

TELEVISION DIGEST®

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

With Consumer Electronics

AUGUST 5, 1985

VOL. 25, NO. 31

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TBS's CBS BID STRIKES OUT: Federal court refuses injunction; FCC rules no transfer of control in CBS; en banc canceled. (P. 1)

EVENING NEWS ASSN. TARGETED by Lear and Perenchio in tender offer of \$1,000 cash per share. ENA broadcast head Kizer fired. (P. 3)

KKR SWEETENS STORER OFFER by paying \$91 per share in cash, up \$16. Comcast offer rejected. (P. 5)

PORNO BAN SOUGHT in House-Senate bills aimed at TV-radio and cable. (P. 5)

FCC WON'T APPEAL MUST-CARRY, won't try rewriting rules to suit Court. Repeal of compulsory licensing urged. (P. 6)

MANDATORY KIDVID BILLS offered in House and Senate requiring 7 hours weekly of educational programming. (P. 7)

SUPER RADIO-ONLY ASSN. proposed by NRBA. NAB and RAB are leery, although NAB offers 3 dates for joint meeting. (P. 7)

RCA GETS FLAK from MAC proponents, who condemn data on NTSC as MAC-superior DBS standard misleading, say both systems equally compatible. (P. 8)

TURNER'S CBS BID STRIKES OUT: Ted Turner was dealt 3 severe blows in quick succession last week, setbacks that apparently stymie his 3-month-old bid to acquire CBS. But Turner vowed to fight on, saying he may inject some cash into a new offer for CBS but more likely will launch proxy fight at next CBS stockholders' meeting.

Two of 3 blows against Turner occurred within hours of each other July 30: (1) FCC rejected petition filed July 5 by TBS asking Commission to rule that 3 defensive actions taken by CBS constitute transfer of control from stockholders to board. (2) U.S. Dist. Court in Atlanta refused TBS request for temporary injunction blocking CBS plan to buy back 21% of its stock for \$954.8 million. Decision allowed buyback plan to proceed, and it expired July 31.

CBS said 25,466,136 shares were tendered -- more than 4 times number sought, leading it to decide to prorate repurchase of tendered shares by about 25%. In surprise move, TBS

Consumer Electronics

JAPAN'S VCR EXPORTS to U.S. hit record 1.46 million in June, quarterly high in April-June, as prices continued to decline. (P. 10)

GOLD STAR PICKING PROFITS in TV plants in Tenn. cotton field. Output to reach million this year. MW oven production set. (P. 11)

DEALERS LIKE CAMCORDERS, see them becoming significant business, favor full-size VHS but envision 8mm coming up strongly. (P. 12)

INTERACTIVE VIDEO VERSION of digital CD player being developed by Matsushita, Philips, Sony. Warner, Polygram work on discs. (P. 13)

SANYO TO MAKE VCRs HERE, in 1986, sees 500,000-600,000 units in first year, million thereafter. (P. 13)

EMERSON EARNINGS from consumer electronics up 36% in quarter to June 30. Wells-Gardner back in black. TI loss for quarter. (P. 14)

PHILIPS FLAT TUBE has 12" screen, is 3" thick, providing good b&w picture. Color version being developed in U.K. (P. 14)

'HQ' VHS RECORDER to be introduced in U.S. this month by JVC in MTS version. (P. 15)

tendered all 128,200 of its CBS shares "because the CBS self-tender is in essence a dividend being made to all CBS shareholders." TBS said it had no "present intention" of disposing of any CBS shares not repurchased by network. CBS said it will decide by Aug. 13 which shares it will repurchase, pay \$40 cash and a 10.875% senior note due in 1995 with \$110 face value for each share.

Third strike against Turner came July 31 when FCC, on eve of its potentially historic en banc argument on TBS's takeover attempt (TVD June 10 p4), concluded that there now was no necessity to hear 2 days of scheduled testimony. Decision (4-0, with Comr. Rivera not participating) seemed to rely heavily on Atlanta court's ruling, was made even though TBS contended its "proposal continues to be viable and the Commission's oral argument would be a productive and efficient use of its resources."

Acting on emergency petition by CBS and several others seeking postponement of sessions that were to begin at 9 a.m. Aug. 1 and run through next afternoon, FCC canceled argument altogether. Citing Atlanta court's blessing of CBS stock buyback plan and TBS's own testimony that such a ruling would make Turner's cashless bid nearly impossible, Commission concluded: "It is unclear whether TBS intends to proceed with its current offer... to the CBS shareholders." In asking for postponement, CBS said it would be "waste of time" now to review Turner's "discarded" takeover plan, which it said "literally does not exist."

In Atlanta, Judge Robert Vining ruled TBS had failed to prove its central claim that debt load restrictions in recapitalization plan were specifically targeted at blocking Turner's takeover effort. Turner also didn't prove claim that CBS dirs. failed in their duty to stockholders by rejecting TBS stock-swap proposal, Vining ruled. TBS is appealing Vining's ruling in U.S. Appeals Court, Atlanta.

Vining did question CBS agreement with founder William Paley not to tender his substantial holdings during recapitalization. That agreement also specifies that through Aug. 1, 1987, Paley can sell up to 434,489 CBS shares for \$150 per share, same price as offered during recapitalization. If Paley sells any shares before that date, for any amount more than \$150 a share, excess reverts to CBS, agreement specifies. Given those restrictions, Paley isn't likely to sell his holdings to any outside party. Vining asked for more information about arrangement.

"We find that if the [CBS] board acted within its authority," FCC said in denying TBS petition, "then it merely exercised the authority granted to it by the corporation's bylaws, charter and ultimately the shareholders themselves," according to order. "We are unable to find that CBS shareholders have lost any rights," order concludes in holding that no transfer of control occurred.

Although "effect of [CBS] actions may be to provide a greater degree of insulation for the incumbents than was previously available," FCC said, "intervention in such matters would involve us in a morass of corporate financing decisions and other corporate matters where the burden from our intrusion would be far outweighed" by any public interest benefit.

At FCC, Turner had taken issue with 3 CBS moves: (1) Recapitalization plan; (2) retirement of \$225.6 million in long-term credit in favor of new \$1.5 billion line of credit in which repayment would be accelerated sharply if majority of CBS board were replaced; (3) amendments to CBS bylaws so that shareholders no longer can call special meetings.

Meanwhile, Loews Corp. disclosed in SEC filing July 29 that it had bought 2.9 million CBS common shares (9.9% of all outstanding) for about \$347 million. Loews said in filing that stock buys were for investment only, that it expected to tender its holding under CBS recapitalization plan. However, CBS was expected to buy back only 25% of Loews shares.

And FTC has sent letter to N.Y. Gov. Mario Cuomo sharply criticizing recently passed state law making cashless bids for corporations organized under state law there virtually

impossible (TVD July 1 p1). Responding to Cuomo's request for comment on law, which he hasn't yet decided whether to sign, FTC said: "The need for further regulation of corporate takeover activity simply has not been established."

TBS, in filing opposing CBS petition for postponement of en banc sessions, contended that if Turner appeal were successful "the poison pill provisions [in recapitalization plan] would be invalidated, its existing exchange offer will remain entirely viable and there will be no reason for it to alter its current proposal."

Even with completion of CBS's tender offer, and if Appeals Court in Atlanta rejects Turner appeal, "TBS intends to continue to seek control of CBS," TBS said. Filing said TBS "intends to mount a proxy fight for control of CBS at the next available opportunity" -- which will be next CBS stockholder meeting, in April. It urged Commission to "continue to process TBS's [transfer of control] applications" so that gaining control of CBS "will not be improperly delayed."

FCC's decision to cancel proceedings apparently was heavily swayed by testimony before Atlanta court by TBS Vp-Finance William Bevins that if CBS's recapitalization went forward, Turner takeover proposal would be stymied. Asked what impact recapitalization would have on TBS proposal, Bevins responded: "If this offer is completed, this will definitely kill the TBS offer. It cannot proceed." FCC said that, "given these circumstances, we believe a question is raised as to whether TBS will prosecute the applications now before us, without further amendment." But, it added, "should Turner decide to revise any part of its [transfer of control] application, it may do so," footnote in order reads.

EVENING NEWS ASSN. STATIONS TARGETED: L.P. Media Inc., owned by Jerrold Perenchio (52.2%) and Norman Lear (47.5%) through L.P. Acquisition Corp. (LPAC), made tender offer July 29 for all outstanding shares of privately owned Evening News Assn. -- offering \$1,000 cash for each of 452,920 shares outstanding (held by 333 persons), making deal worth about \$453 million. At same time, LPAC filed both short-form (316) and long-form (315) applications for FCC approval of transfer of Evening News Stations, asked expedited consideration of short-form request.

Peter Clark, chmn.-pres. of Evening News Assn., announced 3 days later that company had "terminated the contract of Peter A. Kizer, executive vice president of its Broadcast Division. It took the action because Mr. Kizer acknowledged that, without authorization, he delivered internal documents and information, including confidential and proprietary financial information and forecasts, to a person involved in the attempt by L.P. Media Inc. to acquire control of the Evening News Assn."

"Termination is effective today (Aug. 1). Company counsel has subpoenaed Mr. Kizer and will question him under oath. This incident is an outrageous example of broken trust and calls into question the business ethics and practices of the company involved in the takeover attempt." Kizer, who was elected vice chmn. of NAB TV board in June and was attending meeting of NAB Exec. Committee in Washington when he was called back to Detroit July 31, couldn't be reached for comment.

Perenchio (who is CEO of new company) and Lear named William Miller, Treas. Secy. in Carter Administration and onetime chmn. of Federal Reserve Board, as their trustee to acquire Evening News stock that is tendered. As precedent, they cited Commission approval of ex-Sen. Eugene McCarthy as trustee in Jack Cooke's aborted attempt to acquire Multimedia, said they would abide by all terms and conditions agency placed on trustee at that time (TVD July 15 p1).

In response to unsolicited bid, Clark issued following statement: "The Evening News Association is not for sale. We will vigorously oppose any takeover attempt and we expect to succeed." In statement to shareholders announcing offer, Perenchio and Lear said: "We are willing to discuss the offer with [ENA's] board of directors, and our preference is for a mutually

agreed transaction, but our offer is not conditioned on reaching any agreement with the board." Detroit-based company recently had retained Salomon Bros. as adviser for taking company public and to help counter proposals from some minority shareholders who want to sell out. Company's stock isn't openly traded. In addition to Detroit News, company owns WWJ(AM)-WJOI(FM) there, WDVM-TV Washington (which it acquired in 1978 swap for WWJ-TV Detroit), KOLD-TV Tucson, WALA-TV Mobile, KTVY Oklahoma City and KVUE-TV Austin.

L.P. Media said it's "committed to purchase any and all shares tendered," whether majority or not. Tender offer was mailed July 28, expires Aug. 23, may be extended. In seeking expedited action by Commission, it said it wants to begin purchasing shares "as soon as possible." Also July 29, L.P. Media filed suit in Detroit claiming "antitakeover statute" passed by Mich. legislature is unconstitutional and asking for preliminary injunction enjoining its enforcement.

Lear, who made short run at Multimedia last spring, has long said he wants to acquire TV stations. He and Perenchio have been together in many program ventures and subscription TV operations. They asked FCC for 24-month waiver to spin off Detroit radio stations or newspapers. Vp-secy. and a dir. of LPAC is Robert Cahill, officer of Embassy Communications and Tandem Productions who was a top aide to FCC Chmn. Burch during latter's administration. Lear is chmn.-CEO of Tandem (which owns 80.2% of Spanish American Communications Corp., in which he owns additional 5%); Perenchio is exec. vp of Tandem, pres. of Spanish American and owns additional 10% of that company -- licensee of WMJU-TV Linden, N.J.

Tender offer has added to House Commerce Committee Chmn. Dingell's (D-Mich.) concerns about greenmail in broadcast industry (TVD July 29 p5), according to top aide. "The disease is spreading... It's the spread of this novel technique that has us worried because the practical and legal questions haven't been resolved," aide said. Dingell is preparing critical letter to FCC Chmn. Fowler on greenmail issue and told us he's planning hearing and will call Fowler to testify. Dingell said trusteeship mechanism is "curious, ill-thought-out practice" of Fowler's devising.

Several more bids are expected for closely held Evening News Assn. on heels of Perenchio-Lear offer -- that's near-unanimous opinion of several Wall St. sources. Dissident holders of some of the 452,920 ENA shares outstanding have hired at least 2 Wall St. firms to search for bidders. Most of 333 ENA shareholders are 4th-5th generation descendants of James Scripps, who founded company in 1873; Clark is a great grandson.

One major holder group, representing about 20% of ENA shares, has retained Donaldson, Lufkin & Jenrette. Group includes Cranbrook Academy, which holds 6% and which retained DLJ earlier this year to evaluate its stock. LPAC bid is for \$1,000 per share -- but Wall St. analysts say they're worth \$1,400-\$1,600. Earlier this year, company repurchased about 5% of its stock for \$250 a share.

In April, holder Guerin Todd helped form Shareholders Equity Evaluation Committee representing 38 shareholders with about 22% of outstanding stock. Todd's wife is 4th-generation Scripps, and family owns 3% of ENA. Todd said Committee was formed because ENA "management flatly refused, as they have for 20 years, to do any evaluation of the company." He said Perenchio-Lear offer came "out of the blue." Committee has retained Ladenburg, Thalmann & Co.

There's strong belief on Wall St. that Gannett is readying competitive bid for ENA and that it could be "attractive" to both companies. Gannett has been seeking mergers, was recently rebuffed by Time Inc. and CBS. Gannett declined to comment on possible bid for ENA.

In proxy statement to ENA stockholders, LPAC said that Perenchio and Lear each would put up \$62.5 million for cash offer, that another \$375 million had been arranged through banks. LPAC said that as soon as FCC approves trusteeship, it "intends to seek to influence the management" of ENA and "to seek the maximum representation obtainable on the company's board of directors and intends to propose and seek to have the company consummate the merger." LPAC noted that ENA bylaws permit special meeting of shareholders when requested by holders of 25% of stock. LPAC said that if it wins takeover, it will consider sale of "selected assets" -- WDVN-TV Washington reported as one.

KKR SWEETENS STORER OFFER: Bidding for Storer Communications reached new plateau last week with further sweetening of bid by Kohlberg, Kravis, Roberts & Co. (KKR), whose previously accepted offer of \$1.7 billion had been topped by Comcast by about \$100 million (TVD July 22 p6). Storer board July 30 quickly accepted KKR's improved offer made day before, said shareholders will receive \$91 in cash per share, \$16 better than KKR's original offer and \$7.50 per share higher than Comcast offer. KKR's new offer is valued at \$1.98 billion.

KKR also was granted options exercisable in event merger falls through or better offer is made by another party to buy "certain of Storer's cable TV systems" for \$897 million or 3 Storer TV stations for \$635 million. KKR also received option to buy up to 3,487,680 Storer common shares at \$90 each (\$314.89 million total). Options, designed to discourage any new outside bids such as Comcast's, expire upon consummation of merger.

Amendment to KKR-Storer merger agreement specifies that KKR must have definitive financing plan in place by Nov. 30. Storer official said KKR merger now is expected to be completed by Dec. 31.

Concession by Storer is that its shareholders now won't get new preferred stock, as KKR had offered previously. That preferred stock offering had face value of \$25 a share but was expected to trade at \$13 because it wouldn't pay dividends for 6 years. But shareholders will get one warrant to purchase common share for each share of Storer common they now own. Warrants are valued at \$2.50 each. Storer has 21.2 million fully diluted common shares outstanding.

Sweetened offer was made few days after Storer reported widened losses of \$15.89 million in quarter ended June 30, losses it attributed primarily to defending itself against earlier unfriendly takeover attempted by Coniston Partners. Quarterly report lists \$14,178,000 spent for legal, financial, proxy solicitation and other fees and expenses related to fighting off takeover battle that resulted in its retaining only 5 of 9 board seats.

Storer also said it lost \$14.78 million on sale of cable system in Minneapolis suburbs, pushing per-share loss to 84¢. Losses came despite 24% decline in Storer's quarterly interest charges to \$16.22 million, resulting from conversion of company's 8.5% convertible subordinated debentures.

PORNO BAN BILL PUSHED: Push is on for legislation (S-1090) to impose blanket ban on pornography carried over airwaves, on cable or by telephone. Using Senate Criminal Law Subcommittee hearing July 31 to launch effort, legislators promised to move proposal this year as way to stop "smut" they said may be harming youngsters.

S-1090 is wide-ranging measure that proposes stiff penalties for obscene, indecent or profane language on TV, radio and cable. It also would make common carriers liable for intrastate and interstate dial-a-porn services and would impose penalties on providers of such services. Bill was introduced by Sens. Denton (R-Ala.), who chaired hearing, East (R-N.C.) and Helms (R-N.C.).

As written, measure isn't expected to move. But Denton and key House supporter, Rep. Bliley (R-Va.), author of original dial-it prohibitions, said at hearing they're committed to acting on cable pornography and dial-a-porn issues, either in single bill addressing telephone services or comprehensive legislation that extends to computer transmissions and cable TV. Bliley said he doubted broad bill would draw more than 50 opposing votes on House floor but conceded it will be difficult to get legislation out of House Judiciary Committee.

To improve bill's prospects for passage and of being upheld in courts, Bliley said he could accept removal of proposed prohibitions against profanity in private telephone conversations, limiting applicability instead to commercial uses. However, Denton told witnesses he preferred tough bill covering every type of pornography.

FCC Gen. Counsel Jack Smith testified that although Commission hasn't endorsed legislation, with modifications he outlined, "it seems apparent to us that this legislation... should help to deter the use of interstate telecommunications facilities for the transmission of obscene or indecent materials." Smith urged changes that would have bill enforced by Justice Dept., rather than FCC, which he said doesn't have resources to determine where dial-it or cable TV services are violating local decency standards. He also suggested elimination of provision banning profanity on TV-radio, said it skates on dangerous constitutional grounds.

"Today -- At Night" is title of special NBC prime-time program (8-9 p.m.) Aug. 19 to celebrate 33rd year of Today. It will feature highlights of past Today programs.

FCC WON'T APPEAL MUST-CARRY: In brief but far-reaching decision announced Aug. 2, FCC said that it won't seek review of U.S. Appeals Court, D.C., decision striking down cable must-carry rules as unconstitutional; that it won't try rewriting rules to meet First Amendment rights of cable operators enunciated by Court; and that it would like to see repeal of industry's compulsory license because 2 concepts are intertwined.

Until Sept. 3 effective date of Appeals Court ruling (TVD July 22 p1), Commission said it will maintain status quo by denying any new requests for mandatory carriage, also deny any moves by cable systems to drop stations that were must-carries. Commission also won't seek stay of that decision pending NAB appeal to U.S. Supreme Court.

FCC decision not to appeal "comes after much thought" about way must-carry "interfered with the marketplace," said statement supported by Chmn. Fowler and Comrs. Patrick and Dawson. "Because the constitutional analysis [in court opinion] as to cable represents a positive step toward recognizing full First Amendment protection for all forms of electronic media, we will not challenge it," FCC said.

FCC also won't try rewriting rules because "at this point we cannot conceive of a new set of rules which would accomplish the Commission's policy goals and would meet the constitutional test outlined" in decision.

While Appeals Court's must-carry ruling "takes the first step toward a true marketplace" for program distribution by cable, FCC majority said "we believe that the mass media marketplace will not be set entirely right until cable's copyright immunity is replaced with a scheme of full copyright liability."

Broadcast interests decried Commission's decision to, in effect, wash its hands of must-carry. Said INTV Pres. Preston Padden: "We're deeply disappointed they have abandoned the appeal, but we are greatly heartened by their strong statement urging repeal of the compulsory license." NAB Pres. Edward Fritts said "we are extremely disappointed" by Commission action, but said NAB will go ahead as planned in seeking U.S. Supreme Court review (TVD July 29 p1).

Said NCTA Pres. James Mooney: "I think that the Commission is doing the right thing [for which] they have our thanks and our admiration. I imagine it must have been somewhat difficult [to so decide] in the face of some frantic admonitions from the broadcasting community to join in an appeal."

"This enormously reduces the prospects of the Supreme Court" agreeing to review case, Mooney said, because it's now less likely that Justice Dept. will seek High Court review. One experienced communications attorney said he "couldn't remember" last time Justice Dept. had sought Supreme Court review of case in which affected regulatory agency didn't join in appeal.

FCC's urging repeal of compulsory license was dismissed as rhetoric by most cable interests. Said Washington attorney John Cole, who represented plaintiff Quincy (Wash.) Cable before Appeals Court: "I think that the observations made by the Commission regarding the compulsory license are disingenuous, largely irrelevant to the issue at hand and constitute nothing more than a sop to the broadcast industry." Mooney said compulsory license is of no concern to Commission: "It's a congressional matter and to a significant extent a political matter."

Robert Ross, gen. counsel for must-carry plaintiff Turner Bestg., said Appeals Court recognized in its decision that "there's no logical or legal connection between compulsory license and the must-carry rules." Ross characterized FCC's compulsory license argument as "post-hoc rationalization."

Comr. Quello said in dissenting statement that Appeals Court had "improperly gone out of its way to make broad constitutional pronouncements that are unnecessary to its basic determination that the Commission has not adequately demonstrated the need" for must-carry rules. "I do not argue," Quello said, "that the must-carry rules should not be revisited to address legitimate concerns raised by the Court." He said he favored rulemaking.

Rep. Frank (D-Mass.), House Copyright Subcommittee member, is preparing legislation to repeal compulsory cable license except in case of those who continue to carry all local broadcast signals. Bill may have to involve recasting of must-carry rules, source said -- and that would involve Commerce Committee, where there's said to be no strong sentiment for retaining rules in any form.

BBC bowed to govt. pressure and agreed not to air TV program on Northern Ireland on grounds it gives "succor to terrorist organizations" and is "against the national interest." Titled "At the Edge of the Union," program contains interview with Martin McGuinness, member of North Ireland Assembly who is believed to be chief of staff of Irish Republican Army. BBC at first defended program, which hasn't yet been aired, as "responsible and balanced." Home Secy. Leon Brittan said he "does not wish to exercise powers of censorship" that he has under state-owned BBC charter. BBC journalists voted to stage 24-hour strike this week in protest of cancellation of program and asked all BBC employees to join in work stoppage. They also called for resignation of BBC Chmn. Stuart Young. BBC decision also provoked political protests, with Liberal and Labor party leaders criticising govt. for "censorship" and BBC board for failing to maintain its independence and editorial integrity.

Cox Cable petition asking FCC to preempt state regulation of cable is major item on Commission's open meeting agenda Aug. 7. Agency also is expected to vote that fairness doctrine is codified in Communications Act and that it has no power to eliminate or amend it.

KIDVID BILLS OFFERED: Picking up where they left off last year, Rep. Wirth (D-Colo.) and Sen. Lautenberg (D-N.J.) Aug. 1 introduced revamped legislation to require of commercial TV stations minimum 7 hours of children's educational and informational TV programming weekly -- 5 Mon.-Fri., 2 on weekend. Measures also would allow filing of petitions to deny license renewals if requirements aren't met and put burden of proof on broadcasters in defending licenses. FCC also would have to hold hearings on "program-length commercials" under bills.

Measures are first sign in this Congress that children's TV issue isn't dead. Similar measures last year got caught in negotiations over broadcast industry deregulation in House, weren't moved. Their reemergence now was taken by some as signal of price broadcasters may have to pay to win even scaled-down cable must-carry legislation.

Bills are tougher versions of originals and were hailed by ACT Pres. Peggy Charren. Lautenberg said in floor statement that bills "make clear that the obligation to serve children is a real one" -- 7-hour programming requirement would be inflexible.

FCC would be required to launch inquiry into so-called program-length commercials and report to Congress within 9 months. FCC in 1983 terminated 13-year inquiry into children's TV, rejecting mandatory programming, 3-1. Lawmakers see new inquiry as completing work of first, which they believe was ended prematurely.

In floor statement, Wirth noted growing use of program-length commercials to introduce new toys, said FCC must investigate whether 1984 Commission decision to deregulate TV, which ended constraints on ad lengths, has contributed to trend. He also wants FCC to examine effect of these programs on ability of children to distinguish between programs and ads in light of 1974 FCC policy statement that prohibited broadcasters from using children's program characters to make sales pitches during breaks in programs featuring those characters. Arrangements in which stations share in profits from these shows with producers also should be inquiry topic, Wirth said.

ACT's Charren promised grass-roots campaign to win passage of bills, said: "The good news is that children's TV programming is so bad, [legislation] has a very good chance of passing. The bad news is that the other side is going to unleash an expensive lobbying campaign" that could gut or defeat measures.

"We knew it was going in," NAB official said. "We're still opposed to it and we would never support such content regulation." NAB said that bills were being introduced now only to keep issue alive and that Assn. doesn't expect Wirth to try to move his in House.

'SUPER RADIO-ONLY ASSN.': NRBA has called for formation of "super radio-only association... to encompass all facets of radio station operations... as well as representing the entire radio industry on Capitol Hill and at the FCC as a single, unified and autonomous voice." Meeting in Chicago July 24, NRBA Exec. Committee adopted resolution calling for such an association, recommended that NRBA "expand its efforts and resources in the area of sales services to its membership" -- which would be major encroachment on purview of RAB.

NRBA called for "summit meeting" of broadcasters influential in other associations to "pursue the development of a unified" superassociation. NRBA board meets on plan Sept. 10 at joint programming conference with NAB. "The time is appropriate for the leaders of the broadcast trade associations to sit down and candidly discuss what we should collectively do to better serve and unify the radio industry," NRBA resolution said.

While not endorsing proposal -- and known to be very upset with it -- NAB wrote NRBA and RAB at end of week offering 3 dates for summit: Aug. 7, 16 or 23 with "an open agenda." In letter, NAB Pres. Edward Fritts said "NAB always invites discussion," suggested that 5 persons from each of 3 groups attend summit.

Behind scenes, NAB reaction wasn't so serene. At NAB Exec. Committee meeting in Washington last week, there reportedly were calls for NAB to drop out of its cosponsorship with NRBA of radio programming conference. In fact, in his letter to NRBA Chmn. William Clark (Clark had informed Fritts of upcoming proposal in advance), Fritts referred to first joint conference last year in New Orleans as example of how NAB "constantly strives to seek better methods" to serve industry. It's known 1984 meeting was financially successful for NRBA, putting it on much sounder footing. Fritts also pointed to NAB's takeover of DBA earlier this year as another example of its efforts "to unify and consolidate in the best interests of our industry. NAB always invites discussion."

RAB Pres. William Stakelin, a former chmn. of NAB, said his association is "willing to listen and talk," added he has "reservations about putting sales and marketing [RAB's forte] in the same organization with lobbying and engineering." He said he learned about NRBA plans only through press release, said he hasn't been invited to any meeting (at week end, he hadn't received Fritts's letter). He pointed out that RAB is "strong" organization with 3,800 members while NRBA has only 1,700. NAB radio membership is up 8% for year, with 4,496 as of Aug. 2.

Technicians at WPIX N.Y. refused to work July 30 during planned live interview with unidentified AIDS victim. As result, interview by Independent News Network was canceled. It was to be part of story on illness of actor Rock Hudson.

RCA GETS FLAK FROM MAC: Proponents of MAC (multiple analog component) DBS transmission systems last week struck back at RCA's crusade to make NTSC the standard for satellite broadcasting (TVD July 29 p3), charging that RCA's arguments and data are misleading.

In tests it made that showed B-NTSC system slightly superior to MAC, "RCA used arbitrary MAC standards," said Scientific-Atlanta Corporate Development Vp Allen Ecker. "It was not a comparison with a real system -- not Scientific-Atlanta's, not the European system, not CBS's. RCA didn't choose the proper FM parameters, and [in MAC systems] parameters greatly affect performance."

"Working with Comsat, we developed a complete system designed for DBS applications, including scrambling," said Ecker. "We have hardware and software ready." He pointed out that 625-line version of same B-MAC system is now being delivered in Australia. Ecker also attacked RCA's espousal of M/A-Com encoding system -- a "soft" scrambling system, in which he said picture can be recovered by reinserting sync signal.

"Hard" scrambling, inherent in MAC systems, is basically secure because it can't be decoded without use of constantly changing random code, Ecker said. In addition, he added, MAC system includes complete subscriber management control -- addressability, subscriber authorization, tiering, ability to turn individual subscribers' decoding on and off. Entire conversion and decoding system has now been built into a single chip, Ecker said, "and it's competitive with M/A-Com."

As for RCA's claim that NTSC is compatible with current receivers and MAC isn't, he pointed out NTSC requires "decoder output, even if it's converted back" to NTSC. He called MAC "compatible with NTSC or component receiver." He said Magnavox, Mitsubishi, NEC, Panasonic, Sony and Zenith all have some sets using analog RGB inputs that will directly accommodate MAC component output, and signal is easily convertible to NTSC for receivers without special inputs. Ecker also noted that B-MAC's delta modulation system permits use of 6 digital audio channels vs. only 2 for B-NTSC and said this makes for more efficient use of satellite transponders because it permits simultaneous transmission of discrete radio programming as well as TV.

Daniel Wells of Comsat's STC, chmn. of Advanced TV Systems Committee's Enhanced 525-line Subgroup, also questioned RCA's claims of compatibility with existing receivers: "No DBS system is truly compatible because the channeling is different. In either case, a [converter] box must be used and the output fed to the receiver, so the issue of compatibility is debatable." He said ATSC would turn over 3 working papers on component transmission formats to CCIR this fall, but noted that they're progress reports, not recommendations.

Four basic cable networks have countered NCTA "talking paper" on scrambling with their own proposal to offer packaged services to backyard dish owners. "There now is a formal agreement [on scrambling] that's on paper that's been put together by a group of satellite programmers" and submitted to NCTA, Turner Bcstg. Mktg. Dir. Marty Lafferty told us. He said group includes TBS, ESPN, MTV Networks and Group W Satellite Communications. But, he refused to describe how alternative proposal differs from NCTA's talking paper. Key difference no doubt is that NCTA proposal envisions nonprofit scrambling consortium with only cable operators as members, leaves out programmers. NCTA official said Assn. hasn't received any firm plans from basic programmers' group, characterized other reports on subject as "less than accurate." Meanwhile, HBO said it's now scrambling east and west feeds of HBO and Cinemax 12 hours a day.

Jack Anderson column, published April 27, 1983, linking ex-Rep. Van Deerlin (D-Cal.) to cocaine ring in Congress, was "absolutely false" and Van Deerlin is "utterly blameless," according to U.S. Dist. Court Judge Leland Nielsen, San Diego. Nielsen made statement after presiding at 2-1/2 day nonjury trial in Van Deerlin's \$5.2 million libel suit against Anderson. Anderson testified that he had "no personal knowledge" that Van Deerlin ever used cocaine. Column had cited 3 "informants" who said they knew of ex-congressman's alleged involvement in ring, but Anderson testified he didn't know their names. Van Deerlin denied ever using, buying "or even seeing cocaine." Nielsen said he would rule in about 2 months on whether Van Deerlin was is entitled to damages.

Beer and wine counterad legislation pending before House Telecom Subcommittee isn't slated for action, according to Chmn. Wirth (D-Colo.). In July 27 address to Colo. Bcstrs. Assn. convention, he said his philosophy for broadcasting is based on access, diversity, competition and internationalization. On must-carry, he asked whether broadcasters can justify rule if they don't provide substantial amount of local programming. He said that without "special local service," TV stations should pay for access to cable channels. He also: (1) Praised broadcasters' campaign against drunk driving, suggested industry launch similar efforts on other national social problems (same suggestion was made by broadcasters at June NAB board meetings). (2) Said stations should police themselves on porn rock. (3) Maintained govt. has no role in restricting coverage of terrorist activities.

C-SPAN has hired new pres.-COO and boosted founder Brian Lamb to chmn.-CEO. New pres. is Paul FitzPatrick, pres. of Conn.-based Atlantic Media. He also becomes member of C-SPAN exec. committee. C-SPAN Chmn. John Frazee, Centel vice chmn., moves up to chmn. of board's 9-person exec. committee. Also, C-SPAN board was expanded by 2 to 36 members, adding Steven Dodge, American Cablesystems Corp., and Robert Miron, NewChannels exec. vp.

Personals

FCC Comr. **Rivera** addresses regular monthly session of Washington communications lobbyists at NAB Aug. 6, 8:30 a.m.... **Richard Lobo** moves from vp-gen. mgr. at NBC-owned WKYC-TV Cleveland to same post at co-owned WMAQ-TV Chicago, succeeding **Monte Newman**, resigned, is succeeded in Cleveland by Station Mgr. **John Llewellyn**... **Scott Smith** promoted to finance vp, Tribune Co.; **John Puerner** advanced to controller, planning dir.... **Lisa Woodcock**, ex-4 Star International, appointed southeast sales mgr., Republic TV.

Promoted at Television Digest Inc.: **Leslie Crismond** to mktg. production mgr.; **Lee Riley-Hammer** to production supervisor, Television & Cable Factbook; **Greg Jones** and **Barbara Gallagher** to asst. editors... **Bailey Spencer**, ex-exec. dir. of New England Congressional Caucus, named dir. of communications, House Telecom Subcommittee, replacing **Ellis Woodward**, resigned.

Jan Baran, ex-Washington office of Cleveland law firm Baker & Hostetler, named a partner at Wiley & Rein specializing in election law... **Jill Maple**, ex-Coleco, appointed sales administration mgr., Times Fiber Cable Products Div... **Michael Marcovsky**, ex-Marnel Assoc. Ltd., named pres.-CEO, Choice Channel... **Steve Fisher** named district mgr., Group W Cable new Central Cal. Dist... **Joel Goldblatt**, Cable Communications Consultants, named a dir. and treas., Cable TV Network of N.J... **Ronald Alexander** promoted to dir.-planning and internal auditing, SFN Cos.

David Kinley, ex-Northland Communications and Viacom and former chief of FCC Cable TV Bureau, and **Lynette Simpson**, who heads consulting firm Campaigns Unlimited, form cable consultancy Kinley Simpson & Assoc., 4549 Sandalwood Dr., Pleasanton, Cal. 94566, 415-462-3598... **Donald O'Connor**, KCBR Des Moines gen. mgr., named a vp of new parent KCBR-TV Inc., unit of Duchossois Communications; **Judy Pirnot**, ex-Des Moines Area Community College, appointed KCBR continuity-public affairs dir.; **William Bristor**, ex-WTHI-TV-FM-AM Terre Haute, named chief engineer... **Charles Buckenmyer**, ex-WTVG Toledo, named sales mgr., WUPW Toledo, scheduled to begin operation in Sept... **Al Holt** promoted to TV engineering mgr., WUFT-TV Gainesville, Fla.

