multimedia rejected unsolicited bid by Washington Redskins owner Jack Cooke of \$63 per share, said it will proceed with recapitalization plan by company executives and 3 founding families that will keep company public. (2) Carl Lindner, who owns 5% of Gannett stock, said that his American Financial Corp. (AF) would oppose move by Gannett board to get bylaws changed at May 21 stockholders' meeting to make takeover more difficult. AF bought 351,000 additional Gannett shares April 24, giving it 4.05 million shares worth about \$240 million.

CBS denied rumors it's interested in friendly takeover of Gannett to fight off Turner. Gannett called special board meeting today to prepare for stockholders' meeting, gave no further details. (3) L.A. Times reported that TCI is interested in takeover of Storer. According to report of meeting with security analysts in L.A., TCI would act with Knight-Ridder and E.W. Scripps Co.

**U.S. Civil Rights Commission** continued to oppose equal employment language in 1984 Cable Act, submitting FCC comments questioning whether quotas are intended in Dec. rulemaking notice. FCC proposal to use "existing processing guidelines" would mean that cable firms with 11 or more workers would have to hire women and minorities at 50% of parity of local workforce; for firms with 6-10 employes, 25% of parity would be required, panel said. Civil Rights Commission called this "impermissible" use of quotas, said "FCC is seeking to impose these quotas surreptitiously... bringing through the back door what Congress would not permit to enter through the front door."

**Another offer for CBS:** Something called Dull Folks Unlimited has sent in its bid to buy CBS for \$249.73 "in cold, hard cash." Dull Folks Chmn. James (Dull) Steward said: "We're willing to shoot our whole treasury... We want to keep CBS in the middle of the road with its dullness and its integrity." He said group, based in Rochester, N.Y., might make Dan Rather chmn. because "he's dull by our standards."

**Pioneer has \$12.7 million deal** with Group W Cable to supply BA-5000 one-way addressable cable converters and associated electronics for use in Group W's 2 Chicago franchises.

**FUTURE OF MUST-CARRY:** Broadcast and cable industries are warily preparing for watershed event in their often contentious relationship -- probability that U.S. Appeals Court, D.C., will either strike down FCC must-carry rules as unconstitutional or direct Commission to come up with much less intrusive standards. Either way, Court's verdict will radically alter 20-year-old symbiotic relationship between cablers and broadcasters. But consensus of experts is that, absent must-carry, most cable subscribers would see only minor changes in channels offered.

Court is expected to hand down verdicts in 3 months or so resolving 2 key challenges to FCC rules mandating cable carriage of majority of TV stations. Quincy (Wash.) Cable tests constitutionality of must-carry from perspective of cable operator; Turner Bestg. challenge attacks issue from programmer's viewpoint, asking whether cable networks shouldn't have same right of access to cable systems as TV stations. NCTA is intervenor in cases. Court heard consolidated oral argument last week (TVD April 22 p5).

Based on questions posed to attorneys by 3-judge panel, most observers are guessing that Court will remand cases to Commission with direction to complete rulemaking quickly to promulgate less intrusive rules in light of cable's established First Amendment editorial rights. If that's way Court leans, NCTA and NAB will step in and begin talks to arrive at consensus on some watered-down version of must-carry, which they would then ask FCC to accept, according to our interviews with both parties.

If rules are struck down, cable industry would be left holding all the cards and "compromise [with broadcasters] would be irrelevant," said NCTA Pres. James Mooney. CATA Exec. Dir. Stephen Effros agreed: "The First Amendment is not negotiable."

"It's important that people think about this and talk about it," Mooney said, "but I don't know that anybody is really going to be in a position to assess the possibilities until the Court acts and we see what rationale accompanies what it is the Court does." Said NAB Pres. Edward Fritts: "I would be surprised if the Court went beyond remanding back to the FCC."

Fritts stressed that broadcasters will be accommodating in any talks with cablers on arriving at new standards for carriage of local TV signals. "We are reasonable enough to understand that the proliferation of signals has given some cable operators some cause for concern," Fritts said. "We have every intent to pursue a course of reasonable discussions." Several observed that there now are roughly twice as many TV stations on air or holding construction permits as when must-carry rules were adopted in 1965.

Some rough outlines of what a must-carry compromise might entail can be discerned. Duplicated network and public stations probably

would be first ones to lose mandatory carriage rights, closely followed by little-watched religious stations and recently licensed UHF independents in fringe areas. Where 2 or more affiliates of same network are available in cable community, nod likely would go to one more closely identified with that community.

Probably retaining must-carry status under possible NAB-NCTA compromise would be stations licensed to cable community and offering lots of local news, sports and public affairs. Some special category of carriage rights may be created for PBS stations, if for no other reason than to forestall congressional criticism.

"If push comes to shove, you protect your local broadcasters," Fritts said in summarizing what's viewed as NAB's bottom line. "I don't know that stations which do not serve specific areas, which are considered distant stations, should expect carriage in areas where they don't provide service."

If must-carry is struck down or replaced with more lenient rules, don't expect cable operators to drop signals left and right, experts said. FCC rules generally aren't burdensome to big-city systems with 54 or more channels and -- compared with some cable networks -- they're cheap. Network programming remains popular with viewers while independents offer attractive alternatives. "It's in the cable operator's best interests to offer what people want to watch. Whether he's required to do so or not, he'll offer that programming," cable attorney said.



**Bowing to veto threat**, CPB April 25 accepted FY 1988 federal funding level and stressed that it matches figure President Reagan wants. In testimony before Senate Labor Appropriations Subcommittee chaired by CPB ally Sen. Weicker (R-Conn.), CPB Pres. Edward Pfister said 3rd veto of budget legislation by President would "seriously damage" forward funding system under which Corp. operates. There was good news for CPB at hearing, however; President's requests for congressional action to rescind \$14 million from \$200 million already authorized for CPB in FY 1988 and \$10 million from FY 1985 PTFP authorization expired last week. By not acting, Congress ensured that CPB would receive nearly 25% more in FY 1987 over \$159.5 million already appropriated for FY 1986, which begins Oct. 1.

**Witness list** for House Telecom Subcommittee hearing on TV-radio alcohol ads May 21 is shaping up. Key witness is Steven Higgins, dir. of compliance for Bureau of Alcohol, Tobacco & Firearms, which is revising agency's ad regulations. Others expected: Michael Jacobsen, exec. dir. of Center for Science in the Public Interest, which created Project SMART drive to ban alcohol ads; INTV Pres. Herman Land; NAB Pres. Edward Fritts; Taft Bestg. Pres. Dudley Taft; representatives of beer and wine industries and National PTA and several professors.

**FCC BUDGET BILL OFFERED:** Two-year budget authorization for FCC was introduced April 25 by Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.). Bill contains cost-of-regulation fees as submitted by Commission (TVD April 22 p6). Sen. Hollings (D-S.C.) is planning amendment to block VHF-UHF station swaps. Markup already has been scheduled for April 30.

Bill would authorize \$98.1 million for FCC in FY 1986 and \$97.6 million following year. Travel reimbursement fund would be extended into new fiscal year, and deadline for Commission to submit annual management report to Congress would be changed from Jan. 31 to March 31 so it could be better coordinated with President's federal budget submission.

Budget levels are higher than \$96.5 million FCC sought, reflecting additional \$1.6 million that it said would be needed in first year to implement regulatory fee operation. FCC expects program to cost about \$1.1 million in subsequent years.

