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With Consumer Electronics

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WESTINGHOUSE PUTS GROUP W CABLE ON BLOCK: Nation's 3rd-largest MSO is for sale as part of major corporate restructuring unveiled by Westinghouse Aug. 28. Group W Cable unit encompasses 140 systems with 2.1 million subscribers in 33 states, could fetch as much as \$2 billion, analysts said, but half of that would be eaten up by taxes, debt payments and other expenses. Resulting cash would be used by Westinghouse to fund 2nd part of restructuring move -- buying back 14% of its outstanding stock, about 25 million shares, for roughly \$1 billion.

Overall strategy of Westinghouse -- which also includes further restructuring of its product lines -- is to "enhance stockholder value and to continue the corporation's record of improving financial performance," company said. Daniel Ritchie, Group W Bestg. & Cable ehmn., explained that cable systems are being put on block because big, diversified company such as Westinghouse needs earnings per share more than high cash flows that cable systems generate.

Consumer Electronics

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COLOR TUBE SALES set record in 1984, with 13.5 million total, EIA reports. Indoor and outdoor antenna sales declined. (P. 13)

RADIO SHACK EXPANDS VIDEO line in 1986 catalog, lists 5 VCR models, 19" color. New accessories added, software dropped. (P. 14)

CONSUMER REPORTS RANKS RCA portable, Sony Superbeta tops among VCRs, credits JVC with best in camcorders and cameras. (P. 15)

Cash flow at Group W Cable's systems are "excellent and climbing," Ritchie told us, adding that "we think it's a very good business -- the cable business."

Group W bought systems in 1981 from Jack Cooke's Teleprompter, which had been founded by Irving Kahn, paid \$650 million for them plus Muzak and other Teleprompter interests. Since then, it has invested \$750 million in upgrading systems, Ritchie said. But much upgrading remains to be done at many systems in chain, leading many to believe Westinghouse foresaw that it could sell now at a substantial profit or hang in and continue rebuilding aging systems. However, selling systems may not be that easy; Group W is 4th of top 6 MSOs to come on market this year, following Cox, Storer and Warner Amex.

As for Group W's 6 TV and 11 radio stations, Westinghouse Electric Chmn. Douglas Danforth said: "Our consideration of the sale of Group W Cable in no way dampens our enthusiasm for the commercial broadcasting business. We are proven leaders in this industry, and our broadcasting operations continue to make significant contributions." He also said that company's program syndication and production businesses aren't for sale.

Other unit under Group W Bestg. & Cable umbrella is Group W Satellite Communications, which offers video production services and satellite uplinking and markets cable networks, including Nashville Network, Home Theater Network and regional sports networks. GWSC Pres. Harlan Rosenzweig said "sale has absolutely no affect on GWSC -- business as usual for GWSC."

"In our continuing evaluation of our portfolio of businesses, we believe it is timely and appropriate, from the standpoint of maximizing shareholder value, to explore the sale of our cable TV business," said Danforth. He spoke just after Westinghouse board had approved 3-part program designed, he said, to maximize stockholder values. Plan authorizes management to "explore the sale of its cable TV business," purchase shares on open market and continue to restructure industrial product lines. Company has hired Shearson Lehman Bros. and First Boston as financial advisers.

Asked what systems are worth, Ritchie said Westinghouse is looking for fair price, noted that in recent sales systems have gone for around \$1,000 per subscriber. That would put Group W Cable value at about \$2.1 billion. Ritchie told us he already has talked with many other large cable system owners but said it's too soon to say whether leveraged buyout by cable unit's management might be possibility: "We would certainly consider any reasonable, bona fide offer."

Westinghouse didn't mention any suitors for cable unit, but Time Inc., TCI and Comcast have been in market recently, willing to spend big bucks on cable properties. Time spokesman told us: "As a general rule, we're interested in high-quality cable properties." Time's willingness to spend \$900 million in bid with TCI for Warner Amex should indicate interest, he added.

In stock repurchase, Westinghouse plans to buy up to 14% of its 175 million shares "in open market purchases or through private purchases at prices management deems appropriate." Wall St. showed that it likes idea, as stock rose \$4.75 on N.Y. stock exchange day move was announced, closing at \$38.25 on nearly 3 million shares traded. Westinghouse said purchases will be funded with cash on hand, internally generated funds and short-term debt.

Danforth said he expects sale of cable systems would close in 1986, when "we intend to complete the restructuring program, retire the short-term debt used for stock purchases and -- depending on the proceeds and market conditions -- the corporation may decide to purchase additional shares of its common stock."

GANNETT WINS EVENING NEWS ASSN. WITH \$717 MILLION OFFER: Gannett is victor in bidding war for closely held Evening News Assn. (ENA) with \$717 million offer based on

per-share price of \$1,583 for each of approximately 453,000 ENA shares. Both boards unanimously approved deal, which is subject to FCC approval.

L.P. Media had made offer of \$566.3 million for Detroit-based ENA (\$1,250 per share) and earlier in week had won in federal court and at FCC on matters affecting its takeover attempt. It had no comment Fri. ENA told stockholders in overnight letter that entities controlling more than 50% of its shares "were committed" to Gannett deal. Letter also urged shareholders not to tender shares to L.P. Media. As "lockup" to merger deal, ENA granted Gannett separate options to purchase Detroit News, among 10 largest daily newspapers in U.S., and WDVM-TV Washington. That portion of deal effectively transfers ENA's most valuable assets to Gannett and makes ENA less attractive to L.P. Media, which is controlled by entertainment executives Norman Lear and Jerrold Perenchio.

Deal will mean ENA properties, which weren't "managed to peak potential," will be brought under Gannett's more aggressive management style, said Alan Gottesman, analyst with L.F. Rothschild, Unterberg, Towbin. Beside WDVM-TV, which it received in 1978 swap with Washington Post Co., ENA owns KVUE-TV Austin, KOLD-TV Tucson, KTVY Okla. City and WALA-TV Mobile. It also owns radio stations WWJ(AM)-WJOI(FM) Detroit and publishes daily newspapers in Palm Springs and Indio, Cal., and Vineland and Millville, N.J.

Gannett owns 6 TV stations -- KPNX-TV Phoenix/Mesa, KUSA-TV Denver, WXIA-TV Atlanta, WLVI-TV Cambridge/Boston, WTCN-TV Minneapolis/St. Paul, KOCO-TV Okla. City, and 14 radio stations, including WLQV(AM)/WCZY(FM) Detroit, 86 daily newspapers including USA Today, 38 nondaily newspapers and largest outdoor ad firm in N. America.

Under FCC cross-ownership rules, which prohibit company from owning combination of TV station, newspaper, radio station or cable system in same market, Gannett has apparent conflicts in Detroit with radio stations and newspaper, in Tucson with newspaper and KOLD-TV, in Okla. City with KTVY and KOCO-TV, and in Mobile-Pensacola with newspaper in Pensacola and WALA-TV. Gannett had no comment on what specifically it would do to eliminate conflicts, said company would comply with all govt. regulations on media ownership.

If Gannett sold TV stations to resolve all conflicts, it would be left with 8 stations that have total penetration of 8.57% of U.S., according to TV Station Coverage Census published by Television Digest Inc. If it retained TV stations, except for Okla. City where it would have 2 TVs, penetration would be 9.37%, according to Census.

"We are especially aware of the proud tradition of public service by the Detroit News for 112 years and we look forward to continuing and enhancing that," Gannett Chmn. Allen Neuharth said, indicating that Gannett would keep newspaper, setting up confrontation with Knight-Ridder, owner of Detroit Free Press. Gottesman said there was possibility that reportedly money-losing newspapers could establish joint operating agency. Justice Dept. approval would be required.

Gannett was invited to bid for ENA along with Jack Cooke, media investor and owner of Washington Redskins. Sources said Cooke's offer was for \$45 million less than Gannett's and wasn't all cash. Although other media companies were interested, none made bid. ENA started bidding war in Dec. when it sought to repurchase outstanding stock for \$250 a share. Two years ago, stock was selling for \$50 per share.

Besides descendants of James Scripps, who own much of company, others among 333 shareholders who will profit from Gannett deal are George Gillett, Nashville media executive who holds about 7,000 shares (valued at \$11 million); Booth American Co., Detroit-based media company controlled by Scripps heirs, about 14,000 shares (\$22.5 million); Fred Eyechaner, pres. of Newsweb Corp., which is part owner in WPWR-TV Aurora, Ill., and owns construction permit for UHF TV station in Boulder, Colo., about 4,740 shares (\$7.5 million). Eyechaner also bought Des Moines Register and Tribune Co. stock before Gannett acquired that company earlier this year for about \$200 million.

That was Gannett's first win this year in situation in which it was bidding for closely held media company that had been target of hostile takeover bid. Gannett also was reported to have entered into talks with CBS on possibility of acting as friendly suitor when Ted Turner was attempting hostile takeover.

In 1984, privately held ENA had \$310 million revenues and net income of \$13 million. In same year, Gannett earned \$223.9 million on revenue of \$1.96 billion (\$2.80 per share). In 1985 quarter ending June 30, Gannett had net income of \$71.8 million, up 20% from same quarter in 1984.

VIACOM GETS ITS MTV--AND ITS SHOWTIME: Viacom will become giant in cable programming, while Warner Communications becomes sole owner of Warner Amex Cable Communications cable systems, as result of deal announced last week. Definitive agreement may finally end months of speculation over who will get various pieces of WA.

Viacom is paying Warner Communications \$500 million in cash, plus warrants worth about \$18 million, to acquire large chunks of both Showtime/Movie Channel and MTV Networks Inc. Because of intricacies of joint ventures involved, Viacom actually is buying 2/3 interest in MTV Networks and 19% of S/MC from WA. Another 31% of S/MC will come from Warner itself.

Separately, Viacom plans to buy 1/3 of publicly held MTV Networks shares for \$33.50 a share, or about about \$171 million. If deal holds, it would become sole owner of both S/MC and MTV Networks, operator of MTV, VH-1 and Nickelodeon, at total cost of about \$690 million. However, agreement could be held up for some time if Warner partner American Express doesn't agree to early sale of programming ventures. American Express hasn't made position known.

Viacom said it will use traditional bank financing to raise funds for acquisitions that will make company (already part owner of Lifetime and No. 11 MSO) one of key players in cable programming. At same time, it takes Warner completely out of business it helped pioneer.

Warrants granted Warner as part of acquisition price, however, still will allow it to participate financially in performance of networks through Viacom stock; 1,625,000 shares are available at \$70 each. In addition, Warner is committed to pay \$6.1 million for additional 625,000 warrants allowing purchase of Viacom stock at \$75 a share. (Viacom was trading at around \$50 a share last week.) Warner can exercise warrants for 5 years after deal closes, subject to certain restrictions such as standstill agreement barring further stock purchases.

If Warner were to exercise all warrants -- at total cost of \$160.7 million -- it would end up owning 10.6% of Viacom's fully diluted shares. Anthony Hoffman, analyst with Cralin & Co., notes that those warrants, along with debt Viacom will take on to pay for acquisition, will greatly reduce Viacom's attraction as takeover target. While Viacom refuses to place valuations on 2 programming ventures, price it will pay for MTV Network's public shares can be used to figure value for both MTV Networks and S/MC. Oddly enough, such figuring shows S/MC with total value of \$353 million, MTV Networks' at around \$513 million. Difference is more than odd given fact S/MC made \$20 million last year, MTV Networks only \$12 million.

Warner-Viacom deal is latest -- and maybe last -- chapter in convoluted battle for control of WA. Early in Aug., Warner agreed to buy half of WA it didn't own from partner American Express for \$450 million and assumption of \$500 million in debt. At that time, Warner had 2 different offers for some of WA assets. Viacom had option either to buy 2/3 interest in MTV Networks for \$310 million or half of WA, less certain assets, for \$450 million. Second offer was Forstmann Little & Co.'s bid to take MTV Networks private for \$473 million.

Warner announced last week it had broken off talks with Forstmann Little, negotiated new terms with Viacom through following weekend. Forstmann Little originally bid \$31 a share for company, upped that to \$33 a share 2 weeks ago in failed effort to seal deal with Warner.

Warner and Viacom said "transaction will close as promptly as possible," possibly before Oct. 15. If American Express doesn't approve, Warner and Viacom said they'll complete transaction after Warner buys partner out of WA. Viacom is required to buy up MTV Networks' public shares only if "the necessary consents are obtained by Oct. 15 from WA to allow the prompt closing of the transaction."

S/MC and MTV Networks will continue to be run as separate companies with separate managements. Succession at MTV Networks already is settled by employment contracts with Exec. Vp-COO Robert Pittman and Pres.-CEO David Horowitz. MTV Networks proxy statement shows that Pittman is permitted to quit 5-year contract if he's not named pres. next July, when Horowitz can become either chmn. or consultant. Unanswered question is impact of Viacom's ownership on S/MC Chmn. Neil Austrian's hope for public offering. Waters also are muddled by Lorimar's announced intention to buy up to 15% of Warner's common stock.

COX WINS OBSCENITY FIGHT: Grand jury in Okla. City spent several hours over 2 weeks viewing films offered by Playboy Channel over Cox Cable system there before deciding Aug. 19 that R-rated programming doesn't violate community standards. Local Cox officials called grand jury's decision a victory, said Playboy Channel will remain. "As long as it's economically feasible and our customers want it, we will continue to carry it," said Cox's Jill Trione.

Decision is noteworthy because panel weighed Playboy programming against local community standards as set forth in what is considered very strict state law restricting pornography. Grand jury, in declining to hand down indictments, said: "The luxury of personal preference must yield to principles of law when the final decision is made." But 12-member panel was careful "not to put its stamp of approval on Playboy. For this reason, we wish to make clear that our decision does not necessarily represent our personal preferences, nor an endorsement of some of the programming" on Playboy Channel.

Cox earlier this year removed Playboy from its systems in Va. Beach, Portsmouth and Norfolk, Va. (TVD March 4 p7). Grand jury there had handed down one indictment charging Cox with showing 7 films that panel had judged obscene. Cox said then it was dropping Playboy, subscribed to by some 12,500 residents, to avoid prolonged litigation.

Cox has about 64,000 basic subscribers in Okla. City. Number of Playboy pay subscribers varies from 6,000 to 7,000, Trione said. Several months ago, resident George Harper asked Cox to discontinue Playboy and he and others picketed cabler's office for several weeks. Trione said Harper began enlisting churches in his effort and organized "decency Sunday" during which thousands were urged to sign cards saying they intended to disconnect all cable service unless Playboy were removed.

Harper then began petition campaign to force grand jury probe. Under state law, grand jury must be impaneled if 1,000 or more qualified residents request it. Panel met for 2 weeks, spent 13 hours viewing 10 videotapes. Despite "very large to-do" that Harper's efforts caused, Trione said, Cox lost only 35 subscribers.

MARKEY LEAVING NTIA: NTIA head David Markey expects to leave agency in 4-6 weeks, plans to join unnamed Bell Operating Co. He has recommended that Rodney Joyce, senior minority counsel of House Telecom Subcommittee, replace him.

Markey, reached Fri. while vacationing at Rehoboth Beach, Del., confirmed that he had advised Commerce Secy. Baldrige of plans but hasn't formally resigned. He said it's still possible that deal with BOC, which he wouldn't name, won't go through, although it's "pretty serious." Speculation was that BOC is Pacific Telesis.

Markey was appointed by President Reagan in July 1983, confirmed in Aug. He's former lobbyist for NAB, was briefly aide to FCC Chmn. Fowler, joining that staff from that of Sen. Murkowski (R-Alaska).

Asked to describe his accomplishments at NTIA, Markey said he didn't want to do in-depth evaluation, but stated: "I like to think morale is good. Our study ('Issues in Domestic Telecommunications: Directions for National Policy') put things into perspective. We had a lot to do with the President's decision on alternative satellite systems."

Also planning to leave NTIA is Stephen Halloway, chief counsel, who begins work this week as policy adviser for trade and legislative affairs, Inter-American Development Bank.

New TV stations: KMSG-TV (Ch. 59) Sanger, Cal., 90% owned by Pres. Diane Cocola, 10% by Gen. Mgr. James Zahn. KSAS-TV (Ch. 24) Wichita, 95.5% owned by Columbia-Kan. TV Ltd, 4.4% by Dale Bennett; Harlan Reams is gen. mgr. WJWT (Ch. 16) Jackson, Tenn., 75% owned by Lloyd Communications, 25% by CLW Communications; Bud Borchert is gen. mgr. Starters raise operating U.S. TV stations to 1,221 -- 905 commercial, 316 noncommercial. Another 360 CP holders aren't yet on air -- 322 commercial, 38 noncommercial.

First 2 RCA high-power Ku-band satellites will be launched in Nov. and Dec. on shuttle. RCA Americom said system will be used by broadcast and syndication service, SMATV, DBS services and private voice, video, data and teleconferencing services for business and govt. users.

APPEALS JUDGES AFFIRM CRT: Upholding Copyright Royalty Tribunal in strongly worded opinion, 3-judge panel of U.S. Appeals Court, D.C., last week refused to review CRT's awards to NAB, commercial radio stations and religious broadcasters. Court, noting that this was 3rd time it has refused to overturn CRT awards, declared: "We will not hesitate henceforth, should this tack of litigation-to-the-hilt continue to characterize the aftermath of CRT distribution decisions, to refrain from elaborately responding to the myriad of claims and contentions advanced by a highly litigious copyright-owner subculture."

Court disposed of 2 major cases and variety of consolidated actions. Primary petitioners were NAB and Christian Bestg. Network; long list of intervenors included MPAA, Multimedia Entertainment, Canadian Bestg. Corp. and Turner Bestg. Throughout 36-page opinion, Court made it clear that it could muster little sympathy for claims of NAB et al. that they had been short-changed by CRT. Court found:

--That there was "no evidence" that 1% award to religious broadcasters was less than their fair share, "much less than that this alleged shortfall resulted from antisectarian sentiments harbored by the Tribunal."

--That award to NAB of 4.5% of copyright fund was within "zone of reasonableness." Court was scathing on NAB claim that its payment should be increased because of value of stations' compilation of otherwise-copyrighted material into "broadcast days." Said Court: "NAB's evidence... consists almost entirely of statements made by NAB members and officers as to how valuable they believe broadcast day compilations to be." Court said CRT was under no obligation "to explain why its view as to the worth of such compilations was unaltered by self-serving statements of the claimant itself."

--That radio broadcasters are entitled to nothing because their contributions to cable's retransmission of radio programs were, as CRT found, commercially worthless. Court found reasonable CRT's conclusion that any award for retransmitted radio programs should go to music copyright holders, not stations.

--That Canadian claimants are entitled to no more than CRT awarded -- 0.75% -- because of evidence that their programs "did not demonstrate any appeal" to American audiences.

--That CRT was right to chop Multimedia's 1982 award to 1% from 1.6% because WGN-TV Chicago ceased carriage of Multimedia's syndicated Donahue show, which Court said CRT rightly found to be station's most important program.

Cabletelevision Ad Bureau has announced annual awards program for achievement in advertising on cable, said it will offer \$25,000 prize for best cable ad in 1985.

NCTA MOVES ON SCRAMBLING CO-OP: NCTA took giant step last week toward launching nonprofit consortium for encrypting satellite signals. Assn. issued request for proposal (RFP) for scrambling hardware that cable operators' co-op will use. As result of NCTA search, Showtime/Movie Channel said it now will delay shipment of headend decoders to its affiliates until that standard is chosen.

M/A-Com Communications, however, announced that No. 1 MSO Tele-Communications Inc. had placed "multimillion-dollar order" for M/A-Com's commercial descramblers. Hardware is to be installed at TCI headends to descramble satellite feeds of basic cable networks, which also haven't settled on standard. Industry observers doubt TCI knows what NCTA selection committee will do, consider deal publicity stunt to advance positions of 2 companies involved, also believe TCI is likely to have plenty of escape clauses. NCTA wouldn't comment, and TCI and M/A-Com executives couldn't be reached. Meanwhile, we're told NCTA committee may already be leaning away from M/A-Com hardware chosen by S/MC and HBO and toward Scientific-Atlanta equipment.

Bidders for NCTA contract have until Sept. 20 to submit equipment specifications that will be evaluated by committee of engineers from MSOs and programmers who have no direct affiliation or contractual relationship with bidders, NCTA said. Encryption system chosen will form backbone of co-op, will encode cable signals delivered by satellite and decode them at system headends. Co-op also will offer "lifeline service" to backyard dish owners so they will be able to buy programming.

S/MC said it "will take steps to scramble immediately" if NCTA picks M/A-Com technology, but plan "may be delayed" if Assn. proceeds on separate course. It's unclear how much delay this means for S/MC, since pay programmer never really set date for shipping headend decoders. Spokeswoman indicated shipments could have begun in next month or so, but "frankly it doesn't make any sense to us to start using a technology" that may not be selected by NCTA.

Congressional allies of dish industry have threatened moratorium on scrambling if dish owners are faced with "VHS-Beta scenario" because they have to buy more than one decoder, S/MC said. HBO, on other hand, seems unaffected, is scrambling all feeds for part of day using M/A-Com hardware. Total scrambling program will cost S/MC \$3.5 million, and spokeswoman admits cancellation of M/A-Com contract would mean "a lot of money."

Turner Bestg.'s bid to acquire CBS officially ended Aug. 28 when TBS sent letter to FCC saying it "hereby withdraws without prejudice" its long- and short-form applications for transfer of control of CBS to TBS. Letter to FCC said applications were being withdrawn because "of the failure of several of the conditions [TBS] imposed" in its tender offer.

ABC DROPS 350 EMPLOYEES: ABC said last week it had laid off about 350 employees (3% of work force) and eliminated 265 currently unfilled jobs. No names were made public, but ABC official said cuts were made across board and in every department, didn't include any department heads or anybody reporting directly to Pres. Frederick Pierce. However, it's known that among vp jobs eliminated were those of Richard Levine (ABC Entertainment), Milton Carney (convention and meetings planning) and Joseph Giaquinto (affiliate planning). ABC had announced plans for cutback 6 weeks ago, to be completed before start of 4th quarter Oct. 1 (TVD July 15 p6).

Pierce said cutbacks were "a difficult business decision to prepare the company for this year's uncertain economic environment and to better position ABC for the long range." He said that in late 1970s and early 1980s, ABC had grown beyond size that could be "effectively sustained over the long term." ABC official said that "a fairly generous severance package... more so than the norm" will be provided and that those discharged will be offered job counseling and retraining in landing new positions. Additional 300 had been cut by ABC over last 18 months, mostly through attrition.

Meanwhile, cutbacks also are coming at CBS, by order from top to hold 1986 cost increases to 4%. "It's likely there will be some head count reductions," but most will be through attrition and "there's no hiring freeze on," CBS official told us. Another said report that as many as 2,000 jobs would be eliminated was "speculation that doesn't have much basis... It came out of a hat and I don't know where the hat came from." There also is speculation that more than 100 jobs will be cut from CBS News.

Warner Communications will pay \$18.6 million to investors who lost money in 1982 when WC stock plunged after company revealed problems at Atari game unit, which subsequently was sold. Class action suit by some stockholders alleged that WC withheld bad news about Atari's problems even though WC executives were unloading their own holdings. Judge John Keenan in U.S. Dist. Court, N.Y., gave final approval to settlement Aug. 20. It includes complex formula that allocates money from fund to investors who bought stock March 3-Dec. 8, 1982. Those who bought stock near end of that period will receive proportionally larger share. Judge approved \$4.5 million in fees to attorneys who represented stockholders in 19 separate suits that were consolidated.

Richard Block, exec. vp in charge of Metromedia TV stations; **Paul Rich**, vp of Metromedia Producers Corp.; and **Ira Goldstein**, vp-gen. counsel, have been fired by Chmn.-Pres. John Kluge, reasons not given. At same time, MPC Pres. Charles Young announced his retirement. Metromedia Chief Financial Officer **Hal Christensen** will succeed Block, MPC Vp **Leonard Grossi** takes over for Young.

Viscom International has changed name to **Visnews International (USA)**.

CPB SPLIT OVER REELECTING LANDAU: Despite failure to gain confidence of CPB board majority during her year as chmn., **Sonia Landau** is expected to retain top board spot at Sept. 12 reorganization meeting. Unless there's major surprise shift, board is expected to split 5-5 between Landau and her challenger, fellow Republican **Harry O'Connor**. In event of tie, CPB bylaws allow officers to continue to serve until new election is sought by any director.

O'Connor had supported Landau when she defeated then-Chmn. **Sharon Rockefeller** in Sept. 1984 and also in May 1985 meeting when majority voted to withdraw CPB from role as sponsor of trip by public broadcasters to Moscow. Both those votes were 6-4. O'Connor has wanted elected spot on CPB board for some time, attempted to make deal with Rockefeller to gain some post in exchange for voting for her as chmn.

Supporting Landau are: Vice Chmn. **Kenneth Towery**; **Richard Brookhiser**, National Review senior editor; **Howard Gutin**, pres.-gen. mgr., KLRN-TV San Antonio/KLRU Austin; **William Hanley**, N.Y. industrialist. Opposing Landau are: **Rockefeller**, O'Connor, **Lloyd Kaiser**, WQED-TV-FM Pittsburgh pres.-gen. mgr.; **Howard White**, ITT Communications & Services exec. vp-gen. counsel; **Lillie Herndon**, moderate Republican from Columbia, S.C. Herndon and White are only 2 dirs. not appointed by President Reagan. Kaiser is expected to run for vice chmn.

Dale Bell "wants to mull it over for a while" before deciding whether to contest U.S. Appeals Court, D.C., decision striking down FCC preferences for women applicants in TV-radio comparative hearings (TVD Aug 26 p1), her lawyer said last week. She edged out male applicant on woman's preference for FM station on St. Simon's Island, Ga. — award that was contested and resulted in Court's ruling against such preferences for women applicants. But attorney **Rudolph Ennis** of Knoxville said it's likely that rehearing of case en banc before Appeals Court judges will be sought. AWRT is voicing support for Bell's cause and is likely to file as intervenor if she appeals.

CBS has put up for sale 3 book publishing operations as part of plan announced early in July to sell off certain assets. To be sold are **Praeger** and **Winston-Seaberry Cos.** and general book publishing division of **Holt, Rinehart & Winston**. Groups accounted for less than 10% of CBS publishing revenues in 1984, employ 127. **Praeger** publishes academic studies, **Winston-Seaberry** religious and educational materials. CBS said divisions being sold don't fit company's desire to focus on certain portions of educational and professional book publishing market.

Conus Communications said **WISN-TV** Milwaukee is 22nd station to join limited partnership of stations in major markets that use mobile uplinks to transmit news stories to each other. Founder **Hubbard Bestg.** holds 55% share in Conus.

Personals

Steve Sohmer, ex-NBC Entertainment Div. exec. vp, named pres.-COO, Columbia Pictures Industries Motion Picture Div., succeeding **Guy McElwaine**, who was promoted to studio chmn.-CEO in June; **Robert Gumer** moves to Columbia Pictures TV comedy development dir.; **June Burakoff-Smith**, ex-20th Fox-TV, named dir.-ads and promotion, TV Distribution... **Myron Karlin**, ex-Warner Bros., named pres.-COO, Motion Picture Export Assn. of America, succeeding MPAA Pres. **Jack Valenti**, who becomes chmn.-CEO... **Peter Kusek** appointed exec. vp, M/A-Com Information Systems... **Robert Cohen** appointed senior attorney, Paramount Pictures Motion Pictures Group.

Lawrence Fried promoted to news sales vp, ABC; **Tom Goodman** advanced to news information mgr., ABC News, succeeded as press representative for ABC World News Tonight by **Elise Adde**... **Richard Thomas**, ex-HBO, appointed mktg. and programming vp, Comcast; **Thomas Baxter**, ex-Cablevision of Chicago, named group vp-Midwest Div... **Linda Wellstein**, ex-Cole, Raywid & Braverman, joins Schnader, Harrison, Segal & Lewis law firm as associate... **Daniel Mulvenon** advanced to training and affiliate support dir., Studioline; **James Britain**, ex-ATC, named central region mktg. dir... **David Schwartz** promoted to Seltel vp-Atlanta gen. sales mgr.

Peter Holmes a Court completes 2-year term as ITC Entertainment pres.; his duties will be assumed by Exec. Vp **Elliott Abrams**... **Brad Benbow** appointed sales and mktg. dir., Cable Ad Systems... **James Anderson**, ex-U. of Mich., named WTVS Detroit dir.-planning and proposal administration; **Cheryl Head** advanced to exec. asst. to pres... **Robert Chatten** named VOA deputy dir.-programs, serving as USIA senior administrative officer.

Lisa Herron promoted to PR dir., KSHB-TV Kansas City... **James Putney**, ex-KEZI-TV Eugene, Ore., named vp-gen. mgr., Eugene TV Inc., succeeding **Glenn Nickell**, retired, who remains a dir... **Lon Levin**, ex-Washington law firm Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, becomes associate with Washington law firm Gurman, Kurtis & Blask.

Dicksie Cribb, ex-Labor Dept., appointed special asst. to FCC Office of Congressional & Public Affairs dir... **Don Jacobson**, onetime HBO, appointed promotion mgr., Multimedia Entertainment... **Thomas Ramsey** moves within State Dept. to operations deputy dir., Bureau of International Communications & Information Policy... **Marvin Chauvin**, ex-WNCT-TV Greenville, N.C., named vp-gen. mgr., WLIG Riverhead, L.I., N.Y... **Robert Gremillion** advanced to station mgr., WGNO-TV New Orleans... **John Schohl**, ex-Cleveland law firm Benesch, Friedlander, Coplan & Aronoff, named assoc. gen. counsel, Malrite Communications Group, Cleveland... **John Crenna** advanced to sales mgr., Katz American

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EDITORIAL & BUSINESS HEADQUARTERS

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

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

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

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NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017

Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Ed., N.Y.
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JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku

Tokyo 100, Japan

Phone: 211-3161 Telex: J24600

MCI Mail: TVDTOKYO

TV Chicago office... **Duke Brown**, ex-M/A-COM, appointed sales and mktg. mgr., Scientific-Atlanta Satellite Communications Div.

James Schremp, ex-GE, named mktg. vp, Harris Best. Group; **Fayette Brown** advanced to vp-corporate development... **Francesca Bon**, ex-March of Dimes Central Jersey Chapter, appointed mktg./promotion mgr., Cable TV Network... **Vivian Goodier**, ex-Disney Channel, named corporate development vp, Viewers First National... Ex-PBS executives **Lawrence Horn** and **James Kluttz** open office of HKM Corp., business acquisition and management firm, 1140 Conn. Ave., Washington, D.C. 20035, 202-659-8651.

Council for Cable Information has withdrawn 30-sec. radio commercial featuring Samantha Smith, Me. teenager who visited Russia, following her death in airplane crash last week. Decision was "out of respect for her family," Council said.

Obituary

Glen Wilkinson, 74, a founder of law firm Wilkinson, Barker, Knauer & Quinn, died of cancer Aug. 29 in Washington. He received law degree from George Washington U. in 1938, then teamed with brother Ernest to form Wilkinson, Cragun & Barker in 1951. He also was an expert on Indian tribal claims.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Aug. and 1985's first 33 weeks:

	AUG. 10-16	1984 WEEK	% CHANGE	AUG. 3-9	33 WEEKS 1985	33 WEEKS 1984	% CHANGE
TOTAL TV.....	348,370	445,764	-21.8	292,130	11,474,925	12,116,427	- 5.3
TOTAL COLOR...	303,162	308,804*	- 1.8	250,607	9,456,715*	9,311,919	+ 1.6
DIRECT-VIEW..	298,685	305,857*	- 2.3	246,766	9,330,558*	9,211,245	+ 1.3
PROJECTION..	4,477*	2,947	+51.9	3,841*	126,157*	100,674	+25.3
MONOCHROME....	45,208	136,960	-67.0	41,523	2,018,210	2,804,508	-28.0
TV EXCL. PROJEC.	343,893	442,817	-22.3	288,289	11,348,786	12,015,753	- 5.6
HOME VCR#.....	168,064*	113,672	+47.8	162,174*	6,050,205*	3,791,976	+59.6
COLOR CAMERAS#..	5,626	7,825*	-28.1	6,348	262,208*	254,842	+ 2.9

Color TV (direct-view) 5-week moving average: 1985--301,905*; 1984--300,937 (up 0.3%).

Home VCR 5-week moving average: 1985--202,340*; 1984--135,531 (up 49.3%).

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

EUROPE VCR INNOVATION AND ALLIANCE: Innovations and new alliances in VCR were in spotlight at big Berlin Internationale Funkausstellung Audio-Video Show that opened last weekend, marking start of fall selling season. Although VCR sales in Europe have been disappointing so far this year, manufacturers are looking to new models to bring sales up by year's end.

As in U.S., camcorders are replacing 2-piece portables and are in strong evidence in Berlin. Sony, Sanyo and Pioneer all are showing same Sony-built autofocus 8mm Video unit that hasn't yet been announced publicly in U.S. Panasonic, Philips, Blaupunkt and Bosch-Bauer introduced autofocus Matsushita-made camcorders accommodating full-size VHS cassettes (240 min. in PAL system).

However, Grundig -- which heretofore has been identified with Matsushita -- now is featuring Hitachi-made VHS camcorder. ("We don't want to be exactly like everyone else," spokesman explained.)

Big surprise in camcorder field is Toshiba adoption of VHS-C approach pioneered by JVC. But Toshiba's camcorder, unlike JVC's, uses CCD pickup. It's autofocus type, as are JVC-made units being shown in Berlin by JVC and Thomson Group companies. Toshiba thus now makes VHS-C, full-size VHS, Beta and 8mm VCRs, last being camcorders it builds for Polaroid. Toshiba, incidentally, showed no Beta recorders in Berlin. In Europe, according to one estimate, 90% of all VCRs in use are VHS, and Beta had only minimal presence at show. Both Philips and Grundig showed VCRs in V2000 format, but both conceded they were selling out of inventory only, with no new units being manufactured.

VHS-C camcorder is due for overhaul to compete better with 8mm. Thomson officials hinted that next year they'd have JVC-made unit comparable in size and weight with Sony Video 8, and said they were hoping for one-hour recording time on VHS-C cassette (which now records 30 min. in PAL system). That JVC is working on smaller, longer-playing model was revealed here several weeks ago (TVD July 1 p9).

Two completely new VCRs designed and made in Europe were unveiled. Telefunken showed machine designed by parent Thomson, currently in pilot production and to be mass produced by J2T in Berlin, eventually offered under Thomson's other brand names. Grundig showed totally redesigned high-end series, including VHS Hi-Fi models. Philips also produces VHC VCRs in Europe.

New high-end models by both Grundig and Telefunken contain automatic tape identification systems. These systems display on fluorescent screen type of cassette loaded in machine (E-60, 120, 180 or 240), amount of tape used (in hours and minutes) and amount remaining. In both cases, no special cassette is required. Although systems work differently, both use internal sensors to determine type of tape and location. Telefunken's new machine also has "Go To" button that can be pushed to search out location on tape when time or index number is entered on wireless remote control unit.

Most top-of-line recorder models include new APS (Automatic Program System) feature now going into limited use on German TV. If program is to begin earlier or later than scheduled, which is frequent occurrence, stations send out signal that automatically adjust programmed "on" time of APS-equipped VCRs. Adaptors also are being offered for some existing VCRs. APS obviously has little potential in U.S., where networks don't exactly encourage home taping and program schedule is considered almost sacred.

Toshiba unveiled major development in special effects VCR and indicated it would be marketed next year in Japan and U.S. It's a digital special effects system built into 2-head VCR and provides excellent freeze, slow and fast motion. It uses Megabit of memory in several RAM chips to provide full field storage. Freezes were stock-still and all special effects had no signs of noise. Toshiba had no details or price estimate but said its system would make use of 4 heads unnecessary in VCRs.

JAPANESE VCR EXPORTS HIT NEW PEAK IN JULY: Japanese VCR exporters who set all-time monthly record for shipments to U.S. in June promptly broke that with new high in July, according to Finance Ministry figures, which also show month's color shipments hit high for this year.

VCR July exports total of 1.59 million was up 39.1% from same month last year, easily eclipsed previous monthly record of 1.47 million hit in June. But month's shipments also were more than double 710,800 VCRs EIA reported for sales to dealers in July, and helped feed industry's growing inventory. Through first 7 months Japanese exported 8.81 million VCRs to U.S., up 53.6%. July also was 2nd straight month of decline for VCR shipments to Canada. Shipments of 113,500 were down 6.4%, to put 7-month total at 666,300, up just 1.4%. In June, Japan's VCR exports to Canada were down 30.6%.

In TV, month's total exports to U.S. of 246,600 were down 7.2%, as 7.2% rise for color to 206,700 was more than offset by sharp 45.3% drop in b&w to 39,900. Results put 7-month TV total at 1.38 million, off 6.1%, with color off 0.7% to 1.07 million, b&w down 21.1% to 307,900. In color, July shipments of complete TVs jumped 67.8% to 166,700, to put cumulative total at 816,500, up 22.2%. Month's exports of chassis & kits dropped 57.2% to 40,000, for 7-month total of 254,300, down 38%.

* * * * *

New U.S. approach to solving international trade problems was signaled last week by President Reagan, who rejected International Trade Commission recommendation for quotas to protect domestic shoe industry, said that instead Administration would launch effort to improve exports by starting investigations into unfair trade practices of other countries, impose penalties on offenders. While hailed as victory for consumers by free traders, President's decision drew fire from representatives of shoe, textile and other industries now seeking relief from imports, as well as from their supporters in Congress, which has power to override quota turndown. Senate Trade Subcommittee Chmn. Danforth (R-Mo.) said he planned to introduce

bill that would limit President's right to deny protection for industries found to be injured by excessive imports. Lending support to President's action was report by economist for Federal Reserve Bank of N.Y. that U.S. restraints on imports of autos, clothing, steel and sugar cost consumers here \$14-\$19.5 billion in higher prices last year.

Also last week, EIA-Japan called news conference in Washington to charge U.S. Semiconductor Industry Assn. complaint of unfair IC import competition is attempt to exploit current tensions and "seize a guaranteed share of the Japanese market." Meeting was held on deadline day for filing response to complaint with office of U.S. Trade Representative. Speaking for EIA-J, NEC Senior Vp Tomihiro Matsumura said Japanese now hold only 9.6% share of U.S. IC market when production by such captive producers as AT&T and IBM is included, while U.S. companies have 19.1% share in Japan. That, he said, makes "particularly surprising" SIA's allegation its members are denied fair access to market in Japan.

SOFTWARE FLEXES MUSCLES AT VSDA: Video Software Dealers Assn. convention in Washington last week had all trappings of success -- bigger-than-expected turnout, main exhibit floor crowded with booths and visitors, general enthusiasm about state of marketplace, although growing industry is going through some pains in terms of wholesale and retail distribution changes.

In keynote address, Vestron Chmn. Austin Furst put 1985 cassette volume at 40 million-plus, said retail sale and rental revenues of \$3.3 billion this year should jump to \$6 billion in 1988. Embassy Home Entertainment Distribution Pres. Richard Childs was even more optimistic. He estimates 1985 market at 50 million cassettes worth \$1.5 billion to suppliers, thinks figure will go well past \$2 billion in 1986.

VSDA also had right kind of show complaints: (1) Exhibit hours, at 5-6 hours daily, weren't long enough. (2) Locations were awkward, with X-rated product and many of smaller software and accessory lines at underpublicized 2nd hotel. (3) Meals were served mess-hall style in order to accommodate attendees.

It was happy occasion for 4-year-old VSDA, which claimed about 6,800 registrants, 3 times number attending 1984 event in Las Vegas. More than 2,000 were retailers, representing mostly east coast stores; VSDA said it signed up several hundred new members, bringing ranks close to 2,500, ended 4-day affair with \$50,000 in registration fees, we're told. Assn. should pocket upwards of \$1.5 million that, added to last year's \$750,000 surplus, would give it bank account of at least \$2 million.

Big question is what to do with money since VSDA, like parent NARM, does little in way of market research on cassette sales and rentals -- area that sorely needs help. Assn. has helped establish 32 regional chapters, could aid their growth and training of store management. Another place for surplus revenues could be meals and entertainment functions at convention. Studios and major independents that have been footing bills since 1982 in Dallas don't like prospect of feeding perhaps 10,000 attendees in Las Vegas next year, or taking on more manageable 2nd show, as has been suggested. Washington probably was end of show support line for most, with CBS/Fox likely to be first to bow out.

Suppliers have more important things on their minds these days, such as solving direct-sale puzzle -- at expense of 2-step distribution. CBS/Fox has struck deal with Poppingo Video, which buys heavily from Commtron, and company is expected to move promptly onto Federated Dept. Stores chain and 5-6 others. Poppingo says it's close to similar agreements with Prism Entertainment, Disney and MGM/UA, and there was rumor at show that Paramount is moving in same direction.

Any such moves put distributors at great risk, although they're downplaying impact in current bull market. Wholesalers can't afford to lose any portion of their key lines; at same

time, they can't afford to trim their secondary lines too heavily for fear of providing opening to upstart competitors. At show, some distributors were talking about response, such as producing own product for home video and possibly theatrical distribution.

Cassette vending machines are another rising threat to status quo. Movie Mart is new entrant with new machine and new selling concept that calls for sharing rental revenue with movie studios. Majority interest in company is held by investors led by ex-20th Century Fox Chmn. Alan Hirschfield; Stephen Roberts, ex-CBS/Fox video, is part owner and consultant. MM is trying to work out deals with studios for exclusive rights to stock titles at same time they're being shown on pay-per-view cable channels now being developed. Roberts declined to specify percentage of revenues that would flow back to Hollywood, said whole rate structure of MM -- including cost of machine -- hadn't been determined. Machines, which hold 414 cassettes, are fully computerized and automated. MM plans to field test 25 later this year, roll system out nationally in early 1986.

