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With Consumer Electronics

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RCA LEAVING BROADCAST EQUIPMENT BUSINESS: RCA is quitting broadcast equipment business it dominated for half a century. End came with simple announcement by Pres.-CEO Robert Frederick that "competitive pressures and continued losses in the Broadcast Systems Div. have resulted in our decision to restructure and phase out product lines."

Company will try to sell its transmitter and antenna business that employs 200-250, will shut down rest, idling more than 250 others. RCA said it will fulfill all warranties and service contracts, presumably through its profitable RCA Service Co.

Termination is part of RCA's policy of leaving all businesses that show little or no promise of profits, and is one phase of latest "restructuring" that also involves closing of West Palm

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GE AND MATSUSHITA discussing possibility of takeover of GE color TV production. No decision on options made yet, GE says. (P. 9)

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RCA CLOSING IC PLANT in Fla., Motorola, Mostek set more layoffs, Intel plans pay cuts, as IC market continues to slump. (P. 14)

DELUXE 8mm VIDEO DECK with digital audio capability due from Pioneer Electronics at \$1,500 next year. CD changer unveiled. (P. 14)

Beach semiconductor plant and merger of RCA Cylix into RCA Globcom (see separate story in Consumer Electronics section). Moves will result in dropping total of about 1,000 employes.

RCA's broadcast equipment business has lost some \$100 million in last 3 years. Last year, it lost \$15 million on sales of \$80 million and losses are running at about same rate this year. In 1983, it lost \$74 million. RCA currently has about 15% of market for video equipment and cameras and 30% of market for transmitting equipment and antennas.

Company once was major entity in radio transmitting equipment, after it entered market about 60 years ago. It virtually founded both monochrome and color broadcast equipment markets. Company spokesman said foreign competition had hurt RCA's broadcast equipment business in recent years. GE, RCA's predecessor in radio broadcast gear, sold its broadcast equipment div. in 1972. Philips, once No. 3, also has left direct broadcast equipment marketing.

Domination of field by RCA was reversed in recent years as Japan's Sony rose to No. 1 position in broadcast gear and in exhibit space at annual NAB convention. RCA increasingly had cut back on unprofitable broadcast products, buying and branding some gear made by others to maintain complete line. The 2nd company to enter VTR business (after Ampex), RCA left manufacture after 2" quad was replaced by 1" Type C machine, buying VCRs from Sony.

RCA's preeminence in color cameras has been challenged in last decade by several foreign-based competitors, notably Sony and Ikegami, with lighter weight and lower priced camera systems. Major RCA equipment project for last couple of years has been first tubeless color studio and field cameras, which were widely praised for their quality -- but there have been reservations about their cost. RCA also was in cable TV equipment for many years through its Cablevision Systems, whose assets it sold off piecemeal last year.

RCA's action will have major impact on NAB's annual convention, as well as several other trade shows. However, NAB is expected to recoup quickly since its exhibit space is down 10% for 1986 Dallas show from last spring in Las Vegas (which was sold out) and Assn. is having difficulties satisfying exhibitors' demands for space next spring. RCA had 11,900 sq. ft. exhibit in Las Vegas (2nd only to Sony) in prime location, and space it's giving up in Dallas is expected to go fast.

Company's restructuring moves will be reflected in provision of \$140 million writeoff before taxes (\$81 million after), RCA announced. Net income for 3rd quarter, including this writeoff and gain of \$92.6 million after taxes from sale of Hertz Corp. for \$585 million to United Airlines, is expected to be higher than for comparable 1984 period.

Merger of RCA Cylix, satellite computer interconnection firm purchased in 1982, into Globecom is designed to cut expenses. West Palm Beach semiconductor production will be phased into similar plant in Findlay, O., over next year.

WIRTH HITS FCC WAIVERS; TRIBUNE WINS STAY: "Casual attitude" at FCC and in industry toward requests for temporary waivers of FCC cross-ownership rules was attacked Oct. 3 in letter to Commission by House Telecom Subcommittee Chmn. Wirth (D-Colo.). Lawmaker raised concerns about Commission's level of scrutiny of waiver proposals. He said that in making decision FCC "must be guided by a strong presumption that waivers of these rules are not in the public interest" and that agency needs to develop guidelines for approvals. FCC's approval day later of 18-month waiver to facilitate \$510 million sale of KTLA L.A. to Tribune Bestg. confirmed Wirth's fears, key aide told us afterward.

Wirth believes Commission shouldn't grant waiver except where it would further public interest, "not the private interest of maximizing the price a licensee may realize on the sale of a media property." He argued that waiver to help ease sale "does not in any way reduce the detrimental impact on the First Amendment rights of the public." Although there may be

circumstances where temporary waiver might avoid "severe business dislocation" that could hurt diversity of information sources in community, such instances are rare, he said.

"The mere claim of a 'distress sale' resulting from voluntarily entering into the acquisition of a media property should never be a sufficient basis for the Commission to grant a temporary waiver of even a few months," Wirth declared. Burden of proof should fall heavily on applicant, he said, with FCC subjecting requests to "exacting scrutiny" and with waiver under tight deadline to ensure violation of public's rights isn't protracted. "I believe strongly that if the cross-ownership rules are to be effective they must be strictly enforced," he said.

Wirth strongly recommended that FCC create "strictly drawn, objective standards and procedures" for reviewing public's benefits from waiver. He said Commission should determine: (1) Whether applicant has made bona fide efforts to sell property. Wirth facetiously reminded FCC that "it's quite possible" to contract sale of property contingent upon Commission approval. (2) What is fair market value of divested property, as certified by media brokers with "full disclosure accounting of all bids received, including the prices bid." (3) Whether applicant will commit, in writing to FCC, to finish sale of cross-owned property at earliest possible date, perhaps by stated deadline, and to not seeking waiver extension. He said agency also should require applicant to file "detailed" monthly progress report on efforts to sell cross-owned property and explanation for why sale hasn't yet been finalized.

"Temporary waivers... cannot be allowed to undermine the public interest," Wirth said. Only with detailed FCC oversight "can the public be assured... rules will not become viewed as merely an 'inconvenience' standing in the way of broadcast transfers, or that the waiver process will not be used to subvert the goal of diversity," he wrote. However, he recommended approval of Capital Cities' request (in acquisition of ABC) for permanent waiver of overlap rule to own VHF stations in N.Y. and Philadelphia because of company's promise to greatly expand local coverage for now-underserved southern N.J. and Del. viewers in 2 stations' coverage areas. He said Cap Cities proposal represents rare instance in which permanent waiver is justified. Roy Stewart, chief of Video Services Div. of FCC Mass Media Bureau, said Cap Cities' purchase of ABC and Rupert Murdoch's proposed acquisition of Metromedia TV stations will be ready for FCC action between mid-Nov. and end of year.

FCC approved temporary waiver in KTLA sale without any discussion by commissioners or review of sort Wirth is advocating, leading Wirth aide to say: "Tribune may have a credible case to make but the Commission didn't closely consider [application]. There was no indication that the Commission was aware it was going in a new direction in creating a precedent by granting a waiver that results in a new cross-ownership." However, James McKinney, chief of FCC Mass Media Bureau, said similar waivers have been granted in past and that Tribune Co. had demonstrated that it already is trying to dispose of newspaper and cable systems in KTLA coverage area.

In Commission approval of transfer of KTLA from Golden West, Alan Glasser of Mass Media Bureau wasn't asked by commissioners to make 2-minute presentation he had prepared or to explain reasons for rejecting arguments made in 4 petitions to deny. Glasser told reporters later objections were minor and that "none raised an impediment to a grant of the application."

Tribune was told to divest its interests in area cable systems serving Lakewood, Edwards AFB, Cal. City and Lancaster, Cal., and in Van Nuys (Cal.) Daily News in 18 months. KTLA's Grade B contour covers cabled communities while its Grade A contour includes Van Nuys. Transfer also is subject to outcome of legal problems involving Golden West general partner and antitrust suit against Tribune's KWGN-TV Denver. Price Tribune paid was largest ever for broadcasting station.

CNN inaugurated its feed to Western Europe Sept. 30 by hooking up with London's Dorchester Hotel. Network is being marketed to hotels and members of EBU.

Luxembourg DBS company SES and RCA Astro have reached agreement for SES to buy one 16-transponder Ku-band satellite and option on 2nd. Launch is planned for April-May 1987.

NAB SEEKS NEW MUST-CARRY RULE: NAB, joined by networks and 7 other broadcast groups, asked FCC Oct. 4 to institute rulemaking leading to new, narrowly crafted cable must-carry rules that would meet test of U.S. Appeals Court, D.C., Quincy decision. INTV took different direction, asking Commission to adopt rule based on compulsory licensing that would recognize as "permissible signals... only those broadcast signals which are carried on a cable system in combination with all local television broadcast signals." Both groups cited several stations, particularly new independents, as having been hurt since Court ruled must-carry rules unconstitutional.

As expected, NAB didn't propose specific rules, said it wasn't necessary at this time. Rulemaking should address "the marketplace imbalance" created by compulsory licenses without must-carry and loss of assured access by local stations "to the audiences they are licensed to serve," NAB said. Such a rulemaking wouldn't need to address broad legal issues contained in NAB's appeal to U.S. Supreme Court, Assn. said, but should focus on: (1) What sort of must-carry rules are desirable as matter of communications policy. (2) What kind of must-carry rules FCC should then adopt, assuming Appeals Court decision stands. "Unless and until the compulsory copyright license is repealed, the Commission has ample authority... to adopt and enforce modified must-carry rules," NAB said.

Although Quincy decision is only 2-1/2 months old, "there is already substantial evidence of a distorted, unbalanced marketplace," NAB told Commission. "Local TV stations have been dropped by cable systems. New stations... have been told they will never attain carriage at all. Still other stations have been told they will be charged for continued carriage and others have been quoted fees -- some staggering -- for carriage for the first time... There is no question that speech is being shut off by cable operators in the current situation."

NAB said new rules could be drafted "more narrowly and flexibly" to accommodate Court's objections to old rules and to afford cable systems greater freedom. New rules should take into account varying cable channel capacity, duplicative signals and definition of local station based on mileage or other criteria, NAB said.

Independent stations can't await outcome of Supreme Court review because consequences of Appeals Court ruling "are beginning to be felt already," INTV said. Under its proposal, it said FCC wouldn't "prohibit or require cable carriage of any TV station, and thus there would be no substantial First Amendment questions raised... The cable system would simply choose whether to invoke the compulsory license -- accepting both its benefits and its burdens" -- or to negotiate separately for use of copyrighted programs. Under current situation, "cable TV systems now threaten to take over the FCC's role of deciding which TV broadcast stations

will be viewed in which markets," INTV said. Cable has reached such high market penetration that noncarriage of local station "would almost certainly mean the loss of that free over-the-air service... Unless stopped by law, every cable operator can be expected to fully exploit its position as a de facto monopoly with a favored, government-imposed copyright license."

Cable system sales: (1) First Carolina Communications has sold Collinsville, Ill., system to SW Cable Assoc., joint venture of First Carolina and Sutton Capital Corp. Systems serve 15 central Ill. communities, have 27,200 basic subscribers. Terms weren't disclosed. (2) Group W sold cluster of systems in western Tenn. to Essex Group for undisclosed sum. Systems serve about 13,250 subscribers. Daniels brokered last 2 deals. (3) Tele-Communications is selling 2 small systems serving 14 communities in Pa. and Ashtabula County, O., to Cable Systems USA. Systems pass 3,350 homes, have 2,380 basic, 710 pay subscribers. Price wasn't announced; Communications Equity was broker.

Times Fiber Communications board said last week it will negotiate sale of company with management group that has proposed to purchase all of outstanding shares in leveraged buyout. Group, led by Times Fiber Chmn. Colin O'Brien, is proposing to pay \$15 cash per share for publicly held shares. Insilco Corp. owns 61% of Times Fiber, and O'Brien group has proposed package of cash, long-term debentures and stock of surviving corporation. Move to negotiate with management group came after LPL Investment withdrew competing proposal.

NBC TV has picked up its 3rd VHF affiliate (all in small markets) in recent weeks; all 3 had switched from NBC to ABC when latter network was prime-time leader. Latest to return is KOMU-TV (Ch. 8) Columbia, Mo., owned by U. of Mo. NBC affiliate there has been KCBJ-TV (Ch. 17) there. Also returning to NBC were KCEN-TV Waco-Temple, Tex. (TVD Sept 30 p6) and WJBF Augusta, Ga.

In response to requests by members, House Telecom Subcommittee Chmn. Wirth (D-Colo.) has approved dates for field hearings in Tex. on children's TV issue. Rep. Bryant (D-Tex.) will chair first Oct. 25 in Dallas, Rep. Leland (D-Tex.) 2nd in Houston Oct. 28. Hearings were approved in wake of recent complaints of Subcommittee inactivity on communications issues.

FCC has opened first filing window for new FM allocations in 689 cities made under Doc. 80-90. It allows applications for Ch. 243 in 14 cities (all small markets) to be filed Oct. 15-Nov. 15. Filing windows for remaining channels will be announced periodically, FCC said. Details: Larry Eads, 202-632-6485.

FCC Advisory Committee on Reduced Orbital Spacing will meet Oct. 22, Rm. 856, 1919 M St. NW. Details: Roger Herbstritt, 202-634-1624.

NBC WINS RIGHTS TO SEOUL GAMES: NBC last week won U.S. TV rights to 1988 Summer Olympic Games in Seoul, Korea, with offer of \$300 million minimum fee, plus promise to share revenues that could push price as high as \$500 million. "Won" may be wrong way to describe what NBC did, though, since for first time in memory networks weren't competing to outbid each other, instead seemed to be in competition to show who had most restraint. Negotiations also set precedent because it was first time network offered to share revenues from Games.

However, analysts are predicting sharing won't really amount to much, and fee will stay closer to \$300 million side of range. That would leave payment much closer to \$309 million ABC has agreed to pay for 1988 Winter Olympics in Calgary, Canada. ABC can expect substantial prime-time programming for latter, while NBC faces serious scheduling problems with competition that will be half a world and 13 hours away. That's one reason for networks' self-restraint, along with soft ad market for sports programming and fears of major boycott of Summer Games by Soviet Union or others.

Announcement that NBC had acquired rights came following 2nd round of negotiations in N.Y. First round in Geneva ended with So. Koreans and International Olympic Committee rejecting all bids and sending networks home when none approached minimum \$500 million organizers were seeking. In first round, NBC reportedly offered \$320 million, CBS \$300 million, ABC \$225 million. In 2nd round, NBC lowered upfront price and offered revenue sharing, while it's thought neither ABC or CBS upped their offers.

Counting out rights NBC had for 1980 Summer Games in Moscow, which U.S. boycotted (and on which network lost \$34 million), 1988 Seoul event will mark first time ABC has lost hold on summer program since 1964. What's ABC's reaction? "Because the time difference between Seoul and the United States greatly reduces the degree of live coverage in prime time, ABC feels strongly that the Calgary Games are a more valuable network property," spokesman said. After wishing NBC luck, ABC added that it "looks forward to covering the Winter Games live, in prime time, from Calgary where our Olympic tradition will continue."

Overall results of negotiations are good and bad as far as CBS Best. Group Exec. Vp Neal Pilson is concerned. "Need to de-escalate sports rights fees" was affirmed by Olympics bidding, he said. But he doesn't like precedent of NBC promise to share revenues. That kind of arrangement "involves outside parties in important parts of our business," he said, adding: "Frankly, we turned down the Olympics rather than establish that concept at CBS." Pilson gives Koreans little chance of collecting much from revenue sharing, saying provision was "largely cosmetic."

HDTV STUDIO STANDARD GAINS: Effort by U.S. and Japanese to achieve single worldwide HDTV studio standard received a boost in Geneva at talks of working group of International Radio Consultative Committee (CCIR). CCIR Interim Working Party accepted draft recommendation supporting U.S.-Japanese proposed standard, known as NHK system, sent it to next level of meetings, also to be held in Geneva Oct. 17-Nov. 1.

Draft recommendation contains reservations. Charles Sandbank, BBC deputy engineering dir. and a member of British delegation to talks, said more time was needed to study standards and U.K. didn't want single standard to be imposed. Working groups seek consensus and no country has veto power, so matter was advanced to next level.

At heart of argument is difference in field rates between U.S.-Japanese proposal -- which calls for 1,125 lines, 60 Hz field rate, 16:9 aspect ratio and 2:1 interlace -- and European standards. Europeans claim conversion either way would degrade signal. They now operate on 625 lines, 50 Hz field rate, 4:3 aspect ratio, U.S. on 525 lines, 60 Hz, 4:3 aspect ratio. Philips proposed all-purpose European system based on 1,250 lines, 25 frames.

Charles Leggatt, BBC chief engineer-external relations, said U.K. isn't convinced that U.S.-Japanese proposal is best: "We're not opposed to 1,125, we'd just rather wait and see what develops." He said U.K. and other European countries are "cautious" about approving any standard that would require conversion. U.S. argument for rapid approval of standard is that it wants to avoid "mistake" made in 1960s when nations adopted 3 transmission standards for color TV systems. NAB staff engineer Ralph Justus said that if standard isn't adopted by May 1986, when CCIR meetings end, it will be 4 years before one can be approved.

Working group's action was "a significant step" toward one studio standard for program exchange internationally, said William Henry, chmn. of U.S. Advanced TV Systems Committee (ATSC). U.S. effort at CCIR is being coordinated by State Dept.'s Bureau of Communications & Information Policy.

In statement released by ATSC, unidentified senior Bureau official is quoted as saying that U.S. is "absolutely convinced" that if single HDTV studio standard is to be decided on, it must be done now. Release included reference to message from a senior Soviet broadcast official that said Soviets "strongly support the concept" of single international HDTV studio standard and that Soviet proposal "should not be interpreted as an inflexible position which cannot be compromised."

"World's first all-digital TV studio" is claimed by French, with studio in Rennes, using Thomson equipment. Studio has control center, cameras, still scanner, frame store, graphics generator, digital mixer.

MCKINNEY TO CITIES--STAY OUT: "Let me warn you that we believe that technical regulation [of cable TV] is clearly and well established within the purview of the federal government." That was message of FCC Mass Media Bureau Chief James McKinney in speech last week to National Assn. of Telecom Officers and Advisers in St. Louis in telling cities to stay out of such regulation. He expressed surprise at amount of discussion going on to allow cities to "impose a fairly heavy hand" in regulating quality of picture and sound of cable systems.

"We are suspicious in Washington that local franchising authorities may be scurrying about searching for ways to reenter the regulatory process after having been evicted by congressional action," he said. Every marketplace incentive is present, such as churn, to provide incentive for systems to provide quality signals, McKinney said. But, he said, in any case FCC won't allow cable companies to "deteriorate local signals."

He said industry must have national technical standards if it's to remain profitable, and equipment suppliers "cannot build to all your possible local standards... The decisions in this area... were intended to remain under federal control."

However, McKinney said FCC "cannot and should not involve ourselves with local issues but... we must be concerned with the whole industry on a national basis." In other regulatory areas, McKinney had these views:

(1) Franchise fees. "We want to stay out because we believe that you and Congress wanted to keep us out. Whether the courts will drag us back in remains to be seen." He said 5% annual franchise fee (set as maximum in Cable Act) "now is causing some problems [and] if you are going to be out of the business shortly anyway, why not get out now and save yourselves the hassle?" (2) Rate regulation. Three or more over-air signals now is test, cities can regulate only basic services, and a precise definition still is under consideration.

(3) Pole attachments. "Not my area but we are not overly concerned about recent loss in court." U.S. Appeals Court, D.C., recently reversed FCC in Ala. Power case, citing "clear areas of misjudgment" by agency in ruling rates were too high (TVD Sept 30 p7). (4) Satellite earth stations. "Clearly found to be a desirable form of competition to cable and a contribution to diversity."

FCC has reversed Review Board and granted new TV station on Ch. 62 Riverside, Cal., to Sunland Communications over KIST Corp., which had been favored by Board, and 3 other applicants. Commissioners gave Sunland major credit for Hispanic Andres Luis Soto, 35% owner and proposed gen. mgr. They said this outweighed "slight" advantage given KIST for fulltime integration of ownership and management.

THREADGILL AMONG FCC CANDIDATES: Three more candidates to succeed ex-Comr. Rivera at FCC (TVD Sept 16 p6) have emerged, latest being Walter Threadgill, Storer Communications corporate vp in Washington. Others are Drew Pettus, attorney and administrative asst. to Rep. Swift (D-Wash.) and Joseph Guzman of GTE Sprint. NCTA Gen. Counsel Brenda Fox declined chance to join lineup after being interviewed by White House, we've learned.

A black, Threadgill reportedly has strong Hill support, particularly on Senate side. When we asked, Threadgill said he "is not conducting an active campaign" for FCC seat. He has been with Storer Communications since Aug. 1979, and before taking present job in 1982 he was pres. of Minority Best. Investment Corp. established by Storer. He has master's degrees in economics from City College of N.Y. and in telecommunications and international legal studies from Antioch School of Law, Washington.

Pettus also was interviewed by White House. Member of Wash. State bar, Pettus worked first in state for Swift's predecessor, Lloyd Meeds, who now is Washington lobbyist, then was on House Rules Committee staff as assoc. counsel before joining Swift's personal staff. He is U. of Cal. at Berkeley and Lewis & Clark Law School graduate and is being advanced for FCC post by Sen. Gorton (R-Wash.) of Senate Commerce Committee. Other new candidate, Guzman, is senior attorney and one-time interim gen. counsel of GTE Sprint.