Stephen Palley, ex-N.Y. law firm Berger, Steingut, Weiner, Fox & Stern, appointed senior vp-gen. counsel, King World, new post; **Joseph Curran**, ex-Hallmark Properties, appointed senior vp-corporate planning and development, and pres. of merchandising and licensing unit... **Christine Wirth** advanced to mgr.-affiliate and public relations, Catholic Telecommunications Network of America, succeeding **Susan Petoletti**, who becomes telecommunications research project dir., National Pastoral Life Center... **Susan Galardi**, ex-Musical America, appointed editor of Sound Management, RAB magazine, succeeding **Adam Buckman**, resigned.

Philip Press, ex-WCBS-TV N.Y., appointed vp-gen. mgr., KTVU Oakland-San Francisco... **Carol Olwert**, who advanced Mondale campaigns in 1980-84, named dir. of news information, ABC News... **Michael Britan** advanced to special projects mgr., Turner Bestg. System... **Douglas Darfield** promoted to vp-research dir., Seltel... **John Krumpke**, Madison Sq. Garden pres.-CEO, adds chmn. title, succeeding **David Werblin**, who becomes a consultant to company... **Hugh Switzer** advanced to senior vp-management information services, Columbia Pictures... **Melvin Goldberg**, ex-ABC, named exec. dir., Electronic Media Rating Council, succeeding **John Dimling**, resigned to join Nielsen... **Gary Wilson**, ex-Marriott, appointed exec. vp, chief financial officer and a dir., Walt Disney Productions.

Sale of Capital Cities' WTNH-TV New Haven for \$170 million (TVD July 29 p7) to limited partnership headed by Cook Inlet Communications (native Alaskans) was announced formally July 30. Sale is part of spinoff in CapCities' acquisition of ABC. Other partners with Cook Inlet are Whitcom Investment Co., successor to ex-group owner Corinthian Communications, and Paine Webber Capital. Cook Inlet has 6,300 shareholders, has been involved primarily in real estate. Cook Inlet Pres. Roy Huhndorf said purchase of WTNH-TV "will be only the first in what we anticipate will be a series of related acquisitions." Meanwhile, bids for most of radio stations to be spun off in CapCities-ABC merger were accepted July 25 and 2nd round of bidding now is anticipated among 3 highest bidders in first round.

Cox Enterprises has announced appointments in wake of merger of family-owned newspaper chain with TV and cable wing, Cox Communications. **William Schwartz**, pres. of Cox Communications, will continue holding that title, adds duties as pres.-CEO of newly formed parent of both companies, which will operate under Cox Enterprises name. **Garner Anthony**, chmn. of Cox Enterprises, continues as chmn. of new parent. **Charles Glover**, pres. of Cox Newspapers, will continue in that role while adding title of exec. vp at parent reporting to Schwartz. **Carl Gross** becomes senior vp at Cox Enterprises while keeping duties as Cox Newspapers senior vp. **John Dillon**, vp-finance at Cox Communications, adds duties as vp-chief financial officer at parent. **Anthony** said he expected merger to be completed in Sept.

WRGB Schenectady has been put on market by licensee Forstmann-Little & Co., which purchased station 2 years ago for \$35 million. Forstmann said it has received several "unsolicited offers," has hired Morgan Stanley & Co. to screen them. **WRGB Pres.-Gen. Mgr. James Delmonico** said stations are setting "all-time record sales and operating profits" so far in 1985.

KMVT Twin Falls, Ida., which has been affiliated with all 3 networks in single-station market, will become primary CBS affiliate Sept. 9, network announced.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of July and 1985's first 29 weeks:

	JULY 13-19	1984 WEEK	% CHANGE	JULY 6-12	29 WEEKS 1985	29 WEEKS 1984	% CHANGE
TOTAL TV.....	302,217	334,482	- 9.6	250,568	9,965,832	10,488,634	- 5.0
TOTAL COLOR...	256,043	271,804*	- 5.8	199,410	8,183,597*	8,062,476	+ 1.5
DIRECT-VIEW..	252,819	268,331*	- 5.8	196,341	8,073,854*	7,974,890	+ 1.2
PROJECTION..	3,224	3,473*	- 7.2	3,069	109,743*	87,586	+25.3
MONOCHROME....	46,174	62,678	-26.3	51,158	1,782,235	2,426,158	-26.5
TV EXCL. PROJEC.	298,993	331,009	- 9.7	247,499	9,856,089	10,401,048	- 5.2
HOME VCR#.....	179,058*	100,288	+78.5	163,330*	5,217,563*	3,214,607	+62.3
COLOR CAMERAS#..	8,804	10,182*	-13.5	5,506	230,132*	214,830	+ 7.1

Color TV (direct-view) 5-week moving average: 1985--291,746*; 1984--279,195 (up 4.5%).

Home VCR 5-week moving average: 1985--190,162*; 1984--128,085 (up 48.5%).

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

JAPAN SET VCR EXPORT RECORDS IN JUNE: Japanese VCR exporters kicked into high gear in June, hitting new monthly high for shipments to U.S. and turning April-June into all-time record quarter, but they continued to be affected by falling prices, Finance Ministry figures show.

VCR exports rose 44% in June to 1.46 million, breaking previous monthly record of 1.37 million that has stood since Oct. last year, and putting first-half total at 7.22 million, up 57.2%. In 2nd quarter, Japan's U.S.-bound VCR shipments rose 47.8% to 4.02 million, eclipsing 3.89 million peak in 4th quarter last year.

Month's total TV exports to U.S. of 230,700 were off 10.7%, as color dropped 14.9% to 163,100, while b&w edged up 1.4% to 67,700. Quarter's shipments of 356,900 were down 47.1%, with color up 0.4% to 488,800, b&w down 10.1% to 168,100. That left first-half TV total at 832,200, down 30.8%, color down 2.4% to 864,200, b&w off 15.6% to 268,000. In color, exports of complete sets rose 12.8% to 125,800 for month, were up 18.9% to 372,300 in quarter, closed first half at 649,900, up 14.3%. Chassis and kit imports were down across board, falling 53.4% in June to 37,300, 33.1% in quarter to 116,500, 32.4% in first half to 214,300.

Japanese took in \$1.86 billion for first-half VCR exports, 41.9% gain on constant yen basis, but after adjusting for 3.6% lower value of yen, that would be up only 36.8% in terms of dollars actually paid by U.S. importers. Figures indicate average VCR export price in 2nd half was \$258.49, down nearly 10% from \$286.19 on steady yen basis or 12.9% in actual dollars.

Where has VCR profitability gone? That's clearly indicated in Finance Ministry figures: Over last 18 months, average price paid by importers has dropped 25% and, except for modest upward tick in 3rd quarter last year, erosion has been steady, quarter by quarter. Based on exchange rates then in effect, Japanese exporters got average of \$333.77 for each VCR shipped to U.S. in first quarter last year. That fell 14.1% to \$286.68 in 2nd quarter, recovered scant 1.2% to \$290.05 in 3rd before resuming slide in 4th with 5.4% decline to \$274.44. In opening quarter this year average dipped only 2.5% to \$267.57, but falloff pace picked up in May-June, coming in at 6.8% as average dropped to \$249.50.

In TV, average color pricing rose in first half, presumably reflecting continuing shift to high-tech in complete sets and inclusion of more semifinished product in chassis and kit shipments. On steady yen basis, average price importer paid for color set rose 6% to \$251.34 from \$237.06, while average incomplete set went for \$145.01, up 20.3% from \$120.45. B&w average, however, fell 9.1% to \$80.52 from \$88.60.

GOLD STAR PICKS PROFITS IN ALA. COTTON FIELD: Cotton field runs right up to back fence, and drawls hang heavy in air when production workers take their breaks, but business atmosphere is of typical Korean high efficiency at Gold Star America's TV plants in Huntsville, Ala., where emphasis is on production, productivity and profits.

"Production is our first priority," according to GSA Pres. P.W. Suh, who acknowledged that Korean concept of how TV factory should be run didn't exactly mesh with laid-back attitudes found in Deep South. When plant opened in July 1982, absenteeism was major problem. Solution turned out to be attendance bonus. Absences now are down to 2%, which is acceptable but not quite equal to 1% rate in Korea.

Incentives also helped win worker acceptance of occasional assembly line speedups. They can get one or 2 hours' extra pay for turning out increased number of color TVs in regular 8-hour work turn. Those not on assembly line benefit, too. They receive temporary pay increases each 6 months keyed to average of output incentive payments earned by production employes.

Payoff for GSA is profitability, something that has proved to be elusive for many other color TV plants in U.S. "When we started we were prepared for 3 years of losses, but we produced a profit in our first year and are running profitably now," though about 5% less so than comparable plant in Korea, Suh said.

Profitability stems from several factors, not least of which is that GSA runs screwdriver assembly operation, putting tubes and complete imported chassis into cabinets, as opposed to more vertically integrated facilities operated by U.S.-brand majors. But costs keep rising, and GSA has kept pace by boosting productivity through automation. When operation started, Suh said, it took 47 workers to put 13" TV together; now that's down to 36, and labor cost currently represents 5-6% of value, down from 9-10%. Number of workers on each assembly line is among lowest, if not lowest, in U.S. industry, Suh contends.

Each production worker is trained to handle at least 3 jobs, making it easy to shift people around when necessary. Also, all engineers and management staff spend time on line, including Suh. This, he said, has double function. It helps build close family atmosphere GSA fosters and provides extra hands to solve any production problems that may arise.

GSA also gets modest benefit from being located in Huntsville Foreign Trade Zone. While facility itself doesn't have FTZ designation, GSA is able to keep its parts imports in free zone warehouse nearby, doesn't pay duty on them until they are used. This, Suh said, saves company about \$500,000 annually in financing charges.

GSA now has 2 nearly identical TV assembly plants operating side-by-side in Huntsville, representing investment of about \$15 million. Second, which started production last Oct., was intended for microwave ovens but was switched to TV because of color TV dumping case. Each has 3 production lines, and while they're designed for single shift production capacity of 900,000 sets annually, they will turn out million sets this year. Total employment of 329 includes 279 production and warehouse workers, only 8 Korean nationals. Third plant, nearing completion, will start turning out microwave ovens in Oct. at 500,000 annual rate, represents additional \$8 million investment.

GSA now makes 13", 19" and 25" sets, plans to begin 26", but not 14" or 20", next year. It uses Korean tubes for 13", buys larger sizes from RCA and Philips ECG. Company is interested in purchasing tubes from Zenith as well, but "we like to have a close relationship with our vendors, and right now there is not enough production for 3 suppliers," Suh said.

Plants supply about 80% of TVs sold under Gold Star brand here, and that represents 60% of production. Nearly 90% of GSA's output last year was Gold Star product, but it has become much more active as private label supplier as capacity has built. As indicated here earlier, GSA won contract to supply 13" color to GE (TVD June 3 p15), also has NAP Consumer Electronics as 25" table model customer. It also turns out sets for sale in U.S. and Canada under at least 2 major retail and 3 independent distributor brands.

Search to increase local parts sourcing is another part of continuous cost reduction effort. At present, U.S. content or labor represents 60% of value of sets it makes here, and GSA would increase that if it could, Suh said. GSA buys 13" tubes from Korean parent because U.S. tubes are in short supply and are priced too high. Under company policy, he said, "if we can find a more competitive outside source for something, we can buy from them, otherwise we buy from Korea." That, he told us, even includes color TV chassis, and he indicated GSA has explored buying them here or from Mexico.

Growth strategy centers on addition of more high-tech, higher profit products. Good near-term possibilities, Suh said, include data display monitors and VCRs being imported from Korea. For VCRs, most parts aren't available in U.S., would have to be imported from Korea, but that could change quickly. Suh noted that host of other consumer electronics companies, including NEC, Sampo, Sanyo, Sharp, Tatung and Toshiba, have plants in Southeast, new Mitsubishi plant is on drawing boards, and if some of them move to VCRs "we could have companies making components here." Existing plants just about fill 50 acres GSA owns in Huntsville, and company recently acquired option on neighboring 50 acres so it can be ready when plans for expansion are finalized.

DEALERS LIKE CAMCORDERS, CHOOSE VHS AND 8mm: Retailers think camcorders will be significant business -- particularly when price is below \$1,000 -- and they're putting their money on full-sized VHS and 8mm formats, in that order. Although significant percentage now sell VHS-C and Betamovie camcorders, dealers believe 2 newer systems will overtake them rapidly.

These are among results of survey of our Early Warning Report Dealer Network this month. Survey indicated 77% of dealers currently sell camcorders, and all of those who don't sell them now plan to add them. Significantly, while 55% of dealers now sell VHS-C Video Movie and 32% sell Betamovie (there is overlap of those who sell both), no dealer said he planned to add either system. On other hand, 55% of dealers sell full-size VHS camcorder and 23% sell 8mm, and another 36% plan to add VHS and 27% plan to add 8mm.

Thus, just over 90% of dealers in our panel either sell or plan to add full-sized VHS cassette camcorders and 50% sell or plan to add 8mm. Surprisingly, 27% of those responding now handle or plan to add all 4 formats, 13.6% three formats, 23% two and 36% one. Of those planning to handle only one format, full-sized VHS was overwhelming choice.

We asked panel to rank all 4 formats in order of promise for future, on scale of one to 4 points. Full-sized VHS camcorder was first choice, with total of 128 points, followed by 8mm with 108, with VHS-C and Betamovie far behind at 64 and 30, respectively.

In their comments, respondents clearly indicated they think camcorder will become important product, a sizable percentage specifically stating that sales will be significant when price goes below \$1,000. Others urged standardization or further miniaturization. Some representative comments on camcorders:

"It will be here to stay if it incorporates easy features and can do everything a tabletop VCR does." "Needs to be below \$1,000, simple to operate, less intimidating to look at -- they look like space machines. Simple, cheap 8mm playback deck needed. VHS camcorder may sell but it's bulky." "I see it becoming the majority of the camera business. In full-sized VHS, strength will follow availability; 8mm won't be a factor until late 1986 or 1987." "Keep the full-sized [cassette] and get the cost and size down."

"Whether we like it or not, the Japanese have decided that this is the future. As size decreases, the public will demand it." "It's the home video machine of the future and offers the video dealer a new product category with fantastic potential." "The 3 sizes of tape... will compete side by side until one dominates and price comes down." "Significant sales at under \$1,000 -- will eventually sell one for every 5 VHS decks." "8mm is the future, but it's about 2 years out." "Good future, but will not replace the separate camera type."

INTERACTIVE VIDEO CD: Formal effort to develop video application standard for digital audio Compact Disc (CD) format has been launched, with Matsushita, Philips and Sony heading up hardware end of project, Warner Records and Philips's Polygram concentrating on software.

Working name for new system is CV, for Compact Video, and Warner and Polygram have launched venture tentatively called TRG (The Record Group) to come up with programming. TRG hopes to have some 100 titles ready to back CV hardware launch, now expected some time in 1987. Envisioned programs include music videos, other entertainment material, educational and instructional shows, games and data. This is unrelated to CD-ROM, which is computer data-only system due for introduction later this year.

CV discs aren't expected to have full video motion display, instead will offer combination of still pictures and animated motion. They are slated to have audio-only compatibility with existing CD players.

CV players will have built-in microprocessors, separate audio and video outputs, control for interactive applications, which could be keypad, joystick or mouse. While it will be capable of playing standard audio CDs, intention is to market CV player as totally separate product.

Also in digital area, Japan's Digital Audio Tape Committee, it's understood, has agreed to abandon effort to come up with single industry standard, now will develop separate standards for rotary and fixed head formats as we forecast last spring (TVD March 25 p11). Report on decision, discussing available options, is to be issued in fall.

Most of Japan's hardware makers favor rotary on grounds technology is here now as VCR spinoff, so DAT players could be brought to market faster and more inexpensively in that format. JVC and Sharp are prime backers of multitrack fixed head standard, mainly because it lends itself better to high-speed replication of software. So at this point, it looks as if consumers will have format choice to make when DAT products finally reach market.

SANYO'S U.S. VCR PLANT: Sanyo last week became 2nd Japanese manufacturer to announce it would produce VCRs in U.S. Following Matsushita's disclosure that it has decided to assemble here (TVD July 22 p11), Sanyo said some of its production will be shifted to U.S., with plant site and other details to be announced in Sept. or Oct. Hitachi said it currently had no plans to make VCRs here.

Sanyo Pres. Kaoru Iue was quoted by spokesman as saying that producing VCRs in U.S. will help correct Japanese trade surplus. Company said it planned to build factory in U.S. for VCRs as early as 1986, to produce 500,000-600,000 units in first year, with target of million annually thereafter. Company is believed to export more than half its VCR output to U.S. Sanyo (which makes Beta recorders) and subsidiary Tokyo Sanyo (VHS) last year turned out nearly 3 million VCRs. Company didn't say which format will be manufactured in U.S.

Hitachi's contribution to Japan's trade surplus reduction effort will be sharp jump in procurement of products and materials in U.S. and expansion of manufacturing activities here. Company has appointed team to boost purchases of American parts and equipment from current \$260 million by spending additional \$120 million by end of next year. It also is setting up \$20 million foundation to fund research projects, scholarships and cultural and charitable programs in U.S. Hitachi, which already employs 2,000 production workers in 10 U.S. plants, is setting up 3 new ones, including automotive electronics facility in Ky., IC wafer fabrication operation in Tex. Site and product of 3rd haven't been revealed, but it won't be for VCRs. Exec. Managing Dir. Toshi Kitamura, who conducted 4-city news videoconference in Washington last week, with satellite feeds to Boston, N.Y. and Palo Alto, said that "at this moment we have no plans to produce VCRs in this market."

Projection TV sale to China is claimed by Universal Satellite Corp., N.Y. teleconference and projector firm. Pres. Henry Schwartz said he envisions shipping minimum of 1,000 Videomate projectors for more than \$5 million in next 12 months under long-term contract signed with China.

EMERSON NET UP: Emerson posted opening fiscal quarter sales and earnings records on continued growth from consumer electronics operations, company reported last week (see financial table).

Consumer electronics earnings, company said, rose 35.7% to \$3.5 million from \$2.58 million in period ending June 30. Consolidated net was trimmed by continuing loss from medical equipment subsidiary.

Wells-Gardner broke string of 5 consecutive profitless quarters in period ended June 30 with earnings of \$79,000, although it had \$253,000 deficit for full first half. Sales were off 4.1% to \$5.81 million for quarter, down 15.6% to \$9.64 million for 6 months. Company attributed turnaround to bottoming out of demand for arcade videogame monitors and growing use of monitors as terminals for point-of-purchase and state lottery displays. W-G said monitor sales rose 49% in quarter, 19% for first half. However, sales of TVs assembled under contract for Teknika were down 70% and 64% for those periods, and data display terminal volume was off 14% and 20%.

Texas Instruments cited weakness in several of its major business areas, but particularly in semiconductors, in reporting \$3.9 million 2nd-quarter loss. Revenue was off 15.6%. Indicating it expects no IC market recovery soon, TI said it planned to cut 1,800 jobs, bringing layoff total so far this year to nearly 4,000. TI said semiconductor industry is in deepest recession since 1974 "and possibly the most severe" in its history, added trend is expected to continue through 3rd quarter. It said combination of reduced demand, lower selling prices and cost of new wafer fabrication plant resulted in quarterly operating loss for its semiconductor business.

Activision said it expects to report \$2 million loss in opening fiscal quarter to June 30, down from \$3.6 million deficit in same period last year. It said sales were about \$3 million, down from \$6.2 million.

N.V. Philips and Siemens cooperative IC development effort won't be affected by recent link between Siemens and Toshiba, Philips indicates (TVD July 15 p14). Philips-Siemens project involves production of ultra high density RAMs using submicron technology not currently used in commercial manufacturing. Philips points out that it's concentrating on 1 MB static RAM, as opposed to 1 MB dynamic RAM that Siemens plans to make under Toshiba license. At same time, Siemens is continuing submicron work on 4 MB dynamic RAM, which Philips says will be successor to 1 MB RAM.

Taiwan's Tatung has started production at new TV and computer equipment plant in Telford, England. Tatung has been producing color sets in U.K. since 1981 acquisition of Decca's consumer electronics business from Racal. New facility has 800 workers, capacity for about 325,000 color sets annually.

PHILIPS FLAT TUBE: Philips has joined flat tube club with announcement that it has developed CRT 3" deep with 12" picture and normal resolution at its Redhill, England, labs. "The first flat, sealed-off monochrome tubes have been made," said Philips. "The problems of gain stability have been overcome and an acceptable operating life can now be obtained. The feasibility of achieving full color has been demonstrated." Company cautioned that it has no production plans, and for near future envisions only professional applications.

Tube has glass front, is vacuum sealed in metal can. Electron beam travels from gun at top rear of tube down back of tube to reversing lens at bottom that turns it 180°, deflecting it into front section. Frame deflection plates create field to turn beam forward to electron multiplier that amplifies current several hundred times, accelerating beam to phosphor screen.

Resolution and gray scale are "appropriate for TV applications," says Philips, adding that it has been studying several methods for providing color. Company says "ultimate tube design has one gun [and] sequential color selection," made particularly appropriate by low deflection voltages and high picture brightness characteristic of system. Philips is studying possibility of applying principle to such professional applications as data display.

Japan and Korea voiced strong objections to planned Jan. 1 hike to 14% from current 8% in Europe's duty rate on VCR imports (TVD July 29 p9) and said they would seek rollback. Both countries said they would ask EC ministers to reconsider, and Korea indicated it might impose higher duties and other restrictions on imports from Europe in retaliation. Japanese manufacturers indicated that they probably would react by increasing production at their VCR assembly plants in Europe, generally acknowledged that rate increase would add to existing excess capacity problems in Japan.

China's hold on new orders for consumer electronics imports (TVD July 22 p18) is having impact on Japanese manufacturers. Matsushita, estimated to be supplier of 1 million of the 3 million color sets China has agreed to buy from Japan in first 9 months this year, says it will reduce color production by 30% from current 3.2 million annual rate after current contracts with China are completed this fall. Similar announcements are expected from other major Japanese companies.

Pioneer has agreed to supply car stereo know-how and production equipment to Nuova Autovox of Italy, new venture of locally owned Autovox and state-run electronics investment company REL. NA plans to be producing 400,000 car stereos annually by 1988. Japanese audio producer said it also plans joint venture with NA and REL for manufacture of digital audio disc players for sale throughout Europe.

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

Copyright © 1985 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

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

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

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

This newsletter is available electronically via Newsnet

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren .. Assoc. Pub. & Sr. Ed.
Dawson B. Nail Executive Editor
Jonathan Miller Senior Editor
Daniel Warren News Editor
Steven Tuttle ... Managing Ed., Wash.
Mary Crowley Senior Editor
Mike Schwartz Associate Editor
Arthur Brodsky Associate Editor
Frances Seghers Associate Editor
Melinda Gipson Associate Editor
Theresa Foley Associate Editor
Deborah Jacobs ... Info. System Mgr.

Television and Cable Factbook

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

Factbook Research, Inc.

Lynn R. Levine Director

Business

Roy W. Easley III Controller
Gary Madderm Marketing Director
Glenn Brown Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

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

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

JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

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

Mitsubishi and NEC are filing court challenges to International Trade Administration finding that they exported TVs to U.S. at less than fair value in year to March 31, 1981 (TVD June 10 p14). In its final dumping determination for that period, ITA said it found Mitsubishi sets had weighted average dumping margins of 0.54%, NEC 0.86%. As margins are larger than the 0.5% ITA considers minimal, both companies are required to post cash bonds to cover potential dumping penalties on future imports and have been dropped from list of firms being considered for exclusion from dumping case. Found with no, or acceptable, margins during period were General, Hitachi, JVC, Matsushita, Sanyo and Toshiba. ITA is still studying Sharp's case, so it wasn't among companies included in determination. No-dumping finding for that period had been issued previously for Otake Trading, which exports sets made by Orion. In followup issued last week, ITA said it found no dumping by Otake on sets exported in year ending March 31, 1982. ITA spokesman said agency is year ahead on Otake-Orion because company has limited number of models and does little business in Japan, so case is much less complicated than those involving Japanese majors.

IBM is phasing out production of 5.25" disc drives and ended development work on advanced drives at Boulder, Colo., plant. Move is seen as evidence company is preparing total shift to new 3.5" drives for personal computers.

'HQ' VHS HERE IN SEPT.: JVC will start shipping picture-improving "High Quality" VHS recorder (TVD July 29 p14) to U.S. dealers in small quantities around end of Aug., according to National VCR Mgr. Steve Isaacson. First model will be VHS Hi-Fi unit with built-in multichannel sound targeted at around \$900, he said. About 30 days later, similar model without MTS will go into distribution here, probably around \$100 less.

Isaacson told us model introduced here last April at under \$600 suggested list contained increase in white clip level, one of features of HQ, and reports from field indicate "noticeably better picture performance." Zenith, whose VCRs are made by JVC, said HQ models aren't scheduled for introduction at this week's distributor meeting. Panasonic Consumer Video Div. Gen. Mgr. Stan Hametz said he knows of no definite schedule to introduce HQ, but pointed out JVC is subsidiary of Matsushita and said he assumed future Panasonic models would incorporate picture improvements. In time, they're expected to spread to all VHS brands.

Montgomery Ward is discontinuing catalog business as part of strategy to focus on retail store business. Company, which along with Sears and J.C. Penney, was one of Big 3 national general merchandise catalog marketers, said its last full book would be issued in Dec. and that it expects to be out of catalog sales by end of 1986. MW said catalog operation "has incurred significant losses in recent years." Phaseout will eliminate about 5,000 of company's 78,000 employees. Ward's fall-winter catalog was slimmer than usual, had no consumer electronics, but company said that category would be especially strong in Christmas book (TVD July 8 p14).

Thermomagnetic optical erasable data disc system developed by Kodak subsidiary Verbatim has claimed storage capacity of 40 Mbytes on 3.5" disc, or about 40 times that of conventional magnetic disc. System uses laser beam to heat thin magnetic film on transparent disc, plus coil to orient magnetic particles upward or downward. In read mode, laser passes through disc, is rotated either clockwise or counterclockwise when it hits magnetized spot to produce binary output. Verbatim says it expects to have evaluation samples available next spring, estimates it could sell recorders in OEM quantities at \$300 each, discs at \$20.

Stereo TV stations known to be broadcasting numbered 111 last week end, including first one in Canada, 24-hour station featuring music videos and sports. Also in Canada, Gytek Inc., Scarborough, Ont. (U.S. address, Romulus, Mich.), says it will have stereo converters using radiation probe technology similar to that employed in Recoton converter (TVD June 3 p16) at list price of \$129 (Canadian). In addition to 9 sitcoms it announced for stereo next fall (TVD July 29 p14), NBC said 60-min. summer series Motown Review starting Aug. 9 and Miss America Pageant Sept. 14 will be in stereo.

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
Andrea Radio			
1985-6 mo. to June 30	1,728,739	103,497	.20
1984-6 mo. to June 30	2,426,962	240,959	.47
1985-qtr. to June 30	749,874	14,982	.03
1984-qtr. to June 30	1,159,050	81,723	.16
Blair, John			
1985-6 mo. to June 30	447,047,000	(13,699,000)	--
1984-6 mo. to June 30	359,179,000	5,393,000	.67
1985-qtr. to June 30	248,944,000	(5,853,000)	--
1984-qtr. to June 30	224,537,000	4,330,000	.54
BMC Industries			
1985-6 mo. to June 30	166,450,000	(1,635,000)	--
1984-6 mo. to June 30	143,728,000	4,083,000	.79 ^a
1985-qtr. to June 30	87,999,000	(1,257,000)	--
1984-qtr. to June 30	80,538,000	1,949,000	.38 ^a
C-COR Electronics			
1985-year to June 30	27,500,000	34,500	.01
1984-year to June 30	19,690,000	287,500	.09
1985-qtr. to June 30	6,574,000	(303,000)	--
1984-qtr. to June 30	5,600,000	(589,000)	--
Emerson Radio			
1985-qtr. to June 30	100,880,000	2,967,000	.19
1984-qtr. to June 30	61,450,000	2,048,000	.13 ^a
ITT^c			
1985-6 mo. to June 30	6,039,982,000	231,296,000	1.53 ^a
1984-6 mo. to June 30	6,069,912,000	157,592,000	1.04 ^a
1985-qtr. to June 30	3,125,289,000	117,953,000	.78 ^a
1984-qtr. to June 30	3,134,042,000	78,295,000	.52 ^a
M/A-Com			
1985-39 wk. to June 29	619,235,000	29,900,000	.70
1984-39 wk. to June 30	553,609,000	25,390,000	.60
1985-13 wk. to June 29	211,598,000	11,200,000	.26
1984-13 wk. to June 30	198,087,000	10,705,000	.25
Malrite Communications			
1985-6 mo. to June 30	38,888,000	4,140,000	.33 ^a
1984-6 mo. to June 30	34,723,000	481,000	.04 ^a
1985-qtr. to June 30	22,317,000	1,292,000	.10
1984-qtr. to June 30	20,008,000	980,000	.08 ^a
Multimedia			
1985-6 mo. to June 30	162,368,000	20,454,000	1.23 ^a
1984-6 mo. to June 30	145,061,000	17,769,000	1.07
1985-qtr. to June 30	88,501,000	12,823,000	.77 ^a
1984-qtr. to June 30	79,173,000	10,737,000	.65
Scientific-Atlanta			
1985-year to June 30	436,892,000	16,385,000	.71
1984-year to June 30	398,861,000	11,776,000	.50
1985-qtr. to June 30	117,118,000	4,852,000	.21
1984-qtr. to June 30	111,057,000	3,553,000	.15
Storer Communications			
1985-6 mo. to June 30	291,063,000	(21,645,000)	-- ^a
1984-6 mo. to June 30	255,942,000	(15,703,000)	-- ^a
1985-qtr. to June 30	154,951,000	(15,885,000)	-- ^a
1984-qtr. to June 30	136,968,000	(1,131,000)	-- ^a
Texas Instruments			
1985-6 mo. to June 30	2,524,400,000	5,200,000	.21
1984-6 mo. to June 30	2,803,100,000	165,700,000	6.89
1985-qtr. to June 30	1,236,500,000	(3,900,000)	--
1984-qtr. to June 30	1,464,200,000	85,900,000	3.57
United Cable TV			
1985-year to May 31	168,996,000	10,542,000	.50 ^a
1984-year to May 31	140,741,000	3,935,000	.14 ^b
United Television			
1985-6 mo. to June 30	37,572,000	3,034,000	.28
1984-6 mo. to June 30	35,944,000	(3,267,000)	--

Company & Period	Revenues	Net Earnings	Per Share
United Television (cont'd)			
1985-qtr. to June 30	21,876,000	2,712,000	.25
1984-qtr. to June 30	21,522,000	(4,156,000)	--

Notes: ^aRestated. ^bAdjusted. ^cExcludes insurance & finance revenues. ^dIncludes special credit. ^eAfter special charge.

Consumer Electronics Personals

Sueyuki Hirooka shifts from Sharp (Japan) Information Systems Group to Sharp Electronics (U.S.), as pres., succeeding **Kazuo Kubo**, who moves to new post of chmn... **Bill Jeffrey** promoted at U.K.'s Sinclair Research from managing dir. for TV and communications to CEO, succeeding **Clive Sinclair**, who also is slated to vacate chmn. post next month in favor of investor **Robert Maxwell**. Sinclair will concentrate on new product development... **Glenn World**, ex-Dockside Sales, joins Zenith as region sales mgr. for Ark., La., Miss. and Tenn., succeeding **John Mathieu**, retired; **Tork Johnson** advanced to operations analysis and internal audio dir.; **Timothy Ostrowski** named cable products controller, succeeding Johnson; **Benjamin Forcey** appointed CRT operations controller; **Robert Beebe** named System & Components Group controller.

Minoru Yoshimura, Konica U.S.A. pres., named to board of Japanese parent, Konishiroku Photo Industries... **William Sick**, Texas Instrument Semiconductor Group pres., elected a dir... **Heinn Tomfohrde** promoted at Union Carbide to pres. of new consumer-industrial products and services group in reorganization; **Robert Kennedy** named group pres. for chemical and plastic operations... **Michael Feniello**, ex-Valley Audio, appointed Sony Professional Audio Div. national product mgr... **William Winter** promoted to Birdview Satellite Communications national sales mgr... **David Morris** joins Brooks Satellite as controller.

Court Shannon promoted at Karl-Lorimar Home Video from mktg. vp to exec. vp, **Harold Weitzberg**, former sales vp, named sales and mktg. exec. vp; **Francie McBride** advanced from creative services dir. to mktg. dir.; **Kevin Johnston** promoted from national accounts exec. to sales dir... **Marilyn DiGirolamo**, Vestron admin. dir., and **Nana Greenwald**, Film Evaluation Dir., named vps... **Jon Barbour** named sales promotion mgr., RCA/Columbia Pictures Home Video; **Bill Kruger** appointed west region accounts mgr... **Scott Karl** and **Bill Karl**, ex-Karl-Lorimar Home Video, form home video software production company, Karlcorp... **Al Crane** resigns as sales vp of Metro Video's west coast operations... **Jon Peisinger**, Vestron Video, elected chmn. of Academy of Home Video Arts and Sciences; **Leonard White**, CBS/Fox Consumer Products Div., vp; **Nicholas Santrizos**, Thorn EMI/HBO Video, treas.; **Ben Tenn**, Disney Home Video, secy... **David Rozalla**, Warner Home Video, elected chmn. of British Videogram Assn.

TELEVISION DIGEST®

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

With Consumer Electronics

AUGUST 12, 1985

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 25, NO. 32

Broadcast - Cable

FAIRNESS DOCTRINE INQUIRY ENDS with FCC avoiding decision on codification. Court challenges likely but Congress stands firm. (P. 1)

WHO OWNS MTV? Offers for Warner Amex and MTV Networks swirl as Ross makes his move on American Express. Viacom is still in picture. (P. 2)

TV & CABLE FACTBOOK OUT: New volume shows 6,844 systems serving 31,274,771 basics, up 4.6%; 23,914,785 pay units, up 20.5%. (P. 4)

RIVERA RESIGNS FROM FCC to join Dow, Lohnes & Albertson. No clear-cut choice for successor. (P. 4)

TURNER BUYING MGM/UA STUDIOS for \$1.5 billion, to sell off United Artists for \$470 million, gains access to host of films. (P. 5)

FCC PREEMPTS STATES ON DATA, acting on Cox Cable petition. Decision's impact unclear until text is released. (P. 6)

MORE ON EVENING NEWS: Battle continues in courts and FCC on L.P. Media effort to take over Detroit company. (P. 6)

NAB SURVEY OF PTV OFFICIALS finds strong opposition to ads, preference for current enhanced underwriting rules. (P. 7)

FCC OFFERS 'INDICTMENT' OF FAIRNESS DOCTRINE: Explosion in number of media outlets assures that differing viewpoints will find public expression without govt. mandate, FCC said Aug. 7 in concluding controversial inquiry into fairness doctrine begun last year. Voluminous record compiled during inquiry shows that doctrine -- which requires broadcasters to cover controversial issues and present contrasting views -- results in opposite effect, Commission said at meeting that served as backdrop for resignation of Comr. Rivera (see story elsewhere in this issue).

