

TELEVISION DIGEST®

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With Consumer Electronics

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MURDOCH SEEN BUYING 6 METROMEDIA TV STATIONS: Entrepreneur Rupert Murdoch, accompanied by Metromedia Chmn. John Kluge and Washington attorney James Denvir, called at FCC May 3 to talk about plans by Murdoch and associates to acquire 6 of Metromedia's 7 TV stations. Also reportedly involved is Denver oilman Marvin Davis (whose name reportedly wasn't mentioned in conversations with commissioners); he and Murdoch are principal owners of 20th Century-Fox. Commission sources said they were given no details and that structure of Murdoch's venture wasn't discussed. However, Murdoch will have 2 problems to overcome:

(1) He already owns Chicago Sun-Times and N.Y. Post, is buying WFLD-TV Chicago and WNEW-TV N.Y. -- and Commission rules prohibit such newspaper-TV cross-ownership unless grandfathered. We're told he gave commissioners no indication what he plans to do about newspapers -- both of which he acquired in recent years -- although they obviously will be put

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on block, sources said. (2) He's an Australian citizen, and Communications Act prohibits aliens from owning more than 25% of broadcast stations. We're told Murdoch said he plans to become U.S. citizen, already has met mandatory 5-year U.S. residency requirement.

Asked how his purchase would serve public interest, Murdoch reportedly cited his broadcast experience in Australia and ownership of newspapers on 3 continents. He also said that he would put "large infusion of cash" into proposed American broadcast operation. Metromedia will use cash obtained from Murdoch to expand its rapidly growing cellular operations, we're told.

Australian officials we contacted said that if Murdoch becomes American citizen, he apparently would be forced to divest 2 major TV stations in Australia -- Ten-10 Sydney and ATV-10 Melbourne -- and his associated interest in 10 Network, with affiliates in Brisbane and Adelaide. Australian federal law requires that broadcast licensees be Australian citizens but wouldn't require him to divest his interests in newspapers there; however, state laws in Australia may apply, officials said. Not thought to be affected would be Murdoch's British holdings. His Sky Channel, Europe's first satellite-cable network, is unregulated; British law doesn't require that newspaper owners be citizens. Murdoch also owns London Times, London Sun and other periodicals in U.K.

Kluge and Murdoch had lunched earlier in week with FCC Chmn. Fowler. Commission sources said Murdoch expected to close deal with Metromedia May 4, that joint news conference would be held today to announce details. However, we couldn't confirm that with either party. In addition to WNEW-TV and WFLD-TV, Murdoch reportedly is buying Metromedia's KTTV L.A., WTTG Washington, KRIV-TV Houston and KRLD-TV Dallas. All are independents, 3 are VHF's, 3 UHF's. Price hasn't been disclosed. Whether Metromedia program production unit will be included in Murdoch deal wasn't disclosed to commissioners. Metromedia radio stations aren't included in deal; most are in same markets where company owns TV stations. According to data in our recently-published TV Station Coverage Census, 6 stations Murdoch is buying will give him access to 21.63% of TV homes, reduced to 18.15% for UHF discount.

Metromedia reportedly will sell its only network affiliate, WCVB-TV Boston, to someone else. ABC, with which WCVB-TV is affiliated, reportedly was after station at one point but now isn't expected to buy it; said to be leading bidder now is Hearst Corp. Kluge led 3 other Metromedia executives in leveraged buyout of Metromedia last year for \$1.1 billion, mostly in paper money, took company private. Company is heavily in debt, and Metromedia said several months ago that it might be required to sell off some assets to meet debt payments.

CBS FIRES AT TURNER IN TELECAST TO AFFILIATES: "All that we and our audiences have gained from half a century of public service is at stake" in CBS fight against takeover attempt by Ted Turner and "we don't intend to lose," CBS Bestg. Group Gene Jankowski told network's affiliates in closed-circuit telecast May 2. He said that if Turner bid is successful, CBS will be left with no resources, and network and affiliates would be unable to continue providing services public expects.

Joseph Fogg of Morgan Stanley investment banking firm described Turner offer (which includes no cash) to affiliates, said that if it's successful CBS no longer would be able to invest sufficient amounts in entertainment programming and news and sports also would suffer. Before closed-circuit session, CBS TV affiliates' board voted unanimously to oppose Turner's bid at FCC, and network put 3 affiliates on telecast to talk to their peers. Affiliates Chmn. Joseph Carriere, KBIM-TV Roswell, N.M., said "one-man rule [of Turner] is doomed to failure [and] Turner's background is more than somewhat lacking."

M.N. Bostick, head of 4 CBS affiliates in small southwestern markets, said that day after Turner takes over CBS "I would be looking for another network." He said that Turner's offer

would "put such financial pressure on the network" that working relationship with affiliates no longer could exist and that Turner success would "destroy the CBS TV network as I know it, as I like it and as I want it to be." Leroy Paul, whose American Family Corp. owns 2 CBS affiliates, said that no one has suggested how Turner takeover plan will benefit public and that he's "deeply concerned" that network's ability to serve public would be in "serious jeopardy" because of required debt service.

In interview with N.Y. Times, ex-CBS Chmn. William Paley said it would be "a tragedy" if either management or structure of CBS is changed in successful takeover. "CBS is strong; CBS is healthy," he said, in expressing full support for man Paley hand-picked to replace him -- Chmn. Thomas Wyman.

Some Wall St. analysts are predicting CBS may put halt to Turner bid by acquiring control of TBS. Offering that speculation were Anthony Hoffman of Cralin & Co. and Alan Gottesman, analyst with L.F. Rothschild, Unterberg, Towbin. Gottesman said CBS management may defend company with "a dilutive acquisition -- perhaps even working a 'friendly' acquisition of Turner Bestg. -- or major debt financing." Gottesman said "our calculations indicate that there is a serious prospect of default [on securities Turner is offering for CBS] within the first 2 years" even if Turner should sell off large pieces of CBS.

In move unrelated to Turner, CBS is buying 5 radio stations (giving it 18) being spun off in Taft Bestg. acquisition of Gulf Bestg for about \$110 million. Stations involved: Taft's WSUN(AM)-WYNF(FM) Tampa; Gulf's KTXQ(FM) Dallas-Ft. Worth, WLTT(FM) Washington and KLTR(FM) Houston. Also, FCC May 3 granted TBS request to consolidate hearings on proposed transfer of 4 types of CBS licenses (broadcast, common carrier, private radio, CARS), said petitions to deny Turner applications must be filed by May 31.

CBS reached accommodation with arbitrageur Ivan Boesky, who at one point owned 8.7% of CBS stock and was rebuffed when he offered to sell it back to network. Boesky's holdings now are at 4.3% and he has agreed to go no higher and not to participate, "directly or indirectly, in any proxy contest or takeover attempt" for 2 years. In return, CBS dismissed its lawsuit against Boesky charging that he violated security laws in April 1 filing with SEC.

Meanwhile, stage is set for showdown tomorrow between Storer management and Coniston Partners, dissident stockholder group waging proxy fight for control. In advance of Storer annual meeting, board on May 3 accepted definitive merger agreement, as expected, with N.Y. investment bankers Kohlberg Kravis Roberts & Co. (KKR) (TVD April 29 p1).

U.S. Appeals Court, D.C., dismissed Storer appeal of FCC ruling that dissident takeover group wouldn't have to file long-form transfer applications. Court heard argument morning of May 2, rejected Storer request for stay same afternoon. Conn. judge last week issued temporary injunction against Coniston, ordering dissident group not to take any action that would change ownership of 3 Storer cable units in state. Storer outside dirs. affirmed company's decision to merge with KKR as "best of the options now available."

There were several developments in other proposed mergers, acquisitions and buyouts: (1) Capital Cities will issue proxy statement this week for stockholders' meeting June 26 to vote on acquisition of ABC. Statement will identify properties that new company plans to sell to meet FCC ownership requirements for merged companies.

(2) Cox Enterprises obtained \$1.5 billion loan agreement from group of banks led by Tex. Commerce National Bank to finance acquisition of Cox under previously announced tender offer. CE began buying Cox shares May 3. Bid by 2 outside Cox dirs. to form independent committee to evaluate tender offer by family-owned Cox Enterprises was rejected last week.

(3) Multimedia executed definitive merger agreement announced earlier for recapitalization of company, and Lorimar withdrew its bid. Plan allows current shareholders to

retain equity (originally, Multimedia planned to go private). Shareholders will vote on plan at mid-June meeting. (6) Tribune Co. shareholders approved increase in company's outstanding shares to 150 million. Company said that it has no plans to issue new shares but that authorization was sought to finance future acquisitions, stock splits and dividends, and for general corporate purposes.

(4) Gannett board met with dissident shareholder Carl Lindner but reaffirmed its support for 2 measures it has proposed to make hostile takeover more difficult. Lindner said he continues to oppose measures, but Chmn. Alan Neuharth said Gannett will continue to solicit proxies supporting them for May 21 annual meeting.

LAWMAKERS SEEK V-FOR-U BAN: Effort in Congress to block FCC's VHF-UHF channel swaps rulemaking will continue this week despite setback April 30 when Commerce Committee narrowly rejected, 9-8, proposal by Sen. Hollings (D-S.C.) to freeze noncommercial TV station assignments. Rep. Leland (D-Tex.) is planning to introduce identical proposal in House May 7 and believes it will win strong support of members there.

Hollings wanted to attach proposal to FCC authorization bill, which Committee later passed 12-3 without Hollings' support. No changes were made in regulatory fee schedule. Separate proposal to have any cash payments in swaps given to U.S. Treasury also was turned down by Senate panel, 9-7, when it was offered by Sen. Ford (D-Ky.). He argued that station licenses are sanctioned by govt. for public good and that, therefore, money from transfers should go to Treasury.

Committee Chmn. Danforth (R-Mo.) and Communications Subcommittee Chmn. Goldwater (R-Ariz.) emphasized they didn't object to Hollings' arguments but wanted FCC to have chance to act, followed by Congress review. But Hollings and allies, Sens. Gore (D-Tenn.), and Rockefeller (D-W.Va.) whose wife Sharon is CPB board member, contended swap plan was policy matter that rightfully belonged in Congress.

Hollings said he may offer proposal again on Senate floor, isn't convinced of FCC impartiality. He called FCC Chmn. Fowler "devious chairman," said he's sure Fowler already has made up mind to support swaps. Hollings also could attach proposal to FCC appropriation bill when it passes through Senate Appropriations Committee on which he sits.

Senate Commerce Committee accepted cost-of-regulation fees as revised by FCC (TVD April 29 p6) without discussion.

Meanwhile, Taft has taken lead among commercial broadcasters in opposing VHF-UHF swap idea. Taft is buying Gulf Bestg.'s WTSP-TV (Ch. 10) St. Petersburg-Tampa as part of \$755-million multi-station deal. Tampa is market where first noncommercial V/commercial U swap is proposed between Hubbard Bestg., licensee of Ch. 44, and public TV WEDU, Ch. 3.

IBA BACKS COMPATIBLE HDTV DBS: Independent Bestg. Authority (IBA) is showing U.K. govt. officials widescreen broadcasting system compatible with proposed standards for 625-line DBS transmissions that it will urge as alternative to NHK-developed MUSE 1,125-line standard. New "enhanced C-MAC" system will get first industry exposure at Montreux TV Symposium June 6-12, will be proposed to EBU as European DBS standard.

System uses frequencies set aside for 6 of C-MAC's 8 audio channels to transmit left and right edges of 5x3 ratio picture, with color for edges transmitted during vertical interval. IBA criticized MUSE system for incompatibility and for high cost of receiving equipment -- it requires 4 framestores in receiver. New system is compatible with C-MAC (multiplexed audio components) standards for DBS broadcasting, requires only 2 framestores in receiver. At receiving end, system uses progressive scan, with two 625-line fields repeated 50 times per sec., in effect doubling amount of perceived information in given time period.

As demonstrated, results were remarkable, with no visible line structure, no line jitter, no flicker, complete compatibility with standard C-MAC receivers. Unique feature of system is camera pan conversion in which panning is shown only on 4x3 ratio version of picture so long as pan is confined within 5x3 widescreen picture -- thus standard TV sets would show pan to encompass essential elements of picture while widescreen sets wouldn't.

System was demonstrated on projection TV with 35"x60" screen as well as direct-view monitor masked to 3x5 aspect ratio. IBA stressed cost advantages over MUSE system as well as compatibility, claiming that projection equipment cost 1/10 of that used in NHK demonstrations (\$12,400 vs. \$124,000) and studio camera cost only about 1/7 to 1/8 of the \$435,000 for MUSE camera.

National Bcst. Pioneers board has pledged \$10,000 to Pioneers Library, located at NAB hq in Washington. Library, under leadership of ex-FCC Chmn. Robert Lee (who succeeded Ward Quaal), is continuing major fund-raising drive in effort to expand services, obtain own quarters. At board meeting in N.Y. last week, Pioneers Pres. Edward Cramer of BMI and all other officers were reelected. Board also certified new chapters in Fla. and Ore.

HBO TO SELL TO DISH OWNERS: After more than year of looking at home earth station market, HBO announced May 2 its plans for selling HBO and Cinemax services to backyard dish owners, giving cable affiliates exclusive right to sell both services to earth station owners within their franchise areas.

Cable systems will set their own retail rates for so-called C-band direct (CBD) service and take orders from dish owners (TVD April 29 p7), HBO said, adding that wholesale rate to affiliates will be same for cable and CBD subscribers.

Outside cable franchise areas -- where most dishes are located -- dish owners will call toll-free number to order service directly from HBO, which said monthly retail rates will be \$12.95 for one service, \$19.95 for both. Consumer decoder will be available from cable operators, home satellite dealers and directly from manufacturer M/A-Com, with none of them getting exclusivity on \$395 box. Cable operators, and dealers for that matter, could lease boxes to consumers.

Scrambling of HBO and Cinemax signals will go from testing phase to full-time operation "when home TVRO owners have an opportunity to obtain consumer descramblers," HBO said. HBO doesn't have specific "critical mass point," needs to get "better sense of just how many will meet the demand," spokesman said. (For details on how scrambling of pay-TV signals is affecting backyard dish sales, see story in Consumer Electronics section.)

HBO says it expects to be able to tell when M/A-Com has "distributed enough of these consumer descramblers so that the home TVRO owner can easily obtain the equipment." M/A-Com said last week it's preparing for volume production and accepting orders for decoders, and has supplied specifications to satellite receiver manufacturers so they can make their equipment compatible.

Activation of consumer descramblers will be from computer to be set up by M/A-Com and run by neutral 3rd party yet to be chosen, M/A-Com spokesman said. Facility will be made available to HBO and other programmers also using M/A-Com Videocypher II technology. "If other programmers use this facility, home TVRO owners will be able to receive all [cable services] through a single consumer descrambler," HBO noted.

Only other programmer to choose M/A-Com so far is Showtime/Movie Channel. S/MC has talked to M/A-Com about facility, spokeswoman said. Nation's No. 2 pay programmer is known to be exploring idea of putting together package of cable services for sale to dish owners. Packaging was first approach HBO took, but company found from consumer surveys that TVRO owners would much rather "pick and chose those services they want," HBO spokesman said.

Despite recent legislative proposals for moratorium on scrambling and regulation of rates

charged dish owners (TVD April 1 p8), spokesman denied HBO launched program as loss leader just to avoid regulation. HBO also said that its own monthly fee is in line with that charged cable subscribers.

Also of importance to cable industry is fact that HBO's marketing plan triggers piracy provisions in recent cable bill. CATA Dir. Stephen Effros, NCTA Pres. James Mooney and other industry officials were briefed on HBO plan. Effros said he supports move: "It's a first important step toward the general public finding out that there is no such thing as a free lunch."

CNN and Headline News may be next services on scrambling list. Recent letter to affiliates describing 3¢ hike in monthly per-subscriber licensing fee TBS plans for both services in 1985 and 1986 also promises company will move toward scrambling. Mktg. Dir. Marty Lafferty said encryption could come in first quarter of 1986, with announcement between June NCTA convention and end of summer.

Chuck Hewitt, exec. vp of trade group Society for Private & Commercial Earth Stations (SPACE), had mixed reaction to HBO plan. "We are very, very pleased and happy that HBO is going to service the satellite earth station market," he said, but he criticized exclusive sales by cable operators in franchises as "anticompetitive." He said pricing will provide "major windfall" to HBO and operators.

WSMH (Ch. 66) Flint, Mich., WLIG (Ch. 55) Riverhead, N.Y. and KBYM (Ch. 15) Bismarck, N.D. have gone on air, raising operating U.S. TV stations to 1,206, including 891 commercial outlets, 315 noncommercial. Of operating stations, 641 are VHF, 565 UHF. In addition, there are 352 CPs outstanding (314 commercial, 38 noncommercial) and another 608 applications for new stations are pending. WSMH is licensed to Flint Bestg. Ltd. Partnership -- 49% owned by Flint TV 66, 48.45% by Flint Family TV, 2.55% by Harley Hunter, who is applicant for Ch. 32 Pueblo, Colo.; Frederick Mills is gen. mgr., Thomas Hansen operations mgr. WLIG is licensed to nonprofit, nonstock corporation; Michael Pascucci is pres., Eugene Genovese vp, Michael Hurley vp-gen. mgr., Bruce George sales mgr., Ronald Fries chief engineer. KBYM is satellite of WDAY-TV Fargo; Dewey Heggen is station mgr.

Peabody Awards board May 1 expressed concern about "certain practices" engaged in by some broadcasters: "The surreptitious use of miniaturized radio and video recorders has resulted in programming which invades the legitimate rights of privacy of individuals. Such invasions go beyond the bounds of responsible journalism." Board also expressed concern over programs that "fictionalize events," failing "to pay scrupulous attention to the accuracy of the material." ABC News & Sports Pres. Rooney Arledge received special Peabody Award for "his role in bringing ABC to the forefront in national news coverage [and] his personal commitment to high ethical standards."

OUSTER OF CRT'S HALL SOUGHT: Congressional Black and Hispanic Caucuses called May 2 for ouster of Marianne Hall as chmn. of Copyright Royalty Tribunal (CRT) because of her involvement with controversial conservative book *Foundations of Sand* which was called "racist" by lawmakers for such assertions as: American blacks "insist on preserving their jungle freedoms... their abhorrence of the work ethic."

Lawmakers said they doubted her testimony May 1 before House Copyright Subcommittee denying she was more editor than coauthor of book, said they were joining more than 200 other House members in signing letter to President seeking her dismissal and introduced resolution expressing outrage over book and asking for her removal from office. Senate Copyright Subcommittee immediately re-examined Hall's credentials and late May 3, panel Chmn. Mathias (R-Md.) added his voice to calls for her ouster. Mathias told President in letter: "People who hold or have associated themselves with the racist views expounded by this book do not belong in public office."

Letter to President, written by Rep. Edwards (D-Cal.), member of House Judiciary Committee and chmn. of Civil Rights Subcommittee, began circulating after news reports revealed that Hall was listed as "coauthor" of book. Hall denied she was an author at scheduled CRT oversight hearing, at which lawmakers criticized her for being less than candid about her involvement with book, for her association with lobbying group High Frontier, and for her relative lack of experience in copyright law.

Defending herself to House panel, Hall said she had listed herself as "coauthor" in filings to Senate Judiciary Committee for lack of better word. She said that she actually was editor of book. Hall also said she would resign board post with conservative High Frontier group that lawmakers noted lobbied Congress; federal law bars involvement of govt. officials in such political activity. She said she thought group was nonprofit.

Lawmakers said they're most troubled by impact incident will have on Hall's ability to implement CRT reforms. She said agency is streamlining functions with new computer. But she admitted that she doesn't have complete confidence of CRT staff and that she believes chmn.'s power is too limited. She advocated permanent appointment to post. She also admitted that Comrs. Mario Agüero and Edward Ray don't come to work every day and that she never practiced copyright law.

White House asserted its continued support for Hall. Meanwhile, President said he will nominate Rosemary Munk, 42, to fill vacancy left by resignation of Thomas Brennan for term ending Sept. 1991. Munk is exec. asst. to ex-Administration aide Lyn Nofziger at Nofziger Communications, Washington.

Keep on books rules that ban stations serving same area from offering combination rates and joint sales -- except for commonly owned AM-FM stations -- both NAB and NRBA told FCC last week. NAB said Commission "clearly has the responsibility and authority to take into account the policies underlying the antitrust laws and apply them under the public interest standard. In doing so, it is not administering the antitrust laws, but rather exercising its own powers under the Communications Act." NRBA said elimination of rules "will create unfair competitive advantages for grandfathered combinations, group owners and others with substantial resources." NRBA favored FCC proposal to repeal its rules against double billing and network clipping, while NAB said it was taking "no position." However, NAB said that rules have not been "particularly burdensome on broadcasters" and that if they are repealed, as proposed in rulemaking, FCC should make clear what other agency regulations, if any, "might still apply in these areas and when they should be implemented."

Thomas Wheeler, ex-NCTA pres., was paid \$73,942 by Assn. for year ending Jan. 31, 1983, according to tax return for period, most recent publicly available. NCTA also paid \$17,452 for his benefits. Tax return indicated that Wheeler had \$42,334 in deferred compensation and a personal services corporation that he controlled was paid \$83,750 in fees for representation and consulting services. For period, NCTA had \$158,227 deficit and for year its net worth fell 27% to \$586,721 from \$810,233. Return also shows that Wheeler borrowed \$280,000 in 2 loans from NCTA. Note for \$80,000 was dated June 16, 1982, carried as interest rate Citibank prime rate and was payable on termination of employment in lump sum. Second note, for \$200,000 interest free, was dated Aug. 20, 1982, and was due on demand in lump sum. Both loans were given as conditions of employment contracts, are believed to have been repaid.

FCC has fined KRQX(AM) Turmann, Ark. \$20,000 for unauthorized transfer to SWR Enterprises, plus "several reporting violations regarding the purchasing agreement" with SWR "and several subsequent purchasers." In other forfeitures, FCC fined: (1) WDLP(AM) Panama City, Fla. \$10,000 for "willful and repeated violations" in "window sticker" contest. (2) WPTT-TV Pittsburgh \$5,000 for failing to obtain renewal for studio-transmitter link. (3) KTYN(AM)-KBQQ(FM) Minot, N.D. \$4,000 for "repeated" failure to enclose antenna with locked fence, plus other violations. (4) KCUZ(AM) Clifton, Ariz. \$3,100 for same type of locked fence violations, plus others. (5) WYNU(FM) Milan, Tenn. \$2,000 for originating more than 50% of its programming from studios in Jackson, Tenn. -- 25 miles from Milan. (6) KGMM(FM) Kingman, Ariz. \$500 for broadcasting lottery information.

Proposal for 30-min. nightly news alternative to PBS's MacNeil/Lehrer NewsHour is being prepared by public TV officials in Md. and N.J. for consideration by station managers in San Francisco May 15.

ALCOHOL COUNTERADS TOUTED: Faced with increasing prospect of defeat, Center for Science in the Public Interest's (CSPI) Project SMART (Stop Marketing Alcohol on Radio & TV) is deemphasizing push in Congress for TV-radio alcohol ad ban and instead is seeking mandatory counterads on alcohol's health hazards. In interview, CSPI Exec. Dir. Michael Jacobson said group has been pushing 2 issues "all along," and counterads have become "more practical" approach for lobbying Congress because "it's more likely to win."

Group claims to have about 800,000 signatures on petition urging Congress to require counterads or ad ban. But at House Families Subcommittee hearing May 2, Jacobson's testimony paid little attention to ban. He emphasized general alcohol marketing to youth: "It is no exaggeration to say that students are being indoctrinated into a life-style in which alcohol is the essential and central prop."

Augustus Hewlett, pres. of Alcohol Policy Council, who spoke for NAB, declared ads aren't significant contributor to alcohol abuse. He cited evidence showing ads have less influence on drinking than conduct of family and peers. John Burcham, chmn. of Licensed Beverage Information Council, described group's "multimedia, multiagency" education efforts to increase public's awareness of alcohol abuse, listing kinds of projects alcohol industry is funding.

Rep. Burton (R-Ind.) commended broadcasters for airing increasing number of PSAs on drunk driving. However, he called efforts "insufficient" and found inconsistency between broadcasters' arguing that ads don't encourage excessive drinking and hailing virtues of PSAs warning of its "perils."

Rep. Swift (D-Wash.) made unannounced appearance to show 8-min. tape of public awareness campaign by KOMO-TV Seattle. Tape showed scenes from series of talk shows, entertainment programs, documentaries and PSAs aired by KOMO-TV for several months last year. Station claims credit for heightening public awareness in city enough that there were no drunk driving fatalities over Christmas and New Year's holidays.



In newest effort to solve dilemma of L.A. County Sheriff's Dept. in demand for more public safety spectrum space (because of interference to Ch. 18 KSCI San Bernardino), FCC has offered 3 new alternatives to permit sheriff to use: (1) Ch. 16 in L.A. County. (2) Portions of Chs. 19 and 15. (3) Ch. 19 along with portions of Ch. 14 -- now licensed for sheriff's use. FCC said use of Ch. 15 and 19 "appears to offer the Sheriff's Dept. adequate communications capacity without precluding or adversely affecting any full-service TV operation." Commission said it "tentatively concluded" that reallocation of Ch. 16 -- as sought by sheriff -- "is not desirable because it would require substantial modification" of 2 pending applications for same channel.

FOWLER SEEKS AUCTION BILL: FCC Chmn. Fowler submitted promised draft auction legislation to Congress last week (TVD April 15 p8). In letter May 1 to Senate Commerce Committee Chmn. Danforth (R-Mo.), Fowler asked Congress to give FCC 5-year authority to use auctions in awarding construction permits and licenses for future spectrum allocations. Auctions wouldn't be used for mass media, amateur radio or public safety licenses, Fowler said. But he said FCC should have discretion to determine whether auction, comparative hearing or lottery should be used in cases of mutually exclusive applications.

Auction wouldn't affect spectrum that FCC already has allocated or declined to allocate for specific services. Alex Felker of FCC's Office of Plans & Policy said auctions could be used to grant licenses for cellular franchises in markets 121-150. H said it was unlikely licenses in 91-120 would be affected because FCC wouldn't want to hold up grants. Fowler made clear in letter that auction idea is result of large number of "frivolous" applicants for cellular licenses who "only [want] to obtain a chance to resell a winning application or to be bought out prior to the drawing." Felker said auctions also could be used in Digital Electronic Message Services, satellite services, land mobile services and paging services under Fowler plan.

FCC would "have the discretion to use an auction as an alternative" to lotteries and hearings, Fowler said, but he didn't specify when each process would be used. Felker said there's been no estimate of how much money auctions would produce but revenues would go to U.S. Treasury. He said auctions would be efficient means of getting service to public and be "cheap alternative" to comparative hearing process.



Freedom of Expression Act was reintroduced May 1 by Sen. Packwood (R-Ore.). Bill would repeal fairness doctrine-equal time rules. Although he's now Finance Committee chmn., Packwood had promised to continue campaign he began as chmn. of Commerce Committee to remove content rules for TV-radio, and bill is identical to his S-1917 in last Congress. It's cosponsored by Sen. Goldwater (R-Ariz.), chmn. of Senate Communications Subcommittee.

TCI plans to raise \$325 million through stock and debt offerings, use money for acquisition of cable properties. Move intensifies speculation TCI will offer to buy Storer's systems. "We are an equal opportunity acquirer," TCI Pres. John Malone was quoted as saying. "We would be interested in any or all of Storer's cable television assets if they were for sale."

Arbitron estimates cable penetration at 44%, or 37,175,300 homes. Figure is up 1% from Feb. estimate, which put cable in 36,463,700 homes. Nielsen's estimate in Feb. put cable penetration at 44.6%, or 38,018,100 homes.

Personals

FCC calendar -- May 6: **Brian Fontes**, special asst. to Comr. **Quello**, addresses Va. Cable TV Assn. annual convention, Wintergreen, Va. May 7: Comr. **Patrick** participates in meeting of Advisory Committee for 1987 ITU WARC for mobile services, Rm. 856; Comr. **Dawson** participates in May 9 FCC Office of Congressional & Public Affairs brown bag lunch... **Charles Martin** advanced to Time Inc. dir.-corporate affirmative action, succeeding **Toni Fay**, who continues as dir.-community relations.

Fred Cohen promoted to ABC TV Network daytime sales vp-dir.; **Howard Smith** named ABC Entertainment dramatic series development mgr... **Lewis White**, ex-Union Carbide, appointed vp-treas., Gulf & Western, succeeding **William Ryan**, named finance vp... **David Granat**, ex-Quaker Oats, named Tribune Co. treas., succeeding **Donald Grenesko**, who became exec. vp-business operations, Tribune subsidiary Chicago Cubs... **Ed Harrison**, ex-Hollywood Reporter, appointed publicity mgr., KTLA L.A... **Steve Herrera**, ex-KXTX-TV Dallas-Ft. Worth, named sales mgr.-Dallas, Independent TV Sales... **Louis Gonzalez**, ex-KSAT-TV San Antonio, appointed midwest sales mgr., Primetime Entertainment, new post.

Les Garland promoted from MTV programming vp to MTV and VH-1 programming senior vp; **Kevin Metheny** named MTV and VH-1 music and production vp; **John Sykes**, appointed MTV and VH-1 programming vp... **Pam Euler** named Disney Channel West Div. national accounts dir... **Peter Flynn** appointed Nostalgia Channel national mktg. dir... **Dain Eric** promoted at Discovery Music Network from vp to exec. vp-COO, succeeded as programming dir. by **Michael Sheehy**, ex-KNX(FM) L.A.; **William Tynan**, ex-Metromedia TV, joins as national sales vp and head of N.Y. office; **Lou CasaBianca** appointed program development vp; **Terry Thompson**, named Discovery TV Studios vp-gen. mgr.

Inger Jensen, ex-CBS, appointed dir.-midwest ad sales, MCA TV... **Richard Zimbert** advanced to exec. vp, Paramount Pictures... **Brad Johnston** advanced to vp-quality, Group W Cable, new post; **James Wonn** promoted to corporate engineering vp... **Gene Smith**, ex-staff of late Rep. Long (D-La.), appointed administrative asst. in personal office of Rep. **Wirth** (D-Colo.), House Telecom Subcommittee chmn., succeeding **Cary Caton**, resigned.

Roderick Hills, lawyer with Washington office of Latham, Watkins & Hills and onetime SEC chmn., elected a dir., Oak Industries, succeeding **Frank Astrologes**, exec. vp-chief financial officer, who resigns from board and will retire from Oak July 31... **Julie Hoover** advanced to ABC vp-corporate projects; **Joseph Cohen** advanced to eastern sales dir., ABC TV Spot Sales N.Y.; named regional TV Spot Sales mgrs.: **Mike Colleran**, eastern; **Scott Thomas**, midwest; **Mike Irvine**, Dallas; **Ed Pearson**, Detroit... **John Petrie**, ex-QUBE, appointed program development mgr., U.S. Chamber of Commerce BizNet.

Robert McRaney, ex-WWBT Richmond, named vp-gen. mgr., WDSU-TV New Orleans... **Donald Wilkinson** promoted to engineering dir., Fisher Bestg... **Ralph Perry**, ex-Keystone Bestg., forms Best Entertainment Syndication TV to create "special" programs for barter syndication, 25 Central Park W., N.Y., 10023, 212-489-7681.

Julie Natichioni, ex-KOME(FM) San Jose, Cal., named local sales mgr., WVJV-TV Marlborough, Mass... CBS Vp-Gen. Counsel **George Vradenburg** speaks on Westmoreland-CBS libel trial at May 15 luncheon of FCBA, Touchdown Club, Washington... **Joseph Ahern** named vp-gen. mgr. of ABC's WLS-TV Chicago, succeeding **Dennis Swanson**, now ABC Owned TV Stations pres.; **Ann Gray** promoted to ABC corporate planning vp; **David Vondrak** to vp-treas.

Videotex venture is being discussed by McGraw-Hill and TCI, M-H Pres. Joseph Dionne told N.Y. security analysts May 2. They have electronic information relationship now through M-H Monchik-Weber unit, purchased last fall. Unit will provide stock data to X*Press Information System, which is owned by TCI and Telecrafter, for delivery via cable to residential and small business customers equipped with IBM or IBM-compatible personal computers in Buffalo and Boulder by end of year, company officials said.

It cost NBC "in the neighborhood" of \$250,000 to rent, ship and man GEC McMichael transportable dish to Ho Chi Minh City for coverage of 10-year anniversary of end of Vietnam war, according to Arthur Kent, vp-news operations and satellites. Dish was rented from British Telecom. Kent said network had no plans to buy any large transportables from GEC, such as were used in Vietnam, but would soon be buying 2 smaller "fly-away" models. NBC plans to upgrade several Ku-band receive-only stations belonging to affiliates.

Storer closed previously announced sales of cable systems in northern Prince George's County, Md. (35,000 subscribers) and Ft. Belvoir and Leesburg, Va. (3,500) to Winfield Kelly, head of limited partnership with Prime Cable. Storer also said sale of system in northwest suburbs of Minneapolis (32,000) to Hauser Communications will be closed May 15. Storer will receive more than \$80 million for systems. Also, Storer said major swap of systems with Times Mirror is expected to close by late June.

Newest Roper survey, to be released by TIO next week, will show that 61% of public say they first see and hear on TV about groups involved in improving quality of life. Papers rated 34%, radio 11%, magazines 5%. Newest Roper also will give TV high rating for believability by public.

C-SPAN union election is set for June 4. NABET agreed to set eligible number of workers at 39.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of April and 1985's first 16 weeks:

	APRIL 13-19	1984 WEEK	% CHANGE	APRIL 6-12	16 WEEKS 1985	16 WEEKS 1984	% CHANGE
TOTAL TV.....	297,669	323,465	- 7.9	321,714	5,210,019	5,652,123	- 7.8
TOTAL COLOR...	244,160	264,054*	- 7.5	252,943*	4,293,863	4,320,100*	- 0.6
DIRECT-VIEW.	239,819	261,174*	- 8.2	249,442*	4,475,686	4,537,205*	- 1.4
PROJECTION..	4,341*	2,880	+50.7	3,501*	62,337*	46,949	+32.8
MONOCHROME....	53,509	59,411	- 9.9	68,771	969,665	1,391,434	-30.3
TV EXCL. PROJEC.	293,328	320,585	- 8.5	318,213	5,445,351	5,928,639	- 8.2
HOME VCR#.....	153,156*	107,350	+42.7	148,855*	2,902,907*	1,715,284	+69.2
COLOR CAMERAS#..	6,721	7,074*	- 5.0	6,585	129,349*	119,660	+ 8.1

Color TV (direct-view) 5-week moving average: 1985--278,413; 1984--297,486* (down 6.4).

Home VCR 5-week moving average: 1985--179,170*; 1984--115,657 (up 54.9%).

* Record for period. # Camcorders included in VCRs, not in cameras.

SCRAMBLING BLAMED FOR DIP IN HOME DISH SALES: Home satellite TV industry is pondering effect of HBO's announcement last week that it will begin selling its 2 pay-TV services (HBO and Cinemax) to home dish owners (see report in Broadcast-Cable section). It's unquestionable that sales were off during first quarter, some marketers blaming publicity on impending signal scrambling. But others insisted that slowdown was simply result of rough winter weather.