Pettus and several other avowed candidates have called individually on 4 sitting commissioners in effort to advance their candidacies. Major drawback for some is fact appointment runs only until June 30, 1987, and it isn't known whether White House will make commitment to reappoint person picked for short term.

Meanwhile, President reportedly is close to nominating Daniel Oliver, gen. counsel to U.S. Agriculture Dept., and Kenneth Elzinga, U. of Va. economics professor, to 2 vacancies on FTC. Republican Oliver would succeed James Miller as chmn. Miller was confirmed by Senate Oct. 4 as new dir. of Office of Management & Budget. Elzinga, political independent, would replace ex-Comr. George Douglas, Democrat, who resigned last month to return to Tex.

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GOP clash is assured in N.C., where conservatives have split over party nominee for Senate seat being vacated by Sen. East (R-N.C.). Fund for a Conservative Majority will back Rep. Broyle, now ranking minority member of House Commerce Committee and considered a pragmatic conservative. More diehard conservative National Congressional Club is supporting David Funderburk, college prof. and former U.S. ambassador. Broyle, who is dean of N.C. congressional delegation, announced Sept. 21 he would enter race after first saying he wouldn't.

RAINBOW REJECTS MGM/UA OFFER: Talks have broken down in effort to devise out-of-court settlement in Rainbow Services battle with Turner Bctg. and MGM/UA Entertainment (TVD Sept 30 p7). Two weeks ago, MGM/UA made "multimillion-dollar offer" to buy Rainbow out of pact licensing MGM films to Rainbow's American Movie Classics that reportedly was rejected.

Meanwhile, Turner changed its offer for MGM/UA from original \$29 a share all cash (\$1.5 billion) to \$25 cash, plus new preferred share in Turner Bctg., valued by analysts at \$3-\$4 each. MGM/UA spokesman said revised offer was forced by concern on Wall St. that Turner couldn't raise necessary financing under original offer. Concern also was expressed about Rainbow lawsuit.

Settlement proposition apparently was made at meeting of parties Sept. 26. Followup session hasn't been held or scheduled, according to TBS spokesman. Stalled efforts turned spotlight on U.S. Dist. Court, N.Y., where Rainbow has brought \$100 million antitrust suit against MGM/UA and TBS. Judge Whitman Knapp issued temporary restraining order requiring MGM/UA to deliver films for AMC's Oct. schedule. MGM/UA had refused to do so after it filed suit in L.A. Superior Court, saying it wouldn't honor contract.

Restraining order "was conditioned on RSC's using every good-faith effort available to prevent the display of MGM films on a basic level of [cable service] in Oct.," Rainbow said. Rainbow plans to offer AMC as basic service, won't do so in Oct. but said systems with 250,000 subscribers are planning Nov. launch as basic service. Hearing in Rainbow's antitrust suit is set for Oct. 18. Rainbow has said MGM/UA is simply trying to avoid contract it finds "inconvenient" now that TBS is acquiring studio. Use of MGM films as programming on WTBS Atlanta is cornerstone of proposed purchase -- but Rainbow claims its agreement bars movies from station and any other basic cable service.

Further muddying legal waters, judge decided last week to allow HBO and Showtime/Movie Channel, each with 10-year licensing agreements, to intervene in case. Spokespersons for both pay-TV companies agreed they were getting involved to "protect our interests." They wouldn't discuss details of their filings, but HBO and S/MC apparently want to make it clear that films cannot run on basic networks during 18-month pay-TV window. Other new twist is possibility MGM/UA may contact cable systems carrying AMC -- studio was seeking complete list last week.

Peter Kizer, NAB TV vice chmn., formerly with Evening News Assn., has joined WTTV Indianapolis in "legislative and administrative" capacity. He also has formed, along with Harold Berry (5.6% owner of WTTV), Bctg. Communication of America to purchase other stations.

CABLE COPYRIGHT DEBATE: CATA Pres. Stephen Effros and INTV Pres. Preston Padden squared off on cable compulsory license, which broadcasters are urging be eliminated in wake of U.S. Appeals Court, D.C., decision vacating must-carry rules as unconstitutional. Debate came during 4th and presumably last hearing of House Copyright Subcommittee Oct. 3 on cable, copyright compulsory license and Copyright Royalty Tribunal (CRT). Other scheduled witness, TBS' Ted Turner, didn't appear but is expected to submit written statement.

If compulsory licenses were eliminated, as Padden and broadcasters are urging, some other mechanism would have to be created to perform same function, Effros said, because concept of marketplace negotiation supported by broadcasters is "a fanciful flight from reality." He foresees cable operators' continuing to carry TV stations that program responsibly, said that "generally" there won't be rush by operators to charge broadcasters for channel on system. Effros repeated CATA support for CRT reform bills proposed by Subcommittee Chmn. Kastenmeier (D-Wis.) (HR-2784) (TVD June 24 p8) and members Schroeder (D-Colo.) and Synar (D-Okla.) (HR-2752) (TVD June 17 p4).

Padden predicted "bleak future of discrimination" against independent TV stations by cable operators freed from must-carry requirements and said discrimination will be subsidized by govt.'s compulsory license fees. As example of "tyrannical right" to exclude broadcasters or charge them for carriage, Padden said WTGS-TV (Ch. 28) Hardeeville, S.C., was forced to pay \$24,000 yearly to ATC to get slot on Savannah, Ga., cable system and is excluded from other systems. Padden said INTV supports HR-3339, sponsored by Rep. Frank (D-Mass.) (TVD Sept 23 p1), which would replace compulsory license with industry-negotiated carriage contracts.

Kastenmeier asked Padden how INTV could argue that compulsory license should be repealed when largest copyright holder, MPAA, is negotiating simple formula for paying compulsory license with NCTA and CATA (TVD Sept 23 p4). Padden said his group has been excluded from talks, although independent TV stations are distant signals being imported most by cable systems. Padden said cable had best of 2 worlds so far, positioning itself as "a passive little antenna" in copyright proceedings and as active publisher in must-carry case. Effros urged Subcommittee to continue trying to deal with structural and substantive issues of existing copyright system "rather than succumb to the Machiavellian intrigue" of broadcast industry's effort to make changes.

Ex-FCC Comr. Rivera and Julian Brodsky, treas.-chief financial officer of Comcast, are among speakers at Nov. 4-6 minority business symposium sponsored by NCTA, Sheraton-Denver Tech Center. Focus will be on expanding marketplace in light of 1984 Cable Act.

Personals

FCC calendar -- Oct. 7: Chmn. **Fowler** will be senior govt. adviser on U.S. delegation to Intelsat Assembly of Parties, Intelsat hq, Washington; Comr. **Dawson** welcomes Chinese delegation, 9 a.m., Rm. 856; **James McKinney**, Mass Media Bureau chief, delivers luncheon address to Pa. Assn. of Bestrs. convention, Sheraton at Station Square, Pittsburgh; **Janice Obuchowski**, legal asst. to Fowler, is panelist at ISDN '85 sponsored by Communications Society of IEEE, Sandistin Beach Hotel, Destin, Fla.; **Fowler** chairs 2-day seminar Oct. 7-8 for minorities on financing a telecommunications property, Capital Hilton Hotel, Washington... Oct. 9: Comr. **Quello** is luncheon speaker at American Newspaper Publishers' Assn., Vista Hotel, Washington... Oct. 10: Speech by **Daniel Brenner**, senior adviser to Fowler, before N.Y. Chapter of FCBA, postponed.

Mary Crowley advanced to managing editor-Washington, Television Digest; **Frances Seghers** advanced to managing editor, Space Commerce Bulletin; **Daniel Warren**, Television Digest Inc. senior editor, also named managing editor, Satellite Week; **Michael Schwartz** promoted to senior editor, Television Digest Inc... **Jonathan Miller**, vp of Television Digest Inc. and managing editor of Communications Daily, resigns effective Sept. 30 to pursue new business opportunities; he remains a consultant to Television Digest Inc.

John Woodbury, NCTA vp-research and policy analysis, resigns to return to FTC as senior staff economist, Regulatory Analysis Div... **Alan Fields** advanced to exec. vp-COO, Madison Square Garden, new post... **Ray Wechsler**, UPI pres.-COO, resigns; successor won't be named until wire service is sold.

Barbara Garro, ex-Safeguard Scientifics, appointed risk management dir., Comcast... **David Maack**, ex-Eotec Corp., named engineering mgr., General Cable Fiber Optics Div... **Roger Schlies** promoted to vp, project mgr.-operations, Nielsen Mktg. Research Group USA; **Gary Payne** advanced to vp, mgr.-information delivery, new post.

Michael McCarthy, ex-Dow, Lohnes & Albertson Washington law firm, named vp-gen. counsel, A.H. Belo Corp... **Jeffrey Boehme** promoted to NBC audience measurement dir... **Joseph Hennessey** advanced to pres. and senior member of Washington law firm Lovett, Hennessey, Stambler & Siebert, succeeding **Lee Lovett**, retired; firm continues as Hennessey, Stambler & Siebert.

Noreen O'Loughlin advanced to northeast regional dir., Rainbow Programming Services... **Tom McManus**, McManus & Co. and onetime NBC International, named international broadcast consultant, Fox/Lorber Assoc... **Marcel Masse**, Canadian Communications minister, resigns because of govt. investigation into his election spending, is succeeded by **Benoit Bouchard**, who remains Secy. of State... **Matthew Duda** promoted to program planning dir., Showtime/Movie Channel.



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Ronald Harris advanced to vp-ads and promotion, Turner Bestg. System... **Thomas Gibson** promoted to deputy dir., White House public affairs... **Roy Hayes**, ex-Ancom Realty Corp., appointed investment services vp, Malarkey-Taylor Assoc.; **Clark Madigan**, ex-American Security Bank, named corporate finance vp... **Dustine Davidson**, ex-Mercy Corps International, returns to KOIN-TV Portland, Ore., as station mgr., succeeding **Howard Kennedy**, advanced to gen. mgr., co-owned WSAZ-TV Huntington, W. Va.

Eugene Pell, VOA dir., named pres., Radio Free Europe/Radio Liberty, succeeding **James Buckley**, resigned... **Jeff Duclos**, ex-ABC, appointed dir., Rogers & Cowan TV Div... **Clark Wideman**, WEAU-TV Eau Claire, Wis., named chmn., TvB Sales Advisory Committee, succeeding **Dick Groat**; **Lynn Fairbanks**, WAWS-TV Jacksonville, named cochmn.

Margaret Davitt promoted to communications coordinator, NAB Public Affairs and Communications Dept... **Nancy Vernon**, ex-STSC Inc., named mktg. services dir., PBS Enterprises... **Burton Benjamin**, CBS News senior exec. producer, retires in Nov.; he conducted internal CBS News inquiry on preparation of CBS Reports broadcast The Uncounted Enemy: A Vietnam Deception; **Richard Hottel**, CBS News U.N. correspondent, retires, joins U.S. Mission to U.N. as public affairs counselor; **Ann Langtry** promoted to community services dir., Educational & Community Services, CBS Best. Group.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Sept. and 1985's first 38 weeks:

	SEPT. 14-20	1984 WEEK	% CHANGE	SEPT. 7-13	38 WEEKS 1985	38 WEEKS 1984	% CHANGE
TOTAL TV.....	454,437	407,683	+11.5	365,587	13,626,334	14,137,069	- 3.6
TOTAL COLOR...	383,977*	332,386	+15.5	312,216	11,295,516*	10,941,676	+ 3.2
DIRECT-VIEW..	377,930*	327,164	+15.5	307,120	11,142,157*	10,820,821	+ 3.0
PROJECTION..	6,047*	5,222	+15.8	5,096*	153,359*	120,855	+26.9
MONOCHROME....	70,460	75,297	- 6.4	53,371	2,330,818	3,195,393	-27.1
TV EXCL. PROJEC.	448,390	402,461	+11.4	360,491	13,472,975	14,016,214	- 3.9
HOME VCR#.....	243,874*	163,646	+49.0	196,819*	7,166,117*	4,503,062	+59.1
COLOR CAMERAS#..	6,321	9,353*	-32.4	6,688	295,925	302,688*	- 2.2

Color TV (direct-view) 5-week moving average: 1985--362,320*; 1984--321,915 (up 12.6%).

Home VCR 5-week moving average: 1985--223,182*; 1984--142,217 (up 56.9%).

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

MATSUSHITA MAY PRODUCE GE'S COLOR SETS: And then there were 3? That will be number of surviving U.S. domestic color TV manufacturers if GE and Matsushita carry through current negotiations to have Matsushita take over remaining production of GE brand color TVs. Last year, GE announced it was switching from production to sourcing for sets 13" and under, later awarded supply contract to Korea's Gold Star.

GE-Matsushita talks, we understand, are being conducted at high corporate level and aren't much past conceptual stage, so postagreement details haven't been worked out. They include such subjects as whether Matsushita would move output of GE sets into Franklin Park, Ill., plant where it now turns out Panasonic and Quasar models, or operate GE's TV factory in Portsmouth, Va., and what would happen to GE's picture tube plant in Syracuse, N.Y.

Matsushita, one of world's largest color tube producers, buys most color tubes for sets it assembles here and in Canada from U.S. suppliers, but has been increasing tube imports from Japan. Most of them enter as part of color TV kits put together in Tijuana, Mexico, chassis plant. Duty on kits is 5%, but there's legislation pending that would split tubes away from kits so full 15% tube duty could be levied on them. That could make U.S. tube production attractive proposition for Matsushita, and addition of GE set business could provide enough extra volume to make move profitable. Our last survey gave GE brand 6.85% share of U.S. color market, Matsushita (Panasonic plus Quasar brands) 8% (TVD June 3 p14). That represents about 2.4 million color sets annually at present sales rate, although actual combined current U.S.-based captive production probably would be something less than 2 million.

GE TV link with Matsushita would come as no big surprise. Last year, GE switched from Hitachi to Matsushita as its VCR supplier -- in wake of RCA's switch from Matsushita to Hitachi -- and that was followed by GE-Matsushita agreement on general cooperation in "development and manufacture of consumer products," and other business areas (TVD July 16/84 p12).

Should agreement go through and GE become marketer-only in TV, it would leave just RCA, Zenith and North American Philips as survivors of traditional domestic manufacturing industry. NAP is included because it acquired all (not just a portion) of Magnavox in 1974. But some question its all-American standing because of close link to Dutch Philips.

While neither GE nor Matsushita would acknowledge talks were being held, GE is "talking with a number companies" about a variety of possible action courses, we were told by Consumer Electronics Business Operations Vp-Gen. Mgr. Jacques Robinson. "Our basic position is about the same as it was last June [TVD June 3 p15], except we've done a lot of work" and "we've narrowed our list of options down somewhat."

There's no specific deadline for setting GE off on new course, but "we are trying to move as quickly as we can because the state of the industry demands it," Robinson said, adding that he hoped he and staff could come to decision "reasonably quickly, but it could still be several months away."

GE's consumer electronics business had significant loss in 2nd quarter (TVD July 15 p15), and no improvement is expected in 3rd-quarter results that should be released this week. If anything, 3rd period was tougher than 2nd, Robinson said, with "market stagnant in TV, a slowing down in VCR, and margins are appalling." Whatever decision is made, it's almost certain to involve at least sharp cutback in GE's domestic production. "The point of the problem, as we discussed in June, is manufacturing color TV, and it boils down to that," Robinson said.

Current Reagan Administration effort to improve U.S. international trade position by reducing value of dollar won't help GE's consumer electronics recovery effort, indeed may just make it more difficult. "In the long term, I don't think it makes any difference, and for the short term it gives us significant headaches," Robinson said. "The stronger yen puts cost pressure on the entire industry" and has little impact on competitive situation in color TV because so many foreign manufacturers have plants here. In VCR, where GE "just took an effective 10% cost pressure," it serves only to increase costs and affords Koreans opportunity to "make things significantly more difficult," since their currency is pegged to dollar, Robinson said.

COLOR'S BEST MONTH, VCR'S BEST WEEK EVER: All evidence indicates EIA data for final week in Sept. will show that VCR sales to dealers exceeded 300,000 for first time in any week and color TV sales topped 500,000 for 2nd time in history.

Sept. thus goes down as highest unit sales month ever for color TV, its 1,938,000 exceeding previous record month (Dec. 1984) by 6.1% and beating Sept. 1984 by 10.5%. However, that big 501,000 chalked up in final Sept. week wasn't record for week -- it was 4.2% below same week last year, when all-time record sales of 522,887 sets were achieved (only other week to register sales over half a million).

VCR sales totaled nearly 351,000 in final Sept. week, easily eclipsing previous sales high for single week -- 296,929 in first week of Sept. VCR sales for month totaled about 1,274,000, just 1.5% shy of 1,293,373 all-time monthly record set last Dec., but 45.8% above last Sept.'s figure. Sept. was 3rd month in history when VCR sales exceeded million units.

VCR's highest week in units was lowest in more than 3 years in terms of percentage increase over year-earlier week -- up only 19.2% from the 294,410 of final week of Sept. 1984. However, 1984 figure represented increase of 123% over same 1983 week. VCR sales for year's first 39 weeks totaled close to 7.52 million, less than 100,000 short of record for full year, set in 1984. That number will be eclipsed when figures are reported for this year's 40th week (ended Oct. 4) -- and 1985 will become VCR's record year.

JAPAN'S WORLD VCR EXPORTS DIPPED IN AUG.: Combination of general world slowdown in VCR demand growth and shift of production to Europe caught up with Japanese in Aug., according to Finance Ministry figures, which show worldwide VCR exports for month (1.97 million) were down 1% from same month last year for first such decline since start of volume shipments in 1976.

Only continued high double-digit increases in exports to U.S. have kept Japan's world export total on plus side in most months this year. But Aug. shipments of 1.2 million to U.S. were up just 15%, not enough to offset falloff in exports to other countries. That increase was lowest since 1981, when Japanese closed out year with declines in VCR exports to U.S. in all 3 months of final quarter. Then, as now, rising inventories were subject of industry concern here, but types of numbers causing worry were quite different -- imports that year were averaging only about 200,000 per month. In contrast, Aug. U.S. imports this year were down 386,000 from all-time monthly record of 1.59 million set in July, and still were up from those of same month last year. Aug. total put 8-month VCR shipments to U.S. at just over 10 million, up 47.6%.

In TV, Japanese Aug. exports to U.S. rose 10.4% to 293,400, as color edged up just 0.4% to 219,500 and b&w jumped 54.1% to 76,900. Color total was best for any month since 1976, while b&w hit monthly high for this year. For year's first 8 months, total TV exports of 1.68 million were down 3.6%, with color off 0.5% to 1.29 million, b&w down 12.6% to 384,900. In color, all of month's increase came in complete color shipments, which set new high for year by rising 30.7% to 167,300, while chassis & kit exports dropped 42.4% to 52,100. For full period, color set exports were up 23.6% to 983,900 and chassis & kits at 306,400, were down 38.8%.

* * * *

Reagan Administration promise to take drastic measures to reduce trade deficit by lowering value of dollar and forcing other countries to open their markets and end unfair competitive practices (TVD Sept 30 p9) may prove capable of putting cork in Congress's protectionist legislation bottle, but it isn't stopping U.S. industries from seeking import relief. Charging Japanese manufacturers are selling ICs here at less than cost of production, Advanced Micro Devices, Intel and National Semiconductor last week jointly filed antidumping complaints with International Trade Administration and International Trade Commission.

Complaint alleges Japanese are trying to dominate \$1.1 billion market for erasable programmable read-only memories (EPROMs) by selling them at less than fair value. It claims that 256K EPROMs were priced at about \$17 each last Jan., and that Japanese now offer them as low as \$4, although they cost \$6.34 to manufacture. U.S. makers say they have suffered lost sales and profits. In response, EIA-J rejected dumping charges, said Japanese have been able to reduce prices because of high production volumes. Japanese producers cited in dumping complaint include Fujitsu, Hitachi, Matsushita, Mitsubishi, NEC, Oki, Ricoh, Toshiba.

Most of those companies also are involved in 2 other IC anti-import cases brought by Micron Technology, U.S. IC maker that last week reported loss of \$7.37 million for fiscal 4th quarter to Aug. 28: (1) Dumping complaint involving 64K dynamic RAMs; (2) \$300 million antitrust suit pending in U.S. Dist. Court, Boise, Ida. In addition, President's Office of Special Trade Representative has launched probe into unfair IC import competition complaint filed by Semiconductor Industry Assn. alleging that U.S. manufacturers are frozen out of Japan's home market. Meanwhile, in unusual move, Office of Management & Budget has turned down International Trade Commission bid for study on international competitiveness of U.S. semiconductor industry. In what's believed to be first such rejection ever, OMB said study isn't likely to turn up anything that isn't known already.

Carver is another audio manufacturer eyeing expansion into video. Company has formed special audio/video systems research division to work on new video technologies conceived by founder Robert Carver, best known for development of high-end esoteric hi-fi components. Company said work will be on TV receivers, with picture quality and resolution superior to anything on market today.

ITA's 1985 edition of its International Source Directory, listing products and services of its more than 450 members worldwide, is available free from ITA, 10 Columbus Circle, N.Y., N.Y. 10019.

Fuji Photo moves U.S. hq next May from Manhattan to leased space in Tarrytown, N.Y., office park.