Fee schedule in bill reflects industry and congressional complaints on broadcast, cable construction and satellite charges. Most controversial fee -- \$1,350 per earth station -- was changed to \$3,000 levy on authorization of first station in 2-way network relying on 2-m or smaller antennas, with licenses for each subsequent station \$30. One-way earth station charge would be \$200, down from \$675 FCC proposed. Larger transmit earth stations still would pay \$1,350 each for license.

Goldwater also embraced FCC revisions that would impose \$8,100 charge for overseas cable construction application vs. original \$5 per mile. Domestic cable construction licenses would be \$540 vs. original \$4 per mile. Bill contains no annual broadcaster fees.

FCC would be allowed to waive or defer payments when "good cause" is shown or action would "promote" public interest.

On station swaps, sources said Hollings was planning to offer amendment at markup to freeze existing VHF noncommercial TV assignments, effectively blocking FCC action in VHF-UHF swap rulemaking. Goldwater is likely opponent, aide said.

ABC wants concession of \$7 million in \$15 million it paid for TV rights to USFL games this season, according to L.A. Times. ABC spokesman wouldn't confirm report, said only that contract allows renegotiation because of reorganization of league.

**WSNS-TV Chicago** will resume commercial broadcasting July 1 with Spanish language format as SIN affiliate. Station has been operating as subscription TV outlet, is 49% owned by Oak Industries.

**KTTL COMPARATIVE RENEWAL SET:** License renewal application of KTTL(FM) Dodge City, Kan. has been set for comparative renewal hearing by FCC against opposing applicant Community Service Bestg. However, although all 5 commissioners deplored anti-semitic and anti-black statements aired on station, they refused to include issues related to such broadcasts, as had been sought by several intervenors. It was "protected speech" under First Amendment, Commission concluded.

FCC did add issues against KTTL (now KMCS) relating to character -- "because of violation of state and local laws" -- and whether station violated Commission rules on nonentertainment programming to meet needs of public. Chmn. Fowler and Comr. Patrick (who had support of Comrs. Quello and Rivera) split sharply on latter issue. Patrick said there had been "blatant violation" of FCC rules by KTTL and that Commission had no way of determining from licensee's submission of pertinent issues in community whether it had aired programming to meet those issues.

Rivera said: "I think Comr. Patrick is right on" in programming complaint, and commissioners agreed they are "plowing new ground" in making it comparative issue. Fowler said that any violation on programming issue was "de minimus" and that adding issue is "unprecedented" because it would have no decisional impact.

KTTL has been under fire for several years by local groups (including attorney general of Kan., who will be made party to hearing) and National Black Media Coalition because of station's racist broadcasts in early 1980s, some of which called for violence against blacks and Jews. Consideration of issue had been removed from Commission agenda several times in past. Station has operated without license since June 1983.

In other actions at April 26 meeting, FCC: (1) Permitted AM daytime stations on 14 Canadian, Mexican and Bahamian Class 1-A clear channels to operate with extended nighttime hours and power. (2) Denied reconsideration of 1984 order repealing regional concentration of control rule.

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FCC has upheld Mass Media Bureau ruling of March 1984 that 5 San Francisco area radio stations didn't violate FCC sponsor identification rules by airing spots in referendum that opposed proposed ban, on smoking in certain public places. Complainant Paul Loveday charged that tobacco industry was real sponsor of spots opposing referendum. Commission ruled that stations "had reasonably relied upon assurances" that San Franciscans Against Govt. Intrusion was true sponsor.

Sen. Thurmond (R-S.C.), Judiciary Committee chmn., which could have role in handling any TV-radio alcohol ad ban legislation that might be introduced, has told broadcasters in his state he would support such a bill but wouldn't offer one.

**NCTA CONVENTION SET:** NCTA will go to great lengths at industry's 34th annual convention June 2-5 (Sun.-Wed.) in Las Vegas to focus attention of some 15,000 attendees on exhibit floor, where about 250 companies are expected to display. There will be only one luncheon assembly -- with FCC Chmn. Fowler as speaker on Mon. by satellite (from Washington) with special guest Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.).

Traditional Tues. and Wed. luncheons have been scrapped in favor of giving attendees chits for meals they can obtain from vendors and restaurants at or near exhibit area. There will be 52 panels, up 4 from 1984 gathering, but they're grouped to allow 13 midday hours exclusively for viewing exhibits. All general sessions and Mon. lunch will be in Convention Center rotunda instead of Hilton Hotel.

Deregulation is thread weaving through convention, whose theme is "Cable '85: On The Move." Major news will be NCTA-commissioned study by Arthur D. Little on economics of deregulation and industry's financial outlook. It will be presented at 9 a.m. Mon. opening general session during roundtable discussion on ways operators can adapt to free marketplace. Panelists will be ATC Chmn. Trygve Myhren, who is convention chmn.; TCI Pres. John Malone; Daniels Vice Chmn.-CEO John Saeman; Metrovision Pres. Henry Harris; analyst Dennis Leibowitz of Donaldson, Lufkin & Jenrette; Peter Shapiro of Arthur Little.

Topic of Wed. general session will be scrambling, with Sammons Vp William Strange moderator. That's major change from original plan, where topic was to be compatibility of customer hardware, and reflects increasing concern over backyard dishes. Cable programming will be topic of Tues. general session.

Panels are grouped into 9 "tracks": Consumer electronics (3 sessions), public policy (8), financial (4), management (7), corporate development (4), legal (3), marketing (5), programming (4), technical (11).

Projected attendance of 14,800 is about same as last year, but 250 exhibitors expected (226 confirmed so far) are way down from 329 last year. Price of exhibit space has been increased by 50¢ per sq. ft. to \$8 for NCTA members, \$16 for nonmembers. Assn. last year sold 186,000 sq. ft. of space, anticipates about 180,000 sq. ft. this year. NCTA will publish "Exhibitors Source Book" listing exhibitors' addresses and phone numbers.

FCC Comrs. Quello and Rivera are scheduled to appear on panels, but Mass Media Bureau Chief James McKinney has yet to confirm, NCTA said. About 36 members of Congress are expected. Vice President Bush was invited but declined.

**FCC has granted** Cox Enterprises application for transfer of control of Cox Communications in connection with family-owned newspaper chain's tender offer to take Cox private.

**USCI GOES CHAPTER 11:** United Satellite Communications retreated to federal bankruptcy court last week, seeking Chapter 11 protection while it comes up with reorganization plan. Negotiations with creditors won't result in anything for at least several weeks, according to attorney with Skadden, Arps, Slate, Meagher & Flom, firm representing USCI.

Book value of company's assets totals \$8.2 million, with liabilities at \$47.6 million, according to filing. Company's officers and directors "are reviewing possible sources of additional financing" that would let USCI stay in business, "including sources with which USCI has discussed such financing in the past." Speculation continues to point to Viacom, but one source insists that's not case.

Largest creditors are USCI shareholders Prudential Insurance and General Instrument, owed \$30 million and \$7.1 million, respectively. Largest unsecured creditor is GTE Satellite, with \$7.2 million claim "plus potential contingent liability," followed by uplinker L.I.M.A. Partners, out \$2.1 million. List of largest 20 unsecured creditors includes several studios: Columbia Pictures, \$715,979; Paramount, \$1 million; 20th Century-Fox, \$736,914. ESPN, which provided its service for USCI's 5-channel offering, is owed \$425,000, and HBO \$226,000. TCI has \$512,500 claim, debt that may be related to company's aborted bid to acquire USCI.