Luxor North America's sales were down in March as direct result of scrambling talk, according to CEO Hans Giner. He cited "one-sided propaganda" by both cable operators and programmers. Sales problem is "readily admitted down in the trenches," said Blair Gilbert, CEO of antenna manufacturer Galaxy Best. Services. "You talk to the dealer and he's going to tell you straight out he's having problems."

Chuck Hewitt, exec. vp of Society for Private & Commercial Earth Stations (SPACE), admitted there's been "some impact of the cable scare," but only in isolated areas. He cited 2 examples: (1) HBO executive's comments on Canadian talk show that "sky is going to go black." (2) Ad by one Tex. cable operator with international "don't" sign -- circle with line through it -- imposed over receiving dish. But Hewitt still paints generally rosy picture of sales over past 3 months. Feb. was weak because it's short month and weather was bad, he explained, while Jan. was one of strongest ever and March saw sales regain momentum. One manufacturer had sales in last week of March that would have more than equaled full month's business last year, Hewitt said.

Weather theory had its proponents. Uniden, which claims 35% of satellite system sales last year, recorded Jan.-March sales 10-15% under projections, said Mktg. Coordinator William Stark, who attributed results to traditional winter slowdown. Midwestern distributor Hoosier Electronics also blamed weather for decline.

Industry executives who see scrambling as problem insisted PR effort by manufacturers and dealers, along with legislative proposals for 2-year scrambling moratorium and FCC regulation

of programming fees, should help turn tide. During recent SPACE/STTI trade show in Las Vegas, dealers got message on need to tell different story to consumers, said Giner. Added Richard Brown, SPACE's attorney: "I think they're psyched" for lobbying effort.

Programmers did meet with TVRO industry representatives at Las Vegas show. "I think they want to work things out," said Hewitt. SPACE will continue to demand that dealers get piece of programming action by becoming agents for program suppliers, rather than allowing cable systems exclusive franchises in their areas. That position might provoke prolonged legislative or court battle and turn recent sales dip into problem that can hurt industry. Hewitt insisted there may be short-term negative impact, but over longer run it will help by providing consumers with competitive entertainment offerings. He didn't mention boost to dealer revenues that also would result.

Through it all, most manufacturers remain bullish. Luxor's Giner said he stands by estimate of 30% industrywide sales increase to 550,000 systems in 1985, wants to avoid overoptimistic predictions of 1984. Luxor says it will have 15% of 1985 market, sold around 40,000 of what it estimates as 411,000 total industry volume for 1984. Industry sales "took a right turn" when April began, said Stark of Uniden. Company said it received healthy orders for current line, is sold out of some models. Stark's recent survey shows following players in industry: 40 receiver manufacturers, 16-17 companies making low noise amplifiers, 5-6 making polarization devices, 100-200 making antennas.

Not so sanguine about 1985 is Channel Master Vp Donald Berg, who predicts pricing crisis because manufacturers are working from overly optimistic sales projections. Possibility exists that inventory of million systems will chase 500,000 customers this year, causing major price battle and departure of some manufacturers, he told N.Y. news conference. Uniden's marketing strategy won't make things any easier. Berg said Uniden's "pricing is very tough," and they're production driven -- company will sell whatever it manufactures. Uniden has in fact put distributors on notice that it can ship 500,000 receivers alone to U.S. this year, he added, figure that represents Channel Master's projection for entire industry's sales.

* * * * *

SPACE is still working out bugs in statistical collection effort, won't be able to publicize monthly sales figures until this summer, according to Hewitt. He said numbers already collected haven't been too far off consensus figures group has issued to date. Another source told us survey showed 55,000 receivers sold in Oct. last year, 45,000 in Nov.

SAUTER SEES VCR SLOWDOWN AT 30% SATURATION: Based on studies of other countries, VCR sales growth should start coming much more slowly once penetration reaches about 30% of households. So said RCA Group Vp Jack Sauter last week, citing U.K., continental Europe and Japan, where 30-35% penetration became plateau of sorts, signaling sharp slowdown in growth.

Penetration in U.S. today is about 20-21%, and 30% figure could come in first quarter of 1986 if current sales trends continue, according to our own analysis. Sauter said VCR penetration should continue to increase after 30-35% point is hit -- "it could eventually reach 75-80%" -- but growth will be much slower: "We must be cautious once the figure crosses 30%."

VCR replacement market is growing much faster than expected, largely because technological changes are coming so quickly, Sauter believes. "VCR could enjoy the quickest changeout of any product" -- much faster than color or b&w. At same time, Sauter thinks portable and camcorder market won't really start to grow until home decks reach about 30% penetration. Portables currently constitute about 8% of VCR mix, Sauter said, although they're 16-17% of RCA's total sales.

"We have to convince consumers there's a real benefit in recording the special events of their lives -- something the movie camera people never succeeded in doing," Sauter said. While

VCR deck business is extremely price-sensitive, Sauter believes camcorder business will be even more so.

Sauter thinks 8mm will have no impact in 1985: "I can't answer for 1986 because I don't know what the major VCR manufacturers plan to do with 8mm. Let's say one manufacturer decides to push it -- the effect will be minimal. If the dealer isn't interested, 8mm won't come into the picture. Until there's general acceptance by the industry of the format, you won't see any activity at the retail level."

Asked about VCP -- play-only video machine -- Sauter said "it has a lot of potential but not at just \$50 less than a recorder. We have no plans in 1985 or 1986. We told our supplier it must be priced more than \$50 below a [comparable] VCR. I don't know if \$100 [differential] is right, but it's got to be in that area."

RCA plans strong push on VHS Hi-Fi with more joint studio promotions on prerecorded titles. In TV, stereo will have "major impact once it reaches reasonable saturation" and stations and networks start competing to bring stereocasting to public. "We're already seeing some effect in a few markets with heavy stereo broadcasting, [but] I think it will be 1986 before it really begins to roll."

Quasar Pres. Jack Pluckhan, in N.Y. for introduction of new Delta designer color TV (see report elsewhere in this issue), has different view on future of 8mm. "I think it can coexist with VHS," he told us. "It's a good product -- it will grow rapidly, but I don't see it becoming the format. There is lots of software available for 1/2-inch and the software people have an enormous amount invested in 1/2-inch equipment. We have no plans at present for 8mm. We'll be in VHS movie [camcorder]. It's not necessary to introduce 2 competing systems at the same time -- and we're riding a sure thing, the existing format."

JAPAN'S VCR EXPORT GROWTH SLOWED IN MARCH: Japan's growth rate in VCR exports to U.S. slowed markedly in March, according to Finance Ministry figures, which show that although Japanese extended string of million-plus shipment months to 9, percentage rise was lowest in 2 years, while in TV only exports of complete color sets were up from same month last year.

Japan shipped 1.05 million VCRs to U.S. in March, slightly below totals of both Jan. and Feb., which represents break from traditional pattern. Rise from same month last year was just 37.7%, smallest since 30.4% increase in March 1983. Through first quarter, Japan's VCR exports were up 70.5% to just under 3.21 million.

In TV, total exports fell 14.3% to 171,600, as total color declined 14.1% to 134,700 and b&w dropped 15.1% to 36,900. That put first-quarter TV total at 475,300, off 10.1%, with color down 5.7% to 375,400, b&w off 23.6% to 99,900. In color, all decline was absorbed by exports of chassis and kits, down 43.9% to 33,400 for month, off 31.4% to 97,800 for quarter. Exports of complete color sets edged up 4.1% to 101,300 in March, closed quarter at 277,600, ahead 8.7%.

Export totals indicate that at current yen-dollar exchange rate, and on constant yen basis, U.S. importers paid \$97.7 million for TV imports in first quarter, up 7.9%, plus \$857.9 million for VCRs, up 53.1%. In TV, value of complete color exports rose 20% to \$74.4 million, that gain partially offset by 9.7% decline to \$15.1 million for color kits and 29% drop for b&w to \$8.16 million. But value of yen is off 10% from last year, so actual dollar outlay was down 3.3% for TV, and rise in value of VCR exports was held to 36.7%.

Impact of yen valuation change is shown most clearly in average export pricing. Importer paid \$267.57 for average VCR in Jan.-March this year, down 19.8% from \$333.70 in same 1984 months. However, price would have been \$299.30 and drop held to just 10.6% if yen had

maintained its strength against dollar. In complete color, average actual price paid slipped 1.4% to \$268.18 from \$272.04 but in constant yen terms was up 10%. For b&w TV, value was down 17.1% in dollars to \$81.61 from \$98.48 but off only 7.5% in yen. Bucking trend was average price of color chassis and kits, up 18.1% in dollars to \$154.63 from \$130.89. Without yen slippage, value would have jumped 31.7%. Increase presumably stems from increased number of picture tube-inclusive kits in export mix.

COMMODORE POSTS LOSS: First loss since it entered computer market was racked up by Commodore in fiscal 3rd quarter to March 31. Period's deficit of \$20.8 million trimmed 9-month net to \$10.1 million, and company said it expects to show loss for full fiscal year. Sales were down 48.4% for quarter, off 22.3% for 9 months.

Commodore said results were held down by price cut on model 64 computer instituted in Feb., sluggish reorder rate by U.S. dealers and general market slowdown in Europe. Changes in foreign exchange rate trimmed Commodore's sales by \$15.3 million in quarter, \$68.6 million for 9 months.

While not denying that slow sales have resulted in further inventory buildup, Commodore termed "absurd" speculation it might have to take \$50 million inventory writedown in 4th quarter. "No such writedown has been discussed or is contemplated," Commodore said.

Commodore said it planned to start shipping model 128 by end of June, or at least month behind schedule of "spring of 1985" announced when it was introduced at Winter CES last Jan., so its sales won't have significant effect on fiscal 1985 results. Advanced computer developed by subsidiary Amiga now isn't scheduled for marketing until later this summer, company said.

Emerson said preliminary results indicate net from consumer electronics jumped 122% in year to March 31 to \$16 million, from \$7.2 million in preceding year. Consolidated sales were up at least 91% to \$350 million. Company said it raised \$20 million through private placement of 12-year 12% convertible notes. Also, it has moved hq to One Emerson Lane, N. Bergen, N.J. 07047, 201-854-4800.

Audio/Video Affiliates, superretailer that went public last year, posted 44.8% climb in income on 45.9% sales hike in final fiscal quarter to Jan. 31, had 50.5% rise in net on 36.7% sales increase for year. Chmn. Stuart Rose said company had strong Christmas season, in contrast "to problems experienced by many retailers." Sales gains came with help of 10 new stores opened in 9 states during year, bringing A/VA's outlet total to 50. Company said it intends to open 15-20 new stores in fiscal 1986, mainly in small-to-midsized markets, as A/VA continues policy of avoiding competition in major metro areas.

Crazy Eddie, N.Y. metro retailer that went public last year, reported 92.2% jump in new Christmas-inclusive 4th quarter to March 3, on 24.4% sales rise. For year, net rose 68.6% on 35.3% sales

gain. Company opened 2 new stores last year, bringing number to 15, said sales in stores open a year or more were up 11%. CE said gross margin was 23.6% in fiscal 1985, up from 21.6% in 1984, and average sales per store increased to \$12.1 million from \$10.6 million. Company said it plans to open 5 new stores by fall.

MORE EUROPEAN CUTBACKS: Germany's Grundig, now operating subsidiary of Philips, is sharpening up ax to trim as many as 7,000 workers in effort to restore profitability, while France's Thomson is preparing for sharp cutback in its audio production.

Grundig said it posted loss of \$62 million in year to March 31, down from \$92 million deficit in preceding fiscal year, its last under Grundig family control. Sales were up 2% to \$937 million. Deficit included \$16.6 million cost of restructuring that resulted in elimination of 4,000 jobs in 1984, reducing force to 24,000.

Chief Exec. Hermanus Koning said he hoped new job losses could be held under 7,000, indicated 2 of Grundig's 6 plants were candidates for closing, while 3rd might be transferred to another company. Koning said company would soon announce details of next restructuring plan, said if everything goes on schedule, Grundig could show profit by end of 1986.

Thomson lost \$27 million in hi-fi business last year, is now developing program for severe production cutback at plant in Moulin, may eventually abandon market altogether, according to Chmn. Alain Gomez. He coupled announcement with renewed call for protection against further European market encroachment by Japanese.

Japanese, he said, now control 15% of Europe's color TV market, have 80% shares in VCRs and hi-fi. U.S. could afford to give up consumer electronics to Japanese because it leads world in computers and defense electronics, but Europe can't, Gomez said. Unless situation is reversed "it will be suicidal for Europe," as coming collapse of domestic consumer electronics industry will be followed by demise of entire components industry, leaving Europe with no base to expand in other hi-tech electronics areas.

Thomson and N.V. Philips are leading European consumer electronics industry push to have EEC increase import duties. Philips says it has asked for across-board 14% rate on all products, matching levy now charged for color TVs. Duty on most other consumer electronics runs in 5%-10%, but in 1983 Philips led successful drive to have rate on digital audio discs and players doubled to 19%.

MORITA ON 8mm VIDEO: Sony expects to turn out 500,000 8mm Video VCRs this year for worldwide marketing, majority to be sold under Sony brand, Chmn. Akio Morita told security analysts at meeting in N.Y. last week. In addition to its own brand, Sony is supplying 8mm hardware to such private label customers as Fuji, Pioneer and Yashica.

Morita sidestepped issue of what share of production would be devoted to camcorder, already on market in Japan and due here later this month, as opposed to expected home deck version. "Today, I cannot say when we will announce or introduce" deck, he said in response to question. However, he added: "We believe 8mm is a 2nd generation of home-use VCR," and Sony "will not stop at camcorders." He said Sony will be releasing "series of 8mm equipment, step by step."

Current 90-min. and upcoming 120-min. cassette lengths make 8mm "good enough for movies and general use," Morita said. Because of small cassette size "we believe we don't have to have too long a playing time." Such cassettes, he said, "are easy to use and easy to store," and it would be "easy to make an automatic changer," if needed.

Morita said he expected 8mm format to be viable VCR product standard for next 10-15 years, after which some new system may come along and take over market "just like 1/2-in. will be replaced by 8mm Video." Commenting on 8mm acceptance to date, Sony America Pres. Kenji Tamiya said distributors and key dealers at recent sales convention (TVD April 22 p11) placed orders that exceed "our production allocation for the rest of the year. We are now pushing Tokyo for an upward adjustment."

But Beta is still very much in Sony's video picture, although on reduced scale. Morita said Sony is still turning out Beta VCRs at 200,000 monthly rate, expects sales this year to "be slightly below" 2.5 million moved in fiscal 1984. He noted that more than 20 million Beta VCRs are in use worldwide.

As for TV, Morita said Sony sold 3.15 million color sets last year, is looking to boost that to more than 3.6 million in 1985. Current production of digital CD players is 80,000 monthly, 50% portables, and Sony plans to sell more than 800,000 this year. He said Sony has sold more than 12 million stereo headphone tape players and radios, expects sales this year to match 1984's 4 million.

On another new technology, electronic still photography, Morita said color cameras for consumer use are still at least year away. While current CCD imagers are good enough for VCRs that record moving color pictures, and for still b&w photos, they don't offer resolution necessary for satisfactory still color photos. Improved CCD has been developed by Sony and is under test, but "it will take maybe another year" for production to start.

Through expansion of its OEM components, office automation and computer products businesses Sony intends to have 50% of sales generated from nonconsumer products by 1990, up from current 24%, Morita said. But introduction of MSX home computer in U.S. isn't in cards. While MSX "is gaining strength in Japan," and with support from Philips is making market inroads in Europe, U.S. market is considered too volatile, Morita said. "I think it's better for us to go into computers from the peripherals" end in U.S. "and not jump into a dangerous business," Morita said.

Twenty millionth VCR was sold in U.S. 3rd week in April, it's indicated by EIA data on sales to dealers. Sales started in 1975 when about 30,000 Betamax recorders were sold here. Although sales have been increasing at phenomenal rate, there are signs rate of growth may finally be tapering off. First 3 weeks of April registered 34.1% increase over same period last year. If this rate holds for full month, it will be smallest percentage gain in 35 months. Color TV sales for April's first 3 months are 3.1% below last year, color camera sales are down 15.5%, monochrome TV sales down 31.5%, projection TV up 29.8%.

Apple has reset growth targets to bring them more into line with reality of sluggish personal computer marketplace, Pres. John Sculley told analysts. Company also is moving to trim costs further. It has dismissed 1,500 temporary workers, laid off 75 permanent employees at 2 facilities in Cal., including Irvine distribution center it will close this summer. Some layoffs resulted from increased automation. Sculley said he "wouldn't rule out" additional staff cutbacks or manufacturing shutdowns to help work off inventory. Apple also announced it was discontinuing production of Macintosh XL, originally known as Lisa.

Mergers and acquisitions: Kodak and Verbatim have been told by Justice Dept. that they have complied with agency's request for additional information on planned merger (TVD April 8 p13) and that 2nd waiting period won't be imposed. Kodak's offer to acquire all outstanding shares in floppy disc maker for \$175 million was slated to expire last weekend... **U.S. Playing Card** and Masters Merchandise Mart of Sarasota, Fla., acquired videocassette operation of Adele Industries, duplicator and marketer of public domain films. Companies formed venture, Congress Video Group, to run new business.

Sony is entering professional videotex market with \$35,000 computer-controlled frame generator for production of text and graphics. Meanwhile, RCA and Citicorp agreed in principle to continue exploring videotex, following disbanding of study team they set up last fall with J.C. Penney as 3rd partner (TVD Nov 12 p16). Penney has pulled out, and partners reportedly are seeking replacement. Citicorp, which operates Direct Access home banking service in N.Y., said new agreement allows remaining partners to proceed "a little further."

NEW SETS--STYLE AND STEREO: New TV design concept -- picture-tube shaped set designed to be viewed while sitting on floor -- was demonstrated last week by Quasar, while Sansui revived 4-channel sound for "theater" effect in video and Sharp announced TV line emphasizing square-cornered tubes and multichannel sound.

Quasar's 26" square-cornered Delta set, which will be flagship of its new line, is designed for "floor viewing" in keeping with trend to loft and apartment living, according to company. It's neither console nor table model but is tube-shaped with adjustment so screen can be vertical or tilted upward. Set comes with casters for mobility, has optional low rack that will accommodate VCR, or can be mounted on stand for fuddy-duddies who don't like to sit on floor.

Priced at \$1,500, Delta is complete top-of-line system, with MTS, 2,000-line data-grade picture tube, 3 video inputs, stereo amplifier, remote control that also will operate Quasar VCR. Accessories include optional coaxial honeycomb disc speakers at \$260 a pair. Quasar will promote Delta heavily and use it as corporate image builder: "There's a little bit of Delta's imagination in all Quasar products."

While Quasar was introducing modern version of old Philco Predicta, Sansui was reviving quadraphonic sound, this time in connection with video in long new line of video-related products that, at CES, will include 3 new VCRs and Pioneer-made Laservision videodisc player.

New series of Sansui products includes extra stereo amplifiers that can be used to "give theater-like proportions to video sound" by incorporating rear speakers as well as extra center speaker for variety of theatrical effects including simulated 2- or 4-channel stereo. Company's audio-video sound processor has two 10-w amplifiers that can be used either as front- or rear-channel sources, control functions labeled "theater," "QS surround" and "hall." It's priced at \$350.

Sansui also introduced its first MTS stereo and SAP adaptor, for use with or without home stereo system. Designed for company's 25" monitor, it also can be used with some other brands, has built-in 5-w per channel stereo amplifier that can be used for rear channels when combined with home stereo; it's \$250.

Audio-video control center for processing both types of signals, with 2 sets of stereo amplifiers for quadraphonic sound, joystick controller and such features as color correction, is \$599. Selector and dubbing control center has 15-w per channel amplifier for ordinary stereo or quad at \$250. High-end processor has character generator, creates such special effects as zoom, 23 directional wipes, color bars, etc. at \$500.

Sansui's VCRs include 4-head VHS Hi-Fi with built-in MTS at \$1,000, other 4-head units at \$550 and \$600. Linear stereo model stays in line at \$950.

Sharp will introduce 15 new color TVs and 3 VCRs at CES. Two 13" sets have 105-channel keypad tuning at \$330 and \$400; square-cornered 14" remote monitor receivers are \$450 (2 models), version with RGB input \$500; leader 19" keypad sets is \$450 and \$500, while 140-channel MTS adaptable monitor receiver with 2 antenna inputs is \$550; 20" monitor receivers, MTS adaptable, are \$580 and \$630, version with built-in MTS \$680; 25" keypad leaders are \$600 and \$660, remote monitor receiver, MTS adaptable, at \$750, MTS-equipped version \$980.

Wireless remote 3-event 14-day VCR from Sharp is \$540, 4-head version \$600; VHS Hi-Fi with built-in MTS, 5-event programmer \$996.

Onkyo joins other audio manufacturers adding video equipment with wireless remote audio-video control receiver, due in Sept. at \$450.

VIDEOCASSETTE SHORTAGE: Cassette shortage this fall is good possibility because of inadequate supply of cassette shells, not tape, according to BASF Consumer and Professional Products Mktg. Mgr. Larry Rallo. Market for recorded cassettes is "growing by leaps and bounds," and duplicators are big users of shells. "That's creating a demand situation we didn't have in the past," he said.

Rallo pointed out that manufacturers in Japan didn't increase shell molding capacity last year and, as result of sharp increase in recorded cassette market, some duplicators "have found their sources [for shells] in the Orient have dried up." Rallo said sales of blank cassettes for consumer use should be up more than 60% this year to 150-155 million. Shortage situation should clarify by Aug., he said.

Despite talk of potential shortages, consumer prices are continuing to erode, Rallo said. While quotes on tapes from secondary marketers haven't moved in some time, "other companies have come down to meet them." He expects marketers to end rebates to improve profitability and go to other forms of promotion. "We quit on July 31," when current rebate program is due to expire, Rallo said: "We were forced into rebating and hated to get into it. I think everyone is going to give it up." High-grade tapes have potential of helping marketers, too, but industry first should set some standards, he thinks. "We just confuse the consumer when we show 4 or 5 different grades," Rallo said. He said 3 quality grades, with pricing differences of no more than \$2 at each step, would be ideal way to get consumer to move up.

RCA would consider assembling VCRs, CCTV surveillance equipment and other advanced electronics products in Mexico for sale locally, but only if govt. there acts to clear up uncertainties relating to foreign investment and patent protection rules, Pres. Robert Frederick said at recent meeting in Mexico City. RCA currently produces color picture tubes and phono records in Mexico.

Consumer Electronics Personals

Peter Bingham, Magnavox CATV Systems exec. vp, adds duties as NAP Consumer Electronics engineering vp, new post... **John Borst**, Zenith gen. counsel, named vp... **Joseph Klein**, ex-Ingrid Ltd., onetime General Housewares, joins Gold Star as mktg. dir., new post with responsibility for corporate mktg., advertising, PR, long-term product and market planning... **Thomas Friel** advanced at EIA Consumer Electronics Group from staff vp to group vp.

Tom Yoda, Sansui America exec. vp, returns June 30 to parent in Japan to new post in charge of all commercial exports, continues as an SA dir.; **Jack Goldener**, ex-Pro Buying Group and onetime Pioneer, who joins as exec. vp, and Senior Mktg. Vp **Hiro Higashimori** assume Yoda's former responsibilities... **Rand Bleimeister**, Embassy Home Entertainment sales dir., named vp... **Stephen Roberts** resigns as pres. of 20th Century-Fox Telecommunications; home video and pay-TV responsibilities are assumed by Senior Vp **Robert Kreek**... **Jeffrey Rochlis**, ex-Sega Enterprises and Mattel Electronics, appointed finance and administration vp, Walt Disney Productions... **Donald Edwards** named audio and video product mgr., Waldenbooks, replacing **George Hodgkins**, resigned... **Ronald Durbin**, ex-Mead Corp., joins chain retailer Audio/Video Affiliates as finance vp.

Justin Camerlengo promoted from Panasonic Communications Div. asst. gen. mgr. to dir. of Matsushita News Center, unit of Matsushita Electric Corp. of America; **Ken Shimba** named asst. to dir. and external publicity mgr... **Bruce Binkow**, ex-Hollywood Reporter, named PR mgr., Playboy Video... **Bruce Blackwell**, ex-Video Corp. of America, joins PR agency HWH Enterprises as vp... **Karen Higley**, ex-TV Guide and TV-Cable Week, appointed mktg. services coordinator, Home Viewer Publications... **James McCullaugh** rejoins Billboard as home entertainment editor, new post.

Yasua Ohta, Toshiba Electronic Tube & Device Group chief engineer, named pres. of Toshiba Westinghouse Electronics, joint color TV and display tube manufacturing venture to start operations in Horseheads, N.Y. next year; **Tetsukiko Ehara**, Toshiba TDG Accounting Dept. mgr., appointed treas. and chief financial officer; **Carl Benvenute**, Westinghouse Components Business Group controller, named finance dept. mgr.; **Fred Sonnenberg**, Westinghouse Tokyo, appointed quality assurance mgr... **Boyd Browne**, former pres. of defunct arcade videogame maker Mylstar, joins CBS Toys as pres., succeeding **Ben Ordovery**, who moves to CBS Records Group as vp-direct mktg.

Truth in stereo regulation being proposed by Conn. Consumer Protection Dept. would require that every AM stereo radio offered for sale in state be labeled to show names of systems it can receive. Similar labeling would be mandated for ads.

VIDEO STOP-COPY: Macrovision antipiracy system has been adopted by Embassy Home Entertainment, which will supply encoded VHS copies of Cotton Club to distributors. Beta cassettes aren't covered in this test, according to Macrovision Chmn. Victor Farrow -- "we cannot protect Beta-to-Beta copies." However, company does have what it calls "universal" approach that covers Beta and VHS, didn't apply it to Cotton Club because of technical considerations. System is designed to prevent casual copying by confusing VCR into reducing recorded signal to such low level that copy is unwatchable (TVD Feb 25 p15).

Although Bell & Howell/Columbia Pictures Video Services had been showing system, it wasn't prepared to install encoding equipment right away, so first duplicator to install and offer new service is VCA/Technicolor. Farrow said cost of encoding standard movie should run 35¢-40¢ per cassette; Macrovision rate card probably will range from 15¢-\$1.

EHE wants to judge impact of encoding on sales of \$79.95 Cotton Club. Company is shipping 150,000 cassettes -- 138,000 in U.S., 12,000 in Canada -- figures normal reorder pattern should bring in another 20,000-30,000 in first 30 days after shipment. EHE will attribute anything more to inability of customers to copy tape, thinks result will mean greater sales to dealers and eventually lower prices, possibly to \$30-\$40 range. EHE said it already has received calls from retailers wondering why they're unable to make usable copies of movie.

Macrovision is looking beyond home video, thinks system has future in pay TV, preventing subscribers from taping shows. However, since timeshift is big reason why VCR owners take cable, encoding could persuade some people to drop services. FCC also is likely to have say in telecast of altered programs.

Weapon in different piracy area, counterfeit tape, has been developed by 3M in U.K. It's infrared scanning system that analyzes content of tape coating. Results are understood to be exact enough to enable engineers to pinpoint not only brand but individual factory source as well. 3M has built computer library of tape chemical fingerprints, can run test and come up with match in 3 min.

N.V. Philips plans further expansion in Japan's electronics market through acquisitions and formation of joint ventures. Philips already owns hi-fi producer Marantz Japan, has interest in speaker maker Foster and is venture partner in Matsushita Electronics, which makes picture tubes, semiconductors and other components. In another area of Far East expansion, Philips said it has agreed to become 50% partner in hi-fi manufacturing venture with Peking Radio & TV Industrial Corp. and China Electronics Import & Export Corp. Venture will turn out CD players and other audio equipment starting late this year. Philips said plant will have design capacity to turn out million units per 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
Activision			
1985-year to March 31	27,192,000	(10,349,000)	--
1984-year to March 31	69,981,000	(18,010,000)	--
1985-qtr. to March 31	3,844,000	(1,167,000)	--
1984-qtr. to March 31	20,361,000	(6,011,000)	--
Andrea Radio			
1985-qtr. to March 31	978,865	88,514	.17
1984-qtr. to March 31	1,267,912	159,235	.31
Audio/Video Affiliates			
1985-year to Jan. 31	118,713,000	5,718,000	1.22
1984-year to Jan. 31	86,827,000	3,800,000	.90
1985-qtr. to Jan. 31	50,609,000	2,981,000	.58
1984-qtr. to Jan. 31	34,696,000	2,059,000	.49
John Blair			
1985-qtr. to March 31	228,103,000	(7,846,000)	--
1984-qtr. to March 31	134,642,000	1,063,000	.13
Cohu			
1985-qtr. to March 31	7,449,479	385,566	.22
1984-qtr. to March 31	5,440,174	309,178	.18
Commodore International			
1985-9 mo. to March 31	751,200,000	10,100,000	.33
1984-9 mo. to March 31	966,900,000	110,700,000	3.59
1985-qtr. to March 31	168,300,000	(20,800,000)	--
1984-qtr. to March 31	326,200,000	36,300,000	1.18
Crazy Eddie			
1985-year to March 31	167,147,488	6,366,901	1.10
1984-year to Feb. 29	134,347,195	2,952,280	.59
1985-qtr. to March 31	65,291,130	4,003,000	.49
1984-qtr. to Feb. 29	48,248,095	1,871,368	.37
Dynascan			
1985-qtr. to March 31	29,439,000	(1,148,000)	--
1984-qtr. to March 31	34,308,000	(4,688,000)	--
Electronic Memories & Magnetics			
1985-13 wk. to March 31	21,393,000	40,000	--
1984-13 wk. to March 31	20,988,000	826,000	.11*
Lee Enterprises			
1985-6 mo. to March 31	100,559,000	11,359,000	.83
1984-6 mo. to March 31	91,824,000	9,499,000	.69
1985-qtr. to March 31	45,735,000	3,646,000	.27
1984-qtr. to March 31	42,927,000	3,177,000	.23
Malrite Communications			
1985-qtr. to March 31	16,570,000	2,848,000	.34*
1984-qtr. to March 31	14,715,000	(499,000)	--
Reeves Communications			
1985-9 mo. to March 31	156,701,000	(7,450,000)	--
1984-9 mo. to March 31	172,858,000	7,097,000	.57
1985-qtr. to March 31	47,756,000	(4,303,000)	--
1984-qtr. to March 31	60,411,000	1,518,000	.12

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

Consumers Union suit to stop use of its product rating in ad by shaver manufacturer was dismissed by N.Y. State Appeals Court Judge Robert White. In upholding lower court finding that Remington Products had right to run ads showing its razor was top-rated in CU's Consumer Reports (TVD April 8 p15), Judge White said there was no basis for suit as ad neither led public to believe product was associated with or endorsed by CU nor misrepresented contents of CU's test report.

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With Consumer Electronics

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EDITORIAL & BUSINESS HEADQUARTERS

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

Phone: 202-872-9200 Telex: 6502173616 (Via WUI)

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

This newsletter is available electronically via Newsnet

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
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Business

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Glenn Brown Advertising Dir.
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NEW YORK BUREAU

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

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

JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

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

Television and Cable Factbook

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

Factbook Research, Inc.

Lynn R. Levine Director

Zenith is seeking about 15 software suppliers to join in promotion this summer. Zenith plans to place recorded cassette on how to use VCR, plus "Home Video Resource Guide," in 100,000 VHS Hi-Fi cartons during summer test, could expand it to million, "reaching potential of 2.5 million viewers," company is telling potential participants. Zenith is charging \$6,000 for listing in guide, \$12,000 for 2-3 min. commercial on cassette. Campaign will be backed with 800 number, reply cards, promotional tie-ins at dealer level. Zenith claims 47% of purchasers return warranty cards, probably double usual average, will use those names as basis of telephone poll to judge impact. Deadline for response is May 31.

Smith-Corona received foreign trade zone status for its electronic typewriter plant in Syracuse. Company said it needed designation to enable it to compete against imports of complete typewriters (TVD Feb 18 p13). Typewriter imports are duty-free, while average rate on parts is 6.1%. Zone designation will let plant avoid duty on its parts imports.

Laser Video has expanded optical disc prototype custom pressing to include digital audio CDs. Its L.A. plant, which uses proprietary photo process, will deliver up to 10 CDs with maximum 10-day turnaround at \$30 each. There's extra \$1,350 charge if LV has to make master.

TELEVISION DIGEST®

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With Consumer Electronics

MAY 13, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CBS MOST PROFITABLE of 3 TV networks with \$280 million in 1984, passing ABC's \$260 million. NBC at \$100 million. ABC is leader in billings at \$2.64 billion. (P. 1)

ABC TV AFFILIATES COOL to network's new fall schedule during N.Y. convention but like acquisition by CapCities. Pierce pledges return to No. 1 in prime time. (P. 2)

METROMEDIA SALE BOOSTS INDIES: Analysts say price is 17 times cash flow of 6 stations, signaling growing value of independents. Boston station sold to Hearst for \$450 million. (P. 3)

STORER 'CONFIDENT' it defeated dissidents at board meeting, but Coniston group claims it has won some seats. (P. 5)

FIM HASN'T SPARKED RUN ON CBS stock by conservatives, according to SEC records that show few stock buys. (P. 5)

HALL RESIGNS AS CRT CHMN. under pressure for her association with controversial book termed 'racist.' (P. 6)

NETWORKS REAFFIRM PLEDGES to avoid election projections next year in exchange for uniform poll closings. (P. 7)

CBS TV NETWORK TAKES LEAD FROM ABC IN PRETAX PROFITS: ABC had by far largest billings for its TV network in 1984, running well ahead of NBC and CBS, but for first time since mid-1970's CBS TV Network had biggest pretax profit. Television Digest has learned from reliable N.Y. financial sources that ABC TV Network had billings of \$2.64 billion last year, pretax profit of \$260 million (1983 figures were \$2.073 billion and \$235 million [TVD July 30/84 p1]).

CBS TV Network 1984 revenues were \$2.24 billion, profit \$280 million, compared with \$1.952 billion and \$190 million previous year. NBC TV Network figures also showed major improvement: 1984 -- billings \$1.93 billion, profit \$100 million; 1983 -- billings \$1.7 billion, profit \$55 million. Figures are for TV networks only, don't include revenue or income from

Consumer Electronics

APRIL SALES SOAR after slow start, set record in TV thanks to 22% increase in final week. VCRs up 131% in week, cameras 147%. (P. 9)

MANUFACTURERS UNFAZED by gyrations in color sales, still see good year in both products, warn against panic inventory liquidations. (P. 10)

SANYO TO STICK WITH BETA for 1/2" VCRs, says it sold more than 10% of U.S. VCRs last year, has 15% share now. New line introduced. (P. 11)

VCRs, STEREOS, COMPUTERS, paced Sanyo's growth last year, annual report shows. Fisher VHS sales doubled in fiscal 1984. (P. 12)

FEB. COLOR TV IMPORTS saw decline in complete sets offset by rise in chassis and kits. (P. 13)

PRODUCT OWNERSHIP STUDY by Link indicates sets in use exceed sales of VCRs, CD players. Channel Master profiles dish owners. (P. 14)

VCR, COLOR FORECASTS by Mackintosh see U.S. VCR sales leveling off at 11-11.5 million, dropping in '88, when color sales hit 20 million. (P. 15)

N.V. PHILIPS NET DIPPED 7.8% in first quarter on loss at Grundig, sluggish U.S. IC market. Company calls for anti-import action. (P. 15)

other divisions. Major expense for all 3 during election year 1984 was for news -- with each spending \$260-\$290 million.