FCC stopped well short of deciding whether doctrine was codified (required) by 1959 amendments to Communications Act, key question raised by inquiry. Fairness doctrine "has been a long-standing administrative policy and a central tenet of broadcast regulation in which Congress has shown an intense interest," FCC said in what many described as frank admission of

Consumer Electronics

TV SALES DOWN slightly, VCRs off in July. Camera sales dip, projection TV level. Color inventories drop below 4 million. (P. 9)

VCR DILEMMA: Overproduction and price cuts lead U.S. marketers to squeeze suppliers, threaten to play 'the Korean card.' (P. 10)

TANDY WRAPS UP 207-store Videoconcepts chain buy, joining operations with Scott Appliance unit. Radio Shack to add home dish. (P. 11)

MERGERS CAUSING RESTRUCTURING of home video software industry. RCA and Bertelsmann combine music units. Other activity. (P. 13)

ITC RULES INJURY IS LIKELY for U.S. IC makers if Japanese are dumping. Justice Dept. probing Hitachi's IC selling practices. (P. 13)

MAY COLOR TV IMPORT rise caused by increase in chassis & kits. Set imports showed decline. (P. 14)

MORE COMPETITION TO RETAILERS coming from cable as Poppingo sets up for sales. Jones Intercable VCR effort apparent success. (P. 14)

PRICE-CUTTING HELD GROWTH in floppy disc dollar volume to 28% last year although unit shipments jumped 53%, ITA reports. (P. 15)

political realities. It's "not necessary" for Commission "to definitively resolve whether or not it has the requisite statutory authority to eliminate" doctrine, FCC said in opting, 4-0, to "afford Congress the opportunity to review the doctrine in light of the record" produced by inquiry, whose record will be forwarded to Congress. Comr. Rivera didn't participate because he had interviewed with some of law firms representing commenters. In concurring, Comr. Quello made it clear he believes doctrine is codified in Communications Act.

FCC said doctrine is constitutionally suspect because: (1) Number of media outlets available for public expression has grown substantially since landmark Red Lion U.S. Supreme Court decision in 1969 that upheld doctrine. (2) It "chills" speech by making broadcasters less likely to explore controversial topics, knowing that if they did they would have to air contrasting viewpoints, and that it "coerces" speech by involving govt. in evaluating fairness of programming.

"Obviously, we have a disagreement with the Commission on the merits of the fairness doctrine," said Thomas Rogers, senior counsel to House Telecom Subcommittee. "All the Commission action amounts to is making a recommendation to Congress. I feel very comfortable saying from the House perspective that this is one Commission recommendation that isn't likely to get any action here."

"We trust that with scarcity a relic of the past and the chilling effect clearly identified," said NAB Pres. Edward Fritts, "the fairness doctrine will not pass constitutional muster and will be deemed unacceptable on policy grounds as well." He and others pointed out that since Red Lion case upheld doctrine using scarcity rationale, there have been increases of 48% in number of radio stations, 44% in TV stations and 195% in cable systems.

Decision was viewed as win by public interest groups. Andrew Schwartzman of Media Access Project said it was "a big victory. They [FCC] were unable to do what they wanted to do, which was throw it out." He said doctrine "is on firmer ground today than it's ever been." FCC protestations about negative impacts of doctrine amount "to nothing more than hot air on an August day," he said.

ACTIVITY SWIRLS AROUND WARNER AMEX AND MTV: In series of high-stakes moves affecting ownership of some of cable industry's juiciest properties, Warner Amex (WA) co-parent Warner Communications (WC) Aug. 9 said it was exercising option to buy out WA partner American Express for \$450 million in cash and assumption of \$500 million in debt. That announcement after WC board meeting in N.Y. followed by a day word that Forstmann Little & Co., along with 2 top officers of cable programmer, were offering to buy MTV Networks for \$472.6 million.

In what was viewed as pivotal to WC decision to buy out American Express, WC also said Aug. 9 that it and Viacom had entered into agreement giving WC right for 90 days to sell to Viacom Warner Amex's 2/3 interest in MTV Networks for \$310 million cash. If WC exercises this right, Viacom in turn then has right for 30 additional days to instead buy 50% of WA -- including MTV Networks -- for \$450 million cash, rather than just 2/3 of MTV Networks. Excluded under that 2nd option would be WA's 19% stake in Showtime/Movie Channel, apparently so that WC and Viacom would remain equal partners in S/MC.

WC's acquisition of American Express's half of Warner Amex will close in 1986, WC Chmn. Steven Ross said. He said consortium of banks headed by Bank of Boston has committed funds necessary to complete acquisition. Loans will be made on nonrecourse basis to a cable subsidiary of WCI. Said Ross: "I believe -- and clearly our board of directors, which unanimously approved these transactions, believes -- that the strategic interests of WC and the vital best interests of our shareholders... are well served by these steps." Unanimous nature of WC board vote signals that Chris-Craft Chmn. Herbert Siegal -- who is on WC board because of stock swap in companies last year and who has battled Ross over selling cable unit -- had given his blessing to deal.

Offer for MTV Networks by Forstmann Little, N.Y. investment group specializing in leveraged buyouts, includes MTV Networks Pres. David Horowitz and Exec. Vp Robert Pittman. Their offer was for \$31 a share cash, or \$472.6 million. Given cloudy future of options given Viacom by WC, it was far from certain that Forstmann Little offer for MTV Networks is dead. Concerning that offer, WC said "it is studying this proposal." It's also possible that Forstmann Little will sweeten its offer for MTV Networks, especially in light of run-up in value of MTV Networks stock.

All this activity had been set in motion by American Express, which agreed to sell its half of Warner Amex to ATC and TCI for \$900 million cash, assumption of \$500 million in debt plus undefined share of proceeds from sale of programming ventures (interests in MTV Networks and S/MC). American Express last month had triggered clause in buy-sell partnership arrangement with WC (TVD July 22 p9), meaning that WC had until Aug. 14 to either buy out American Express's half of Warner Amex or sell its half to AE for same price. If WC hadn't made its bold move at week's end, then American Express would have proceeded to sell cable holdings to ATC-TCI.

WA owns 67% of MTV Networks, public holds rest. So in buying half of WA it doesn't own from American Express, WC can collect \$310 million from either Forstmann Little or Viacom on sale of MTV Networks, with \$156 million going to public. That means WC's actual cost of buying American Express share of cable joint venture drops to \$133.3 million. Sale also means that MTV Networks has at least doubled in value since public offering at \$15 a share exactly one year ago. Stock had been trading in \$26 range for last several weeks, had jumped to \$30 by week's end.

Interesting question is whether Forstmann Little and MTV management structured their deal as part of Ross's efforts to hold onto WA. WC spokesman said no, but he also admitted that offer gave WC option of holding onto 20% of new MTV venture at "attractive" price. Since ACT and TCI have said they, too, planned to sell off MTV Networks, Forstmann Little also could have approached those companies about sale. Forstmann Little spokesman couldn't say why ATC-TCI didn't also get offer.

House Telecom Subcommittee Chmn. Wirth (D-Colo.) Aug. 1 introduced FY 1988-90 authorization for CPB, providing \$220 million, \$246 million, \$283 million, respectively, for CPB for 1988, 1989 and 1990, and \$24 million over period for NTIA Public Telecommunications Facilities Program (PTFP). Latter represents 3-year freeze at existing level; former is mixed bag of concessions. Last 2 figures for CPB are same as levels that OMB said Administration could accept. Totals are about \$65 million higher than those proposed by Sen. Goldwater (R-Ariz.). While more conservative than House Democrats would have liked, bill would maintain CPB's fiscal viability, aide said.

Women news dirs. are paid lower salaries than men in same position, according to RTNDA survey. Among reasons: Women news dirs. usually are younger and less experienced. In TV, women news dirs. had average salary of \$20,900, 38% less than \$33,000 earned by average male news dir. On radio side, women's salaries were 18% lower -- \$12,000 vs. \$15,600. Women were news dirs. at 10.5% of 463 TV stations responding, at 18.2% of 327 radio stations.

National Football League will experiment with TV replays on disputed officials' rulings during exhibition season, starting Aug. 11. Special official will sit in press box, will be empowered to overrule "blatant" mistakes. NFL will use only replays that are aired by networks during experiment.

FCC has been asked by Sens. Gorton (R-Wash.) and Tribble (R-Va.) to reconsider decision not to appeal U.S. Appeals Court, D.C., ruling voiding cable must-carry rules as unconstitutional (TVD Aug 5 p6). In letter Aug. 5 to FCC Chmn. Fowler, senators said issue "raises questions about the appropriate scope of federal regulation" that merit U.S. Supreme Court consideration. Commission also should attempt to redraft rules to alleviate "unexpected restrictions on cable operators" and conduct "thorough review" to determine best regulatory course. Tribble is author of bill that would have codified those must-carry rules thrown out by Court (S-585) and Gorton sits on Commerce Committee.

CBS and ABC have rejected as too controversial 2-min. public service spots designed to curb teenage pregnancies through use of contraceptives. CNN said it will air spots, produced by American College of Obstetricians and Gynecologists, as part of \$100,000 campaign; NBC said it's still considering request. Audio version has been accepted by 2 dozen radio stations.

WPMI (Ch. 15) Mobile is being bought by Mich. Energy Resources subsidiary for undisclosed sum, company said. Independent station went on air in 1982. Buyer is intrastate public utility known mainly for its Mich. Gas unit. William Evans (former pres. and gen. mgr. of WRCB-TV Chattanooga) will be named gen. mgr. of Mobile station.

NEW TV & CABLE FACTBOOK OUT: Cable & Services volume of Television Digest Inc.'s Television & Cable Factbook is now being shipped, and, based on exhaustive survey of every one of nation's 6,844 systems, shows total subscribers reported by operators as of late 1984 and early 1985 were 31,274,771; total pay units were 23,914,785.

Factbook figures always are somewhat lower than probable real figure, according to Factbook editors, because total doesn't include pirated signals and because some operators fail to update numbers. However, Factbook editor and publisher Albert Warren believes actual basic subscriber total is well below estimates by Arbitron and Nielsen. Arbitron estimated Feb. total at 36,463,700 (about 44% of TV homes), Nielsen at 38,018,100 (44.6% penetration). Warren estimates Feb. total around 33 million (about 39% penetration).

Consulting precise figures shown in Factbook, it's apparent growth of basic subscribers eased off from year before. The 1984 Factbook included 29,889,490 basics (35.6% penetration), compared with 1983 total of 26,517,906 (31.7%), while 1985 total of 31,274,771 represents 36.7% penetration. In contrast, total pay-TV units rose briskly last year. Total of 23,914,785 represents 28% penetration of TV homes, vs. 1984 figure of 19,838,275 (23.6%) and 1983 total of 15,384,242 (18.4%).

Details for each cable system are more extensive than ever -- including location, subscribers, pay-TV units, address, phone, county, market rank, franchise dates, stations and cable networks carried, composition of service tiers (including number of subscribers to each), ownership, ad rates, nature of originations, subscriber rates, city fee, manager, chief technician, make of equipment, age of system, etc.

Publication of latest volume coincides with current rapid conversion of entire cable directory to computer data base. Many reports prepared by Factbook Research Div., which once took weeks, now are prepared in days -- sometimes hours, according to Factbook Research Dir. Lynn Levine. (For details on present and planned computer capabilities, call Levine, 202-872-9200.)

All other features of Cable & Services volume have been updated, including directories of FCC, congressional committees, attorneys, engineers, brokers, consultants, networks, program sources, MDS facilities, financial analysis, trade associations, unions, station sales, etc. Volume also marks introduction of 115-page Buyer's Guide to equipment and services.

KLJB (Ch. 18) Davenport, Ia., went on air July 28, raising operating U.S. TV stations to 1,214 -- 898 commercial, 316 noncommercial. There also are 327 commercial and 37 noncommercial permits outstanding. KLJB licensee is Davenport Communications Ltd.; Gary Brandt is gen. mgr. Station will be represented by Independent TV Sales.

RIVERA RESIGNS FROM FCC: Ending months of speculation, FCC Comr. Rivera announced at beginning of open agenda meeting Aug. 7 that it would be his last as commissioner. He said he's leaving FCC effective Sept. 15 to join Dow, Lohnes & Albertson, communications law firm. He joined Commission in Aug. 1981. "Other than my experience in Vietnam," Rivera said, "this has been my biggest challenge."

Rivera said he's sometimes thought of as "the Rambo commissioner" for his representation of minority interests and other causes viewed as principled fights. His last Commission duty will be to represent FCC at Space WARC conference this month in Geneva. He received standing ovation.

Ideological balance is sure to "drastically change" with absence of Rivera's moderating influence, said key Hill ally on minority issues, Rep. Leland (D-Tex.), member of House Telecom Subcommittee. Loss will be felt most by "those groups that are traditionally underrepresented or ill-served by the marketplace approach," he said. Subcommittee Chmn. Wirth (D-Colo.) said Commission is "losing a staunch defender of the public's interest."

Among candidates for post is Edwin Lavergne, 31, communications attorney at Washington law firm Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey. Lavergne is Hispanic Democrat said to be backed by Congressional Hispanic Caucus. Chmn. Richardson (D-N.M.) has told us group believes Rivera's seat is identified as minority seat and should remain province of Hispanics. Lavergne's father, Nelson Lavergne, is chmn. of Spanish-format WADO(FM) N.Y.

Name of Leland's legislative dir., Larry Irving, has been forwarded to White House but isn't expected to be considered seriously. Early candidate put forward by Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) was Derrick Humphries of Washington law firm Brown & Finn. Humphries represents satellite industry group SPACE but isn't considered strong contender for job.

Plans of FCC members during Aug. recess: Comrs. Dawson and Rivera will attend Space WARC in Geneva for 10 days, leaving Aug. 16; Rivera will take week vacation before; Dawson plans to spend week with family in Pocono Mountains after returning. Patrick will spend week in Alaska (along with Legal Asst. Diane Silberstein and Common Carrier Bureau Chief Albert Halprin) on common carrier and broadcast matters, then vacation in his native Cal. As always, Quello will return to his native Mich. (spending time at Grosse Pointe), also will participate in Mich. Assn. of Bestrs. convention in Traverse City. Chmn. Fowler said he has "no definite plans" for hiatus, which runs from Aug. 8 through Labor Day. Commission is required by law to meet at least once a month, held meeting for Aug. on 7th.

TURNER GOES AFTER MGM/UA: Ted Turner went Hollywood last week by agreeing to buy MGM/UA Entertainment for \$1.5 billion cash in move that would contribute substantially to programming needs of WTBS Atlanta for several years. Atlanta entrepreneur also threw in towel on his cashless bid for CBS, saying that as result of network's successful recapitalization, he was withdrawing offer.

Agreement ratified by TBS and MGM/UA boards Aug. 7 calls for Turner to spin off United Artists to majority stockholder Kirk Kerkorian (50.1%) and other UA holders for about \$470 million (\$9 a share), reducing Turner's investment to just over \$1 billion. TBS retained Drexel Burnham Lambert to help arrange financing, sure sign that so-called "junk bonds" will be used. Note: To hire Drexel, Turner had to drop his CBS bid. Drexel is on retainer to CBS, would have found itself in conflict working for Turner while bid for CBS was on table. It's also likely Turner will structure financing to include sale and leaseback of MGM/UA real estate. Drexel also had been advising MGM/UA on possible buyers. TBS wouldn't comment on how it will raise cash.

Deal calls for Turner to pay \$29 cash for each MGM/UA outstanding share. MGM/UA stock, which had been trading at \$17-\$18, rose to around \$24. Merger of MGM/UA into TBS subsidiary is expected to occur in 4th quarter of this year, parties said.

MGM/UA hasn't had box office hit recently, major reason it showed \$66 million loss through first 9 months of fiscal year. In fiscal 1984, MGM/UA released 7 titles through MGM, 6 through UA, marketed 6 movies made by outside producers. Turner in essence is locking in his programming costs over next couple of years. He also can move into film syndication and home video businesses in big way, analysts said. But there are "lots of unanswered questions" about deal, Hoffman said, including whether Turner intends to continue operating MGM as film studio -- and continue producing movies -- or simply use up library.

Conservative group, Fairness In Media, led by Sen. Helms (R-N.C.), announced Aug. 7 that it will redouble effort to get conservatives to buy CBS stock for eventual management takeover. Group had been keeping low profile since Turner began takeover effort in April, saying it was "preferable alternative" to current CBS management.

MGM/UA has about \$500 million in bank debt, compounding suspicion that Turner would have difficulties servicing debt load while also paying high interest on junk bonds. It borrowed additional \$128 million in June to finance buyback of 15% of its home video unit that was publicly held.

N.Y. Times has agreed to buy WNEP-TV (Ch. 16) Scranton-Wilkes-Barre from NEP Communications for undisclosed sum. Station is ABC affiliate, would become Times's 5th TV outlet.

CapCities is selling WKBW-TV Buffalo to Queen City Bestg. for \$65 million. Significant tax advantages will flow to CapCities from sale of Ch. 7 ABC affiliate because Queen City is more than 70% minority owned. Bruce Llewellyn, a major stockholder in Queen City who is chmn. of Philadelphia Coca-Cola Bottling, said deal is "especially gratifying since [WKBW-TV] is the largest television station ever to come under minority ownership." Other Queen City investors include Essence magazine CEO Edward Lewis, former United Nations Ambassador Donald McHenry, former pro football player O.J. Simpson, pro basketball player Julius Irving, musician Michael Jackson and his brothers. Queen City said it will "invite participation in the ownership of the station by current staff members" of station. Goldman, Sachs was CapCities financial adviser.

Dozen House members who wrote FCC Chmn. Fowler recently demanding end to delays in handling of pending license renewal for KTTL(FM) Dodge City, Kan., may get action. FCC is drafting long-delayed order to designate station for license renewal hearing that's expected to be released this week. Lawmakers had expressed "serious concerns" about racist statements made on station and suggested license should be transferred. Effort was led by House Commerce Committee Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Wirth (D-Colo.). Meanwhile, Dingell backed away -- at least for now -- from sending FCC letter questioning possibility of "greenmail" in Cooke-Multimedia case (TVD July 29 p5). Dingell believes FCC has gotten message that he's unhappy with way trusteeship mechanism worked in its first outing and will wait and see what FCC does next.

TV stations must begin paying retroactive music license fees to BMI, U.S. Dist. Judge Lee Gagliardi of Southern Dist., N.Y. ruled July 22 in decision made public July 29. Order affirms his ruling in May, covers period Feb. 1983-Nov. 1984. "It is entirely appropriate that plaintiffs [TV stations], rather than BMI, bear the burden of the loss of the use of the money at issue pending final determination as to interim fees," court ruled. BMI and TV stations agreed earlier in July on new license fees through 1987 (TVD July 8 p7). At recent special stockholders meeting, BMI bylaws were amended to reduce number of directors from 16 to 12 in Oct. and to prohibit issuance of any new shares without concurrence of holders.

Multimedia has reached settlement with disgruntled stockholders over recapitalization plan. Greenville, S.C., broadcast-newspaper company said Aug. 8 that settlement will allow public shareholders to retain 88% of their prior equity position in Multimedia, instead of 80% in recapitalization plan undertaken when Jack Cooke attempted takeover recently. Those shareholders now will be allowed to buy, for \$5.80, slightly more than half (0.58) a share of recapitalized company for each Multimedia share they own.

FCC MOVES ON COX CABLE CASE: FCC tentatively decided Aug. 7 to allow cable companies into local data transmission business, although true impact of order in response to petition from Cox Cable won't be known for several weeks. Vote on preemption was 2-1, with Chmn. Fowler and Comr. Dawson voting yes and Comr. Quello dissenting. Comr. Patrick deferred his vote, saying he'd either vote for item or concur with it, thus eliminating possibility of tie but leaving nature of order up in air until final editorial clean-up is completed, process that could take couple of weeks. Comr. Rivera didn't vote on item.

FCC concluded it should preempt decision by Neb. Public Service Commission on Commline service offered by Cox Cable in Omaha because Neb. action infringed on federal policies. FCC said Commline is "institutional" cable offering digital transmission, electronic mail, video conferencing and similar services as subsidiary to normal residential services that Cox provides. Commline also offered origination and termination of telephone traffic for MCI. Neb. commission in April 1983 ordered Cox to stop offering data service, but that ruling had been stayed by court.

FCC decided that Neb. commission overstepped its bounds because Cox was offering interstate service. Commission said that if it didn't preempt Neb. action, "Commline's transmission services might be impeded severely, if they developed at all." Statement added that states can't impose any regulation that has effect of "prohibiting the provision of 'institutional' transmission service by cable TV companies over facilities used for interstate service" because such action would inhibit interstate competition.

Discussion of item at meeting focused on question of whether it was to be seen solely as decision on facts in Cox case or whether it should be viewed as general rule setting legal precedent. Patrick said he had "concerns about the scope" of decision and whether it should be seen narrowly as declaratory ruling on Cox-related facts or "a generic declaration of policy." How he votes will be determined largely by final language in order. According to Patrick's comments, there's reference in order to applying FCC decision to "Commline-like services."

There's also lingering question, to be clarified in final text of order, whether FCC should preempt if cable company is offering interstate services or simply has capability of doing so, even if it hasn't yet done so. Fowler and Patrick disagreed on that point. Fowler said whether cable company could offer interstate services is as important as whether it actually is doing so: "I don't see where the value is any less." Similarly, there's question about how Cox's services should be classified. FCC attorney Emily Williams said at news briefing following meeting that "Commline isn't a common carrier service" but said Cox's services should be considered "offering transmission services on non-common carrier basis."

EVENING NEWS BATTLE HEATS UP: Evening News Assn. asked FCC Aug. 6 to dismiss short-form (Sec. 316) transfer of control application filed by L.P. Media, group headed by Jerrold Perenchio and Norman Lear (TVD Aug 5 p3). ENA filing said L.P. Media had failed to show that it would be harmed by going through long-form (Sec. 315) transfer process. Petition raised character issue, said firing of ENA Exec. Vp Peter Kizer for allegedly conveying information about company to L.P. Media makes it "imperative that the Commission invoke its long-form procedures... as a forum for examining the manifest deficiencies in the character" of principals.

Also last week, U.S. Dist. Court, Detroit, ruled that Mich. Takeover Offers Act applies to L.P. Media's \$453 million tender offer, decision that would stall tender offer until at least 10 days after it's registered with Mich. Dept. of Commerce. L.P. Media said it would appeal ruling.

L.P. Media countered Aug. 9 with FCC filing which contended Kizer provided information "voluntarily at a time when the executive was aware of L.P. Media's possible interest in the acquisition of ENA." It said "no inducements or promises were made" to Kizer to obtain information.

"If there are any unclean hands," L.P. Media filing said, "they belong to ENA" for offering to repurchase some outstanding shares last Dec. at \$250 each when ENA management "possessed material information showing that the value of ENA shares were substantially in excess" of \$250. In any event, no character question has been raised about William Miller, proposed trustee who would hold ENA tendered shares until possible takeover was completed, filing said.

Note: We inadvertently stated (TVD Aug 2 p3) that L.P. Acquisition Corp. through which bid was launched would seek to influence Evening News management "as soon as FCC approves trusteeship" of former Treasury Secy. William Miller. In fact, LPAC's petition to FCC specified that it would seek to influence ENA's management only after FCC approves its application to transfer control.

NRBA has rejected 3 dates proposed by NAB for "summit meeting" on NRBA proposal to split off into "super radio-only association" (TVD Aug 5 p7), prompting NAB to plan alternate pow-wow on explosive issue. NRBA Pres. Bernard Mann told NAB Pres. Edward Fritts last week that he prefers to submit radio-only proposal to his board at Sept. 10 meeting in Dallas, would be happy to meet with NAB after that. But NAB has decided to seize initiative with Aug. 16 meeting at its hq of wide segment of industry. RAB, RTNDA, Best. Financial Management Assn., Radio Network Assn., Station Representatives Assn. all have confirmed that they will attend. Also invited: Bestg. Promotion and Marketing Executives, AWRT, several state association representatives. If NRBA changes its mind, it will be welcome at meeting, NAB said.

PTV OFFICIALS OPPOSE ADS: NAB survey has found that 86% of PTV station managers responding don't consider commercials "appropriate means of support" for public broadcasting. Telephone survey conducted in June for NAB by Communications Research Center at Fla. State U. sought to determine status of public broadcasting's nongovernmental funding sources. Results are based on responses of 101 PTV station managers.

Other findings: (1) 90% of PTV managers favor enhanced underwriting guidelines that went into effect in 1984. (2) More than half reported their station guidelines are similar to those of PBS, which are more restrictive than FCC's. (3) 16% said their product identification rules are more restrictive than PBS guidelines, 20% are less restrictive. (4) 75% think current underwriting guidelines shouldn't be liberalized, 19% want more freedom.

NAB has set up new Task Force on Public Bstg. Funding, chaired by Ralph Baruch, Viacom International chmn. Task force will have 8-10 members, including 2 from public broadcasting. Ward Chamberlin, WETA-TV Washington pres., already has accepted.

NAB Exec. Committee doesn't favor another public broadcasting ad experiment, as proposed in CPB authorization legislation (HR-2500) by Rep. Oxley (R-O.), saying "nothing will be gained" from such an effort. Oxley proposal calls for resuming limited ad experiment using up to 30 PTV stations and extending test to 30 radio stations. Republicans are expected to press for inclusion of ad concept if CPB legislation is moved in House later this year.

Acting on equal time case involving newsman William Branch of KOVR-TV Stockton, Cal. (TVD July 8 p1), FCC ruled Aug. 8 that if TV news reporter runs for political office and continues on air, all opposing candidates for same office rightfully can demand equal exposure on that station. Decision, while it specifically addresses reporters, would encompass all other on-air station personnel, observers said, even weather forecasters and film critics. FCC concluded that when reporter/candidate appears on air, that constitutes "use" of station time. TV reporter, "by the very nature of his position, may initiate and control his on-the-air appearances, while not being the subject of the news program." Therefore, where a candidate for public office appears on TV news program as reporter, "such appearances are subject to the equal opportunities requirement." FCC was acting on complaint by Branch about his treatment by station when he proposed to run for local office.

"International Terrorism and the Media" is session added to Sept. 11-14 RTNDA convention in Nashville; panelists haven't been named. ABC's Peter Jennings will keynote convention; CBS's Dan Rather is a speaker and ABC's Barbara Walters will receive Paul White Memorial Award. More than 100 exhibitors will use 100,000 sq. ft.

NCTA scrambling coop plan was discussed "line-by-line" during all-day closed board meeting in Washington Aug. 8. But no vote was taken on accepting proposal by NCTA Pres. James Mooney (TVD July 22 p7). Meeting "solely was to accommodate discussion of the entire range of questions related to scrambling," Mooney said. "There was a very strong mood among the cable operators present not only that scrambling is important and necessary but also to cooperate with programmers in achieving that objective." One upshot of meeting is feeling in industry that "antitrust problems are under control," Mooney said. There also was much talk at meeting about repeal of must-carry and NAB moves to attack compulsory cable license. "There was a feeling of amazement" that NAB wants to repeal compulsory license, one executive said. "It's simple," he said, "we are going to continue to carry local signals. Without compulsory licensing, we're not." It's expected that scrambling will be discussed further, and plan possibly adopted, at NCTA executive committee meeting Sept. 8 in Cal.

ABC/CapCities and Malrite announced agreement under which latter will acquire KSRR(FM) Houston from ABC and KLAC(AM) and KZLA(AM), both L.A., from CapCities for \$75.5 million. In other ABC/CapCities station sales required by multiple ownership rules: (1) Gannett will pay ABC \$16 million for KTKS(FM) Denton, Tex. Station becomes Gannett's 15th radio outlet. (2) ABC said it's selling WRIF(FM) Detroit to minority firm Silver Star Communications/Detroit Inc. for \$14 million. Pres. and majority stockholder of Silver Star is John Lee, dir. of athletics at Tenn. State U. who also is pres. of National Assn. of Black Owned Bcstrs. (3) CapCities said it's selling WPAT-AM-FM Paterson, N.J., to Park Communications for undisclosed amount. Still on block are CapCities' WKBW-TV-AM Buffalo and cable systems. ABC/CapCities earlier announced it was selling 3 radio stations to Malrite for \$75.5 million. ABC and CapCities together owned 15 radio stations affected by multiple ownership rules; they said 8 would be sold, asked FCC for waivers to keep 7 after merger.

FCC lacks authority to grant extra credit to women applicants participating in lotteries for mass media licenses, Commission ruled Aug. 7 in surprisingly unanimous decision. But agency said it would send record of its 2-year inquiry to Congress and await possible action on including women with several minority groups specifically given such preferences in 1983 legislation. FCC said it believes Congress didn't intend to grant preferences for women other than diversification points all applicants get for owning 3 or fewer existing media outlets. It's unclear whether decision dissolves stay on MMDS lotteries imposed by U.S. Appeals Court, D.C. (TVD July 1 p3). Attorneys on both sides said appeal is likely.

Five days after kidnapping, Shakib Humaidan, ABC's Beirut operations manager, was freed unharmed Aug. 7 by Moslem militiamen.

Personals

FCC calendar -- Aug. 12: **Edward Minkel**, managing dir., tours Seattle Dist. Office and Ferndale, Wash., Monitoring Station. Aug. 14: Minkel reviews Anchorage Dist. Office. Aug. 16: Comr. **Rivera** leaves for Space WARC, Geneva... **Randy Reiss**, Paramount Domestic TV & Video Programming pres., resigns to launch communication/entertainment investment enterprise... **Daniel Gold**, ex-Comcast Cable, named pres.-CEO, Knight-Ridder Bestg. Inc., succeeding **Terrence McGuirk**, who retires and remains a consultant... **Arthur Hecht**, ex-Arthur Hecht & Partners and onetime CBS, named NBC creative dir.-corporate ads and promotion... **Michael Walker**, ex-Tri-Star Pictures, appointed west coast children's programs dir., CBS Entertainment.

David Cox, Cowles Media pres., adds CEO title, succeeding **David Kruidenier**, who remains chmn... **Steve Ujlaki** advanced to a vp, HBO Premiere Films; **Ilene Kahn**, ex-D.L. Taffner Ltd., returns as a vp, Premiere Films... **Jan Leshner**, Tucson Community Cable, named chmn., National Federation of Local Cable Programmers exec. committee... **Grace Major**, ex-Teleced Inc., appointed dir.-telecommunications mktg. and customer service, Mutual Bestg. System Satellite Services Div... **Charles Rees**, Whitney Communications pres.-COO, resigns... **Laura Benavides** advanced to promotion and publicity coordinator, WDIV Detroit, new post... **Louis Van Dyck**, ex-GE Information Services, named finance vp, Private Satellite Network... **David Scott** promoted to pres., Compumark unit of Nielsen, succeeding **Robert Heyburn**, who resigned and remains a dir. and consultant.

Angela Schapiro, ex-Disney Channel, appointed vp-programming and business affairs, International Video Entertainment, new post... **Bruce Heller** advanced to business affairs vp, Showtime/Movie Channel... **Robert Burnett**, Meredith pres.-CEO, elected an ITT dir... **Bob Ponder**, ex-Kollmorgen Corp., named dist. sales mgr., Comsat TeleSystems Voice Products Div... **David Dreiling**, ex-Almi Group, named vp-business and legal affairs, D.L. Taffner Ltd.; **Martin Jaffe** promoted to financial affairs vp, new post... **Bruce Rider**, ex-Showtime/Movie Channel, appointed programming vp, Disney Channel... **Ernie Kovacs**, ex-KLZZ-FM (changed from KPRI(FM)) San Diego, named gen. sales mgr., Unidyne Research & Direct Mail... **Carmen Tagliatela** promoted to dir.-regulatory affairs and revenue development, RCA Globecom... **Jasmine Isobe**, ex-NPR, named senior assoc. with Washington PR firm Hager, Sharp, Abramson.

Robert Pepper, NTIA acting assoc. administrator-policy analysis and development and dir.-domestic policies, appointed dir., Washington Program Annenberg School of Communications, succeeding **Maurice Mitchell**, whose term expired. Mitchell will remain a consultant... **Neal Friedman**, ex-FTC, becomes associate with Washington law firm

Published Weekly Since 1946

TELEVISION DIGEST

With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

Copyright © 1985 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS
1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 6502173616 (Via WUI)
MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435
This newsletter is available electronically via Newsnet

<p>WASHINGTON HEADQUARTERS</p> <p>Albert Warren Editor & Publisher Paul L. Warren Assoc. Pub. & Sr. Ed. Dawson B. Nail Executive Editor Jonathan Miller Senior Editor Daniel Warren News Editor Steven Tuttle Managing Ed., Wash. Mary Crowley Senior Editor Mike Schwartz Associate Editor Arthur Brodsky Associate Editor Frances Seghers Associate Editor Melinda Gipson Associate Editor Theresa Foley Associate Editor Deborah Jacobs Info. System Mgr.</p> <p>Television and Cable Factbook Michael Taliaferro Managing Editor Mary Appel Editorial Director Barbara E. Van Gorder Sr. Supv. Editor Richard Koch Editorial Supv. Melinda M. Lukasz Senior Editor</p> <p>Factbook Research, Inc. Lynn R. Levine Director</p>	<p style="text-align: center;">Business</p> <p>Roy W. Easley III Controller Gary Madderm Marketing Director Glenn Brown Advertising Dir. Betty Alvine Circulation Mgr.</p> <p style="text-align: center;">NEW YORK BUREAU 475 Fifth Ave., N.Y. 10017 Phone: 212-686-5410</p> <p>David Lachenbruch Editorial Dir. Robert E. Gerson Managing Ed., N.Y. Seth Goldstein Senior Editor Rich Zahradnik Assistant Editor</p> <p style="text-align: center;">JAPAN REPRESENTATIVE (Editorial & Business)</p> <p style="text-align: center;">Richard E. Varner</p> <p>c/o Foreign Correspondents Club of Japan Denki Bldg., 20th Floor 1-7-1 Yuraku-cho, Chiyoda-ku Tokyo 100, Japan Phone: 211-3161 Telex: J24600 MCI Mail: TVDTOKYO</p>
--	--

Bechtel & Cole... Promoted at Tribune Co.: **Vincent Casanova** to dir.-financial systems and auditing; **Arthur Martin**, real estate purchasing dir.; **Lisa Featherer**, asst. treas.; **Joyce Hutchinson**, asst. secy; **William Lyall**, asst. controller.