**HBO is readying announcement** on policy for selling service dubbed C-band Direct (CBD) to backyard dish owners, we're told. Apparently, HBO will go it alone, leave it to Showtime/Movie Channel to attempt packaging effort. Scrambling tests of eastern feeds of Cinemax and HBO are beginning, with Cinemax's western feed now encoded for several hours at a time. Other effort at packaging cable signals for backyard market is under way by Canaan Communications Inc. (CCI), which has formed Satellite Bctg. Corp. (SBC) to sell concept. SBC is negotiating with Citicorp for \$50 million in senior notes, also will use additional capital in form of subordinated debt and equity from CCI and private investors. SBC will provide scrambling and descrambling gear free to programmers and cable system operators, pay per-subscriber license fee to services. Marketing will begin in Sept., but signal encryption won't be accomplished before mid-1986. CCI remains mum on which 17 or so cable networks have signed letters of intent to be part of package.

**WAQP (Ch. 49) Saginaw, Mich.** and WFCT (Ch. 62) Fayetteville, N.C. have gone on air, raising operating U.S. TV stations to 1,203 -- 888 commercial, 315 noncommercial. WAQP is licensed to nonprofit Tri-State Christian TV; Garth Coonce is pres., Raoul Ortega station mgr. Tri-State also owns WTCT Marion and WTWO-TV La Salle, Ill. WFCT is owned by American Telecasters Inc. (Jacob Froelich, pres., 10.02%). ATI principals also have interests in WGGT Greensboro and WJKA Wilmington, N.C. and are applicants for several other UHFs. Art Malendoski is WFCT gen. mgr.

## Personals

**Charles Oliver** promoted to policy research dir., CBS/Best. Group Office of Social & Policy Research; **Luis Torres-Bohl**, ex-Syracuse U., named developmental research mgr.

**Kevin O'Brien**, vp-gen. mgr. of Metromedia-owned WTTG Washington, trades positions with **Robert O'Connor**, vp-gen. mgr. at co-owned WNEW-TV N.Y... ABC's **Barbara Walters** will receive Satellite Award from AWRT May 9, N.Y. Hilton... Cal. attorney **John Diepenbrock** named a dir., National Assn. of Public TV Stations, succeeding late **Andrew Bradley**.

PBS Senior Vp-Gen. Counsel **Lawrence Horn** and Senior Vp-Chief Financial Officer **James Klutzz** will resign this summer to form company to identify and manage corporate acquisitions for investors; Klutzz is succeeded by **Amy Fleishman**... **Charles Cowdry** promoted to gen. mgr., WDCA-TV Washington, succeeding **John Rose**, advanced by Taft to vp-gen. mgr., WKRC-TV Cincinnati.

**Marie Tuccille** advanced to dir.-operations and promotion, Program Syndication Services... **Phyllis Hartsock**, ex-law firm Fortas & Hardman, joins NTIA Office of Gen. Counsel; **Sarah Vogel**, ex-Dept. of Energy, named budget officer... Reelected NCTA dirs.: **Frederick Kennedy**, Cablevision of N. Augusta, S.C.; **Myron Pattison**, Crawfordsville, Ind. Community Cable; **John Evans**, Arlington, Va. Cable Partners.

**Rose Perez**, ex-FCC Mass Media Bureau, becomes assoc. in Washington office of N.Y. law firm LeBoeuf, Lamb, Leiby & MacRae... **Michael Weiser**, ex-TV Program Entertainment, named vp-gen. mgr., King World Enterprises... **Mike Peyton** advanced to operations vp, United Video.

**Howard Symons**, senior counsel to House Telecom Subcommittee, joins Washington law firm Mintz, Levin, Cohn, Ferris, Glovsky & Popeo in mid-May... **Kristin Fitzgerald** advanced to NBC vp-sports sales development; **Joseph Fiscina** promoted to mgr.-production administration and control, NBC Sports... **Joseph Flaherty**, CBS Best. Group operations and engineering vp-gen. mgr., nominated to French Legion of Honor... **Lindy Spero**, WTTG Washington creative services dir., adds vp title.

**John Silber**, Boston U. pres., will be nominated by President Reagan as member of Advisory Board for Radio Bestg. to Cuba... **Pierre Hebert**, senior vp, Le Groupe Videotron, Montreal, elected chmn., Canadian Cable TV Assn... **Susan Spaulding**, ex-WKIX(AM) Raleigh, appointed AP broadcast exec.-northern Cal.; **Matthew Hoff** advanced to broadcast exec.-Mich. and O.

**Fred Paxton**, WPSD-TV Paducah, Ky., elected chmn., AMST, succeeding **George Koehler**, Gateway Communications; **Dudley Taft**, Taft Bestg., and **Joel**

Published Weekly Since 1946

# TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

## PUBLISHED BY TELEVISION DIGEST, INC.

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

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**Chaseman**, Post-Newsweek Stations, named vice chmn.; **Joseph Dougherty**, Capital Cities, named secy.-treas. Newly elected AMST dirs.: **Macon Patton**, Cosmos Bestg., and **Ward Huey**, Belo Bestg... **Jack Singer**, TV and theatrical sales vp-ABC Pictures International, takes early retirement May 1, will start own firm, Jack Singer Assoc.

**Marshall Cohen** promoted at MTV Networks from programming and mktg. services vp to network and corp. services senior vp; **Susan Binford** named press relations vp, succeeding **Donald Bridges**, resigned.

**Pepper & Corazzini**, Washington law firm, relocates May 1 to 200 Montgomery Bldg., 1776 K St. NW, Washington, 20006, 202-296-0600.

## Obituary

**Harry C. Butcher**, 83, broadcast pioneer who was naval aide to Gen. Eisenhower during World War II, died April 20 in Santa Barbara, Cal. He had Alzheimer's disease. Graduate of La. State U., he established WSJZ(AM) Washington (now WTOP) in 1929 and, in 1934, became Washington vp for CBS. He put KEYT(TV) Santa Barbara on air in 1953. He wrote best-selling book "My 3 Years with Eisenhower." Survivors include wife, daughter.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of April and 1985's first 15 weeks:

	APRIL 6-12	1984 WEEK	% CHANGE	MAR. 30- APR. 5	15 WEEKS 1985	15 WEEKS 1984	% CHANGE
TOTAL TV.....	321,714	359,196	-10.4	218,442	5,210,019	5,652,123	- 7.8
TOTAL COLOR...	252,943*	244,023	+ 3.7	191,308	4,293,863	4,320,100*	- 0.6
DIRECT-VIEW.	249,442*	241,148	+ 3.4	188,226	4,235,867	4,276,031*	- 0.9
PROJECTION..	3,501*	2,875	+21.8	3,082*	57,996*	44,069	+31.6
MONOCHROME....	68,771	115,173	-40.3	27,134	916,156	1,332,023	-31.2
TV EXCL. PROJEC.	318,213	356,321	-10.7	215,360	5,152,023	5,608,054	- 8.1
HOME VCR.....	148,855*	113,439	+30.2	131,593*	2,749,751*	1,607,934	+71.0
COLOR CAMERAS...	6,585	7,704*	-14.5	4,819	122,628*	112,586	+ 8.9

Color TV (direct-view) 5-week moving average: 1985--290,416; 1984--296,280\* (down 2.0).