ABC owned TV stations continued to far outperform those of CBS and NBC with 1984 revenue of \$455 million, pretax profit of \$140 million; CBS stations had revenue of \$330 million, profit of \$110 million; NBC stations had revenue of \$340 million, profit of \$115 million. ABC Radio Div. also outperformed other 2, with revenue of \$210 million, profit of \$28 million, including \$4.5 million from sale of KGO(AM) San Francisco; CBS radio figures for 1984 were \$150 million and \$19 million, NBC's \$100 million and \$3 million.

ABC TV AFFILIATES COOL TO NEW FALL SCHEDULE: After falling to 3rd place for just concluded prime-time season, ABC TV Network failed to generate much enthusiasm for new fall schedule during affiliates convention last week at N.Y. Hilton Hotel. Of pilots for 3 new fall shows screened, only one was given chance to make it by affiliates we talked to. "We'll be entering this fall with guarded optimism -- but not a lot of hope," affiliate from Midwest said. Added group owner: "They've [ABC] got problems in prime-time programming -- still and continuing."

At closed affiliates meeting (without network executives) day before convention formally opened, major subject of complaints was ABC's last and next prime-time schedule -- which was announced to advertisers and agencies earlier that morning (May 6). However, at session with network executives next day, subject didn't come up. Usual complaints were heard about movie and sports overruns into local news. Affiliates also asked network for window in college and professional football for local news (such as was provided during Summer Olympics coverage). Network promised to consider request but said it would be tough to grant in NFL games.

ABC's pending acquisition by Capital Cities came to forefront during last day of convention -- after remaining in background for first 2 days -- when ABC Chmn. Leonard Goldenson and Pres. Frederick Pierce discussed what merger will mean for network and affiliates. CapCities executives kept very low profile, although its stations' gen. mgrs. were on hand (along with CapCities TV Pres. Joseph Daugherty). However, Chmn. Thomas Murphy and Pres. Daniel Burke declined to be introduced. Almost without exception, affiliates we talked with heartily approve of ABC acquisition by CapCities.

Said Pierce: "We feel so strongly about our affiliates that... we decided to merge with one [CapCities owns 4 ABC TV affiliates]. We figured it was easier than renegotiating compensation." Goldenson said ABC is "on the verge of another great period of growth and prosperity... Because today we stand ready to join with another of the great names in broadcasting. [Merger] ensures the continuity of ABC and its freedom from hostile action by outsiders. This sense of shared values is the core of our merger."

Record 950 attended (including network executives), first ABC TV affiliates convention ever held in N.Y. TV Network Pres. James Duffy, who moves June 1 to pres. of ABC Office of Communication (new post), said network's "sights are firmly fixed on the future [and] never has there been a firmer foundation on which to build that future... And, believe me, we are ready." ABC TV Pres. Mark Mandala and George Newhi, who will replace Duffy as TV network pres., asked for cooperation and support from affiliates. Mandala, who has just been promoted from pres. of ABC owned TV stations, said: "The heart of my job is to see to it that [affiliate] concerns are effectively presented -- that your voices are heard [by network]... I need to know when something is troubling you and when you think things have strayed off course... At the same time, I need your support... There is a great deal to be excited about and I'm extremely optimistic about our prospects."

Pierce and Anthony Thomopoulos, pres. of ABC Best. Group, told affiliates ABC is committed to regaining No. 1 spot in prime time it lost to CBS 4 years ago -- and this last

season network slipped to No. 3 behind NBC. However, affiliates weren't impressed by pilots they saw -- nor were some ABC executives who wouldn't speak for record.

"If you come away with nothing else from our meetings, remember this -- we intend to become the dominant force in network television and we will let nothing stand in the way of our resurgence," Pierce said. Referring to ABC's low finish in 1984-1985 season, he admitted: "We did not meet these standards during the past season and I won't stand here and make excuses." Pierce also said ABC will rely more on in-house productions in future, partly to control "the escalating cost of programming... The economics of the business may ultimately make in-house production our only means to pursue certain very special, high-cost events."

Thomopolous said network's strategy will be "a fresh perception of ABC among our key audience... Steady improvement -- a well-thought-out, seasoned approach to our schedule... I wouldn't promise you any overnight miracles, but I will promise you that we have found and will continue to find programs we can believe in and we're going to keep on sticking with them and giving them a chance to find their audiences..."

Pierce also stressed importance of news: "In a nation where most people rely on TV as their main source of news and information, there is no room for ideology of any stripe... Trust and credibility must be inviolate if the public's relationship with broadcasters is to be real, lasting and meaningful."

Opening morning of convention was devoted to ABC News and Sports Pres. Roone Arledge -- and to news and sports, along with network's top correspondents and sports stars from last 3 decades. News panel of David Brinkley (moderator), Barbara Walters, George Will, Ted Koppel, Peter Jennings (from London) and Sam Donaldson (from Spain) was well received. On sports side, Senior Vp James Spence described network's efforts to cut overruns into affiliates' late news -- perennial complaint at all affiliate meetings. He cited as example fact that network will drop pregame show from evening baseball telecasts this summer in effort to end games by 11 p.m. Spence said ABC will air 97 hours from 1988 Winter Olympics in Calgary -- 53 hours in prime time.

Squire Rushnell, ABC vp for children's TV, told affiliates that stars of ABC Sat. morning shows will make 20-city tour to "meet and entertain young TV viewers." His presentation was enlivened by appearance of Olympic gymnast Mary Lou Retton, host of ABC Fun Fit, new program starting in fall.

Joseph Jerkins, KVUE-TV Austin, was elected chmn. of affiliates board, succeeding Clayton Brace, KGTV San Diego. Mickey Hooten, Hearst Corp., was reelected to board and named vice chmn.; new board members are William Duhamel, Duhamel Bestg.; Clyde Payne, WBKO Bowling Green, Ky.; David Lane, WFAA-TV Dallas; John Behnke, Fisher Bestg.

Affiliate scene shifts to L.A. and Century Plaza Hotel this week for May 12-15 NBC convention, then next week to CBS sessions at Fairmont Hotel in San Francisco. We're told there's been "major cutback" in number of CBS executives going to San Francisco from N.Y. -- including several who have attended for years "as a matter of course."

METROMEDIA DEAL EMPHASIZES EMERGENCE OF INDIES: Top dollar paid for Metromedia's 6 independent stations by Australian Rupert Murdoch and oilman Marvin Davis -- about \$1.55 billion -- signals growing awareness of value of independent stations and reflects their increased audience share, analysts said last week. They noted that combined annual cash flow of 6 (including KRLD-TV Dallas, which has been on air less than 5 years) is about \$80 million, meaning price is roughly 17 times cash flow (i.e., income before interest, depreciation and taxes). Going rate traditionally has been 10-12 times cash flow for network affiliates, 9-11 times cash flow for independents, analysts said.

That view emerged as broadcasting community began absorbing details of Metromedia sale, outlined May 6 by Murdoch, Davis and Metromedia Chmn. John Kluge. They said Murdoch and Davis, as expected (TVD May 6 p1), will form new company that will pay more than \$2 billion for all 7 Metromedia stations, shed WCVB-TV Boston to Hearst for \$450 million cash. While many were agog at price of Boston station (Metromedia paid \$220 million for it 2 years ago), it still is within usual cash-flow multiples. Projected cash flow of station next year is about \$40 million, investment experts said.

Principals didn't say whether new Murdoch-Davis operation will be affiliated with 20th Century-Fox, studio they own jointly, nor did they specify how they're financing deal other than to say Metromedia will be paid in cash. Purchase price mainly reflects assumption of \$1.35 billion debt issued by Metromedia in Dec. when it restructured leveraged buyout. Other stations involved are WNEW-TV N.Y., KTTV L.A., WFLD-TV Chicago, WTTG Washington, KRLD-TV Dallas, KRIV-TV Houston. Murdoch and Davis apparently will have to put up \$200 million in cash.

Buy gives Hearst 6 VHF outlets -- WBAL-TV Baltimore, WDTN Dayton, KMBC-TV Kansas City (which was bought from Metromedia in 1982 for \$79 million, cash that Metromedia used to buy WCVB-TV), WISN-TV Milwaukee, WTAE-TV Pittsburgh. All are ABC affiliates except Baltimore, which is CBS affiliate. According to Television Digest's TV Station Coverage Census, reach of all 6 Hearst stations is 6.95%. Metromedia's 6 indies have total of 21.63% reach, discounted to 18.15% for independent category, Census shows. National audience share of independent stations is now put at 15% (in competing with networks, cable and other home media), up from 10% less than 2 years ago -- obviously making them more valuable.

"I knew of the Hearst stations' reputation and record," Kluge said, "and I had direct knowledge of how well Hearst operated the station which it acquired from us... I was aware of the Hearst interest in WCVB and I felt committed to provide it with the first opportunity to buy that station." Kluge apparently turned down effort by WCVB executives to buy station.

Question most often asked is why Kluge is selling stations just 11 months after he completed \$1.45 billion leveraged buyout to take company private. Sources and analysts we talked with said cash being thrown off by stations was barely enough to service debt. After financing buyout with \$1.3 billion loan from Mfrs. Hanover Trust and other banks, Kluge restructured financing package with public debt offering that essentially transferred debt payments from parent company to TV stations. Beginning in 1988, Metromedia faced annual debt payments of \$160 million. If deal works out as envisioned, Kluge would walk away with about \$400 million profit, which he has said will be invested in cellular radio and other telecommunications ventures.

Acquisition of 6 Metromedia stations by Murdoch and Davis places their 20th Century-Fox -- traditionally one of Hollywood's weakest studios -- in enviable position. Studio, for which Murdoch's News Corp. Ltd. paid \$250 million for 50% interest, thus becomes vertically integrated company operated separately from TV stations but having guaranteed outlet for its programming. It's that programming link that analysts point to as foundation for a 4th commercial TV network. To consolidate their control of studio, Murdoch and Davis last week dropped 2 dirs. from Fox board -- Gerald Gray, close associate of Marvin Davis, and John Davis, his son -- leaving co-owners in sole control.

There were these other developments: (1) Murdoch said he won't seek permanent waiver of FCC cross-ownership rules to allow him to keep Chicago Sun-Times and N.Y. Post, instead will ask for 18-24 month temporary waiver to allow for orderly divestiture. Murdoch also put Village Voice on block, is asking minimum \$55 million. (2) Immigration & Naturalization Service (INS) said there's 4-5 month processing delay between filing application and court swearing in for naturalization applications made in Conn., where Murdoch has a home. Murdoch has said he will become U.S. citizen. (3) Metromedia Senior Vp Robert Bennett won't join Murdoch-Davis, instead is negotiating to buy Metromedia Producers Corp. production and sales wing. Metromedia TV stations head Richard Block will remain under Murdoch-Davis ownership.

STORER 'CONFIDENT' IT BEAT CONISTON: It's all over but the counting in battle for control of Storer Communications, management said as it emerged from showdown with dissident stockholders group Coniston Partners last week, declaring it was "confident" that majority of incumbent dirs. were reelected.

If that's borne out by official count of proxies and ballots cast at May 7 annual meeting in Bal Harbour, Fla., Storer's leveraged buyout by N.Y. investment bankers Kohlberg Kravis Roberts & Co. (TVD April 29 p1) could be completed by year's end.

"We won't know the final results of the election for a week or more," Chmn. Peter Storer said after surprisingly brief meeting. "Based on a review of the proxies delivered to the company, however, I am confident that a majority of our incumbent directors have been reelected." Election of 5 or more incumbent Storer dirs. was major condition of KKR's buyout. KKR deal is valued at \$1.8-\$2.1 billion.

Meeting will be resumed at 2 p.m. May 17 at Storer Fla. hq. In interim, Del. accounting firm C.T. Corp. will count ballots and proxies. Peter Storer said at meeting: "We think that based on our current business plan [Storer] shall grow so substantially in the next 4 years [that the] selling value will double what it is now. Major capital expenditures have been dropping... We have completed the construction of our cable systems."

Coniston principal Paul Tierney was given equal time at meeting. Later, his colleague Augustus Oliver said: "There's no question we'll get significant representation." It was believed Coniston group elected at least 3 and possibly 4 dirs.

But there were persistent rumors another bidder for Storer is waiting in wings. Goldman Sachs reportedly has placed Storer on its secret restricted list, warning personnel not to deal in certain stock to avoid conflicts of interest, indication that investment banker has client interested in acquiring Storer. Tierney said after meeting that KKR deal is "a step in the right direction," but he criticized management for not considering other possible offers. "There may well be much higher value and certain value for shareholders by entertaining other bidders," he said. "It is our contention that there are many bidders that have not been properly aired."

In other takeover activity last week, some 4.8 million shares of Cox Communications, or 17% of all outstanding, were tendered to Cox Enterprises as part of family-owned newspaper chain's bid to take company private. Cox also adjusted its projected 1986 profit upward to reflect cable system sales.

Also, Washington Redskins owner Jack Cooke told SEC he has bought 9.75% stake in Multimedia for \$89 million. Cooke made it official late last week by making offer for Greenville, S.C. newspaper and broadcasting chain, which is recapitalizing. SEC filing said Cooke paid \$48.50-\$58.63 for 1,626,500 shares.

FIM HASN'T SPARKED RUN ON CBS: Fairness In Media (FIM) bid to take over CBS is lagging, according to SEC records. FIM managed to get only 2 allies either to buy stock directly on its behalf (before Ted Turner made bid for CBS that derailed group's solo effort), or contribute more than \$500 to conservative group's publicity campaign, records show.

Check of SEC computer records showed only CBS stock purchases at FIM's behest were by Dunn, N.C., publisher Hoover Adams, who bought 11 shares of common. Son Bart Adams holds 20 shares, and daughter, Maere Kay, has 100. Other filing on FIM's behalf at SEC was by Richard Shoff, CEO-vice chmn. of Log Systems Inc., Kannapolis, N.C., who said he had given FIM \$5,000.

FIM had urged one million conservatives to buy CBS stock (TVD Jan 14 p5) and contribute to FIM administrative costs. FIM is trying to raise \$477,000 to continue publicity campaign.

Although FIM didn't seek shareholder proxies for takeover bid at CBS annual meeting, it's still urging conservatives to buy network stock. FIM says it needs \$60,000 for legal fees involved in court effort to get CBS shareholder list; \$75,000 for mailing to 110,000 persons urging them to buy CBS stock; \$75,000 down payment for investment banker to research possible future tender offer.

Meanwhile, FIM spokesman Rep. Crane (R-Ill.) wrote CBS News anchor Dan Rather asking for "a special edition of 60 Minutes where you and I sit down together and discuss the evidence of liberal bias" at CBS. Network turned down request, said it's "simply another extension of [FIM] campaign to heighten the political profile of Sen. Helms" (R-N.C.).

One way to gain access to White House inner circles, it seems, is to get invited to appear on TV's weekend talk shows. That point occurred to New Republic magazine Senior Editor Fred Barnes recently when he and 5 other journalists were given on-the-record budget briefing by Chief of Staff Donald Regan and OMB Dir. David Stockman. Wrote Barnes: "I suddenly realized that all but one of us were scheduled to perform on the weekend TV panel shows." That one was replacing colleague on a talk show who had to cancel. White House Office of Media Relations, it turns out, had simply called around to talk shows, asked what reporters were invited, gave them red-carpet treatment before TV appearances.

U. of S.D., which operates educational KUSD-TV-AM-FM Vermillion, must submit reports to FCC for next 3 years on EEO program to hire more women. Commission voted May 9 to condition renewal of stations. It had admonished licensee in 1980 for underrepresentation of women. FCC also voted to condition renewal of WUNA(AM)-KSLY(FM) San Luis Obispo on EEO grounds, said that out of stations' 16 job openings in 1983, none went to minority.

HALL RESIGNS AS CRT CHMN : Under pressure from Congress, Marianne Hall resigned May 8 as chmn. of Copyright Royalty Tribunal (CRT) amid protests over her involvement with 1982 book *Foundations of Sand*. White House said her resignation from \$70,000-a-year job was effective immediately. Resignation leaves once-obscure CRT seemingly adrift at time when it was gearing up to distribute about \$80 million in 1983 cable industry royalties to copyright owners (TVD April 1 p6).

Book caused furor for asserting in one chapter that blacks have "an abhorrence of the work ethic" and "insist on preserving their jungle freedoms" (TVD May 6 p6). Apparent last straw was news report that Hall had been fired from job at Washington bank for insubordination.

CRT chairmanship is rotated annually among commissioners. Comr. Edward Ray has stepped up as acting chmn. because he's senior remaining member. There was some question whether Tribunal, with only 2 commissioners (other is Mario Aguero), has quorum and can conduct business. Gen. Counsel Robert Castler said he believes quorum is based on number of sitting commissioners, not number authorized: "Therefore, a majority of 2 is 2 and we can have a quorum."

President now has 3 openings to fill on 5-member Tribunal, and quick action is unlikely. Reagan has said he would nominate ex-White House aide Rose Monk to one of open 7-year terms. But Senate Copyright Subcommittee Chmn. Mathias (R-Md.) said he wants to delay action until he can consider entire slate of candidates. Mathias also said his panel will continue probe into Hall's appointment, focusing particularly on confirmation process "that served the nation so poorly in this case." Sources said congressionally mandated CRT reforms are increasingly likely.

Hot prospect for one of vacancies is Ralph Oman, chief counsel of Mathias Subcommittee. Oman said that he wrote President year ago seeking nomination and that Mathias and some in industry wrote supporting letters. He said request still is pending and he didn't know whether he might be considered now.

Recording Industry Assn. of America (RIAA) had \$388,000 surplus for year ending March 31, 1984, according to IRS tax return. RIAA paid Pres. Stanley Gortikov \$170,000 salary, \$110,000 benefits, \$49,162 expenses; Stephen Traiman, exec. dir., \$55,034 salary, \$7,470 benefits, \$8,881 expenses. Of more than \$5 million spent, RIAA said \$3.2 million went for general office work, \$1.6 million on antipiracy efforts, \$218,000 to battle counterfeiters.

White House is expected to nominate Bruce Smart, CEO of Continental Group (formerly Continental Can), as successor to Commerce Undersecy. Lionel Olmer.

NCTA convention planners have elevated June 5 workshop on scrambling to general session status because of increasing concern over backyard dishes. Move comes in spite of reported difficulties in getting speakers for "Star Wars" panel. Some cable network executives don't want to come forward and answer question, as put in convention program: "Who are the cable players in the satellite-to-home business?" Showtime/Movie Channel Chmn. Neil Austrian and ESPN Pres. William Grimes have declined, we're told. HBO Pres. Joe Collins declined because of schedule conflict, suggested Cinemax Senior Vp Larry Carlson as substitute, according to one convention planner, who insisted she wasn't aware of any major problems in setting up panel.

Capital Cities is going all out in pledge to help minorities acquire some of TV-radio stations and cable systems it must divest in acquiring ABC. CapCities Best. Div. Pres. Joseph Dougherty (who is in charge of spinoffs) and Vp Andrew Jackson meet with minorities today (May 13) in N.Y. to give details on stations to be divested. Among those participating will be NAB-sponsored Best. Capital Fund. Congressional Black Caucus said it will serve as "contact person" for minority entrepreneurs. Also this week, CapCities plans to issue proxy statement for late June stockholders' meeting called to approve ABC acquisition.

Exhibitors at last NAB convention have "strongly recommended" that opening of exhibit hall remain on Sun., rather than switching to Sat. as NAB planned for next year in Dallas. Exhibitors also suggested that hall remain open until 6 p.m. Wed. (last day of convention, when formal sessions end by noon) and that major entertainment event be scheduled for that evening. In meeting with NAB officials last week, exhibitors asked that committee be formed to meet regularly with NAB to review convention planning. NAB Exec. Committee will consider recommendations this week.

CBS has pulled promotional ads claiming "more Americans" watched CBS in prime time than ABC or NBC. Nielsen originally had okayed CBS claim, later said it was mistake to do so because, although CBS was watched in more households, NBC actually had larger audience because it is favored in younger households with children. NBC ran counterad proclaiming "homes don't watch TV. People do."

William Tanner recently received maximum sentence of 4 years in jail and \$16,000 fine after conviction in U.S. Dist. Court, Memphis, on 3 counts of income tax fraud and one of mail fraud. Charges stem from alleged kickbacks Tanner, as head of ad rep firm William Tanner Co., paid officials of Thomas J. Lipton and Sterling Drug. Tanner sold company to Media General in 1982.

Cox Communications is teaming with Alan Landsburg in TV production venture, Cox to own 80% of new venture Landsburg Co. which will produce series and movies for TV.

NETWORKS ON ELECTIONS: Reaffirming pledges made earlier this year (TVD Jan 21 p5), 3 major TV networks told Congress May 9 they will forgo election projections and characterizations of races in 1986 voting. Commitment was made in exchange for promise of legislation that would impose uniform poll closings across country, allowing networks to project races simultaneously when voting stops. But networks told House Elections Subcommittee hearing that their commitments have caveats.

News Vp George Watson said ABC's commitment lasts until at least 1988, when network will reevaluate position. If uniform poll closings or similar legislation hasn't passed Congress by then, Watson said, ABC might reinstate immediate reporting of exit polls used in making projections and characterizations. "We [know] of no [other] possible or desirable way news could be dammed up east of the Rockies" without violating news media's constitutional rights, Watson said in endorsing uniform poll closing hours.

News Pres. Lawrence Grossman said NBC was committed to, in effect, embargo election projection reporting based on exit polls, but said network would regard that as broken if other news media release such poll results on election day. He said NBC would reserve right to respond to "false or misleading" poll results that might, for example, be released by candidate in hope of affecting election outcome.

News Pres. Edward Joyce said CBS would avoid projections and characterizations but would oppose any efforts to impose reporting requirements on broadcasters as part of uniform poll closing legislation.

Group W Vp Richard Sabreen said Westinghouse remains "opposed to the release of exit poll results while the polls are still open" but broadcasters should retain right to conduct polls because they're "important logistical and planning tools" for news media. He and TBS Exec. Vp Robert Wussler urged broadcasters to exercise restraint voluntarily.

Wussler chastised 3 major networks, calling exit polling "cross[ing] the line of responsible journalism" and "reporting on information of their own manufacture." He also opposed uniform poll closings as unwarranted intrusion on voting process in behalf of networks.

House panel is considering simultaneous poll closings across continental U.S., such as HR-622 by Rep. Wyden (D-Ore.), and other proposals that would change voting hours as way to minimize effect of network reporting.

FCC has denied request to delay holding lotteries to award MMDS licenses until it resolves question whether women should be included in definition of minorities. MMDS applicant Stella Pappas made request, asked that lotteries be delayed in 105 markets where women have applied.

Federal grand jury in Chicago has indicted 4 persons, including Fox Lake, Ill. Mayor Richard Hamm, for receiving bribes related to award of cable franchise to U.S. Cable. Others indicted were former town board member Richard Gerretson; Lee Lovett, Washington attorney who was a consultant to Fox Lake during franchising; accountant Kurtis Borre. According to indictment and local newspaper reports, Lovett approached Hamm in 1980 and allegedly offered him 5% of system. Hamm then allegedly offered Gerretson, who was on town board, 2% of the 5% equity in return for influencing grant to U.S. Cable. All those indicted dispute charges.

Claiming "serious erosion of First Amendment protections," CBS, NAB, Westinghouse, Time Inc. and 7 other media organizations filed as friends of court in U.S. Appeals Court, D.C., on side of Washington Post in its appeal of libel ruling in favor of Mobil executive William Tavoulareas. Court's decision last month to reinstate \$2 million jury verdict dilutes constitutional protections against "potentially crippling effects" of libel litigation, groups said, and if upheld would prohibit press from performing watchdog function.

Satellite Network Delivery is "in difficulty" because of delays in obtaining funding for project called Business Teletext Network (BTN) and doesn't have money to continue, said Richard Anderson, SND exec. vp. BTN is trying to deliver financial news services and newsletters to customers nationally via VBI of public TV and commercial stations, with startup eyed for Sept. But Anderson said verbal agreement with ABC for \$7 million investment, reached after year of negotiations, has been placed on hold.

"Television's dominance over other media is more pronounced than ever before," TvB Pres. Roger Rice said in releasing latest study for TvB by R.H. Bruskin Assoc. It shows that TV reaches more adults on any given day (88%) in U.S. than newspapers (59%, down 12% from 1980), radio (63%, down 5%) and magazines (25%, down 7%). Average adult spends 252 min. daily watching TV, compared with 170 min. for newspapers, radio and magazines combined, Bruskin said.

CPB would get \$214 million in FY 1988, \$228 in FY 1989 and \$244 million in FY 1990 under authorization bill introduced by Sen. Goldwater (R-Ariz.), chmn. of Senate Communications Subcommittee. Counting FY 1987, total is \$960 million -- \$15 million more than President Reagan said he would accept.

Radio deregulation has had little effect on news operations at vast majority of stations, according to survey by RTNDA. Reported in May issue of Assn. magazine Communicator, study concluded that 80% of stations hadn't changed amount of air time for local news. But 16% of respondents said amount of time for public affairs programming had decreased.

Personals

Thomas Bolger, former NAB Joint Board chmn., resigns as Forward Communications pres.-CEO effective May 24; he's expected to teach communications at a university... Nominated officers of FCBA: Pres., **Gene Bechtel**; vp, **Richard Wiley**; secy., **Susan Wing**; asst. secy., **Janice Hill**; treas., **Lawrence Movshin**; delegate to ABA, **William Potts**... **Arch Madsen**, Bonneville International pres., becomes pres. emeritus July 1, will remain a dir., is succeeded by **Rodney Brady**, Weber State College pres... **Jeffrey Snetiker**, controller of Group W Productions, elected a vp... **Peter Stamelman**, ex-D.L. Taffner, named producer-mgr., Arts & Entertainment national and community programs... **Mary Azcuenaga** confirmed by Senate as member of FTC.

Preston Padden, WTTG Washington assoc. gen. counsel, has been confirmed by INTV board as pres. (TVD April 15 p9) effective at end of year when **Herman Land** retires... FCC calendar -- May 14: **Daniel Brenner**, senior adviser to Chmn. **Fowler**, speaks at Stanford U. Communications Dept. seminar; **Jill Ross**, legal asst. to Comr. **Dawson**, addresses Women in Govt. Relations Telecommunications Committee; **Michael Fitch**, Private Radio Bureau deputy chief, speaks at Vanguard-Phillips conference, Crystal City Marriott. May 16: **William Russell**, dir.-Office of Congressional & Public Affairs, addresses N.C. Telephone Assn. spring management conference, Holiday Inn 4 Seasons, Greensboro. May 17: Comr. **Quello** speaks at joint meeting of Detroit Adcraft Club and Better Business Bureau, Mich. Inn, Detroit... NAB Pres. **Edward Fritts** elected a dir., National Commission Against Drunk Driving; NAB Senior Vp-Public Affairs **Shaun Sheehan** named a dir., Mothers Against Drunk Driving.

William Dilday, ex-WLBT-TV Jackson, Miss., named gen. mgr., WJTV Jackson... **Lawrence Lichty**, U. of Md., named chmn., Northwestern U. Radio & TV Dept., effective in fall... **Robert Morin** appointed pres., New Century Communications.

Bonnie Wrobel named business affairs operations mgr., Columbia Pictures TV; **Anthony Friscia** named dir.-financial planning and analysis... **John Bennett** advanced to asst. station mgr., WJBF Augusta, Ga... Washington law firm Bilger & Blair has been merged with communications law practice of **Leonard Joyce**, ex-Daly, Joyce & Borsari, and **William Silva** has become partner in new firm Blair, Joyce & Silva.

John Keaveney, ex-Warner Amex Cable, appointed operation services vp, Group W Cable, new post... **Robert Pisano**, ex-law firm O'Melveny & Myers, appointed exec. vp-gen. counsel, Paramount Pictures, succeeding **Richard Zimbert**... **Frank Batten**, Landmark Communications chmn., reelected AP chmn; **William Keating**, Gannett Newspaper Div. pres., elected vice chmn. and chmn.-elect, new post.

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Jon Gilbert advanced to gen. attorney, ABC west coast Labor Relations Dept.; **Daniel Rubinate** promoted to ABC Best. Operations & Engineering Div. dir.-production, planning and control... **Donna Assumma** promoted to asst. sales mgr., Avery-Knodel TV, N.Y... **John Dudley**, ex-KGGM-TV, Albuquerque, appointed national sales mgr., WMTV Madison... **Job Soder**, ex-Cinemax, named mkt. planning and development dir., ATC... **Wendy Phillips**, ex-LBS Communications, named King World Enterprises vp-gen. sales mgr.

John Rose advanced to a vp-staff lawyer, NBC... **William Paley**, CBS founder-chmn., awarded honorary degree by U. of Southern Cal.; Pres. **Thomas Wyman** to be elected a dir., General Motors... **Brian Wynn**, ex-John Blair & Co., appointed program dir., Avery-Knodel TV; **Sabrina Leonard**, ex-KLBK-TV Lubbock, Tex., rejoins as mgr. of new Houston office... **William Lage** advanced to gen. sales mgr., WPCQ-TV Charlotte.

Jeff McGrath merges McGrath Assoc. TV Resources with Center City Studios, Chicago, named pres.-COO, Center City Studios... **James Shaw**, ex-ABC, named a dir., becomes consultant to Enterprises Systems Group... **Lemuel Lewis**, gen. sales mgr., KLAS-TV Las Vegas, promoted to vp-administration, Bestg. & Video Enterprises Div. of parent Landmark Communications, succeeded by **Carole Henderson**, in turn succeeded as local sales mgr. by **Jean Hites**.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	APRIL 20-26	1984 WEEK	% CHANGE	APRIL 13-19	4 MONTHS 1985	4 MONTHS 1984	% CHANGE
TOTAL TV.....	450,766	398,375	+13.1	297,669	5,958,454	6,363,963	- 6.7
TOTAL COLOR...	377,809*	309,112	+22.2	244,160	4,915,832*	4,883,276	+ 0.7
DIRECT-VIEW.	373,869*	305,653	+22.3	239,819	4,849,555*	4,842,858	+ 0.1
PROJECTION..	3,940*	3,469	+13.6	4,341*	66,277*	40,418	+31.5
MONOCHROME....	72,957	89,253	-18.3	53,509	1,042,622	1,480,687	-29.6
TV EXCL. PROJEC.	446,826	394,906	+13.1	293,328	5,892,177	6,323,545	- 6.8
HOME VCR#.....	252,906*	109,603	+130.7	153,156*	3,155,813*	1,834,887	+72.9
COLOR CAMERAS#..	11,077*	4,487	+146.9	6,721	140,426*	124,147	+13.1

Color TV (direct-view) 5-week moving average: 1985--287,437; 1984--295,668* (down 2.8%).

Home VCR 5-week moving average: 1985--189,890*; 1984--117,392 (up 61.8%).

* Record for period. # Camcorders included in VCRs, not in cameras.

APRIL SALES SOAR AFTER FALTERING START: April started out like real bummer in sales to dealers. After first 3 weeks, color sales were down 3% and year-to-date color trailed last year by 1.4%. VCR sales were up -- but only 34%, which would have been smallest increase in 35 months. Color camera sales for the 3 weeks were down 15%.

But April went out like a lion, as final week (see State of the Industry) changed character of whole month. Direct-view color sales were up by 22.2% from same week of preceding year, bringing month's sales to 1,051,356, record for any April, also bringing color to record for year-to-date (4 months), eclipsing 1984's high by 0.1%.

VCR sales in final week were up 130.7%, best increase of this year, and week's sales of 252,906 were year's 3rd best, bringing month to respectable 58.6% gain over last year. Color camera sales gained 146.9% in final week, pulling that category out of red for month.

On seasonally adjusted annual basis, color sales in April were at 16.6 million rate, below record 18 million level of March but well ahead of 13.2 million registered in Jan. For year's first 4 months, color's sales pace was 16.35 million. VCR's annualized rate in April was just above 12.3 million -- once again down from record rate (15.1 million) of March but ahead of the 12.2 of Jan. For 1985's 4 months, VCR sales were selling at rate just below 13.2 million.

Color TV inventories were at record for end of April but below all-time high set last Oct. At pipeline level (factory plus distributor), color stocks (including projection) pushed above 3.7 million sets, up almost 20% from year earlier and 6.2% from end of March. Factory inventories of 2.43 million were up 34.3% for year and 9.6% for month, while distributors kept relatively lean at 1.27 million, down 0.5% from same 1984 week and up only 0.2% from end of March.

VCR inventories hit all-time high of 1,365,000 at pipeline level, 142.6% over same period last year and 4.8% above figure for end of March. Factory inventories were 828,000, up 120% in year and 5.1% in month, while distributor stocks at 537,000 were up 188.4% and 4.4% over year-ago and month-ago figures. Here are EIA's April figures on sales to dealers:

Product	April 1985	April 1984	% change	April 1983
Total TV.....	1,288,591	1,323,698	- 2.7	1,279,971
Total color...	1,066,220*	1,016,381	+ 4.9	913,560
Direct-view.	1,051,356*	1,004,499	+ 4.7	906,130
Projection..	14,864*	11,882	+25.1	7,430
Monochrome....	222,371	307,317	-27.6	366,411
TV excl. projec.	1,273,727	1,311,816	- 2.9	1,272,541
Home VCR.....	685,510*	432,596	+58.6	228,335
Color cameras...	29,202*	25,938	+12.6	23,454

*Record for any April

MANUFACTURERS UNFAZED BY SALES GYRATIONS: Strange behavior of color TV sales figures -- which have been hovering around last year's numbers, sometimes above and sometimes below -- isn't shaking TV manufacturers' faith that 1985 still will be good year. For 4 weeks preceding sensational final week in April (see above), color sales to dealers ran 9.3% behind 1984 and year-to-date sales have been seesawing between plus and minus columns.

Only thing to fear is fear itself, set makers seem to be saying, arguing that sales still are excellent, that heavy increases of 1984 can't continue indefinitely, that minus figures are result of earlier heavy dealer buying. Word "panic" is heard frequently -- always preceded by "don't" -- sign there's undercurrent of worry that somebody might pull liquidation plug. Aside from this caution, however, there's still strong air of confidence.

"Never forget that the EIA figures represent purchases by dealers," cautioned RCA Group Vp Jack Sauter. "They're more distorted than ever because of the purchase habits of bigger dealers." In VCR, where April's first 3 weeks represented only 34% increase over last year, "we're seeing a leveling-out of dealer purchases as inventories catch up -- the same thing happened in color in Jan." Sauter pointed out that April is always slow month and industry is returning to more normal seasonal pattern. "A weakening in purchase rates usually occurs from April through June, and July starts to build back up."