JENSEN ON AUCTION BLOCK: Beatrice Corp.'s on-again, off-again, on-again involvement with consumer electronics is off again. Company said International Jensen (IJ) is among subsidiaries it has put up for sale to reduce debt incurred last year when it acquired Jensen's former parent Esmark. Others on block include Avis and 3 apparel companies.

Beatrice said units marked for disposal provided about \$1.1 billion in sales in fiscal 1984. More than \$1 billion of that stemmed from Avis, and car rental company will represent bulk of \$400-\$600 million. Beatrice is expected to raise by sale. This year, RCA got \$585 million for Hertz, which had \$1.4 billion in auto and truck rental revenue.

IJ owns Jensen, Advent and Phase Linear consumer electronics brands and oversees operations of accessories marketer Discwasher. It couldn't be determined whether Beatrice was considering separate offer for Discwasher.

Beatrice entered consumer electronics in 1977 by acquiring Harman International (HI), but hung on only briefly, selling Harman-Kardon to its Japanese supplier in 1979 and rest of HI back to founder Sidney Harman in 1980. Earlier this year, HI also reacquired Harman-Kardon.

IJ's future has been uncertain since early 1984 when Esmark said it planned to go private and would sell IJ as part of that move. IJ's orphan status continued under Beatrice, which set up Estronics as separate holding company for IJ and other nonfood businesses (TVD July 2/84 p15). Beatrice has sold several other operations since.

Over same period, IJ has undergone management and structural overhaul. Last summer, it announced Jensen line was being repositioned as audio-only, its role as audio-video components marketer going to revitalized Advent brand. However, no specific Advent product plans have been released.

Depending on price asked, Beatrice should have no problem finding buyer for IJ. There certainly will be bidders interested in keeping IJ as independent marketer, but they're likely to find themselves in competition with Japanese and Korean consumer electronics companies looking for chance to use well-known Jensen and Advent brands to duplicate Sanyo's success with Fisher.

In other industry-related merger activity, J.C. Penney, broadening involvement in electronic home shopping, will acquire 25% stake in Cablesshare, Canadian computer software and systems developer specializing in electronic marketing and communications. Shares will be bought from holdings of Rogers Cablesystems, which owns 36% of Cablesshare; Penney also will have option to buy remaining 11%... **Brooks Satellite**, retail store franchiser, has expanded into commercial earth station installation and servicing through acquisition of 51% of United Satellite Service. USS will retain

current management, but HQ will move from Chicago to BS offices in Matawan, N.J. BS also said it has decided not to proceed with acquisition of Intercontinental Products, west coast home earth station distributor, because of "change in the financial condition of IP."

Granada Group is using acquisition again to provide growth in U.K. TV-VCR rental market. Company has agreed to acquire Telebank from STC for \$14-\$17 million, final price to be determined at year end. Telebank has about 120,000 accounts, produced bulk of STC's \$36 million revenue from consumer electronics. STC will concentrate on telecommunications and computer products. Last year, Granada became U.K.'s largest rental organization through purchase of Rediffusion... **Lionel Electronics**, toy retailer about to emerge from Chapter 11 bankruptcy, said it has agreed to sell its 82% interest in profitable electronic components manufacturer Dale Electronics for \$76.9 million. Purchaser is venture formed by Vishay Intertechnology and Mezzanine Capital, which will make tender offer for Dale shares in public hands. Court-approved agreement puts end to several years of Dynamics Corp. of America effort to buy Dale.

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JVC opens 3rd foreign nonconsumer market for its VHD videodisc system this month with start of shipments to France through new software and maintenance subsidiary JVC Video France. JVC already has received order for 2,500 players from Telesante, which plans to begin supplying discs on new drug and other health developments to subscribing pharmacies by mid-1986 and has received inquiries from govt. and other companies. JVC said it expects to sell 3,000 players by end of 1985. Overseas VHD sales began last year through Thorn EMI, which is marketing video jukeboxes in U.K. JVC announced last month it would supply VHD players and discs to U.S. training specialist National Education Corp. and join with N.Y.U. in joint educational interactive disc software development effort.

Action '86 is term Matsushita is using to describe new 3-year strategic growth plan for upcoming fiscal year that puts increased corporate emphasis on communications products, components and industrial equipment, Finance Dir. Masahiko Hirata told meeting of security analysts in London last week. Those 3 areas are expected to account for 13% of corporate volume next year, he said. Among targeted areas are office automation equipment, robots, automated production equipment, large-scale ICs. However, Hirata said, Matsushita will continue to support development and expansion in consumer products.

Samsung is tying in with designer Pierre Cardin on line of high-style microwave ovens. Ovens will carry Samsung as well as Maxime's by Pierre Cardin logos, be marketed through upscale dept. stores.

KLOSS IN CHINA SQUEEZE: Although Japanese have been biggest foreign suppliers of video products to China over last several years, America's Kloss Video apparently is first actually to suffer as result of China's decision this year to cut back drastically on such purchases to reduce its foreign reserve drain.

In report to holders, Kloss says its indirect Chinese connection was prime factor in lower sales and \$842,000 net loss in 2nd quarter (TVD Aug 12 p16). China's new import restrictions caused "sudden cancellation of an important amount of export business" in period. Actually, cancellation came from ITT's German subsidiary Standard Elektrik Lorenz, which has been buying projection TV kits from Kloss and assembling them for sale to China.

Report says kit export sales to SEL in first quarter were about \$3.7 million and represented nearly 50% of Kloss's \$7.47 million volume, but in 2nd period they dropped to just \$1.4 million, or 33% of \$4.16 million total. Impact extended beyond simple loss of sales, however. Kloss says that as it appeared orders from SEL "would consume our entire output of Novatron tubes for the year," it put tube plant on 3-shift basis to build inventory to meet domestic demand. It also had to defer introduction of new product line.

Order cancellation came with just 2 weeks' notice, report says, forcing Kloss to cut plant back to single shift and leaving it with excess inventory at time when its domestic home projection TV sales were below expectations. Kloss said interest costs, stemming mainly from inventory, jumped 134% to \$138,000 in 2nd quarter from just \$59,000 in opening period, and production cutback necessitated \$415,000 raw material writedown.

Adding to deficit were costs of physical consolidation of HQ and factory facilities, as well as production inefficiencies stemming from lower than planned production of new professional projection monitor. There was some offset in reduced overhead expenses because of lower production of consumer systems. Kloss also says it had to convert its \$5 million credit line from unsecured to secured basis to ensure financing needed to improve manufacturing capability and complete development of new products. Plans for new product introduction "are substantially complete," and announcement is expected before year's end, report states.

Akai's business woes are subject of rescue effort by Mitsubishi Electric, which owns 2.5% of ailing hi-fi and VCR marketer. Akai, expected to post consolidated loss of up to \$28 million in year to Nov. 30, is getting management infusion from Mitsubishi to work on rehabilitation program. That will include integrating marketing activities in Japan and overseas, cooperating in product development and manufacturing, increasing Mitsubishi's purchases from Akai, broadening Akai's involvement with information-related products.

8mm GOES INDUSTRIAL: Calling 8mm ideal medium for industrial and commercial video distribution and recordkeeping, Sony last week introduced line of industrial 8mm Video products. Making debut at Video Expo in N.Y. were industrial 8mm duplicator (\$1,095, with PCM audio processor at \$330), professional 8mm deck and professional version of tiny Mini 8 camcorder with companion miniature deck.

News conference introducing 22 new industrial products heard Sony Communications Products Pres. Phil Stack forecast: "I think in the near future you'll see Matsushita and JVC coming out with 8mm."

Sony is preparing for Feb. delivery of long-promised product -- Mavigraph video printer, which makes high-quality color prints from any signal source (TVD March 8/82 p12). Version shown at Video Expo claimed 500 lines of horizontal resolution, 466 lines vertical.

Also introduced by Sony was professional Superbeta equipment, including Betamovie camcorder with electronic viewfinder, editing and duplicating equipment. New multiscan projection system can use RGB or any broadcast signal (PAL, SECAM, NTSC), with horizontal resolution up to 900 lines. Version for pictures of 60-110" diagonally is \$8,666; for 150-250", \$8,888.

Panasonic exhibit at Video Expo also featured new projection system, also with RGB input and with claimed 800 lines horizontal resolution, capable of projecting up to 10-ft. picture, at \$5,300.

Digital audio will be in spotlight on opening day of annual Audio Engineering Society convention at N.Y. Hilton Oct. 12-16. Matsushita will have papers on record-erase magneto-optical digital audio disc system and single-chip digital audio signal processor, Mitsubishi will discuss rotary head digital audio tape recorder, and Sony will cover thin film multichannel recorder heads. In video, Shure Bros. will describe high-performance surround sound system for home video Oct. 12, while Oct. 13 will have workshop session on stereo for TV. Event is expected to attract 300 exhibitors.

China's exports of electronic products could hit \$100 million this year, according to newspaper Economic Daily. It indicated much of shipments are components and subassemblies but said emphasis is being shifted to finished items. Bulk of trade is through National Electronics Import and Export Corp., which has helped modernize 300 factories by bringing in foreign technology.

First Jumbotron has been sold by Sony. "World's biggest TV," 82x131 ft. mosaic screen that dominated Japan's Tsukuba Expo '85 has been installed at Crystal Cathedral, Orange, Cal. Sale price wasn't revealed.

MORE IC SLUMP EFFECTS: While Semiconductor Industry Assn. is confidently predicting sales upturn is just around corner, U.S. IC manufacturers and their employees are continuing to suffer from effects of current demand sag and resulting intense price competition.

RCA is reducing production at Palm Beach Gardens, Fla., IC plant in preparation for shutting it down next year as part of overall corporate restructuring to eliminate some unprofitable operations (more details in Broadcast section of this issue). Closing will eliminate 500 jobs and production will be shifted to RCA plant in Findley, O. In reaction to market downturn, RCA Semiconductor has had plan to cut worldwide work staff by up to 20%, and since start of year has trimmed about 8.5% to 8,000.

Closing also stems in part from major joint CMOS IC design and manufacturing venture RCA has formed with Sharp. RCA will be relying on venture to fill its requirements for advanced devices. Sharp will handle production in its Japanese plants until late 1987, when venture's own factory is slated to start output in Camas, Wash. (TVD June 24 p18).

Motorola Semiconductor last week said it will trim current worldwide work force by 4.6% (about 1,700), with 850-1,100 in U.S. through layoffs, furloughs and transfers. Additional 500-600 will lose jobs in European and Asian plants. Motorola has frozen worldwide hiring since last Oct., and eliminated about 7,600 jobs, currently employs about 37,000. It also said U.S. semiconductor employees will absorb 5-10% pay cut until March 31.

Intel is instituting 4-8% pay cut for its 14,500 U.S. workers, will be closing plants for 6 days in Dec. Mostek recently laid off 1,250 at IC assembly plant in Malaysia, where force is down to 650 from 2,500 at start of year. Through layoffs there and at plants in U.S. and Ireland, Mostek has cut worldwide employment this year to 3,750 from 10,000. National Semiconductor blamed lower sales at lower prices for \$53.5 million loss it posted in opening fiscal quarter to Sept. 22. Sales were down 20% to \$423.4 million. In same period last year, NS had \$35.9 million profit.

If semiconductor industry can weather current storm, it will enjoy 18% worldwide sales growth next year to \$25.5 billion, SIA predicts. But even with that increase over this year's depressed projected volume of \$21.6 billion, industry still will fall short of 1984 sales of \$26.3 billion. Full recovery isn't seen until 1987, when sales are expected to grow 23% to \$31.3, rise to \$38.4 billion in 1988. Sales in U.S. are expected to end 1985 at \$8.3 billion, down 29%, but bounce back by 24.8% to \$10.3 billion next year. In Japan, outlook is for 6.4% drop to \$11.4 billion this year, 16.4% increase to \$13.3 billion next year. European market, expected to be off 4.5% to \$6.6 billion in 1985, is seen rising 7.8% to \$6.9 billion in 1986.

PIONEER 8mm PLAN: Pioneer will expand U.S. video market involvement early next year with introduction of 8mm Video home VCR deck, but product will come from U.S. audio sales arm Pioneer Electronics (PE) rather than Pioneer Video. Deck is essentially same Sony-made 2-speed model with 6-track PCM digital audio recording capability, 181-channel remote MTS stereo tuner displayed in prototype at last Summer CES in Chicago.

At news conference in N.Y. last week, Mktg. Vp Chris Byrne said deck would go on sale in first quarter 1986 at \$1,500 list. Byrne said PE has no present plan to introduce 8mm camcorder parent company is marketing now in Japan. Speculation is that camcorder, which will have more appeal to video specialty stores, will be offered through Pioneer Video. Pioneer Video spokesman told us company will not be supporting PE entry with 8mm Video software.

Also being added to PE's line are 2 new CD players -- compact battery portable at \$300, multiplay (6-disc) wireless remote home changer at \$500. Portable is convertible, designed to dock with pair of battery portable stereo FM-AM-cassette recorders to form complete music systems -- \$290 for single cassette deck version, \$330 for double deck. Home changer, believed first CD player with top-mounted laser, will handle single disc (in special adaptor) or accept storage cartridge that holds 6 discs in individual hinged swing-out trays. Changer can be programmed or keyed directly to play any track on any record in any order, also has random play mode. Changer price includes cartridges and single disc adaptor; extra cartridges are \$10 each.

Concern over possible CD player market glut was expressed by Pres. S. Yamada. He said Japanese producers now have capability for 6 million players annually, will be boosting that to 8 million next year: "I don't know where they will all go." To move them, he said, U.S. market will have to increase as much as threefold from estimated million that will be sold this year, and as for prospects that will happen, "I don't think so." Yamada said he felt player sales could exceed 2 million in U.S. next year, but said that would have to be accomplished by coming up with new applications, such as portable combinations, rather than "just by lowering prices" on home players.

GE has agreed in principle to sell Great Western Silicon plant to NKK, Japanese steel, shipbuilding and engineering company, for reported \$16 million. Plant produces about 200 tons of polycrystal silicon annually for sale to semiconductor and solar cell manufacturers. NKK said purchase, expected to be completed next year, will mark its entry into electronic materials field.

Canon plans to build electronic copier plant in Newport News. Facility, expected to be operational in 1987, will have capacity for 20,000 copiers monthly, eventually employ 1,000, have investment up to \$120 million.

NIELSEN VCR SURVEY: Latest Nielsen quarterly video survey, based on diaries in 1,019 VCR homes, finds continued increase in cassette rental per household, little interest in pay-per-view cable service, increasing familiarity with videocassette players.

Although primarily a software survey, study conducted in first quarter 1985 did collect data on ownership by brand, with these results (4th quarter 1984 results in parentheses): RCA 20.6% (vs. 21.1%), Panasonic 14.1% (14.2%), Sanyo 7.2% (7.4%), Sony 7% (6.3%), GE 6.1% (6%), Fisher 5.8% (5.9%), Sears 5.7% (5.7%), JVC 5.7% (5.7%), Quasar 5.6% (4.9%), Magnavox 4.1% (4.3%), Sharp 4% (3.2%), Zenith 3.3% (3.2%), Hitachi 3.2% (2.8%), Penney 3% (2.2%), Mitsubishi 2.2% (2%), Toshiba 1.7% (1.8%), Montgomery Ward 1.7% (1.5%), Sylvania 1.6% (0.9%), Curtis Mathes 1.5% (0.7%), Philco 0.5% (0.6%), NEC none (0.7%). VHS accounted for 79.3%, Beta 20.7%.

In both periods (first quarter 1985 and fourth quarter 1984), survey showed 2/3 of sample paid less than \$700 for VCR. Trend to lower prices was indicated, however, by fact that later survey showed 41.9% paid less than \$400, compared with 40.6% in preceding quarter.

Those surveyed are beginning to consider alternative of videocassette players (VCPs). Nielsen found 17% of sample had rented VCPs and 7.8% would consider buying \$99 unit instead of VCR. Asked to compare cable-delivered pay-per-view service with cassette rentals, 40.5% thought it was "very poor" value, vs. 4% who considered it "very good." Preference for tapes over pay TV has increased, 66% saying cassettes have greater value, increase of 5 points.

Cassette rentals maintained steady upward pace, with average of about 45% borrowing tapes during 3-month period, vs. 37.1%–41.5% range in preceding quarter; 20.4% rented one a week and 31.6% 2–3 a month. Some 82% viewed prerecorded programs -- rental or purchase -- and 72% rented in preceding year.

Other Nielsen findings, compared with preceding quarterly survey where possible: Average cassette rental price has dropped to \$2.38 from \$2.46. Some 20.8% paid under \$2, 44.2% \$2–\$2.99, vs. 16.3% and 39.9%, respectively. Video stores are bigger source than ever, accounting for 25.2% of nonclub transactions, up from 19.9%. Clubs declined to 70.5% of total from 74.3%. Stores still have problem of cassette availability, respondents complaining that 86.4% of chosen titles frequently or occasionally aren't available, up from 81.7%.

Recorded cassette buying hasn't increased despite lower prices. Of sample, 14.9% had bought in past 6 months and 73.2% never bought -- previous numbers were 14.7% and 70.8%, respectively. There were big changes in sources of purchased cassettes. Video outlets dropped to 19.6% from 34.6% and dept.

stores to 4.2% from 7.4%. Mail order rose to 22.2% from 9.9% and discount to 8.3% from 3.7%. Some 57.2% of purchasers paid under \$40, vs. 44.9% earlier.

Discount outlets jumped from 27% to 37% as source for blank tapes, while dept. stores declined from 23% to 13%. Video retailers rose 5 points to 16.5%. Prices fell sharply: 27% paid under \$4, 15.2% paid \$4–\$4.99 and 27.4% \$5–\$5.99, vs. 12.8%, 7.6% and 16.4%. Nearly 70% of purchases are under \$6, almost double late 1984 percentage.

U.K. market for recorded videocassettes hit \$790 million last year, Economist Intelligence Unit reports. EIU breaks down volume into 3 segments: \$533 million for rentals, \$121.5 million for sales and \$135 million for unauthorized copies and bootleg cassettes. Although piracy still is high, figure is considered improvement, for which credit goes to efforts of Federation Against Copyright Theft and other antipiracy groups. Report puts video software store population at 6,000, fraction of peak level, also notes that twice as many nonspecialty outlets stock and rent cassettes. VCR sales in U.K. jumped to \$736 million from \$675 million in 1983, while rentals dropped \$6.5 million to \$466 million, with VHS holding 64% share, Beta 28% and V2000 8%. Blank tape also showed little movement, growing less than \$20 million to \$262.5 million.

Motorola won \$857,000 in damages plus attorneys' fees in suit charging Computer Displays International violated consent decree banning its use of Motorola technology in producing data display monitors. CDI was founded by former Motorola employees, and in July 1982 Motorola accepted \$200,000 and consent decree in settlement of suit in which it had charged CDI with misuse of Motorola trade secrets (TVD July 12 p10). The following July Motorola got court injunction barring CDI from marketing one series of monitors, and several months later brought just-resolved case to challenge newer CDI line. CDI, which says it will appeal decision, has since countered by bringing \$153 million Sherman Act suit against Motorola alleging business interference, trade defamation and fraud.

Wireless pocket stereo is being developed by American Technology Corp., Salt Lake City. System uses 2 unconnected earpieces for right and left channels. Each earpiece has tiny FM receiver, and belt-mounted cassette player has built-in FM transmitter. System is byproduct of NASA research contract. Same company recently received patent for IC AM radio that fits entirely in ear. It's been selling unit for couple of years, with production in Far East. ATC is headed by inventor Woody Norris.

EIA 1985 Information and Telecommunications Trends and Directions proceedings is on sale for \$20 to members of EIA Information and Telecommunications Technologies Group, \$50 to others. Contact: EIA, 2001 Eye St. NW, Washington, 20006, 202-457-4937.

Consumer Electronics Personals

Frank Cangi promoted at Zenith from mkt. development specialist to mkt. development dir... **Edward Brennan** promoted to Sears chmn.-CEO, effective Jan. 1, replacing **Edward Telling**, due to retire at end of year; **Richard Jones** advanced from vice chmn. to pres.-COO, replacing Brennan. Jones will retain responsibility as chief financial officer... **Andrew Da Puzzo** advanced at Agfa-Gevaert Magnetic Tape Div. from audio product mgr. to audio product national mktg. mgr.; **Peter Jensen** named central region sales mgr.

Richard Childs shifts from distribution pres. to production and programming pres. and **Rand Bleimeister** advanced to distribution senior vp, Embassy Home Entertainment, both new posts; **Bruce Polichar**, ex-Manson International, joins as business affairs senior vp, succeeding **Jess Wittenberg**, now at HBO... **Susan Roberts**, ex-All Seasons Entertainment, appointed western sales mgr., Hal Roach Studios Film Classics... **Michael McClay** named pres., IMR Entertainment, new home video venture; **Steve Rosenberg** becomes vp-design dir. and **Steven Ibay** financial dir... **Brian Woods**, ex-Disney, rejoins Ingram Video as mktg. dir... **Jack James** appointed southwest mgr., Ampex Magnetic Tape Div... **Andre Hein** moves from promotional licensing mgr., MGM Home Entertainment Group, to MGM/UA Entertainment as Motion Picture Mktg. Div. merchandising dir.