Home VCR 5-week moving average: 1985--187,478\*; 1984--113,474 (up 65.2%).

\* Record for period.

**U.S SMALL-SCREEN COLOR ERA ENDING:** Though 13" is the only high-volume, high-growth segment of U.S. color TV market, severe price competition has made it profitless, and age of domestic production is rapidly coming to an end. Except for some specialty items, 19" may be smallest color TV set and tube size manufactured completely in U.S. by end of 1987.

End of U.S. small-screen color era was signaled early last year when private-label assembler Wells-Gardner announced that its customer, Teknika Electronics, was switching to Far East supply source for 13". In Nov., GE announced it would halt domestic production of 10" and 13" color sets and tubes, buy its needs from outside. Now, it's learned, RCA has cut back U.S. production of 13", North American Philips is in process of 13" phaseout and Zenith is preparing to move part of 13" production to Mexico.

RCA has moved production of high-volume 13" color TV, as well as its private-label 13" business, to Canada, no longer manufactures 13" picture tubes, we were told last week by Group Vp Jack Sauter. All Canadian sets and 13" models still being assembled here are using tubes from Japan, though RCA continues to make small-screen color display tubes, Sauter said.

"We are ready to move [13" TV output] to Taiwan, where we have the capability, and will do that when it makes sense," Sauter said. RCA is holding back because of Commerce Dept.'s International Trade Administration ruling that color TVs from Taiwan are being dumped in U.S. RCA imports 9" color from Taiwan subsidiary, and in its April 30, 1984, final determination, ITA said it found RCA-imported sets were undervalued by 2.89% (TVD May 7 p17). Pending revocation of finding as it applies to RCA, company is liable for dumping penalties on any future color sets it imports from Taiwan.

NAP Consumer Electronics has announced internally that it will begin sourcing 13" color sets offshore in 1986 or 1987. Meanwhile, tube production arm, Philips ECG, is beginning to phase out 13", will be sourcing them from unrelated company to meet NAPCE's requirements within next several months.

Timing seems to coincide with plan of affiliate N.V. Philips for \$55 million color TV development effort in Taiwan, where it now produces only color tubes. Philips said it will spend \$20 million for color TV and components plant, \$30 million to expand into medium and high-resolution tubes. Additional \$33 million will go into facilities for design and production of ICs. Presumption is that NAP's 13" set and tube needs will be filled from Taiwan, in keeping with Philips' program for worldwide consolidation of its color TV development and manufacturing activities (TVD Feb 18 p11).

Zenith said that as "response to price competition from Korean color TV set and kit imports" it will move production of one 13" color final assembly line from Springfield, Mo. to Reynosa, Mex. in June, but change will affect fewer than 100 workers. Action isn't prelude to outside sourcing, according to Chmn. Jerry Pearlman. Following Zenith's annual meeting last week, he said: "We are a manufacturer of color TV sets in all segments of the market, in all screen sizes in which we presently compete. We have no plans under way at this time to purchase any color TV sets." It also was indicated Zenith plans to continue producing 13" tubes.

While Zenith has seen its 13" market share slip markedly over last year, it may be able to afford to stay in 13" tube production for while at least. With GE, NAP and RCA out of picture, Zenith might pick up enough OEM business from U.S. assembly plants of Korean, Japanese and Taiwanese firms to make continued output practical for short term. But those companies too will have to switch to imports of complete sets or tube-inclusive kits to meet competition in 13" and are likely to adopt 14" tube size not made here for step-up small-screen models.

**MATSUSHITA STAYING 'FLEXIBLE' ON 8mm:** Matsushita Electric and U.S. subsidiary Panasonic have faith in future of 8mm video and are prepared to field own-brand products, but entry date depends on variety of external events, including software availability, competition and VHS sales. This was indicated last week by both Chmn. Masaharu Matsushita and Panasonic's departing Pres. Raymond Gates at news conference during Panasonic sales meeting in Las Vegas. (See report on Gates leaving, elsewhere in this issue.)

First 8mm software, meanwhile, is expected to become available this fall, with Kodak understood to be arranging for first batch of 200,000-250,000 copies of some 150 titles (details in separate report, this issue).

"Right now, VHS is the global standard system," said Matsushita, "and we are promoting it very heavily throughout the world. [But] we have a great deal of flexibility... and if VHS begins to decline in sales, my judgment would be affected." He added that he believes "8mm will be one of the types of VCRs for the future." Matsushita, whose company makes 8mm camcorder for Kodak, added: "We have been engaged in R&D on 8mm for many years and are prepared to come up with our own version at any time in accordance with market necessities. When the time comes... we hope we would generate sales both from 1/2-inch units and from 8mm... The picture quality [from Matsushita's 8mm] is superb."

Panasonic won't introduce 8mm this year, said Gates, adding that it was too early to say whether it's coming in 1986 or 1987. "In this market, at a logical time... we will be in 8mm. I can't say when -- there are many 1/2-inch machines out there. Software is very important, and it will be a little while before 8mm software will be available... In the United States, [8mm] has been a very specialized market. This fall should tell how successful it will be."

As for VCR in general, Matsushita, reminded that he once said proper ratio of recorder to color TV sales should be about 3 to one -- it's now better than 2-1 -- said "ratio will probably continue to change in favor of VCRs" over next few years.

Asked about development of "super VHS" with highband color and better pictures, Matsushita engineers indicated R&D was under way, said main need now is standardization among VHS companies, but it's difficult to tell when this will happen.

As for trade imbalance and how it will affect consumer electronics, Matsushita said he expected strong U.S. dollar to continue to have adverse effect for some time. He added that voluntary restraint by Japanese in exports of consumer electronics to U.S. would have no effect on American balance of trade, since other countries would merely increase exports to U.S. to compensate for Japanese shortfall. He said Matsushita Electric is biggest importer among Japanese trading companies, imported \$320 million in goods last year, of which \$98 million came from U.S., to be increased to about \$115 million this year.

In response to suggestion that company assemble VCRs here, Matsushita said "we have no plans to produce VCRs in the United States," but added that "TV receivers are one of America's biggest imports and we already make them in the U.S."

In presentation to dealers, Gates said Panasonic enjoyed 26% sales increase in 1984, and first quarter of 1985 shows better than 18% rise -- "these are dollar figures; units would be much higher." Panasonic's color sales have increased 77% since 1981 while industry has risen 44%, he said. In VCRs, he said "we are already the leader." He forecast reasonably good business rest of year, "but very competitive at all levels," advising dealers to "watch inventories and depend on suppliers with whom you have had good experience."

Panasonic's introductions emphasized stereo, high-quality TV pictures, wireless remote in VCR (for details see TVD April 22 p12 and report elsewhere in this issue). Gates indicated Panasonic's first 27" tubes will appear in consoles and table models this summer, and before year's end company will introduce "Omni 500 tube with the industry's highest resolution" -- presumably 500 lines.

Panasonic continued to expand product lines, adding 3 series of electronic typewriters (pen, letter quality and thermal types), enlarging calculator line and strongly increasing telephones, and showed dealers full line of digital electronic organs and keyboards.