Conceding "panic could occur at any moment," Sauter was optimistic that calm will continue to prevail and said RCA is sticking to its earlier forecasts for this year. "In VCR, we said 10-10.5 million, possibly going to 11. We were saying that when going rates were 14 million... We still see VCR at 10.5 million, and color still looks like 16 million."

Pause in late March and early April was merely "temporary halt, a breather," said Quasar Pres. Jack Pluckhan, partly result of early Easter and delayed tax refunds. (But he added quietly: "Heaven help us if it isn't.") Quasar still thinks color will come in at 16.2-16.5 million this year, according to TV Div. Gen. Mgr. Anthony Mirabelli. He said soft numbers early this month probably stemmed from dealer efforts "to work themselves down in inventory. They came off of a very strong year and might have booked up too heavily."

Strong final week of April presumably reflected "retail activity starting to pick up in some markets," which Mirabelli said was becoming detectable, and "the truth is dealers that promote sell, those that don't, don't." But while outlook is upbeat, "we're all going to have to watch our inventory to be sure it doesn't get out of hand -- that goes for dealers, distributors and ourselves." And regardless of volume, he said, "the competition is going to be as severe in the 2nd half of this year as it has been in the first."

Among possible reasons for recent sluggish sales suggested by Hitachi Vp Alan Wallace are late tax refunds, holidays and bad weather. "I don't see any reason to panic yet -- April is never that good a month," he said. "We're looking at the market very seriously, we're always on the conservative side, but at this time we see nothing to indicate there will be a slowdown for

the rest of the year. We're still planning for a share of a 16-million color TV market, and look for industry VCR sales of 10 to 11 million."

Industry has become too "accustomed to those double and triple digit increases -- we're just getting back into the real world," we were told by Toshiba Mktg. Vp Jay Yancy. While retailers say there has been a slowdown, "I think they know they can't continue with the type of increases we've enjoyed as an industry, and I see no dampening of enthusiasm for the fall." At same time, he said, "dealers aren't carrying as many models now" as in past -- "they are handling fewer, but going a little deeper on those." As for Toshiba, "we're not making any plans for a downturn, but at the same time we're not producing to build inventory."

"In a word, tough," was the down-to-earth assessment of 2nd half offered by Sanyo Sales & Mktg. Exec. Vp Jeffrey Berkowitz. "Business conditions are going to be rougher than they were last year because the disposable income won't be as great" among consumers in general, he said. Improved economic conditions have led consumers to increase purchases of cars and new homes, and that's going to have an impact on industry volume later this year, Berkowitz contended. He said he saw overall industry sales "up but spotty" for rest of 1985, "and what I see selling best is the high-end product." Competition at lower part of market will continue to be intense, he predicted. As for VCRs, "while I haven't heard of any recent downward price movement," he said he expected selling prices to be off by 10% between now and year's end.

SANYO STAYING IN BETA CAMP: Sanyo won't be following semidefection route taken by NEC and Toshiba, will continue to stand side-by-side with Sony with Beta as its sole 1/2" VCR format, according to Sales & Mktg. Exec. Vp Jeffrey Berkowitz, now rounding out his 2nd year in that post. As for 8mm Video, Sanyo has little more than toe in market right now, won't have real position until fall.

Beta-only stand is in keeping with Japanese parent's policy that Sanyo brand will never appear on VHS VCR, stated to us by Pres. Kaoru Iue in 1983 (TVD Dec 19/83 p16) and repeated earlier this year -- Sanyo does have VHS VCRs, but they are marketed by subsidiary Fisher. But while it's sticking with that policy, there's degree of reluctance. "As a marketing man I would like to be selling the system that has 80% of the market," Berkowitz admitted at N.Y. meeting where 1986-model line was introduced to press.

Sanyo is showing no sign of suffering from its VCR stance, however. Berkowitz claims company is biggest Beta marketer, sold 800,000 here last year, up 80% from 1983. That would give it 10.5% share of 1984's 7.6 million market, ranking it 3rd behind RCA's estimated 16% and Panasonic's 14%, and put Sony 4th with 6.5%. April was Sanyo's biggest VCR month ever, with sales up 23% to 105,000 -- which would be good for 15.3% market share -- "and that's with a system that's supposed to be dead," Berkowitz said.

While known as VCR pricing pace setter, "in 1984 less than 50%" of Sanyo's Beta sales were leader models "and now it's less than that." I don't see Beta dying," Berkowitz said, adding that company's goal is to retain 10% VCR market share, "and that's with Beta." Sanyo's sales of Beta Hi-Fi machines tripled in first 4 months this year, it was indicated. Only VCRs being added to Sanyo line are Superbeta Hi-Fi remote deck at \$680, Sony-made Betamovie with CCD imager and auto focus at \$1,600 -- \$100 over list for Sony's own-brand unit (TVD April 22 p11). Both have switch to allow for either standard Beta or Superbeta format operation.

In 8mm Video, we were told, Sanyo has shipped only several hundred of the 2-speed portable decks it first showed year ago, then formally introduced at last Winter CES. Major impact of 8mm on existing VCR business will come in portable area, Berkowitz predicted. As for decks: "I don't feel it will be any more of a factor on Beta sales than on VHS." First real availability of 8mm from Sanyo won't come until 4th quarter, when company will introduce 2 new products, Berkowitz said. While he declined specifics, it's believed company will have camcorder plus new portable deck. He said Sanyo's in no big rush, adding that while "it's an exciting concept," it will be 3-5 years before 8mm accounts for important share of market.

As for color TV, Sanyo has chosen "not to compete" in profitless "brown box" area on "day-to-day basis," he said. "Our direction is to go toward high-technology color sets," but even so, he said, company isn't losing market share. New models were restricted to just 3 table model monitors in new Vision Art series, all with MTS stereo 140-channel remote tuners, RGB inputs, including 14" and 20" with flat square tubes at \$500 and \$650, 26" full square at \$1,000. Also in TV, Sanyo returned to projection market after 3-year absence with pair of 40" MTS rear-projection remotes company says provide 320-line resolution from off-air source, 400 lines from direct video input. Units are \$2,400 and \$2,500, latter with doors.

New big-screen sets also are featured in Sanyo's audio-video systems. Leader at \$1,700 includes 20" monitor, new Superbeta VCR with TV-VCR remote control, 50-w per channel amplifier, cassette deck, tuner, turntable, speakers and cabinet. Step-up with 26" monitor, equalizer and 100-w amplifier is \$2,200. At \$3,000 is 26" system with CD player, 50-button remote for all video and audio functions. Same system, but with 40" projection TV, is \$5,000.

In addition to 3rd-place ranking in VCR last year, Berkowitz said, Sanyo placed first in U.S. in portable audio and car stereo, with unit increases of 40% and 10% respectively, 2nd in audio systems with 300% rise, 3rd in compact stereos with 30% increase. Sanyo, he added, had overall 40% sales rise to \$800 million last year, and while company target is for 20% increase in 1985, "my own personal goal is to hit \$1 billion."

SANYO REPORTS: Paced by strong volume increases in VCRs, stereo systems and office automation equipment, Sanyo's sales of electronic products rose 30.7% in fiscal 1985 to Nov. 30 to \$3.51 billion, according to recently issued annual report. For year, Sanyo's consolidated net rose 29.6% to \$179 million on 26.2% revenue gain to just under \$5.8 billion.

In consumer electronics, Sanyo said VCR sales jumped 40.7% to \$883 million, color TV 6% to \$606 million, tape recorders 11.7% to \$693 million, stereo components and systems 141.9% to \$466 million. Sales in Japan were up 13.5% to \$1.92 billion, while sales overseas rose 33.6% to \$3.88 billion.

North America was Sanyo's largest foreign market. Sales rose 53.8% to \$2.39 billion, with bulk of increase in U.S. as Canadian market softened in 2nd half. Sales in Europe were off 8.5% to \$494 million. Report credits much of consumer electronics volume rise to subsidiary Fisher, which doubled its VHS VCR volume in U.S. and about doubled its audio sales worldwide. Fisher sales were consolidated with Sanyo's results for first time last year. Report notes that fiscal 1984 was first year of million color set production by Sanyo plant in Forrest City, Ark.

Sanyo report says 20.4%-owned affiliate Tokyo Sanyo produced 1.42 million VHS VCRs last year. It puts Sanyo's purchases from TS last year, primarily VCRs and computers, at \$1.51 billion, up 34.9% from fiscal 1983. TS sales totaled \$1.97 billion, up 39.3%.

Sanyo's R&D spending rose 15.2% in 1984 to \$88 million, and outlay for entire Sanyo Group was \$176 million. Prime research areas include VLSIs, solar cells, recordable optical discs and home information systems, which report's message from Pres. Kaoru Iue says are among key areas in company's 5-year growth program.

New layoff round is sweeping through semiconductor industry as IC demand continues to be sluggish. Among involved companies: Mostek says it will trim 2,000 from plant in Carrollton, Tex. and hq in Colorado Springs, reducing U.S. work force by 30%. At end of first quarter Mostek dismissed 600 in U.S., 1,000 in Malaysia. Signetics has begun layoffs at plants in N.M. and Utah, expects to idle up to 650 by end of June, about 8% of employees. Fairchild is closing plants in Healdsburg, Cal. and Wappingers Falls, N.Y., reducing operations at 2 other Cal. plants, in moves that will cost up to 650 jobs. Indication that market will get worse before it gets any better comes from research organization In-Stat, which predicts U.S. semiconductor sales this year will be down 14.5% to \$9.9 billion, and 1986 will see decline of about 3% to just under \$9.6 billion. It estimates demand for ICs will drop 14.3% this year to \$8.3 billion, come in at \$8 billion next year, off 3%. For discrete devices, 1985 sales are pegged at \$1.6 billion, off 15.7%, with slippage of 2.9% to slightly less than \$1.6 billion seen for 1986.

Microwave oven shipments by U.S. producers and importers jumped 60.6% to 1.12 million in March, to put first-quarter total at 2.58 million, up 35.2%, AHAM reports. However, group cautions March total may be somewhat overstated because of problem with Commerce's import figures it uses, along with data supplied by reporting members, to develop total market. It was noted that MW shipments in Feb. were up abnormally low 14.1%, and that March figure probably includes some catch-up numbers. However, AHAM said, it believes quarterly total is reasonably accurate.

Free data retrieval is being offered to its computer disc customers by Polaroid. Company will attempt to recover information stored on discs that have been damaged in any way. Verbatim is offering consumers new floppy disc in exchange for damaged disc made by competitor.

FEB. TV IMPORTS: Total color TV imports in Feb. and first 2 months were essentially flat, as decline in incoming shipments of complete sets was about balanced out by increase in chassis and kits, Commerce figures show (TVD April 29 p11).

Biggest chassis and kit gains came in shipments from Korea and Taiwan, both covered by last year's color TV dumping finding, rise reflects increased production activity at U.S. plants run by manufacturers from those countries. In b&w, entire increase stemmed from Korea. Manufacturers there now dominate private label business in U.S.

Following are TV import totals by country for Feb. and first 2 months of 1985. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chg.	2 Months	%chg.
Japan				
total...	206,500	+22.6	464,000	+27.6
color...	166,400	+14.7	371,000	+27.6
b&w.....	40,000	+71.1	93,000	+27.7
Taiwan				
total...	276,200	+ 4.3	776,900	+25.4
color...	138,500	+48.0	350,300	+42.1
b&w.....	137,800	-19.6	426,600	+14.4
Korea				
total...	436,400	+15.8	1,067,900	+27.2
color...	134,200	-28.8	311,900	-17.5
b&w.....	302,200	+60.4	755,900	+64.0
Singapore				
color...	66,300	+ 7.4	129,700	-19.3
Malaysia				
color...	18,200	- 9.4	43,100	+41.7
Hong Kong				
color...	12,800	+1310.0	15,900	+128.9
Canada				
color...	7,400	+28.9	16,400	+48.5

Complete Color				
Japan....	108,700	+17.3	266,100	+44.4
Taiwan...	116,000	+33.9	293,300	+33.7
Korea....	62,000	-65.4	166,000	-53.7
Singapore	16,700	-13.4	44,000	-21.6
Malaysia.	12,000	-40.5	35,700	+17.3
Hong Kong	7,700	+743.6	10,700	+54.4

Color Chassis & Kits				
Japan....	57,800	+10.2	104,900	- 1.4
Taiwan...	22,400	+225.7	56,900	+110.2
Korea....	72,200	+701.7	146,000	+640.3
Singapore	49,600	+16.7	85,700	-18.1
Malaysia.	6,300	*	7,400	*
Hong Kong	5,200	*	5,200	*
Mexico...	109,000	-33.9	185,900	-30.0

1984 PHONE IMPORTS: Telephone equipment importers who managed to react properly to 1984's shift in demand from high-volume, low-value equipment to fewer units but of better quality made it through year in reasonably healthy condition, Commerce figures indicate.

They show total instrument unit imports dropped 34.5% last year to 22.4 million, but value of incoming shipments was off just 5% to \$745.4 million. Most dramatic shift came in wired phones, where shipment value rose 17% to \$485.8 million, although units were down 34.5% to 16.9 million, essentially reflecting collapse of market for cheap one-piece electronics. In cordless phones, unit imports fell 34.3% to 5.5 million, while value was off 29.6% to \$368.8 million. Based on those totals, average FOB value of wired phone jumped 78.8% last year to \$28.79 from \$16.10 while average price importer paid for cordless phone edged up 7.3% to \$47.15.

Japan was prime beneficiary of market move to better equipment in wired phones. Imports from Japan climbed 60.4% to 3.07 million, to account for 18.1% of shipments, up from just 7.4% in 1983. Taiwan, still leading source country, saw shipments drop 48.4% to 5.85 million for 34.6% share, down from 44%. Imports from Hong Kong fell 49.6% to 4.92 million, for 29.1% share, down from 37.4%. Imports from other major supplier, Korea, slipped just 2% to 2.04 million, and its share rose to 12.1% from 7.5%.

Shipments of cordless phones were down from all major countries. Taiwan became 1984's biggest shipper although its shipments fell 37.7% to 1.51 million and share of import total slipped to 27.5% from 28.9%. Hong Kong, with imports off 17.2% to 1.48 million, moved into 2nd place with 26.9% share, up from 21.3%. Both moved ahead of 1983 leader Korea, which had 52% shipment decline to 1.3 million, good for 23.7% of import total, down from 32.2%. Japan shipments of 1.2 million were off 17.8%, as share rose to 21.7% from 17.4%.

In contrast to phone instrument turmoil, answerers were essentially stable. Import figures of 3.35 million units at \$180.4 million both were up 60.2% as average unit value held essentially level at \$53.80. Japan increased its dominant supplier position with 77.7% rise to 2.05 million for 61% share, up from 55%. Other leading source countries also enjoyed rises -- Hong Kong up 57.3% to 599,900, Korea 14.1% to 399,100, Singapore 28.3% to 249,900.

M/A-Com will begin delivery late this summer of \$395 consumer descrambler units needed by home earth station owners who want to receive HBO and Cinemax (TVD May 6 p10). Volume production will begin shortly after initial deliveries, M/A-Com said. Company expects Videocipher descramblers to be compatible with 90% of satellite receivers already purchased by consumers, says it's supplying receiver manufacturers with technical information they need to ensure that upcoming products work with its box.

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

MISSING LINK? Research house has come up with VCR penetration figure that's raising some eyebrows. Link Resources says VCRs are in 26% of nation's 85.4 million households. That comes out to astounding VCR population of 22.2 million, well above the 20 million in cumulative VCR sales reported to date. It also puts compact disc player penetration at 1.6%, or population of 1.37 million for brand new product with maximum estimated sales to date of 400,000.

Link stands by survey, which it says is result of 4,300 random telephone interviews in Jan.-Feb., is 3rd in annual series on home media. Total VCR count is striking even when compared with Link's own estimate that VCR population stood at 16.6 million at 1984's end. That year-end estimate was based on overly pessimistic sales assumptions for 1984 and retirement rate for older machines, said New Electronic Media Dir. Lynne Yerby. Link plans to test new penetration figure by surveying retailers.

Household penetration figures for other consumer electronics products: Remote control TVs, 32%; videogame consoles, 22%; personal computers, 10%; component TVs, 7%; video cameras, 4%; projection TVs, 1.7%. Top 3 VCR manufacturers in survey -- RCA, Panasonic and Sony -- had 36.1% combined market share this year, down from 46.5% in 1984. When current VCR owners were asked about purchase plans, 16% said they would buy personal computer within year, 11.5% video camera, 10.5% another VCR.

On software side, Link asked VCR owners their interest in renting or purchasing various categories of recorded tapes, but somehow forgot to include movies as category. Yerby admitted it was "terrible oversight," said Link may ask question in upcoming survey if expense isn't too great. Preferences for renting and purchasing among those categories in survey were: Adult (49% rent, 2% purchase), arts and culture (38.8%, 3.3%), sports (41.3%, 2.8%), children's (42.8%, 6.8%), exercise (28.8%, 14%), foreign languages (12.5%, 2.5%), vintage TV shows (43%, 9.3%).

Home satellite dish survey from Channel Master, based on product registration cards mailed to company Dec. through Feb. by purchasers of home satellite systems, shows dishes now are appealing to lower income groups. Only 13% of new buyers had income over \$50,000 this year, down from 41% in 1984. Only 2% said major reason for dish purchase was because they have no other source for TV, 17% cited poor reception, 38% wanted to get "more programming in general."

Of those who bought system and didn't have access to cable, 62% said they received 5 or fewer TV stations before buying dish. Other results: (1) 35% owned VCRs. (2) 4% owned projection TVs. (3) 21% had access to cable, up from 11% in 1984. Channel Master said "only a handful" of its customers with cable said they cut off service after buying

system, possibly because most want to view local stations. Rural and farm families continue to dominate customer base, accounted for 90% of purchases, about same as when survey was started in 1982.

About half of some 5.3 million color TVs sold in 1970, and some 80% of 6.5 million sold in 1975, are still in use, according to consumer survey conducted by Market Facts for EIA Consumer Electronics Group. Based on 12,600 responses to questionnaires sent out earlier this year, study shows 40% of sales last year were replacements, 38% were bought as additions, 10% as upgrades. Survey says portable-table models accounted for 74% of purchases (against 81.4% in EIA figures for sales to dealers in 1984) and 37% of portables and 58% of consoles were remotes (vs. 38.9% and 62.1% respectively shown by EIA). It credits monitors with 2% share of market. Some 46% of homes have more than one color set and 12% have 3 or more, study claims, adding that most multiple-set homes also have peripherals, such as cable TV, VCR, videogame or computer. Digital TV will be considered for next purchase by 49%, while 30% said they probably would opt for stereo. Complete 63-page report, EIA Color TV Replacement Cycle Study, is \$200 from EIA CEG, 2001 Eye St. NW, Washington, D.C. 20006.

Front-loading Funai videocassette player (VCP) should be on market this fall from Harjoy, its affiliated U.S. distributor. "We're shooting for a \$200 price" at dealer level, said Harjoy's Harvey Urman. Machine, which comes in molded plastic carrying case, is aimed at rental market, replaces top-loading unit already available from several sources, including Portavideo. Urman said minimum distributor order is 500 machines, would like 50,000 units this year but "if they promise me 25,000 I'll be happy." Competitor Portavideo has introduced its first Korean-made VHS player. Unit plays all 3 VHS speeds, has forward-reverse search, wholesales for \$260 for single units, \$240 for 5 to 49, \$230 for 50 or more. Wholesale on its Funai-made single-speed player is \$299 each, dropping to \$278 for quantity orders. Funai player packaged with 12" color monitor is now \$900 for up to 9, dropping to \$875 for 10-24, \$850 for 25 or more. Same unit with automatic rewind and replay is \$50 more across board.

Atari has scrubbed planned late-May launch of 16-bit 524K ST computer in U.S. in favor of introducing it in Europe first. U.S. marketing now isn't expected until July, with sales slated through computer stores rather than mass merchandisers. At same time, Atari said suggested retail, with 3.5" disc drive and 12" monochrome monitor, will be \$800, or \$200 below original target. Company meanwhile has started delivery of 130XE computer, 128K step-up from its 64K standby 800XL home computer. Unit is selling for \$150.

"Video corrector," sophisticated editing system combining faders, image enhancer, color balancing, intensity adjustment, audio mixing, etc., has been added to consumer video line by JVC at \$350 list.

VCR, COLOR FORECASTS: U.S. VCR sales will grow from 9.5 million this year to 11-11.5 million in 1986 and 1987, then decline to around 9.6 million in 1988 after "anticipated slowdown in penetration expansion [has] stabilizing impact on total sales," as penetration increases from current 20% to nearly 60% of U.S. homes, according to new report on American consumer electronics market by Mackintosh International.

While total consumer electronics factory sales rise from \$16 billion in 1984 to \$20.6 billion in 1988 based on 1984 constant prices, Mackintosh sees color TV sales continuing to grow from last year's 16.1 million units to 17.5 million in 1986 and 20 million in 1988.

In VCR, report envisions 1/2" home decks continuing to be mainstay of market through 1988. For that year, it forecasts sales of 8.89 million 1/2" VCRs, down from 9.52 million in 1985, plus 475,000 1/2" camcorders (up from 200,000), 475,000 video cameras (from 510,000) and only 165,000 8mm Video systems (vs. 45,000 this year). At end of 1988, report says, there'll be 47.5 million nonportable and 5.3 million portables in use for total penetration of 57% of U.S. homes. In 1988, portables will represent only 9% of VCR market, about same as in 1985, while 30% of units sold will be stereo vs. 15% this year.

Of color TVs sold in 1988, report forecasts 10% (200,000) will include teletext, 30% will be stereo (vs. 15% in 1985), 55% will have remote control (vs. 41%) and 15% will be component systems (vs. 6%). Monochrome sales are seen falling from 5.1 million in 1984 to 4.95 million this year, 4 million in 1988.

Information about study on U.S.A. consumer electronics industry is available from Mackintosh International Ltd., Napier Rd., Luton LU1 1RG, England.



Mergers & acquisitions: King of Video has agreed to stock-swap merger with United Color Labs, its primary videocassette duplicator. KOV will be surviving company... **Atari** and Mindset have suspended merger negotiation. Atari opened talks with designer of advanced personal computers last year, following Commodore's acquisition of Amiga. No reason was given for halt to talks, but both companies are known to be cash shy... **Cinema Group**, limited partnership created by investment house Merrill Lynch to help finance movie productions, has acquired control of Continental Video, independent home video marketer established early last year by ex-Commtron founder Jack Silverman and son Jim. Silvermans will continue as chmn. and pres. Business sale is 2nd for Silverman, who earlier sold Commtron to pharmaceutical distributor Bergen Brunswig.

Interactive videodisc projects in health care field are being evaluated or are under way in 1/3 of Fortune 500 companies, according to new study by SK&A Research Inc. Details: SK&A, 2102 Business Center Dr., Suite 160, Box 16577, Irvine, Cal. 92713.

PHILIPS NET DIPS: N.V. Philips blamed poor performance of Grundig and slow semiconductor sales in U.S. for 7.8% dip in first-quarter net to \$72.2 million. Sales were up 14% (see financial table).

Philips said that it expected to continue to show loss from its own Home Electronics Div. this year but that operation would be in black in 1986. It saw increased loss from its controlling interest in Grundig this year, although Grundig's actual deficit may be down from \$62 million it posted in fiscal year to March 31. Company said it has closed 3 color TV plants, is negotiating to shut additional 3, will consolidate output in remaining 3.

Meanwhile, in internal study, Philips says EEC should decide that domestic manufacturers have right to 60% share of Europe's market for VCRs, CDs and videodisc players, and raise duty rates on such products to help head off further Japanese penetration. Duties on such items as headphone stereos and portable radios, no longer produced in Europe, could be reduced as offset.

Study claims Japanese have unified industrial strategy to take over Europe's consumer electronics market as they have U.S. market, and quick action is needed to prevent that. Domination of consumer area would have domino effect, lead to Japanese control of components and professional electronics, put Europe so far behind in science and industry that it would be more dependent on U.S. and Japan for political and military support.

Mergers and other combinations in European industry haven't been enough to stop Japanese inroads, Philips said. It said further rationalization to concentrate production into larger, more efficient operating units is needed to enable European industry to compete against Japan.



Tandon sold double-sided computer floppy disc drive patent license to Matsushita. While Tandon has granted similar manufacturing licenses to U.S. companies, this is first for Japanese producer and may be related to Matsushita's purchase earlier this year of Shugart's 5.25" disc drive business (TVD Jan 21 p19). Shugart was among Tandon's U.S. licensees. Patent is same one Tandon accuses Mitsubishi, Sony and Teac of infringing in suit pending in U.S. Dist. Court, L.A., and in unfair import competition complaint it filed with International Trade Commission last year (TVD Dec 17 p14).

Ad notes: RKO Home Video appoints W.B. Doner & Co. for \$2 million account, replacing Smith-Hemmings-Gosden... **Consumer electronics** advertisers cut outlay for network and spot TV 44.2% to \$155.4 million last year, TvB reports. Network spending was trimmed 49.9% to \$79.3 million, while value of national and regional spot ads was off 36.7% to \$76.1 million... **Sanyo** moves \$4 million appliance account to Ally & Gargano from Dentsu/Young & Rubicam... **Sharp** has boosted ad budget for year by 20% to \$24 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
Chyron			
1985-9 mo. to March 31	21,699,000	3,135,000	.34
1984-9 mo. to March 31	14,453,000	3,543,000	.39*
1985-qtr. to March 31	9,064,000	806,000	.09
1984-qtr. to March 31	5,362,000	1,234,000	.13*
Gulf Broadcast Co.			
1985-qtr. to March 31	32,163,000	(755,000)	--
1984-qtr. to March 31	18,209,000	1,823,000	.04
Kloss Video			
1985-qtr. to March 31	7,467,695	(161,201)	--
1984-qtr. to March 31	4,490,971	(327,595)	--
M/A-Com			
1985-26 wk. to March 30	407,637,000	18,700,000	.44
1984-26 wk. to March 31	355,522,000	14,685,000	.35
1985-13 wk. to March 30	210,233,000	9,900,000	.23
1984-13 wk. to March 31	187,048,000	7,610,000	.18
MCA			
1985-qtr. to March 31	431,569,000	18,377,000	.38
1984-qtr. to March 31	392,441,000	21,032,000	.43
Orion Pictures			
1985-year to Feb. 28	223,025,000	6,619,000	.29
1984-year to Feb. 29	154,728,000	7,332,000	.56
1985-qtr. to Feb. 28	68,811,000	2,835,000	.10
1984-qtr. to Feb. 29	34,141,000	1,176,000	.12
Philips NV*			
1985-qtr. to March 31	3,800,000,000	72,200,000	--
1984-qtr. to March 31	3,341,700,000	78,300,000	--
Turner Bcstg.			
1985-qtr. to March 31	67,393,000	(741,000)	--
1984-qtr. to March 31	54,940,000	(5,312,000)	--
United Television			
1985-13 wk. to March 31	15,696,000	322,000	.03
1984-13 wk. to March 31	14,422,000	889,000	.08*

Notes: *Adjusted. *At guildler's current rate.

*Restated.

Consumer Electronics Personals

Thomas McIntyre promoted at RCA from Home Information Systems Div. mktg. and product planning vp to corp. operations analysis staff vp, new post with responsibility for consumer electronics and entertainment businesses... **Mark Stephenson**, ex-RCA, joins North American Philips Consumer Electronics as Magnavox brand mktg. planning dir.; **Breland Holley**, ex-Zaisan, one-time Sharp and TI, appointed Magnavox computer products national sales dir., responsible for new monitor line.

Hisashi Sakae appointed pres. of Sony Consumer Service Co., responsible for parts and service support for all U.S. marketing operations; **Ryozo Sakai** promoted from Sony west region asst. gen. mgr. to Sony Hawaii pres., succeeding Sakae; **Roy Harkey** advanced at Sony Consumer Products to N.Y. region vp-gen. mgr.; **Jon Strom**, former Consumer Telecommunication Div. sales and mktg. mgr., named automotive entertainment systems dir., replacing Strom... **Georges Golan** promoted at Thomson (France) to TV Group gen. mgr... **Moriya Shiki** to be advanced at Mitsubishi Electric (Japan) from senior

managing dir. to pres. at shareholder meeting next month, succeeding **Nihachiro Kayayama**, being promoted to chmn.

Tom Graham promoted at Pioneer Electronics from General Audio Products Div. mktg. vp to corp. sales vp, new post; **Chris Byrne**, Home Audio Div. mktg. vp, adds Graham's former responsibilities... **Gary Haight** appointed Discwasher audio and video mktg. dir... **Jeff Myers** resigns as Boston Acoustics sales vp, plans unannounced... **Quentin Samelson** and **Terry Bubar** appointed regional sales mgrs., Zenith Systems & Components Group... **William Rosenberger**, ex-Wang Labs, joins Yankee Group as strategic planning dir.

Michael Katz advanced at Epyx to chmn.; company is seeking replacement for his former post of pres-CEO... **Brian Clarke** promoted at Coleco from exec. vp to pres., effective June 12, succeeding **Arnold Greenberg**, moving to chmn.; **Leonard Greenberg**, current chmn., to become exec. committee chmn... **Barry Denes** and **John Rosen** have resigned as CBS Software sales vp and mktg. vp, respectively, in wake of company's decision to deemphasize consumer products... **Paul Reiss**, ex-Electronics Week publisher, named assoc. publisher, Family Computing.

Deborah Handleman advanced from contract administrator to business affairs dir., Embassy Home Entertainment; **Martin Weinstein**, ex-Reeves Communications and Worldvision Home Video, joins as east regional sales mgr... **Richard Chemel**, ex-Target Video, joins Western Visuals Home Video as gen. mgr... **Mallory Tarcher**, ex-St. Martin's Press, joins New World Video as east coast mktg. mgr.; **John Reina**, ex-Warner Home Video, named for midwest... Appointments at United Entertainment, parent company of VCI Home Video, Vanguard Video and newly formed United Home Video: **Don Spink**, vp; **Pam Collins**, national sales administrator, **Dennis Hedlund**, national sales mgr., **Rick Buehler**, ex-Key Video, west region sales mgr... **Judith Slomack** named Star Video ad and promotion dir... Officers of National Assn. of Video Distributors: **Jim Schwartz**, Schwartz Bros., pres.; **Martin Gold**, Artec, vp; **Gary Rockhold**, Commtron, treas.; **Gene Silverman**, Video Trend, secy.

Hitachi is beginning production of full-sized VHS camcorders, expects to start sales in Japan in June, begin exporting in July. Company said initial output will be 40,000 monthly, with 30,000 earmarked for export. Matsushita is slated to begin exports to Europe this month, start shipping to U.S. at 20,000 monthly rate in June.

Digital servo control for consumer VCRs will be integrated into production of VHS machines this summer by France's Thomson. Digital Quartz Servo (DQS) system is claimed to control VCR's mechanical drive more accurately, resulting in better resolution, less noise, more stable stills and accurate tape time indication.

TELEVISION DIGEST®

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With Consumer Electronics

MAY 20, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

KTLA L.A. SOLD FOR \$510 MILLION cash to Tribune, giving it 6th independent, coverage of 19.6% of TV households. (P. 1)

BUOYANT--THAT'S WORD FOR NBC and its TV affiliates at convention. Tinker says NBC may not be first but 'we will be best.' NBC won't seek out unhappy ABC affiliates. (P. 2)

FUNDS FOR NEW USIA TV SERVICE beamed to E. Germany turned down by House. (P. 4)

CAPCITIES WILL SEEK WAIVER to keep WPVI-TV Philadelphia, which overlaps WABC-TV N.Y., sell ABC's WXYZ-TV Detroit. (P. 5)

WARNER SUITORS WAITING to buy cable systems and bulk of MTV Networks. (P. 6)

BILL REQUIRING BEER AND WINE counterads introduced in House. (P. 6)

SLICING CABLE COPYRIGHT PIE gets complicated as parties squabble over division of syndicated exclusivity surcharges and millions from added distant signals. (P. 7)

CPB PRES. PFISTER QUILTS in flap over public broadcasting trip to Russia to exchange programming. (P. 7)

KTLA L.A. SOLD TO TRIBUNE FOR \$510 MILLION: Independent KTLA L.A. was sold May 16 to Tribune Co. for record \$510 million cash. Tribune had been widely rumored as purchaser of station, which was put on market more than month ago by principal owner Kohlberg, Kravis, Roberts. KKR is merging with Storer Communications if latter is successful in fighting off unfriendly takeover bid (TVD April 29 p1), bought KTLA from Gene Autry's Golden West in March 1983 for \$245 million.

KTLA price breaks record set earlier this month when Hearst said it will pay \$450 million for Metromedia's ABC affiliate WCVB-TV Boston as part of Murdoch-Davis takeover of Metromedia TV stations (TVD May 13 p3). Tribune didn't say how it would finance purchase, but Pres. Stanton Cook said "our financial position is strong and a number of alternatives are available." KTLA has heavy schedule of college and professional sports, as does Tribune's

Consumer Electronics

RCA, ZENITH 1986 LINES stress new tubes, stereo TV. RCA has 27 VCRs. Zenith to add VHS camcorder to VHS-C. New RCA projectors. (P. 9)

'VIDEO 8' EVALUATED: Sony camcorder found convenient, well designed, with excellent picture, major improvement in 8mm in less than year. (P. 10)

AVERAGE COLOR SET would be worth \$1,630 if prices had followed inflation. Prices down 7.7% below 1967, while CPI is up 311%. (P. 11)

COLOR TV PACED SALES GROWTH for JVC in fiscal 1984 although video products provided largest volume. Pioneer posts first-half loss. (P. 12)

ZENITH IS CONFIDENT of good business, firming prices, despite sales 'glitch' of last few weeks. Stereo seen as major stepup factor. (P. 13)

PHOTO GIANT SHAREHOLDERS get glimpse of future at Kodak and Polaroid annual meetings. (P. 13)

PHILIPS VIEWS 8mm as 'absolutely the future' of VCR, according to pres.-elect. Philips name to appear increasingly on products in U.S. (P. 14)

QUASAR MOVING CAUTIOUSLY into 1985, sees stiffer color, VCR price competition, bringing shakeout, Pluckhan says at sales convention. (P. 15)

flagship WGN-TV Chicago, and its "programming needs are similar to those of our 5 stations and... will dovetail exceptionally well with our programming joint ventures now under way," according to James Dowdle, pres. of Tribune Bestg.

Paramount TV put KTLA on air in 1947 as first TV station west of Mississippi River. It was acquired by Gene Autry and Signal Cos. in 1963 for \$12 million. Its purchase raises Tribune's national coverage of TV households from 14.5% to 19.6%, according to our TV Station Coverage Census, leaving company room for growth to maximum 25% (slightly more with discounts for UHF's WGNO-TV New Orleans and WGNX Atlanta) under FCC rules. Tribune also owns WPIX-TV N.Y., KWGN-TV Denver, 5 radio stations, Chicago Cubs, newspapers, TV news service and TV production company.