Robert Swift, Motorola exec. vp, named chief corp. staff officer, succeeding Exec. Vp **John Welty**, retiring after 27 years with company; **James Donnelly** advanced to senior vp-personnel dir., replacing Swift; Vp **David Pulatite** moves up from international personnel employe relations dir. to international personnel dir., assuming Donnelly's duties... **V. W. Souveroff**, ITT senior vp and exec. responsible for N. American Telecommunications and Defense-Space & Govt. Services Groups, adds responsibility for new Business Systems Group formed to oversee operations of Qume, ITT Business & Consumer Communications, ITT Courier and ITT Information Systems, and taking over former duties of Group Vp **S.L. Lee**, who has resigned to pursue other interests but will continue as consultant... **Hisao Yuasa** promoted to Ricoh (U.S.) pres., succeeding **Hisashi Kubo**, who moves to new post of chmn.

Zenith's credit rating on senior debt was lowered a notch by Duff & Phelps. Rating agency said Zenith has strong management team that maintained market share while reducing costs, but company continues to suffer from intense price competition in color TV and VCRs, "primarily caused by foreign companies..." D&P said indications are such pricing pressures are likely to be long lasting. In addition, it noted that Zenith is experiencing decreasing demand in its CATV and electronic component businesses.

ABC GOES STEREO: ABC added its first regular stereo program last week with Oct. 2 premiere of *The Insiders*. Program was carried in stereo by 19 affiliates, network said, with 6-10 more preparing to add stereo.

Network official said majority of station's affiliates -- all regions except East -- now are interconnected by satellite and can receive stereo transmissions. Network itself is "upgrading our plant and gearing up" to switch more shows to stereo. *Insiders* indicate network is now lining up large number of shows for stereocasting.

Total number of stations equipped to broadcast in stereo is now close to 200, we estimate on basis of reports on deliveries by equipment manufacturers. Orban Assoc. says it has delivered more than 150 stereo generators. Modulation Sciences' total is around 60, and about 15 have been supplied by other sources. Modulation Sciences is now delivering precision stereo reference decoder for TV stations and equipment manufacturers.

3M plans survey of duplicators to pin down size of recorded videocassette market. Ewald Lehrmann, Magnetic Audio/Video Products Div. mktg. operations mgr., thinks 1985 market will come in at 38-45 million units, lower than most industry predictions during hot first quarter, but more in line with numbers developed since midyear slump. Executive at one of major duplicators expects figure to settle at 45-50 million, slightly under company's earlier projection. Lehrmann says 1984 ended at 22-24 million, and information about 1985 market "isn't as exact as we'd like it to be." He looks forward to 45-50% growth next year to 60-70 million tapes, much of that in nonfeature film lengths shorter than 2-hour T-120s, reason for 3M study. Demand for Beta is likely to drop from current 1-8 ratio vs. VHS to 1-9 in next couple of years, according to Lehrmann. Promise of 8mm doesn't appear to be any closer, although Lehrmann says "we're going to be producing in 1986."

Vestron cut back to about \$70 million from planned \$173-\$205 million what it hopes to raise from upcoming public stock offering (TVD Sept 2 p15). In reaction to Wall St. skepticism over company value and objections to amount of money that would have been pocketed by Chmn. Austin Furst, only 5.4 million treasury shares will be offered, and 5.4 million shares Furst family was to have sold have been withdrawn. Price is expected to be \$13 per share, down from \$16-\$19 indicated in preliminary prospectus. Offering has been subject of critical reports in Wall St. Journal and Forbes. As result of reduction, only 15% interest in Vestron will be offered to public.

Digital audio CD player assembly will be started in China next month by Shanghai Best. and TV Industry Co., using parts and know-how from JVC. SBTI expects to produce 100,000 players next year.

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Broadcast - Cable

FCC ATTACHMENT FEES STRUCK DOWN by 11th U.S. Appeals Court in Atlanta as unconstitutional. 'Bombshell' decision will be appealed. (P. 1)

FOWLER DEFENDS MINORITY RECORD: Praises deregulation as providing new opportunities for minorities, says criticism is unfounded. (P. 3)

NAB CONVENTION GETS HIGH RATING: Las Vegas is favored city. Dallas worries exhibitors. Most broadcasters want sessions added. (P. 4)

TBS FACES ASSET SALES OR REFINANCING after MGM buyout. Filing indicates cash flow won't cover debt payments. (P. 5)

APPROVALS NEAR FOR FCC FEE PLAN: Measure on fast track in Congress. CPB funding could be in trouble again. (P. 6)

ADS POSE THREAT TO PUBLIC TV, Christensen tells PBS group, citing 'go-it-alone' agendas of many stations. (P. 7)

KSCI PROGRAMMING ATTACKED as Korean govt. propaganda in complaint to FCC. (P. 7)

PHILIPS COMPUTERIZED CAMERA SALES exceed \$40 million worldwide in first 2 years. Company says it has 2,000 TV transmitters in use. (P. 8)

COURT STRIKES DOWN FCC POWER TO SET POLE FEES: Legislation passed by Congress in 1978 authorizing FCC to regulate fees paid by cable systems to utility companies for pole attachments was declared unconstitutional by 11th U.S. Appeals Court, Atlanta. Decision, called "bombshell" by cable lawyers, was handed down Oct. 8 in appeal by Fla. Power Co. of FCC order reducing fees that power company received from Cox Cablevision, Acton CATV and Teleprompter for pole attachments. FCC had ordered fees charged by Fla. Power substantially reduced -- well below fees cable companies had agreed to pay. Case calls into question federal regulation of utility rates generally and could have wide application.

Said Court: "For the legislature to take the property [poles]... and then to constitute itself the judge... to determine what is just compensation offends our most fundamental principles of natural justice and constitutional law." Court ruled legislation unconstitutional because it said

Consumer Electronics

COLOR TV SALES headed for 17 million, VCR nearly 12 million this year. Sept. pace was strong, although inventories dropped during month. (P. 9)

NAP AND GE FINANCIAL reports for 3rd quarter show consumer electronics market still hurt by intense price competition. (P. 10)

KODAK'S VIDEO COMMITMENT deepening, new products called just beginning of CE line. (P. 11) Kodak and software: Ready, able, unwilling. (P. 15)

JULY TV IMPORT totals show Singapore as only major with rise in complete color. Chassis and kit imports continued their surge. (P. 13)

10" COLOR LCD shown by Toshiba, which promises graphic terminal in 2 years, TV sets in 3. (P. 13)

SONY CREATES STIR, displaying first DAT despite supposed agreement not to show it. New CD Discman at Japan Audio Fair. (P. 14)

ACCESSORIES SHOW in Atlantic City draws 80 exhibits but small opening-day crowd. (P. 14)

SONY AGREES TO BUY out CBS interest in Terre Haute digital audio disc pressing plant. (P. 15)

law permits FCC to violate 5th Amendment by taking property without just compensation. "Once there has been a taking, the determination of just compensation is a judicial and not an administrative function," Court said in unanimous 3-judge opinion. "The determination of what constitutes just compensation has been jealously guarded as being solely within the parameters of the judicial function."

U.S. Appeals Court, D.C., had remanded pole attachment case (involving some of same systems and same law) to FCC Sept. 24 (TVD Sept 30 p7). However, in that case constitutional issue wasn't involved; appellant Ala. Power Co. had challenged amount of reductions ordered by Commission. In remanding that case, Court said FCC took "somewhat casual calculations," showed "clear errors of judgment" and its ruling was "arbitrary and capricious."

Opinion by Court in Atlanta is being viewed as having implications far beyond cable industry, calling into question federal regulation of utility rates generally, including other regulated utilities such as natural gas, telephone and electricity, and involving other agencies such as FTC. FCC Gen. Counsel Jack Smith said ruling, if allowed to stand, would have 2 implications: First "the FCC would be out of the regulation of pole attachment rates." Second, "a logical extension of the case would compromise other areas of regulation beyond pole attachments and beyond communications." Another attorney expert in regulatory law said he was "startled by the notion" expressed in opinion that just compensation can't be set by administrative agencies.

Key House Telecom Subcommittee aide agreed that "rate regulation of a utility by the government is being called into question. This is a bizarre opinion at best." Aide added that "pole attachment law has worked effectively to give cable companies the access at fair rates they need. It's proved its fairness and effectiveness."

Along with view that opinion would have wide-ranging implications is concurrent view that it's likely to be overturned. Smith said FCC is likely to ask Court to rehear case: "A cert petition [asking U.S. Supreme Court to review case] is another option, but I think the situation calls for a rehearing first. I suspect they [Court] will rehear this." Smith said general issue of regulation of utility rates wasn't briefed by parties, and as result isn't likely to stand. Cable industry is likely to seek reconsideration by full 13-judge court in Atlanta because such a request would result in automatic stay of decision, according to cable lawyers.

Cable attorneys told us they were confident decision eventually would be reviewed by Supreme Court. They also saw decision as having broad impact on federal and state regulations of all kinds of public utilities. Stephen Effros, pres. of CATA, said decision is so broad that if it stands "an awful lot of rate regulatory law in many industries around the country is unconstitutional... What about oil and gas? Their rates are regulated." He said decision also appears to strike down all cable rate regulations by cities: "Suffice it to say, it's going to get a thorough legal challenge."

Daniel Wright of Washington law firm Reid & Priest, which represented 3 utility firm intervenors in Fla. Power case, disputed Effros's position. He called Court opinion "a narrowly drawn decision" that carefully avoided any interference of state regulation of utilities. "We think it was a correct decision with a sound analysis and we believe it will be upheld."

Utility firms maintain that FCC formula for setting pole rates -- authority granted Commission and sought by cable systems in 1978 law passed by Congress -- has resulted in artificially low pole attachment rates for power companies and in utility customers' subsidizing cable systems. "The FCC has taken a myopic and short-sighted view" of entire situation, we were told.

NCTA said 11th Circuit decision "is a serious matter to the cable industry and we are still analyzing it for its legal implications. The utilities have used their poles to extract unreasonable and oftentimes prohibitive rates from cable operators. Congress recognized the

inequities and sought to remedy the situation in the public interest. The decision, if left to stand, will undo these efforts. We expect there will be an appeal of the decision and we will participate vigorously." Cable official told us decision "is a major case of great concern to the cable industry... If it stands, it will undoubtedly result in an increase in subscribers' bills."

At time Congress passed legislation, there was considerable debate as to whether states or FCC should arbitrate pole attachment disputes. Authority finally was given to Commission, along with sunset provision that it was to expire in 1983. However, that was changed in 1982 to give FCC permanent authority over pole attachment fees.

FOWLER DEFENDS FCC's RECORD IN HELPING MINORITIES: While conceding that minority ownership of telecommunications properties is "still unacceptably low," FCC Chmn. Fowler said process of helping minorities "under my administration" is accelerating. Speaking at FCC-sponsored seminar (along with other govt. and trade groups) in Washington last week, he was strongly supportive of FCC deregulatory moves as helping minorities, pledged that "the struggle to make America color blind in law and fact" will be a continuing one. Later in week, as keynote speaker at convention of National Black Media Coalition, Capital Cities Chmn. Thomas Murphy said some govt. prodding of industry is necessary in cause of minorities and women.

In praising NAB's BROADCAP and similar efforts to help minorities, Fowler said "efforts to encourage capital formation [for minorities] have been the hallmark of my administration." To keep track of what's going on, he has ordered FCC Office of Congressional & Public Affairs to "develop an annual reporting mechanism -- be it a conference, a report or other vehicle -- to keep a public eye on the level of private sector accomplishments" in helping minorities finance purchases of stations. On employment side, Fowler said "we're the first FCC that has put a station into hearing" because of questions about EEO (WHYI[FM] Ft. Lauderdale, plus 2 others since). He also stressed that Commission has "a strong employment opportunity program" in broadcasting and cable.

Fowler conceded that his marketplace approach to regulation "differs from the starting point of many" in his audience, but he said "interplay of our diverging opinions has led to a better reasoned debate." Annual employment report to Commission "means that entry and advancement [by minorities] are not only possible... they are probable," he said. FCC efforts "not only ensure an absence of discrimination in the workplace... they also produce a cadre of minority managers with a track record to take to a bank, to a broker or a seller. This industry experience [for minorities] can be the most lasting contribution of the FCC... to connecting minority entrepreneurs and the markets they want to enter."

Elimination of trafficking rule and relaxation of station ownership rules, and CapCities' subsequent sale of TV and radio stations to minorities in acquisition of ABC, were cited by Fowler as examples of how deregulation has helped minorities acquire stations. "This new traffic means more properties coming on the market, especially where cross-ownership limits require sales," he said. "As groups trade up, they make other, less costly, properties available... Without agitating the marketplace, this opportunity [for minorities] wouldn't have likely come up."

Fowler saw "an air of unreality in some of the criticisms made against broadcast deregulation." As example, he said it would have been wrong for Commission to have maintained "the old cap" on ownership "based on the hunch" that major market VHF stations would have become more affordable for minorities. "Minorities seem to be getting in, not staying out, as a result of these policies," Fowler argued.

Unity Bctg. Pres. Eugene Jackson said minorities -- which now have 1% ownership in broadcast stations -- should set goal of 5% by 1990. He said minorities also should concentrate on cable, both ownership and programming, and cellular radio, where there are vast

opportunities. Jackson said blacks made offers for all TV and radio stations being sold by ABC and CapCities "with \$500 million in our pockets, but we lost." Minorities did acquire 2 TVs, one radio, in CapCities-ABC spin-off. He charged that there has been "a great deal of irresponsibility on the part of the financial community. They have not been that responsible to the minority community."

Murphy, whose company is a leader in employment and training of minorities and women, nonetheless said CapCities and rest of industry have been lax in placing both categories into management jobs in news. "Lasting progress in achieving equal opportunity can be agonizingly slow," he said. "Neither Capital Cities nor any other broadcasting organization... is beyond the need for an occasional sharp reminder that all progress will grind to a halt if the unfinished agenda for minorities and women is allowed to sink below the level of continuous concern." However, he said, some of petitions filed at FCC against licensees are "outrageously lacking in merit [but] private enterprise, more often than not, has been the enemy [of minorities and women] -- or at least more part of the problem than part of the solution."

In that context, Murphy said, "it is natural for [minorities] to think of government action as a means with which to compel private enterprise to behave... But the system that gives organizations like the National Black Media Coalition some power in this world to make broadcasters focus on the concerns of the black people is good for us and the country." With FCC Comr. Quello (former executive of CapCities as vp-gen. mgr. of WJR[AM] Detroit) in audience, Murphy deferred all questions about CapCities pending acquisition of ABC, which will come before commissioners for vote later this fall.

NAB CONVENTION HIGHLY RATED: NAB survey of 483 preregistrants for April convention in Las Vegas shows that 83.8% found 1985 convention "favorable or very favorable," compared with 89.5% for 1984 sessions at same site. Similar results were received from separate survey of all 1985 exhibitors that had 86.8% response, with 81.3% saying this year's convention was "the same or better" than previous ones. However, exhibitors expressed concern about Dallas, site of 1986 convention, with 76.3% favoring Las Vegas, 12.8% Atlanta, 9.5% Chicago, 5% Dallas.

NAB said broadcasters responding to telephone poll conducted by Survey Research Center, U. of Md., want "more and more" of everything -- "more kinds of sessions and exhibits of almost every type... and they [67%] want more days added." Engineering sessions have drawn most delegates in both years, attracting 38-40% (with multichannel TV sound most popular), radio 38-30%, TV 24% both years, while Tues. Night Court attendance increased from 10% in 1984 to 13% this year. In 1985, TV management sessions were rated "good or excellent" by 87.7%, Night Court 86.6%, radio management 84.1%, engineering 80.7%.

Broadcasters by wide majority (77.4%) want exhibits opened Sat. instead of Sun., while manufacturers are about evenly split -- 39.5% think it's good idea, 43.6% don't. Just under half (45%) of broadcasters said their stations ordered equipment during convention. Of respondents, 34.8% were from radio stations, 33.1% from TV, 8.1% both TV-radio, 20.1% were nonbroadcasters. NAB's conclusion: "It would appear that all of the sessions and exhibits are very popular and broadcasters have trouble getting enough."

Exhibitors (87.5%) gave as major reason for attending NAB desire to "keep tabs on competition,"

with "get feedback on new products" close 2nd at 86.2%, "maintain company image" 81.5%. More NAB exhibitors (42%) also show at SMPTE convention than any other, with Audio Engineering Society 2nd with 18.5%. RTNDA jumped from 6.6% in 1984, attracting 16% of companies that also exhibit at NAB for Sept. convention in Nashville.

Footnote: NAB, which requires exhibitors to put up \$500 deposit to reserve space for next year's convention, received check from RCA Oct. 7 -- 3 days after company confirmed it was ceasing manufacturing of broadcast equipment (TVD Oct 7 p1). RCA has been NAB's 2nd largest exhibitor (after Sony), reserving 11,900 sq. ft. last April in Las Vegas.

Fears that Congress would intervene in TV-radio election reports was eased further Oct. 10 when House Elections Subcommittee approved poll-closings bill under which voting would end simultaneously across U.S. in presidential election years. Polls would close at 9 p.m. EST (8 p.m. CST, 7 p.m. MST) in continental U.S. except for states in Pacific Coast time belt (Cal., part of Ida., Nev., Ore., Wash.). For those states, daylight saving time would be extended 2 weeks beyond rest of country in presidential election years, allowing polls there to close at 7 p.m. DST, which is same as 9 p.m. EST for rest of country. Proposal was approved, 7-1, in Subcommittee and on Oct. 17 should go before parent House Administration Committee, where we're told approval is likely. Subcommittee believes legislation is necessary to address network TV's growing use of exit polling and early election projections, which many members claim can affect voter turnout and election results. Subcommittee considered and rejected 5 alternatives, including proposal to embargo release of voting results until set time after polls close nationwide.

ASSET SALES OPTION FOR TBS: Turner Bestg. will have tough row to hoe once it becomes owner of MGM. According to prospectus for securities TBS plans to offer in conjunction with MGM acquisition, "based on current levels of operations, TBS's cash flow would be insufficient to make the aggregate interest, dividend and principal payments" on securities unless action is taken "to refinance all or a portion of its indebtedness, dispose of assets or take other similar action."

TBS has considered selling minority interest in CNN and certain MGM facilities, also may get involved in cost-sharing arrangements, according to filing at SEC. TBS's "highly leveraged condition" will limit MGM's ability to finance films, forcing studio to place much greater reliance on raising production funds from 3rd parties. Further, pro forma financial statements included in prospectus show that combined TBS-MGM would have posted operating loss of \$219.9 million at end of 1984 and loss of \$151.8 million in 6 months to June 30.

Prospectus is for package of debt and preferred shares worth about \$1.18 billion. TBS will use proceeds in \$1.5 billion acquisition of MGM/UA Entertainment. It then will sell United Artists back to MGM/UA majority shareholder Kirk Kerkorian for \$480 million.

Point is quickly made in document that use of MGM films on WTBS Atlanta is keystone to deal: "The acquisition of the extensive MGM film library assures TBS of future access to high-quality feature films, which constitute a significant portion of WTBS's programming day," filing says.

Rainbow's antitrust suit is mentioned in prospectus, and so is Showtime/Movie Channel and HBO intervention in that case. According to prospectus, S/MC and HBO have taken position that "any grant of basic cable TV exhibition rights to Rainbow" would violate their respective agreements with MGM Home Entertainment Group (HEG). Until now, it was unclear whether the 2 pay programmers were making that broad claim or were taking more limited position that grant of basic cable rights could not occur during pay-TV windows for individual films. Kerkorian's United Artists has promised to indemnify TBS for first \$15 million in damages that might result from legal actions, prospectus notes.

Among other rights granted as part of merger, TBS has 3-year option to license UA films should it start pay-cable service featuring classic films. UA has similar option on MGM library.

Document also reveals interesting facts about TBS's current operations: (1) CNN operating costs haven't declined significantly from 1984's election year levels because of increased foreign coverage. (2) Programming expenditures for TBS will total \$45 million in 1985. (3) Based on cost, WTBS has obtained 28% of its programming from Viacom, 11% from Warner Bros. In 1984, 22% of programming was

produced specifically for superstation. (4) As result of TBS's announcement this summer that CNN and Headline News affiliate fees will increase Jan. 1, "2 large cable operators" gave notice they would cancel carriage. TBS, however, expects cancellations to be withdrawn before increases take effect. (5) Soviet athletic authority will collect \$15 million from TBS for participating in Goodwill Games in 1986 and 1990, while exclusive U.S. TV rights for 1986 games from Moscow cost TBS another \$1.4 million.

On MGM/UA, filing notes: (1) Home video revenues "increased significantly" in first 3 fiscal quarters through May 31 "reflecting the initial home video release of *Gone With the Wind* as well as the growth of the home video market generally." (2) MGM/UA this year amended 1981 UA home video licensing deal with CBS/Fox so 45 pictures "owned or controlled by MGM as well as UA would be licensed to CBS/Fox in the future." After merger, since 7 features have been selected already, CBS/Fox will be able to pick 38 films, 19 from MGM and 19 from new UA. "The owner of each picture selected will receive a nonrefundable guarantee with additional sums payable if the royalties exceed the guarantee."

(3) Cannon Group is HEG's "most significant 3rd-party supplier of filmed product for home video marketing." New agreement, which followed on deals in 1982-1985, was signed in June, will run through 1994. Under agreement, Cannon granted U.S. and Canadian home video rights for 32 pictures to HEG for minimum payment of \$33 million. (4) Ten-year licensing deals with HBO and S/MC include minimum guarantees of about \$75 million, half of which will go to MGM for selections from its library. "Total revenue from these agreements is expected substantially to exceed the minimum guarantee."

