

TELEVISION DIGEST®

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

With Consumer Electronics

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NCTA STANDING TALL IN LAS VEGAS: Decidedly upbeat cable industry is gathered in Las Vegas this week to celebrate congressional and court victories of past year -- deregulation through Cable Act and legal decisions increasingly equating cable with print medium under First Amendment. But while those gains will produce much backslapping at NCTA's 34th annual convention, mood and thrust of 1985's gathering is on future and ways to translate those gains into further improvements to industry's already healthy bottom line. "It will be a convention focusing on the increasing profitability of the industry," NCTA Pres. James Mooney said.

About 14,800 were expected to participate in 3-day convention themed "On the Move" that kicks off today with keynote speeches by Chmn. Edward Allen and Mooney, who will be alone in limelight this year, having taken over from ex-Pres. Thomas Wheeler at last year's gathering

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SONY & KODAK MOVE toward full 8mm lines. Four-hour decks also usable as long-playing PCM stereo recorders. Sony's pocket camcorder. (P. 11)

JAPAN'S APRIL VCR EXPORTS to U.S. of 1.29 million were 3rd highest monthly total ever. Color set shipments also rose sharply. (P. 13)

TOP BRANDS LOST color market share, our survey shows. Leaders RCA and Zenith each dropped full point, top 10 down 5.6%. (P. 13)

GE'S 'STILL HERE', and will be in TV for some time at least, Vp Jacques Robinson says at media meeting to outline status. (P. 15)

KOREAN VCR EXPORTS to Europe expected to start in Aug. with Samsung shipments to U.K., could spark new calls for tariff hikes. (P. 16)

MULTICHANNEL SOUND adaptor designed to work with any TV set introduced by Recoton. (P. 16)

NEW TV-VCR PRODUCTS at CES emphasize multichannel sound, square-cornered tubes. Introductions by JVC, Sampo, Akai, NEC. (P. 17)

EMERSON NET UP 168% in fiscal 1985 on gains from consumer electronics. Video Concept stores post 3rd-quarter loss. GI reports. (P. 17)

(and whose contract will be reviewed, extended and probably boosted substantially during closed board meeting). Large crowd should be lured to today's opening general session in Las Vegas Convention Center Rotunda to hear keynotes and learn results of NCTA-commissioned Arthur D. Little analysis of how deregulation will impact industry. This nuts-&-bolts study will advise operators how their business environments will change through 1990 and how to adjust business plans accordingly.

Mooney is expected to review victories in last year, say in his speech that cable's next big challenge is head-to-head competition with broadcasters over must-carry and with Hollywood over copyright. First to the podium will be Allen, entering his 2nd year as chmn., who will assume role of cheerleader in telling crowd (borrowing line from Tony The Tiger in advance text we obtained): "The state of our industry is G-R-E-A-T."

Deregulation and favorable court rulings mean cable is "full-fledged and equal partner in the telecommunications industry," Allen says. "Never again will we be forced to crawl on our knees before a City Council like a supplicant begging alms with a tin cup. We are now standing upright, we are standing tall, we are standing proud and we are never, never going back down on our knees again."

Buttressing that confidence are statistics Allen cites that: (1) Banks loaned industry \$11 billion in 1984, up 25% from year before. (2) Value of cable stocks has increased almost 40% since passage of Cable Act, compared with 5% rise in Dow Jones. (3) Net gain in subscribers rose from average 325,000 monthly in 1983 to 366,000 so far this year.

Nearly half of convention's 52 panels are scheduled today, with attention centering primarily on 6 sessions featuring congressional leaders, and luncheon speech by FCC Chmn. Fowler via satellite from Washington. Sen. Goldwater (R-Ariz.) also will speak at Mon. lunch. Tues. general session topic is "Cable Programming: The Future Is Now," while Wed. is devoted to scrambling, with general session titled "Star Wars: Business Opportunities from Satellite to Home."

Exhibitors are happy with shift in schedule that reserves 13 of show's 21-1/2 hours exclusively for exhibit viewing. Still, only about 275 companies are exhibiting, occupying about 150,000 sq. ft., vs. 329 last year occupying 186,000 sq. ft. This should be NCTA's smallest convention, in attendance and number of exhibitors, since 1980. All meeting sessions are in Convention Center Rotunda opposite exhibit floor.

Product announcements in scrambling techniques, addressability for pay-per-view and new headend stereo equipment are expected to dominate talk on exhibit floor. Zenith will unveil its Phonevision one-way addressable system that uses phone lines for upstream portion of program ordering in way that doesn't overload telco's switches. Anixter will come out with EZF line connector designed to eliminate signal leakage, and Panasonic will roll out new PIC-450 addressable converter. GE will be touting Comband line, which received FCC approval May 31, and new converter line to work with signal-doubling system.

NCTA's Ace Awards presentation honoring best locally produced shows will be staged this evening, hosted by several TV stars of 1950s and 1960s. Convention will wrap up Wed. night with dinner-dance in Las Vegas Hilton, during which Assn.'s national awards will be presented.

ATC AND TCI BID \$1.3 BILLION FOR WARNER AMEX: Confirming earlier speculation (TVD May 20 p6), TCI and Time Inc.'s ATC said last week they have jointly bid \$750 million, plus assumption of \$550 million in debt, for Warner Amex Cable Communications (WA), co-owned by Warner Communications (WC) and American Express. If offer is accepted, top 2 MSOs would operate WA as separate company. One source close to parties said it was "virtually a done deal," but TCI Pres. John Malone was quoted as saying "we still are seeing some resistance from the Warner side. This will only be a done deal when it is done."

And in major development late in week, WA announced it had agreed to sell its Dallas system to Heritage Communications for \$110 million cash. System in Dallas, Mesquite and Farmers Branch serves about 80,000 subscribers, passes more than 300,000 homes. Dallas had been one of WA's more promising markets but turned out to be its biggest financial disappointment. WA spokesman said ATC and TCI "were aware of the transaction [before they submitted purchase bid]. Under any scenario for sale of WA as a company," spokesman Burt Solomon said, "the sale of Dallas will go forward."

TCI Vp Stewart Blair said American Express had "responded favorably" to purchase bid, echoing statement by Amex's Gayla Sangallo that credit card company was "favorably disposed toward the offer... and is working to resolve any open issues surrounding the proposal." WC spokesman said: "We are studying it." Under WA's joint venture agreement, a partner who wants to sell out must first offer other partner its shares before disposing of its half.

TCI and ATC have asked for decision "within a matter of days," Blair said, indicating they hoped to have deal wrapped up to announce at this week's NCTA convention in Las Vegas. But WA sources said that, given level of corporate activity at week's end, they didn't expect announcement at convention.

Warner Amex has about 1.2 million basic subscribers at 104 systems, owns 2/3 of MTV Networks Inc. (rest is publicly held), 50% of Showtime/Movie Channel (Viacom owns other half). If bid is accepted, Warner Amex will be operated as separate joint venture with its own management staff reporting to committee made up equally of Time Inc. and TCI representatives. TCI already has such joint arrangements with Knight-Ridder, Scripps-Howard, Taft, others.

Time and TCI said they "were confident of the future profitability of Warner Amex because of the excellent progress in restructuring the company," nod toward contributions made by Chmn. Drew Lewis in paring losses over last 2 years. WA has lost money since it was formed in 1979. Last year's pretax operating loss was \$94 million, down from \$150 million in 1983. Revenues rose to \$473 million from \$438 million in 1983 and debt shrank from \$852 million to \$550 million. Gains are result of Lewis's wresting concessions from major cable franchisors, notably Dallas and Milwaukee, and in financial improvements at MTV.

One question is how Lewis fits into deal. Blair said bidders had talked with him about continuing to head WA but said no decision had been made. "We would be delighted to keep him," Blair said. "We hold him in very high regard. But he is very much in demand and has a lot of options open to him."

Some analysts said bid is a little low. Assessing value of WA pieces, those analysts said WA's 2/3 of MTV Networks is worth about \$300 million, S/MC probably worth \$175 million. That would mean TCI and ATC are paying \$775 million for cable systems, translating into about \$645 for each subscriber. Many urban cable systems have been trading at around \$1,000 per subscriber.

But Warner Communications Chmn. Steven Ross probably is amenable to price, since selling off WA would produce needed cash for his effort to take WC private and also to end WC's link with Chris-Craft. Amex has been restless over cable venture, has indicated for several months it wants out.

In announcing sale of Dallas system May 30, Lewis said: "It is becoming increasingly evident that the [financial] expectations for [Dallas system] will not be realized despite our best efforts and the cities' cooperation and understanding". WA projections "indicate that our current substantial losses will continue for the foreseeable future, and in the face of significant operating losses, [WA] cannot continue to operate in the Dallas area." He said Dallas, which has long complained about poor service and construction delays and has granted concessions to WA, "should have a fresh start and a new beginning with a new company."

WA has invested \$160 million in Dallas system since it began operating in Jan. 1982. But system lost more than \$65 million in 1983 and 1984.

CONTINENTAL AND UNITED RISE IN MSO RANKINGS: Acquisitions and internal growth spurred subscriber increases at Continental Cablevision and United Cable TV in last 6 months, lifting them one notch in Television Digest's authoritative compilation of industry's top 100 cable companies. Continental passed Times Mirror to become 7th largest MSO, while United became No. 10 among industry's elite by climbing above Viacom.

Most rapid growth is shown by TCI, which has added about 700,000 subscribers since our last count published during Western Cable Show (TVD Dec 3 p4). Industry's top 100, which account for vast majority of all customers, added about 2.5 million subscribers in 6 months since our last official count, now claim 31,380,780 basic customers. At last year's NCTA convention, Television Digest's list of top 100 companies (TVD June 4/84 p4) showed they had 28,127,032 basics.

Pay units climbed about 1 million since our Dec. count, reflecting pay's slowdown, and now number 27,419,549 (25,155,639 year ago). Homes passed by cable rose about 8.3 million since Dec. Reflecting cable's maturity or pause or both, projections by operators of miles of plant to be added in next 12 months is way down -- to 26,733.5 from 60,673 projected in Dec. and 47,924.4 year ago. Complete list follows:

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Homes in Franchised Areas | Miles of Plant | Miles to be added in 12 months |
|------|---|--------------------------|------------------------|-----------------------------|---------------------------------|---------------------|--------------------------------------|
| 1. | Tele-Communications Inc. | 3,500,000 | 1,949,000 ^a | 5,045,000 ^a | N.A. | 58,800 ^a | N.A. |
| 2. | American TV & Communications Corp. ^b ... | 2,500,000 | 2,300,000 | 4,500,000 | 5,300,000 | 40,683 | 3,000 ^c |
| 3. | Group W Cable Inc. | 2,039,794 | 1,557,407 | 3,854,003 | 4,300,000 | 42,000 ^d | N.A. |
| 4. | Cox Cable Communications Inc. ^e | 1,540,533 | 1,587,230 ^c | 2,690,000 | 2,984,048 | 27,200 | 900 |
| 5. | Storer Cable Communications | 1,500,000 | 1,454,000 | 2,738,000 | 3,294,000 | 35,000 | 700 |
| 6. | Warner Amex Cable Communications Inc.... | 1,204,419 | 900,970 | 2,716,537 | 2,865,133 | 24,441 | N.A. |
| 7. | Continental Cablevision Inc. | 1,033,000 | 1,171,000 | 1,870,000 | 2,150,000 | 20,000 | 2,000 |
| 8. | Times Mirror Cable TV | 987,000 | 848,000 ^c | 1,986,000 | 2,311,000 ^f | 16,680 | 449 |
| 9. | Newhouse Bcstg. | 908,149 | 921,918 | 1,475,056 | 1,433,467 ^c | 19,194 | 800 ^g |
| 10. | United Cable TV Corp. | 806,000 | 716,000 | 1,446,000 | 1,136,000 ^h | N.A. | N.A. |
| 11. | Viacom Communications ^b | 793,000 | 645,000 ^c | 1,476,000 | 1,675,000 | 12,500 | 200 |
| 12. | United Artists Cablesystems Corp. | 712,833 | 553,411 | 1,183,281 | 1,225,000 | 12,378 | 300 |
| 13. | Sammons Communications Inc. | 658,000 | 596,000 | 1,073,000 | 1,073,000 | 9,800 ^c | N.A. |
| 14. | Cablevision Systems Development Corp. | 596,800 | 1,670,300 | 1,071,713 | 2,200,000 | 11,176 | 2,000 |
| 15. | Rogers Cablesystems Inc. | 590,948 | 743,901 | 1,209,184 | 1,288,900 ^h | 5,261 ^c | 500 ^h |
| 16. | Comcast Corp. | 480,884 | 487,381 | 842,668 | 950,000 | 9,022 | N.A. |
| 17. | Jones Intercable Inc. | 466,514 | 356,357 | 736,717 | 940,207 | 10,508 | N.A. |
| 18. | TeleCable Corp. | 453,094 | 472,095 | 750,000 | 741,859 | 9,200 | N.A. |
| 19. | Heritage Communications Inc. | 447,192 | 310,016 | 805,430 | 848,864 | 10,200 | N.A. |
| 20. | McCaw Communications Co. Inc. ⁱ | 382,300 | 248,500 | 615,000 | 800,000 ^d | 7,100 | N.A. |
| 21. | Capital Cities Communications Inc. | 374,602 | 255,621 | 569,372 | 578,414 | 7,099 | 180 |
| 22. | Prime Cable Corp. | 329,356 | 374,079 | 698,685 | 748,685 | 7,373.2 | 150 ^d |
| 23. | Century Communications Corp. | 326,300 | 259,300 | 527,000 | 624,000 | 6,990 | 200 |
| 24. | Wometco Cable TV Inc. | 300,254 | 234,478 | 536,121 | 690,000 ^d | 11,103 | 889 |
| 25. | Daniels & Assoc. Inc. | 300,569 | 352,554 | 593,268 | 1,096,000 ^j | 6,882 | N.A. |
| 26. | Centel Cable TV Co. | 280,799 | 244,806 | 442,003 | 530,857 | 6,533 | 565 |
| 27. | TCA Cable TV Inc. | 270,611 | 91,443 | 350,000 | 355,000 | 5,208 | 150 |
| 28. | Multimedia Cablevision Inc. | 268,397 | 261,694 | 471,187 | 472,779 | 5,448 | 200 |
| 29. | American Cablesystems Corp. | 258,841 | 340,740 | 457,799 | 514,900 | 5,000 | 800 |
| 30. | Cablevision Industries Inc. | 256,000 | 203,000 | 335,000 | 407,000 | 4,787 | 1,500 |
| 31. | Maclean Hunter Cable TV Ltd. | 244,606 | 314,127 | 494,623 | 503,300 | 3,825 | N.A. |
| 32. | Scripps Howard. | 234,742 | 297,882 | 445,916 | N.A. | N.A. | N.A. |
| 33. | Service Electric Cable TV. | 220,000 | 80,000 | 285,000 | 375,000 | 4,612 | 225 |
| 34. | Colony Communications Inc. | 208,601 | 211,304 | 413,431 | 470,800 | 3,307 | 360 |

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|---------------------------|---|--------------------------|---------------------|-----------------------------|---------------------------------|--------------------|--------------------------------------|
| 35. | Falcon Communications Inc. | 200,000 | 210,000 | 400,000 | 450,000 | 4,200 | N.A. |
| 36. | Tribune Cable Communications Inc. | 194,800 | 181,700 | 415,990 | 733,900 | 4,000 | 1,317 |
| 37. | Adelphia Communications Corp. | 194,665 | 172,083 | 296,498 | 341,723 ^c | 3,800 | 525 |
| 38. | Rollins Inc. | 194,400 | 161,200 | 312,000 | 378,900 | 3,971 | 400 |
| 39. | Communications Services Inc. ^b | 185,633 | 115,034 | 266,357 | 277,000 | 3,649 | 280 |
| 40. | Cableentertainment Inc. ^c | 163,134 | 73,513 | 225,449 | N.A. | 2,408 | N.A. |
| 41. | Western Communications Inc. | 154,100 | 80,900 | 208,500 | 210,000 | 1,955 | 50 |
| 42. | Harron Communications Corp. | 144,034 | 94,043 | 218,788 | 286,000 | 2,918 | N.A. |
| 43. | Adams-Russell Co. Inc. | 143,200 | 145,200 | 251,498 | 303,903 | 3,272 | 112 ^c |
| 44. | Harte-Hanks Communications Inc. | 140,569 | 122,800 | 298,190 | 349,604 | 3,650 | N.A. |
| 45. | McDonald Group | 139,585 ^a | 87,028 ^a | 225,000 | 225,000 | 2,500 ^a | 600 ^a |
| 46. | Sutton Capital Group | 127,098 | 135,874 | 233,545 | 240,000 | 2,839.5 | 75 |
| 47. | NYT Cable TV | 122,191 | 121,857 | 230,675 | 250,000 | 2,850 | 50 |
| 48. | Toledo Blade Co. | 122,086 | 54,733 | 219,500 | 264,000 | 1,890 | 66 |
| 49. | Harris Cable Corp. | 117,846 | 99,820 | 212,750 | 325,000 | 1,890 | 100 |
| 50. | Televents Inc. | 112,100 | 69,600 | 155,800 | 160,000 | 2,182 ^c | 130 ^c |
| Total—Top 50. | | 27,928,967 | 24,966,162 | 48,955,330 | 49,828,243 | 507,698.7 | 19,693 |
| 51. | Lenfest Group ^l | 111,488 | 100,863 | 237,596 | 310,000 | 2,596 | 50 |
| 52. | Armstrong Utilities Inc. | 110,311 | 73,500 | 158,112 | 150,000 ^a | 2,203 | 150 |
| 53. | Gill Cable Inc. | 106,727 | 151,000 | 208,000 | 250,000 | 1,525 | 25 |
| 54. | Greater Media Inc. | 105,367 | 97,488 | 193,012 | 203,520 | 2,550 | 400 |
| 55. | Summit Communications Inc. | 97,787 | 77,053 ^c | 158,116 | 212,154 | 2,983.19 | 250 |
| 56. | Palmer Communications Corp. | 95,810 | 49,200 | 120,000 | 149,000 | 1,410 | 110 |
| 57. | Scott Cable Communications Inc. ^c | 95,486 | 74,469 | 156,000 | 159,000 | 1,530 | 70 |
| 58. | US Cable Corporation | 95,000 | 125,000 | 190,000 | 225,000 | 3,000 | 400 |
| 59. | Multi-Channel TV Cable Co. | 93,657 | 43,718 | 132,376 | 132,376 | 1,746 | 50 |
| 60. | Cencom Cable Associates Inc. | 90,145 | 78,004 | 166,410 | 186,000 | 2,820 | 100 |
| 61. | Perry Cable TV Corp. | 86,621 | 55,948 | 145,652 | N.A. | 1,554 | 140 |
| 62. | King Videocable Co. | 84,929 | 50,684 | 125,843 | 130,000 ^c | 1,700 ^c | 100 |
| 63. | McClatchy Newspapers/Cable Div. | 83,183 | 79,808 | 189,767 | 250,000 ^c | 1,200 ^c | 0 |
| 64. | The Essex Group | 82,000 | 45,000 | 130,557 | N.A. | 2,478 | 200 |
| 65. | WEHCO Video Inc. | 80,299 | 48,268 | 127,000 | 129,000 | 1,750 | 30 |
| 66. | Cable Management Assoc. Inc. | 78,965 | 30,472 | 99,100 | N.A. | 1,700 | 600 |
| 67. | Cablevision of Baton Rouge | 75,044 | 82,790 | 124,991 | 135,000 ^d | 1,393 | 85 |
| 68. | Sonic Cable Television | 73,794 | 34,000 | 100,600 | 104,000 | 1,032 | 60 |
| 69. | Americable Assoc. | 73,600 | 97,800 | 235,000 | 320,000 | 1,800 | 200 |
| 70. | Midcontinent Cable Systems Co. ^b | 73,484 | 35,297 | 102,324 | 102,324 | N.A. | N.A. |
| 71. | Tribune Publishing Co. | 71,789 | 75,779 | 126,019 | 170,000 | 1,609 | 102 |
| 72. | Booth American Co. | 71,364 | 44,656 | 123,820 | 126,000 ^c | 2,069 | 300 ^c |
| 73. | Susquehanna Bcstg. Co. | 70,331 | 58,300 | 108,282 | 115,000 ^d | 1,150 ^d | 10 |
| 74. | Acton Corp. ^c | 70,281 | 62,230 | 210,490 | 425,000 | 2,676 | 100 |
| 75. | Omega Communications Inc. | 70,000 | 13,033 ^m | 90,000 ^b | 95,000 ^b | 1,500 | 50 |
| 76. | Pencor Services Inc. | 67,133 | 26,820 ^c | 73,825 | 83,325 | 1,850 | 75 |
| 77. | Media General | 60,000 | N.A. | N.A. | 250,000 | N.A. | 1,000 |
| 78. | Selkirk Communications Inc. | 59,000 | 65,000 | 120,000 | 135,000 | 600 | 0 |
| 79. | Omni Cable TV Corporation | 58,300 | 32,000 | 99,000 | 110,000 | 2,316 | 175 |
| 80. | Coaxial Communications Inc. | 57,000 | 56,000 | 101,000 | 101,000 | 900 | 15 |
| 81. | National Telecommunications | 56,000 | 22,000 | 80,000 | 186,000 ^c | 948 | 120 |
| 81. | Dickinson Communications Ltd. | 56,000 | 69,300 | 146,900 | 199,500 | 1,300 | 300 |
| 81. | The Adam Corporation/Group | 56,000 | 32,500 | 88,000 | 88,000 | 1,450 | N.A. |
| 84. | Twin County Cable TV | 55,000 | 12,000 | 100,000 | 125,000 | 1,700 | 350 |
| 84. | Helicon Corp. | 55,000 | 28,210 | 76,000 | 88,000 | 1,386 | N.A. |
| 86. | Marsh Media Inc. ^c | 53,800 | 35,000 | 93,000 | 95,000 | 1,340 | 30 |
| 87. | The Daily Press Inc. | 53,000 | 67,000 | 95,000 | 95,000 | 1,500 | 50 |
| 88. | Lawrence Flinn | 51,000 | 52,219 | 80,899 | 75,000 ^c | 1,200 | 300 |
| 89. | Northland Communications Corp. | 50,000 | 17,000 ^c | 77,000 | 90,000 | 2,000 | 50 |
| 90. | Verto Cable TV | 48,697 | 15,247 ^a | 83,389 | 83,372 | 518 | N.A. |

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Homes in Franchised Areas | Miles of Plant | Miles to be added in 12 months |
|----------------------------------|---|--------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------------------------|
| 91. | First Carolina Communications Inc. | 48,384 | 43,411 | 88,178 | 94,478 | 1,331 | 150 |
| 92. | Wisconsin Cablevision & Radio Co. Inc. | 48,361 | 36,480 | 74,882 | 74,882 | 976.53 | 3 |
| 93. | Simmons Communications Inc. | 48,285 | 24,333 | 65,638 | 68,000 | 1,000 | 200 |
| 94. | Masada Corp. | 48,170 | 42,800 | 105,200 | 148,000 | 1,775 | 280 |
| 95. | Rockford/Park Cablevision Inc. | 48,000 | 24,500 | 85,150 | 85,500 | 800 | 35 |
| 96. | Communicom. | 47,500 | 71,000 | 411,000 | 432,000 | N.A. | 100 |
| 97. | Citizens Cable Communications Inc. | 46,806 | 43,916 | 97,748 | 108,200 | 1,075 | 20.5 |
| 98. | George I. Reynolds. | 45,000 | 62,718 | 70,747 | 80,500 | 862 | 25 |
| 99. | Joseph Gans. | 44,000 | 15,000 | 65,000 | 80,000 | 900 | 100 |
| 100. | Chambers Cable Com. Inc. | 43,303 | 18,716 | 62,799 | N.A. | 729.5 | 0 |
| Total—Second 50 | | 3,451,813 | 2,453,387 | 6,117,626 | 7,004,031 | 74,008.22 | 7,040.5 |
| GRAND TOTAL—Top 100 | | 31,380,780 | 27,419,549 | 55,072,956 | 56,832,274 | 581,706.92 | 26,733.5 |

*As of Oct. 1, 1984. ^bAs of Jan. 1, 1985. ^cAs of April 1, 1984. ^dEstimate. ^ePay subscribers. ^fAs of May 1983. ^gDoes not include MetroVision.

^hAs of Sept. 1, 1983. ⁱIncludes pending acquisitions. ^jAs of Sept. 1, 1982. ^kAs of June 1, 1983. ^lFigures include 1/2 of Oakland, CA system & do not include acquisitions pending. ^mAs of Feb. 29, 1984.

TBS DETAILS CBS TAKEOVER RISKS: Turner Bestg. System has amended its filing with SEC in CBS takeover attempt to warn of risks to investors. Turner was responding to questions SEC raised about earlier filing. No cash is involved in Turner's bid -- he plans to issue unsecured "junk bonds" to CBS stockholders in exchange for stock. He also has said he would sell off some CBS assets to help finance purchase.

TBS said that takeover bid is heavily dependent on borrowed capital and that there are risks of nonpayment of interest. "As a result, the market value of TBS securities would decline significantly," filing said. In that case, "it would be expected that the market value of the CBS shares would also decline significantly... Failure to make required payments... might render [TBS] insolvent." TBS said that while it believes securities it plans to issue will be traded and marketable, there "is no assurance that established trading markets for any or all of the TBS securities will develop or be maintained."

CBS amended SEC filing of its own week ago, saying it would examine various alternatives to fight takeover (TVD May 27 p3). One alternative mentioned was "repurchase of outstanding securities" -- and word from Wall St. last week was that CBS is doing just that, including buying back outstanding common shares.

Comments are due today at FCC on Turner's takeover bid. CBS will be supported by affiliates (WWL-TV New Orleans filed in support last week) and several public interest groups.

United Cable TV bought 2 million of its shares for \$40 each May 30 as part of tender offer that began April 30 and ended May 20. About 2,024,000 shares were tendered during offer. Move reduces shares outstanding to 10,078,166, company said.

POINT SYSTEM FOR ITFS BIDS: FCC modified Instructional TV Fixed Service (ITFS) rules May 31 to establish "point accumulation" method for selecting from among mutually exclusive applications. Mass Media Bureau Chief James McKinney said he would like to use similar system to replace comparative hearings for commercial broadcast stations.

Commission now will give preference to local, accredited schools applying for ITFS authorizations. Being local applicant for ITFS license is worth 4 points, accredited school 3 points. Other factors: 2 points for applying for only one 4-channel ITFS allocation, one point for seeking to move out of channel groups reallocated in early 1983 to commercial MDS, one point for providing 21 or more hours a week per channel of formal educational service, 2 points for 41 or more hours per week per channel. Commission rejected lottery, although it said it would use it to choose among equally qualified applicants.

In another Mass Media action, Commission ruled that limited partnerships are ownership interests within scope of citizenship requirements in Sec. 310(b) of Communications Act. Thus, section makes it unlawful for limited partnership to be a broadcast licensee if aggregate voting interest or equity contribution of qualified alien limited partners exceeds 20%. McKinney said action stemmed from 1983 request by Washington law firm Wilner & Scheiner for declaratory ruling and predates current situation in which Australian publisher Rupert Murdoch is seeking to buy Metromedia TV stations.

Albert Warren, Television Digest Inc. editor and publisher, has been named Newsletter Publisher of the Year by international Newsletter Assn. Warren, who joined company in 1945 after service in Navy, is to receive award June 3 at Newsletter Assn. annual meeting in Washington.

NAB--BETTER THAN CRITICS THINK: Conclusion of consultant John Guttenberg is that NAB does better job than its critics claim but does poor job of getting that story across to its members, media and Washington officialdom. In report to NAB Exec. Committee, to be considered at special meeting June 4, he doesn't assess blame for situation.

NAB "is held in better regard today than a few years ago... and the trend is upward," Guttenberg said. But "its course, speed and destination remain unclear."

Guttenberg originally was commissioned to do study of NAB Public Affairs Dept., but report was broadened to cover most of Assn.'s operations. For instance, it seems to confirm what just about everybody knows: NAB's lobbying efforts don't have much clout and aren't as effective as they should be: "NAB struggles to balance its institutional responsibilities with its issues responsibilities. It is perceived as being legislative and regulatory driven... But it is not perceived as being nearly as effective as it should be." However, Guttenberg said, perception on Hill is that NAB is doing "pretty well [and] regulators rate NAB as doing a good job."

Report was critical because NAB has "no clear set of goals" for its public affairs efforts. Guttenberg said Assn. does better job of getting its story across in Washington than it does in getting word out to its members. NAB, he said, is not good at marketing itself, sends too much paper to members that isn't well focused. NAB weekly Highlights was criticized as "puffery," with too much about staffers.

Report recommends that Public Affairs Dept. be renamed Public Affairs & Communications and that its annual budget (currently \$912,831) be increased by 1/3. Guttenberg also would add vp position, primarily to handle grassroots PR with members. Dept. now has 2 vps--Senior Vp-Dept. Head Shaun Sheehan and Rory Benson, vp-public affairs.

Separate dept. for long-range planning and setting of goals should be established, according to report. That function now is handled on parttime basis by Research & Planning Dept. under Senior Vp John Abel. Harmful to Assn. is continuing "old-guard vs. new-guard mentality" caused by change in presidency in Aug. 1982, according to report.

Exec. Committee meeting originally was scheduled this week in St. Louis (because 3 members live nearby), was moved to Washington because Pres. Edward Fritts had been hospitalized with bleeding ulcer (he got out week ago). Guttenberg will meet with Committee, which hopes to come up with recommendations for consideration by NAB board at June 18-21 meetings in Washington.

Exec. Committee members had copies of report for meeting in Washington 3 weeks ago, but all were put under lock and key after meeting. Asked why,

Chmn. Gert Schmidt said "reports like that shouldn't float around before they're properly studied and analyzed." He said Guttenberg's recommendations may not be sent to board members, but others said they would be before meetings later this month. Another Exec. Committee member said report will be "a very valuable document" in helping to improve NAB.

FCC TO ACT QUICKLY ON CH. 6 PACT: FCC will move quickly on Ch. 6 interference agreement reached by public radio and commercial TV negotiators, with final order in pending rulemaking ready for Commission action by end of June, FCC Mass Media Bureau Chief James McKinney said May 29. Public comment probably won't be sought, he said, because it's assumed major interests were represented in negotiations.

Rapid turnaround is needed to permit lifting of FCC freezes imposed on noncommercial FM and TV Ch. 6 applications while negotiations were in progress. McKinney added that NTIA needs to know which of FM applicants it can consider for Public Telecommunications Facilities Program awards, and that NTIA Dir. David Markey has given FCC "a few weeks' leeway." PTFP grants usually are announced in July. Ch. 6 accord results from months of negotiations between CPB, NPR and National Federation of Community Bestrs. on one side, and MST, McGraw-Hill Bestg., NAB and Taft on other.

Compromise would change way of predicting interference from section of land to population cap -- number of persons affected -- for new stations proposing to operate on FM Chs. 201-220, position pushed by Ch. 6 entities and rebuffed by public radio in past. Impact of this change is difficult to assess; calculations have shown mixed results. Existing public radio entities would have more protection and Ch. 6 stations would be allowed to use variable ratios to determine interference. Underlying agreement represents shift by public broadcasting by accepting interference as its problem, rather than merely one for TV Ch. 6 interests.

Agreement is proposed as "package" that could unravel if changes are made to any of agreed-upon sections. Over long term, it asks FCC to test TV receivers within next 12 months to update performance data, adopt by Oct. 1, 1987, mandatory TV receiver standards to decrease or eliminate interference. Two sides agreed to spend \$125,000 each on 2-year field study of extent of actual FM interference.

Taft Bcstg.'s \$755 million cash purchase of Gulf Bestg. TV-radio stations has been approved by FCC, which also granted Taft 12-month waiver to sell WSUN(AM)-WYNF(FM) Tampa-St. Petersburg to comply with cross-ownership rules. TV stations acquired by Taft are WTSP-TV Tampa-St. Petersburg, KTXA Ft. Worth-Dallas, KTXH Houston, KTSP-TV Phoenix, WGHP-TV High Point, N.C.

FIRST MMDS LOTTERY SET: Nine major markets will be up for grabs in FCC's first multichannel multipoint distribution service (MMDS) lottery on June 28, with dozens of applicants competing for each of 2 four-channel blocks to be awarded in each city. Many top media companies are vying to enter new video service, including units of 3 TV networks, major cable operators, large TV group owners, Washington Post, many others.

Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Houston, Kansas City and N.Y. are cities in lottery. These markets presumably are those with most bidders. Number of applicants range from low of 33 for frequency block "E" in Cleveland to high of 108 for same 4-channel block in Houston. Counting both channel blocks, Dallas has most bidders (176), Kansas City fewest (109).

When FCC authorized new service, it was flooded with 16,500 applications for about 1,000 channels available. It was decided after much controversy and congressional pressure to award licenses by lotteries weighted with 2-1 preferences for minorities and diversity points for applicants with few or no other media outlets (TVD Nov 26 p2). FCC uses same procedures and weighting in LPTV lotteries.

MMDS as 8-channel video service results from expansion and consolidation of single-channel MDS. Commission in 1983 voted to allow MMDS licensees to lease ITFS frequencies traditionally underused by educational and religious institutions. While there's continuing controversy over whether MMDS is common carrier or mass media service (FCC is contemplating rulemaking to address that question), most applicants in June 28 lottery come from TV, cable or publishing industries. Traditional common carriers with MDS experience, such as Microband, Contemporary Communications, etc., are far outnumbered.

Here's sample of applicants for Chicago, typical of others in lottery: ABC, Capital Cities, CBS, Chronicle Bestg., Contemporary Communications, Daniels MDS, Group W Cable, Heritage Bestg., Hubbard Bestg., MCI, Microband, Milwaukee Brewers, RCA, Taft Bestg., Warner Amex, Washington Post, Western Telecommunications, WGN Continental.

Cable executives are in for only minor programming surprises at NCTA convention, judging from presentations at last week's National Cable Forum in Phoenix. ESPN said it will try 2 dramatic presentations this fall -- theatrical plays on Babe Ruth and Vince Lombardi. ESPN also said it has sold \$2 million of ads -- better than half of available inventory -- for repeat of 1984 Summer Olympics games set for this summer. Overall, network is selling roughly 83% of total ad inventory. Disney Channel will spend \$18-\$24 million on 12 made-for-cable films over next 12 months, up from 7 originals produced in first 2 years. Most executives predicted signals won't be scrambled for at least another year.

STORER BOARD FINALLY SEATED: Struggle for control of Storer Communications finally ended May 29 with management seating 5 incumbent dirs., conceding that dissident stockholder group led by Coniston Partners had won 4 seats in proxy balloting at May 7 annual meeting (TVD May 13 p5). Storer needed 5 incumbent dirs. to be reelected to go forward with leveraged buyout by Kohlberg, Kravis, Roberts & Co.

Storer at first contested tabulation of proxy ballots by C.T. Corp. of Del., asserting in Ohio state court that ballots of some 500,000 shareholders had been attributed incorrectly to Coniston candidates. It claimed it deserved to have 6 dirs. Coniston, whose Committee for Full Value of Storer Communications holds 5.3% of Storer stock and wants to liquidate company, countersued in U.S. Dist. Court, Cleveland, which lifted state court's restraining order.

Seated on board were Coniston's Keith Gollust, Paul Tierney and Augustus Oliver and David Strassler, private investor who is former chmn. of UA-Columbia Cablevision. Incumbent management dirs. seated were Chmn. Peter Storer; William Michaels, retired Storer chmn.; Pres. Terry Lee; Leslie Barnes, retired Ryder System chmn., and Jack Borsting, dean of U. of Miami School of Business Administration.

Transmission of Movie Channel (MC) on TR-10 of Hughes's Galaxy 1 satellite was disrupted May 30, apparently by interference from improper use of mobile uplink. Such interference isn't uncommon, officials said, and is example of alarming trend. MC signal was severely degraded as Hughes engineers attempted to trace source of interference. Hughes Communications Pres. Steven Dorfman said solution is to require all uplinks to send embedded signal with "name, rank and serial number" of operator. Ron Lepkowski, chief of FCC Satellite Radio Branch, said disruptions are becoming "significant problem" usually traceable to "hasty, sloppy operation" of approximately 200 video uplinks, of which 100 are transportable.

Slowdown in cable industry revenue growth, resulting in part from peaking in construction of new systems and declining performance of pay TV, will be focus of Cable TV Administration & Mktg. Society (CTAM) convention Aug. 4-7 in San Francisco. Panelists will discuss topic of how cable marketers can improve sales in increasingly tough markets, will include Cox's David Van Valkenburg, Group W's Burt Staniar. Topic of gathering is "Bridging the Gap from Strategy to Reality." Details: CTAM, 1220 L St. NW, Suite 625, Washington, D.C. 20005, 202-371-0800.

United Cable TV bought 2 million of its shares for \$40 each May 30 as part of tender offer that began April 30 and ended May 20. About 2,024,000 shares were tendered during offer. Move reduces shares outstanding to 10,078,166, company said.

Personals

FCC calendar -- June 3: **Chmn. Fowler** addresses NCTA convention, Las Vegas, via satellite. June 4: **Comr. Rivera** speaks before National Assn. of Minorities in Cable, Las Vegas. June 5: **Peter Pitsch**, Office of Plans & Policy chief, addresses Bell Atlantic regulatory issues seminar, Crystal City Marriott Hotel; **Albert Halprin**, Common Carrier Bureau chief, talks before Rensselaer Polytechnic Institute, Gideon Putman Hotel, Saratoga Springs, N.Y.; **Robert Foosaner**, Private Radio Bureau chief, addresses Armed Forces Communications & Electronics Assn., Washington Convention Center.

Stephen Halloway, Dept. of Commerce deputy gen. counsel-regulation and legislation, moves to NTIA as gen. counsel; post has been vacant since Aug... **James Smith**, ex-Norstar Bank of Long Island, appointed mktg. dir., WLIG Riverhead, N.Y... **Anita Hecht** advanced to ABC personnel vp... **Jim Smith** promoted to midwestern media sales dir., Tribune Entertainment... **Nancy Hawthorne** promoted to Continental Cablevision vp-treas... **Ken Raskoff** advanced to mgr., motion pictures for TV, NBC Entertainment.

Jack Neitlich advanced to ABC Best. Operations & Engineering west coast vp-gen. mgr... **Jocelyn Chan**, ex-Golden West TV, named research dir., KTLA L.A... **Stuart Evey**, ex-ESPN chmn., becomes consultant with Robert Wold Co.

Michael Small advanced to vp-gen. mgr., Centel Cable TV of Tex., succeeding **Gregory Stahl**, named vp-gen. mgr. of Centel Cable TV of Ky... **Donald Schlosser**, ex-A. D. Little, appointed finance vp, King Videocable... **Dan Churchill**, ex-Rogers Cablesystems, named group vp, Comcast Cable... **Jerry Duvall**, onetime special asst. to FCC Comr. Dawson, joins Cornell, Pelcovits & Brenner Economists Inc. as consultant.

Bruce Waters, ex-Universal City Studios, named asst. gen. counsel, MCA TV... **Gary Friend** advanced to vp-mgr., Nielsen subsidiary Communications Information Services... **Stephen Ehrmann**, ex-Fund for Improvement of Post Secondary Education, named program officer-interactive technologies, CPB/Annenberg Project; **Steve Neitz**, ex-Veterans Administration, appointed CPB audit dir.