Numerous upcoming promotions were described at show, but dealers were promised only one new blockbuster title for Christmas -- RCA/Columbia Home Video's Ghostbusters, causing concern over whether that will be enough to bring in customers. Majors generally concentrated efforts on low-price sellthrough promotions of current catalog. But while actual sale at retail is what everyone supposedly wants, rentals still are software engine, and heavy catalog purchases could drive smaller, less financially secure retailers to the wall. Long-expected -- and some say overdue -- shakeout would then be under way.

SONY BOWS 8mm SOFTWARE: Sony Video Software Operations used Video Software Dealers Assn. meeting in Washington last week to announce it would begin shipping music videos in 8mm Video format this month. Sony said it expects to start with 15 titles in \$17-\$50 range, or about on par with same VHS and Beta releases.

Interest in 8mm at VSDA was restricted to smaller program suppliers, some of whom are attracted by what they've been told are major advances in high-speed duplication, equal to audio tape. SQN Corp. Chmn. Sam Attenberg said he plans to release batch of children's titles in new format this year, thinks they'll eventually sell for under \$14. No one we asked knew anything about high-speed, but at least one audio duplicator is getting into market: American Sound, near Detroit, reportedly will install 10 slave units.

As for Kodak, company had even lower profile at VSDA than it did at last June's CES in Chicago, leading observers to question company's continued interest in software, although it had several demonstration tapes at booth.

Sony reportedly will attempt to spark 8mm interest by selling duplicator units with built-in anticopying circuitry, indicative of revived interest in electronic safeguards now that Macrovision has proved successful in early trials. Meanwhile, in U.K. last week Sony, as expected, announced plan to start sales of 8mm Video home decks and said it was entering 8mm software market with collection of films and music videos to be offered through mail-order club (TVD Aug 26 p14).

VCR sales to dealers for 1985 passed 6 million in year's 33rd week, ended Aug. 16 (see State of the Industry). Last year, 6-million mark was reached in 46th week (3rd week of Nov.).

HITACHI AND TOSHIBA OUTLOOK: Semiconductor sales slump is being felt beyond U.S. Hitachi and Toshiba say sagging IC demand and prices have led them to revise fiscal 1986 financial forecasts downward.

Hitachi, which earlier this year said it was expecting to report 3.6% rise in pretax net for this year, now says earnings could be down as much as 20%. If they do fall, it will be company's first such reversal in 11 years. Hitachi also said it would cut 30% from \$55 million it had budgeted for semiconductor capital expansion this year.

Toshiba said it now expects to report pretax earnings of \$262 million in fiscal first half to Sept. 30, off 20% from same period last year, and indicated income for year would be off about 10%. Toshiba had been looking for rise of about 8% for full-year earnings.

In U.S., National Semiconductor said it continues to be affected severely by market slump, indicated it lost \$44.3 million in first 8 weeks of opening fiscal quarter to Aug. 22 on 15% sales decline to \$175.5 million. In filing with SEC for proposed offering of new preferred share issue, NS said it anticipates steep losses will continue until there's "significant and sustained improvement" in semiconductor business. Meanwhile, Mostek announced it would lay off another 500 at its Carrollton, Tex. plant, bringing number cut this year to about 2,600 -- nearly 50% of original work force.

Microwave oven market growth slowed significantly at start of 2nd half, according to AHAM, which put July shipments by domestic factories and importers at 727,500, up just 9.9% from same month last year. Shipments for first 7 months of 1985 were 6.04 million, up 32%.

PICTURE TUBE SALES: Color picture tube sales set record in 1984, according to EIA's recently published Electronic Market Data Book 1985. Total sales exceeded 13.5 million color tubes, of which only 312,200 were for renewal, new low, while factory value of tubes last year came to nearly \$1.1 billion.

Monochrome tube sales here fell to lowest point since TV's early days -- 208,400 at \$4.1 million, according to EIA. Here are figures on picture tube sales for 1984 vs. 1983, excluding sales by local rebuilders (add 000):

	1984	1983	% chg.
Color			
Initial Equip.	11,975.0	10,737.0	+11.5
Renewal.....	312.2	337.4	- 7.5
Export.....	458.0	490.1	- 6.5
Import.....	793.3	674.0	+17.7
Total.....	13,538.5	12,238.5	+10.6
Value.....	\$1,087,847	\$1,017,494	+ 6.9
Monochrome			
Export.....	20.0	10.3	+94.2
Import.....	188.4	284.1	-33.7
Total.....	208.4	294.4	-29.2
Value.....	\$4,143	\$6,232	-33.5
TOTAL UNITS...	13,746.9	12,532.9	- 8.8
TOTAL VALUE...	\$1,091,990	\$1,023,726	+ 6.7

* * * *

Market Data Book also contains new tabulation of factory sales of TV accessories, showing indoor and outdoor antenna sales down, but accessories used with VCRs (transformers and splitters) rising.

Indoor antenna sales totaled 2,035,000 units in 1984, down 12.2% from 2,319,000 in 1983, with dollar volume off 13% to \$13,565,000 from \$15,596,000. Outdoor antennas totaled 1,709,000 last year, down 12.1% from 1,945,000 in 1983, with value of \$37,518,000 off 10.2% from \$41,768,000 in 1983.

Some 578,000 antenna amplifiers were sold in 1984, down 6.8%, with value of \$14,421,000 down 10.5%. Matching transformers were up 12.8% in units (2,428,000) but only 0.1% in dollars at \$1,751,000. Some 1,585,000 couplers and splitters were sold, up 20.9%, at \$3,714,000, up 9%. Frequency separator sales totaled 737,000 (down 15.9%) at \$1,350,000 (down 16%).

Dedicated home word processor is understood to be first product due from Home Information Systems unit of North American Philips. Official announcement could be made later this month. Unit, complete with CRT display and printer, is expected to list for less than \$1,000, represents cooperative effort of NAP and N.V. Philips operations in Netherlands and Japan. Only direct competition is Smith Corona's \$500 word processor accessory for its electronic typewriters. Processor, which has 12" display, built-in software and wafer tape storage, is due on market next month (TVD July 15 p16).

TVRO HOMES NOW AT MILLION: Long-awaited millionth home satellite receiver is now in place, according to study by First Communications Group, which estimates TV household penetration at end of July at 1.21%, or about 1.04 million.

Study, based on interviews with TVRO (TV Receive Only) dealers, distributors and others in industry, estimates sales ran at 40,000 monthly rate through first half, jumped to 60,000 in July, and projects that some 1.3 million systems will be in place by year's end. Numbers are somewhat more conservative than industry consensus figures issued by TVRO trade group SPACE, which announced at beginning of year that population had hit million, and has put sales since then at around 50,000 a month.

Not surprisingly, report shows penetration is highest in rural states where stations and cable systems are few and far between. Leader is Wyo. at 5%, while Mont., N.M., Ida. and Kan. show penetration above 3%. Details: First Communication Group, 1730 N. Lynn St., Suite 605, Arlington, Va. 22209-2004, 703-243-4646.

With widespread scrambling of satellite signals on way, marketers of program services and decoders are out searching for dish owners to sell to. They can get help from Saxe Walsh Inc. of N.Y.C., which says it has mailing list compiled by Communications Protection Group of North America, company that offers extended warranties to dish purchasers. Size of list wasn't given, but Saxe Walsh said it covers 49 states and "virtually every brand of dish and amplifier made."

Meanwhile, possibility that dish owners will have to buy more than one type of decoder to receive scrambled satellite signals now looms. Report in Broadcast-Cable section details developments in cable industry that may or may not result in single decoder standard.

Victory for Sears in consumer protection case in Me. state court comes as good news to larger consumer electronics retailers. Superior Court Justice Donald Alexander ruled Sears was violating no laws in selling extended service contracts to its customers. State contended that contracts duplicated coverage to which customer was entitled under regular and implied warranties. However, judge found that Sears telephone salespeople sometimes used scare tactics to sell contracts, gave retailer 45 days to come up with corrective action plan. Alexander also dismissed charges that Sears stores failed to carry adequate stocks of items advertised at special low prices and engaged in illegal bait-and-switch tactics to get customers to purchase more expensive products.

Infocom "interactive fiction" software is one of first independent products to be available for Atari ST computer. Infocom said all 16 of its titles are available in ST format, including Zork Trilogy, Hitchhiker's Guide to the Galaxy and Wishbringer, at \$40-\$50.

NEW RADIO SHACK LINE: Radio Shack made major expansions in its video hardware line for 1986 but has discontinued recorded music videocassettes it introduced last year (TVD Aug 20/84 p19), latest catalog shows.

VCR line was increased to 5 models from 2. VHS offerings, all with 105-channel tuners, open with wired remote having single-event timer at \$400, down \$100, step to wireless remote with 3-event timer at \$460. Version with wireless remote, built-in MTS stereo tuner, 2-event timer, longitudinal stereo audio with Dolby is \$600. High end is wireless remote VHS Hi-Fi stereo with MTS, 2-event timer, switch for audio-only recording, at \$700. Sole Beta is Superbeta Hi-Fi stereo with wireless remote at \$500, down \$100 from similar nonsuper model offered last year.

Standard color models start with 5-1/2" battery portable with video-audio monitor jacks at \$320, step to 13" with mechanical tuning at \$280, both unchanged. New 13" remote with 105-channel tuning is \$330, down \$30 from similar 1985 model; new high-end 13" with 140-channel tuner, jacks, comb filter is unchanged at \$400. Radio Shack moves into larger screen color with 19", featuring 140-channel MTS tuner, stereo audio amplifier, comb filter, monitor jacks, at \$500.

B&w starts with 9" AC/DC at \$100, unchanged. Battery portables start with 5" at \$120, down \$10. Others, all unchanged, include 2" with FM/AM at \$180, 5" with FM/AM at \$160, 5" with FM/AM/cassette at \$190.

Pocket portables with liquid crystal displays start with holdover b&w 2.7" with AM radio (from Citizen) at \$160, down \$40, move to pair of new models from Casio, 2" b&w at \$100, 2.6" color at \$300.

As previously reported, catalog features Radio Shack's first home satellite system, including 8-1/2-ft. dish, receiver, block converter, feedhorn and all needed installation cables and parts at \$1,995 (TVD Aug 12 p11). MTS stereo and SAP audio-only receiver, with VHF and UHF channel tuning capacity, built-in stereo synthesizer to enhance mono, continues in line at \$150 with speaker, \$140 without.

New in video accessory line is \$50 infrared remote control extender that transmits output of hand control from one room to another and is aimed at consumers who feed signals from VCR, cable box, satellite receiver or disc player to different sets around house. Relay box, located at TV being watched, takes signal from hand control and sends it back down distribution cable to repeater that in turn emits identical signal to control video component being viewed. Output of repeater is wide enough so it can be used to control several devices if they're close together.

Also \$50 is Video Distribution System that will accept cable TV or regular antenna input, plus inputs

from 3 video devices, and send them to TV sets throughout house on single cable. CATV or standard TV channels are tuned in normally while other outputs from other devices are moved to unused UHF channels, to allow, for example, VCR, satellite receiver and disc player to be viewed simultaneously on different TVs.

Pricing on RS's own Supertape videocassettes has been trimmed \$2 across board. Standard VHS T-120 and Beta L-750 tapes are \$8, stepup VHS T-120 Gold is \$10.

In home computers, low-end 16K standard model continues at \$120, but \$160 stepup with extended basic has been dropped. However, price on 64K extended basic model has been trimmed \$40 to \$220.

In audio, RS's leader CD player is \$260, down \$140, while stepup with auto search is \$300. Discs, offered last year, are out of catalog.

Sears will start featuring "New Century" products -- special grouping to greet 100th year in 1986 -- in Christmas catalog, due in Sept. One of 2 new consumer electronic products will be 37" rear-projection TV with extremely wide viewing angle.

Sparkomatic introduces automobile converter for portable CD or audio cassette players. It accepts input from player, feeds it out as FM stereo on 90.1 MHz into car radio antenna jack, is powered through cigaret lighter, offers 9-v output for running players. Converter can be mounted under dash, comes with cables.

Sanyo adds leader wireless remote Beta Hi-Fi with 14-day, 8-event programmable 105-channel tuner-timer at \$350.

HOME SECURITY SURVEY: About 9 of every 10 alarms from home electronic security systems are false. That's one of facts unearthed in survey on home security by Security Equipment Industry Assn. (SEIA), cosponsor of International Security Conference last week in N.Y.

Survey covering nearly 1,000 homes with annual incomes of \$15,000 or more drew admission from owners that more false alarms were caused by usage errors than by system malfunctions. Survey indicated no more than 6% of all U.S. households have any sort of electronic security system. Of systems in use, about 1/3 were installed by owners. The others -- professional systems -- cost average of \$1,500 plus \$20 monthly for monitoring. One percent of nonowners "definitely" will purchase system in next 2 years, another 9% "probably" will buy.

Security exposition, as in past, heavily featured video devices, this year including large number of miniaturized solid-state cameras. Sony participated for first time with its Watchcam system using flat-tube 4" monitors based on Watchman TV set. Among other exhibitors from video industry were Hitachi Denshi, NEC Home Electronics, Panasonic Industrial, RCA New Products Div., Sanyo Electric.

CU RATES VCRs: Consumer Union's Sept. issue of *Consumer Reports* devotes more than 13 pages to VCRs and video cameras, rates 20 VCRs, 17 cameras and 3 camcorders, lists characteristics of more than 150 more VCRs.

Top-rated portable is RCA's high-end convertible VKP950, followed by Panasonic PV9600; in deluxe table models, Hitachi VT89A and Sony SL2700 get nod; among lower priced models, it's RCA VKT275 and Panasonic PV1230. JVC and similar Magnavox lightweight model come out on top in camera ratings and JVC Video Movie beats out Kodavision and Sony Betamovie among camcorders.

Except for Sony SuperBeta (which in lab "did indeed produce about a 20% improvement in resolution" and whose picture was "noticeably sharper"), CU says "all VCRs deliver good pictures virtually indistinguishable one from another," recommends portables to those seeking full-featured models because they provide option of adding camera. Hi-fi sound is described as "superb... close to that of a Compact Disc player." In both cameras and camcorders, CU suggests prices will come down and products improve with time.

Reporting on reader survey, CR says more than 1/3 have VCRs, 4 out of 5 of them VHS. They're used average of 10 hours weekly, much of that for time-shifting; viewing of rented cassettes represents about 1/3 of playback time. "Virtually no time" is spent viewing home-taped movies. Owners who bought machines in 1981 or 1982 use VCRs average of 12 hours weekly, those who bought them last year about 8 hours. Incidence of repair was greater than CU had expected -- 20% of 2-year-old machines had been in shop.

Sept. CR also reports on 10,000 responses to reader survey of computer owners. In 1985, some 85% of those with computers at home used them for word processing; in 1983 survey, game playing was favorite use (69%, which dwindled to 55% in 1985). Two-thirds of 1985 respondents used their computers for at least some business purposes, 35% mainly or exclusively for business. Also in Sept. issue are ratings of low-priced stereo receivers, in which Ultrix brand (Sanyo) came out on top.

Car radar collision warning system from Vehicle Radar Safety Systems is being shipped to distributors in Mass., N.J. and N.Y., just year after development was announced, and right on pricing target (TVD Oct 1 p19). Company, based in Mt. Clemens, Mich., said it put \$550 list on version designed for passenger cars, \$965 on unit for trucks. Unit uses flashing lights and buzzer to alert driver when computer senses vehicle is in danger of hitting something in its path. It works on combination of speed and distance, so system doesn't go off in traffic jams or during parking. Company says it's still trying to develop version that will brake car automatically and safely if driver fails to react to alert.

VESTRON GOING PUBLIC: Any doubts about money-making potential of home video ought to be erased by Vestron public offering of 10.8 million shares that seeks to raise \$173-\$205 million. According to preliminary prospectus, company has been roaring success from start, with sales climbing from \$12.1 million in 1982 to \$45.3 million in 1983, \$103.6 million in 1984 and \$90.7 million through first half this year.

Over same span, pretax incomes were \$4.5 million, \$13.3 million, \$31.4 million and \$36.7 million. Manufacturing costs meanwhile have fallen substantially, increasing operating margins. Company spent \$28.3 million on duplication and packaging in 1984 and \$18.7 million in first 6 months of 1985. Only blemish appears to be \$949,000 lost in 1982 in discontinuing Invision direct-mail service.

Vestron Chmn. Austin Furst and his family are selling 5.4 million shares, worth close to \$100 million, will hold 26.4 million (70.7%) after transaction. Even before sale, Furst became multimillionaire as chief recipient of June 30 stockholder distribution of \$42.3 million, \$18.6 million of which was paid before that date. Furst earned \$800,000 last year, Pres. Jon Peisinger \$300,000 and Senior Vp-Chief Financial Officer Stephen Einhorn \$130,000; Peisinger owns 100,000 shares, Einhorn 60,000.

Vestron said it conducts "the most extensive acquisition" effort in business, has licensed 980 titles since 1981, 355 in last 6 months alone at cost of \$23.4 million -- almost equal to \$26.7 million spent in 1984 and nearly 3 times 1982 total of \$8.8 million. Nearly 400 have been released, among them 282 movies, 62 children's programs, 16 music videos and 38 original productions; company said 25 of last are in production and 50 in development, at costs ranging from \$250,000-\$1.5 million, with one feature pegged at \$3.2 million.

Mergers and acquisitions: TAD Avanti, marketer of Record a Call telephone answers, has been reacquired by founder Francis Foresta from National Medical Enterprises, terms undisclosed. Foresta has served as TADA pres. since he sold company to NME in 1978... **Minebea**, which is trying to acquire Sankyo Seiki Mfg. in one of Japan's first uninvited mergers, is now itself target of unfriendly takeover attempt, this one from U.S. Trafalgar Holdings, controlled by financier Charles Knapp, said it has option to purchase 23% stake in Minebea. Trafalgar officials indicated they may seek control of Minebea, Sankyo or both... **Columbia Pictures** will sell off majority stake in Embassy Home Entertainment, which it acquired when it purchased Embassy Communications. Columbia already has sold 20% to EHE Pres. Andre Blay, is negotiating to sell additional 40%. Columbia is co-owner of RCA/Columbia Pictures Home Video, and venture agreement prohibits either partner from owning controlling interest in any other home video company... **RCA** completed previously announced sale of Hertz auto rental subsidiary for \$587.5 million in cash to UAL.

Consumer Electronics Personals

David Rivoira, ex-Corning Electrical Products Div. mktg. and business development mgr., joins North American Philips Consumer Electronics as new business ventures vp, new post... **John DeFilippis**, former Mura product development vp, one-time ITT Consumer Products vp, joins Lloyd's Electronics as operations vp; **John Maillard**, ex-Samsung national traffic and warehouse mgr., appointed import and sales administration mgr... **Kirk Hall** promoted at Federated Dept. Stores from electronics mktg. mgr. to electronics mdse. mgr., succeeding **Robert Whitehouse**, now with Sanyo Business Systems... **Donald Thorkelson**, ex-VCA Duplicating national sales mgr., joins JVC Professional Video Communications Div. as CCTV sales mgr.

Roy Mulhall promoted at Uniden from Telecommunications Group exec. vp to corp. vp responsible for all operations; **William Stark** advanced to mktg. services mgr.; **Mark Brady** appointed East Div. sales mgr... **Charles Sweeny**, former BSR (U.S.) pres., joins Webcor as sales and mktg. vp... **Carl Insel**, E.F. Johnson operations senior vp, adds duties as interim pres. while company seeks permanent replacement for **Frederic Boswell**, resigned to become pres-CEO of ADC Telecommunications... **Edward Ohlbaum**, ex-Mart managing editor, moves to same post at Dealerscope.

George Burr advanced at 3M Magnetic Audio/Video Products Div. from video mktg. development mgr. to mktg. operations mgr. with responsibility for all Scotch brand consumer magnetic media; **Robert Kline** advanced from home video products mgr. to consumer product related mktg. mgr., while retaining responsibility for activities in recorded video market; **Michael Chew**, former video product mktg. development supervisor, named to new post of grocery-military trades mktg. mgr., reporting to Kline... **Edwin Pessara**, ex-TDK, joins duplicator Creative Video Services, as vp-gen. mgr... **David Beeching**, ex-Oak Industries, named mktg. dir., Bell & Howell/Columbia Pictures Video Services... **Joseph Kotowski** and **Gregory Cornehlis**, both ex-Sound Guard, join tape storage equipment maker Pompano Mfg. as consumer mktg. dir. and sales dir., respectively; **Cliff Shearer**, ex-JVC, named communications dir... **Edward Lampert**, Konica vp, is gen. mgr. of new Professional & Consumer Products Div.; his name was misspelled last week.

John Pough, Videocassettes Unlimited, elected Video Software Dealers Assn. pres., succeeding **Weston Nishimura**, Videospace. Other new officers: **Arthur Morowitz**, Video Shack, vp; **Jim George**, San Francisco Home Video, secy.; **Lou Fogelman**, Show Industries, treas... **Jess Wittenberg** resigns as Embassy Home Entertainment acquisitions senior vp to join HBO... **Edward Delfin** appointed Popingo Video vp-COO... **Ronald Castell**, ex-Satellite TV Corp., named ad vp, Erol's Video retail chain... **Donald Mirisch** named pres.,

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audiotronics			
1985-year to June 30	13,983,000	(2,889,000)	--
1984-year to June 30	20,984,000	556,000	.46
1985-qtr. to June 30	2,450,000	(1,975,000)	--
1984-qtr. to June 30	5,040,000	135,000	.11
Avnet			
1985-year to June 30	1,534,172,000	49,384,000	1.39*
1984-year to June 30	1,635,540,000	86,808,000	2.44
1985-qtr. to June 30	334,360,000	7,762,000	.22
1984-qtr. to June 30	456,591,000	23,984,000	.67
Craig			
1985-year to June 30	22,660,000	1,108,000	.63 ^b
1984-year to June 30	35,129,000	(5,958,000)	-- ^c
1985-qtr. to June 30	4,891,000	512,000	.29 ^b
1984-qtr. to June 30	7,041,000	(4,314,000)	-- ^c
Reeves Communications			
1985-year to June 30	73,202,000	(72,506,000)	-- ^a
1984-year to June 30	77,654,000	3,331,000	.27 ^c
1985-qtr. to June 30	16,013,000	(65,056,000)	-- ^a
1984-qtr. to June 30	15,180,000	(3,766,000)	-- ^c

Notes: *After special charge. ^bIncludes special credit. ^cRestated.

Robert Cook exec. vp, Mirisch Video... **Bruce Binkow** advanced from Playboy Video PR dir. to corporate communications dir., Playboy Enterprises... **Eric Parkinson** and **Michael Swartz**, both ex-Continental Video, form new video venture, Twin Tower Enterprises... **Steve Macon** appointed national sales-mktg. mgr., A&M Records Video, new post.

Richard Bourns advanced at Verbatim from exec. vp-COO to pres.-CEO, replacing **Malcolm Northrup**, who resigned but will continue as consultant... **John Chase**, former Child World/Children's Palace pres., named Fotomat pres., succeeding **Shigeru Suzuki**, who shifts to chmn... **Alan Klavan** promoted from Gulf & Western asst. vp-corp. planning dir. to senior corp. planning and development vp for publishing subsidiary Simon & Schuster.

Toshiba will boost overseas purchases by 43% this year to \$420 million, raise that to \$590 million over next 2 years under market-opening program launched to help trim Japan's trade surplus. About 60% is slated to be spent in U.S. Company said it will send buying team to U.S. this fall, open permanent procurement centers in Cal. and N.Y. next year. Company said goal is to raise ratio of imports to exports from last year's 9.3% to 13.6% by end of 1987. Hitachi, which announced stepped-up U.S. procurement effort in July (TVD Aug 5 p13), said buying mission that arrived here last month has firm contracts for \$25 million in purchases and agreements for \$15 million more. Included are \$27 million for manufacturing and R&D equipment, \$7 million for telecommunications gear, \$4.3 million for industrial components and equipment, \$2.2 million for nonferrous metals.

TELEVISION DIGEST®

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SEPTEMBER 9, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

GOLDWATER BACKS NCTA on 3 hottest policy issues, says there's no relation between must-carry and compulsory license. (P. 1)

COURT REFUSES MUST-CARRY STAY: NAB asks Chief Justice Burger to intervene until Supreme Court appeal is readied. (P. 3)

NARROW COX CABLE ORDER issued by FCC with language generally restricting data policy to Neb. issues. (P. 4)

NASA HOT-WIRES HUGHES BIRD as Discovery astronauts take 2 spacewalks to save \$85 million satellite. (P. 4)

CABLE ACCESS-TO-PREMISES LAW upheld by federal court in N.J. N.Y. Times Cable wins big one in gaining access to housing developments. (P. 5)

REGISTRATION UP FOR RTNDA convention in Nashville. Live coverage by C-SPAN. (P. 5)

MOVIE CLASSICS GOES BASIC: Rainbow keeps pay offering, confirms MGM/UA deal but hasn't settled Turner dispute. (P. 6)

CBS OFFERS EARLY RETIREMENT to 2,000, 7% of work force. Increased benefits offered. Other cuts expected, including 100 from News Div. (P. 7)

GOLDWATER SIGNALS SUPPORT FOR CABLE POSITIONS: "There is no legal, philosophical or moral tie between must-carry and the [copyright] compulsory license," Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) told NCTA last week in speech that made clear he'll be cable ally in broadcast industry's battle to convince Congress to reimpose must-carry rules or loosen restrictions on copyright rates cable operators pay for broadcast programming (TVD July 29 p1).

Goldwater softened sting of remarks for broadcasters, however, saying: "There probably is some form of must-carry which the Congress can create which passes Constitutional muster." Unfortunately for broadcasters, he added: "I don't think anyone in Congress wants to deal with these issues."

Consumer Electronics

AUG. COLOR TV AND VCR sales rallied in Aug. from July slowdown, and annual sales rates rose. Gain in inventories modest. (P. 9)

8mm VIDEO SCORES at Berlin show as Sony gives marketing plans, but most other exhibitors feature VHS-C camcorder. (P. 10)

DISH INDUSTRY CELEBRATES in Nashville despite concern over scrambling, distribution and shoddy hardware. (P. 11)

COLOR TV TUBE IMPORTS tripled in first half, Commerce figures show. Bulk of gain came from new source countries, Canada and Korea. (P. 13)

SANYO MFG. HAS PRETAX LOSS of \$1.75 million on first-quarter operations. BASF sets rights issue. Arvin buying shares. (P. 14)

UNFAIR IMPORT COMPETITION from Matsushita fans charged by Rotron. ITC orders Mitsubishi to post bonds on disc drives. (P. 14)

35" VIDEO DISPLAYS spotlighted as Lucitron b&w flat panel bows; Mitsubishi gives price, delivery plans for direct-view color. (P. 15)

SONY BOWS 27" TV, first AV system, miniWatchman. (P. 15)

Death knell also was rung by Goldwater for legislation to place moratorium on scrambling satellite TV programming. Arguing that programmers have right under 1984 Cable Act to protect their signals with scrambling, he promised to oppose moratorium legislation if it's introduced in Senate and made clear that he wouldn't author any such bill, as some have thought. "You have every right to proceed with your efforts in the field of scrambling," he told cable operators, so long as they hold off on fulltime encryption until decoders become widely available and nationwide marketing mechanism is in place.

Cable industry was warned twice in speech not to get too pushy. Goldwater predicted Congress might feel compelled to act if fulltime scrambling began prematurely or if there's "wholesale deletion of broadcast signals" once must-carry rules are formally eliminated (see story elsewhere this issue).

Goldwater remarks came at NCTA breakfast honoring him for leadership in passing Cable Act. Event was to take place at NCTA convention in June but was delayed when Senator couldn't attend (TVD June 10 p1). Goldwater's positions may be taken as weather vane because he controls key Senate subcommittee on communications policy, although his influence over compulsory licensing -- a copyright matter -- is based more on his communications policy expertise and seniority since issue is under Judiciary Committee jurisdiction.

Cablers took Goldwater remarks as green light to launch immediate lobbying counteroffensives in Congress to oppose Society for Private & Commercial Earth Stations (SPACE) efforts to win legislation imposing rate regulation on satellite TV programming and to halt signal scrambling, as well as to keep broadcasters from winning repeal of compulsory copyright license or return of broad must-carry rules.

Goldwater speech came only 2 days after Sen. Gore (D-Tenn.) told satellite industry gathering in Nashville (see story elsewhere in this issue) that he's introducing legislation this week to regulate program distribution. Gore bill will be identical to HR-1840 introduced by Rep. Tauzin (D-La.) in April in its outlawing of discriminatory or anticompetitive program distribution. Both bills would allow aggrieved parties to petition FCC for relief, Gore explained. However, his measure will differ from Tauzin's in one critical aspect -- it adds language to include program distributors under prohibitions on programmers, which Gore aide said is intended to ensure that NCTA scrambling consortium is covered.

Tauzin and Gore bills also would require govt. study of competition in satellite program distribution. If study reveals anticompetitive practices, FCC would have enforcement authority that could extend to scrambling prohibition, Gore said. Goldwater reportedly is "lukewarm" to Gore bill and we're told support is "thin" in parent Commerce Committee. Goldwater hasn't denounced Gore proposal publicly, however, and avoided commenting on it at NCTA. Gore plans to ask Goldwater for hearings on bill this year, aide said.

Gore doesn't oppose "right of programmers who legitimately believe they must scramble to protect the security of their signal," aide explained, and senator would prefer that industries handle question themselves. But Gore's bottom line is that solution must be fair to dish users and he isn't convinced consumers' interests will be served in scrambling plans now unfolding. Future of Gore bill is unclear.

Goldwater's favorable stance on issues close to NCTA's heart "is obviously enormously helpful," said Assn. Exec. Vp Bertram Carp.: "We're very pleased but we continue to take the subject of potential legislation very seriously and we will continue to do our work. I think it's a very encouraging development in our continuing effort to resist legislation in this area." CATA Pres. Stephen Effros said: "We're pleased to hear he still supports an organized effort to scramble the signals as long as it treats everyone fairly, which we intend to do."

Reacting to Goldwater's comments on must-carry, NAB Senior Vp Shaun Sheehan said: "We're chagrined. To us, there's an obvious nexus between compulsory license and must-carry and we feel that the basic notion of local carriage is in the public interest."

COURT DENIES STAY OF MUST-CARRY RULING: U.S. Appeals Court, D.C., refused Sept. 3 to delay for 30 days issuing mandate of its historic ruling striking down FCC cable must-carry rules (TVD July 22 p1). Court's one-paragraph ruling denied motion by NAB and other broadcasters, who had said they needed extra time to prepare appeal to U.S. Supreme Court (TVD Aug 26 p8). NAB then sought stay from Supreme Court Chief Justice Burger Sept. 5.

Under Appeals Court procedures, mandate issues 7 days after disposal of stay motion or of any possible petition for rehearing. Henry Baumann, NAB senior vp-gen. counsel, said broadcasters won't request rehearing before Appeals Court, meaning mandatory carriage rules would become thing of the past on Sept. 10.

NAB petition to Burger, who oversees D.C. circuit, argued along expected lines that: (1) Because of importance of must-carry issue, there's "reasonable probability" Supreme Court will review appellate court decision striking them down. (2) Appellate Court decision is "seriously out of step" with prior decisions by Supreme Court and other appellate courts. (3) Preserving status quo has been given important consideration in past by Justices when resolving requests for stays in cases that are seeking Supreme Court review. Whether or not Burger intervenes, NAB anticipates filing petition for review of Appeals Court ruling with Supreme Court around Sept. 18, Baumann said.

At Supreme Court, NAB will restate many of same arguments it made to Appeals Court in asking for stay, Baumann said: "We will argue that there is a conflict among the Circuits and with the Supreme Court itself [as to First Amendment status of cable operators], and that broadcasters will suffer irreparable harm" if must-carry rules are struck down.

"Broadcasters are dismayed that the Court of Appeals did not grant our motion for stay of the mandate," Baumann said. "We continue to think that there is a legitimate issue for judicial review." INTV Pres. Preston Padden said his group continues to support NAB efforts to overturn Appeals Court ruling: "We're with them." Padden said INTV "early on" reached agreement with NAB to share costs of lawyers and other expenses associated with Supreme Court appeal.

Denial of stay means "we will get to where we want to be sooner," said Robert Ross, gen. counsel for Turner Bestg., plaintiff along with Quincy (Wash.) Cable TV in must-carry suit: "We look forward to the early implementation of the decision and the ultimate death of the must-carry rules."

"I just can't imagine the Supreme Court accepting [petition for review] in this one," Ross said, echoing comments of other communications lawyers. "I thought it was far more likely that the Court of Appeals would grant a stay." D.C. Appeals Court has "good track record" with Supreme Court, he said.

Said NCTA Pres. James Mooney: "We believe this is a further confirmation of the strength of the Court's ruling that the must-carry rules violate important editorial rights of cable operators, which are guaranteed by the First Amendment. We are confident that cable systems will exercise this freedom consistent with consumer and public interest. If an appeal is taken to the Supreme Court, we certainly intend to participate fully."

Management buyout of Times Fiber Communications is being proposed by TF Chmn. Colin O'Brien, offer that must compete with bid by LPL Investment Group headed by former TF Chmn. Lawrence DeGeorge (TVD Aug 26 p8). O'Brien said at recent TF board meeting that he and other TF managers had retained Smith Barney to aid in leveraged buyout proposal. TF board voted to retain First Boston Corp. to seek other offers and evaluate them.

Playboy Enterprises' annual financial report will be qualified by Price Waterhouse because accountants question whether company will be able to collect fully on a \$45.3 million note. Last year, Playboy sold its 45.7% stake in hotel-casino in Atlantic City for \$7.6 million in cash and a \$58.5 million note to partner Elsub Corp. Elsub made first annual payment of \$12.1 million but since has lost money on casino, may not be able to make future payments, Playboy said.

NARROW COX CABLE ORDER ISSUED: Text of FCC written order in Cox Cable data transmission issue (TVD Aug 12 p6) released Sept. 5 generally restricts state preemption policy to specifics of its action in Neb. case, but one paragraph leaves open possibility that policy may be applied more generally.

FCC characterized order as "general policy statement" that it said will "serve as a guide to the states" in their regulation of program similar to Cox's service, and added that it would deal with "specific situations on a case-by-case basis."

Comr. Patrick's staff appears persuaded that order responds to petition for declaratory ruling dealing largely with Neb. preemption of Commline service offered by Cox Cable in Omaha. Patrick, at meeting during which FCC had ruled on petition, withheld his vote until he saw text, arguing that decision should be directed to Neb. conditions and not be general policy statement.

But conclusion has 2 parts. First notes that Neb.'s telling Commline to stop offering service until it received certificate to operate "makes it unlikely that Commline can successfully provide interstate service or provide the kinds of nonvideo services we have found cable services should provide. Therefore, we shall preempt the prior state certification requirements imposed by the [Neb. Public Service Commission]."

However, ordering paragraph also states that: "We have made the finding that any state regulation of institutional services offered by cable companies that acts as a de facto or de jure barrier to entry into the interstate communications market must be preempted."

Paragraph 40 of order said: "It appears that other cable companies in other states are also having problems similar to Commline's caused by state certification and other regulatory requirements," and that state certification or other requirements "that have the effect of barring entry into the intrastate provision of institutional services offered by cable television companies generally may have an impact upon and may impede the provision of interstate services offered by these companies."

Comr. Quello dissented, saying he wasn't arguing that majority of Chmn. Fowler and Comrs. Patrick and Dawson had "overstepped its authority" but said he was concerned with policy established in order "which seems to say to the states that we will preempt only a little now but stand ready to go further if the states exercise their prerogatives to regulate these new carriers."

WCVX (Ch. 58) Vineyard Haven, Mass., has gone on air, raising operating U.S. TV stations to 1,222 -- 906 commercial, 316 noncommercial. WCVX is owned principally by Donald Moore, who also owns WCEG(AM) Middleburg, Mass.; Edmond Nickerson is gen. mgr.

SATELLITE REPAIRS ELATE HUGHES: Hughes Communications officials were delighted by successful repairs to errant Leasat 4-3 communications satellite when Discovery astronauts took 2 spacewalks to wire up bird to receive ground commands and send signals about its condition to earth. Underwriters, who have lost \$85 million on Leasat, and Hughes won't know whether operation was fully successful until early Nov., when Leasat's integrated upper stage is to be fired.

Astronauts James van Hoften and William Fisher installed wires to bypass Leasat's automatic sequencer, which failed to work after satellite was deployed from shuttle in April, leaving it in wrong orbit. Astronauts worked in cargo bay for 7 hours Aug. 31 and 4-1/2 hours Sept. 1. Now that Leasat can be commanded from ground, Hughes will direct upper stage to fire in 2 months, after satellite has achieved good thermal conditioning.

Leasat's fuel lines and tanks apparently were in good shape after 4 months of uncontrolled drifting in harsh environment of space. Mission planners were concerned that freezing temperatures might have ruptured lines, but that apparently didn't happen. Hughes controllers commanded satellite to fire small attitude control thrusters Sept. 2 and bird responded each time, increasing spin rate from 2 rpm to 24. Hughes spokeswoman said pressure and temperature readings from Leasat were better than anticipated.

TV coverage of "cross-continental, cross-cultural events" could lead public to "an unrealistic view of the medium's prowess and therefore of its true nature," CBS Bestg. Group Pres. Gene Jankowski told International Institute of Communications in Tokyo Sept. 6. Tendency to overstate TV's effects on viewers is "the product... of some basic misconceptions that if left unchallenged will prove to be serious impediments to the development of broadcasting on a world scale," he said. Studies of sociological effects of TV usually have to do with behavior considered undesirable and usually blame TV, he said. But, "to date, no one has been able to establish a direct causal relationship between television viewing and any of these behaviors." Jankowski said result is "an overpowering urge to exaggerate TV's sociological impact, one that carries even social scientists well beyond realistic boundaries... We automatically multiply a medium's sociological influence by its technological capability... Blaming television for troublesome social ills can allow the real causes to go untouched."

Giving Tenn. Telecorp "decisive edge" on diversification (its principals have no other broadcast issues), FCC Judge John Frysiak awarded that applicant new TV station on Ch. 8 in Knoxville over 8 competing applicants. In initial decision, he said Telecorp's diversification couldn't "be overcome by the qualitative attributes of any of the competing applicants." Ch. 8 was one of 3 VHF channels dropped in 2 years ago.

CABLE WINS ACCESS SUIT: Franchised cable operators can't be excluded from private housing developments, U.S. Dist. Court, Newark, ruled last week in upholding N.J. law guaranteeing cablers access to premises and striking down exclusive contracts that 4 developments had with SMATV provider. Decision is significant in that it came down solidly in favor of state laws mandating cabler's access to apartment buildings and condominiums and because it rejected novel First Amendment argument raised by SMATV company.

Case involves efforts by N.Y. Times Cable (NYTCA) since 1983 to gain access to 4 large housing developments in Camden County, N.J. Those developments had exclusive contracts with Direct Satellite Communications (DirectSat). NYTCA filed several administrative actions with state bodies, charging that developers were violating state's mandatory access law. DirectSat and developers in 1984 countersuit in U.S. Dist. Court claimed that access-to-premises law is contrary to equal protection clause of 14th Amendment.

DirectSat also advanced unusual argument that its First Amendment speech rights would be violated if state forced developers to accept 3rd-party speaker on its private property. It cited 2 U.S. Supreme Court cases, mainly one from N.H. in which Court struck down state law making it illegal for car owners to cover up "Live Free or Die" state motto on license plates.

"Each of plaintiffs' arguments falls apart upon examination of the undisputed facts alleged by the parties," wrote Judge Stanley Brotman in ruling for NYTCA and state officials. "If NYTCA obtains access to the 4 developments, individual homeowners therein will have the opportunity to choose to receive [cable service]. Those homeowners who do not desire NYTCA service may refuse to pay for it," judge wrote in framing issue around right of individuals -- rather than developer -- to have that choice. Basic issue in case is monopoly, Brotman said, because "DirectSat seeks to exclude other cable operators."

N.J. is one of 10 states that have cable access-to-premises laws of varying degrees. Legal concept arose in N.Y. through now-famous Loretto case. David MacDonald, pres. of N.Y. Times Cable Group, said company litigated case because "it was a matter of principle. We had visions of dishes springing up everywhere" and having its franchise area decimated by exclusive SMATV contracts. But since case was decided last week, MacDonald said developers in question have contacted NYTCA and made arrangement to allow cabler to install plant.

"This is significant for those states that have access-to-premises laws and will encourage other states that are considering adopting such laws," said NCTA Gen. Counsel Brenda Fox. "It will go a long way toward helping those individuals who have attempted to get cable but have encountered opposition from landlords," she said.

First regular dual-language telecasts of syndicated shows are to begin on WTIC-TV Hartford with Sept. 21 showing of 50-episode Black Sheep Squadron. English track will be sent on regular audio channel, Spanish version on SAP (separate audio program) channel available as part of MTS stereo system. Station is handling own dubbing chores, matching up Spanish language track from original full-length versions cleared for Latin American market with shorter versions intended for syndication here. Station also is geared up to produce Spanish tracks for commercials, we were told by Pres. Arnold Chase. WTIC-TV has been transmitting in stereo for some time, only recently got delivery from Grass Valley of master switcher needed for SAP. Chase said station has arranged to sell copies of its dual-language tapes back to Embassy Telecommunications for sale to other stations and is looking for similar deals with other syndicators. Some TV manufacturers were alerted in advance to plans and as result several hundred low-cost 19" SAP-only MTS color sets have been sold in area, Chase said.