**VIDEO IMPORTS SLUGGISH IN FEB.:** Importers of TVs and video equipment turned in relatively pallid performance in Feb., although cameras and projection TVs posted better-than-average gains, Commerce figures show. However, sluggish totals may stem from data processing problems, and if so there will be corresponding leap in March figures.

Feb. saw incoming shipments of 762,400 VCRs, and while that total was up 71.7% from Feb. 1984, it was down more than 50% from 1.59 million entered in preceding month. Two-month total of 2.36 million was up 133.1%. Bulk of month's VCR shipments came from Japan, but Korea was source of 6,900, to put Jan.-Feb. total at 16,300. Feb. also saw first significant VCR imports from Taiwan, with 5,500 entered.

In other video hardware, total TV camera imports jumped 96.3% in month to 77,100, with color up 89% to 62,100, b&w up 134.2% to just under 15,000. Overall 2-month camera total of 171,600 gained 70.3%, as color rose 65% to 141,500, b&w increased 98.7% to 30,100. Imports of videotape players slipped 7.2% in Feb. to 4,100, for 2-month total of 19,400, up 239%; videodisc player shipments were off 60.4% for month to 4,000, down 43.7% to 13,500 for 2 months. Projection TV shipments jumped 117.3% in Feb. to 6,400, but for 2 months were up just 39.5% to 16,400.

In TV, Feb. imports edged up 5.2% to 1.14 million, as 4.4% decline in color to 653,200 was offset by 21.8% rise for b&w to 482,700. Two-month TV total of nearly 2.7 million rose 15.5%, with color up 1.8% to 1.43 million, b&w up 36.4% to 1.27 million. In color, imports of complete sets dropped 18.9% in Feb. to 330,700, mainly on steep fall-off in shipments from Korea and Malaysia. That put 2-month total at 834,200, down 5.1%. Color chassis and kit imports rose 17.1% to 322,500 for month, up 13.5% to 593,900 for 2 month.

Tinyvision provided all increase for b&w imports in Feb., with 92.9% rise to 235,700, as shipments of sets 11"-&-over slipped 9.7% to 246,900. For 2 months, small-screen b&w was up 98.5% to 583,900, while larger sizes had 7.7% rise to 682,500.

**KODAK'S 8mm SOFTWARE:** Kodak plans to introduce first 8mm recorded cassettes this fall, according to Jim Eastin, special market mgr. of Amaray International, biggest U.S. producer of cassette boxes. Amaray has been approached by Kodak as potential supplier for 200,000-250,000 tapes of some 150 titles, Eastin told us. Another batch is tentatively scheduled to follow in first quarter 1986.

Although deal is still in discussion stage, Eastin said Kodak seems serious about testing the waters. As for licensing titles, "they don't foresee any difficulty," he said. Kodak reportedly is going after photo retail accounts that now carry its film and tape line with 8mm cassettes priced in \$40-\$80 range. Software introduction would be small-scale accompaniment to major hardware push that other sources said includes \$6 million print ad campaign, also scheduled for fall.

Photo giant was close-mouthed about plans, but didn't flatly deny programming entry. Spokesman said company "very clearly sees the need" for recorded 8mm cassettes "and the sooner the better... We're looking for ways to speed up the process." Kodak has been talking with duplicators and distributors in effort "to try to learn about this business... It's very much a preliminary, exploratory and educational exercise." Will Kodak take plunge in 1985? "At this point, as far as I can go is to acknowledge a need," he said.

How Kodak will get cassettes duplicated is mystery, largely because no hardware manufacturers are known to have 8mm slave units. Even Sony, which has made most noise about new format's importance (TVD April 22 p11), says it won't push software until machine population demands it. Fanfare over Kodak entry, of course, could serve that purpose, in essence smoothing way for Sony. In return for favor, Sony might be source of duplicating equipment. Eastin claims Kodak has chosen duplicator, won't reveal name except to note that it's one of U.S. majors. List is short one, limited to Bell & Howell/Columbia Pictures Video Services and VCA/Technicolor, with CBS/Fox devoted largely to own line.

Duplicator will need plenty of slaves and soon -- it would take about 2 months for 500 machines, working 16 hours daily, to turn out 250,000 two-hour cassettes. Right now, 8mm cassettes are limited to 90-min. running time but Eastin doubts expansion to feature-movie length will be problem -- 2-hour cassettes are promised for this summer. For packaging, either VHS or Beta boxes will be used, giving Kodak plenty of room for cover pictures and text, much of which presumably has been prepared for 1/2". Larger size also cuts down on pilferage, eliminates confusion with audio tapes.

TDK has opened electronic components design and testing center in Torrance, Cal. It's company's first such facility to be located outside Japan.

**RCA TUBE EXPANSION:** RCA says it's biggest U.S. supplier of color picture tubes to other TV OEMs, and to help maintain that position in face of growing competition it has launched 3-year \$112.7-million expansion and modernization effort at Scranton, Pa. and Marion, Ind. plants. Group Vp Jack Sauter, at meeting in Scranton last week, called effort "record investment for color tube facilities in the U.S."

Largest share, \$61.6 million, will go into Scranton plant, for production of square-cornered 26" spherical and 27" flat-faced tubes. Scranton, and Marion where new 20" square tubes will be built, are being automated with robots bought in U.S. and Finland and fully automatic phosphor coating machines supplied by Hitachi.

Also in works, but not included in announced program, is expansion at RCA's Circleville, O. glass plant, which now supplies company with about half its bulb requirements. Plan is to give Circleville capacity to produce face panels for 26" and 27" tubes. Panels currently are being sourced from outside. Glass production "is one important factor in our staying in the number one position in color tubes," Sauter told us.

Sauter said RCA already has lined up 10 outside customers for new tube sizes. As for its industry leadership position, he said company now accounts "for something like 55% of the noncaptive kinescope market." RCA's main competitors now for OEM sales are GE, North American Philips and Zenith.

But, Sauter acknowledged, with announced plans of increased direct competition from Japanese manufacturers, RCA can't afford to stand still. Mitsubishi Canada is increasing by 50% the capacity of Midland, Ont. tube plant it acquired from RCA in 1982; Toshiba, in partnership with Westinghouse, is reactivating Westinghouse's former tube plant in Horseheads, N.Y.

Said Sauter: "I don't think the Japanese will disturb us. In the area of picture tube competition we have held our own very well" against all comers in past, and "we survived in periods of lower orders. I don't think anyone can build tubes more cost-effectively than we can."

3M is spending some \$60 million on expansion of videocassette plant in Wales with aim of more than doubling output to 45 million annually over next several years. Plant was opened as audio cassette operation in 1973, added video in 1977, went all video in 1979. Current monthly shipment of 1.75 million videocassettes is about 75% VHS, 25% Beta, remaining 5% being V2000 cassettes. 3M is sourcing from outside. 3M plans to add 25 VHS cassette loaders this fall, bringing total to 125, will keep Beta loader population at 25. Just going on stream is cassette shell molding operation -- facility has been supplied from 3M plant in Germany -- and production of high-grade videotape is being launched.

**ZENITH NET DECLINES:** Zenith first-quarter earnings dropped 45%, although revenue was up 12.8%, company announced at annual meeting in Northbrook, Ill. last week (see financial table).