Ellis Woodward, House Telecom Subcommittee press secy., resigns at end of summer, plans unannounced... **Colin O'Brien**, Times Fiber pres.-CEO, adds chmn. title, succeeding **Lawrence DeGeorge**, retired... **Paul Glist**, ex-Hogan & Hartson, becomes partner in Washington law firm Cole, Raywid & Braverman... **Ron Bernard** named exec. vp-finance and administration, Showtime/Movie Channel, new post.

TCI has sold 2.6 million Class A common shares at \$30.25 each, raising number of outstanding shares in largest cable operator to 38 million.

MOUNTAIN TV HAS BIG LPTV PLANS: Young low-power TV industry has no lack of big schemers, and Mountain TV Network may be at head of class with plan to create satellite-fed network of 100-200 LPTV stations, usually with 2, 3 or 4 in same rural community, and offer ad-supported service akin to over-the-air cable.

While plan has plenty of skeptics, Mountain owner Dean Windsor is drawing attention for his success at winning LPTV grants. FCC recently tentatively awarded Mountain 34 LPTV licenses, raising total so far to 75, company spokesman said.

Concept is to have multiple outlets in same community, all fed programming by satellite from Denver uplink, said Mountain attorney Howard Lieberman. Each station would offer distinctive brand of shows -- movies on one, sports on another. "We're getting to the point where there are enough [CPs] out there to be worthwhile to build the system," Lieberman said.

Typical Mountain market is Winnemucca, Nev., town of about 2,000 with no off-air TV service. FCC has tentatively awarded Mountain 5 grants for Winnemucca -- Chs. 41, 35, 31, 25, 23. Mountain has multiple grants for several other small towns west of Miss. River. But critics said flaw in plan is that there aren't enough viewers in such small towns to convince advertisers to buy time.

Other LPTV notes: (1) ABC affiliate KOAT-TV Albuquerque has won Ch. 12 translator grant for Hobbs, N.M. Meyer Bestg., licensee of NBC affiliates KQCD-TV Dickinson, KMOT Minot and KUMV-TV Williston, all N.D., won Ch. 65 translator for Crosby, N.D.

(2) U.S. Dept. of Energy now is in TV business. FCC last week tentatively awarded 2 grants to federal agency, which plans to build 2 translators (Chs. 35 and 41) at Nev. test site, where nuclear experiments take place. Stations would repeat Las Vegas stations.

NBC finished first in May ratings sweeps of both Nielsen and Arbitron for first time since Feb. 1969, and first time it has won any sweep period since Nov. 1974. Also rather unusual, Arbitron and Nielsen ratings were identical: NBC 14.5, CBS 14.1, ABC 12.8.

Obituary

Howard W. Maschmeier, 67, died of cancer in Cocoa Beach, Fla. May 9. He started career in broadcasting during World War II with Armed Forces Network, joined Triangle Bestg. in 1953 and was gen. mgr. of WNHC-TV Hartford-New Haven 1958-72. He owned and managed WKKO(AM) Cocoa Beach 1975-84, was a former chmn. of ABC TV affiliates board, and was one of first in broadcast management to editorialize on air. Wife, son, daughter survive.

RCA has approved NBC plan to equip 50 network affiliates with "space packs" that would convert one of each station's Ku-band downlinks into uplink. After installation this fall, counting network's 10 permanent Ku-band uplinks, NBC will have at least 60 sites from which it can transmit with flip of switch from one of 2 master control rooms. Converter packs will be leased from Comsat and Harris. Add-on cost is "several millions of dollars," according to Arthur Kent, NBC News' news operations vp, who wouldn't release contract amount. Affiliates were picked on basis of where network had to feed from most often in last year, but converter packs are so portable that any of network's 105 satellite-linked affiliates can ship a package to another affiliate temporarily to cover breaking story.

NCTA opposes as "censorship" and "regulation of programming" ban on beer and wine ads and mandatory counterads proposal. In statement to House Telecom Subcommittee May 30, NCTA called proponents' arguments for proposals "flimsy," said that, unlike earlier cigaret ad case, there's no evidence that alcohol use is dangerous nor has link been established between ads and abuse. Case hasn't been made that eliminating ads will reduce abusive behavior, NCTA said.

Copyright Royalty Tribunal will solicit comments on petition by TBS (TVD April 1 p6) to have WTBS Atlanta classified as "national distant signal" exempt from high copyright rates. Notice directs several questions at TBS, generally asking it to be more specific in its request for relief from 3.75% rate. Action follows April 8 filing by MPAA asking exactly what TBS was proposing. Comments are due July 8, replies Aug. 8.

Comcast board has approved 3-for-2 stock split in form of 50% stock dividend, payable June 17 to holders of record June 6. Previously declared cash dividend will remain 3¢ a share based on shares outstanding before stock dividend.

Reappointment of Dennis Patrick to full 7-year term on FCC was announced by White House May 30. He received recess appointment in Dec. 1983 for 18 months remaining in term of Comr. Anne Jones, who resigned; his current term expires June 30. Patrick, who turned 34 June 1, has made no secret of fact he wants to be FCC chmn. when Mark Fowler (whose term expires June 30, 1986) leaves Commission; Fowler has said he intends to serve out term. Patrick received law degree from UCLA in 1976, practiced law in L.A. 1976-81, was assoc. dir. of personnel office at White House 1981-83 and consultant to NTIA while awaiting appointment to FCC.

TBS and USSR State Committee for TV and Radio (Gosteleradio) last week signed 2-year agreement to exchange news and information programs. Cornerstone is joint effort by TBS and Soviets to produce 6-hour documentary, Portrait of the Soviet Union, to air on WTBS Atlanta. CNN will become first U.S. news organization to be affiliated directly with Intervision, newsgathering consortium of Eastern Bloc TV stations. Few details were available as to what programming will be exchanged, but it was thought Soviets are most interested in sports.

Storer has closed on sale of cable system in Minneapolis suburbs to Hauser Communications for \$34.8 million in cash and notes. System serves about 32,000 subscribers in Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, Maple Grove, New Hope, Osseo, Plymouth, Robbinsdale. Sale is continuation of Storer's policy of selling off systems that don't cluster well with other properties.

NCTA is reminding cable operators that, under requirements of Cable Act as implemented by FCC, they must begin selling or leasing lockboxes to subscribers by June 27. Devices allow parents to "lock out" certain channels they don't want children to watch.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of May and 1985's first 20 weeks:

| | MAY 11-17 | 1984 WEEK | % CHANGE | MAY 4-10 | 20 WEEKS 1985 | 20 WEEKS 1984 | % CHANGE |
|------------------|--------------|--------------|-------------|-------------|------------------|------------------|-------------|
| TOTAL TV..... | 292,404 | 319,043 | - 8.3 | 265,928 | 6,816,334 | 7,300,482 | - 6.6 |
| TOTAL COLOR... | 237,254 | 245,701* | - 3.4 | 220,504 | 5,623,612* | 5,621,049 | 0.0 |
| DIRECT-VIEW. | 233,767 | 242,629* | - 3.7 | 217,349 | 5,547,112 | 5,561,223* | - 0.3 |
| PROJECTION.. | 3,487* | 3,072 | +13.5 | 3,155 | 76,500* | 59,826 | +27.9 |
| MONOCHROME.... | 55,150 | 73,342 | -24.8 | 45,424 | 1,192,722 | 1,679,433 | -29.0 |
| TV EXCL. PROJEC. | 288,917 | 315,971 | - 8.6 | 262,773 | 6,739,834 | 7,240,656 | - 6.9 |
| HOME VCR#..... | 142,650* | 102,004 | +39.8 | 133,529* | 3,580,636* | 2,155,550 | +66.1 |
| COLOR CAMERAS#.. | 5,915 | 7,812* | -24.3 | 4,035 | 157,578* | 149,326 | + 5.5 |

Color TV (direct-view) 5-week moving average: 1985--262,249*; 1984--257,038 (up 2.0%).

Home VCR 5-week moving average: 1985--165,177*; 1984--109,523 (up 51.7%).

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

SONY & KODAK MOVE TOWARD FULL 8mm LINES: Sony and Kodak are introducing 8mm Video dual-speed decks with up to 4-hour recording time and PCM digital stereo that can be used as audio-only recorders getting 12 or 24 hours of music on single cassette. Sony also demonstrated tiny record-only 8mm camcorder about size of one of James Michener's paperback books, along with miniature portable deck, and indicated more products are coming, as 8mm format moves toward full-line status.

Both companies indicated 8mm software with PCM sound would be available, Sony showing professional duplicating recorder -- to be ready late this month at about \$1,160 -- at news conference in Tokyo last week, but not at conference next day in N.Y. Duplicator becomes audio recorder with \$240 plug-in attachment. Kodak is showing 6 prerecorded programs at CES in Chicago this week, including movie Cotton Club, but only for demonstration, while it actively seeks software recruits.

Sony's palm-held "Mini 8" camcorder, demonstrated in N.Y. by Pres. Norio Ohga, weighs 2.2 lb., is designed as snapshot video movie system anybody can use. It's accompanied by small (2.4 lb.) AC battery record-play deck (similar to deck portion of Sony's first 8mm camcorder, Video 8). New camcorder and deck have AFM sound only, single speed (2 hours on new P-120 cassette). Both products together will list at about \$1,800 when they go on U.S. market in fall (vs. \$1,695 for Sony's Video 8 camcorder). They'll presumably be offered separately as well -- in Japan, camcorder was quoted at \$790, deck at \$590.

Picture quality from tiny camcorder was excellent, and Sony officials said it was equal to that of Video 8. New unit has same CCD pickup but lacks zoom and electronic viewfinder. It has 3 focus levels for indoor shooting, is aim-and-shoot fixed-focus camera when used outdoors.

Two-speed decks with PCM audio by Sony and Kodak -- Kodak's will be made by Matsushita, and another Sony-made unit will be offered by Pioneer -- are first of new breed to take advantage of digital sound capability of 8mm Video format, as forecast here last week (TVD May 27 p9). Some 18 manufacturers -- including Hitachi, Mitsubishi, NEC, Sanyo, Sharp

and Toshiba, as well as Sony, Matsushita and Pioneer -- have endorsed concept of 8mm videocassette as digital audio-only recording medium, and 8mm Video Standardization Conference has approved it as "standard." Digital Audio Tape Standardization Conference is considering format.

Audio-only recording uses 6 PCM stereo tracks on tape, 5 of them in portion that otherwise would be occupied by video information. Sony says there's no deterioration in sound recorded at slow speed (24 hours, 6 passes through recorder at 4 hours each), but Kodak talks only of 12-hour PCM recording. Audio quality as heard at Sony's N.Y. and Tokyo news conferences was excellent, and we judged video picture at 4-hour speed to be superior to slowest Beta speed (BIII).

Sony's home 8mm deck incorporates cable-compatible tuner-timer designed for 6 programs over 3 weeks, wireless remote control, will list for about \$1,500 in U.S. when available in fall. Similar unit is due June 21 on Japanese market at about \$1,000. Lower priced home deck with 2-speed switch, but without built-in PCM sound capability, was announced for Japan market at \$580, with PCM adaptor at \$200. New products are "only the beginning," said Sony Pres. Ohga. Format is "very flexible," he added, and there are many possibilities -- "one might even be built directly into your TV set."

Kodak's 8mm "Modular Video System," forecast here last winter (TVD Feb 18 p9), is portable unit weighing just 2.1 lb. that docks into cable-tuning MTS stereo tuner-timer with 8-event 3-week on-screen programming, has wireless remote control, will be available late this year. Converter-charger also is planned so deck can be used without tuner-timer. Markets Planning Dir. Richard Lorbach indicated to us that Kodak also will introduce lower end deck and tuner-timer, compatible with first models, in "video component" approach.

Kodak's system "will be competitively priced with 1/2-in. VCRs with similar features," Lorbach said. No VCR, either 8mm or 1/2-in., has more features, he added. New model brings Kodak directly into home deck business and, according to Lorbach, "demonstrates our continued commitment to 8mm and broadens our participation in the video market. This and future models represent the next evolutionary steps in the growth of 8mm. We feel 8mm is now competitive as a VCR, and as a format it will become much more viable" than 1/2-in.

This doesn't reflect Sony's view, as expressed at both news conferences and in full-page newspaper ads, in which it pledged its continuing loyalty to Beta format and said all future Betamax VCRs would use Superbeta format. Company showed ruggedized Superbeta Hi-Fi recorder for duplicators (around \$1,100 less trade-in). Sony officials insisted 8mm and Beta would coexist in "2-tier market," with Beta for timeshift and software, 8mm for home movies. But U.S. Mktg. Group Pres. Neil Vander Dussen added: "Certainly 8mm software is going to come and we will have 8mm duplicating equipment as demand develops."

Other 8mm introductions at CES include camcorder from Sanyo, for shipment in autofocus version in Oct.-Nov., and Sony-made camcorders by Fuji and Pioneer, probably others. Sanyo is showing 2-speed portable 8mm deck (it already has delivered a few hundred), presumably will be promising PCM audio version.

* * * * *

Strongest dissent yet from 8mm standard came from JVC Managing Dir. Shizuo Takano, known as "father of VHS," whom we interviewed last week in London. He flatly denied that the 127 members of 8mm Standards Conference (which includes JVC) were "committed" to new format, which he said was developed by engineers as "idea for a possible new lightweight system." Present 8mm system isn't attractive to consumers, he said -- it's "very expensive, very complicated product," doesn't provide sufficient tape economies or the possibilities of price reduction inherent in 1/2" machines.

"I want to make it clear that JVC is sticking to VHS not to defend our own development but to protect consumers who own [VHS recorders] and for the sake of the huge software industry

which supported it," Takano said. "We can't tell them we are going to abandon them." He said many evolutionary improvements were coming in VHS, including better pictures toward year's end as result of new tapes, ICs, head drums and circuits such as comb filters. Although JVC will build full-sized VHS camcorder "if there is demand" (it's already preparing to make one for Zenith), company plans to put increasing emphasis on VHS-C format, is showing autofocus version at CES.

JAPAN'S VIDEO EXPORTS ROSE IN APRIL: Japanese video equipment exporters in April made up for generally sluggish performance in shipments to U.S. in March by hitting new monthly highs for year across board and racking up strong gains in VCRs and complete color TVs, Finance Ministry figures show.

VCR shipments of 1.29 million were up 58.9% from same month last year and 22.7% from preceding month, to set 3rd highest monthly total ever, exceeded only by 1.37 million and 1.34 million sent to U.S. last Oct. and Nov. In 1985's first 4 months, Japanese exports stood at 4.5 million, up 67.4%.

Month's TV export total of 230,800 was up 13.2%, as color rose 24.6% to 179,600, offsetting effect of 14.4% decline in b&w to 51,100. While for full period total TV shipments of 706,100 still were down 3.6% from Jan.-April 1984, color, at 555,000, was up 2.4%, first such rise on cumulative basis this year, while b&w was off 20.7% to 115,100. All of color's increase for both periods came in complete sets, up 41.1% to 130,000 for month, up 17.3% to 407,600 for 4 months. Shipments of color chassis and kits dipped 4.7% in April to 49,600, ended full period at 147,400, down 24.3%.

TOP BRANDS LOST MARKET SHARE, SURVEY SHOWS: Major brands are continuing to lose share of color market. Top 5 brands' share eroded by 6.3% in one year, while top 10 were down 5.6%. These are major findings in our 18th annual color TV market share survey for 1985 model year (July 1984-June 1985).

RCA continues to lead Zenith for first place by 1.5 percentage points, but both of top 2 lost full percentage point as compared with 1984 model year -- biggest changes in any shares. Together, RCA and Zenith held 34.5% of color market in 1985 model year, down from 36.5% preceding year and 41.5% as recently as 1980. The 2 brands combined represented 50% of 1968 market in our first survey.

Top 5 brands, although unchanged in order, represented 54.05% this year, down from 57.7% last year, while top 10 constituted 73.85% of color market, vs. 78.3% year ago. Changes obviously represent increasing trend of color TV to be treated as commodity as 14" sales soar and prices dip, small-screen color sizes taking over from b&w at bottom of TV market where price is more important than brand.

In our annual survey, we ask manufacturers and marketers to rate their competitors in terms of brand market share -- omitting their own brands -- for model year just ending. We then derive rankings from medians, using averages to break ties. Remember, these rankings and share percentages are industry consensus figures, not our own estimates. We're happy to print rebuttals of those who feel shortchanged.

Monochrome TV market has become so chaotic that this year's responses convinced us to eliminate b&w rankings. Many respondents didn't list b&w shares; other estimates varied widely. Since we couldn't find realistic consensus, we decided to drop monochrome share rankings.

Throughout top 10 ranks, individual brand declines dominated. In addition to dips in share of RCA and Zenith, others in top 5 -- GE, Sears and Sony -- lost share, as did Magnavox and

Sylvania in 2nd 5. Gains in share were registered by Hitachi, Sharp, Mitsubishi, Toshiba and Samsung. In top 10 rankings, Panasonic switched places with Sylvania, going from 9th to 7th.

Manufacturers' consensus of total sales to dealers in calendar 1985 was 16 million color sets (down about 0.5% from 1984) and 4.5 million monochrome (down 8.3%).

Rankings and shares are by brand, not by manufacturer. By manufacturer, North American Philips (Magnavox, Sylvania, Philco) would be No. 3 with 9.7% share (down from 10.9% in 1984 model year), and Matsushita (Panasonic, Quasar) would be No. 4 with 8% (unchanged), not counting private label business. Each percentage point represents sales of about 160,000 sets. These are median estimates in our 1985 model-year color TV share survey, compared with those of 1980-1984. "Range" indicates lowest and highest estimates in usable replies.

SHARE OF U.S. COLOR TV MARKET BY MODEL YEAR

| Rank | Brand | 1985 % share | Range | 1984 % share | 1983 % share | 1982 % share | 1981 % share | 1980 % share |
|------|-----------------|-----------------|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1 | RCA..... | 18.0 | 17.0-20.0 | 19.0 | 20.0 | 20.0 | 20.0 | 21.0 |
| 2 | Zenith..... | 16.5 | 14.0-19.0 | 17.5 | 18.5 | 19.4 | 20.5 | 20.5 |
| 3 | GE..... | 6.85 | 5.0-7.8 | 7.6 | 8.1 | 8.0 | 7.7 | 7.5 |
| 4 | Sears..... | 6.7 | 6.0-7.5 | 7.1 | 7.1 | 7.25 | 7.2 | 7.5 |
| 5 | Sony..... | 6.0 | 5.2-7.0 | 6.5 | 7.0 | 7.0 | 7.0 | 6.5 |
| 6 | Magnavox..... | 5.0 | 4.0-6.5 | 5.7 | 6.0 | 6.5 | 6.9 | 7.0 |
| 7 | Panasonic..... | 4.0 | 3.0-5.0 | 4.0 | 3.56 | 2.5 | 2.1 | 2.0 |
| 8 | Quasar..... | 4.0 | 3.3-5.0 | 4.0 | 4.5 | 5.0 | 4.9 | 5.0 |
| 9 | Sylvania..... | 3.9 | 3.0-5.0 | 4.2 | 4.5 | 4.0 | 4.0 | 4.0 |
| 10 | Hitachi..... | 2.9 | 2.0-3.5 | 2.7 | 2.5 | 2.25 | 2.0 | 1.7 |
| 11 | Sharp..... | 2.8 | 1.7-3.5 | 2.5 | 2.0 | 1.5 | 1.5 | 1.5 |
| 12 | Mongtomery Ward | 2.5 | 1.4-3.6 | 2.45 | 2.25 | 2.5 | 2.7 | 2.25 |
| 13 | Mitsubishi..... | 2.5 | 1.1-4.0 | 2.0 | 1.7 | 1.5 | 1.2 | 1.0 |
| 14 | Toshiba..... | 1.7 | 1.0-3.0 | 1.4 | 1.3 | 1.4 | 1.1 | 1.0 |
| 15 | Sanyo..... | 1.55 | 1.0-2.5 | 1.55 | 1.5 | 1.5 | 2.0 | 2.0 |
| 16 | Samsung..... | 1.5 | 0.5-2.2 | 1.2 | 0.6 | 0.45 | 0.4 | -- |
| 17 | J.C. Penney.... | 1.5 | 1.0-2.3 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| 18 | Gold Star..... | 1.1 | 0.7-2.0 | 1.0 | 0.8 | 0.75 | 0.8 | -- |
| 19 | Curtis Mathes.. | 1.1 | 0.9-2.0 | 1.2 | 1.2 | 1.2 | 1.0 | 1.0 |
| 20 | Emerson..... | 1.0 | 0.5-2.0 | 1.0 | -- | -- | -- | -- |
| 21 | Philco..... | 0.8 | 0.2-2.0 | 1.0 | 1.0 | 1.0 | 1.2 | 1.2 |
| 22 | Capehart (NATM) | 0.7 | 0.3-2.5 | 0.6 | -- | -- | -- | -- |
| 23 | Sampo..... | 0.6 | 0.3-2.0 | 0.6 | 0.55 | 0.5 | 0.5 | -- |
| 24 | Portland..... | 0.5 | 0.3-1.0 | 0.5 | 0.38 | 0.35 | -- | -- |
| 25 | NEC..... | 0.5 | 0.1-1.5 | 0.5 | -- | -- | -- | -- |
| 26 | JVC..... | 0.4 | 0.3-1.5 | 0.3 | -- | -- | -- | -- |
| 27 | AOC brand..... | 0.4 | 0.2-0.8 | 0.4 | -- | -- | -- | -- |
| 28 | Teknika..... | 0.4 | 0.2-0.5 | 0.4 | 0.5 | 0.5 | -- | -- |
| 29 | Tatung..... | 0.35 | 0.1-0.5 | 0.3 | 0.3 | 0.3 | -- | -- |
| 30 | Fisher..... | 0.3 | 0.2-1.0 | 0.25 | -- | -- | -- | -- |

Color TV sales (direct-view) suffered 3 consecutive weeks of declines in May, but cumulative dip was only 2.9%. Sales of direct-view color sets for year's first 20 weeks were down 0.3%, but sales of total color were slightly in plus column -- by 2,563 sets -- as result of increase in projection TV sales (see State of the Industry). Home VCR sales in May's first 3 weeks were up 28.5%, color camera sales down 31.9%.

Major CD expansion is scheduled for Polygram in W. Germany, raising capacity to 40 million discs per year. Last year, plant produced 14 million, and this year it's on 7-day 24-hour basis with goal of 25 million. North American Philips Audio Video Mktg. Vp Lou Slangen forecast U.S. CD player sales of 500,000-600,000 this year, up from 200,000 last year. Magnavox is introducing CD boom box at \$500 at CES.

GE'S VIDEO OUTLOOK: "I know there's been a lot of rumors going around" about GE exiting TV market. "I had the same dialog in 1982 and we're still here," Consumer Electronics Business Operations (CEBO) Vp Gen. Mgr. Jacques Robinson said in N.Y. last week at meeting with trade press where he acknowledged future is still open question.

"Everybody knows the industry is in deep [financial] difficulty -- [even] a lot of retailers are having trouble," Robinson said. But "saying GE may shut [TV] down is much like saying Moscow may bomb N.Y.": It may happen "but it certainly has no basis in truth. We are going on with our current 3-year plan" and trying to hold costs down.

Commenting on recent N.Y. Times interview in which GE Chmn. Jack Welch indicated CEBO is candidate for sale, Robinson said consumer electronics is not now inside GE's central business circles "and if you ask are you considering selling businesses outside the circles, clearly the answer is yes. But we happen to be on a strategy of fixing the business, and it's taking a long time." There have been no sale talks and none is going on, Robinson said.

Reports have had impact on relations with retailers, "though the battle at the retail level has not been as bad as you might expect. It's been an irritation, and a fairly serious irritation," forcing sales people to spend time explaining instead of selling. "But is it affecting our business? Not really... The only way we can deal with that is to focus on what we're doing, offering an alternative product line," backed by record ad budget and heavy promotion. That seems to be working -- GE "has added dealers at a faster rate in the first 4 months this year than we have ever added before."

Robinson confirmed that while major automation investment has been made over last 2 years at Syracuse picture tube plant, things there are on hold now and facility isn't being equipped to produce square-cornered 26" tubes company is now sourcing from RCA. GE, he said, hasn't yet decided whether to gear up for new tubes, but if it does "it would only take a matter of months. This is not a rebuild-the-plant issue; it's a matter of changing the fixtures."

Although last year's dumping finding against Korean color TV hasn't reversed trend to lower pricing, "relatively speaking there has been a substantial letup in the rate of decline, particularly in 13-inch, but there is still intense pressure," Robinson said. While Koreans now assemble large portion of sets in U.S. plants, "it's been well discussed in the industry that the amount of cost addition in their U.S. plants is not a big number." Koreans "will be a permanent part of this industry, we will have to live with that, and that's not altogether bad." To compete, "we'll have to reduce costs" and improve profitably through "better mix, better pricing and better quality."

Outlook for year is for color unit volume to be essentially flat, with industry at 16-16.2 million, "but 3 to 4% down in total dollars," Robinson said. While VCR sales are projected to rise to 11 million, "we expected fairly aggressive price erosion," with averages down "in double digits."

GE unveiled broad but conservative 1986 color line. It has about completed phaseout of 10" and 13" production, and most current models in those sizes are holdovers. It's understood new 13s due later will be sourced primarily from Gold Star's Huntsville, Ala., plant. Highlights of line include 2 MTS adaptable 19", starting with monitor at \$400, pair of remotes with MTS starting at \$510; new 17" bedroom remote model at \$450 featuring tambour door that pulls up to hide screen when not in use; audio-video rack systems from \$2,590 with 25" monitor to \$3,185 for deluxe version that includes new \$910 26" monitor. We'll describe other TVs and VCR line here next week.

Billed by GE as answer to "coffee table clutter" of remote controls is universal, programmable infrared remote transmitter that will control up to 4 different products from any manufacturer. Hand-held unit has 37 buttons, LCD function readout, contains computer that learns control codes of other remotes. Remotes are put face-to-face and functions are fed in and memorized one at a time. Control lists at \$150.

Sinclair Research of U.K. is looking for institutional investor to provide \$12-\$18 million in new capital in exchange for minority interest. Company also is seeking new pres.-CEO to replace founder and 85% owner Sir Clive Sinclair, who will assume role of chmn. Company reportedly has cash-flow problems that have been only partially resolved by credit extension agreement with its 2 prime suppliers -- Thorn EMI, which assembles computers, and Timex, which puts together computers plus SR's 2" flat-tube b&w TVs. SR has been suffering from intense competition and price cutting in home computer market, disappointing sales of its electric car, production problems with TV. SR finally got TV to market in U.K. in 1983, 2 years behind schedule, but ran into difficulty with tube yields. Assembly was moved from Timex to Thorn EMI, now is back with Timex. SR says current 10,000 monthly output will be hiked to 40,000 by year's end. Unit, which sells in Britain for \$125, is being promoted in U.S. now by American Express at \$99, and, SR says, also will be offered by Sears.

Casio charges Timex offer of extra 2% discount to distributors handling its \$100-&-under watches on exclusive basis, or through separate Timex-only sales force, is "predatory tactic intended to foreclose competitors" from small retail accounts that can't economically be sold factory direct. Letter from Casio Pres. John McDonald to Timex Pres. James Binns implies promotion may violate antitrust law as it discriminates against nonparticipating distributors.

KOREAN VCRs HEAD FOR EEC: First Korean VCRs are due in Europe in Aug., when Samsung plans to start marketing VHS home deck for about \$450. Arrival is certain to result in intensification of push by France's Thomson and Dutch Philips for higher duty rates to keep market from being dominated by imports. They may even get some support from Japanese.

Appearance of Korean units will come about time EEC and Japanese trade officials start thinking about extending Japan's voluntary quota on VCR exports beyond scheduled year-end expiration data. Japan agreed to put ceiling on complete VCR shipments for 3 years, starting with 3.95 million limit in 1983. Level was supposed to be same for 1984 but was trimmed 10% when European market softened. Quota for this year was cut more dramatically to just 2.25 million.

Since imposition of quota, virtually every major Japanese manufacturer has set up VCR assembly base in Europe, and Japanese companies, some in joint ventures, have begun producing VCR parts and components there. Also, Philips, affiliate Grundig and Thomson have launched relatively integrated production of VHS VCRs.

Shift of VCR output by Japanese from their highly automated plants at home to lower volume ventures in Europe, and use of locally procured parts, have boosted production costs, and as result retail pricing in Europe has remained high. While list on Samsung unit in Britain will be nearly 30% higher than that on leader it sells here, it still will be priced 10-15% below its European competition.

With Koreans not covered by quota umbrella, it's unlikely Japanese will consider extension. They may be willing to go along with tariff boost, although their approval, if it comes, would be in form of lack of active opposition. Koreans still are buying VCR heads and other key components from Japan and aren't considered far enough along production learning curve to be able to set up overseas manufacturing operations. EEC VCR duty rate hike would help protect Japanese as well as European-owned plants there, and by agreeing to go along with boost, Japanese might get European manufacturers to back away from demand for increased tariffs on other consumer electronics.

Electronic Accessories Show at Atlantic City Convention Center Oct. 10-11 hopes to attract 150 exhibitors, 3,000-5,000 dealers, according to sponsor NTA Shows, which says accessories market -- plugs, jacks, cables, furniture, performance enhancement and cleaning products as well as magnetic media -- is \$2 billion retail business. Along with exhibits, seminars are planned on selling audio-video, computer and telephone accessories and blank tape as well as presentations on business automation and tax laws. Details: NTA Shows, 321 Harrison Ave., Elkins Park, Pa. 19117, 215-675-7562.

UNIVERSAL MTS ADAPTOR: First multichannel sound stereo and SAP decoder designed to work with virtually any TV set is being premiered at CES this week by Recoton. Company says decoder can be used with color or b&w set, whether or not it has MTS jack, usually without any installation.

Device is equipped with 2 sensitive RF probes, one for use with portable and table TVs in plastic or wood cabinets, other for consoles and metal cabinet TVs. With plastic or wood cabinet, probe is moved around outside of case until stereo light appears on decoder, or until sound is clearest; it's then affixed to cabinet by self-stick adhesive. For consoles or metal cabinet sets, insulated probe is installed inside cabinet near IF strip by service technician.

Decoder is designed for attachment to home stereo system, has jack for stereo headphone plus dual stereo outputs for VCR and amplifier. It's designed to sell at first for \$160-\$170, will be delivered in time for 4th-quarter sales. Unit was designed by Larry Schotz, who also designed Crown's FM tuner, Nakamichi's digital FM tuner and equipment for NAD and Proton, is being made for Recoton in Far East, according to Mktg. Dir. Paul Perez.

Unit contains synthesizer to convert mono signals to pseudo stereo. Future stepup model, according to Perez, will have built-in amplifier and volume control operable by TV set's wireless remote control.

Radio Shack's stand-alone MTS converter -- tuner with built-in amplifier -- originally listed in catalog that appeared last Aug. (TVD Aug 20 p15), now is scheduled for shipment to dealers soon, according to Pres. Bernard Appel. Unit is priced at \$140 without speakers, \$150 with.

Digital technology and HDTV will be among highlights of IEEE International Conference on Consumer Electronics June 5-7 at Westin O'Hare Hotel, Rosemont, Ill. Survey of advanced TV systems by RCA's Kerns Powers will be followed by discussion session on same subject. Hitachi will present 2 papers on digital technology and VCR -- one on consumer digital video recording, other on 6-track PCM audio recording for 8mm Video system. Matsushita paper will discuss developmental solid-state digital color video camera. Other papers will treat Sanyo's 3" flat beam index color tube and Mitsubishi's 35" color tube. There also will be sessions on home bus systems, TV signal processing, digital TV, DBS and video recording. Keynote speaker will be Pres. Pasquale Pistorio of Italy's SGS.

Flat-tube 4" monochrome TV set is expected to be introduced by Zenith in Aug. It will use Sony tube and deflection circuits, but with electronics and design by Zenith. Magnavox introduced 2" and 4" flat-tube sets made for it by Sony last Jan. (TVD Jan 7 p14).

NEW SETS AT CES: Multichannel TV sound (MTS) is widely featured in TV and VCR product introductions announced for Consumer Electronics Show this week in Chicago. Here are additions to those reported in previous issues:

JVC is showing 10 new cable tuning color sets at CES for marketing in July, featuring full-square tubes, starting with 14" monitor receiver with dual RF input, dockable remote, on-screen displays, comb filter at \$450; 20" monitor receiver with MTS jack with remote is \$900; 25" remote set and 25" monitor receiver are unpriced; 25" stereo monitor receiver with MTS jack is \$1,100; 26" stereo console with 10-w per channel amplifier, TV-VCR remote, data grade tube is unpriced; top end 26" stereo with built-in MTS also is unpriced.

JVC's new autofocus VHS-C Videomovie weighs 4.8 lb. without cassette or battery, has 15-lux sensitivity, 1/2" Saticon pickup, electronic viewfinder that can be adjusted for either eye, comes with complete set of accessories including cassette adaptor. New extra-cost accessory is one-hour battery. JVC hasn't yet priced camcorder, but Zenith has priced similar JVC-made unit at \$1,599, just \$100 above manual focus model (TVD May 27 p14).

New JVC VCRs, all 4-head, start at \$549; 4-event unit with pop-out control panel that serves as wireless remote at \$599; model with double azimuth system with clean special effects is unpriced; 2 VHS Hi-Fi recorders, described as "inexpensive" (but still unpriced), top new line, one containing built-in MTS decoder. JVC has 3 new video cameras at \$749, \$949 and \$1,399.

Sampo adds two 25" color TV table models, with electronic tuned leader at \$535, keypad tuned comb filter stepup at \$610. Sampo also is introducing its first CD player at \$299.

Akai is introducing new VHS VCR with full-function wireless remote, complete on-screen programming and control, all special effects -- similar to its high-end unit, but without hi-fi stereo, to sell at \$399-\$499. Company plans to add monitor receivers in 1986, according to Exec. Vp Charles Philips. One of first manufacturers to offer portable VCRs and cameras, Akai currently has none in line. "When we go back into cameras it will be in camcorders," said Philips, who added company was looking at both full-sized VHS and 8mm models. Akai was first manufacturer to produce VTRs with narrow tape, introducing 1/4" broadcast models in 1968.

NEC introduces monitor receivers with built-in MTS and new square-cornered tubes -- 14" full-square and 26" flat-square, along with new 25" MTS monitor receiver. Also by NEC are 2 linear stereo VHS recorders with MTS and VHS Hi-Fi with MTS and 51-function remote. Also from NEC is its first Superbeta Hi-Fi recorder, MTS adaptable, at

\$800. Prices weren't available for its other products. NEC says it now makes all its own VCRs -- both VHS and Beta.

* * * *

New VHS pricing low is \$229 for Korean-made Ikko home deck offered in ad last week by N.Y. discounter Trader Horn. Ikko is brand of National Sound, Korean importer best known for low-end electronic telephones.

EMERSON NET JUMPS: Emerson Radio net from operations climbed 168.3% in fiscal 1985 to March 31, although gain in final quarter slowed to 56.8%, and all of improvement came from consumer electronics, company reported last week. Full 1984 earnings included net gain of \$4.14 million on investments. Consolidated sales were up 95.3% for year, 93.2% for quarter.

Emerson said net income from consumer electronics rose 126.5% for year to \$16.2 million, and was up 62.2% in quarter to \$3.48 million. Earnings improvement from that segment was partially offset by continuing losses from medical electronics.

Video Concepts retail stores operated by American Home Video posted \$2.3 million loss in fiscal 3rd quarter to April 27, about equal to deficit in same period last year, according to parent Jack Eckerd Corp. While total store sales rose 10.7% to \$39.2 million, volume of outlets open for year or more was down 3.9%.

Mergers and acquisitions: Harman-Kardon is being reacquired by cofounder Sidney Harman, who will make it unit of Harman America Div. of Harman International. In 1977, Harman left company to become Undersecy. of Commerce, and HI, then parent of H-K, was acquired by Beatrice Corp. Two years later, Harman purchased most of HI's assets. Earlier that year, however, Beatrice sold H-K to Shin Shirasuna Denki of Japan, company's prime supplier. Last Jan., Robert Goodman and Tom Jacoby left posts at H-K to join H-A as pres. and mktg. and sales dir., respectively... Zenith completed previously announced acquisition of Inteq, developer of computer security systems. Purchase was made for 900,000 shares, valued at about \$20.1 million... **Columbia Pictures** reportedly is considering acquisition of all or part of Embassy Communications... **Montgomery Ward** is weighing sale of Jefferson Ward discount store chain, acquired in 1973. Move is considered part of parent Mobil's plan to end involvement in retailing by selling off MW.

Chinese capacitors and other discrete components will be distributed in U.S. by ADI Electronics of Ronkonkoma, N.Y. if preliminary agreement is finalized. ADI said it signed letter of protocol as first step to getting U.S. sales rights for aluminum and tantalum capacitors produced by China Electronics, estimates it would import 30 million pieces a year. AMI said it also opened negotiations with CE for polyester film and diodes.

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dir. to video distribution vp, MCA Distributing... Katherine Breen promoted to home video sales dir., Best Film & Video, replacing Rod Hurley, resigned; Jack Hirschfeld, ex-Comprehensive Video, joins as mail-order and direct sales dir... Meagan Durrows advanced at Ingram Video from national sales mgr. to video sales dir... Raechadah Larschan named mktg. dir. and Allen Darr management information systems dir., Video Products Distributors... Steve Traiman, ex-CES Publishing and RIAA, named mktg. dir. for Coming Attractions, monthly consumer video software programming guide.

Del Yocam, Apple exec. vp, advanced from Apple II Div. gen. mgr. to group exec. for worldwide product operations in restructuring; Exec. Vp William Campbell named mktg. and sales group executive; Jean-Louis Gasse, former Apple France gen. mgr., appointed Macintosh Div. mktg. dir., replacing Michael Murray, named to new corp. staff post of business development dir.; Michael Lorelli, ex-International Playtex, joins as Apple II Div. mktg. dir., succeeding David Larson, resigned to join new software venture... Richard Bourns, former Kodak Electronic Media Mfg. Div. gen. mgr., named exec. vp-COO of Kodak's recently acquired floppy disc manufacturing subsidiary Verbatim; Joerg Agin, former Kodak Mass Memory Div. mktg. vp, appointed gen. mgr. of Verbatim's U.S. and Canadian Divs... Donald Edelman resigns as RMS Electronics pres., plans and successor unannounced... Larry Poland, ex-Federal Electronics, joins Mura as west region sales mgr.; Jill Lucchetti named sales administration mgr.

Consumer Electronics Personals

William Smith advanced at GE Consumer Electronics Business Operations from business development mgr. to gen. mgr., Consumer Electronics Products Dept... David Arganbright, ex-RCA videodisc vp, joins Kartes Video as Consumer Div. sales and mktg. vp... John Barnes, ex-Kentucky Fried Chicken U.K. managing dir., joins Thorn EMI as Rentals Div. managing dir... Peter Sprague, National Semiconductor chmn. and onetime principal in Advent, is now pres. of Display Sciences, developer of one-piece portable VHS projection TV system (TVD Jan 5 p13), now being marketed as Lightbeam; Vincent Donohoe is chmn.

Marc Feingold appointed Sony Tape Sales national dealer sales mgr., responsible for coordinating industrial videotape sales with Sony Video Communications dealer network; Michael Cullen appointed industrial videotape midwest region sales mgr.; Shuichi Homma named industrial videotape product technical mgr... Larry Josephs, ex-Canon, onetime JVC, joins Konica Audio-Video Div. as east region sales mgr... Dean LaCoe named mktg. programs mgr. of Visage, developer and marketer of interactive optical disc systems.