Christine Hanson promoted to MCA asst. secy... **Bob Greenway** advanced to HBO sports programming vp... **Jim Hattendorf** promoted to WLS-TV Chicago news dir... **Frank Raphael** advanced to news dir., NBC Radio Network... **Jack McSorley**, ex-KIOI(FM) San Francisco, advanced to senior vp-radio with parent Price Communications, succeeding **Frank Osborne**, resigned... **Irving Gastfreund**, ex-Washington law firm Fly, Shuebruk, Gaguine, Boros, Schulkind & Braun, becomes of counsel to law firm Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey... **Jeff Benson**, Lorimar exec. vp-TV, resigns... **Joe Angotti** promoted to NBC News vp, will head personnel task force in charge of talent recruitment, is succeeded as gen. mgr.-Europe by **Ed Planer**... **Jay Levergood**, Scientific-Atlanta pres., addresses Washington Metropolitan Cable Club Aug. 13, Washington Marriott.

FCC has refused to waive cross-ownership rules to permit Scripps Howard Bestg. to retain KMEQ-AM-FM Phoenix as well as KNXV-TV (Ch. 15) there. FCC approved Scripps-Howard acquisition of KNXV-TV in Jan., granted 18-month waiver to sell radios. Comrs. Quello and Dawson dissented.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of July and 1985's first 7 months:

	JULY 20-26	1984 WEEK	% CHANGE	JULY 13-19	7 MONTHS 1985	7 MONTHS 1984	% CHANGE
TOTAL TV.....	432,882	436,342	- 0.8	302,217	9,965,832	10,488,634	- 5.0
TOTAL COLOR...	356,557	359,642*	- 0.9	256,043	8,183,597*	8,062,476	+ 1.5
DIRECT-VIEW.	352,589	356,061*	- 1.0	252,819	8,426,443*	8,330,951	+ 1.1
PROJECTION..	3,968*	3,581	+10.8	3,224	113,711*	91,167	+24.7
MONOCHROME....	67,325	76,700	-12.2	46,174	1,849,560	2,502,858	-26.1
TV EXCL. PROJEC.	419,914	432,761	- 3.0	298,993	10,276,003	10,833,809	- 5.1
HOME VCR#.....	227,554*	177,240	+28.4	179,058*	5,445,117*	3,391,847	+60.5
COLOR CAMERAS#..	6,995	15,000*	-53.4	8,804	237,127*	229,830	+ 3.2

Color TV (direct-view) 5-week moving average: 1985--300,368*; 1984--295,540 (up 1.6%).

Home VCR 5-week moving average: 1985--198,329*; 1984--142,974 (up 38.7%).

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

TV SALES DOWN, VCR SLACKENED IN JULY: July was listless month for home video, with color TV sales off fractionally from year ago, projection TV unchanged and home VCR continuing substantial gains but seemingly beginning to settle down to more seasonal pattern than in past. While color TV inventories showed signs of seasonal decline, VCR stocks pushed inexorably toward 2 million point.

Although off just 0.2% in actual unit sales, direct-view color TV's seasonally adjusted annual sales rate dipped to 15.2 million in July -- lowest since 13.2 million rate in Jan. -- from nearly 17.4 million in June. For year's first 7 months, annual rate still was nearly 16.3 million. Color sales were down in 3 of July's 4 weeks and 16 of year's 30 weeks. July was 3rd month this year to show color sales decrease from same month last year, vs. 4 months showing increases. For year to date (30 weeks), direct-view color sales still were in record column, up 1.1% from last year.

Projection TV sales, which had been running strongly all year, weakened in July with 3 consecutive weeks of declines, setting record for that month, but only by 6 sets. Projection was up by 24.7% in year's first 7 months.

VCR sales were up 47.8% in July -- an increase that would be outstanding by any measure except previous VCR increases. Seasonally adjusted annual rate, based on past monthly performance, declined to 10.4 million, only 2nd time this year it fell below 12 million. For 7 months, rate still was running better than 12.1 million. Declining increase percentages would seem to indicate VCR sales are following more of seasonal pattern and product is beginning to come out of its buildup stage. Each of the 30 weeks this year to date set record for that week; in fact, VCRs have racked up 164 consecutive weekly records.

Color cameras continued to show weakness, registering substantial declines each week in July and off 33.2% for month, lowest July since 1981. Camera sales have been down 16 of 30 weeks; while they're still up 3.2% cumulatively for 1985 they could fall into minus column in

next few weeks if sharp declines continue. Camcorders are included in EIA figures as VCRs, not cameras, and sales in that category could account for weakness of separate camera sales.

Pipeline inventories of color TV at end of month dropped below record 4 million sets shown one month earlier, dipping 4.8% to 3,855,000. Figure nonetheless was up 8.7% from year earlier and represented about 12 weeks' supply at current sales rate. Factories bore brunt of inventory increase, their stocks standing at 2,544,000, up 20% from year earlier but down 5.6% from end of June. Distributors were keeping trim with 1,311,000 sets in inventory, down 8.1% from year earlier and 3.4% from end of June.

Some manufacturers were encouraged by inventory mix at pipeline level, one noting that most of increase was in 13-14" models (up some 200,000 from year earlier), while 19-20" sizes were down by 100,000 and consoles declined by 34,000 as producers and importers applied brakes.

Widely publicized VCR inventory problem wasn't helped by continued imports at levels far exceeding sales. At end of July, pipeline inventories rose above 1.92 million units, a record, and almost certainly will pass 2 million this month. At about 9 weeks' supply, stocks were 151% ahead of same point last year and up 8.7% from end of June. As in color TV, major part of increase was at factory level -- nearly 1.26 million, up 217.2% for year and 14.2% in month -- while distributor stocks, at 662,500, were up only 79.7% from year earlier and down 0.5% from end of June. Here are EIA figures on video sales to dealers for July:

Product	JULY 1985	JULY 1984	% change	JULY 1983
Total TV.....	1,249,396	1,358,208	- 8.0	1,441,370
Total color...	1,041,449	1,043,764*	- 0.2	974,582
Direct-view.	1,028,340	1,030,670*	- 0.2	965,638
Projection..	13,100*	13,094	+ 0.0	8,944
Monochrome....	207,956	314,444	-33.9	466,788
TV excl. projec.	1,236,296	1,345,114	- 8.1	1,432,426
Home VCR.....	710,790*	480,934	+47.8	324,197
Color cameras...	25,136	37,649*	-33.2	30,762

*Record for any July

THE U.S.-JAPANESE DILEMMA IN VCR: Japanese manufacturers' decision to move some of their VCR production to U.S. to avoid protectionist actions here is only one aspect of problems faced by their overexpanded VCR industry -- and by U.S. marketers as well.

American marketers, hard-pressed by VCR price wars and acutely aware of Japanese overcapacity, haven't hesitated to take advantage of situation and are negotiating more sharply with their suppliers. Some, it's said, have held off signing contracts as result of disputes over price in face of new realities of VCR business. Although Korean imports so far have been small, that country is new factor in VCR equation -- something American customers can hold out as sort of ultimate threat to Japan, no longer the only VCR-making kid on the block.

Korean card is being played already, in fact, by North American Philips, which owns about 7% of U.S. VCR market and is Matsushita's biggest nonfamily customer. N.V. Philips will be 70% partner in joint venture to make NTSC VCRs in Korea, with U.S. eventually the dominant destination of its products (TVD July 29 p9). This production represents total loss to Japan, as any critical parts not available locally will be supplied by Philips's self-sufficient European VCR operation.

Marketers here aren't applying screws to their Japanese suppliers just to be mean or avaricious. Virtual collapse of VCR pricing in U.S. is blamed for 2nd-quarter losses by

consumer electronics operations of North American Philips, Zenith and GE, and depressed results for RCA (TVD July 22 p12) -- and inevitably U.S. marketers are going to try to make Japan at least share the pain.

Crux of problem is made crystal clear by first-half figures. Of 13.8 million VCRs produced in Japan, nearly 11.6 million were exported. Of those, 7.22 million went to U.S., increase of 44% over same 1984 period (and 52.5% more than were sold here), leaving 4,356,000 for rest of world, decrease of 7.4%. Because of overcapacity and looming Korean competition, factory prices are declining -- but apparently not enough for Japanese manufacturers' customers, who have been hurting and are putting on the pressure.

Some kind of bold move may well be required to revitalize VCR market, and only possible bailout currently in sight appears to be 8mm -- itself a very chancy situation. Manufacturers and marketers could attempt to bring new life to VCR with this "next-generation" format as they transfer production here. But VHS producers are hesitant lest they do more harm than good. Candid comment by Matsushita last week expressed dichotomy: "There are 70 million VHS recorders now in use worldwide. Adding 8mm would cause confusion, and therefore we would not like to introduce it at this time -- but in the end the decision is made on the basis of consumer need. If the consumer wants it, we will have to market it, so we are well prepared for its introduction in the future if there is a market."

If 8mm is part of any master plan to rejuvenate VCR market, price and cost are major problems. So far, 8mm is inherently costlier product than 1/2" formats. Obviously, 8mm deck at \$1,300 can't compete in consumer favor with VHS at \$500 or less. How much can 8mm be reduced and how quickly (without cutting it enough to kill it off as profit-maker) -- and how much appeal will 8mm actually have in terms of advantages over 1/2" formats? These are questions still unanswered.

Paradox of VCR is that it owes much of its soaring popularity to low prices that eliminated profit and caused today's crisis. And major problem for U.S. marketers is raised by fact that there's no block-busting new product in sight to take its place.

* * * *

Matsushita Pres. Toshihiko Yamashita last week elaborated on company plans to produce VCRs in U.S., confirming earlier speculation that goal is to make 50% of its U.S. requirements here. He said plant location hasn't been decided yet, but expressed hope production could begin in 1986. He said that at first all parts would be shipped from Japan but that U.S. content would increase gradually.

Note: Sanyo says some readers misinterpreted our report last week on company's plans to set up U.S. VCR plant. It emphasizes that no VHS production by its subsidiary Tokyo Sanyo is sold under Sanyo label, and that it plans no VHS production here or elsewhere for Sanyo brand. That policy was laid out firmly 2 years ago by Pres. Kaoru Iue, who told us flatly that Sanyo would never sell VHS under its own brand (TVD Dec 19/83 p16). Sanyo's Fisher brand sells Tokyo Sanyo's VCRs, and company spokesman here said that if any Sanyo plant in U.S. should produce VHS machines, it would sell them under Fisher, not Sanyo brand.

TANDY COMPLETES VIDEOCONCEPTS BUY: Tandy last week became biggest name brand as well as private label electronics specialty retailer, in terms of outlets, by completing acquisition of most assets of American Home Video (AHV), including 207 Videoconcepts stores, from Jack Eckerd Corp. (TVD July 8 p9). Price wasn't disclosed, but Tandy, parent of Radio Shack chain of 9,000 owned and franchised stores, said it paid \$72 million less than book value.

Tandy already has started to fold VC operation into that of 24-store southeast regional Scott Appliance Group chain it acquired last spring. Tandy Finance Dir. Garland Asher told us company will be opening 6 McDuff supercenters (McDuff is one of 3 names used for Scott stores) in Ft. Worth, 6 more in north Tex. cities around Ft. Worth, and will convert 3 VC outlets in Ft. Worth area into standard McDuff outlets.

However, not all VC stores are immediate candidates for transformation. Switch in Ft. Worth was made so all stores could ride same ad campaign, Asher said, indicated same changes are likely to be made when McDuff stores are opened in other VC areas. As for eventual renaming of all VC outlets, "that hasn't been determined yet."

Asher acknowledged that acquisition has been greeted less than enthusiastically by financial community because AHV has been consistent money loser in its 4 years as Eckerd subsidiary. Asher said Tandy feels that it has handle on problems, will solve them and that AHV will be profitable when Tandy's fiscal year ends next June 30.

Revamping, which has started already, will involve broadening VC's line, adding new brand names, new products, including beefed-up home audio and entry into car stereo, "which are areas we know something about," Asher said. Also coming are microwave ovens. VC "will continue its video software selling effort, but we will put greater emphasis on expanding hardware," Asher told us.

At present, AHV and Scott are functioning relatively independently, but that probably will be changing. "Obviously, as you can tell, there will be significant interaction between them," Asher said, noting that with AHV acquisition only just signed off, plans haven't been finalized.

Scott was drummed out of NATM Buying Group last month, and Asher said Tandy is looking at other membership possibilities but may well decide to stay independent. "When you put the 2 [AHV and Scott] together you have sales of between \$200 million and \$250 million at retail, and that gives us a buying clout that's relatively equal to anyone else in the marketplace," he said.

Radio Shack, meanwhile, isn't being neglected either. He said Tandy plans to add about 100 standard RS stores this year plus about 40 new computer centers. Hot new product in line RS stores will be introducing this fall is home satellite receiver with 8.5-ft. dish antenna. Company has been selling 8.5-ft. and 10.5-ft. dish systems to RCA distributors and independent Radio Shack stores through Tandy Distributor Products, now will add them to own outlets.

New system, Asher said, has been designed for simple do-it-yourself installation, comes with instructions on videocassette. System has self-leveling motorized dish that covers full 180-degree arc, prewired plug-together cable harnesses, and receiver jack for scrambling decoder. Dish control has solid-state memory that contains location of all major satellites, so user need only find one and identify it, and system automatically programs itself for all others. System will list at \$1,995.

Videocassette grade labeling standardization effort is being launched by ITA, which plans to form Video Technical Committee charged with coming up with definitions for variety of names used for tape types now on market. Aim, according to ITA Exec. Vp Henry Brief, is to "remove the confusion from the marketplace" caused by manufacturers who use "their own criteria" in deciding whether to designate their tapes as standard, high grade, super high grade, hi-fi, etc. Brief said standardization plan is being started at suggestion of several ITA member companies. Envisioned, he told us, are minimum performance requirements by grade in such areas as video and audio frequency response, video signal to noise ratio and dropouts.

Ad notes: Sony assigns Video Div. PR to Robert Henkel & Assoc... Atari names Humpal, Leftwich, Luack & Sinn, Palo Alto, Cal., replacing Goodby, Bernick & Silverstein, which resigned account last spring... Luskin's names Gordon H. Wolfe & Co. for financial PR.

Demise of 5.25" floppy disc format moved step closer with Control Data announcement that it will drop drives at end of this year because of falling demand and intense price competition. CDC, a major drive supplier to computer OEMs, said it would concentrate on producing hard disc drives. CDC ended its own production of 5.25" drives early last year, has since been sourcing them from Taiwan's Tating and Hong Kong's Lafa. CDC's announcement followed by week IBM's decision to halt 5.25".

Emerson sold more than million color and b&w TVs in fiscal year to March 31, good for 5% of 20.6 million market, company says in annual report. It also claims it captured 3% of VCR market, which works out to 261,000. In audio, Emerson says, it holds more than 15% of market for compact stereo, 10% of clock radios.

GE 8mm camcorder is advertised in N.Y. in "complete package" (battery, charger, strap, cassette, etc.) at \$699. Suggested list is \$1,240.

SOFTWARE RESTRUCTURING: Video software industry is undergoing restructuring as result of one completed and one pending merger, and what its shape will be after everything has shaken down still isn't certain.

Considered candidate for sale or absorption is Embassy Home Entertainment, following last week's acquisition of Embassy Communications and Tandem Productions by Coca-Cola (TVD June 24 p14). Coke, through subsidiary Columbia Pictures, is partner in RCA/Columbia Pictures Home Video, and venture agreement bars either from controlling any other home video operation. How that issue will be resolved hasn't yet been revealed.

Also unknown is exactly what will happen to MGM/UA Home Entertainment if broadcaster Ted Turner is able to follow through on agreement to acquire parent MGM/UA Entertainment. If deal is completed, Turner is to sell off United Artists (details in Broadcast section), but it isn't clear how that would affect MGM/UAHE organization.

In other merger activity: RCA and Germany's Bertelsmann wrapped up previously announced merger of their worldwide record, music video and music publishing businesses (TVD March 18 p15). RCA owns 75% of newly formed RCA/Ariola International and has operational control in all countries except Austria, West Germany and Switzerland... **Commtron**, consumer electronics and video software distributor with \$300 million in annual sales, is acquiring consumer electronics distributor Cibcoa for undisclosed sum in cash and notes. Cibcoa, with branches in Colo., Ill., Ind. and Tex., has annual sales of about \$80 million.

R.L. Drake, privately held producer of home satellite receiving systems, is up for sale. Drake family has hired consultant, Manhattan Venture, to solicit offers... **Brooks Satellite**, retail store franchiser, has agreed in principle to acquire western TVRO equipment distributor Intercontinental Products for shares valued at about \$10 million... **Electronics industry** mergers announced in first half were valued at \$7.94 billion, more than double \$3.62 billion in same 1984 period, according to consultant W.T. Grimm. Total would have been down except for GM's planned \$5 billion acquisition of Hughes Aircraft. Total of merger announcements slipped to 102 from 104.

Microwave ovens were undisputed home appliance sales star in 2nd quarter and first half, although growth rate slowed in generally sluggish June, according to AHAM. Shipments by domestic producers and imports rose 18.8% in June to 855,100, to put total for half at 2.74 million, up 36.2%. Shipments in 2nd quarter were up 35.7% to 5.31 million. Overall appliance industry unit shipments in Jan.-June were up 8.2% to record 11.5 million. Only items not showing improvement were air conditioners and dehumidifiers; AHAM said sales of those were held down by weather conditions.

ITC FINDS IC DUMPING INJURY: There's reasonable indication U.S. semiconductor manufacturers are being injured by imports of low-priced 64K dynamic RAMs from Japan, International Trade Commission said in report to International Trade Administration last week.

ITC's 5-0 vote in favor of tentative positive injury determination was no surprise, coming as it did when U.S. IC makers are reporting declining earnings and even losses, and announcing layoffs and short weeks for production workers. That current market slump will continue for some time was evidenced in estimate by Semiconductor Industry Assn. (SIA) that value of 2nd-quarter orders for semiconductors was just \$1.64 billion, down 54.1% from bookings in same 1984 period.

Determination by ITC triggers start of ITA probe into allegations of RAM sales at less than fair value raised in complaint filed in June by Micron Technology (TVD July 1 p12). In that filing, MT urged that dumping duties as high as 94% of declared value be imposed on imports from Hitachi, Matsushita, Mitsubishi, NEC, Oki and Toshiba.

Japanese IC industry also is subject of another investigation, this one by President's Office of Special Trade Representative, which is looking into unfair import competition charges made by SIA (TVD July 15 p15).

Meanwhile, material submitted in support of both of those cases sparked start of 3rd probe, this one by Justice Dept., which is looking at "possible predatory conduct by Hitachi." At issue is memo Hitachi's U.S. semiconductor unit circulated to field staff and distributors telling them to quote pricing 10% below that of competition, and to cut again if necessary to get order (TVD June 10 p16). Hitachi has insisted memo was sent by overenthusiastic employee, doesn't reflect company policy.

Corning will be 50% owner of specialty glass manufacturing venture it has agreed to launch in China with local partners. To be called Shanghai Corning Engineering, venture will be 40% owned by Shanghai Special Equipment Factory, with 10% held by China United Training. While Corning has sold glass plants to China, one for b&w TV bulbs, other to produce TV bulb necks and fluorescent lamps, SCE will mark Corning's first equity interest in Chinese company.

OEM contracts for satellite receiving equipment reported by Norsat International, Vancouver, B.C.: 10,700 low-noise receivers and block-down converters, ordered by MTI/Pentec, Salt Lake City, for \$3.9 million; 5,000 down converters for Conifer Corp., Burlington, Ia., for \$770,000, following order for 5,000 receivers from Conifer at \$1.8 million.

First CD coin-op juke box is slated for introduction in Oct. by Seeburg. Seeburg will buy digital disc player mechanism from Sony.

MAY TV IMPORTS: While May set no records for color TV imports, month showed hefty shipment rise of 51.6% when compared with same month last year (TVD July 22 p13), with all gain coming in imports of chassis and kits.

Only Japan and Singapore improved on May 1984 performance as suppliers of complete color sets, and their gain was more than outweighed by continuation of steep rise in shipments of chassis and kits from Korea. For Japan, combination of rises in both sets and chassis put it over million level in total color a month ahead of last year.

Following are TV import totals by country for May and first 5 months of 1985. No color set vs. chassis and kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chg.	5 Months	%chg.
Japan				
total...	447,100	+105.8	1,481,000	+33.7
color...	380,000	+126.0	1,195,600	+45.0
b&w.....	67,100	+36.5	285,400	+ 0.9
Taiwan				
total...	351,200	+22.6	1,868,700	+24.7
color...	206,700	+70.1	948,700	+47.1
b&w.....	144,500	-12.4	920,000	+ 7.8
Korea				
total...	498,100	+ 5.0	2,611,600	+12.1
color...	188,900	+ 6.9	795,400	-15.2
b&w.....	309,200	+ 3.9	1,816,100	+30.5
Singapore				
color...	98,900	+114.8	422,700	+28.6
Malaysia				
color...	22,900	- 3.9	138,500	+91.7
Hong Kong				
total...	18,100	+31.5	57,300	+40.9
color...	14,800	+ 7.9	42,800	+ 5.6
b&w.....	3,300	*	14,400	*
Canada				
color...	13,200	+155.8	70,400	+119.4

Complete Color

Japan....	140,900	+34.8	620,400	+ 9.6
Taiwan...	114,300	- 1.4	645,100	+10.9
Korea....	69,300	-56.1	347,600	-58.9
Singapore	42,700	+251.3	178,800	+72.5
Malaysia.	21,800	- 8.4	122,200	+69.2
Hong Kong	10,600	-23.2	28,800	-28.9

Color Chassis and Kits

Japan....	239,100	+275.7	575,200	+122.4
Taiwan...	92,400	+1524.4	303,600	+381.9
Korea....	119,600	+534.8	447,900	+388.9
Singapore	56,200	+65.9	243,900	+ 8.4
Malaysia.	1,100	*	16,300	*
Hong Kong	4,300	*	14,000	*
Mexico...	222,000	+55.8	771,700	+ 5.1

VCR COMPETITION FROM CABLE: Video store franchiser Poppingo Video plans to help more cable TV systems enter hardware and software retail business. PV will supply VCRs as well as blank videocassettes for sale, and recorded cassettes for sale and rent, handle order fulfillment and accounting chores for systems with 300-1,000 subscribers in return for 80% share of profit.

In addition, PV plans to offer \$699 backyard receiving dishes, with rental pegged at \$25 a month, in areas outside cable coverage. Company is targeting on cable markets that have no video stores, according to PV Pres. Byron Boothe, who told us he has signed deals with 2 midwest operators, expects to have 5-6 by year's end.

Stirring up cable operator interest is apparent success of Jones Intercable test of packaged VCR and premium service offer in 4 of its markets. JI charged \$45 per month for combination of basic service, 2 or 3 pay channels plus GE VCR that subscriber owns after 24 months (TVD June 17 p15). In 2-month run of test, JI said, it sold 389 VCRs, representing 0.5% of 75,000 homes passed by involved cable systems. Company indicated it could have sold twice as many, but half of those who tried to sign up had credit applications rejected by GE Credit Corp.

JI said it plans to expand offer to more of its systems later this fall, and will launch test offering customer option of buying VCR without pay channels. Addition of other video hardware and software products also is being considered.

Still unresolved is franchise violation issue raised by officials in Grafton, Wis., one of test markets. Last month, Village Board ruled ordinance banning sale of TVs by cable company also applied to VCRs and ordered test halted (TVD July 8 p12). Rather than press issue, Board held off until test ended and matter resolved itself. JI has acknowledged, however, it will have to meet issue head on if it makes hardware sales a continuing part of its business.

Congressional delegations are visiting Far East delivering stern messages on trade imbalance. Senate Majority Leader Dole (R-Kan.) is leading 6-member delegation visiting S. Korea, Japan and Taiwan to warn of growing sentiment for protectionist legislation in U.S. "Our message is -- we'd better have some quick voluntary restraint or we're going to do it legislatively," Dole said. Accompanying Dole are Sens. Cohen (R-Me.), Domenici (R-N.M.), Evans (R-Wash.), McClure (R-Ida.) Moynihan (D-N.Y.), plus Secy. of Transportation Dole, senator's wife. They'll also visit mainland China. Group of House members led by Rep. Gibbons (D-Fla.), chmn. of Trade Subcommittee, was in Japan warning that situation in Congress was "critical." Gibbons said Japanese govt.'s new market-opening measures aren't enough to forestall action by Congress, that only "heroic efforts" by Japanese to stem deficit immediately would work.

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

FLOPPY PRICES FALL: Price cutting that has taken much of profit out of video and audio cassettes (TVD July 15 p12) has extended to another magnetic medium — computer discs — according to figures from ITA. Based on sales of reporting members, and average of member estimates for all other companies, ITA says that while disc unit sales jumped 52.5% to 334.8 million last year from 219.6 million in 1983, value of factory shipments was up just 28% to \$572.9 million from \$447.5 million.

ITA indicates 1984 was 2nd straight year of essentially flat sales for 8" discs, which had 0.7% volume rise to 55.4 million from 55 million, and 14.4% value decline to \$112.5 million from \$131.5 million. Sales of 5.25" discs rose 64.8% to 271.3 million from 164.6 million, but value increase was held to 39.1%, rising to \$439.5 million from \$316 million. Appearing in report for first time was new 3.5" disc, adding 8.1 million to industry's unit volume, just under \$21 million to factory value.

Figures indicate that price of average floppy fell 16.2% last year to \$1.71 from \$2.04 in 1983, and decline would have been 17.2% to \$1.69 without inclusion of new 3.5" discs. Value falloff was shared nearly equally by industry's 2 established sizes, as average value of 8" disc declined 15.1% to \$2.03 from \$2.39, while average for 5.25" was down 15.6% to \$1.62 from \$1.92. ITA says totals include manufacturer and private-brand sales as well as sales to duplicators.

It will take fast footwork to make full rounds of major electronics shows in Far East this fall, as 3 of 4 events in Korea, Japan and Taiwan overlap. Here's rundown: Hong Kong Electronics Fair, Exhibition Center, Oct. 2-4; Japan Audio/Video Fair, Oct. 8-13, Tokyo; Taiwan Electronics Show, Oct. 14-20, Taipei; Japan Electronics Show, Oct. 17-22, Osaka; Korea Electronics Show, Oct. 18-23, Seoul. Season actually is kicked off on other side of world by biennial Internationale Funkausstellung Aug. 30-Sept. 8 in Berlin.

USSR placed order for 4,000 Japanese MSX computer systems for use in grade schools. Yamaha will supply computers, Star will furnish printers under \$1.24 million contract that includes software produced to Russian specifications. Lifting of ban on exporting small nonmilitary personal computers and peripherals to East Bloc countries was approved, with U.S. Commerce Dept. blessing, by 14-nation Coordinating Committee for Multilateral Export Controls earlier this year (TVD Feb 11 p15).

Carefully sidestepping proposals that it urge manufacturers to produce radios capable of decoding all AM stereo systems, NAB Radio Board called on AM stations "to provide stereo service... at the earliest possible date," pledged to promote growth and "speed up AM stereo service to the public" and to work with manufacturers to improve "quality and fidelity of AM radio receivers."

RECORDED 'BLANK' TAPE: New 3M program to be unveiled at Aug. 25-29 Video Software Dealers Assn. convention in Washington: Buy a "blank" Scotch EXG high-grade videocassette that is prerecorded with about an hour of trailers for available recorded cassettes, at regular blank price, watch previews, then erase tape and use it as ordinary blank cassette.

3M plans to bring out new "Freeviews" cassette each quarter. Participation is free to program suppliers. First volume has material from 11 programmers — Continental, IVE, Karl-Lorimar, Kartes, MGM/UA, Paramount, Prism, Thorn EMI, 3M Leisure Products, Vestron, Vidamerica, each limited to 6 min. First Freeviews has 64 min. of recorded material.

Program is designed to push sales of blank cassettes through prerecorded distribution channels and to increase sales of high-grade cassettes. Home Video Project Mgr. Robert Kline told us Freeviews will be handled primarily by 20-30 major software distributors. Freeviews cassettes come prepackaged in display cartons of 10 VHS T-120 or Beta L-750 tapes, both listing at \$9.99. They use same packaging as 3M's unrecorded EXG blanks except for wraparound notifying shopper that cassette contains "Freeviews Vol. 1" with table of contents. Packed inside cassette box is checklist of programs previewed.

SHADOW MASK PROBLEM: Commerce Dept. has granted BMC Co. (formerly Buckbee-Mears) emergency permission to import specialty steel needed to make shadow masks for color TV tubes. Without permission, Gen. Mgr. Paul Wikerd is quoted as saying, shadow mask operation would have been forced to shut down by Labor Day under voluntary steel restraint agreement between U.S. and Japan, idling 200 workers. BMC said it was unable to find domestic supplier for type of steel it buys from Japan and Europe for masks.

BMC is only independent shadow mask manufacturer in U.S. RCA makes them for own tubes, also depends on imported steel. RCA official said it was evaluating its position to determine whether to request exemption, and at same time was working with U.S. steel makers toward possible domestic availability. RCA said there's no "immediate urgency" in its steel situation.

Other companies supplying shadow masks to U.S. color tube manufacturers are Philips in Europe and Dai Nippon Printing, Dai Nippon Screen and Toppan Printing in Japan.

Korean computers from Daewoo have started arriving in U.S., are being sold here by Leading Edge. IBM-compatible model lists at \$1,495, will be produced at rate of more than 10,000 monthly. It's being sold under Leading Edge name in N. and S. America, Europe and Australia, under Daewoo name elsewhere.

Consumer Electronics Personals

Jim Kirsner, one-time Emerson, more recently head of own rep firm, joins Lloyd's as senior sales and mktg. vp, succeeding Robert Barnes, who has left company... **William Rooney** promoted at Panasonic from mgr. to asst. gen. mgr., Consumer Electronic Group Mktg. Services Dept.; **John Williams** advanced from district sales mgr. to mgr., Atlanta region... **Art Olson** named Sharp Consumer Electronics TV-video product service mgr. in realignment; **Charles Catalano** named for audio products, **Peter Longueira** for appliances, with additional duties as national factory service mgr.; **Dave Lyons** appointed national parts center mgr., **Taizo Arakawa** service planning and administration mgr., **Tom Marrie** customer relations mgr., **Jeff Cohen** national training mgr.

Donald Bogue, Ampex Magnetic Tape Div. gen. mgr., named vp... **Mike Murray** resigns as Apple mktg. communications mgr., effective Oct. 1... **Gene Marino** promoted to Essex Video mktg. vp; **Harry Young**, former national sales mgr., advanced to retail sales vp of EV's distribution subsidiary Target Video, replacing Marino... **Glenn Ross** advanced at RCA/Columbia Pictures Home Video from assoc. mktg. dir. to mktg. dir... **Gerald Woodburn**, ex-K-Tel International, named Bellevue Home Entertainment pres.; **Steven Ferguson** promoted to sales and mktg. vp; **Blain Parsons** named finance vp; **Isar Klaiman**, BHE vp-gen. mgr., moves to sister company Astral Film Enterprises as senior vp... **Nancy Tenenbaum** advanced at CBS/Fox Video to program acquisition mgr.

Ljubomir Micic, ITT Semiconductor Group Worldwide gen. mgr., adds title of ITT Europe vp... **Donald Atwood**, General Motors exec. vp, named pres. of Hughes Electronics, which will combine Hughes Aircraft's electronics operations with GM's Delco following GM's scheduled \$5 billion acquisition of Hughes... **Ronald Whigham** advanced at Comdial from exec. vp to pres., succeeding **Ted Westfall**, who continues as chmn.

N.Y. Home Video Market, first of planned annual series of hardware and software shows for trade and consumers, is slated for April 17-20 at Javits Convention Center, still under construction. NYHVM will open about week after center. Promoters hope to draw about 200 exhibitors, 4,000 trade representatives and 10,000-15,000 on last 2 days when it's opened to public, according to spokesman for manager, National Exposition Co.

Matsushita Communications America, direct subsidiary of Matsushita Japan, will expand production in U.S. to include car stereos for OEMs and key telephone equipment. Plant, established in 1983, is near but unconnected with Matsushita Electric Corp. of America's TV assembly facility in Franklin Park, Ill. MCA currently produces mobile cellular telephones there.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Activision			
1985-qtr. to June 29	3,100,000	(2,200,000)	--
1984-qtr. to June 30	6,200,000	(3,600,000)	--
Dynascan			
1985-6 mo. to June 30	61,734,000	(1,821,000)	--
1984-6 mo. to June 30	58,709,000	(10,343,000)	--
1985-qtr. to June 30	32,295,000	(673,000)	--
1984-qtr. to June 30	24,401,000	(5,655,000)	--
Esquire Radio & Electronics			
1985-6 mo. to June 30	1,006,700	38,500	.08
1984-6 mo. to June 30	10,174,300	555,200	1.15
1985-qtr. to June 30	768,500	27,200	.06
1984-qtr. to June 30	120,200	70,600	.15
Kloss Video			
1985-6 mo. to June 30	11,624,136	(1,003,354)	--
1984-6 mo. to June 30	8,960,418	(475,851)	--
1985-qtr. to June 30	4,156,441	(842,153)	--
1984-qtr. to June 30	4,469,447	(148,256)	--
MCA			
1985-6 mo. to June 30	847,951,000	30,675,000	.63
1984-6 mo. to June 30	741,630,000	40,985,000	.85
1985-qtr. to June 30	416,382,000	12,298,000	.25
1984-qtr. to June 30	349,189,000	19,953,000	.42
Meredith			
1985-year to June 30	474,921,000	42,747,000	4.53
1984-year to June 30	450,623,000	38,417,000	4.08
1985-qtr. to June 30	120,302,000	9,342,000	.99
1984-qtr. to June 30	116,631,000	8,600,000	.91
Satellite Syndicated Systems			
1985-6 mo. to June 30	14,885,000	1,565,000	.27
1984-6 mo. to June 30	12,927,000	2,366,000	.41
1985-13 wk. to June 29	6,626,000	335,000	.06
1984-13 wk. to June 30	6,248,000	1,151,000	.20

Notes: *Includes special credit. *Restated.