NCTA's 4th annual minority business symposium Nov. 4-6 in Denver will be supported by 13 companies. Symposium is designed to acquaint minorities and women with changes in industry brought about by Cable Act and to assist them in entering cable business. Meeting will be highlighted by Cable Services Mart that will showcase cable-related businesses owned by minorities and women. Mart and reception will be supported by grants from ATC, Capital Cities, Comcast, M/A-Com, Times Mirror, Viacom. Three general sessions are being supported by Essex Group, Oak, Sammons, Telecable, TCI, United Artists Cablesystems. Symposium is cosponsored by National Assn. of Minorities in Cable. Details: NCTA Industry Affairs Committee, 1724 Mass. Ave. NW, Washington 20036, 202-775-3690.

Fears of RTNDA officials that attendance at Sept. 11-14 convention in Nashville would be hurt because of radio programming conference in Dallas at same time haven't materialized. RTNDA said that preregistration for News Beat '85 is record 1,200, up 10% from 1984 convention in Las Vegas, and that all 1,700 hotel rooms Assn. had reserved are taken. Record 140 exhibitors have signed up. C-SPAN will offer live coverage of RTNDA convention, including speeches by network news anchors Dan Rather, Peter Jennings and Jane Pauley. RTNDA also plans 5 regional conferences this fall: Sept. 21, San Antonio; Sept. 27-28, Bowling Green, O.; Oct. 12, Buffalo (N.Y.) State College; Oct. 18, N.Y.C., featuring Mayor Edward Koch; Oct. 19, West LaFayette, Ind.

"Outrageous," said N.J. Gov. Thomas Kean of \$11,700 fee ABC News White House Correspondent Sam Donaldson charged Glassboro State College for commencement speech. About half of money was raised by students, with N.J. taxpayers picking up rest of tab, according to Newark Star-Ledger.

MOVIE CLASSICS GOES BASIC: Rainbow Programming Services will make American Movie Classics available as basic as well as pay service starting Oct. 1, company announced last week, confirming earlier reports. Rainbow Pres. Arthur Baer said company still hasn't decided whether it will run advertising on network.

With change, cable operators now can buy service for varying rate tied to method of offering service. New rates: (1) \$1.95 per subscriber when offered as pay service. (2) 50¢ per subscriber when offered on tier with 50% or greater penetration of total subscribers. (3) 25¢ per subscriber when offered on basic tier. Baer said Rainbow is "very pleased" with AMC's progress since it was launched last fall, insisted move to offer it on basic won't erode profit margins because recently concluded 10-year deal for MGM/UA movies fixes cost structure. It's to Rainbow's benefit to sign up as many subscribers as possible, even if it does so at lower rate, he said.

But other information indicates Rainbow has had some problems since it began offering AMC as part of Rainbow Service (RS), dual pay package that also includes Bravo. Earlier this year, company split services, allowing cable operators to buy them separately. Original year-end subscriber goal for RS was 750,000 -- same level set for AMC despite fact that basic AMC should sell much faster. AMC currently has 300,000 subscribers at 125 cable systems. Baer said Bravo is profitable already, but AMC, as result of MGM/AU deal, won't break even until late 1987.

While Rainbow is still studying how it might add ads, Baer insisted spots would be run only between, not during, features. One option is to let cable operators carrying service on basic insert local ads, he said. Another is to have 2 satellite feeds, one that is clear of ads for pay subscribers and one that carries national ads and goes to basic subscribers. Third option, he said, is to use one feed and see how pay subscribers react to ads.

Company confirmed it has 10-year contract to air 1,600 movies from MGM/UA library. However, Rainbow has made little progress resolving its dispute with Turner Bestg., which will control MGM portion of library after it acquires studio. Agreement clearly gives Rainbow right to bar movies from running "on anything we know as a basic service today" including WTBS Atlanta, insisted Rainbow Program Enterprises Pres. Mark Lustgarten. He wasn't concerned about TBS's plans for basic cable movie channel, adding that movies would certainly be barred from that venture also.

Lustgarten and Rainbow Managing Gen. Partner Charles Dolan said they were confident new pricing on AMC will make it attractive to operators since it's only service that operator can offer at different levels. That's not exactly the case. Nostalgia Channel, which claims 580,000 subscribers, is available for use on all tiers.

Several RCA satellite technicians stationed in Kourou, French Guiana, to prepare GTE Spacenet's new satellite for launch on Arianespace this week were caught in middle of violent clash between Foreign Legionnaires and natives in mid-Aug., we've learned. RCA technicians weren't harmed, but one Legionnaire was killed and several were injured. Uproar reportedly was triggered when about 60 Legionnaires, under belief that deserter had been killed by locals, went to old quarter of Kourou (where RCA officials were having dinner) to seek revenge. Armed with sticks and knives, they began banging on cars and destroying equipment in restaurant bar. Inhabitants apparently put up resistance. When Legionnaires returned later same night, locals began shooting, killing one Legionnaire and injuring several.

Even though WSNS-TV Chicago lost renewal bid in initial decision, FCC Review Board has unanimously returned case to Judge Joseph Chachkin to determine whether movies it aired as STV station were obscene. Review Board action had been expected (TVD Aug. 26 p6). Chachkin had recommended against renewal, proposed to award station's Ch. 44 to competing applicant Monroe Communications. Another issue in remand is whether STV stations are entitled to "renewal expectancy." Judge had refused to award expectancy in favor of WSNS-TV but Review Board in remanding case said Commission "guidance" on issue was needed and "the question will be certified to the Commission." WSNS-TV has dropped pay programming, now is SIN affiliate.

Cable system sales: (1) American Cablesystems Midwest has bought Joyce Cable, with 27,000 subscribers in Chicago suburbs of Joliet, Bollingbrook, Crest Hill, Frankfort, Lemont, New Lenox, Romeoville and Will County. Terms weren't disclosed. Deal was brokered by Communications Equity Assoc. (2) TCA Cable TV will acquire Tex. Community Antennas for about \$50 million in stock swap, companies said Fri. Companies are midsized MSOs based in Tyler, Tex. Tex. Community Antennas has 12 systems in Tex. and Ark. with 54,000 subscribers. TCA has managed systems for 4 years. Acquisition boosts TCA's number of subscribers to 240,000, makes it 25th largest MSO, company said.

CBS has put on block its 3 book publishing operations as part of plan announced early in July to sell off certain assets. To be sold are Praeger and Winston-Seaberry Cos. and general book publishing division of Holt, Rinehart & Winston. Groups accounted for less than 10% of CBS publishing revenues in 1984, employ 127. Praeger publishes academic studies, Winston-Seaberry religious and educational materials. CBS said divisions being sold don't fit company's desire to focus on certain portions of educational and professional book publishing market.

Seltel named rep for independents KRRT-TV San Antonio, WTVZ Norfolk and WXIN-TV Indianapolis. WDSI-TV Chattanooga appoints Independent TV Sales.

CBS OFFERS EARLY RETIREMENT: CBS is giving "one-time" early retirement opportunity to about 2,000 employees, about 7% of total work force, as part of effort to cut costs and streamline operations. Offer contains "significantly increased" pension benefits to eligible employees who opt to retire now, Chmn. Thomas Wyman said in outlining plan in one-page memo circulated Sept. 3.

Eligible employees have until Nov. 1 to decide whether to accept offer. To be eligible, workers must be at least 55 years old with 10 years of contributions to pension plan. Under offer, CBS will calculate pension benefits as if employee were 5 years older and had completed 5 more years of service, Wyman said. "As we all understand," he said in memo, "CBS is in the process of examining ways in which we can streamline our operations to ensure our ability to be competitive in all our businesses."

Eligible employees we talked with weren't thrilled about offer, saying it's "not that much of an inducement." Noting that ABC recently fired 350 employees, CBS official said: "I don't know whether the mood is worse there or here... The budget situation is terrible" at CBS.

Meanwhile, we're told that CBS News has prepared list of about 100 employees to be dropped, reportedly this week. Other cuts are expected across board at CBS, with source noting that some 50% of network's budget goes for personnel. Best. Group earlier had been told to hold expenditure increases to 4% for 1986.

TV networks "have a special public interest duty," according to National Organization for Women and Telecom Research & Action Center in complaint filed Sept. 6 at FCC against CBS and ABC for refusing to air public service spots promoting use of contraceptives to prevent unwanted pregnancies. Complaint said networks have special duty "because a substantial amount of [networks'] entertainment programs glamorizes sex with virtually no mention of its risks and affects teenage attitudes towards sex." CNN has accepted spots, prepared by American College of Obstetricians & Gynecologists, while NBC still is considering them, according to NOW and TRAC.

Rupert Murdoch became U.S. citizen Sept. 4 in ceremony in U.S. Dist. Court, N.Y., along with 185 others. Becoming citizen removes major hurdle to Murdoch's nearly \$2 billion acquisition of nation's largest group of independent TV stations from Metromedia. Although FCC rules prohibit foreigners from owning more than 20% of broadcasting outlets, Murdoch would say only that he renounced his Australian citizenship "because I wanted to."

Chmn. of Singapore Bcstg., Wee Kim Wee, 69-year-old journalist-diplomat, was elected pres. of Singapore by unanimous Parliament Aug. 30. Office is largely ceremonial, lacks executive powers.

U.S. marshals served warrant Aug. 19 on Russell Rierison, Ft. Smith, Ark., for operating pirate radio station KBBR using shortwave band at 7440 kHz. Rierison's equipment was seized; he faces year in jail and up to \$10,000 fine if convicted. Illegal operation was detected by engineers from FCC Dallas field office. Commission had fined Rierison \$1,000 in March for operating pirate station. In another case, FCC engineers from Kansas City office located pirate station operated by Liam Ryan in Kirkwood, Mo. Ryan went off air Aug. 9, was fined \$1,000. FCC also fined WDLP(AM) Panama City, Fla., \$10,000 for broadcasting "false and misleading" promotional announcements as to value of prizes to be awarded in station contest. WKLH-AM-FM St. Johns, Mich., was fined \$4,900 for "repeated violations" of FCC rules.

Movie Channel reports it gained 30,000 new subscribers in July and Aug. as result of Dance Through the Decades promotion. That will be followed by similar effort in fall called Fantastic Voyages, which relies on hoopla surrounding return of Comet Halley to boost channel's exclusive airing of Star Trek 3: The Search for Spock. New subscribers will be given telescope to view comet. HBO also is touting gains resulting from All-Star Summer promotion tied to airing of Robert Redford movie The Natural. HBO, citing Nielsen data, said average viewing of channel in July was up 4% over June for 5 rating and 15 share. HBO said number of viewers "very likely" to continue subscribing reached record high in June.

WETA-TV Washington has struck out in bid to raise \$500,000 final installment from private business for Capitol Journal, series that covers Congress for public broadcasting. Pres. Ward Chamberlin said station will pick up costs that would have been covered by the \$500,000; programs are funded through end of Jan. Meanwhile, Chamberlin said he's pursuing funding for 2nd season, has received CPB commitment for \$1 million. Remaining \$1.5 million will be sought from public TV stations and corporate sponsors. Chamberlin said he expects better luck in private sector 2nd time around.

New draft standards for digital TV studio systems have been agreed upon by International Working Party of International Telecommunication Union. Standards define digital TV equipment interconnections, are intended to instill confidence in industry to design and install such equipment, said working group chmn. A.N. Heightman, GEC McMichael Ltd. of England.

Price Communications is buying WLAC-AM-FM Nashville from Sudbrink Bestg. for about \$20 million, with final price determined by stations' performance. Broker was Hepburn Co. Price also is buying WKBW(AM) Buffalo from Capital Cities for \$2 million. Price owns 3 TVs, 12 other radios.

Scientific-Atlanta said it has shipped 2-millionth Series 8500 converter box.

Personals

FCC calendar -- Sept. 11: All commissioners testify at Senate Communications Subcommittee hearing on long distance telephone competition, Rm. 253 Russell, 1 p.m. Sept. 13: **William Russell**, Office of Congressional & Public Affairs dir., participates at annual radio programming conference, Dallas... **Michael Fuchs**, HBO chmn.-CEO, addresses Philadelphia Cable Club Sept. 12 on pay TV, Adams Mark Hotel.

Changes at Harte-Hanks: **Michael Conly** promoted to pres., WFMY-TV Greensboro-High Point, succeeding **Howard Kelley**, who is appointed strategic planning dir., TV Group; **Jack Forehand** shifts to operations mgr., co-owned WTLV Jacksonville, succeeded at WFMY-TV as operations mgr. by **Jim Collins**; **Frank Bennett** named acting station mgr. at WFMY-TV... **Steve Tuttle**, Television Digest Washington managing editor, named NCTA vp-public affairs.

Dow Smith, ex-WJLA-TV Washington, named news editor, WDIV Detroit... **Charles Novitz**, ex-NBC News, joins Executive TV Workshop as an assoc. in communications training... **George Barnard** advanced to national sales dir.-mktg., Daniels & Assoc... **Floyd Abrams**, First Amendment rights expert with N.Y. law firm Cahill Gordon & Reindel, speaks at National Archives Sept. 18 on freedom of press.

Peter Goldmark, ex-Port Authority of N.Y. & N.J., named a Times Mirror vp... **John Kander** advanced to dir.-motion pictures for TV, CBS Entertainment... **Nick Hudak**, ex-Panasonic, named domestic sales dir., RCA Best. Systems; **Richard Boyland**, ex-RCA Americom, named mktg. operations mgr.; **James Gimbel** advanced to mktg. programs mgr... **Chris LaPlaca** advanced to communications dir., ESPN; **Tom Hagel** promoted to sales administration dir., Ad Sales Dept... **Jon Nottingham** promoted to Arbitron TV station sales vp; **Dennis Spragg** advanced to div. mgr., Southern TV station sales.

Cliff Abromats, ex-WABC-TV N.Y., named TV News Div. vp, News & Entertainment Corp... **Jane Blaney** advanced to program administration mgr., USA Network; **Dick Ross** promoted to operations dir... **James Abbott** promoted from Nationwide Communications-owned WXEX-TV Richmond to co-owned WATE-TV Knoxville station mgr... **Pam Tomlinson** advanced to national sales mgr., WBTV Charlotte, succeeding **Dan DuVall**, named sales mgr., Jefferson Pilot Teleproductions.

David Jones advanced to vice chmn., KARK-TV Little Rock and of parent SouthwestMedia, succeeded as KARK-TV pres.-gen. mgr. by **Michael Waddington**, ex-Southwestern Inc., investment firm owned by SouthwestMedia Chmn. **Larry Wallace**; **Ray Brown** promoted to exec. vp-administration of station... **Tim Bever**, ex-KTRV Nampa, Ida., named gen. mgr., KBSI Cape Girardeau, Mo... **David Stagnitto** named

operations mgr., WAFF-TV Huntsville... **Mark Young**, ex-Arbitron, appointed administration dir., WVEC-TV Norfolk, new post... **Laura Crouch**, KZKC-TV Kansas City, elected a vp... **Linda DesMarais**, ex-WCIX Miami, appointed program mgr., WDZL Miami... **Jon Findley**, ex-WFLD-TV Chicago, named program mgr., KRLD-TV Dallas, succeeded as production mgr. at WFLD-TV by **Ken Kolb**... **Ellen Geiger**, ex-Affinity Enterprises, named program development mgr., KCET L.A.

Ellis Woodward, ex-press secy., House Telecom Subcommittee, forms PR firm Woodward Communications, 659 S. Carolina Ave. SE, Washington 20003, 202-543-1816... **Bill Spiegel** advanced to vp-gen. mgr., Multimedia Productions new One Production Plaza unit in Cincinnati... **Daniel Webster**, ex-NBC News, named vp-Washington Bureau, Hubbard Bestg. Conus Washington Direct satellite service... Changes at Robert Wold Co.: **Gary Worth**, Wold Communications pres., resigns effective Dec. 31, succeeded as pres. by **Robert Wold**, who adds CEO title, retains same titles with parent; **William Hynes**, ex-ABC, appointed exec. vp-gen. mgr... **Jane Edmondson** promoted to program mktg. exec. dir., National Captioning Institute.

France will forge ahead with ambitious plan to wire nation with mainly fiber optic cable systems, Posts & Telecommunications Minister Louis Mexandeau said Sept. 4. He said France will spend \$322 million in next fiscal year for cable development, sizeable increase from roughly \$207 million in this year's national budget. By end of year, 20 French cities will have agreed to connect their systems to national grid, Mexandeau said. Among larger cities are Paris, Montpellier, Grenoble, Rennes, Lyons. He said that by 1990 some 5 million homes will be passed by cable.

White House has asked Soviet Union to permit President Reagan to go on Russian TV before Nov. 19-20 summit conference in Geneva. White House spokesman **Larry Speakes** noted wide publicity given Soviet leader Gorbachev in U.S. (including Time magazine cover story last week). **Speakes** said there's precedent for appearance since President Nixon spoke on Soviet TV in 1972. Request for Reagan appearance was made in Jan. letter from USIA Dir. **Charles Wick**, according to White House, and Moscow hasn't responded yet.

Wade Communications has selected Jerrold as exclusive equipment supplier for cable franchise in Philadelphia. **Wade**, whose franchise covers 25% of city, said it will use Starcom 6 addressable converters and Starliner distribution amplifiers for system designed to carry 78 channels. Order is valued at \$10 million, **Jerrold** said.

Effective Sept. 6, hours of FCC Dockets Reference Room and Mass Media Bureau Reference Room (239) were changed to 9 a.m.-4:30 p.m. daily, except Wed., when hours are 1-4:30 p.m.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Aug. and 1985's first 34 weeks:

	AUG. 17-23	1984 WEEK	% CHANGE	AUG. 10-16	34 WEEKS 1985	34 WEEKS 1984	% CHANGE
TOTAL TV.....	442,295	472,317	- 6.4	348,370	11,917,220	12,588,744	- 5.3
TOTAL COLOR...	380,357	382,512*	- 0.6	303,162	9,837,072*	9,694,431	+ 1.5
DIRECT-VIEW.	374,595	378,805*	- 1.1	298,685	9,705,153*	9,590,050	+ 1.2
PROJECTION..	5,762*	3,707	+55.4	4,477*	131,919*	104,381	+26.4
MONOCHROME....	61,938	89,805	-31.0	45,208	2,080,148	2,894,313	-28.1
TV EXCL. PROJEC.	436,533	468,610	- 6.8	343,893	11,785,301	12,484,363	- 5.7
HOME VCR#.....	193,314*	132,321	+46.1	168,064*	6,243,519*	3,924,297	+59.1
COLOR CAMERAS#..	7,126	7,752	- 8.1	5,626	269,334*	262,594	+ 2.6

Color TV (direct-view) 5-week moving average: 1985--326,260*; 1984--323,032 (up 0.1%).

Home VCR 5-week moving average: 1985--205,191*; 1984--141,938 (up 44.6%).

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

AUG. TV & VCR SALES IN MODEST PICKUP: Slight bounceback from July video doldrums is reflected in EIA's figures for Aug. sales to dealers, with color TV sales moving up from very modest (0.2%) decline to equally modest rise, and VCRs logging 2-point improvement over preceding month's increase (TVD Aug 12 p9).

Although moderate, color TV sales rise was enough to put industry back on track for putting 16-million color sales years back to back. Aug. sales of direct-view color were at seasonally adjusted 16.6 million annual rate, up from depressed 15.2 million in July, and left rate for first 8 months of year at just over 16.3 million. However, although month's volume set new Aug. record, performance was nothing to cheer about. All of that increase came in opening week, and sales in each of 3 following weeks were down.

VCR annual sales rate also picked up in Aug., coming in at 11.2 million, compared with July's 10.4 million. Credit for revival may have to go to resumption of intense retail price promotions that in more aggressive markets now have VHS leader models selling as low as \$188 and wireless remotes being blown out at \$239. Ads show that Koreans have abandoned attempt to stay above it all, and while their brands haven't yet shown up as price leaders, Korean-made VCRs being offered by secondary private brand marketers often are found now at bottom of pricing heap.

Month was 3rd of last 4 in which VCR annual rate was below 12 million. Cumulative 8-month average of 12 million was down from slightly over 12.1 at end of July, marking 5th consecutive month of slippage from 13.5 million peak industry enjoyed in first quarter.

Projection TV performed well in Aug., and 37.8% rise was 2nd highest of year. Increase looked particularly good when compared with essentially flat results in July.

Color camera sales, obviously feeling impact of competition from camcorders, were down for 2nd straight month and 3rd in last 4 months. Only sharp rise in month's opening week kept

8-month volume ahead of 1984 results. B&W sales continued to dwindle as Aug. saw streak of consecutive down sales months extended to 19.

Manufacturers and importers continued keeping tight control of direct-view color TV inventory situation in Aug. Total pipeline supply of 3.88 million, while up 5% from end of same month last year, was only 0.6% over July. As that represents about 11 weeks' supply at current sales rates, it's actually down by week from month's start. There was only modest adjustment in inventory distribution. At month's end, factories and importers held 2.52 million, up 12.6% from same 1984 period but down 0.9% from end of July. Distributor stockpile of 1.31 million was down 6.6% from last year, up 3.5% from preceding month.

Situation was similar in VCRs, where total inventory pipeline at end of Aug. stood at 2.08 million, up 8.5% from July and up 141% from end of Aug. last year. That should be enough to cover 8 weeks of sales, down from 9-week supply at end of July. Distributors picked up buying pace in month, ended Aug. with 722,000 units in house, up 9% from July and up 66.3% from same time last year. Factory inventory of 1.36 million was 8.5% over July and up 216.4% from end of Aug. last year.

We might note here that 1985 is statistical 53-week year. We get one of those every 5 years to bring industry's numbered selling weeks into line with calendar -- statistical 4-week Aug. ended Fri., Aug. 23, which turns next 7 Aug. calendar days into first statistical week of Sept. Adjustment is made by adding 6th week to normally 5-week Dec., and giving industry extra 7 days in peak selling season to make sales goals for year.

Product	AUG. 1985	AUG. 1984	% change	AUG. 1983
Total TV.....	1,527,506	1,663,768	- 8.2	1,368,357
Total color...	1,296,918	1,272,313	+ 1.9	1,040,731
Direct-view.	1,278,710*	1,259,099	+ 1.6	1,030,150
Projection..	18,208*	13,214	+37.8	10,581
Monochrome....	230,588	391,455	-41.1	345,626
TV excl. projec.	1,509,298	1,650,554	- 8.6	1,375,776
Home VCR.....	798,402*	532,450	+49.9	298,022
Color cameras...	32,207	32,764*	- 1.7	29,305

*Record for any Aug.

SONY ROLLING OUT 8MM WORLDWIDE: Sony's worldwide rollout of 8mm Video format last week reached Europe, where it has least to lose because of virtual evaporation of Beta. At Berlin Funkausstellung Audio and Video Fair, company trotted out its heavy hitters, led by Pres. Norio Ohga, in introducing five 8mm camcorders and decks plus major software program.

If publicity and crowds at its exhibit were only factors involved, Sony's launch was huge success at giant German trade and consumer show that was expected to draw more than 400,000 visitors. Newspapers printed photo of Chancellor Helmut Kohl operating tiny Mini 8 camcorder (which Sony is expected to dub "Handycam" worldwide). But Sony and its 8mm allies -- at Berlin show, only Fuji, Canon, Sanyo and Pioneer -- were in decided minority.

Beta was almost invisible at Sony booth, where hardware introductions consisted of autofocus Video 8 camcorder (\$1,500), Mini 8 camcorder (\$1,100), companion miniature deck (\$700), plus home deck with multitrack, digital, audio at \$1,700. In addition, Sony unveiled programmable home deck without digital audio at \$665; digital audio accessory available at \$275 converts it to single-track (3-hour) PCM audio recorder.

Ambitious software program accompanies 8mm debut, starting with 150 titles (mostly movies) being distributed by Sony and sold through Sony dealers. In addition, Sony will sell all

8mm titles through its direct-mail Sony Video Club, originally formed to improve availability of recorded Beta software. Now, all Video Club titles will be available in both Beta and 8mm formats at same prices, \$15-\$36. Sony representative said company gave duplicators price break on slave machines and blank cassettes.

Sony's competitors generally scoffed at 8mm format's chance to take over VCR market -- particularly in Europe, which now is virtually single-format territory. However, both Philips and Grundig said they had done considerable development of 8mm camcorders and could be ready with models if system should succeed. Both companies had 8mm camcorder prototypes ready to show at 1983 Funkausstellung (but not this time). Thomson group's consumer electronics chief, Rolf Schiering, saw no chance that 8mm would be accepted by public, even as portable medium, envisioned no new VCR standard until start of digital video recording.

In contrast to U.S., where VHS-C small-cassette Video Movie is offered only by JVC and Zenith, it's so far most popular camcorder system in Europe, fielded by all of Thomson group (Dual, Nordmende, Saba, Telefunken, Thomson) as well as ITT and now Toshiba. Surprisingly, Aiwa -- which is controlled by Sony -- was showing VHS-C camcorder. All VHS-C units except Toshiba's appeared to be JVC-made. Remainder of camcorders shown -- by Grundig, Philips, Blaupunkt, Loewe Opta and Japanese brands -- used full-sized VHS cassettes. In Japan, Toshiba said it expects to market VHS-C camcorder in U.S., didn't offer timetable. Officials of Toshiba here weren't available for comment, but Mktg. Vp Jay Yancy indicated at company sales meeting last spring that Toshiba had VHS-C under development and was considering U.S. launch (TVD April 15 p11).

VHS manufacturers seemed undecided what to do about VHS "High Quality" system being introduced in Japan and U.S. Some manufacturers and marketers told us their instruments already included such enhancements as white clip, nonlinear preamps and noise reduction circuits. But because these improvements are virtually undetectable to naked eye on PAL system VCRs, little or no use is being made of them as selling points.

Note: Sanyo made it clear that it hasn't left 8mm Video deck business, even though it has temporarily withdrawn its model from U.S. market. PAL version of 2-speed docking portable deck with tuner-timer was being offered at Berlin show. Only other non-Sony-made 8mm unit displayed was Canon's camcorder.

CELEBRATION FOR DISH INDUSTRY DESPITE PROBLEMS: Home earth station industry celebrated what has been difficult year with upbeat SPACE/STTI show in Nashville Sept. 2-4. Overall good mood prevailed despite concerns over signal scrambling (see related report in Best. section), changes in distribution and continued complaints by dealers about shoddy hardware.

Sales so far this year are up over last but are nowhere near levels some in industry projected when year began. Manufacturers we talked with said industry's sales of receivers seem to be running about 55,000-60,000 a month. SPACE figures for recent month showed sales of 58,000, we're told.

Most now expect about 500,000 receivers to be sold this year, up from last year's 350,000-400,000, but below 600,000-750,000 anticipated. Recent sales picture is definitely better than earlier in year, when weather and consumer concern over scrambling were blamed for less than robust results. All numbers should be taken with grain of salt since industry still doesn't seem to have firm statistical handle.

In spite of it all, one look at this year's exhibit floor showed major growth since last year. Booths were much more elaborate, giving professional air to hall, and number of exhibitors was up to 715 from 1984's 551. Convention took over Opryland Hotel, had to make special arrangements to get ballroom for extra exhibit space. Attendees were scattered in hotels and motels throughout Nashville. Despite overcrowding, organizers insisted Nashville event will

remain companion to winter show in Las Vegas. "I think we're leveling off" in attendance, said STTI Pres. Rick Schneringer, who expected final tally to be above 14,000, vs. 12,000 in 1984. This year, there also were more company-sponsored parties, and press turned out in droves, including NBC's American Almanac, PBS's MacNeil/Lehrer Newshour and Time magazine.

As at last year's show (TVD Sept 10/84 p16), dealers expressed strong dissatisfaction with high failure rate of satellite receiving equipment. One dealer, after receiving strong applause when he complained about product, said: "I think that response should tell you something. But I'm sick and tired of field testing equipment for manufacturers." Said another: "I'm tired of paying shipping back to the distributor for DOA equipment."

Several dealers suggested they report hardware problems to SPACE, which then could deny exhibit space to offending companies. But SPACE Exec. Vp Chuck Hewitt told audience it would be impossible for organization, which includes manufacturers, distributors and dealers, to run that kind of program. Another retailer said it's dealer's responsibility to find out which equipment works and which doesn't. He said he welcomed new dealers into business, "but learn what the heck you're doing before you get in -- you're killing us."

Dealers' complaining shows one impact of SPACE's year-long campaign to build retailer membership base. Trade group announced at show it now plans to campaign to enroll dish-owning consumers. Companies told us they're not concerned that bringing various groups under roof of what was once strictly manufacturers' organization will cause problems. "If I'm a manufacturer and can't stand up at a dealer rally like that and take the heat I shouldn't be in business," said Chaparral Communications Research Dir. Taylor Howard. Another manufacturer said it's good for dealers to get complaints off their chests while at show.

Surprisingly enough, what received little open comment was entry of majors into TVRO business. Both Kenwood and Panasonic had presence on floor, and, of course, everyone knew about planned entries by RCA and Zenith. Some said reason for complacency is that many believe home earth stations will continue to require installation service, something major retailers who carry consumer electronics brand names won't be able to handle. One manufacturer expects small "garage" manufacturers will lose out in competition while established TVRO companies such as Channel Master and Uniden will stay in game. Some distributors and dealers are worried that majors will rely on their own established distribution networks, thus generating new area of competition for them.

Hardware developments of note: (1) Mesh dishes are becoming increasingly popular because of their improved appearance over solid antennas. (2) Manufacturers continue to move toward complete satellite systems and away from selling components because consumers feel more confident buying one-brand systems. "We really want to do the whole thing -- be a communications company, not a parts company," said Chaparral's Howard.

Video Program System (VPS), which automatically corrects VCR timers, is being used now on some German programs, is expected to be widespread by year's end (TVD Sept. 9 p10). Along with program, VPS code signal is transmitted on line 16 of vertical interval. VCR equipped with VPS decoder starts to search for code 10 min. before preprogrammed start time and continues to search for up to 4 hours afterwards. Recording starts when right VPS code is found. On European TV, program schedules frequently are only approximate, and VPS is designed to correct VCR programmer settings.

National Captioning Institute says survey shows 54% of estimated 100,000 homes with closed captioning decoders also own VCR.

Canada should negotiate free trade agreement with U.S., study commission appointed by Ottawa govt. urges. Idea has strong backing in U.S. but is subject of concern in Canada, where some industry and union leaders fear it would result in U.S. domination of their economy. However, U.S. trade officials and manufacturers already have agreed to exclude import-sensitive products such as color TV picture tubes from tariff elimination talks.

Commodore will dismiss about 700 workers in all sectors as part of operations streamlining. Layoffs will come in U.S., U.K., Germany and Far East. Total represents cutback of about 18% of current 3,800 force worldwide. Commodore said it had 6,700 workers at this time last year.

TUBE IMPORTS SOAR: Color tube import competition, once generally held in check by high import duties, is turning into significant market factor, Commerce figures show, and to a degree that's happening with help of domestic tube producers.

Figures show imports of color tubes as component parts tripled in first half this year to 928,300, and 95% of 440,000 increase came in 13", which posted 13-fold jump in shipments. Prime reason for quantum leap is abandonment of production of 13" by 3 industry tube makers -- GE, North American Philips and RCA -- leaving Zenith as sole domestic producer. The 3 halted output because pricing on 13" TVs has fallen so low that they say tubes can't be made here and sold at profit.

It's on strength of that new demand for imported 13" tubes that total color tube imports from Korea soared by factor of 22 in first half to 376,400, to make that country leading foreign supplier with 40.5% share, up from just 5.4% share in same period last year. Japan, with 67.4% rise to 326,600, saw its share of import market drop to 35.2% from 61.9%. Also coming on strong as tube supplier this year is Canada, with shipments, mainly in 19"-&-larger sizes, up 862.6% to 117,600 for 12.7% share, up from 3.9%. Most of those tubes are believed to come from Mitsubishi's plant there.

Tube imports themselves tell only half story. Other half is 46.9% rise to 459,200 in first-half imports of tube-inclusive color TV kits. Factoring those in raises color tube import total for period to nearly 1.39 million, up 121%. Rise in tube imports, at time when production by U.S. color TV plants was essentially flat at 5.83 million (TVD Aug 26 p12), means imports represented whopping 23.8% share of indicated TV OEM color tube demand, up from just 10.7% in same period last year. Adding foreign tubes

used by U.S. set makers to number of complete color TVs imported would give non-U.S. tubes 46.6% share of market in first half, up from 38.3%.

Along with rising import shipments in most key tube sizes came some significant price declines. Figures indicate average value of imported 13" dropped 17.7% in first half to \$36.03 from \$43.80 in same 1984 period, while average 18-19" price fell 19.3% to \$57.56 from \$71.36 and average for larger tubes declined 4.9% to \$70.40 from \$74.02. Pricing on less popular sizes moved in other direction, with 12"-&-under up 33% to \$72.84 from \$54.77, 14-15" up 17.2% to \$54.26 from \$46.29 and 16-17" up 3.8% to \$62.79 from \$60.51.

Here's rundown on how color, monochrome and projection TV tube imports performed in first half:

U.S. 1985 FIRST-HALF PICTURE TUBE IMPORTS

Type	Units	% chg.	\$ Value	% chg.
Color				
12" & under	7,864	-76.4	572,838	-68.6
13".....	475,411	+1258.2	17,127,893	+1017.1
14-15".....	88,829	+13.5	4,819,457	+33.0
16-17".....	8,381	-34.3	526,227	-31.9
18-19".....	152,152	+77.1	8,757,281	+42.9
20" & over.	195,678	+179.9	13,776,259	+166.2
w/TV kits..	459,207	+46.9	n.a.	--
Monochrome				
12-16"...	6,873	-80.2	93,995	-83.0
Other....	40,019	-34.6	695,687	-32.4
For projection TV				
	203,761	+61.2	9,117,491	+48.2

India may permit use of foreign brands on color TVs sold there. To encourage development of domestic industry, India in 1983 amended investment regulations to permit up to 40% foreign ownership in local color producers but conditioned that by prohibiting use of foreign brand names. Behind ban was view that well-known brands would have unfair competitive edge in Indian market. In report to govt., India's Electronics Dept. said there is no legal way to stop foreign-invested color manufacturers from using brand name of overseas partner, added that allowing such use would encourage mass production and improvements in quality and technology.

AT&T has started production of previously announced million-bit memory IC, is providing evaluation samples to customers. AT&T is first U.S. company to turn out giant capacity chip -- it will hold equivalent of 100 typed pages -- in U.S. It was beaten out for world first by Japan's Toshiba, began making samples available earlier this year.

Japan's total color TV exports nearly doubled to all-time monthly record of 889,000 in July, EIA-Japan reported, but shipment boom is expected to be short lived. Nearly half of total consisted of exports to mainland China. Most existing color TV contracts with China run out this fall, and Beijing, concerned with dwindling foreign reserves, has put hold on signing new ones.

Chinese VCR production by joint venture Huaquiang Sanyo Electronics has been approved by Beijing govt., and first output of 1,000 VHS recorders monthly could begin in Oct. Plant already makes color TV sets. Parent Sanyo of Japan will supply basic components. Matsushita and JVC also have China VCR assembly projects in works.

EIA Annual Conference, Oct. 7-10, will be held this year in Cal. as usual, but in new location. Breaking with tradition of annually alternating between L.A. and San Francisco, 1985 event is set for Hotel del Coronado in San Diego.

SMC POSTS LOSS: Sanyo Mfg. Co. essentially made it unanimous: 2nd quarter was terrible financially for domestic color TV manufacturers. SMC, Forrest City, Ark., color TV and microwave oven manufacturing subsidiary of Japan's Sanyo, announced it posted \$399,000 net loss in quarter to May 31, joining other publicly held U.S. producers GE, North American Philips, RCA and Zenith in showing deficit or sharply reduced earnings for period.

SMC had \$654,000 pretax loss in quarter, although sales edged up 7.2%. For fiscal first half, it posted \$596,000 pretax loss on 12.9% lower volume. Operating situation was significantly poorer than that. SMC said results included special one-time gain of \$1.1 million stemming from agreement of parent to assume certain of its accrued royalty obligations. So SMC's pretax operating losses were about \$1.75 million for quarter, nearly \$1.7 million for half. Company was profitable in same periods last year.

Company attributed performance turndown to lower first-half sales and increased interest costs caused by higher weighted average borrowings. At least part of SMC's dollar volume problems can be traced to aggressive color TV pricing effort launched by Sears earlier this year, and one that most recent Sears catalog will continue well into 1986 (TVD July 8 p14). Sears buys about 75% of its color TV requirements from SMC and accounts for more than 80% of SMC's annual volume.

BASF plans to raise \$273.4 million through stock rights offering to current holders. For each 14 shares now owned, holders will be able to purchase one new one for \$68.35, or about 15% below current market price.

Arvin said it plans to repurchase up to 900,000 shares on open market for use in employee benefit plans and for other corporate purposes. That would require spending about \$21 million at current share price. Buyback is in addition to \$10 million repurchase plan launched last year. Under that effort, Arvin said, it has reacquired about 225,000 shares and its benefit plan has picked up 328,000. Arvin currently has about 11.8 million shares outstanding.

Memorex is joining in general wind-down of U.S. 5.25" computer disc involvement, transferring production of those and 8" to plant in Dublin. Move will mean loss of about 400 jobs at Santa Clara, Cal. plant, where production of new 3.5" discs will continue. Company estimates it will produce about 50 million computer discs in Ireland this year. Memorex is subsidiary of Burroughs, which sold Memorex consumer video and audio tape business to Radio Shack parent Tandy last year. Meanwhile, Tandon announced it will cut about 131 production employees at Chatsworth, Cal., plant in consolidation move that will see U.S. floppy disc drive production and engineering shifted to plant in Simi Valley, Cal., where it turns out hard disc drives.

FAN IMPORT COMPLAINT: Matsushita has been named in unfair import complaint filed with International Trade Commission and companion federal infringement suit brought in Newark by EG&E subsidiary Rotron, producer of DC-powered fans used to cool personal computers and other electronic equipment.

Rotron alleges that Matsushita's Panasonic Panaflo fans copy its designs and infringe patents. Filing with ITC asks for exclusion order to ban further imports. Rotron is seeking monetary damages for infringement and court order enjoining fan sales.

In similar case, ITC upheld determination of administrative law judge that Tandon's patents on double-sided computer floppy disc appear to be infringed by imports from Japan's Mitsubishi. Ruling means Mitsubishi will be required to post bond equal to 25% of value of any new drive imports until final ruling on Tandon's unfair import competition complaint.

When Tandon filed complaint last Dec., Sony and TEAC also were named as infringers. Both have since become Tandon licensees and were dropped from that case as well as from companion civil infringement suit Tandon has pending in U.S. Dist. Court, L.A.

JVC's VHD videodisc system will make U.S. debut next month, 2 years behind schedule and as nonconsumer product. Pending launch as device for professional use was reported here 2 months ago (TVD July 1 p12). JVC will supply VHD players and custom-pressed discs as part of complete interactive system that includes companion touch-screen monitors, computers, disc drives and other peripherals to National Education Corp., specialist in technical and industrial training. Software will be developed jointly by JVC and NEC, with discs pressed in Japan. Initial contract calls for JVC to provide several hundred systems for use in NEC's 43 training centers, plus 29 discs covering 14 titles. JVC has indicated it views VHD entry into U.S. education market as prelude to launch of consumer system, and spokesman said decision on such move is expected within year.

Eduard Rhein Prize for major contribution to consumer electronics was presented last week in Berlin jointly to German TV pioneer Walter Bruch and Tom Robson of Britain's Independent Bestg. Authority for developing MAC system as worldwide satellite broadcasting standard. Shared prize totaled \$29,000. Second prize (\$25,000) went to Sony's Takshi Okada and Masayuki Hongo for improvements in TV pictures, while Shinji Morozumi of Suwa Seikosha (Seiko) received \$18,000 3rd prize for LCD flat-screen TV. Special Eduard Rhein Ring award went to Hugh Greene, retired head of BBC, for developing postwar broadcasting in occupied Germany, where he organized NWDR (Northwest German Radio).

35" CRT & PANEL DISPLAYS: In coincidental announcements last week, U.S. flat screen R&D company Lucitron said it has produced its first 35" display, while in Japan Mitsubishi gave shipment and domestic pricing plan for 35" direct-view color TV.

Lucitron's flat panel display, 5" deep, is monochrome, but company says it expects to have full color version, weighing about 30 lbs., to show next year -- panel weighs about 6 lbs. per sq. ft. of display area. Pres. Joseph Markin told us company hopes to have 6"x6" color display running at end of month.

Panel is plasma display but with different twist. Plasma is excited to provide electron discharge that in turn is used to light up standard phosphors. Operating voltage, at 8-10,000, is much lower than standard CRTs, but current is about 10 times higher, so energy delivered to phosphor is about equal, Markin said. Monochrome version has about 12.5 pixels per display inch. Current color model has about 50, and aim is to double that.

Markin said military will get first models, with deliveries slated to start this fall, and move into commercial market will follow. "Later on, much later, we'll talk about consumer entertainment TV," he said, pointing out it would be at least 4-5 years before production is large enough to get prices down to where display could be used in high-end sets.

Lucitron was formed in 1978 by Markin, along with engineers Alan Sobel and Michael DeJule, to continue development effort they started when they were with Zenith. Company acquired Zenith's patents and has obtained others since.