Jerry Sharell advanced to senior vp, MCA Home Video; Louis Feola moves from Home Video mktg.

China tightened rules for purchases of foreign equipment and technology. Revamped regulations issued by State Council limit technology buys to new products "with improved quality and an export potential." Hardware deals must include transfer of patents and technology. Banned from future agreements are contract provisions that would require China to purchase any unnecessary materials, equipment or know-how, put restrictions on where it buys needed raw materials or equipment, sets conditions or pricing on domestic and export sales. Contracts now will have to be approved by appropriate govt. agencies, generally will be limited to 10 years.

Sprague will cut 1,600-employee work force at N. Adams, Mass. capacitor plant by about half this year. About 200 will be transferred to new world hq in Lexington, Mass., and distribution warehouse recently opened in Mansfield, Mass. Remaining reductions will be accomplished through attrition and layoffs.

Obituary

Garlan Morse, 73, pres. of GTE Sylvania from 1969 until retirement in 1971, died of heart failure May 26 at Mary Alley Hospital in Marblehead, Mass. Wife, 4 children, survive.

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JUNE 10, 1985

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 25, NO. 23

Broadcast - Cable

SCRAMBLING DOMINATES NCTA: Reports project \$427 million in revenue from scrambling. Industry plans encryption of basic and pay networks using single standard, eyes co-op to handle billing and marketing of services to backyard dish owners. (P. 1)

FCC TO HOLD EN BANC ARGUMENT on Turner attempt at CBS takeover. Commission wants Wyman and Turner to appear at session before Aug. recess. CBS makes formal filing opposing Turner. Affiliates criticize 'takeover hysteria.' (P. 4)

HBO AND SHOWTIME DIFFER on VCR strategies. Both confident they can convince studios to license movies to pay cable closer to release in home video. S/MC shapes schedule to make taping easier. (P. 6)

CABLE REVENUES SEEN DOUBLING to \$16.5 billion by 1990, thanks to deregulation, growth in subscribers, pay-per-view. Local ads to increase 6-fold. (P. 7)

3 LEAP INTO PAY-PER-VIEW: Showtime, Playboy and Choice Channel use NCTA convention to unveil plans. Playboy will offer service first. (P. 8) Convention notebook. (P. 9)

LAWMAKERS DESCRIBE CRT REFORMS at NCTA convention, but say these must be resolved before copyright concerns are tackled. (P. 10)

SCRAMBLING DOMINATES NCTA CONVENTION: Scrambling of basic and pay cable networks, idea that has long occupied minds of cable executives, now seems to have captured their hearts and wallets as well, an embrace in no small part attributable to evidence that scrambling could contribute \$427 million in additional industry revenue over next 5 years. Scrambling dominated last week's 3-day NCTA convention in Las Vegas, while public policy issues -- usual grist for such gatherings -- faded in significance to now-deregulated industry.

Convention provided rare glimpse of entire industry deciding where its financial future lies and taking concerted action to build a vehicle to get there. Overcoming reluctance of many legal advisers who voiced antitrust concerns, NCTA board at conclusion of convention directed Pres. James Mooney to explore idea of Assn. establishing business cooperative that would be responsible for scrambling and marketing basic and pay services to backyard dish owners. He's

Consumer Electronics

WARNING FLAGS FLY as lower May sales and soaring inventories trigger alarm over possible massive dumps in color and VCR. (P. 12)

CES SPOTLIGHTS fight to survive in market as labels proliferate. (P. 13) LCD TV makers promise full lines by next year. (P. 16) 8mm 'arrives' as legitimate product. (P. 17) Computers, satellites, phones, MTS, car CD, video software. (P. 18) VCRs and VCPs proliferate as prices erode daily. (P. 20)

MITSUBISHI AND NEC back on TV dumping hook with higher than allowed margins in new finding. Cellular phones dumped, ITA says. (P. 14)

TOSHIBA AND HITACHI post improved results for fiscal 1985. Toshiba sales up 14%, Hitachi up 15%. (P. 16)

EIA TRIMS FORECAST for value of 1985 industry factory sales to reflect falling prices. VCR unit sales estimate revised upward to 11.5 million. (P. 19)

CABLE AND CE DON'T CONNECT -- NCTA panel despairs of finding an interface solution. Cable lagging by 5-7 years in technology. (P. 20)

NEW ROUND OF LAYOFFS is starting to sweep through computer and IC industries. Cutbacks at Apple, Tandon, Ball, Mostek, NS, TI. (P. 21)

to report to board, probably next month, on viability of co-op concept and recommend how to structure what was described by one executive as cable's future cash register.

Convention attendance was way off -- NCTA said 13,261 attended, figure that many observers said they thought was high. NCTA had projected that 14,800 would attend, about same as 1984. But Mooney said it was successful: "I think that the industry not only is back to basics but is also very comfortable with its [financial] prospects," he said. "I think there is a great deal of enthusiasm for the business and a great deal of relief that we finally have our regulatory house in order." Officials said that despite drop in attendance, convention will come in on budget because many frills were cut. But one board member said he thought convention revenue would be off by \$100,000.

Mooney signed new 3-year contract to stay on as head of Assn. He also was given "significant" pay raise, one board member told us, putting his total yearly compensation (including extras) "in excess of \$200,000."

Two convention reports fired enthusiasm for scrambling. Arthur Little research asserted that, mainly because of deregulation, cable revenues will nearly double to \$16.5 billion in 5 years (see separate story), and Malarkey-Taylor study warned that there could be 3.8 million TVROs in cable franchise areas by 1990. Malarkey-Taylor research, commissioned by NCTA, said cable operators and programmers would be about \$427 million richer over next 5 years if system for scrambling 15 basic and 6 pay services is in place by early 1986.

Study shows cost of scrambling will be substantial: \$50 million for decoders (\$35 million paid by operators to descramble basic networks, \$15 million paid by pay programmers to descramble their services), \$4.2 million for uplinking, \$2.1 million for access to central host computer, plus millions more for maintaining that computer and unknown price for whatever scrambling hardware is selected. (Foregoing are industry costs, aside from expenditures by consumers to buy or lease decoders for their backyard dishes.) While these capital costs aren't minor, study asserts that they "would be recouped within the first year of effective industrywide scrambling."

Unless cable signals are scrambled, according to study, industry will suffer increasing market erosion to backyard dishes, meaning difference of 1.7 million subscribers by 1990. About 40,000 backyard dishes are being sold monthly, study said, 1/3 of those to people who have cable available. For 1986-90 period, report states, scrambling would translate into revenue gain of \$604.5 million for cable operators, \$424.3 million for programmers. Deducting capital investments, taxes and interest for scrambling, bottom line would be gain of \$242 million for cable operators, \$184.8 million for programmers, according to study.

Allocation of capital costs of scrambling in Malarkey-Taylor report has cable operators paying for equipment to descramble basic networks, while pay programmers will foot their own descrambling bill. Bill breaks out this way: 65% of total tab paid by operators, mainly for decoders costing \$500 each, with one needed for each channel received, plus spare; 29% for pay programmers, primarily decoders at cable systems; 6% for basic cable networks for access to central computer.

Basic networks, which have said they can't afford to scramble and aren't really anxious to do so because they're ad-supported services needing widest possible audience, were being driven into arms of some pay programmers who were putting together scrambled programming packages. If cable operators pick up scrambling tab for basic networks, then there's little impetus for such "bundled" programming services, observers said.

Those developments set stage for convention's final, emotional session, moderated by Sammons' William Strange and focusing on central issues of scrambling. TCI Senior Vp John Sie committed largest MSO to scrambling by agreeing to pay for headend descramblers to decode

basic channels. Another panelist, Group W Cable Pres. Burt Staniar, followed suit, saying Group W would do same.

"I can assure you that MTV Networks unequivocally will scramble its 3 channels [MTV, VH-1 and Nickelodeon]," said panelist David Horowitz, MTV Networks pres.-CEO, "and we will do so at the earliest possible date." But he said he was concerned that there won't be enough consumer decoders manufactured in coming months to equip all cable systems and willing dish owners. That provoked spirited exchange with panelist Frank Drendel, vice chmn. of M/A-Com, company seemingly destined to provide industry standard for scrambling since it already is encrypting HBO and Showtime.

Drendel sought to assure audience that M/A-Com's VideoCipher encryption system works well and that enough decoders to equip TVROs can be manufactured quickly. "We can have 100,000 [produced] by Dec. 31," he said. "Our greatest challenge is to create a fair, level playing field for the 20 million Americans who will never have cable," he said, indicating need for single black box to descramble all cable signals. Scrambling and marketing system must "sit on neutral ground," said panelist Larry Carlson of HBO, because that approach "will avoid legal problems if TVRO users can get everything through one box. Why set ourselves up for attack in Congress" by implementing program that might be perceived as denying programming to dish owners, he said.

Drendel reiterated that M/A-Com will license VideoCipher technology to anyone who asks, said no manufacturer has yet taken up offer because scrambling is "biggest chicken-and-egg problem I've ever seen." Programmers don't want to scramble until they're sure there are enough decoders in field, but manufacturers want to wait to begin making equipment until they're sure networks are committed to scrambling, he said. "We've already gotten Hitachi and Toshiba lined up [to license VideoCipher]," Drendel said, "and we'd like to have our friends like Scientific-Atlanta and Zenith join us." He said it would require 3 major manufacturers working "flat out" to produce enough consumer descramblers for TVRO users.

Only piece of scrambling puzzle left undefined is marketing. Cable operators think they should be the ones to market consumer descramblers to dish owners in their franchise areas and surrounding territory. But that lucrative business could go to programmers using telemarketing approach. Marketing is sensitive issue because of antitrust concerns and there was sharp criticism by some executives of what they described as overly cautious lawyers. One NCTA leader, sporting lapel button saying "Scramble Now" with international "don't" sign over drawing of TVRO, said he was stopped in hallway and dressed down by attorney who said he couldn't wear button. "If we let the lawyers run our business, we won't have a business," he fumed, still wearing button.

If M/A-Com is picked as scrambling standard, that might shut out Scientific-Atlanta and other manufacturers from American market. "We're anxious to talk to Scientific-Atlanta about this," Mooney told us later, "but at the convention they were not anxious to talk. We're perfectly willing to consider everybody, but the reverse of that is that everybody who wants to be considered has to step up." SA didn't immediately respond to our requests for comment. Justice Dept. spokesman said agency will be tracking cable scrambling issue but "it's too early to tell what they're doing and how we may react."

Mooney, in keynote speech, said: "We don't seek to deny pay television programming to other technologies. But we do seek to preserve the economic support system that has allowed us to create and to offer to our subscribers new forms of home entertainment. Both operators and programmers must go forward now to put into place that additional technology needed to safeguard the integrity -- and the future -- of pay television."

In luncheon address by satellite from Washington, FCC Chmn. Fowler said he always has "uneasy feeling" when asked to speak at cable gatherings because, he said, he "should probably begin with an apology because of the stifling treatment this industry received in its infancy

from the federal government." FCC's regulation of cable during 1960s made Commission industry's "supercop," but such regulatory overkill was "supermistake," he said.

FCC TO MEET EN BANC ON CBS-TURNER: FCC Chmn. Fowler will schedule en banc oral argument on attempt by Turner Bestg. System to engineer hostile takeover of CBS through purchase of stock with "junk bonds," we've learned. Commission officials hope to hold argument before annual Aug. recess -- which this year starts Aug. 9 after FCC agenda meeting Aug. 8 -- but schedule will be tight. Oppositions to Turner bid were filed June 3, replies by Turner and supporters are due June 18, then opponents have 10 days for further comments.

This will put staff under great pressure to summarize 3 rounds of comments for commissioners in time for them to study before late July or early Aug. argument, FCC official said. "But, we'll make every effort to be prepared," he said. Two persons Commission definitely wants to appear: Ted Turner, principal owner of TBS, and CBS Chmn. Thomas Wyman. Public interest groups involved in case also will be invited, we're told.

FCC official said argument "could be useful" and save Commission a lot of time. We're told by Commission that evidentiary hearing after argument is possible, but it would be "very strange" if one were ordered following en banc argument. Comr. Dawson had suggested that en banc argument be held on takeover attempts in general but stressed that CBS-Turner argument doesn't mean that such hearings will be held on similar takeovers -- e.g., Capital Cities-ABC, Murdoch-Metromedia -- and said that she didn't particularly favor argument on CBS case alone.

Dawson told us that all long-form transfer applications should be treated same, that FCC still faces overall policy considerations and issues that "may or may not be raised" in CBS case. FCC staff is drafting notice of inquiry on takeover cases in general (announced when Commission refused to put hold on Storer case [TVD April 15 p3]), should be ready for commissioners early next month. Fowler reportedly strongly backs en banc argument before all 5 commissioners on CBS-Turner but is determined to keep FCC processes moving and not throw any regulatory roadblocks in way of Turner or any other future takeover attempts. Comr. Quello, who has been much more outspoken than other commissioners on takeover attempts, told us en banc argument "sounds OK to me. I'm for it... It gives everybody a chance to be heard" and it will save a lot of Commission's time. He said evidentiary hearing would be slow and much more formal, but that he would "be inclined to go along" with recommendation of staff as to whether hearing would be necessary after argument.

TBS said company has "no objection to any procedure which facilitates the expeditious review of our application." While CBS had no official comment, it's known network isn't too happy with en banc argument -- particularly if it is used to replace evidentiary hearing CBS and its allies are seeking.

Turner case is very unlike Coniston Partners' fight to take over Storer (TVD March 25 p4). In that case, Coniston filed short-form transfer applications (Form 316) -- which were approved by FCC -- while TBS has filed long-Form 315 in proposed transfer of CBS stations; this requires time for comments and 30-day waiting period before Commission acts, while short-form application doesn't. Meanwhile, on Hill, Sen. Eagleton (D-Mo.) reportedly is planning to introduce bill on pending Carl Icahn attempt to take over TWA that also would require mandatory FCC hearing if 5 or more radio and/or TV stations are purchased.

Several groups that consistently fight TV networks at FCC and in Congress joined with CBS June 3 in filings urging Commission not to approve Turner's unfriendly takeover attempt -- at least not without fullscale hearing. Also joining on CBS side were more than 100 affiliates. CBS didn't make any new arguments in its long filing, stressed that CBS under Turner would be financially strapped and would have great difficulty meeting its debt payments. Network also didn't repeat personal criticisms of Turner it had made earlier.

"An amalgamation of TBS and CBS, however accomplished... is flagrantly inconsistent with the bedrock diversification principle," according to comments of several church and public interest groups -- including National Assn. for the Advancement of Colored People, ACT, Telecommunications Research & Action Center. They said there's "one -- and only one -- rising competitor to the 3 networks: Ted Turner's Cable News Network... What is involved is not the transfer of control of corporations making electric toasters, but of a public trust... If the Commission adopts a laissez-faire attitude, and the explosion of prices and debt undermines service to the public, the dereliction of duty will be squarely and properly laid at the Commission's door."

Coalition noted that after Turner bought Satellite News Channel from ABC and Group W, competing cable news service was promptly shut down. "It follows that the public interest is markedly served by having CBS and CNN in separate and antagonistic hands," coalition said. "On this ground, the merger should be forbidden." In asking for hearing on Turner bid as currently pending at FCC, coalition said it would "interpose no objection" if Turner spun off CNN and WTBS Atlanta. "If, however, TBS insists on retention of the above TBS operations, we strongly urge that the application be designated for hearing." Coalition's comments were filed by Henry Geller, former FCC gen. counsel and NTIA head.

In 89-page filing, CBS again argued that "TBS is not financially qualified and its proposal seriously threatens the financial stability of the CBS network." Similar arguments were made by CBS affiliates. CBS also told Commission that merger "would greatly reduce diversity of program sources, especially in the important area of national and international news, and the merger would substantially lessen economic competition in the programming and national advertising markets."

In seeking hearing before Commission acts, CBS said that in all 3 previous cases (all involving ABC, although FCC hasn't acted on pending acquisition of ABC by Capital Cities) "involving the proposed transfer of a national television network, the Commission recognized that the applications presented issues of far greater importance than those raised in routine broadcast station transfers... The Turner applications involve especially significant policy issues. In fact, these issues exceed in significance those raised in previous network transfer cases and clearly require the utilization of special Commission procedures."

CBS said TBS proposal is based on "a financial scheme that would burden the merged company with debt and jeopardize the survival" of network. CBS debt would be increased by 1,300%, CBS said, and in 1986 alone, cost of servicing obligations of merged CBS-TBS would be \$742.5 million. By 1990, debt service would increase to \$1.04 billion, by 1992 to \$2.4 billion, CBS said. "Even if TBS were able to meet its debt obligations, this effort would clearly strip the CBS Network of funds required for program development and acquisition... The proposed merger would transform CBS from a stable and well-financed institution which operates with long-term objectives into a highly leveraged, debt-laden company that would have to cater to short-term profit needs to service its \$4.9 billion debt."

Typical of affiliate comments: WLUC-TV Marquette, Mich. -- "It would appear that the takeover hysteria has prompted a little too much bravado on the part of Ted Turner. He may be willing to take the risk, but I'm not sure the rest of the nation should be forced to suffer as a result of Turner's ego." WDBJ Roanoke, Va. -- "Ted Turner is a modern day 'Music Man,' and he's in the process of peddling some 'pie-in-the-sky.'"

Hispanic National Bar Assn. told FCC that Turner's activities and comments "have demonstrated an insensitivity (and at times disdain) for blacks, Hispanics, women and Jews." Filing included printed statements attributed to Turner. Also filing comments mildly on side of CBS was MPAA.

There was much favorable reaction at NCTA convention last week to word that FCC will hold en banc argument. Informed of proposal, TBS Exec. Vp Robert Wussler told us "that's

great," but minute later said that, officially, TBS would have no comment until decision had been studied by its attorneys. NCTA Pres. James Mooney said en banc hearing "could possibly be the most significant action out of the FCC in years. They could sell tickets and make a million." Generally, most executives we talked with said hearing favors Turner. "Ted doesn't do well in formal, structured situations," said one executive who knows Turner well. "This [en banc argument] should be more to his liking, where he climbs into the ring with CBS, one-on-one, and makes his case." Another executive who has worked with Turner several years agreed: "I'm sure CBS would prefer to keep this on a more legalistic basis, with lots of wherefores and whereases. If nothing else, it will tend to be perceived as Ted having equal standing at the Commission with CBS, because there'll be just him and his people on one side of the room and CBS on the other side."

HBO AND SHOWTIME DIFFER ON VCRs: HBO and Showtime/Movie Channel disagree markedly on programming strategies for dealing with competition from home video. At same time, executives from both companies expressed confidence at recent National Cable Forum in Phoenix that they can convince studios to shrink window between cassette and cable release.

HBO now seeks to put big events, rather than movies, in weekend prime-time slots, since those are key nights for VCR use, explained Programming Operations Senior Vp Seth Abraham. In 1982, all 6 prime-time slots on 3 weekend nights would have had movies but now half that schedule is used for events. Despite scheduling effort, Abraham refused to blame VCRs for pay cable's problems: "For some of us, VCR stands for Very Cloudy Research."

Chmn. Michael Fuchs said that HBO engineers have found Macrovision's system for protecting videocassettes will degrade broadcast signal. HBO is still interested in finding technology that could keep viewers from taping movies and thereby allow studios to release movies to pay-TV earlier. HBO also is considering putting unprotected movie on network before home video release to prove such exposure can boost home video sales, Fuchs said. Title might come from HBO's Silver Screen partnership.

S/MC's new scheduling strategy will be to run major titles at 2 a.m. to allow for convenient overnight taping by VCR owners, according to Programming Exec. Vp Peter Chernin. At S/MC news conference, he had some barbs for HBO's new emphasis: "Unlike some of the competition, we don't believe it's time to go back a couple of years and go back, quote, to basics." Services should offer major events, movies and regularly scheduled series, he indicated.

Like Fuchs, Chernin does look for studios to release movies to pay TV earlier. While studios' total revenues from home video now are greater than from pay TV, latter still provides greater per-title revenues, he said. New title gives studio 20-22¢ in revenue for each pay-TV consumer, just 10-12¢ for each video rental. S/MC is "not so naive" as to believe studios will change movie release policies overnight, he added.

Responding to what it sees as "pervasive" public ignorance of copyright laws and regulations, group of copyright holders has created American Copyright Council (ACC) to conduct public education program. Entity won't lobby, will leave that to individual companies and industries, said Stanley Gortikov, ACC chmn. and pres. of Recording Industry Assn. of America (RIAA). Group is in formative stage, he said, will move into more active role in about 6 months. Among entities on board are ASCAP, BMI, MPAA, RIAA, Time Inc., Warner Communications.

House Commerce Committee members appearing at NCTA convention last week said they're skeptical of broadcast industry claims of need to keep must-carry rules. Reps. Collins (D-Ill.), Coats (R-Ind.), Oxley (R-O.) and Richardson (D-N.M.) agreed limited form of must-carry is needed in rural areas but opposed existing regulations requiring cable operators to carry all local broadcast signals. Oxley predicted rules would be changed to end signal duplication but must-carry requirements for cable operators in rural communities would be continued.

FCC has amended rules to permit TV-radio stations to rebroadcast transmissions from personal radio service without prior Commission approval. Also, new rules no longer will require prior approval from citizens band and amateur radio before rebroadcasting those transmissions. However, Commission said it intended to maintain amateur service separate from broadcasting and such auxiliary stations won't be permitted to be used as remote pickup or auxiliary link broadcast services.

Cox Communications is buying WFTV Orlando from SFN Communications for \$185 million cash. SFN said money will be used to reduce corporate debt and to reinvest in other stations, including minority interest in KSCH-TV (Ch. 58) Stockton-Sacramento, under construction, owned principally by William Schuyler. Malrite Communications is buying 80% of WLJZ-TV Ponce, P.R., from Lucas Muniz, price not announced.

General Instrument has received order from Scripps-Howard for \$20 million in equipment for construction of Sacramento cable system. System will provide 66 channels, expandable to 82, pass 350,000 homes, to be completed in 1989.

DOUBLING OF CABLE REVENUES SEEN: From net user of borrowed cash during its heavy capital investment phase of last few years, cable industry will be transformed into net source of cash over next 5 years, throwing off almost \$8 billion annually, according to research report released at NCTA convention.

Much-touted Arthur Little study commissioned by Assn. projects that cable industry revenues will almost double to \$16.5 billion in 1990 from estimated \$8.4 billion in 1984. That dramatic improvement in industry's bottom line is result of deregulation, projected 40% growth in subscriber base to about 48 million, development of pay-per-view and local advertising.

Over next 5 years, report says, "cable industry is expected to demonstrate convincingly its ability to operate profitably and to generate cash." Significant factor is deregulation of basic rates as allowed in new Cable Act. Basic rates are seen rising to average of \$14 monthly from average \$9.15 a month in 1984. That rate would contribute 1990 revenues of \$7.7 billion, report says.

Local advertising will see 6-fold increase, will contribute 1990 revenues of \$550 million, Little said, adding that PPV will generate \$1.1 billion in 1990. Pay cable, while slowing some because of inroads from VCRs, still will be cable's biggest cash cow, contributing 1990 revenues of \$5.1 billion, according to report.

By 1990, some 47.6 million homes will take cable service, with each subscriber contributing average monthly revenue of \$29. Cable penetration will rise to 60% of homes passed and almost 51% of all TV households.

Focus of study is on how industry will be affected by deregulation. It projects that in 1985-86 -- transition period to deregulated rates as called for in Cable Act -- average basic rate will increase 6%. But in 1987, when operators are free to charge whatever market will bear, basic rates are seen increasing by 8.2% each year through 1990. "Basic rates will be roughly 12% higher in the deregulated case than if rate regulation were to continue," study said in also concluding that pay services will be 6% higher thanks to deregulation.

Other conclusions: (1) By 1990, about 55% of all basic subscribers, or about 26 million, will be equipped with some form of addressable converter. Most (20.4 million) will have one-way boxes, and as many as 3.5 million homes will be able to order PPV programming through some form of hybrid system using telco lines. (2) Each household equipped for PPV will buy 2.5 events monthly, paying almost \$8 a month for those offerings.

Cable's after-tax net income over 1985-90 period will total \$7.7 billion, almost 4 times the \$2.1 billion earned in last 6 years, report said. "For the

first time the cable industry will be producing significant amounts of cash that can be used to pay dividends, acquire other cable companies, or diversify into other industries," 50-page report concludes.

Intelsat Dir. Gen. Richard Colino has recommended that Intelsat board approve across-the-board reduction in charges for domestic leases: 15% at C-band and 10% at Ku-band (provided that all 3 transponders in Ku-band spot beam are leased). He has proposed following annual rates for 5-year lease of 36-MHz channel: Global, hemi and zone beam, \$680,000; C-band spot (2 transponders), \$750,000; Ku-band spot, \$860,000.

House Telecom Subcommittee Chmn. Wirth (D-Colo.) has asked FTC to investigate TV commercials that urge children to make telephone toll calls to TV characters. In letter of complaint, he described case of Colo. family whose children had dialed toll numbers to "talk to the Muppets" after being told on TV how to do it. He asked FTC to determine whether such commercials violate federal laws.

Salomon Bros. disclosed it has bought 5.1% of Multimedia's outstanding shares for about \$45.6 million. In filing with SEC, Salomon said stock was acquired "in the ordinary course of its business in connection with its arbitrage activities." Firm purchased 844,869 Multimedia shares April 1-May 30 for \$52.50-\$58.50. Washington investor Jack Cooke has made 2 offers to buy Multimedia, both rejected.

Manhattan jury has awarded N.J. man \$250,000 compensatory damages and \$1 million punitive damages because of invasion of privacy by WCBS-TV N.Y. However, jury ruled that station didn't libel Irving Macleader in report on alleged illegal dumping of toxic wastes. WCBS-TV will appeal, called verdict "outrageous," said it would have "an incredibly chilling effect on the practice of journalism."

Washington Program of Annenberg School's first Summer Faculty Workshop will be held June 10-21 at 600 Md. Ave. SW, Suite 750, Washington. Speakers include FCC Comr. Quello; Rep. Wirth (D-Colo.), House Telecom Subcommittee chmn.; FCC Chief Scientist Robert Powers; Charles Oliver, dir. of policy and research, CBS Bst. Group. Contact: Selma Perelman, 202-737-8563.

Marrying consumer electronics to cable technology is big problem in need of solution. Prediction at last week's NCTA convention was that cable will take 5-7 years just to catch up with current consumer electronics technology like cable-compatible TVs and VCRs. For details, see story in Consumer Electronics section.

NAB has received Presidential Citation for Private Sector Initiatives for its campaign against drunk driving and for work of Broadcap in financing minorities' purchases of stations.

PPV EXPLODES AT NCTA: Showtime/Movie Channel, Playboy and Choice Channel all announced new pay-per-view services at NCTA convention in Las Vegas last week, making PPV 2nd hottest issue in industry behind scrambling.

S/MC said it will offer theatrical films, concerts and special events, plans to show movie repeatedly during week for \$4.50, with operators keeping 40%. Launch is set for Aug.-Sept. Scott Kurnit, who has been serving as PPV consultant to S/MC, will be exec. vp-gen. mgr. He will plan national satellite-delivered service and manage S/MC's current PPV business, serving 350,000 subscribers in Warner Amex, Viacom, Cencom and American Cable systems.

S/MC Chmn. Neil Austrian said venture will run at loss for first several years, declined to project break-even date, insisted new venture won't damage company's pay business because consumers paying \$4.50 per title will more highly value continuous movie service they can buy for \$12 a month. Kurnit said research indicates twice as many consumers would rather get movies from PPV than rent cassettes. He projected average 6% of homes reached by service will buy movies at first.

Choice Channel said it will follow Hagler-Hearns fight it had in April with Aug. 29 concert -- Fabian's Good Time Rock n' Roll Revival -- broadcast from Baton Rouge and featuring rock stars from 1950s and 1960s. Entertainment Div. Pres. Richard Kulis said he has commitments from cable systems reaching 600,000 homes, expects total universe of 3 million homes by time of event. Rock concert cassette will have \$10 retail price, with revenues split 50-50 between CC and operators.

Boxing match and concert actually are prelude to Nov. launch of CC's fulltime PPV service. Kulis said company officially began affiliate drive at NCTA convention, hasn't signed any contracts yet. Completion of CC's 2nd-stage financing -- about \$6 million is needed to get through launch -- should be announced in 30-45 days. Kulis said CC requires another \$4 million in debt financing to purchase required hardware.

Playboy Video joined PPV race with its Private Ticket service to be launched July 1, well before others are due Sept.-Nov. Service will offer weekly 3-hour show consisting of original programming from Playboy Channel and erotic R-rated movie for \$3-\$4. Cable operators keep half of revenues. Programming will be sent to operators by satellite Sat. and Tues. mornings, can be taped and rebroadcast according to systems' schedules.

Playboy said it has signed affiliation deals that will put service in 100,000 addressable homes served by Prime Cable, Buffalo; United Cable, Oakland County, Mich.; Storer Cable, Beaverton, O. (United system already is running experiment with Playboy programming.)

In panel session on PPV, Viacom Chmn. Ralph Baruch predicted PPV revenues will total \$1 billion by 1990, called PPV only way to battle cassette rentals, theme also of S/MC's promo tape for its venture. HBO Chmn.-CEO Michael Fuchs warned Baruch against "holding this \$1 billion 1990 banana" in front of cable industry because PPV has "potential to create damage if it's not done right."

Noting PPV services envision offering 2 films a week, he said: "I don't know how that stacks up to 1,200 movies in a video shop." PPV might work a long way down road, Fuchs admitted: "I see PPV easing in sensibly sometime in the 1990s."

Three-member Management Committee will continue to oversee CPB activities until new pres. is named as replacement for Edward Pfister, who quit in San Francisco May 16 (TVD May 20 p7). Search also is being conducted for successor to Linda Dorian, vp-gen. counsel and corporate secy., who resigned May 19. Board met in closed session for 6-1/2 hours May 31, decided to make David Brugger, CPB vp-telecommunications, chmn. of committee that was formed last week. Board established search committee, co-chaired by Dirs. William Hanley and Harry O'Connor. It also includes Dirs. Lloyd Kaiser, Howard Gutin, both PTV station officials, and CPB Chmn. Sonia Landau. CPB spokesman said board expects to have pres. named by annual meeting in Sept., will hire executive search firm. Meanwhile, PBS said it's committed to going ahead with programming trip to Moscow and will send Chmn. Alfred Stern and Vp-Programming Suzanne Weil, along with 8-10 PTV officials. PBS is seeking funding from Mellon and MacArthur Foundations.

CPB should quit funding NPR until NPR improves poor record of minority hiring, promotion and assignments, National Black Media Coalition Chmn. Pluria Marshall said in letter to CPB. He said NPR has only one black reporter out of 30, fewer than 5 blacks out of nearly 100 professional editorial positions, one black assoc. producer, no black anchors on daily news magazines. Marshall added that NPR plans to send all-white editorial team to Africa to cover UN conference on women. "With these statistics, one might conclude that NPR has without question the worst record of minority hiring and promotion" among networks and major media outlets in U.S., Marshall said. NPR Pres. Douglas Bennet said NPR has treated minorities fairly, has made their hiring a priority, has hired minorities to fill 9 of 22 vacancies in 2nd half of 1984, one of 2 this year.

Aug. 22-23 Libel Trial Symposium for media defense counsel will be sponsored by NAB, ANPA and Libel Defense Resource Center. Symposium, at Chicago Hyatt Regency O'Hare Hotel, is designed to provide training for trial of libel cases. Details: ANPA Vp-Gen. Counsel Terry Maguire, 703-620-9500.

C-SPAN technicians last week voted down, 24-12, proposal to join NABET.

NCTA CONVENTION NOTEBOOK: Viacom will test Zenith's new impulse pay-per-view system, Phonevision, in unidentified Viacom system this summer. Phonevision marries local telephone company's central switch with software at cable headend to receive and process customer orders. It relies mainly on automatic number identification (ANI) technology, which eliminates problem of some telephone-based PPV systems that can overload telco switch when hundreds of subscribers call in at last minute before movie airs to place orders. Phonevision is built around Zenith's Z-TAC addressable decoder system and special hardware and software at cable headend, was perhaps most talked-about new equipment at NCTA convention in Las Vegas last week. (Phonevision is name Zenith gave to its pay-TV proposal in 1930s and 40s -- when its then-head Eugene McDonald maintained that advertising would never support TV.)

Impact of Time Inc. and TCI possible acquisition of Warner Amex on Showtime/Movie Channel "doesn't look good," S/MC Chmn. Neil Austrian told us. He explained that HBO has 50% market share in Viacom and WA systems while S/MC has 8% share of pay subscribers in ATC systems. They might be able to use increased market share provided by WA subscribers to force cut-rate pricing on S/MC, he said. Total of 400,000 WA pay subscribers are on line in competition between Time-TCI and Viacom, which also has put bid on table for WA. Austrian said he had heard of no other offers for WA. TCI officials told financial analysts at convention that sale of WA's 19% share of S/MC and several cable systems could be used to reduce cost of acquisition.

Move to expand NCTA board to 39 from 30 members, guaranteeing seats to 10 largest MSOs, was adopted by membership at annual meeting. Reelected to 3-year terms for at-large seats were Continental Pres. Amos Hostetter, Prime Cable Vp Jerry Lindauer and ATC Chmn. Trygve Myhren. Terence McGuirk, TBS dir. of special projects, was named to assoc. dir. spot on board. Carl Pehlke, Texscan pres., was elected junior alternate assoc. dir.

Minorities might have better shot at buying media properties if Congressional Black Caucus helped establish nonprofit corporation to facilitate matchups and financing, said Caucus Chmn. Rep. Leland (D-Tex.). He called idea "promising" and "worth investigating" because more opportunities for minorities to buy properties are likely in near future in wake of relaxation of TV-radio ownership restrictions. Caucus already is working to ensure that minorities get chance to buy major market broadcast and cable properties to be spun off in ABC-Capital Cities. Leland said NAB's Broadcap and NABOB have agreed to sponsor meeting, at his request, in N.Y. June 14 with banking representatives.

Showtime/Movie Channel is suing East Gate Hotel in Lima, O., for allegedly pirating its signal -- part of expanded campaign to get tough on signal theft. S/MC is joined in suit by Centel Cable of

Ohio, asks for preliminary and permanent injunction as well as damages for past injuries. In similar development, HBO, United Cable TV and ESPN are suing Thunderbird Lodge in Gallup, N.M. also for allegedly pirating cable signals.

Council for Cable Information said its national TV-radio campaign this winter changed consumer attitudes about cable. Opinion Research Corp. study found favorable changes in 14 of 19 attitudes toward cable among nonsubscribers who had seen spots. However, among all nonsubscribers, only 12 attitudes showed improvement, 3 deteriorated, 4 showed no change. Analysis of results will be presented to CCI board soon as preparation for 2nd flight of ads -- budgeted at \$5 million for fall -- is completed. Turner Bcstg. Exec. Vp Robert Wussler commented to convention session that he feels \$1 million of CCI's \$6 million budget for winter campaign should have been used to create PR effort for cable rather than to buy ads.

FCC Comr. Rivera attacked Reagan Administration for what he called its efforts to "gut" FCC's proposed women and minority hiring guidelines. In speech to National Assn. of Minorities in Cable, Rivera stressed that FCC wasn't proposing to use quotas in judging violators, that 50% of parity requirement was only a guideline to give FCC way to process annual operator hiring reports. Hiring requirements actually would have to depend on cable operator's labor market and could be much higher or lower, depending on locale, FCC staffers said at another session.

FCC will decide, before summer recess that begins Aug. 9, whether states can block cable operators from offering intrastate data transmission services, Common Carrier Bureau Chief Albert Halprin said. Cox Cable of Omaha petitioned FCC more than year ago to rule that it had preempted regulation of intrastate nonvideo services. Halprin, speaking at FCC Q-&-A convention session, didn't reveal what his Bureau will recommend to commissioners. William Johnson, deputy chief of Mass Media Bureau, said FCC, in promulgating EEO rules for cable industry, will use some employment statistics to determine compliance with rules, but he said that if any operator is found in violation of rules, "it won't be a judgment made solely on numbers." On must-carry, he said Commission is awaiting decision from U.S. Court of Appeals, D.C., in challenge by Turner Bcstg. and Quincy Cable. Diane Silberstein, asst. to Comr. Patrick, said FCC will plunge into fairness doctrine proceeding involving cable once similar broadcast-related action is completed.

Daniels & Assoc. and L.A. Lakers owner Jerry Buss plan to form regional sports network to be aired on Southern Cal. cable systems. Bill Daniels said service will start in Oct., carry minimum of 175 events in first year. "We've had 100% response from all the system operators contacted so far," according to Buss.

COPYRIGHT REFORM--UNCERTAIN: Key House and Senate legislators told NCTA convention that overhaul of Copyright Royalty Tribunal (CRT) is likely in this Congress. But because of controversy that effort will cause, copyright royalty system is less likely to be revamped in near future unless industries strike deal on which Congress can act.

That was view from Sen. Mathias (R-Md.) and Rep. Kastenmeier (D-Wis.), who chair Senate and House copyright panels. CRT has "fallen apart" in wake of controversy over racist book that prompted resignation of CRT Chmn. Marianne Hall, they agreed. It's not clear yet whether agency structure or purpose is at fault, they said. But as first step, better nominees for commission slots are needed from President, Mathias said, revealing that he asked White House Chief of Staff Donald Regan in May 28 meeting to ensure more careful selection of candidates for 3 CRT commissioner vacancies.

Kastenmeier said Subcommittee plans oversight hearings June 19 and July 12. Subcommittee members Schroeder (D-Colo.) and Synar (D-Okla.) said they expect to introduce bill by then proposing to replace CRT with new agency. They didn't disclose details, but we learned that Subcommittee aides have been working on bill that would eliminate CRT immediately, freezing existing decisions for 3 years while Congress ponders permanent solution. Providing clue to what House might do, Kastenmeier rejected idea of making CRT into regulatory agency. He said that would take authority from Congress and FCC, that he preferred CRT remain more of an adjudicatory body.

Rep. Moorhead (R-Cal.) said he favors making CRT chmn. permanent position at salary attractive enough to draw copyright expert, said he might propose such legislation. He said that salary should be at least \$100,000 and that more agency attorneys, economists and other professional staff should be hired at high salaries. Sen. DeConcini (D-Ariz.) of Mathias's panel said that if Congress hasn't acted by summer's end, he'll reintroduce bill to scale down CRT from 5 commissioners to 3 and fund additional professional staff.

Lawmakers said copyright royalty reforms could move in this Congress if cable industry, programmers, broadcasters and sports interests agree on compromise. Some members indicated they liked replacing existing copyright fee setup for cable with single per-subscriber, per-signal, per-month fee that would be used to pay royalties.

At other congressional panels: Members, including bill sponsor, Rep. Tauzin (D-La.), agreed time isn't right to move legislation to regulate sale of cable programming to backyard dish owners. House and Senate Copyright panel members at another session said Tauzin bill involves copyright issues, should be before their subcommittees. Rep. Glickman (D-Kan.) warned of antitrust problems in proposals to form cable industry cooperative to

handle scrambling (see separate story elsewhere in this issue).

Other House members criticized industry for only recently getting involved in battle over alcohol ad ban and counterad proposals (TVD June 3 p10). Industry was told that battle was being won by broadcasters and brewers, that cable operators shouldn't derail victory prospects by airing hard liquor ads as some reportedly are contemplating. Annual cable industry ad revenue from beer and wine spots is about \$30 million, NCTA estimated. Rep. Nielson (R-Utah), author of alcohol ad study bill, urged industry to spruce up image by airing public service announcements against alcohol abuse.