Getting key Hong Kong workers to accept jobs in China can be expensive proposition for multinational corporations, according to study by consultant Wyatt Co. Wyatt says various types of nonproduction workers are being recruited to serve fulltime or parttime in China, but companies are finding it necessary to offer incentives to attract them to what are viewed as hardship posts. Among such lures are wage bonuses of up to 50%, compensation to offset extra tax liabilities, accommodation expenses, extended vacations and transportation costs. Complete study on personnel practices in China is \$250 from Wyatt, 90 Park Ave., N.Y., N.Y. 10016

Obituary

Philip Estridge, 47, and wife Mary, died in July 26 crash of Delta jet at Dallas-Ft. Worth airport. Estridge directed development and 1981 launch of IBM's first personal computer, and in 1983 was named pres. of Entry Systems Div., formed to handle PC products, including now discontinued home computer, PCjr. Early this year, he was appointed corp. vp overseeing IBM's worldwide manufacturing activities.

TELEVISION DIGEST®

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

With Consumer Electronics

AUGUST 19, 1985

VOL. 25, NO. 33

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC's KTTL(FM) DECISION SCORED by Jewish leaders and blacks who decry 'protected speech' of racist broadcasts. (P. 1)

KIZER STRIKES BACK AT ENA, alleges in suit that TV profits were diverted to cover newspaper losses. Tender offer halted. (P. 3)

INTV RAISING MUST-CARRY WAR CHEST by imposing special levy. General managers of 100 stations plan strategy in Chicago. (P. 5)

LOEWS EYES 15% SHARE OF CBS in purchase said to be for investment only. (P. 5)

HBO SCRAMBLING CRITICIZED by dish group that contends HBO is breaking word by encrypting before decoders are available. (P. 6)

AD-SUPPORTED CABLE CHANNELS fastest growing of all TV viewing, CAB says; networks' prime audience in cable homes put at 17%. (P. 6)

FCC URGED TO RE-CRAFT ITFS ORDER: Point system, definition of local entities, prove most controversial. (P. 7)

CHOICE CHANNEL CONTRACT DENIED: AT&T says it wouldn't co-locate switch facilities with L.A.-based pay-per-view service. (P. 7)

FCC SCORED FOR NOT FAULTING KTTL(FM) BROADCASTS: Uproar from Jewish and black leaders greeted Aug. 14 release of FCC order designating for comparative hearing license renewal bid of KTTL(FM), Dodge City, Kan., which aired 264 hours of broadcasts advocating insurrection and violence against minorities. Anti-Defamation League of B'nai B'rith said Commission "is sending a dangerous message" by ruling that such "vile... racist" programming is speech protected by First Amendment. Station thus goes into comparative hearing only on 2 corollary issues: Whether it failed to maintain proper issues/program list and whether licensees Charles and Nellie Babbs possess required good character.

KTTL case had been hanging at FCC nearly 2 years, attracting much national and congressional interest. Last year, case was scheduled for Commission vote several times but repeatedly was pulled from agenda. When FCC finally did vote in April (TVD April 29 p6), there

Consumer Electronics

VCR IMPORTS JUMPED 92.6% to 1.36 million in June, while total color shipments hit record 1.14 million. Tinyvisions now lead b&w imports. (P. 9)

ABC EYES STEREO TV, but CBS still can't see it; 118 stations now stereocasting, covering 63% of U.S. population. NBC leads with 35 outlets. (P. 10)

ZENITH PUSHES STEPUPS in introducing line, emphasizing 20" and 27" square-cornered tubes, stereo. Summer color business good. (P. 11)

G&W MOVES INTO CASSETTE duplication and manufacture through purchase of interest in Bell & Howell/Columbia Video Services. (P. 12)

CORDLESS PHONE MODIFICATION to be provided free by Uniden, AT&T, ITT to eliminate risk to hearing caused by earphone ringers. (P. 12)

DUTCH PHILIPS EARNINGS down. Marantz predicts breakeven. Recoton, BSR reports. (P. 13)

SINCLAIR RESEARCH sale collapses on basis of accountant's report. British chain orders \$13 million in Sinclair computers and TV sets. (P. 13)

\$80 MILLION LOSS expected by Commodore in quarter, including \$50 million inventory writedown. Breakeven seen by year's end. (P. 14)

was no disagreement over excluding all programming issues from comparative hearing, although commissioners deplored content. That vote also dismissed several fairness doctrine complaints against station (now KMCS).

It was unclear how much of a factor issues/program list and character qualifications will be when weighed against proposal of competing applicant Community Service Bestg., inexperienced local group that includes some minorities. Commission last week said K TTL could submit more easily understood program/issues list within 30 days that might "demonstrate that issue-oriented programming was presented in response to significant community issues..." Such a submission "standing alone, could resolve this issue" designated for hearing, order said. Issues/program list that K TTL submitted was "presented in such a way that we are unable, without straining, to establish the relationship between K TTL's list of issues warranting program coverage and its list of programs broadcast," Commission said. In mid-1983, FCC advised K TTL of ways to defend its license and allowed it to submit another issues/program list. Chmn. Fowler opposed designating issues/program list as part of comparative hearing. He also dissented to that part of order designating character issue arising from licensee's adjudicated failure to pay state taxes.

Character issue, then, apparently will be deciding factor. Babbs have had several run-ins with Kan. authorities, including being found in contempt of court, failing to pay taxes and refusing to accept service of legal papers. K TTL was specifically faulted by Commission for continuing to operate radio paging business after its charter had been revoked by Kan. Corp. Commission over failure to pay state taxes. Kan. Attorney Gen. Robert Stephan was designated as a party to that part of comparative hearing. He told us that he doesn't believe the Babbs have good character: "You certainly couldn't say that they have been responsible citizens whose conduct stays within the law."

Stephan and many others faulted Commission for concluding that racist broadcasts by K TTL are protected "advocacy" speech. "It was my hope [FCC] would take a bold step and say there are some things in this country not protected, including advocating a holocaust," said Stephan. "We can deal with people that don't pay their taxes or adhere to court orders, but we find it very difficult to deal with radio stations that preach killing of other human beings based on their religious preference."

Dir. of Anti-Defamation League, Nathan Perlmutter, said FCC's conclusion "strains credulity." He said Commission had taken "detour" around its obligation to serve public interest: "The FCC is sending a dangerous message that it will tolerate broadcasts characterized by virulent anti-Semitism, racism and incitement to violence against Jews and other minorities."

Representative for competing applicant, Washington attorney James Weitzman, said FCC "has made very short shrift of some very significant violations of Commission rules." He said Community Service Bestg. "will wage a very hard fight for disqualifying the Babbs." But Grier Raclin, Washington attorney who represents Dodge City Citizens for Better Bestg., petitioner that opposes Babbs' renewal, was satisfied: "It appears they [FCC] have agreed with the majority of our contentions and we consider it a success."

"The real key is the character qualifications," Raclin said. "That's the one that will carry the ball for the petitioners." But he and other attorneys involved estimated that it may be end of year before FCC law judge concludes comparative hearing, for which no date has been set. With appeals process, K TTL could remain on air for 2 years or more, attorneys said. Station's license expired June 1, 1983. Last year, Charles Babbs took over station operations and his wife, thought to be behind broadcasts, was removed as gen. mgr.

FCC's finally getting order out was applauded as long overdue by Thomas Rogers, senior counsel to House Telecom Subcommittee. Rogers said Subcommittee Chmn. Wirth (D-Colo.) and other lawmakers who wrote Fowler recently pressing Commission to release order (TVD

Aug 12 p5), were concerned that 2-year delay was disservice to Dodge City listeners. "Something is very wrong in the process if it makes it that difficult for community groups and leaders to get the type of review that is mandated by law out of an expert agency," Rogers said. But Rogers predicted many in Congress, which is in recess, wouldn't be happy with FCC's decision not to include program content as issue because station's behavior was "outrageous." Some Hill observers saw FCC decision as refusal to concede to opponents in Congress that broadcasters have more than marketplace responsibility for program content -- issue in continuing industry effort for deregulation.

Pluria Marshal, pres. of National Black Media Coalition which also opposed KTTL renewal, said he reads FCC action as signaling that "it's all right to attack anybody in America except conservatives. If they had attacked Jerry Falwell, [Babbs] would be up the creek without a license." He said FCC ducked on programming question: "I really think the Commission didn't want it on the books; that was what they were afraid of."

Fowler concurred in part, dissented in part to order and issued statement. "To say that much of [KTTL programming] is racist and anti-Semitic is simply to acknowledge what its authors intended us to conclude," Fowler said. "But, while this is speech that makes some angry, it is not speech that incited anyone to violence," he said, concluding that "the language before us is protected speech, protected advocacy [that poses] no clear and present danger." Comr. Rivera concurred but said in statement: "KTTL will face a steep uphill battle in trying to prove that renewal of its license would serve the public interest."

KTTL programming is part of "Posse Comitatus" fundamentalist movement whose adherents refuse to pay taxes and don't recognize authority of anyone but county sheriff. Broadcasts said listeners should "kill every rabbi in L.A." and urged people to gather at intersections to hang local officials. Observers said FCC may have concluded broadcasts didn't meet "clear and present danger" test allowing govt. intervention because no one actually was killed. Others, however, noted that "Posse Comitatus" members have engaged in violence: Slayings of IRS agent in N.D. and of 2 Buffalo bankers who were foreclosing on mortgages are acts attributed to sect members. One KTTL broadcast applauded those acts: "Chalk up 3 for the good guys, none for the bad guys."

Attorneys also said KTTL decision seems to stretch First Amendment, noting that it was only 7 years ago that Pacifica Foundation was taken to U.S. Supreme Court by FCC for playing album by comedian George Carlin that contained now-famous "7 dirty words."

KIZER STRIKES BACK IN SUIT AGAINST ENA: Two weeks after he was fired as head of Evening News Assn. Bst. Div., Peter Kizer struck back Aug. 16 with personal damage suit alleging ENA and Chmn. Peter Clark diverted \$33.5 million in TV and radio profits to conceal losses at its Detroit News flagship paper. Suit in Wayne County (Detroit) Circuit Court contends that Clark kept stockholders in dark about scope of newspaper losses, seeks unspecified damages for breach of his employment contract and damage to his reputation. ENA had no immediate comment on suit.

ENA takeover bid by L.P. Media also was before 6th U.S. Appeals Court, Cincinnati, where bidders Norman Lear and Jerrold Perenchio are appealing lower court holding that restrictive Mich. Tender Offers law applies to their \$453 million offer (TVD Aug 12 p6). In early maneuvers before Appeals Court begins its proceedings Aug. 20, Lear and Perenchio last week agreed to stop soliciting ENA shares from Mich. residents (who hold half of all ENA shares) in return for state authorities' dropping threat to suspend their offer of \$1,000 cash for each share.

Chances of L.P. Media's tender offer dim if state law applies, attorneys said, because of time limitations that would be imposed. Delay rises in significance given widespread assumption that other offers for ENA -- for perhaps as much as \$1,300 a share -- are being assembled. L.P. Media found an ally in SEC, which told Appeals Court in Aug. 15 brief that

application of state law would "have a serious impact on the enforcement of federal securities law." SEC urged Appeals Court to overturn lower court ruling.

Also, ENA confirmed it has disclosed financial data on company to several media companies so that it can form more accurate picture of what it would bring on open market. Company said its investment banker, Salomon Bros., was circulating confidential data about ENA to several "quality" firms it wouldn't name. Officials contend company isn't for sale, but Aug. 9 letter to stockholders said that it's "rapidly but with great care" seeking alternatives to L.P. Media bid. It's believed that Gannett, Hearst and N.Y. Times are among dozen or so major media companies that responded.

Kizer contends in suit that in 1981 he was told by Clark to "cut expenses and to continue to generate profits to offset substantial anticipated losses by the Detroit News," which was locked in circulation war with Knight-Ridder's Detroit Free Press. Over next 3 years, he said Best. Div. generated escalating profits that were mostly "diverted" to cover newspaper losses.

Kizer said he often recommended that some money be plowed back into TV stations, which were beginning to slip in ratings, but each time "Clark and affiliated board members, motivated by personal self-aggrandizement and the sentimental whims of certain directors," disregarded his advice "without due regard" for ENA or its shareholders.

At 1983 and 1984 annual meetings, Kizer suit said, Clark "deliberately gave a false impression to the stockholders of the company's financial condition by causing the reports given to the stockholders... to obscure the separate financial results [of Best. Div. and News] to thereby create the impression" that paper was doing better than it actually was.

Kizer said his Best. Div. turned in \$64 million in profits 1982-84, but significant sums were transferred to cover \$33.5 million in newspaper losses during that period, "acts constituting corporate waste," suit said. In lawsuit, Kizer discloses that it was Robert Cahill, L.A. attorney associated with TAT Communications, who approached him about bid L.P. Media was putting together. "When I received a legitimate request for information from a well-qualified prospective buyer, I felt a positive response was in the best interests of the stockholders," Kizer said.

* * * *

In other merger activity, Drexel Burnham Lambert is "highly confident" it can arrange financing required for TBS's \$1.5-billion acquisition of MGM/UA Entertainment (TVD Aug 12 p5). Aug. 15 announcement signals that investment banker stands behind deal and all but assures that merger will be completed. Said TBS Chmn. Ted Turner: "We are pleased that Drexel has recognized the merits of this transaction." Under merger agreement, TBS will pay \$1.5 billion for MGM/UA, sell United Artists to majority stockholder Kirk Kerkorian's Tracinda Corp. for \$470 million. However, it was revealed that under agreement, Warner Bros. and RKO film libraries currently held by UA will be retained by MGM, aren't included in UA properties to be sold to Tracinda.

Forstmann Little & Co. said Aug. 14 that it's extending offer for MTV Networks (TVD Aug 12 p2) through Aug. 22 but that bid remains at \$31 a share. Original offer expired Aug. 14. It's being extended, Forstmann Little said, because co-owner Warner Communications can't accept offer until partner American Express gives its approval. Company, which specializes in leveraged buyouts, said it hopes that Warner and American Express "are able to resolve whatever issues remain between them." It's widely believed that American Express is delaying acting on MTV Networks bid as a result of leverage exerted by Time Inc. and TCI, whose \$450 million offer for entire Warner Amex holdings had been accepted by AE before Warner decided to buy out AE.

Switching to ABC from CBS Sept. 9 is KFSN-TV (Ch. 30) Fresno, while ABC affiliate KJEO (Ch. 47) moves to CBS.

INTV hit milestone recently with addition of 100th UHF station to membership -- WCAY-TV (Ch. 30) Nashville.

INTV BUILDS MUST-CARRY WAR CHEST: INTV has voted special assessment on members to pay for lobbying effort in Congress to win passage of legislation codifying cable must-carry rules, said Pres. Preston Padden. Action was taken Aug. 15 at special daylong meeting in Chicago attended by 100 gen. mgrs. of independent stations, he said. U.S. Appeals Court, D.C., last month struck down rules as unconstitutional restraint on cable operator's speech rights (TVD July 22 p1), decision that FCC has said it won't appeal.

Big turnout at meeting (INTV membership totals 130) is sign of importance independents attach to issue. "It's the most people we've ever gotten out for anything," Padden said. "We've got a very united and agitated group." He wouldn't disclose amount of levy or total it would raise.

"The worst horror stories we're hearing are coming from people who are trying to sign a new station on the air and meeting great difficulty in getting carriage on the local cable system," Padden said. He wouldn't identify any stations that said they were in that situation because "they're scared they're not going to get on, and some are afraid to irritate the local cable operator." NAB intends to include some of "horror stories" solicited from its members on telephone hotline as part of motion it's preparing seeking stay of Appeals Court decision. NAB hotline Aug. 1-9 attracted 127 calls from broadcasters laying anecdotes and seeking guidance.

INTV is working closely with NAB on developing lobbying strategy and possible U.S. Supreme Court appeal (TVD July 29 p1). "The special assessment will pay for whatever it costs to get the lobbying help to turn this thing around," Padden said. Speakers at Chicago meeting included Tribune Co.'s James Dowdle, Outlet's David Henderson. Representing NAB were Vp John Summers and Gen. Counsel Jeff Baumann.

Meanwhile, FCC's recommendation that cable compulsory license be repealed has been seconded by David Ladd, ex-U.S. Register of Copyrights who recently joined Washington law firm Wiley & Rein as partner. Writing in Legal Times, Ladd argued that end of must-carry rules set up unfair competitive situation in which broadcasters are "stepchildren" of cable. "Broadcasters now find themselves in the worst of all worlds" where they receive no compensation for local-signal retransmissions selected "at the whim" of cable competitor, yet "they must compete against the unlimited retransmissions of distant-signal programs at rates intended to serve, and serving, as a subsidy and transfer of wealth to cable... Cable should now heed its own hype and behave like newspaper or magazine editors and publishers in acquiring copyrighted works in the marketplace."

Ad Council reports that \$800 million in time and space were contributed last year by TV-radio and print media for public service announcements, including \$45.3 million for drunk driving campaigns.

LOEWS ADDS CBS SHARES: Loews Corp. has told SEC it's considering raising its stake in CBS from 9.9% of outstanding shares to as much as 15%. But there were no indications that Loews, which has interests in hotels, tobacco and movie theaters, will launch takeover bid for CBS. It contends in SEC filing that its CBS stock position is for investment only, assertion that network said it accepts in good faith.

Loews said it had bought 2.95 million CBS shares July 3-22 for \$347 million, which made it network's largest stockholder with 9.9%, surpassing founder William Paley's 6.4%. All those shares were tendered to CBS during its recapitalization offer. Loews said it bought another 99,400 CBS shares last week for about \$10.8 million.

Meanwhile, CBS said that because its stock buyback plan was so successful, it will repurchase only 25.42% of each block of shares tendered. It said cash and notes worth \$150 to be exchanged for each share "will be delivered as promptly as practicable." Even with reduction of outstanding CBS shares after recapitalization, Loews still will control 9.9%.

It would cost Loews about \$125 million to raise its CBS stake to 15%, based on current trading price of around \$109 a share. Under usual Hart-Scott-Rodino antitrust law procedures, Loews must wait 30 days to begin acquiring more CBS stock. Analysts said it appears that Loews is positioning itself to be network's white knight if another CBS takeover offer materializes.

Washington attorney Lee Lovett was convicted Aug. 12 in U.S. Dist. Court, Chicago, on 2 counts of mail fraud in connection with bribery of officials of Fox Lake, Ill., stemming from award of town's cable franchise. He was acquitted on one count of conspiracy and 3 counts of travelling in interstate commerce to effectuate bribery, according to attorney Vincent Conley of U.S. Attorney's office in Chicago. Three local officials involved in alleged scheme had pleaded guilty and testified against Lovett. Sentencing is set for Oct. 3. Lovett could be sent to prison for up to 5 years and fined up to \$1,000 on each count on which he was convicted. Lovett, partner in firm Lovett, Hennessey, Stambler & Siebert, practices communications law, advising cable companies on franchising and marketing applications for cellular franchises.

Microminiature TV camera, about size of golf ball, will be used for first time on ABC's Wide World of Sports coverage of Little League World Series Aug. 24. It will be mounted on home plate umpire's mask just above forehead so viewers can see pitches as umpire does. Tiny camera weighs 4 oz., uses Hitachi MOS chip and circuitry, is connected by cable to electronic components and miniature microwave transmitter mounted on umpire's belt. ABC Sports said it's talking with Baseball Commissioner's office about possible use in major league games.

DISH USERS WANT SCRAMBLING HALTED: War of words between cable programmers and backyard dish owners has escalated with allegations by dish industry group, Society for Private & Commercial Earth Stations (SPACE), that HBO "deliberately violat[ed] its word" to Sen. Goldwater (R-Ariz.) that pay cable signals wouldn't be scrambled fulltime until decoders are widely available.

SPACE also said it reads 1984 Cable Act as requiring that negotiations with dish industry were required before programmers could impose fees. Group was joined in contention by ally, Sen. Gore (R-Tenn.), who wrote that provision while in House last year and is considering offering clarifying enforcement legislation next month, we've learned.

SPACE took out ads in trade press to attack CNN and ESPN marketing plans to sell services to dish owners at rates that represent "1,000% markup over the price that cable television operators pay for these same signals." ESPN is charging dish owners \$19.95 annually, CNN \$25. In ad signed by 65 individuals identified as earth station owners, SPACE said it "publicly challenges the legality" of CNN and ESPN marketing plans, said signers "refuse to pay under these terms and conditions."

SPACE Chmn. Taylor Howard also released letter he sent to HBO Chmn. Michael Fuchs in which he contends that current HBO and Cinemax scrambling violates promise Fuchs made in May to Goldwater, who is Senate Communications Subcommittee chmn. and was Gore's ally during fight over dish language in Cable Act. Howard said Fuchs told Goldwater then that "HBO will not scramble its service fulltime prior to giving customers an adequate opportunity to purchase descramblers." HBO has said it's scrambling satellite feeds for 12, sometimes 18, hours daily. Fuchs is drafting response, had no immediate comment.

"This is posturing," NCTA Pres. James Mooney said of SPACE complaints. "All these things are intended to gin up support for their moratorium legislation," HR-1769 by Rep. Gregg (R-N.H.) to impose 2-year delay on scrambling, he said. "It really is chutzpah" for Howard, "a salesman of intercept devices," Mooney said, to tell HBO "that he demands that the pay-TV service allow its product to be intercepted by people who don't want to pay for the service."

Cable penetration is put at 45.7% by Nielsen in its July report, which counts 38,955,150 subscribers. Nielsen said number of cabled homes has grown 6.5% since July 1984, when it put penetration at 42.9%, and has more than doubled since July 1980. Nielsen and Arbitron are about 1.2 million subscribers apart in estimating cable penetration. In its Aug. report, Arbitron put penetration at 44.4% or 37,781,200 cable homes. Most heavily cabled TV market is San Angelo, Tex., where 87.5% of homes receive service, Nielsen said in also finding 13 other TV markets with cable penetration of 70% or better.

CABLE AUDIENCE SHARE WAY UP: Audience share of ad-supported cable channels rose by 15% in Oct. 1984-March 1985, giving them 23% share in all cable homes, Cabletelevision Advertising Bureau (CAB) asserts in analysis based on Nielsen data for period. Figures, instead of being based on traditional yardstick of primetime viewing, are derived from viewing in all dayparts. CAB Pres. Robert Alter said all-day viewing is more relevant because "primetime viewing of these 3 networks now accounts for only 20% of total TV viewing, and even less than that -- 17% -- in cable homes."

This decrease in network viewing underscores "dynamic shifts that are taking place because of audience segmentation," Alter said. Analysis looks at total day distribution of viewing of all TV segments in 3 universes -- all cable homes, cable homes with a pay service, all TV households. Main finding, Alter said, is continuing trend of viewership growth for ad-supported cable and decline in share for broadcast network affiliates and independent stations.

Quoting Nielsen, Alter said cable programming's audience share grew from 30 to 33 share for all cable homes. Share is percent of TV sets in use. Ad-supported segment of cable programming rose most -- 15%, from 20 to 23 share, CAB said. Within that category, pure ad-supported cable channels rose by 17% from 12 to 14 share, while superstations grew 13% from 8 to 9 share. Reflecting stagnation in growth of pay channels, pay's share remained at 10. In that basic-cable-only universe, viewership of broadcast network affiliates (all dayparts) declined from 60 share in 1983-84 to 58 share in 1984-85. Independents dropped from 13 to 12 share while public TV remained 3 share.

In cable homes with a pay service, CAB said cable programming now attracts a 40 share, up 11%, with ad-supported channels winning 24 share, up 20%. For those homes, network affiliates dropped from 55 to 53 share, down 4%. Independents declined from 14 to 13 share, CAB said. In all TV homes, cable's share grew from 16 to 18 share, up 13%, while ad-supported channels increased from 11 to 13 share, up 18%. Pay cable remained 5 share. In those homes, broadcast network affiliates dropped from 71 to 68 share, CAB said, while independents fell from 16 to 15 share and public TV rose from 3 to 4 share.

Snuff maker U.S. Tobacco Co. is selling its 2 TV stations to Beam Communications through stock purchase agreement of undisclosed value. Beam is acquiring WPBN-TV Traverse City and satellite WTOM-TV Cheboygan, both Mich. Beam owns 3 TVs -- WDAM-TV Laurel-Hattiesburg, Miss., WCFT-TV Tuscaloosa, Ala., and KYEL-TV Yuma, Ariz.

Symposium for libel lawyers will be sponsored by NAB, ANPA and Libel Defense Resource center at Hyatt Regency O'Hare, Chicago, Aug. 21-23. Fee is \$975. Contact: Steven Bookshester at NAB, 202-429-5430.

ITFS PREFERENCES ATTACKED: Heart of FCC's Instructional TV Fixed Service (ITFS) rule -- local preference and point system for choosing among applicants -- is under attack in petitions for reconsideration filed by 11 groups. Educational and commercial groups want reconsideration of parts of broad rule (TVD June 3 p6), which was considered victory for local educators because it awards them more preference points than other applicants.

FCC ruling was "one of the most arbitrary, unfounded and unreasonable ITFS decisions ever issued against the public interest," said Network for Instructional TV (NIT). NIT charged FCC: (1) Broke law by summarily dismissing mutually exclusive nonlocal applications. (2) Interfered with "variety of business relationships" established between "network ITFS applicants and local users." (3) Illegally promulgated local priority period.

Minority preference was key request of Hispanic Information & Telecommunications Network (HITN) and Puerto Rican Legal Defense & Education Fund. HITN also argued that: (1) Retroactive implementation of local priority period denied nonlocal applicants right to comparative hearing. (2) Nonaccredited institutions should get 3 points in point system, as do accredited institutions. Public TV station WNET N.Y. argued for: (1) 3 points for accredited educational institutions will ensure that "local schools will always prevail" in ITFS cases. (2) -point credit for instructional TV programming experience. (3) Programming diversity in ITFS. (4) Requiring national organizations to demonstrate "substantial" local involvement or community ties, rather than mere presence, to be considered local.

Economic exploitation was concern of Instructional Telecommunications Foundation (ITF). It said Commission didn't sufficiently discourage exploitation by commercial operators who may "shop around" for "complaisant surrogate applicants which are naive enough to accept unfavorable financial terms" for leasing excess capacity on ITFS system. Group of public TV stations, in joint petition, urged FCC to: (1) Refine definition of local (good for 4 points in system for choosing among applicants) to require national organizations to have local staff and facilities in order to get 4 points. (2) Consider PBS as local entity in markets with PBS stations. FCC ruled that PBS is national entity as far as ITFS applications are concerned. (3) Permit PBS member stations in each market where PBS has ITFS applications to be substituted for PBS without loss of its cutoff status.

Accuracy In Media is preparing 2nd documentary on Vietnam to be offered to PBS. Last AIM documentary on Vietnam was rebuttal to WGBH-TV Boston series Vietnam: A Television History aired as part of Inside Story special June 26. New documentary focuses on media coverage of Tet Offensive, battle for Khe Sanh, Hue massacre, said Peter Rollins, AIM TV Project dir. and producer of first documentary. AIM has sold 800 videocassettes of first documentary for \$30 each.

AT&T HANGS UP ON CHOICE CHANNEL: Problems developed last week after Choice Channel announced "precedent-setting agreement" with AT&T allowing CC to locate its pay-per-view order entry system at AT&T telephone switch. AT&T immediately dissociated itself from announcement, saying it was "premature" for Choice Channel to claim it had agreement to co-locate its phone ordering system in a major AT&T switch. Agreement touted by L.A.-based Choice Channel as "first time AT&T has permitted an independent (nongovernment) company to co-locate in an AT&T facility" was signed by employee who lacked authority, said AT&T spokesman James Byrnes.

CC Dir. of Strategic Planning Robert Block disagreed: "We have an agreement. We have a news release checked out by AT&T people. I find it more than irritating that AT&T should tell the press their position prior to discussing it with us." But Byrnes said: "The customer will not be co-located in an AT&T facility. The memorandum of understanding between AT&T and Choice Channel was signed by an employee who did not have the authority to execute such an agreement and who clearly was unaware of our corporate policy that prohibits customer co-location."

CC had touted agreement as way for it to become leader in pay-per-view, to surprise of other PPV venturers, Showtime/Movie Channel among them, that also plan to use AT&T services for customer ordering. Co-location idea could have given CC leg up because it has potential to solve PPV companies' chronic problem when cable subscribers dial up at last minute before movie airs and tie up local telephone company facilities. We're told now that CC won't be allowed to co-locate its hardware at AT&T switch, will have to install order entry equipment in facility run by some 3rd party. CC also contracted for 10-year leases for 2 satellite transponders on AT&T's Telstar 303 and deal to use toll-free 800 numbers. AT&T didn't question those agreements.

Pursuing CBS cost Turner Bestg. \$18.2 million in legal expenses and financial services and is main reason TBS is reporting net loss of \$6.7 million for 2nd quarter (-31¢ a share) on revenue of \$99.3 million. Last year, TBS earned \$8.1 million (40¢ a share) on \$78 million revenue. Through 6 months, TBS reported loss of \$7.4 million on revenue of \$166.7 million, compared with gain of \$2.8 million on \$133 million in revenues in 1984 first half (-34¢ vs. 14¢ a share). CNN and Headline News together posted \$7.6 million operating profit through 6 months, compared with \$8.9 million loss in 1984 first half. WTBS Atlanta profits fell to \$28 million in 1985 first half from \$32.4 million in same 1984 period, a 14% decline attributed to higher licensing fees for sports programming, mainly National Basketball Assn. games.

Comcast will write off \$5-\$6 million in expenses incurred during its unsuccessful run at Storer Communications.

Personals

FCC calendar -- Aug. 19: Comr. **Rivera** participates as senior adviser at Space WARC 1985, Geneva, until Aug. 25. Aug. 21: Comr. **Quello** participates in Mich. Assn. of Bestrs. convention at Sugar Loaf Resort, Cedar, Mich., through Aug. 23. Aug. 23: Chmn. **Fowler** addresses Alaska Bestrs. Assn., Anchorage... **Gregg Maday** promoted to dramatic program development vp, CBS Entertainment; **Harvey Kornspan** advanced to dir., on-air production and promotion... **Ralph Oman**, chief counsel and staff dir., Senate Copyright Subcommittee, named U.S. Register of Copyrights, succeeding **David Ladd**, resigned to join Washington law firm Wiley & Rein.

Bill Roedy promoted to head HBO west coast sales and mktg. operations... **Mike Munday** advanced by Blair Bestg. to local sales mgr., KOKH-TV Okla. City... **Del Henry** advanced to senior vp-planning and development, Times Mirror, succeeded as pres.-gen. mgr. of Times Mirror Cable of Ariz. by **John Calvetti**, who holds same title at TM Hartford, Conn. system... **Richard Frank**, Walt Disney Pictures & TV pres., elected pres., Academy of TV Arts & Sciences... **Moya Gollaher** advanced to mktg. dir., Cox Cable San Diego... **Mel Stebbins** moves from WTOL-TV Toledo to vp-gen. mgr. at co-owned WSFA-TV Montgomery, Ala... **Brewster Jackson**, ex-Pulitzer Productions, appointed media and cable mgr., Reuters N. America... **Dennis Katell**, ex-KCBR Des Moines, named mktg. dir., WUPW Toledo.

John O'Toole, chmn., Foote, Cone & Belding, retires, duties will be handled by Pres.-CEO **Norman Brown**... **Joan Frangos** advanced to local development vp, WETA-TV Washington... Universal Studios music dept. reorganized: **Burt Berman**, ex-Buziak & Berman, named vp-music creative affairs, Universal Pictures; **Brendan Cahill** advanced to vp-music creative affairs, Universal TV & Home Entertainment; **Jeff Sydney**, ex-Polygram Records, appointed music business affairs, Universal Filmed Entertainment.

Ort Lofthus, KJOY(AM)/KJAX(FM) Stockton, Cal., elected Cal. Bestrs. Assn. pres... **Jerry Van Dyke**, Van Dyke Agency pres., named corporate relations consultant to American Ad Federation... Promoted at MCA: **Steve Sitomer** to dir.-employee benefits and compensation; **David Shiba** to finance vp, MCA Home Entertainment, succeeded as Universal City Studios controller-studio operations by **Jim Burk**; **Karen Volkman**, ex-MTV, named dir.-ad sales/east, MCA TV.

Radio ad campaign costing \$750,000 will begin Aug. 19 by Council for Cable Information on 6 networks. To stress value of cable TV, campaign uses **Xavier Roberts**, creator of Cabbage Patch Dolls; **Lisa Birnbach**, author of preppy handbook; **Samantha Smith**, who visited late Yuri Andropov to discuss peace.

Recording Industry Assn. of America (RIAA) has agreed record companies should identify "blatant explicit lyric content" with standard label that says something like "Parental Guidance: Explicit Lyrics." Proposal was outlined in letter from RIAA Pres. **Stanley Gortikov** to Parents' Music Resource Center (PMRC), which is waging public campaign against so-called porn lyrics. So far, 19 record companies have agreed to labeling program, including Capitol Industries-EMI, MCA, Motown, Warner Communications. But Gortikov said PMRC request for ratings on music videos is out of RIAA hands. He said that in many cases artists have contractual right to determine content of videos, added it should be broadcasters who decide which videos air. Gortikov also criticized NAB's request that record companies provide copies of song lyrics to radio stations as attempt to "place the burden where it does not belong" and urged PMRC to stop attacking recording companies. PMRC Vp **Susan Baker**, wife of U.S. Treasury Secy. **James Baker**, told us her group plans to ask MTV to put "R" in corner of screen during videos younger children shouldn't be watching. She said PMRC is encouraged by RIAA response, but wants industrywide guidelines on what kinds of recordings will be labeled, also seeks use of "R" symbol as label rather than "parental guidance." PMRC has been promised Sept. 19 hearing by Senate Commerce Committee.

ABC revenues and earnings were nearly stagnant in 2nd quarter compared with 1984 period, it said in quarterly report. Revenues were \$856.2 million, compared with \$854.1 million last year, while earnings climbed 1% to \$73.1 million from \$72.4 million (\$2.51 vs. \$2.49 a share). Through 6 months of this year, ABC revenues have declined 2% to \$1.65 billion from \$1.69 billion in 1984 first half and net earnings have slid 4% to \$92.5 million from \$96.3 million. ABC also said 3rd quarter will compare unfavorably with year-ago period, which was inflated by revenue from Olympics. "In addition, the uncertain business climate and the expectation of further merger costs [with CapCities] suggests that a cautious outlook for the last 6 months of the year is appropriate," ABC said. Broadcasting revenue declined 3% to \$738.7 million but earnings held steady at \$162.1 million. ABC TV Network reported unspecified decline in revenue that was offset by cost-reduction efforts, network said.