Mitsubishi formally introduced 35" TV in Tokyo last week. Company said first model, with 20-function remote, collection of video and audio jacks plus RGB input, would be offered in Japan this fall at \$3,225. Tube now has claimed 560-line resolution, somewhat higher than specs issued when development was announced last year (TVD Nov 26 p9).

Mitsubishi said deliveries to Japan and exports to U.S. would start in late Oct. It said it has made tube sales pitch to other TV manufacturers in Japan and U.S. Sharp showed TV with Mitsubishi's 35" tube at Summer CES. Official at Mitsubishi Sales here said no U.S. introduction date or pricing has been set.

Taiwan-made CD players are expected to appear in 1986 first quarter, made by Fulei, Sampo and Tatung. At start, prices and features probably will be similar to Japanese versions because major components aren't made in Taiwan and will have to be imported, mainly from Japan and Netherlands. Players are expected to average only about 25% Taiwan content. Taiwan Industrial Development Bureau is encouraging CD as well as video product development with preferential tax treatment as incentive for manufacturers.

SONY BOWS 27" TV: Sony has moved into 27" color in 2 ways: (1) Adding component monitor, tabletop monitor and 3 monitor consoles in that size; (2) adding new line to handle production of those models at San Diego TV plant, which also has been equipped to turn out 27" tubes.

Sony bowed new line up of sets with 110-degree square-corner flatter-face 27" Microblack tube at news conference in N.Y. last week, where Senior Vp Dick Komiyama also announced completion of expansion at San Diego and start of production there. Expansion increases plant's capacity to about million sets annually.

All 27" TVs feature built-in MTS stereo, cable tuning and wireless remote. Due on market next month are table model at \$1,000, 2 consoles at \$1,250 and \$1,400. Third console is due in Jan.

First 27" and new 20" component monitors are being added as part of Sony's first integrated audio-video system, dubbed Access, also due next month. It's similar in operation to RCA's Dimensia system in that all components can be operated by single hand-held remote through centralized control. Basic system, which includes combination stereo TV-FM-AM tuner amplifier control center, speakers and stands for monitor and speakers, is \$1,550 with 20" monitor, \$1,800 with 27". Complete 27" package with basic system plus Superbeta Hi-Fi VCR, audio cassette deck, digital audio CD player and phono turntable is \$3,600.

Two new 41" projection TVs entering market this month feature 181-channel remote tuning, MTS stereo, standard monitor plus RGB inputs at \$2,800, with doors at \$3,000. Another addition to Sony video line is more compact version of its pocketable 2" flat tube Watchman b&w portable. New model slated for fall introduction is 6.25" x 5/8", weighs 14.5 oz., making it 13% smaller, 20% lighter, than current unit. Price remains \$180.

Portable or automotive CD player, introduced by Philips at consumer electronics show in Berlin, will be offered by all Philips companies worldwide. Weighing 1.1 lb., set is fully programmable, sells in Germany for about \$330, including AC adaptor. Also available are car adaptor, which slips into standard auto radio mounting, and carrying case with battery pack for portable operation. Coming from Philips is 2x20-w mini component system, including built-in CD player, selling at \$265 in Germany. Also in Berlin, Sony introduced piggyback dual-cassette Walkman with record as well as playback.

Du Pont will spend about 13% of its \$1.2 billion R&D budget on electronics and related photosystems products this year, according to Exec. Vp Robert Forney at news conference in Japan last week. He was there to announce expansion of Du Pont's effort to expand sales to high-tech products in Japan, said company is setting up technology center in Yokohama.

Consumer Electronics Personals

Thomas Hitzges advanced from Matsushita Electric Corp. of America Technical Liaison Div. OEM acct. mgr. to Panasonic VHD Div. senior product mgr... **Terry Yokoyama**, former Quasar Video Recorder Div. asst. gen. mgr., returns to Japan as International Operations Div. mgr., Matsushita Communications Industrial Co... **Nobuo Ishizaka** appointed chmn.-CEO, Toshiba (U.S.) Corp., parent company of Toshiba America; **Jeffrey Strumpf** joins TAI Ad Dept. as creative administrator... **Tadashi Suzuki** named NEC America pres.-CEO, succeeding **Ko Muroga**, who returns to parent as assoc. senior vp—overseas operations... **Wendy Stahl**, ex-RCA Records strategic planning dir., appointed strategic planning vp, RCA/Ariola International... **Jane Edmondson** promoted at National Captioning Inst. to mktg. exec. dir.

John O'Donnell advanced from dir. to pres. of Sony Video Software Operations following unit's status upgrade to independent company... **Stephen Einhorn** advanced to exec. vp—chief financial officer, Vestron Video; **Sheldon Rabinowitz**, treas., promoted to vp, will head newly created Treasury Dept.; **Michael Karaffa** becomes national accounts mgr., replacing **Richard Pinson**, now RCA/Columbia Pictures Home Video sales dir... **Ken Kamins** named national accounts mgr., RCA/Columbia... **Soozy Sommers**, ex-Vidmark, rejoins Video Gems as sales dir... **Mary Linthicum** appointed International Video Entertainment national sales mgr.; **Suzanne McFarlin** named national merchandising mgr... **Tom Cole**, ex-Bell & Howell/Columbia Pictures Video Services, joins First Priority Fulfillment Services as operations dir.

James Fiebigler, ex-Motorola Semiconductor senior vp—asst. gen. mgr., appointed Mostek pres., replacing **Richard Gamble**, senior vp of parent United Technologies, who has held post on interim basis since resignation of **Harold Ergott** earlier in year... **Richard Heckert**, advanced at Du Pont to deputy chmn., will succeed Chmn.-CEO **Edward Jefferson**, slated to retire May 5; **Edgar Wollard** promoted from exec. vp to vice chmn., replacing Heckert... **Fayette Brown**, Harris corp. development dir., named vp... **Daniel Rendino**, ex-Zilog N. American sales dir., joins Siemens Components as IC national sales mgr.

Simplest VCR lock yet is on new Telefunken VHS unit introduced in Germany. To keep kiddies (or anyone else) from using VCR, simply hold finger on remote-control unit's on-off button for 3 sec., then put remote-control in your pocket and walk away. Action disables controls on VCR.

Warranty service for Spectravideo and Bondwell computers will be handled by Serviceland Computer Services, Westlake Village, Cal. Spectravideo Inc., now establishing warranty service depots in areas where it has distribution, is controlled by Bondwell Holdings Ltd., Hong Kong.

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

WASHINGTON HEADQUARTERS

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

DAVID LACHENBRUCH Editorial Dir.
Robert E. Gerson Managing Ed., N.Y.
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JAPAN REPRESENTATIVE
(Editorial & Business)

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

Television and Cable Factbook
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Matsushita has denied published reports it has active plan to build U.S. semiconductor plant to feed ICs to its own consumer electronics plants and other OEM customers here. Company currently manufactures color TVs, car radios and telephones in U.S., is to open VCR factory next year, and produces most of ICs it uses in those products. Reports said several members of Matsushita group of companies were forming \$213 million venture here to produce ICs at 10 million monthly rate. As for that VCR plant, Matsushita Pres. Toshihiko Yamashita is quoted in Japanese press as saying company will select site by end of year, start construction next spring, be in production by end of 1986. Commenting on U.S.-Japan trade imbalance, he said there's no need to decide who's at fault for problem, but it's time to do something about it. "As far as VCR is concerned, local production is the most effective" corrective action.

Surface treatment of magnetic powders used in production of video and audio tapes and computer discs developed by Japanese soap maker Kao is claimed to improve dispersion uniformity in binder by keeping particles from sticking together. Kao says treatment will make it possible for manufacturers to utilize smaller magnetic particles and increase recording density of standard iron oxide and cobalt doped media. Company is sending material samples to magnetic media producers, says if demand is apparent it will construct plant for process.

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With Consumer Electronics

SEPTEMBER 16, 1985

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RTNDA HAS 'MOMENTUM,' plans staff expansion, including fulltime pres. Membership up 15% in year. Fairness doctrine targeted. (P. 1)

MUST-CARRY DIES as FCC stops enforcing rules, dismisses more than 230 carriage cases, reopens effective competition rulemaking to recraft definition of basic service. (P. 3)

3 NETWORKS' BIDS for Seoul Olympics TV rights rejected by International Olympic Committee as too low. New round due Sept. 23. (P. 5)

DANFORTH POLITICAL AD BILL lacks support. Sponsor, backers may make changes on negative spots but stand firm on need for bill. Opponents cry foul on hearing. (P. 6)

NO FRONT-RUNNER TO REPLACE RIVERA: FCC drops to 4 commissioners, may remain one member short for some time. Fowler to play key role in choosing successor. (P. 6)

SHOWTIME FLIP-FLOPS, now will ship M/A-Com decoders to affiliates. Deliveries due this month, scrambling tests by year end. (P. 7)

BID TO UNSEAT LANDAU FAILS as CPB board splits 5-5. Rancorous debate ends with Dir. O'Connor unable to obtain enough votes to unseat Landau. (P. 7)

RTNDA HAS 'MOMENTUM,' PLANS EXPANSION: "Momentum" was key word at RTNDA convention in Nashville last week as officials disclosed plans to hire full-time pres. and expand Washington staff from 6 to 8. RTNDA established its first full-time office in 1973 with \$10,000 in seed money provided by then-NBC Chmn. Julian Goodman. Current budget is \$1.1 million and membership in last year has grown 15% to 2,700, including 1,130 actives.

At business session Sept. 13, RTNDA members adopted resolution calling on Assn. "to initiate and fully prosecute judicial proceedings" to repeal fairness doctrine. RTNDA said that doctrine "is not mandated" by Communications Act "or any other statute" and that it "unnecessarily inhibits the free flow of information and opinion to the public and is a violation of the First Amendment." RTNDA also adopted resolution commending FCC for its report to Congress calling Sec. 315 of Communications Act and fairness doctrine "not in the public interest." In other resolutions, RTNDA: (1) Asked federal courts to permit TV-radio "full and

Consumer Electronics

SELLING VALUE, NOT PRICE, can revive profitability, Sony and RCA say in messages to dealers. RCA adds A-V components. (P. 9)

GRUNDIG TAKING NEW LOOK at U.S. video market entry. Philips-appointed Chmn. Koning says it will come in major way or not at all. (P. 10)

CAMCORDER BATTLE ADDS RECRUITS as Kyocera enters U.S. with 8mm, Sharp says it will add VHS. Sony & Hitachi price new models. (P. 11)

ANTITAKEOVER BARRIER is raised by RCA. Sears buying into Yorx parent Hagemeyer. Newmark & Lewis expands. (P. 12)

JUNE COLOR TV IMPORT figures show most source countries contributed to record shipments. (P. 13)

VIDEO SOFTWARE MAJORS being lured back to CES by low-cost space and opportunity to meet new buyers. (P. 14)

COMMODORE IN NONCOMPLIANCE with loan agreement, asks new terms from lenders. Atari 520ST arrives. New Ace from Franklin. (P. 14)

CABLE TUNING now dominates TV sales, EIA says. CATV channels in 58.1% of color sets sold last year, 25 million in 4 years. (P. 14)

complete access" to courtroom proceedings." (2) Urged Senate to permit "full radio and TV coverage" of floor proceedings. (3) Renewed "its opposition to all attempts to weaken the Freedom of Information Act."

Planned expansion with full-time pres. is contingent on availability of funding and probably is 3 years away, according to outgoing Pres. Louis Adler, WOR(AM) N.Y. RTNDA now has reserve fund of \$600,000, hopes to get that up to \$1 million before expansion. Commented ex-pres. Jack Hogan: "It's a foregone conclusion" that expansion will come about. Adler said Assn. "is working so fast and getting so big that it's a full-time job" and not many working news dirs. can commit themselves to spend time required and not many companies will permit their employees to do so. He said he now spends more than 40% of his time on RTNDA business.

Fears of RTNDA officials that concurrent radio programming conference in Dallas would cut into attendance at its sessions in Nashville proved groundless. Record 1,300 (up 10% from 1984 convention in San Antonio) preregistered for convention. All 1,700 Nashville hotel rooms reserved by RTNDA were taken and record 140 exhibitors signed up for about 40,000 sq. ft. in Opryland Hotel. Usual spate of subsidiary meetings -- principally networks' sessions with news dirs. from affiliated stations -- also were held.

Network anchors Dan Rather (CBS) and Peter Jennings (ABC), along with follow-up panel sessions, generally defended TV networks' coverage of terrorist hijacking of TWA Flight 847 last June -- although all speakers agreed that many mistakes were made. "We are not, thank heavens, thoroughly experienced at live coverage of terrorist hijackings," Rather told opening banquet Sept. 11. As keynoter next morning, Jennings said that when "we allow a story such as the TWA ordeal to so dominate our thinking, we miss other priorities."

During panel session (where much of time was devoted to playing tapes of ABC coverage of hijacking), CNN Senior Vp Edward Turner had high praise for ABC. He said exclusive interview with TWA crew was "a hell of a piece of work... It was a superior job." CNN Correspondent Jeremy Levin, who was held hostage in Lebanon for several months, said U.S. govt. got much information from networks' coverage that it otherwise wouldn't. This resulted in "energetic, vigorous, overtime efforts" by Administration to solve crisis, he said. Panelists generally agreed that media didn't play into hands of terrorists.

Rather said that "most of the howls of protest [about network coverage] came from newspapers, magazines -- our natural competitors -- and politicians. The criticism in most cases... was angry and emotional... but in the end I think most of the criticism fell of its own weight." Said Jennings: "Much of the criticism is based on such flimsy evidence that I often suspect it is based more on reading about what we do than having actually watched us." However, he said, recent criticism of TV network news "has led to a more thoughtful dialogue between us and the public and I think it has led to a marginal improvement in the way we do our jobs."

Rather said it was absolutely necessary for U.S. networks to cover "frenzied" news conference when terrorists showed off 5 captives to media for first time even though "I think it was a disgraceful event." If networks hadn't covered it, "pictures and sound would have trickled back to the American audience second-hand from overseas broadcasters," Rather said.

Rather expressed amazement at amount of newspaper coverage given 2 recent CBS libel trials -- Galloway case on 60 Minutes and Westmoreland libel suit. Broadcasting and broadcast news "have become a continuing source of news themselves," Rather said. "However it may appear on the outside, the substance of our work is not glamor or power or prestige. It is reporting. It is providing the information that a free society needs to make enlightened decisions about its future."

Referring to attempt by Sen. Helms (R-N.C.) and his supporters to take over CBS, Rather talked about their criticisms leveled at him personally and CBS News in general. He said

charges "are memorable only because they tell us so much about those who uttered them. They illustrate how ready some people are to allege the most obnoxious motives to their fellow citizens, how casual they are in suggesting that one or another group in America is ungodly, disloyal or subversive... I have never been quite sure how much of the campaign to take over CBS can be credited to ideological fervor and how much to the nagging pressure of an idle mailing list."

Year ago, when NAB and NRBA moved dates of their joint conference to conflict with RTNDA, news dirs. complained loudly. As result, radio programmers and RTNDA added session to feature satellite hook-up between 2 conventions. RTNDA featured taped address by President Reagan.

Concept of full-time pres. has been recommended by RTNDA Goals Committee, headed by ex-pres. Edwin Godfrey, WAVE-TV Louisville. Same idea had been proposed and shelved in 1981. Plan is to provide "continuity and recognition" in Washington. It was expected to be discussed during convention business session Sept. 13 after our deadline. Adler, whose post will become chmn. of board when pres. is hired., said new person will become chief spokesman and chief lobbyist. Logical choice is Ernest Schultz, current exec. vp and RTNDA pres. in 1978 as news dir. of KWTW Okla. City. John Spain, news dir. of WBRZ Baton Rouge, was to succeed Adler as RTNDA pres. at close of convention.

FCC ABANDONS MUST-CARRY RULES: FCC's 22-year history of ordering cable systems to carry all local TV stations ended as expected Sept. 10 when legal clock ran out and July ruling by U.S. Appeals Court, D.C., that must-carry rules are unconstitutional took effect. Commission stopped short of tearing pages out of its book of regulations, though, until U.S. Supreme Court completes possible review of Appeals Court ruling.

FCC issued one-page public notice, titled "Cable Must-Carry Rules Vacated," that simply stated that "must-carry rules are set aside and will no longer be enforced." Observers noted that any cabler who wants to delete a local TV signal or move it to a pay tier can do so legally now, although NCTA and other cable groups are urging cautious approach for immediate future.

Commission entered post-must-carry era by: (1) Dismissing as moot more than 230 carriage disputes between cablers and TV stations, some of which have been pending for years. Majority of those were special relief petitions filed by cablers seeking to delay adding must-carry signals. Many other similar petitions submitted recently also were dismissed without even being assigned case numbers. (2) Accepting for filing several requests by TV stations for "significantly viewed" status in fringe viewing areas because, it said, such standing may be a factor later in copyright and cable rate-deregulation issues.

(3) Reopening its "effective competition" rulemaking -- which determined that basic cable service rates will be exempt from local regulation after Dec. 29, 1986, in markets served by 3 over-air TV stations (TVD April 15 p1) -- to recraft definition of basic service. FCC officials said new definition is necessary because basic cable service always has hinged on must-carry concepts. Basic service usually is thought of as lowest-priced, universal tier of service that contains local TV signals.

Rulemaking is reopened for 30 days to Oct. 17. "Comments should be limited to how the decision [striking down must-carry] affects the definition of basic cable service," said notice signed by Mass Media Bureau Chief James McKinney.

All this was set into motion rapidly Sept. 9 when U.S. Supreme Court Chief Justice Warren Burger rejected NAB request for stay of Appeals Court ruling until Assn. could file petition for review of that court's holding. Burger's declining to intervene was NAB's 2nd rebuff in attempt to delay implementation of order. Appeals Court last week rejected NAB petition to stay its

own order for 30 days (TVD Sept 9 p5). Mandate affirming that court's ruling then took effect 2 p.m. Sept. 10.

Trying another tactic to press FCC to look at must-carry again, NAB, INTV and other broadcaster groups are seeking amendment to Commission appropriations bill to require agency to conduct proceeding on issue. Sen. Stevens (R-Alaska) has said he'll propose amendment to appropriations bill scheduled for markup late this week.

Among carriage disputes dismissed by FCC was one by MTV Networks Inc. opposing mandatory carriage requests in N.Y. area by WWHT Newark, which had converted to music video format (TVD June 24 p5). Another was dispute between WHMM Washington and some Charles County, Md., cable systems. Dismissed as moot were petitions for compliance with must-carry rules, petitions for special relief from rules, petitions for reconsideration, applications for review, requests for fines and requests for show-cause orders, according to order signed by McKinney.

Cable operators are being urged not to be hasty in removing any signals or beginning to charge broadcasters for channel. "Cable operators are now free to choose what signals they want to carry," said CATA Pres. Stephen Effros. However, he said, "we would urge a great deal of caution in making any immediate moves [because there is] always the remote possibility the whole thing will be turned around" by Supreme Court. He added that he's urging members to adopt "go-slow approach" and to "allow the must-carry dust to settle before proceeding."

NAB has said it will ask Supreme Court on Sept. 18 to review Appeals Court ruling. If 4 Supreme Court justices vote to accept case, then round of briefs, replies and opposition comments will follow, procedure that usually takes 5-6 months. Then case would be argued, with another round of filings and replies. "It probably would be the end of Feb. or March before we would know if [Supreme Court] will accept it," said one attorney. "If they do, we probably wouldn't have a decision until the spring of 1987." In interim, it's highly unlikely Supreme Court would order Appeals Court to recall its mandate, attorney said.

Even though cable operators now can legally delete any or all local TV stations that formerly were must-carry signals, they're reminded by Washington law firm Pepper & Corazzini that any change in signal complement must be disclosed to Copyright Office within 30 days. Firm also points out that while FCC's on-channel carriage regulations (Sec. 76.55 of rules) and network nonduplication rules technically are still in effect, "absent a compelling reason as to why these rules serve a valid purpose, their continued existence is very questionable." Law firm also warns that loss of must-carry may affect commercial leased access provisions of Cable Act. Legislation mandates that for systems with at least 36 channels, 10% of capacity must be set aside for use by unaffiliated 3rd parties. But to calculate number of leased access channels that must be reserved, Act says, channels devoted to what were must-carry signals aren't counted in determining capacity.

Commercial TV advertising -- including network, national, regional and local spot -- increased 8.1% in 1985 2nd quarter over same 1984 period, according to TvB. Local spot ads in quarter rose 11.9% to \$973.6 million while national and regional spot was up 9.8%, reaching \$1.17 billion, TvB said. Network advertising rose 5.6% to \$2.13 billion. Procter & Gamble was leading TV advertiser in 1985 first half with \$102.8 million in national spot and \$200.9 million in network, up 26% overall. Top local advertiser was McDonald's, with \$88.4 million, up 47%.

Panasonic said it's offering 3-year warranty on cable converter boxes.

Jerrold has been selected by United Cable to construct Baltimore system. It's estimated United will spend \$80 million in Baltimore, \$50 million going to Jerrold. Contract calls for Jerrold to supply electronic equipment and manage construction of 1,000 miles of plant. Plans call for a 2-way, 550-MHz system designed to carry up to 79 channels.

Cox Cable is dropping Playboy Channel in Okla. City even though local grand jury there determined that its programming doesn't violate community decency standards (TVD Sept 2 p5). Cox says Playboy isn't profitable, although spokesman said last month it has 6,000-7,000 customers out of 64,000 basic subscribers.

RTNDA NOTEBOOK: Several RTNDA delegates were angered that host Opryland Hotel had deleted Nashville Channel from its room TV sets to add C-SPAN, which carried heavy coverage of convention. One news dir. told us he had called and written complaints to hotel. "For God's sakes, the hotel is owned by the same outfit [Gaylord Bestg.] which owns Opryland. How could they take the Nashville Channel off?"

The Station Connection, satellite news service providing short inserts and electronic press kits to TV stations, was announced at convention. Service is joint effort of Wold Communications, Pyramid Video and Saturn Satellite. It will debut Oct. 14 with daily feeds at 3 p.m. on Telstar 301. TV station subscribers may order tailored 5-min. originations for \$200.

UPI TelCast, 2-way news service for TV stations, was introduced by UPI. "For the first time, TV stations can select from all of UPI's high-speed wires to receive more of the news they want and less of the news they don't," according to Richard Boggs, vp-best. sales. Stations also may order stories covered on special assignment. Subscribers will have individual transmission codes to ensure privacy. UPI Radio also introduced CustomNet that provides 2 separate news networks for radio stations.

Group W Bcstg. & Cable introduced The Entertainment Report, designed for insertion into TV stations' local news. Starting early next year, it will be delivered daily via satellite.

RTNDA plans 5 regional conferences this fall: Sept. 21, San Antonio; Sept. 27-28, Bowling Green (O.) U.; Oct. 12, Buffalo (N.Y.) State College; Oct. 18, N.Y.C., featuring Mayor Koch; Oct. 19, W. Lafayette, Ind.

ABC correspondent Barbara Walters wasn't in Nashville Sept. 8 to receive her Paul White Award, RTNDA's most prestigious, for a very good reason. She was married same day to Lorimar Chmn. Mervin Adelson. ABC 20-20 correspondent Sylvia Chase accepted award for Walters.

CBS will continue experimental policy of accepting split 30s -- ads of 15 sec. -- officials said Sept. 13. Experiment, launched in May 1983, was to end this month. Network said it had notified advertisers that it will continue accepting split 30s and will go step further by selling brief spots singly. Until now, agencies could buy split 30s only 2 at a time. But CBS will continue to package individual, unrelated split 30s so that they run back to back, and then only one such package for each commercial break, official said.

HBO said it will scramble Larry Holmes-Michael Spinks fight Sept. 21. Programmer also said it will scramble "backhaul" feeds of fight from Las Vegas to uplink on Long Island.

OLYMPIC BIDS REJECTED: International Olympic Committee (IOC) Sept. 13 rejected as too low sealed bids submitted by ABC, CBS and NBC for exclusive U.S. TV rights to 1988 Summer Games in Seoul, Korea. No network would say what it bid, but it's believed figures were more than \$100 million below amount IOC sought.

Arthur Watson, NBC Sports pres., said NBC went to Lausanne, Switzerland (IOC hq), "prepared to make an aggressive bid" for Seoul games. "Confronted by the realities of the American sales marketplace, we constructed what we considered to be a creative, innovative bid... We believe our bid represented the most constructive approach available... We are disappointed that the negotiating committee failed to accept what we consider to have been the best alternative presented before it." Said ABC: "We... will be considering all reasonable alternatives available to us." CBS had no comment.

Canada's Richard Pound, chmn. of IOC TV negotiating committee, said at end of 2 days of fruitless talks with network representatives that bids were unacceptable "at this stage." He said networks were given until Sept. 23 to submit new offers. He said all participants in negotiations had agreed to keep secret amount of rejected bids.

Networks hesitate to lay out huge sums for Seoul games because of: (1) Continuing politicization of games involving possible boycotts by major nations. (2) 17-hour time difference between East Coast and Seoul, meaning that most events couldn't be presented live. It's believed that all 3 networks included in their bids proposals to stage events when they could be shown live in U.S.

Rock star Dee Snider of band Twisted Sister and musicians John Denver and Frank Zappa are lead witnesses at Senate Communications Subcommittee hearing, 9:30 a.m. Sept. 19, on lurid rock lyrics. Key Hill aides said hearing isn't expected to lead to legislation, is meant only as forum to heighten national awareness of issue. Also scheduled to testify: NAB Pres. Edward Fritts; Stanley Gortikov, pres. of Recording Industry Assn. of America; disc jockeys Robert Sabatini of WRKC(FM) Wilkes-Barre, and Cerphe Colwell, WWDC Washington; William Steding, exec. vp, Bonneville International; Sen. Hawkins (R-Fla.), who will show controversial music videos, and representatives of Parents Music Resource Center headed by wives of Treasury Secy. James Baker and Sen. Gore (D-Tenn.), member of Committee. At issue is proposed warning labels for record albums.

Southwest Fla. gets first independent TV station Sept. 23 when WFTX (Ch. 36) Cape Coral goes on air. Station will operate with 5 megawatts, 1,000-ft. tower, is owned by Family Group Bcstg. Ian Wheeler is managing gen. partner, Edward Dyer gen. mgr. Primary coverage area is Ft. Myers/Naples ADI.

POLITICAL AD BILL STALLS: Sen. Danforth (R-Mo.) and key co-sponsors of his S-1310 to require mandatory free air time for candidates to respond to certain negative political ads (TVD June 24 p8) backpedaled from proposal Sept. 17. They acknowledged at Senate Commerce Committee hearing that they would consider alternatives -- sign that some observers took as meaning Danforth didn't have enough support for legislation as written.

Danforth said he's committed to reform and made clear that he sees such ads as abhorrent, especially those by independent political action committees (PACs): "It seems to me these political commercials are corrupting the political process." Senators differed on approach, among them Sen. Packwood (R-Ore.), who said broadcasters should exercise self-restraint. Sen. Gore (D-Tenn.) said that such ads are yet another reason for broadcast regulation and that he believes mandatory free air time for political broadcasts should be condition for station licenses.

Observers said Committee had come under pressure from broadcasters, voting rights advocates and others to consider alternate proposals, which we're told it will do at Oct. 8 hearing. Among them may be measure from last Congress by Sens. Inouye (D-Hawaii), a Committee member, and Rudman (R-N.H.) and Reps. Conable (R-N.Y.), now retired, and McHugh (D-N.Y.). That proposal, likely to be reintroduced, would require uniform format for political ads and place 10-min. limit on length.

Witnesses largely agreed that candidates should have guaranteed right to respond to negative ads -- centerpiece of S-1310 -- but that outlawing ads would violate First Amendment. They applauded Danforth for steering clear of that route in S-1310. There wasn't consensus of support for bill. Only ex-FCC Chmn. Newton Minow and Ben Heineman, colleague at Chicago law firm Sidley & Austin, and Fred Wertheimer, pres. of citizen's lobbying group Common Cause, strongly endorsed S-1310. Minow wrote legal memo assessing constitutionality of bill that was released when proposal was introduced.

Minow said bill would have Communications Act recognize U.S. Supreme Court decision that citizens have right to know who's trying to influence their vote and would ensure that candidates can respond to ad attacks by well-bankrolled PACs while limiting candidates' rights to demand access to airwaves for attacks on opponent. Broadcasters still would have right to reject independent PACs' commercials but are required to carry candidate committee ads at lowest unit rate. Ex-FCC Comr. Steven Sharp, speaking for American Bar Assn., urged caution but made no specific recommendations.

Conspicuously absent from hearing were known bill opponents, American Civil Liberties Union and National Conservative PAC. NCPAC's Pres. John (Terry) Dolan told news conference same day that hearing was "phony" for denying groups opportunity

to testify. But we're told groups, which oppose S-1310 as unconstitutional, had been promised chance to testify at later hearing.

NO FRONT-RUNNER FOR RIVERA SEAT: FCC Comr. Rivera became private citizen Sept. 15 when he went off federal payroll. He's taking 2-week vacation before joining Washington law firm Dow, Lohnes & Albertson Oct. 1 as partner, concentrating on common carrier matters.

FCC is expected to operate short one member for weeks or even months. Administration sources tell us that there's no front-runner as Rivera successor and that none of early candidates is likely to get nod. One exception may be Steven Pena, lawyer with Gurman, Kurtis & Blask, an offshoot of Becker, Gurman, Lucas, O'Brien & Raiser, firm that was formed of lawyers from Fowler & Meyers when Mark Fowler was named FCC chmn. Pena took over some of Fowler's clients then, and recently was recommended to FCC post by key Republican on House Telecom Subcommittee, Rep. Moorhead (R-Cal.), who was Hollywood ally with President Reagan in battle over financial interest and syndication rules.

Louise McCarren, chmn. of Vt. Public Service Board, also is candidate. She's supported by Vt. congressional delegation, including Sen. Stafford (R) and Rep. Jeffords (R). Stafford sent letter to White House May 28 "in anticipation of future opening," spokesman said. McCarren is registered as Independent, has headed board since 1981.

We're told Fowler will play major role in selection of nominee. Rivera has occupied "minority" seat on Commission, and most expect -- although it may not necessarily occur -- that successor will be Hispanic or black. If that isn't case, several members of Congress are expected to protest.

Of Rivera's professional aides, Celia Nogales will join Washington office of Pacific Telesis; Renee Licht will move to Policy Div. of Common Carrier Bureau; Ben Perez will open Abacus Communications (1260 21st St. NW, Washington 20036, 202-223-2022) for legal and technical consulting (Perez is engineer and lawyer) and Stephen Melnikoff will leave FCC Sept. 30 to become exec. dir. of federal regulatory matters for Southwestern Bell Washington office.

Sammons has ordered 1,000 M/A-Com VideoCipher II commercial descramblers to decode signals of basic cable networks. M/A-Com said Sammons is 2nd MSO to commit to buying its headend descramblers, joining Tele-Communications. "The commitments made by TCI and Sammons suggest the logjam surrounding scrambling is about to break," said Frank Drendel, M/A-Com vice chmn. Terms weren't disclosed, but deal is thought to be worth \$4-\$5 million.

FLIP-FLOP ON DECODERS: Showtime/Movie Channel, which only 3 weeks ago said it would delay shipment of M/A-Com decoders to cable affiliates, switched Sept. 13, announcing decoders will be shipped this month and "limited scrambling, for the purpose of testing, will begin by year-end." Tests of M/A-Com scrambling system will start on Showtime and Movie Channel east coast feeds after all registered affiliates get decoders by Dec.

"We are also gratified that by implementing the shipping phase now, Showtime/Movie Channel's scrambling timetable will be on track with the original projections made by the company one year ago," said Chmn.-CEO Neil Austrian. Actually, announcement puts company back on track. S/MC said 3 weeks ago it would delay decoder shipments pending NCTA decision on scrambling technology for operator consortium that Assn. is starting.

Reason for change of heart no doubt is blizzard of calls from irate operators, who lately seem to take position 1.3 million dish owners are greater scourge than even millions of signal pirates within their own cable systems. S/MC wouldn't confirm operator reaction. Spokeswoman would say only that company never changed its mind on scrambling, "it was just a matter of when." S/MC decided "it was time to go" and M/A-Com decoder is "the superior box," she said.

"We have the utmost confidence in the scrambling technology offered by M/A-Com, and we are extremely pleased to be able to commence shipping decoders to our affiliates," Austrian said. He urged all affiliates that haven't registered their headends "to do so as soon as possible." Company has been soliciting registration forms since June, after announcing scrambling plans and choice of M/A-Com hardware back in Nov. 1984.

David Van Valkenburg has resigned as pres. of Cox Cable and is being replaced by James Robbins, senior vp-operations at cable unit, company said. No details or explanations were available from Cox officials as to why Van Valkenburg, who headed 4th largest MSO about 2-1/2 years, was relieved of duties Sept. 10. Van Valkenburg didn't report to office Sept. 11, couldn't be reached at Atlanta home. Speaking of Robbins, William Schwartz, pres. of parent Cox Communications, said: "We are pleased we can draw from management talent within our company to fill the presidency of our cable television division." Schwartz said he appreciated Van Valkenburg's contributions "and we wish him well in the future." Robbins joined company in 1983 as vp of Cox Cable N.Y.C. He previously was senior vp-operations of Viacom's western region. He also has served as vp-gen. mgr. of Viacom Cablevision of Long Island and worked for Continental Cablevision in Dayton, O., 1974-79.

U.S. Appeals Court, D.C., was asked by National Assn. of Regulatory Commissioners Sept. 9 to review FCC's Cox Cable order limiting Neb. preemption of Comline data transmission services.

LANDAU SURVIVES AS CPB CHMN.: Effort to unseat Sonia Landau as CPB chmn. failed Sept. 12, as expected, after 3 ballots that ended in 5-5 split between her supporters and those favoring Republican Dir. Harry O'Connor. Under CPB bylaws, Landau continues as chmn., although another election can be sought by any director at any meeting. Kenneth Towery then was reelected vice chmn. in same 3-ballot, 5-5 split, defeating O'Connor, who also sought No. 2 post. Votes came at annual organization meeting in Washington.

"This is just the first round," O'Connor said after meeting, predicting victory in future vote. Landau was elected in 1984 by 6-4 vote, defeating Dir. Sharon Rockefeller. Landau is entering 2nd one-year term as chmn.

Although voting is by secret ballot, it's believed that O'Connor got votes of Dirs. Rockefeller, a Democrat; Republican Lillie Herndon, both ex-CPB chmn.; Howard White, ITT Communications & Services exec. vp-gen. counsel, a Democrat; and Lloyd Kaiser, pres., WQED-TV-FM/WQEX Pittsburgh, an independent. Landau was supported by Republican Richard Brookhiser, a senior editor of National Review; independent Howard Gutin, pres.-gen. mgr., KLRN-TV San Antonio/KLRU Austin; Republican William Hanley, Conn. industrialist; and Republican Towery, 1955 Pulitzer Prize-winning reporter who last year was elected vice chmn. by 9-0 with one abstention.

CPB said it has more than 100 candidates for pres., and search committee will begin interviewing candidates in Oct., hopes to have new pres. by Jan.

At request of Congressional Black Caucus Foundation, FCC will coordinate forum on "Telecommunications Opportunities for the Minority Entrepreneur" Sept. 25, Washington Hilton Hotel. Commission also will host Oct. 7-8 seminar on "Financing a Telecommunications Property -- A Symposium for Minority Entrepreneurs," Capitol Hilton Hotel, Washington. Contact: Zora Kramer or Delores Browder at FCC, 202-254-7674.

TV evangelist Jerry Falwell will kick off fall luncheons of Federal Communications Bar Assn. Sept. 26 in Washington. Pres. Gene Bechtel said FCBA has "extended invitations to a variety of potential speakers, obviously not as an endorsement of their viewpoints or positions but as an effort to bring to our luncheons a diverse and interesting offering." Luncheons are moving from Touchdown Club to Washington Marriott Hotel and cost goes up to \$17.

"Takeovers, Mergers and Spinoffs -- Are Minorities Being Excluded Again?" is theme of Sept. 25-27 annual conference of NABOB. Rep. Gray (D-Pa.), chmn. of House Budget Committee, will keynote conference at Sheraton Washington Hotel. Details: Lynne Taylor, 202-463-8970.

Personals

FCC calendar -- Sept. 16-17: **Kenneth Howard**, legal asst. to Comr. **Quello**, participates in International Conference of Prix Italia, Sardinia, Italy. Sept. 17: Departing Comr. **Rivera** delivers keynote speech at National Hispanic Heritage Week, Rm. 856. Sept. 18: Farewell reception for **Rivera**, Rm. 856, 2 p.m. Sept. 19: **James McKinney**, Mass Media Bureau chief, moderates panel on implementing Cable Act of 1984 and on must-carry decisions, Atlantic Cable Show, Atlantic City. Sept. 20: **McKinney** delivers luncheon address to IEEE Best. Symposium, Hotel Washington.

Margaret (Midge) Costanza, ex-asst. for public liaison to former President Carter, named a talent coordinator on America series for Paramount Domestic TV & Video Programming... **Kathleen Willis**, ex-Grey Adv., appointed mktg. services mgr., AGB TV Research... **Jane Osman** named consumer and govt. affairs dir., CBS Columbia House Div... **Alan Horton**, ex-Evansville Press, appointed gen. mgr., Scripps Howard Videotex Corp., managing Viewtron/Pittsburgh.

Ted Taylor, Daniels & Assoc. vp-mergers & acquisitions, resigns... **John Kulp**, ex-National Information Utilities, appointed exec. vp-Washington office mgr., Universal Satellite... **Doral Cooper**, ex-Office of U.S. Trade Representative, joins Michael K. Deaver & Assoc. PR firm.

Sen. Gore (D-Tenn.), Communications Subcommittee member, is luncheon speaker Oct. 18 at Tenn. Bestr. Assn. convention, Chattanooga... NCTA Chmn. **Edward Allen** addresses Washington Metropolitan Cable Club luncheon, Sept. 18, Washington Marriott... **Hale Montgomery**, ex-Comsat, forms Capstone Communications, telecommunications consulting firm, 2022 National Press Bldg., Washington 20045, 202-524-5373.

Jack Adamson, Bonneville International senior vp, elected a dir. and exec. committee member... **John Irvin**, vp-gen. mgr., Belo Bestg.-owned KOTV Tulsa, shifts to co-owned WFAA-TV Dallas-Ft. Worth as dir., broadcast operations, new position. He's succeeded by **Phillip Keller**, ex-WKOW-TV Madison & WAOW-TV Wausau, Wis... **Robert Donohue**, ex-WJZ-TV Baltimore, appointed vp-gen. mgr., KMOL-TV San Antonio... **Steve Coulam**, KDVR Denver engineering dir., adds operations dir. title.

Gordon Hastings, ex-Katz TV, appointed Seltel exec. vp. **Russell Goldsmith**, a Lorimar dir.-COO, resigns to start entertainment investment company. Duties will be distributed among top management... **Jeffrey Silver** named exec. in charge of production, Cannon Group.

Ronald Ducceschi promoted to northern regional sales mgr., Oak Communications; **Mary Lou Wright**, consultant and onetime ELRA, named exec. representative and will open Oak Washington office...

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EDITORIAL & BUSINESS HEADQUARTERS

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

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

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

This newsletter is available electronically via Newsnet

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NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017

Phone: 212-686-5410

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

JAPAN REPRESENTATIVE

(Editorial & Business)

Richard E. Varner

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

Ronald Marlo, ex-Continental Group, named corporate services vp, Comsat... **James McElveen**, NCTA public affairs dir., adds day-to-day management duties as dir., public affairs/administration... **Greg Caputo**, ex-WBBM-TV Chicago, named news dir., WFLD-TV Chicago.

Lori Openden, ex-independent casting dir., appointed casting vp, NBC... **Fred Bernstein** advanced to exec. vp-worldwide production, Columbia Pictures... WHCT-TV Hartford appointments: **Richard Ramirez**, ex-WMJX(FM) Boston, gen. mgr.; **Terry Plannell**, ex-Madison Sq. Garden Network, program dir.; **Donald O'Brien**, ex-WTXX Waterbury, Conn., sales dir.; **John Jordan**, ex-Cape Cod Cablevision, operations mgr... **Owen Comora**, ex-Goodman/Comora PR firm, forms Owen Comora Assoc., PR, 6 Lyncrest Drive, Paramus, N.J. 07652, 201-652-8533.

Obituary

Jay Lloyd, 59, pres.-gen. mgr. of KSL-TV Salt Lake City and senior vp of Bonneville International, died of cancer Sept. 2 in Salt Lake City. He was elected to CBS TV Network Affiliates board in 1983, was past pres. of Utah Bestrs. Assn. He became local sales mgr. of KSL-TV in 1964, was named asst. gen. mgr. in 1966, station mgr. in 1968 and in 1978 became pres.-gen. mgr. of KSL Div. of Bonneville. Surviving are wife, 4 children.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1st statistical week of Sept. and 1985's first 35 weeks:

	AUG. 24-30	1984 WEEK	% CHANGE	AUG. 17-23	35 WEEKS 1985	35 WEEKS 1984	% CHANGE
TOTAL TV.....	501,968	382,561	+31.2	442,295	12,419,188	12,971,305	- 4.2
TOTAL COLOR...	446,948*	319,035	+40.1	380,357	10,284,020*	10,013,466	+ 2.7
DIRECT-VIEW.	441,312*	315,224	+40.0	374,595	10,146,465*	9,905,274	+ 2.4
PROJECTION..	5,636*	3,811	+47.9	5,762*	137,555*	108,192	+27.1
MONOCHROME....	55,020	63,526	-13.4	61,938	2,135,168	2,957,839	-27.8
TV EXCL. PROJEC.	496,332	378,750	+31.0	436,533	12,281,633	12,863,113	- 4.5
HOME VCR#.....	296,929**	153,166	+93.9	193,314*	6,540,448*	4,077,463	+60.4
COLOR CAMERAS#..	9,681	10,745	- 9.9	7,126	279,015*	273,339	+ 2.1

Color TV (direct-view) 5-week moving average: 1985--344,004*; 1984--314,865 (up 9.3%).