Cost of acquisition isn't out of line, Dowdle said at N.Y. news conference. He said Tribune is paying 12 times 1985 projected cash flow. Company officials indicated 1984 operating cash flow was in "high" \$30 million range, meaning Tribune paid 13.1-14.1 times 1984 cash flow. Revenues at KTLA were around \$90 million in 1984, will rise to \$100 million in 1985, said Tribune Exec. Vp John Madigan.

Tribune will have cross-ownership problems -- company owns L.A. Daily News (in San Fernando Valley) and 2 cable systems with 39,000 subscribers in L.A. area -- is expected to spin them off. Company will meet with FCC officials soon to spell out plans. Madigan noted that Daily News is strong 145,000 circulation paper that company built from free distribution shopper.

While accounting procedures may affect figures, Vp-Treas. Scott Smith expected acquisition will dilute 1985 earnings by 10-15%. Executives wouldn't project 1985 earnings. Smith said company has "financing flexibility" for acquisition, can issue debt, may get money from divestitures of L.A. properties, also can use "strong internal cash flow."

BUOYANT--THAT'S NBC AND ITS TV AFFILIATES: To say that last week's convention of NBC TV affiliates in L.A. was very upbeat would be gross understatement. Pointing to network's prime-time success in just-completed season, and enthusiasm for new schedule among advertisers and agencies, affiliates used such adjectives as "ebullient" and "euphoric" to describe their mood. Difference between spirits in L.A. and downbeat tone at ABC TV affiliates convention week earlier in N.Y. (TVD May 13 p2) was pointed out repeatedly by group executives who attended both.

Robert McRaney, who just moved from gen. mgr. of WWBT Richmond to same post at WDSU-TV New Orleans (both NBC affiliates), spoke for gathering at Century Plaza when he told us: "In 25 years as an NBC affiliate, there's never been a more positive meeting. There's no complaining about anything and NBC is working hard on the few problems remaining... I'm enjoying being an NBC affiliate for the first time in a long time." Further reflecting mood of gathering, Affiliates Chmn. James Lynagh, pres. of Multimedia Bestg., ended closed meeting between stations and network executives by saying: "Speaking for all the affiliates, our faith [in NBC] has been fulfilled beyond any hope. We're proud of your success." He received long standing ovation.

At closed session, affiliates endorsed strong network bid for 1988 Summer Olympics, and Sports Pres. Arthur Watson promised: "We will be there when the negotiations begin." (Note: We learned in N.Y. that negotiations for Seoul Olympics won't get serious for several weeks, that price won't be much higher than \$307 million ABC paid for Winter Olympics in Calgary, and that NBC currently is favored to make winning bid.) Network assured affiliates that if it gets Olympic rights, windows will be provided for insertion of local news. Watson said that if beer and wine ads are lost to TV, network will renegotiate its sports contracts. Affiliates also expressed concern over increased network sale of regional spots, were told that "we're [NBC] not in that business" except for specialized products, such as snow tires. NBC said less than 2%

of time it sells is devoted to regional advertising. Stations also had questions about future nonbroadcast uses of their Ku-band satellite dishes.

Affiliates urged NBC not to move too fast into stereo TV, according to Lynagh. He said it will be at least 3 years before equipment is developed and public is ready for multichannel TV sound, and conversion for stereo can cost station \$40,000-\$200,000. Stations suggested that network launch campaigns in Washington on behalf of retention of cable must-carry and to point out efforts in children's programming -- similar to current drive to save beer and wine ads.

NBC Chmn. Grant Tinker, making his 4th speech to network's TV affiliates, made some predictions: "I have no problem saying right out -- not that we will be first... but that we will be the best. The best in ways that Nielsen and Arbitron don't measure. The best in the way critics do remark on" and that causes viewers to come back to NBC.

Tinker said it "will be an exciting day when NBC is finally No. 1 -- literally and profitably -- from sign-on to sign-off. But it's just a ranking in a ratings war that's taken on a kind of exaggerated life of its own. It will not change what we... already are. And that is the best. We are the best and we're going to get still better. That's a prediction -- going on a fact." Tinker said that "best and first... has a nice ring... We have really come a long way, not swiftly, but surely."

NBC chmn. was referring to huge problems NBC had 4 years ago when he took over as CEO from Fred Silverman. He noted that in his first speech to affiliates he talked about those problems; 2nd year it was programming; last year he made promises that have borne fruit -- with NBC rising to strong 2nd in prime time. And, in L.A. speech, he stressed teamwork within NBC and between network and affiliates: "The point that I hope is not lost is that we have become an NBC which works together... We are no longer fractionalized or departmentalized. Inside the company, politics is a dirty word. What's in it for me has become 'how can I help.'"

As is customary with network executives, Tinker also pleaded for clearances -- particularly for News Hour, prime-time news magazine starting in Aug. on monthly basis, moving to weekly next year. He urged affiliates to have "patience" with News Hour, said NBC is starting program "now, while we're surging... and we'll carry the News Hour along on the rising tide of our prime time... If we want to have it all -- as broadcasters -- we have to do it all. And that includes putting something back in the form of devoting one hour -- less than 5% of our prime time -- to something substantial, informing, constructive, contributive reality programming from the NBC News Division... There's never a good time to start something we all know is going to take years to stick to the wall."

At presentation on prime-time programming, Entertainment Pres. Brandon Tartikoff stressed fact NBC is adding only 4 hours (6 shows) of new programming next fall. He said returning shows (from strong 1984-85 season) are leading off each night and that of 18 returning, 15 are in their same time periods. He said schedule is "a balanced menu of programming with 10 comedies, 11 dramas, 2 anthology half-hours, 2 movie nights and one variety-comedy." TV Network Pres. Pierson Mapes described network's prime-time growth last season, made claim (justified by Nielsen) that more people watched NBC Sept.-April than any other network, although CBS led in households. He said NBC prime-time viewers were up 9% for last season, while CBS was down 6%, ABC down 10%.

"We're not interested in fair-weather friends," Mapes responded when asked if network will seek to regain affiliates that switched to ABC TV in late 1970s -- when ABC was No. 1 in prime time. However, he said, "the line is around the corner" consisting of stations that want to switch to NBC. Mapes made comments to reporters at close of convention. He said that "some stations made a big mistake in our case" when they switched to ABC and that there's still "a lot of loyalty" at NBC. He did confirm that NBC will go after small number of markets, didn't identify them.

Recently, WSAV-TV (Ch. 3) Savannah switched back from ABC to NBC (which had been affiliated with Ch. 22 WJCL there). Mapes said Savannah was necessary to overcome large coverage gap caused by NBC UHF affiliates in Augusta and Jacksonville. (Note: At ABC affiliates convention, official of large group predicted there would be large-scale affiliation switches next year. "There's no loyalty left in this business," he told us.)

"We're confident, but not complacent." That was message from NBC Group Exec. Vp Raymond Timothy at opening session. He listed excuses and slogans he had presented to affiliates last 3 years, said: "This year, we don't need a slogan. But if we did, it would be 'Patience Rewarded.'"

NBC News Pres. Lawrence Grossman said news is "in a period of explosive growth." In apparent slap at CNN, he said: "Only the 3 American television networks can afford to pay the huge price required to truly cover the world... The terribly high cost of entry to worldwide television news limits the competition." He said network news, "at NBC at least, has been a loss leader. The time has come to turn news into a profit center" -- which he listed as one of 4 goals. Other 3 were: "First, in quality, then in ratings, we seek nothing less than to be No. 1 across the board... Second, we must develop successful new news programs." Final goal, he said, is "to develop and market our... news services and byproducts... to broadcasters throughout the world."

Lynagh was reelected chmn. of affiliates' board. Elected vice chmn. were Marvin Reuben, WDAM-TV Laurel, Miss., and C.E. Cooney, KPNX Phoenix. Ex-Vice Chmn. James Edwards, WJAC-TV Altoona-Johnstown, Pa., was elected secy.-treas. and Thomas Goodgame, WBZ-TV Boston, was elected to board.

RCA Chmn. Thornton Bradshaw and Pres.-CEO Robert Frederick were at convention, but neither spoke. To celebrate its 60th anniversary, NBC will host TV affiliates in Maui, Hawaii, in June 1986 (NBC affiliates also had met in Hawaii for 40th and 50th anniversaries). CBS TV affiliates hold forth this week with May 20-22 convention in San Francisco.

FUNDS CUT FOR USIA TV SERVICE: USIA request for \$8 million to fund new TV station in W. Berlin to be beamed at E. Germany was rejected by House, which also trimmed \$3 million from Worldnet budget. USIA wanted to launch TV companion to Radio in the American Sector (RIAS), joint U.S.-W. German govt.-controlled radio program beamed into Communist country.

House Foreign Affairs Committee, which oversees USIA parent State Dept., said it was "unwise to initiate new projects of this nature." Committee also said USIA hadn't adequately justified station's need and asked agency to consider detailed report on need, purpose, programming and goals for RIAS-TV before resubmitting money request.

U.S. Dist. Court, N.Y., has ordered TV stations to pay retroactive fees to BMI for 22-month period. Fees had been frozen at 1980 levels pending court appeals; U.S. Supreme Court recently upheld legality of BMI blanket fees. BMI Pres. Edward Cramer estimated retroactive fees owed by stations would total more than \$30 million. On radio side, All-Industry Radio Music License Committee asked same N.Y. court to determine reasonable fees and terms that stations must pay for ASCAP music. Court action came after negotiations between ASCAP and Committee broke down.

"The tone of some recent rock records and the tone of their related music videos are fast becoming a matter of public debate" because of "sexually explicit and violent language," NAB Pres. Edward Fritts has written heads of major broadcast station groups. Fritts cited song about girl named "Nikki... masturbating [in hotel lobby] with a magazine." Said Fritts: "The preteen and teen audiences are heavy listeners, viewers and buyers of rock music... I wanted you to be aware of this situation..." Fritts letter was prompted by complaint he received from several prominent Washington women and from meeting they sponsored.

Storer has postponed until May 29 reconvening of its May 7 annual meeting. Company said May 15 that postponement is necessary because counting of proxies and ballots for board won't be completed in time for planned May 17 resumption (TVD May 13 p5).

Washington Post paid \$55 million for 17% stake in Cowles Media, intends to increase equity to 20%, Chmn. Katharine Graham told shareholders. She said Post has no interest in buying Rupert Murdoch's Chicago Sun-Times or N.Y. Post.

Broadcap will host seminar for minorities interested in buying major market broadcast station on May 31 at NAB. Details: Kenneth Harris, Broadcap vp, 202-429-5393.

CAPCITIES WANTS TO KEEP PHILLY: Capital Cities Communications will seek FCC waiver to continue owning WPVI-TV Philadelphia after proposed merger with ABC, whose WABC-TV N.Y. has Grade B overlap with WPVI-TV, according to joint proxy statement and prospectus issued last week by both companies for separate annual meetings they will hold June 25.

CapCities plans to divest: (1) WTNH-TV New Haven and WKBW-TV Buffalo (ABC affiliates) and WFTS-TV Tampa (independent). (2) WPAT-AM-FM Paterson, N.J.; KLAC(AM) and KZLA-FM L.A.; WKBW-AM Buffalo. (3) Cable Div., which serves 360,000 subscribers and is No. 19 MSO. (4) Red Bank (N.J.) Register newspaper. CapCities is unloading 2 ABC affiliates in New Haven and Buffalo while holding on to what currently are CBS affiliates, WTVD Durham and KFSN-TV Fresno.

Proxy notes that sale of Buffalo TV and radio stations is required because part of funding for ABC acquisition will come from purchase of 18% of CapCities stock by Berkshire Hathaway for \$517.5 million and Berkshire Chmn. Warren Buffett also is chmn. of Buffalo News. Seventh CapCities TV station is KTRK-TV Houston, which will remain part of new Capital Cities/ABC Inc.

ABC assets to be sold: (1) WXYZ-TV Detroit. (2) KTKS-FM Dallas, KSRR-FM Houston, WRIF-FM Detroit, WABC(AM) and WPLJ-FM N.Y., KABC(AM) and KLOS-FM L.A., WLS-AM-FM Chicago and KGO(AM) San Francisco.

If FCC denies waiver for WPVI-TV and WABC-TV, proxy says, Philadelphia station will go and new company will keep WXYZ-TV Detroit. Under alternate plan, CapCities also will have to sell Oak Press, daily newspaper in Pontiac, Mich., and WJR(AM) and WHYT-FM Detroit. CapCities is expected to seek temporary waivers to give it time to sell properties.

Commitments for loans CapCities will require to complete merger have yet to be obtained from banks, proxy says, but it claims that, based on its financial history and earnings performance, it shouldn't have any problems. CapCities expects to borrow \$1.8 billion to complete merger.

Based on pro forma estimates, proxy shows new CapCities/ABC would have had net income of \$133 million on sales of \$4.4 billion in 1984. Net is lower than CapCities' \$135 million or ABC's \$195 million for year, is brought down by \$204 million in projected interest expense.

Statement shows ABC Chmn. Leonard Goldenson was paid \$962,031 in total cash compensation last year, Pres. Fredrick Pierce \$829,231. At CapCities, Chmn.-CEO Thomas Murphy received \$535,000, pres.-COO Daniel Burke \$510,000.

Besides considering plan of merger, ABC stockholders also will elect 15-member board and

appoint accountants. CapCities shareholders must approve: (1) Issuing warrants to purchase 2.9 million shares of CapCities at \$250 per share. (Under merger agreement, ABC shareholders will get \$118 cash plus warrant for 1/10 share of CapCities stock for every ABC share they own). (2) Sale of 3 million shares to Berkshire. (3) Amendments to CapCities certificate of incorporation changing name of company (to Capital Cities/ABC Inc.) and enlarging board to 21 members maximum. CapCities holders also will vote on 11 nominees for board and authorization for 4 million shares of preferred stock.

ABC annual meeting will be held 11 a.m. June 25 in N.Y. studio at 125 West End Ave. CapCities will meet at same time, in Waldorf-Astoria Hotel.

Taft Bcstg. stock's dramatic rise in last week is result of investors' realizing "that if you want to be in broadcast stocks, there aren't that many left," Taft CEO Charles Mechem said May 15. Taft said it had received several queries about sharp rise in share price. Stock closed May 10 at \$64.50, up \$3. All last week stock continued its meteoric rise, closing May 17 at \$76.25. Mechem saw several reasons for rise, mainly record financial results posted for year. Taft yearly net earnings were \$48.5 million, up 24%, earnings per share were \$5.22, up 30%. Taft also got "buy" recommendation from major brokerage house. Investors also are realizing that Taft's acquisition of 5 Gulf Bcstg. TV stations and several radio stations for \$755 million is good deal, Mechem added, especially in light of sale of Metromedia's 7 stations for \$2 billion.

Nielsen Report on TV for 1985 estimates 84.9 million (98%) U.S. households have at least one TV set, 91% have color, 57% have 2 or more color sets. Households viewed record 7 hours, 8 min., during 1983-84 season, with TV usage highest among homes with more than 3 persons and in pay-cable households. Sun. evening is most popular viewing time with 8:30-9 p.m. highest viewed period, Nielsen said. Use of VCRs has grown dramatically, with 59% of programs recorded while sets aren't being watched. Copies of report are free from Nielsen, Nielsen Plaza, Northbrook, Ill. 60062.

About 12.1 million Cox Communications shares -- 43% of all outstanding -- have been tendered to Cox Enterprises, giving family-owned newspaper chain controlling interest in Cox. CE principals, mainly Barbara Cox Anthony, already owned 40%. CE said it continues to accept for payment all shares tendered, is making payments "as promptly as practicable."

CBS has sued Ziff-Davis and its accountants, Touche Ross, claiming it was misled into paying about \$40 million too much for 12 Z-D consumer magazines it bought last year for \$362.5 million. CBS alleges in suit in N.Y. State Supreme Court that seller overstated operating earnings by \$3.9 million. "The complaint is absurd," said Z-D Chmn. William Ziff.

WA BUYERS LINE UP: Warner Amex Cable Communications admitted officially last week to what has been known in industry for some time: Parade of suitors has visited company with proposals for acquiring various assets, including WA's cable systems and 2/3 interest in MTV Networks Inc.

"Several expressions of interest to purchase all or part of the Warner Amex joint venture, including its ownership in MTV Networks Inc., have recently been received," WA said in terse statement May 14. "Some of these proposals involve participation by the respective management groups."

Latter statement presumably refers to WA Chmn. Drew Lewis's effort in last several months to put together leveraged buyout of company. In addition, it was learned that senior management at MTV Networks, backed by investment firm Boston Ventures, has gone to MTV Networks board with proposal to buy 2/3 of company held by WA. Other 1/3, which operates MTV, VH-1 and Nickelodeon, was spun off to public last Aug.

WA gave no hint as to who might end up with various pieces. Co-owners American Express and Warner Communications have made "no determination" on "these expressions of interest," statement said. And there's been no decision either by MTV Networks board "as to matters relating to" MTV Networks.

American Express would be happy to unload what it views as relatively disappointing cable investment, and Warner now seems to feel same way, given Chmn. Steven Ross's interest in taking Warner itself private. But if Lewis takes WA private, will he want to hold onto MTV Networks? And, if not, will MTV senior management and Boston Ventures seek to buy up 1/3 of company that's in public hands?

WA also owns 19% of Showtime/Movie Channel, with Warner holding 31%, Viacom 50%. While there's been no talk yet of what might happen to S/MC in deals involving Warner or WA, S/MC Chmn. Neil Austrian, who has investment banking background, has expressed interest in past in taking S/MC public. One idea that apparently has found favor among some S/MC staffers is merging S/MC and MTV Networks, then taking public that company, which would control 5 cable networks. Viacom has been mentioned prominently as possible buyer of Warner cable systems; TCI also is raising war chest for acquisitions.

Meanwhile, Chris-Craft has retained N.Y. investment banker Bear, Stearns & Co. to evaluate any offer broadcaster may receive for its nearly 30% stake in Warner Communications, first official acknowledgment that C-C and Warner are about to go separate ways.

Antilles Bcstg. Corp. has sold WSVI Christiansted, Virgin Islands, to ELF Communications for \$4.35 million.

COUNTERADS BILL PROPOSED: NAB and NCTA are opposing legislation offered May 15 by Rep. Seiberling (D-O.) under which their industries would have to provide time for beer and wine counterads. NAB Pres. Edward Fritts said broadcasters are opposed to any such "impediments against responsible advertising for lawful products." NTCA spokesman characterized cable industry as "unenthusiastic" about idea.

Seiberling proposal would require health warning ad to every beer and wine ad on TV, radio or cable. He said glamorous portrayal of alcohol in media should be offset with education campaign on "perils of alcohol use and misuse." While Seiberling agreed with broadcasters that ads don't cause misuse, "you would never know the extent of the [dangers] from viewing the... slick advertisements."

Bill doesn't seek ad ban, which Seiberling opposes as "prohibitionist." It would require TV-radio-cable to provide time free and in same time slots to "responsible spokespersons" for opposition groups. Counterad proponents, led by National PTA and Center for Science in the Public Interest's Project SMART, applauded proposal despite absence of ban that groups had first sought.

Seiberling expects to testify May 21 at House Telecom Subcommittee hearing on issue. Also among witnesses: Fritts; Dudley Taft, pres. of Taft Bestg.; Steven Higgins, dir. of Compliance Div. at Bureau of Alcohol, Tobacco & Firearms, which issues ad rules; Donald Shea, pres. of U.S. Brewers Assn.; John DeLuca, pres. of Wine Institute; Herman Land, pres. of INTV.

NCTA counts 45 cable video networks in semiannual Satellite Services Report, down from 50 in its last survey of programmers. Gone are TBS's Cable Music Channel, Don King Sports & Entertainment Network, Hilife Channel, NABU, Pacific Cable Network, Prime of Life Network, Professional Educational Network, Santa Fe Communications. Added to list are superstation KTVT Ft. Worth-Dallas, Nostalgia Channel and VH-1. Audio-only services are down to 9 from 12 in last report, while text services increased to 8 from 6. There are 8 cable program services on drawing boards, NCTA said, vs. 9 in planning stages it counted last Oct. Report underscores fact that Galaxy 1 now is premier cable satellite, carrying 25 operating services. Six months ago there were only 10 networks on bird. Galaxy's gain has sapped Satcom 3R, which drops from 38 to 24 services.

Walter Cronkite has been named first Josephine B. and Newton N. Minow Visiting Professor in Communications at Northwestern U. Chair was endowed by Minow, FCC chmn. in Kennedy Administration who coined famous phrase "vast wasteland" in reference to TV programming. Cronkite inaugurated chair April 16 when he participated in panel discussion (moderated by Minow) on "Broadcasting: Past, Present and Future."

DIVIDING CABLE COPYRIGHT PIE: Annual dispute among copyright owners over dividing cable industry royalties began last week. This year's proceeding is being further complicated because groups for first time must sort out who should receive \$14.2 million in syndicated exclusivity (syndex) surcharges and \$10.9 million from 3.75% rate for added distant signals. Task is weighing heavily on Copyright Royalty Tribunal (CRT), which has been shaken by resignation of Chmn. Marianne Hall (TVD May 13 p6).

Base issue before CRT is division of \$44.9 million in 1983 cable industry general royalties. While that's complicated, CRT has precedent to guide it -- previous settlements by copyright owners allocating MPAA 70%, sports interests 15%, PBS 5.25%, NAB 4.5%, music rights societies 4.25%, Canadian claimants 0.75%, NPR 0.25%. There probably will be some adjustments to those percentages this year. Adding funds from all 3 pools, plus accrued interest, pushes total 1983 copyright fund to around \$80 million.

NAB was first to lay claim to syndex surcharges, asking CRT to declare that TV stations, as holders of rights to exclusive exhibition of certain shows in their markets, are entitled to 97% of syndex pool. But MPAA claims that 78 program producers and syndicators it represents, who own rights to shows, should receive \$14 million.

Similarly, MPAA asserts it should receive 96% of 3.75% pool while NAB claims TV stations it represents are entitled to at least same percentage of 3.75% pool that they're due from base pool. NAB claims it's due 19.4% of base pool. NAB arrived at that figure by calculating it's due 16.3% of general fund to account for station-produced programming such as local news, 2.1% for station compilation, and 1% for commercial radio. CRT consistently has rejected NAB claims for share of fund for radio.

MPAA and sports interests filed joint claim for share of base pool, arguing that together they're due 87% of general fund. PBS filed claim for 8% of entire fund, music groups (ASCAP and BMI) claim 6.25%, NPR 0.5%, Canadians (for carriage of Canadian TV stations on cable systems near border) 3%, devotionals 4.5%. That adds up to claims by 7 groups of copyright owners for 128.65% of cable copyright royalties. CRT holds first hearing on claims June 19.

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NAB sided with NCTA last week in proceeding at Copyright Office to determine copyright status of distant TV stations that are transformed into must-carry signals as result of FCC action expanding size of TV markets. Question arose when Commission added Melbourne and Cocoa, Fla., to existing Orlando-Daytona Beach TV market (TVD Jan 21 p6). NAB, whose comments tracked those of NCTA, said issue is simple: "For royalty purposes, there are 2 mutually exclusive types of TV broadcast stations -- local must-carry and distant." It urged Copyright Office to issue clarification "indicating

that signals considered to be local/must-carry by the FCC... do not subject cable operators which must carry them to distant signal royalty liability."

PFISTER QUILTS OVER SOVIET FLAP: CPB Pres. Edward Pfister resigned May 16 after stormy CPB board meeting in San Francisco, where members voted 6-4 to withhold support for planned visit to Soviet Union by public broadcasting representatives. Trip, planned for Sept. and underwritten by private grants including funds from Mellon and MacArthur Foundations, was intended to encourage exchange of programs with Soviets.

Pfister's resignation appeared in cards; his future has been in doubt since GOP gained board majority last year. Trip flap was last straw in growing differences of opinion between Pfister and board. Resignation was to be effective in Dec., but as further evidence of split, Pfister was asked to leave by June 15.

"I resigned essentially because I think there's a fundamental difference between a majority of the directors and me regarding the nature of the corporation," said Pfister, who's been CPB head since 1981. He said it was inappropriate for board to preclude program deals with Soviets, argued that CPB's federal funding is considered same as private money because CPB isn't govt. agency.

Led by Chmn. Sonia Landau, board majority said only individual public broadcasting stations and groups should travel to Soviet Union on program mission. Dissenting were board Democrats, Dirs. Sharon Rockefeller, Howard White and WQED Pittsburgh Pres. Lloyd Kaiser, and moderate Republican Lillie Herndon.

CPB has sponsored similar trips to foreign countries as way to help public broadcasters sell and buy programs abroad, including trip last fall to China, Australia and Japan. But CPB Dir. Richard Brookhiser, an editor of National Review, called Soviets "absolute liars," said he was concerned with quality of programs that might be purchased and shown on public TV: "If we open the door to Soviet ideas on history, this is just disastrous." More critical question, Landau said, is: "Should CPB be representing U.S. policy" by sponsoring trip? That should be left to USIA and State Dept., she said.

After Pfister had spoken to PBS April 17, he and Landau clashed in PBS press room. Landau called Pfister "a schmuck... an arrogant, inaccurate man... He knew he was going to be fired and he used the PBS meeting to become a cause celebre." Pfister said way Landau acted "was not unusual." In speech, he urged stations to uphold independence of public broadcasting.

Avery-Knode TV named sales rep for KNMZ-TV Santa Fe, KXRM-TV Colo. Springs-Pueblo, WXXV-TV Gulfport, Miss.

Personals

FCC calendar -- May 19-21: Gen. Counsel **Jack Smith** participates in Judicial Conference of D.C. Circuit, Williamsburg, Va.; May 20-22: Chmn. **Fowler**, Comr. **Patrick** and 3 staffers attend meetings of N. Atlantic Consultative Process, Droitwich Spa, England; May 20-21: Comr. **Rivera** addresses Gutenberg New Media Conference, Mainz, Germany; May 22: Private Radio Bureau Chief **Robert Foosaner** addresses Aerospace & Flight Test Coordination Council, Arlington Tex.; May 23: Mass Media Bureau Chief **James McKinney** speaks at Washington Metropolitan Cable Club lunch, Ramada Renaissance Hotel, Washington.

Herman Land, retiring INTV pres., named first occupant of Lionel Van Deerlin Chair of Communications at San Diego State U., effective in Oct.; Land will be succeeded at INTV by **Preston Padden**, Metromedia... **Charles Brakefield**, pres. of N.Y. Times Bst. Group, will retire June 30, form Memphis-based consulting firm... **James MacDermott**, KCNC-TV Denver, elected pres., Bst. Financial Management Assn., succeeding **Hugh Del Regno**, CBS Entertainment Div., who moves to chmn.; other newly elected BFM officers: Vp, **William Hankins**, KSHB-TV Kansas City; treas., **Harley Park**, Mid America Media; secy., **Joseph Seaver**, KCET L.A... Arbitron Gen. Counsel **Anthony Kelsey** elected a vp... CATV consultant **Alan Hahn** forms Hickory Mountain Assoc., telecommunications consultants, 38 Catherine Court, Ringwood, N.J., 201-962-6299.

John Eger, senior vp-worldwide enterprises, CBS Productions, appointed to board and exec. committee, International Institute of Communications, London... **Henry Roeder** promoted to vp-conventions & meetings, NAB; **Robert Yadon** to vp-TV operations... **David Nicholls**, ex-Thorn EMI Screen Entertainment, appointed vp-business affairs, National Video Corp., based in L.A.

Karen Balkin advanced to co-op ad mgr., Universal Pictures... Ex-Sen. **Paul Tsongas** (D-Mass.) elected a dir., M/A-Com, increasing board to 16... **Clifton Gardiner** forms consultancy Clifton Gardiner & Assoc., 87 Oak Way, Evergreen, Colo. 80439, 303-670-0422... **Roy Talmo** named chmn., Communications & Cable Inc., succeeding **Irwin Levy**, retired; **Joseph Weingard** advanced to pres., succeeding **Levy**.

Ted Koppel, host of ABC Nightline, will receive IRTS Broadcaster of the Year Award at June 12 lunch, Waldorf-Astoria Hotel, N.Y. -- 5th major award received by Koppel and Nightline this year... **Steven Lafferty** advanced at Showtime/Movie Channel to senior vp-business affairs and administration, new post... **Antonio Navarro**, W.R. Grace senior vp, will be nominated to Radio Marti board by President... **Walter Hinchman**, consultant, joins Intelsat as dir.-business planning & service development... **Harold Rice** promoted to vp-business

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development and planning, RCA Americom, succeeded by **Kurt Thoss**, ex-American Satellite Corp., as vp-video & audio services... **Thomas Hood**, ex-ATC, appointed northeast regional dir., Audiocom... **William Freeman** joins Washington law firm Leibovitz, Spencer & Freedman from Mintz, Levin, Cohn, Ferris, Glovsky & Popeo.

"Chaos would result" if U.S. Appeals Court, D.C., rules FCC cable must-carry rules invalid, according to NAB Pres. Edward Fritts. Asked after NAB Exec. Committee meeting May 17 if NCTA also has expressed that view, he said it hadn't but that many cable operators agree. Case was argued month ago (TVD April 22 p5), and Washington observers predicted Court was likely to rule against broadcasters and FCC. NAB plans "telemedia" closed circuit conference via satellite to its members on issue May 20. Fritts admitted there's "great concern" that case could be lost and "we're worried about where we'll go from there... It's a very active issue with us."

FCC has ordered Marsh Media to divest 25% ownership of Total TV of Amarillo, Tex., where Marsh owns KVII-TV. Marsh had owned 25% of Total for many years, acquired another 25% in 1977 under right of first refusal. Marsh argued that 2nd 25% stake was grandfathered under cross-ownership rules, but FCC disagreed.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of May and 1985's first 18 weeks:

	APR. 27- MAY 3	1984 WEEK	% CHANGE	APRIL 20-26	18 WEEKS 1985	18 WEEKS 1984	% CHANGE
TOTAL TV.....	299,548	281,834	+ 6.3	450,766	6,258,002	6,655,797	- 6.0
TOTAL COLOR...	250,002*	249,606	+ 0.2	377,809*	5,165,854*	5,142,882	+ 0.4
DIRECT-VIEW.	246,441	246,482*	0.0	373,869*	5,095,996*	5,089,340	+ 0.1
PROJECTION..	3,581*	3,124	+14.6	3,940*	69,858*	53,542	+30.5
MONOCHROME....	49,526	32,228	+53.7	72,957	1,092,148	1,512,915	-27.8
TV EXCL. PROJEC.	295,967	278,710	+ 6.2	446,826	6,188,144	6,602,255	- 6.3
HOME VCR#.....	148,644*	125,918	+18.0	252,906*	3,304,457*	1,950,805	+69.4
COLOR CAMERAS#..	7,202*	9,285	-22.4	11,077*	147,628*	133,432	+10.6

Color TV (direct-view) 5-week moving average: 1985--259,559*; 1984--250,196 (up 3.7%).

Home VCR 5-week moving average: 1985--166,911*; 1984--111,702 (up 49.4%).

* Record for period. # Camcorders included in VCRs, not in cameras.

RCA, ZENITH STRESS NEW TUBES, STEREO: The Big 2 came out swinging last week at separate distributor meetings in Las Vegas, both emphasizing new high-end features in attempt to improve profits, and particularly boosting broadcast stereo and new tube sizes. Both brands showed their first 20" sets, and RCA presented first set with its flat-faced 27" SP tube (for Aug. delivery) and Zenith featured its curved 27" in 7 consoles.

In VCRs, RCA showed monumental total of 27 models, including protected and variant versions, with 3 "subleader" models designed to be thrown into special price situations. Zenith's new VCRs reflected own designs for first time. Zenith showed new autofocus version of VHS-C Video Movie, and, like RCA, it promised full-sized VHS camcorder in fall.

Both RCA and Zenith said prices on new lines generally reflect those of lines immediately preceding, RCA saying prices "keep pace with market" and Zenith stating that it has attempted to increase prices in models where new features have been added. Both companies have abolished suggested list prices. Details of their lines, along with Quasar's new models, also shown last week, are elsewhere in this issue, but here are general highlights:

RCA, which had no MTS adaptor last year, this year has 2 -- for TVs as well as for VCRs -- one with SAP and one stereo only. It still has about same number of MTS-equipped sets as last year. Zenith, which emphasized adaptor last year, this year hardly mentioned it and introduced 14 basic models with built-in MTS. In most MTS models, Zenith has on-screen display showing audio options offered (mono, stereo, 2nd audio), with cursor manipulated by remote control for selection.

RCA called its 27" SP picture "most significant change in color picture tube technology in 20 years," will have it in high-end consoles in Aug. Zenith's more conventional 27" tube is used in selection of MTS consoles, including one with large hinged removable speakers. RCA's first 20" set is MTS-adaptable and is priced to sell at under \$500, while Zenith's first 20" is stereo version with built-in MTS at about \$770. RCA has curtailed its 25" line in favor of new 26" in which size it has at least 8 sets, starting with MTS adaptable console at less than \$750.

Both companies announced major developments in universal remote controls. All of Zenith's regular-line TV sets have remote units that will work with company's VCRs. RCA now has smaller version of its Digital Command Center (DCC) -- and all DCCs operate both TVs and VCRs.

All-new ultracompact projection TV system was introduced by RCA, using new tubes (5" by Hitachi) liquid coupled to new optical system by USPL, and new screen. It will be available in 40" and 45" sizes, former being 1.5" shallower and 6" narrower than predecessor, with 200 ft.-lamberts peak brightness, excellent contrast and wide viewing angle. The 40" will be offered as new option for RCA's Dimensia computerized audio-video system. The 45" versions, with and without doors, are about \$3,000 and \$3,300.

In VCRs, both Zenith and RCA introduced simpler programming systems. Zenith's VHS line, made by JVC, shows definite Zenith touches, such as membrane-type keypads. Programming system, expected to be included in new JVC line as well, uses channel selection keypad for programming -- buttons are labeled with days of week as well as numbers, and operator pushes buttons for day and time directly, rather than sequential series of pushes on same button.

RCA has new version of its XPR express programming system. It has 2 buttons for setting timing for single event in 30-min. increments -- turn-on and turn-off -- depending on how many times buttons are pushed, while display indicates turn-on and turn-off times. RCA's lowest "subleader" model has XPR program system but no other programmability, has no remote at all, is top-loading, is designed "for flexibility where prices change rapidly."

Zenith's new VCRs include VHS Hi-Fi at new low of \$700 and stepup with built-in MTS at \$800, while RCA introduced 4 basic VCRs with MTS adaptor jacks. All of Zenith's VCRs have wireless remote control, while all of RCA's use 80-position keypad voltage synthesis tuning and 9 of the basic 12 have unified TV remote-control compatibility.

For comments by Zenith and Quasar officials on industry problems and trends at their conventions, see reports elsewhere in this issue.

EVALUATING SONY'S 'VIDEO 8' CAMCORDER: From standpoint of picture quality, design and convenience, Sony's first 8mm product -- its Video 8 camcorder -- looks like a hit. That's our view, corroborated by lab report, after 10 days of tests and usage of one of first units to arrive in U.S.