NBC will have "guaranteed finals live in the early evening, starting every day at 7:30 p.m." from Seoul Summer Olympics in 1988, according to NBC Sports Pres. Arthur Watson. Answering questions of reporters in several cities via satellite Oct. 10, he said "our coverage will not be [only] late night and early morning finals." NBC plans to air 180 hours of Olympics, 80 in prime time, with 80% of coverage live. Many finals will start at 9 a.m. Korean time to accommodate prime-time audience in U.S. Expanded (7-10 a.m.) Today Show will originate from Seoul during Olympics and special late-night segment of Games will air 12:30-2:30 a.m. Watson said it was "important to the Koreans" that U.S. TV network be involved in live coverage because of image nation hopes to project. NBC Exec. Producer Michael Wiseman said NBC, which guaranteed \$300 million for rights plus share of revenues, will have "more inventory for less money" than \$307 million ABC paid for TV rights to Winter Olympics in Calgary, Canada (TVD Oct 7 p5).

Correction: WSAV-TV Savannah has switched affiliation to NBC from ABC, not WJBF Augusta (TVD Oct 7 p4).

FCC FEES PLAN NEAR ENACTMENT: Proposed FCC cost-of-regulation fees could be voted on as early as tomorrow (Oct. 15) by full Senate and within next week or 2 by House. Proposed fees (TVD Sept 30 p5), which would be levied on broadcast, cable, satellite and other industries making applications to FCC, were added to FY 1986 budget reconciliation packages by Budget Committees of both houses of Congress. Funds for CPB in Senate version face threat, however.

Proposal's scheduling was uncertain because of press of more controversial business before both chambers. Budget and Commerce Committees nevertheless have made preparations for start of debate this week. Fees they're considering are identical in both bills, with legislators in agreement even on scrapping controversial annual broadcaster, Ku-band and cable construction fees at FCC's urging (TVD April 15 p1).

Adoption is virtually assured despite prediction from Congressional Budget Office (CBO) that plan will raise less revenues than Commission had estimated (TVD March 4 p3). CBO said fees would generate about \$900,000 in latter part of FY 1986 (which began Oct. 1) if implemented soon; \$30.8 million in first full year of operation, FY 1987; \$34.8 million in FY 1988. Money would go directly into general federal treasury.

Only glitch in passage may be on CPB funding, which Senate allies slipped into their version of budget. Reconciliation measures are intended to recommend ways to cut federal spending, but such packages often include pet projects that members want to protect -- and advance funding for CPB is no exception. Senate package includes \$492 million in FY 1989-90 funding for CPB and \$60 million in FY 1987-88 for Public Telecommunications Facilities Program administered by NTIA. Budget Committee there flagged CPB/PTFP funding as "extraneous," putting it on long list of other items that aren't strictly budget-cutting measures. Move leaves CPB/PTFP vulnerable to amendment to strip funding from package.

CPB allies are confident they can beat back challenge based on support they've rounded up for S-1084 by Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) that would authorize nearly same levels for CPB/PTFP and has more than majority of Senate as co-sponsors. CPB/PTFP funding isn't in House budget package but support there for CPB always has been strong and its acceptance in compromise package is anticipated.

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KTPX Odessa and KWAB-TV Big Spring, Tex., NBC affiliates, have been purchased by MSP TV (James Smith, pres.) from Permian Basin TV Corp. (headed by Richard Shively and John Tupper) for \$16.5 million. Blackburn & Co. was broker.

Lorimar-Telepictures is name of newly merged companies, to hq at Lorimar's base in Culver City, Cal. (Telepictures' hq is in N.Y.). Under terms of \$306 million deal approved Oct. 8 by both boards, holders of Lorimar's 7.67 million outstanding shares will receive 2.2 shares of Telepictures for each share owned. Also as part of deal, companies were granted stock purchase options in each other in case of unfriendly takeover attempt by 3rd party. Lorimar Chmn.-CEO Merv Adelson will hold same post in new company; Telepictures Chmn. Michael Solomon will head Office of President that will include 4 other executives. Lorimar recently has been expanding aggressively, will acquire interest in Telepictures' 5 TV stations. Last spring, Lorimar made unsuccessful \$1.02 billion offer for Multimedia; it has acquired Kenyon & Eckhardt and Bozell & Jacobs ad agencies for \$60.9 million, along with Karl Video for undisclosed amount in private transaction.

Fox Inc. is new entity to be formed by Rupert Murdoch that will include: 20th Century-Fox Film Corp., Fox Station Group (TV stations being acquired from Metromedia) and Fox TV Network. Barry Diller, head of 20th Century-Fox, will be chmn.-CEO of new company; Alan Horn, ex-Embassy Communications, pres.-COO; Jonathan Dolgen, 20th Century exec. vp, will hold same title with Fox Inc. Network Group won't compete head-to-head with TV networks in prime time, hopes to program weekly TV movie, late-night shows and news, starting late next year. Murdoch owns 50% of 20th Century, is acquiring remaining 50% from Marvin Davis; purchase of Metromedia stations is expected to be considered later this fall by FCC.

Following on heels of recommendations of FCC Mass Media Bureau Chief James McKinney (TVD Sept 30 p3), NAB has asked Commission to start rulemaking to improve AM services. Assn. said Commission should consider, among other things: Relaxation of duopoly ownership rules, elimination of restrictions on AM-FM duplication of programming in same market under same owner, use of synchronous transmitters and FM translators for additional coverage, mandated receiver standards "if industry cooperation proves unsatisfactory," additional power for Class III AMs, uniform policy on licensing equipment that could cause interference to AMs.

There now are 214 area of dominant influence (ADI) TV markets in U.S. with 86,104,900 TV homes, vs. 211 and 85,061,100 last year. New ADI markets include 3 in Mont. -- Missoula (176), Butte (189) and Helena (210) -- plus Charlottesville, Va. (197), spun off from Richmond, which as result dropped from 55 to 63. Top 10 markets remain unchanged; Seattle-Tacoma moves up from 16 to 13, Tampa-St. Petersburg and Phoenix advance one notch to 17 and 22, respectively, Indianapolis jumps to 23 from 25. Top 25 markets dropping in ADI rankings: Minneapolis-St. Paul from 13 to 16, St. Louis from 17 to 18, Hartford-New Haven from 22 to 24, Portland, Ore., from 24 to 25. Glendive, Mont. (which FCC commissioners like to cite in speeches), remains smallest ADI with 5,200 TV homes.

PTV AD EFFORTS SEEN POSING THREAT: Public TV stations that independently are utilizing fund-raising actions such as advertising and channel swapping are hurting overall system, PBS Pres. Bruce Christensen said at Oct. 10 Exec. Committee meeting in Washington. He said some stations are pursuing self-interest "very often at the expense" of the whole. As result, he said, glue that has held system together is fast disappearing: "I'm increasingly concerned at the disparate activities, lack of cohesion and the 'I don't give a damn attitude' that seems to be increasing."

However, there's little PBS can do, Christensen said. Activities are occurring despite fact most PTV stations have expressed overwhelming opposition to ads, and FCC is investigating commercial practices of some stations. He said stations are being driven to activities by constant money woes. By way of help, however, he noted that commercial broadcasters have reconstituted NAB task force on public broadcasting to find ways to raise money other than by ads.

PTV stations don't have to accept ads, but some have conceded it's excellent potential revenue source and, like WNET N.Y., for example, are selling 30-sec. spots to local companies for \$1,500, with sponsor using 7 sec. as ad, remaining time to praise station and public TV. Alfred Stern, PBS chmn. and lay representative from WNET, said other top market stations are considering or are doing same thing. FCC in mid-1984 opened door to such ads when it amended PTV's underwriting acknowledgment policy, liberalizing guidelines to allow corporations to display products and use trade names.

Small number of PTV stations, led by WTTW Chicago, have sought authorization to carry advertising and are supporting HR-2500, sponsored by Rep. Oxley (R-O.), that calls for 3-year ad experiment at up to 60 public TV-radio stations. Another group of station officials is stretching to limits types of already-okay "enhanced underwriting" messages they can carry to credit corporations that support, or underwrite, programs or station operations.

Committee also decided to file \$20-\$30 million claim with St. Paul Insurance Co. for compensation for equipment lost in Oct. 1984 fire at Washington hq. No details of claim were disclosed, although at time of fire, PBS put loss of technical center alone at \$12 million. Committee also will pursue plan to provide many public TV programs to 3rd World, provided it's not money-losing proposition.

KCPM (Ch. 24) Chico, Cal., is now on air, raising operating U.S. TV stations to 1,228 -- 912 commercial, 316 noncommercial. There are additional 361 construction permits outstanding -- 319 commercial, 42 noncommercial. KCPM is owned by Jack Koonce and Station Mgr. Melvin Querio, 40.5% each, and Telepictures, 19%.

KOREAN LANGUAGE PROGRAM ATTACKED: Civil and criminal investigation of Korean-language programming being aired by KSCI San Bernadino, Cal. (L.A. market) is being sought at FCC by Korean-American Free Press Committee (KAFPC). In filing Oct. 9 prepared by Media Access Project, group charged that (1) 12 hours weekly of such programming are supplied by state-owned Korean Bestg. System and KBS subsidiary in L.A., Korean TV Enterprises; (2) programming is govt. propaganda; (3) no identification of source of programming is made to public, as required by FCC.

KAFPC said that in March 1983 contract between KSCI and KBS, it was agreed that "presence, involvement and activities of KBS... will appear to be minimal to the general public in order to avoid the impression of foreign intervention in local U.S. broadcasting." This is in violation of Communications Act, FCC regulations "and other laws" by failing to identify S. Korean govt. as sponsor of foreign-language programming, complaint charged. Also, Committee alleged, KSCI may have violated Foreign Agents Registration Act by failing to register as agent of foreign govt. and to submit programming to U.S. Attorney Gen., as required by law.

KTE is operating as agent of S. Korean govt. by supplying Korean language news and programming in U.S. "without identifying it as government propaganda with the intent of influencing U.S. opinion," according to complaint. It added that KSCI also is guilty of failing to identify source of programming, including half-hour daily newscasts that "have consistently failed to report news and opinion pertaining to opposition to the South Korean regime and have strictly reflected the [Korean] government views on all issues."

KAFPC asked Commission to "immediately order KSCI" to provide public sponsorship identification of programming and to "conduct a full inquiry into KSCI's activities to determine if it is qualified to remain a broadcast licensee." Media Access Project also will ask DoJ to launch criminal probe of KSCI programming, saying situation calls for "urgent and thorough investigation." FCC is authorized to fine station up to \$20,000 and launch revocation hearing; criminal laws could result in fines up to \$10,000 per day and jail sentence of up to 2 years. KSCI operates on profit basis, is owned by nonprofit World Plan Executive Council-U.S.

Producers and syndicators would be required to include music performing rights in all syndicated programs sold to stations under legislation (HR-3521) introduced in House Oct. 8 by Reps. Boucher (D-Va.) and Hyde (R-Ill.) of Copyright Subcommittee. Blanket "source licensing" approach in bill is intended to eliminate headache for local TV stations of having to obtain ASCAP, BMI and SESAC licenses for music used in syndicated programs and commercials but it isn't method music industry would like. Legislation was requested by All-Industry TV Music Licensing Committee.

Personals

FCC calendar -- Oct. 14: Chmn. **Fowler** addresses first general session of U.S. Telephone Assn. convention, San Antonio Convention Center, 9 a.m.; Comrs. **Dawson** and **Patrick** participate in panel on regulatory and policy issues, USTA, 3:15 p.m. Oct. 15: **Jerald Fritz**, Fowler's chief of staff, is on USTA panel on future of deregulation, USTA, 3:15 p.m., Oct. 16: **Thomas Herwitz**, Fowler legal asst., testifies before Attorney General's Commission on Pornography, L.A.

Gannett Chmn.-CEO **Allen Neuharth** speaks at Oct. 24 IRTS luncheon, Waldorf-Astoria, N.Y.... **Lucille Salhany**, ex-Taft Bestg., named pres., Paramount Domestic TV & Video Programming, succeeding **Randy Reiss**, who joins new firm specializing in entertainment and broadcasting investments; **Steve Goldman** advanced to exec. vp-sales and mktg., succeeding **Robert Jacquemin**, who left Paramount to head newly formed TV syndication division at Walt Disney Productions.

Jack Adamson, Bonneville International senior vp, also named pres., KSL-TV-AM Salt Lake City, succeeding late **Jay Lloyd**; **Bruce Reese** promoted to assoc. gen. counsel and secy., Bonneville International Best. Group; **John Davenport** advanced to vp-research and analysis, Bonneville International... **Sid Cohen**, ex-Paramount, named pres., King World Domestic TV Distribution... **Susanne Barrett** advanced to client services mgr., Arbitron ad agency TV sales... **Kristina Moris**, ex-Eli Lilly & Co., named personnel dir., King Bestg... **Jeffrey Linder**, ex-Washington law firm Crowell & Moring, joins Wiley & Rein as assoc.

Peggy Milner promoted to business affairs dir., KMOX-TV St. Louis... **Diane MacEachern**, ex-Sierra Club, named pres., Vanguard Communications, succeeding **Thomas Belford**, named exec. dir.-Better World Society, TV production venture of Turner Bestg. System... **Wally Briscoe**, ex-Donley International and onetime NCTA, rejoins broker Clifton Gardiner & Assoc. as head of Houston office.

Edmund Habib advanced to pres., Transmission Systems Div., Fairchild Communications Products... **Susan Schulman**, ex-CBS, named PR dir., USA Network... **Jeffrey Wagner** promoted to dir.-mktg. and sales, Home Team Sports, new position... **Terry Mahn** and **William Franklin**, both ex-Washington law firm Mahn, Franklin & Goldenberg, merge communications law practices into Washington office of Chicago law firm Bell, Boyd & Lloyd and become partners.

Bob Teach, ex-Reeves Communications, named finance vp, Multimedia Entertainment... ABC football commentators **Frank Gifford**, **Joe Namath**, **O.J. Simpson** appear at IRTS luncheon Oct. 28, Beverly Wilshire Hotel... **Vin Burke**, ex-ABC, returns to WHAS-TV Louisville as news vp; **Robin Hughes** advanced to editorial dir.

Jill Ross, legal asst. to FCC Comr. **Dawson**, resigns to become MCI regulatory affairs dir., succeeding **Nancy Carey**, now with United Telephone

in Kansas City... **Dick Pippert** appointed senior vp-dir., Media General Best. Services Special Products Div... **Shellie Sigal** advanced to a sales mgr., Seltel L.A. office... **James Duffy**, pres.-Communications, ABC Best. Group, will receive N.Y. State Bests. Assn. outstanding communicator of year award Oct. 23 at Best. Pioneers Dinner at Assn.'s annual meeting, Albany.

Advanced at HBO: **Barbara Jaffe** to vp-sales promotion and development; **Jerry Flavin** to affiliate operations vp-Dallas; **Bruce Zeller** to affiliate operations vp-Chicago; **Affiliate Operations Vp Steve Davidson** reassigned to Philadelphia... **William O'Neil**, consultant, appointed mgr., Times Fiber Communications Fiber Optic Systems Development... **E.V. Woodrell** promoted to western region vp, Anixter Communications.

PHILIPS IS TOP CAMERA SOURCE: Philips has now sold more than \$40 million worth of its computerized color cameras worldwide and is one of 2 top broadcast camera sources in U.S., according to company -- other presumably being Ikegami. Cameras were introduced just 2 years ago.

In our report last week on RCA's departure from broadcast equipment business (TVD Oct 7 p1), we erroneously indicated that Philips doesn't market broadcast equipment directly -- which it does, through Philips TV Systems Inc. (PTSI). PTSI is part of North American Philips, which among other broadcast gear sells cameras and transmitters made by N.V. Philips of Netherlands and N.V. Philips subsidiary Pye of U.K., respectively. PTSI is successor to Philips Best. Equipment Corp., which manufactured, imported and marketed wide variety of equipment in U.S.

PTSI, with hq in Mahwah, N.J., markets complete TV equipment line through direct sales force. Only Philips FM transmitters, introduced in U.S. last year, are sold through representatives, who also report to Mahwah hq. Philips line now includes cameras, transmitters, monitors, digital video effects, professional CD systems and other studio equipment. Company says its transmitter sales have grown significantly, with more than 2,000 in use worldwide.

With departure of RCA from broadcast equipment, major sources now include Philips, Ikegami and Hitachi for cameras, Sony and Ampex for VTRs. RCA has indicated it hopes to sell its transmitter and antenna business.

Obituary

James D. Parker, 71, who spent 43 years in CBS engineering dept. before retiring in 1979, died Sept. 30 of cancer in Greenwich (Conn.) Hospital. He served many years on NAB Engineering Advisory Committee, received NAB Engineering Award at 1980 convention. Wife, 2 sons, survive.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th statistical week of Sept. and 1985's first 3 quarters:

	SEPT. 21-27	1984 WEEK	% CHANGE	SEPT. 14-20	9 MONTHS 1985	9 MONTHS 1984	% CHANGE
TOTAL TV.....	625,614	673,269	- 7.1	454,437	13,626,334	14,137,069	- 3.6
TOTAL COLOR...	509,567	528,714**	- 3.6	383,977*	11,295,516*	10,941,676	+ 3.2
DIRECT-VIEW..	501,018	522,887**	- 4.2	377,930*	11,643,175*	11,343,708	+ 2.6
PROJECTION..	8,549**	5,827	+46.7	6,047*	161,908*	126,682	+27.8
MONOCHROME....	126,047	144,555	-12.8	70,460	2,456,865	3,339,948	-26.4
TV EXCL. PROJEC.	627,065	667,442	- 6.0	448,390	14,100,040	14,683,656	- 4.0
HOME VCR#.....	350,935**	294,410	+19.2	243,874*	7,517,052*	4,747,472	+56.7
COLOR CAMERAS#..	11,236	29,854**	-62.4	6,321	307,161	332,542*	- 7.6

Color TV (direct-view) 5-week moving average: 1985--387,604*; 1984--350,732 (up 10.5%).

Home VCR 5-week moving average: 1985--254,707*; 1984--174,635 (up 45.9%).

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

COLOR SET SALES HEADED FOR 17 MILLION? Color TV sales to dealers this year could easily go as high as 17 million, a million more than most forecasts, while VCR sales seem headed for just below 12 million. Encouraging signs in Sept. were strong sales and inventory declines from Aug.

As we noted last week, Sept. was best month ever for color, 2nd best for VCR, ended with first 300,000-plus week for VCR, 2nd 500,000-plus week for color TV (TVD Oct 7 p10). Six of this year's 9 months set records in color, and, of course, all 9 months (and all 39 weeks) set VCR records.

Color TV sales in Sept. ran at seasonally adjusted annual rate of 17,380,000, 2nd best of year. For 3rd quarter, they were 16,582,000 (lower than 2nd quarter's 16.6 million but above first's 16.3 million). In year's first 9 months, color sales were at rate of just under 16.5 million. Nevertheless, we think 17 million is good bet for full year because industry seems poised for strong final quarter and momentum is increasing. Additional fillip is provided by inclusion of extra week in 1985 -- seasonal figures are based on 52-week year, and EIA's statistical calendar this year has 53 weeks.

VCR sales in Sept., on annualized basis, were 11,142,000, far slower than rampaging pace earlier this year. Third quarter was year's slowest on seasonally adjusted basis, registering sales rate a smidgin below 11 million, vs. nearly 13.5 million in first quarter, 11.5 million in 2nd. For first 9 months, VCR sales were at rate of 11,850,000. Although buildup in VCR sales is leveling off, it's conceivable sales could end up at 12 million -- we think they'll come in just below.

In addition to direct-view color TV and VCR, noteworthy record has been achieved by projection TV, which hit all-time single-week (8,549 units) and single-month records (29,989) in most recent periods. Projection TV sales have established monthly records in all 9 months this year, should end year at about 254,000 sales.

Color video camera story is incomplete because of lack of information on camcorder sales, but they're obviously a major cause of precipitous decline in reported color camera sales (EIA includes camcorders as VCRs and Commerce Dept. import data throws them into catchall category). EIA color camera sales in Sept. fell not only below Sept. 1984 (by 45.9%) but below Sept. 1983 (by 4%). Their sales were below comparable 1984 period in 12 of last 13 weeks. For 9 months, camera sales lagged last year by 7.6%.

Sept. brought good news on inventory front, with both color and VCR pipeline stocks dropping 6.7% during month from levels at end of Aug. VCR decline was first of this year, color 2nd. Pipelines (factory plus distributor) contained 1,944,000 VCRs at month's end. Although this was increase of 108.4% over same 1984 date, that rise was by far lowest of year. Factory VCR inventories totaled just over 1,236,000, down 9.3% in month and up 163.5% over year earlier. Distributors held fewer than 488,000 VCRs, decline of 2% in month and increase of 95.1% in year. Pipeline inventories represent only a little over 7 weeks' supply, and we've already heard talk of shortage of low-end models.

All signs indicate VCR price declines may be bottoming out, at least through Christmas, with improving inventory situation that actually started in Aug. (TVD Sept 9 p9). Japanese exports to U.S. have begun to level off, and modesty of 6.2% rise in Japanese VCR production in Aug. to 2.2 million units is attributed to slowdown in orders from U.S. Thus, disclosure by RCA last June that it was putting hold on \$50 million in VCR orders because of glut (TVD June 17 p10) seems to have served industry well by triggering alarm, heading off potential VCR panic. For year's first 8 months, Japanese VCR production totaled 18,647,000, about half for U.S.