Congressional aides involved in drafting Cable Act last year assured industry that lawmakers didn't intend bill to preclude use of 50% of parity as guidelines for FCC to monitor women and minority hiring. Reagan Administration has disputed that in recent filings at FCC.

Chris-Craft Industries, largest stockholder in Warner Communications with about 28.5%, told SEC that companies have ended discussions on proposed leveraged buyout and on increase of C-C representation on Warner board to more than current 3 dirs. C-C, which has been fighting with Warner since it swapped 42% of stock in its broadcasting unit for 20% of Warner's voting stock last year, said terms of proposed takeover were "unsatisfactory." C-C originally acquired interest in Warner to help latter fend off unfriendly takeover attempt by Rupert Murdoch.

Prism Bcstg. Corp. has been awarded Ch. 64 CP, Bellingham, Wash., in initial decision by FCC Chief Judge Thomas Fitzpatrick. He said Prism was superior to Bellingham TV Assoc. (BTA) but that comparison of 2 applicants "was not necessary because BTA should be disqualified on character grounds." Judge ruled that Forrest Preston, 20% limited partner in BTA, "had misrepresented facts and concealed material information from the FCC" as former partner in Caldwell TV Assoc., applicant for Ch. 9 in Caldwell, Ida.

Contempt-of-court citation against WCVB-TV Boston reporter Susan Wornick was rescinded June 6 after source she refused to identify to grand jury came forward. She had been sentenced June 4 to 90 days in jail. Sentence was stayed pending appeal, then her source identified himself to district attorney, agreed to testify. Source, with his back to camera, had told Wornick that he saw police officers looting pharmacy that later was reported by police as having been burglarized.

NAB All-Industry Radio Ratings Committee has gone out of business, turned over files and records to NAB Ratings Task Force, which is investigating feasibility and legality of industry-owned rating service.

Personals

FCC calendar -- June 10: Chmn. **Fowler** addresses Southern Conference of State Regulatory Utility Comrs., Orlando. **Albert Halprin**, Common Carrier Bureau chief, is on panel at Financial Analysts Federation conference, Sheraton Washington Hotel. Participating in Annenberg School of Communications program at FCC, Rm. 856, 1919 M St. NW: Comr. **Quello**; **Peter Pitsch**, Office of Plans & Policy chief; **Daniel Brenner**, legal asst. to **Fowler**; **Robert Powers**, chief scientist, who also speaks to group at Ramada Renaissance that night. June 11: Comr. **Quello** is on media panel, financial analysts conference; Gen. Counsel **Jack Smith** testifies before Senate Judiciary Terrorism Subcommittee on transmitting by computers material that could incite crime, 10 a.m., Rm. 226 Dirksen Bldg. June 13: At U.S. Telephone Assn. govt. relations seminar, Sheraton Grand Hotel, Comr. **Dawson** delivers luncheon speech, **Smith** discusses overlap of Computer II and Modified Final Judgment, **Pitsch** talks on Computer II.

Turner Bestg. Chmn.-Pres. **Ted Turner** speaks at National Press Club luncheon in Washington July 9... Gencorp Pres. **William Reynolds** named CEO effective Aug. 1, succeeding **Gerald O'Neill**, who remains chmn... **Robert Mulholland**, ex-NBC pres., joins Exec. TV Workshop; **William Sheehan**, ex-Ford and onetime ABC News pres., opens new Detroit office July 1... **Stephen Koppekin**, ex-CBS, named senior vp-industrial relations, Paramount Pictures, succeeding **Dean Ferris**, who resigned to become senior vp-employee relations, 20th Century Fox Film Corp... **Jim Curtin** advanced to sales mktg. dir., D.L. Taffner, new post.

Phyllis Hartsock, ex-Washington law firm Fortas & Hardman, joins NTIA gen. counsel office... **Herb Villa**, ex-Belcore, appointed field services specialist, General Cable Fiber Optics Div... **Hazard Reeves** becomes chmn. of new cable TV ratings company, Reeves Ratings; **Jack Jominy**, founder of parent Realtron Corp., computerized real estate data provider, is pres.; **Robert Boyd**, onetime Westinghouse, is exec. vp; office: 24065 Five Mile Rd., Redford, Mich. 48239, 313-255-1200.

Edward Gerrity, retired ITT exec. vp, starts Ned Gerrity & Assoc., consultants on PR, ads, govt. relations for corporations and institutions, One Rockefeller Plaza, N.Y. 10020, 212-713-1642... **David Teh**, ex-Crossland Capital, appointed sales administration dir., Wold Communications... **Frank Jones** appointed senior vp-mkt. research, Columbia Pictures Industries... **Scott Goodfellow**, ex-NBC, named news dir., KSTP-TV St. Paul-Minneapolis... **Ed Gish**, ex-CBS, appointed mgr., on-air promotion and video services, King World, new post.

Gary Newman promoted to business affairs dir., NBC Entertainment... **Vickie Harbert** advanced to promotion dir., KCBR Des Moines... **Samuel Glick**, KTLA L.A. dir.-ads and promotion, resigns to become

partner in Robbie Davis Productions, Santa Monica... **Warren Ferriter** advanced to senior vp-management information services, Paramount Pictures; **Joshua Wattles** promoted to senior vp-gen. counsel, new post

Joan Salzman advanced to senior counsel, Columbia Pictures Industries... **Frank Körber** named pres.-gen. mgr., Communications Technology Corp... **Diane Healey**, ex-NBC, named senior vp-broadcast services, Communications Equity Assoc. brokerage firm.

Ben Greenberg advanced to audio/video systems dir., ABC Best. Operations Best. Engineering Div... **Donald Evers** promoted to mktg. services communications dir., CBS... **James Sobczak**, ex-Bank of America, joins American Satellite as mktg. vp... **Frederick Horowitz**, ex-Rollins, named cable services mgr., RCA Americom... **Richard Sowa** advanced to exec. vp, Playboy Video Group... **Edward Fuhrman**, ex-Senior Management Partners, named chmn., John Blair Mktg., new post... **Mike Dubin** advanced to research mgr., King World Enterprises... **Ellen Rodman**, ex-Group W, appointed vp-corporate communications, Children's TV Workshop, succeeding **Robert Hatch**, resigned.

Mark Braff, ex-USA Network, appointed communications dir., Cabletelevision Ad Bureau... **Robert Dalton**, ex-ColorGraphics Systems, returns to AP as broadcast exec. for Ida., Mont. and Utah, succeeding **Matthew Hoff**, named AP broadcast exec. for Mich. and O... **Michael Pitkow**, ex-Home View Cable TV, named gen. mgr., Cable AdNet Philadelphia... **Chris Bourne**, United Videore western division sales mgr., elevated to gen. sales mgr.

Elizabeth Mills promoted to corporate communications vp, Multimedia... **Chris Cookson** advanced to west coast technical operations dir., ABC Best. Operations & Engineering... **Linda Oken** promoted to awards and special presentations dir., NBC Corporate Communications... Speaking at June 11 luncheon of HRTS, Beverly Wilshire Hotel, on media in mid-1980s: **Mel Harris**, Paramount TV Group pres.; **Stuart Karl**, Karl-Lorimar Home Video pres.; **Greg Nathanson**, Golden West TV programming vp; **Robert Pittman**, MTV Networks exec. vp-COO... **Gordon Hastings**, ex-Katz Communications, elected pres., IRTS Foundation... **Carla Harwitt** promoted to senior counsel, Columbia Pictures Industries... **Steve Hirsch** advanced to sales vp, Camelot Entertainment Sales.

Obituary

Carl Lindemann, 62, head of NBC Sports as vp 1963-77 before it was made separate group, and later vp and asst. to pres. of CBS Sports, died June 3 of cancer at home in S. Freeport, Me. He joined NBC shortly after World War II as cameraman for Kate Smith Show, in 1959 was named vp-daytime programming before moving to Sports 4 years later. In June 1978, he joined CBS Sports as vp in charge of programming, retired last year. Wife, 4 daughters, son, survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of May and 1985's first 5 months:

| | MAY 18-24 | 1984 WEEK | % CHANGE | MAY 11-17 | 5 MONTHS 1985 | 5 MONTHS 1984 | % CHANGE |
|------------------|--------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL TV..... | 355,006 | 417,688 | -15.0 | 292,404 | 7,171,340 | 7,718,170 | - 7.1 |
| TOTAL COLOR... | 279,866 | 353,623* | -20.9 | 237,254 | 5,903,478 | 5,974,672* | - 1.2 |
| DIRECT-VIEW.. | 276,261 | 350,880* | -21.3 | 233,767 | 5,823,373 | 5,912,103* | - 1.5 |
| PROJECTION.. | 3,605* | 2,743 | +31.4 | 3,487* | 80,105* | 62,569 | +28.0 |
| MONOCHROME.... | 75,140 | 64,065 | +17.3 | 55,150 | 1,267,862 | 1,743,498 | -27.3 |
| TV EXCL. PROJEC. | 351,401 | 414,945 | -15.3 | 288,917 | 7,091,235 | 7,655,601 | - 7.4 |
| HOME VCR#..... | 173,470* | 130,125 | +33.3 | 142,650* | 3,754,106* | 2,285,675 | +64.2 |
| COLOR CAMERAS#.. | 5,626 | 7,121 | -21.0 | 5,915 | 163,204* | 156,447 | + 4.3 |

Color TV (direct-view) 5-week moving average: 1985--269,537; 1984--274,980* (down 2.0%).

Home VCR 5-week moving average: 1985--170,240*; 1984--114,078 (up 49.2%).

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

MAY SALES AND INVENTORY DATA TRIGGER ALARM: Warning flags are flying all over the place, suggesting onrush of massive glut of VCRs and color sets. Sales letdown in May -- although seemingly minor -- was enough to push color TV pipeline inventories to nearly 4 million, while VCR inventories were 3 times level of year ago. In fact, increase in factory and distributor VCR inventories was equivalent to 42% of total sales to dealers for month.

VCR sales of 598,293 in May represent increase of 29.8% over May 1984 -- certainly a healthy hike -- but they spell trouble for industry geared to 60-80% boosts. In same week, EIA raised its industry consensus forecast of VCR sales for this year from 9.5 million to 11.5 million (see story elsewhere in this issue), while EIA marketing data indicated VCR sales fell from annual rate of 15.1 million in March and 12.3 million in April to less than 9.8 million in May. For year's first 5 months, sales rate is respectable 12.5 million.

VCR inventories rose by 262,000 units, or 12%, at pipeline (factory plus distributor) level in single month of May, now total 1,627,000, up more than 1,085,000 in year. There's no sign of imminent letup in shipments -- 1.38 million came into country in March (TVD May 27 p11) and Japanese alone (Koreans not included) put 1.29 million more on boat in April (TVD June 3 p13). Imports in March were more than twice April sales to dealers, and inventories represent 7 weeks of sales at current pace.

If bloodletting is on way in VCR, bloodbath is in works in color, where pipeline inventories now are equal to about 18 weeks of sales at current rate. At some 3.97 million, inventories are up 20.4% from year ago, jumped 7.2% in month. Inventory increase in May was equivalent of 27% of sales to dealers, which was down 8.9% from May 1984 to 973,818 -- marking only 2nd month in last 18 when fewer than million were sold. Every week in May was below comparable 1984 week, final week being down big 21.3%. While industry is trying mightily to apply brakes on runaway color production and imports, efforts seem too little and too late.

In other products, color camera sales were down 29.5%, registering declines in 7 of last 8 weeks, but at least part of slack was taken up by camcorders, whose numbers are unknown and

are included in VCR rather than camera category. Monochrome sales, at 225,240, were lowest for any month in 36 years, at least on basis of EIA data. Projection TV continues to set weekly and monthly records. Here are EIA's May figures on sales to dealers:

| Product | MAY 1985 | MAY 1984 | % change | MAY 1983 |
|------------------|-----------|------------|----------|-----------|
| Total TV..... | 1,212,881 | 1,344,207 | - 9.8 | 1,144,938 |
| Total color... | 987,641 | 1,081,396* | - 8.7 | 838,522 |
| Direct-view. | 973,818 | 1,069,245* | - 8.9 | 830,230 |
| Projection.. | 13,828* | 12,151 | +13.8 | 8,292 |
| Monochrome.... | 225,240 | 262,811 | -14.3 | 306,416 |
| TV excl. projec. | 1,199,058 | 1,332,056* | -10.0 | 1,136,646 |
| Home VCR..... | 598,293* | 460,788 | +29.8 | 272,104 |
| Color cameras... | 22,778 | 32,300* | -29.5 | 25,043 |

*Record for any May

CES--8mm, CD, A/V AND THE FIGHT TO SURVIVE: Everybody wants to get into the act -- and almost everybody did at Summer CES in Chicago last week, where spotlighted products were 8mm Video, audio/video systems and CD digital audio disc players. Exhibits were crowded, right through last day, and official attendance set record of 102,731 -- vs. last year's 98,271 and Jan. Winter CES total of 101,665. But nobody said business was great.

There was atmosphere of dancing on brink of precipice at McCormick Place as new realities of consumer electronics unfolded starkly: New generation of power retailers, proliferation of brands and products, astronomical but profitless numbers. As number of VCR labels approached 70 and brand names on TVs became too high to count, there was continuing concern over collapsing prices and fear that slight glitch in sales could spell disaster for some (see related report above).

"Most manufacturers are bleeding to death right now," said Hitachi Exec. Vp Robert O'Neil in keynote talk at video seminar. Huge numbers now are necessary, he pointed out, because manufacturers are volume-dependent, and video hardware dealers have doubled in last 3 years to 40,000. "We have built an infrastructure, and need 30-35 million [color TV plus VCR] units to sustain it. If it flattens out, there are challenges ahead." As for industry's stepup drives through new tubes and high-end monitor receivers, he said "ads for the leaders set the pace" and it's hard to move customer up to \$595 stereo 20" when it's priced \$230 above leader 19. "The low end drags the high end down. Numbers don't mean a thing anymore."

Calling pricing "severest problem facing us today," O'Neil said rapid volume growth is only thing that has kept many companies going. "People who were marginal, didn't do things right, survived the last 2 or 3 years, but they won't survive the next 2 or 3 years." Profit inequity extends right down to dealer level, O'Neil said, where some smaller retailers are working on average 8% margins while super dealers average 30%. Later, he told us he sees color pricing falling "as much as 5% between May 1 and July 1." Industry inventory is highest in history -- "much of it is the wrong mix, and the stuff keeps pouring in. It could turn into a disaster -- the Pollyanna days are over."

In product arena, CES launched 8mm Video as serious VCR entry for first time. Although Sony didn't exhibit at CES itself, hundreds of top retailers marched through its product displays at Knickerbocker Hotel, while Pioneer, Fuji and Sanyo with Sony-made units, as well as Canon, Kodak and Polaroid, helped sustain 8mm excitement on floor. Dealers and manufacturers talked seriously about 8mm for first time, and price collapse of VHS -- which took place before showgoers' very eyes -- helped boost new format as possible road back to profit in VCR, at least temporarily.

Thus 8mm Video, clothed in confusion and misunderstanding at 1984's Winter CES and something of a sick joke at show last Jan., suddenly must be counted as contender. Demonstrations of Video 8 and Mini 8 camcorders by Sony (and completely different camcorder by Canon) and home-portable decks with digital audio by several brands finally give respectability to format. And plenty of new 8mm products are coming, according to Sony. Senior Sales Vp Ed Adis told video seminar: "The deck offers all the benefits of 1/2-in. and lends itself to all applications. You'll now see 8mm-color TV combinations in a variety of formats, 8mm boomboxes and car audio-video combinations." Sony indicated it would add autofocus camcorder in time for Christmas, and there were indications it was showing additional variations in back rooms of its hotel suites.

Virtually every audio brand of significance that hadn't already made move used show to expand into video to one degree or another. Pioneer Electronics, previously audio-only, joined sister Pioneer Video in introduction of VHS as well as 8mm VCRs, monitors and systems -- PV now is only company with all 3 VCR formats as well as videodisc player. Technics, hi-fi unit of Panasonic, added 26" color A/V remote system with VHS Hi-Fi. Aiwa, Denon, Marantz, Sansui, Symphonic and Yamaha were among audio companies introducing or expanding video offerings, many offering video products only as part of packaged systems. Going other way was A/V pioneer Jensen; over next year, brand will become audio-only again, as Advent logo is revitalized by Jensen International as A/V systems standard-bearer.

At same time, TV companies were broadening their A/V involvement, and systems were focal point of exhibits of such companies as Fisher, JVC and Sanyo. While prices tended to start at stratospheric levels, Sharp had system with 14" monitor at \$700, while Soundesign was showing mid-fi components in rack with 13" remote TV at about \$600 and 19" version with VHS VCR to retail at about \$1,000. Audio for consumers who already have TV and VCR is strategy behind RCA's upcoming line of Digital Command Components. Still unpriced, they include stereo FM-AM receiver-switcher with built-in remote sensor, CD player, cassette deck and turntable. All connect together in series -- as do components in TV-VCR inclusive Dimensia system -- and can be controlled by single remote. System is designed to accept audio outputs from TV and VCR. Components will be sold individually.

Square-cornered tubes were dominant in almost every TV exhibit, and demonstrations of NHK's 1,125-line high-definition TV by Sharp and Toshiba on 37" widescreen tubes drew ohs and ahs and caused complete confusion among many dealers who thought this was product they could market soon (it requires new TV transmission standards).

CD players, considered an esoteric audio item just 6 months ago, were as ubiquitous as boomboxes, and word on the floor was that \$150 players would be on market this fall, \$100 units by this time next year. Consumer demand is soaring, as indicated by EIA's revised forecast of sales of 600,000 this year, up from 225,000 estimate of last Jan. Even that's considered conservative, and it's now believed industry could hit million if supply is there, prices continue downward and disc pressers keep promise of increased output. Unquestioned audio hit of CES was Technics' palm-sized AC-battery portable at \$300 for delivery later this summer. Just 4.96" square and 1.26" high, it features new shock-mount laser pickup system and 15-step random access programmability. (More on CES will be found elsewhere in this issue and in further reports to come next week.)

ITA BOOSTS MITSUBISHI AND NEC TV DUMPING MARGINS: Moving with glacial speed, International Trade Administration last week released new set of final Japanese TV dumping margins that let most major companies off hook but reinvolve Mitsubishi and NEC in sales at less than fair value. Findings cover valuation of exports to U.S. in year ended March 31, 1981, and companies have been waiting for them since preliminary determinations were issued 22 months ago (TVD Aug 22/83 p9). Japanese also got bad news from ITA on cellular phone dumping and from ITC on computer disc drives.

Final rulings uphold earlier preliminary finding of no dumping margins on sets exported by General, Matsushita, Sanyo and Toshiba, retain margin of 0.16% for Hitachi, increase from 0.17% to 0.28% margin for JVC. As any margin below 0.5% is considered negligible, effect for Hitachi and JVC is same as if no margins were found. Sharp, found to have no dumping margin in preliminary, and Otake Trading (Orion brand TVs), previously assessed at 0.3%, weren't included in final. ITA didn't give explanation, so it's assumed agency is still reviewing their cases.

Hit hardest by finding was NEC, with margin boosted to 0.86% from 0.42%, and Mitsubishi, at 0.54%. Mitsubishi originally was assigned 0.53% margin, but ITA later found clerical error and reduced that to less than 0.5%. Subject to any further appeal, both Mitsubishi and NEC now will have to post cash bonds to cover possible penalty duties imposed on future TV imports from Japan.

More importantly, ITA also has withdrawn notice of intention to revoke dumping finding as it applies to Mitsubishi and NEC. They and all other majors except General were candidates for exclusion because of 2 full years of no undervalued TV sales in U.S. Move to finalize remaining revocations will come after ITA issues margins for shipments in year to March 31, 1982. When that might be is anyone's guess.

Long delay in issuing finals had variety of causes, not least important of which was wait for Court of International Trade, which only last March dismissed Zenith suit and upheld ITA's margin determinations on Japanese TVs imported in year to March 31, 1980 (TVD March 25 p12). That set of margins was finalized in Feb. 1981. Also, since 1983, ITA has made several policy changes regarding treatment of foreign manufacturer claims for price adjustments. Where allowed, such claims are subtracted from home market prices, bring them more into line with export prices and so reduce dumping margins. It's understood that while awaiting court decision ITA did some fine tuning with Japanese determination to bring it into line with new policies.

Japanese are dumping mobile cellular telephones in U.S., and margins of less than fair value pricing range from 4.77% to 106.6%, ITA said in preliminary determination. Findings are result of investigation into dumping complaint filed last Nov. by Motorola. They assign highest margin to Matsushita, which markets phones here under Panasonic brand. Margins for other major producers cited: NEC 95.57%, Mitsubishi 21.94%, Hitachi 20.9%, Oki 18.51%, Toshiba 4.77%. Margin of 32.77% is being assigned to imports from any unspecified Japanese producers. Margins are used to determine value of cash bonds importers will be required to post on future shipments to cover any actual antidumping penalties that may be assessed eventually. Later this year, ITA will issue final margin determination, and ITA will make final ruling on whether low-priced imports have injured domestic industry.

At ITC, an administrative law judge held there's reason to believe double-sided computer floppy disc drives imported from Mitsubishi, Sony and TEAC may have infringed on Tandon patents. Tandon filed unfair competition complaint against those companies with ITC late last year, asked agency to ban future shipments (TVD Dec 17 p14). At about same time, Tandon filed patent infringement suit in U.S. Dist. Court, L.A. Ruling is expected to be considered by full commission in next several weeks; if upheld, importers would be required to post bonds of up to 200% of value on future shipments until case is settled. ITC isn't expected to consider complaint itself until fall, so probably won't issue determination until next year. But Tandon came up short in ruling on unfair import complaint alleging unauthorized use of proprietary technical information by Korea's Gold Star Tele-Electric, which has been supplying drives to Format Corp. (TVD Sept 10 p15). In that case, ITC law judge said Tandon failed to show it was being injured by those imports, recommended case be dismissed. That finding, too, will be reviewed by commission.

Adding to mounting trade woes is strong possibility of move to press dumping complaint against Japanese IC marketers or seek some other form of relief from currently intense import

pricing pressure. At farewell party in Tokyo, outgoing Commerce Under Secy. Lionel Olmer startled his Japanese hosts by accusing Hitachi of predatory pricing practices in U.S. and by producing memo that Hitachi's marketing unit sent distributors telling them to book orders at virtually any price. Memo, supplied to Olmer by IC maker Intel, urges distributors to find out what competition (including Japanese) is charging for programmable memory chips and "quote 10% below their price. If they requote, go 10% again. Don't quit until you win!" Spokesman for Hitachi America, official U.S. hq office of parent, acknowledged memo was genuine but insisted it was unauthorized, doesn't represent company policy, and distributors have been told to ignore it.

FULL LCD TV LINES: The 4 brands fielding LCD TV sets -- Casio, Citizen, Epson and Seiko -- all were promising at CES to have full color and monochrome lines by next year, as prices come down, screen sizes go up and quality improves.

Casio, which now has 4 LCD TV sets, was promising 12" color model for Winter CES in Jan. Casio's 2" monochrome model, with earphone sound and translucent screen reflected in viewing mirror, is now \$100, and version with FM-AM radio is \$130; optional electroluminescent backlight is offered for night viewing. Direct-view color model with built-in speaker and backlight has 2.6" screen, A/V input jack for use as monitor, is \$300; similar model with FM-AM is \$350.

Citizen introduced its color model, 2.7" "Bookvision," about size of small paperback book, weighing 16 oz. and including built-in backlight, battery-AC with built-in charger, earphone, carrying case, available in Oct. at \$299. Monochrome model using mirror, 2.7" screen, AM radio, has been cut to \$100, while similar model with electroluminescent backlight, rechargeable battery, car adapter lists at \$149. Version with FM stereo is expected next year. Citizen was showing mock-up of boombox with monochrome LCD TV planned for next year to list at about \$349 and hope of selling in \$179 area.

Citizen's CES display showed mock-ups of b&w LCD screens in such applications as built into intercom, advertised for OEM sales of TV screens in 2.7", 3.5", 5", 7", 9" and 12" sizes, but company representative conceded larger sizes weren't ready yet.

Epson displayed nonworking mock-up of developmental 4.25" set and its 3-model line (TVD May 27 pl6) -- new 2" color model with built-in backlight at under \$350, holdover version introduced last year at \$399 and 2" monochrome model with speaker, size of audio cassette case, at \$199, due in late Aug. Epson Consumer Products National Sales Mgr. Stephen Van Rooy, ex-RCA, told us he expects b&w set to provide direct competition to Sony Watchman. He said Epson is "committed to the video business," aims at line with increasingly large pictures.

Seiko, Epson's sister company, showed products using same thin-film transistor LCD technology. New 2" color set has built-in digital

alarm clock with screen that flips up to 45° viewing angle at push of a button at \$349; holdover 2" color model is \$399. Monochrome model at \$199 is similar to Epson's but has sliding panel to protect screen when not in use. Epson and Seiko color sets have jacks for use as monitors. Jerry Astor, ex-Akai, now Seiko Consumer Electronics Div. vp, told us screen sizes are limited to about 4" using thin-film technique, but company is working toward larger sizes with other LCD technologies.

TOSHIBA & HITACHI NET UP: Toshiba and Hitachi reported strong gains in consolidated sales and earnings in fiscal year to March 31, and each noted that shipments of color TVs to China had helped boost their export volume (see financial table).

Toshiba, which had 46% earnings gain on 23.5% sales rise, said its color TV sales to China jumped 4-fold in year to \$220 million. Along with hike in sales in U.S., that resulted in 42% jump in overseas volume to \$4.16 billion. Overall sales of consumer products rose 14% to \$3.62 billion. Toshiba said it expects 8% rise in earnings this year on 11.6% revenue gain.

Hitachi said 33% boost in exports to \$6.6 billion set pace for its 15% sales gain and 26% rise in net for year. Export volume was aided by rising demand for its VCRs, ICs and computer peripherals in U.S.

General Instrument operating net from semiconductor products jumped 283% to \$18 million in year to Feb. 28 on revenue rise of 19.7% to \$279.6 million, according to annual report. All of gain in segment came from sales of discrete devices, primarily rectifiers, as IC operation continued to suffer from "collapse of videogame business;" optoelectronics unit had modestly improved performance. Loss from components operation jumped to \$11 million from \$2.6 million in fiscal 1984, as sales rose 11.2% to \$126.1 million. GI said components deficit stemmed from computer products sector that suffered losses from several production contracts plus restructuring costs related to U.S. plant closings and consolidation of manufacturing in Mexico... BMC (formerly Buckbee-Mears) omitted quarterly dividend as result of \$378,000 loss in opening quarter. Company had paid 12¢ dividend in Feb.

8mm 'ARRIVES': Non-exhibitor Sony probably had more influence at CES in video product area than any other manufacturer, as 8mm Video format was thrust into spotlight and serious consideration as format. In view of huge influx of new VHS products, its success as nonportable standard is still sharply in doubt, but for first time it can be said to have "arrived" -- albeit about 2 years late.

On CES floor, Canon showed only new 8mm Video camcorder that wasn't made by Sony -- 4.4-lb. autofocus version with high-band Saticon tube (Sony's uses CCD pickup), fade and optional character generator; it will be \$1,600. Kodak showed its new portable deck, which, like Sony's, will have 2-speed switch, PCM digital sound, can be used as audio-only recorder and player (TVD June 3 p11). It's still unpriced, for 4th-quarter delivery, is made by Matsushita.

Polaroid, despite its large exhibit space, kept low profile, and only comment on its 8mm future was that results of test marketing in Tampa were being evaluated and 2nd market would be picked soon. Polaroid's 8mm camcorder is made by Toshiba.

Sony-made camcorders were shown by Pioneer Electronics, Pioneer Video, Fuji and Sanyo, and similar Kyocera "Fine Movie" camcorder was spotted in use at show, but company officials said they hadn't decided whether they'd offer it in U.S. Sanyo's camcorder, in autofocus version, is due in fall, as are Sony-made home decks shown by Pioneer. Fuji said it still hadn't made plans for camcorder in U.S.

All major tape manufacturers now have announced they'll offer 8mm metal particle cassettes, including new 2-hour version (which records for 4 hours in 2-speed decks), list prices running about \$13 for 90-min., \$15 for 2-hour cassettes.

Although manufacturers in past generally have been noncommittal and dealers have been hostile toward new format, reception last week was surprisingly benign. At video seminar, Mitsubishi Sales Pres. Ken Kitamura said: "8mm has many advantages, but it will take a couple of years to become popular and be a major product." Akai America Exec. Vp Charles Phillips added: "It has a tremendous future... in the long term. It's not a matter of if, but when."

RCA thinks attempts to put 8mm into home decks must fail. Said Planning Vp David Daly: 8mm is "selling into the going world of 1/2-in. There are some 15 million VHS VCRs out there. It's an interesting concept primarily because of its size. It could create a major problem for hardware and software dealers in the face of mushrooming VHS sales." Added Group Vp Jack Sauter: "If photo-making doesn't catch on, 8mm has had it. If the consumer decides he wants electronic photography, 8mm will be strong in the replacement market." In talk at RCA dinner, Daly told press to "continue to put RCA in the uncommitted column."

"Camcorders will almost immediately replace the 2-piece camera-deck outfit," said Sony Senior Mkt. Vp Ed Adis, "and 8mm will totally dominate this market." As for software, he told seminar "we just introduced the 8mm [duplicator slave] printer and we're now negotiating and talking with software companies."

Despite samples shown by Kodak, recorded cassettes won't be widely available until price of home deck drops well below \$1,000, according to Pioneer Video Pres. Ken Kai. His opinion is important because he's been designated as 8mm "emissary" to software suppliers, studio executive told us. Manufacturers including Eastman Kodak, PV, possibly Sony and others would form consortium to guarantee purchase of 8mm output, probably no more than few thousand per title in beginning.

Program suppliers attending CES showed plenty of interest in Kodak deck but made no more than usual statements about willingness to support any viable format. Asked one: "What is it offering the consumer" that 1/2" doesn't? Sony deck may draw more positive response when it's demonstrated to studios in next few weeks.

Sony suite in Chicago at times took on air of political hq on election night as company officials monitored dealer reaction as well as start of sales of Video 8 camcorder, following full-page ads in Chicago papers by Marshall Field, Video King and others. Most encouraging return, according to Sony, was from one-store Precision Video, which sold 40 in first 2 days, got 20 more and sold them.

Sony officials told us that 60,000 have been sold in Japan in 4 months and that Sony 8mm now has 50% of Japan camcorder market. (It's understood Matsushita has shipped 30,000 camcorders to Kodak since marketing began last fall.)

Exulted Sony's Adis: "It will grow beyond our wildest dreams." Manufacturers and dealers looking to 8mm to restore sanity to VCR pricing noted with mixed emotions latest company drawn to the wild dream of 8mm: Korea's Samsung said it expects to have model in Jan.

RCA may add satellite receiver to its Dimensia system. M/A-Com Vice Chmn. Frank Drendel told NCTA convention last week that RCA is interested in licensing M/A-Com technology required to descramble satellite signals encrypted by M/A-Com's VideoCypher II system. TVRO owners who want to watch pay networks offered by HBO and Showtime/Movie Channel after they scramble will require either receiver with addressable decoder built in or stand-alone decoder box. Drendel told us after talk at NCTA's Las Vegas convention that RCA is considering receiver as addition to Dimensia audio-video system. RCA officials couldn't be reached for comment. Meanwhile, cable industry endorsed scrambling en masse at annual convention (see related report in Broadcast and Cable section).

CES HIGHLIGHTS: Computers, peripherals, games and video software were housed at show in McCormick West area, commonly referred to as Death Valley and The Leper Colony. But things really weren't that bad, and area actually drew healthy crowds of interested buyers, though not kind of foot traffic that clogged main floor at McCormick Place.

Computers: Atari introduced lower memory (256K) version of its ST computer, promised for Sept. delivery at \$399 list, plus \$100 for disc drive, showed prototype of CD ROM, and promised hard disc 10MB drive for less than \$500. Commodore featured model 128 originally unveiled at last Winter CES, indicated it would retail at less than \$300, said Amiga should be ready for showing in July. Undaunted by previous failure of British computer makers to dent personal computer market here, U.K.'s Amstrad appeared at show with 128K console with built-in 3.5" disc drive, to be bundled with word processing software and monochrome monitor at \$700, or with color monitor for \$100 more.

Satellites: Although several smaller suppliers and some specialty retailers already have filed for bankruptcy protection, and more dropouts are expected, there was no air of gloom in TVRO equipment exhibits, and dailies distributed at show quoted traditional consumer electronics retailers and distributors as expressing interest in entering field and taking it out of specialty class. Product glut looms, however, as new entrants continue to appear. Among better known consumer electronics names, Kenwood and Nikko Audio introduced receivers, while Daewoo, Hyundai and Samsung promised to be first Koreans to enter field. M/A-Com demonstrated its VideoCipher descrambler (TVD May 6 p5) but told booth visitors it still had no firm schedule for delivery.

Multichannel TV sound: It was everywhere, and CES-operated cable system at show transmitted it, including stereo highlights of Olympics opening ceremonies from KABC-TV L.A. Show saw debut of 2 unique universal MTS converters: (1) Recoton's adapter (TVD June 3 p16), which was demonstrated producing MTS and synthesized stereo from 4" b&w set; price was given at about \$149. Recoton plans to add low-cost SAP-only (bilingual) adapter using same principle. (2) Teknika's stereo TV converter has keypad tuner, connects to antenna terminals of TV set tuned to Ch. 3 or 4. Output is fed to home hi-fi's stereo amplifier. Unit provides stereo and SAP, has \$160 list.

Telephones: Shakeout is over in phones, and market is beginning to show signs of stability in terms of both price and brand names. Situation was summed up by phone seminar keynoter GTE Consumer Communications Products Vp Gen. Mgr. Freeman Robinson, who said "shortsighted opportunists who contributed heavily to the turbulence in last year's market are leaving in droves this year." Solid standard wall and table phones in \$30 range are now heart of business, along with

stepups with such convenience features as auto redial, memory, hold and hands-free speakers at \$80-\$150. Most notable newcomer to field is Pioneer, well established as private label supplier, which introduced own-brand product for first time. Cellular was dead issue to all but most specialized dealers in big-city markets, and there was little talk of prices coming down any time soon.

CD: Digital audio is moving into cars in big way, and dozen firms promised to have product in line by Winter CES. Pricing continues high, with lists on name brands starting at about \$500, but Kraco said it hopes to break through with \$300 unit with stereo FM and stereo AM next spring. Estimates are that 70,000-100,000 car CD players will be sold this year.

Video software: Although recorded cassettes got heavy discussion at video seminar and 2 retailer workshops, major studios continued as nonexhibitors. Except for Congress Video Group, showing mostly public domain line on main floor, software exhibits all were lumped in adults-only section, although several offered general interest titles. There's still feeling majors will return to CES once mass merchants really become active in home video -- it's show they regularly attend. EIA Senior Vp Jack Wayman made that pitch at beginning of software portion of video conference, noting studios and key independents "choose not to be here" even though programming "drives the business."

Other activity: Magnavox dropped audio rack system prices about 25%, is discontinuing current line, will reenter with revamped line next year... Harmon America plans to introduce projection TVs sourced from Italy's Boffi at about \$5,000 for 2-piece consumer model, \$8-\$9,000 for industrial... Kloss Video showed production version of high-resolution projection monitor with 700 lines at \$6,000... Surround sound, formerly known as 4-channel or quad stereo, is the thing to have in video systems, and is offered by Quasar, Sansui and Technics, among others, while Fosgate promoted an adaptor... Focal point of Mitsubishi's exhibit was interior of automated electronic home of future... Fuji and Konica demonstrated magnetic disc electronic still photo systems but made no delivery promises.

Thomson-designed VHS VCR will go into production by Europe's J2T in Aug., according to Rolf Schiering, Thomson-Brandt Consumer Video Products mktg. and product planning mgr., who said design is "software driven." First models will be sold by Telefunken. VHS VCRs of European design are now being made by Grundig and Philips. J2T currently produces VCRs designed by JVC.

Toshiba plans to start production of telephones and medical electronic equipment in U.S. next year. Company said it has scheduled Nov. construction start for \$31.7 million facility on 30-acre site in Tustin, Cal.

EIA'S SOFTENED OUTLOOK: New industry consensus forecasts of sales for 1985 issued by EIA at CES show some drastic changes from those released at Winter CES -- perhaps most dramatic being reduced projection for value of total factory sales to \$23.6 billion. While that's up 2.2% from \$23.1 billion of 1984, it's down 5.6% from \$25 billion predicted last Jan. Outlook for 1986 is for 3.4% increase to \$24.4 billion, which is still short of original 1985 target.

Reduced estimate stems mainly from anticipated continued decline in average pricing on most key video products. Compared with Jan. estimates, current projected 1985 average factory price of home VCR is down \$25, portable VCR \$5, color camera \$15, color TV \$10, projection TV \$24, b&w TV \$5, and blank videocassette \$1. Recorded videocassettes ran counter to general trend, and average price is seen \$8 higher than expected earlier this year. But recorded video is envisioned as being carried along by new wave of price cuts sweeping over industry next year.

Sharply up were full-year unit sales estimates for nonportable VCR decks, to 10.15 million from 8.3 million, and portable VCRs (including camcorders) to 1.35 million from 1.2 million, bringing forecast for total VCRs to 11.5 million from 9.5 million. Videocassettes are doing significantly better than anticipated, and current estimate for blanks is up by 63 million, while recorded cassette forecast was boosted by 17 million. Estimate for digital CD players was raised by 200,000. Projected 300,000-unit increase for one-brand component audio systems was more than offset by 800,000 cut in outlook for compact stereo volume. Autosound sales prediction was hiked by \$200 million.

Other significant sales forecast reductions: Headset audio by 1 million, separate audio components by \$100 million, home computers by 1.5 million, cordless phones by 2.2 million, corded phones by 4 million. Here's industry's revised outlook for

1985 and its predictions for 1986:

U.S. SALES TO DEALERS AND FACTORY VALUE
(Units & \$ Value, add 000)

| Product | Units | | \$ Value | | Avg. Price | |
|------------------------|--------|--------|----------|-------|------------|-------|
| | 1985 | 1986 | 1985 | 1986 | 1985 | 1986 |
| Color TV | 16.20 | 16.00 | 5,345 | 5,120 | 330 | 320 |
| B&W TV | 4.00 | 3.70 | 312 | 278 | 78 | 75 |
| Proj. TV | .23 | .28 | 410 | 488 | 1,820 | 1,775 |
| Total VCR | 11.50 | 12.00 | 4,846 | 4,918 | 421 | 410 |
| Home | 10.15 | 10.25 | 3,806 | 3,588 | 375 | 350 |
| Port. | 1.35 | 1.75 | 1,040 | 1,330 | 770 | 760 |
| V'cas. plyr. | .10 | .10 | 23 | 20 | 225 | 200 |
| Cameras | .48 | .45 | 307 | 261 | 640 | 580 |
| Audio system | 3.20 | 3.30 | 960 | 973 | 300 | 295 |
| Component | 1.60 | 1.70 | 736 | 757 | 460 | 445 |
| Compact | 1.60 | 1.60 | 224 | 216 | 140 | 135 |
| Component ¹ | -- | -- | 1,100 | 1,200 | -- | -- |
| CD players | .60 | .90 | 168 | 234 | 280 | 260 |
| Port. tape | 28.70 | 29.00 | 1,268 | 1,265 | 44 | 44 |
| Tape only | 10.20 | 10.20 | 306 | 306 | 30 | 30 |
| Radio-tape | 18.50 | 18.80 | 962 | 959 | 52 | 51 |
| Radio | 40.00 | 40.00 | 560 | 560 | 14 | 14 |
| Headset ² | 19.00 | 19.00 | 513 | 500 | 27 | 25 |
| Autosound | -- | -- | 2,800 | 2,800 | -- | -- |
| V'cassette | 235.00 | 310.00 | 2,800 | 3,215 | -- | -- |
| Blank | 185.00 | 245.00 | 900 | 1,070 | 5 | 4 |
| Recorded | 50.00 | 65.00 | 1,900 | 2,145 | 38 | 33 |
| Aud. cass. | 250.00 | 267.00 | 285 | 305 | 1 | 1 |
| Computer | 4.50 | 5.00 | 2,250 | 2,500 | 500 | 500 |
| Software | 45.00 | 65.00 | 675 | 910 | 15 | 14 |
| Videogame | 1.50 | 1.00 | 65 | 35 | 43 | 35 |
| Cartridge | 20.00 | 10.00 | 200 | 100 | 10 | 10 |
| Telephone | 28.10 | 28.50 | 1,030 | 1,035 | 37 | 36 |
| Cordless | 4.10 | 4.50 | 287 | 315 | 70 | 70 |
| Corded | 24.00 | 24.00 | 744 | 720 | 31 | 30 |
| Answerers | 3.60 | 4.40 | 277 | 334 | 77 | 76 |

¹ Sales value of individual audio components.