Home VCR 5-week moving average: 1985--219,066*; 1984--137,123 (up 59.7%).

* Record for period. ** All-time record. # Camcorders included in VCRs, not in cameras.

SELL VALUE NOT PRICE, SONY AND RCA TELL DEALERS: Cure for tight margins that are squeezing profitability out of industry's record unit sales is to push added value of stepup consumer electronics products instead of price, Sony and RCA officials said in pre-Christmas messages sent to retailers last week.

Flood of advanced products hitting market today offers unprecedented selling opportunities but also can "confuse the consumer with too many choices, too many different approaches to the same product," according to Sony Consumer Products Pres. Neil Vander Dussen. Challenge facing industry, and one that can be met best on retail floor, is explaining value of new technologies to consumers, he said. "That value must be based on consumer understanding of what products do for them, rather than just relating to the common denominator of most products today -- price," he told attendees at seminar sponsored by CES Publishing.

"No single group is to blame" for current price pressures, Vander Dussen said: "I think it's a symptom not a cause." By facing that "challenge to present the full benefits of the new technologies to our customers, today's price erosion can be limited," he said. As for unit sales opportunities, he said Sony now expects industry to sell 16.5-17 million color TV sets to dealers this year, along with 11-12 million VCRs and some \$5 billion in audio products.

That consumers are indeed willing to pay more to get more was stressed by RCA Group Vp Jack Sauter. At meeting in N.Y. at which RCA formally bowed its audio Digital Command Components (DCC) -- designed as lower cost assemble-it-yourself alternative to packaged audio-video system such as RCA's Dimensia -- Sauter told us individual video products selling for \$700 or more now account for 20% of sales volume, up from just 6% several years ago. High-end 25" and 26" table model color sets will generate some \$900 million in sales for set makers this year, while 13" market, about triple big screen in unit volume, will be worth only about \$700 million.

During product presentation, Mktg. Vp Stephen Stepnes said of consumers queried during RCA-sponsored in-home market survey, 28% expressed intention of buying new color TV with

next 12 months and 49% were looking for VCR. Although those intentions can be cut by half to come up with actual sales, "industry is postured for high-end [sales] as never before," Stepnes said. Of TV customers, he said 13% wanted stereo. Among-video oriented consumers, study showed 62% were interested in unified TV-VCR remote control, 46% want complete audio-video system and majority said they would prefer single brand system.

Outlook for this year, Stepnes said, is for industry to sell at least 16 million color TVs, including about 1.6 million equipped for MTS stereo -- RCA estimates stereo share of color market will double to 20% next year. He pegged VCR sales at 11-11.5 million, with camcorders generating about \$500 million, or 12% of dollar volume this year.

RCA's official VCR forecast is modest, and 12 million is well within reach if current sales levels hold, Sauter said. "Retailers had a sharp upswing" in recent weeks, "but our distributors tell us dealers are still buying in a conservative manner." However, price competition continues to be intense, and with monthly imports "entering at a 15 million annual rate there is continued pressure on prices." But, Sauter said, there are signs import growth is slowing. "I think the message has been delivered" to Japan, and "if sales rates rise and imports hold, we can go into 1986 with the opportunity for profitability at all levels."

Centerpiece of RCA DCC line, previewed at last Summer CES in Chicago (TVD June 10 p14), is stereo FM-AM receiver with equalizer, remote sensor and microprocessor that feeds remote control signals to all other components. Receiver, complete with hand control, carries \$349 retail price, as does matching CD player. Turntable and cassette deck are \$199 each, speaker systems at \$199 for bookshelf, \$399 for full-sized. While system can be used in conjunction with any TV or VCR, it's remote-compatible only with RCA 25" and 26" monitors and VCRs that are part of its Digital Command series. Through Dec. 31, RCA will be offering \$50 factory rebate for purchase of receiver plus either compatible TV or VCR, \$100 rebate for buying all 3.

Added to RCA's color TV line were 4 stereo-adaptable 20" models, from about \$449 for new leader with electronic tuning to \$499 for 69-channel remote monitor. New VHS VCRs, all unpriced, are drop-in top-load 107-channel remote deck, 5-head 107-channel on-screen programmable Hi-Fi deck with MTS stereo adaptor jack and dockable Hi-Fi portable with 133-channel MTS tuner-timer and on-screen programmability.

GRUNDIG EYES U.S. (AGAIN): After long series of false starts, Grundig -- now under Philips-controlled management -- is making serious study of whether to enter U.S. TV and video market. And this time, it will be in a big way or not at all.

This is definite impression conveyed in interview in Berlin with Hermanus Koning, longtime top Philips troubleshooter who has been chmn. of Grundig since mid-1984. "If I make an investment in the U.S. market," said Koning, "I must do it for 3 to 5 years and spend at least 25 million marks [\$9 million] on publicity, and that's quite a decision." He gave no time frame for decision but indicated it wouldn't come soon.

"In the past, we have been haphazard [in U.S. efforts] and that doesn't work," he told us. His reference was to on-again off-again TV affiliations and efforts in U.S., last of which was agreement for Robert Moore's Display Devices Inc. (DDI) to assemble Grundig TVs here. That deal ended when Philips took control of Grundig, Germany's longtime TV market leader.

Grundig already has presence in U.S., Koning noted. "We have had moderate but not unsatisfactory sales of dictation machines" and company's car radios are marketed here, he said, adding: "Before my time there had been unpleasant experiences." Koning's comments indicate there's no certainty Chancellor Electronics, Grundig's newest in long line of U.S. autosound distributors, will get Grundig video products, as has been claimed.

Koning noted that Grundig now makes virtually all of its own video products and that it has experience in manufacture of U.S.-standard NTSC color in its multistandard TVs and VCRs (TVD Sept 2 p9); latter, he said, are being sold mainly to U.S. forces in W. Germany, where Armed Forces Radio & TV broadcasts in NTSC.

Koning, whose youthful appearance belies his 61 years, has been in critical posts for Philips almost all his working life. After service in appliances and consumer electronics at Eindhoven hq, he was in charge of Philips operations in such diverse areas as Ceylon, Singapore, Austria and W. Germany, heading worldwide audio operations in between. He told us he has no plans to return to Philips. "This is my last job."

When Philips took control of Grundig, company had lost about \$103 million in 1983-84. Following year, first with Koning in charge, loss was reduced to \$67 million, and he forecast loss would be slightly more than \$30 million in 1985-86. Based on modest projection of 2% sales increase, he sees company moving out of red by end of 1986-87 fiscal year. He said Grundig was overstaffed by 6,000-7,000 employees -- mainly in middle management -- when he took charge. Workers have been cut from 24,000 to 22,000 and he predicted they'll be down to 18,000 by end of 1986.

Founder Max Grundig no longer has any control, Koning said. In exchange for guaranteed dividend, he gave up any possibility of owning voting stock.

CAMCORDER FORMAT BATTLE LINES FORMING: Participants are continuing to choose up sides in what could become great camcorder format war of 1986. Newest to make U.S. market commitments are Kyocera, with 8mm, and Sharp, which is climbing on standard VHS bandwagon.

Kyocera, which has been marketing 8mm camcorders in Japan through recently acquired subsidiary Yashica, will follow similar course here. It will use Contax/Yashica distribution to sell to camera dealers, but camcorder, designated Finemovie AF (for auto focus), will carry Kyocera brand. Unit is made by Sony, is dual speed, features CCD pickup. Kyocera says it will offer camcorder with battery, charger and adaptor at \$1,745 starting mid-Oct. At same time, it will introduce line of blank 8mm Video cassettes, proceed from \$13 for 30-min. to \$18 for 120-min. Sony, meanwhile, formally announced introduction of own-brand auto-focus 8mm Video camcorder, also at \$1,745.

Sharp will introduce its My Move VHS camcorder late in 4th quarter. Unit, expected to be premium priced, will have 6-1 power zoom, electronic viewer, built-in dating titler. Hitachi's VHS Cam 'n Cord is being shipped this month, carries \$1,499 list. Price is in line with "under \$1,500" announced last month by RCA for similar Hitachi-made camcorder (TVD Aug 26 p10).

Toshiba America spokesman said that despite indications from parent in Japan that it will be marketing VHS-C camcorder here (TVD Sept 9 p10), no firm format decision has been made. Standard VHS camcorder still is under consideration. Toshiba also produces 8mm Video camcorder marketed here by Polaroid.

While camcorder market is still in early stage, it obviously isn't without its problems. GE and Kodak Matsushita-made 8mm models are regularly available from N.Y. area retailers for \$699, or about 50% off list, and last week one camera discounter was offering Kodak's manual focus version, complete with charger cradle; in one-time only, special purchase promotion for \$400.

At same time, industry is poised for Sony and Kodak introductions of 8mm as challenger in home market -- Sony with AC-only deck, Kodak with 2-piece portable -- and indication is lack of software probably won't be barrier to consumer acceptance. Industry now has 2 independents equipped for duplication, 3rd ready to go and more probably are on way.

Latest to commit is audio duplicator American Sound, which says it plans to purchase 40-50 8mm slaves from Sony, install them in Warren, Mich., and Atlanta plants. At \$800 per unit, cost could approach \$40,000, doesn't include price of processors needed to coordinate production, said American Sound Exec. Vp Paul Hayes. Company expects to be up and running 30 days after delivery, when it will begin to solicit consumer and industrial business. "From what I hear, there will be quite a bit of activity this fall," Hayes told us. "We're excited about it." High speed isn't factor in current developments, he said.

Other duplicators with 8mm units are Creative Video Services, which has installed 15, and VCA/Technicolor, manufacturing Sony's video 45 cassettes, due in several weeks. Another duplicator interested in 8mm is taking root on West Coast. Crest National Videotape & Film Labs, film processor until now, has installed 500 VHS and Beta VCRs, wants to expand to 1,500 eventually in L.A.

But not all are ready to jump in. CBS/Fox Consumer Products Div. Pres. Leonard White told us that he sees "no advantage to screwing up a nice 1/2-inch business," but adds that his opinion would be different if 8mm duplication includes foolproof anticopying technique. If available, "it would have the 100% support of all our titles." Sony, which was rumored to have such system, claims "it's not even remotely close."

While making push to sign up new 8mm Video duplication adherents, Sony isn't ignoring other aspects of business. It's slated to introduce VHS version of high-speed Sprinter contact duplicator. Unit won't be available until early 1986, is identical to Beta model, although recorder needed to produce VHS mirror image mother tapes will be more expensive. Creative Video Services is only duplicator to purchase, install and use Beta Sprinter.

NEW RCA TAKEOVER BARRIER: Although over last 2 years it successfully discouraged on its own at least 2 hostile takeover attempts, RCA's board last week announced adoption of shareholder rights plan to make any future such attempts more difficult.

RCA declared special dividend distribution giving holders right to purchase new preferred shares exercisable only if outsider buys 20% or more of company's outstanding shares or makes tender offer for at least 30%. Should RCA be acquired, holders would be entitled to purchase shares in parent at just 50% of market price, with amount determined by number of rights owned. Rights have exercise price of \$150 each and can be recalled by RCA for 10¢ each at any time before takeover attempt is announced. That allows RCA to clear obstacle that rights may pose to friendly merger.

Meanwhile, armed with \$587.5 million in cash from its sale of Hertz to UAL, RCA reportedly is out shopping for acquisitions. Wall St. has company in talks that could lead to purchase of MCA's film library or to some combination with U.K.'s Thorn EMI. RCA officials declined comment.

Also looking to head off corporate raid is Japan's Mineba, subject of takeover move by Trafalgar Holdings of U.S. (TVD Sept 2 p15). Company is expected to sell, primarily to insiders, new \$65.7 million bond issue that if converted would increase number of outstanding shares by 8.3%, thus diluting Trafalgar's holdings.

Sears plans international expansion by acquiring, through Sears Trading, controlling interest in

Hagemeyer N.V. of Netherlands for undisclosed price. Hagemeyer is major European and Far Eastern distributor of consumer products, has rights in some countries to such brands as Panasonic and Toshiba. Move would give Sears access to new products for sale in U.S., allow it to move its own through Hagemeyer's network. It also presumably would give Sears control of Yorx Electronics, Hagemeyer's U.S. consumer electronics marketing subsidiary.

Another retailer expanding, but regionally, not internationally, is Newmark & Lewis, operator of 26-store metropolitan N.Y. consumer electronics and appliance chain. N&L has agreed to purchase Hartford area 7-store Bernie's TV & Appliance for undisclosed cash sum. Bernie's had sales of about \$18 million last year, N&L about \$112 million. N&L said purchase will mark start of planned expansion into New England markets. Move will put N&L into head-to-head competition with fellow NATM Buying Group member Lusk's, which has announced plan to open branches of its Tokyo Shapiro chain in same area.

Beneficial said it signed definitive version of previously announced agreement to sell subsidiary Western Auto Supply to Wesray Capital for \$300 million. WAS is parent of import-distributor Midland International.

Add Sharp to rapidly growing list of Far East manufacturers looking for foothold in U.S. market for home satellite equipment. Company's U.S. R&D affiliate Hycom has developed receiver, is seeking OEM customers.

JUNE TV IMPORTS: All major source countries except Korea were contributors to rise in complete color imports in June, and all had significant jumps in color chassis and kits, as total color set new all-time monthly high, according to Commerce figures (TVD Aug 19 p9).

Korea continued dominance as b&w supplier, with shipments topping 2 million in first half, putting nation's overall TV total over 3 million. Taiwan's June shipments were enough to edge its cumulative total for year past 2 million.

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

Total TV				
	Month	%chg.	6 Months	%chg.
Japan				
total...	318,000	+34.9	1,799,000	+33.9
color...	268,300	+52.7	1,463,900	+46.4
b&w.....	49,700	-17.2	335,100	- 2.3
Taiwan				
total...	293,200	+ 3.0	2,161,900	+21.2
color...	197,400	+60.2	1,146,000	+49.2
b&w.....	95,900	-40.6	1,015,900	+ 0.1
Korea				
total...	531,400	+30.5	3,143,000	+14.8
color...	194,200	+47.4	989,600	- 7.5
b&w.....	337,300	+22.4	2,153,400	+29.2
Singapore				
color...	118,100	+149.6	540,800	+43.9
Malaysia				
color...	29,500	+140.8	168,100	+98.9
Hong Kong				
total...	5,300	-44.1	62,500	+24.9
color...	3,300	-65.3	46,100	- 7.8
b&w.....	2,000	*	16,400	*
Canada				
color...	21,200	+367.8	91,600	+150.2

Complete Color

Japan....	120,600	+ 3.8	740,900	+ 8.6
Taiwan...	128,800	+18.4	773,900	+12.0
Korea....	60,100	-50.4	407,600	-57.9
Singapore	54,400	+281.9	233,200	+97.8
Malaysia.	29,400	+139.8	151,600	+79.5
Hong Kong	3,300	-65.3	32,100	-35.8

Color Chassis & Kits

Japan....	147,700	+148.2	722,900	+127.3
Taiwan...	68,500	+ 376.0	372,200	+380.8
Korea....	134,100	+1158.8	582,000	+469.2
Singapore	63,600	+92.6	307,600	+19.2
Malaysia.	100	*	16,500	*
Hong Kong	--	*	14,000	*
Mexico...	265,900	+146.2	1,037,600	+23.2

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

TOSHIBA & NEC REPORT: Toshiba and NEC had higher volume from consumer products in fiscal 1985 (to March 31), but increases trailed behind those of other company sectors, and consumer segments accounted for declining share of overall corporate revenues for both Japanese companies, recent annual reports show.

Toshiba said consumer product sales were up 14.5% to \$3.62 billion for year, but as company's total consolidated sales rose 23.5% to \$13.4 billion, consumer products provided only 27% of total, down from 29.2% in fiscal 1984. Toshiba said it had surging sales of flat square tube color TVs that are becoming "our major line" of color sets. It also reported particularly good growth in VCR sales in U.S., despite fact that addition of VHS to previously all-Beta line didn't come until fiscal year ended, and said audio sales were strong overall, with CD players, radio-cassette recorders and headphone stereo leading export gainers. It reported sales of industrial electronics and components jumped 26.9% to \$4.6 billion. Segment includes office automation, telecommunications and medical equipment.

NEC, which added VHS early in fiscal 1985, said VCRs, color TVs, CD players and air conditioners were major products involved in its 10.9% home electronics segment sales growth to \$750.9 million. Segment accounted for 8.3% of corporate volume, down from 9.6% in fiscal 1984. NEC said sales of electronic devices, primarily semiconductors, color CRTs and lasers, rose 40.2% from \$2.37 billion.

Certron reported operating loss of \$17,000 in 3rd quarter to July 31, down sharply from \$60,000 deficit (partially offset by \$47,000 tax credit) in same 1984 period. Sales were off 2.5% for quarter, off 8.9% for 9 months (see financial table). Company said improvement reflected success of plan to improve margins by shifting from production to offshore procurement all magnetic products except for computer floppy discs. Certron said it has sold much of its audio cassette coating equipment, is negotiating disposition of rest, expects to have maximum net writeoff of \$50,000 for vacating leased plant. Company said it is now considering selling its plastic molding operation.

Five newsletters in consumer electronics and video field have ceased publication this summer, most recent being Consumer Electronics Weekly (CES Publishing). Others: Video News (Phillips Publishing), LTE Reports (U.S. Business Press), Video Store Report (HBJ Publications) and Videoplay Report, which was discontinued after death of Ken Winslow, its editor and publisher. Fulfillment of Video News was taken over by Video Marketing, fulfillment of Consumer Electronics Weekly by Television Digest.

Sharp's Memphis plant turned out its 5 millionth color TV on Sept. 4. Facility, which opened in 1979, now has monthly production capacity for 70,000 color sets -- expanded from 41,000 early this year -- plus 65,000 microwave ovens.

CES SOFTWARE COMEBACK? Growing importance of retail sellthrough, rather than rental, and offer of low-cost participation, may attract many major video software marketers back to Consumer Electronics Show they deserted several years ago in favor of concentrating exhibition effort at Video Software Dealers Assn. annual meeting.

Representatives of EIA's Consumer Electronics Group were at recent VSDA event in Washington to pitch exhibitors on Jan. CES in Las Vegas, came away with at least one convert. CBS/Fox Video will take several of new modular booths, Consumer Products Div. Pres. Leonard White told us. "We got the impression that we were the first to call."

EIA Senior Vp Jack Wayman feels CEG can land 20 suppliers and 20 distributors, prominent at VSDA, for next event. "There must be 40 that want to be in the show," he says. However, our survey of some other majors found interest mild, at best, although they acknowledged they were considering idea.

Wayman and CEG Vp Dennis Corcoran say attraction is that CES draws mass merchant buyers, important to sellthrough market, who generally won't be found at VSDA. Exhibitors also are being offered more bang for the buck. One reason software companies pulled out was cost, which seemed to them to be excessive once they had established distribution. CEG now offers what it calls "an attractive new modular booth construction" in 4 sizes, priced from \$5,000 for 200 sq. ft. to \$15,000 for 600 sq. ft., including furniture and service. That's far cry from \$50-\$100,000 studios were spending on elaborate CES displays.

CEG is optimistic about prospects, says it has allocated more than 45,000 sq. ft. for home video -- 20,000 for regular titles in main East Hall of Convention Center, 25,000 for X-rated in Sahara hotel. Memo being circulated to potential exhibitors says 50% of 54,000 retailers expected to attend show are merchandisers and that 11,000 of those 27,000 "rent or sell prerecorded videocassettes." Las Vegas also will have as exhibitors at least 23 name-brand VCR manufacturers and 29 blank tape producers.

EIA-Japan has agreed to cooperate with American Electronics Assn. in smoothing way for U.S. electronics exports to Japan, and established joint committee to work on ways to achieve that aim. With help of EIA-J, AEA is putting together for its members list of Japanese companies and electronics products they're interested in buying.

Sept. got off to roaring sales start as first week saw all-time record VCR sales and largest sales percentage increase in last 13 months for color TV (see State of Industry box). VCR sales haven't yet come up with first 300,000 week, but they're getting closer. Total of 296,929 in 35th week squeaked past previous record of 295,757 set in final week last year. Color sales of 441,312 were 2nd highest of year, trailing only 473,500 in final week of June.

COMMODORE REFINANCING: Commodore financial problems were spotlighted again last week when company said it wasn't in compliance with terms of its loan agreements. Company said lenders had agreed to temporary waiver of terms while revised agreements are worked out.

While details weren't disclosed, it's understood that operating loss plus \$80 million writedown it expects to report for fiscal 4th quarter to June 30 (TVD Aug 19 p14) will reduce debt-to-asset ratio below level stipulated in loan terms. Banks' withdrawal of capital could damage Commodore's effort to win broad dealer acceptance of \$1,285 Amiga computer it's to begin marketing this month.

Atari's competing 16-bit 520 ST computer has made it to specialty retailers, is being offered with 12" RGB color monitor, 3.5" disc drive and mouse in \$1,000 package. Atari is set to start breaking print ads, comparing ST's price and capabilities with significantly higher priced Apple, IBM and Commodore models.

Meanwhile, Franklin Computer, still in reorganization under bankruptcy laws, introduced 3 new Apple-compatible ACE 2000 models. Franklin said it will be producing about 9,000 monthly to retail at \$700-\$1,000, or about \$600 under comparable Apple units. Although computers will run Apple software, company said they're in compliance with noninfringement agreement Franklin signed last year in settling copyright suit by Apple.

With return of school comes return of liquidation of Coleco's discontinued Adam home computer system. Retailer Toys R Us is offering basic package -- computer console with tape drive, keyboard and printer, at \$300, lists 5.25" double-sided disc drive at \$200, modem at \$100.

CABLE TUNING DOMINATES: Well over half of color TV sets sold last year had cable-compatible tuning, according to EIA, which indicates more than 25 million "cable-ready" sets were sold in 4 years through 1984.

Figures released for first time in EIA Electronic Market Data Book show 58.1% of color TV set factory sales had cable tuning last year, up from 45.9% in 1983. Here are data on factory sales of cable-compatible sets:

Year	Units	% of Total
1981	3,896,534	33.1
1982	5,181,645	44.4
1983	6,568,843	45.9
1984	9,621,471	58.1

Electronic Market Data Book 1985 is available from EIA Mktg. Services Dept., 2001 Eye St. NW, Washington 20006, for \$80.

'NEW MEDIA': Revival of U.S. home computer market will come under new names, such as "home information systems" or "new media," and Microsoft, which developed MSX home computer operating system, thinks that its 2nd chance in this market will be as part of established brown goods industry. This was made clear at recent Berlin Internationale Funkausstellung Audio-Video Fair in seminar for programmers sponsored by Microsoft and in our interviews there.

MSX system, which is home computer standard in Japan and currently is targeted for Europe, has failed miserably in U.S. Its real opportunity now, according to Microsoft Chmn. Bill Gates, is not as home computer system but as "world standard for consumer electronics linking the computer in the home to various audio, video and communications systems of today and tomorrow." In this, Microsoft has at least 2 powerful allies, both with major clout in U.S. -- Philips and Sony. Panasonic also has embraced MSX but has been less communicative about U.S. plans.

Philips New Media Systems Mktg. Mgr. Frank Lech said his company sees MSX as "driving engine for its new media systems concept," which will merge video-audio, telephone and computer. We asked Lech whether North American Philips will use MSX standard in its upcoming home word processor (TVD Sept. 2 p13). He replied: "Any system we offer in the United States will be MSX-based."

Masao Morita, son of Sony Chmn. Akio Morita, who is gen. mgr. of Sony Home Interactive Systems, hit same theme as the others: "MSX will revolutionize the benefit and enjoyment consumers can derive from familiar established products such as audio systems, VTRs, optical discs, CDs, TV and telecommunications." MSX, he said, has more than 2/3 share of Japanese home computer market, and millionth MSX unit will be sold before Christmas. In future, MSX won't be considered a computer, he added, "but a brown goods product."

Verdict is still out on European market, but both Sony and Philips are mounting major campaigns. At Berlin show, Sony had large hands-on exhibit of big group of MSX-based home computers. Philips's international exhibit demonstrated prototypes of both upcoming and possible new media products, including items using MSX 2 system, due next year, completely compatible with existing MSX but with more power, with built-in 3.5" disc drive. Among computerized products shown or described by Philips were CD ROM dictionary showing pictures of items as well as sounds, use of home computer interface for easy editing of home videotapes, use of computer to enhance videotex and videodiscs.

MSX-based home computers were shown in Berlin by Ce-Tec, Daewoo, Fisher, Gold Star, Mitsubishi, Panasonic, Sanyo, Spectravideo and Toshiba, in addition to Philips and Sony, but success in Europe is still in question. Main thrust of MSX adherents' argument is that single standard system

fully compatible among all generations and all brands is necessary if any consumer-oriented computing systems are to succeed.

MSX activities reached their lowest level in U.S. at this year's summer CES, where system was virtually ignored. Asked when there would be another try at U.S. market, Microsoft's Gates told us: "Currently, there are only 2 American home computer makers and they're both in trouble. We'll wait out this Christmas and try again in the U.S. in early 1986." Rather than traditional home computer makers Atari and Commodore -- both lost to MSX -- he expects such major consumer electronics manufacturers as Sony, Philips and Panasonic to lead U.S. into MSX camp. "We see MSX becoming the standard of controls for all consumer electronics," Gates said.

* * * *

Microsoft may help give MSX additional boost in Europe via new software duplication and distribution facility in Ireland. Company expects to start operation there in mid-1986 with about 20, boost employment to 140 as production increases over next 3 years. Company also said it plans to open sales and technical support offices in Stockholm and Milan this year.

Trade legislation intended to open world markets wider to U.S. goods and provide sanctions against countries whose manufacturers engage in unfair competition is expected to be proposed by President Reagan in effort to head off slew of more restrictive measures, including tariff hikes and quotas, being developed in Congress. Among measures being considered for Administration proposal are \$300 million fund to help U.S. exporters compete against foreign companies that get govt. export credits, tightened protection from imports for U.S. patent holders and retaliation against countries that permit manufacture and export of counterfeit products. Administration has acted already to increase number of govt.-initiated probes into foreign nontariff trade barriers. Support for import impact aid to U.S. industries came last week from RCA Chmn. Thornton Bradshaw. He told Conference Board that while he's believer in free trade, some U.S. industries need period of protection to give them time for efficiency improvements necessary to meet foreign competition.

Biggest single shipment from U.S. to China since Communist takeover is small-screen color TV tube production equipment sold by GE from its Syracuse plant. Gear, including robots, furnaces, ovens, compressors, cleaning vats and overhead conveyor lines, was packed in fifty 40-ft. containers, weighed out at better than 1,000 tons. Shipment was slated to leave Philadelphia for Shanghai at last week's end aboard Chinese freighter. When reassembled, equipment will be capable of producing 550,000 color tubes annually. Gear became surplus last year when GE announced it was discontinuing 10" and 13" color set production in favor of sourcing from outside. Production of larger sized tubes is continuing at Syracuse.

Consumer Electronics Personals

Josh Balgley, ex-Gold Star TV and appliance product mgr., onetime GE, joins Toshiba as national TV mktg. mgr.; **David Prall**, ex-Panasonic, named southeast region sales mgr., hq in new Atlanta office... **Clint Thomas**, pres. of Tandy subsidiary Scott Appliance Stores, adds merchandising responsibilities for Tandy's recently acquired Videoconcepts chain. Function will handled out of Scott's Memphis hq. Resigning posts at Videoconcepts: **John Freudenthal** and **Richard Bowen**, respectively senior vps for marketing and operations, Mdsg. Vp **Mort Gleberman** and Consumer Electronics Mdsg. Mgr. **Peter Parker**... **Richard Lorbach**, Kodak Consumer Electronics Div. vp-gen. mktg. mgr., adds responsibility for 8mm Video software, assuming duties of **John O'Brien**, who moved to Ultra Technologies, new Kodak venture in fiber optics.

Ted Sakao named gen. mgr. of new JVC VHD Development & Promotion Div... **Al Bedross** is retiring as Fuji Photo Magnetic Products Div. special accts. mgr. after 10 years with company... **Paul Koether** elected Craig chmn., succeeding **Robert Craig**, retired July 1.

Jon Peisinger, pres. of Vestron Video, adds CEO title... **Fred Richards**, ex-BBDO and formerly pres. of Thorn EMI Video, named Scanline Communications senior mktg. vp with home video responsibilities... **Steven Rothman**, ex-MCA Home Entertainment Group vp, joins New Century Productions as vp for home video, features, TV and syndication... **David Cook**, chmn.-pres., Cook Data Services, named CEO of newly formed subsidiaries Blockbuster Video and Blockbuster Computer Systems... **Michael Preece** named head of national sales, CBS/Fox Video International in U.K.

Reginald McKinstry, ex-Johnson Matthey, joins RCA Distributor & Special Products Div. as entertainment tubes and parts product management dir., succeeding **Robert Avigdor**, retired after 42 years with company... **Katsuya Iwaya** appointed Epson (U.S.) OEM Products Div. vp-gen. mgr... **Philip Kennedy** named Battery Div. pres. in restructuring of Union Carbide Consumer & Industrial Products Group; **Frank Holloway** appointed Electronics Div. pres... **William Rupert**, ex-Bell & Howell, joins Kustom Electronics as pres.-COO, succeeding **Lyle Phillips**, who continues as vice chmn.-CEO.

Zenith signed 2 advertisers for first edition of Video Operating Guide, VCR operating instructions on videocassette now being packed in 2 VHS Hi-Fi models. Company had been aiming for up to 15 (TVD May 6 p16). Signed on are HBO, with stereo sound track general service promotion featuring highlights of Tina Turner Concert, and Embassy Home Video with clips of feature films, including Cotton Club in stereo, and other offerings. Zenith spokesman told us HBO spot was edited specifically for VOG cassette.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Certron			
1985-9 mo. to July 31	18,854,000	(224,000)	--
1984-9 mo. to July 31	20,688,000	144,000	.04
1985-qtr. to July 31	6,525,000	(17,000)	--
1984-qtr. to July 31	6,691,000	(13,000)	--
Chyron			
1985-year to June 30	29,413,000	3,535,000	.35
1984-year to June 30	21,965,000	5,213,000	.52*
1985-qtr. to June 30	7,714,000	400,000	.04
1984-qtr. to June 30	7,512,000	1,670,000	.17*
Microdyne			
1985-39 wk. to July 28	19,616,000	528,000	.12
1984-39 wk. to July 29	21,005,000	1,002,000	.26*
1985-13 wk. to July 28	7,317,000	259,000	.06
1984-13 wk. to July 29	7,371,000	257,000	.06*
Sanyo Mfg. Co.			
1985-6 mo. to May 31	138,454,000	(367,000)	--
1984-6 mo. to May 31	158,932,000	1,247,000	.18
1985-qtr. to May 31	77,001,000	(399,000)	--
1984-qtr. to May 31	71,845,000	182,000	.03

Notes: *Adjusted. *Restated.

Joint discrete semiconductor manufacturing and marketing venture is being formed by GE and Westinghouse of U.S. with U.S. subsidiary of Japan's Mitsubishi. Subject to final ratification and govt. approvals, venture would acquire Westinghouse plants in Youngwood, Pa., Burabo, P.R., and Le Mans, France, plus GE facility in Auburn, N.Y. GE's other semiconductor plants in U.S., India, Ireland and Singapore aren't included. Each of U.S. partners would contribute about \$21 million in cash and assets for respective 45% shares of venture, Mitsubishi would ante up \$4.9 million for 10%. Venture will handle rectifiers, thyristors and power transistors, employ about 900. It's 2nd such venture move in electronics components within a year for Westinghouse -- last Dec. it announced it was contributing CRT plant in Horseheads, N.Y., to joint color TV and display tube manufacturing venture with Toshiba (TVD Dec 17).

Sanyo is looking at sites in U.S. and Mexico for planned rechargeable battery plant. It expects to choose location by year's end and start construction in 1986. Facility is to have capacity for million batteries monthly. Sanyo now produces about 100 million rechargeable batteries annually in Japan, exports 20% to U.S.

RCA gave \$1.25 million to U. of Pa. to endow professorship in computer science.

Obituary

Ira Halperin, 48, Sharp Video Div. national sales mgr., died of heart attack Aug. 31 while on family outing. Veteran of 25 years in industry, he joined Sharp from Sony in 1984, had held posts with Admiral and Philco-Ford. Wife, 2 sons survive.

TELEVISION DIGEST®

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With Consumer Electronics

SEPTEMBER 23, 1985

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DIRTY MOVIES FOCUS of keynote panel at Atlantic Cable Show. Playboy in spotlight. (P. 7)

CAMERAS IN SENATE CLOSER: Some major opponents shifting positions. Optimists expect bill passage this year. (P. 7)

FCC MUST-CARRY RULEMAKING URGED: Broadcasters' congressional lobbying to salvage cable must-carry rules has resulted in host of influential lawmakers urging FCC to take action that might result in restoration of rules in some form. It's possible that Hill pressure on Commission might result this week in its issuing must-carry rulemaking or -- more likely -- beginning inquiry to assess what if anything can or should be done.

While NAB and other broadcast groups said Hill pressure on FCC represents real progress, others suggested it's of symbolic value only. Said a Commission official: "I read all these letters from the Hill as indicating they're tired of the NAB lobbyists sitting around their offices, and they want them to come sit around our offices for a while."

First of several hot letters to FCC came from Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.), who urged Chmn. Fowler Sept. 16 to start rulemaking to assess

Consumer Electronics

PHILIPS LAUNCHING VCR design and manufacturing center in Japan with 50%-owned subsidiary Marantz Japan. (P. 9)

KODAK EXPANDS VIDEO line with 8mm portable VCR decks, tuner-timers, plug-in cameras. To test still-imaging products. (P. 10)

VIDEO GIZMOS ABOUND at Berlin Audio-Video Fair, as manufacturers look to step up selling to offset impact of sluggish market. (P. 10)

VCR IMPORTS EDGED UP just 17% in July, may be sign of Japanese export growth slowdown. Zenith 13" TVs now coming from Mexico. (P. 11)

MITSUBISHI PRICES 35" direct-view TV for U.S. market at \$3,200, unveils A-V system. RCA shows own 35" tube. (P. 13)

SUPREME COURT TO HEAR Zenith-NUE antitrust suit Nov. 12. ITA set for TV dumping margin review. TV kit duty bill stalled. (P. 13)

BRITISH PATENT SHOCKER: GEC threatens to sue 17 set makers for teletext infringements in Europe. Stations not involved. (P. 14)

SONY REPORTS NET FELL 9.2% in fiscal 3rd quarter, although income increased. (P. 14)

impact of vacated rules and alternatives. Goldwater described growing concern in Congress, said voluntary Commission initiative could head off congressional action. Although Goldwater said he agreed with decision by U.S. Appeals Court, D.C., that rules are unconstitutional (TVD July 22 p1), he argued that storm of protest wouldn't end until FCC further airs matter.

Goldwater letter was prompted by coming move by Sen. Stevens (R-Alaska), who's planning amendment to FY 1986 FCC appropriations bill that would order rulemaking as prerequisite to future funding of FCC (TVD Sept 16 p3). Senate Appropriations Committee could consider that bill this week.

House Telecom Subcommittee Chmn. Wirth (D-Colo.) called for notice of inquiry in Sept. 19 letter to FCC. He said inquiry should be launched "without delay... specifically aimed at deciding whether it is necessary for the FCC to devise further must-carry rules and what those rules might be." Wirth stopped short of endorsing any new rules, said only that Court decision had produced extraordinarily complex situation involving "important questions that go to the heart of a cable operator's First Amendment right as well as a number of competitive issues critical to the broadcast industry."

Additional "serious question," Wirth said, involved "whether any must-carry rule could be developed today that would pass constitutional muster under the standards set down by the Court." He said issue begs FCC consideration regardless of what happens at U.S. Supreme Court (where broadcasters are planning to seek review of lower court ruling this week). That point is being picked up by cablers, who say that under Court's reasoning, FCC couldn't restore must-carry in any form without first developing a record showing that great harm has resulted from loss of rules.

FCC also has heard from Senate Commerce Committee members Gorton (R-Wash.) and Triple (R-Va.), author of measure (S-585) to codify now-vacated rules, who said Commission was "obligated" to present govt.'s case in appeal while, at same time, redrafting rules to avoid "unexpected restrictions" on cablers. "For 20 years, the FCC has recognized the importance of assuring access to quality local programming," they said. "The court's decision should not be seen as a directive to retreat from this goal."

Taking different tack from Wirth, 9-member bipartisan group of parent Commerce Committee members led by Rep. Leland (D-Tex.) wrote FCC Sept. 20 urging must-carry rulemaking. They suggested Commission might have been wrong when it concluded in recent notice that it didn't believe rules could be rewritten to meet constitutional concerns raised by Appeals Court. "It does not appear to us that the Court would have referred to a possible recrafting of the rules if it truly believed the concept of must-carry rules was per se unconstitutional," lawmakers wrote.

House members said they're concerned that lack of rules will hurt cable carriage of small UHF stations and independent programmers. "We fear that many new and struggling television stations may not succeed in becoming permanent parts of the national system," they wrote. "We are particularly concerned about the continued viability of new and small public and independent television stations in the absence of some modified must-carry rule."

Broadcasters also are supporting bill (HR-3339) introduced last week by Rep. Frank (D-Mass.) that would simultaneously revamp must-carry rules and eliminate cable compulsory license after short phase-in period. Bill would substitute marketplace negotiation for compulsory license, making cablers face full copyright liability for over-air programming they carry except in cases of rural systems, systems with 12 or fewer channels and systems with 2,500 or fewer subscribers. "Local" signal carriage area would be defined as within 50 miles.

At FCC, we're told Fowler favors issuing inquiry, as opposed to rulemaking, and announcement can be expected "soon." NAB, however, is pushing for full rulemaking. Pres. Edward Fritts told us: "An inquiry just doesn't fit our purposes at all... It's just a delaying

mechanism." Meanwhile, INTV has issued series of 30-sec. spot announcements advising cable subscribers they may soon lose local signals and to "call your cable company now and tell them you want this station, and all other local stations, to stay on the cable... Tell them you want your choice of what stations to watch." INTV spots were beamed by satellite to stations Sept. 20 courtesy of NAB Telejournal, along with disclaimer.

FCC COST-OF-REGULATION FEES GETS NOD: In first show of support in House, Rep. Dingell's (D-Mich.) Commerce Committee approved cost-of-regulation fees for FCC Sept. 18 that includes revised charges for broadcasting industry (TVD March 4 p3). Fees were included in budget reconciliation package that panel recommended to House Budget Committee, where we're told approval is expected.

Committee decision reflects controversies surrounding original proposal -- particularly on Mass Media Bureau fees that NAB had protested as too high and as serving more as taxes than as charges to recover FCC administrative costs. Panel agreed not to revive original complicated schedule of annual broadcaster fees broken down by market size, instead largely accepted revised schedule that FCC submitted to Congress after outcry over original (TVD April 15 p8).

For commercial TV stations, panel adopted \$2,250 fee for applications for new and major changes. Flat \$6,000 would be charged for hearings, \$500 for minor change applications, \$150 for licenses. For commercial radio, \$2,000 fee was proposed for AM applications, \$1,800 for FM. Hearing charge would be same for AM-FM, \$6,000, and minor change applications fee would be flat \$500. AM license fee would be \$325, FM \$100.

Committee didn't bow to cable industry pressure, kept \$700 fee for special relief petitions. Some of equipment certification fees were raised slightly, including \$50 hike to \$250 for TV-FM receivers. Controversial per-mile cable construction fee wasn't resurrected, and Committee accepted all of revamped fees that FCC had suggested for satellite services. Lawmakers made sure to exempt noncommercial stations and applications from federal, state and local entities, as recommended by Commission. Similar fee schedule (S-999) already has been sent to Senate floor in 2-year FCC budget bill and is expected to pass.

Fees would raise estimated \$41 million in first year -- about half of FCC's budget -- and more than \$100 million over 3 years, Committee said. Revenues would go directly to federal treasury. Subcommittee Chmn. Wirth (D-Colo.), long-time advocate of spectrum fee to finance public broadcasting, applauded proposal, said fees would help ease federal budget woes and "fairly place the cost of running the FCC upon those individuals who most directly profit from regulation."

"Unanticipated adverse financial circumstances" were cited by CBS News Pres. Edward Joyce Sept. 19 as reason for ending jobs of 74 CBS News employees. He said another 51 news positions will be abolished through attrition or early retirement. Among adverse circumstances he cited were fighting off Ted Turner's takeover attempt, "listless economy" and softness of ad market. Other units of CBS plan similar moves to stay within 4% increase mandated for 1986 budget but none have made personnel cutbacks yet, according to CBS official. Among those cut by CBS News were veteran correspondents Dallas Townsend and Neil Strawser (both took early retirement), reporters Lark McCarthy, Liz Trotta, Larry Pintak and Vps Casey Davidson and Ralph Goldberg. On same day, CBS announced that Charles Osgood had turned down offer from ABC News, would stay with CBS.