Color pipeline inventories (including projection) at 3,618,000 sets were up only 1.8% over year earlier, smallest increase of year. At factory level, they totaled 2.26 million, down 10.4% during month and up 1.3% for year. Distributor stocks (1,357,600) were unchanged from preceding month and down 7.5% in year. Inventories now represent only 9 weeks' supply at current annual sales rate. Here are EIA's figures on sales to dealers for Sept.:

Product	SEPT. 1985	SEPT. 1984	% CHANGE	SEPT. 1983
Total TV.....	2,344,728	2,221,594	+ 6.0	2,167,168
Total color...	1,968,011**	1,775,959	+10.8	1,593,897
Direct-view.	1,938,022**	1,753,658	+10.5	1,577,467
Projection..	29,989**	22,301	+34.5	16,430
Monochrome....	376,717	445,635	-15.5	573,271
TV excl. projec.	2,314,739	2,199,293	+ 5.2	2,150,738
Home VCR.....	1,273,533**	873,175	+45.9	456,334
Color cameras...	37,827	69,948*	-45.9	39,409

* Record for any Sept. ** Record for any month.

VIDEO LOSSES CONTINUE AT GE AND NAP: First of video industry's 3rd-quarter financial results, issued last week by GE and North American Philips, show there was no easing of intense competition that produced near uniformity of red ink for major marketers in April-June.

While GE corporate profits were up in quarter from same period last year on slightly reduced sales (see financial table), company said: "Consumer products earnings were considerably below a year ago on somewhat lower revenues... with consumer electronics operations reporting a loss in the current quarter compared with a profit a year ago." GE said "sales were off slightly in consumer electronics, but very weak pricing resulted in a significant unfavorable earnings swing." It identified color TV as main problem area, citing "extremely competitive conditions" stemming primarily from "industrywide oversupply."

NAP, which suffered 63.5% drop in consolidated net for quarter, said its consumer electronics sales and profits were down in period even though color TV shipments "were at

slightly higher levels" and "VCR volume was considerably ahead" of same months last year. For 9 months, NAP said, color shipments were about even with record volume of last year, while VCRs were up. Consumer electronics earnings "continued to be adversely affected by fierce competitive pricing in the marketplace." NAP said it trimmed inventories in period and stepped up cost-reduction efforts. Company has acknowledged posting significant losses from consumer electronics in first 2 quarters this year, and it's understood deficit continued in 3rd. Third-quarter results in NAP's electrical and electronic components and electrical consumer products businesses also were down.

TV components makers also are feeling pinch. Owens-Ill. reported improved sales and earnings for quarter and said it "expects to meet its 1985 goals and be well ahead of last year's results, despite" depressed prices for containerboard and corrugated shipping containers "and the effect of imports in the domestic TV industry."

Red ink also continues to flow in semiconductor market. Motorola reported \$39 million deficit for quarter, attributed loss to reduced demand for semiconductor and computer-related products. It said substantial part of loss resulted from one-time charges for staff reductions, organizational restructuring and inventory writedown. Chmn. Robert Galvin said he sees sign of turnaround in semiconductor fortunes -- order rate decline "has ceased and orders are beginning to increase in some product lines." Intel showed operating loss of \$23 million for quarter, trimmed down to \$4 million net loss after tax credits and other special gains, said it expected to report increased deficit. To help trim costs, company is getting out of dynamic random access memory business. Intel invented dynamic RAM, delivered first such memory IC in 1970. But company now is into more sophisticated semiconductors and said such RAMs account for less than 5% of its business.

KODAK'S DEEPENING CONSUMER VIDEO COMMITMENT: Eastman Kodak last week made it clear that its new line of 8mm products is just beginning of growing commitment to consumer electronics. First demonstrations of new and proposed video devices (TVD Sept 23 p10) gave definite impression that company and its suppliers have done homework and benefited from their year of experience in 8mm. Video image printer at \$700 gave good pictures from RGB or video signals, and performance of developmental video floppy disc recorder-player was consistent with other versions we've seen.

Kodak prefers to stay out of such fields as video software and audio components, company officials indicated, but would move in if necessary to broaden own market or "if we felt we could add value," as Consumer Electronics Div. Vp-Gen. Mgr. Daniel Carp expressed it. Kodak plans price cut on 8mm tape soon, but believes it might take as much as 3 years to reach parity with 1/2" tape. (For Kodak's views on tape and software, see report elsewhere in this issue.)

Pictures from ingenious new plug-together 8mm Modular Video System (MVS) components showed strong improvement over current Kodavision camcorder. Kodak engineers said performance of new decks in 4-hour mode was as good as today's 2-hour Kodavision, and 2-hour mode on new decks was 2-3 dB better. As reported here last month, assortment of 2 decks, 2 cameras, 2 tuner-timers makes possible variety of "customized" camcorders and home systems.

Kodak's new MVS products, like original Kodavision, will be produced by Matsushita. Design isn't exclusive to Kodak, Carp said in answer to our question. He said he was unaware of any other company's plans to use same design, but added he wouldn't be informed since Kodak stays away from Matsushita's dealings with other companies.

MVS components will be marketed before Christmas in Boston, Dallas, Denver and San Francisco, accompanied by heavy TV advertising, we're told by Vp-Mktg. Gen. Mgr. Richard Lorbach, go nationwide right after first of year. With new products, he said, Kodak's 8mm line broadens "from a camera business to a VCR business." While camcorder pricing has fallen substantially, Kodak achieved its goals of establishing market presence and 8mm format, Carp said, adding "the industry is no longer challenging whether there is a market for 8mm."

"We knew it was pushing a rock uphill to bring 8mm to market," said Carp, but "it turned around." Competition appears to have helped, Kodavision sales increasing since announcements of new 8mm models by Sony and even by Kodak itself, Lorbach said. Asked about number of units sold, Lorbach said that although "we met our original number estimate," debut wasn't "quantity oriented" but rather was designed "to learn video."

Low prices advertised for Kodavision in some markets have Kodak officials stumped, executives said. They're "not reflective of our prices," Lorbach told us, and as for those seen in N.Y., "I don't know how they do it -- there isn't enough supply to support transshippers." Commenting on performance of original camcorder, "we knew we couldn't improve on 8-9 years of half-inch product," it was "just a start." Lorbach insisted Kodak isn't liquidating it, but conceded market strategy and pricing have been changed.

New MVS component system is more of challenge to Kodak. "It will be a team effort," he said. "We'll put packages together [dealers] can make a profit on. [With MVS] the concept of dealer demonstration is even more important... We have 2 of each of 3 types of components [and] we'll be adding more."

Video floppy film-to-disc transfer service will be tested in 3 processing labs, along with home test of disc recorder-player, designed to record from video program source. Kodak officials said form factors and parameters of system could change. Currently, for example, disc accommodates only one field (half a TV frame) per picture, missing alternate lines being restored by interpolation. Engineers said full-frame pictures could become an option (cutting number of pictures per disc in half to 25). As viewed, there was definite deterioration between full-frame and interpolated-frame pictures on lab processing monitor.

Color video image printer is ready and scheduled for marketing early next year. Using solid-state frame store, monochrome picture tube and slowly revolving color wheel, device can make instant photographic color prints from any still or moving video or RGB picture source. We found prints very satisfactory in quality. Kodak's demonstration followed by one week Sony's announcement of commercial availability of Mavigraph, heat-activated color picture printer at \$13,000, plus \$2,000 for required laminator (TVD Oct 7 p13). The 2 devices aren't in same league, of course. Sony's is industrial-commercial system, is clearer and better, but costs 21 times as much. Mitsubishi is introducing heat transfer color printer at about \$2,000.

"Consumer electronics will be a major focus of Kodak," said Lorbach. Carp elaborated: "There are plenty of other products [in works], once the key elements fall into place. Our core skills are good pictures, knowing what the consumer wants." Would Kodak go into associated fields, such as audio components? "We will go into a market where we can add value -- but we must add value and it must supply earnings. We must be very careful not to let our enthusiasm or ego run away with us... [Kodak won't add products] just to broaden our participation in consumer electronics."

Carp said consumers seem to prefer mixing brands of audio equipment, "but if we felt we could add value, we might have a Kodak brand speaker system," for example. Nevertheless, Kodak clearly is keeping its eye primarily on video in what it terms its "transition from conventional to electronic photography."

Second setback in attempt to establish strong presence in electronics has been suffered by Korean heavy industry conglomerate Hyundai. Company shut down \$40 million IC plant it opened in Santa Clara, Cal. just a year ago after reportedly running up loss of more than \$20 million. Plant's 100 production workers have been dismissed and sharp cutback in equal number of engineering, sales and administrative employes is expected. Hyundai's expansion into color TV and VCR production was blocked last year by Korean govt. following U.S. imposition of dumping duties on color imports from Korea.

Updated source directory for replacement parts and technical service materials, Consumer Electronics Parts Source Book, is available for \$1 from EIA Consumer Electronics Group, Products Services Dept., 2001 Eye St. NW, Washington, D.C. 20006.

Lowest priced VHD videodisc player is slated for introduction in Japan this week by Sharp. Unit will list at about \$370, or \$50 under current lowball lists, and Sharp said it plans to produce them at rate of 7,000 monthly.

JULY TV IMPORTS: Modest boost in form of complete color imports from Mexico by Zenith wasn't enough to keep total July shipments from dropping 25.3% below level of same month last year, according to Commerce figures (TVD Sept 23 p11). Decline, however, may be more statistical than real, as Commerce said there were processing problems with month's figures and that some July imports will end up being included with Aug. results.

Imports were strong enough, however, to put cumulative total for Japan over 2 million mark for total TV, Korea past million for total color and Taiwan over million for b&w. Canada's 7-month complete color import total of 101,600 (not indicated in table below) is up 1,500 from full 1984, with credit for rise going to increased shipments of consoles by Matsushita Canada to Panasonic and RCA's start of 13" imports from Canadian subsidiary this year.

Following are TV import totals by country for July and first 7 months of 1985. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
Month	%chg.	7 Months	%chg.	
Japan				
total...	386,000	+24.4	2,185,000	+32.2
color...	314,900	+47.4	1,778,700	+46.5
b&w....	71,100	-26.3	406,200	- 7.5
Taiwan				
total...	237,300	-35.2	2,399,200	+11.6
color...	159,200	-11.1	1,305,200	+37.8
b&w....	78,200	-58.3	1,094,000	- 9.0

BIG-SCREEN COLOR LCD: Toshiba demonstrated largest color LCD display to date in Japan, 10" model it expects to use for 8-color graphic terminals in 2 years, TV sets in 3. Device, according to Toshiba, consumes 1/5 the power of picture tube, has 1/10 the thickness at 4 times the cost.

As we viewed it displaying computer drawings, color was excellent, brightness good (it's backlit by 3 fluorescent tubes), but with plainly visible vertical black line structure. Toshiba said display had 307,200 pixels (640x480). Display appeared to be about 5" thick, including backlight.

Toshiba said LCD was active matrix type with amorphous silicon thin film transistor at each pixel, each functioning as switch to control and enhance picture. LCD is formed on large glass substrate by photolithography and etching techniques, making possible precise control of thickness. Display was described as having brightness of more than 300 candelas, nearly matching that of home color set and operable without washout in up to 10,000 lux of ambient lighting. It has 10:1 contrast ratio, was demonstrated with non-NTSC picture of 48 frames per sec. Size limit of display using this technology is about 12", Toshiba scientists said.

Korea				
total...	314,900	-47.6	3,457,900	+ 3.6
color...	149,400	-25.8	1,139,000	-10.4
b&w....	165,500	-58.5	2,318,900	+12.2
Singapore				
color...	95,200	+139.0	636,000	+53.0
Malaysia				
color...	22,500	- 8.1	190,500	+74.9
Hong Kong				
total...	20,200	+15.1	82,700	+22.4
color...	13,600	-22.5	59,700	-11.6
b&w....	6,600	*	23,000	*
Canada				
color...	11,400	+40.5	103,000	+130.4
Mexico				
color...	194,700	+49.8	1,253,600	+28.9

Complete Color

Japan	153,300	- 1.0	894,300	+ 6.8
Taiwan	83,000	-44.5	856,800	+ 2.0
Korea	50,700	-65.5	458,300	-58.9
Singapore	44,300	+109.4	277,500	+99.6
Malaysia	22,500	- 8.0	174,100	+59.8
Hong Kong	13,600	-22.5	45,700	-32.4
Mexico	7,900	*	29,200	*

Color Chassis & Kits

Japan	161,500	+174.4	884,500	+134.6
Taiwan	76,200	+159.0	448,400	+319.7
Korea	98,700	+92.6	680,700	+335.0
Singapore	50,900	+172.2	358,500	+29.6
Malaysia	--	--	16,500	*
Hong Kong	--	--	14,000	*
Mexico	186,800	+43.8	1,224,400	+25.9

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

K.C. Munchkin bites again: To stave off lawsuit threatened by Apple Computer, Digital Research has agreed to modify windowing graphics for its GEM (Graphics Environment Manager) computer operating system to keep it from looking too much like those of Macintosh computer. GEM is used in Atari 520ST and U.K.'s Apricot computers. To get agreement, Apple cited U.S. Appeals Court, Chicago, ruling in favor of Atari and Bally in videogame copyright suit filed against Magnavox in 1981. Court said that while Magnavox's KCM game was significantly different from Pac-Man, its visual appearance was similar enough to constitute infringement.

Upbeat outlook for U.S. semiconductor market recently expressed by Semiconductor Industry Assn. may be overoptimistic, according to In-Stat Electronics Reports, Scottsdale, Ariz. In contrast to SIA prediction of 24.8% rise here next year (TVD Oct 7 p14), In-Stat said it expects 3% decline as IC price erosion continues. Company said it believes heart of industry's current financial problem isn't excess inventories but decline in average prices, said it estimates that while value of worldwide market will be off 18% this year, unit sales will be flat.

DITHER OVER DAT: Hottest story of Japan Audio Fair last week wasn't on exhibit floor but at associated seminar in hotel suite, where Sony stirred up anger of competitors and dealers by displaying and demonstrating digital audio tape recorder (DAT). Informal gentlemen's agreement has kept DAT out of all recent trade shows -- Summer CES, Berlin Funkausstellung are examples -- and is generally understood to apply also to Audio Fair, this week's Japan Electronics Show and Jan. Winter CES as well.

Reason for no-show status of DAT is, of course, to avoid plugging unavailable products of near-future that could hurt sales of today's products -- particularly such related items as CD digital audio disc and 8mm Video that can double as digital audio tape recorder. Agreement at Japan show reportedly was between exhibitors and show organizers.

Seminar was to include Sharp and Sanyo representatives but ended up entirely as Sony show. Sony showed helical scan rotary head (RDAT) recorder, neat-looking large portable, bigger than Walkman. Machine was demonstrated briefly, Sony took questions, then attempted 2nd demonstration. As sounds broke up and disappeared, Sony technicians converged on machine from all corners of room. Proper operation was restored and recorder was switched off. Cameras clicked away. Sony threw blanket over machine, but later was persuaded to permit more photos.

In addition to demonstration of RDAT recorder, Sony showed tabletop high-speed contact printer for duplicating RDAT tapes at 200 times real time. Metal particle tape used is believed to be same as that used for 8mm.

* * * *

New portable CD player was demonstrated by Sony in Tokyo, will be shown to press in N.Y. this week. It's much thinner, more automatic than original version, measures about 5" square by 1" deep, about 1/4" shallower than Technics unit that has been smallest. To be available in Japan next week and in U.S. later, Discman has LSI for laser control, is programmable. Price is same as current model, about \$230 in Japan.

Among other products shown at Audio Fair was Pioneer audio-video system operable by single remote control unit, including telephone answering machine built into amplifier. Surround sound was everywhere, this time in connection with A-V systems, most demonstrations sounding as bad as they did 10 years ago.

One room at fair was devoted to HDTV. There JVC showed version of its AHD (Audio High Density) capacitance disc system capable of showing 240 still 1,125-line high-definition widescreen pictures per side, one every 15 sec.

Toshiba demonstrated VCR and optical videodisc player designed for NHK widescreen HDTV system. VCR used 1/2" tape designed for perpendicular recording using barium ferrite as magnetic medium. Tape in prototype ran 3 times faster, head 2 times faster than in conventional VHS recorder. Single cassette had 90 min. recording time.

ACCESSORIES SHOW: Electronic Accessories Show had 2nd annual 2-day stand in Atlantic City last week with 80 exhibitors offering broad brush of add-on products. Most of industry's big names were represented, either by marketers themselves or local distributors, with video and audio cassettes getting biggest representation.

Missing on opening day, Oct. 10, when we toured aisles, was audience. Only several hundred of preregistered 4,000 were on hand, and exhibitors were hoping dealers were coming next day for long weekend so there would be bigger 2nd-day crowd. Those who did walk floor apparently were buying, and we heard no complaints about lack of traffic. Most dealers there, we were told, came from immediate surrounding area, but we did see several representatives of major N.Y.C. area retailers.

It obviously was selling show for existing products, so there was little new. Recoton was only one with TV stereo converter, although NAP Consumer Electronics and RCA Distributor Products were showing adaptors. Big trend, from several makers, was VCR accessory pack. Typical was Memtek's Memorex offering of VHS headcleaner, dust cover and RF dubbing cable for \$25, representing saving of about \$10 for customer and profit of \$12 for dealer -- which is about what some dealers are making on VCRs these days. Discwasher kit at \$30 comes with head cleaner, signal splitter, A-B switch, 3 RF cables and set-up instruction manual.

Among notable introductions at show: Alsop, which was first in market with Beta and VHS head cleaning cassettes, says it will start shipping industry's first 8mm Video head cleaner this month. NAPCE has added infrared wireless stereo headphone system (TVD Sept 23 p11). It comes with transmitter that connects to speaker terminals of receiver, plus headphones, lists at \$150.

First digital amplifier has been introduced by Marantz Japan, based on development by 50% owner Philips. New 200-watt device directly amplifies digital signals without need to transform them first to analog form. It also can convert analog signals to digital form for amplification. It will be priced at \$1,630 in Japan. Marantz Japan is unrelated to Marantz U.S., except as a supplier.

Du Pont and N.V. Philips are discussing formation of worldwide venture to produce optical storage discs for video, audio and data markets. Philips is now producing variety of optical discs, while Du Pont has been involved through R&D of high-density optical media. It isn't first such tie between those 2 firms. In 1981, they merged videocassette operations to form PD Magnetics.

John McDonald, Casio (U.S.) pres., was elected EIA Consumer Electronics Group chmn. at meeting in San Diego last week, replacing Pioneer's John Doyle. We'll have more on CEG's new officers and those of other EIA groups next week.

KODAK & SOFTWARE: Kodak is ready and able to support expansion of 8mm Video into general home format, but isn't exactly willing. That's word we got last week at meeting with Consumer Electronics Div. Vp-Gen. Mgr. Daniel Carp and Vp-Mktg. Gen. Mgr. Richard Lorbach.

Kodak doesn't view recorded cassettes as "a primary long-term component in our business," but recognizes that availability is important to format's success, according to Lorbach, who has been directly responsible for Kodak's 8mm software since last month when John O'Brien was reassigned (TVD Sept 16 p16).

For software to back its home hardware launch (see report elsewhere in this issue), Kodak expects independent distributors to handle job, and is in position to support such effort. "But if the industry doesn't pick it up, we have a contingency plan that will be implemented as needed," Lorbach said. Plan would call for Kodak to come out with 25-50 titles "to start the avalanche" of software, but he acknowledged nothing is contracted currently. He noted that Sony is offering 150 titles in Germany, plans to have 600 there by year end, which could be pattern for its activities here. Sony is currently delivering 15 music and children's 8mm titles in U.S., priced at \$17-\$50.

In addition to reluctance to become recorded software company, "there's still a number of different viewpoints on how to do business" in that industry, Carp said, referring to conflict over direct-to-dealer vs. distributor sales. "It's difficult for us to make a move when the industry is in the middle of trying to sort itself out," Carp said. He also offered this bit of advice: "Our experience has been that you can't play both sides of the street on that."

Lorbach indicated he thought Kodak probably won't have to enter software field. "Duplicators were initially reluctant" to adopt 8mm, "but now they see this is more than a camera system, we have a very viable VCR out there." Another hopeful sign is that "program suppliers are easing off in the [volume] requirements" on which guaranteed royalties must be paid. He said some suppliers now are indicating that "minimum order quantities would be less than indicated" last year, "and would be significantly less than are now required in half-inch."

Kodak will support duplicators on 2 fronts, Lohrbach said: (1) "We are in a position to supply decks if necessary," in addition to those now offered by Sony. (2) "You'll see some price activity [tape price cuts] in the near future," extending to both duplicators and consumers. "We obviously can't expect the consumer to pay a high premium over half-inch" forever, "we don't want it to always be a higher priced product." At present, 8mm cassettes are nearly 3 times as expensive as 1/2", should be down to about 1-1/2 times next year, with pricing parity within 3 years, Lorbach said.

Pricing sensitivity is greatest in duplicator market, but it does have strong effect on consumer market, Carp said. He told us Kodak's studies showed, as expected, that most 8mm camcorder buyers already owned 1/2" home VCRs, but also that "not as many transfer [their 8mm tapes] to half-inch as we thought they would." Users keep originals, don't rerecord over them. "You're dealing with precious memories here," so tapes don't get erased. Carp said situation is similar to that of 8mm home movies where consumers don't edit out and discard poor footage.