² Headset tape players, radios and combinations that are also included in radio and tape classifications.

Dual-decks are in 24% of all stereo cassette recorders sold, and hardware and blank tape makers are showing "new aggressiveness... that urges the public to make copies" of records, RCA Records Pres. Robert Summer said in speech in which he called on music industry to unite to fight "startling growth of home copying." Addressing International Music Industry Conference in Munich, he said RCA research shows 36.6% of U.S. homes are equipped to transfer music from records to tape, and that number has tripled since 1980.

Super-retailer Luskin's went public last week, selling out offering of 1.35 million shares at \$14.50 each. Of shares, 270,000 were sold by company, rest were from Luskin family holdings. Prospectus for offering shows 1984 earnings of chain rose 36.3% to \$8.03 million on 25.5% sales rise to just under \$90 million. It says Luskin's plans to open 11 new stores in 1985. It already has 25 outlets in Baltimore-D.C. area, plus 5 Tokyo Shapiro stores in Cleveland. Also going public soon: Newmark & Lewis.

Home satellite receiver sales continued soft in April but picked up in May, according to Chuck Hewitt, exec. vp of trade group Society for Private & Commercial Earth Stations (SPACE). Hewitt, referring to reports that first quarter was disappointing (TVD May 6 p9), said problem probably lay with individual companies' projections. He said that quarter appeared weak following strong 1984 4th quarter but that Jan.-March sales (180,000 dishes shipped) still were more than double same quarter of 1984. He said pockets of slow sales persist where cable advertising has "misinformed" public that all programmers will scramble and that backyard terminals won't provide access to owners' favorite fare.

NEC received \$4 million contract to supply color TV tuner manufacturing plants with combined capacity of 500,000 annually to 4 factories in China's Gansu Province. NEC said 2 similar agreements for plants in 2 other provinces are being negotiated.

CABLE AND CE MISS CONNECTION: Marrying consumer electronics to cable technology is big problem in need of solution, speakers agreed at NCTA convention in Las Vegas last week. That said, executives from both industries threw up their hands.

Agreement that there's problem probably was good sign, given past grouching by both industries, but prediction that cable will take 5-7 years just to catch up with such current consumer electronics technologies as cable-compatible TVs and VCRs doesn't bode well for public. Several cable executives complained it's like pulling teeth to get engineers in their industry to serve on standards-setting panels.

Gill Cable Exec. Vp Robert Hosfeldt said his response is simple marketing answer -- he wants engineers to "just do" whatever it takes to ensure compatibility. That won't be so easy, countered Zenith Exec. Vp Robert Hanson, who predicted 5-7 years will be needed to come up with interface to allow full-featured sets to work with cable system converters.

Problems loom in effort to create interface, which actually will be plug in back of set. Hanson said he thinks EIA committee working on standard for interface is going in wrong direction. Committee may propose an "everything" plug that not only will link TV with cable but with personal computers and other devices. More ambitious approach will cost 4 times the plug Zenith currently uses in Base-TAC converter system, may delay creation of standards, he said.

If angst at cable system level is at high pitch, speakers indicated things may well get worse. Most agreed that cable lacks long-term planning for technology, has thought little about how to deal with multichannel TV sound, digital and high-definition TV. "The dealers trying to sell those things are going to be even more unhappy with cable," said Carson Young, pres. of Wis. Electronics Sales & Service Dealers Assn. Both Hanson and Carson agreed cable and consumer electronics dealers could help each other sell their products if there was cooperation. Cable shouldn't expect consumer electronics industry "to abdicate the high end of their business," Hanson advised. He said that fact sheet on cable and consumer electronics had been prepared by middle-level staffers at EIA and NCTA but was blocked by top NCTA executives.

Cable executive in audience wasn't too happy with 5-7-year time frame, predicting he wouldn't have any live technicians left "because the customers will kill them." To achieve overall solution, cable operators may have "to give up remote [control] revenues," warned Viacom Cablevision Engineering Vp Joseph Van Loan. However, another cable executive criticized Zenith for offering both cable-compatible sets to consumer and converters with remote capability to cable industry.

VCR AND VCP PROLIFERATION: Pick a brand, any brand, and there was good chance you'd find it on a VCR or videocassette player (VCP) at Summer CES in Chicago. It's now estimated there are more than 70 significant marketers immersed to one degree or another in videotape hardware waters.

Biggest proliferation at show was among traditional audio companies, seemingly all of which now have VHS VCRs, generally Hi-Fi, among their component offerings. Many are selling VCRs only as part of system package, some including color TV monitors, but others are willing to move product on stand-alone basis. Among newcomers in that area are Aiwa, Denon, Harman Kardon, Marantz, Pioneer, Soundesign, Symphonic, TEAC, Technics and Yamaha, to name representative sample. Joining in, too, were secondary brand importers, many of which formerly pushed telephones or radio-cassette recorders. Most of them put stress on lower priced machines sourced from Korea or lesser known Japanese assemblers.

On VCP front, lack of firmly established market is proving no hinderance to a y'all come atmosphere. Last year Portavideo had market, such as it may be, all to itself. Among others with VCPs on floor this year were Emerson, Daewoo, Funai, Gold Star, Lloyd's, National Sound (Ikko), Quasar, Samsung and Supra, while GE, not an exhibitor, also is an active marketer.

Pricing was hottest VCR-VCP topic, and big subject of discussion was how low it can go. VCR pricing at show was eroding day-by-day; by Christmas season it's generally expected \$250 will be starting price for name brand VHS leader and \$199 for off-brands. Emerson said it was introducing wireless remote control leader to retail at less than \$300, while TMK, which sells mainly through mail-order and catalog outlets, had one expected to hit at just \$250.

Steadily dropping VCR prices are making it hard for VCPs to get low enough to compete. While most units available now are ruggedized models designed and priced for rental trade, Lloyd's said its unit could be retailed for \$199, and Gold Star said it had low-priced consumer model that could be introduced at about same price late this year. But with VCRs falling at current rate, those prices might not be low enough to interest dealers.

Portavideo, meanwhile, said it's discontinuing its Funai single-speed VHS VCRs, instead is using 3-speed player sourced from Korea's Gold Star and new ruggedized single-speed model imported on exclusive basis from Japan's Clarion. PV says it has one-year contract to supply VCPs to National Video's franchised video software outlets, 6-month deal with Phoenix Coca-Cola Video to supply players for use in cassette rental operations being set up in Circle K convenience stores.

Sanyo displayed portable TV with flat 3" beam-indexing color tube (TVD March 4 p14) at CES.

COMPUTER, IC LAYOFFS: Intense competition in generally soft personal computer market, which has cut seriously into demand for ICs, has led to new round of layoffs in both industries.

Apple will drop about 100 workers at Carrollton, Tex., plant this summer after it ends production of Macintosh XL (formerly Lisa) personal computer, and will idle 80 when it closes down parts manufacturing and disc drive development facility in San Jose, Cal. That will bring to about 1,660 number of fulltime and parttime jobs company has cut in recent months. Wang plans to dismiss 1,600, or 5% of work force, because sales have been lower than anticipated. It also intends to take inventory writedown, said it expects to show loss in fiscal 4th quarter.

Cutback is coming at disc drive maker Tandon. Company said it plans to close circuit board plant in Simi Valley, Cal., reduce staff at 2 other facilities, at cost of about 370 jobs. Also on peripheral front, Ball said it will close video display monitor plant in Blaine, Minn., consolidate production at facility in Boulder, Colo. Ball said 143 production, engineering and administrative employees will lose jobs.

In major restructuring, Mostek said it was shutting Carrollton, Tex., plant at cost of 1,600 jobs, and was laying off 400 at Colo. Springs hq. At same time Pres. Harold Ergott was reassigned to staff post with parent United Technologies. UT blamed losses at Mostek for drop in corporate earnings expected this year, declined comment on speculation it plans to seek buyer for subsidiary.

National Semiconductor said that it will be discharging some 1,300 U.S. and European workers over next several months and that it has cancelled plan to construct new wafer fabrication plant in Ore. Texas Instruments said it has scheduled 2-week shutdowns at 4 semiconductor plants to reduce production, in addition to 2-week closing previously set for July.

Semiconductor Industry Assn. said incoming orders to U.S. semiconductor firms continued to decline in April, now expects billings for year to be off 20% to \$9.2 billion. It sees worldwide sales of semiconductors dropping 4.2% to \$24.8 billion this year from \$25.9 billion in 1984, but recovering in 1986. It estimates volume will rise 14.5% to \$28.4 billion next year, 19% to \$33.8 billion in 1987. Assn. projects IC volume at \$19.6 billion this year, down from \$20.6 billion in 1984, with rise to about \$22.8 billion in 1986, \$27.8 billion in 1987. Sales of discrete devices are expected to dip to \$5.2 billion this year from \$5.3 billion, jump to \$5.6 billion in 1986, \$6 billion in 1987. While U.S. market is expected to take steepest nosedive this year, it's also seen leading bounceback over next 2 years.

* * *

In another soft product area -- phone equipment -- ITT said it will lay off 140 production workers, dismiss 460 at sales branches that are being closed. Company said it's realigning production, sales and distribution at telephone operation.

FCC proposal to preempt overly restrictive local satellite dish zoning rules (TVD April 1 p18) drew predictable opposition filings from scores of local govts. and historical societies. Most contended local bodies are more competent to decide what's best for community. Berkshire Natural Resources Council of Pittsfield, Mass., called dishes "blight upon the landscape." Satellite industry groups supported rulemaking, although several said it should be broader in scope, offer more protection for dish owners. Satellite Business Systems said preemption should cover transmit dishes as well as receiving terminals. NAB said preemption should apply also to larger stations used by broadcasters. DBS Assn. supported preemption, said it was "hard-pressed to acknowledge any justifiable scope for state or local curtailment of domestic receive-only satellite reception equipment, absent the most compelling grounds."

Closed-captioned home video software program total has jumped from 12 in 1983 to some 250 now and new titles are being turned out at rate of 15 monthly, according to National Captioning Institute, which adds captions to masters of tapes for studios and other program marketers. NCI said Walt Disney Home Video, Media Home Entertainment, Playhouse Video, RKO Home Video and Thorn EMI/HBO Home Video are latest to start having programs captioned, bringing number of participating marketers to 18. Captions provide on-screen textual display of dialog for hearing impaired. NCI estimates 97,000 homes, representing audience of 400,000, are equipped with decoders.

India eased electronic manufacturing regulation policies to speed up development in more advanced areas, speed domestic industry growth from current \$1.3 billion output level to \$10 billion by 1990. In consumer area, it will provide special incentives to companies producing such items as VCRs, microwave ovens, digital watches and key parts, allow foreign investment of up to 40% in local companies manufacturing such products, as well as color TVs, computers and telecommunications equipment. India said it will welcome foreign-controlled companies set up for production of advanced electronic components and materials.

U.S. deficit in IC trade with Japan last year jumped 158.5% to \$916.9 million, Commerce reports. Dept. figures show that while U.S. IC exports to Japan rose 66.3% to \$255.3 million in 1984, imports from Japan jumped 130.7% to \$1.17 billion. Japanese, meanwhile, say statistics give distorted picture as they don't show sales of such U.S. producers as Motorola and Texas Instruments that have plants in Japan. They contend U.S. companies have about same 10% share of Japan's IC market as Japanese have here.

Thorn EMI may convert portion of its VHD videodisc pressing plant in Swindon for output of digital audio Compact Discs. Company said it has completed study, will make decision soon. Go-ahead would not mean reduction in output of VHD discs, which it's turning out for use in video jukeboxes.

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 |
|------------------------------|----------------|--------------|-------------------|
| Certron | | | |
| 1985-6 mo. to April 30 | 12,329,000 | (207,000) | -- |
| 1984-6 mo. to April 30 | 13,997,000 | 157,000 | .05 |
| 1985-qtr. to April 30 | 6,175,000 | (112,000) | -- |
| 1984-qtr. to April 30 | 7,770,000 | 118,000 | .04 |
| Emerson Radio | | | |
| 1985-year to March 31 | 357,463,000 | 13,254,000 | .84 |
| 1984-year to March 31 | 183,029,000 | 9,084,000 | .58* |
| 1985-qtr. to March 31 | 89,963,000 | 2,253,000 | .14 |
| 1984-qtr. to March 31 | 46,556,000 | 1,437,000 | .09* |
| Hitachi^b | | | |
| 1985-year to March 31 | 20,230,000,000 | 848,100,000 | 2.91 ^c |
| 1984-year to March 31 | 17,620,000,000 | 674,400,000 | 2.39 ^c |
| S.A.L. Communications | | | |
| 1985-year to Jan. 31 | 14,765,580 | (1,312,179) | -- |
| 1984-year to Jan. 31 | 22,441,309 | (1,094,336) | -- |
| Toshiba^b | | | |
| 1985-year to March 31 | 13,410,000,000 | 345,400,000 | -- |
| 1984-year to March 31 | 10,860,000,000 | 236,700,000 | -- |

Notes: *Adjusted. ^bAt yen's current rate. ^cPer ADR.

Consumer Electronics Personals

Richard Irvine named video products sales mgr., Sony Consumer Products; **Duncan Frederick** promoted to 8mm national sales mgr., **Chuck Miller** to Betamax national sales mgr.; Irvine succeeds **Tom Harvey**, now NW region vp, with hq in Brisbane, Cal., replacing **Tony Utsunomiya**, moved to same post in west region (Compton, Cal.), reporting to **Richard Meyers**, now vp-zone mgr.; **Fred Wahlstrom** promoted to Sony corporate communications dir... **Robert Brown** promoted at Kloss Video from asst. treas. to sales vp; **Robert Berkovitz** joins as product development mgr... **John Collura** named AOC International OEM sales mgr., new post, with responsibility for customers in U.S., Canada and Latin America... **Michael Ross**, ex-NAP Consumer Electronics Philco Div., joins Mitsubishi as national ad and PR mgr.

Graham Beachum, ex-IBM, joins Tandy's Radio Shack Div. as computer mdsg. vp, post vacant since last year, when **Jon Shirley** left to become pres. of Microsoft... **Sig Schreyer**, ex-Silver-Reed, one-time Commodore, appointed Atari vp-gen. mgr... **Jean-Louis Gasse**, recently named Apple Macintosh Div. dir., appointed development and engineering vp in restructuring; **Roy Weaver**, former field operations vp, now distribution vp... **Debby Coleman**, Macintosh mfg. mgr., adds production responsibility for Apple II line.

Donald Jones, Motorola senior vp, becomes exec. vp—chief financial officer Nov. 1, succeeding **John Hickey**, who retires but continues as a dir. and Finance Committee chmn.; Vp **David Hickie** to

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be advanced from semiconductor products finance dir. to corp. asst. chief financial officer, replacing Jones... **Martin Gerber**, ex-QT&T, joins Pilot Audio as northeast region vp... **Lee Lareau** appointed dbx east sales mgr... **Bob Kuczik** named NE region sales mgr., Fuji Magnetic Products Div... **John Gaidmore**, ex-Commodore, named BASF Audio/Video west region sales mgr.; **Terry O'Kelly** appointed national sales mgr. for professional audio tape... **Martin Brochstein** resigns as HFD electronics editor to join Discount Store News as managing editor.

Richard Pinson named to new post of national accounts mgr., Vestron Video... **Stewart Till** advanced from sales and mktg. dir. to managing dir., CBS/Fox Video International in U.K... **Laurence Ronson** resigns as Heron Entertainment group mktg. dir... **Esther Greif** named gen. mgr., Pacific Arts Video Records, replacing **Ann Schwarz**, who has joined MCA Home Video as ad and mdsg. dir... **Richard Sowa** advanced to exec. vp, Playboy Video Group... **Chris Bourne** promoted to new post of gen. sales mgr., United Video... **Stephen Bentkover**, ex-Leisure Time Electronics and Video Review, now partner in Spectrum Mktg., repping recorded videocassettes to toy retailers.

Japan's Matsushita plans to set up European R&D Center, probably in U.K. Company already has R&D labs in U.S. and Taiwan.

TELEVISION DIGEST®

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

With Consumer Electronics

JUNE 17, 1985

VOL. 25, NO. 24

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Broadcast - Cable

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HILL PRESSURES FCC ON TAKEOVERS: Hearing on Turner-CBS demanded. Eagleton ready with antitakeover bill. Cooke continues play for Multimedia. (P. 2)

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BMI SEEKS COURT INJUNCTION, charging that All-Industry TV Music License Committee acted improperly in seeking special stockholders' meeting. (P. 6)

NAB FINDS OUTSIDE INCOME: Station Services brings in revenue of \$608,030, \$283,000 profit, for year ended March 31. (P. 6)

NAB LEADERSHIP POSTS UP FOR GRABS: Hot 3-way race for joint chmn.; other spots to be filled at board meetings this week. (P. 7)

ATC AND TCI SWEETEN OFFER FOR WARNER AMEX: American Express signed agreement with TCI and Time Inc.'s ATC on June 11 for sale to them of Warner-Amex Cable Communications (WA) for \$850 million in cash, assumption of \$500 million in debt, plus share of profits from sale of WA's equity in cable programming ventures. Warner Communications, other WA parent, held board meeting in N.Y. same day but was mum about deal. Warner has 90 days to respond.

Structure of deal shows that buyers would keep WA's 104 cable systems serving 1.2 million subscribers but sell off WA's cable programming ventures, including 2/3 ownership of MTV Networks and 19% position in Showtime/Movie Channel. Some analysts have valued programming ventures at \$375 million. TCI is nation's largest cable operator with 3.5 million subscribers, ATC No. 2 with 2.5 million.

Consumer Electronics

RCA PUTTING HOLD on \$50 million of VCR orders to help relieve inventory glut, warns unrestrained imports could collapse market. (P. 10)

NBC PLANS BIG SPLASH for network stereo TV sound debut with July 16 All-Star Game. Daily programs this summer, prime time in fall. (P. 11)

DIGITAL COLOR TV being added by JVC and Sharp in Japan, 4 makers in Europe, ITT says. Digital chips for VCRs on way. (P. 11)

NEW COLOR TV SUPPLY declined in first quarter. EIA and Commerce figures indicate both production and imports fell. U.S. plant market share up. (P. 12)

RCA MOVES TO CLEAR OUT its legal attic, asks court to terminate 1958 patent pool consent decree, plus others signed in 1932 and 1918. (P. 13)

PORTAVIDEO MARKETING videoplayers, MGM/UA software, to hotel-motel market. (P. 13)

EARNINGS GROWTH FORECAST reversed by North American Philips, which blames competitive consumer electronics, component markets. (P. 14)

WORLD'S BIGGEST glass plant with eventual capacity for 18 million color bulbs a year approved by Korean govt. for Samsung Corning. (P. 16)

Offer is \$100 million richer in cash than earlier proposal by same 2 bidders (TVD June 3 p2), but total is only \$50 million greater because debt to be assumed has fallen from \$550 million to \$500 million, said Michael Luftman, Time Inc. spokesman. Reduction in debt results in part from sale of Dallas cable system to Heritage Communications for \$110 million.

Kicker in sweetened offer is that buyers agree to split with sellers profits above unspecified amount from sale of cable programming interests. Luftman wouldn't say what that level is or what buyers think programming ventures are worth. He also wouldn't characterize how proceeds from MTV Networks (MTV, VH-1 and Nickelodeon) and S/MC would be split among buyers and sellers.

Announcement by American Express apparently caught some by surprise, even though credit card company has been itching to get out of cable, and was viewed by many as effort to force Warner to make up its mind about staying in or getting out of cable business. WC spokesman Geoffrey Holmes, who wouldn't comment on any aspect of deal, even to confirm WC board met, did say he wasn't aware that Warner had received any new offer from ATC and TCI. Time's Luftman said, however, that offer had been communicated to both parents: "It's my understanding we made the original offer to both companies. We didn't receive a response and this [new] offer has been made to both parties."

"We would like some sort of response from [Warner] as soon as possible," Luftman said, "if only to say 'let's sit down and talk.' We haven't had an opportunity to sit down directly with [Warner] to talk and would like very much to do that. We certainly hope that they have some sort of response as soon as possible." TCI executive Peter Barten said he couldn't discuss deal until Warner had made up its mind, but he did say that sweetened offer "reflects our earnest ambition to acquire these properties."

American Express-Warner partnership contains right-of-first-refusal agreement specifying that either can buy out other's half-interest at offering price. Thus, WC board could decide to buy out American Express on same terms ATC and TCI have offered. It's known that Warner doesn't want to leave cable field, but it has internal problems, including cash flow and struggle with Chris-Craft Industries, which owns significant stake in Warner but wants out.

Under ATC-TCI ownership, WA would be operated as stand-alone joint venture, controlled by board composed of equal representation from each bidder, prospective buyers have said. ATC and TCI have said they want current WA management to remain.

Time and American Express admit deal was put together without Warner's participation but insisted that was Warner's decision. Time spokesman said publisher decided to go ahead and move deal along as far as it could with a willing American Express.

Meanwhile, Washington Post Co. is nearing deal to buy Capital Cities Communications' cable systems for reported \$375 million. CapCities Chmn. Thomas Murphy said that talks are continuing, that no written agreements had been reached. It was believed that Post would buy all 55 CapCities cable systems, serving total of 374,604 subscribers, except those in Plymouth and Saline, Mich., near Detroit, because of signal overlap from Post's WDIV Detroit. Idea for CapCities to sell systems to Post apparently came from Warren Buffett, Post board member.

LEGISLATION EYED ON TAKEOVERS: Bill to require FCC to hold evidentiary hearings on hostile takeover bids involving TV networks is being prepared by Sen. Eagleton (D-Mo.) for introduction this week. If moved quickly, it would force Commission to hold extensive hearing on Ted Turner's bid for control of CBS. CBS, meanwhile, has repeated demand that FCC hold full-scale evidentiary hearing on issue.

Eagleton said he's concerned about FCC's "lackadaisical" attitude toward effects of network takeovers on public interest. "Members of the SEC, FCC, Department of

Transportation and the Administration in general seem content to let this new breed of corporate pirate, the 'raider,' roam freely with little concern for the consequences of their inaction" and "cowardice," he said.

Bill originally was to be included as part of legislation on hostile takeovers in airline industry that Eagleton introduced June 10 (TVD June 10 p4). But Senator decided to separate proposals after being convinced by Senate Commerce Committee Chmn. Danforth (R-Mo.) and others that network ownership issues merit separate attention from Congress. Bill was to be introduced separately last week, was delayed when Senator decided to consider adding language to require evidentiary hearings for all multistation transfers involving hostile takeover bids, aide said. That idea was quickly dropped, but delay dragged on while Eagleton sought co-sponsors on Commerce Committee. He expects to have bipartisan support from panel, including Sens. Exon (D-Neb.) and Ford (D-Ky.). Measure should be introduced this week, aide added.

Bill was heralded by Hill observers as sign of growing concern in Congress over Turner's bid for CBS. Senate aides already are pushing for hearings in Commerce Committee, and House Telecom Subcommittee last week scheduled July 10 hearing on FCC's role in ensuring public interest is protected.

Eagleton and 5 other senators also wrote FCC Chmn. Fowler calling for more than planned day of en banc oral argument on TBS-CBS takeover. They argued that public interest wouldn't be served without "full exposition of the record of Mr. Turner's plans, finances and capabilities to operate CBS." In separate statement, Eagleton criticized FCC plan for en banc argument as "lackadaisical," said it "flies in the face of public concern." FCC official said that Commission wouldn't comment on letter, that FCC Gen. Counsel has been asked to rule on whether correspondence is ex parte presentation.

CBS said in June 7 letter to Fowler that its request for evidentiary hearing was prompted by our report that FCC planned en banc oral argument in late July or early Aug., and that evidentiary hearing was unlikely (TVD June 10 p4). "We are deeply concerned by the suggestion that the Commission may have already determined that a full evidentiary hearing is not required," CBS said. Network said such a decision would be "premature and highly improper... It would represent a serious prejudgment on the merits of the issues raised."

Meanwhile, in other merger activity, Jack Cooke has questioned Multimedia's May 23 filing of Form 316 at FCC seeking transfer of control of its stations and has asked agency not to take "hasty action." He was joined in letter by JJ Partnership and One Two Corp., which are fighting restructuring of Multimedia ownership and have obtained temporary restraining order from S.C. state court. Cooke has made 2 bids to buy Multimedia, both rejected without submission to stockholders.

In June 12 letter to Commission, group questioned why Multimedia even filed application, saying it probably was filed because "it appears... more than 50% of the stock of Multimedia will be held by new shareholders" if management plan succeeds. But, if that happens, group said, "it may be" that Multimedia should file Form 315 transfer application -- which provides for comment time.

"To clarify the situation... we believe that Multimedia should be requested to explain why it has deemed it necessary to obtain FCC approval," Cooke group said. Approval of "an unnecessary application... could be misunderstood as Commission endorsement of a particular proposal that is pending before shareholders of Multimedia. In any event, there is no need for hasty action" since restraining order against Multimedia is in effect.

National Alliance for Women in Communications Industries is forming to represent women in emerging telecommunications businesses. Annual dues will be \$30, \$15 for students. Contact: Dee Dolan, Box 33984, Washington 20033.

Ted Turner has formed Better World Society to produce "global television programming" on environmental, nuclear war and overpopulation issues. TBS will donate at least \$500,000 to finance Society's first year.

CRT ABOLITION BILL OFFERED: Bill (HR-2752) that would abolish Copyright Royalty Tribunal (CRT) and nullify any actions it takes after measure's introduction date was offered June 12 by Reps. Synar (D-Okla.) and Schroeder (D-Colo.). It would transfer all CRT duties to U.S. Register of Copyrights. Synar said proposed setup would be interim step while Congress considers permanent reform of CRT and copyright ratemaking. Commissioners and all CRT employees would be laid off within 60 days after bill's enactment.

But CRT will press ahead with current business despite bill, said Acting Chmn. Edward Ray. He also reacted harshly to criticism of Tribunal voiced by bill's cosponsors, saying it creates impression "closely akin to character assassination."

Existing rate distribution systems and pending inquiries, such as Turner Bestg.'s petition for WTBS Atlanta to be exempted from 3.75% post-Malrite distant signal rate, wouldn't be affected immediately by bill. But measure in effect sets Jan. 1, 1988, deadline for Congress to replace CRT by sunseting existing distribution decisions then.

Bill was referred to House Judiciary Committee, where it will be handled by Copyright Subcommittee chaired by Rep. Kastenmeier (D-Wis.), who also has made clear he believes CRT must go (TVD June 10 p10). Bill will be reviewed at Subcommittee hearings June 19 and July 11.

Synar said he "strongly supports" compulsory license for cable retransmission and opposes current rates as "unfair" because they show "urban/rural bias" in distant signal fee structure. He also said industries fear "capricious ineptitude" of agency and criticized Reagan Administration for putting "startlingly inept" political appointees onto CRT. CRT is "irreparably broken and incapable of rendering a sensible decision," Synar said.

Schroeder said CRT "has been a dumping ground for political appointees." She and Synar cited Marianne Hall, who resigned as CRT chmn. under pressure after controversy over racist book she helped write (TVD May 13 p6). Both lawmakers criticized commissioners, who receive \$70,000 salaries, for failing to show up daily for work -- point raised at recent hearings.

In June 13 letter to lawyers practicing before CRT, Ray commented on legislation: "We regret that this situation puts the parties 'at risk.' Should the [bill] become law, the Tribunal will seek guidance as to the proper procedures to follow" in light of section of measure that would nullify any CRT action taken after bill's introduction date.

Ray said in letter that CRT "is compelled" by existing law to continue action on 2 proceedings under way -- distribution to copyright owners of 5% of 1983 jukebox royalty fund and distribution of nearly \$80 million of 1983 cable royalties. First

post-June 12 action CRT will take is parcelling out 50% of 1983 cable fund to copyright owners.

CRT on June 27 will hand out checks totalling \$39,691,457 to 8 copyright interests as half of their share of cable pool. Most (68.12%) goes to MPAA. Joint sports claimants will get 14.85%; PBS, 5.19%; NAB, 4.45% (plus share of MPAA's monies, raising NAB total to 5%); music claimants, 4.2%; religious broadcasters (so-called devotionals), 1%; Canadians, 0.74%; NPR, 0.25%. It's first time devotionals will get any share of cable pool, their 1% coming from proportional reductions in shares of all other groups except NPR, officials said.

Risk that copyright groups face in continuing to do business before CRT, attorneys told us, is possibility that time and clients' money expended will have to be duplicated if CRT functions are transferred to Register of Copyrights. "You're talking about the chance of doing things twice," one attorney said. "Even more than twice," he added, "because these matters would be new to that office and so we probably would have to spend extra time getting [Register] up to speed on the issues."

RCA executives "feel comfortable that we [NBC] would be a very indigestible bite" for any group attempting takeover, NBC Chmn. Grant Tinker told newspaper TV critics June 11 in L.A. He also supported CBS efforts to fight off takeover attempt by Turner Bestg.: "I think CBS as it is owned and run right now is a very good company... It's hard to imagine any other owner running it better or as well." Tinker pledged to stick with news magazine American Almanac featuring Roger Mudd "even though it will take years to stick to the wall." Asked about "sniping" by CBS executives before same critics in Phoenix 2 weeks ago that "NBC was getting only the kids audience," Tinker responded that "we're getting age 2 to 50 -- all the audience that really counts." Told that CBS Best. Group Pres. Gene Jankowski had expressed concern about low prime-time ratings of ABC, Tinker asked: "He'd like to see them rebound? I'd rather see them just drift along. I don't know what's gotten into Gene... I'm not going to hold any benefits for ABC -- not just yet." Critics tried to get Tinker and Entertainment Pres. Brandon Tartikoff to predict that NBC would move to No. 1 in prime time -- and when that was likely to happen. Neither made prediction, but Tinker said "we're a formidable competitor" with new fall schedule. Tartikoff said that NBC is indeed "going out to win," that fall would be very competitive and that baseball playoffs and World Series would throw ratings off until Nov. sweeps.

Tribune Bestg. has asked FCC for 18-month waiver to comply with cross-ownership rules after it consummates \$510 million purchase of KTLA L.A. (TVD May 20 p1). Tribune told Commission it wanted time to prevent "distress sales" in disposing of Daily News (published in Van Nuys, Cal.) and several cable systems (39,000 subscribers) within KTLA's Grade B contour.

MONTREUX SHOW-STOPPER: International TV Symposium in Montreux, Switzerland, last week had one honest-to-goodness, show-stopping highlight -- one so startling it will be repeated by invitation at SMPTE conference in L.A. next fall.

Event was showing of first completely digital studio production. Presented by Michel Oudin, gen. mgr. of SSP, France's largest production center, music video "Nous Deux" was recorded on digital VCR made by Bosch Fernseh using other studio equipment by Thomson CSF. Elaborate production was shot originally without scenery or props, which were inserted later in 15 different generations, or takes. End result was converted directly from digital form to RGB and projected on Eidophor projector.

Montreux event set records for attendance and number of exhibitors, also featured demonstrations of HDTV by Japanese companies as well as Italian theater production originally shot in high-definition video and transferred to 35mm film by Sony electron beam recorder. At NHK booth, Sanyo demonstrated 1,125-line widescreen optical videodisc playing 30 min. per side in constant linear velocity (variable speed) mode at twice speed of home videodisc.

European broadcasters reacted negatively to profusion of smaller format ENG systems, including camcorders. They didn't seem satisfied that Betacam was last word in combination systems, felt Panasonic MII was too expensive and too heavy, that Bosch and Hitachi 1/4" systems were nonstandard and used tape that was obsolete and hard to obtain. Much of corridor talk was about 8mm cassette and its eventual application to broadcast use.

Sony added some extra confusion but created excellent pictures with new highband U-matic VCRs priced 10-20% over standard machines they replace. Sony showed that 5th-generation recording was equal in quality to 2nd-generation tape made with standard U-matic. But company seemed to soft-pedal new series, preferring to devote most promotional effort to Betacam format.

Sony said it sold first complete HDTV production system to French company, Voir Studio 57. Announcement at Montreux was hailed as victory by Japanese and Americans because Sony system operates on same 1,125-line, 60-fields per sec. system they're urging as world standard. Europeans are supporting 50-cycle system. Voir Studio 57 is said to have paid \$630,000-\$1.2 million for system to be delivered next Jan. Purchase was said to include 3 videotape recorders with monitors, one camera, accessories. Sony claimed equipment will allow production of feature film in 6-8 weeks rather than 4-6 months because of easier editing.

NBC News has protested seizure of videotape by Russian officials at Moscow airport. Tape included interviews with 2 Soviets whom govt. prohibited from leaving country. NBC Moscow Bureau Chief Steven Hurst said seizure was "blatant violation" of international agreements.

CABLER SUES OVER MMDS: Fearing "irreparable" damage to its \$30 million cable investment in Milwaukee, Warner Amex Cable Communications (WA) sued Wis. Bell and Wis. Educational Communications Board (ECB) last week over their collaboration to offer multichannel multipoint distribution service (MMDS).

Suit claims that their ITFS agreement violates Wis. law which requires that ITFS space be reserved for educational uses and that they conducted secret RFP process. WA received temporary injunction from Milwaukee County Circuit Court judge, according to Richard Berman, WA exec. vp-gen. counsel and secy., restraining further action by telco and ECB until June 18 hearing.

Wis. Bell contracted to build, own and operate 13-site MMDS system. Wis. Bell attorney Michael Cauble said telco has reviewed FCC opinions and he believes it's operating within AT&T divestiture order. Official in FCC Common Carrier Bureau said he hadn't received any filings on project and said Commission would rely on telco's judgment to determine whether any were needed.

ECB Exec. Dir. Paul Norton said state attorney gen.'s office had approved contract with Wis. Bell to sublease time to commercial programmer Movie Systems Inc., which operates 6-channel MMDS system in Milwaukee. Milwaukee is starting point for deal, where ECB has pledged to lease 8 ITFS channels to telco. "Finally, we'll have a system to deliver on some of the promises that, as public broadcasters, we couldn't [deliver on] because the economics weren't right," said Norton.

System will cost Wis. Bell about \$5 million and take 3-4 years to build. ECB, U. of Wis.-Milwaukee and Milwaukee Public School System (if it participates), will receive up-front \$100,000 each from Wis. Bell, plus 10% of gross revenues once telco earns back its capital outlay. Wis. Bell has 10-year lease with 5-year option on systems, can back out any time it feels operation no longer is profitable.

Under 1983 rules change, FCC authorized reallocation of some ITFS channel space to MMDS and permitted holders of ITFS licenses to lease excess capacity. Deal has been in works 2 years, since telco responded to request for proposals from state, Norton said.

V-for-U channel swap proposal is opposed by 14 commercial broadcasters who filed jointly at FCC June 14. Number includes Belo Bestg., Capital Cities, Cox, Gannett, McGraw-Hill, N.Y. Times Bestg., Post-Newsweek, Storer, Taft, Tribune, Westinghouse. Also filing opposing comments were 23 public TV station licensees that hold licenses for 80 stations. Commercial broadcasters argue that in channel exchanges all parties must be given opportunity to apply for station, with comparative hearing to determine winner.

BMI SEEKS COURT INJUNCTION: BMI has asked U.S. Dist. Court, N.Y., to issue injunction against All-Industry TV Music License Committee and to declare "improper" action of Committee and 5 BMI stockholders who requested special BMI stockholders' meeting. Court has set June 18 hearing on request.

BMI filed in court June 11 following special board meeting in Atlanta day before. All-Industry Committee and 5 stockholders (Stauffer, Tribune, Meredith, Taft and King) want to call special meeting to decrease size of BMI board from 16 to 12, to require 2/3 majority for any action, to retain TV music fees at 58% of those paid annually to ASCAP until parties agree on new rates, and to establish special court to mediate music license agreements at time of renewals.

BMI asked court to declare actions "improper" and to enjoin 5 stockholders from, among other things, continuing attempts to force special meeting. Two sides have been unable to reach music license fee agreement since U.S. Supreme Court refused to reconsider lower court ruling dismissing Committee's antitrust suit (which began in 1978) against BMI.

Talks have since broken off and BMI is taking its case directly to stations through trade ads, claiming that "we gave it our best" to reach new agreement. Shareholders said they're seeking special meeting in response to what they called "consistently unresponsive conduct of BMI's management vis-a-vis the needs of BMI's shareholders."

In June 14 letter to shareholders, BMI Chmn. Robert Pratt said board sought outside advice of 2 law firms, was "unanimous" in deciding to go to court because "the purposes behind the demand [for special meeting] are unlawful under the antitrust laws and improper as a matter of corporate law." He also asked holders not to sign proxy statement mailed last week by Committee.



Several advertisers of food products are ignoring FTC requirements that all claims in ads must be substantiated in advance and are making unsubstantiated health claims, according to James Ferguson, chmn.-CEO of General Foods. Addressing AAF convention in Washington last week, he said: "Our fear is that reputable advertisers will adhere to such rules; others, motivated by short-term opportunity, may well ignore them." Without naming names, he said "some elements inside the advertising community have damaged its credibility by their excesses." AAF has 20 fulltime employees (18 in Washington, 2 in San Francisco), operates with \$1.5 million budget, had net loss of \$71,731 in 1984.

Pam Golden, ex-weathercaster for KDLH-TV Duluth, has sued station for \$8 million, claiming she was fired in May 1983 because she refused to wear revealing clothing and sit in "a suggestive manner." She also seeks reinstatement and back pay. KDLH-TV had no comment.

NAB DIV. BRINGS IN INCOME: Far ahead of projections year ago, NAB Station Services Div. added \$608,030 to Assn. revenues for fiscal year ended March 31 through sales of everything from life insurance to publications to gadgets. Div. had estimated profit for year of \$283,000. Biggest seller by far was Legal Guide, bringing in \$194,200; for current fiscal year, big seller is newly published Engineering Handbook (which goes for \$149.50 to members, \$209.50 to nonmembers), with more than \$100,000 in sales already.