Freedom Newspapers has rejected \$900 million (\$96 per share) takeover offer from Harry Hoiles, son of Freedom's founder, who owns 1/3 of company. Rejecting bid were families of his sister and brother, who told Wall St. Journal they didn't want to sell. Freedom publishes 29 newspapers, owns WLNE Providence-New Bedford; KTVL Medford, Ore.; WTVC Chattanooga; KDFM-TV Beaumont-Port Arthur, Tex. Freedom's annual revenues top \$300 million, with 1984 net estimated at \$26.4 million. Hoiles had retained Drexel Burnham Lambert, which planned to issue junk bonds to help finance bid.

Comcast has signed 15-year franchise to serve northeast Philadelphia (Area 4). Construction will begin immediately, with some residents receiving service next summer, Comcast said. There are 155,000 homes in franchise area.

COPYRIGHT CHANGES COMING: Third Copyright Royalty Tribunal (CRT) oversight hearing Sept. 18 by House Copyright Subcommittee again found broadcasters, cable operators and programmers disagreeing over future of cable compulsory license, 3.75% royalty fee and must-carry rules. But MPAA and NCTA indicated there may be light at end of tunnel in their dispute: Their talks may end in compromise by Nov. in which CRT rate structures would be replaced by flat per-subscriber fee.

Hearing came day after MPAA Pres. Jack Valenti and NCTA Pres. James Mooney held 2-hour meeting on per-subscriber copyright fee. Fact that 2 met is pivotal since flat-fee concept hadn't been expected to advance until Valenti became involved personally.

NCTA Chmn. Edward Allen also pushed flat-fee concept in Sept. 18 speech to Washington Cable Club. He predicted that "if [NCTA and MPAA] are reasonable, these talks will produce a workable formula late this year or early next year." If agreement is reached, parties will ask Congress in early 1986 to make changes in law.

Valenti told House panel he's recommending 5-year transition to abolition of compulsory license. Until then, under MPAA plan, flat monthly fee, per subscriber and perhaps per signal, would be charged. He said compulsory license had outlived usefulness. U.S. Appeals Court, D.C., decision ending must-carry rules was sign that cable doesn't need "nourishing" any more, can now compete successfully for programming, Valenti said. Subcommittee member Rep. Moorhead (R-Cal.), who has been long-time Hollywood ally in Congress, said he liked flat-fee plan.

Mooney, at hearing, accused broadcasters of trying to use effort to repeal compulsory license as leverage to force cablers to "deal" on must-carry. He said Congress shouldn't be swayed by "outrage" of broadcasters at loss of must-carry rules, that focus should be on whether there really will be problem of cable operators' dropping signals in wake of decision. He said compulsory license is necessary because broadcasters typically don't own retransmission rights to programs they air.

Amount of per-subscriber fee is still being negotiated. We're told it would be "revenue-neutral" figure, meaning it would generate same amount of copyright fees as cable industry is expected to pay in 1986 under existing CRT formulas.

Some cable industry officials suggest flat fee of 10¢ per subscriber monthly, but copyright owners say that's too low. One insider suggested that any per-subscriber fee would have to produce royalties of about \$100 million — amount that present copyright rate structure is expected to generate next year. Given that there are roughly 40 million cable subscribers, that would translate into fee of close to 20¢ monthly. Allen declined to say what fee he

thinks is appropriate but Mooney gave hint of figure that may be under discussion, told hearing that NCTA research shows cable royalty fees are averaging about \$2.50 annually per household.

Communications Task Force of National Conference of Black Lawyers plans boycott of Sept. 26 luncheon speech by Rev. Jerry Falwell to FCBA. Task Force, which said it will be supported by more than dozen nonblack lawyers, objected to invitation to Falwell because of his recent statements on apartheid in South Africa, added to fact that National Black Caucus will be meeting all this week in Washington with South African govt.'s oppression of blacks as principal theme. Thomas Hart, first vice chmn. of Task Force, asked FCBA Pres. Gene Bechtel to withdraw invitation to Falwell or, failing that, to allow someone to rebut Falwell immediately from podium. In response, Bechtel wrote Hart that "there was no disposition" by FCBA Exec. Committee to disinvite Falwell. He said that TV evangelist was invited before he expressed his views on S. Africa and that Falwell was first to accept of about dozen invited to speak to FCBA this season "and we said fine." Bechtel said that his "objective is to have wide diversity" of speakers during his year in office and that invitations also have gone out to Rev. Jesse Jackson and Sen. Hart (D-Colo.). By end of his term next spring, he told us, all viewpoints will have been aired. Black Task Force also is pushing for representation within FCBA hierarchy and Bechtel said that's one of his goals.

Children's TV programming on 3 commercial networks is "a national shame," Sen. Gore (D-Tenn.) said Sept. 18 in calling for massive lobbying on behalf of S-1594 that would require each network to air one hour of "quality" children's programming daily. Speaking at teleconference to about 40 cities from National Press Club in Washington, Gore (cosponsor of S-1594, introduced by Sen. Lautenberg [D-N.J.]) declared that mandatory programming is necessary because of way marketplace is designed to reach mass audiences and that there's ample justification for "minimal government intrusion." It would be better if networks voluntarily programmed for children, but "the record shows they simply are not going to do it," he said. During teleconference, sponsored by several Catholic groups, there was much praise for children's TV programming offered by PBS.

FCC has approved payment of \$30,545 in legal fees, plus \$3,000 in out-of-pocket expenses, to Media Access Project in representing Conn. citizens groups in renewal proceeding and distress sale of WHCT-TV Hartford by Faith Center to Astroline Communications. Commission approved sale last Dec., and Astroline subsequently reached agreement with citizens' groups settling outstanding litigation. Agreement also provides for community advisory board to WHCT-TV and for "a certain minimal amount of programming in specific categories such as children's programming and news," according to FCC. Sale still is being protested in court by losing applicant in renewal proceeding.

'PORN ROCK' LEGISLATION DIMS: Before packed audience of superstars and the not so super, Senate Commerce Committee Chmn. Danforth (R-Mo.) predicted Sept. 19 what most already suspected -- that legislation regulating so-called "porn rock" lyrics or music videos had little chance of succeeding in Senate: "Believe me, no [such] legislation would have a chance."

But 2 Committee members, Exon (D-Neb.) and Hollings (D-S.C.), said they wanted to introduce some kind of proposal that would help parents in guiding record purchases for their children and kinds of videos youngsters watch. They argued that unless industries "clean up their act," regulation by Congress is possible.

Conflicting views sum up hearing featuring John Denver, Dee Snider of band Twisted Sister and Frank Zappa. Although even musicians agreed some of music and videos might be "unhealthy" for youngsters, none would endorse labeling of albums or videos. Most they would concede was including lyrics on jacket covers, if copyright payment arrangements could be made with publishers, or making lyrics available separately so parents and broadcasters could know content in advance.

Parents Resource Music Center (PRMC), which pushed issue into national limelight, backed away from seeking legislative solution, said it would be satisfied with voluntary industry "generic" warning labels on albums. Group also will ask MTV soon to start grouping less offensive videos during hours when youngsters are most likely to be watching and, with more violent or sexually explicit videos, to use warning or other break in programming. National PTA argued for uniform "R" rating on albums, perhaps also for videos -- suggestion Sen. Hawkins (R-Fla.) hinted that she might introduce as legislation.

NAB Pres. Edward Fritts said broadcasters have been alerted to be sensitive to parental concerns in programming hard rock, and that record industry was asked to provide lyrics to stations -- idea rejected by Recording Industry Assn. of America. RIAA Pres. Stanley Gortikov said at hearing that NAB idea smacked of censorship and that producers usually don't have rights to lyrics anyway. Broadcasters should exercise self-restraint, Fritts said: "NAB will never attempt to intrude into any station's programming judgments." But William Steding, Bonneville exec. vp, disagreed, said legislation would be necessary if voluntary industry efforts fail.

NAB TV Chmn. William Turner has announced resignation, effective Dec. 31, as vp-gen. mgr. of KCAU-TV Sioux City, Ia., said he has "no immediate plans." Station is being acquired by Citadel Communications from Forward Communications, with deal expected to be consummated in Nov. Citadel Pres. Philip Lombardo asked Turner to stay on but Turner agreed to remain only through ownership transition. Since NAB TV Vice Chmn. Peter Kizer no longer is with Evening News Assn., TV board could be required to pick 2 new leaders long before regular election next spring.

S/MC HITS 'PROPAGANDA WAR': Neil Austrian, chmn.-CEO of Showtime/Movie Channel, attacked HBO and other cable programmers he said are bad-mouthing his company's signal distribution policies. In speech to Southern Cal. Cable Assn. Sept. 18, Austrian denounced what he called "propaganda war" because it "defeats our ability to do business together productively and undermines the very foundations of our industry."

Austrian was peeved over charges S/MC has been dragging feet on signal scrambling, also mentioned criticisms of company's policies on SMATV and hotel sales. To demonstrate S/MC's early commitment to scrambling, he publicly acknowledged for first time that S/MC and HBO came very close to offering joint package to backyard dish owners.

When he took job at S/MC, Austrian said, "Showtime was already in the final stages of agreeing to join HBO in an HBO-managed C-band direct business in which they invited us and other programmers to participate. HBO aborted our agreement in principle earlier this year through no fault [of S/MC]." S/MC joined MTV Networks, CNN and ESPN last week in joint marketing plan to sell scrambled signals to backyard dishes.

S/MC resumed effort during winter and tried to put its own package together. However, Austrian said NCTA move to form cable operator consortium for scrambling slowed "our ability to move as quickly as we would have liked." He mentioned S/MC's new plan to begin testing scrambling system by year's end, but skipped over fact that month ago S/MC said it would delay shipment of decoders because of NCTA's effort. Latter development was at least part of reason S/MC heard all talk about "cable unfriendliness" Austrian doesn't like.

Austrian had some shots of his own, particularly for HBO. HBO's recently announced policies for selling to SMATV and hotel markets "are strikingly similar to our own," he said, adding that both companies sell direct to large distributors and hotel chains, "although only we have publicly acknowledged the fact." He cited trade reports as basis for statement that HBO has signed direct deal with Hilton chain "that undercuts the cable operators' rate by 50¢ per room per month." He also charged that HBO has long distributed its services to MDS operators and plans to be "centerpiece of expanded multiple-program MMDS services" to launch later this year. (One of those is in Milwaukee, will offer Cinemax.)

CBS has selected M/A-Com's Videocipher I scrambling system for encrypting and decoding its network satellite feed. CBS said it had shipped decoders to 56 of 92 affiliates equipped to receive feed by satellite. CBS added that satellite system won't be completed -- with all affiliates equipped with dishes -- until first quarter of 1987. When system is operating, feed will be scrambled using M/A-Com technology, and all affiliates will use M/A-Com decoders. Terms weren't disclosed. CBS said move isn't related to efforts by cable industry to scramble signals.

FCC ADOPTS CABLE EEO RULES: Cable operators who show they've made "reasonable and good-faith" efforts to recruit and hire minorities and women will be certified by FCC as complying with tougher new EEO rules even if there's some disparity between number of such groups on payroll and their availability in local work force, Commission said Sept. 18. Commission repeatedly emphasized that enforcement focus will be on efforts to hire minorities and women, not on raw numbers.

New EEO rules generally require that cable operators (and most SMATV systems) with 6 or more workers hire minorities and women at 50% of parity -- that is, percentage of such groups employed should correspond to at least half the percentage of their availability in Metropolitan Statistical Area (MSA) work force.

Comr. Patrick dissented partially in otherwise unanimous vote because he said he had reservations about incorporating into new EEO rules FCC's existing processing guidelines that rely exclusively on raw numbers of minority and female workers. Those guidelines have been criticized by Justice Dept., Civil Rights Commission and others as bordering on quotas. Patrick said he feared that 50% parity rule would become "safe harbor" for operators who would meet that standard, then stop all outreach. He said some operators also might practice reverse discrimination by hiring only minorities for a time to get up to acceptable levels.

But Chmn. Fowler explained that FCC will use numbers from processing guidelines only as administrative tool to determine whether further examination is needed. "Our review will be more thorough for those [operators] that fall below these administrative guidelines," Fowler said. Said Comr. Quello: "We seem to be implementing the Act without offensive government intrusion."

Mass Media Bureau Chief James McKinney said in news conference after Commission meeting that FCC has agreement with EEOC as to which agency will handle complaints about cable operators' EEO performance.

It's not clear what penalties operator might suffer for failing to be certified as having met EEO rules. Blatant violations might prompt hearings that could result in loss of CARS licenses or being fined, McKinney said. EEO failures also might be a factor considered by local governments when deciding on franchise renewal, and could be a negative factor if system is sold. But there will be no "direct connection" between failure to be FCC-certified on EEO and any sanctions or fines, McKinney said.

Arts & Entertainment Network has announced marketing plan for selling signal to backyard dish owners. A&E said beginning Oct. 1 it would charge \$19.95 for service that would be marketed by local cable affiliates. A&E said it will scramble signal when industry adopts unified technology.

CABLE SCRAMBLING MOVES: Cable operators and programmers apparently have agreed to disagree on how best to implement scrambling. That view was evident after day-long NCTA board meeting in Washington Sept. 19, with Pres. James Mooney saying afterwards that "there's no consensus between NCTA and the programmers as to what structure ought to be put in place" to facilitate scrambling.

It was announced that Showtime/Movie Channel, MTV Networks, CNN and ESPN have agreed jointly to market 6-channel package of their signals to backyard dish owners. Mooney said decision by those programmers "to do their own thing" and form separate marketing system doesn't necessarily mean that they won't cooperate with NCTA scrambling consortium controlled by operators.

Mooney also said board adopted resolution instructing NCTA to move forward with formally incorporating and organizing operator co-op that would handle scrambling and descrambling of program services. He said co-op will be as outlined in NCTA talking paper circulated in July (TVD July 22 p7). It probably will be located in N.Y. area because of easy access to many uplinks there. "We hope the programmers can be persuaded to cooperate with us," Mooney said, adding that "there's no economic or technological reason why you couldn't have a whole series of these [scrambling] facilities." (See related story in Consumer Electronics.)

Board also heard presentation from NBC News Pres. Lawrence Grossman on network's proposed all-news National Cable News (NCN). Board members declined to say how NBC plan was received. Grossman said NCN would launch June 1 if network gets commitments for potential cable audience of 13.5 million by Dec. 16. He said NCN would cost 12¢ per subscriber, rising to 18¢ later. He said NBC is committed to scrambling channel, which he said would offer 2 min. hourly of local ad availabilities.

NCTA Chmn. Edward Allen broached idea of forming board committee to watch over cable porn and other issues of public concern.

Radio program syndicator Westwood One is buying Mutual Bestg. System radio network from Amway Corp. Price is "about \$35 million," according to Mutual official. Not included in deal is Mutual's satellite distribution system and other transmission facilities. Amway had acquired MBS in 1977, and its sale has been rumored many times. Westwood Pres. Norman Pattiz said Mutual Pres. Jack Clements, Vp-News Dir. Ron Nessen and talk show host Larry King will be asked to stay. In fact, King has just signed new long-term contract and had been approached by Westwood, based in Culver City, Cal., before re-signing with Mutual.

Time Inc.'s ATC has placed major order for Scientific-Atlanta equipment for rebuild of its 50,000-subscriber Reading, Pa., cable system.

PORN DOMINATES ATLANTIC SHOW: Opening roundtable at Atlantic Cable Show in Atlantic City last week that was to offer overview of cable industry instead turned into long discussion of continuing obscenity problems. Most attention was paid to difficulties of Playboy Channel.

Playboy Pres. Christie Hefner, a panelist, said she thinks self-censorship by cable operators has hurt PC. She said PC and Disney Channel were started at about same time and PC outsells Disney when they're in same system. But Disney has been more successful signing affiliates. Hefner said PC would have 2 million subscribers, instead of 753,000, if operators signed up for it as fast as they signed for Disney.

Other side of debate was taken by Bruce Taylor, attorney with Citizens for Decency Through Law, self-styled "People's Prosecutors of Obscenity." He claimed existing federal, state and local laws could put cable operators in legal jeopardy for running PC and ONTV programming.

Taylor's organization was denounced by Sammons Vp William Strange, who called such groups "self-anointed, self-appointed do-gooders." He admitted they can force operators into doing what they would rather not because of threat of legal action.

Meanwhile, there was continuing debate over whether operators will back away from pay business in favor of heavy sell for basic service. Operators should focus on basic "as the foundation of the cable business," said Tom Freston, MTV Networks affiliate sales and mktg. senior vp. He cited trend toward "tier meltdown" -- move by some operators to take all ad-supported networks offered on tiers and combine them in single basic offering.

Showtime/Movie Channel Northeast Region Vp Art Gusow criticized cable system managers who remain ambivalent about signal piracy, particularly if subscribers are paying for one pay service but steal 1-2 others. He said operator's view is that subscriber getting extra pay services through pirating will remain loyal for services he does pay for. Gusow promised there will be audits of operators.

Atlantic City show, which is becoming more and more popular with programming community based in N.Y., matched 1984's attendance of 2,500.

Turner Bcstg. won must-carry battle but may have lost war, according to analysis by Shooshan & Jackson, Washington consulting firm. Study indicates that such TBS services as WTBS Atlanta and Cable News Network will lose audience share without must-carry rules because channels will be freed for competing cable networks. Firm also said broadcasters would have been hurt by FCC adoption of must-carry for TV stereo. Copies of study are available: 1990 M St. NW, Washington 20036, 202-887-0550.

TV IN SENATE MOVING TO REALITY: There was strong feeling in Senate Rules Committee at 2-day hearing last week that members may be galloping toward decision to allow TV cameras in chamber on at least experimental basis. Committee members present, including long-time staunch opponent Sen. Ford (D-Ky.), voiced unanimous support for TV-radio in Senate in some form.

Ford is key to success of proposal on Senate floor. Although Committee has history of passing TV resolutions without his support, Ford with others has been able to block bill on Senate floor. But in clearest indication yet that he's changing position, Ford said at hearing that he was "leaning toward full support" of proposals (S. Res. 2 and S. Res. 29) by Sen. Byrd (D-W.Va.) that would allow limited TV coverage.

Byrd bill is competing with gavel-to-gavel coverage proposal (S. Res. 81) by Sen. Armstrong (R-Colo.) identical to one by then-Sen. Baker (R-Tenn.) that passed Committee last year but failed on floor. Observers believe Armstrong bill can't succeed on floor because it would eliminate all constraints on coverage. Odds are on passage of Byrd bill, perhaps this year, despite continuing opposition of Sen. Long (D-La.) who has used filibusters in past to block idea. Long restated his opposition at hearing.

Broadcast and cable industry officials told Committee they're willing to accept restricted coverage as compromise. But they made clear that's less than ideal solution and they preferred "unilateral access" to Senate events.

Massive earthquake in Mexico Sept. 19 caused cancellation of annual meeting of NAB Exec. Committee with Mexican and Canadian counterparts -- scheduled Sept. 30-Oct. 1 in Oaxaco, Mexico. Also cancelled were luncheons involving NAB Chmn. Ted Snider and Pres. Edward Fritts Oct. 3 with Mexico Pres. de la Madrid and next day with U.S. Ambassador John Gavin. As result, NAB Exec. Committee will meet Oct. 1-2 in Washington. Aftershock of earthquake was felt as far away as FCC. In Washington, broadcast reports of State Dept. number to call for information on Americans in Mexico City accidentally transposed last 2 digits -- causing "lots and lots" of people to dial private line of FCC Chmn. Fowler, aides reported.

Former WRNS(AM) Kinston, N.C., personality Robert Banville (air name Bo Wiley) took over station with shotgun Sept. 16 for about 45 min., vowed not to be taken alive. Breaking into station, he ordered noontime disc jockey to leave, began broadcasting "abusive and bad language" and demanded presence of Program Dir. Kevin O'Neal. Incident followed critical remarks that O'Neal made to Banville several days earlier, after which station claims Banville resigned, while he says he was fired. Police overpowered Banville in control room.

Personals

FCC calendar -- Sept. 23: **Robert Foosaner**, Private Radio Bureau chief, addresses Assn. of American Railroads Conference, Chicago. Sept. 24: **Chmn. Fowler** participates in Q-&A at Center for Communications, N.Y., 9:30 a.m.; **Fowler** is IRTS luncheon speaker same day, Waldorf-Astoria, N.Y.; **Comr. Patrick** delivers keynote speech at Phillips Publishing Conference on Centrex and BOC separate subsidiaries, Marriott Crystal Gateway Hotel, Arlington, Va.; **James McKinney**, Mass Media Bureau chief, gives regulatory overview to Free Congress Research & Education Foundation, 721 2nd St. NE, Washington. Sept. 25: **Fowler** tours Bell Labs, Murray Hill, N.J.; **McKinney** speaks at Office of Congressional & Public Affairs brown-bag lunch, FCC Rm. 856.

Sept. 26: **Patrick** is keynote luncheon speaker at EIA International Mobile Communications Show and Conference, Washington Convention Center; **Peter Pitsch**, Office of Plans & Policy chief, addresses Mobile Radio Div./EIA on using 800 MHz reserve, 10:30 a.m. Sept. 27: **Comr. Dawson** visits Southwestern Bell facilities, St. Louis; **Pitsch** addresses United Telephone System legal conference on interstate telecommunications, Wyndham Hotel, Orlando.

Arthur Timpani promoted to NBC program operation services dir... Added to Communications Equity Assoc. Washington office: **Kent Phillips**, ex-Teachers Insurance & Annuity Assn. of America, named senior vp-managing dir., Washington operations; **Glenn Serafin**, ex-AP, appointed dir.-Radio Best. Services Div... **Bill McGuire** advanced to dir., Products Group international licensing, Children's TV Workshop... **Marjorie Johnson** promoted to Arbitron TV Station Sales Northwestern Div. mgr.; **Andrew Fessel**, ex-KGO-TV San Francisco, named Eastern Div. mgr.

Kevin Tannehill, ex-Hubbard Entertainment, appointed sales and mktg. vp, Group W Productions... **Gary Allen** advanced to Filmation licensing vp.

Malcolm Forbes, pres. of Forbes magazine, designated by President Reagan to be chmn. of Board for International Bestg., succeeding **Frank Shakespeare**, retired... **Steven Rothman**, ex-MCA, named New Century Productions vp... **Bernard Kiernan** promoted to pres., Whitney Communications; **Treas. William O'Shea** adds secy. duties... **Don Toye** appointed dir.-Screen Gems, new Columbia Pictures TV unit; **Richard Rosen**, vp-gen. mgr., Columbia Pictures Pay TV and Nontheatrical, adds vp-original production for basic and pay cable... **June Travis**, ex-ATC, named pres.-COO, Rifkin & Assoc.

Thomas Teeter, ex-Giant Food Stores, appointed C-COR controller... **Spencer Kinard**, KSL-TV, Salt Lake City, moves up from at-large dir. to RTNDA pres.-elect.

NAB has filled first major speaker's slot for April 13-16 convention in Dallas. **Rupert Murdoch**, who usually shuns such public appearances, has agreed to speak at Mon. TV lunch -- and NAB Senior Vp-TV **Dick Hollands** is breathing sigh of relief. For last 2 conventions, he has come up with TV speaker at very last minute. **Murdoch** recently became U.S. citizen so he could acquire Metromedia TV stations. NAB used unusual method in announcing **Murdoch's** acceptance -- through its monthly satellite-delivered Telejournal to TV members. Telejournal Sept. 20 also featured NAB's joining campaign of govt. agencies and professional sports against drug abuse, distributed 2 spots promoting retention of cable must-carry produced by INTV.

"I did not intend to insult anyone and I regret the language chosen for dramatic effect that would have that result." That was explanation Sept. 19 by NRBA Pres. **Bernard Mann** of comments he made at recent radio program conference in Dallas jointly sponsored by NAB. **Mann** had attacked ad agencies, said they shortchanged radio, claimed advertisers "know what a group of snake oil salesmen most agencies are." His comments were assailed immediately by RAB and SRA. Said **Mann**: "It was my intent to create a sense of urgency about radio's need to obtain a larger share of the advertising revenues, which I believe must be accomplished by selling clients on our merits and not depending so much on [efforts] of advertising agencies."

KTIE (Ch. 63) Oxnard, Cal., and **KNRR (Ch. 12) Pembina, N.D.**, have gone on air, raising operating U.S. TV stations to 1,224 -- 908 commercial, 316 noncommercial. **Donald Sterling** is pres. of KTIE, **Robert Bradley** gen. mgr. **KNRR** is owned equally by **Curtis Squire Inc.** and **John Bolger**; **Jane Gensheimer** is gen. mgr.

Independent KLAX-TV Alexandria, La. becomes ABC affiliate Sept. 23, network's 214th. Station began March 1983. **James Richards** is pres.-gen. mgr. Station plans to build new tower to double coverage.

"Takeovers of Broadcast Licenses" is title of Oct. 31 seminar, Hyatt Regency Hotel, Washington, sponsored by Committee on Communications Law of ABA and FCBA.

Obituaries

H. Pierson Mapes, 78, father of NBC TV Network Pres. **Pierson Mapes** and veteran radio programmer, died Sept. 18 of cancer at Johns Hopkins Hospital in Baltimore. He was retired exec. vp-gen. mgr. of Hutchins Ad Agency, N.Y., where he was responsible for production of many early radio programs. Wife, daughter also survive.

Louise K. Aldrich, 77, former NAB librarian who retired in 1973 after more than 25 years with Assn., died of diabetic complications Sept. 15 in Fairfax (Va.) Hospital. Survivors include husband, 2 daughters.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Sept. and 1985's first 36 weeks:

	AUG. 31- SEPT. 6	1984 WEEK	% CHANGE	AUG. 24-30	36 WEEKS 1985	36 WEEKS 1984	% CHANGE
TOTAL TV.....	387,122	339,650	+14.0	501,968	12,806,310	13,310,955	- 3.8
TOTAL COLOR...	315,303*	279,822	+12.7	446,948*	10,599,323*	10,293,288	+ 3.0
DIRECT-VIEW.	310,642*	276,613	+12.3	441,312*	10,457,107*	10,181,887	+ 2.7
PROJECTION..	4,661*	3,209	+45.2	5,636*	142,216*	111,401	+27.7
MONOCHROME....	71,819	59,828	+20.0	55,020	2,206,987	3,017,667	-26.9
TV EXCL. PROJEC.	382,461	336,441	+13.7	496,332	12,664,094	13,199,554	- 4.1
HOME VCR#.....	184,976*	121,821	+51.8	296,929**	6,725,424*	4,199,284	+60.2
COLOR CAMERAS#..	3,901	9,373*	-58.4	9,681	282,916*	282,712	+ 0.1

Color TV (direct-view) 5-week moving average: 1985--334,400*; 1984--304,882 (up 9.7%).

Home VCR 5-week moving average: 1985--201,091*; 1984--129,252 (up 55.6%).

* Record for period. ** All-time record. # Camcorders included in VCRs, not in cameras.

PHILIPS TO MAKE VCRS IN JAPAN: Coals to Newcastle? Possibly, but VCRs to Japan? Well, that's just what N.V. Philips plans to do: Make VHS VCRs there for domestic and export sale in venture being launched, with 50%-owned audio manufacturing subsidiary Marantz Japan, as part of its video muscle buildup in Far East.

Philips will supply capital for, and have 50% ownership of, \$30 million Philips-Marantz NTSC standard VCR development center. Venture will have limited production capacity -- about 100,000 VCRs annually -- some of which will be sold in Japan under Marantz brand, rest exported.

Main function, however, will be supplying technological support to more extensive VHS VCR manufacturing venture Philips has agreed to launch in Korea with another audio producer, Dongwon Electronics. That venture, in which Philips will have 70% interest, is slated to have startup capacity of 500,000 VCRs annually when it goes on stream year from now, expand to million yearly by 1989 (TVD July 29 p9). Philips is still waiting for Korean govt. approval of project.

"Japan, as you know, is the fashion center for VCRs," and as worldwide marketer "we want to be in the heart of the business," Philips spokesman told us. Not mentioned was that participation in market there through local company could give Philips and its Korean venture access to advanced VCR technology and components Japanese industry isn't yet ready to share with Korean-owned companies. Another object is to move Marantz Japan into video field, along with other major Japanese hi-fi makers. Marantz brand is on video products in U.S. and Canada, where rights to name are held by Superscope. But Marantz is audio-only in rest of world, where Philips holds rights.

Italy's first VCR plant, to be run by Vidital, owned 51% by ITT's German subsidiary Standard Elektrik Lorenz with Italian state-owned Ristrutturazione Elettronica, is set to open in Rome in Dec., right on schedule (TVD Dec 24 p14). Venture will employ 450, have capacity for 250,000 units annually, but is slated to turn out only about 50,000 in first year.

Matsushita, meanwhile, apparently has scaled down plans for U.S. VCR plant it hopes to have operating next year (TVD July 22 p11). While goal is still to make 50% of its U.S. market requirements here, reports in Japan quote officials as saying production will hit only about 50,000 in first year, said to be about 1% of current exports to U.S. Among reasons cited were inability to locate U.S. sources for key parts and concern over impact on its Japanese plants of moving production offshore too quickly.

KODAK EXPANDS IN 8mm AND VIDEO SNAPSHOTS: Demonstrating that less than overwhelming market response to its 8mm Kodavision hasn't dampened its enthusiasm for video, Kodak last week took wraps off expanded line of 8mm VCRs, cameras and accessories that will start trickling into market late this year, and announced plans to test collection of its first still-image video products.

Kodak is taking mix-and-match approach with new 8mm Modular Video System (MVS) offerings, all made by Matsushita. Two-speed battery portable decks are available with 6-track digital PCM audio recording capability (as shown at last Summer CES) at \$1,000, or without at \$800. Programmable tuner-timers with 169-channel remote are \$600 with MTS stereo; \$400 without; tunerless battery charger-RF converter is available as option for \$300. Cameras that, like decks, weigh in at about 2 lbs., can be plugged directly into decks to form camcorders or connected by optional cable. They feature electronic viewfinder, 6:1 power zoom, 1/2" Newvicon pickup tube with 10 lux sensitivity, are priced at \$700 for manual focus, \$1,000 for autofocus. Lists on complete system would run from \$1,900 (\$1,800 with charger-converter instead of tuner) to \$2,800 for deluxe stereo version with autofocus camera.

Long list of accessories includes \$190 character generator, \$80 stereo mike, \$60 RF converter, \$100 AC adaptor. Missing from Kodak's 8mm announcement was any mention of company's own recorded software line, so it's presumably counting on Sony and others to back up promise it makes in full-page newspaper ads that software will be available. Consumer Electronics Div. Mktg. Vp-Gen. Mgr. Richard Lorbach said that while large existing base of VHS and Beta hardware and software "isn't going to go away," over long term "it wouldn't surprise us if most new VCR sales gradually shift to the 8mm format." MVS is scheduled to hit selected markets, including Dallas, Denver and San Francisco, in Nov., go national early next year.

Due for market test next year is \$700 video image printer that makes copies of single TV frame on Kodak's instant color film. Input can be still or moving TV picture from TV, VCR or any device with video or RGB output. Printer is similar in operation to one shown by Polaroid earlier this year (TVD May 20 p13). It has solid-state frame store, uses small, high-resolution monochrome CRT to expose film sequentially through color wheel.

To be tested by placement in selected homes is video floppy disc recorder-player. It conforms to standard now in use in Japan -- 2" metal particle disc that will hold 50 TV fields or 25 full frames, can record from TV or other video source, play back through TV. All functions can be handled by dockable wireless remote control. Kodak hasn't put price on unit, but \$700 is considered to be in ballpark. No disc camera is available yet -- Kodak says it believes one with acceptable performance is still at least 10 years off.

During market trial, Kodak will have film-to-disc transfer service available at 3 labs, where it will install prototypes of transfer console it plans to make available to other photofinishers when market develops. Transfer service will be available only for 35mm color negative film. However, it presumably could be expanded to include 35mm slides and film discs. Fuji Photo is offering same service commercially in Japan. Spokesman told us all still video imaging products to be used in tests are being manufactured by Kodak itself, but it may seek outside suppliers when time comes for mass production.

EUROPE'S TV GIZMO MARKET: Coming off slow sales year, European TV manufacturers are going all out to jazz up their lines with even greater than usual array of gimmicks, gizmos and

special features. Opening of recent Berlin Audio-Video Fair followed by 2 days the go-ahead for Berlin's first cable TV system, and every manufacturer featured cable tuning on new model sets.

But even more pervasive is satellite fever. SAT 1, first private German satellite TV service, beamed programs to 9-day show. Virtually all exhibitors had extensive demonstrations of DBS, showing dishes and prototype receivers and pledging easy convertibility of their sets, despite fact that there's some question about standards. Launching of 2 direct broadcasting satellites (Germany's TV Sat and France's TDF) is scheduled for May, with programs to start in fall 1986. Although D2-MAC system has been officially chosen for Europe's DBS, many set makers were betting that when push comes to shove, existing broadcast standard will be used.

TV manufacturers claim they're ready for either system -- or any system, for that matter. "Multisystem" is byword in high-end sets as more and more receivers are designed to pick up as many as 9 varieties and variations of PAL, SECAM and NTSC system transmissions.

Square-cornered tubes have swept European market in as many varieties as in U.S. And, if European precedent has any value, multichannel TV sound (MTS) will be howling success in U.S. According to one estimate, 70% of all color sets sold in Germany are stereo models, despite fact that German TV averages only about one stereo program per week.

Teletext and videotex were in evidence everywhere at show, and high-end TV sets now have built-in teletext capability as matter of course.

Philips's component TV systems now feature 2 interesting optional infrared accessories: (1) Compact, lightweight wireless stereo headphones with 20-20,000-Hz frequency response that also can be plugged into Philips VCRs. (2) Socket at back of sets to accommodate full-function wireless remote control accessory, using small pyramid-shaped plug-in infrared receiver.

Advance styling is featured on many new models. Saba showed 25" set reminiscent of Philco's Predicta design of 1950s, in which sculpted picture tube housing is mounted on swiveling shaft arising from control box containing chassis. Nordmende had console on pedestal stand with stereo speakers that were hinged to become screen-hiding doors. Braun, known for its design in radio and small appliances, entered TV with big-screen set that resembles Quasar's Delta model and pivots up and down to adjust viewing angle. Bang & Olufsen showed line of sleekly ultramodern color sets to match its audio components. Company official indicated U.S. subsidiary is now considering whether to introduce similarly styled NTSC models.

Behind push for high-ticket volume is concern over stagnating color market demand and continued pricing pressure from imports. Grundig estimates European color sales will reach about 13.4 million this year, off slightly from 13.5 million of 1984. VCRs are seen hitting 5.9 million, up about 12% from 5.3 million of 1984. Even with increase, total still is well below ambitious 6.35 million European market had been expected to absorb in 1984. It was sales shortfall, and resulting inventory buildup, that led Japan to go along with European domestic industry request that its voluntary quota on VCR exports to EC for 1985 be cut 43% to 2.25 million. Quota expires at end of this year. In anticipation of rise in VCR imports from Japan and shipment startup by Korea, Philips and Thomson successfully pushed for boost in EC's VCR duty rate to 14% from 8%. Hike is effective at start of next year.

VCR IMPORT GROWTH JUST 16.9% IN JULY: July was sluggish month for video equipment imports, with VCRs up only modestly and with declines posted for color and b&w TV sets and color cameras, Commerce figures show.

Month could be affording first indication that VCR import surge may be easing off, providing some help to marketers here who are trying to keep inventories in line. July shipments of 1.14 million were up just 16.9% from same month last year, to put 7-month total

at 9.12 million, up 88.9%. However, significant slowdown in processing July import paperwork was reported, so large numbers of products that entered country in month won't show up statistically until Aug. figures are released. Moderation of July thus may turn into Aug. surge. Korea was source for only 50,100 VCRs in July, to raise total on year to 241,700. Japan supplied most of rest.

In other video product imports, videotape players jumped 150.2% for month to 7,500, to put cumulative total at just under 62,000, up 302.1%. Videodisc players resumed slump with July shipments down 47.6% to 5,500, leaving 7 months at 72,300, off 1.8%. In TV cameras, total imports of 50,700 were down 37.1% as, reflecting sagging demand for portable VCR decks here, imports of color cameras sank 53.8% to 31,300, while b&w rose 51.1% to 19,400. For 7 months, total camera imports were up 26.3% to 512,500, with color up 16.7% to 399,400, b&w up 78.2% to 113,200. Month's imports of projection TVs fell 51.3% to 3,400 to put 7 months at 35,300, down 3.1%.

In TV, total shipments of complete and incomplete sets fell 13.8% to 1.29 million as 18.9% rise for color to 968,500 was offset by 52.7% drop in b&w to 324,800. That put 7-month TV total at 10.3 million, up 16.8%, with color up 27.4% to 643,900, b&w up 2.7% to 3.86 million.

In color, complete set imports were down 25.3% in July to 392,200, as Canada and Singapore were only major source countries to improve on performance of same month last year. Imports of color chassis and kits, however, doubled to 576,300. Through 7 months, color set imports stood at 2.88 million, down 9.1%, chassis & kits at 3.56 million, up 88.6%

Month's decline in b&w was across board, with tinyvisions (6"-&-under), off 38.3% to 180,700, larger sizes down 63.3% to 144,100. In year through July, small-screen b&w imports were up 50.5% to 2 million, while bigger sets, at 1.85 million, were down 23.7%.

* * * *

Zenith has now officially joined other members of domestic color industry's Big 4 in starting abandonment of 13" production in U.S. Company has started assembly of 13" color sets at its Reynosa, Mex., plant. July was 2nd month of significant imports of complete color TVs from Mexico, with 7,900 entering, putting 7-month total at 29,200, virtually all 13". Zenith announced last spring it would move one 13" assembly line from Springfield, Mo., plant to Mexico (TVD April 29 p10). Earlier this year, GE abandoned small-screen color set and tube production, began buying 13" from Korea's Gold Star while RCA dropped 13" tube output and move some 13" set assembly to Canada. While NAP Consumer Electronics still assembles its Magnavox, Sylvania and Philco 13" TVs here, production of tubes in that size has been discontinued by its tube manufacturing arm Philips ECG. NAPCE has said it will be going offshore for 13" sets in 1986 or 1987. While like RCA and NAPCE, Zenith continues to assemble its own 13" set requirements, unlike them it's still supplying its own tubes; however, it's expected Zenith will switch to foreign make tubes, at least for sets it's making outside U.S.

Suit charging antitrust and antidumping law violations against Japanese IC makers has been filed in U.S. Dist. Court, Boise, Ida., by Micron Technology. Named as defendants in \$300 million action are Fujitsu, Hitachi, Mitsubishi, NEC, Oki and Toshiba, essentially same list of companies covered in IC antidumping complaint Micron filed earlier this year (TVD July 1 p12). Action alleges Japanese engaged in conspiracy to fix prices and selling conditions of semiconductor memory products in effort to monopolize market and drive U.S. manufacturers out of business. In dumping case, International Trade Commission last month said it found domestic industry was likely to be injured by undervalued sales of ICs imported from Japan. That ruling triggered start of pricing investigation by International Trade Administration (TVD Aug 12 p13).

Ad notes: RCA will spend estimated \$2 million on co-op newspaper insert, Video Showcase '86, that will be included in 587 papers Oct 13. Also set for Oct. is \$1 million magazine campaign for Digital Command audio and video components... **Hitachi Sales** will sponsor Life In Outer Space series of 60-sec. inserts that start running on cable-fed USA Network in Dec... **Rayovac** has budgeted \$15 million for TV and print campaign to reintroduce battery brand nationally.

Fourth NBC-owned station, WMAQ-TV Chicago, officially starts stereocasting this week. In addition to the 9 regular series and group of specials announced for stereo by NBC, highly popular Miami Vice will be transmitted in stereo by network beginning with 2-hour season premiere Sept. 27.

MITSUBISHI ADDS 35": Mitsubishi formally introduced 35" direct-view tube color set in U.S., priced it at \$3,200, slightly under list for similar model that already has bowed in Japan (TVD Sept 9 p15).

U.S. version features MTS stereo, on-screen function and input display, 139-channel remote tuning and hand control that also can be used with VCR. Also in giant screen, Mitsubishi added 3 rear-projection TVs, including direct competitor to new 35" tube model. It's 36" at \$2,200. Others are 40" at \$2,900, 46" at \$3,200. All are 139-channel remotes, MTS stereo, and 2 larger models have on-screen function display.

Company has followed RCA into do-it-yourself A-V systems market (TVD Sept 16 p9) with audio components that can be combined with many existing and new Mitsubishi remote color TVs and VCRs into integrated unified remote system. Basic component package, including 50-w amplifier, stereo FM-AM tuners, audio cassette deck, turntable and hand control lists at \$600. Matching 20" 139-channel MTS stereo receiver, providing on-screen display of all system remote commands, is \$670. Other major optional component is 4-head VHS Hi-Fi VCR with built-in MTS stereo tuner at \$1,100.

Added to monitor TV line were 14" at \$500, 20" with RGB input at \$800, 26" table model with RGB at \$950 and 26" console at \$1,200. All include 139-channel MTS stereo tuner, on-screen function and mode display, combination TV-VCR remote control. VHS Hi-Fi VCR with 105-channel MTS remote tuner is \$800.

New in audio line are pair of stereo-FM-AM receivers with switching for 4 video inputs, 3 video output, stereo synthesizer, equalizer. Version with 50-w output is \$390, 70-w stepup with AM-stereo capability is \$450. Also new in audio are CD player at \$280, battery portable stereo FM-AM radio and 5-cassette changer with auto-reverse for up to 4-1/2 hours of constant recording or playback. List is \$300.