As for Kodak's place in blank cassettes, "we have clearly shown in the tape business we haven't overestimated our skills. We are beating all of our goals and objectives," Carp said. He acknowledged that Kodak is affected by industry's margin squeeze but said he felt that tape prices had bottomed out and that Kodak had succeeded in positioning itself in upper tier of brand marketers. Echoing that view, Lorbach said Kodak is experiencing strong growth "in terms of dealer additions and consumer acceptance." He said company would be stepping up its ad and promotion activities. "It's not the easiest market in the world, but we are establishing what we can bring to the market."

SONY BUYING OUT CBS CD: Sony has preliminary agreement to buy CBS's 50% interest in Digital Audio Disc Corp. (DADC), which owns and operates digital audio CD pressing plant in Terra Haute, Ind., currently only domestic source for discs.

Sony said it has signed memo of understanding and is negotiating final details. Sony said it expects CBS Records to continue as DADC customer. CBS has been selling off assets to reduce debt incurred in restructuring plan implemented earlier this year to block takeover bid by Ted Turner (TVD July 8 p2).

Sony didn't disclose pricing details, but DADC represented investment of more \$20 million when it was launched in 1983 as subsidiary of CBS/Sony Records, firms' joint recorded music venture in Japan. Since then, plant has expanded significantly, recently increased disc capacity to million monthly, is estimated to be valued now at more than \$30 million. Sony said it views pending acquisition as "means of increasing its commitment to this exciting new technology as well as increasing its manufacturing and investment" in U.S.

Also, Sony said its Industrial Products Div. will start assembling industrial U-matic VCRs at plant in Ft. Lauderdale later this year. Sony took over plant 3 years ago when it acquired studio equipment maker MCI.

Satellite TV Network aimed specifically at TVRO owners has been formed by Perigon Corp., Shelby, N.C. Company predicts sign-on in early 1986 for programming including "entertainment, on-air direct-marketing opportunities, live viewer exchanges and [dish] industry-related programming."

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.

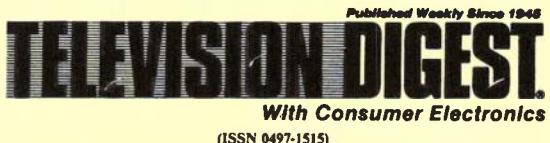
Company & Period	Revenues	Net Earnings	Per Share
Crazy Eddie			
1985-26 wk. to Sept. 1	98,751,000	3,530,000	.25
1984-26 wk. to Sept. 1	63,172,000	1,679,000	.17 ^a
1985-13 wk. to Sept. 1	52,908,000	2,389,000	.17
1984-13 wk. to Sept. 1	32,344,000	1,141,000	.11 ^a
General Electric			
1985-9 mo. to Sept. 30	19,560,000,000	1,676,000,000	3.68
1984-9 mo. to Sept. 30	19,970,000,000	1,628,000,000	3.59
1985-qtr. to Sept. 30	6,520,000,000	575,000,000	1.26
1984-qtr. to Sept. 30	6,720,000,000	564,000,000	1.24
Motorola			
1985-9 mo. to Sept. 30	3,995,000,000	28,000,000	.24
1984-9 mo. to Sept. 30	4,049,000,000	262,000,000	2.21
1985-qtr. to Sept. 30	1,301,000,000	(39,000,000)	--
1984-qtr. to Sept. 30	1,377,000,000	86,000,000	.73
North American Philips			
1985-9 mo. to Sept. 30	3,069,500,000	54,800,000	1.90 ^b
1984-9 mo. to Sept. 30	3,077,500,000	89,000,000	3.09
1985-qtr. to Sept. 30	1,038,200,000	13,400,000	.47
1984-qtr. to Sept. 30	1,068,100,000	32,700,000	1.14
Orion Pictures			
1985-6 mo. to Aug. 31	107,285,000	(3,252,000)	--
1984-6 mo. to Aug. 31	102,440,000	781,000	.06
1985-qtr. to Aug. 31	42,363,000	(5,896,000)	--
1984-qtr. to Aug. 31	51,440,000	259,000	.02
Owens-Illinois			
1985-9 mo. to Sept. 30	2,782,500,000	114,800,000	3.85
1984-9 mo. to Sept. 30	2,641,500,000	98,300,000	3.43
1985-qtr. to Sept. 30	971,000,000	48,200,000	1.61
1984-qtr. to Sept. 30	890,400,000	38,700,000	1.31
Raytheon			
1985-9 mo. to Sept. 29	4,696,000,000	277,171,000	3.35
1984-9 mo. to Sept. 30	4,428,000,000	153,624,000	1.82
1985-qtr. to Sept. 29	1,568,000,000	95,335,000	1.17
1984-qtr. to Sept. 30	1,411,000,000	85,906,000	1.01
Westinghouse			
1985-9 mo. to Sept. 30	7,480,500,000	422,200,000	2.40
1984-9 mo. to Sept. 30	7,375,800,000	375,300,000	2.13
1985-qtr. to Sept. 30	2,608,900,000	148,600,000	.85
1984-qtr. to Sept. 30	2,546,300,000	130,600,000	.75

Notes: *Adjusted ^aIncludes special credit.

Consumer Electronics Personals

James Tietjen named RCA corporate vp in charge of RCA Labs, succeeding Vp **William Webster**, who moves to new post of senior technical adviser involved with all RCA electronic activities; **Andrew Hoscod** named RCA American Communications pres.-CEO, replacing Tietjen... **Thomas Edwards**, ex-RCA, joins Panasonic as VHS Div. asst. gen. mgr., post last held by **Robert McCarthy**, who joined Gusdorf last spring; **Joseph Goetz** advanced at Panasonic Industrial Audio-Video Systems Group from govt. mktg. mgr. to CCTV product line business mgr... **Stuart Solid**, ex-Technics, joins Symphonic as western sales mgr.

Thomas Zohn promoted at 3M Magnetic Audio/Video Products Div. from audio mktg. development mgr. to video mkt. development mgr.



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responsible for marketing and promotion of Scotch brand products... **Mark Nevejans**, former Agfa-Gevaert national sales mgr., joins Electro Sound as Equipment Div. sales vp; **Joseph Ryan** appointed A-G San Francisco region distribution mgr... **James Barry**, former Dealerscope editor, launches mktg. communications consulting firm Barry Corporate Communications, in Waltham, Mass., 617-788-0522.

Sondra Scerba, ex-Zoetrope Studios, named acquisitions supervisor, Paramount Home Video... **James Kolitz**, ex-Integrity Entertainment, named pres., Video Station and Coast Video... **Charles Woods** appointed exec. editor, Simon & Schuster Audio & Video Publishing Div... **Brian O'Sullivan**, ex-Cybex, named central div. mgr., Worldvision Home Video... **Clive Fox** named Concord Video pres.; **Danny Dalton** creative dir... **Beth Simon** promoted to eastern sales mgr., Audio Plus Video International; **Bruce Goldstein**, ex-EUE/Screent Gems, named film-to-tape services mgr.

Steven Karlik Mepco/Electra vp, promoted to pres., succeeding **Brent Curtis**, now on special assignment with parent, North American Philips... **Carl Lindholm**, Motorola International Operations Exec. vp, adds responsibility for Govt. Relations, formerly handled by **John Welty**, who recently retired as exec. vp-chief corp. staff officer; Vp **Richard Heimlich**, formerly Japanese relations dir., promoted to new post of international strategy dir.

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OCTOBER 21, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

RTNDA LEADS IN FAIRNESS APPEAL: Other media groups join in filing expected today in U.S. Appeals Court. (P. 1)

LOEWS LOOKS TO BUY 25% OF CBS: Network asks for 'white squire' to increase its share of CBS to combat hostile takeovers. (P. 2)

HBO SCRAMBLING ADS REBUFFED by satellite publications as sparring with cablers continues. Key lawmakers angered. (P. 4)

RAINBOW SETTLES WITH MGM/UA AND TBS out of court in licensing dispute over movie library. (P. 5)

ABC SALES, NET DOWN SHARPLY in 3rd quarter, as broadcast and publishing earnings fall. RCA reports record quarter for NBC. (P. 5)

PTV SEEKS CABLE CARRIAGE of all public TV stations. CPB, PBS and NAPTS join in petition to Commission for new rules. (P. 6)

WARNINGS WEIGHED ON CABLE PORN RULES at U.S. Attorney Gen. hearing in L.A. NCTA, MPAA, FCC, others testify. (P. 7)

MOONEY SEES END TO CITY INTRUSIONS: Says cable now can operate without regulatory entanglements, must face Justice Dept. (P. 8)

RTNDA LEADS COURT CHALLENGE TO FAIRNESS DOCTRINE: With RTNDA leading way, several print and broadcast organizations will challenge constitutionality of fairness doctrine in filing expected to be made today (Oct. 21) in U.S. Appeals Court, D.C. Filing will be very brief to set stage for legal arguments to follow. Groups will maintain doctrine is in violation of First Amendment "and is otherwise arbitrary and capricious and contrary to law." Filing is to ask that doctrine be "set aside, modified or reversed."

Appeal will be based on Aug. 7 FCC policy statement in which it said doctrine is "constitutionally suspect," "chills" free speech and no longer is necessary because number of media outlets for public expression has grown substantially since Red Lion decision in 1969 affirming doctrine (TVD Aug 12 p1). At that time, Commission said it wasn't necessary to rule

Consumer Electronics

GE TO END COLOR TV production in Aug., switch to buying from Matsushita, will continue making color tubes at Syracuse plant. (P. 10)

VCR IMPORTS set new monthly high of 1.67 million in Aug., and 8-month total of 10.8 million topped full 1984 results. (P. 12)

VIDEO PRICING PRESSURES blamed by RCA and Zenith for depressed 3rd-quarter consumer electronics results. Zenith has loss. (P. 12)

PIONEER MERGING audio & video subsidiaries Jan. 1, with hq in Cal., to be headed by Doyle and Noda. Yamada and Kai to be exec. vps. (P. 14)

FCC CRACKS DOWN on wireless devices that transmit video pictures to TV sets. (P. 14)

NIELSEN COUNTS VCRs, with Las Vegas, San Francisco leading in penetration. Data show VCRs add significantly to TV audience. (P. 15)

ONLY 2 TV MARKETERS, GE and RCA, make Ad Age's 1984 roster of nation's top-100 advertisers. Both increased budgets. (P. 15)

VIDEODISC PROGRESS made in point-of-purchase and educational fields. JVC develops 3D and analog-digital VHD versions. (P. 16)

whether doctrine was legislatively mandated by 1959 amendment to Communications Act that referred to broadcasters' obligation to be fair, invited Congress to take look at issue.

At Sept. convention in Nashville, RTNDA members authorized Assn. to seek judicial repeal of doctrine (TVD Sept 16 pl). In announcing court action, RTNDA Pres. John Spain, news dir. of WBRZ Baton Rouge, said: "The FCC erred in not following the logic of its own findings about the chilling effects of the doctrine and the increasing diversity of the media in the marketplace of ideas. The Commission should have determined that the fairness doctrine is not mandated by the Communications Act. The FCC then should have moved to repeal the doctrine, which it found deserves the public interest."

RTNDA said CBS "will be the major contributor" to court effort and Timothy Dyk of network's Washington law firm Wilmer, Cutler & Pickering is preparing appeal. NBC said at deadline that it hadn't decided whether to join in; ABC, which historically hasn't opposed doctrine, won't be party. Others expected to sign original pleading or become intervenors include several major broadcast groups, NAB, NRBA, Society of Professional Journalists, ANPA.

Action will be stoutly opposed by public interest groups, which called FCC's Aug. statement "a major victory." Most members of Congress also are staunch supporters of doctrine but "they don't have any influence over the courts," member of appealing group told us.

LOEWS EYES 25% OF CBS: In friendly action requested by CBS, Loews Corp. said last week that it plans to increase its holdings in CBS to 5.8 million shares (25%) as further hedge against any unfriendly takeover attempt by outsider. Loews currently owns 2.7 million (11.7%) CBS shares, purchased for about \$285 million. Company began buying CBS shares last summer shortly after network successfully fought off \$5.4 billion takeover bid by Ted Turner.

Latest move means that Loews Chmn. Laurence Tisch, without spending anything on investment bankers or lawyers, eventually could accomplish what Turner couldn't even after spending \$18 million: gain de facto control of CBS Inc. Tisch will be elected a CBS dir. at Nov. 13 board meeting, when that body will be increased from 13 to 14 members.

Loews disclosed in SEC filing that it had offered to buy CBS "on a negotiated basis," move rejected by CBS. Friends of Tisch say it is unlikely he will ever make unfriendly move on CBS but if circumstances permitted, he wouldn't be opposed to buying total control. And, Loews 25%, combined with 8% interest held by William Paley, make for major obstacle to any hostile bid, analysts said.

It's estimated that to gain 25% share in CBS would cost Loews \$675 million, based upon \$115 per share price tag. But that's cheap compared with \$200 per share value analysts have placed on CBS assets, which means that Tisch would be gaining 25% share of company at about 58% of value placed on assets. For comparison, Capital Cities bought ABC for \$3.5 billion, or about 75% of estimated value of its assets. However, Loews won't get complete control that CapCities gains over ABC.

CBS tactic is risky because, at the least, it calls for giving another company a "preferred position" from which it later could launch effort to buy entire company. Tactic is called "white squire" defense, a Wall St. play on white knight defense where company allows itself to be taken over by friendly suitor. Walt Disney Productions and Warner Communications are among firms that have used method to fight unwanted suitors. Bass family of Tex. was enlisted by Disney directors to fight off 2 successive hostile attacks, has since raised its stake in Disney to about 25%. Warner called upon Chris-Craft Industries (C-C) to fend off Rupert Murdoch. Warner swapped 19% of its voting stock for 42.5% of Chris-Craft's broadcasting unit and C-C later bought additional shares to increase its stake in Warner to nearly 30%. But relations between those 2 have deteriorated and C-C Chmn. Herbert Siegel reportedly is exploring ways to take over control of Warner.

CBS official told us Loews tie would "stabilize situation internally and therefore I like it." Morale has been very low at CBS, what with 4.5% budget cutback for 1986, layoffs in News Div. -- more are expected in other divisions -- and offer of early retirement to some 2,000 employes who are at least 55 and have been with company for 10 years. "The retirement benefits aren't all that good," according to several higher-ups who are eligible.

Another view from inside CBS: "Maybe Tisch will come in, take a good look at the situation, realize what a mess we're in and do something about it. That would be great." However, source said "there is enormous sensitivity in this company to the human equation."

In prepared statement, Tisch said Loews move "reflects our confidence in the management of CBS and its ability to maintain and enhance its leadership in the broadcasting, records and publishing fields." Tisch is 62, chmn. of N.Y.U. and is on board of several major companies as well as Metropolitan Museum of Art. He's described as low-key, friendly, always willing to take time for civic and philanthropic causes. But he's also said to be strong willed, probably won't be passive investor in CBS, although he is expected to avoid trying to influence programming.

Last year, Loews reported net income of \$328.6 million, (\$4.03 per share), on revenues of \$5.6 billion. Its business holdings include Bulova watches, Lorillard Tobacco, Loews hotels and CNA Financial, insurance company that holds most of Loews financial clout. Tisch family, which includes brother Preston Robert Tisch, is prominent in Democratic party and has personal fortune estimated by Forbes to exceed \$1.7 billion. ABC Chmn. Leonard Goldenson is longtime friend and tennis partner of Laurence Tisch.

Tisch has been interested in entertainment and media for some time: Loews entered movie theater business in 1959 and recently sold it. Through \$8.5 billion investment portfolio, Loews owns sizable chunk of ABC and other media concerns and Tisch reportedly was interested in buying N.Y. Daily News when Tribune Co. wanted to sell it in 1982.

In unrelated move, Sony said it's buying CBS's half interest in their joint venture to manufacture audio Compact Discs -- Digital Audio Disc Corp. -- price not announced. Company is only U.S. source for such discs, currently makes about one million monthly, most of which are sold to CBS.

Major cable companies have formed at least 3 combines and submitted bids for 140 Group W cable systems that were put on block in Aug. by parent Westinghouse. Communications Equity Assoc. said it submitted "substantial" bid on behalf of 6 others: (1) Sunbelt Cable II, headed by ex-Cox Communications Chmn. Leonard Reinsch and ex-CBS Pres. Frank Stanton. (2) Cablevision Industries. (3) Insight Communications. (4) TA Assoc. (5) Falcon Cablevision. (6) Atlantic American Capital Ltd. Another bidder is consortium of Time Inc., TCI and Heritage Communications; 3rd bidder is led by Viacom, includes Cablevision Systems, Rifkin & Assoc., Centel Corp., 3 others unidentified. Successful group is expected to divide systems among its members. Westinghouse and its investment advisers, including Shearson Lehman Bros. and First Boston Corp., will study bids, then supply those it's interested in with more financial and other information for 2nd round of bidding. Analysts estimate systems, with 2.1 million subscribers, are worth about \$2 billion. "There is not a single company within the cable business that has that kind of purchasing power," according to cable executive.

INTV board, at recent meeting in Chicago, said it "will continue to vigorously pursue" its petition for FCC rulemaking on must-carry as well as legislation in Congress. "It's our principal objective to assure cable carriage for all independent stations, throughout their ADIs, equal to the cable carriage of their affiliate competitors," INTV said. However, Assn. said it would give "serious consideration" to compromise in several areas: (1) Must-carry within 50 miles of city of license only. (2) Nonduplication of commercial network signals. (3) Exemption for cable systems with no more than 12 channels and cap on must-carry at 40% of channel capacity. (4) No charge by cable systems for carriage of signals from TV stations. (5) Special provisions for hyphenated markets "to assure carriage in the ADI."

British govt. will inject £5 million into country's flagging cable TV industry to stimulate development of interactive services such as home banking and shopping, Information Technology Minister Geoffrey Pattie announced. Interest in investing in cable, which govt. approved nearly 3 years ago, has been low, partly because of weak demand for services.

SPARRING OVER HBO AD CAMPAIGN: Major satellite user magazines have rejected 2nd in series of "informational" HBO ads on scrambling, and cablers are crying foul. Dispute has angered key lawmakers.

Ads are in form of "open letter" to dish users detailing HBO's scrambling tests. They also put dish users on notice that Cable Act prohibits unauthorized signal reception. First ads appeared in satellite industry publications this month, but HBO says that when it sought space for 2nd in Nov. issues, it was rejected by largest with combined circulation of 720,000 (75%) of TVRO readers. In letters to lawmakers and key congressional staff members, HBO argued that company wanted to help clear air between 2 industries by speaking directly to consumers through ads, said rejections will increase "irritation" between industries. HBO is seeking reconsideration of ad rejections, but has had little success. Rejection of 2nd are especial blow for HBO because it contained coupon that readers could clip for more information on where to buy decoders and on subscribing to HBO and Cinemax programs.

Cablers don't dispute publications' right to reject ads but fear effort may be orchestrated boycott. HBO aides visited congressional offices, contending that while company understands satellite industry doesn't object to scrambling per se, it feels it has reneged on promise it made during Cable Act debate last year to keep dish users informed on issue. Cablers see failure to accept HBO ads as unfair and perhaps dirty pool as action comes at time when industries are at odds on timing of scrambling implementation. Magazine officials and satellite industry trade group SPACE reject cablers' charges.

HBO went to key dish industry ally in House, Rep. Tauzin (D-La.) but aide said action, rather than arousing Tauzin's sympathy for cable industry, angered lawmaker by unspoken suggestion at meeting that magazines were cooperating in rejection effort. Tauzin aide said publishers he contacted told him it wasn't their policy to refuse ads "simply because of their professional animosities toward what's going on." Tauzin criticized HBO at meeting for hesitating to interrupt its present ad-free programs with spots on issue because that would be most direct way to reach dish users who are picking off signal. He reminded HBO that Turner Bctg. has been running such ads on CNN, CNN Headline News and WTBS Atlanta since Aug.

HBO now is planning PR-ad campaign to address "misconceptions" about dishes and program availability, particularly: (1) Belief that govt. launched satellites with tax dollars "to provide free TV service to the public." (2) Reports that basic cable networks make all their income from ads and are profitable ventures. HBO notes "most services have not made a profit" and often charge cable operators licensing fees. (3) Mistaken belief that govt. has barred scrambling. But incident has rekindled interest of Tauzin and Sen. Gore (D-Tenn.)

in having Congress examine scrambling consortia plans proposed by NCTA and possibly defunct programmers' group (TVD Sept 30 p5). Tauzin last week renewed effort to win hearings for his bill addressing scrambling (HR-1840) and is seeking cosponsors again.

Programmers' efforts at forming cable scrambling consortium appear fell apart Oct. 10 when TBS announced pullout. TBS will scramble CNN and CNN Headline News beginning July 1, 1986, using M/A-Com's VideoCipher II decoders, attributed decision to "apparent unwillingness of the cable industry to work cooperatively toward achieving mutually acceptable scrambling formula." TBS was exploring joint scrambling venture with MTV, ESPN and Showtime/The Movie Channel and official said decision doesn't rule out company's cooperation in NCTA consortium.