N.Y. Gov. Mario Cuomo Aug. 13 vetoed controversial antitakeover legislation designed to shield CBS from TBS bid (TVD July 1 p1). Measure would have required all noncash takeover offers for N.Y. companies to win approval of majority of unaffiliated directors, or 2/3 majority of all shareholders and majority of holders uninvolved in transaction. Cuomo said he believes measure might be unconstitutional, as TBS had argued, and would result in protracted litigation. He indicated willingness to work with legislature on new bill to protect companies as long as it wouldn't "intrude inordinately" on interstate commerce, he said.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of Aug. and 1985's first 31 weeks:

	JULY 27- AUG. 2	1984 WEEK	% CHANGE	JULY 20-26	31 WEEKS 1985	31 WEEKS 1984	% CHANGE
TOTAL TV.....	444,711	386,610	+15.0	432,882	10,834,425	11,311,586	- 4.2
TOTAL COLOR...	362,792*	329,862	+10.0	356,557	8,902,946*	8,751,980	+ 1.7
DIRECT-VIEW.	358,664*	326,527	+ 9.8	352,589	8,785,107*	8,657,478	+ 1.5
PROJECTION..	4,128*	3,335	+23.8	3,968*	117,839*	94,502	+24.7
MONOCHROME....	81,919	56,748	+44.4	67,325	1,931,479	2,559,606	-24.5
TV EXCL. PROJEC.	440,583	383,275	+15.0	419,914	10,716,586	11,217,084	- 4.5
HOME VCR#.....	274,850*	161,177	+70.5	227,554*	5,719,967*	3,553,024	+61.0
COLOR CAMERAS#..	13,107*	9,508	+37.9	6,995	250,234*	239,338	+ 4.6

Color TV (direct-view) 5-week moving average: 1985--277,461*; 1984--271,440 (up 2.2%).

Home VCR 5-week moving average: 1985--197,128*; 1984--128,422 (up 53.5%).

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

JUNE SURGE IN VCR, COLOR IMPORTS: VCR and color TV importers closed out first half with shipment surge in June, but month wasn't all-around winner, and imports of color cameras, b&w and projection TVs declined, Commerce Dept. figures show.

VCR imports jumped 92.6% in month to 1.36 million, for 2nd-quarter total of 4.25 million, up 95.2%, putting first half at 7.99 million, up 107%. Japan continued to be dominating supplier as anticipated flood of VCRs from Korea still hasn't materialized. Korea accounted for only 70,600 VCRs in month, 191,700 for 6 months. Month's total imports of TV cameras slipped 9.2% to 53,600 as color dropped 19.5% to just under 43,000, more than offsetting 86.5% rise in b&w to 10,700. First-half camera total of 461,800 rose 42.1%, with color up 34.1% to 368,000, b&w up 85% to 93,800.

In other video product imports, disc player shipments edged up 7.8% to 10,600, for first-half total of 66,800, up 5.9%. Videotape players jumped 535.4% in month to 7,600, for 6-month total of 54,500, up 338.3%. Month's imports of projection TVs fell 47% to 2,800, for cumulative total of 31,900, up 8.2%.

In TV, total June imports of 1.64 million increased 46.9%, with gain provided by 86.5% jump in color to all-time monthly high of 1.14 million, while b&w slipped 1.3% to 496,200. For quarter, total imports were up 24.2% to 5.03 million, with color up 49.2% to 3.26 million, b&w off 5% to 1.77 million. Through first 6 months, U.S. absorbed just over 9 million imported TVs, up 23.1%, including 5.47 million color, up 29%, and 3.53 million b&w, up 15%.

Imports of complete color TVs broke string of 4 consecutive monthly declines in June, rising 14.1% to 441,400. But at 1.29 million, color set imports still were down 5% for quarter and closed first half at 2.49 million, off 5.9%. Chassis and kit imports leaped 210.7% in June to 700,900, were up 137.4% to 1.97 million for quarter and up 86.6% to 2.98 million for first half.

Stepup in U.S. color TV assembly operations, particularly in 13" and 19", by Korean and Taiwanese manufacturers is reflected in major first-half unit import declines in those sizes.

Most notable trend in b&w is that in 2nd quarter, and for first time in recent memory, 11"-12" accounted for less than 50% of import mix. In first quarter, that group provided 51.6%, but in April-June that sank to only 38%, leaving it at 44.8% for first half. New b&w import size champion is 6"-&-under, including both TV-only and combinations, which accounted for 56.8% of 2nd-quarter imports and fell just short of majority with 49.3% share for full first half. Here's complete rundown on first-half color and b&w TV imports by screen size:

	Total	% change	% Share of Import Mix	
Color			1985	1984
Combinations.....	8,700	-29.5	0.4	0.5
10"-&-under.....	346,400	+32.8	13.9	9.9
11-12".....	82,500	+15.6	3.3	2.7
13".....	1,073,200	-16.8	43.1	48.8
14-15".....	66,600	+ 4.0	2.7	2.4
16-17".....	23,100	+39.9	0.9	0.6
18-19".....	604,200	-21.6	24.3	29.2
20"-&-over.....	204,100	+30.8	8.2	5.9
Monitors*.....	78,700	--	3.2	--
Total.....	2,487,500	- 5.9	100.0	100.0
Monochrome				
6"-&-under.....	718,700	+34.9	20.3	17.3
6"-&-under, comb.	1,023,700	+162.7	29.0	12.7
7-8".....	1,100	-94.6	--	0.7
7"-&-over, comb..	11,300	+45.5	0.3	0.2
9-10".....	74,300	-18.7	2.1	3.0
11-12".....	1,582,800	-18.3	44.8	63.1
13-17".....	36,300	+109.4	1.0	0.6
18"-&-over.....	50,900	-31.6	1.4	2.4
Monitors*.....	35,400	--	1.0	--
Total.....	3,534,500	+15.1	100.0	100.0

*Monitors not reported separately in 1984.

ABC EYES STEREO, CBS STILL OUT, 118 STATIONS IN: ABC indicated last week it would join PBS and NBC in originating stereo broadcasts, but CBS reiterated that it wasn't convinced. Number of stations known to be broadcasting in stereo, meanwhile, rose to 118.

"We may have some word on this soon," ABC spokesman said. "We are physically bringing in equipment [and] we like and want stereo." He indicated there's possibility of some stereocasts soon, presumably without fanfare. Network is in process of installing satellite links to its affiliates -- necessary for networking of stereo. It's known that new ABC studios being built in N.Y. will be stereo-equipped.

"We endorse anything that makes TV a more pleasurable experience," said CBS official, "but we are not convinced that [stereo] will enhance our product" in view of fact that music plays such a small part in TV. However, she said, "we're looking at specs and systems and equipment [and] we're in constant touch with our affiliates on where we're going." About 25% of CBS affiliates currently receive their network programming by satellite.

The 118 stations (117 U.S., one Canada) broadcasting in stereo cover about 63% of U.S. population with their signals. Of U.S. stations, 35 are NBC affiliates, 24 PBS, 15 ABC, 14 CBS, 30 independent. They're in all of top 10 markets, 23 of top 25 and 37 of top 50. One market -- Hartford-New Haven -- has 4 stereo stations, while 8 have 3 each.

There's still no definite word on just how important a selling point stereo is, but dealers and manufacturers say that in areas where it's been publicized customers ask for it whether or not there's any noticeable amount of stereocasting. No simple low-cost chip is yet in sight for MTS. As one manufacturer told us: "No matter how you look at it, broadcast stereo is a \$50 stepup [at retail]. If you really squeeze, you might get it as low as \$35." These figures are for MTS circuitry only, don't include stereo amplifiers, extra speakers, larger cabinets etc. -- so difference between mono and completely stereo-equipped set is still around \$100.

ZENITH PUSHES STEPUPS IN AUG. INTRODUCTIONS: Encouraged by good business and reasonably stable color prices this summer, Zenith last week filled out 1985 line with 17 color models at upper end of scale, including square-cornered 20" and 27" sets and stereo models. Zenith Sales Co. Pres. Jerry McCarthy said strategy was to "capitalize on our known strengths and on the growing trend" toward large-screen and stereo sets.

Particularly noteworthy was Zenith's heavy emphasis on 27" at intermediate console price levels. In Feb. and May, 27" was at top end, in 7 "Advanced System 3" remote-control MTS stereo models at around \$1,000 and up (Zenith doesn't have suggested list prices). At last week's distributor meeting in Chicago, Zenith showed five 27" mono consoles in System 3 line -- 2 nonremote, to be sold probably in \$650-\$700 range, 3 remotes at around \$750 (plus one MTS high-end model at around \$1,000 as replacement for earlier set). In this move, Zenith is doing what it thinks RCA can't do. RCA is only other manufacturer with 27" tube -- but RCA's tube is expensive superpremium square planar (SP) version.

In other new screen size, 20", company introduced basic model at new low of around \$430, which McCarthy said will give dealer "opportunity to get off the 19-inch bandwagon that has deteriorated so badly." Remote control stepup is about \$50 more, with high-end cube monitor-receiver version (remote) at around \$580. Zenith also introduced 19" remote designed to sell at new low of under \$400, with \$430 stepup. Zenith heavily stressed hot-selling 25" compact cube, starting with remote model at around \$600 and its first 3 stereo monitor-receiver models in this category at \$950-\$1,000. Line also includes door model of 45" projection set at \$3,000.

Zenith now has 18 models with built-in MTS stereo, and for those that don't have it, company introduced stereo adaptor at \$70 designed to be used with its sets containing Redi-Plug system (Zenith claims more than 5 million of its sets can accept Redi-Plug). Company's earlier MTS adaptor contained amplifier, sold for about \$200. As forecast here (TVD June 3 p16), Zenith introduced own version of Sony's 4" Watchman-type b&w. Priced at around \$170, it's assembled in Zenith's Mexican plant to own design from basic Sony subassembly, according to McCarthy.

In VCR, Zenith also followed stepup philosophy with 4-head wireless remote cable-tuning VHS model, to sell at around \$480. McCarthy said it would be "aggressively priced as a good opportunity to move up from the 2-head wired remote product." Zenith didn't introduce its full-sized VHS camcorder, still expected before year's end.

Zenith has "outperformed the industry" this summer, according to McCarthy. "Our attempt to position ourselves at a somewhat higher level last year has paid off well for us. Not everybody wants a \$199 color TV or a \$229 VCR." He thinks color sales will end up in 16 million area.

VCR prospects "hinge on the supply situation here," he commented. Noting price deterioration this summer, he maintained: "We still believe there's an opportunity for prices to firm if it continues to run at a 10.5-11 million rate. We hope the major suppliers in the Orient are viewing the business realistically in terms of the supply necessary." McCarthy reiterated that he wasn't as alarmed as some over VCR inventories (TVD June 24 p11), but in effect

saluted RCA's Jack Sauter by adding that he thought "the alarm issue that was raised has caused the principal suppliers [in Japan] to reassess their business plans for the States."

RCA also held distributor meeting at last week's end, which was expected to introduce VHS camcorder, its "son-of-Dimensia" audio-video Digital Command Components (TVD June 10 p14) and consoles with 27" SP tube. Sony will show 2 "enhanced" video products this week.

G&W INTO DUPLICATION: Paramount parent Gulf & Western last week bought into Bell & Howell/Columbia Pictures Video Services, major duplicator and tape producer, guaranteeing Paramount Home Video source of cassettes and share in manufacturing revenues.

B&H/C Exec. Vp Stephen Milam indicated G&W and Columbia are equal partners. Each is believed to hold 26-32%, with B&H controlling remainder; new name will be chosen later. Deal, under discussion for months, involves all aspects of B&H/C, including vertically integrated plant being built on U.S.-Mexican border and joint venture with Tandy's Memorex.

Mexican facility should be in operation by 4th quarter, but won't be shipping to U.S. until next year. Despite spring-summer slump in recorded cassette shipments, Milam remains "cautiously optimistic" about rest of year, still sees sales of about 50 million units, double last year's total. B&H/C has enough blank tape and shells in inventory to avoid any raw material shortages, although Milam believes "we'll be tighter than ever before." He doesn't see duplication logjam or difficulty in shipping orders as release schedule escalates in last couple of months of 1985.

G&W is now 3rd movie major with ownership in duplicating facility. In addition to G&W partner Columbia Pictures, 20th Century-Fox is sole owner of duplicator that started as Magnetic Video Corp.

Montgomery Ward is redesigning retail stores into "specialty stores" offering "better merchandise for the same price or the same merchandise for a better price." Prototype outlet containing all 7 types of specialty stores -- apparel, appliance, automotive, home care, home electronics, home, recreation-leisure -- was opened last week in Annapolis, Md. Home electronics prototype stores have been tested in Las Vegas, Colorado Springs and Lombard, Ill. This fall, Ward will convert its Chico, Cal., outlet into "home specialty store," composed of electronics, appliance and home stores. Company reaffirmed decision to phase out catalog operations by end of 1986 (TVD Aug 5 p15), said remaining 1985 catalogs, including Christmas book, "will offer many sharply priced items as catalog inventories are reduced."

Audio/Video Affiliates, Dayton-based consumer electronics retail chain, has received \$25 million in unsecured loans, proceeds to be used for expansion.

CORDLESS PHONE RECALL: Three major marketers of cordless telephones have agreed to modify older models in consumer hands to remove danger of hearing damage, and Food & Drug Administration says it's working with others on "similar modification programs."

Uniden, AT&T and ITT have begun program of modifying free of charge phones with loud ringing mechanisms in earpieces, using new device capable of ringing no louder than 125 dB, which FDA says won't damage hearing. AT&T is notifying owners of its Nomad 200 and 400 phones (made by Uniden) directly by mail. ITT has similar program for models PC 1800 and PC 1900 beginning Oct. 1. Uniden is running newspaper ads with long list of model numbers, providing instructions for owners to return phones for modification.

FDA has warned that although all major manufacturers have agreed to stop producing phones with offending ringers, some still may be offered for sale. List of models that may damage hearing will be available soon from Cordless Phone List (HFZ-265), FDA, Rockville, Md. 20857.

Eastman Kodak is offering cassette versions of Audio-Visual Library films in Beta, VHS and 8mm formats. The 30-min. selections will be available from Kodak Video Exchange starting in mid-Sept. Viewers can choose from selection of 22 Exploring Photography, 15 Exploring America and 6 Exploring the World tapes. Kodak Video Magazine on tape will be issued 3 times annually. Fee of \$29.95 entitles member to 2 free cassettes and minitripod. New selections will cost \$6.95 with return of Video Exchange tape, \$19.95 with no return.

Toshiba will build \$25 million color tube plant in India for UP Electronics, owned by Uttar Pradesh state govt., on outskirts of New Delhi. India's first color tube plant is scheduled to begin production in 1987 at annual rate of 500,000 tubes, to be expanded to million in 4 years. State is negotiating to sell Toshiba and Mitsubishi 20% ownership in new enterprise, which would make it first joint Japanese-Indian electronics venture.

AT&T will lay off 1,000 more workers at Shreveport phone equipment plant because of soft marketing conditions, leaving facility with about 5,400 employees. Latest layoffs affect 400 workers making business phone equipment, 350 in consumer phones and 250 making repair parts. Company laid off 877 last month, announced gradual move of home phone production to Singapore (TVD July 15 p14).

U.S. A DRAG ON PHILIPS: Poor results from North American operations, notably semiconductor maker Signetics (TVD July 22 p12), was major factor in 35% decline in 2nd-quarter net income of N.V. Philips of Netherlands, despite 12.8% rise in sales (see financial table). Company now says it won't meet its forecast of gradual increase in profit for 1985 unless there's recovery in U.S.

Second-quarter performance dragged down first-half profits 20%, while sales for period rose 13.2%. Philips said good sales in most other groups compensated for disappointing U.S. results "in the sound and vision sector," with worldwide home electronics operation showing above-average growth as result of strong sales of CD players, VCRs and audio cassette recorders, despite "virtually stagnating market for color TV sets." Operating income increased in Europe and Latin America, fell in U.S. and Canada.

Philips said it has reduced employees worldwide by 6,500 since Jan. 1, "entirely in plants which produce for the North American market and which are located in the U.S.A., Canada, Asia and Latin America."

Marantz, which reported increased loss for first half, says it could break even for year as result of introduction of new product line and \$16 million line of credit it has arranged with 2 L.A. financial firms. Company said it hopes to have \$37 million in sales for 2nd half and \$57 million for full year.

Recoton net profit decline of 29.3% in 2nd quarter and 33.6% in first half on sales dips of 4.4% and 6.6% were attributed to retailers' "extreme caution and curtailed buying... in response to a general slowdown in the economy." Company expressed optimism for rest of year because of indications "retail customers are returning to normal buying patterns." Pres. Robert Borchardt said early market response to Compact Disc accessories and new video items had been encouraging, and anticipated that universal TV stereo decoder "will be an important contributor to our sales in the 4th quarter... when shipments begin, and in 1986."

BSR reported loss of nearly \$4.9 million in first half as compared with pretax profit of \$12.2 million in same 1984 period, while sales declined to \$188.3 million from \$211.7 million. British firm lost \$1.6 million on electronics operation vs. operating profit of \$15.2 million a year earlier, some of losses resulting from creditors' agreement negotiated with troubled Acorn Computer, as electronics sales declined to \$140.3 million from \$153.7 million. However, audio business returned to profit, reflecting closing of some operations and reorganization of U.S. subsidiary dbx. Operating profits from audio totaled \$973,000 vs. loss of \$1.7 million a year earlier, while sales fell to \$3.3 million from \$10.8 million.

Dynascan returned to operating profit in 2nd quarter, but interest and unusual expenses put it in

loss column (TVD Aug 12 p16). Operating profit was \$836,000 vs. operating loss of \$10.1 million in same 1984 period. Company attributed improvement to increase in demand for Cobra brand products, with both corded and cordless phone sales ahead of projections. Company's results, it said, "clearly indicate that the telephone industry is stabilizing, and supply and demand are much more in balance."

SINCLAIR SALE COLLAPSES: Sale of 75% interest in U.K.'s Sinclair Research to Robert Maxwell's Pergamon Press (TVD June 24 p14) fell through after review of Sinclair's finances by accountant Coopers & Lybrand. Pergamon said it couldn't recommend takeover to its shareholders.

However, company said sales have recovered substantially from post-Christmas crisis, pointing to "massive commitment" from Britain's 800-store Dixon chain for 160,000 Sinclair computers and pocket TV sets, valued at more than \$13 million. Clive Sinclair, who will remain as chmn. -- post that Maxwell was to have occupied -- said that "very large orders" were coming in now for Sinclair products and that QL computer was beginning to get good share of U.S. market.

Sinclair said he will talk with other prospective investors. Company said there no longer was financial crisis, and more funds could be used for development of new products such as next generation of computer.

In separate development, appliance manufacturer Hoover suspended production of Sinclair's electric tricycle in S. Wales plant, claiming that Sinclair Vehicles owes it more than \$2 million. Firm is unrelated to Sinclair Research, but both companies are controlled by Clive Sinclair.

Video software notes: CBS/Fox Video has decided to start selling recorded cassettes direct, probably will take on Toys 'R' Us and Child World, expects to expand coverage to include major video chains such as franchisors National Video and Poppingo Video.... **Public offering** of Prism Entertainment's 700,000 shares sold out at \$6.75 on first day of trading last week... **EC Court** of Justice has upheld French law mandating one-year window between theatrical and home video releases. Court ruled European Community's Treaty of Rome doesn't bar individual countries from controlling release patterns of films. Opinion could have major impact on European home video if it emboldens other countries to follow France's lead and strictly regulate release windows... **N.Y.'s Museum of Bcstg.** enters cassette business, offering 20 classic TV programs already on market for sale to members only.

Video starter kit for cable subscribers is offered by Discwasher, contains A-B switch, signal splitter, 3 cables, head cleaner, instructions on how to interface VCR with cable TV, at \$30 suggested list.

AMEX'S ELECTRONICS: Current "Electronics by Design" mail-order promotion by American Express features 6 brands of VCRs, large group of TVs, several CD audio disc players, group of rack stereo systems.

One version of mailing includes set of individual brochures, each with own order coupon, in special decorative envelope. Most products are featured at suggested list prices, but some combination offers have "save \$100" tags.

In VCRs, Amex offers GE VHS camcorder (\$1,899, or \$2,196 with accessories), Sharp one-piece portable VCR with Konica-made camera (\$887 or \$999 with accessories), as well as units by Akai, Fisher and Sharp. It also offers Hitachi, Fisher and Sony VCRs as options with TV sets of same brands.

Among new TVs offered by Amex is Sony 25" XBR with pedestal base (\$1,399), Superbeta Hi-Fi VCR at \$650 (\$100 off) if purchased in combination. Hitachi 45" rear-projection set is \$2,599, with wired remote VCR \$299 (\$100 off in combination). Among other color TVs are Fisher rack system (\$2,198 with VCR); Sharp A/V system with 14" set (\$546); Sony 26" console, apparently a closeout, \$999 ("save \$200"); Quasar 10" designer sets \$298, remote \$349.

Digital CD players featured by American Express are TMK (Toyomenka) unit at \$199, Sony portable at \$298 (\$429 with accessories), Sansui (\$499). Audio products are offered from Fisher, Marantz, Randix, Sansui, Sanyo and Yorx, telephones by Code-A-Phone, Magnavox and Uniden.

Reagan Administration violated law by ignoring Congressional procedures for setting standards for energy efficiency of 13 home appliances, U.S. Appeals Court, D.C., said in recent ruling directing Dept. of Energy to consider setting such standards. Decision is expected to have minimal, if any, effect on TV receivers, one of products to which Congress assigned lower priority in 1978 amendment to 1975 Energy Policy Act. Ruling on suits brought by several states and Natural Resources Defense Council, court said dept. improperly established "no-standard standards."

U.K.'s Thorn EMI is considering suit against govt.-owned British Technology Group from which it purchased IC producer Inmos last year. Thorn says BTG concealed problems Inmos was having with RAM production at Colo. Springs plant, and as result company is being forced to drop that line and lay off some 2,000 U.S. and U.K. workers, absorb \$29 million in after-tax restructuring writeoff. In addition, Thorn has set up \$38.8 million pretax reserve for costs of layoffs and restructuring at Ferguson color TV manufacturing operation.

Ad notes: Fuji offers Floppy Disc Story, 32-page elementary manual on floppies... **Kloss Video** appoints Borman Assoc., N.Y., for PR.

COMMODORE'S \$80M LOSS: Commodore revealed last week it will report \$80 million loss for fiscal 4th quarter to June 30. Figure includes \$50 million inventory writedown, resulting in indicated loss of about \$70 million on sales that Wall St. sources put at around \$900 million for fiscal 1985, compared with profit of \$143.8 million on sales of \$1.27 billion in fiscal 1984.

Just 3 months ago, Commodore termed "absurd" speculation that it might take \$50 million writedown in 4th quarter (TVD May 6 p12). Company reported first quarterly loss in its history in 3rd quarter to March 31. In addition to writedown, company expects to lose about \$25 million from operations and \$5 million from special items in 4th quarter, with sales somewhat below 3rd quarter's \$168.3 million. However, company is sticking by predictions of turnaround and profitability by end of 1985 calendar year.

Inventory writedown is believed to center on Commodore's 64 and to lesser extent its 16 and Plus 4 computers. Its products have been widely advertised by liquidators in recent weeks. Company bases hope for future on new \$1,285 Amiga computer, which it says is on schedule for late Sept. shipment, as well as its mass-market Model 128.

Meanwhile, Applied Magnetics announced it will close Puerto Rico recording head plant, employing 250, because of computer industry slowdown. Manufacturing operations will be transferred to company plants in Korea and Singapore.

Antipiracy system developer Macrovision says it has approval of Panasonic to modify slave VCRs used by duplicators and insert its revised automatic gain circuitry. System puts signal on tape that tricks copying VCR into cutting recording level so low that copies are unwatchable (TVD May 6 p15). It declined to discuss modification cost but said it will be "substantially under" \$50 per machine and that Macrovision will pick up more than 50% of expense. Company plans to charge royalty of 15¢-\$2 per cassette for use of system.

RCA will start substantial upgrading of semiconductor production facilities in Malaysia next year. RCA, which makes ICs and discrete transistors there, will invest several millions to revamp plant starting next year, according to Solid State Products Div. Malaysian govt. indicated RCA would spend more than \$40 million in 1985-89 for "expansion and modernization," figure that RCA official here said was too high.

BASF has contracted to supply China Electronics Import & Export Corp. with complete computer floppy disc manufacturing plant. Facility will be constructed in Guangdong trade zone near Hong Kong, have capacity for 1.8 million discs annually. BASF will supply equipment and know-how, train workers, supervise startup.

Consumer Electronics Personals

Osamu Suzuki promoted from Toshiba consumer products mdsg. dir. to Audio-Video Group mdsg. vp... **Gary Hodge**, ex-Lafayette Radio, Akai and Kraco, rejoins Sanyo as Consumer Electronics Div. sales vp... **Jeff Cove** promoted to Technics national sales mgr... **Vern Brisson** named gen. distribution mgr., Sharp Consumer Electronics Div... **Edward Ryan**, ex-Kraco, named to new post of national sales mgr., Emerson Radio.

William Pritchard, ex-Stauffer Chemical Co., appointed senior mgr., Panasonic Corporate Affairs Div... **William Weaver** and **Robert McMahon**, former independent dealers, named to new posts of southeast and southwest regional mgrs., Brooks Satellite Inc., responsible for converting independent satellite dealers to Brooks franchisees... **Elizabeth Johnston**, former communications dir., named exec. dir., Assn. of Progressive Rental Organizations (APRO), succeeding **Edward Winn**, who continues as gen. counsel.

Stephen Roberts, ex-20th Century-Fox Telecommunications pres., forms S. Roberts Co. to develop home video and pay-TV projects... **Harry Safter** leaves MGM/UA Home Video to become national sales mgr. of distributor Metro Video, new post; **Jeremy Kennedy** joins MGM/UA as southwest mgr... **Ellen Stolzman**, ex-CBS Records, named mktg. and sales vp, Audio & Video Publishing Div. of Simon & Schuster... **Larry Kasanoff** promoted to original programming dir., Vestron Video; **Don Gold** becomes west coast sales dir... **Ron Levanson**, chmn., Active Home Video, adds title of pres., replacing **Declan Kavanaugh**, resigned; **Barry Womack**, ex-Ingram Video, joins as southeast sales mgr... **David Pierce** advanced to sales and mktg. vp, New World Video... **Ellen La Torre** named legal and business affairs administrator, RCA/Columbia Pictures International Video.

Kenneth Ross promoted to music programming dir., CBS/Fox Video... Appointments at RCA/Columbia Pictures Home Video: **Jon Barbour** to sales promotions mgr., **William Kruger** to western accounts mgr., **Robert Scott** to sales asst... **Robert Lamb** named eastern sales mgr., Prism Entertainment, replacing **Joan Chase**, promoted to mkt. development mgr.; **Cyndi Fox** named customer service mgr.

Donald Dicken promoted to mgr.-mfg. and engineering, Corning Electronics Div. (components)... **Robert Palmer**, Mostek cofounder and former exec. vp, resigns... **Michael Murray**, Apple mktg. communications mgr. and onetime Macintosh Div. mktg. dir., resigns effective Oct. 1.

VCR was retail sales growth leader last year for dealers participating in NARDA's electronic data processing service. Composite report shows VCR unit volume rose 31% in 1984, far outpacing 14% rise for 2nd-place product, microwave ovens.

STEREO VIDEO OUTLOOK: Stereo video equipment will be adding big sales dollars to industry's overall volume over next 5 years, but growth of stereo will outpace that of industry as whole only moderately, and by 1990 stereo will continue to represent less than 15% of business. That's according to study by Venture Development Corp.

VDC estimates stereo video gear of all types will account for \$1.2 billion in factory sales this year, or 11.5% of industry's total video hardware volume of \$10.4 billion. It sees stereo sales growing at average 41.5% annual rate to \$6.8 billion by 1990. That, VDC indicates, will represent 13.1% of overall industry sales, which will have 37.8% average yearly increase over same period to \$51.8 billion.

There's good news in report for producers of standard hardware, as VDC sees TVs and VCRs, along with MTS stereo adaptors and tuners leading growth for stereo video. But, VDC figures indicate, manufacturers banking on increased demand for component video or packaged audio-video systems are in for severe disappointment.

VDC estimates that color TVs with built-in MTS stereo decoders will account for only 4.3% of unit volume this year, or about 690,000 sets, generate about \$370.8 million in factory sales. By 1990, it estimates, 33% of color set sales will be stereo, and volume will climb to \$4.08 billion. Accounting for most of rest of 1990 stereo sales dollars will be Hi-Fi VCRs, with value soaring more than 11-fold to \$2.35 billion from \$200.4 million this year. In for similar jump will be sales of MTS adaptors and tuners, although total still will be modest \$27.2 million in 1990, against \$2.4 million in 1985. Videodisc players are expected to contribute \$45.6 million to industry coffers this year, \$68 million in 1990.

Largest segment of stereo video business this year, component video systems at \$446.4 million, will have faded significantly by 1990, producing only \$190.4 million in sales. VDC essentially includes only monitor-tuner combinations in video systems, with stereo VCRs counted separately. Similar fate is in store for audio-video systems, here primarily including only audio components and switchers. A-V system volume is seen dropping from \$134.4 million this year to \$81.6 million in 1990. For details on 225-page, \$3,250 report, contact: VDC, One Apple Hill, Natick, Mass. 01760.

N.V. Philips continues to expand its activities in China. In most recent move, company has agreed to be 30% partner in color TV tube and deflection component manufacturing venture expected to start production in Nanjing at end of 1987. Philips will supply production equipment and technology for facility with capacity for 1.5 million tubes annually. Earlier Philips venture and sales agreements with China involved plants to produce color TVs, optical videodisc players, hi-fi equipment and portable radio-recorders.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Comcast			
1985-6 mo. to June 30	56,717,000	6,212,000	.31
1984-6 mo. to June 30	49,485,000	4,881,000	.26*
1985-qtr. to June 30	29,060,000	3,408,000	.17
1984-qtr. to June 30	25,675,000	2,678,000	.14*
Marantz			
1985-6 mo. to June 30	14,515,000	(2,679,000)	--
1984-6 mo. to June 30	17,855,000	(1,621,000)	--
1985-qtr. to June 30	7,155,000	(1,694,000)	--
1984-qtr. to June 30	8,779,000	(823,000)	--
MovieLab			
1985-26 wk. to June 29	2,214,598	(1,360,104)	--
1984-26 wk. to June 30	2,240,261	(428,420)	-- ^b
1985-13 wk. to June 29	1,124,312	(754,960)	--
1984-13 wk. to June 30	1,090,384	108,136	.07 ^b
Oak Industries			
1985-6 mo. to June 30	149,942,000	(13,018,000)	--
1984-6 mo. to June 30	177,659,000	(19,886,000)	--
1985-qtr. to June 30	72,833,000	(3,545,000)	--
1984-qtr. to June 30	93,900,000	(7,396,000)	--
Phillips NV^c			
1985-6 mo. to June 30	8,711,400,000	138,800,000	--
1984-6 mo. to June 30	7,695,700,000	173,200,000	--
1985-qtr. to June 30	4,358,900,000	56,000,000	--
1984-qtr. to June 30	3,865,400,000	83,400,000	--
Recoton			
1985-6 mo. to June 30	11,340,000	535,000	.20
1984-6 mo. to June 30	12,141,000	804,000	.30
1985-qtr. to June 30	5,446,000	251,000	.09
1984-qtr. to June 30	5,695,000	355,000	.13
Regency Electronics			
1985-year to June 30	114,396,000	4,309,000	.40
1984-year to June 30	109,469,000	2,026,000	.19
1985-qtr. to June 30	28,661,000	(86,000)	--
1984-qtr. to June 30	30,928,000	(4,384,000)	--
Tele-Communications			
1985-6 mo. to June 30	284,067,000	388,000	.01
1984-6 mo. to June 30	212,077,000	13,514,000	.31
1985-qtr. to June 30	144,681,000	24,000	--
1984-qtr. to June 30	110,754,000	505,000	.01
Telepictures			
1985-6 mo. to June 30	64,610,700	3,849,500	.45
1984-6 mo. to June 30	40,711,700	2,311,500	.35
1985-qtr. to June 30	34,608,300	1,818,400	.21
1984-qtr. to June 30	21,007,700	1,134,000	.17
Texscan			
1985-year to April 30	75,594,423	(50,905,814)	--
1984-year to April 30	84,859,336	4,795,178	.70
1985-qtr. to April 30	22,318,709	(48,385,548)	--
1984-qtr. to April 30	23,890,000	1,515,000	.22
Turner Bcstg.			
1985-6 mo. to June 30	166,722,000	(7,408,000)	-- ^d
1984-6 mo. to June 30	132,976,000	2,790,000	.14 ^d
1985-qtr. to June 30	99,329,000	(6,667,000)	-- ^d
1984-qtr. to June 30	78,036,000	8,102,000	.40 ^d

Notes: *Adjusted. ^bRestated. ^cAt guild's current rate. ^dAfter special charge. ^eIncludes special credit.

New videodisc players in 13" minicomponent size have been introduced by JVC in Japan, priced at \$420 and \$550.

TELEVISION DIGEST

Published Weekly Since 1948

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

Copyright © 1985 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

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

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

MC1 Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

This newsletter is available electronically via Newsnet

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren .. Assoc. Pub. & Sr. Ed.
Dawson B Nail Executive Editor
Jonathan Miller Senior Editor
Daniel Warren News Editor
Steven Tuttle ... Managing Ed., Wash.
Mike Crowley Senior Editor
Mike Schwartz Associate Editor
Arthur Brodsky Associate Editor
Frances Seghers Associate Editor
Melinda Gipson Associate Editor
Theresa Foley Associate Editor
Deborah Jacobs ... Info. System Mgr.