Pioneer Video adds remote optical videodisc player at \$299.

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Mitsubishi may be first with giant tube, but RCA is close behind, as we indicated last winter (TVD March 4 p9). RCA has been holding demonstrations for prospective OEM customers of its version of 35" color tube at plant in Lancaster, Pa. RCA, we're told, is offering tube at about \$450, says it could be available by end of next year.

Japan's Tsukuba Expo '85 ended on schedule last week with reported 20 million visitors -- 900,000 of them foreigners, govt. said. Show, which featured exhibits by many of Japan's consumer electronics manufacturers, drew mixed reviews, with criticism centering on shortage of advanced technology displays (TVD March 25 p14).

ZENITH SUIT HEARING: Electronics is again about to move into center of foreign trade turmoil now bubbling in Washington, with activity at U.S. Supreme Court, International Trade Administration and Congress.

Supreme Court has set afternoon of Nov. 12 for oral argument on appeal of lower court order that Zenith-NUE \$3 billion antitrust suit go to trial. Case, dragging since 1970, was ordered dismissed by district court in 1981 but was reinstated by Appeals Court last year. In accepting case for review last spring (TVD April 8 p11), Supreme Court said it would consider 2 aspects: (1) Sufficiency of evidence presented by Zenith and NUE to back their antitrust conspiracy charges, (2) Whether Japanese are immune from U.S. antitrust laws because they adopted pricing and market restrictions on orders from their govt. Court doesn't have any decision deadline, but ruling isn't expected until spring.

ITA sent notices to U.S. and foreign color TV manufacturers giving them until end of Oct. to ask agency to review antidumping margins currently being assessed on imports from Korea and Taiwan. Under new ITA policy, annual margin reviews no longer are automatic and are begun only on request. But in anticipation that reviews will be sought, ITA already has mailed pricing questionnaires to involved Korean and Taiwanese firms. ITA will have year to complete reviews.

Prospects are dim for any direct action by House Trade Subcommittee on bill that would require payment of full 15% duty on picture tubes imported as part of color TV kits (TVD July 15 p16). Tubes normally are dutiable at 15%, but rate on kits is only 5%, and domestic industry sees this as loophole that permits unbridled entry of low-cost tube imports.

Committee, spokesman told us, is being swamped with variety of trade legislation proposals, and plan for hearing on tube bill has been put on indefinite hold. Should measure get Committee clearance, it probably would be as part of some other bill.

It's beginning to appear as if Administration has abandoned effort to develop own plan for overhaul of U.S. trade policy (TVD Sept 16 p15), will attempt to piece together proposal from acceptable portions of bills circulating in Congress. President Reagan is expected to address issue in speech this week.

U.S. cellular phone market will hit about 124,000 this year, up nearly 60% from 1984, according to estimate from Mitsubishi. Company said it sees high prices continuing to put damper on sales for general consumer use. Oki Electric, another Japanese player in U.S. cellular market, said it will move to vertically integrate its U.S. manufacturing operating in Atlanta next month. Company, which has essentially been assembling phones from kits imported from Japan, says it will now source as many parts as possible from suppliers in U.S. Oki claims 30% share of U.S. cellular phone market.

BRITISH PATENT SHOCKER: TV set makers doing business in Britain were thrown into turmoil last week when British General Electric Co. (GEC) indicated it planned to sue virtually all firms making teletext-equipped sets for sale there. Total of 17 companies -- including those in Japan and continental Europe -- are involved. GEC, which filed for basic patent on teletext transmission and reception in 1973, isn't related to American GE.

Teletext is major success story in Britain, with about 13% penetration and 2.6 million sets in use -- a fact frequently attributed by manufacturers to industrywide "gentlemen's agreement" that patents could be used freely without fear of legal action. GEC filed writs in court indicating it planned to sue all TV manufacturers except Hitachi, which has teletext license, presumably acquired as part of former TV producing joint venture with GEC that fell apart last year.

Set makers were reluctant to talk for record, and GEC would say only that its action was part of process of "negotiating" for royalty. Pressed for comment, Ric Foot, member of governing council of BREMA, British TV manufacturers' trade association, said: "The fact is that GEC condoned the use of this patent by the industry right from the outset, when the unified broadcast teletext standard was being settled." Foot was on leave from Philips for 3 years to get teletext started in U.K.

GEC has 2 equivalent patents in U.S., but it's unclear whether they apply to all teletext systems or only British World System Teletext (WST). Both that system and NABTS standard are being used here to limited extent. GEC had filed for patents in Germany and Holland that weren't granted. Company official said applications were allowed to lapse for purely commercial reasons, but admitted that German patent office had found 2 prior similar applications.

GEC patents relate to method of identifying and selecting teletext pages. They cover transmission as well as reception, but broadcasters aren't involved in proposed suits.

CD player shortage that put ceiling on sales in 1984 and well into this year could turn into glut next year, as Japan expands capacity. Japanese currently are turning out about 500,000 players monthly, but that will jump to million per month by Dec. if all expansion plans announced so far are carried through. Production of 12 million CD players next year would far exceed Japan's yearly output of any other hi-fi component, and there's growing concern by some in industry that current boom will be replaced by bust as inventory piles up. Others, however, say that what looks like potential surplus now will be more than met by increased demand for lower priced players and inclusion of CD players in combination products such as radio-cassette recorders.

SONY NET DOWN: Sony's consolidated net dropped 9.2% in fiscal 3rd quarter to July 31 on 12.6% sales. Company said deficit stemmed from absence of special gains recorded in year-earlier period, and that operating net was up 5.8% to \$147.5 million. For 9 months, Sony net rose 2.5% on 12.1% sales rise.

For full period, Sony said sales of home and professional VCRs and related equipment slipped 0.1% to \$1.61 billion. Sales of Beta VCRs were down about 20% to 1.5 million, with slippage only partially offset by sales of 170,000 8mm VCRs. Total TV sales rose 23.2% to \$1.13 billion, with growth paced by 77% rise in projection TV to \$82 million. Color TV was up 18% to \$917.7 million, b&w rose 35% to \$59.6 million and other TV products, including components, increased 44% to \$71.7 million. Sales of audio products, aided by 5-fold rise in CD player sales to 490,000, were up 26.2% to just over \$1 billion, while sales of other produces increased 8.7% to \$600,300.

Sony said 9-month sales in Japan edged up 4.1% to \$1.16 billion, while sales overseas grew 15.3% to \$3.19 billion. For full fiscal 1985, Sony said it expects to show 5% rise in consolidated net on 10% sales growth.

Color TV radiation scare is front page, or at least front cover, item again. It's subject of cover story, "TV Radiation Time Bomb Ticking Away In Your Living Room?" in Oct. issue of consumer-oriented Video magazine. Cover illustration shows arm that ends with x-ray view of hand in front of TV screen. However, story, by new Managing Editor Stan Pinkwas, focuses on video display terminals and offers compilation of reports, studies and opinions on possible effects of various forms of low-level ionizing and nonionizing radiation on humans. To tie this into home video, article notes that as color TVs are similar to VDTs, they could become subject of similar concerns.

JVC and N.Y.U. have agreed to joint R&D effort to develop VHD videodisc-based computer-aided interactive educational and training software. JVC will supply equipment and technology for demonstration and research facility to be set up at N.Y.U.'s Washington Sq. campus in Manhattan. Agreement follows by week JVC's announcement of VHD's planned U.S. introduction through training specialist National Education Corp. In Japan, JVC said it's boosting VHD disc production to million monthly, matching expansion plans previously announced for optical discs by Pioneer.

Official opening of EIA office in Japan will be marked by Oct. 15 reception at Tokyo's Hotel Okura hosted by Pres. Peter McCloskey and other Assn. officers. At start, office will focus on activities in telecommunications trade area, gradually expand operating scope. Heading it is attorney Mark Foster, who has been Japan-based consultant for Commerce Dept.

DIGITAL DAZZLES IN EUROPE: "Digital" is still magical TV byword, although fully digital TV sets remain few. Sharp used recent Berlin Audio-Video Fair for first demonstration outside Japan of 26" digital set (using ITT chips) that could provide 9 slow-scan pictures on screen -- providing sampling of channels or sequence of scenes. Set will be available in U.S. and Japan early next year.

ITT has added picture-in-picture feature to its digital sets. Company marked production of its 100,000th Digivision set -- out of total of 2.4 million color sets in last 2 years. ITT Semiconductors said 200,000 digital TV chip sets have been delivered (including the 100,000 to its own set-making affiliate). Top-of-line ITT set with new single-chip teletext decoder retails at about \$740, and company said it was cheaper to make than similar top-end model (stereo, remote) in analog form.

Grundig claims 7 of 9 stages of its new single-board all-purpose chassis are digital, remaining 2 analog stages being video and audio signal processing. "We worked for 2 years with ITT and we believe analog is still better for signal processing," said Grundig engineer. Philips demonstrated its digital TV progress, including full frame store, now on 7 CCD chips.

ITT Semiconductors showed more chips it said would be available in about 2 years, along with basic chip chassis for digital signal processing. New ITT chips include video memory controller that can be used with 5 standard dynamic RAM 256K computer chips for full field memory, making possible flicker-free (100-field) PAL picture, multiple picture-in-picture effects (with addition of picture-in-picture processor chip), picture freeze, zoom, progressive noninterlaced NTSC scan.

ITT Semiconductors demonstrated group of digital TV sets now in production -- fully digital ITT, Sinudyne (Italy), Sharp, Sony, Panasonic, Toshiba models plus Thomson-made Saba set that it said was 60% digital. Company said 10 other brands were ready to start digital TV production in next few months.

Digital was show byword in audio, too, and marketers there are riding on same sales wave of CD players and discs sweeping across U.S. and Japan. Something of surprise was absence of any demonstration of digital audio tape (DAT) systems -- except for Sony's home 8mm VCR deck with digital audio capability (TVD Sept 9 p10). Japanese manufacturers have shown DAT prototypes in past, and with industry slated next year to launch DAT in 2 formats -- helical and longitudinal -- it had been expected that at least some backers of those different camps would have players on view to drum up advance support and buying interest in Europe.

Motorola won this year's Vanguard Corp. Award award as best-managed company in America from New Management magazine published by USC.

SURVEY OF DISH OWNERS: While 75% of home earth station owners express concern over satellite signal scrambling, more than half of those same TVRO owners say they wouldn't pay \$395 for a decoder and \$12.95 per month to subscribe to scrambled programming, according to survey by CES Publishing. Another 34% said they would pay for programming, 10% didn't know, CES reported after surveying 302 rural dish owners in Aug.

"Purchasers are satisfied with their systems, but scrambling is not a happy prospect for them -- indeed, the real test of this market's long-term viability could begin when scrambling begins in earnest," report said. It added that other big question for industry is "untapped suburban and urban markets." (See related story in Broadcast Section.)

Home satellite dealers still have lion's share of market -- 55% of respondents bought theirs from TVRO specialists. Surprisingly, 22% were sold by audio-video-TV stores. Study shows spring and summer still are biggest sales seasons, with 68% of sample buying then. Another 7% bought in fall, 14% in winter right before Christmas, 9% in winter after Christmas. Forty-three percent said they learned of retailer by word of mouth, 19% from newspaper.

Questions on size and type of dishes owned produced few surprises. Mesh dish had 43% share of market, fiberglass 32%, aluminum 25%. Ten-ft. size is by far still most popular (54%), followed by 8 ft. (8%) and 6 ft. (2%). "Other" category that included 9-, 11- and 12-ft. antennas had 37% of market, survey said. Reasons for buying satellite system included variety of programming (49%), movies (42%), sports (30%), as alternative to cable (23%), to get better reception (17%), don't get TV (9%), other (9%). Average price paid for system was \$2,204.

Sony purchased nonexclusive rights to Ovonic laser recordable-erasable optical disc technology from Energy Conversion Devices. It joins IBM, Matsushita and Hitachi as ECD licensees. ECD says discs coated with its proprietary tellurium-based material have 1,000 times storage capacity of comparably sized magnetic discs and can be used for data or video applications. Sony will pay ECD \$400,000 as advance royalty, additional \$400,000 advance if it uses technology for commercial product. Royalty rate ranges 1.5%-3%, depending on product introduction timing and other factors. Under terms of agreement, Sony also receives fully paid license for nonerasable memory disc.

Drive to reattract major video software marketers to Consumer Electronics Show has paid off for EIA's Consumer Electronics Group (TVD Sept 16 p14). In addition to CBS/Fox, which signed up early, Embassy Home Entertainment, franchisor National Video, Prism Entertainment (with separate booth for Marvel Comics label), Republic Home Video and Thorn EMI/HBO are scheduled to display at Winter CES in Las Vegas.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audio/Video Affiliates			
1985-6 mo. to July 31	60,118,000	2,558,000	.30
1984-6 mo. to July 31	44,581,000	1,817,000	.29*
1985-qtr. to July 31	32,439,000	1,356,000	.16
1984-qtr. to July 31	23,333,000	982,000	.15*
Cable TV Industries			
1985-6 mo. to July 31	15,527,000	(59,000)	--
1984-6 mo. to July 31	15,330,000	235,000	.08
1985-qtr. to July 31	8,338,000	(66,000)	--
1984-qtr. to July 31	7,640,000	102,000	.04
MTV Networks			
1985-6 mo. to June 30	64,583,000	7,150,000	.46
1984-6 mo. to June 30	46,251,000	4,342,000	.29*
1985-qtr. to June 30	34,650,000	4,682,000	.30
1984-qtr. to June 30	25,703,000	2,976,000	.20*
Sony^c			
1985-9 mo. to July 31	4,249,700,000	229,500,000	1.00 ^d
1984-9 mo. to July 31	3,791,900,000	224,000,000	.97 ^d
1985-qtr. to July 31	1,442,700,000	72,200,000	.31 ^d
1984-qtr. to July 31	1,281,600,000	79,500,000	.34 ^d
TCA Cable TV			
1985-9 mo. to July 31	26,016,000	4,173,000	.62
1984-9 mo. to July 31	20,042,000	2,879,212	.43*
1985-qtr. to July 31	9,096,000	1,550,000	.23
1984-qtr. to July 31	7,088,000	862,133	.13*
Tektronix			
1985-13 wk. to Aug. 24	302,484,000	3,474,000	.17
1984-12 wk. to Aug. 18	307,020,000	16,242,000	.80*
Webcor Electronics			
1985-qtr. to June 30	2,696,000	(1,595,000)	--
1984-qtr. to June 30	5,519,000	22,000	.01

Notes: *Adjusted. ^bPro forma. ^cAt yen's current rate. ^dPer ADR. *Restated.

Consumer Electronics Personals

Michael Heil, ex-Koala Technologies, one-time Atari, joins Sony Consumer Products as national acct. vp, new post... **Joseph Brang** advanced at NAP Consumer Electronics to materials vp, succeeding **Fred Fanella**, now finished products purchasing vp; Brang's former responsibilities as mfg. dir. assumed by Operations Senior Vp-Gen. Mgr. **Robert Lukingbeal**... **Lawrence Walders** has left partnership in Washington law firm Tanaka, Walders & Ritger to become partner in Graham & James, where he will continue to specialize in trade matters.

Steven Jobs, Apple cofounder, resigns as chmn. after dispute with board over his hiring 5 Apple employees to help him launch new specialty computer company... **David Allen**, ex-Campbell Soup, appointed Dynascan finance vp-chief financial officer... **Ted Green**, ex-Adcom, named Onkyo east region sales mgr... **William Souberoff**, ITT N. American Telecommunications Operations senior vp, adds responsibility for ITT Business Systems, recently formed through combination of ITT's computer, terminal, peripheral and office automation units.

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EDITORIAL & BUSINESS HEADQUARTERS

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

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

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

This newsletter is available electronically via Newsnet

WASHINGTON HEADQUARTERS

Albert Warren ... Editor & Publisher
Paul L. Warren .. Assoc. Pub. & Sr. Ed.
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NEW YORK BUREAU

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

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

JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

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

Television and Cable Factbook

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

Factbook Research, Inc.

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Robert Stein, ex-Criterion, and wife **Aleen** form Voyager Press to specialize in high-quality cassette and optical disc releases of classic films and video art... **Von Polk** advanced at CBS/Fox Video Commercial Products Div. to management products vp-gen. mgr... **Marilyn Blend** named VCA Teletronics sales dir., new post.

France's Thomson has agreed to joint home and business personal computer development effort with Italy's Olivetti and Olivetti's U.K. affiliate Acorn. Aim is to come up with European standard operating system. Current best-selling computers in Europe are from Apple, Commodore, IBM of U.S. and U.K.'s Sinclair, all of which use different standards, as do MSX types being offered there by Philips and several Japanese producers. Thomson had tentative broad cooperative arrangement with Philips, but that fell apart when Thomson decided against marketing laser videodisc system in France and Philips opted to adopt MSX standard for home computers.

Spectravideo has been discontinued as both corporate and brand name. Substituted for both is Bondwell, taken from Bondwell Holding, Hong Kong-based company that acquired majority interest in SV last spring. With marketing emphasis now on small business computers, "the Spectravideo name and its home computer products image no longer reflect our company," said Pres. John Constantine.

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McKINNEY CHARTS FCC COURSE: Action on ABC, Metromedia takeovers due in 6 weeks. MAP calls for hearing in Murdoch case. Help for AM in works. (P. 3)

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FCC FEE SCHEDULE MOVED IN SENATE: Final approval by both chambers now seems certain. CPB funding advances in sly 2nd maneuver. (P. 5)

CBS COULD PUT KMOX-TV ON BLOCK, Jankowski tells analysts. Unfriendly takeover bid by Ted Turner prompts consideration of other asset sales. (P. 6)

MGM/UA, RAINBOW CLOSE TO SETTLING contract dispute over film library. Turner may sell piece of CNN to finance MGM deal. (P. 7)

COURT THUMBS NOSE AT FCC: Tells agency that it 'blundered' in pole attachment rate ruling involving Group W and Ala. Power Co. Cable access ruling vacated in R.I. case. (P. 7)

FCC THROWS MUST-CARRY BALL INTO NAB COURT: Heavy congressional pressures on must-carry -- following U.S. Appeals Court, D.C., decision calling FCC rules unconstitutional -- appear to have paid off. FCC Chmn. Fowler wrote Sen. Goldwater (R-Ariz.), chmn. of Communications Subcommittee, Sept. 24 saying that Commission's decision not to join broadcasters in appealing decision to U.S. Supreme Court (appeal was filed by NAB day before Fowler's letter, see below) was "never... intended to preclude any party from coming forward with a proposal which would include a set of carefully crafted mandatory carriage rules and a clear justification of the policy aims and constitutionality of such rules. So far, no one has come forward."

Fowler said Commission will consider such a petition carefully and will "seek [comments] with a combined notice of inquiry/notice of proposed rulemaking." Such an inquiry, he said,

Consumer Electronics

DEVALUATION IMPACT not expected to be felt in consumer electronics until next year. Could boost Korean VCR sales here. (P. 9)

SONY TO DOUBLE CAPACITY of San Diego plant to 1.4-1.5 million annually in next 6 months, with emphasis on 27" sets. (P. 10)

RCA'S OTHER CE BUSINESS: Patents could bring in millions with 1985 VCR boom, may have accounted for all CE profits in 1984. (P. 11)

CBS AIRS FIRST STEREO show experimentally on one station, won't convert for regular programming until 1987-88. (P. 12)

DIGITAL SPECIAL-EFFECTS VCR by Toshiba, on sale in Japan, has 1.15 megabit memory, can freeze broadcast or taped picture. (P. 12)

3M SEES SOLID GROWTH continuing for recorded cassette market, expects sales to dealers to be up 77% this year, 46% in 1986. (P. 13)

COMMODORE POSTS \$124 MILLION LOSS in final quarter after heavier-than-expected inventory write down. Amiga bows. (P. 14)

AIWA ADDING 8mm CAMCORDER, deck of own design in spring. Sanyo plans its own. (P. 15)

would include "an examination of the communications policy implications of cable's compulsory license in light of the Quincy case" that declared must-carry violation of cablers' First Amendment rights. In handing down Quincy ruling, Court invited Commission to craft new rules that would be acceptable -- something agency so far has declined to attempt.

Fowler letter staved off promised effort by Sen. Stevens (R-Alaska) to require rulemaking as part of FCC appropriations bill (TVD Sept 16 p3). Stevens withheld amendment when Senate Appropriations Committee met on bill Sept. 26, telling us in interview later: "It wasn't needed. It's been worked out." He said he understood from Goldwater that FCC would hold must-carry inquiry and rulemaking. "I think that there is every reason to believe what [Fowler] is doing is in the best interests of all concerned," Stevens said. "I'm satisfied." He warned that he would continue with amendment effort on another bill if Fowler doesn't live up to promise.

NAB Exec. Vp-Govt. Relations John Summers told us that Assn. expects to file rulemaking proposal at FCC "hopefully within days." He said "I just don't know yet" whether it will contain specific new rules or will be more general. However, by end of week NAB had decided not to propose specific new rules, said it would attempt to address Court's constitutional concerns. Rulemaking will be filed by this "Friday at the latest," according to NAB Senior Vp-Gen. Counsel Jeff Bauman.

Broadcast groups, with possible exception of INTV (which hasn't taken public position), generally back bill (HR-3339) introduced by Rep. Frank (D-Mass.) (TVD Sept 23 p1). It would substitute marketplace negotiation for compulsory licenses, making cable systems subject to full copyright liability for off-air programming carried except for "rural" systems, systems with fewer than 2,500 subscribers and those with 12 or fewer channels. NAB Local Carriage Task Force, meeting 10 days ago, approved must-carry plan requiring cable systems with more than 12 channels to devote 1/3 of channel capacity to local signals within 50 miles of headend. However, systems wouldn't have to duplicate network or public broadcasting signals under either NAB plan or Frank bill.

Until Fowler's letter to Goldwater, Commission had been leaning toward holding inquiry that wouldn't consider specific new rules. His letter was in response to one Senator wrote Sept. 16 urging FCC to open rulemaking to head off congressional action (TVD Sept 23 p1). Bipartisan group of House Commerce Committee members also has written Fowler urging rulemaking, while House Telecom Subcommittee Chmn. Wirth (D-Colo.) told Fowler in Sept. 19 letter that FCC should begin inquiry "without delay... specifically aimed at deciding whether it is necessary for the FCC to devise further must-carry rules and what those rules might be."

In deciding not to appeal Quincy case, Fowler said FCC felt that Court had created "unbalanced situation" in removing must-carry but keeping compulsory licensing. He told Goldwater "a true mass media marketplace would not be achieved" until cable's copyright immunity was replaced with full copyright liability. He also said Commission "could not conceive of a new set of [must-carry] rules which would accomplish the Commission's policy goals and would meet the constitutional test outlined in Quincy." Also, he said, FCC didn't want to devise "another false equilibrium" balancing copyright immunity with new carriage rules "which would displace cable consumer choices and interfere with the marketplace."

INTV Pres. Preston Padden said group was "very heartened" by Fowler's acknowledgment of difficulties faced by new independent TV stations because of deletion of must-carry requirements. Fowler wrote Goldwater that "we are faced with a continuing deluge of questions... particularly from new independent stations now in the process of starting operations."

NCTA Pres. James Mooney said must-carry is "a sensitive issue" and Fowler "is responding sensibly to expressions of concern from the Hill. Also obvious is that NCTA will strongly defend cable's First Amendment rights and that we don't see any linkage between must-carry and the compulsory license. This drama has a way to go before it's played out and nobody should expect otherwise."

"We totally agree with the statement of the chairman that the way you get a rulemaking is to suggest a rule and ask for one," said CATA Pres. Stephen Effros. "So far, neither the NAB nor the INTV has been willing to come forward with such a suggestion. We doubt that they can do so and stay within the law as laid down in the Quincy and Turner cases, but we would welcome seeing any effort they might put forward."

Key aide to Wirth commended decision, saying: "It looks as if the FCC is willing to take a look at this issue and we applaud that. We believe that Chairman Fowler has made clear that they aren't planning to wash their hands of this issue and has set forward a process that would seem to lead to a full review of the decision by the Commission, which is what we had asked for, so we are pleased." However, "before examining specific rules, the Commission still must do a broader review of the whole issue to determine what further rules may be necessary," aide said.

Spearheaded by NAB, broadcasters' long-expected appeal of cable must-carry case to U.S. Supreme Court was filed Sept. 23. NAB is seeking review of U.S. Appeals Court, D.C., 3-0 ruling that must-carry is unconstitutional on First Amendment grounds because rules interfere with "editorial discretion" of cable operators. That ruling "involves an important issue of constitutional law that ought to be resolved by this Court," NAB argued.

NAB said ruling is inconsistent with several other decisions of Supreme Court and "in direct conflict with decisions of lower federal courts." If allowed to stand, Appeals Court ruling "is likely to mislead or confuse other lower courts facing various other First Amendment issues involving cable TV," NAB told Supreme Court. Citing another case, involving destroying or mutilating Selective Service registrations, NAB said: "The lower court's sweeping departure from the decisions of this Court is likely to cause serious confusion among lower federal and state courts in any case in which an administrative agency's regulations are challenged on First Amendment grounds."

Supreme Court must decide whether cable systems are to be treated "as passive conduits for 'speech' of others, insofar as the systems are engaged in retransmitting the signals of television broadcast stations, or is that retransmission activity itself a form of 'speech' within the meaning of the First Amendment," NAB said. Assn. argued that rules "do not forbid, deter or penalize speech" by cable operators or programmers. It said they require systems not to impede or frustrate access of viewers to local TV stations. If decision is left standing, "cable operators will be the sole arbitrators of what programs millions of television viewers will receive," NAB told Court. While FCC refused to join broadcasters in appeal it did support request for stay, which was denied first by Appeals Court and later by Chief Justice Warren Burger.

TAKEOVER ACTION DUE AT FCC: Within 6 weeks, FCC will consider 2 major takeover proposals -- Rupert Murdoch's purchase of Metromedia and Capital Cities' acquisition of ABC, Mass Media Bureau Chief James McKinney told reporters Sept. 25 (on agenda for Oct. 4 meeting is Tribune acquisition of KTLA L.A., see separate story). McKinney also discussed his "hopes" on new technologies in next 5 years and his recent speech on worrisome state of AM radio to IEEE in Washington.

Complicating Murdoch issue are several petitions to deny and/or hold evidentiary hearing. But McKinney said inquiry on hostile media takeovers is on course to meet year-end deadline, probably will result in policy statement. McKinney said lack of hostile takeover proposals now before Commission will allow it to "take a deep breath" before considering issue.

Over next 5 years, McKinney said he hopes that: (1) Direct Best. Satellite service succeeds. It would be good competition to cable, "which these days could use some." (2) High-Definition TV or 3-D TV becomes reality; HDTV has "a little better chance." (3) Instructional TV Fixed Service (ITFS) becomes successful. (4) AM radio improves.

As for LPTV, McKinney said he "wished I could be more optimistic, but I can't. A lot of stations have not been built, and that troubles me." In cases where construction permits have passed 18-month life span, they will be pulled, he said. Big problem with LPTV was FCC's getting 25,000 applications at outset, slowing handling. Of LPTVs now operating, 80% are translators that don't do local production, McKinney said. FCC last week revoked construction permits of 38 LPTV translator stations for failure to start construction within required one year of grant. Mountain TV Network lost 5 CPs, Women's Low Power Stations (which has no women as owners) lost 3.

AM radio may go broke, at least partly because marketplace failed to choose between stereo systems of Motorola and Kahn Communications, McKinney said, calling it "the tragedy of AM." He added that he wasn't blaming Commission -- staff did choose Magnavox system, backed down under industry pressure, then on 2nd time around chose Harris. By then, Commission had lost confidence, he said.

McKinney has asked for report from Policy & Rules Div. staff on state of AM, which he predicted could lose bulk of audience to FM by 1991. Possible options for Commission are whether to: (1) Continue to apply duopoly rule to AM. He stressed he wasn't proposing change in national ownership rules, which limit to 12 number of AM stations that may be owned. (2) Allow AMs to duplicate programming of commonly owned FMs in same market to reduce AM costs. (3) Allow transmission of same radio programs through several separate stations that have same frequency.

McKinney said Commission also should seek to do better job of reducing interference to AM from telephones and other appliances. One possibility is to investigate restricting AM bandwidth at night, which would "dramatically clean up" adjacent channel interference.

On other issues, McKinney said: (1) FCC made right choice on children's TV proceeding because there's "no one in this building I would trust to select programming -- or types of programming -- that was good for kids." (2) There's no "push" for having auctions as means of dispensing licenses for any media services. (3) Comparative hearings work only for rich, those that have \$200,000 to pay for 3-4 years that hearings take and to hire best lawyers in Washington, "because that's what it takes" to win. (4) Mass Media Bureau has eliminated 92% of backlogs. (5) No major structural changes are anticipated in Bureau. (6) Proceeding on VHF-UHF channel swap "isn't on the front burner," may not be considered by Commission this year.

On takeover front, several public interest groups and individuals have told Commission "numerous substantial and material issues of fact and law" remain that beg for hearing in Murdoch acquisition of Metromedia TV stations. In petition filed by Media Access Project (MAP), they said Murdoch's request for 2-year waiver to sell N.Y. Post and Chicago Sun-Times is in "marked contrast" to Tribune Co.'s 18-month waiver request in acquisition of KTLA to sell Van Nuys (Cal.) Daily Times. "The size and geographic distribution of [Daily Times] is very much smaller than that of the 2 newspapers involved in Murdoch's request" and Tribune seeks "significantly" shorter time to divest, petition said.

MAP also said Tribune has provided details of efforts it has taken, and will take, to sell Daily Times "as quickly as circumstances permit... Murdoch, by contrast, makes no such representations... Rather, he seeks to justify grant of a waiver by invoking... a threat of his own creation -- danger to the 'competitive viability' of his newspapers. The threat... is so dubious as to require examination at a hearing." Unlike Tribune, Murdoch hasn't made "unequivocal commitments" to separate editorial control of newspapers and stations, which MAP said should also be explored in hearing. Official of one of groups filing petition told us that Murdoch already has been offered \$80 million for Sun-Times and that several prospective buyers have expressed interest in N.Y. Post.

DOJ LOOKS AT CABLE SCRAMBLING: Justice Dept. Antitrust Div. has begun investigation into "possible restraints of trade involving the scrambling and distribution of satellite programming," it told industry leaders last week.

Barry Grossman, Div.'s chief of Special Regulated Industries Section (which will shortly be renamed Communications & Finance Section as part of Justice Dept. reorganization), imparted news to NCTA, CATA and cable companies in letter Sept. 24 but said little about type or extent of investigation. Letter merely asked industry to "refrain from destroying or altering or otherwise disposing" of documents or records on scrambling plans. Cable industry leaders said they will cooperate with DoJ.

Letter stops short of being "civil investigation demand" (CIDs), which DoJ spokesman said would apply subpoena powers and other protections of law to investigation target. However, investigation is formal, despite comments of some in industry to contrary "There's nothing informal about it," said DoJ spokesman, Mark Sheehan.

Investigation will focus on potential antitrust implications of industrywide scrambling on home dish users and dish manufacturers, Justice spokesman confirmed. At issue is whether coordinated scrambling effort, either in consortium by NCTA or under cooperative agreement by programmers, would discriminate against particular scrambling system manufacturers or dish users. Also at issue is anticompetitive implications of cable operators' desire to be sole distributors of decoders in their franchise areas.

Cablers had been expecting Justice investigation, industry sources said. "It would only have been news if this had not happened, given the sensitivity that we have all acknowledged regarding the antitrust laws," said CATA Pres. Stephen Effros. He said NCTA, CATA and others who have been discussing scrambling consortium "fully expected [DoJ] to be interested in what we were doing and we are more than willing to explain it to them."

Effros suggested investigation might be premature, however, because industry's scrambling plans are unsettled. "I don't think there's anyone in the cable industry who's either surprised or concerned because we're well aware of the sensitivities." NCTA also said it wasn't "least bit surprising" that Justice was investigating since antitrust questions were carefully considered in negotiations over scrambling consortium.

Times Mirror is selling 3 of its smaller market TV stations -- WHTM-TV Harrisburg, WSTM-TV Syracuse and WETM-TV Elmira, N.Y. -- to Smith Acquisition Corp. for \$84 million. Smith principals include Robert Smith, George Lilly, William Reyner and TA Assoc. of Boston. Times Mirror retains 4 TVs, said it would seek more in "markets compatible" with its long-range plans.

FCC FEES MOVE IN SENATE: Senate Commerce Committee recommended to Budget panel Sept. 24 that FCC fee schedule be included in budget reconciliation package moving there. Fees endorsed by Commerce Committee are identical to those recommended by House panel (TVD Sept 23 p3).

Endorsement by Senate panel had been expected. Its Communications Subcommittee Chmn. Goldwater (R-Ariz.) is author of S-999, FCC reauthorization legislation that proposed nearly same fee schedule (TVD April 29 p6). In making reconciliation recommendations, Commerce Committees made no last-min. revisions to FCC's final version of proposal (TVD April 22 p6) that would affect broadcast or cable industries. But charges that Committees recommended do reflect changes that FCC made to its original version of proposal to eliminate annual broadcast fees and high Ku-band and cable construction charges (TVD March 4 p3).

In approving fees as part of \$596 million cost-savings recommendations package, Senate Commerce Committee lowered FCC revenue estimate. Senators said fees should generate only \$30.3 million in first year because failure of Congress to enact plan sooner means charges now can't be implemented until FY 1987 at earliest -- after next LPTV application cycle that would have produced higher first-year total. S-999's proposed 2-year budget reauthorization for FCC of \$98.1 million in FY 1986 and \$97.6 million in FY 1987 also was included in Committee recommendations for reconciliation package. Commerce Committees had until last week to make recommendations to Budget panels. Final reconciliation packages are due out of Budget Committees very shortly.

In surprise move, Senate Commerce panel also recommended CPB funding be included in reconciliation plan and proposed budget levels \$20 million higher for FY 1989-1990 than envisioned under separate reauthorization bill (S-1084). Surprise stemmed from fact that reconciliation package typically is limited to budget savings. But, by including CPB and PTFP funding among recommendations that Budget Committee is bound to adopt as part of broader package, CPB allies are hoping it will preclude presidential veto. Allies are operating from position of strength -- S-1084 has 2/3rds of Senate as cosponsors, enough to override veto.

Taft Bcstg. has named MMT Sales Inc. as national rep for 4 of its TV stations -- WKRC-TV Cincinnati, WTVN-TV Columbus, O., KTXA Dallas and KTXH Houston. KTXA and KTXH had been represented by Seltel, WKRC-TV and WTVN-TV by TeleRep. **Seltel** is named rep for independents KRRT-TV San Antonio, WTVZ Norfolk and WXIN-TV Indianapolis. **Independent TV Sales** has been appointed rep for WDSI-TV Chattanooga, WKCH-TV Knoxville, KBSI Cape Girardeau, Mo., WDBD Jackson, Miss. **Adam Young Inc.** has been named rep for WKAB-TV Montgomery, Ala.

CBS MAY SELL KMOX-TV: KMOX-TV St. Louis might be sold off by CBS as part of asset sales network committed to when it announced stock buyback, CBS Best. Group Pres. Gene Jankowski confirmed at Sept. 26 Best. Group Q-&-A session with securities analysts. At time of buyback, CBS said it would realize \$300 million in after-tax profits from asset sales over next 2 years.

Jankowski said station is one of many items on list of assets that may be sold as result of company's commitment, made in July as part of successful effort to fend off unfriendly takeover by TBS's Ted Turner (TVD July 8 p2). "We obviously want to stay in the TV station business," he said, but added later that CBS's interest in reaching FCC ownership limit doesn't mean it will "pay an overinflated price in a market that may be dying."

He predicted station prices -- as reflected by cash-flow multiples -- may begin to fall with softness in economy and as new owners get some experience under their belts. Other assets CBS is reported to be considering selling include CBS Toys and CBS's 29% interest in Tri-Star Pictures, joint venture with Time Inc.'s HBO and Coca-Cola's Columbia Pictures.

Best. Group isn't faced with mandatory layoffs as result of 4% limit on 1986 budget increases, Jankowski said. Budget limit gives division heads "flexibility" to cut where they choose, he explained, and that can include job cuts or elimination of unfilled positions.

Jankowski told analysts Best. Group's operating earnings will be down in 3rd quarter vs. same period last year but wouldn't elaborate on expected results. Ad sales are "soft," with all 3 networks' revenue totals expected to decline at least 15% in 3rd quarter, with 4th quarter showing 3% gain, he said. Networks will end 1985 with overall increase of 2-3%, follow that with revenue jump in "middle digits" for 1986, Jankowski said. If latter projection comes true and CBS holds cost increases to 4%, then Best. Group should see profits increase during 1986, he said. He rebutted arguments that sales slump is sign of electronic media restructuring: "It's very easy for some people to conclude that our industry is going through some dramatic changes [but] there is not a structural change going on in our business." Soft ad market is simply result of slowing economy and fact that low inflation rate has pinched advertisers' ability to increase budgets, he told analysts.

Jankowski defended CBS decision to sell 15-sec. spots on regular basis. Since many advertisers can't afford 8-9% increases in prices, he said it makes sense to add more inventory, particularly since move may attract smaller companies and brands back to network. Shorter spots will get some companies that are buying barter syndication to switch back to network prime-time advertising, added Exec. Vp Thomas Leahy.

Three networks' calendar year ratings are 1% behind 1984's but by year's end should equal last year, according to Research Vp David Poltrack. Pay-cable ratings and households are down, as are ratings for CBN Cable Network, ESPN, WTBS Atlanta and MTV. Only CNN and USA Network have shown gains this year.

CBS is negotiating with studios to come up with compromise on financial interest and syndication rules because that's what govt. told networks to do, Jankowski said. "There have been discussions going on now for a year and a half," he explained, but declined to elaborate.

As for negotiations for TV rights to Olympics, "our problem is we have not been in the same ballpark" with International Olympic Committee on price for 1988 Summer Games, Senior Exec. Vp James Rosenfield said. "All 3 networks have awakened to [how much] money can be committed for 2 weeks of programming." Exec. Vp Neal Pilson, who is in charge of CBS Sports and on negotiating team with Rosenfield, said talks will continue in N.Y. Oct. 2, following submission of new bids Sept. 23.

Negotiations for new NFL TV pact probably won't begin until spring 1987, Pilson said, adding that rights payments will have to reflect "marketplace support" for pro football. (For Jankowski's comments on stereo TV, see p. 12)

Calling for FCC Chmn. Fowler to be reappointed, Rev. Jerry Falwell said that he "would much rather have the deregulation we now have than the regulation we once had." In luncheon speech before FCBA Sept. 26, he said FCC shouldn't control porn rock over air, that "I'm not in favor of giving censorship rights to these people." However, he said, U.S. Supreme Court has "copped out on pornography" in various decisions without making attempt to define it. Of fairness doctrine, Falwell said "I'd like to see it eliminated" and that Commission "has not been favorable, but fair, to religious broadcasting." Falwell complained that in press reports about TV preachers "you're always a right-wing fundamentalist." Boycott of Falwell appearance by black lawyers had no impact: 325 tickets were sold, most in many years. FCBA switched luncheon sites this year from Touchdown Club (which has 300 maximum) to Washington Marriott Hotel.

Roughing it at FCC: Commission's Honolulu office moved Sept. 12 to, as agency news release reported, "Waipio Access Road, Next to the Ted Makelena Golf Course, P.O. Box 1030, Waipahu, Hawaii 06797"; phone 808-677-3318. FCC's other most far-flung office, in Anchorage, moved Sept. 9 to 6721 Raspberry Rd., 99502, 907-243-2153.

KCEN-TV (Ch. 6) Temple-Waco, Tex., is switching affiliation back to NBC from ABC, date not decided. NBC affiliate there now is Ch. 25 KXXV.

RAINBOW-MGM/UA NEAR SETTLEMENT: Rainbow Services and MGM/UA Entertainment apparently were close at end of last week to settling licensing dispute that has companies in court. MGM/UA is eager to settle problem quickly, we're told, because it has become one more hitch in Turner Bestg.'s attempt to acquire studio for \$1.6 billion. However, it was unclear as we went to press whether settlement had been or could be worked out.

Problem stems from \$45 million licensing agreement Rainbow signed with MGM/UA just days before TBS had definitive agreement to buy studio. Rainbow's contract gives it rights to air 1,450 of MGM/UA's movies on its American Movie Classics service. Cable service argues agreement bars films from WTBS Atlanta and any basic venture that TBS may start. Uncontested is stipulation that movies in MGM library will be available to TBS following 18-month pay window allowed in contract. TBS has said it plans to make heavy use of features, claims WTBS is broadcast station, not cable network.

Dispute moved to court 2 weeks ago when MGM/UA sued in L.A. Superior Court, saying it no longer planned to abide by contract with Rainbow. Movies to be delivered for AMC's Oct. schedule never showed up. Rainbow countered with antitrust complaint filed in U.S. Dist. Court, N.Y., seeking at least \$100 million in damages. "MGM/UA has breached RSC [Rainbow Services Co.] film license by wrongfully terminating the RSC license, and, in addition, refusing to perform its obligations," Rainbow charged, adding that studio's action is "transparent attempt by MGM/UA to avoid a contract that it views as inconvenient" in light of TBS acquisition.

Hint of compromise surfaced Sept. 26 at financial analysts meeting held by CBS, which is partner in Rainbow (see story elsewhere in this issue). CBS Best. Group Senior Exec. Vp James Rosenfield said there that negotiations were occurring as he spoke. There was no comment from Rainbow.