Largest boost for revenue came from consumer electronics, up 26.1% to \$285 million on strength of increased sales of VCRs and projection TVs. Zenith said improvement came in face of significant drop in color TV prices, more modest reduction for VCR. Zenith said its color prices were down about 2.5% from start of this year and some 7% lower than at end of first quarter 1984. Sales of computer products and components rose 20.4% to \$112 million while cable TV equipment volume dropped 55.6% to \$24 million.

Although antidumping penalties have been assessed against imports of Korean color TVs, "the impact of this action was not to increase industry prices," Chmn. Jerry Pearlman told meeting. Instead, he said, Koreans "switched to importing kits which the govt. does not effectively measure for dumping purposes." This allows color TV tubes to be imported as kit parts "at very favorable duty rates" as result of "loophole in the tariff structure which we are working hard to get closed through legislation," Pearlman said.

Zenith's long-delayed introduction of digital color TV is on hold and there's now no specific marketing date, Pearlman indicated at news briefing. He said Zenith has no launch timetable: "They look great in the lab, and we are continuing a major development effort. We have been working on it for 6 years, and when the product is ready we will introduce it. We will introduce digital only when it works to our satisfaction."

**Matsushita** said video equipment set pace for 22.9% rise in consolidated net in first fiscal quarter to Feb. 20 on 15.3% sales gain. Total video equipment sales jumped 25% to \$1.93 billion, as VCR volume rose 26% to \$1.45 billion and sales of TVs increased 14% to \$421.2 million. Company said rise in TV sales stemmed from growth in exports to China.

In sales of other product segments, audio dipped 3.7% to \$443.7 million, communication and industrial equipment rose 17.8% to \$755.4 million, electronic components gained 12.6% to \$546.9 million and home appliances increased 10.4% to \$555.6 million. Matsushita said overseas sales rose 22.5% to \$2.48 billion, while sales in Japan increased just 8.5% to \$4.79 billion.

**Sanyo Mfg. Co.** cited sharp decline in demand for color TV from Sears, its largest customer, in reporting 97% drop in net in opening fiscal quarter to Feb. 8. Sales were down 29.4%. SMC said sales of microwave ovens continued strong in period.

**Wells-Gardner** posted increased loss on 28.7% decline in sales in opening quarter. Company said revenue from contract assembly of color TV fell 58%

in period, arcade videogame monitor sales declined 11% and data display monitor sales dropped 28%.

W-G said it hopes to attract new business through redesign of game monitor chassis for use in point-of-purchase displays and video lottery. It said that AT&T is going to offshore supplier with next order for teletype monitors formerly purchased from W-G but that new display products for AT&T are in development. Company said it's implementing additional cost reduction measures and plans to sell one of its 2 plants.

**North American Philips** had \$6.6 million operating loss in consumer electronics in first quarter this year, against deficit of \$400,000 in same 1984 period, according to figures presented at security analysts' meeting in L.A. last week. CE sales edged up 1.7% to \$278 million. Chmn. Cees Bruynes said that while demand for video and audio products is strong, "margins continue to be squeezed by severe industrywide price competition."

**GATES QUILTS AS PANASONIC PRES.:** Raymond Gates, who has guided fortunes of Panasonic Co. since its formation in 1959, announced to a startled company sales convention in Las Vegas that he's relinquishing presidency to become senior adviser to parent Matsushita Electric Corp. of America (MECA). MECA Pres. Kiyoshi Seki will add title of pres. of Panasonic.

Gates told associates and dealers that since he has passed 65th birthday "I think the time is correct to step back and prepare for the next generation." Henry Yamanaka continues as Panasonic exec. vp and Ralph Wolfe as senior vp in charge of all sales operations.

When Gates started with Panasonic's predecessor Matsushita Electric Corp. 27 years ago, product line consisted of 4 transistor radios sold under Matsushita brand. Company couldn't use National trademark it uses in Japan because of existence of unrelated National Radio Co. in U.S. It eventually adopted "Panasonic," name used for one loudspeaker made by Matsushita.

Gates was named exec. vp in 1977, took new title of pres. in 1982, was chmn. of EIA Consumer Electronics Group and its Video Div. in 1981-82. Panasonic statement was careful to call Gates's action "resignation" and not retirement because his post as MECA adviser will be full time.

**Portavideo** says it now has 3 suppliers of videocassette players. In addition to its original source, Japan's Funai, PV says it will be getting players this year from Korea's Gold Star and unidentified 2nd Japanese manufacturer. Japanese producer will be supplying on exclusive basis. Gold Star model will offer 3-speed playback, visual forward and reverse scan.

**PANASONIC'S 1986 LINE:** Panasonic's line features lower prices than year ago, heavier emphasis on data-grade pictures and stereo sound. MTS stereo-SAP decoder, at \$150, is designed for use with TV set and external stereo amplifier, works with 20 of Panasonic's color TVs in addition to hi-fi VCRs and 2 Technics audio-video receivers.

Color line starts with 4 tinyvision carryovers -- 2.6" AC-DC monitor receiver at \$480; 5" version at \$430, AC-DC set with wired remote and pillow speaker at \$350 and 7" cable-tuning AC-DC monitor receiver at \$440. New 10" mechanically tuned leader is open listed (about \$280), with 94-channel pushbutton stepup at \$300 (down \$25 from year ago), monitor receiver \$330 (down \$40), new AC-DC unit \$350, pushbutton version with dockable 3-function remote \$350.

First 13" model, mechanically tuned holdover, is open (about \$300), 80-channel pushbutton version \$320 (up \$20), monitor receiver version \$350 (down \$20), 155-channel remote \$400 (down \$20), 125-channel remote with on-screen display, 2-year warranty \$430, data grade monitor \$330 (down \$70). Square-cornered 14" data grade monitor with RGB and videotex terminals is \$430 (down \$70), high-end "data grade plus" 125-channel remote monitor receiver is \$630.

Leader 19" is open listed (about \$350), 80-channel pushbutton unit \$380 (down \$50), monitor receiver \$430, SAP unit \$430 (down \$30), 155-channel keypad monitor receiver \$450 (down \$10), new 155-channel dockable remote \$500, compact version with top tuning \$530, stereo adaptable with dual VHF antenna \$550. New square-corner 20" with similar features is \$580 (down \$100 from predecessor), version with built-in stereo, 4-watt amplifier \$800 (down \$170), monitor receiver with data grade tube, stereo 8-watt amp, VCR remote \$900, similar with MTS \$1,000, digital set with picture-in-picture \$1,200, set with built-in NABTS teletext \$1,200.

New slimmer 25" table monitor receivers are \$600 and \$800, latter stereo adaptable with dockable remote, dual VHF antenna, channel blockout; new 25" consoles start with open model (about \$530), stepup at \$550, 155-channel keypad units \$630 and \$65, stereo adaptable versions \$650 and \$680. Square-cornered holdover 26" stereo adaptable table model with data grade tube, dockable remote, dual antenna connector, on-screen display is \$900 (down \$70), deluxe component monitor receiver with stereo amplifier \$1,100, similar model in console \$1,200 (down \$100), unit with different cabinet \$1,250.

New 40" rear projection TV without doors is \$2,795, joining door model (now \$2,995) and 37" unit (\$2,695); all are MTS adaptable. Added to b&w line are 3 new 5" AC-DC sets at \$139 and \$159, pop-up version with AM-FM \$199.