Eight months ago, after similar tests on early production model of Kodavision 8mm camcorder, we had mixed feelings and some strong reservations -- particularly in terms of resolution of recorded picture (TVD Aug 27 p13). We have no such reservations about Sony version, which not only is the most convenient portable video outfit we have ever used, but also produces pictures that rank with the best.

Sony's Video 8 lists at \$1,695 for package with everything needed to make tapes and play them back -- camcorder, battery, cassette, power pack, battery charger, shoulder strap and tiny plug-in RF adaptor. Kodak unit (\$1,599 for standard model, \$1,899 for autofocus) requires either playback cradle (\$239) or converter-charger (\$180) for playback (list prices are last ones announced; Kodavision has been advertised sharply below those figures). Both Sony and Kodak offer optional tuner-timers and long lists of accessories.

Video 8 is a joy to operate. Its 5-lb. weight is well balanced and design is excellent, with easily adjustable eyepiece and conveniently located and logical controls. In some respects, it's a basic no-frills unit, without autofocus and with playback special effects limited to bidirectional scan, stop motion and index. However, edits came off without so much as a glitch, and cue-and-review feature on camera worked well. To be used as deck, camcorder is merely

turned on its side (camera head cover protects lens assembly and microphone) and fits nicely into small shelf space with all playback controls easily accessible.

Picture from CCD sensor was excellent, with solid-state pickup's highly touted freedom from lag and smear. As played back on MP tape, it was comparable with 1/2" picture, with excellent detail and good color. (Prerecorded tape supplied by Sony showed potential of 8mm, with sparkling color, fine definition.) There was some noise in low-light situations -- system is rated at 19 lux (vs. Kodak's 20).

There were some minor inconveniences: AC adaptor can be used either as battery charger (for up to 3 batteries at once) or as power supply for camcorder but can't do both at same time. At one point, battery apparently didn't make proper contact in charger -- at any rate it was discharged when we thought it should have been fully charged. RF attachment unit seemed to be too loose in its multiconnector and could lose contact.

Our general impressions were confirmed by Intercontinental Video, whose Engineering Vp Nigel Toovey tested camcorder for us, as he did Kodak unit. He found Sony and TDK 8mm MP cassettes performed equally well in machine, both with 0.98 volt peak-to-peak signal out on color bars, 95% chroma level (vs. 80% on Kodak), negligible dropouts, good signal-to-noise ratio. Camera resolution was given as better than 250 lines, time-base stability fairly good as observed on cross-pulse monitor, insert editing good, audio quality (helical FM) good. Most impressive measurement was resolution, "approaching 3 MHz" vs. 2 MHz for original Kodak model. Toovey concluded that picture output "compared favorably with NTSC recording made on Beta II or VHS SP."

We feel much better about 8mm than we did when we tested early Kodak machine, when we said: "If basic 8mm concept is sound, certainly there will be rapid improvements, as there were in 1/2-in. Whether it will catch up with moving target... is question that time will answer." Now we think time is beginning to answer that question, and answer it positively. Sony's Video 8 proves that 8mm, less than year after first unit came on market, can compete with 1/2" in picture quality and is more than its match in camcorder convenience.

With developments we know are in works (digital audio, metal evaporated tape, stand-alone decks, further miniaturization, 2-hour cassettes) as well as those that can be imagined (Walkman-type movie viewer, various super-8mm formulations, extended playing time), we're inclined now to agree that 8mm has credentials to become new generation of VCR and, at very least, can indeed be strong competitor to 1/2".

AVERAGE COLOR SET SHOULD BE WORTH \$1,630: If color sets had followed inflationary trends of other consumer products since 1967, they would have sold last year at average retail price of \$1,630. Instead, they averaged \$524, actually 7.7% less than 17 years earlier.

Even ignoring such major improvements as solid-state circuits, electronic tuning, cable tuning, better picture tubes and more automatic operation, translating govt.'s Consumer Price Index (CPI) into estimated retail dollar values dramatizes color TV's well-known inflation resistance.

Govt. uses 1967 prices as index for CPI, which it puts at 100. On that basis, index for all consumer products and services rose to 311.1 in 1984, while color TV's retail index dropped to 92.2. If 1954 retail prices were used as index (100) instead of 1967, average color TV in 1984 would have been \$2,025 value. With 1969 as base, average color set would be valued at \$1,484, and even based on 1972 prices average color set in 1984 would have been \$1,300.

Table below is based on one prepared by RCA's Judy Fleming, using EIA factory production and import data and Commerce Dept.'s CPI, with estimated retail values derived from accepted

industry markup percentages. It also shows annual price relationships, 1984's average being lowest in 10 years.

Year	Av. Factory Price	Est. Retail Value	CPI	1967 = 100 Retail Value
1967	\$362	\$568	100.0	\$568
1968	336	527	104.2	549
1969	328	515	109.8	568
1970	317	497	116.3	578
1971	324	508	121.3	616
1972	319	500	125.3	627
1973	308	483	133.1	643
1974	316	496	147.7	733
1975	341	535	161.2	862
1976	349	547	170.5	933
1977	350	549	181.5	996
1978	350	549	195.4	1,073
1979	360	565	221.4	1,251
1980	368	577	247.0	1,425
1981	377	591	272.4	1,610
1982	373	585	289.1	1,691
1983	360	565	298.4	1,686
1984	334	524	311.1	1,630

JVC NET UP: Although VCRs and related products still comprise JVC's largest business segment, color TV set pace for parent-only sales growth in year to March 20, company's financial report shows. On nonconsolidated basis, JVC posted 14.7% increase in net to \$78.8 million on 18% sales rise to \$2.6 billion.

Aided by strong demand for color TV kits from China, JVC said total TV sales rose 40.9% for year to \$305 million. Sales of video equipment -- VCRs, cameras, videodisc players, tapes and discs -- were up 19.1% to \$1.77 billion. Audio equipment volume was flat at \$411.7 million, sales of music records and tapes increased 28.3% to \$39 million, other products added \$79.3 million, up 6.7%.

JVC said video equipment sales growth came primarily in North America and Japan, noted that price decline in videocassettes, increased R&D expenses and rising value of yen against European currencies held profit down. JVC said export sales were up 12.5% to just under \$1.69 billion and sales in Japan rose 28.1% to \$914.6 million.

Pioneer posted consolidated \$1.6 million loss in fiscal first half to March 31 on 3.1% sales rise (see financial table). Pioneer had profit of \$18.2 million in same period last year. Company said deficit stemmed primarily from weak demand for home audio equipment, but noted that while revenue from video products rose 27.8% to \$129.7 million, sales target for videodisc player wasn't met, which it attributed partly to antidisc market atmosphere created when RCA discontinued its competing CED system last year. Pioneer indicated disc sales paced video improvement, said it plans to expand output to million monthly.

Sales of home audio equipment fell 20% to \$244 million, while car audio posted 8.7% rise to \$238.1 million. Pioneer reported overseas sales slipped 2.5% to \$395.1 million but sales in Japan were up 3.9% to \$270 million. To improve 2nd-half performance, Pioneer said it plans to boost production of lower priced home digital audio CD players to 50,000 monthly.

Warner Communications repurchased \$10.1 million in questionable accounts receivable from Atari last year, Warner says in recent annual report. In addition, it agreed to buy back for \$12.5 million Warner stock warrants it issued in return for equal amount of Atari notes it still holds. Warner sold Atari's consumer operation to Commodore founder Jack Tramiel last June in exchange for notes and debentures, currently holds about \$250 million of Atari's paper. Disputes over value of assets transferred have arisen. Report says companies have held discussions on debt reduction but "have been unable to resolve their differences." It notes that this year Atari didn't make first scheduled interest payments. As previously reported, Warner reduced carrying value of Atari debt in 3rd quarter last year and wrote off remainder in 4th quarter.

Audio/Video Affiliates declared 3-2 stock split. Super-retailer said split was designed to reduce per-share price, make stock attractive to broader base of investors.

Mitsubishi will spend \$32 million on new color plant in Japan. Company said plant will be needed to meet rising demand for tubes from China.

THE VIEW FROM ZENITH: "This is one we're not going to announce in advance of shipping," quipped Chmn.-Pres. Jerry Pearlman when we asked him about digital TV at last week's Zenith distributor meeting in Las Vegas. Referring to oft-postponed innovative set, he said problem with digital TV is "chip-related," particularly with set's "performing to the specs we need to bring it to market." With regard to chip supplier ITT, Pearlman said "we know of nobody even close" in development of digital TV chips. Set will come, he forecast, and it will have features that will make it desirable.

Despite tough pricing situation, Zenith officials were quietly confident at meeting. "The industry is exhibiting vitality similar to that of the early days of color," said Zenith Sales Co. Pres. Gerald McCarthy, who forecast color sales of 15.9 million, VCR 9.5-10 million, projection TV more than 225,000 this year. "New technology and new products are putting romance back into our business," he said.

Conceding "retail trade has been a little tough" in last 4-6 weeks, he said dealers and distributors were beginning to report lift in last couple weeks (similar reports came from RCA convention, also in Las Vegas last week). McCarthy told distributors there may have been "slight shift in seasonality" in last 8-9 years as result of increasing importance of tax refunds to consumer buying power.

This year, he said, IRS's delay in tax refunds together with new rules on purchase of IRAs by April 15 probably caused buying pause. However, he said tax refunds this year will be \$10 billion more than last, and he expects good business to resume shortly. "I've been through a lot of recessions and troughs," McCarthy said, "and the last few weeks haven't been more than a glitch."

He cited these encouraging signs: 13" is beginning to shrink as percentage of business, 19" is beginning to grow again, "we have renewed opportunities in consoles and 25-inch cube table models are growing by leaps and bounds." He was most optimistic about stereo, forecasting that by year's end stereo TV signal will be available to every wired home in U.S. "Stereo is one of the few features that doesn't require a consumer education process," he added. "Everybody is familiar with the benefits."

Asked about Korean VCRs, McCarthy said: "We've yet to see a great deal of impact," but noted that even if million should be sold this year, "there's still room for substantial growth" by traditional marketers. Like most other manufacturers, Zenith is taking open-minded approach to 8mm. "If the consuming public opts for it, we'll be prepared." Much depends on software, he noted -- "we know that in 1/2-inch, prerecorded material is a major factor."

He said Zenith will have both VHS-C and full-sized VHS camcorders to meet demand.

Knowledgeable consumers know that VHS-C's 20 min. "is a long time" for home movies, but "the uninformed consumer opts for longer recording and playing time -- that's why we're in both camps," he said. "We learned our lesson in the early days of VCR," when Beta was beaten by VHS almost solely on issue of recording time.

KODAK, POLAROID ELECTRONICS: Photo industry leaders are looking for ways to expand toeholds in electronic imaging and storage they established last year, and at recent annual meetings Kodak and Polaroid offered holders a look at some of the directions that may be taken.

Kodak is exploring variety of opportunities in home recording market, meeting in Longview, Tex. was told by Chmn. Colby Chandler. Among areas being considered are film and video cameras, video and audio recorders, electronic still cameras and various forms of media, including film, magnetic tape and discs, as well as recording services, such as displaying photos on TV set and home duplication of video and audio tapes. Roster "provides an indication [of] areas where we may be able to capitalize on our technology and reputation to offer new products to the very familiar home marketplace," Colby said.

Polaroid went step further, offered demonstrations of prototype products. One is 13"x8"x6.5" black box recorder that puts out instant color film photo of TV picture. Input is frozen TV frame or field from VCR or videodisc player. Signal is fed through computer, broken into red, green and blue elements, sequentially displayed on internal 3" high-resolution monochrome monitor. Exposure of 3"x4" self-developing film is through sequential color wheel. Box has raster fill-in circuitry so no lines show up in picture, and time between input and picture delivery is about one min. Another was complete image processing, storage, manipulation and transmission system that included 8mm Video camcorder, computer, color display and Polaroid's Palette video image film recording system. It also showed prototype high-density 96-track 5.25" computer disc having 1.6 megabyte storage capacity.

Job security, improved pension benefits and early retirement incentives, along with wage and general benefit increases, are key contract issues in just-launched talks between GE and IUE, lead multiunion bargaining committee. Current 3-year contract expires June 30. Outcome of negotiations with GE, and of similar multiunion talks with Westinghouse, traditionally set tone for contract discussions unions will hold later with other industry members.

Atari will be in Summer CES in Chicago next week after all. Home computer marketer said it had decided not to exhibit because of high cost but reversed position after discussion with show management.

PHILIPS 'ABSOLUTELY' IN 8mm: Philips, which showed 8mm camcorder prototype 2 years ago and then withdrew it, believes 8mm is "absolutely the future" of VCR, according to Vp Cor van der Klugt, who becomes pres. of Dutch giant next year. Philips name will surface increasingly in U.S., we were also told by Van der Klugt, who currently heads company's worldwide consumer products operation.

It seems likely that Philips brand will start appearing on consumer electronic products here -- van der Klugt describing it as major asset in increasingly global market and name that, like Kodak and Nestle, is known everywhere. "Ten years ago," he told our European correspondent, "3 to 4% of our sales were in North America, but the figure is now 30%." He noted that monitors in Atlanta airport prominently bear Philips name and "in the coming decade the name will appear more and more" in U.S. and Japan.

Although Philips has faith in 8mm, "the crux is that it must be a systems approach," said van der Klugt, adding: "The Japanese aren't ready to let go of VHS. They don't want to disturb the public until the new format has a substantial proportion [of industry], and Sony is not a substantial proportion." Besides, he said: "Sony hasn't introduced a system, just a product." He forecast that 8mm VCR drive can be made "not much larger than the cassette," and with tiny portable systems Philips's compact motional feedback speakers "may finally come into their own."

He noted that VCR import restrictions, spearheaded by Philips, have resulted in existence of "14 companies now making VCRs in Europe" and creating jobs there. As for Philips's presence in market as VHS manufacturer, he commented: "We didn't invent the light bulb either, but we're flexible -- we're merchants."

Van der Klugt and colleagues referred several times to trade competition with Japan as "war." Commenting on doubled duty on CD players adopted at Philips's urging to protect European industry, he said issue is simple: "Does Europe want a consumer electronics industry?" By same token, he underlined importance of starting DBS in Europe with MAC HDTV system "because if we start with PAL and SECAM, the next standard will be a Japanese standard and you can write off the whole European TV industry."

He stressed Philips's substantial interest in China, comparing it with Europe after World War II. Liberalization, he said, is giving farmers money, but they have nothing to buy. Chinese consumer buying power in 15 years could be same as U.S., he said.

On digital TV, van der Klugt said video is poised for new era of turmoil. "We can do so many things," such as picture-in-picture, zoom, high resolution, etc. -- "but the company that finds out what the public wants of all these things is going to be the winner."

Philips is deeply involved in new applications of digital Compact Disc. Van der Klugt demonstrated CD ROM containing entire Dutch Encyclopedia, permitting search, rapid access, etc. Material was placed on disc automatically from same master tape used for typesetting hard-copy edition.

Further in future is "electronic car map," using CD player hooked into auto computer. Driver feeds in starting point and destination by name of street intersections, which computer translates into map coordinates. CD may be used to play music, while synthesized speech gives instruction to driver (who may peek at display if he wishes). Instructions currently are given by computer reckoning (speed of car, compass direction, etc.), but eventually will be made more accurate by use of Navstar satellite.

All of Netherlands is now mapped on about half a CD, and Philips says most European countries will require only single disc. It's not even necessary to prepare maps for disc -- most countries already are mapped in ASCII code by mapmakers or govt. agencies, and maps can be dumped onto disc.

* * *

Philips halted production of V2000 format VCRs last fall because of high inventories but remains committed to system and will resume output when demand warrants, according to Johannes Zantman, financial affairs vp. Meanwhile, in U.K., where company acknowledges only about 200,000 are in use, Philips has stopped subsidizing release of V2000 software. Responsibility has been taken over by 220-member V2000 Dealer Assn., formed to service owners. Under terms of deal with wholesaler S. Gold and film companies, VDA announces software package but doesn't start duplicating until enough firm orders are received.

Mergers & acquisitions: Toshiba has agreed to acquire 20% interest in Olivetti's Japanese office and computer equipment marketing subsidiary and to help expand Italian company's sales in Japan. Terms weren't disclosed. Companies said agreement is expected to be followed by cooperative efforts in other product areas and markets... **Peachtree Software** was sold by Management Science America to Intelligent Systems for undisclosed sum. Sale puts MSA out of commercial computer software business. Earlier this year, it sold Peachtree's international assets to various foreign distributors, Designware and Eduware to Encyclopedia Britannica, distribution unit to Corporate Software.

British GEC won \$18.3 million contract to conduct test of its Prestel standard Televue videotex system in Singapore. GEC will supply computers and other headend equipment plus 1,200 display terminals for test to be run in 1987. Televue users request information over telephone lines; data can be fed back via phone lines or on dedicated TV channel. If test is success, Singapore's Telecommunications Authority plans to go ahead with \$1.2-billion 5-year program to give terminals to million homes and businesses.

QUASAR SEES MORE CUTS: Although growth was strong in 1984, and it's doing better than holding its own against industry this year, Quasar is taking conservative approach in 1985 and searching for ways to offset impact of expected further decline in pricing, Pres. Jack Pluckhan told attendees at company convention in San Diego last week, forecasting some color brands will fall by wayside.

Quasar posted "significant market share increases" in its major product lines last year, as dollar volume rose 36% and company "joined the ranks of most of the rest of us as individuals -- we paid income taxes." Unit volume increases included 20% for color, 67% for projection TV, 80% for VCRs.

Quasar is feeling pricing pressure, and with overall 16% growth in first 5 months, company is running slightly behind target of 19% dollar rise for full year, Pluckhan said. For this year, Quasar looks for 16% unit rise in color TV, with dollar volume somewhat behind that as "the likelihood of new low [industry] price points is almost assured," making it "almost impossible to reach the same profit level in this area as last year." Outlook is similar for VCR, where Quasar is seeking 56% unit rise. Profit prospects there are tempered by market softening that comes "just when more and more brands are being introduced and inventories are building at all levels. The price pressures, of course, will be even greater for the remainder of the year as a result." Quasar also is aiming for 55% increase in projection TV, expects minimal gain in b&w.

At post-meeting briefing, Pluckhan called 1985 "holding year from the standpoint of profitability." If any marketers are making profit in color now "they're doing it with mirrors. We're a market-share driven industry and everyone fights tooth and nail -- it's crazy, and how you turn it around I don't know." While secondary brand companies will be pushing for sales this year, "the majors will refuse to give up market share" and margin problems will intensify. Pluckhan said he sees 4th quarter shaping up as toughest of year. "Our industry is still going to do big numbers -- the question is how many will still be around next year in a state of profitability. I think you will see some shakeouts in color next year."

Even VCR has become "something we can count on less and less for profit as the year progresses." Pluckhan said "there are now more than 50 brands" competing for sales. As for Koreans, their "impact on the market right now is not as great as anticipated because they are sticking to the rules of the game" and rumors of their ultra-low pricing haven't come true. "How long they will keep that up I don't know." Of equal concern is excess production capacity in Japan. "The Japanese market is so depressed that the output has to come here," he said. "The product has to be eaten up and everybody is looking at this one market."

Quasar is "still looking for profitability this year," Pluckhan said. Some of that will stem from

increased volume, some from new product areas and stepup selling. "With the profit pressures on TV, the more diverse we are the better off we are." Quasar's unique \$1,500 Delta 26" color (TVD May 6 p14) is a statement of company's capabilities, also reflects new spirit of cooperation with Japanese parent, Matsushita. Sister company Panasonic, Pluckhan noted, got the digital color TV, Quasar the Delta, and "considering the status of digital in the market I think we got the better of the 2."

Quasar hasn't yet joined in general industry introduction of complete packaged audio-video systems, "but that is just a timing thing, we haven't written it off." Pluckhan said Quasar is now testing new A-V concept, could have product for sale later this year. Part of problem has been with parent, where factories operate autonomously. Video and audio plants only recently set up coordinating organization and now are starting to work together on systems, he said.

Question was raised about color line's emphasis on MTS stereo adaptor jacks, rather than on built-in decoders, particularly since company indicated last year it would shun adaptor route (TVD May 21/84 p12). "TV stereo broadcasting came on a little faster than we anticipated and there wasn't time to make a total commitment to stereo," Pluckhan said. Jacks and adaptors are temporary, and such sets "are for the guy who doesn't want to pay \$700 for stereo now, but is concerned with the future."

GE laid off about 950 of 5,700 workers at its Singapore audio products and TV component manufacturing and subassembly operations in what it termed retrenchment. What spokesman called "lion's share" of cut was in audio operation. GE said layoffs were inventory related, stemmed from soft worldwide demand in general, particularly first-quarter performance in U.S. Cutback at TV parts unit also may be related to phaseout of 10" and 13" color portable production at GE's Portsmouth, Va., plant. Singapore has been supplying circuit boards for such sets. GE is scheduled to switch from in-house to outside sourcing for small-screen color in July.

Sony has begun prototype production of 8mm Video home deck, says it plans to introduce it in Japan this fall. Company says it has raised monthly output of camcorder version to 30,000. As for Beta, Sony says this fall all production for sale in Japan will be Super Beta. Meanwhile, Japanese press reports indicate consumer interest in 8mm camcorders has waned since system was launched in Jan. Dealers complain \$1,120 price is too high, say reduction to less than \$800 is needed to get market going again.

RCA Service Co. has signed contract for more than \$4 million to supply 10,000 color sets and service to La Quinta Motor Inns over one-year period. Chain of 150 inns has purchased RCA sets in past.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audiotronics			
1985-9 mo. to March 31	11,533,000	(914,000)	--
1984-9 mo. to March 31	15,944,000	421,000	.35
1985-qtr. to March 31	2,849,000	(877,000)	--
1984-qtr. to March 31	5,294,000	104,000	.09
Comcast			
1985-qtr. to March 31	27,657,000	2,804,000	.21
1984-qtr. to March 31	23,810,000	2,204,000	.17
Electrohome^b			
1985-13 wk. to March 29	36,303,000	522,000	.09
1984-13 wk. to March 30	30,907,000	1,766,000	.32
Esquire Radio & Electronics			
1985-qtr. to March 31	238,200	11,300	.02
1984-qtr. to March 31	10,054,100	484,600	1.00
ITT^d			
1985-qtr. to March 31	2,934,630,000	113,343,000	.75
1984-qtr. to March 31	2,956,737,000	79,297,000	.52
Marantz			
1985-qtr. to March 31	7,362,000	(983,000)	--
1984-qtr. to March 31	9,076,000	(798,000)	--
MovieLab			
1985-qtr. to March 30	1,090,286	(605,144)	--
1984-qtr. to March 31	1,149,877	(536,556)	--
Oak Industries			
1985-qtr. to March 31	77,109,000	(9,473,000)	--
1984-qtr. to March 31	83,759,000	(12,490,000)	--
Pioneer Electronic^f			
1985-6 mo. to March 31	665,100,000	(1,600,000)	--
1984-6 mo. to March 31	645,100,000	18,200,000	.28
Recoton			
1985-qtr. to March 31	5,894,000	284,000	.11
1984-qtr. to March 31	6,445,000	450,000	.17
Satellite Syndicated Systems			
1985-qtr. to March 31	8,300,000	1,230,000	.21
1984-qtr. to March 31	6,700,000	1,215,000	.21
Taft Bcstg.			
1985-year to March 31	375,266,000	48,477,000	5.22
1984-year to March 31	453,824,000	39,156,000	4.03
1985-qtr. to March 31	65,564,000	6,033,000	.66
1984-qtr. to March 31	66,337,000	5,959,000	.63
Tele-Communications			
1985-qtr. to March 31	139,386,000	364,000	.01
1984-qtr. to March 31	101,323,000	13,009,000	.29
Telepictures			
1985-qtr. to March 31	30,002,400	2,031,100	.24
1984-qtr. to March 31	19,704,000	1,177,500	.18

Notes: ^aAdjusted. ^bIn Canadian dollars. ^cRestated.

^dRevenues exclude insurance & finance subsidiaries.

^eIncludes special credit. ^fAt yen's current rate. ^gPer ADR.

Luther, former C&IG quality vp, advanced to corp. deputy quality dir... **Jerry Hellman** promoted at Quasar from color TV mktg. mgr. to color TV sales mgr., succeeding **Trevor Reisz**, who left to join company out of industry... **Noby Maeda** advanced at Sony (U.S.) to corp. planning vp; **Nobuyuki Oneda** promoted to Mktg. Group planning vp; **Makoto Sato**, former Accessory Div. national sales and mktg. mgr., advanced at Consumer Products Co. to dir., telecommunications & accessories.

Phyllis Massey, one-time Toshiba, appointed Gusdorf west region mgr... **Joseph Barrett** advanced at Platt Music to corp. consumer electronics mdse. mgr. in restructuring. Other appointments: **Mike Stapleton**, video mdse. mgr.; **Tedd Rozylowicz**, Home Div. (microwave ovens, electronic furniture) mdse. mgr.; **Robert Pollack**, corp. TV buyer; **David Magnuson**, corp. VCR buyer; **Robert Marshall**, home office products buyer; **Ted Lew**, communications products buyer... **Matt Yamauchi** and **Dan Roberts** appointed co-mgrs. of new Pro Video Service Div. of JVC Service & Engineering Co... **Robert Summer**, RCA Records pres., elected RIAA chmn., succeeding **Sheldon Vogel**, Atlantic Records vice chmn.

Robin Montgomery promoted at Embassy Home Entertainment from mktg. and sales vp to senior vp for acquisitions, production and corp. mktg... **Tom Diehl** appointed sales development coordinator, 3M instructional cassette marketing unit Leisure Time Products Project; **Robert Lehman** named mkt. development mgr.; **Mark Kuipers**, former mkt. development coordinator, has been reassigned... **Jay Shanahan** promoted at Essex Video to mktg. and operations vp; **David Bursteen** advanced to sales vp... **Randall Freeman**, cofounder of IRS Video, named pres., Palm Beach Home Video, new venture formed by movie collector Elvin Feltner... **Vincent DiMillo**, ex-WEA International, joins Media Home Entertainment as budgeting and forecasting senior financial analyst... **Eric George** named mktg. development mgr. of Ingram Video's new Mktg. Development Dept... **Gene Marino**, ex-Dreamland Home Video, joins Target Video as vp.

Sharp is expanding recently opened U.K. VCR plant to include production of microwave ovens. Plant in Wrexham started output of VHS VCRs at 3,500 monthly rate in Feb. Company said it will install MW line, produce 120,000 in first year, expand to 240,000 annually by 1988, by which time production is expected to be shifted to new plant in same area.

Obituary

Irving Kappy, 67, manufacturers' rep for last 30 years and principal in N.Y. metro firm West View Industries, died May 10 of heart attack. Kappy had represented such marketers as Morse and Soundesign, and his company now handles Emerson. Survivors include wife, children.

Consumer Electronics Personals

Roger Ackerman appointed pres. of new Corning Specialty Glass & Ceramics Group (TV bulbs, consumer and other products), assuming duties of **William Hudson**, pres. of now disbanded Consumer & Industry Group, who will retire July 15; **David**

TELEVISION DIGEST®

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With Consumer Electronics

MAY 27, 1985

VOL. 25, NO. 21

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CBS AFFILIATES CELEBRATE in San Francisco, are told they will remain No. 1. CBS hopes to change 'faceless' network image, sees audience erosion from cable ending. (P. 1)

CBS MAY SEEK BUSINESS PARTNER, tells SEC it may buy back its own stock or examine 'various alternatives' to strengthen itself against unfriendly takeover. (P. 3)

PHYSICAL THREAT, NAMECALLING, mar public broadcasting sessions in wake of Pfister resignation. Second PBS executive quits. (P. 5)

RADIO MARTI BEGINS BROADCASTING despite lack of dir. and incomplete staffing. Feared Cuban jamming doesn't materialize. (P. 6)

COPYRIGHT, MUST-CARRY ISSUES to dominate NCTA convention panels featuring dozens of congressmen. (P. 6)

MANDATORY COUNTERADS BILL gets brushoff from House panel. Ban on alcohol ads is seen as extreme, possible First Amendment violation. (P. 7)

NCTA WILL ACCEPT EEO RULES if they're modified. Assn. tells FCC that reliance on numerical tests is inconsistent with Cable Act and 'suspect as a matter of constitutional law.' (P. 7)

CBS CELEBRATES IN SAN FRANCISCO: "Today we celebrate the present, and the fact that our own legacy is still with us, alive and well," CBS Bcst. Group Pres. Gene Jankowski told executives from some 200 affiliated stations during network's 30th annual gathering last week at San Francisco's Fairmont Hotel. There was much for affiliates to cheer about, ranging from network's continuing ratings dominance, to new fall shows that were well received, to assurances that CBS is taking steps to defend against takeovers.

Telegram was read at convention from Chmn. Thomas Wyman saying he was unable to attend gathering because of important business in N.Y. relating to CBS SEC filing. Network said in filing it may take several actions, including seeking business partner, to forestall unfriendly takeover (see separate story elsewhere in this issue).

Consumer Electronics

DIGITAL SOUND 8mm Video decks expected from Sony, Pioneer, others, in new full lines. (P. 9)

NEW LINES, NEW DISPLAYS: 180-degree projection, first U.S. flat-faced 20", from NAP; new 22" square-cornered tube from Hitachi. (P. 9)

VCR IMPORTS DOUBLED to 1.38 million in March. Color set imports still sagging. (P. 11)

STEREO TV: At least 60 stations now equipped, covering all of top 10, 23 of top 25 markets, more than 50% of U.S. population. (P. 12)

1986 NEW MODEL DETAILS: RCA, Zenith, Magnavox, Sylvania, Philco, Quasar, Hitachi, Seiko, Epsn. (P. 14)

FULL CONFERENCE SCHEDULE is set for Summer CES, which opens in Chicago June 2. (P. 16)

BILL TO LEVY 15% DUTY on color tubes imported with kits proposed. Zenith back in court. (P. 16)

NO VIDEOCASSETTE SHORTAGE is looming, says Memtek. Company predicts sales of 220 million blanks this year, 177 million to dealers. (P. 17)

CHINA GETTING IDLED GE color tube equipment, buying another plant from Japan's Matsushita. (P. 17)

Affiliates mostly were uncomplaining at their closed meeting, with Chmn. Joseph Carriere, KBIM-TV Roswell, N.M., afterwards saying: "Our objections with the network are few." One complaint was that CBS is being slow in creating regional news networks (there's one operating in Southwest).

But it was apparent that CBS isn't resting complacently in ratings or regulation. Faced with stiffer competition from No. 2 NBC, CBS is completely revamping Wed. night lineup, tinkering with Tues. prime time and attempting to shore up Sat. night with movies. "I liked what I saw," said Jefferson Pilot's Wallace Jorgenson. "I don't think we'll win Wed. night next season but I think the network has the right idea about shows that will improve" CBS's few ratings weak spots.

CBS launched effort to end "faceless" network image, with Best. Group Exec. Vp Thomas Leahy telling affiliates that CBS will begin speaking up in Washington and elsewhere to counter what he described as "misinformed" regulators who often "act on that misinformation." Leahy said it's no surprise that all 3 networks are under attack over beer and wine advertising and children's programming. "We are faceless, and at times foreboding. We are pervasive and enormously powerful. Above all, we are a mystery."

Admitting that "for too long we have been self-conscious about speaking directly to these questions," Leahy said it's important that action be taken, because "our customers who do not understand us -- or who misunderstand us -- shape the attitudes of the members of Congress who regulate us." He complained that "significant players on the regulatory scene are largely dependent on 3rd parties for their sense of how television works."

Arnold Becker, Best. Group vp-research, said CBS won prime-time ratings race for 25th time in last 29 seasons, averaging 16.9 rating to NBC's 16.2, ABC's 15.4. Some affiliates we talked to were worried, especially by NBC's meteoric rise. "This reminds me of 1977 [when CBS last encountered challenge, then by ABC, and underwent management change]," said southeastern affiliate. "You're talking about half a [ratings] point between first and 2nd place and a point and a half between top and bottom. That's not much. A bad show here and a few good shows there [on NBC or ABC] and the order could be reversed," he added.

Affiliates board voted to try helping CBS by filing comments with FCC opposing proposed takeover of network by Ted Turner. Vote to file FCC comments came after affiliates received briefing on takeover proposal from Morgan Stanley & Co. official who termed offer "financially imprudent to the point it is questionable the new entity could survive or even meet its payment obligations."

Attacking Turner at closed meeting were Bostick Stations Pres. M.N. (Buddy) Bostick, who has 4 CBS affiliates, and Leroy Paul, American Family Corp. CEO, who has 2. They spoke after Carriere told group that "one-man rule by today's standards is doomed to failure." Paul said he feared that if takeover occurs, "network's ability to provide us with competitive news, programming and compensation would be in serious jeopardy." Jankowski, in statement accompanying Morgan Stanley appraisal, said Turner proposal is "a speedway to disaster."

Neal Pilson, sports exec. vp, said price for TV rights to 1988 Summer Olympics in Seoul has steeply declined. He told affiliates that most bidding by networks "has come down from \$1 billion less than 12 months ago to a more responsible neighborhood of \$300-to-\$400 million," depending on scheduling of major athletic events.

CBS made midcourse correction to its continuing 10-year study of TV viewing by projecting end to erosion of network audiences because it foresees that cable is peaking and may even decline some. According to study by David Poltrack, Best. Group vp-research, in 1990 networks will enjoy 70% audience share (down from high 80s 10 years ago), watched in 39.4 million homes. Other over-air TV stations will win 20% share (11.3 million homes), basic cable 9% share (5.1 million homes), pay cable 8% share (4.4 million homes).

Nearly stagnant growth of pay cable in last 2 years is main basis CBS cites for projections. Poltrack noted that from 1982 to 1984, pay cable penetration rose only from 56% to 59%. When CBS began study in late 1979, it had estimated pay cable penetration of 75% by 1990. "We now estimate pay cable penetration in cable homes for 1990 at 67%," Poltrack said, "yielding a pay cable home percentage of 40% and a basic cable-only percentage of 20%." But he also said CBS was reducing its HUT figures to 60% for 1990, projecting nearly static growth from 59.6% in 1984. CBS also reduced projected 1990 TV homes base to 94 million.

Poltrack also had unkind words for barter syndication, which some have predicted will evolve into loose 4th TV network of independent stations by end of decade. "We do not believe it will" develop into 4th network, Poltrack said. "There are just too many players in the game and too much fragmentation in the nonnetwork marketplace."

CBS BOARD APPROVES SHARK REPELLANT: In about-face from just month ago, CBS board approved several possible steps to strengthen company's position against unfriendly takeover attempts. Action, in form of amended CBS filing at SEC, was announced after market closed May 22. CBS is immediate target of Ted Turner, but analysts give Turner little chance to win control, say CBS's biggest threat is likely to come from as-yet-unnamed suitor. Analysts also predicted when Turner made bid in mid-April that network would be forced to take some of actions spelled out in SEC filing.