Wall St. has become increasingly skeptical of TBS's ability to raise cash for MGM/UA buyout. As result, Ted Turner is studying sale of portions of his own holdings as way to raise funds. Reports last week indicated he may try to sell interest in CNN -- entire network was valued at \$600 million -- to one of TV networks. CBS Best. Group Pres. Gene Jankowski told analysts CBS isn't interested. NBC is certainly candidate since it approached TBS about buying CNN before announcing its own plans to start cable news service, but network declined to comment.

NBC's own plans for NBC Cable News now involve seeking commitments from operators for 13.5 million cable homes by Dec. 16. If goal is met, channel would be launched June 1. Operators would pay 12¢ a subscriber per month in first year, 15¢ in 2nd, 18¢ in 3rd, with rates guaranteed for 5 years and future increases tied to inflation rate. All are very

attractive provisions in view of TBS plan to increase CNN rates over next 3 years. NBC also reportedly is talking with Dow Jones and Reuters about providing financial news to service.

POLE ATTACHMENT POLICY REVERSED: In major reversal of FCC, U.S. Appeals Court, D.C., last week unanimously ruled that Commission blundered in deciding pole attachment rate charged Group W Cable by Ala. Power Co. was excessive. Court said FCC's "somewhat casual calculations" showed "clear errors of judgment and absence of rational connection" between facts and choices it made that render ruling "arbitrary and capricious." Case was remanded to Commission for further proceedings.

Case originated in appeal filed after FCC ruled that \$3 annual rate per pole that Ala. Power was charging Teleprompter Corp. (since purchased by Group W) for 22,000 poles was too high. Commission said maximum allowable rate was \$1.56 per pole. Court said Commission blundered by: (1) Eliminating noncable-related investments of utility company in setting rate. (2) Excluding costs of guys and anchors as noncable-related.

FCC also was told it erred by assigning artificially low percentage to administrative charges for which Ala. Power could bill Group W. Fraction used by Commission "bears no rational relationship" to determination it tries to make, Court said. FCC's refusal to allow Ala. Power to normalize its tax expenses in establishing cable attachment rates also was questioned. Court said percentage that FCC used for utility's rate of return, 9.97%, had been invalidated by Ala. Supreme Court in Nov. 1982, one year before FCC issued its opinion. Ala. court set rate at 15%.

Meanwhile, U.S. Appeals Court, Boston has vacated lower court order that had upheld R.I. law mandating that cable systems in state reserve 7 channels for public access. Case, *Berkshire Cablevision vs. Burke*, had been thorn in cable industry's side because U.S. Dist. Court in Providence had upheld constitutionality of state law mandating public access channels.

New TV stations: (1) WUPW (Ch. 36) Toledo, owned by Chmn. William Mitchell (35%), Pres.-Gen. Mgr. Arthur Dorfner (25%), Pamela Fruth (10%), Barbara Glowacki (5%) and Securities Inc. (25%). (2) WTAT-TV (Ch. 24) Charleston, S.C., owned by Charleston Community TV Ltd., of which Terry Trousdale is general partner--39% owner and also principal in application for Ch. 15 Las Vegas. Gary Marshall is WTAT-TV gen. mgr. (3) WTGS-TV (Ch. 28) Hardeeville, S.C., owned by American Communications & TV, which also owns WSQY-TV Forest City, N.C., LPTV stations and cable systems. John Bailie is WTGS-TV gen. mgr. New stations raise operating U.S. total to 1,227 -- 911 commercial, 316 noncommercial.

Personals

FCC calendar -- Sept. 30: **James McKinney**, Mass Media Bureau chief, gives keynote speech on implementing 1984 Cable Act before National Assn. of Telecommunications Officers & Advisers, Park Terrace Airport Hilton, St. Louis. Oct. 1: **Jack Smith**, Gen. Counsel, testifies at Senate Juvenile Justice Subcommittee, Rm. 192 Dirksen Bldg., 10 a.m.; **McKinney** delivers luncheon speech at Neb. Bcstrs. Assn. convention, Holiday Inn, Grand Island. Oct. 2: **Peter Pitsch**, Office of Plans & Policy chief, addresses Securities Industry Assn. Communications/Microcomputer Conference on 800 MHz Reserve, Sheraton Centre, N.Y.C. Oct. 3: **Robert Foosaner**, Private Radio Bureau chief, participates in Special Industry Radio Service Assn. (SIRSA) meeting, Seattle. Oct. 4: **Richard Smith**, Field Operations Bureau chief, addresses SIRSA; **Michael Fitch**, Private Radio Bureau chief, attends American Radio Relay League (ARRL) convention, Louisville; **Raymond Kowalski**, Special Services Div. chief, participates in FCC Forum at ARRL.

Robert Clasen, Comcast Cable chmn., adds pres.-CEO titles, succeeding **Daniel Gold**, now pres.-CEO of Knight-Ridder Bestg... **Pat Chappell** advanced to program dir., KING-TV Seattle... **Barbara Brogliatti**, ex-Embassy Communications, named senior vp-worldwide PR and corporate mktg., Lorimar.

Douglas Clemensen promoted to CBS/Best. Group News & TV Stations Div. vp-ads... NCTA Pres. **James Mooney** gives luncheon speech Oct. 16, Ramada Renaissance, D.C., at seminar on Cable TV Act, sponsored by PK Services Corp... **Robert Carpenter** promoted to vp-gen. sales mgr., WUHQ-TV Battle Creek, Mich.; **Mark Featherston** advanced to local sales mgr... **Wayne Baruch**, ex-Wold Entertainment, appointed development consultant, west coast representative of Radio City Music Hall Productions TV Div... **Bonnie Hiramoto** promoted to research dir., WCVB-TV Boston; **Lisa Pesanello** advanced to research/sales promotion mgr.

Robert Jones advanced to exec. vp-COO, Malarkey-Taylor Assoc... **Daniel Jaffe**, ex-AAF, appointed senior vp, ANA; he's succeeded at AAF by **Wallace Snyder**, ex-FTC... **George Merlis**, ex-Entertainment Tonight, joins Exec. TV Workshop as dir. of new L.A. office... **Donald Micallef**, ex-Katz Communications, appointed research and sales development dir., MCA TV, new post.

Neal Freeman, pres. of Jefferson Communications, reappointed to Comsat board by President for term ending in 1988... **John Cottingham**, ex-WGHP-TV Greensboro-High Point, appointed gen. sales mgr., WTOL-TV Toledo... **Jerry Campbell**, ex-WVEC-TV Hampton-Norfolk, returns to WJXT Jacksonville as local sales mgr... **Stanford Weinstein**, ex-Graphnet, joins Washington law firm Ward & Mendelsohn; **Sheldon Kaplan** becomes of counsel... **Stephen Bouchard**, ex-Washington law firm

Fulbright & Jaworski, becomes assoc. with Washington firm Fleischman & Walsh... **Frank Blaha** promoted to sales and mktg. dir., Harris Best. Microwave... **Dave Crane** advanced to exec. dir.-operations and engineering, National Captioning Institute... **Andrew Dixon** promoted to human resources vp, Continental Cablevision, new post... Named Satellite Syndicated Systems vps: **Stephen Taylor**, Ga. operations mgr., adds management of upcoming WIHT Ann Arbor; **Terry Phipps**, mgr. of Phipps & Co. TV production unit.

Richard Rosetti promoted to senior vp-development, Taft Entertainment TV... **Alan Hay**, ex-WBWB(FM) Bloomington, Ind., appointed operations mgr., KCBR Des Moines... **Raul Tapia**, senior partner with Washington law firm Tapia & Buffington, named chmn.-pres., Republic Communications... **Jess Wittenberg**, ex-Embassy Home Entertainment, named vp-HBO business affairs, West Coast, succeeding **Bill Kerstetter**; **Glenn Whitehead** advanced to dir.-business affairs, West Coast.

Senate Appropriations Committee last week approved \$94.9 million funding for FCC in fiscal year that begins Oct. 1 -- more than \$2 million above level adopted by House panel week earlier. Senate figure is only \$4,000 less than amount FCC sought. Also approved by Senate Committee: \$13.686 million for NTIA, plus \$24 million for NTIA's Public Telecommunications Facilities Program; \$106.8 million for Board for International Bestg., including \$103.9 million for Radio Free Europe/Radio Liberty; \$886.9 million for USIA, including \$124 million for VOA facilities construction and \$11.5 million for Radio Marti.

Obituaries

Betsy Magness, 61, cofounder of Tele-Communications Inc., largest cable TV operator in U.S., died of heart attack Sept. 22 while in Frankfurt, W. Germany. She and husband Bob, TCI chmn., founded cable firm in Memphis, Tex., in 1956, later moved to Englewood, Denver suburb. Husband, 2 sons survive. Walter Kaitz Foundation Dinner will honor her in N.Y. Oct. 3, according to Group W Bestg. & Cable Chmn.-CEO **Daniel Ritchie**, chmn. of dinner. Dinner originally was to honor both Magnesses; Ritchie said Bob Magness asked that dinner be held and that it be solely in her honor. Event benefits Kaitz Foundation, which arranges cable industry management fellowships for minorities.

Sydney H. Eiges, 76, retired NBC vp-public information, died Sept. 20 of cancer in W. Palm Beach. He joined NBC PR dept. in 1943 after 11 years with International News Service, was named vp in 1947 and held several jobs in press areas. After retiring in 1974, he served on American Revolution Bicentennial Administration, Council of Better Business Bureaus and with PR firm Fraser, Ruder & Finn, all in Washington. He was founding member of N.Y. chapter of NATAS. Wife, 2 children, survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Sept. and 1985's first 37 weeks:

	SEPT. 7-13	1984 WEEK	% CHANGE	AUG. 31- SEPT. 6	37 WEEKS 1985	37 WEEKS 1984	% CHANGE
TOTAL TV.....	365,587	418,431	-12.6	387,122	12,806,310	13,310,955	- 3.8
TOTAL COLOR...	312,216	316,002*	- 1.2	315,303*	10,599,323*	10,293,288	+ 3.0
DIRECT-VIEW.	307,120	311,770*	- 1.5	310,642*	10,764,227*	10,493,657	+ 2.6
PROJECTION..	5,096*	4,232	+20.4	4,661*	147,312*	115,633	+27.4
MONOCHROME....	53,371	102,429	-47.9	71,819	2,260,358	3,120,096	-27.6
TV EXCL. PROJEC.	360,491	414,199	-13.0	382,461	13,024,585	13,613,753	- 4.3
HOME VCR#.....	196,819*	140,132	+40.5	184,976*	6,922,243*	4,339,416	+59.5
COLOR CAMERAS#..	6,688	10,623*	-37.0	3,901	289,604	293,335*	- 1.3

Color TV (direct-view) 5-week moving average: 1985--346,471*; 1984--317,654 (up 9.1%).

Home VCR 5-week moving average: 1985--208,020*; 1984--132,222 (up 57.3%).

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

DEVALUATION AND ITS EFFECT ON INDUSTRY: Last week's sharp falloff in value of dollar against foreign currencies, and particularly against Japanese yen, is expected to have little or no immediate effect on pricing in highly competitive consumer electronics marketplace. Impact is on way, and when it really starts to hit next year it will be felt hardest in VCRs, audio-video systems and high-end audio, could result in some moderate restructuring of market and market shares.

In double-barreled attack on U.S. trade problems last week, U.S. agreed with France, Germany, Japan and U.K. to support effort to drive down value of dollar. Success was almost immediate. When money markets opened Sept. 23 after weekend announcement, dollar fell 4.5% against yen from 242 to 231.5, biggest one-day drop since Feb. 1973 when Pres. Nixon announced unilateral 10% devaluation. By week's end rate was off 9% to as low as 220, and predictions of leveling at 200-210 were being heard.

Other assault came in no-nonsense trade speech by President Reagan, which generally followed anticipated lines but was somewhat tougher in tone than expected. He announced creation of \$300 million war chest to support credit loans for U.S. exports and foreign imports of U.S. goods, establishment of strike force to uncover unfair practices by trading partners and speed-up of remedial counteraction. On legislative front, he said Administration would work with Congress to develop appropriate nonprotectionist legislation, including improvement in antidumping and countervailing duty laws. In obvious reference to Japanese TV dumping case, Reagan said: "We should no longer tolerate 16-year cases and settlements so costly and time-consuming that any assistance is ineffective."

Most import marketers are sitting tight on pricing for now. Virtually all have locked in exchange rates with suppliers in contracts that run through year's end. "Revaluation would not affect us right now at all," we're told by Panasonic Exec. Vp Henry Yamanaka. As for next year, "that would be a different story," but, he noted, "most companies have rates established with a little water in them, so the actual difference in pricing of imports may not be as much" as new valuation levels would indicate.

Toshiba Exec. Vp Paul Michie said he felt 220 yen to dollar would be realistic level for rate to settle -- "anything less could make things real tough." But even at 220, "that will be some swing from the 260 rate of last February."

They and others agreed revaluation won't do much to ease color TV competition situation because Korean, Taiwanese and Japanese majors all now assemble sets here. It could result in speedup of plans to expand U.S. manufacturing in complete products and in key components now primarily sourced from overseas.

Devaluation pressure will be felt primarily by Japan, as currencies of Korea, Taiwan, Singapore and Hong Kong are likely to either maintain present parity with dollar or rise only slightly. Export assembly operations in Mexico, where peso has been falling steadily in value, shouldn't be affected at all, and rise of dollar in Canada should be less than half that of yen.

Japanese VCRs and high-end audio equipment, including sophisticated remote control components for A-V systems and CD players, are prime candidates for devaluation squeeze and higher prices could start showing up as early as Consumer Electronics Show in Jan., although full effect probably won't be apparent until 1987-model lines are unveiled at spring sales conventions.

Chief beneficiaries could be Korean VCR marketers, who have had rough time this summer trying to keep their pricing below falling levels of Japanese-made models. Dollar devaluation would mean \$30 rise in importer cost of average Japanese VCR, as much as \$50 at retail. Although actual price increase probably would average less than half that, just \$10-\$20 relief at retail, or even end to downward pricing pressure, could give Koreans breathing room they need to get their VCR brands established in U.S. market.

Those who think devaluation and strengthening of trade rules will do much to help, beleaguered members of domestic electronics industry are certainly free to hope, but history indicates otherwise. That 1973 "Nixon Shock" also came with set of toughened policies on opening of foreign markets and action against unfair trade practices. By end of following year, National Union Electric had folded Emerson-DuMont, Teledyne had shuttered Packard Bell, Ford had closed Philco-Ford and sold brand rights to GTE Sylvania, Motorola had quit TV by selling plant to Matsushita, Magnavox had been acquired by North American Philips and Admiral had been purchased by Rockwell International.

SONY TO DOUBLE CAPACITY OF SAN DIEGO PLANT: Near doubling of production capacity is in store for Sony's San Diego color TV plant over next 6-7 months, with all of emphasis on new 27" sets (TVD Sept 9 p15). Models already rolling off first of 2 new lines can help company recapture color TV high ground, executives believe.

First new line can now turn out 250,000-300,000 tubes and sets annually, replaces 26" line at same plant, will be joined by 2nd line in spring. By time both new lines are running, Sony officials said, plant will be able to produce 600,000 27" tubes and sets annually, with total capacity (including other lines) of about 1.4-1.5 million. Production this year will total 850,000 Trinitron sets. Sony executives proudly showed off 1,700-employee facility to reporters last week, touting computer-assisted manufacturing technology on new line they said has increased production capacity 70% over 26" line with no change in number of workers.

Key change in production is shift from manual to computer control of final set adjustments, according to CTV Operations Vp Ronald Dishno. New line can be switched from one model to another in 30 min. vs. 2-2.5 hours in past, he said, adding that 2nd new line will be even better -- it will allow mix of models and screen sizes to run at same time.

Sony has invested \$100 million in facility since it opened in 1972, about \$20 million of that for new 27" TV and picture tube manufacturing, according to Masayoshi Morimoto, pres. of Sony

subsidiary that owns plant. He was reticent to give latter figure because of Sony's promise not to invest in plant while Cal. still has unitary tax on books. Morimoto noted effort to repeal law failed in legislature Sept. 13.

Company officials are in public policy bind. They don't want to brag too much about investment in face of tax fight. Yet, current trade tensions make it important for company to demonstrate how much work is being done in U.S. Morimoto noted his requests to host press tour had been turned down in past because executives felt Americans want to buy "Japanese" TV sets. Trade situation may have changed that. With repeal of unitary tax, he said, there would be "much more commitment to the San Diego plant." But his presentation made it clear how large Sony's TV manufacturing effort already is. Of company's 1 million color set sales in U.S. (6.25% of market), he said 70% come from San Diego. Plant handles about 25% of 3.8 million worldwide Trinitron production and even larger portion of sales -- 35% -- because of value of larger sets made in San Diego.

Two-year-old CRT operation now produces million sets a year. Funnels for tubes are supplied by both Corning and Owens-Illinois -- each gets 50% of Sony's business. As it does with other tube sizes, Morimoto said plant is now shipping 27" tubes for assembly of sets in Japan. Next target for automation in CRT operation is gun sealing area.

VCRs are not in future for San Diego, according to current plans, Morimoto saying he's more interested in rear-screen projection TV. He and other executives reiterated belief 27" will provide route to increased profitability in TV sales.

While many manufacturers are committed to "digging new lows," Sony is "in worst shortage position it's ever been in" on high-end sets, said Consumer Sales Senior Vp Ed Adis, who predicted 40% of company's sales will come from 25" and 27" in 1986. Image Display Products Mktg. Senior Vp Dick Komiyama said later it will be year before Sony can fill demand for XBR sets, and he expects 27" models to lessen demand for other XBR models. Merchandising Mgr. David Kawakami said Sony has "\$1,200 TV that is selling like crazy." Komiyama isn't interested in 35" direct-view set, said projection TV is best bet to fill demand for that size.

RCA'S OTHER CE BUSINESS -- PATENTS: RCA's quiet and unadvertised business -- patent royalties -- probably spelled difference between profit and loss for its consumer electronics operations last year. Although no figures are available from RCA -- and subject is scarcely mentioned in its annual reports -- it's believed royalty payments received from its CE licensees alone could come to \$75-\$100 million this year.

Patent license revenues and costs are included in annual report in business segments to which they relate, aren't broken out. Last year's report showed pretax income of \$20.8 million from consumer electronics products and services. This indicates that in 1984, at least, company's highly profitable royalties were subsidizing its consumer electronics business.

While RCA has benefited from VCR boom as U.S. market leader, it also claims royalty on every VCR manufactured worldwide. RCA has always been shy about commenting on royalties, but high official told us all major VCR manufacturers are now under license, presumably under RCA's color TV tuner and signal processing patents as well as what he called its "solid and respected [patent] position in VCRs."

RCA's royalties on VCRs are levied as fixed fee per unit in local currency. Although it varies with exchange values, in at least one country it works out to about \$1.40 per machine -- meaning that if every manufacturer paid that fee last year (when some 28 million were sold), VCR patents would have brought RCA \$39 million. RCA has long collected royalties on Japanese VCRs, only now is beginning to get them on European VHS manufacture (retroactive to Jan. 1, 1985). It's not known whether Koreans are paying yet. Based on expectations of 33.6 million VCR sales this year, RCA would gross \$47 million if it collects all royalties.

RCA also receives royalties on "every color set made in the free world," company official confirmed. Unlike VCRs, color royalties usually are in percentage of factory price. Although considerable negotiation frequently is involved, it's believed that typical current royalty payment is .43%. Assuming total production of 40 million in Western Bloc countries, this would mean gross revenue of some \$34.4 million for RCA, based on conservative average factory value of \$200. RCA's licenses now generally run 5 years, with some for 3 years.

Although Japanese companies must pay royalties to RCA for VCRs, most of them don't have to pay anything to each other, since major Japanese firms belong to home VCR patent pool permitting them free use of patents. However, picture is unclear with regard to European, Korean and other firms not members of pool. According to one report, JVC patent royalties run about 5% of factory price. Sony royalties could be in same ballpark, and other patents presumably are involved as well.

Note: Britain's GEC, which is now seeking royalties on teletext receivers in U.K. (TVD Sept 23 p14), apparently hasn't approached U.S. manufacturers, although it has 2 patents here. Production of teletext receivers in U.S. currently is virtually nil.

CBS AND STEREO: CBS's first MTS stereo program was scheduled for airing Sept. 27 -- but on only one station -- and network said it was experimental and won't become a habit for couple of years.

WCAU-TV Philadelphia, only CBS owned station equipped for MTS broadcasting, was to receive special feed of premiere episode of *The Twilight Zone*, whose sound is processed electronically by "computer reverberation" for special effects with or without stereo. Other stations carried show monophonically.

CBS Best. Group Pres. Gene Jankowski, in answer to question at security analyst meeting in N.Y. last week (see separate story), called stereo "chicken and egg situation," adding: "We're not in the set-manufacturing business." He said it cost about \$15,000 to equip each station for stereo, a lot of money when there are so few MTS sets in audience.

It would cost network itself about \$15 million to "stereo-ize" now, according to Best. Group Senior Exec. Vp James Rosenfeld. But since CBS plans to do it slowly -- presumably in course of normal equipment replacement cycle -- costs will be minimal, he indicated. He said stations must go stereo before network can broadcast in MTS, and by time they do, network should be equipped. When? By late 1987 or early 1988.

U.S. electronics factory sales rose 5% in first half to \$86.2 billion, EIA reports. Biggest sector rise was 14% for communications gear to just under \$25 billion. Other sectors: Computers & industrial up 7% to \$34.6 billion, consumer electronics up 6% to \$8.4 billion, components down 9% to \$18.2 billion. EIA said industry employment edged up .4% to 1.84 million, with all of increase coming from 8% rise in communications sector. EIA said all other sectors had employment decline from end of June 1984, including 7% falloff in consumer electronics.

TOSHIBA 'DIGITAL' VCR: Toshiba's VCR with digital special effects, shown in Berlin earlier this month (TVD Sept 2 p10), goes on Japan market this week at about \$700, but Toshiba America officials wouldn't disclose U.S. launch date.

Toshiba gave more details on recorder, which provided excellent freeze and slow motion at Berlin show. Memory circuit has 1.15 megabit of memory chips (four 256K dynamic RAMs and two 64K dynamic RAMs), memory control ICs, AD (analog-digital) DA converter.

For slow motion, tape is kept running at constant 1/4 speed as digital circuit sequentially selects and stores images in memory. Stored images are reproduced on TV display on real-time basis. In freeze frame mode, stopping of image is precise and immediate. Added advantage of system is that viewer can freeze picture being viewed on TV (not just tape) if VCR's tuner is being used.

Color TV camera sales to dealers for year fell below preceding year's level in 37th week, ended Sept. 13, for first time ever (see State of the Industry). Slump is almost certainly caused by introduction of camcorders, which are counted as VCRs but not as cameras in EIA figures. Color camera sales to dealers have been below comparable 1984 figures for last 6 weeks and 10 of last 11. With 2 weeks left to go, it appears likely that VCR sales in Sept. will set record for any month, passing previous high of 1,293,373 set last Dec. Color sales in Sept. also have good chance of setting new high for any month.

Electronics manufacturers were biggest collectors of U.S. patents last year, taking all of 5 top positions on roster compiled by trade group Intellectual Property Owners Inc. U.S. firms GE and IBM ranked first and 2nd with 785 and 608 patents, respectively, followed by Hitachi with 596, Toshiba with 539, and U.S. Philips Corp. with 438.

3M VIEWS CASSETTE MARKET: All signs are good for strong year in recorded cassettes, according to 3M's 5th annual survey of software market. Report, based on 866 telephone interviews completed by Nielsen in Jan., doesn't state numbers, nevertheless estimates 77% increase in sales to dealers this year and 46% increase in 1986.

Key to current market and to 3M study is sellthrough. Report says consumers will purchase 44% more tapes this year than they did in 1984, with rental volume jumping 90%. Much of gain is coming from music videos, according to 3M, which thinks they're "on the verge of having significant impact." 3M believes data support its 1984 hypothesis "that \$24.95 is a sufficiently hot price. Lower prices do not attract sufficient increased buyers, consequently leading to lower revenue."

Results bear out conclusion. In 1984, 29% of respondents said they were positively inclined to buy at \$19.95, in addition to 17% eager to purchase without any price reference, for total of 46%; this year, former group shrank to 20% while latter grew to 18%, or 38%, decline of more than 17%. At \$24.95, combined figure is 31%, representing much improved profit potential. As for average number purchased, "without price" total was unchanged at 4 cassettes a year and "with price" dropped 2, from 9 per year to 7.

In fact, sellthrough is declining as percentage of total when 3M tracks number of VCR owners buying or renting cassettes. In 1980, 24% of sample bought average of 5.8 cassettes a year; thereafter level declined to 23% (4 cassettes), 15% (3.5), 14% (3.6) and 13% (4.2) last year. Rentals, on other hand, have jumped from 20% to 51%, 62%, 74% and 82%, bringing total of those who do either to 84%.

Number of VCR homes in both categories has risen sharply, although faster for rentals. Report estimates rental households at a shade under 12 million last year, double 1983 mark and 40 times more than the 300,000 in 1980. Buyers went from 360,000 to 1.1 million in 1983 and almost 2 million last year.

Big plus on side of sellthrough is steady drop in cassette costs. In 1984, 10% of respondents paid \$66 or more, 28% \$46-\$65 and 62% \$45 or less. Last category has grown fourfold since 1981, reflects impact of public domain titles and short-length music and children's videos. Music titles showed up strongly in 3M's poll, were bought by 25% of purchasers, borrowed by 31% of renters, now are considered "relatively widely accepted." Only genre to show steady change in survey has been classic movies, rented by 36% in 1981, 44% in 1982, 47% in 1983 and 54% in 1984. 3M thinks sports is losing appeal, showed 5-point increase last year only because of Continental Video's Summer Olympics cassette.

Other points in report: (1) Number of VCR homes hit 14.7 million last year, after eliminating

multiple units, sales to institutions and "obsolete or broken" machines; 1983 count was 7.8 million, 1982 4.2 million. (2) Renters borrowed average of 41.8 cassettes, up from 37.6 in 1983, but rate dropped to 25 during and after 3rd year of VCR ownership. Falloff was much steeper than in previous year. (3) Rate of purchase follows same downward trend, although number of those who've bought remains "relatively stable." (4) As expected, respondents without cable continue to rent more than those with, although gap is shrinking.

U.K.'s Sinclair Research said it reached agreement on rescheduling \$21 million debt it owes banks and suppliers, assuring it of continued financial and manufacturing support. Although details weren't announced, company said agreement calls for founder Clive Sinclair to continue as chmn. and retain his 83% interest. He was to step down from that post following sale of holdings to Pergamon Press, but deal was called off last month (TVD Aug 19 p13). However, it was indicated that top-level changes will be announced soon. Meanwhile, company said it slashed price of QL home computer 50% to about \$280. Move is expected to increase sales, improve cash flow.

Variable Speech Control will be featured in Sharp VCR to go into production by year's end. Designed to permit "speed viewing" without loss of comprehension, VSC uses sampling technology to maintain intelligible audio at up to double speed. Sharp signed license agreement with VSC (185 Berry St., San Francisco 94107; 415-495-6100). Sharp also signed agreement to become source for CMOS ICs for VSC. Sharp plans to show production model VCR with VSC at Jan. CES. Sony and Radio Shack are among VSC audio tape recorder licensees. VSC Pres. Stanley Takase said VSC adds about \$6 to cost of producing VCR.

Electronic Accessories Show has booked 3,000 advance registrations from dealers, expects to have 5,000 registered by Oct. 10, when it starts 2-day run at Atlantic City Convention Center. Show has 70 product exhibitors and 10 trade publications. EIA Consumer Electronics Group says it has more than 1,150 exhibit space requests for Winter Consumer Electronics Show Jan. 9-12 in Las Vegas.

Full-page newspaper ads by JVC last week touted HQ circuitry, heralding "a new beginning for VHS." Ads also said: "It's never obsolete... Other formats may come and go [but VHS accommodates] the latest advances, while retaining compatibility." HQ VHS is called "maximized picture quality you can see for yourself."

Lowest priced laser videodisc player on Japanese market is planned in Nov. by Yamaha parent Nippon Gakki, which becomes 8th Japanese company to offer consumer LV player on domestic market. At about \$420 list, it's designed to compete with Pioneer player selling for over \$200 more.

COMMODORE LOSES \$124 MILLION: On eve of national introduction of its advanced Amiga personal computer, Commodore reported it posted \$124 million loss in fiscal 4th quarter to June 30, some \$44 million higher than it had predicted (TVD Aug 19 p14).

Commodore said higher loss for period stemmed from increase in inventory writedown to \$63 million from originally planned \$50 million. Deficit also included \$14 million onetime charge for promotional expenses. Company indicated 56% sales decline for period was somewhat higher than anticipated. For year, Commodore had loss of \$113.9 million on sales drop of 30.3% (see financial table).

In addition, Commodore said, its auditors will issue qualified opinion in annual report. Qualification is believed related to Commodore's being in noncompliance with terms of its loan agreements and need to renegotiate its long-term financing arrangements (TVD Sept 16 p14).

Financial problems raise uncertainties over market reception of Amiga and other new entry, Commodore 128, being introduced as stepup from Commodore 64, and questions about how much company will be able to spend to support them over long term if sales fail to take off.

At meeting in N.Y., Commodore said it budgeted \$40 million to back last week's Amiga launch. Funds will go into ad campaign that includes network and cable TV, magazines and newspapers, as well as co-op funds for dealers and instant credit program for qualified buyers. Commodore said it will sell its \$1,295-list Amiga only through computer specialty stores, already has lined up 662 dealers. To minimize price cutting, it said it wouldn't offer volume discounts.

Commodore, which until now has concentrated on low-end home computer market, isn't only PC company impacted by soft market. Apollo Computer, marketer of PCs to scientists and engineers, said it expects to show \$18 million 3rd-quarter loss after onetime \$14 million charge for inventory writedown and reserve to cover costs of reducing capacity and dismissing 300 of its 3,700 workers.

Audio-only royalty tax on recorders and tapes is proposed in bill to be introduced by Senate Copyright Subcommittee Chmn. Mathias (R-Md.). Like measure already filed in House, it will call for tax of 1¢ per min. on blank cassettes -- which would effectively double consumer cost of low-to-mid-quality tapes -- but only 5% on wholesale price of recorders, just half that specified in House bill. Mathias bill will differ in language, but not intent, in exempting nonmusic-quality recorders from tax, and provide no extra penalty on double-deck stereo recorders. House bill would levy extra 15% tax on them because they facilitate copying. Both bills require recorder and tape marketers to obtain compulsory distribution licenses and file with Copyright Office. Royalties collected would go to artists and copyright holders.

HIGH-TECH GADGET MAKER: Electronic jewelry, "a watch-like product, but not a watch," will be first in line of high-tech mass market electronic consumer products to come from International Omni-Corp., Bloomfield, Conn. development, licensing and marketing firm launched earlier this year by Eric Bromley, formerly advanced R&D exec. vp at Coleco.

Bromley claims conception and development credit for Coleco's tabletop video type electronic games and for Colecovision programmable video game, both of which dominated market during heyday of electronic toys. Bromley left Coleco last Nov., shortly before company abandoned electronics field.

IOC staff now consists of 2 engineers, including Bromley, 2 designers and sales head, all formerly with Coleco. Company already has come up with 3 electronic toys, licensed one to Japanese manufacturer and is negotiating agreements for 2 others with U.S. companies.

Third area of interest is computer peripherals. First product in that sector, also expected to be licensed, is hardware device that plugs in between computer keyboard and console and enables operator to run such complex programs as Lotus 1-2-3, Wordstar or Multiplan without any advance training.

That IOC was active at all surfaced last week with announcement of its agreement to be acquired in stock swap by Penguin Group, company formed for investment purposes. Bromley told us consummation of deal will mean capital infusion of up to \$2.2 million, which should be enough for it to start production. Bromley said he couldn't release details of product at this time, indicated working samples had been shown to selected customers, will be marketed under Penguin brand.

RIAA again raised ante for cassette certification awards, this time by 50%, reflecting growth of market. As of Oct. 1, movies need 75,000 units or at least \$3 million at retail for Gold, 150,000 and \$6 million for Platinum; nontheatrical and nonmusic programs qualify at 30,000 and \$1.2 million, 60,000 and \$2.4 million. When RIAA created separate category for music videos it established floor at 25,000 and \$1 million for Gold, 50,000 and \$2 million for Platinum, about where movies were couple of years ago. Following criteria apply to all 3 categories: (1) Cassettes and videodiscs can be commingled only if released on same company label. (2) Only U.S. sales will be included. (3) Video club sales will be included, bonuses or giveaways on enrollment won't. (4) At least 50% of tapes and discs must go through regular retail channels. (5) After official certification, only rights holder can order award. (6) Any title released before Oct. 1 qualifies under new levels, but no program already certified can be resubmitted.

Burger King has bought more than 1,100 Panasonic industrial VCR-monitor combinations and other equipment for training employees.

AIWA TO ADD 8mm: Aiwa, Sony affiliate that is believed to have manufactured first Beta Hi-Fi VCR, is expected to add 8mm camcorder and home deck as well as Superbeta deck to U.S. line next spring, after preview at Jan. CES in Las Vegas.

Aiwa has manufactured VCRs for parent Sony, also has made own-label decks since 1983. Aiwa products have been differentiated from Sony's by special features. Its newest Beta deck is said to be only 3-head Beta (3rd head for special effects) as well as smallest Beta Hi-Fi, has on-screen programming, programmable audio indexing for use as sound recorder.

By same token, its 8mm recorders are expected to have exclusive features. "As a leading edge company, we are committed to new and innovative products," said Aiwa America Video Product Mgr. Richard Quinlan. He declined to elaborate on upcoming 8mm product.

One Aiwa 8mm camcorder was previewed at recent Berlin Funkausstellung by company's German affiliate, and officials said it would be available there next spring. We mistakenly identified this unit as VHS-C camcorder in our Sept. 5 issue. "Aiwa has never promoted any VHS products anywhere in the world," said Aiwa America Pres. Shigeru Inagaki. We regret the error.

* * * *

Sanyo, which currently is buying 8mm camcorders on OEM basis from Sony, will begin own production in spring, according to Tokyo reports. Sanyo itself will supply 8mm camcorders to Germany's Siemens on OEM basis starting next summer.

China isn't equipped to handle current influx of consumer electronics imports from Japan, and as result products are piling up at entry points and deterioration is starting, according to special report by Japan Economic Journal. It says more than million color TVs and kits are sitting on docks and some have started rusting. In addition, some 400,000 color sets and VCRs are backed up in Hong Kong waiting for credit letters to clear, and storage costs are mounting. Some are being withdrawn by Japanese owners and modified for sale in Hong Kong, but that's producing surplus there and forcing prices down.

Association merger has been approved by members of 2 largest TV-appliance service groups, National Electronics Sales & Service Dealers Assn. and National Assn. of TV & Electronic Services of America. NESDA will be surviving national group, with NATESA becoming official Ill. state entity. Restructuring starts next year, will take 2 years to wrap up.

GE will shut Syracuse color TV picture tube plant for 26 days between now and end of year, give workers payless days off. Company indicated it was making move to bring down inventory.

PHILIPS SHOWS FLAT TUBE: Philips's flat cathode ray tube (TVD Aug 5 p14) -- in color and monochrome versions -- was subject of first press demonstrations at company's Redhill, England, labs. Monochrome version, as previously announced, has 12" diagonal, is 3" deep, was demonstrated in complete sealed-off tube.

Color system was shown in 2" square section of what would be 25" tube, mounted in vacuum chamber. Single indexed electron beam is used, scanning at 3 times normal speed, hitting green, blue and red phosphors sequentially. As viewed up close, tiny segment of picture appeared coarse but at normal viewing distance for 25" tube resolution seemed good.

Both monochrome and color versions use low voltage (400-v) electron beam that's easily bent, with electron multiplier that increases it about 1,000 times before it hits phosphors. Philips officials said they believed they have solved original problems of short life. In monochrome sample shown, contrast was lacking and picture appeared to be viewed through dirty window. Engineers explained that problem of contrast has been solved now and that dirty window effect was result of imperfect vacuum within sample.

Company gave no indication of plans for flat tubes but said it was heavily involved in military applications of monochrome version. Redhill labs are biggest in Philips organization outside of Netherlands, employ 500 of company's 4,000 research staffers.

"It's going to explode," said WTIC-TV Hartford Pres. Arnold Chase, referring to bilingual TV. His station started Spanish language SAP broadcasts of 3 syndicated TV series last week (TVD Sept 9 p5). Chase told us local dealer sold 500 19" Quasar SAP sets at \$270 each, is ordering more, and local Radio Shack outlets said they were sold out of MTS decoders. Station conferred with local Hispanic leaders, held news conference and joint promotions with TV dealers. "The response has been phenomenal," exulted Chase. "If Hartford is any indication, [bilingual TV] has quite a future." Hartford city population is 40% Hispanic.

Taiwan lifts ban on VCR imports next July 1. Govt. said by then moratorium, imposed in Feb. 1983 will have been in effect long enough for domestic manufacturers to get ready for foreign competition. Taiwan has 10 domestic and Japanese venture companies assembling VCRs, with production about 200,000 annually. However, locally made VCRs are expensive, and it's estimated that lower priced smuggled Japanese units account for up to half of market.

Microwave oven shipments by domestic factories and importers rose 17% in Aug. to 715,800, to put 8-month total at 6.88 million, up 30%, AHAM reports.

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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

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NEW YORK BUREAU

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

David Lachenbruch Editorial Dir.
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JAPAN REPRESENTATIVE (Editorial & Business)

Richard E. Varner

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

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Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Circuit City Stores			
1985-6 mo. to Aug. 31	276,079,000	7,265,000	.65
1984-6 mo. to Aug. 31	202,250,000	7,477,000	.73
1985-qtr. to Aug. 31	147,911,000	3,970,000	.36
1984-qtr. to Aug. 31	108,649,000	4,065,000	.40
Commodore International			
1985-year to June 30	883,100,000	(113,900,000)	--
1984-year to June 30	1,267,200,000	143,800,000	4.66
1985-qtr. to June 30	131,900,000	(124,000,000)	--
1984-qtr. to June 30	300,300,000	33,100,000	1.07
General Instrument			
1985-26 wk. to Sept. 1	420,161,000	(7,180,000)	--*
1984-26 wk. to Aug. 26	507,302,000	20,784,000	.66
1985-13 wk. to Sept. 1	201,502,000	(3,876,000)	--
1984-13 wk. to Aug. 26	268,597,000	11,533,000	.36
News Corp.^b			
1985-year to June 30	1,751,800,000	105,300,000	--*
1984-year to June 30	1,337,100,000	25,400,000	-- ^c

Notes: *Includes special credit. ^bAt Australian dollar's current rate. ^cAfter special charge.

Consumer Electronics Personals

Vic Sholis, Montgomery Ward national merchandise mgr. for TVs, stereo and VCRs, adds responsibility for portable electronics, accessories, computers, telephones and photo equipment... **Sig Schreyer** has left post as Atari vp-gen. mgr. in wake of dispute with Chmn. Jack Tramiel; Schreyer joined Atari from Commodore earlier this year; **James Copland** resigns as Atari mktg. vp to form Shanner International as licensor and marketer of 3rd-party software developed for Atari computers.

Robin Montgomery, ex-RCA/Columbia Pictures Home Video, resigns as senior vp of acquisitions, production and corporate mktg., Embassy Home Entertainment, to become Prism Entertainment senior vp, new post; **Robert Blay** moves from EHE's U.K. office to L.A. hq as acquisitions dir.; **Brian Higgins** advanced to national credit mgr... **Joseph Fleischman** promoted to sales and mktg. vp, TransWorld Entertainment... **Alice de Buhr** named national mktg. mgr., Master Arts Video... **Aileen Gram** and **Dennis Handler**, both ex-Active Home Video, form GH & Assoc. home video software development, production and acquisition company... **Barrie Robertson** resigns as managing dir., CBS/Fox Video (South Pacific), representing Australia, New Zealand and Southeast Asia... **Devendra Mishra**, former RCA Records

mfg. and distribution operations dir., named vp with same responsibilities for RCA/Ariola International.

James Norling, Motorola Semiconductor senior vp, named asst. gen. mgr., succeeding **James Fiebigler**, now Mostek pres... **Peter Loconto** named vp-gen. mgr. of new Sprague Advanced Ceramics Groups formed in restructuring; **Peter Maden** appointed vp-gen. mgr. of new Capacitor Group; **Robert Marlow** appointed dir. of new corporate Strategic Mkt. Dept.

Joseph Cohen, former exec. vp, Video Software Dealers Assn. and NARM, appointed exec. dir., Academy of Home Video Arts & Sciences... **Barrie Heads**, Granada TV International and chmn. of Video Copyright Protection Society, appointed member of Video Consultative Council of British Board of Film Classification, representing independent TV stations.

American Express Christmas catalog features camcorders in 3 formats -- 8mm Video by Sony (\$1,695), VHS-C Videomovie by JVC (\$1,995 with case), autofocus full-sized VHS by Magnavox (\$1,799). Among unique electronic products offered: Toshiba double CD player with twin turntable for 2 hours of music (\$499), Vidicraft VCR timer (12 or more events) and automatic commercial cutter (\$399), TTC dialless voice-activated telephone (\$369), 200-selection jukebox by Rock-Ola (\$4,100). Other electronic products in large format 52-page catalog are by Beltronics, Casio, Fisher, Hitachi, JVC, Kenwood, Konica, Marantz, NEC, Panasonic, Pioneer, Quandix, Quasar, Randix, RCA, Sharp, Soundesign, Uniden, Yorx.