Television and Cable Factbook
Michael Talliaferro ... Managing Editor
Mary Appel Editorial Director
Barbara E. Van Gorder Sr. Supv. Editor
Richard Koch Editorial Supv.
Melinda M. Lukasz Senior Editor

Factbook Research, Inc.
Lynn R. Levine Director

Business

Roy W. Easley III Controller
Gary Madderom ... Marketing Director
Glenn Brown Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

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

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

JAPAN REPRESENTATIVE

(Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600
MC1 Mail: TVD TOKYO

AM stereo disclosure regulation has been recommended by Conn. Dept. of Consumer Protection and will go into effect this fall if approved by legislature's Regulation Review Committee. It provides that all ads for AM stereo radios must disclose which AM stereo system or systems can be received, and that all such sets must have label or tag on carton and on radio (including auto radios) giving that information. Utah, meanwhile, has issued "consumer alert" bulletin advising buyers to make certain that any AM stereo radios purchased can receive systems transmitted in their areas. Two AM stereo systems are being transmitted now -- Kahn Communications and Motorola's C-QUAM. Kahn has been pushing universal radios that can receive all proposed systems. EIA Consumer Electronics Group opposed the regulation on ground that individual state labeling requirements would make it difficult for manufacturers to market their products nationally.

Sales picked up in all video categories in first Aug. week, according to EIA data (see State of the Industry). VCRs and color cameras registered 2nd best week's sales this year, while week's color sales hit weekly record after 3 weeks of trailing last year's performance.

Hitachi is discussing locating new electronics plant in Okla., Lt. Gov. Spencer Bernard said on recent visit to Japan.

TELEVISION DIGEST®

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

With Consumer Electronics

AUGUST 26, 1985

VOL. 25, NO. 34

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

WOMEN'S PREFERENCES STRUCK DOWN by U.S. Appeals Court, which rules FCC exceeded its authority in granting such credits in comparative hearings. (P. 1)

'ALL OR PART' OF ENA MAY BE SOLD to get highest price. Murdoch rebuts critics, says newspapers may be folded. (P. 3)

U.S.-MEXICO PACT ON AM allows postsunset operation by daytimers, nighttime operation by U.S. stations on Mexican clears. (P. 5)

NBC MULLS ALL-NEWS CABLE CHANNEL to compete with CNN. (P. 6)

FCC ISSUE--DIRTY MOVIES: Review Board expected to remand WSNS-TV renewal to law judge to rule whether STV movies were erotic. (P. 6)

HOLLYWOOD SUPPORTS WIRTH: FEC reports show strong support for possible Senate bid by House Telecom Chmn. (P. 7)

WASHINGTON POST BUYS CABLE SYSTEMS being shed by CapCities for \$350 million cash. (P. 8)

STAY OF MUST-CARRY RULING sought by NAB and others, who say they need 30 days extra to prepare U.S. Supreme Court appeal. (P. 8)

FCC PREFERENCES FOR WOMEN STRUCK DOWN: FCC is exceeding its statutory authority by awarding to women applicants preferences during comparative hearings for TV-radio licenses, divided U.S. Appeals Court, D.C., ruled 2-1 Aug. 23. Majority opinion also questions underpinnings of other FCC preference schemes, such as those for blacks and Hispanics, states that "they run counter to the fundamental constitutional principle that race, sex and national origin are not valid factors upon which to base government policy."

Case before Court involves 1984 award of FM license to woman applicant Dale Bell for station on St. Simon's Island, Ga. FCC considered her proposal against that of James Steele, found them of almost identical value. But because Bell is a woman, preference awarded to her during comparative hearing proved "decisively important," as Review Board said in awarding license to her. Steele appealed, contending preference for women is discrimination in violation of Constitution.

Consumer Electronics

RCA ADDS CAMCORDER at 'under \$1,500,' sees category dominating portables, cuts prices of low-end VCRs in new industry round. (P. 10)

U.S. COLOR SUPPLY down in first half as both domestic output and imports dip. New plant startups raise 2nd-quarter output. (P. 11)

HOME SATELLITE BUSINESS lures majors. RCA, Zenith, Radio Shack join Panasonic and Kenwood as industry prepares for trade show. (P. 12)

JVC U.S. PLANT TO SPECIALIZE in orders for CDs. Pressing facility in U.S. is under consideration for renamed JVC Disc Inc. (P. 13)

COMMODORE LAYS OFF 700, about 15% of work force, along with big inventory writedown. Warner settles Atari class suit. (P. 14)

ZENITH COLOR LINE of 50 sets has 39 with remote control, twelve 27" models. (P. 14)

8mm SOFTWARE LAUNCH in U.K. to be announced by Sony, with 50 titles including top movies and music videos by 4 duplicators. (P. 14)

ELECTRONICS LEADERS, as ranked by Electronic News, show cost of admission to top 50 club rose. IBM still tops, AT&T next. (P. 15)

But Court didn't reach constitutional question. Majority ruled in opinion filled with colorful language that FCC was exceeding its statutory authority when, starting in 1978, it began awarding credits to women applicants only slightly less weighty than similar preferences for minorities. FCC had reasoned that females should receive preference over males because women are underrepresented in media ownership. Court said FCC had provided no detailed explanation supported by evidence that women warranted such preferences. It remanded case to FCC "for further proceedings consistent with this opinion."

Judges Edward Tamm and Antonin Scalia formed majority in 16-page opinion written by Tamm. Judge Patricia Wald issued scathing 27-page dissent. Majority said Commission was engaging in "most simplistic kind of ethnic stereotyping" by supposing that women bring different viewpoint to broadcasting. "It simply is not reasonable to expect that granting preferences to women will increase programming diversity... It is not reasonable to expect that a women would manifest a distinctly 'female' editorial viewpoint," majority said.

Referring to 1978 Gainesville Media case in which FCC Review Board first awarded preference for woman applicant during comparative hearing, Tamm wrote: "Presumably the Board thought that it was a Good Idea and would lead to a Better World. Contrary to the Commission's apparent supposition, however, a mandate to serve the public interest is not a license to conduct experiments in social engineering conceived seemingly by whim and rationalized by conclusory dicta."

In sharply disagreeing, Wald said majority was ignoring several precedents set by same Court, mainly 1983 TV 9 case where it overturned FCC ruling that black ownership wasn't valid factor to be considered during comparative hearings. She pointed out that only a year ago Court, in W. Mich. Bestg. case (FM grant in Hart, Mich.), upheld on both statutory and constitutional grounds Commission's policy of awarding qualitative merit for integration of minority ownership and management.

Given that Court has upheld FCC in similar cases involving minorities, "I find the majority's conclusion that it is beyond the Commission's statutory authority to award an analogous enhancement merit for female ownership... to be quite remarkable." She also took note that majority opinion seems to undermine preferences for minorities. Tamm and Scalia reached their conclusion, Wald said, "by determining that the rationale underlying both the minority and female comparative merits -- namely that promoting diversity of ownership and participation will promote diversity of programming and viewpoint -- is essentially fallacious."

Majority said "it simply is not reasonable" for Commission to conclude that more women as media owners will increase diversity of viewpoints aired: "Women transcend ethnic, religious and other cultural barriers. In their social and political opinions and beliefs... women in fact appear to be just as divided among themselves as are men."

"Perhaps the Commission means to suggest," majority wrote, "that if more women owned stations, they would program softer, more 'feminine' music. Indeed, it is not clear which stereotype of women the Commission meant to indulge in in adopting the female preference."

FCC attorney Grey Pash, who argued case, declined to guess whether Commission would appeal ruling. But many believe FCC appeal is unlikely, given Commission's unanimous decision earlier this month denying preferences for women applicants participating in mass media lotteries (CD Aug 8 p4). Much as Appeals Court concluded Fri., Commission said then that it lacks statutory authority to grant such preferences. However, another Commission source said that "many" FCC lawyers favor appeal. Commissioners themselves all were out of town and couldn't be reached for comment.

Citing FCC vote in lottery case, N.Y. attorney Stuart Shorenstein, who represented Steele, said he believes FCC won't appeal. "Given what the Commission has just done in the lottery rulemaking... I would find it surprising if the Commission were to appeal."

ENA MAY SELL 'ALL OR PART' OF COMPANY: Detroit's Evening News Assn. (ENA) said Aug. 22 that "all or part of the company's properties may be sold in one or more transactions" in order to provide shareholders of closely held company with highest price possible. Meeting day earlier, ENA board rejected sweetened offer of \$1,250 per share (about \$562 million) by Jerrold Perenchio's and Norman Lear's L.P. Acquisitions (LPA) (CD Aug 20 p7), calling it "inadequate" and "not in the best interests" of ENA or its shareholders. ENA Chmn.-Pres. Peter Clark said no officers or directors of company would tender any shares to LPA, whose offer expires Aug. 30.

Before ENA announcement, Clark had said repeatedly that company wasn't for sale and that it would "vigorously oppose any takeover attempt" (TVD Aug 5 p3). However, he now has written stockholders that ENA representatives "are currently engaged in discussions with a number of third parties who have expressed interest in acquiring either the company as a whole or one or more of its operating properties." None of third parties was identified, but Washington Post said that among those interested in at least some of ENA properties are CBS (for WDVM-TV Washington), Gannett, N.Y. Times, Time Inc., Hearst, Tribune Co., A.H. Belo Corp., Jack Cooke and Wesray (for TV stations), which recently acquired Forward Communications. ENA has hired Salomon Bros. as financial adviser.

After LPA raised its offer Aug. 19 from \$1,000 per share, many Wall St. analysts predicted result would be bidding war. ENA owns Detroit News, 7 other newspapers, WDVM-TV, KTVY Okla. City, KOLD-TV Tucson, WALA-TV Mobile, KPUE-TV Austin, WWJ(AM)-WJOI(FM) Detroit. In suit claiming that he was discharged improperly as head of broadcast properties, Peter Kizer charged ENA with diverting millions of dollars of TV profits to cover losses at Detroit News (CD Aug 19 p1). Kizer is vice chmn. of NAB TV board, plans to attend meeting of Assn.'s Exec. Committee in Washington this week.

* * * *

Meanwhile, public interest groups that have asked FCC not to allow Rupert Murdoch to take over 6 Metromedia TV stations are relying on "naked speculations," Murdoch's North American TV Inc. (NATI) asserted. NATI's rebuttal also discloses that Murdoch expects to become U.S. citizen (mandatory to be broadcast licensee under Communications Act) next month and includes promise that company "will not commingle the operations" of commonly owned TV stations and newspapers in N.Y. and Chicago during requested waiver period.

Petitions to deny filed by Telecommunications Research & Action Center (TRAC), Washington Assn. for TV & Children (WATCH), Cal. Assn. of the Physically Handicapped and National Coalition on TV Violence (NCTV), among others, oppose transfer of Metromedia licenses to Murdoch mainly on grounds that he isn't U.S. citizen or, as NCTV said, that he "will clearly increase the amount of televised violent entertainment." Many of same groups also opposed Murdoch's request for 2-year waiver of TV-newspaper cross-ownership rules. Stations involved are WNEW-TV N.Y., WTTG Washington, KTTV L.A., KRIV-TV Houston, KRLD-TV Dallas-Ft. Worth, WFLD-TV Chicago.

On citizenship question, attachment to NATI pleading discloses that Murdoch filed citizenship papers May 10 and appeared before naturalization examiner July 23, when he was told his application "was in order and that his naturalization should be scheduled" in U.S. Dist. Court, N.Y., during Sept. "The only thing that stands between Mr. Murdoch and U.S. citizenship is the time required to schedule and accomplish his swearing in," filing asserts.

FCC should dismiss as "anathema to the Commission's procedures for regulation" assertions by NCTV that Murdoch would program TV stations with mostly violent shows, NATI said, declaring that FCC should avoid such "subjective judgments" of program content. But in footnote, NATI says "current programming on the Metromedia television stations... will be continued unless changes are warranted by alterations in competitive conditions in the markets served or the flux of community needs and interests. But the essential proposal to maintain existing [Metromedia] operations is clear."

Responding to TRAC assertion that Murdoch should be given no more than 6 months to sell N.Y. Post and Chicago Sun-Times (cities in which he's acquiring TV stations), NATI said that without longer waiver of cross-ownership rules, diversity of voices represented by papers "will be impaired or lost altogether." NATI comes close to saying that if 2-year waiver is denied, papers will be folded: "It is essential for the continued viability of the newspapers... that they not be subject to the trauma and dislocation that would inevitably result from a distress sale atmosphere. Without a reasonable waiver period, there is a substantial likelihood that a sale can be effectuated only with an attendant disruption of operations and employee morale."

Murdoch has retained Allen & Co., N.Y. investment banker, to handle sales of 2 papers, NATI said. Allen executive Stanley Shuman said in attachment to NATI filing that "we have been advised that it would be undesirable to approach prospective buyers or make any financial presentations until after the application for transfer of licenses has been approved" by FCC: "Few buyers will seriously analyze, consider or bid for a publication that is not definitely for sale."

In unrelated case, Multimedia has scheduled Sept. 20 shareholders meeting in Greenville, S.C., to vote on company's recapitalization plan. It said that SEC has approved proposal and that proxy statements have been mailed to holders. Multimedia has successfully fought off unfriendly takeover attempts by Jack Cooke and Comcast.

SA's B-MAC ADVANCES: Private Satellite Network has selected Scientific-Atlanta's new SA B-MAC color TV transmission format for its business DBS service. PSN is first U.S. customer for SA B-MAC, which was selected last year by Australia.

PSN contract is valued at as much as \$4 million and covers 2-year period, SA spokeswoman said. Merrill Lynch and MicroAge will be first PSN clients to use system, beginning in late fall. SA said B-MAC technology represents first fundamental change in color TV in U.S. since color was introduced 28 years ago. B-MAC offers several enhancements, including one-way broadcast data, Dolby stereo audio, widescreen projection, videotex, secure scrambling and improved picture quality, according to proponents.

Marc Porat, PSN pres.-CEO, said B-MAC represents revolutionary enhancement for TV: "It is a hybrid analog/digital format offering the best of both worlds to our clients." Sidney Topol, SA chmn., said PSN network would "provide a terrific demonstration of SA B-MAC capability, a system which we believe will ultimately become an industry standard." We're told that CBS also will embrace B-MAC technology soon.

SA B-MAC was designed for TV transmission via satellite. Its key features are claimed to be: (1) Color and brightness information are separated at source, processed and transmitted in time division multiplex. This makes possible reproduction of clear colors with sharp definition. (2) Digital audio performance approaches Compact Disk quality. (3) Six high-quality audio or data channels accompany video, plus utility data channel for downloading computer information. (4) Digital synchronization and FM deemphasis network give superior performance during bad weather. (5) Improved scrambling techniques provide secure video and audio

transmission. (6) Video signal can be displayed directly on workstation monitor and data format is IBM compatible.

SA began shipping B-MAC equipment to Australia in Jan., will complete shipment next month. Australians have installed much of equipment but won't begin using it until their first satellite is operating in Oct. First Aussat was to be launched on shuttle Aug. 24.

MAC stands for "multiple analog component," and several different MAC systems have been proposed. All MAC systems aren't compatible -- in fact, American B-MAC (525 lines) and Australian B-MAC (625 lines) aren't. RCA, joined by HBO and M/A-Com, recently started campaign to retain NTSC system as standard for DBS and other future uses, on grounds of its compatibility and inherent capability for improvement (TVD July 29 p3). Format PSN is buying utilizes 525-line standard.

Mounting cable piracy has forced 3 Houston-area cable operators to join forces. Local units of Warner Amex, Harte-Hanks and Storer have declared Aug. as "amnesty month," in which pirates can turn in illegal converter boxes or otherwise admit taking service without paying or fear of prosecution. Cablers have funded \$240,000 for newspaper, TV and radio ad campaigns to publicize new Tex. law making theft of cable service punishable by \$1,000 fine and 6 months in jail. That law takes effect Sept. 1; cablers' amnesty program ends then and prosecutions are promised after that date. It's estimated there are 50,000 cable pirates in greater Houston area.

Operating U.S. TV stations now total 1,217 (901 commercial, 316 noncommercial) with recent starts of 3 satellite stations: WCFN Springfield, Ill., satellite of WCIA Champaign; KMCY Minot, N.D., satellite of WDAY-TV Fargo; WWLF-TV Hazelton, Pa., satellite of WOLF-TV Scranton.

SUPPORT GROWING FOR TV IN SENATE: Fueled by survey results indicating growing support in Senate, drive is on once again for passage of legislation that would allow TV-radio coverage of chamber. Proponents are rounding up cosponsors for pending legislation and preparing for Sept. 17 hearing by Senate Rules Committee. Greatest pressure for change is coming from within Senate and we've learned that key opponents are softening.

At issue are S-Res. 29 by Senate Minority Leader Byrd (D-W.Va.) and S-Res. 81 by Sen. Armstrong (R-Colo.). Byrd resolution proposes permitting TV and radio in Senate on condition certain debate rules are changed to guarantee minority party equal chance of coverage (CD Jan 4 p1). Armstrong proposal is identical to failed plan in last Congress by then-Senate Majority Leader Baker (R-Tenn.) that would have allowed broadcast coverage of chamber controlled by leadership of both parties.

Proposals got boost last week with release of informal survey by C-SPAN, which already provides coverage of House floor proceedings. It found near majority (45) of senators would support TV-radio in Senate in some form while 17 more said they "leaned toward" support. Only 18 senators flatly rejected proposal while additional 15 said they "leaned against" idea and would need certain guarantees to lend their support, such as promise (considered impossible by some observers) that deliberative nature of Senate wouldn't be disrupted or floor debate rules changed significantly. Five senators said they were undecided.

Figures seem to show proponents have excellent chance to win, but threats to plan continue to be possibility that Sen. Long (D-La.) will try filibustering again -- tactic he used successfully against idea twice before -- and that Sen. Ford (D-Ky.) will continue to push radio-only coverage as alternative more fitting decorum of chamber.

Byrd is working hard behind scenes to skirt those hurdles, and we're told that he's telling Democrats he believes allowing TV-radio coverage is crucial to future of both Democratic Party and of Senate itself. He's concerned that Senate "is fast becoming the invisible half of Congress" because House and White House, which are heavily covered by TV and radio now, get more public exposure.

Byrd also is making argument in private that cameras are crucial to election fortunes of Democrats. GOP controls Senate by 53-to-47 margin, and holds 22 of 34 seats being contested in 1986 elections. To win passage of proposal, proponents candidly say they will have to promise not to implement it until after those elections -- in 1987 at earliest. But Byrd knows that still would be satisfactory for his party that, like GOP in 1986, will be on defensive in 1988 and 1990 elections when more of seats up for reelection will be Democratic.

Ford has been approached by Byrd and by broadcasters, including news dirs. of 3 TV network affiliates in Louisville. Ford spokesman told us senator is reevaluating his position. Aide said Ford has overcome his first coolness to televising Senate and is more concerned about whether public funds should be used to implement plan.

Supporters still have to contend with such opponents as Senate Majority Leader Dole (R-Kan.), who's on Rules Committee, Commerce Committee Chmn. Danforth (R-Mo.), one-time supporter Communications Subcommittee Chmn. Goldwater (R-Ariz.) and Senate Majority Whip Simpson (R-Wyo.), who said in C-SPAN's 1982 survey that he "leaned in favor" of idea. Opponent Sen. Helms (R-N.C.) is wild card, we're told. Although some fear that he'll filibuster, Helms is former broadcaster thought vulnerable to industry pressure on issue.

C-SPAN officials say they're not leading lobbying effort for proposal but company nonetheless is poised for eventual coming of TV in Senate. C-SPAN already is leasing 2 transponders aboard Galaxy 1 and RCA's Satcom 3R, with former slated to become primary bird in Oct. because it's used by more cable systems and has coverage area that extends to Hawaii.

U.S. AND MEXICO AGREE ON AM: Culminating 3 years of negotiations, U.S. and Mexico have reached new agreement on AM broadcasting that replaces 1968 treaty. Agreement will better serve needs of both countries, particularly in interference protection, FCC said.

Pact essentially provides for: (1) Nighttime operation by U.S. stations on Mexican Class 1-A clear channels. This will allow FCC to implement plan to permit American daytimers to go fulltime on such channels. (2) Mexican use of U.S. clear channels conditioned on protection to U.S. stations, based on 10% interference curve. (3) Postsunset operation by U.S. daytimers, in most cases for 2 hours after local sunset.

Goal of both countries is to have agreement in effect by late fall, FCC said. Agency said it will be able to make changes immediately after agreement is effective since it already has amended its rules in anticipation of pact with Mexico. Similar agreement with Canada already is in force. Commented FCC Chmn. Fowler: "This achievement culminates an almost 3-year process of cooperative efforts between U.S. and Mexican officials which will lead to enhanced opportunities for U.S. broadcasters to expand their service."

S.A.L. Communications is seeking protection from creditors in Chapter 11 bankruptcy filing in U.S. Dist. Court, N.Y. Cable products distributor has reported losses for 3 years. At same time, Gary Fiebert resigned as S.A.L. pres.

NBC CONSIDERS ALL-NEWS FOR CABLE: It may be only trial balloon, but NBC received much attention last week by confirming that it's considering starting all-news cable channel to compete with Turner Bcstg.'s CNN. NBC concedes that such a venture is "long shot" but said it had briefed Affiliates' News Committee on idea and received encouraging response.

Network also has explored with Top 10 cable MSOs their interest in a competing news channel, NBC News Pres. Lawrence Grossman said. We also were told that NBC had tried to buy CNN from TBS Chmn. Ted Turner but was told it's not for sale; Grossman denied that.

"It's in the exploration stage," NBC News spokesman William McAndrew said of concept. "We should have a decision by the end of the year" whether venture will be started, he said. "This is something we're looking into seriously, but we know it's a long shot."

Skepticism and even some outright derision greeted word that NBC is considering competing head on with CNN, which has virtual lock on cable news market after 5 years of building audience. CNN is available in 33.1 million cable homes (85% of total), and another 17 million take CNN Headline News. Most skeptics pointed to ABC's experience with Satellite News Channel, venture it started with Group W. SNC lasted a year before being sold for \$25 million in 1983 to Turner, who promptly folded it.

But, not all reaction was negative. "I sense that NBC believes Turner is very vulnerable right now," said one executive, who asked not to be named. That executive said Turner "isn't perceived as very cable-friendly lately. He's made a run at buying CBS, and now he's spending a ton to buy MGM/UA. We [cable operators] are not dumb; we know who's going to end up paying for all that -- we will, through higher [carriage] prices."

CNN fees will rise 20% in Jan. and another 20% in Jan. 1987 under fee schedule TBS announced earlier this year. Cable operators who also carry WTBS Atlanta now pay about 20¢ per subscriber for CNN, more if CNN is carried alone. "Price will determine if this goes or doesn't," said an executive at major MSO, who said he had been briefed on idea by NBC.

Others pointed out that many operators have long-term carriage contracts for CNN that could lock out NBC from significant share of cable market for up to 5 years. NBC wouldn't comment on how much it thought it might have to spend in startup and operating expenses. But others noted that CNN accumulated roughly \$70 million in pretax losses in its first 5 years, didn't break into black until 1985 first quarter.

Turner didn't seem fazed by possibility of NBC as a competitor, said in statement: "Cable's strength

is in its diversity of programming choices, and we welcome newcomers to the industry. However, we would suggest to NBC that music-video channels are easier and more profitable to operate than all-news networks."

There was some speculation that NBC's idea may evolve into format other than just a cable channel. Grossman was quoted as saying network wants "to break some of the molds" of network news. "In view of the escalating cost of news, we've got to find new ways to do what we've always done," he told Wall St. Journal. NBC is implementing costly satellite interconnection program and is providing affiliates with free dishes they can use to receive and transmit news feeds via satellites that parent RCA will launch next year.

Some skeptics speculated that NBC was being "suckered" into cable news business by cable operators. They voiced suspicion that some major MSOs, fearing Turner rate hikes, are creating threat of competition, which could act to restrain CNN rates.

DIRTY MOVIES-FCC ISSUE: FCC Review Board is expected to remand renewal of WSNS-TV Chicago to law judge to determine if movies aired by station while it was STV operation were erotic. Case was argued before Board Aug. 23, and obscenity was major issue -- even though it wasn't factor in initial decision by FCC Law Judge Joseph Chachkin, who recommended grant of WSNS's Ch. 44 to competing applicant Monroe Communications.

Obscenity issue was raised by Monroe in exceptions to initial decision after WSNS-TV (now affiliate of SIN) had sought preference because of its STV movies -- such as Star Wars. Chachkin didn't consider alleged obscene movies in his decision -- but Review Board members did at start of Aug. 23 argument. Most recent obscenity case to reach full Commission involved "pillow talk" radio call-in shows in 1974, and that case was decided without agency's ruling on whether broadcasts were obscene.

In exceptions to initial decision, Monroe said at least 5 movies aired by WSNS-TV -- Pandora's Mirror, Kinky Ladies of Bourbon Street, The Erotic Adventures of Zorro, Into Snowy and Easy -- were erotic.

Viewers had to pay premium to view erotic movies but, according to Monroe, 2 programs, Playboy on the Air with "depictions of sexual manipulation, intercourse and nudity," and Anything Goes, "game show on which the participants removed their clothes" were aired free.

Chachkin had favored Monroe over WSNS-TV, stating that licensee Harrisclope Inc. wasn't entitled to renewal expectancy.

HOLLYWOOD SUPPORT FOR WIRTH: House Telecom Subcommittee Chmn. Wirth (D-Colo.) is heading for possible 1986 Senate bid with strong Hollywood support, according to campaign finance reports at Federal Election Commission (FEC). Producers and other Hollywood figures made significant last-minute contributions to Wirth's 1984 reelection campaign to House and already are fattening his war chest for 1986, records show.

Much of 1984 money from Hollywood came from \$250-per ticket fundraiser Oct. 8 in L.A. that netted at least \$12,600, Wirth campaign aide confirmed. Wirth was Hollywood ally in fight to block FCC's efforts to relax network financial interest and syndication rules. Evidence of Hollywood's support is significant because Wirth is considering running for Senate seat held by 2-term Democratic Sen. Hart. Wirth is waiting for Hart to decide whether he'll make 2nd bid for Democratic presidential nomination in 1988, won't risk his House seat to oppose Hart if incumbent runs again for Senate.

Wirth's most recent FEC filings show he spent about \$590,000 on 1984 campaign -- nearly 4 times opponent. Money from special interest political action committees (PACs) accounted for 37% of total; included \$85,050 from corporate groups, \$51,918 from labor unions, \$48,923 from professional associations. Figured conservatively, about 10% came from Hollywood interests. TARPAC and NCTA's CablePAC didn't contribute (TVD Nov 5 p4).

Among attendees at Cal. fundraiser were MCA Chmn. Lew Wasserman, wife Edith and daughter Lynne Wasserman-Meyer (each contributed \$1,000) and MCA Vp Thomas Wertheimer (\$250; company's PAC also gave \$2,000). Others (\$250 each): Lawrence Gordon, pres.-CEO, 20th Century-Fox, and exec. vps Gerald Bergman and Burton Monasch (company's FoxPAC also contributed \$1,000); Alan Horn, chmn., Embassy Communications, and Robin French, senior exec. vp (Pres. A.J. Perenchio gave \$500 later); Roger Gimbel, pres., Peregrine Producers Group; Alan Landsburg, pres., Alan Landsburg Productions; David Levy, pres., Wilshire Productions; Michael Medavoy, exec. vp, Orion Pictures; Sydney Pollack, pres., Mirage Enterprise; Arthur Price, pres., MTM, and Mel Blumenthal, exec. vp.

Also: Arthur Ryan, vice chmn., Technicolor; Dawn Steel, vp, Paramount Pictures; Barton Stone, pres., Deluxe Labs; Frank Wells, pres.-CEO, Walt Disney Productions. Last-minute contributions were from PACs for: Gulf & Western (\$2,000); Motion Picture Assn. of America (\$1,000); Pres. Jack Valenti separately gave \$1,000 earlier); MGM/UA (\$1,000); Viacom (\$1,000); Warner Communications (\$900); Warner Amex (\$500); Columbia Pictures (\$500); Lorimar \$250 (it gave another \$250 earlier).

Related last-minute contributions: Action for Children's TV's KidsPAC (\$500); Ralph Roberts, Comcast (\$200); Daniels & Assoc.'s DanielsPAC

(\$2,000); Heritage Communications PAC (\$500); Stanley Hubbard, pres.-CEO, Hubbard Communications (\$250); Irving Kahn, pres.-CEO, Broadband Communications (\$500); Eugene Murphy, pres., RCA Communications (\$250) and company attorney, Frank DeRosa (\$225); Turner Bestg. System PAC (\$1,000); Vincent Wasilewski, attorney with Washington firm Dow, Lohnes & Albertson (\$300, including \$100 in last days); ex-FCC Chmn. Richard Wiley (\$500, including \$200 in last weeks). Margaret Warren, wife of Television Digest Editor and Publisher Albert Warren, contributed \$500 in Oct.

In first 6 months of 1985, Wirth raised \$115,119, spent \$62,946. If he makes run for Senate, he'll need far more -- Hart spent nearly \$1.2 million on his last Senate campaign and recent hotly contested races in other states have been much more expensive. However, Wirth already has proved ability to raise funds. He used his 1982 House campaign to demonstrate his fund-raising potential to possible opponents by building \$800,000 war chest.

Among 1985 contributors: Reynold Anselmo, pres., SIN TV Network (\$400); Stuart Subotnick, senior vp, Metromedia (\$500); Christopher Coursen, ex-Senate Commerce Committee aide now lobbyist with O'Connor & Hannan (\$200; firm separately gave \$250). Investment firm Drexel, Burnham, Lambert and law firm Skadden, Arps, Slate, Meagher & Flom, CBS's main representatives during Ted Turner's takeover bid, contributed \$2,000 and \$1,000, respectively, while Turner's key attorney then, Gary Epstein of Latham, Watkins, Hills, gave \$400.

Hubbard Bestg.'s Conus Communications will launch new service Sept. 7 offering TV stations and other media outlets live feeds of various govt. affairs, mainly speeches and events at White House, on nonexclusive basis. New Conus Washington Direct will differ from original Conus service to which 23 TV stations now subscribe in that it will offer feeds of news events unedited and unaccompanied by commentary or additional reporting. Stanley Hubbard said CWD will operate mainly from mobile uplink truck parked across street from White House. Service will be transmitted via SBS-3 satellite but will move to RCA's K-2 bird after it's launched in Jan. Hubbard has leased 4 transponders on RCA satellite, said rates for CWD will vary according to market size.

CBS and AP have been sporadically discussing joint overseas newsgathering operation for about year, officials of both confirmed. Talks reportedly have been conducted "at a very low level" and consummation of agreement, if ever, is long way off, according to CBS, which said any deal reached wouldn't result in closing of any CBS News bureaus overseas.

Katz TV named rep for KTZO San Francisco, WHIZ-TV Zanesville, O., WLFI-TV Lafayette, Ind., and WJSU-TV Anniston, Ala.

POST BUYS CABLE SYSTEMS: Washington Post leaped into cable Top 20 last week by formalizing agreement to buy 53 of 55 systems owned by Capital Cities Communications for \$350 million in cash. Deal had been widely expected (TVD June 17 p2), gives Post 350,000 subscribers in 15 states. Excluded from sale are CapCities' 2 Mich. systems -- in Plymouth and Saline -- because they lie within Grade B contour of Post's WDIV Detroit. Separate sale of those systems is expected soon.

Meanwhile, Sammons Communications is buying CBS/Blackhawk Cable, which has 2 systems with about 19,000 subscribers near Ft. Worth, for undisclosed terms. CBS acquired systems under FCC waiver in 1982 for \$14 million, used them to test programming and advertising. Insiders said Sammons is paying about \$23 million for systems, which will cluster well with MSO's Ft. Worth property.

Group that Post is buying includes 5 large systems in Cal. Modesto and Santa Rosa are largest with about 35,000 subscribers each, said Post spokesman Guyon Knight. It's "premature to say what will happen" with CapCities Cable TV Div. management, Knight said, "but basically the operating [local system] management will remain in place." He said systems will be operated separately from newspaper as Washington Post Cable Div. to be headed by Howard Wall, a Post vp, Knight said.

MUST-CARRY STAY ASKED: U.S. Appeals Court, D.C., was asked Aug. 19 by NAB and others to delay for 30 days implementation of its order striking down FCC must-carry rules. Without stay, Court's decision takes effect Sept. 3. Broadcasters said they need extra time to file for U.S. Supreme Court review of July 19 decision in case brought by Quincy (Wash.) Cable TV and Turner Bestg. (TVD July 22 p1).

Motion for stay of must-carry ruling will be considered by 3-judge panel of Appeals Court, probably within next 2 weeks. Panel could include one or more of judges who were on panel that handed down original unanimous decision. If motion is denied, broadcasters' next appeal for delay would be to U.S. Supreme Court Justice for D.C. region, Chief Justice Warren Burger.

TIO will hold first-ever general meeting of station subscribers during, or just before, NAB convention in Dallas next April. "We haven't put together the bits and pieces yet" or set agenda, TIO Dir. Roy Danish told us. Group W's William Baker, chmn. of TV Information Committee (governing body of TIO), said that there's more justification now than ever for TIO but that there hasn't been "adequate communications" with subscribing stations. He said TIO is planning some "interesting and very exciting projects." Last week, TIO released new 30-sec. spot for TV stations to air extolling values of First Amendment to public.

TIMES FIBER GOING PRIVATE: Coaxial cable maker Times Fiber Communications (TFC) would come under control of Lawrence DeGeorge family again under roughly \$140 million bid made by family's LPL Investment Group. LPL said negotiations have begun with Insilco, which controls 66.1% of TFC stock, so that bid can be presented to Insilco board at its Sept. meeting. Friendly offer is expected to be accepted by Insilco.

Lawrence DeGeorge was cofounder in 1948 of what was then Times Wire & Cable. Company enjoyed explosive growth, supplying coaxial said to be used in up to 60% of all cable systems. DeGeorge sold company to Insilco Corp. (then International Silver) in 1955. Firm evolved into TFC in 1977 and made public offerings in 1981 and 1983. DeGeorge retired as Times Fiber chmn. in April. He's pres. of LPL; sons Peter and Lawrence are exec. vps.

Aug. 22 offer by family's LPL Investment is for cash merger of Times Fiber with LPL. Public holders would receive \$14.50-\$15 a share. Insilco would get same price for "majority" of its shares, plus \$20 million of TF preferred stock (terms to be negotiated) for "portion" of remaining shares, said Peter DeGeorge. He declined to elaborate on specifics of offer or to discuss details of financing other than to say that "equity money has been committed."