CBS told SEC that it "intends to examine various alternatives that may include, without limitation, the issuance of additional securities of the company, the repurchase of outstanding securities... the acquisition or disposition by the company of assets or businesses, changes in the company's capitalization and possible business combinations involving the company." CBS also said "there is no assurance" that any of possible actions outlined "will be proposed or consummated," but "company believes it is desirable to have the flexibility to consider such alternatives."

In April 22 filing at SEC, CBS had said it didn't intend to take any of steps it now says it will consider. CBS official refused to go beyond formal filing but we were told that no firm proposals have been made to board. Board also put clamp of secrecy on its members and CBS officers to keep confidential any talks about acquisitions, mergers, sales of assets or tender offers until an agreement in principle is reached.

CBS is due to respond June 3 to Turner's filing at FCC seeking approval of his takeover attempt. Several public interest groups have said they will support network, and CBS affiliates board, during closed session May 20 at annual convention in San Francisco, also voted to file at FCC in support of CBS (see separate story). Earlier, when Fairness In Media asked conservatives to buy CBS stock and elect new directors, CBS obtained \$1.5 billion line of credit. Turner has offered package of securities and junk bonds (no cash) for CBS that he said is worth \$5.41 billion, or \$175 a share. However, analysts say offer is worth less than \$150 per share because of high-risk notes involved and securities that would take years to pay full value. It's assumed that, sooner or later, Turner will come up with some cash.

While insisting he couldn't say much because exchange offer is in registration at SEC, Turner told N.Y. luncheon for ad agency executives May 23 that CBS's recent moves show "they're a little bit worried." Luncheon was held to celebrate CNN's 5th anniversary and tout programming from CNN and WTBS Atlanta. Turner told group: "I really wonder after this presentation what we need with CBS... It will extend our reach a little bit." He said that if buyout succeeds, "maybe next year" same meeting will be much bigger.

"I'm not the only one they're pounding on," Turner said, citing CBS's recent suit charging Ziff Corp. with overstating earnings of Ziff-Davis consumer magazine group. TBS chmn. joked he didn't know "when they'll start suing their customers, but it could be any time now." After luncheon, Turner was asked by reporters what he thought of negative comments by CBS

executives about his character. "I don't want to get into a mudslinging contest," he said. "I've never really gotten personal." Again citing SEC rules, he declined to answer questions about fact that his offer for CBS shares contains no cash except to joke that he does have cash -- waving bills from wallet.

In other takeover bids, Jack Cooke lost 2nd effort to absorb Multimedia. Same day (May 23), Cooke got injunction from Greenville, S.C. court prohibiting Multimedia from proceeding with recapitalization plan. Board, with support of members of 4 founding families, rejected Cooke's sweetened offer of \$65 per share (about \$1.08 billion). Family members said they would continue to support proposed recapitalization of Multimedia that will permit existing shareholders to maintain equity. "The protection of this opportunity for all shareholders, not just ourselves, is a point of pride with us," families said in letter to board. Considerations that make Multimedia attractive to others are same that "make the recapitalization plan attractive to all Multimedia shareholders," letter said. S.C. law requires that mergers be approved by 2/3 of shareholders; family members and Multimedia management own more than 40% of outstanding stock. At special meeting, board also authorized Multimedia to borrow up to \$300 million to purchase its own shares.

Common Pleas Court in Greenville, S.C. issued restraining order prohibiting Multimedia from continuing with recapitalization plan -- at least until after June 3 court hearing. Action was taken at request of Cooke after Multimedia rejected his 2nd offer. Cooke, who is largest single Metromedia shareholder with about 9.7%, said he went to court "to protect the investments of thousands of Multimedia shareholders who are being financially discriminated against by not being allowed to get a fair price for their Multimedia stock." Multimedia management and founding families have offered \$41.24 a share, plus \$25.54 in bonds, with shareholders having option of retaining equity in company. Order by Judge Dan Laney restrains Multimedia from soliciting proxies, conducting vote on plan, holding any meetings concerning recapitalization or obtaining settlement of 4 earlier suits.

Gannett shareholders approved 2 antitakeover measures at annual meeting May 21. Chmn. Allen Neuharth said they will provide "a new test for the corporate raider rampage." Meeting in Rochester, N.Y., holders added "fair-price" proposal to bylaws and approved measure for staggered terms for board members. Neuharth was sharply critical of "the junk bond cartel" that he said threatens nation's free economy with "funny financing." He also criticized "extremists -- on the right or left -- who would try to capture control of public media companies for political or philosophical purposes." Gannett news release noted that, while Neuharth didn't identify target of "junk bond cartel" reference, it "clearly included Cincinnati financier Carl Lindner, Gannett's 2nd biggest shareholder, who had publicly opposed the company's antitakeover proposals and who has been involved in a number of junk bond financing deals."

Heritage Communications also approved "fair-price" measure and staggered board terms. Firm also voted to increase authorized shares from 20 million to 50 million, preferred shares from 15 million to 20 million. Heritage currently has 14.2 million common, 900,000 preferred shares outstanding. Heritage official said changes weren't in response to any takeover attempt.

New TV stations on air: (1) WZDX (Ch. 54) Huntsville, Ala., owned by John Pauza (50%), Media Central (45%) and Joel Katz (5%). David Godbout is gen. mgr. (2) WOIO (Ch. 19) Shaker Hts. (Cleveland suburb). Metroplex Communications and Diamond Bestg. each own 50% of common stock; preferred stock is owned by Milton Maltz and Carl Hirsch of Malrite Communications. Hubert Payne is gen. mgr. (3) KJTL (Ch. 18) Wichita Falls, Tex., owned by Thornberry TV with several stockholders. Max Andrews is gen. mgr. New starts raise operating U.S. TV stations to 1,209 -- 894 commercial, 315 noncommercial.

CBS is switching affiliation for Montgomery, Ala. from WCOV-TV (Ch. 20) to WAKA (Ch. 8) (ex-WSLA) Selma -- which plans transmitter move to put primary signal over both markets. WCOV-TV was sold recently by Harry Barfield (who owns WLEX Lexington, Ky.) to David Woods, gen. mgr. of KARD W. Monroe, La. for \$4 million.

Farm TV service via satellite is proposed by Town & Country TV, planning start this fall, scrambling signal and using M/A-Com decoder. Contact: Claude Stone, exec. vp, 1299 Ocean Ave., Santa Monica, Cal. 90401, 213-395-1565.

CPB CONTROVERSY BUILDS: Ripples from CPB's "nyet" to Soviet trip, prompting Pres. Edward Pfister's resignation (TVD May 20 p7), continue to affect public broadcasting, with some worrying that there will be Hill hearings on issue. That could draw unwanted attention to authorization legislation, officials said. Meanwhile, CPB board placed Pfister on administrative leave as of May 24; resignation remains effective June 15.

CPB also accepted resignation of Vp-Gen. Counsel Linda Dorian, effective May 19. Besides legal issues, Dorian managed congressional liaison services. That leaves CPB operating under management committee comprised of 2 vps and acting deputy gen. counsel. NAPTS Chmn. David Ives, WGBH-TV Boston vice chmn., declined CPB offer to become interim pres.

Meanwhile, situation hit personal level: CPB Dir. Sharon Rockefeller said Chmn. Sonia Landau was "crazy." Landau's husband, N.Y. Times TV critic John Corry, allegedly confronted Pfister and KCET L.A. Pres.-Gen. Mgr. William Kobin separately May 17 in San Francisco. Kobin incident occurred outside press room during Landau news conference. We're told by witnesses that Corry shook finger in Kobin's face after Kobin attempted to introduce himself to Corry. Kobin and Landau had exchanged words during May 15 board meeting over children's programming.

Later, we're told, Corry and Pfister passed near each other in hotel lobby and, witnesses said, Corry grabbed Pfister by coat lapels and allegedly threatened to break his neck. Landau intervened, told Pfister to be out of CPB office by May 20, witnesses said. When we caught up with Landau in Denver at NPR meeting, she said "nothing really happened" and that reports of incidents were "gossiping."

Despite controversy, public broadcasting tried to go about business as usual during back-to-back annual meetings of TV and radio. Pfister backed out of scheduled speech to public radio day after telling NPR he would give speech as planned. At its meeting, PBS decided to try to sponsor Moscow trip (without CPB funding), where some exchange of programming may occur.

PBS looked into its future and determined that there was consensus for creating endowment for program investment. It also approved budget that requires 12.8% increase in member station dues, or about \$11,200 for average station. PBS stations got proposal for new nightly 30-min. news magazine alternative to MacNeil/Lehrer NewsHour. New program is being produced by public TV entities in N.J. and Md., at price of about \$7.7 million, about 1/3 cost of MacNeil/Lehrer.

NPR members approved new business plan that would take effect in FY 1987, involve stations controlling nearly all federal funding instead of

splitting 65%-35% with NPR. Officials announced NPR had agreement with TV Ch. 6 interests on matters associated with interference caused by FM public radio. NPR has negotiated interference problem with MST, NAB, Taft and McGraw-Hill. Details are to be released May 28.

Increasing availability of pornography, including on videocassettes and cable TV, caused U.S. Attorney Gen. Edwin Meese to name 10-member commission to investigate possible measures to control its production and distribution. Last such commission convened 15 years ago, Meese said, noting that cable TV and VCR have since made it easier to obtain pornographic materials. "It's available at home to almost anyone -- at the mere touch of a button or [the] dialing of a telephone," he said. Among panel members is Ellen Levine, vp-CBS Magazine Div. Commission is outgrowth of investigation that Justice Dept. is known to be conducting into whether existing federal TV-radio criminal statutes governing obscenity and profanity can be applied to cable TV.

"The medium is not the message today. Content has become the key," Mass Media Bureau Chief James McKinney told Washington Cable Club last week. Discussing mergers and sales, McKinney said they signal "a basic shift in the way personal entertainment will be developed and delivered to the American public." Behind most deals, he said, are Hollywood production houses or indirect links to studios: "Prices being offered in many of these cases more and more are reflective of the programming side of the business rather than the delivery side." McKinney said 4th network is possible but probably won't occur because "with network status comes restrictions [especially on program production] that many would just as soon avoid."

NAB has formed Exhibitors Committee to help plan conventions. It will consist of reps from 2 large, 2 medium and 2 small manufacturers. Faced with considerably less floor space at Dallas convention next year, NAB is considering putting radio exhibits and programming sessions in Market Hall -- several miles from Convention Center but within walking distance of Anatole Hotel. If that happens, Anatole will be hq for radio delegates. As alternative, NAB is considering requiring exhibitors to buy less space, charging them more per sq. ft. (NAB said exhibitors understand that and situation that will cause it.) NAB also plans another meeting soon with Chicago officials looking toward returning some conventions to McCormick Place. With final audit nearly complete, Assn. now expects \$300,000 surplus for fiscal year ended March 31.

Cable TV Public Affairs Assn. (CTPAA) has been formed "to enhance the contribution of public relations in cable industry." Pres. is Richard Holcomb, ATC; vp, Edward Dooley, NCTA; secy.-treas., Robert Russo, Daniels & Assoc. CTPAA will meet June 2 during NCTA convention in Las Vegas.

RADIO MARTI ON AIR: Cubans surprised U.S. broadcasters and govt. by not trying to jam other American stations when Radio Marti began broadcasting last week. Cuban govt. had threatened to use two 500-kw transmitters to knock out U.S. stations on Marti's 1180 kHz but settled on diplomatic reprisals and interfering somewhat with Marti signal.

Marti began broadcasting to Cuba at 5:30 a.m. EDT May 20 in time to herald 83rd anniversary of Cuba's independence. Station is named after Cuban patriot. Studio is in Washington, has 50-kw transmitter on 1180 kHz in Marathon, Fla. and shortwave transmitters in Bethany, O. and Greenville, N.C. Shortwave transmissions are on 6075 kHz at 5:30-8 a.m.; 9580 kHz, 8-10 a.m.; 11815 kHz, 10-1:30 p.m.; 11930 kHz, 4:30-7 p.m.. It's broadcasting 14-1/2 hours daily.

Cuban govt. reacted by scrapping travel and immigration agreements with U.S., and by broadcasting tone on Marti frequency, as U.S. govt. sources said it's been doing for months in anticipation of Marti startup. Marti shares frequency with 7 U.S. stations, including clear channel WHAM(AM) Rochester, N.Y. Interference is being monitored by FCC at Ft. Lauderdale, Fla., Kingsville, Tex. and Powder Springs, Ga. monitoring stations, and by NTIA.

Cubans have interfered with U.S. radio broadcasts for more than 15 years, mostly in Fla. Persistent problem led Congress in 1982 to include \$5 million compensation fund in Marti Act to help stations pay for facility upgrades to mitigate interference. But Cuban govt. is said to have built 2 transmitters capable of 500 kw, 10 times more powerful than U.S. maximum.

Radio Havana warned during week that Cuba planned to "adopt additional measures relating to the communications between the U.S. and Cuba." Govt. sources said they believe that may mean Cubans will start Marti counterpart broadcasting to U.S. or jamming.

Congress hasn't appropriated money for compensation fund at recommendation of Office of Management & Budget, sources said. House Appropriations Committee recently strongly recommended \$2 million be set aside in U.S. Information Agency budget for FY 1986-1987 to pay claims. WSUN(AM) St. Petersburg is only station with FCC-approved claim pending, is waiting for \$12,265. Eight claims totaling \$1.6 million are pending before FCC. Commission source said FCC is bracing for influx of new claims, but as long as money isn't appropriated, none can be paid.

Marti went on air without dir. (2 previous dirs. have left [TVD Jan 28 p4]) and only 127 of 188 staff positions filled. We're told that continuing congressional pressure to get station on air helped prompt startup. Marti is responsibility of Voice of America, whose dir.-designate Kenneth Giddens ran agency under Presidents Nixon and Ford.

34 CONGRESSMEN GOING TO NCTA: Chairmen and ranking minority members of House and Senate Copyright Subcommittees will discuss possible reform of copyright law on panel at NCTA convention in Las Vegas June 2-5. They're among at least 34 members of Congress expected to attend annual gathering, about usual number. Copyright panel is of particular interest in wake of resignation of Copyright Royalty Tribunal Chmn. Marianne Hall (TVD May 13 p6), is titled "Where Do We Go From Here?"

Other congressional panels will focus on: Scrambling, must-carry, high-technology trade, First Amendment, beer and wine ads. All are scheduled for morning of June 3.

Newhouse Exec. Vp Robert Miron will moderate copyright panel. Panelists: Senate Copyright Subcommittee Chmn. Mathias (R-Md.), ranking minority member Leahy (D-Vt.), member DeConcini (D-Ariz.), House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.), ranking minority member Moorhead (R-Cal.), member Synar (D-Okla.). NCTA Exec. Vp Bertram Carp will moderate First Amendment panel: Senate Judiciary Chmn. Thurmond (R-S.C.), Senate Commerce Committee member Heflin (D-Ala.), and Reps. Fish (R-N.Y.), Mazzoli (D-Ky.), Tauke (R-Ia.), FCC Comr. Quello.

Must-carry issue will be discussed by panel moderated by William Bresnan, pres. of Bresnan Communications: Senate Commerce Committee member Gorton (R-Wash.), Senate Judiciary Committee member Grassley (R-Ia.), House Telecom Subcommittee members Coats (R-Ind.), Collins (D-Ill.) and Oxley (R-O.), House Commerce Committee member Richardson (D-N.M.). Drew Lewis, Warner Amex Cable chmn., will moderate panel on scrambling: Reps. Berman (D-Cal.), DeWine (R-O.), Glickman (D-Kan.), Rinaldo (R-N.J.), Tauzin (D-La.).

Beer and wine advertising will be subject of panel moderated by Storer Washington Vp Walter Threadgill: Reps. Bates (D-Cal.), Bliley (R-Va.), Luken (D-O.), Nielson (R-Utah), Lent (R-N.Y.), Wyden (D-Ore.). Moderator has yet to be named for panel on impact on cable industry of possible restrictions on foreign trade: Senate Commerce Committee member Pressler (R-S.D.), Reps. Hyde (R-Ill.), Schroeder (D-Colo.), Leland (D-Tex.), Eckart (D-O.) and Slattery (D-Kan.), FCC Comr. Rivera.

Use employment contracts with no-compete clauses for talent and management, advised broadcast executives at first "fly-in" for radio group owners, sponsored by NRBA in St. Louis. "When you hire someone and train them, you need to protect your equity," according to Mel Karmazin, pres. of Infinity Bestg. "Slavery went out a long time ago, but we don't want to spend time training good people and see them go across the street to a competing station." Group heads representing 259 radio stations in 39 states attended one-day session, agreed that such meetings should be held regularly.

COUNTERADS BILL GETS BRUSHOFF: Bill to require mandatory counterads to TV-radio alcohol spots (HR-2526) (TVD May 20 p6) didn't win any immediate endorsements from House Telecom Subcommittee members at hearing May 21. One member called idea "thought control." Subcommittee agreed that broadcasters have responsibility to air PSAs on dangers of alcohol and applauded them for stepping up efforts in last year. But they didn't agree on how to ensure PSAs continue, once beer and wine controversy subsides.

Subcommittee also wasn't enthusiastic about suggestion that Congress or FTC exercise subpoena powers to force advertising, alcohol and broadcast industries to turn over market research to explain reasons for alcohol ads. Idea was advanced by attorney John Banzhaf, central figure in effort that led to TV-radio cigaret ad ban. It won immediate positive response only from former broadcaster, Rep. Swift (D-Wash.).

Nor was panel receptive to testimony of main alcohol ad ban-counterad proponent -- Center for Science in the Public Interest's Project SMART, represented by Exec. Dir. Michael Jacobson. Panel made clear it appreciated that ads may be factor in influencing young people to drink but said there's little -- if any -- evidence linking ads to abuse. Lawmakers cautioned against imposing ad content rules as possible violation of First Amendment, said they would prefer more study.

Key witness was HR-2526 author Rep. Seiberling (D-O.), who told panel he opposed ban, believed public should be educated on alcohol dangers. Seiberling said he wants to "help discourage minors from using alcohol... and young adults from developing life-styles which include excessive alcohol consumption." HR-2526 would require TV, radio and cable TV to provide free air time for counterads.

Bill also would have FCC, with Treasury Dept.'s Bureau of Alcohol, Tobacco & Firearms (BATF) and U.S. Public Health Service, issue ad guidelines that would guard against alcohol counterads' becoming precedent for other groups to seek free air time. NAB Pres. Edward Fritts said bill still would open Pandora's Box of requests from citizens' groups for free air time, using same fairness doctrine rationale that Seiberling cites.

Panel's interest in Seiberling eclipsed climax of SMART's nationwide petition drive that came at hearing with presentation of petitions bearing "some" one million signatures of ad ban-counterad supporters. Dudley Taft, pres. of Taft Bcstg., called PSA efforts on drunk driving extensive, said broadcasters wouldn't be able to completely recoup loss of alcohol ad revenue. He put 1984 beer and wine ad revenue at \$877 million for TV-radio.

Rep. Leland (D-Tex.) made point similar to Taft's in noting alcohol ads produce about 20% of revenue for minority stations. He said HR-2526

would place burden on such stations, forcing them to scrap other PSAs to make way for alcohol counterads -- if stations could survive revenue loss.

NCTA WANTS SOME EEO CHANGES: NCTA has told FCC that it "can accept... overall approach" of agency's proposed cable EEO rules "with certain modifications." Said Assn.: "Reliance on numerical tests... is inconsistent with the legislative history of the Cable Act and is suspect as a matter of constitutional law." FCC is adopting cable EEO rules under mandate from Cable Act.

NCTA urged Commission to emphasize that EEO guidelines, by themselves, don't determine compliance and that cable systems with EEO programs that don't meet numerical standards still will be certified. Assn. asked FCC to adopt "realistic and workable procedures, gathering only information [from systems] necessary to fulfill the statutory requirements." Detailed requirements in reporting forms "impose onerous and unnecessary paperwork burdens," NCTA said. Assn. proposed alternative reporting approaches.

In earlier filings, Justice Dept., OMB and Civil Rights Commission were critical of FCC's proposed cable EEO rules, with DoJ saying proposal exceeds Commission's authority. Cable Act, passed by Congress last fall, requires FCC to establish cable EEO rules.

In separate filing at FCC, NCTA reiterated earlier argument that Commission should adopt proposed rules deregulating cable service performance quality and raise signal leakage limits. Assn. asked agency to adopt specific rule preempting all direct or indirect nonfederal regulation of cable standards that differ from FCC guidelines. Also, NCTA said, Commission should raise permitted signal leakage limit to 100 uv/m at 3 meters, instead of proposed 50.

Mexico plans to launch 2nd state-owned TV network with activation of Ch. 7 Mexico City, along with 99 translators covering 72% of country's 78 million people, according to Pablo Marentes, chief of Imevision, which will coordinate broadcasts. Ch. 7 will carry commercials for "necessary consumer goods and services," will direct programming toward working and rural classes. Govt. also operates Ch. 13 (with 44 translators), directed toward upper and middle urban classes. Marentes said Ch. 7 will feature educational programs daytime, entertainment at night, will limit foreign-produced programs to 15%.

Jones Intercable is buying Cablevision of Augusta, Ga., serving 42,000 in Augusta and Hephzibah and in Richmond and Columbia Counties, for undisclosed terms. This acquisition and previously announced purchase of Ft. Myers, Fla., system push Jones over 500,000 in total subscribers.

Personals

FCC calendar -- May 29: Comr. **Dawson** addresses first Cellular Industries Assn. Convention, J.W. Marriott Hotel, Washington. May 30: Chmn. **Fowler** testifies before House Minority Small Business Subcommittee on SBA and SBIC Authority regarding impact of access charges on small businesses and report of House Telephone Task Force, Rm. 2359A, Rayburn Bldg., 10 a.m.; Comr. **Rivera** visits WBZ-TV Boston and Commission regional and district offices in area... **Don Robinson**, Media General Bst. Services pres., adds CEO title.

Louis Hagopian, chmn. of N.W. Ayer, elected chmn., AAAA; **Robert Jacoby**, Ted Bates Worldwide, vice chmn.; **Ronald Stone**, Stone, August & Co., secy.-treas... **Glenn Elliott** promoted to dir.-business planning, ABC... **Jack Clements**, Mutual exec. vp-gen. mgr., advanced to pres.; post had been vacant since departure of **Martin Rubenstein** year ago... **Lee Carlson** promoted to gen. mgr., KGMB Hawaii... **Evelyn Keseg** retires as Nationwide Communications corp. secy. and dir. of administration and community affairs after 48 years with company.

Edward Quinn, ex-KTNV-TV Las Vegas, appointed vp-gen. mgr., WVUE New Orleans; **Steven Smith**, ex-WTMJ(AM) Milwaukee, succeeds Quinn as KTNT-TV vp-gen. mgr... **William Castleman**, ex-KRLD-TV Dallas-Ft. Worth, moves to KTXA there as vp-gen. mgr... **Michael Lennon** promoted to gen. mgr., WHSV-TV Harrisonburg, Va.; **Christopher Jones** advanced to operations mgr... **Cason Capps**, engineering dir., Times Mirror Bstg., appointed vp-gen. mgr. of group's WHTM-TV Harrisburg, Pa, succeeding **Paul Abbott**, named area vp... **Jacqueline Comeau** promoted to vp-research, WNEV-TV Boston.

Sen. **Gore** (D-Tenn.) speaks at annual meeting of FCBA June 17, Touchdown Club, Washington... **Lionel Olmer**, Under Secy. of Commerce for International Trade, speaks at May 29 Golden Jubilee Telecommunications Conference, Mayflower Hotel, Washington.

Jennifer Bush, asst. chief of FCC Private Radio Bureau for management, will receive William A. Jump Award for "distinguished career service in public administration" for govt. employes under 38 years old; she is first FCC employe to receive it... **John Beton**, ex-Summa Four, named pres., Conrac Corp. Alston Div... **Roy Thompson** promoted to corporate vp-operations, Warner Amex Cable... **Richard Reisberg**, ex-MGM/UA TV, appointed pres.-COO, Reeves Entertainment Group.

Seymour Wigod promoted to pres., Metromedia Telecommunications Div.; post has been vacant since **Lawrence Harris**, one-time chief of FCC Mass Media Bureau, resigned last year... **Ray Padden**, ex-Lifetime Cable Network, appointed vp-sales & mktg., RAB, succeeding **Gordon Hearne**, resigned... **Patrick Williamson**, pres. of Columbia Pictures

International, also named exec. vp, parent Columbia Pictures Industries... **Barry Umansky**, NAB deputy gen. counsel, elected pres. of Electromagnetic Energy Policy Alliance, succeeding **Daniel Walters**, MCI Telecommunications... **Christine Wirth** named program mgr., Catholic Telecommunications Network of America, new post... **George Dessart**, CBS Bst. Group, elected pres., N.Y. Chapter of NATAS for 2-year term.

Warren Happel, Scripps-Howard Bstg., elected pres., AFCCE. Others elected: **Charles Gallagher**, consulting engineer, vp; **Ronald Rackley**, du Treil-Rackley, secy.; **Alan Gearing**, Jules Cohen & Assoc., treas... **Barry Friedman** elected a partner in Washington law firm Wilner & Scheiner... **Rosemary Durkin** elected vp-controller, WPIX Inc. N.Y.; **Claudia Gasparini** vp-human resources; **Elaine Hury** vp-planning.

Slowdown in cable building, confusion over future of Warner Amex, Storer and Capital Cities Cable and general failure of multipay marketing is causing operators to buy fewer addressable converters. Zenith Cable Products Div. puts addressable sales in 1984 at 4.4 million, expects industry to move 3.5-3.9 million this year, bringing number of addressable homes to 10 million by year end. At NCTA convention, Zenith will show Phonevision, add-on component that will allow Z-View converters to handle impulse PPV over one-way cable systems. Scientific-Atlanta, which also has impulse unit for NCTA, forecasts "essentially flat" sales over next 2 years, with industry buying 4.05 million addressable converters this year, 4.08 million in 1986.

Oak Industries disclosed in proxy statement that it's attempting to recover more than \$1 million in loans and "improperly reimbursed" nonbusiness expenses from ex-Chmn. **Everitt Carter**, who resigned in Nov. Oak said it has canceled Carter's employment contract, which would have paid him \$250,000 annually in cash and \$125,000 in additional benefits until 1989. Company reported loss of \$149.3 million in 1984 on sales of \$333.4 million, said work force has been reduced to 8,000 from 13,300 year ago. Oak sold KBSC-TV Corona, Cal. (its former STV station) to Estrela Communications for \$30 million.

United Cable TV shareholders tendered 1.88 million shares to company for \$40 each as part of company's plan to buy back up to 2 million shares. United said it will purchase shares from proceeds of \$100 million debt offering.

Obituary

Joseph J. Derby, 63, first head of NBC News publicity, died May 18 in his Alexandria, Va. home of congestive heart failure. He was with NBC 1962-79, when he retired and joined American Petroleum Institute in Washington as information dir. He retired from that post in 1982. Survivors include 3 sons, 2 daughters.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of May and 1985's first 19 weeks:

	MAY 4-10	1984 WEEK	% CHANGE	APR. 27- MAY 3	19 WEEKS 1985	19 WEEKS 1984	% CHANGE
TOTAL TV.....	265,928	325,642	-18.3	299,548	6,258,002	6,655,797	- 6.0
TOTAL COLOR...	220,504	232,466	- 5.1	250,002*	5,165,854*	5,142,882	+ 0.4
DIRECT-VIEW..	217,349	229,254	- 5.2	246,441	5,313,345	5,318,594*	- 0.1
PROJECTION..	3,155	3,212*	- 1.8	3,581*	73,013*	56,754	+28.6
MONOCHROME....	45,424	93,176	-51.2	49,526	1,137,572	1,606,091	-29.2
TV EXCL. PROJEC.	262,773	322,430	-18.5	295,967	6,450,917	6,924,685	- 6.8
HOME VCR#.....	133,529*	102,741	+30.0	148,644*	3,437,986*	2,053,546	+67.4
COLOR CAMERAS#..	4,035	8,082*	-50.1	7,202*	151,663*	141,514	+ 7.2

Color TV (direct-view) 5-week moving average: 1985--265,384*; 1984--256,742 (up 3.4%).

Home VCR 5-week moving average: 1985--167,418*; 1984--111,810 (up 49.7%).

* Record for period. # Camcorders included in VCRs, not in cameras.

DIGITAL SOUND ON WAY IN FULL 8mm LINES: More 8mm innovations will be shown in next couple weeks -- including first models with PCM digital stereo sound -- under several brandnames. At news conferences in N.Y. and Tokyo this week, Sony is expected to demonstrate its first stand-alone decks, one with digital audio, one without, along with its first portable deck, giving it complete line of four 8mm products, including camcorder.

In Japan, it's reported that Sony's PCM deck will list at about \$920, mono deck at \$800, with no price on portable. Prices will be higher here -- Sony's camcorder lists here at \$1,695, in Japan at \$1,120.

Next week at CES, Pioneer will display 8mm camcorder (Sony-made) along with tabletop deck it will advertise as usable for video with digital sound or as digital sound recorder alone. Fuji says it probably will show its own Sony-made 8mm camcorder at CES. And we expect some more 8mm surprises there.

When 127-company 8mm Video Standardization Conference agreed on specs for system in 1983 (TVD April 4/83 p10) it included 3 audio recording methods -- "mandatory" AFM helical mono, optional longitudinal mono and PCM stereo. It reserved about 20% of tape geography for the digital track and spelled out specs for PCM. Compatibility is maintained by mandatory aspect of AFM sound.

NAP, HITACHI LINES--NEW PROJECTORS, TUBES: New tube sizes and shapes, a major step forward in projection TV, heavy emphasis on stereo, marked last week's introduction of 1986 models by Hitachi and North American Philips' Magnavox, Sylvania and Philco brands. (Details of these new lines and others, including RCA and Zenith, are elsewhere in this issue.)

There were 2 surprises: (1) First 22" square-cornered tube by Hitachi, with 28% more viewing area than 19", in set configured to take less space than standard 19". (2) Compact

projection sets by NAP using new proprietary screen which ends problem of viewing angle, since picture is visible from any angle where screen can be seen.

NAP's new rear projection system will be available in 9 MTS stereo monitor receivers, all with 37" screens, under company's 3 brandnames. It uses new USPL folded glass-plastic Delta 7 compact lens system, 7" liquid cooled, liquid coupled tubes -- different but with some of same characteristics as new compact RCA and Sony projectors. Wide-angle lenticular fresnel black matrix screen was developed by NAP and is produced to its order by 3M. Compact projectors use less space than 25" console, NAP says. Not the least of attraction is price -- \$2,400-\$2,495 lists indicate unit will end up selling for less than \$2,000. Top of line is "Magnavox Professional" 37-in. monitor receiver with resolution given as 450 lines direct video, 900 lines RGB.

New tube sizes for NAP include first Philips worldwide standard 20" square cornered version, with face curvature of 1.5R, halfway between Toshiba's 2R and standard curvature of 1R, to be made by Philips ECG in U.S. New 14" sets have flat face, are all sourced from Japan (TVD April 29 p9), while lines are topped by big series of deluxe stereo 26" full square (not flat-faced) models.

NAP's 3 brands have large selection of models with built-in MTS stereo -- number was given as 45 (17 Magnavox, 21 Sylvania, 7 Philco). NAP is largely shunning adaptor route to MTS, except in VCRs, and many TV models (including projectors) have 10-w per channel audio amplifiers. High-end sets have new chassis and tuning system, dockable remote control and on-screen displays of such information as color, tint, brightness, treble, bass, balance. In addition, there's remote "preference control," which returns picture and sound adjustments to pre-set level.

Hitachi's new 22" full square tube is featured in 4 monitor receiver models with pedestal bases at prices lower than Hitachi's top 20" monitor -- \$650-\$700 -- and in group of audio video rack systems which include VCRs. Hitachi substantially realigned color series, with many color and VCR models MTS adaptable, built-in MTS in several 25" and 26" models and one high-end VCR.

Notably absent from Hitachi's unveilings were projection TV and camcorder. Since Hitachi had considerable input in RCA's ultra-bright new compact projection TVs (TVD May 20 p10) -- including development of tubes -- it's assumed Hitachi will unveil projector later.

There apparently was some kind of glitch in timing of full sized VHS camcorder. It wasn't formally introduced (but it's understood it was demonstrated) at RCA distributor convention -- it's due in Aug. Similar model apparently was pulled from Hitachi show at last minute, Hitachi being RCA's supplier. However, display posters showing Hitachi products described impressive specs of coming "Cam N Cord" -- 7-lux sensitivity, 300 lines resolution, audio-video input, battery life up to 2 hours, autofocus, f1.2 lens, 2/3" viewfinder, weight 6.2 lb. Previously demonstrated Matsushita-made VHS camcorder was shown under NAP's 3 brands at \$1,699 and \$1,799. It has autofocus, weighs 7.7 lb., has 10-lux sensitivity.

* * * * *

Officials of both NAP and Hitachi expressed concern about state of industry. Exec. Vp Kenneth Meinken noted that NAP's new lines are beginning to show close collaboration with Dutch parent N.V. Philips, adding: "Only in a global way do we see light at the end of the tunnel that will make consumer electronics profitable in the U.S." Asked about prediction by N.V. Philips Pres.-Elect Cor van der Klugt that Philips name would appear increasingly in U.S. (TVD May 20 p14), Meinken said he knew of no plans to use it for consumer electronics lines. (Company is now using Philips name on light bulbs it makes here.) We've learned, incidentally, that NAP has reached agreement with GTE giving it rights to Sylvania name for rest of 20th century.

Forecasting shakeout in TV industry -- as did Quasar Pres. Jack Pluckhan one week before (TVD May 20 p15) -- Hitachi Exec. Vp Robert O'Neil gave what probably was preview of his

keynote address to next week's CES video seminar. "I predict," he said, "that in the next 24 months or so we will see the demise of more than one manufacturing or national marketing enterprise in consumer electronics as the already severe competition accelerates." He added that prospects for industry profitability in future were dim, and echoed Meinken's view that only major global companies can survive. "We will see more of lesser known names and less of some better known names," he said, as worldwide environment and dedication to efficient and quality production replace "myopic local market outlook where 3 or 4 companies set the market conditions."

VCR IMPORTS UP, COLOR DOWN, IN FIRST QUARTER: Video hardware importers put on end-of-quarter surge to set new March and first-quarter shipment records for VCRs, color cameras and videotape players, Commerce figures show. Same didn't hold true for color TV, however, and complete set imports were down for both periods.

VCR shipments, which sagged in Feb., roared back in March, jumping 105.8% to 1.38 million, 2nd in size only to 1.59 million in Jan. That put total for quarter at 3.74 million. Importers of Korean VCRs showed signs of life in month, bringing in 30,900, for 3-month total of 47,200. Shipments of videotape players climbed 257.8% to 6,300, for quarterly total of 25,700, up 243.3%. Even videodisc players bounced back in March, breaking string of 6 declining months with 3.1% rise to 13,400. Total of just under 27,000 for quarter was down 27.2%, however.