NAB had projected only \$396,000 revenue from Div. when budget was approved in Jan. 1984; that was revised last fall to \$530,000. For current fiscal year, NAB is anticipating \$701,900 from sales arm, headed by Senior Vp James Hulbert. Div. is in its 3rd year as profit-making venture, has big leg up for this fiscal year with sales of more than \$170,000 at April convention in Las Vegas -- double sales at 1984 convention.

In addition to Legal Guide sales, promotion items brought in \$52,016 last year, engineering papers \$37,175, TV market financial reports \$28,727, 1976 edition of Engineering Handbook \$24,907, business insurance \$46,367, life insurance \$29,400, libel insurance \$23,400. NAB has added long-term disability policy, which brought in only \$3,100 last year, but Hulbert told May Exec. Committee meeting that will grow "substantially" this year.



Growing concern is being raised "over the sexual explicitness and violent nature of some of today's rock lyrics and their related music videos -- which some are now referring to as porn rock," NAB Pres. Edward Fritts told Miss. Bestrs. Assn. June 14. Pointing to public attention that has been drawn to issue -- and his warning to broadcast stations and request that record companies provide lyrics of records sent to broadcasters -- he said: "I am not against rock music. I am not setting myself up to be the arbiter of rock taste. And, I certainly have no intent to censor."

NAB told Small Business Administration that it's "astounded" SBA plans to prohibit loans to broadcasters on basis industry now is deregulated. "Even a cursory review of current FCC regulations reveals that broadcasting continues to be a regulated industry" and SBA proposal is based on "an inaccurate assessment of the regulation of commercial broadcasting," NAB said. Most SBA loans go to minorities or small-market broadcasters "who are without substantial financial resources and who lack the contacts to obtain funds" elsewhere, NAB said.

Showing first real interest in broadcast issues, Senate Commerce Committee Chmn. Danforth (R-Mo.) will introduce bill today (June 17) with Sen. Hollings (D-S.C.) that aides said would amend Communications Act "to increase accountability and restore balance in political advertising campaigns." Bill addresses problem of negative campaign ads.

NAB LEADERSHIP SPOTS UP FOR GRABS: Biggest issues before NAB board meetings this week in Washington are likely to be elections of Assn. leaders for next 12 months. Up for grabs are joint board chmn., TV and radio boards' chmn. and vice chmn. Only uncontested race is for TV chmn., where William Turner, KCAU-TV Sioux City, Ia. is unopposed to succeed Jerry Holley, Stauffer Communications, who has served 2 years.

In vigorous race to succeed Gert Schmidt as joint chmn., 3 radio board members are vying for top NAB post: Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock; Vice Chmn. Edward Giller, WFBG-AM-FM Altoona, Pa.; ex-Radio Chmn. Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky. Running for radio chmn.: Clyde Price, WACT-AM-FM Tuscaloosa, Ala., and John Dille III, Federated Media. Radio vice chmn. candidates are Bev Brown, KGAS(AM) Carthage, Tex., and Richard Oppenheimer, KIXL(AM)-KHFI(FM) Austin.

Seeking TV vice chmn. to succeed Turner are Wallace Jorgenson, Jefferson Pilot Bstg., and Peter Kizer, Evening News Assn. While most races are said to be close, board pundits say likely winners are Snider, Dille, Brown and Jorgenson. May particularly disputes that assessment, claiming he has enough votes to win on first ballot (if no candidate gets majority of those voting on first ballot, low person will be dropped and 2nd vote will be taken).

Oppenheimer has attempted to make proposed restructuring of radio board campaign issue. Since NAB did away with market-size directors 4 years ago, there have been few radio board members elected from major markets -- and they're complaining. Bylaws Committee suggested 2 seats be added to board, reserved for broadcasters from markets with more than million people. TV board didn't want radio expansion (radio already outnumbers TV on board 3-1) and Exec. Committee, at May 16-17 meeting, changed bylaws recommendation to phase out 2 radio district directors. Members of NAB Metro Radio Committee called plan step in right direction but said they want something stronger and immediate seats to board, perhaps by lottery. Subject is bound to take up considerable time at this week's meetings.

In June 7 "flash report" to radio dirs., Oppenheimer said he has "been informed by a reliable source" that proposed change is unacceptable to "major group operators and that they are threatening to pull out of NAB unless they are recognized." Pointing out he formerly was head of major radio group, he said: "I am the most qualified candidate to relate and to deal with this problem, and others, as no one else can."

Another major subject before board will be recommendations of consultant John Guttenberg on restructuring of NAB public affairs efforts. He concluded NAB does better job than its critics claim but does poor job of getting its story across to its

members and Washington officials -- he didn't include NAB effort to reach media in his criticism, as reported (TVD June 3 p7).

Other issues that "will be on the front burner," we're told, include must-carry and cable copyright, public broadcasting funding, beer and wine ads, First Amendment, proposed industry-owned radio rating service and interference to Ch. 6 TV stations.

Board will be briefed June 18 by Vice President Bush and other Administration officials, have reception for members of Congress that night. Next evening, reception and dinner will be held in Diplomatic Rooms of State Dept.

NAB changed its policy for April convention in Las Vegas and charged noncommercial TV stations that weren't members full nonmember registration fee. As result, according to TV Senior Vp Dick Hollands, 22 PBS stations and 50 satellites joined just before convention. On radio side, Daytime Bcstrs. Assn. has returned \$7,000 of \$45,000 NAB allocated to DBA to clear up its debts when Assn. merged with NAB. Money will be used to solicit membership among daytimers.

At May meeting, Exec. Committee allocated \$25,000 for "exploratory research" of picture quality concepts in preparation for FCC filing, \$30,000 to study whether additional sharing of UHF spectrum will foreclose its use for HDTV and approved "tentative commitment" with CPB for research to attempt to resolve Ch. 6 interference problem. Study will cost about \$125,000, but it isn't known how much NAB will be required to provide, according to Thomas Keller, senior vp for science and technology.

The Entertainment Network (TEN), one of 2 pay-cable channels in U.K., has folded under mounting debt and dwindling number of subscribers, according to British press reports. TEN's collapse just 14 months after it was launched came last week when 27% owner United International Programmes decided to get out. TEN reportedly had 47,000 subscribers, mostly in former Rediffusion cable systems.

Simultaneous concerts to aid African famine victims, in London and Philadelphia July 13, will be carried by cable network -- probably MTV -- and independent stations around country. In addition, organizers working for Band Aid, U.K.-based group sponsoring fund-raising event, say they plan to line up TV network for 2-3 hour prime-time special plus radio network for stereo carriage. Worldwide Sports & Entertainment is producing and marketing event.

Group W Bcst. & Cable received Presidential Award for Private Sector Initiatives (only media company to get such award) at White House June 14 for several public service initiatives in both broadcast and cable. NAB received citations for campaign against drunk driving and for efforts of BROADCAST to fund minorities entering broadcasting; AAF got citation for "nationwide commitment in the area of volunteerism."

BOESKY 'SHOCKED' AT CBS: "I was threatened, abused and sued" by CBS over his purchase of 8.7% of company's stock, arbitrageur Ivan Boesky said June 11 during panel at Financial Analysts Federation (FAF) convention in Washington. He said that he was "shocked" by CBS reaction since he had said repeatedly that he was buying shares for investment purposes only. He now owns 4.3% of outstanding shares, making him 2nd largest individual stockholder behind ex-CBS Chmn. William Paley, and has pledged not to acquire any more for 2 years in agreement which resulted in CBS dismissing its law suit.

"Our intentions were never more than to be an investor," he told analysts. In April, CBS sued Boesky in U.S. Dist. Court, N.Y., accusing him of violating federal security laws through illegal margin transactions that "artificially and temporarily inflated CBS stock prices" (TVD May 6 p2).

CBS shares are worth between \$220-\$240, according to Boesky. CBS closed unchanged June 14 at 118.5, with only 125,500 shares traded. In unusual situation, N.Y. law firm Cravath, Swaine & Moore, which represents Boesky in his stock dealings, also represented CBS in suit against Boesky. Using another law firm, he was unsuccessful in attempt to have Cravath, Swaine & Moore disqualified as CBS counsel.

Boesky said he still is active in buying shares of "wide range of communications companies" but didn't identify them. He said many such companies are greatly undervalued on market. Of TBS attempt to take over CBS with no up-front cash, he said: "It's unfair to use the words 'junk bonds' just because the financing isn't perfect."

FCC Comr. Quello called Cable Act "emancipation proclamation" for cable industry during FAF panel on "Regulatory & Technological Changes." Pointing to FCC 3-2 approval of Storer takeover attempt, to which he issued strong dissent, he said "sometimes legal technicalities obscure common sense" at FCC. He said that decision gave "impetus... to sudden urge to merge" among communications companies. Of Capital Cities acquisition of ABC, Quello said: "I don't see any problems except for the overlap situation" between Philadelphia and N.Y. TV stations. He said overlap sometimes is "more technical than practical," pointed out CBS owns grandfathered TV stations in both cities.

Of proposal he was first to put forth last Jan., to permit noncommercial VHF stations to swap channels with commercial UHF's in same market, Quello said: "I'm beginning to walk away from it" after personal survey of noncommercial stations. He said he "senses" more opposition to proposal than support, said Commission should handle such deals on case-by-case basis.

Fellow panelist Taft Bestg. Chmn. Charles Mechem has been in forefront in opposing swap idea,

and Taft has helped mobilize opposition in Congress. Mechem said merger activity (Taft itself has received FCC approval of acquisition of Gulf Bestg., making it first to own new maximum of 12 TV stations) has been caused by recognition of underlying values of media companies. He said that such activity will have significant impact on way independent TV stations are structured and programmed, that broadcasting will remain "extremely healthy" even when cable TV reaches 70% penetration of U.S. TV homes. He said "very significant proportion" (22%) of nonnetwork TV viewing now goes to independents.

Continued growth of cable won't hurt stations nearly as much as it will affect networks, Mechem said, because viewers still will demand local information and news. He said that in 1984 local news on Taft TV stations accounted for 33% of revenues, 40% of profit.

WPDE-TV Florence-Myrtle Beach, S.C., has been sold for \$14.5 million by Eastern Carolina Bestg. to Diversified Communications. Diversified (George Hildreth, pres.) owns WCJB Gainesville, Fla., and WABI-TV-AM-WBGW(FM) Bangor, Me. Broker was Blackburn & Co. Other station sales: (1) **WDHO-TV Toledo** has been bought by TV Station Partners in bankruptcy proceeding from Bank of Boston for about \$20 million. (2) **WREX-TV Rockford, Ill.** has been sold for \$21 million cash by Gilmore Bestg. to Heritage Bestg. Heritage is owned principally by Pres. Mario Iacobelli, who also owns 80% of WCTI New Bern, N.C. (3) **KDLH-TV Duluth** has been sold by Palmer Communications to Richard Benedek for \$9.5 million. Benedek owns small-market TV stations in Ky., O., W.Va. Howard Stark was broker.

Nielsen's May estimate of cable penetration is 45.3%, up 7% from May 1984. Ratings firm counts 38,673,270 cable subscribers in all 50 states. Four markets have at least million cable subscribers, Nielsen said: N.Y., L.A.-Palm Springs, Philadelphia and San Francisco-Oakland (new to list). Nielsen counts 46 markets with at least 60% cable penetration, up from 43 at last count in Feb. Arbitron's last count in April put penetration at 44%.

Senate Appropriations Committee last week directed FCC to send Congress by June 25 report on how Commission's equipment certification rules could be used as retaliatory tool in international trade. Panel also adopted language endorsing President's proposed satellite competition policy, saying plan was "properly balanced" and urging FCC to issue construction permits to applicants.

Independent KNAT Albuquerque, owned by Johnny Carson and other entertainers, has gone dark. Group bought station in 1982 for \$2.8 million, changed format from Hispanic programming to network reruns and movies, reportedly has lost up to \$7 million. Licensee asked FCC for permission to remain dark for 90 days while "4 or 5 offers" are considered.

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Showtime/Movie Channel: **Alan Pagels**, ex-Group W, named southeast dir.; **Bill Fogarty**, ex-CVN/Box Seat, appointed Rocky Mountain dir.; **Gary Keeper**, ex-independent producer, named production exec.; **Robert Greenfield**, ex-ABC, appointed business affairs dir., new post; **Dennis Balthazor**, ex-Pepsi Cola, named western vp... **Dennis Herzig**, ex-KSTP-TV St. Paul/Minneapolis, named dir.-sales and regional services, Conus Communications... **Rep. Kemp** (R-N.Y.) is June 21 luncheon speaker at RTNDA-SDX seminar, Washington Hilton.

Frank Roberts, exec. vp-gen. mgr., WREG-TV Memphis, named pres., parent N.Y. Times broadcasting group, succeeding **Charles Brakefield**, retired... **Bennett Pine**, ex-N.Y. law firm Poletti, Freidin, Prashker & Gartner, named labor attorney, NBC Labor Relations Dept... **Dianne Stewart** advanced to national sales mgr., WPCQ-TV Charlotte... **Alice Grusse** promoted to ad mgr., Times Fiber... **James Kaler**, ex-special counsel to law firm Skadden, Arps, Slate, Meagher & Flom, opens office, Suite 1200, 1000 Conn. Ave. NW, Washington, 20036, 202-463-0662.

Michael Larson promoted to gen. mgr., WOAC Canton, O... **Donald Travis** advanced to gen. mgr., WPMT York... **Paul Dinovitz**, ex-WTVN-TV Columbus, O., named vp-gen. mgr., KMBC-TV Kansas City... **Lee Brantley** promoted to asst. gen. mgr., WAFF Huntsville-Decatur... **Mary Braken**, ex-KWWL Waterloo-Cedar Rapids, named vp-program dir. and operations mgr., KTIV Sioux City, Ia... **Christopher Claus** advanced to vp-controller, Group W Radio Div... **Baryn Futa** advanced to vp-gen. counsel, National Assn. of Public TV Stations.

Guy McElwaine advanced to chmn.-CEO, Columbia Pictures, succeeding **Richard Gallop**, who continues to oversee motion picture division and TV and international operations; **John Butkovich** named senior vp-media... **Sidney Sapsowitz** advanced to exec. vp and a dir., MGM/UA Entertainment, new post, succeeding **Frank Yablans**, retired; independent producer **David Gerber** named pres.-production, MGM/UA TV.

Richard Penn, NBC Radio Networks senior vp, resigns to form Penn Communications radio station group, with Albuquerque hq... **John Otter**, McCann-Erickson national broadcast dir., and **Laura Stilton**, gen. mgr. of McCann-Erickson local broadcast, add titles of senior vps, Interpublic Group... **Amy Adelson** advanced to mgr.-miniseries and novels for TV, NBC Entertainment... **Ray Heacox** advanced to mgr., MMT Sales, N.Y.

Fred Flodin promoted to gen. accounting mgr., Jim Gilmore Enterprises... **James Kutz**, dir., PBS National Narrowcast Service, resigns to resume private consulting... Veteran broadcaster **Ernest Pell** confirmed by Senate as VOA dir... **Michael Bagnall**, Walt Disney Productions exec. vp-finance and chief financial officer, resigns later this year.

Personals

FCC calendar -- June 17: **Robert Foosner**, Private Radio Bureau chief, speaks at Annenberg School of Communications Summer Faculty Workshop, Washington. June 18: Comr. **Rivera** is on panel at Western Conference of Public Service Comrs., Westin Hotel, Salt Lake City. June 19: **Michael Fitch**, Private Radio Bureau deputy chief, addresses Utilities Telecommunications Council, Minneapolis. June 20: Gen. Counsel **Jack Smith** speaks to Electrical & Electronic Mfrs. Assn. of Canada, Montebello, Quebec; **Janice Obuchowski**, legal asst. for international affairs to Chmn. Fowler, is on panel sponsored by Annenberg School at American Society for Assn. Execs., Washington. June 21: Chmn. **Fowler** is guest on Larry King Show, CNN, 9 p.m.; Comr. **Rivera** addresses Law & Business Groups, Ramada Renaissance Hotel, Washington; **Daniel Brenner**, legal asst. to Fowler, talks to Conference on Cable TV Act of 1984, Albany, N.Y., Law School. June 22: Comr. **Rivera** and **James McKinney**, Mass Media Bureau chief, are on FCC Hour panel, Md./D.C./Del. Bestrs. Assn. convention, Sheraton Fountainbleau Inn, Ocean City, Md.

Michael Keslo named treas.-chief financial officer, Viacom Best. Group... Elected Cable TV Administration & Mktg. Society dirs.: **Mark Handler**, Disney Channel; **Ronald Dorchester**, Prime Cable; **John Heim**, Showtime/Movie Channel... Changes at

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of June and 1985's first 22 weeks:

| | MAY 25-31 | 1984 WEEK | % CHANGE | MAY 18-24 | 22 WEEKS 1985 | 22 WEEKS 1984 | % CHANGE |
|------------------|--------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL TV..... | 378,450 | 280,889 | +34.7 | 355,006 | 7,549,790 | 7,999,059 | - 5.6 |
| TOTAL COLOR... | 304,382* | 236,956* | +28.5 | 279,866 | 6,207,860 | 6,211,628* | - 0.1 |
| DIRECT-VIEW. | 300,741* | 234,415 | +28.3 | 276,261 | 6,124,114 | 6,146,518* | - 0.4 |
| PROJECTION.. | 3,641* | 2,541 | +43.3 | 3,605* | 83,746* | 65,110 | +28.6 |
| MONOCHROME.... | 74,068 | 43,933 | +68.6 | 75,140 | 1,341,930 | 1,787,431 | -24.9 |
| TV EXCL. PROJEC. | 374,809 | 278,348 | +34.7 | 351,401 | 7,466,044 | 7,933,949 | - 5.9 |
| HOME VCR#..... | 213,323* | 103,492 | +106.1 | 173,470* | 3,967,429* | 2,389,167 | +66.1 |
| COLOR CAMERAS#.. | 9,204* | 7,885 | +16.7 | 5,626 | 172,408* | 164,332 | + 4.9 |

Color TV (direct-view) 5-week moving average: 1985--254,912; 1984--260,732* (down 2.2%).

Home VCR 5-week moving average: 1985--162,323*; 1984--112,856 (up 56.8%).

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

RCA CUTS BACK VCRs, WARNS OF DANGERS: RCA is putting hold on \$50 million worth of VCR orders for this summer and is "prepared to do more" to help avoid what Group Vp Jack Sauter sees as import spree that could "collapse the industry's entire merchandising effort" in VCRs (TVD June 10 p12).

Expressing "grave concern over what we see on the horizon," Sauter pointed out that "VCRs are coming in [to U.S.] at 120% more than last year, while the sales rate is up only 66% -- May sales were up only 30%. This tells us something. With 4 to 5 weeks' shipping time, there's ample time [for exporters] to understand that this market is not selling at 15 million units [a year]. We're dealing with absentee forecasting and control. They look at our sales and go out to get their share."

"It almost looks like we're back to the stage where they're dumping in this market because they don't have place for it anywhere else," said Sauter, echoing almost identical complaint of Quasar Pres. Jack Pluckhan month ago (TVD May 20 p15). Added Sauter: "Everybody's saying 'I'll get mine -- let somebody else be the loser.'"

"Everybody will be the loser," Sauter asserted. "Those people who hold the inventory are going to be looking to get rid of it -- put it wherever they can -- and hurt the dealers who did the pick-and-shovel work of promoting VCR, introducing such good new products as VHS Hi-Fi. Who will spend money [for merchandising] if it's going to be undermined by forcing down-&-dirty prices? Dealers with sound merchandising policies will simply withdraw." If situation isn't corrected, he said, VCR will become product for only "the local service station or convenience store."

Sauter attacked "reluctance on the part of the trade to be good merchants" by merely "chasing prices and losing the conviction that this is a good, sound business. It's a crime in such a good product and one in so much demand. If we move into fall with the inventories we have now and continuing to mount, we will cause a good business to come to an unpleasant halt."

Effectiveness of Sauter's actions and comments could be open to question. Days when decision by top brand or couple of top brands could have major influence on marketplace are over and RCA's holding back could be signal to others to intensify efforts to gather market share. Meanwhile, preview look at April imports shows record 1.6 million VCRs poured onshore -- in month when domestic sales to dealers were just under 686,000.

Sauter doesn't think color's high inventories pose as serious a problem. "Action is being taken," he said. Mounting stocks "telegraphed a dangerous environment, but one that can be straightened out. We don't see a disaster there. There's overstocking of some models, but it probably can be straightened out before summer is over. The consumer purchasing rate is going through a seasonal downturn, but some markets are picking up already. There's no buyer's strike. I think we'll see a pretty good fall."

NBC-TV PLANS BIG SPLASH FOR STEREO: With appropriate fanfare, NBC plans to inaugurate regular stereo sound TV programming with All-Star Baseball Game July 16. Network will offer stereo on Friday Night Videos starting July 19, Johnny Carson Show beginning following Mon., July 22. In fall, according to network official, there will be "big add-ons," including Sat. Night Live, David Letterman Show and some prime-time programming, presumably including movies.

Advance publicity for debut will "hit hard, starting soon," network source told us. Preparing for formal start, NBC-owned KNBC L.A. and WRC-TV Washington have begun stereocasting. WNBC-TV N.Y. was one of first stations to test stereo, has been broadcasting Carson Show and others in stereo for some time. As many Consumer Electronics Show attendees discovered, NBC-owned WMAQ-TV is now testing stereo (but isn't on network's official list of equipped affiliates). NBC says 14 of its affiliates can broadcast in stereo.

Our count of U.S. stations broadcasting or equipped for multichannel TV sound now totals 66. Latest starters, in addition to the 2 NBC-owned outlets, are KRBC-TV Abilene, Tex. (NBC); WMPB Baltimore (PBS); WCLQ-TV Cleveland (ind.); WAXA Anderson-Greenville, S.C. (ind.); WTCN-TV Minneapolis (NBC). Note: We erred in including KUTV Salt Lake City as broadcasting in MTS in our last list (TVD May 27 p13). KSL-TV and KUED are stereocasting in Salt Lake City.

DIGITAL PROGRESS -- TV AND VCR: JVC and Sharp have joined Matsushita, Sony and Toshiba in producing digital TV sets in Japan, and ITT Standard Elektrik will be joined by 4 other European manufacturers that will introduce digital receivers this fall, we were told at Chicago's International Conference on Consumer Electronics (ICCE) by Lubo Micic, managing dir. of ITT Semiconductors -- still only manufacturer supplying full complement of VLSI chips for digital TV sets.

Digital VCR circuit consisting of 2 basic chips was described in ITT paper at ICCE. With samples expected to be available in about a year, circuit is said to eliminate hundreds of components, sharply improve picture in any format VCR. ITT also claims it will make possible low-cost multistandard VCRs (NTSC, PAL, SECAM) as well as VCRs with built-in standards converters, able to play back cassette recorded in one standard over TV of another standard. Preliminary price goal for chip set is \$20, which ITT said would beat cost of standard analog components. ITT said digital VCR circuit would provide "new features and high picture quality in a cost-effective solution, making it an attractive approach for next-generation VTRs."

In display at ICCE, ITT showed group of new chips to enhance features of digital TV sets. One of these, said to be available now, is set of 2 chips for complete U.S. standard multichannel TV sound. Among chips slated to be available within year are full field memory -- which will make possible such features as freeze frame, flicker elimination, zoom, multiple picture in picture -- to cost set makers about \$15 (\$10 for memory, \$5 for controller). Already developed

is auto switching multistandard (PAL, SECAM, NTSC) circuit. Design has been completed on scan-converter chip for 1,050-line progressive scan (quoted at "silicon cost" of \$5, but requiring modification of 3 other circuit chips) and D2 MAC decoder to interface directly with European high-quality DBS broadcasts and costing less than \$30.

ITT demonstrated German Standard Elektrik set with digital service processor. When switch at back of set (inaccessible without special tool) is set, LED channel indicator reads "SE." Overlay placed by service technician on remote control hand unit permits service technician to upload such service data as cutoffs, drive, linearity and picture size directly to set. ITT engineer described it as "electronic screwdriver."

ITT said its TV set division is turning out 6,000 digital sets weekly. High-end remote monitor-receiver demonstrated had stereo amplifier and broadcast stereo, built-in teletext and service processor. One observer said wholesale price of that 26" set was \$500-\$600, but this couldn't be verified.

Micic conceded deliveries had been slow but said more than million chip sets have been delivered. Basic digital set no longer is problem, he said, and he was confident that peripheral chips could be delivered in time to provide new attention-getting features for introduction of new digital sets.

NEW COLOR SUPPLY DIPPED IN FIRST QUARTER: In presumed response to inventory buildup and flat-to-down industry sales curve, domestic factories cut back production in first quarter and importers reduced shipment levels. Result was modest decline in total new color supply, compared with same year-earlier period, our analysis of EIA and Commerce data shows.

Indicated color output of U.S. factories slipped 2.1% to just under 2.9 million. That, allowing for stepped-up production by starting or expanded plants of such firms as Gold Star, JVC, Sampo, Samsung and Toshiba, implies other producers made some very substantial reductions. Import falloff of 6.7% to 1.2 million was caused primarily by 306,000 drop in incoming shipments from Korea. That, of course, was nearly offset by increase in imports from other countries.

With smaller percentage decline, U.S. factories picked up market share. Figures show imports accounted for 29.3% of new color supply in quarter, down from 30.4% in same 1984 period. Share total, however, marks something of comeback from imports' 27.2% in 4th quarter last year. But effective import share increased when tube-inclusive color TV kits are counted. Commerce figures show 244,000 kits were imported in quarter, up 35.7%, which would raise import total to 1.45 million. While that still would leave color imports down by 1.6%, it would put market share at 35.3%, up from 34.6%. Here's how TV supply breaks down:

1985 FIRST-QUARTER U.S. TV SUPPLY

| | | U.S.- Produced* | % change | Imports | % change | Total Supply | % change |
|----------|----------|--------------------|-------------|-----------|-------------|-----------------|-------------|
| Total TV | 1985.... | 2,894,000 | - 2.1 | 2,975,000 | +19.1 | 5,869,000 | + 7.6 |
| | 1984.... | 2,957,000 | | 2,498,000 | | 5,455,000 | |
| Color TV | 1985.... | 2,894,000 | - 2.1 | 1,202,000 | - 6.7 | 4,096,000 | - 3.5 |
| | 1984.... | 2,957,000 | | 1,289,000 | | 4,246,000 | |
| B&W TV | 1985.... | -- | -- | 1,773,000 | +46.6 | 1,773,000 | +46.6 |
| | 1984.... | -- | | 1,209,000 | | 1,209,000 | |

RCA CLEARING LEGAL COBWEBS: Moving to clean out its legal attic, RCA has petitioned U.S. Dist. Court, Wilmington, Del., for order terminating 3 consent decrees that extend as far back as 67 years.

Most notable, and recent, is 1958 agreement settling antitrust action by ending RCA's control over most basic radio and TV patents. Under terms, RCA granted royalty-free domestic licenses to all its existing radio and monochrome TV patents and threw its color patents into pool any domestic company could join free by contributing any color patents it may own. In addition, RCA agreed to sell at reasonable royalty rates licenses for any new patents it developed or acquired over next 10 years.

That 10-year limit ran out in 1968, and as patents normally have 17-year life, last such patent covered by order expires this year. That presumably accounts for timing of RCA's request for termination which, company says, will serve only to put it on equal footing with other high-tech patentholders in granting licenses and marketing its products. Other termination requests seemingly are only going along for ride.

Oldest consent decree, issued in 1918 against Victor Talking Machine Co., prohibits company from restraining trade in its phonos and records by fixing prices or restricting sales territories of dealers. In 1929, Victor become part of RCA, which itself was formed in 1919, with primary backing from GE, as first major U.S. radio communications company. It acquired assets here of Britain's Marconi to head off foreign domination of new radio industry. Later, Westinghouse joined GE in contributing its radio patents and obtained interest in RCA.

Third consent decree up for termination, one engineered by RCA itself, came in 1932 and established RCA as independent entity by requiring GE and Westinghouse to sell their shareholdings, while leaving their patents in RCA's hands, and banned any attempt by them to regain control. Later amendment barred RCA from setting up exclusive communications circuits with foreign companies or govts. RCA said cancellation of that decree would serve to give it same rights as other communications companies, while current antitrust laws alone are sufficient to handle trade restraint or monopoly issues arising from any RCA stock purchases by GE or Westinghouse.

Termination requests aren't being opposed by Justice Dept., but agency is inviting comments, which are due by Aug. 12.

Conservative forecast of 5.5% rise in manufacturer and importer shipments of microwave ovens this year to 9.63 million has been issued by AHAM. For 1986, it sees ovens slipping 1.4% to just under 9.5 million. Market, however, is continuing to rise at torrid rate. AHAM reports April shipments jumped 41.5% to 826,600, to put 4-month total at 3.4 million, up 36.7%.

VCPs FOR HOTELS: Portavideo International has launched effort to supply videocassette players (VCPs) and software to hotels, motels and resorts that in turn can rent or lend them to guests for in-room viewing. Programs are coming from MGM/UA Home Entertainment Group Ancillary Rights Div., which has sold 3-year public performance license to PVI.

Pres. Ted Thrush told us PVI expects to install new Gold Star VCPs in locations with 50,000-60,000 rooms in first year. Contract with MGM/UA is understood to call for 150,000 rooms by end of 2nd year. First deal is with 10 Best Western motels in Ariz., which are slated to get players this month, according to Rental Operations Dir. Michael Price.

While terms vary with size of hotel and length of contract, basic starter package for 100-room hotel would be 20 VCPs and 60 titles (rotated quarterly), for \$1,500 per month. Additional VCPs would be \$1 extra per day, while daily fee for more cassettes would be 15¢ each.

Price said hotels' most popular plan for covering cost is to install VCPs permanently in more deluxe rooms -- where rates can be raised \$4-\$5 a day without notice -- provide one movie per night free, and charge \$1 or \$2 for extras. Others will have VCPs and cassettes available for rent at downstairs desk, or might lend them for free figuring to make back investment on higher occupancy rates and bigger room service tabs.

PVI gets software direct from MGM/UA, which retains ownership. PVI's choices include more than just tapes MGM/UA Home Video markets. Ancillary Rights unit has public performance rights to United Artists movies distributed for home use by CBS/Fox Video and Cannon Group titles.

Portavideo effort marks rebirth of indy 'ry's attempt to sell movies on individual room basis in hotels and motels. Same thing was tried in early 1970s by marketers using Cartrivision and Sony U-matic VCRs as well as variety of self-contained film playback gadgets. But equipment was klutzy, software was in short supply, and innkeepers willing to get involved at all opted instead for then just-emerging electronic systems that delivered same movies to all rooms at same time.

Sanyo is converting some Beta VCR capacity to VHS. Until now, all VHS production has been handled by Tokyo Sanyo in its own plant and in former Sanyo Beta facility it took over last year. Sanyo expects to be producing VHS VCRs at 10,000 monthly rate but says it still has no plan for marketing VHS under its own brand. Production will be for subsidiary Fisher and private label customers. Sanyo spokesman said Beta production is being continued, with emphasis on Superbeta Hi-Fi models. He said Sanyo isn't looking for growth in Beta output this year, expects rise in production of 8mm VCRs to take up slack.

NAP LOWERS FORECAST: Expected significant decline in 2nd-quarter earnings, following drop in opening period net, has forced North American Philips to reverse original forecast of improved profitability for all of 1985. Company says it now expects full-year net will be "modestly lower" than \$130.5 million posted for 1984.

Prime causes of downward revision are continued "severe industrywide price competition" in consumer electronics, volatile market conditions and increased competition from low-priced imports in electrical and electronic components business, Chmn. Cees Bruynes said. He indicated company's professional equipment business continues strong and that overall performance should improve in 2nd half.

In component area, NAP spokesman said, company's volume is being held down by slump in computer business. At same time, strong dollar has resulted in higher level of imports.

Largest drag on results appears to come from NAP Consumer Electronics, field in which all marketers are having serious profitability problems. In first quarter, NAPCE (Magnavox, Philco and Sylvania brands) posted \$6.6 million operating loss. That was \$6.2 million higher than unit's deficit in same 1984 period and was major reason consolidated operating net for quarter was down about \$2 million to indicated \$21 million. Feeling is NAPCE had little if any performance improvement in 2nd quarter, with situation somewhat aggravated by reduction in value of inventory of audio rack systems being phased out by Magnavox in preparation for introduction of revamped line next year.

To help hold costs down, NAP has announced phaseout of production of 13" and 14" color TV sets and picture tubes in favor of outside sourcing. While company is expected to eventually buy requirements from Far East plants of affiliate N.V. Philips, it's understood that on interim basis it will be importing 14" from Japan, have at least some of its 13" requirements assembled for it at Huntsville, Ala., plant of Korea's Gold Star.

* * * *

Big Blue too is starting to feel computer market pinch. At meeting with security analysts and reporters last week, IBM said it expects earnings for first 9 months will be down from same period last year, reversing forecast for solid growth in 1985. Company said shipments of personal computers are up, but rate of increase has slowed significantly. Also, computer store franchiser ComputerLand said it cut 128, or 10%, from its corporate work force. Company said layoff was in response to "current flattening of the personal computer market."

In continuation of restructuring, Apple said it will shut 3 U.S. plants at cost of 1,200 jobs, and as result, company says it will show loss in 3rd quarter. Domestic production will center at plant in Fremont, Cal., while overseas production will continue in Ireland and Singapore. Garden Grove, Cal., keyboard and mouse assembly facility is being sold.

WHITHER 'SUPER-VHS?' Japan's VHS group is debating whether to approve "Super-VHS" standard using high-band color, as competitor to Superbeta. Any such move presumably is being opposed by JVC, developer of VHS format, on basis of recent comments by Managing Dir. Shizuo Takano.

"We don't consider Superbeta such a product that we must take a countermeasure," Takano said in London. He said Beta Hi-Fi, as formulated for NTSC system, "sacrificed some picture quality," so compensation was necessary. "The situation is different" in VHS, he said. "Depth multiplex recording" used by VHS system -- as well as PAL version of Beta -- "doesn't deteriorate the picture," he added.

"We could have the same kind of thing" as Superbeta, Takano said, but "our position is to develop further improvements without imposing special conditions" -- such as requiring special tape or sacrificing compatibility. JVC won't introduce a new system "only a little different from the present VHS," he said. "The best way is to maintain compatibility and increase penetration, expanding industry hardware and software and continuing to bring down costs."

In answer to question, Takano said JVC's VCR sales totaled about 55% of company's \$2.6 billion nonconsolidated sales in fiscal 1984, which works out to about \$1.4 billion. Of that amount, he said 14-15% is represented by Video Movie camcorders, which we figure to be just under \$210 million. Industrywide, he estimated camcorder market as 10% of VCR business at most -- "probably 6-7%, very small."

European restrictions on VCR imports have hit particularly hard on JVC, which was principal supplier to big French Thomson group and now is partner with it and Thorn EMI in J2T. He said JVC's 1984 sales to Thomson were only 1/3 of 1982's, largely because of import restrictions. He said J2T now is selling components to other VCR manufacturers. Some 60-65% of JVC's video sales in 1982 went to Europe, but this percentage fell to 20-25% last year, difference being made up by increased sales in Japan and U.S. (latter largely through OEM sales to Zenith).

Unquestionably, JVC must increase presence in U.S. -- area in which it's been notably weak, while its 51% owner Matsushita is stronger here than in Europe. This disparity led to question whether Matsushita and JVC had divided world market at one time. No, said Takano, there was no such understanding. When both started VHS production, he said, neither had enough capacity. Matsushita attracted such big U.S. OEMs as RCA, GE and Magnavox. JVC, on other hand, had developed PAL and SECAM VCRs early, making export to Europe a logical course, Takano said, adding: "At first, we had more orders than we could handle in our own plant. We wanted U.S. orders, but they all went to Matsushita, so we had to find another market."

MARCH TV IMPORTS: Continued surge in imports of color chassis and kits more than offset decline in incoming shipments of complete color TVs, keeping color imports above 1984 levels for both March and first quarter, Commerce figures show (TVD May 27 p11).

Quarter's total TV imports from Taiwan passed million, level that wasn't reached last year until April. While total shipments from Korea also were well ahead of 1984 pace, growth came exclusively in b&w and incomplete color, as color set imports continued to be impacted by antidumping finding.

Following are TV import totals by country for March and first quarter 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. | 3 Months | %chg. |
| Japan | | | | |
| total... | 275,800 | +21.9 | 739,700 | +25.4 |
| color... | 231,800 | +42.7 | 602,800 | +33.0 |
| b&w..... | 43,900 | -31.1 | 137,000 | + 0.3 |
| Taiwan | | | | |
| total... | 280,100 | +34.8 | 1,056,900 | +27.7 |
| color... | 163,400 | +51.8 | 513,700 | +45.1 |
| b&w..... | 116,600 | +16.4 | 543,200 | +14.8 |
| Korea | | | | |
| total... | 455,500 | +54.9 | 1,523,300 | +34.4 |
| color... | 120,300 | -33.4 | 432,200 | -22.7 |
| b&w..... | 335,200 | +195.7 | 1,091,100 | +89.9 |
| Singapore | | | | |
| color... | 56,700 | +11.0 | 186,400 | -12.0 |
| Malaysia | | | | |
| color... | 39,200 | +278.2 | 82,300 | +101.8 |
| Hong Kong | | | | |
| color... | 10,900 | +94.9 | 26,800 | +113.7 |
| Canada | | | | |
| color... | 17,300 | +102.9 | 33,700 | +72.2 |

| Complete Color | | | | |
|------------------|---------|--------|---------|-------|
| Japan.... | 118,000 | - 8.6 | 384,100 | +22.5 |
| Taiwan... | 119,900 | +30.4 | 413,300 | +32.7 |
| Korea.... | 33,300 | -77.3 | 199,300 | -60.0 |
| Singapore | 18,000 | + 9.8 | 62,000 | -14.6 |
| Malaysia. | 32,700 | +216.7 | 68,400 | +67.8 |
| Hong Kong | 6,600 | +17.1 | 17,300 | +37.7 |

| Color Chassis & Kits | | | | |
|----------------------|---------|--------|---------|--------|
| Japan.... | 113,800 | +240.8 | 218,700 | +56.5 |
| Taiwan... | 43,500 | +177.7 | 100,400 | +134.9 |
| Korea.... | 86,900 | +160.3 | 232,900 | +338.5 |
| Singapore | 38,800 | +11.6 | 124,400 | -10.7 |
| Malaysia. | 6,500 | * | 13,900 | * |
| Hong Kong | 4,400 | * | 9,500 | * |
| Mexico... | 121,800 | - 4.0 | 307,700 | -21.6 |

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

Videogame market shakeout may be over, but financial losses continue to pile up. Revco, drugstore chain and parent of liquidator Odd Lot Trading, said it will take \$35 million writedown on value of Odd Lot's inventory of game cartridges, computer peripherals and other products in final quarter to June 1. That will produce \$18 million charge against net earnings. Odd Lot Exec. Vp Steven Adler said charge covers inventory only, doesn't affect operations of subsidiary Intellivision, which continues to import and market programmable videogame consoles and cartridges. Odd Lot acquired rights to Intellivision and other electronic toys from Mattel last year. Losses may not be over either for toymaker Coleco, which lost \$259 million on electronics last year, including \$118 million charge for discontinuing Adam home computer. At annual meeting last week company said it was reviewing future of Colecovision programmable videogame system. It said no decision has been made yet on whether production would be discontinued or whether it would continue to release new program cartridges if output of game consoles was halted.