VCRs are all front-loading, starting with open-list 2-week 2-event models with wired remote

at open list to \$450, wireless remote 4-event unit \$500-\$550; 4-head models \$650 and \$750; 4-head linear stereo and 2-head VHS Hi-Fi units, latter adaptable to MTS stereo, both \$750; 4-head hi-fi, MTS adaptable, \$875; with built-in MTS, \$1,150; same with on-screen programming, \$1,300. Line of 4 portables includes VHS Hi-Fi unit with tuner-timer at \$1,350.

Cameras include palm-held units at open list (30 lux) and auto version (20 lux) at \$800, full-sized 7-lux camera with 8x power zoom autofocus, stereo mike, keyboard generator with 8 pages of scrollable memory at \$1,050, new versions with 380 lines resolution, 10X and 15X power zoom, available in Aug., still unpriced.

First CD player under Panasonic brand name was introduced at \$375 list. Company says it already is America's biggest supplier of CD players under Technics brand and says Technics home stereo sales are bigger than those of any other brand in past or present.

**VECTOR IN VIDEO:** Another audio name has come to video -- Vector Research, Chatsworth, Cal. firm founded in 1978 by former TEAC Pres. George DeRado to provide exclusive audio label for selected dealers. Vector is creating Vectorvision logo to fulfill same need in video, according to Mktg. Vp William Cawfield, will have line of 4 VCRs as well as monitors and projection TVs by this time next year.

First VCR, currently being shipped, is \$449 leader VHS model with 4-event 21-day timer and distinctive simple timer-setting system programmed by individual buttons for program, day, hour, 10-min. and min., which can be pressed in any order as display panel indicates just what's happening. Unit has wireless remote with record-play functions and scan tuning.

Scheduled for shipment in Sept. is VCR with linear stereo and built-in MTS at \$549, to be followed by 2-head and 4-head VHS Hi-Fi units, along with monitors. All products are sourced in Japan. Vector services about 50 dealers with 300 outlets.

Alpine Electronics' Luxman Div. entered video last week with combination LV-CD player and first free-standing MTS TV sound tuner. Tuner has keypad wireless remote, gets stereo and SAP channel, will list at \$700 this fall. Laservision player with digital audio uses basic Pioneer deck with additional circuitry by Luxman, is priced at \$1,300.

**U.K.'s trade balance** is getting boost from Japanese VCR manufacturing plants there. BREMA reports they exported 250,000 last year, valued at nearly \$90 million. Export sales, primarily to other EEC member countries, helped make up for steep drop in local demand. BREMA says only 1.5 million VCRs were sold in U.K. last year, down from 2.2 million in 1983.

**STEREO TV SURVEY:** TV stations "have already enthusiastically justified the costs of converting to MTS [multichannel TV sound] broadcasting," NAB concluded after surveying 27 stations broadcasting in MTS. Highlights of survey of program directors and chief engineers were presented to NAB convention in Las Vegas by TV Operations Dir. Robert Yadon and Audio Research and Technology Planning Dir. Richard Ducey.

Although stations complained of shortage of stereo programming (TVD April 22 p7), 24 of 27 program directors said viewer response was favorable or very favorable. Most said their stations were doing on-air promotions of stereo, 4 had "stereo set giveaways." Several program directors noted that stereo set sales increased appreciably after they began promotional campaigns. Survey report listed 50 programs broadcast in MTS by stations contacted -- 28 were syndicated shows, 12 local (Dance Party, high school sports, Mormon Tabernacle Choir, news and talk shows), 10 network (all NBC and PBS).

As for commercial network programming, report noted that NBC will begin regular stereo July 1, ABC probably won't feed stereo to affiliates regularly until 1986 and CBS has "experimented with stereo sportscasting," but indicated that stations will continue to depend heavily on syndicated and local programming.

Survey of chief engineers found that 12 of 26 contacted had plans to add bilingual programming, in many cases contingent on availability of such syndicated programming. Ten of the 26 reported technical problems with cable system carriage of their MTS signals.

Meanwhile, we now count at least 36 stations broadcasting in MTS, including 2 low-power stations -- in Greeley, Colo. and Lake Havasu City, Ariz. Salt Lake City now has 3 MTS stations, KUTV (NBC) joining CBS and PBS affiliates, and Miami has 2nd, independent WCIX.

NBC's KNBC-TV L.A. is scheduled to start stereocasting June 1 with major promotion campaign, bringing 2nd MTS station to big L.A. market where independent KTLA is broadcasting heavily in stereo -- both real and synthesized -- and bilingually. KNBC-TV is expected to go "full-time stereo," meaning synthesized audio.

NBC-TV Network, now converted to satellite interconnection and only network that can supply stereo to majority of its affiliates, still schedules start of regular transmission in July with Johnny Carson and Friday Night Videos. RCA Pres. Robert Frederick told security analysts that "NBC also plans to present Saturday Night Live, Late Night with David Letterman, Miami Vice and a limited number of sports events, entertainment programs and theatrical movies in stereo later in the year." One entertainment show being prepared in stereo is Motown music special, and it's understood movies are being processed by NBC for 2-channel stereo.

## Consumer Electronics Personals

**Cor Van der Klugt**, N.V. Philips vp and management board deputy chmn., becomes chmn.-pres. next April, succeeding **Wisse Dekker**, who will move up to supervisory board chmn... **Shinichi Okamoto** promoted at Sharp Mfg., Memphis, from vp to pres., succeeding **Toshio Toda**, who returns to parent in Japan as Integrated Circuits Group deputy gen. mgr... **Lee Lareau** appointed dbx east region mgr... **Frank Konopasek**, ex-Pioneer, joins Chancellor as national sales and mktg. mgr. for new Grundig autosound div.

**Dave Bishop**, ex-Schwartz Bros., joins MGM/UA Home Video as northeast regional sales mgr., succeeding **Steve Brecker**, advanced to national mdsg. and sales promotion mgr., new post; **Maria Giaimo** promoted to mdsg. services mgr., also new post... **Robert Stein** resigns as publisher of Criterion Collection, which markets optical discs of classic movies... **Alan Cole-Ford**, ex-Paul Kagan Assoc., named Paramount video distribution vp... **John Hower** advanced at distributor Commtron to video mktg. dir... **Wendy Moss** promoted to sales vp, Family Home Entertainment, new post... **Steve Allen** joins Best Film & Video as west coast sales dir... **Felicia Kestenberg** named Video Gems customer relations mgr.; **Andy Corallis**, ex-Coast Video, appointed operations dir... **Milo Duffin** promoted at King of Video to ad and graphic design dir.

**George Ricci**, Amaray COO, adds title of CEO... **Carol Lee** advanced to ad and creative services vp, Media Home Entertainment; **Henry Mandell**, ex-Oak Media, named corporate controller... Promotions at Karl-Lorimar Home Video: **Mark Lambert** to development dir., **E.J. Oshins** to production vp, **Pierre Loubet** to new markets dir.; **Neal Baseman**, ex-International Video Entertainment, joins as business affairs dir... **Sherry Marsh** joins A&M Video/Records as video dir... **Dean Winkler** promoted to computer graphics-optical services vp, VCA Teletronics, new post.

PCM digital audio system for 8mm Video being developed jointly by 18 Japanese companies is reported about ready to be submitted to international standardization committee. System calls for 6 audio tracks using entire tape width, to provide up to 8 hours of music on single cassette. External PCM adaptor is needed. Pioneer says it expects to begin production of dual-function (video plus audio-only) home 8mm deck this fall at 5,000 monthly rate. Pioneer started selling Sony-made 8mm Video camcorder in Japan last month, says it has sold 3,000 so far.