Also in video, total TV camera imports were up 34.2% in month to 77,600, paced by 34.6% rise in color to 62,900, while b&w rose 32.7% to 14,700. For quarter, camera shipments of 249,300 were up 57%, as color cameras rose 34.6% in month to 62,300, for 3-month total of 204,500, with color up 54.2% to 204,500, b&w up 70% to 44,900. Neither camera nor VCR import figures include camcorders. They're recorded in catch-all classification with other unspecified combination products and only dollar value of total shipments is shown. Imports of projection TVs fell 40.6% to 4,100 in March but ended quarter at record 21,000, up 27.4%.

Total March TV imports of 1.29 million were up 38.1%, with color ahead 20.1% to 784,200, b&w up 79.8% to 506,400. That put first-quarter total at 3.99 million, up 22.0%, with color up 7.6% to 2.21 million, b&w up 46.4% to 1.77 million. Imports of complete color in March slipped 10.2% to 367,400 as result of continuation of sharp falloff in shipments from Korea, plus modest decline for Japan. Quarterly total of 1.2 million was down 6.7%. Color chassis and kit March import total of 416,800 was up 70.8%, to bring 3-month result to 1.01 million, up 31.7%. Official import figures from other sources show March chassis shipments of more than million, including some 851,000 from Japan. That would be more than were imported from Japan in all of 1984. We asked Customs to check, were told there was error, so we're using corrected figure.

Most notable changes in color import mix in quarter was 10-point share drop for 13", stemming mainly from Korean cutback, plus increased shares represented by smaller sizes. Also up in share was 20"-&-over, resulting from rise in console imports from Canada and, we feel, shift from 19" to 20" by Japanese. In b&w, tinyvision combos accounted for 57% of 563,700-unit import increase in quarter, while 12" continued to represent more than half of all imports. Here's how import mix looked:

	Total	% change	% Share of Import Mix	
			1984	1983
Color				
Combinations.....	100	-84.5	--	0.1
10"-&-under.....	182,300	+45.8	15.2	9.7
11-12".....	53,600	+156.4	4.5	1.6
13".....	502,900	-24.1	41.8	51.4

(cont.)

	Total	% change	% Share of Import Mix 1984	1983
Color				
14-15".....	17,500	-37.9	1.5	2.2
16-17".....	10,700	+36.0	0.9	0.6
18-19".....	327,400	-11.2	27.3	28.6
20"-&-over.....	93,200	+24.7	7.7	5.8
Monitors*.....	13,900	--	1.1	--
Total.....	1,201,600	- 6.7	100.0	100.0
Monochrome				
6"-&-under.....	270,400	+13.8	15.2	19.7
6"-&-under, comb.	471,700	+212.5	26.6	12.5
7-8".....	1,100	-85.9	0.1	0.6
7"-&-over, comb..	4,500	+11.1	0.3	0.3
9-10".....	59,200	- 6.1	3.3	5.2
11-12".....	914,100	+29.9	18.6	25.5
13-17".....	16,800	+76.4	0.9	0.8
18"-&-over.....	22,400	-31.9	1.3	2.7
Monitors*.....	12,800	--	0.7	--
Total.....	1,722,800	+46.6	100.0	100.0

*Monitors not reported separately in 1984.

STEREO TV--60 STATIONS, 50% OF U.S.: Stereo TV capability is growing by several stations weekly, and our count now reveals at least 60 stations equipped to broadcast stereo. All of top 10 U.S. markets and 23 of top 25 have stereo stations, and stereo signal is within broadcast range of well over 50% of U.S. homes.

We have previously forecast that more than 100 stations will be broadcasting in stereo by year's end. Now that equipment deliveries have been accelerating, we'll predict double that number, and it's evident that virtually all U.S. homes will have stereo signal available before year is over.

Among major new stations starting stereocasting since our last list is key PBS outlet WGBH-TV Boston. PBS flagship WNET N.Y. has its stereo generator, plans to start on-air tests within few weeks. Hoping to start within next couple weeks, as soon as transmitter modifications are complete, are NBC-owned KNBC-TV L.A. and WRC-TV Washington; CBS-owned WCAU-TV Philadelphia plans to start stereocasting soon. NBC's WNBC-TV N.Y. has been broadcasting experimentally in stereo and SAP for several months, and network plans to start virtually daily stereo July 1. Only other network-owned station known to be involved in stereo is ABC's KABC-TV L.A., which attempted to broadcast opening of Olympics in stereo but is currently not stereocasting.

Total of 15 PBS affiliates are known to be equipped for stereo, along with 12 ABC, 10 NBC and 6 CBS affiliates. There are 17 independents (including 3 low-power TVs). Hartford, Salt Lake City and Sacramento-Stockton have 3 stereo outlets each, and 10 markets have 2.

Biggest problem still is programming, and most stations are filling in gaps by broadcasting mono programs in synthesized stereo. Many movies are available in stereo, and syndicated material is becoming available. PBS broadcasts average of 22 hours weekly in stereo. NBC and PBS, now networking by satellite, are currently only networks which can transmit stereo to sizeable number of affiliates. Modulation Sciences Inc., manufacturer of stereo generators, last week offered discounts on generators purchased by receiver manufacturers to donate to PBS stations.

Only 4 stations are known to be equipped for SAP (separate audio program) transmission -- KTLA L.A., WTIC-TV Hartford, WNBC-TV N.Y. and WNJT Trenton. KTLA is broadcasting

bilingually, including some syndicated series and live translations of news. WNJT broadcasts talking books for the blind as service separate from TV, isn't broadcasting in stereo. SAP broadcasting will come along later this year -- 2 major suppliers, Modulation Sciences and Orban Assoc., will start delivering production model SAP generators this summer.

This is current list of stations known to be stereocasting or to be completely equipped for MTS, along with major outlets which plan to start in next few weeks (indicated by asterisk):

WTBS Atlanta (ind.)
 KTVA Anchorage (CBS)
 K22AG Anchorage (ind.)^c
 WAXA Anderson, S.C. (ind.)
 WMPT Annapolis (PBS)
 WJZ-TV Baltimore (ABC)
 WGBH-TV Boston (PBS)
 WVJV-TV Boston (ind.)
 WBTB Charlotte, N.C. (CBS)
 WSOC-TV Charlotte, N.C. (ABC)
 WVIR-TV Charlottesville, Va. (NBC)
 WTTW Chicago (PBS)
 WCET Cincinnati (PBS)
 WVIZ-TV Cleveland (PBS)
 KERA-TV Dallas (PBS)
 KCNC-TV Denver (NBC)
 KDIN-TV Des Moines (PBS)
 WDIV Detroit (NBC)
 WNIN-TV Evansville, Ind. (PBS)
 Ch. 35 Greeley, Colo. (ind.)^c
 WXII Greensboro, High Point-Winston-Salem, N.C. (NBC)
 WYFF-TV Greenville, S.C. (NBC)
 WEDH Hartford (PBS)
 WFSB Hartford (CBS)
 WTIC-TV Hartford (ind.)^a
 KUHT Houston (PBS)
 WFYI Indianapolis (PBS)
 WTLV Jacksonville (ABC)
 WATE-TV Knoxville (ABC)
 K45AJ Lake Havasu, Ariz. (ind.)^c
 WGAL-TV Lancaster, Pa. (NBC)
 KRLR Las Vegas (ind.)

KTNV-TV Las Vegas (ABC)
 *KNBC-TV L.A. (NBC)
 KTLA L.A. (ind.)^a
 WCIX Miami (ind.)
 WPBT Miami (PBS)
 WYES-TV New Orleans (PBS)
 WNBC-TV N.Y. (NBC)
 *WNET N.Y. (PBS)
 *WCAU-TV Philadelphia (CBS)
 KPHO-TV Phoenix (ind.)
 KATU Portland, Ore. (ABC)
 WJAR-TV Providence (NBC)
 WPRI-TV Providence (ABC)
 KRBK-TV Sacramento (ind.)
 KXTV Sacramento (CBS)
 KPLR-TV St. Louis (ind.)
 KSL-TV Salt Lake City (CBS)
 KUED Salt Lake City (PBS)
 KUTV Salt Lake City (NBC)
 KSAT-TV San Antonio (ABC)
 KRON-TV San Francisco (NBC)
 KTZO San Francisco (ind.)
 *KMSG-TV Sanger-Fresno (ind.)
 WMHT Schenectady-Albany-Troy (PBS)
 KIRO-TV Seattle (CBS)
 KOMO-TV Seattle (ABC)
 KOVR-TV Stockton-Sacramento (ABC)
 WNJT Trenton (PBS)^b
 WDBB-TV Tuscaloosa, Ala. (ind.)
 KXXV Waco-Temple, Tex. (ABC)
 WDCA Washington (ind.)
 *WRC-TV Washington (NBC)
 KAKE-TV Wichita, Kan. (ABC)
 KJTL Wichita Falls, Tex. (ind.)

* Plans to start in June

^a Equipped for stereo and SAP

^b Nonprogram-related SAP only

^c Low-power station

VCR instruction cassette will be included with all VHS Hi-Fi recorders sold by Zenith. Users will get basic written instruction sheet with enough information to connect VCR and get instruction cassette going. Cassette will run at least an hour, and Zenith has been seeking software suppliers to sponsor listings and commercials on cassette (TVD May 6 p16). Company spokesman said last week that discussions are being held with major studios but didn't know whether any deals had been signed.

Sales slump affected most consumer electronic products in first 2 weeks of May, according to EIA data on sales to dealers, with only VCRs up from last year in month's 2nd week. Week saw first decline in projection TV this year (1.8%) and year's worst dip in color cameras (50.1%). Drop in color dragged sales for 1985's first 19 weeks below last year. For May's first 2 weeks, direct-view color sales were down 2.5%, monochrome 24.3%, color cameras 35.3%, with VCRs up 23.4% and projection TV up 6.3%.

NEW LINES: 1986 MODELS FROM RCA, ZENITH, NORTH AMERICAN PHILIPS, QUASAR, HITACHI

PRODUCT INTRODUCTIONS: In burst of pre-CES activity, manufacturers and marketers released details of 1984 lines at sales meetings and news conferences. RCA, Zenith and Quasar lines detailed below were highlighted here in reports last week (TVD May 20 p9):

Zenith color line, all open listed, is mostly unchanged in price from immediate predecessor models. Line starts with two 13" mechanically tuned carryovers, stepping up to new keypad remote (scan tuning on set). In 19" as well, line starts with 2 mechanical tuners, steps to keypad-tuned model and to keypad remote, then to first System 3 model with membrane keypad, followed by remote, holdover 19" MTS remote stereo set with 2x2-w amplifier, surround speakers; first 19" cube model is remote receiver, followed by remote monitor receiver. New 20" cube remote receiver has built-in MTS.

In 25" line, starting model is keypad-tuned table model with remote stepup, followed by remote cube receiver and monitor-receiver. Consoles start with 2 keypad units with scan remote stepups, series of 4 different styled units in manual and keypad remote, first System 3 models being modern swivel units, remote and nonremote, series of 3 more remote and manual pairs, followed by series of 3 MTS double-sided remote models with stereo amplifiers, holdover Panorama ultramodern remote. All seven 27" sets, starting at \$1,100, have MTS stereo, 2x5-w amplifiers, topped by door model at \$1,400.

Projection TV sets include holdover industrial projector (no screen) at \$1,995, 45" remote rear projection at \$2,495 and new MTS version at \$2,849.

New VCRs, all with wireless remote and all capable of being operated from TV set remote, are 2-head at \$479, 4-head 4-event model at \$599, VHS Hi-Fi, 8 events, at \$699, and similar unit with built-in MTS at \$799. Held over are portable and VHS Hi-Fi models, open listed. VHS-C Video Movie introduced year ago is \$1,499, redesigned autofocus model \$1,599.

RCA color line starts with holdover 9" set with scan tuning; 13" leader is mechanically tuned, with scan tuning and keypad stepups, topped by Colortrak keypad remote. The 19" series starts with mechanically tuned model, stepping to one-knob and keypad versions, followed by scan remote; first 19" Colortrak is manual keypad unit with remote stepup. New 20" model, MTS adaptable, has digital command remote and autoprogram tuner, to sell at around \$500.

Large-screen series features MTS adaptable 25" keypad remote Colortrak table model followed by 2 similar monitor-receiver versions and 2 Colortrak 2000 monitor receivers with MTS. Console 25" models start with 3 XL-100 units and their scan remote counterparts, followed by 4 Colortrak manual keypad units and remote versions and double-sided MTS remote. New 26" line includes 2 digital

command center table models and 7 consoles, all monitor receivers with built-in MTS. Top direct-view unit is deluxe console with 27" SP tube. New compact 45" rear-projection sets with MTS, digital command center, are about \$3,000 and \$3,300, latter with doors.

RCA's VCRs come in 27 flavors, but basic line of 12 models starting with "subleader" with 24-hour express tuning, auto rewind and shutoff, no remote; stepups with wireless remote, followed by 2-week 4-program unit with wired remote, same with wireless, 4-head version, 8-event one-year model with on-screen programming; 2-head VHS Hi-Fi with MTS jack; same with 4 heads; Dimensia component with 8-event one-year timer, on-screen programming, VHS Hi-Fi, MTS jack; 3 top models are convertibles -- one with 4-event programmer, stepping to 8-event on-screen system and top model with VHS Hi-Fi and MTS jack. Of new cameras, both autofocus, one has 1/2" Saticon and is rated at 7 lux, other uses improved MOS pickup.

Magnavox introduced 13" remote at \$369; first 14" flat square tube model in remote monitor receiver at \$499; leader 19" at \$349, keypad stepups at \$399 and \$419, remotes at \$449, \$499 and \$649; flat-square 20" monitor receiver is \$749 (Oct. delivery), with MTS stepup including stereo amplifier, detachable speakers at \$849.

Console 25" models begin at \$499, with 3 units at \$599, 2 at \$649, one at \$749. First remote is \$549, 2 remotes at \$649, 3 at \$899. Remote 26" table model, due in Oct., has 4-w stereo amplifier, built-in MTS at \$899; consoles with new Star II tuning, on-screen displays, 10-w stereo amplifiers, built-in MTS at \$1,100, 3 at \$1,200, 3 at \$1,400 (Sept.), one at \$1,500 (Sept.).

Projection sets, all 37" monitor-receivers with 10-w stereo sound system, start at \$2,700, with stepups available in Oct. at \$2,600 and \$2,700, version with VCR shelf at \$2,900.

Magnavox has open-list nonrecording VCP, with 11 nonportable VCR decks at \$499-\$1,199, 5 portable versions at \$799-\$1,399. VHS Hi-Fi units begin with 2-head at \$849, with 4-head model \$1,199. All linear stereo and VHS Hi-Fi models are MTS adaptable. New cameras feature 2.2-lb. unit with 10 lux sensitivity at \$749, autofocus version with stereo mike at \$999, 7-lux Newvicon at \$1,199, version with color viewfinder at \$1,399. VHS camcorder will be \$1,799.

Sylvania color introductions begin with 14" remote monitor receiver at \$469; 19" keypad model is \$389, remote version \$439; 20" stereo remote monitor receiver with MTS hasn't yet been priced, and more deluxe model with Superset II chassis, dockable remote, on-screen graphics is \$829. Of fifteen 25" sets at \$539-\$869, stereo models with built-in MTS are at \$739 (3 versions), \$819 (3) and \$869 (2).

All 7 models with 26" tubes -- one table model and 6 consoles -- are remote monitor receivers with built-in MTS. Table model and 3 high-end consoles are still unpriced, 3 other consoles are \$999. Sylvania tops line with three 37" monitor receiver projectors, one at \$2,495, 2 unpriced.

Sylvania play-only VCP is \$399, with 7 table VCRs at \$499-\$1,199, portables at \$899 and \$1,399, VHS camcorder \$1,799, new cameras at \$899 and \$1,299.

Philco starts color line with 13" mechanically tuned set at \$259, with 19" leaders at \$319 and \$329, remote at \$379, keypad remote with MTS jack \$399 and \$429. Nine 25" models are \$549-\$749, including 2 top stereo models with built-in MTS. Two 26" stereo consoles at \$889 have built-in MTS, keypad remote, expanded audio. Projection 37" stereo monitor receiver with built-in MTS is \$2,399.

Philco video line has open-list VCP, 4 VCRs starting with open-list model, with wireless remote version at \$449, VHS Hi-Fi and linear stereo units both at \$699, VHS camcorder \$1,699.

Quasar moved with caution in broadening its stereo color TV offerings, concentrating instead on stereo-ready with introduction of 27 models with adaptor jacks, including all non-MTS consoles and most stepup big-screen table models. Adaptor, for use with VCRs as well, carries \$130 list.

Color line starts with upgraded version of 3.3" battery portable monitor-receiver at \$390, steps to 7" at \$440. Holdover 10" series with color cabinets continues at open list, new remote versions at \$360. Continuing 13" starts with open-list mechanically tuned model, steps to electronic tuning at \$330 and remote at \$420, both down \$10. New 14" series opens with midband cable tuning model at \$350, step with 155-channel tuning, on-screen function display, channel censor is \$440, version with video-audio inputs is \$460. Sole 16" remote continues at \$500, down \$20.

In 19", line starts with open-list mechanically tuned trio, including one with SAP capability; step with 14-button electronic tuning is \$430, down \$10. Model with keypad tuning is \$460 (down \$20) and remote is \$520 (down \$40). New 20" series starts at \$470 for 14-button tuning; remote trio is \$580-\$680, last with MTS. Monitor-only version is \$770, monitor-receiver with MTS is \$1,000. Table model 25" remotes are \$790 (down \$70) and \$850. New 26" table models, both with MTS, are \$1,000 and \$1,500, last being sit-on-floor Delta introduced earlier this month (TVD May 6 p14).

To appeal to cable subscriber, Quasar has 7 mechanically tuned 25" consoles starting at \$600 (down \$20) and running to \$870 for MTS model. Electronic-tuned consoles start at \$650 for 14-button model, step to \$670 and \$700 for keypad tuning. Remote leader at \$740 is down \$40. Stereo remotes

are \$975 and \$1,025. New 26" consoles start with \$900 remote, step to \$1,150-\$1,400 for stereo trio with unified TV-VCR remotes. In projection TV, 37" continues at \$2,600 (down \$400), new 40" are \$3,000 and \$3,200, latter with doors.

In VCRs, price points are down \$90-\$100. Home deck line starts with pair of 2-head wired remote open-list models. Wireless remotes start with 2-head models at \$510 for 2-event programmability, \$520 for 107-channel version with 4-event programmer; 4-head stepup is \$659. Stereo leader has linear audio recording with Dolby, 4 video heads, 27-function remote at \$790. VHS Hi-Fi models, all with MTS stereo adaptor jacks, start at \$830 for 2-head remote, move to \$1,000 for 4-head stepup with TV-VCR remote, both with MTS adaptor jack; high-end hi-fi offers built-in MTS, 169-channel tuning at \$1,350.

In portable VCRs, VHS Movie camcorder has tentative \$1,699 list, expected to come down before market introduction. Standard 2-head deck with wireless remote is \$760. Linear stereo stepup with docking tuner-timer is \$1,260; VHS Hi-Fi version with 139-channel remote tuner timer is \$1,495. New 3-speed videocassette player, aimed at rental market, is \$400. Color cameras start at \$680 for basic palm-held model with 1/3" Newvicon, move to \$840 for full-sized model with power zoom and autofocus. Top-of line 7-lux model with 8:1 zoom, character generator, stereo audio, VCR controls, is \$1,150. Quasar hasn't put together formal audio-video system package, instead offers collection of audio components, plus VCR, central switcher-tuner, MTS adaptor and VCR for \$1,270, with room in cabinet for monitor. Also offered are powered speakers at \$200 per pair for use with MTS adapted TVs and VCRs.

Hitachi substantially revamped color line (most models available in Aug.), starting with new high-end 13" remote keypad monitor receiver at \$480. Completely new 19" line opens with mechanically tuned leader at \$400, with 10-key electronic tuning model at \$500; scan remote at \$550; keypad remote with on-screen indicators, off timer \$590; monitor receiver with tinted tube, keypad remote \$600; monitor receiver with MTS jack, keypad remote, comb filter \$690. Deluxe 20" monitor receiver has MTS jack, front-channel switching, stereo amplifier at \$790.

First 22" square-cornered tubes are featured in 4 designer models with pedestal or caster bases in different finishes at \$650-\$700; 22" audio video rack systems including VCR and audio equipment, unified VCR-TV remote, are \$1,595, \$1,999, \$2,295 and \$2,999. New 25" sets start with series of 5 with MTS jacks at \$600 (table model), 2 consoles at \$780, 2 at \$800; built-in MTS is featured in 2 models at \$900 and component monitor receiver at \$1,000. Two deluxe high-end 26" console monitor receivers with built-in MTS are \$1,250.

(cont.)

Hitachi's long VCR line begins with front-load 2-head system with wired remote, 2-week timer, instant recording timer at \$499, with wireless version at \$545; first 4-head unit has MTS jack, longitudinal stereo, 2-week 4-event timer at \$685, auto-rewind version with LSI logic controls is \$750; top of line is 5-head VHS Hi-Fi model with on-screen programming, 8-event one-year program, MTS jack at \$899. New portables, both including tuner-timer, are \$895, and front-load VHS Hi-Fi model that docks in tuner-timer, built-in MTS, at \$1,295. One-hand MOS camera with 300 lines of resolution, 10-lux sensitivity, autofocus is \$895.

Epson and sister company Seiko both introduced new versions of their 2" LCD color sets at lower prices, along with their first b&w sets -- both 2"

pocket sets with excellent resolution and contrast. Products under both brand names are similar but not identical. Epson's revamped color model, at 6.3"x3.15"x1.2", is smaller, and at 13.4 oz., lighter than current version. It has optional backlight, will run for 5 hours on 4 AA cells, will be priced at about \$400, some \$100 less than first model. New monochrome set, billed as world's smallest LCD TV, measures 4.7"x2.85"x0.81", draws 0.35 w, plays for 10 hours on 2 AA cells, will be priced at CES. Both are slated for July delivery.

Seiko's new 2" color set has pop-up screen that moves to proper viewing angle at touch of button, has 52,800 pixels, will sell for \$349 in July. Existing 2" model has been repriced at \$399 and b&w set, available in mid-Aug., will be \$199.

CES SEMINARS: Usual full conference and seminar schedule has been put together for Summer CES opening June 2 in Chicago. All presentations will be at Arie Crown Theater in McCormick Place. Activities will start at 2 p.m. opening day with overview session at which RCA's William Boss will present industry consensus sales forecast for 2nd half.

Seminar sessions start Mon., June 2, at 9 a.m. with audio, Ralph Wolfe, Panasonic, keynoting. On leadoff home audio panel: Fred Tushinsky, Marantz; Chris Byrne, Pioneer; Bill Yanke, Sharp; Tom Jacoby, JBL; retailers Wayne Puntel, Audio Craft, and Bob Rupp, Good Guys. Panel for car audio: Reese Haggott, Alpine; Don Coleman, Clarion; Daniel Newman, Fujitsu Ten; Steve Girod, Yamaha, and retailers Sherman Brown, Stereo on Wheels, and Robin Tepper, Teppers Autosound. At 2 p.m., home and personal computer seminar will have Clive Smith, Commodore, as keynoter. Panelists: Doug Carlston, Broderbund; Charles Gilmore, Heath/Zenith; Ed Goulard, Sanyo; Richard Khaleel, Scholastic, and retailers Fred Larson, Computer Depot, and Adam Levin, Mace Electronics.

Video seminar Tues. June 4, at 9 a.m. will have Robert O'Neil, Hitachi, keynoter. On hardware panel: Charles Phillips, Akai; John Osterhout, Kodak; Ken Kitamura, Mitsubishi; Ed Adis, Sony; retailers Gary Fracoli, Handy Andy TV, and Les Turchin, Tops Appliance. On software panel: Al Bloom, Caballero Home Video; William Gallagher, MGM Home Video; Ronald Rich, Pioneer Video; Jon Peisinger, Vestron Video; retailers Arthur Morowitz, Video Shack, and Byron Boothe, Poppingo Video. Telephone and Telecommunications seminar at 2 p.m. will have Freeman Robinson, GTE, keynoter. Panelists: Charles Levine, GE; Donna Trampel, Northwestern Bell; Larry Kloman, Phone Mate; Bruce Penslar, Unitech; retailers David Mann, Public Phone Stores, and John Morgan, Phone Nook.

Market research presentations will be made June 5, starting at 9 a.m. Conducted throughout show will be series of retailer selling workshops on wide range of industry products.

COLOR KIT IMPORT BILL: Bill to triple to 15% duty on color tubes imported as part of kits intended for assembly in U.S. plants has been introduced by House Ways & Means Chmn. Rostenkowski (D-Ill.). Measure presumably was introduced at urging of labor-industry group COMPACT, which last year tried unsuccessfully to get Customs, for duty purposes, to break tubes out of kits (TVD Dec 10 p10). Rate on kits is just 5%.

Measure calls for assessing 15% rate on value of all imported color tubes except those installed in complete product or part of complete kit that includes essentially all parts, with cabinet. Bulk of kit imports now consist only of tube and circuit boards.

Move for duty change was triggered by Matsushita Industrial, which builds chassis in Tijuana and ships them to Franklin Park, Ill., for final assembly into Panasonic and Quasar sets. Two years ago it began combining chassis with tubes imported from Japanese parent and sending them out as kits. COMPACT concern is that so-called "kit loophole" will be used increasingly by importers to evade high duty on tubes.

In first quarter this year, total tube-inclusive color kit imports were up 35.7% to 244,200, most of increase represented by 45.6% rise to 164,800 in imports from Mexico. Rest stemmed from imports of 13,900 from Malaysia and 11,600 from Korea, which weren't kit suppliers in same period last year. Kit imports from Japan and Singapore declined.

Also on trade front, Zenith has appealed Court of International Trade dismissal of suit challenging International Trade Administration finding of low or negligible dumping margins on TVs imported from Japan in year to March 31, 1980 (TVD March 25 p12). In dismissing case, CIT Judge James Watson said he was following ruling by appeals court in similar case, and Zenith is moving to have that precedent changed.

Philips plans to build highly automated TV plant in Hasselt, Belgium.

NO TAPE SHORTAGE--MEMTEK: "They've got it all wrong, there's not going to be any videocassette shortage" this year or an end to retail price promotions. That's view of Jack Battaglia, gen. mgr. of Memtek, Tandy's Memorex brand tape manufacturing and marketing subsidiary.

Battaglia said statements to contrary are being made by other manufacturers "to help them posture their marketing programs and lower the expectations of retailers. If they can scare the retailers" into believing shortage stories, producers "can pull back on their marketing and the dealers will settle for it."

"We're a marketing company, we specialize in mass marketing, and when VCR penetration gets to 20% you are looking at a threshold where you begin to market more strongly, not pull back," Battaglia said: "Pulling back is self-serving" for manufacturers, "who hope for higher prices from retailers." Memtek has no intention of easing off. "We're going to double, triple our effort. Our current rebate program goes off in Aug. and will be replaced by a broader promotion covering all our video and audio tape. We're number 3 [in videocassettes] now, and if everyone else pulls rebates off" as they have been signaling, "we'll be number one by Oct."

Current \$2.50 rebate promotion has been strong success in attracting new customers, Battaglia said. Questionnaire responses show 52% of those who send in for rebate "used to buy TDK, Scotch or Sony tape," and follow-up phone survey indicates 70% of them will buy Memorex next time. "We think we've gained 4 or 5 share points since Jan. When an aggressive marketing program causes people to switch brands like that, you don't pull back."

Memtek is looking for 64% growth in demand for blank videocassettes this year to 220 million. It expects industry sales of blanks to consumers to be up 61% from 110 million in 1984 to 177 million this year, with VHS accounting for about 135 million. Estimate for duplicator market is 79% rise from 24 million to 43 million, but Battaglia called that conservative. To meet demand, venture Memorex-Bell & Howell is doubling size of its cassette shell molding plant in Chicago, which Battaglia said "is the most automated facility of its kind in the world." Output of plant, which also loads, is divided between Memtek and B&H's duplication venture with Columbia Pictures.

Battaglia acknowledges profitability is elusive target in videocassettes: "We're not going to get rich on videotape this year but will have a nice profit mix with our audio tape, accessories and batteries." Company is expanding its accessory line, moving into low-cost electronics, with first such product being signal amplifiers for use with CATV and VCR hookups and selling for less than \$20. Idea is to "maximize the importance of the brand name in the store." In videocassettes, Memtek is going with 4 grades this year, new one being improved version of standard tape to be called high-standard. Clamshell box has

been redesigned to fit more easily into storage devices.

Similar view of shortages was expressed last week by Quasar Pres. Jack Pluckhan at company's sales convention in San Diego. "We've had no word" on possible tightening of supplies from Japan, and Quasar is continuing with plan to boost volume, he said. Tape is supplied by parent Matsushita, which Pluckhan noted is one of only 4 VCR manufacturers in tape production -- others are affiliate JVC, Hitachi through subsidiary Maxell and Sony. Quasar's videocassette sales climbed 550% last year. While that's from admittedly small base, "we're starting to see some important dollars," he said, and tape "is going to get a lot more support from us."

MORE CHINA BUILDUP: China is getting 2 new color tube plants, one from U.S., as well as CD player manufacturing capability, in continuing buildup of its consumer electronics capability.

U.S. tube plant, being installed in Tianjin, was purchased 2nd hand from GE through Hong Kong trading company for about \$10 million. Equipment is from GE's Syracuse color tube plant. Gear was made surplus last year when GE decided to halt domestic production of 10" and 13" color sets and tubes (TVD Dec 3 p11).

Other plant will come from Japan's Matsushita, as part of joint \$120 million TV components manufacturing venture being negotiated with China National Electronics Devices. Official local partner will be Beijing Electronic Tube Factory. Plant will take 2 years to construct, at start will produce color tubes at 1.5 million annual rate for local set manufacturers. China absorbed some 2.4 million color sets in 1984, and market could hit 7.4 million this year.

JVC has agreed to license Shanghai City Bestg. Electronics Industry Corp. for production of CD players, will be supplying parts and know-how. It also agreed to provide technology and equipment for output of radiocassette recorders to Tianjin plant of Chinese Light Industry Export & Import, and says it is negotiating terms of VHS VCR manufacturing license.

While announcements of major orders from China for consumer electronics plants and key components continue to be issued by Japanese manufacturers, there are increasing reports that Chinese are starting to back off. Lack of foreign currency reserves is forcing China to hold off on finalizing some agreements and to seek delivery postponements of some purchase contracts. At same time, there's growing interest in deals calling for plant and component suppliers to accept finished goods as at least partial payment.

Hitachi enters microwave oven business in U.S. with 9 models.

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EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 6502173616 (Via WU1)

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

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NEW YORK BUREAU

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

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JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

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

Consumer Electronics Personals

Yuji Ohashi appointed NEC Home Electronics (U.S.) pres., succeeding **Masahiro Tsukimoto**, who returns to parent in Japan... **Robert Trukenbrod**, ex-Nabisco, joins Commodore as mktg. vp, succeeding **Frank Leonardi**, who moves to new assignment as business systems sales vp; **Jon Winters** shifts from sales vp to consumer systems sales vp... **Robert Carlson**, ex-United Technologies, appointed chmn.-pres. of BMC (formerly Buckbee-Mears), replacing dirs. **Carl Drake** and **Joe Davis**, who held posts on interim basis since resignation of **Ryal Poppa** last Jan... **Jerry Junkins** advanced at Texas Instruments from exec. vp to pres.-CEO, replacing **Fred Bucy**, resigned to pursue other interests... **Lee Drady** advanced at Proton to sales & mktg. dir., succeeded as national sales mgr. by **Steve Shafer**, ex-Sanyo... **Sanford Gordon**, ex-Hal Roach Studios, one-time Symphonic, joins Pilot as west zone sales vp... **Robert Busch** and **Thomas Brannis**, York East Div. and West Div. sales mgrs. respectively, named vps.

Michael Korizno, ex-Memorex, joins Sony Tape Sales as micro floppy disc national sales mgr... **Camille Perillat**, ex-Infomedia, named assoc. mktg. communications administrator, Ampex Magnetic Tape Div... **Paul Connolly**, ex-Aurora Impex, joins Sanyo as Calculator Div. national sales mgr... **David Braverman**, ex-Mura mktg. services mgr., named NEC Telephone mass mdse. product mgr.

Robert Cook, ex-Embassy Home Entertainment, appointed pres.-CEO of Video Assoc. and its holding company, Avalanche Group... **Barbara Javitz**, Media Home Entertainment programming & acquisitions vp, named to board... **Gary Gwizdala** named exec. vp-COO, Macrovision, developer of videocassette anticopy system... **Steven Lam** joins distributor Star Video Entertainment as financial vp... **Fran O'Keefe** named video sales mgr., WEA Boston... **Tony Douglas** named Playboy Video product mgr., Karl-Lorimar Home Video, new post.. **Phillip Mandell**, ex-Media Home Entertainment, appointed to new post of west region sales mgr., Prism Entertainment.

Joel Schoenfeld, RIAA anti-piracy operations dir., adds post of gen. counsel, succeeding **Ernest Meyers**, resigned... **Mike Aguilar**, Panasonic, elected Compact Disc Group vice chmn.; other new officers: **Chris Byrne**, Pioneer, secy.; **Alan Perper**, Warner, group mktg. vp; **Robert Heiblim**, Denon, new applications vp.

Jack Fields retires after 30 years as chmn. of major rep Component Marketers Inc., Leonia, N.J., continuing as chmn. emeritus. New officers are **Robert Pett**, pres.; **Elliott Friedman**, sales vp; **John Mark**, vp; **Madeleine Peruo**, secy. Former Pres. **Fred Goldstein** died April 4 (TVD April 8 p18).

N.V. Philips is acquiring LCD technology and production equipment from Sharp under \$16 million agreement. Philips said it plans to build LCD manufacturing operation in Netherlands.

IBM cut 22-25% from suggested retails of personal computers, including discontinued PCjr, in move that could trigger another industrywide reduction wave just before Summer CES, where Atari and Commodore will be bowing new high-end products. PCjr, with 128K user memory and 360K disc drive, was chopped to \$725 from \$999, and companion color monitor was lowered to \$399 from \$429. Step-up PC, with 256K memory and 360K drive was trimmed to \$1,950 from \$2,595, while similarly equipped portable was reduced from \$2,895 to \$2,250.

Matsushita broadened its ties with Korea by selling 5-year microwave oven magnetron license and technology to Samsung for \$1.6 million. Samsung also will pay Matsushita \$2.4 million for production equipment. Samsung expects to turn out million magnetrons annually starting next year. Earlier this year, Matsushita agreed in principle to broad cooperative effort in consumer electronics and appliances with Gold Star (TVD March 11 p16).

Picocassette, just 1/3 size of microcassette, has been developed by JVC and Dictaphone as new dictation format. Cassette operates at 0.35" per sec., has hour recording time. Hand-held recorder made by JVC and introduced by Dictaphone at \$395 is about 40% smaller than comparable microcassette models, has multifunction LCD indicator. Desktop recorder is \$550, cassette 3-pack \$20.