Semiconductor Industry Assn. was scheduled at week's end to file formal unfair import competition complaint with govt. seeking imposition of restrictions on Japan's semiconductor exports to U.S. unless Japan moves quickly to open its home market to imports. SIA contends that despite bilateral Japan-U.S. elimination of import duties on ICs, its members still face "anticompetitive discriminatory market structure," while U.S. companies with IC plants in Japan continue to have marketing problems there. SIA contends imports from Japan hold 20% of market here but U.S. suppliers have only 10% there. Japanese say shares are much closer to equal when exports to U.S. from Japanese plants of Motorola, Texas Instruments and other American-invested companies there are excluded.

Financing snag has hampered effort by cable operator Jones Interactable to sell subscribers VCRs as part of service package. Company, testing offer of GE \$430-list wireless remote VCR, basic cable plus 2 or 3 pay channels for \$44.50 per month -- user owns VCR after 24 months -- said about half of those who applied had credit application rejected by GE Credit Corp. Another problem is that some customers who turn down JI's extra-cost installation offer have hookup difficulties and call for help. As result, JI has had to start charging \$20 for service calls. JI otherwise is satisfied with results so far, according to Mktg. Vp Scott Campbell, who said company is considering renting cassettes from company-owned cable stores.

Samsung intends to halt all exports of complete color TVs to U.S., have its requirements assembled here at its Roxbury Twp., N.J. plant, Pres. Jae Un Chung is quoted as saying in special ad supplement on Korea that ran in Wall St. Journal last week. On VCRs, he said Samsung has capacity to turn out 100,000 monthly, expects to export 800,000 this year, 70% to U.S.

Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|-------------------------|------------|--------------|-----------|
| Audio/Video Affiliates | | | |
| 1985-qtr. to April 30 | 27,679,000 | 1,202,000 | .22 |
| 1984-qtr. to April 30 | 21,248,000 | 835,000 | .20 |
| Microdyne | | | |
| 1985-26 wk. to April 28 | 12,299,000 | 269,000 | .06 |
| 1984-26 wk. to April 29 | 13,634,000 | 945,000 | .20* |
| 1985-13 wk. to April 28 | 6,721,000 | 145,000 | .03 |
| 1984-13 wk. to April 29 | 6,816,000 | 463,000 | .10* |
| TCA Cable TV | | | |
| 1985-6 mo. to April 30 | 16,920,000 | 2,623,000 | .39 |
| 1984-6 mo. to April 30 | 12,954,000 | 2,017,000 | .30* |
| 1985-qtr. to April 30 | 8,643,000 | 1,275,000 | .19 |
| 1984-qtr. to April 30 | 6,611,000 | 1,045,000 | .16* |

Note: *Restated.

HUGE KOREA GLASS PLANT: World's biggest glass plant will result from expansion of Korea's Samsung Corning that eventually could increase capacity 3-fold to 18 million color tube bulbs annually. According to approval granted by Korean govt. last week, project will cost more than \$100 million.

Joint venture of Corning Glass and Samsung is turning out 6 million color bulbs annually. Expansion will add one 4-position panel melting furnace with 3 panel-forming lines, with provision to add 4th line later, enlarge existing funnel melting furnace and add 3rd funnel-forming line. Plant currently has 2 panel lines and one funnel line, with 2nd funnel line scheduled to start in Sept.

Construction will start immediately, according to Samsung Corning, with launch of new operations scheduled for Jan. 1987 with capacity of 15 million panels. Company said 6th panel-forming line will be added as demand grows to bring capacity to 18 million.

Under-\$200 VHS VCR hit market somewhat earlier than expected, with Japanese-made Supra wired remote at \$199.99 showing up as limited quantity (60 per store) Father's Day promotion offering by N.Y. Metro chain Crazy Eddie. Among other bargains in area: Lafayette, unit of superretailer Circuit City, is offering Sharp home deck at \$238, billing it as lowest price ever for name brand VHS; Willoughby's promotes Kodak's 8mm Video Kodavision camcorder with playback cradle at \$695 after \$100 manufacturer rebate.

"If we weren't in Mexico, we couldn't have made \$64 million last year. We would have lost \$250 million and gone out of business." -- Zenith Pres. Jerry Pearlman, quoted in June 24 Fortune.

Consumer Electronics Personals

David Duke, Corning senior vp, named R&D Div. dir., effective Sept. 1, replacing Senior Vp **John Hutchins**, moving to new post as Electronics & Telecommunications Group business development and technology dir.; **Jan Suwinski** appointed to succeed Duke as Telecommunications Products Div. vp-gen. mgr.; **John Loose**, former strategic business development dir., advanced to Corning Latin America Asia Pacific vp and Asia Pacific gen. mgr., assuming Suwinski's former duties... **Richard Crossman** promoted at Sony Mfg. of America (San Diego) from human resources and communications dir. to administration vp; **Robert Loftus**, Consumer Products distributors mkts. dir., named vp; **William Midgley** appointed business support systems dir., Information Systems Div.

Michael Price takes leave of absence from Total Entertainment Systems to become rental operations dir., Portavideo... **Thomas Baskind** advanced at Brooks Satellite to vp-gen. mgr., retaining duties as Commercial Systems Div. national mgr.; he assumes some former responsibilities of Pres. **David Bondon**, who will concentrate on marketing, business development and long-range planning... **Michael Omansky**, RCA Records mktg. dir., named staff vp... **Robert Clement**, ex-NEC America Laser Div., joins computer marketer Spectravideo as technical support mgr... **Robert De Francesco**, ex-Signetix consumer IC mktg. mgr., named to same post with Siemens Components, replacing **Lothar Weisse**, who returns to parent in Germany.

Art Westburg, ex-Brentwood and Sanyo, joins buying group Progressive Retailers Organization as exec. dir., succeeding **Jack Goldner**, now Sansui exec vp... **Stanley Gortikov**, RIAA pres., adds duties as chmn. of American Copyright Council, public education organization newly formed with such related trade groups as ASCAP, BMI and MPAA plus Time and Warner; **Thomas Cramer**, ex-National Assn. of Plumbing Heating Cooling Contractors, named communications and membership development mgr. of trade group Society for Private & Commercial Earth Stations.

David Rubenstein, ex-Sony Tape Sales, appointed exec. vp, VCA/Technicolor... **Marya Doonan** named Worldvision Home Video sales dir... **Sue Cunningham**, ex-MCA Distributing, joins Prism Entertainment as midwest regional sales mgr., new post... **Earl Blair**, ex-Nostalgia Merchant, forms Earl Blair Enterprises, independent program supplier based in Toney, Ala... **Charles Thieriot** named chmn., **Edward Allen** board member, of Chronicle Video, new Chronicle Publishing venture; Thieriot and Allen are secy.-treas. and pres. of Chronicle Publishing's Western Communications... **Richard Baumbusch**, ex-CBS Software, named pres., Simon & Schuster Electronic Publishing Group... **James Peach** appointed west regional sales mgr., ECCO Video Products Div.

TELEVISION DIGEST®

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JUNE 24, 1985

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FREE RESPONSE TIME PROPOSED to negative political ads in bill introduced by Danforth and 5 cosponsors. (P. 8)

FCC APPROVES MULTIMEDIA transfer plan, rebuffs Cooke effort for joint action. (P. 9)

U.S. SILENCING OPPOSITION TO HDTV STANDARD: State Dept. is applying unprecedented pressure to seal lips of those who disagree with official U.S. recommendation for worldwide high-definition TV production standard that will be considered this fall by International Radio Consultative Committee (CCIR), according to engineers on both sides of issue. Indications of govt. pressure appears to be confirmed in correspondence with RCA.

Top officials of various broadcast-connected entities have been silent on issue, but lower echelon engineers have begun to chafe at some of restrictions. "We were contacted and told what our position is," said one broadcast engineering official, adding: "When a government agency talks to a person with a license, it's a veiled threat." Same engineer, who described himself as "far to the right of President Reagan," said he had contemplated writing complaint to his senator but was advised by his boss not to do so because "it will get back to us."

Consumer Electronics

NEW VCR, TOTAL COLOR monthly import records set in April. VCR shipments topped 1.6 million. Chassis surge boosted color. (P. 10)

VCR INVENTORIES EYED closely in wake of warnings. Panasonic calls numbers 'frightening,' but Zenith says they're in line with sales. (P. 11)

VCR SALES GROWTH came fastest in middle America last year, EIA regional sales breakdown shows. (P. 12)

SINCLAIR RESEARCH being acquired by publisher. RCA to sell Hertz. Coke eyes Embassy. Other merger activity. (P. 14)

SONY NET ROSE in 2nd fiscal quarter, but competition held gain to 3%. Circuit City net down for quarter. O-I dividend hiked. (P. 15)

SIA GETS BACKING from EIA for unfair competition complaint on Japanese ICs. EIA-J rejects targeting, pricing allegations. (P. 15)

NEW MODELS UNVEILED at CES by RCA, Fisher, Mitsubishi, Samsung, Gold Star, Tatung, Teknika and others. (P. 16)

SUMMER SHUTDOWNS of TV set and picture tube plants generally follow patterns of last year. (P. 17)

"The State Department doesn't have to physically grab your arm and twist it for you to feel the pressure," said another engineer member of industrywide Advanced TV Systems Committee (ATSC) -- one who voted with majority and officially favors U.S. position. He said he had heard complaints about govt. pressure and said controversy isn't at an end.

Dispute arose out of differing proposals for HDTV production standards. Although engineering opinions were deeply split, to put up solid front for U.S. position ATSC eventually voted unanimously for 1,125-line, 60 Hz, interlaced system developed by NHK in Japan and strongly backed by CBS, Hollywood, Japanese manufacturers and others (TVD April 8 p5). Minority view favored by RCA-NBC, ABC and some others urged noninterlaced progressive scan system but argued that more time was needed to develop system fully. Some European engineers aren't overly fond of 60 Hz system because of difficulty of making it compatible with 30 Hz rate of European TV, and there's still question whether CCIR will adopt any standard this fall. If no standard is approved, it will be 4 years before there's another opportunity, and many observers think that will be too late.

"All of a sudden you believe your freedom is gone," said dissident engineer in discussing what he claimed was extreme pressure on him to shut up: "For the first time, I felt like this wasn't such a great country." In ATSC vote, he said, "we lost graciously. The fight ended there, but then we were told officially not to say anything. The most disparaging remark we're allowed to say is that it's a marvelous Japanese development. This is an issue which should be fought on the technical merits and not on politics."

In response to our inquiry, Charles Loveridge, dir. of State Dept.'s office of external relations, Bureau of International Communications & Information Policy, released excerpts of letters exchanged by Diana Dougan, dir. of Bureau, and RCA Pres. Robert Frederick. Dougan herself didn't accept our phone calls. Correspondence dated April 1 and 12 was friendly, with Frederick assuring Dougan that RCA would support ATSC recommendation and Dougan appreciating his assurances. But less than month later, tone of letters changed.

In May 7 letter to Frederick, Dougan said: "As you know the Department of State has long encouraged the formulation of standards through industry cooperation, with but minimal interest and participation by the U.S. government... In the case of HDTV, however, we are aware of the unique limitations imposed by the current CCIR study period. Moreover, we have concluded, together with interested industry representatives, that failure to attain a worldwide HDTV standard during this study period will probably result in failure to attain such a standard at all, with significant adverse consequences to U.S. trade and information interests.

"I have to share with you, however, concern about news which has surfaced in my office in recent days. I am sure you will understand the basis for my reaction. First, by the attached news item it appears that an RCA marketing representative has expressed something of a different viewpoint from that which you shared with me in your letter. Equally important, our staff has been advised that at least one member of the U.S. Congress visited the RCA exhibit stand at NAB in Las Vegas, received something of the same negative impression, and concluded that RCA does not share the U.S. determination to attain a worldwide standard this year. I know you are aware of the importance of acting in a most united manner between now and the final decision point in May 1986. I welcome your advice about how we can assure this goal is achieved."

On May 21, Frederick responded, saying in letter to Dougan: "I want to assure you that the RCA and NBC decision to support the U.S. position on a single worldwide HDTV production standard remains firm. While there may be a residual reluctance within parts of the RCA organization to put aside our work in behalf of the 750-line progressively scanned system which RCA has developed, the policy of the RCA Corp. is to pursue the adoption of a single worldwide 60 Hz HDTV studio standard in accordance with the recommendation of the Advanced TV Systems Committee."

"You can see from the exchange of letters," Loveridge told us, "that there certainly has been no compulsion on our part to force industry representatives to accept any specific standard."

Although Loveridge didn't specify "news item" Dougan mentioned, RCA Exec. Vp Roy Pollack was quoted in Television Digest (March 25 p7) -- before ATSC voted to define U.S. position -- as saying in keynote speech at ITA convention: "Perhaps there should be worldwide HDTV standards, but perhaps as we quantify potential economic waste there should not."

One industry engineering observer who talked with many engineers at recent International TV Symposium in Montreux told us: "The State Department made it seem that if we're opposed to the Japanese system we're un-American."

"There's a high level of sensitivity about this," Pollack told us June 21. "It's a hell of a complicated subject and the people doing the research... are obviously going to get strong opinions. I've never seen good technical persons who didn't have strong bias toward their work. From the management position, though, it will be somewhat different. From my viewpoint... it's not going to be the end of world between several of the production standards proposed. You can see the arguments from both sides. You can see the argument for the NHK system. You can see some of the argument for the 750-line progressive scan our people developed and respect that it has a lot of merit. And you ask yourself the question, 'Is it the end of the world?' and can you live with this production standard and does it constitute a material improvement? The answer is, yes, you can live with it, it is a material improvement."

"I think we did good research work," Pollack added, "but I think that NHK had more momentum for their system and that having a standard here is a very constructive thing to do. We are probably more concerned with the transmission implications and the receiver implications than production standard." Asked if RCA had suspended further work on developing its HDTV production system, Pollack said: "No, we have not discontinued our work on a studio standard, but the focus is on the receiver, as it was all along."

Did RCA direct staff not to criticize NHK and quit pushing RCA's system? "What we have done is Frederick sent out a letter saying we are supporting the ATSC approach, aiming at a standard, and let's go forward. Trying to gag people doesn't work. I'm not interested in censorship... I'm sure you can find all sorts of dissenting opinion, but at some point management has to step in."

Pollack volunteered his comments to us. He said he had received call earlier June 21 from Frederick, who had been called by Dougan, apparently shortly after our inquiries to her office. "[Frederick] said he was concerned about this talk about coercion. I don't feel coerced," Pollack said.

TBS SAYS CBS TAKEOVER BID IS VIABLE: TBS will have necessary cash flow to run CBS if it's successful in takeover attempt, and still plans to use no up-front cash in efforts to acquire CBS stock, TBS told FCC in June 18 filing replying to CBS petition to deny requested transfer of control. And at week's end, SEC declared effective TBS's registration statement for package of debt and equity securities valued at \$5.4 billion to be swapped for CBS common. TBS then began process of mailing prospectus to CBS holders.

"We... are pleased that we are now in a position to commence our exchange offer," TBS Chmn. Ted Turner said after SEC action. "We look forward to the opportunity of presenting our offer to CBS shareholders and letting them determine the future course of their company." SEC acted after 3 times asking Turner for more information on his original filing.

TBS offer as detailed to FCC is unchanged from way Turner first described it (TVD April 22 p3). Plan envisions exchanging for each CBS common share one unit of TBS securities. As

approved by SEC, TBS is offering: \$46 principal amount of 15% 7-year senior notes; \$46 principal amount of 15.5% 15-year senior debentures; \$56.50 aggregate principal amount of 4 series of zero-coupon notes maturing in 5, 6, 8 and 9 years, respectively; \$30 principal amount of 16.25% 20-year senior subordinated debentures; one share of \$2.80 callable preferred stock (stated value of \$16.50 a share); 3/4 of a share of Class B common stock. Zero-coupon notes in each unit are equivalent to aggregate principal amount of \$20 bearing interest at 15% compounded semiannually.

TBS Class B common will have 1/5 vote per share; holders will be entitled to elect 1/3 of TBS board, voting separately as a class. Meanwhile last week, TBS stock began trading on American Stock Exchange, which also approved for listing company's Class B common and preferred stock when it's issued. Swap offer is conditioned on minimum of 21 million shares of CBS common (about 67% of all outstanding) being tendered and not withdrawn.

"At or about the time of actual or anticipated FCC approval" of application for transfer of control, TBS said, it will file a post-effective amendment to its SEC registration statement and will complete mailing to CBS shareholders of updated prospectus "at least 10 business days before acceptance by TBS of CBS shares for exchange." That updated prospectus will provide new information "to reflect any intervening material events and updated historical and pro forma financial statements," TBS said.

William Bevens, TBS treas. and finance vp, said June 21 that mailing of prospectus to CBS stockholders "may have already commenced." He said it's just matter of "getting it back from the printers and getting it into the mails. I think that's about done."

Major source of financing for takeover, Turner told FCC, will come from selling off CBS's non-TV assets (including radio stations and 2 networks) and WCAU-TV Philadelphia -- bringing in \$1.05 billion first year, \$1.5 billion 2nd year. No specific price was put on WCAU-TV or other assets to be sold. Somewhat optimistically, Turner predicts takeover will be consummated by Jan. 1, 1986, and assets will be spun off by end of 1987.

TBS said it "can fully meet the financial requirements" if takeover is successful. It told FCC it would end its first year of CBS ownership with \$477.7 million cash on hand, 2nd year with \$2.1 billion, minimum of \$283 million each subsequent year -- based on conservatively estimated growth rate of 8%. Said Turner: "The critical -- indeed fatal -- characteristic" of arguments against TBS financial qualifications is that none contains "a financial analysis of any kind. They rely exclusively on speculation and unsupported conclusions." Turner said its financial projections are "specific, detailed and well supported."

Turner acknowledged that with slowdown in growth of cable, TBS future growth also is limited: "TBS must continue to grow or risk becoming increasingly disadvantaged in the marketplace. Its proposal to acquire CBS represents TBS's business response to its analysis of the market in which it operates." Turner said proposal "deliberately increases the levels of CBS debt to more fully employ the underutilized debt capacity of CBS. It deliberately chooses to sell CBS's assets in order to focus the company on television broadcast activities." By using such strategy, TBS said it would "increase dramatically [CBS] shareholder annual returns from the present \$3 per share level."

TBS disputed CBS allegations that common ownership of CNN would jeopardize diversity in national video news. "In past, FCC has ruled that national information marketplace is "intensively competitive," Turner said. "Accordingly, consolidation of TBS and CBS will not allow one entity to have a significant effect on the flow of information to the public." In affidavit accompanying comments, Turner said CNN and CBS News would be operated independently, with separate staffs. CNN offered to give up its (money-losing) Headline News service to TV stations to comply with dual-network restrictions.

Fears are "groundless" that allowing TBS to own WTBS Atlanta while affiliating with another station there would lessen diversity, TBS told FCC. (WAGA-TV is CBS affiliate in

Atlanta.) Turner said that it wouldn't affiliate WTBS with CBS, nor would WTBS air network programs that are uncleared in market. Arguments that transaction would adversely affect competition in entertainment and sports program acquisitions are groundless and ignore fact that WTBS and CBS "acquire very different programming" and to degree that they do compete for programming, there are "numerous other competitors," assuring there will be no lessening of competition, Turner said.

TBS said it opposes CBS and other requests for evidentiary hearing -- "but not because it seeks to avoid Commission scrutiny... Rather, TBS opposes 'special procedures' because they inject unwarranted delay into the Commission's normal review process, and such delay means the defeat of the TBS proposals by CBS management without the CBS shareholders even having the opportunity to pass on the merits of that proposal." Turner said CBS and its allies "wish to prevent CBS shareholders from having the opportunity to consider the TBS exchange offer... To this end, they raise a plethora of extraneous issues and urge the FCC to conduct a hearing to explore them... The current CBS management has reviewed its stewardship of CBS and has found it near-perfect. It is, however, unwilling to have the FCC allow the TBS proposal to be put to the acid test of review by the CBS shareholders."

TBS "believes that it can do a better job of providing the public with essential information, entertainment, sports and news programming than the current CBS management," Turner told Commission, but pointed out agency "need not decide whether it agrees... under the applicable law... It is only proper that the Commission permit the CBS shareholders to pass judgment on the... merits of TBS's proposal." Turner said fact TV network is involved "imposes no greater standard of review... than any transfer of multiple broadcast stations."

Turner said statement submitted by CBS Best. Group Pres. Gene Jankowski "is a paradigm of the kind of unsupported allegations and speculative data that have consistently been held insufficient [by FCC] to justify an evidentiary hearing." Jankowski had speculated that under Turner ownership, CBS's current programming would be replaced with "low-cost, low-quality programming" (TVD June 10 p4). Countered Turner: "He produces no facts to justify this fundamental (and fundamentally flawed) premise."

Turner threw back at CBS some of network's past words arguing for deregulation and free marketplace regulation -- including 1980 filing in FCC network inquiry. TBS comments contain 142 pages, 5-page summary, 322 footnotes, plus 10 exhibits.

Citing "potential minority ownership and diversification benefits, and the probable expansion of minority representation at CBS" under ownership by TBS, National Black Media Coalition filed comments at FCC supporting its takeover attempts. NBMC said it will work with Turner "to ensure that minorities have every possible opportunity" to purchase stations (WCAU-TV Philadelphia, radio networks and stations) to be divested.

"These spinoffs hold out the promise of a substantial gain in media diversification," NBMC said, and TBS EEO record "has been exemplary. Coalition also told FCC it would "be unfair and irrational" for agency to impose "more stringent" financial requirements on Turner than it does on others -- as NBMC said many parties filing comments want FCC to do. CBS response to Turner's claim that it is financially qualified to acquire network is due June 28.

Many security analysts said last week's developments increase Turner's chances of gaining control of CBS -- although large majority still were predicting he wouldn't succeed.

SNIDER WINS NAB CHAIRMANSHIP OVER MAY, 28-19: NAB hierarchy is in place for next 12 months with June 21 election of outgoing Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock, as joint board chairman in 28-19 vote over Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky. Outgoing Radio Vice Chmn. Edward Giller, WFBG-AM-FM Altoona, Pa., pulled out of race day before election -- and all of his committed votes but one reportedly went to Snider, who also received heavy support from TV board.

Ironically, Snider defeated May in June 1983 for radio chairmanship 17-14 -- victory that put him on unofficial ladder to become joint chmn. Snider said he wouldn't accept \$50,000 annually NAB authorizes to be paid to incumbent chmn.'s company because of loss of his time on NAB business. Stipend was put in when current Pres. Edward Fritts was elected chmn. in 1981.

Dist. 10 NAB Radio Dir. John Dille III, Federated Media, handily defeated Dist. 9 Dir. Clyde Price, WACT-AM-FM Tuscaloosa, Ala., 25-8 to succeed Snider as radio chmn. For vice chmn., Bev Brown, KGAS(AM) Carthage, Tex., defeated Richard Oppenheimer, KIXL(AM)-KHFI(FM) Austin, 24-9. On TV side, Vice Chmn. William Turner, KCAU-TV Sioux City, was unopposed in succeeding Jerry Holley, Stauffer Communications, as chmn. Peter Kizer, Evening News Assn., defeated Wallace Jorgenson, Jefferson Pilot Bestg., 9-7.

Last year, NAB changed its bylaws to require reelection of pres. every year and Fritts was reelected June 21 with "standing ovation." Outgoing Chmn. Gert Schmidt said Fritts had carried out his duties "to the letter and he has brought dignity to the office and the Association." Also reelected was Secy.-Treas. Michael Harwood. New NAB Exec. Committee, which holds first meeting July 31-Aug. 1, will be composed of holdovers Snider, Schmidt (as immediate past chmn.), Turner, Fritts, CBS Washington Vp Robert McConnell, and newcomers Kizer, Dille (whose father was NAB chmn. in 1960s) and Brown.

Snider said NAB would give "great importance" to report of consultant John Guttenberg on NAB's public affairs efforts (TVD June 3 p7). Board accepted Guttenberg's report, as presented by Exec. Committee, without change and Snider said Committee would begin immediately to consider recommendations.

For fiscal year ended March 31, NAB had income of \$10.46 million (about \$300,000 more than projected), net of \$500,233 (\$317,000 more than projected). Surplus at end of FY was \$4.16 million. Profit of April convention isn't included in figures, and auditors haven't yet determined bottom-line figure. NAB has spent \$137,330 on its campaign to fight drug and alcohol abuse, has pledged to continue financing campaign. Most emphasis so far has been placed on fighting drunk driving, but Fritts said drug abuse also will receive more attention in future.

Saying that funding of public broadcasting "continues to be a problem confronting both government and the private sector," NAB reestablished its Task Force on Public Bestg. Funding, told it to work closely with House Telecom Subcommittee Chmn. Wirth (D-Colo.) to seek financial alternatives. NAB is much opposed to renewed advertising experiment on noncommercial stations. Radio board extended life of task force on radio ratings -- which is investigating possibility of establishing industry-owned radio ratings service, particularly antitrust implications -- for year. Task force is chaired by Kenneth MacDonald, MacDonald Bestg.

Turnout of members of Congress at NAB reception on Hill evening of June 18 was disappointing -- with few putting in appearance, even though many acceptances had been received. However, both House and Senate were in session late that evening. To pretty up its hq grounds before board meetings, NAB spent several thousand dollars in landscaping front of building.

Fairness In Media launched ad campaign last week to "expose" what it described as liberal bias at CBS News and encourage conservatives to buy stock in network, organizers said at June 20 news conference in Washington. FIM spokesman Rep. Crane (R-Ill.) charged that CBS News has "repeatedly distorted the facts" and "gone out of its way to undermine" Reagan Administration programs "with subtle propaganda" in form of misleading stories. He

said key culprit is anchorman Dan Rather, whose coverage Crane said "isn't fair." FIM has been raising money for media effort since Jan., will seek to buy TV-radio and cable air time and newspaper space for ads. Crane said group will seek free air time from CBS for ads, using argument that network's ad campaign of recent weeks promoting CBS News was response to FIM charges and that group should be allowed to respond.

MTV ATTACKS MUST-CARRY: Saying it may lose about 2.35 million subscribers, MTV Networks has asked FCC to deny mandatory carriage rights for Newark TV station that recently began broadcasting mostly music videos. If petition is granted, WWHT Newark (Ch. 68) apparently would be denied must-carry rights throughout nation's No. 1 TV market.

Station on June 1 dropped its STV format in favor of broadcasting 11-1/2 hours daily of music videos. It has translator in Manhattan and satellite on Long Island that carry same programming. Station has requested carriage on many N.Y.-area cable systems, some of which are saturated or have only marginal excess channel capacity. MTV Networks has been struggling to get on same systems.

WWHT's cable carriage requests "already [have] resulted in a significant negative impact" on MTV Networks, which owns MTV, VH-1 and Nickelodeon, programmer said in FCC waiver request filed June 17. It said that N.Y. area cable systems with 850,000 basic subscribers previously had indicated interest in picking up VH-1 and that systems with 1.5 million subscribers had said they would carry Nickelodeon on full channel after it went 24 hours on June 1 (most had been carrying it on shared-channel basis).

"After receiving carriage requests from WWHT, these cable operators have deferred their plans to add VH-1 and/or the expanded Nickelodeon schedule to their system," filing said. MTV said it previously was bumped off some Boston cable systems when WVJV (Ch. 66) Boston went on air with music video format and gained must-carry rights.

Waiver request is unusual in that it would "relieve any affected cable television systems from any obligation to carry" WWHT's signal, in effect seeking waiver for entire N.Y. TV market. It's also unusual for programmer to seek such relief; usually it's cable operator who takes such action.

"Application of the must-carry rules here would create a situation where a come-lately competitor is able to copy [MTV's] carefully developed and marketed music video services and, solely by the dint of regulatory fiat, be given marketwide penetration," petition asserts. Petition was supported in separate FCC filings by several N.Y.-area cable operators.

WWHT Gen. Mgr. James Flynn said he hadn't seen MTV Networks filing and couldn't comment directly on it, "but it sounds to me like an offhand compliment to what we're doing." He said WWHT is broadcasting in stereo and, with antenna atop Empire State Building, throws signal over entire N.Y. ADL.

Petition draws attention to fact that music video format is hot trend among independent stations, especially those just going on air. Many are now competing with MTV for channel space on cable systems.

TURNER SOUR ON EAGLETON BILL: Antitakeover bill is "premature" and "unnecessary," said TBS white paper reacting to S-1312 introduced last week by Sen. Eagleton (R-Mo.) to require FCC evidentiary hearings on hostile network takeover bids (TVD June 17 p2). TBS "is deliberately pursuing the more conservative procedures in existing law governing" firm's bid for CBS and there's no evidence that current FCC procedures are inadequate for reviewing its bid, paper said (see story elsewhere in this issue).

S-1312 discriminates against TBS and would "insulate the 3 major television networks from any effective challenge through market forces... Such legislation is, in effect, a congressional endorsement of incumbent management, raising First Amendment concerns," paper said. Bill was introduced June 18 by Eagleton and Sens. Pressler (R-S.D.), Exon (D-Neb.) and Inouye (D-Hawaii). Pressler said at news conference that S-1312 would require FCC to obtain identities of all persons involved with acquisition, determine source of their funds, examine their managerial expertise, plans and intentions, and assess benefits or damages to public interest that takeover would cause.

Eagleton said in floor speech that S-1312 was prompted by what he called Commission's lack of interest in protecting public rights in recent broadcast ownership transfers: "The FCC's commitment to protecting the public's interest seems limited to a proposal to hold one day of informal, oral hearings... I don't view [that] as an adequate fulfillment of the FCC's mandate to ensure that networks operate in the public interest."

Meanwhile, Sen. Domenici (R-N.M.) introduced revised antitakeover bill (S-1286), removing moratorium language that would have stalled TBS bid for CBS. Domenici said bill was aimed at energy industry and effect on TBS was unforeseen since Turner hadn't yet made bid for CBS when staff was drafting measure. He told Senate Securities Subcommittee June 12 that takeover crisis had eased for energy industry and investors were exercising more caution in using junk bonds, making moratorium unnecessary.

ACT wants FTC to take "immediate action" to require warnings of health risks and "addictive nature" of using smokeless tobacco (snuff) in all TV-radio ads for product. In letter to FTC Chmn. James Miller, ACT Pres. Peggy Charren said: "The tobacco companies are using every sophisticated advertising technique to manipulate the attitudes and values of today's children and teenagers for the economic benefit of very few people." She was particularly critical of TV spot for U.S. Tobacco Co. featuring former Dallas Cowboys star Walter Garrison "telling students who aren't familiar with the product 'learning [to dip snuff] is part of the fun.'" She said ACT and its supporters will seek congressional hearings "on the possibility of stopping all advertising of these products on electronic media."

COPYRIGHT COURT PROPOSED: Copyright Royalty Tribunal (CRT) would be replaced by federal Copyright Royalty Court under bill (HR-2784) introduced June 18 by House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.). Court would handle ratemaking and distribution disputes, with distribution of royalty payments shifted to U.S. Register of Copyrights. Bill also proposes mechanism to handle rate disputes through arbitration or mediation. Measure met with mixed reviews at June 19 Subcommittee hearing. Kastenmeier plans 2nd hearing July 11 featuring 2 remaining CRT commissioners.

Proposal reflects lawmakers' growing concern over CRT's competence in wake of resignation of Marianne Hall as chmn. (TVD May 13 p6). CRT heard arguments June 19 from copyright owners in first phase of proceeding involving distribution of \$80 million in 1983 cable royalties.

Court would have 3 sitting federal judges from U.S. district and circuit courts of appeals, each appointed for 6-year term by chief justice. It would sit only when case is pending. In ratemaking, Court would be required to use reasonableness standard rather than make decision based on market value of programming. For disputes, bill would require that parties attempt to negotiate resolution first. If they refuse, Court could mandate procedures for negotiation and appoint govt. intervenor. If agreement still isn't reached within 6 months, Court would try case. Appeals would go to U.S. District Court, D.C. As now, rates would be subject to review every 5 years. Existing compulsory license wouldn't be affected but pending petitions would be reassigned to Court.

Washington attorney Bruce Lehman, ex-chief counsel to Subcommittee, told hearing that bill raises constitutional and antitrust questions. Lehman suggested making chmn. fulltime administrator and commissioners parttime, with administrative law judge to handle rate hearings. Donald Curran, acting U.S. Register of Copyrights, suggested that Congress clarify CRT responsibilities in new legislation, including setting qualifications for commissioner job. As alternative, Curran said Congress might consider eliminating CRT in favor of "passive" ratemaking process in which parties voluntarily settle on rates and disputes or Congress establishes fixed rates that self-adjust to economy.

Coca-Cola Co. has agreed to buy Embassy Communications and Tandem Productions for about \$485 million, 40% in cash and rest in Coke stock, less debt. However, Coke said its net investment could be reduced to about \$130 million after restructuring that will include sale of "large portion" of Embassy and Tandem receivables. Deal gives Coke, which owns Columbia Pictures, strong library of old TV shows and additional TV production capacity. Embassy co-owner Norman Lear said he'll return to writing and directing, while his partner, Jerry Perenchio, is expected to focus on managing Loews Corp. theater chain he just bought. Frank Biondi, ex-HBO chmn. who now is exec. vp in Coke's entertainment business sector, will oversee Embassy.

NEGATIVE ADS BILL OFFERED: "Clean Campaign Act" (S-1310) was introduced in Senate June 17 to require broadcasters and cable operators to provide free air time for candidates to respond to negative ads by their opponents. Principal sponsor Sen. Danforth (R-Mo.), chmn. of Commerce Committee, said bill is directed primarily at ads by independent political action committees, although it would apply to all campaign ads. Danforth is planning July hearing for bill.

Bill doesn't outlaw negative ads, Danforth said, but would require that all charges against a candidate must be made on air by that candidate's opponent or free time for response could be required. Bill provides minimum guidelines for reply time, says response must be carried in like time slot and be of equal length to original negative ad. FCC's equal time rules would apply in disputes, senators said.

Bill was developed by Danforth and Sen. Hollings (D-S.C.), ranking Democrat on Communications Subcommittee. "We are trying to introduce a standard of decency" to ads, Danforth said. Cosponsors include Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.), who's also coauthor of Sen. Packwood's (R-Ore.) Freedom of Expression bill (S-1038) that would do away with equal time rules under which Danforth measure would operate. Other cosponsors are Sens. Pressler (R-S.D.), Dixon (D-Ill.) and Simon (D-Ill.).

Bill appears to put onus on broadcaster and cable operator by requiring reply time. Hollings said he's considering language that would clarify that broadcasters and cable operators already have right under existing law to reject ads by political action committees (although not from candidates themselves) and to charge whatever rate they wish to such groups (although, again, not to individual candidates).

"Unrestricted use" of Ch. 16 or Ch. 19 "is the only realistic and current solution" to its communications problems relating to public safety, L.A. County Sheriff's Dept. told FCC. Outstanding are 4 proposals to help Dept., which told Commission that 2 -- split use of Chs. 19/15 or Chs. 19/14 -- are unacceptable because equipment for using those channels isn't available. Dept. disputed agency's tentative conclusion that expanded use of Ch. 16 is not "a desired alternative" because 2 commercial applicants have filed for that channel in nearby Ventura, Cal. "The safety of life and property... is of far greater urgency than requiring a potential television applicant to use another available... frequency," Dept. said. Meanwhile, FCC Office of Chief Scientist June 17 denied request by NAB and MST to combine this issue with another rulemaking to increase land mobile sharing with UHF TV allocations in 8 major markets -- including L.A.

Senate Commerce Committee tentatively plans July 11 confirmation hearing on renomination of FCC Comr. Patrick, 253 Russell Bldg., time to be announced.

Personals

FCC calendar -- June 25: Comr. **Patrick** addresses Mid-American Regulatory Commission annual conference, Afton, Okla.; **Peter Pitsch**, Office of Plans & Policy chief, speaks on regulated competition in telephone industry at South Central Bell symposium, Biloxi, Miss. June 27: Comr. **Dawson** participates in biennial assembly of Atlantic Assn. of Young Political Leaders, J.W. Marriott Hotel, Washington; **Carl Lawson** named acting deputy chief-policy and **William Adler** acting deputy chief-operations, Common Carrier Bureau.

CBS News anchor **Dan Rather** addresses opening banquet of RTNDA convention Sept. 11 at Opryland Hotel, Nashville; ABC News anchor **Peter Jennings** delivers keynote speech Sept. 12; ABC correspondent **Barbara Walters** will receive Paul White Award at convention close Sept. 14... **John Dimling**, exec. dir. of Electronic Media Rating Council, resigns to join Nielsen in N.Y., with responsibilities including new product development; **Jan Fisher** advanced to vp-account mgr., Nielsen Group USA Mktg. Research... **Daniel Dwyer** advanced to dir.-dramas based on fact, CBS/Best. Group; **Elizabeth Masterton**, ex-NTIA, appointed mgr.-dramas based on fact, program practices, N.Y... **Benjamin Ginsberg**, Baker & Hostetler, joins National Republican Congressional Committee in July.

Stephen Ulrich promoted to talent and promotion dir., NBC Sports; **Mitch Semel** advanced to dir.-current comedy programs, NBC... **Mark Wolf**, ex-Ogilvy & Mather, appointed vp, Simmons Financial Research Services... **William Lockett**, ex-Group W Satellite Communications, named vp-administration and human resources, United Stations Radio Networks... **Gary Randall**, ex-Embassy TV, appointed development vp, Orion TV, new post... **Frank Basile**, ex-FMC Corp., named Atlanta sales mgr., Cableguard.

Edward Dooley, NCTA vp-public affairs since 1981, resigns effective July 1 to become a partner in charge of PR at Washington-based management and public policy consulting firm Anderson, Benjamin and Read Inc.; no replacement has been named for Dooley, who previously was FCC Press & News Media Div. chief; also joining ABR is **John Trattner**, ex-State Dept. spokesman, who will specialize in international issues.

Elected Best. Promotion & Mktg. Executives dirs.: **Ed Howell**, Kodak; **Daniel Flamborg**, RAB; **Dick Weise**, KTVU Oakland-San Francisco... **Joseph Philport**, ex-Arbitron, appointed AGB TV Research vp-sales and mktg... **Alvin Rush**, MCA TV Group pres., elected pres., HRTS, succeeding **Brandon Tartikoff**, NBC Entertainment pres.

Jeffrey Long, WHKY-TV Hickory, N.C., station mgr.-program mgr., promoted to pres. of parent Catawba Valley Bcstg., which also operates colocated WHKY-FM-AM... **Frederick Barber**, ex-WSB-TV

Atlanta, named vp-gen. mgr., WTAE-TV Pittsburgh... **Wayne Casa**, ex-WXTV Paterson, N.J., appointed gen. mgr., WSNS-TV Chicago... **Jack McWeeny**, ex-WREX-TV Rockford, Ill., named gen. mgr., KEYT Santa Barbara, Cal... **George Logan**, WIBW-TV Topeka gen mgr., elected Dist. 10 representative to CBS TV affiliates advisory board, effective in Nov.

Jeffrey Reiss, pres. of The Exchange, is luncheon speaker at June 26 meeting of Washington Metropolitan Cable Club... **Trish Forti**, ex-Telco Systems, appointed mgr., General Cable Fiber Optic Div. Customer Service Dept... **Nadia Bronson** advanced to vp-international publicity and ads, Universal Pictures.