**Zenith** has agreed to acquire Inteq, Herndon, Va., developer of high-security system for computers, in stock swap. Zenith licenses technology from Inteq, uses it in computers and peripherals it supplies govt. Zenith said number of shares to be issued to complete transaction would be between 800,000 and million, depending on average closing price during agreed base period. At current price, transaction would be valued at \$17-\$21 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
Acton			
1985-qtr. to March 31	6,766,000	1,319,000	.22
1984-qtr. to March 31	4,852,000	(904,000)	---
Avnet			
1985-9 mo. to March 29	1,189,812,000	41,622,000	1.17 <sup>b</sup>
1984-9 mo. to March 30	1,178,949,000	62,824,000	1.77
1985-qtr. to March 29	362,331,000	9,722,000	.27
1984-qtr. to March 30.	427,697,000	22,881,000	.64
A. H. Belo			
1985-qtr. to March 31	85,652,000	2,385,000	.21
1984-qtr. to March 31	75,422,000	22,810,000	1.97 <sup>c</sup>
BMC Industries			
1985-qtr. to March 31	76,917,000	(378,000)	---
1984-qtr. to March 31	63,190,000	2,134,000	.41 <sup>d</sup>
Capital Cities Communications			
1985-qtr. to March 31	234,105,000	27,740,000	2.13
1984-qtr. to March 31	206,818,000	27,094,000	2.07
C-COR Electronics			
1985-9 mo. to March 31	20,926,000	338,000	.11
1984-9 mo. to March 31	14,090,000	877,000	.27
1985-qtr. to March 31	7,576,000	40,000	.01
1984-qtr. to March 31	6,488,000	339,000	.11
General Instrument			
1985-year to Feb. 28	993,848,000	(9,600,000)	---
1984-year to Feb. 29	910,993,000	36,030,000	1.16
1985-qtr. to Feb. 28	226,134,000	(34,872,000)	---
1984-qtr. to Feb. 29	249,966,000	7,392,000	.24
Heritage Communications			
1985-qtr. to March 31	34,338,000	1,382,000	.08
1984-qtr. to March 31	25,938,000	736,000	.03 <sup>d</sup>
Knight-Ridder Newspapers			
1985-qtr. to March 31	421,760,000	28,926,000	.44
1984-qtr. to March 31	390,566,000	26,936,000	.41
Matsushita Electric*			
1985-qtr. to Feb. 20	4,988,400,000	254,400,000	1.40 <sup>f</sup>
1984-qtr. to Feb. 20	4,322,500,000	207,000,000	1.19 <sup>f</sup>
MTV Networks			
1985-qtr. to March 31	29,933,000	2,468,000	.16
1984-qtr. to March 31	20,548,000	1,366,000	.09
Multimedia			
1985-qtr. to March 31	73,867,000	7,631,000	.46
1984-qtr. to March 31	65,938,000	7,032,000	.42
New York Times			
1985-qtr. to March 31	327,916,000	32,256,000	.81 <sup>e</sup>
1984-qtr. to March 31	297,293,000	24,506,000	.62
Regency Electronics			
1985-9 mo. to March 31	85,735,000	4,395,000	.41
1984-9 mo. to March 31	78,540,000	6,410,000	.60
1985-qtr. to March 31	29,048,000	1,651,000	.15
1984-qtr. to March 31	26,978,000	1,816,000	.17
Rogers Cablesystems*			
1985-6 mo. to Feb. 28	171,719,000	(9,664,000)	---
1984-6 mo. to Feb. 29	142,464,000	(12,055,000)	---
Sanyo Mfg. Co.			
1985-qtr. to Feb. 28	61,453,000	32,000	---
1984-qtr. to Feb. 29	87,087,000	1,065,000	.15
Scientific-Atlanta			
1985-9 mo. to March 31	319,774,000	11,533,000	.50
1984-9 mo. to March 31	287,804,000	8,223,000	.35
1985-qtr. to March 31	103,439,000	4,106,000	.18
1984-qtr. to March 31	95,838,000	2,258,000	.10

Company & Period	Revenues	Net Earnings	Per Share
Scripps-Howard Bcstg.			
1985-qtr. to March 31	28,533,000	2,035,000	.20
1984-qtr. to March 31	25,439,000	2,671,000	.26
Times Mirror			
1985-qtr. to March 31	695,020,000	44,235,000	.64
1984-qtr. to March 31	669,609,000	43,265,000	.63
Tribune			
1985-qtr. to March 31	449,434,000	16,580,000	.41
1984-qtr. to March 31	394,389,000	9,966,000	.25
Walt Disney Productions			
1984-6 mo. to March 31	877,999,000	67,154,000	1.99
1983-6 mo. to March 31	709,460,000	116,415,000	3.21 <sup>d</sup>
1984-qtr. to March 31	451,469,000	34,965,000	1.04
1983-qtr. to March 31	407,301,000	31,313,000	.82
Warner Communications			
1985-qtr. to March 31	562,897,000	21,451,000	.31
1984-qtr. to March 31	471,728,000	30,861,000	.44 <sup>d</sup>
Washington Post			
1985-13 wk. to March 31	243,590,000	24,927,000	1.78 <sup>c</sup>
1984-13 wk. to April 1	219,539,000	9,051,000	.64
Wells-Gardner			
1985-qtr. to March 31	3,824,000	(332,000)	---
1984-qtr. to March 31	5,364,000	(219,000)	---
Western Union			
1985-qtr. to March 31	284,089,000	(15,323,000)	---
1984-qtr. to March 31	260,876,000	14,059,000	.50 <sup>c</sup>
Zenith			
1985-qtr. to March 30	420,500,000	7,700,000	.35
1984-qtr. to March 31	372,700,000	14,000,000	.64

Notes: \*Restated. <sup>b</sup>After special charge. <sup>c</sup>Includes special credit. <sup>d</sup>Adjusted. <sup>e</sup>At yen's current rate. <sup>f</sup>Per ADR. <sup>g</sup>In Canadian dollars.

### Mergers & acquisitions: MGM/UA

Entertainment won dissident holder approval of revised, all-cash offer for outstanding 15% interest in subsidiary MGM/UA Home Entertainment.

National Amusements, which owns 7.9% of HE, said it will support MGM/UA's new offer of \$28 each for HE shares, will withdraw suit it filed challenging adequacy of original terms. That will put cost of stock repurchase at \$126 million. In Dec. 1982, when MGM/UA sold stock in home video unit, shares were priced at \$12 each. MGM/UA said it also agreed to settlement of class action suit brought by other holders. Terms weren't disclosed... **Dealerscope** and **PC Retailing** have been acquired by North American Publishing, terms undisclosed.

**Samsung claims** leadership in first month of Korea's VCR export drive. Company said Korea exported 120,000 VCRs March 17-April 16, primarily to U.S., with Samsung accounting for 80,000. It credits Gold Star with 35,000, remaining 5,000 presumably shipped by Daewoo. Figures include private-label as well as own-brand shipments. Samsung says it expects to produce 800,000 VCRs this year, have production running at 1 million annual rate by year's end. Company will be introducing revamped VHS VCR line at upcoming Summer CES, with 4 new slot-load low profile models, just 3.78" high. Leader will carry \$350 list.