Gillett Communications (George Gillett, chmn. and principal owner), which owns WSMV Nashville and 5 smaller TV stations, is buying 4 TV stations owned by Fetzer Bestg. for \$80 million. Fetzer stations are WKZO-TV Kalamazoo, Mich., KMEG-TV Sioux City, Ia., KOLN-TV Lincoln and KGIN-TV Grand Island, Neb. Crisler was broker. Fetzer Pres. Carl Lee will assume control and become principal owner (through internal stock exchange) of Fetzer Bestg. Services, which owns 4 radios, Kalamazoo cable systems and Muzak franchises.

Despite rejection by 8 other broadcast trade associations at Aug. 16 meeting in Washington, NRBA Exec. Committee said it still plans to present its recommendation to Sept. 10 NRBA board meeting in Dallas that "super radio association" be formed to represent all facets of radio. NRBA Pres. Bernard Mann said in Assn.'s RadioWeek: "We were disappointed in the lack of interest on the part of the organizations attending [Aug. 16 meeting] to even pursue the idea."

Warner Communications said Aug. 23 it had ended talks with Forstmann Little & Co. on latter's proposal, along with MTV Networks senior management, to buy MTV Networks for \$31 a share, \$470 million total (TVD Aug 12 p2). WC said it's pursuing talks with unnamed entities, presumably including Viacom, about selling MTV Networks.

M/A-Com is offering \$50 million of 10-7/8% notes due in 1995 at full face value. Notes are being offered pursuant to SEC shelf registration covering up to \$75 million of debt securities.

Personals

Everett Erlick, ABC, exec. vp-gen. counsel and a dir., will resign next year after acquisition of ABC by Capital Cities is completed. Erlick, who is principal ABC spokesman in Washington issues, said it was time "to do something different"; he announced no plans; **David Glodt** promoted to chief, ABC News L.A. Bureau, succeeding **William Knowles**, resigned; **Jeff Gralnick** shifts from vp-exec. producer of political broadcasts to vp-exec. producer, special programming, ABC News; **Dave Morris** advanced to west coast dir. of unit mgrs., ABC Best. Operations & Engineering.

FCC calendar -- Aug. 26: **Janice Obuchowski**, legal asst. to Chmn. **Fowler**, participates in Space WARC 1985, Geneva, until Aug. 31; **Bradley Holmes**, legal asst. to Comr. **Patrick**, and **Michael Fitch**, Private Radio Bureau deputy chief, are on panel at Associated Public-Safety Communications Officers Inc. 51st Annual National Conference, San Diego; departing FCC Comr. **Rivera** is speaker at Everett C. Parker Ethics in Telecommunications lecture Sept. 19, Interchurch Center, N.Y.

Brian James, ex-Cablesystems Engineering, appointed engineering dir., NCTA Science & Technology Dept... **Robert Cherry**, ex-Master Specialist Products, named pres.-COO, Telcom Technologies... **Tim Braine** promoted to vp-exec. producer, HBO and Cinemax on-air promotion... **Sharon O'Rourke**, ex-ABC News Washington Bureau, appointed controller, Pyramid Video... **Harold Kimball**, exec. dir. of U.S. delegation to Space WARC, named NTIA chief scientist.

James Karayn, ex-WHYY-TV Philadelphia, named national program adviser and program development dir., WTVS Detroit... **Mariann Babnis**, ex-NCTA, named communications services mgr., Pittelli & Price... **Carol Robinson** promoted to AP western U.S. broadcast exec... **Russell Barry**, Taft Entertainment TV pres., resigns; duties will be assumed by Taft Entertainment Pres.-CEO **Sy Fischer**... **Barry London** advanced to pres.-distribution and mktg., Paramount Pictures Motion Picture Group; **Buffy Shutt** promoted to mktg. pres.

Michael Schuch, vp-gen. mgr., Gaylord Bestg.'s WVTW Milwaukee, shifts to same post at co-owned WUAB Lorain-Cleveland... Promoted at Independent TV Sales: **Bob Bee** to vp-sales mgr., Chicago; **Tom Durr** to sales mgr., Atlanta; **Joe Canty** to group sales mgr., N.Y... **George Geesey**, ex-WRC-TV Washington, appointed dir., operations and engineering, Wold Communications Washington operations... **Ronald Marshall**, ex-GTE, named dir., Center for Telecommunications, U. of Miss.

Herman Schkolnick appointed mktg. and sales dir., Panasonic Best. Systems... **John Litvack**, current drama programs vp, NBC Entertainment, adds title of drama development vp, NBC Productions.

HBO has denied allegations by trade group SPACE that it's scrambling HBO and Cinemax satellite feeds fulltime in violation of pledge to Sen. Goldwater (R-Ariz.). SPACE had charged that HBO had promised Goldwater, chmn. of Senate Communications Subcommittee, not to scramble fulltime until equipment tests were complete and descramblers were widely available (TVD Aug 19 p6). In Aug. 21 letter to SPACE Chmn. Taylor Howard, HBO Vp-Corporate Affairs Susan Greene said M/A-Com encryption system tests had been completed successfully: "We now await the delivery of consumer descramblers so that HBO can scramble its services fulltime and those TVRO owners who wish to subscribe to our services will have an opportunity to do so... HBO will initiate a consumer marketing campaign early this fall to encourage TVRO owners to contact their local cable systems or satellite dealer for priority delivery of a descrambling unit." Greene concluded that "this policy is exactly as [HBO Chmn. Michael] Fuchs stated to Goldwater last spring."

Panel on "Rock Lyrics... Where to Draw the Line" on sex and drugs in video and audio records has been added to agenda for "Radio '85: Management and Programming Convention" Sept. 11-15 in Dallas, jointly sponsored by NAB and NRBA. It will be moderated by NAB Pres. Edward Fritts; panelists include Tipper Gore (wife of Sen. Gore [D-Tenn.]) and Stanley Gortikov, pres. of Recording Industry Assn. of America. Other panels have been added on AM stereo, minority employment, network long-form programming and on-air promotions.

Symposium for defense attorneys -- sponsored by NAB, American Newspaper Publishers Assn. and Libel Defense Resource Center -- was held last week in Chicago. Sponsors refused request of Television Digest Inc. to cover 3-day affair. Reasons given us: (1) Presence of reporters would cause panelists to be less candid. (2) Defense attorneys don't want to disclose strategy or "secrets" to plaintiffs' attorneys in any future libel trials.

Eighth U.S. Appeals Court, St. Louis, has refused to grant ex-KMBC-TV Kansas City newswoman Christine Craft new trial in her sex discrimination suit against station. She had won case against then-owner Metromedia in 2 earlier trials but Appeals Court reversed 2nd decision. Craft attorney Dennis Egan said U.S. Supreme Court will be asked to review case.

Obituary

Hilbert (Bud) Slosberg, 71, retired FCC assoc. gen. counsel, died Aug. 17 in Washington Sibley Hospital following heart attack. He also had pneumonia. He was graduate of Dickinson College and Fordham Law School, was congressional staffer before entering Army in World War II. He returned to govt. in 1946, joining FCC in 1949. He retired in 1974. Daughter, son survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Aug. and 1985's first 32 weeks:

	AUG. 3-9	1984 WEEK	% CHANGE	JULY 26- AUG. 2	32 WEEKS 1985	32 WEEKS 1984	% CHANGE
TOTAL TV.....	292,130	359,077	-18.6	444,711	11,126,555	11,670,663	- 4.7
TOTAL COLOR...	250,607	251,135*	- 0.2	362,792*	9,153,553*	9,003,115	+ 1.7
DIRECT-VIEW..	246,766	247,910*	- 0.5	358,664*	9,031,873*	8,905,388	+ 1.4
PROJECTION..	3,841*	3,225	+19.1	4,128*	121,680*	97,727	+24.5
MONOCHROME....	41,523	107,942	-61.5	81,909	1,973,002	2,667,548	-26.0
TV EXCL. PROJEC.	288,289	355,852	-19.0	440,583	11,004,875	11,572,936	- 4.9
HOME VCR#.....	162,174*	125,280	+29.4	274,850*	5,882,141*	3,678,304	+59.9
COLOR CAMERAS#..	6,348	7,679*	-17.3	13,107*	256,582*	247,017	+ 3.9

Color TV (direct-view) 5-week moving average: 1985--281,436; 1984--281,834* (down 0.1%).

Home VCR 5-week moving average: 1985--201,394*; 1984--133,521 (up 50.8%).

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

RCA ADDS CAMCORDER, CUTS LOW-END VCRs: With VCR sales right on target for 11-11.5 million this year, marketers are juggling products and prices for fall selling season. In 2 moves that will be closely watched by industry, RCA entered camcorder market and at same time cut prices on some low-end VCR models.

"ProWonder" camcorder uses full-sized VHS cassette, is similar to the one shown quietly at CES by Hitachi. Although it carries no suggested list price, RCA officials said it would sell for less than \$1,500, with giveaway of \$150 hard-sided carrying case as special promotion through year's end. As demonstrated last week, camcorder was easy to use, lighter than other VHS camcorders -- 5.5 lb. without battery or cassette and 7 lb. with both, vs. 6.3 and 8 lb. for Matsushita-made version (Panasonic, NAP, GE, etc.).

Among features touted by RCA are constant auto white balance that requires no resetting for natural or artificial light, IR autofocus, 7-lux sensitivity. RCA says its research indicates that most camcorder customers are owners of VCRs already -- so RF adaptor unit to play back over standard (nonmonitor) color set is extra-cost option, although accessory cable is provided for playback through monitor or other VCR. Camcorder also can be used for recording from other sources (through viewfinder plug) and RCA has alphanumeric titler and special effects generator as optional accessory.

RCA forecast camcorders would generate at least \$500 million in industry retail sales this year. Based on \$1,400-\$1,500 list price, this would work out to some 350,000 units. Consumer Electronics Mktg. Vp Stephen Stepnes said 11% of respondents in RCA survey would buy camcorder within 3 years. RCA plans ad campaign for unit, is expected to stress VHS compatibility and ease of use.

RCA dropped prices on several low-end top- and front-load VCRs in action certain to reverberate through industry -- since company previously hasn't taken lead in VCR pricing moves. One competitor called RCA action "substantial price move," but Group Vp Jack Sauter characterized it as "mild adjustment at the low end." Asked why RCA acted, he replied:

"Because they weren't selling." RCA also will have \$50 rebate promotion for on-screen programmable VCR.

RCA's pricing action and those of others before and after could bring street prices of VHS wireless models to \$2,500 level this fall. Other major and minor brands recently have cut some prices, but move by RCA as No. 1 selling VCR brand takes on extra significance. Meanwhile, after honeymoon period, pricing of some Korean VCRs is beginning to get more aggressive -- Samsung units have been advertised recently at \$212 for wired remote, \$249 for wireless.

Sauter said industrywide VCR sales continue to center on low-end product, with relatively little feature-oriented selling. Asked about recent downward pricing of VCRs with wired remote control, he replied: "Wired remote has reached the end. It's not a product."

He characterized color TV sales as "very strong" this summer, adding: "The color [sales] mix is good. I wish VCR were as stable as color." VHS Hi-Fi so far has been "disappointment," he said. "There has been no system support," such as Sony-led Beta group hardware-software drive, which he said was very effective.

As for camcorders, he forecast they would dominate with people "looking for portability," but not necessarily this year. He said they would be sold primarily to persons who already have VCRs -- new RCA survey showed 2nd VCR sales already are becoming significant. "The first-time buyer probably wants more deck" than is provided in camcorders. He said it will become apparent by early 1986 "whether the camcorder is a thin or a reasonably strong market."

RCA's camcorder officially goes on sale next month, but distributor samples already have been delivered by air. Hitachi will start marketing own version next week at about \$1,500 list. Among fall products to be announced soon are autofocus Video 8 camcorder, 27" color set and audio-video systems from Sony. Meanwhile, in London this week Sony is expected to announce program to seed 8mm software, starting with 50 movie and music titles (see report elsewhere in this issue).

U.S. COLOR SUPPLY DOWN IN FIRST HALF: U.S. color TV manufacturers and importers did their bit to ease inventory situation in 2nd quarter by keeping hands off production throttle, and as a result new color supply in both quarter and first half was down slightly from same period last year, analysis of available EIA and Commerce figures indicates.

Imports accounted for all of decline in quarter, as domestic factories boosted production slightly. That rise fell just short of making up for output decline of first quarter, so first-half production total was down modestly. But that decline presumably was shared unevenly among producers here, as Samsung's N.J. plant and Gold Star's 2nd factory in Ala. weren't in operation in first half last year.

In coming months, industry will find it increasingly difficult to hold down domestic output. In 2nd half, Mitsubishi, Sony and Toshiba all are slated to raise production at their U.S. color plants, and recently opened Ga. facilities of NEC and Tatung should be hitting stride.

Foreign manufacturers' tradeoff of complete set imports for TVs assembled here resulted in improved share of new color supply for U.S. factories. For full first half, U.S. plants provided 70.1% of new color sets, up from 69% in same 1984 period. For quarter, U.S. plant share was 69.6%, up from 68.3%. However, Commerce figures show imports of tube-inclusive color TV kits rose 61.9% in 2nd quarter to 215,000, and for half were up 46.9% to 459,200. Factoring those in would mean that in first half 35.4% of new color supply consisted of imported sets or sets assembled from complete kits, up from 34.7%, and 2nd-quarter import share would rise to 35.5% from 34.8%. Here's rundown:

1985 FIRST HALF U.S. TOTAL TV SUPPLY

		U.S.— Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1985....	5,834,000	- 0.7	6,021,000	+ 5.4	11,855,000	+ 2.3
	1984....	5,877,000		5,713,000		11,590,000	
Color TV	1985....	5,834,000	- 0.7	2,487,000	- 5.9	8,321,000	- 2.3
	1984....	5,877,000		2,642,000		8,519,000	
B&W TV	1985....	--	--	3,534,000	+15.1	3,534,000	+15.1
	1984....	--		3,071,000		3,071,000	

1985 SECOND QUARTER U.S. TOTAL TV SUPPLY

		U.S.— Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1984....	2,940,000	+ 0.7	3,054,000	- 5.0	5,994,000	- 2.3
	1983....	2,919,000		3,216,000		6,135,000	
Color TV	1984....	2,940,000	+ 0.7	1,285,000	- 5.0	4,225,000	- 1.1
	1983....	2,919,000		1,354,000		4,273,000	
B&W TV	1984....	--	--	1,769,000	- 5.0	1,769,000	- 5.0
	1983....	--		1,862,000		1,862,000	

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

MAJORS SET FOR HOME SATELLITE BUSINESS: Things have changed since satellite receiver dealers met in Nashville last year for industry's annual Labor Day weekend trade show. Since then, dealers and manufacturers have seen slow but steady entry of name-brand marketers into their business. This will be important topic of discussion at Nashville Show '85, which starts Sept. 2 at Opryland Hotel.

Kenwood and Panasonic entered receiver business this year, and RCA is promising presence "as soon as feasible" (TVD July 29 p10). Big Radio Shack chain will be in market this fall. Zenith last week confirmed it had demonstrated satellite dish system to distributors this month, will officially announce launch in fall. Spokesman couldn't comment on specifics of product, did indicate system might be on market by 4th quarter. New entrants certainly won't leave much room for dozens of little manufacturers out there, but may help solve industry's problem of defective hardware.

Entry of big names, particularly offshore companies, is hitting many small U.S. manufacturers hardest as they rapidly lose share to new competition, according to Luxor North America Pres. Hans Giner. Small companies are dropping out, process that he predicted will accelerate this fall.

Majors "could potentially be our greatest competition ever," agreed Mktg. Coordinator William Stark of Uniden, which claims to be biggest in field. "Right now, we don't have any competition." But he predicted satellite receiver business in 1986 would continue to be "dominated by the TVRO specialists." At same time, major firms will favor traditional distribution networks. As preparation for time when receivers are sales item for mass

merchants, retailers and specialty chains, Uniden already is establishing relationships with those kinds of businesses, Stark said.

Uniden is making and breaking monthly sales records, remains "very optimistic about the fall season in terms of market share," said Stark, adding that satellite hardware is high-profit item for company. One reason for Uniden's success, he claims, is that it's outpacing industry sales growth by "taking receiver sales away from the competition." Stark puts industry sales pace at 55,000-60,000 receivers per month -- not much change from estimates earlier in year.

Luxor didn't see same booming sales pace in May-July period, Giner calling sales "disappointing" though "not alarming." "There is growth in the industry, but I think we have been overoptimistic" with sales projections. Industry went through same kind of slump as rest of home electronics business, he noted, pointing to slide in both consumer confidence and retailers' sales. Talk of scrambling satellite signals and fact that industry now is following more seasonal sales patterns -- big sales months coming in fall rather than spring -- also are reasons for slump, he noted.

Other major change since last year's Nashville show is broad move by cable networks to scramble their satellite signals. In 1984, only HBO had firm scrambling plans and largest pay-TV programmer wasn't sure then whether it would sell its services to dish owners. It has since said it will.

Moreover, less than polite prompting from worried cable operators has convinced virtually all cable networks that signal encryption is something to be endorsed wholeheartedly. Most in dish business now view cable industry's plans with dismay, vowing to fight what they label as attempt to dominate low-power DBS business. As evidence of that concern and industry's view of fight ahead, this year's show will feature several congressmen, including House Majority Leader Wright (D-Tex.), at panel sessions and "dealer rally." Heavy lobbying is on agenda -- aimed at getting legislation to restrict scrambling. Dealers and manufacturers have reason for concern. Scrambling certainly will make receiver systems less desirable for some consumers, particularly those who live in cable franchise areas and have been hoping to escape monthly cable bills with dish purchase.

Show agenda also includes panels on warranty service problems, selecting distributor and technical issues. Organizers have sold 725 exhibit areas, increase from 1984's 551. Attendance is expected to be at least 12,000 vs. 8,500 at last year's show. In fact, this may end up being industry's biggest show, since scrambling and entry of major manufacturers is destined to cut number of players and could even shift focus from specialty shows to CES. There may be reduction in number of shows each year from 3 that receiver industry currently supports.

JVC'S U.S. DISC PLANT: JVC is renaming and relocating 12-year-old U.S. facility and reorienting it almost entirely toward digital Compact Discs. At same time, spokesman said company is considering whether to establish CD pressing plant here.

JVC Disc Inc. is new name of former JVC Cutting Center Inc., which has specialized in editing music tapes and disc mastering. Company moves Sept. 1 from L.A. to Irvine, Cal., where it will engage in editing master tapes for CDs, packaging CDs and taking orders for CD and analog discs to be custom pressed by JVC's facilities in Japan.

Cutting Center has been packaging CDs shipped in bulk from Japan since Jan., and currently has capacity for 400,000 discs monthly. In new location, capacity will be expanded to 500,000.

JVC's Yokohama disc plant now presses 500,000 CDs monthly. With completion of new Yamato plant

in Sept., capacity will be doubled. Company says it now has 30 pressing customers, of which half are Japanese. JVC estimates U.S. sales of 4.9 million Compact Discs last year, increasing to 20 million this year, 40 million in 1986. In Japan, company says, sales totaled 6.4 million last year, and it sees consumption there in 1985-86 about same as in U.S.

JVC Disc is capitalized at \$400,000. Nonresident pres. is Kansaku Kaneko, resident vp is Yoshihiko Honjo. It has 50 employees, will be located at 1621 Browning Ave., Irvine, Cal. 92714. Only U.S. CD pressing plant is Digital Audio Disc Co., subsidiary of CBS/Sony in Terre Haute.

Piracy doesn't pay: Sharp double cassette VHS deck, designed for sale in Mideast but offered by stores in London's Tottenham Court Rd. electronics row at anywhere from \$715 to \$1,500 (TVD April 1 p13), was spotted there last week at \$615 "to close."

COMMODORE LAYOFFS: Commodore announced last week it would lay off 700 employees, about 15% of work force, just one week after it said it would post \$80 million loss in quarter ended June 30, including \$50 million inventory writedown (TVD Aug 19 p14). Layoffs will be in "all sectors" of operations, Commodore said.

Downbeat article in Wall St. Journal noted that firm's loss "may reduce its net worth almost 25%, which may threaten to put the company in technical default of a \$100 million credit agreement" -- denied by Commodore.

In other computer developments, meanwhile, Kaypro Corp. said it laid off approximately 6% of its work force "to get our costs in line with our sales," which Mktg. Vp David Kay said were "somewhat off." No specifics were supplied.

Advance Micro Devices extended pay reduction for executives and professionals through year's end. IBM will let contract with Computer Memories Inc. for hard disc drives expire at end of year. In most recent quarter, IBM accounted for 81% of CMI's sales.

Even getting out of computer business doesn't necessarily stop cash hemorrhaging. In final settlement of class action suit approved last week by U.S. Dist. Court, N.Y., Warner Communications will pay \$18.6 million to investors who lost money in 1982 when WC stock plunged after company revealed problems at Atari, which subsequently was sold. Suit charged that WC withheld bad news even though its own executives were unloading their holdings.

Settlement involves complex formula that allocates money to investors who bought stock March 3-Dec. 8, 1982. Those who bought near end of period will receive proportionately larger share. Court approved \$4.5 million in fees to attorneys who represented stockholders in 19 separate suits that were consolidated.

* * * *

Apple has reached agreement to sell its Garden Grove, Cal., keyboard plant to Alps Electric (USA), subsidiary of major Japanese components manufacturer. Plant will continue to supply Apple with keyboards and mice, employing about 275. It's one of 3 factories Apple decided last June to sell.

ZENITH'S LINE: Zenith color TV line, as it stands after Aug. drop-ins (TVD Aug 19 p11), has 50 models, 39 with remote control, 18 with built-in MTS stereo. Low-end Custom series has one 13" model, four 19", eight 25". Midline System 3 models are one 13", two 19", two 20", two 25", five 27". Top-of-line Advanced System 3 consists of four 19", two 20", nine 25", seven 27". There also are 4 projection sets.

VCR line starts with 2-head unit, with two 4-head mono recorders, 2 VHS Hi-Fi models, one of which has MTS. VHS-C camcorders are available with manual and automatic focus.

8mm SOFTWARE IN U.K.: In what could be preview of its U.S. stance, Sony this week will announce launch of 8mm software in U.K. later this year. Focal point of London news conference, scheduled for Aug. 28, is availability of 50 titles in 2 categories -- movies and music videos.

Features are said to include Embassy Home Entertainment's Cotton Club, demonstrated in 8mm by Eastman Kodak at June CES in Chicago and Video Software Dealers Assn. meeting in Washington this week, and CBS/Fox's Romancing the Stone. Major movie titles are for rental only, although Romancing the Stone also will be given away with sale of each Sony 8mm deck during Christmas promotion. Music videos are for sale, include Tina Turner compilation, another giveaway. Some titles, including Cotton Club and Tina Turner, have digital stereo soundtracks.

To ensure cassette supply, Sony has provided 600 slave machines to U.K. duplicators CBS/Fox, REW, Rank and Fraser-Peacock at what one observer calls "very good price." Company took similar approach with Beta Hi-Fi, was able to speed up acceptance greatly.

At least some facets of U.S. strategy are scheduled to be unveiled at VSDA this week by Sony Video Software Operations, which is expected to reveal 8mm release schedule. Although SVS isn't responsible for hardware, it presumably will have role in startup of duplication.

Kodak meanwhile remains where it was at June CES -- lots of interest but little action. Film processor has been trying, apparently without success, to assemble consortium to license 8mm programming. Sony was to have been member but, based on U.K. development, apparently has decided to strike out on its own.

Video specialty retailers had mean gross margin of 34% in first 6 months of 1985, according to annual Video Store magazine survey of 729 owners representing 2,486 outlets. VS said gross revenues ranged from \$341,621 for chain affiliate to \$933,066 for independent multistore owner. Software accounted for 54% of sales, hardware 22%, blank tape 9%, service 8%, accessories 7%. On VCR side, Beta held 17% share nationwide, ranging from 8% in New England to 26% in Southwest. Median store moved 86 units annually at average price of \$404.70, with 15% gross margin.

U.S. Trade Representative Clayton Yeutter announced agreement with Japan Aug. 23 under which Japanese govt. will remove 4.9% duty on imported computer parts, 6% duty on peripherals, 4.9% duty on mainframes. U.S., in turn, will remove its 4.3% duties on parts and mainframes and 4% duty on peripherals. Agreement was praised by Computer & Business Equipment Mfrs. Assn. as step forward in easing entry of U.S. high-technology products into Japan.

ELECTRONICS LEADERS: Cost of admission to electronics' top 50 rose in 1985, according to Electronic News's annual listing of industry leaders. Among those strongly in consumer products, GE and NAP improved positions, while RCA, Tandy and Zenith slipped in rank.

EN estimates electronics-only volume based on most recently reported 4 quarters. This year, only 2 companies in top 50 had electronics sales of less than \$1 billion, as opposed to 5 last year and 6 in 1982-83. Holding onto first place was IBM, with electronics sales of \$37.1 billion, up from \$34.5 billion. AT&T Technologies remained No. 2, with \$8.33 billion vs. \$7.25 billion.

Among consumer electronics-related companies, GE rose to 3rd from 4th with \$6.93 billion, RCA dropped to 8th from 5th at \$4.98 billion, NAP rose to 13th from 14th at \$4.46 billion, Tandy fell to 24th from 22nd at \$2.8 billion and Zenith slipped to 34th from 33rd at \$1.75 billion. Making list for first time was Apple Computer, with sales of \$1.99 billion.

Among other companies listed, with sales in millions and 1984 rankings in parentheses: ITT 4th (3rd) \$6,602, Motorola 6th (7th) \$5,500, TI 12th (11th) \$4,534, Raytheon 18th (18th) \$3,464, Westinghouse 19th (19th) \$3,401, Rockwell 23rd (25th) \$2,965, GM 25th (24th) \$2,621.

In 2nd tier of rankings: GTE 26th (29th) \$2,465, Harris 29th (30th) \$2,259, Allied 30th (26th) \$2,219, National Semiconductor 33rd (31st) \$1,787, Avnet 38th (38th) \$1,439, Tektronix 39th (36th) \$1,436, Teledyne 40th (44th) \$1,430, Ford 45th (41st) \$1,134, Singer 46th (43rd) \$1,127, M/A-Com 50th (new) \$834.

Foreign electronics rankings were relatively unchanged, only newcomer being Mitsubishi, now ranked 15th at \$767.9 million, only company with under \$1 billion electronics sales among listed non-U.S. firms. Top rankings went to Matsushita at \$13.8 billion, followed by Philips with \$11.6 billion, Hitachi 3rd with \$11.2 billion, Siemens 4th at \$8 billion, NEC 5th at \$7.4 billion, Toshiba 6th at \$6.9 billion, Fujitsu 7th at \$5.2 billion, British GEC 8th (slipped from 5th) at \$4.4 billion.

Remainder of foreign rankings: Canada's Northern Telecom 9th at \$3.6 billion, France's Thomson-CSF 10th at \$3.3 billion, Sweden's Ericsson 11th at \$2.2 billion, Britain's Plessey 12th at \$1.6 billion, Britain's Racal 13th at \$1.2 billion, Thorn EMI 14th at \$1.1 billion.

Wireless stereo speakers and headphones have been introduced by Nady Systems, 1145 65th St., Oakland, Cal. 94608. Speaker system uses 2-channel FM transmission, includes microphone, has 100-ft. range. Transmitter with lavalier microphone and one self-powered speaker is \$200, additional speakers are \$100. Headphones, for stereo or TV, use infrared frequencies, retail at \$120 for transmitter and one headset, additional headsets \$60.

O-I CHINA COLOR PACT: Owens-Illinois said last week it had signed multimillion-dollar licensing agreement for use of its technology in manufacture of color glass in 6 major China manufacturing centers as well as in British Isles. Agreement was signed with H.K. Lotus Scientific Development Ltd. of Hong Kong, privately held firm that was involved in sale of GE's 10" and 13" color tube production equipment to China (TVD May 27 p17).

O-I Diversified Operations Pres. William Laimbeer said Lotus will work with O-I to obtain contracts for construction and startup of color glass plants in both China and Britain under 7-year agreement. Lotus is international engineering trading firm whose scope includes financing, investment, engineering technology and management, planning technology transfers, handling of export license applications and international trade. O-I has technical assistance and licensing agreements on TV glass technology for Japan, USSR, E. Germany and Czechoslovakia. Lotus deal is O-I's first with China in TV glass, although it's providing technical assistance to Chinese glass container manufacturer.

PIONEER STAYS IN RED: Pioneer blamed unexpected drop in U.S. demand for videodiscs in reporting \$583,000 consolidated net loss in 3rd quarter ended June 30, as compared with profit of \$4.2 million in last year's comparable period. Sales were up 7% during period to \$342 million from \$320 million. Company has reported loss for all 3 periods this fiscal year. For first 9 months, net loss totaled \$1.93 million vs. \$20.4 million profit last year.

Company attributed rise in sales to domestic recovery in demand for audio products and popularity of its video equipment. It said sales of both categories also were strong in U.S. and Europe. Loss was caused largely by price pressures and costs of introducing new products, according to Pioneer.

Tandy profit for 4th quarter to June 30 was down 9% on sales increase of 7% (see financial table). Company's profit decline in latest quarter was less than in recent previous ones and company expressed confidence it was emerging from 18-month slump.

Japanese auto sound manufacturers increasingly are assembling in U.S. in move seen related to expanding Japanese car manufacture here. Pioneer is expected to build new plant here for purpose, probably in Great Lakes area. Alpine subsidiary of Alps Electric has begun partial assembly in L.A. As already reported, Matsushita plans assembly here, as does Clarion, subsidiary of auto maker Nissan.

Seiko Epson Corp. will be name of new firm to be created Nov. 1 by merger of 2 companies of Seiko group -- Suwa Seikosha and Epson Corp. Parent Hattori Seiko said merger would strengthen both its operations in current "computer slump."

TELEVISION DIGEST

Published Weekly Since 1948
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

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

Copyright © 1985 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 6502173616 (Via WUI)
MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435
This newsletter is available electronically via Newsnet

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren .. Assoc. Pub. & Sr. Ed.
Dawson B. Nail Executive Editor
Jonathan Miller Senior Editor
Daniel Warren News Editor
Steven Tuttle ... Managing Ed., Wash.
Mary Crowley Senior Editor
Mike Schwartz Associate Editor
Arthur Brodsky Associate Editor
Frances Seghers Associate Editor
Melinda Gipson Associate Editor
Theresa Foley Associate Editor
Deborah Jacobs ... Info. System Mgr.

Television and Cable Factbook

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

Factbook Research, Inc.

Lynn R. Levine Director

Business

Roy W. Easley III Controller
Gary Madderom ... Marketing Director
Glenn Brown Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

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

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

JAPAN REPRESENTATIVE

(Editorial & Business)

Richard E. Varner

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

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acton			
1985-6 mo. to June 30	9,106,000	(4,728,000)	-- ^a
1984-6 mo. to June 30	8,630,000	(3,376,000)	-- ^b
1985-qtr. to June 30	2,340,000	(6,047,000)	--
1984-qtr. to June 30	3,742,000	(2,472,000)	-- ^b
Electrohome^c			
1985-26 wk. to June 28	71,900,000	834,000	.15
1984-26 wk. to June 29	65,500,000	100,000	.01 ^a
1985-13 wk. to June 28	35,600,000	312,000	.06
1984-13 wk. to June 29	34,600,000	(1,700,000)	-- ^b
Jones Intercable			
1985-year to May 31	13,393,100	2,232,600	.24
1984-year to May 31	11,185,600	2,655,700	.28 ^d
Scott Cable Communications			
1985-qtr. to June 30	3,687,403	381,692	.15
1984-qtr. to June 30	2,437,136	528,049	.20 ^a
Tandy			
1985-year to June 30	2,852,964,000	189,060,000	2.11
1984-year to June 30	2,784,479,000	281,871,000	2.75 ^b
1985-qtr. to June 30	656,074,000	53,188,000	.60
1984-qtr. to June 30	612,741,000	58,435,000	.60 ^b
Webcor			
1985-year to March 31	15,912,000	(12,621,000)	--
1984-year to March 31	35,978,000	(2,711,000)	--

Notes: ^aIncludes special credit. ^bRestated. ^cIn Canadian dollars. ^dAdjusted.

Consumer Electronics Personals

Kazuo Kubo promoted to new post of chmn. of Sharp Electronics (U.S.), succeeded as pres. by **Sueyuki Hirooka**, ex-deputy gen. mgr. of Information Systems Group at Sharp hq in Osaka... **Yoon Suh**, former market research analyst, promoted to Gold Star TV product mgr... **Edward Lambert**, Konika vp, also named gen. mgr. of new Professional & Consumer Products Div. in merger of photo and audio-video operations; **Mark Okumura** adds title of gen. mgr., product management, to responsibilities as pres. of Konika Camera Corp.; **Sheldon Gordon** promoted to div. gen. sales mgr.; **Richard Mascone** becomes gen. mgr., special products.

Brian Miller, ex-Bose, appointed Fuji consumer product mgr., responsible for management of all consumer audio and video product functions... **Cathy Wilk**, ex-mktg. coordinator, named Technics mktg. and media supervisor... **John Mangini** appointed international operations vp, RCA/Ariola International, newly formed music publishing and music video joint venture of RCA and Bertlesmann... **Carol Froehlich** advanced to video production producer, RCA Records... **Heinz Roessle**, ITT corporate vp and ITT Europe vp, promoted to corporate electronic components group executive.

Robert Cook, ex-Embassy Home Entertainment and Magnetic Video, resigns as pres.

of Avalanche Group, holding company of Heritage Home Video and Video Assoc.; no successor named... Appointments at CBS/Fox Video International: **Michael Hutson** to group vp, **P.J. Leone** to mktg. vp, **Frederick Jaworski** to business development vp... **Tom Burnett** advanced at Embassy Home Entertainment from national sales mgr. to sales dir.

Teac settled claims that it infringed Tandon's double-sided disc drive patent with undisclosed cash payment and agreement to pay royalties on future sales of 5.25" drives. Tandon dropped lawsuits and unfair import competition claims against Teac, as it had done earlier after settlement with Sony (TVD July 8 p13). International Trade Commission proceeding on Tandon complaint against Mitsubishi started Aug. 19. Civil court trial is still pending against Mitsubishi. Matsushita became Tandon licensee earlier.

Berlin's Funkausstellung, biennial 10-day international TV and audio fair, will be opened Sept. 30 by Chancellor Helmut Kohl. Some 300 exhibitors will display products in 25 halls and pavilions at exhibition grounds, with some 400,000 consumers and trade visitors expected to attend. In addition to premieres of latest consumer electronic products, fair will feature live originations by Germany's 3 TV networks.

Hitachi buying team is in U.S. visiting some 40 companies as part of its commitment to buy more U.S. goods (TVD Aug 5 p13).