FCC Mass Media Bureau June 20 approved short-form (Form 316) transfer of control of Multimedia and rejected request filed 2 days earlier by Jack Cooke to consolidate his identical application for control with that filed by Multimedia. Roy Stewart, chief of Video Services Div., wrote Cooke that Commission processes applications "as nearly as possible in the order received" -- noted that Multimedia's was filed May 23, Cooke's June 18. Stewart said Cooke had "not presented a sufficient basis" for delaying Multimedia's application which, he said, was properly filed on Form 316. He also said that Multimedia change in control "is merely a technical transfer of stock." Cooke lost another round June 19 in his bid to take over Multimedia when S.C. state court dismissed his request for temporary injunction against company's proposed recapitalization, clearing way for plan to be presented to stockholders' meeting in early Aug. Circuit Judge Victor Pyle also vacated earlier restraining order in Cooke's favor, saying it was "improvidently granted" by another court. Pyle kept jurisdiction over any plan approved by Multimedia shareholders. Cooke said that he owns 9.75% of Multimedia common shares and that -- despite opposition of management -- he intends to make offer to stockholders to acquire company, "directly or through merger." Meanwhile, Multimedia said stockholders of record July 8 will be entitled to vote on recapitalization plan at special meeting in early Aug.

Marion Davis, partner with Rupert Murdoch in 20th Century Fox, said that he has decided not to join as equal partner with Murdoch in \$2 billion acquisition of Metromedia TV stations. Murdoch spokesman Howard Rubenstein said Australian entrepreneur will go it alone through his News American Publishing Inc. "Mr. Murdoch will be able to finance this transaction in the normal course of his business," Rubenstein said. Murdoch also said he will ask FCC for 2-year cross-ownership waiver to dispose of newspapers in Chicago and L.A. -- where he is buying Metromedia's WFLD-TV Chicago and WNEW-TV N.Y. An Australian citizen, Murdoch has applied for U.S. citizenship to fulfill another FCC requirement -- which prohibits noncitizens from owning more than 20% of broadcast licenses.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of June and 1985's first 23 weeks:

| | JUNE 1-7 | 1984 WEEK | % CHANGE | MAY 25-31 | 23 WEEKS 1985 | 23 WEEKS 1984 | % CHANGE |
|------------------|-------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL TV..... | 258,247 | 389,876 | -33.8 | 378,450 | 7,808,037 | 8,388,935 | - 6.9 |
| TOTAL COLOR... | 216,022 | 217,345 | - 0.6 | 304,382* | 6,423,882 | 6,428,973* | - 0.1 |
| DIRECT-VIEW. | 212,484 | 214,280 | - 0.8 | 300,741* | 6,336,598 | 6,360,798* | - 0.4 |
| PROJECTION.. | 3,538* | 3,065 | +15.4 | 3,641* | 87,284* | 68,175 | +28.0 |
| MONOCHROME.... | 42,225 | 172,531 | -75.5 | 74,068 | 1,384,155 | 1,959,962 | -29.4 |
| TV EXCL. PROJEC. | 254,709 | 386,811 | -34.2 | 374,809 | 7,720,753 | 8,320,760 | - 7.2 |
| HOME VCR#..... | 130,275* | 98,773 | +31.9 | 213,323* | 4,097,704* | 2,487,940 | +64.7 |
| COLOR CAMERAS#.. | 4,793 | 4,860 | - 1.4 | 9,204* | 177,201* | 169,192 | + 4.7 |

Color TV (direct-view) 5-week moving average: 1985--248,120; 1984--254,292* (down 2.4%).

Home VCR 5-week moving average: 1985--158,649*; 1984--107,427 (up 47.4%).

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

VCR AND COLOR IMPORT RECORDS SET IN APRIL: There's no sign in Commerce Dept. figures that importers have any immediate plans to do anything to ease industry's growing inventory burden. Quite to contrary, April results show new record for VCR shipments, while total color imports topped million for first time ever.

New all-time monthly VCR import high of 1.62 million in April was up 115.3% from April 1984 and erases from books the 1.59 million record set last Jan. It put 4-month imports at 5.36 million, up 120.1%. Bulk, of course, came from Japan, though Korea was source for 34,700, to put that country's cumulative total at just under 82,000. More sizable shipments from Korea should be showing up when June or July import figures are released.

Imports of other key video products also jumped sharply in April. Videocassette player shipments soared 261.7% to 10,000, for 4-month total of 35,700, up 248.3%. Videodisc players continued recovery started in March by posting 55.9% rise to 13,000, although Jan.-April shipments of 40,000 still were off 11.7%. Month's total TV camera imports rose 78.7% to 88,200, paced by 89.9% rise for b&w to record 17,200, while color cameras were up 76.3% to 710,400. That put 4-month overall camera total at 337,500, up 62.1%, with color up 59.3% to 275,500, b&w up 75.7% to 62,000. Running counter to trend were imports of projection TV, which dropped 20.8% to 4,400 for month, but were up 25.7% for Jan.-April to 25,400.

Overall TV imports edged up only 4.9% in April, but total of 1.8 million set new record, eclipsing previous mark of 1.71 million hit in same month last year. Overall color imports were just short of 1.06 million, passing record of 916,100 set in Aug. 1984, while b&w shipments dropped 11.9% to 740,600. Through 4 months, total TV imports stood at 5.78 million, up 16.1%, with color up 11.6% to 3.27 million, b&w up 22.6% to 2.51 million.

Push behind new monthly color record came from 85% rise in chassis and kit shipments to 630,000, easily topping previous high of 416,800 set in March. Shipments of complete color sets fell 19.8% to 428,100, as decline in imports from Hong Kong, Japan, Korea and Taiwan more than offset boosts posted by Canada, Malaysia and Singapore. In year through April, imports of

complete color sets were down 10.6% to 1.63 million, while chassis and kit shipments ended period at nearly matching 1.64 million, up 48.1%.

In b&w, all of decline for month came in 11"-&-over sizes, which fell 46.4% to 323,600, while imports of tinyvisions, including combinations, were up 76% to 417,100. For full period, imports of 10"-&-under b&w TVs rose 74.8% to 1.22 million as larger sizes dipped 4.4% to 1.29 million.

For record, imports of LCD portable color and b&w sets are not included in TV totals. Customs, in its wisdom, has ruled that legal descriptions in tariff schedules are such that only models containing CRTs fit into classifications set up for complete TV receivers. So LCDs are tossed into catch-all classification set up for otherwise unspecified video devices where only overall value of all such orphaned imports is indicated.

INDUSTRY EYES VCR INVENTORIES FOR PILEUP: Last week's warning from RCA Group Vp Jack Sauter about VCR inventory levels -- and RCA's action in deferring \$50 million worth of orders this summer (TVD June 17 p10) -- focused industry attention on influx of VCRs from Japan, and specifically on question of whether levels are excessive.

Panasonic agreed last week that cumulative total was "frightening" and said that it's constantly adjusting its orders to avoid excessive stocks. However, Zenith doesn't think inventories are too high and sees no reason for current pricing trends, and EIA-Japan appears to agree that there's no real cause for alarm.

Said Zenith Sales Co. Pres. Gerald McCarthy: "The latest [EIA] numbers show about 10 weeks' inventories, or a little less based on running rates, and the way we see the year going, inventory doesn't look out of line. From our standpoint, watchful of our distributors' investments, we are quite pleased because we're right on the plan we established early in the year. We have raised our sights on industry sales to dealers from our earlier forecast." He said Zenith, which had predicted 9.5-10 million sales, now sees more than 10 million.

McCarthy conceded he's "somewhat worried about the proliferation of brands," adding: "If each of the 70 brands [reportedly now on market] tries to get 1-1/2% of the market, that's a problem." As for price cuts, he said they "don't appear to make sense in view of the current inventory position. A couple of manufacturers have taken decreases which aren't warranted in view of the record consumer demand."

Panasonic Consumer Video Div. Gen. Mgr. Stan Hametz saw situation differently. "I don't think any logical person can disagree" with statements by Sauter, he said. He added, however, that he didn't see any deliberate effort to overload U.S. market, but "it's the cumulative total that's frightening and some [marketers] don't realize their limitations." He thinks majors, including Panasonic and RCA, are doing much better, while "some of the others will find they are really backed up against the wall."

Panasonic works from long-range plan, said Hametz, "but it's a rolling plan and we have adjusted it numerous times this year out of the same kinds of concern" Sauter expressed. Panasonic continues to plan for industry sales of 10.5-11 million this year, feels May slowdown is indicative of what 2nd half will look like. Hametz expects 2nd half to see increases in 30-35% range instead of 65% range it has registered to date. (Because of year's healthy head start, increase of 30% for rest of year would bring 1985 sales to 10.76 million, while 35% hike would make total 11 million.)

Hametz believes that the more industry falls off from 12 million-plus pace of earlier months this year, the better the market share of majors will be. "May was not a good month in terms of the industry's increase, but Panasonic's share was back to some old-time numbers."

Most pricing pressure is coming from 2nd and 3rd tiers of brands offering Japanese-made VCRs, Hametz said. "The Koreans certainly haven't been disruptive so far. But if they bring in what they projected, they'll start to back up, too, and they'll have to act" to move inventory. He said Panasonic is "trying to maintain reasonable pricing values" and "didn't bite at the new merchandise price cut reports" that circulated at recent CES. But he warned "the distress brands with loads of inventory are going to destabilize the industry" -- and "if the majors start to get into this, there will be no winning for anybody."

Hametz thinks majors will win out because dealers can't afford to tie up money in 6-8 lines. "They are going to be leaner and will be going deeper with those lines that give them the best turnover. Retailers will have to put their money in fewer lines so they can take advantage of deals that may be coming up later in the year."

In Japan, we asked view of Sony Chmn. Akio Morita at news conference in his capacity as current EIA-J chmn. He expressed doubt that situation here was serious, saying that U.S. import figures for 1985 didn't agree with Japanese export numbers, pointed out that some VCRs shipped to U.S. are re-exported to Latin America and noted that a few discount store price cuts aren't necessarily typical of dealers in general. Commenting on Sauter's use of word "dumping," Morita said "Japanese manufacturers are very careful in dumping issues" and there can be no dumping -- in foreign-trade sense -- because there is no U.S. VCR manufacturer.

Another Sony official in Japan -- speaking for Sony this time -- said company was "watching the situation very carefully, and we are a little bit worried about it." It closely follows what happened in Japan, he said, where forecasts this year indicate 23% sales decline. As critical point in penetration is reached, he said, "we can't simply deliver the product to the dealer and wait for it to be sold. That's why Sony introduced Beta Hi-Fi, Superbeta and 8mm Video. In Japan, as late as last Sept., most Japanese dealers were against the introduction of 8mm, but because of what they have experienced since then... they realized they needed something else. The atmosphere among dealers has completely changed in the last 8-10 months and I think this kind of situation will happen in America." He saw critical point at something under 30% penetration.

Sauter, in statement issued by RCA Consumer Electronics, elaborated on remarks he made to us last week terming recent monthly shipments of VCRs to U.S. "staggering and totally out of line with consumer purchase rates." He expressed concern that U.S. market "will be used as a dumping ground for excess production capacity of Far Eastern manufacturers." He said oversupply could cause dealers to "take the path of least resistance and concentrate their selling efforts on VCR models with limited features and low selling prices. If this were to happen, new products such as hi-fi models and camcorders may never get established as viable new products for the industry."

Product pileup and resulting push for volume have started to affect profitability at retail. At annual meeting in Richmond, Va. last week, Circuit City announced that despite hefty 36.9% jump in sales in opening fiscal quarter to May 30, its net declined 3.4% -- first such slippage in nearly 4 years (details elsewhere in this issue). Pres. Richard Sharp said earnings falloff was anticipated and stemmed primarily from "increased competition and lower gross margins resulting from an oversupply of video products in the country and a moderation in consumer demand."

MID-AMERICA LEADS 1984 VCR GROWTH: In 1984, for 2nd straight year, markets in middle America set pace for VCR sales growth, while biggest actual sales volume came from East and West Coasts, according to EIA's annual breakdown of sales by region.

By major region, unit volume rankings were unchanged from 1983, South on top with increased market share, followed by Northeast and West, both with slight declines, and North Central, up by one percentage point. On localized basis, mid-Atlantic states moved up into tie

with Pacific for largest market honors, although shares of both slipped from 1983. Only other ranking change was swap of 6th and 7th places, as West North Central moved up notch on share gain, topping New England, where share held steady. Other local rankings, all unchanged, East North Central 3rd, South Atlantic 4th, West South Central 5th, East South Central 8th, Mountain 9th.

North Central states repeated as sales growth leader on strength of sharp 116.4% gain in West North Central area. In 1983, neighboring East North Central filled that role, but its 87.3% rise was only 4th largest on local basis last year. South was 2nd in regional leadership with strong gains by West South Central and South Atlantic states. None of states in 3rd-ranked Northeast or last-place Pacific regions had sales increases that equaled national 87.3% average.

Largest regional and localized gains generally came in areas that lagged behind Northeast and Pacific in early VCR selling years, and served to bring unit sales rankings closer into line with those of more mature color TV market. In color, on region basis, South and Northeast lead as they do in VCR, while North Central market is larger than that of less-populated West. Although in market size West ranked ahead of North Central in VCRs last year, gap shrank to less than half a point, and West is likely to hold same 4th-place ranking it has in color when 1985 VCR figures are released. Only difference on local basis is that while Cal.-inclusive Pacific states tied for first place in VCR, they placed 4th in color TV, and there too share slipped.

In color on more local level, New England had largest growth, which moved it up notch in market size ranking to 7th, displacing East South Central. Mid-Atlantic area was only 4th largest in terms of sales increase rate, but that was good enough to make it largest color market last year, as East North Central slipped to 2nd place.

Here's how EIA broke out regional VCR and color sales for 1984 and 1983:

U.S. SALES TO DEALERS BY REGION (add 000)

| Region | 1984 Mkt. Share | 1983 Mkt. Share | 1984 Units | 1983 Units | % Change |
|------------------|--------------------|--------------------|---------------|---------------|-------------|
| VCR* | | | | | |
| Northeast..... | 24.0% | 24.9% | 1,828 | 1,019 | + 79.4 |
| Mid-Atlantic.. | 18.5 | 19.4 | 1,409 | 794 | + 77.5 |
| New England... | 5.5 | 5.5 | 419 | 225 | + 86.2 |
| South..... | 30.4 | 29.3 | 2,315 | 1,199 | + 93.1 |
| S. Atlantic... | 15.2 | 14.6 | 1,158 | 597 | + 94.0 |
| E.S. Central.. | 4.6 | 4.7 | 350 | 192 | + 82.3 |
| W.S. Central.. | 10.6 | 10.0 | 807 | 409 | + 97.3 |
| North Central... | 22.6 | 21.6 | 1,721 | 884 | + 94.7 |
| E.N. Central.. | 16.5 | 16.4 | 1,257 | 671 | + 87.3 |
| W.N. Central.. | 6.1 | 5.2 | 464 | 213 | +116.4 |
| West..... | 23.0 | 24.2 | 1,752 | 990 | + 77.0 |
| Pacific..... | 18.5 | 19.6 | 1,409 | 802 | + 75.7 |
| Mountain..... | 4.5 | 4.6 | 343 | 188 | + 82.3 |

COLOR TV*

| | | | | | |
|----------------|-------|-------|-------|-------|--------|
| Northeast..... | 23.8% | 23.3% | 3,652 | 3,105 | + 17.6 |
| Mid-Atlantic.. | 17.9 | 17.7 | 2,747 | 2,359 | + 16.4 |
| New England... | 5.9 | 5.6 | 905 | 746 | + 21.3 |

(cont.)

| Region | 1984 Mkt. Share | 1983 Mkt. Share | 1984 Units | 1983 Units | % Change |
|------------------|--------------------|--------------------|---------------|---------------|-------------|
| South..... | 32.9 | 33.2 | 5,049 | 4,424 | + 14.1 |
| S. Atlantic... | 16.9 | 16.6 | 2,593 | 2,212 | + 17.2 |
| E.S. Central.. | 5.4 | 5.8 | 829 | 773 | + 7.2 |
| W.S. Central.. | 10.6 | 10.8 | 1,627 | 1,439 | + 13.1 |
| North Central... | 23.8 | 24.4 | 3,652 | 3,251 | + 12.3 |
| E.N. Central.. | 17.4 | 17.8 | 2,670 | 2,372 | + 12.6 |
| W.N. Central.. | 6.4 | 6.6 | 982 | 879 | + 11.7 |
| West..... | 19.5 | 19.1 | 2,992 | 2,545 | + 17.6 |
| Pacific..... | 14.9 | 14.5 | 2,286 | 1,932 | + 18.3 |
| Mountain..... | 4.6 | 4.6 | 706 | 613 | + 15.2 |

*VCR sales: 1984--7,615,791; 1983--4,091,321 (up 86.1%).

*Color sales (excludes institutional): 1984--15,345,068;
1983--12,324,759 (up 15.2%).

SINCLAIR FINDS BUYER: U.K.'s financially troubled Sinclair Research has found white knight it's been looking for (TVD June 3 p15) in Robert Maxwell, who has agreed to inject about \$15.4 million in new capital in return for 75% interest. SR will become unit of Hollis Bros., office equipment subsidiary of Maxwell-owned Pergamon Press.

In planned refinancing, founder Sir Clive Sinclair will retain 15% ownership, down from present 85%, give up posts as pres. and a dir., but continue responsibility for R&D as outside consultant. Maxwell will become chmn., will appoint new pres. Maxwell is ordering independent audit of SR to resolve dispute between SR and its own auditors over valuation of company's high computer inventory.

Separately, SR claimed it achieved "fundamental breakthrough" in effort to produce wafer scale ICs and completed test run successfully. In standard manufacture, ICs on 4" and 5" silicon wafers are separated and packaged individually for mounting on circuit boards. Effort in wafer scale integration is to have all ICs on wafer already interconnected, eliminating packaging and mounting steps. Difficulty is in having enough properly functioning ICs on wafer to make effort practical, and to build in switching capability so nonworking ICs are bypassed automatically. SR said it would need additional outside financing to gear up for commercial production.

In other merger activity, **RCA** said it agreed to sell auto leasing subsidiary Hertz to United Airlines for \$585.7 million in cash. RCA has been seeking to sell unit for several years as part of announced plan to dispose of operations outside its core electronics, communications and entertainment businesses. While RCA had no specific comment, speculation is that funds might be used for acquisition or possibly even be held in reserve so they would be available to combat any unfriendly takeover attempt... **Midland International**, along with other assets of Western Auto, will be sold by Beneficial for \$300 million under agreement reached with Wesray

Capital. Beneficial said sale will result in \$10 million charge against 3rd-quarter earnings.

In entertainment area, video software marketer **Embassy Home Entertainment** is expected to find new home if Coca-Cola completes planned purchase of Embassy Communications. Coke, through subsidiary Columbia Pictures, already has home video operation in form of joint venture with RCA. Columbia Pres. Francis Vincent said EHE and Embassy's film operation would be candidates for sale if acquisition goes through... **Jack Eckerd Corp.** has asked U.S. Dist. Court, Wilmington, to block further Dart purchases of Eckerd stock. Dart recently acquired 5% interest, said it was considering takeover bid. Eckerd is parent of American Home Video, which operates Video Concepts retail chain... **MGM/UA Entertainment** completed previously announced reacquisition of outstanding shares in home video subsidiary MGM/UA Home Entertainment... **Polygram** merger partner no longer is being sought, although sale of recorded music operation hasn't been ruled out by parent N.V. Philips. To improve distribution in U.S., Polygram last year was to merge with Warner Records on worldwide basis, but plan was dropped when U.S. FTC threatened antitrust suit. More recent merger talks with MCA have been discontinued. While negotiations to sell Polygram to investor group headed by former 20th Century-Fox head Alan Hirschfeld are still going on, Polygram has moved to cut costs in U.S. by consolidating all warehousing in Indianapolis, closing 4 of its 13 sales branches.

Mitsubishi is acquiring 120-acre site near Atlanta for multipurpose plant, where it will turn out projection TVs, data display monitors, mobile phones and office automation equipment. Due for production start late next year, subject to finalization of incentive package from Ga. industrial development authority, it will be Mitsubishi's 4th North American manufacturing facility. It now produces direct-view and projection TV in Cal., semiconductors in Durham, N.C., color picture tubes in Canada.

SONY NET UP: Reflecting current consumer market conditions -- strong demand, but with intense price competition -- Sony reported that while its consolidated sales rose 14.3% in 2nd fiscal quarter to April 30, net was up just 3%. For first half, net rose 8.8% on 11.8% sales increase (see financial table). On parent-only basis, Sony reported earnings for half of \$98.5 million, up 24.1%, on 16.3% sales rise to \$1.38 billion.

In VCRs and other video equipment, consolidated first-half volume edged up just 0.1% to \$1.03 billion. Sony said unit sales of Betamax VCRs dropped 15% to about 500,000 in quarter, were off about 14% to 1.1 million in first half, but that impact of decline was offset by strong sales of 8mm Video VCRs and industrial equipment.

TV sales rose 24.9% to \$696.3 million, paced by 71% rise in projection TVs to \$48.7 million and 47% increase in monitors and audio-video systems to \$39.7 million. Color TV sales were up 22.4% to \$577.9 million while b&w volume slipped 1.3% to \$29.9 million. Sony said color TV unit sales rose 31.9% in quarter to 950,000, 26.7% for full period to 1.9 million.

In audio, sales increased 22.5% to \$609.4 million, with bulk of gain represented by shipments of 230,000 CD players -- 140,000 in 2nd quarter -- against just 65,000 in fiscal first half last year. Sales of other products, including office automation equipment, rose 10.2% to \$366.2 million.

Sony said its sales in Japan were up 11.8% in quarter to \$375.4 million, but increased only 4.9% to \$729.5 million for half. Overseas sales for same respective periods were up 15.3% to \$981.8 million and 14.6% to \$1.97 billion.

Circuit City said increased competition and excessive industry inventories were mainly responsible for its 3.4% earnings decline in opening fiscal quarter. Total sales were up 36.9%, while sales of stores open for year or more increased 21%. Company announced regular quarterly dividend was being boosted to 2.5¢ per share from 2¢, starting with payout due July 15.

Owens-Illinois raised quarterly dividend 7% from 42¢ to 45¢. First increased payout is due Sept. 15, will lift dividend for year to \$1.80 per share.

Commtron sales should exceed \$300 million for fiscal year ending Aug. 31, according to quarterly report of parent Bergen Brunswig, which also extols "excellent" earnings. Consumer electronics distributor had revenues of \$210 million last year, \$122 million in 1983.

Newmark & Lewis has revived plan, shelved in March, to go public. N.Y. Metro area super retailer will offer 1.2 million shares, 600,000 from selling insiders, at about \$14 each.

EIA BACKS SIA: Unfair import competition complaint, filed as expected by Semiconductor Industries Assn. against Japanese IC exporters (TVD June 17 p15) with President's Office of Special Trade Representative (STR), has gotten vocal support from EIA Solid State Products Div.

SSPD Staff Vp Jack Kinn said his group shares SIA's interest in obtaining free access to Japan's home market, expressed concern with indications that "serious dumping" of Japanese ICs here "may be occurring."

In its filing with STR, SIA charged Japanese have been unfairly targeting -- focusing on selected IC types for intense export competition -- and engaging in predatory pricing practices here. It stressed aim is to get Japanese to agree to stop such practices and to open market there to free import competition. If Japan won't change, SIA petition said, Administration could take such retaliatory measures as investigating possible antitrust violations, filing official unfair competition complaint with GATT and having Commerce Dept. police Japanese IC export pricing with eye to imposing antidumping duties. Other more obvious and usual remedy -- imposition of import quotas -- wasn't mentioned. STR has until July 29 to decide whether to accept complaint for formal study and possible action.

Petition was alluded to, but not formally discussed, at previously scheduled meeting on electronics trade held by U.S. and Japanese officials in Tokyo last week. Some issues raised in petition, including Japanese overproduction and low export pricing, were brought up.

SIA's accusations were rejected out of hand by Sony Chmn. Akio Morita at news conference in Tokyo. Speaking as chmn. of EIA-Japan, Morita said U.S. companies hold 19% of Japan's semiconductor market when sales of their factories in Far East are included, rather than 11% shown by SIA figures. He also denied Japanese were underpricing exports to U.S.

M/A-Com has begun accepting wholesale quantity orders for addressable VideoCipher descramblers that home satellite dish owners will need to receive transmissions of HBO, Showtime/Movie Channel and other cable services once they start encoding their signals. Owners also will have to become paying subscribers. M/A-Com said it already has ordered parts for 100,000 sets, claims it will start delivering to "as broad as possible" wholesale distribution channels by the fall. According to M/A-Com, "more than sufficient quantities of consumer units will be readily available" in summer 1986 for cable services to begin scrambling full time on national basis.

Correction: North American Philips Consumer Electronics says we were incorrect in reporting it had contracted to have 13" color TVs assembled in Gold Star's Huntsville, Ala., plant (TVD June 17 p14).

NEW SETS AT CES: Depth of RCA's 1986 line (TVD May 20 p9, May 27 p14) was evident at CES exhibit, where company gave out summary of its products: Color line starts with single 9" portable, moves up to five 13" models, eight 19", one 20" table model, five 25" table models, two 26" table models, 21 console 25" models, eleven 26" consoles, two 45" projection sets, with 27" models to come in Aug. Total of 23 models have built-in MTS, while 20 are adaptable; 22 have video and audio inputs.

RCA's Dimensia system, which lists at \$5,000 with 26" monitor, carries \$7,000 retail tag with new 40" projection monitor. Projection set alone is \$2,990. Monitor by itself is \$1,300.

RCA's regular VCR line has 13 models; with all variations and Aug. introductions, it will have 27. Regular current line has 3 top-load "subleaders"; 2 front-load leaders, two 4-head table models; 3 VHS Hi-Fi models, including one 2-head, one 4-head, one 3-head with on-screen programming; 3 convertibles. Line has 3 cameras, with full-sized VHS camcorder due in Aug. RCA has eliminated most suggested list prices for 1986 line.

RCA still has 10-model monochrome line -- two 5" portables, one 9", six 12", one 19". Company's quiet but profitable Distributor & Special Products Div. now has 212 products, many spawned by growing VCR market. Vp-Gen. Mgr. Edward Boschetti estimated industry retail sales of VCR accessories could reach \$800 million this year, with additional \$1.2 million in blank cassettes -- equal to some 27% of anticipated industry retail sales of \$7.4 billion in VCRs, cameras and camcorders. In addition to blank tape, Div. sells such products as "starter kits" at \$35 and \$142, MTS stereo adaptors for RCA sets at \$150, character generator at \$250 with 20 pages of information, scrolling and special effects.

Fisher introduced its longest TV line, starting with 19" cable keypad remote monitor receiver with comb filter, MTS and stereo amplifier at \$600; 20" remote with off timer, MTS, 4-speaker system is \$700; more compact 20" remote stereo monitor receivers with comb filters are \$700, available in 2 finishes; 26" MTS table models are \$950 and \$1,000, while 26" consoles are \$1,000 and \$1,200; audio-video component systems are \$1,300-\$4,000, last with 40" projection system, 120-w wireless remote audio component system including CD player; 40" projector alone, with liquid-cooled tubes, MTS and remote is \$2,600. New VHS VCR with 14-day 3-event timer, cable tuning is \$500.

Mitsubishi introduced 13 color sets, including first 35" direct-view model. Nine sets have integrated TV-VCR remote and all stereo sets have built-in MTS. Line begins with basic 14" model at \$350, stepping to remote at \$420, remote stereo monitor receiver at \$500; 19" models are \$410, remote at \$500; three 20" remote stereo monitor receivers are \$670, stepup with RGB, synthesized stereo is \$820, same in double-sided console \$850;

26" remote stereo table model with RGB is \$920, remote stereo vertical and horizontal consoles \$1,200; 35" with all high-end features is \$3,200. Audio-video system with integrated remote, 50-w amplifier, which may be combined with any Mitsubishi color TV, projection TV or VCR manufactured since 1983, is \$600.

Mitsubishi's projection TV now is offered in 6 screen sizes, all 40" and 45" models featuring integrated TV-VCR remote controls. All have comb filters; Mitsubishi claims this year's models have 5% increase in brightness, up to 300% improvement in contrast. All new models have built-in MTS, 139-channel tuning, remote. New models, all rear projection except the 50", start with 36" at \$2,200, with two 40" at \$2,900, two 45" at \$3,200, front projection 50" at \$3,600.

New Mitsubishi VCRs, all wireless remote, start with 2-head model at \$400, with 3-head at \$550, VHS Hi-Fi 4-head with built-in MTS at \$800, and VCR-TV remote, on-screen programming and tape-handling display, dual antenna selection at \$1,100.

Samsung color line starts with 5" battery portable monitor-receiver at \$300; 9" battery portable with mechanical tuning is \$250, stepup AC-only with electronic cable tuner \$280. In 13", leader with mechanical tuner is \$200; electronic stepup with video-audio jacks is \$250; remotes, all keypad, are \$280, \$300 with 139-channel capacity, \$350 for high-end monitor version. Leaders in 19" are mechanically tuned pair at \$290 and \$300; stepups, all keypad remotes, are \$380, \$400 with cable tuning, \$490 for monitor. Video line starts with VHS player at \$300, lead recorder with single-event programmability is \$400; steps, all wireless remote, are \$450, \$500 for 2-event programmer with cable tuning, \$550 with one-touch recording, expanded freeze frame, slow motion capabilities.

Tatung opens color with 9" mechanically tuned pair at \$300 and \$330, latter offering battery portability; 13" mechanical leader is \$300, cable-ready keypad remotes are \$370 and \$400. In 19", mechanical leader is \$400, cable tuning remote stepups are \$470 and \$500, monitor version with stereo amplifier is \$600; high-end 20" stereo monitor with built-in MTS is \$630. Offerings in 25", all random-access cable tuning remotes, include table models at \$730 and \$900, latter with MTS, console at \$730. New 26" consoles with remote, cable tuning and MTS are \$1,200 and \$1,300. VHS VCRs, all 4-head wireless remotes, are \$550, \$600 with cable tuning, \$750 with longitudinal stereo.

Gold Star introduced its first set with built-in MTS --- 25" table monitor receiver with comb filter, 139 channels, stereo amplifier, 5-year warranty at \$800. Gold Star's 5 new VHS VCRs (in addition to 3 previously introduced) start with wired remote leader, 2-event timer at \$429, wireless at \$499, 4-event model also \$499, 4-head with 8 events, longitudinal stereo, available in Sept. at \$599.

(cont.)

Teknika color TV additions include 13" scan tuning model, 19" scan model, 19" keypad remote monitor receiver with on-screen channel display, deluxe version with comb filter, antenna switching; top-end 26" remote has full on-screen display, built-in MTS, dual antenna. Teknika also displayed full-sized VHS camcorder, apparently made by Matsushita, and new keypad wireless remote attachment for any set controlling tuning and sound, with 140 channels, dual antenna switch, provision for cable decoder and MTS adaptor.

Denon introduced its first color TV -- 26" remote monitor receiver with built-in MTS and comb filter at \$1,100. Its first VCR is 4-head VHS Hi-Fi with 4-event timer at \$1,000, designed to accept MTS adaptor at \$115.

Proton showed "flagship" 25-in. remote monitor receiver at \$1,250 with built-in MTS, comb filter, claimed 4.8 MHz video bandwidth, as well as new 19" version at \$850. Wireless remote stereo video tuner including MTS and switching system is \$450. At CES, company was testing reaction to new monitor receiver using RCA's 27" SP picture tube.

Canon, in addition to 8mm camcorder (TVD June 10 p17), displayed its first home VHS deck -- VHS Hi-Fi unit with provision for MTS adaptor at \$900, due in Sept. (adaptor unpriced). Canon also showed surround sound processor for VHS deck and top-end camera with 2/3" high-band Saticon with 8:1 zoom, character generator, at \$1,400, with optional 1.5" color viewfinder available.

Olympus showed full-sized VHS camcorder made by Matsushita, 2.1-lb. hand-held autofocus camera with 1/3" Newcosvicon pickup and full-sized high-end camera with 2/3" pickup, 8:1 zoom, 400 lines resolution, character generator.

Commodore got back some confidential material taken by 4 engineers when they left to rejoin company founder Jack Tramiel following his acquisition of Atari. Information was ordered returned by U.S. Dist. Court, Philadelphia, which ruled on suit filed by Commodore last year (TVD July 16 p13). However, Court said Commodore didn't supply enough evidence to support claim that details on specific business computer also were taken. Atari said it gave back miscellaneous documents and discs it claimed were taken inadvertently when engineers cleaned out their desks. Commodore Gen. Counsel Joseph Benedetti said while company was "gratified" by ruling, it would be looking at future Atari products for misuse or misappropriation of proprietary Commodore information.

Add stereo broadcasters: Wometco's WWHT with transmitter on N.Y.C.'s Empire State Bldg. and its satellite WSNL Smithtown, L.I., both formerly STV stations, are broadcasting music videos 11-1/2 hours daily in stereo, becoming 67th and 68th stations known to be transmitting MTS.

SUMMER SHUTDOWNS: Plant closing schedule for domestic TV and tube factories follows tradition this year with few variations. Philips tube plant will be closed extra week for consolidation and revamping. At Sampo, plant was shut down for week May 26 in addition to break that begins at end of this week; Sampo officials couldn't be reached for comment. Hitachi said it has actually canceled one-week break that was scheduled for first week of July because of anticipated heavy production schedule. Following are domestic plant closings:

| Company | Start | Duration |
|---------------------|---------|----------|
| GE TV..... | June 29 | 2 weeks |
| picture tube.... | July 22 | 3 weeks |
| Gold Star TV..... | June 29 | 1 week |
| Matsushita TV*..... | July 13 | 2 weeks |
| NAP TV..... | June 29 | 2 weeks |
| picture tube.... | June 29 | 3 weeks |
| RCA TV..... | June 29 | 2 weeks |
| picture tube.... | June 29 | 2 weeks |
| Samsung TV..... | June 29 | 1 week |
| Sanyo TV..... | June 22 | 2 weeks |
| Sampo TV..... | June 29 | 1 week |
| Sharp TV..... | June 29 | 1 week |
| Sony TV..... | July 27 | 2 weeks |
| Toshiba TV..... | June 15 | 2 weeks |
| Zenith TV..... | June 29 | 2 weeks |
| picture tube.... | June 29 | 3 weeks |

*-Panasonic, Quasar

Sony will expand both size and scope of 8mm Video production next year, boosting output sharply in Japan and opening its first overseas manufacturing operation. In Japan, Sony is expected to increase monthly production of 8mm Video decks and camcorders to 150,000 by next spring, which would represent 65% of output if company continues to manufacture at current 230,000 monthly rate for all types. Sony now is turning out 50,000 8mm camcorders monthly, has announced plan to double that by end of this year. In addition to its own brand 8mm camcorders, Sony has been making them for Fuji, Kyocera (Yashica), Pioneer and Sanyo, and will be supplying Pioneer with home decks this fall. By end of year Sony plans to open its 3rd French plant, in Alsace, for production of 8mm Video deck components and CD players. Operation will start with monthly output of 10,000 CD players, plus circuit boards for 5,000 8mm Video decks. Boards will go to Sony VCR assembly plants in Germany and Spain where, it's presumed, company will modify Japanese-made 8mm Video units to meet European standards. Sony said it eventually plans full-scale production of 8mm VCRs in Europe.

Ad notes: Atari account has been resigned after just 4 months by Goodby, Berlin & Silverstein, reportedly because Atari didn't place volume of ads expected... **Mindscape** assigns computer software account to BBDO Chicago... **Display Sciences** appoints HWH Enterprises for PR for its combination VCR-projection TV system.

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Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|-------------------------------|---------------|--------------|------------------|
| Cable TV Industries | | | |
| 1985-qtr. to April 30 | 7,189,000 | 7,000 | -- |
| 1984-qtr. to April 30 | 7,690,000 | 133,000 | .04 |
| Circuit City Stores | | | |
| 1985-qtr. to May 31 | 128,168,000 | 3,295,000 | .30 |
| 1984-qtr. to May 31 | 93,601,000 | 3,412,000 | .34 |
| National Semiconductor | | | |
| 1985-year to May 31 | 1,787,500,000 | 43,200,000 | .48* |
| 1984-year to May 31 | 1,655,100,000 | 64,000,000 | .75* |
| 1985-qtr. to May 31 | 428,600,000 | (2,700,000) | --* |
| 1984-qtr. to May 31 | 470,800,000 | 24,400,000 | .28* |
| Sony^b | | | |
| 1985-6 mo. to April 30 | 2,745,800,000 | 153,900,000 | .67 ^c |
| 1984-6 mo. to April 30 | 2,455,500,000 | 141,400,000 | .61 ^c |
| 1985-qtr. to April 30 | 1,381,400,000 | 73,800,000 | .32 ^c |
| 1984-qtr. to April 30 | 1,208,600,000 | 71,700,000 | .31 ^c |

Notes: *Includes special credit. ^bAt yen's current rate.
^cPer ADR.

Consumer Electronics Personals

Hiroshi Sano advanced from JVC America pres. to pres. of parent organization, U.S. JVC, succeeding **Norizo Sakoda**, who returns to JVC Japan; **John Egawa**, corporate planning vp, adds post as pres. of new JVC Information Products, formed to market computer peripherals, including monitors and disc drives to U.S. OEM... **Charles Phillips** resigns as Akai America exec. vp, effective Aug. 31; **Frank Okuda**, ex-Akai Australia, named as replacement... **Robert Craig** resigns July 1 as Craig Corp. chmn.; he sold his 36% interest to investment group last Feb., has continued with company since then on temporary basis.

Hideo Tanigawa appointed Sharp Audio Products Dept. asst. gen. mgr... **Lawrence Hartman** advanced at Unitech from east region sales dir. to national sales vp... **Gerald Maslin**, ex-Electronic Assoc., appointed Display Sciences mfg. vp... **Nick Bessey**, ex-IBM (U.K.), joins Commodore as gen. mgr. of U.K. subsidiary... **Jon Shroyer**, RCA, appointed pres. of RCA/Sharp Microelectronics, joint IC design and manufacturing venture being set up in Camas, Wash.; **Hiromitsu Takeuchi**, Sharp, named wafer fabrication vp-gen. mgr.; **Arthur Lancaster**, RCA, appointed design center vp-gen. mgr.

James Jimirro resigns as pres. of both Walt Disney Home Video and Disney Channel, is expected

to continue with company as consultant... **William Gallagher** advanced from vp-gen. mgr. to pres., MGM/UA Home Video... **Ed Walsh**, ex-Prism Entertainment and CBS/Fox Video, joins Magnum Entertainment as exec. vp, responsible for marketing, sales, acquisitions and development... **William Hickey**, ex-VCA/Technicolor exec. vp, joins Chronicle Publishing as pres. of software marketing subsidiary Chronicle Video... **Cindy Paul**, ex-BASF Systems, appointed mktg. dir., Republic Pictures Home Video... **Stephen Russell** advanced to vp-gen. mgr., VCA/Technicolor's Naperville, Ill. plant... **Sandra Forney** promoted to creative services exec. dir., Paramount Home Video... **Joseph Preski** joins Embassy Home Entertainment as data processing dir.

RCA and Sharp picked Camas, Wash., as site for \$200 million IC design and wafer fabrication venture formed earlier this year (TVD April 15 p18). While plant isn't slated to go on stream until late 1987, design center is scheduled to begin operations in temporary hq in Aug., and IC production for partners will be handled on interim basis by Sharp in Japan. Fully automated plant will turn out high-density CMOS ICs on 6" wafers. IC packaging and marketing will be done separately by partners.

Electronic chemical market was valued at \$16 billion worldwide last year, will grow at 15% annual rate through end of this decade, according to study by Arthur D. Little.

Timex is laying off 400 at main European electronics plant in Dundee, Scotland, because of lack of orders for Sinclair personal computers assembled there.