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Cable industry was forced to abort recent effort in Congress to slow down broadcasters' push for must-carry legislation, we've confirmed. Washington law firm Williams & Jenson, which reportedly is on NCTA retainer, apparently approached Rep. Gray (D-Pa.), chmn. of Budget Committee, seeking amendment to appropriations legislation moving in House that would open FCC rulemakings on broadcast equal employment regulations and must-carry rules. As alternative, firm provided draft letter to Gray that he could send to House Commerce Appropriations Subcommittee Chmn. Smith (D-Ia.) suggesting idea be broached in legislation. We're told moves were designed as counteroffensives to broadcast industry's efforts to win at least modified must-carry legislation. Gray was dissuaded from effort by some Pa. broadcasters and Rep. Leland (D-Tex.), we learned. NCTA spokesman denied Assn. involvement in effort; Williams & Jenson couldn't be reached for comment.

"Zeus" is new digital system to be introduced by Ampex at next week's SMPTE conference in L.A. System cleans up pictures from 1" VCRs and automatically corrects errors made in editing. As demonstrated in preview at week's end, Zeus has frame store, replaces TBC for VCR, removes annoying effects in such nonstandard picture modes as slow motion and freeze, eliminates interfield motion in freeze frame, compensates for dropouts by interpolating portion of a line, generally making editing speedier and raising 1" Type C VTRs to new level of performance. No price was given.

Upcoming TV network affiliate meetings: NBC -- affiliates' advisory board Nov. 10-13, Virgin Grand Beach Hotel, St. Thomas; affiliates' convention June 8-11, Hyatt Regency Hotel, Maui, Hawaii, celebrating NBC's 60th anniversary. CBS -- affiliates' advisory board Nov. 17-20, Ritz Carlton Hotel, Laguna Niguel, Cal.; affiliates' convention May 18-21, Century Plaza Hotel, L.A. ABC -- affiliates' advisory board Dec. 2-5, Biltmore Hotel, Phoenix; affiliates' convention June 2-5, Century Plaza.

RAINBOW SETTLES WITH MGM/UA: Rainbow Services Co. last week reached out-of-court settlement in licensing dispute with MGM/UA Entertainment and Turner Bcstg. System, causing last-minute cancellation of hearing in U.S. District Court, N.Y. Controversy had been boiling since Rainbow said it was shifting American Movie Classics (AMC) to basic service (TVD Sept 9 p6).

TBS said it and MGM/UA had reached settlement with Rainbow resolving all differences. Under agreement, "Rainbow's license of MGM/UA films will be terminated effective Dec. 31, 1985." Lawsuits by MGM/UA and Rainbow also were dropped. Rainbow announced that for now it's abandoning plans to offer AMC as basic. "AMC will continue to showcase vintage films from all studios, including MGM/UA," company said. "Systems will be encouraged to display AMC on all levels of pay, but not basic."

"While we regret that our plans to make AMC available at the basic level are in abeyance due to the termination of Rainbow's agreement with MGM on Dec. 31, 1985, the settlement will enable us to program a richer variety of classic films from sources that were previously not economically accessible to the channel," Rainbow said. Statement left unclear how long and at what price settlement grants AMC access to MGM/UA films. It could be that Rainbow now has more standard pay-TV licensing deal with MGM/UA that mirrors Showtime/Movie Channel and HBO 10-year nonexclusive pacts.

Rainbow presumably allowed contract to be bought out for multimillion-dollar sum, since that had been offered earlier by MGM/UA but rejected by Rainbow. TBS spokesman said confidentiality clause barred comment on terms of settlement.

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Meanwhile, Turner said it wants to sell 30-40% interest -- possibly as much as 49% -- in CNN to raise cash for planned acquisition of MGM/UA. TBS believes move would net \$200-\$300 million to help finance \$1.5 billion purchase of film studio without requiring surrender of editorial control over CNN, although that was said to be possibility. Official of NBC said network is "still talking" with TBS on possible CNN deal, although NBC continues to consider starting its own cable news service.

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Conus Communications, first satellite newsgathering network, is offering to equip any TV station in U.S. with complete Ku-band uplink and downlink capabilities for less than \$100,000. Offer includes outright purchase or 5-year lease options, latter priced at about \$1,750 a month, according to Charles Dutcher, Conus vp-gen. mgr. Offer is based on Ku-band equipment developed by Hubcom, subsidiary of Conus's general partner Hubbard Bcstg., and is backed by Conus's control of up to 7 transponders on SBS-3 and RCA Americom's K-2 satellite scheduled for launch next month.

ABC SALES AND NET DOWN: ABC's 3rd-quarter net dropped 38% on 35% decline in revenues, company reported Oct. 17. For year's first 9 months, both revenues and net income were down 15%. In sharp contrast, RCA said subsidiary NBC set new 3rd-quarter sales and earnings records, with results for TV network and owned TV stations buoyed by strong prime-time schedule. However, RCA gave no details of NBC's performance.

ABC attributed declines to unfavorable comparison with 1984's record results that included Summer Olympics revenues and profits, plus "weak advertiser demand" in TV and publishing, "disappointing" TV network prime-time ratings and costs of personnel reductions. ABC Video Enterprises reported its first quarterly profit, and ABC Radio had record quarterly revenues and profits.

Third-quarter net earnings totaled \$28.9 million (\$1.02 per share) on revenues of \$706.8 million, as compared with \$46.7 million (\$1.61) on \$1.084 billion in same 1984 period. For 9 months this year, ABC net earnings were \$121.34 million (\$4.20) on sales of \$2.361 billion vs. \$142.9 million (\$4.91) on \$2.775 billion in 1984 period.

Broadcasting revenues for quarter dropped to \$591.6 million from \$980.9 million and profits to \$58.5 million from \$100.3 million. Publishing revenues of \$78.2 million were about even with last year, but operating earnings fell to \$8.7 million from \$9.2 million. Video Enterprises had 37% increase in revenue to \$31.3 million while operating earnings for quarter were \$1 million, vs. \$3.5 million loss in 1984. ESPN was principal source of profit and increased revenues, while A&E Network and Lifetime reduced their operating losses. ABC said it anticipates its merger with Capital Cities will be completed early in 1986, subject to FCC approval.

LIN Bcstg. reported net income of \$8.69 million (32¢ per share) for 3rd quarter 1985. Earnings compare with net of \$7.4 million (33¢) for same period last year. Earnings for 9 months ending Sept. 30 were record \$25.4 million, up 28%, \$19.8 million for same quarter 1984.

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Two public broadcasting entities have disregarded warnings that they were using excessive commercial practices and will receive notices of apparent liability from FCC early this week, Mass Media Enforcement Div. Chief Charles Kelley said late last week. He wouldn't disclose which stations are targets but said he wouldn't deny that WNV Fairfax, Va., was one of dozen that was under investigation. FCC action resulted when public complaints on need for investigation of possible excesses under Commission's enhanced underwriting guidelines "got to the point of becoming obvious," Kelley said. Several other stations were given first warnings about commercial practices, Kelley said, and he indicated that Commission has received more public complaints since word of probe was made public.

MANDATORY CABLE CARRIAGE URGED: CPB, PBS and NAPTS want FCC to adopt mandatory carriage rules that would require that all public TV stations that provide Grade B service to local community be carried on basic tier of cable systems serving community. Request was made in joint petition for rulemaking filed Oct. 15 with Commission, 11 days after commercial broadcasters filed separate requests for agency to institute rulemaking (TVD Oct 7 p4). PTV supporters argued that mandatory carriage "is essential to preserving the present public television system as well as realizing the Commission and congressional goals for that system."

NAPTS also filed brief with U.S. Supreme Court in support of NAB request for review of landmark U.S. Appeals Court, D.C., ruling in combined must-carry cases involving Quincy (Wash.) Cable TV Inc. and Turner Bestg. System. Appeals Court in July 19 ruling held must-carry rules unconstitutional (TVD July 22 p1). CPB chose not to join in filing because it has limited resources, wants to concentrate on FCC, said Susan Dillon, asst. deputy gen. counsel.

Public broadcasters' petition at FCC was in response to Commission's invitation for proposals on crafting must-carry rules (TVD Sept 30 p1). Public broadcasters said their proposal would further FCC and congressional policies holding that public interest is served by strong and diverse public TV system built on "bedrock of autonomous local stations." NAPTS Pres. Peter Fannon said PTV is "American public's television; they've paid for it, they use it every day in school classrooms and at home, and they should be certain of having access to it." Allowing cable operators to pick which public TV station they carry "would undermine this [public TV] system and frustrate the public interest policies on which it rests," petition said.

At least 2 PTV stations have been deleted by cable systems -- KTPS Tacoma was dropped by Cowlitz Cableview and WNJM Montclair, N.J., by Upper Manhattan Cable. Fannon called this "an intolerable situation for public television," noting that public and govt. invest more than \$800 million annually in PTV. Cable is nearing 50% penetration and denial of carriage to public TV station would diminish its ability to serve public and hurt its economic viability, petition said. Next step at FCC will be filing of comments on merits of various requests for rulemaking, followed by Commission's starting (or declining to open) new rulemaking.

INTV board, meanwhile, said at recent meeting in Chicago that it "will continue to vigorously pursue" its petition for FCC rulemaking on must-carry as well as legislation in Congress. "It's our principal objective to assure cable carriage for all independent stations, throughout their ADIs, equal to the cable carriage of their affiliate competitors," INTV said. However, Assn. said it would give "serious consideration" to compromise in several areas: (1) Must-carry within 50 miles of city of license only.

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A.C. Nielsen is joining pioneer AGB TV Research and ScanAmerica in testing people meters to obtain demographics on TV viewers. Nielsen test will begin in March and if successful, will move into 600 households later. Nielsen, which now gets its information on demographics from diaries, hopes to have people meters in 2,700 homes by Sept. 1987, more than 6,000 year later. British-owned AGB, which began people meter test in Boston in Feb. with seed money from TV networks and major advertisers, plans to expand sample to 5,000 TV households by Sept. 1988, with 2,000 "on line" by summer 1987. Company claims 37 subscribers, is making presentations to ad executives and is having discussions with broadcast and cable networks. In Denver, ScanAmerica said it's in 25% of 200 households it plans for people meter test there, expects all to be on line next month. Arbitron and Burke are working with ScanAmerica in pilot study. Families participating will be paid \$400 a year.

En banc rehearing of women's preference ruling by U.S. Appeals Court, D.C., is sought by Dale Bell and AWRT. Appellate court panel ruled 2-1 on Aug. 23 that FCC exceeded its authority by awarding preferences to women applicants in comparative broadcast licensing proceedings (TVD Aug 26 p1). Commission has decided not to seek rehearing. Bell, who had applied for construction permit for FM station on St. Simon's Island, Ga., said that Court in other rulings had expressly recognized FCC authority to consider integration of minority group ownership in station management as means of promoting diversity, and that female preference was awarded to increase diversity, not to rectify past discrimination against women. AWRT said panel ignored precedent and congressional approval of FCC policy in holding that Commission exceeded authority and that majority's view will have far-reaching effect on FCC's ability to carry out its public interest mandate.

Open radiotelephone line was used by President and Defense Secy. Caspar Weinberger last week to discuss plans to intercept Egyptian airline jet carrying 4 ship hijackers. Part of conversation was picked up by amateur radio operator, White House spokesman confirmed. Officials were on separate planes and while both craft were capable of providing coded communications, it would have taken too much time to coordinate secure lines, White House said.

Norman Lear has formed Act III Communications "for the acquisition and/or creation of businesses within the entertainment and communications spheres." Randy Reiss, ex-Paramount Pictures, was appointed chmn.—CEO; no other details were given.

CABLE CONTENT RULES SEEN HARMFUL: Efforts to regulate cable programming "invariably sweep too broadly, chilling legitimate exchanges of information and expressions of ideas," NCTA VP-Gen. Counsel Brenda Fox told U.S. Attorney General's Commission on Pornography in L.A. hearing last week. Fox argued "programming intended for adult audiences not only represents a very small portion of the total amount of cable programming available, but also is pretty tame by comparison with other media."

One of cable's "primary distinctions," she said, is ability to "narrowcast" programs for specific audiences, although most cable programming, particularly so-called "basic" networks, "is suitable for the entire family. What little adult-only programming that appears on cable television is confined largely to pay-per-channel and pay-per-program networks and consists primarily of R-rated motion pictures," Fox told Commission. "By no stretch of the imagination can this material be characterized as 'pornographic.'"

For so-called adult programming, Fox noted industry has provided for precautionary measures such as lockboxes, scrambling, on-screen notices and limited viewing hours to ensure such programming reaches only its intended audience.

Thomas Herwitz, legal assistant to FCC Chmn. Fowler, told Commission "it appears likely that [cable transmission of obscene material] will have to be restricted by an individual not subscribing or through the use of technical devices such as lock boxes," given recent court rulings and provisions of Cable Act passed last year by Congress. "Since the Cable Act specifically requires that such devices be available from the cable operator, these protections should suffice," he said. "As a general matter, there hasn't been a problem of obscene programming in broadcasting," Herwitz testified. "Since the individual can act as his own gatekeeper and preclude those signals he doesn't want to watch, the government has no compelling interest in further intrusion."

Film industry "has a responsibility to America's children, but so do our nation's parents," MPAA Pres. Jack Valenti said. Industry's film-rating system "can send up a flare vivid enough" to cause parents to inquire about films their children want to see, he said, "but, if parents don't take that extra step... the rating system has little value, if any... If the parent abandons that responsibility, no government, no agency, no commission and no rating system is going to salvage his or her child's future." Valenti said all-time high of 72% of parents with children under 18 rated voluntary system "very useful to fairly useful" in recent poll.

Westinghouse broadcasting and cable groups showed "very strong" profit gains, company said in reporting 14% profit rise in 3rd quarter. Net income rose to \$148.6 million (85¢ a share) on \$2.61 billion in sales.

TV AD MONITORING SYSTEM IN WORKS: Aimed at assuring TV advertisers that they are getting full value for \$20 billion spent annually on TV commercials, N.Y. firm Telescan begins testing system today (Oct. 21) that monitors commercials automatically. System will tell advertisers that are Telescan clients when their commercials are broadcast, if they are cut short, have poor audio or video, or are run at wrong time of day. Advertisers then can present monitoring results to broadcasters for refund or some other consideration.

Telescan Chmn. E. William Henry, former FCC chmn., said system was "not based on the proposition that broadcasters are doing a bad job." But it's estimated that errors occur in broadcasts of 1-5% of TV commercials aired annually, representing \$200 million-\$1 billion worth of ads, according to Burton Greenberg, Telescan pres. Adding to uncertainty on ads is FCC's recent dropping of requirements that stations keep logs of when commercials are run.

System works this way: Before copies of ads are duplicated for distribution to TV stations for airing, each frame is encoded with special marking that isn't evident to viewers at home but that can be detected by Telescan monitoring equipment. Company begins 8-1/2-month test in N.Y., will extend it to Chicago and L.A. in Jan., to Miami and Houston in Feb., eventually may cover 75 markets. Two dozen advertisers are backing test.

CPB foe Rep. Oxley (R-O.) has been unsuccessful in obtaining Senate ally willing to take lead in stripping funding for public broadcasting from pending budget reconciliation legislation (S-1730)(TVD Oct 14 p6). Oxley reportedly was turned down on request by Sen. Gramm (R-Tex.) because latter was too busy with his more controversial balanced-budget bill. No one else in Senate has taken interest to date. Oxley believes it's inappropriate to include funding for CPB and NTIA's Public Telecommunications Facilities Program in reconciliation package since bill is supposed to address budget savings. Oxley also considers levels for both too high and has proposed lower funding (HR-2500). There's also no sign yet in Senate that amendment will be offered allowing ad experiment to resume on public TV-radio stations that some in public broadcasting want. Senate is expected to continue debating budget reconciliation bill today (Oct. 21), with vote likely by late Oct. 22. House next day takes up its version, which doesn't contain CPB funding. Both include provisions to implement cost-of-regulation fees for FCC (TVD April 15 p1).

Satellite TV group SPACE is predicting thousands of demonstrators on Washington's Mall for Oct. 29 "Satellite Earth Station Day." SPACE is encouraging owners, dealers, distributors and manufacturers to bring "as many antennas as possible" to set up on Mall, will hold news conference and "celebration" on first anniversary of signing of 1984 Cable Act. Demonstration will uplinked to Galaxy 3, TR 5.

CITY ROLE IN CABLE FADING: "Professional [city] cable regulators are about to become a seldom-seen species, simply because they won't be able to justify their budgets," according to NCTA Pres. James Mooney. Speaking in Washington Oct. 18 at seminar on cable TV signal carriage, he said congressional elimination of rate regulation by cities "marks the termination of a relationship with franchising authorities which has frequently been used to intrude political considerations into virtually every aspect of a cable operator's business. Rate regulation has been the lever, if you will, by which means local governments have sought to 'control' the cable system."

He said single most important ingredient to deregulation of cable -- either by Congress or courts -- "is simply the increasing pervasiveness of the cable medium itself" and increasing public understanding of industry. Moreover, he said, many municipal officials have come to understand that "to attempt to regulate a highly competitive market-sensitive business as if it were a utility is simply to engage in an exercise in frustration."

Cable is being allowed to operate now "in an environment... freed from a web of regulatory entanglements which have constrained its growth," Mooney said. As result, he said, industry will be able to put resources into satisfying subscribers, thus putting cable executives "in a much better position to determine our own future." However, he said, "there is still a whole array of other controversies involving relationships between cable and other industries which are very much alive" -- citing pole attachments and increasing interest of Justice Dept. in cable affairs, particularly clustering and scrambling.

Senate Rules Committee will test strength of support for televising Senate proceedings in Oct. 29 markup, 9:30 a.m., Rm. 301 Russell Bldg., on competing proposals (S. Res.-28, -29, -81). Measures are mix of revamping Senate proceedings to accommodate TV-radio to gavel-to-gavel coverage. No one is placing bets yet on which measure will get nod although strong sentiment is emerging among senators to pass moderate resolution that calls for changes in debate rules and for limited coverage because many think such a measure has best chance of passing full Senate. Moderate proposals are by Sen. Byrd (D-W. Va.). Gavel-to-gavel plan, by Sen. Armstrong (R-Colo.), is identical to proposal that panel approved in last Congress but that failed on floor.

Switchboard at WGN(AM) Chicago lit up last week when electronic pirate broke into station's signal for 23 sec. with string of obscenities and sexually explicit remarks in woman's voice. Host Wally Phillips was unaware of what had happened until telephone calls started flooding 50-kw station from as far away as E. St. Louis, Ill. WGN Program Dir. Dan Fabian said station engineers know what happened, have taken steps to prevent recurrence.

ADVERTISERS WANT IT BOTH WAYS: Basic cable networks are being pulled in 2 directions by ad community, and that has placed them "at a severe competitive disadvantage," according to Infomarketing study of ad-supported networks based on answers from 307 in ad business.

Senior managements at ad agencies and client companies view cable as medium in which they can try new creative approaches and reach specific audiences, Infomarketing said. But media planners and buyers who actually purchase ad time continue to stress quantity (ratings) over quality. Infomarketing survey found 68% of ad agency senior management believe cable networks must stress qualitative audience research, while nearly as many planners and buyers -- 59% -- "are asking networks to focus on broadcast erosion and quantitative ratings."

Survey projects that cable expenditures by advertisers already using cable will jump 17% in 1986 over 1985. Increase is up to network expectations, Infomarketing says, but it's "well below growth which could be projected based on basic cable network ratings growth."

WTBS Atlanta, USA Network and CBN Cable Network are in particularly difficult spot because ad community is looking for them to produce more than strong numbers and ad efficiency. All 3 have "additional task of differentiating themselves from broadcast to satisfy senior executives' perceptions of long-term viability." More differentiated services, Arts & Entertainment Network, MTV, ESPN, CNN, "are granted no significant competitive advantages" because buyers remain wedded to ratings.

Pretax profits of Time Inc. Video Group rose 5% to \$59 million in fiscal 3rd quarter ended Sept. 30, company reported. Both HBO and ATC, subsidiaries that make up Time Video Group, had higher income for 3rd quarter. Group's revenues rose 8.9% to \$344.2 million from year earlier. As expected, company reported 4.1% decline in overall net earnings to \$44.2 million from \$46 million in 1984's 3rd quarter (70¢ a share vs. 72¢). Revenues were up 12.8% to \$846.9 million. Time said magazine income was off and interest income fell. CEO Richard Munro told employees in memo that he wants company to cut 1986 budgeted operating expenses by \$75 million -- 2.5%. "While there will be staff reductions," spokesman said, there won't be across-board cuts. Last Nov., HBO laid off 7% of staff, has continued to make other cuts to control costs following slowdown in growth of pay-TV subscriptions.

Planning for 17th annual Western Cable Show Dec. 4-6 is under way with 145 companies registered as exhibitors, said Gerald Yanowitz, vp of cosponsor Cal. Cable TV Assn. (CCTA). He expects 175 companies eventually will exhibit in Anaheim (Cal.) Convention Center, off from 217 last year. Convention theme is "Meeting the Challenge." To register: 415-428-2225.

Personals

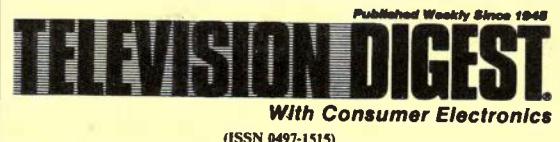
FCC calendar -- Oct. 22: **Edward Minkel**, managing dir., participates in NAB small market radio tour to Fredericksburg, Va.; **James McKinney**, Mass Media Bureau chief, gives keynote speech at Mid-America Cable TV Assn. convention, Vista International Hotel, Kansas City; **Daniel Brenner**, legal asst. to chmn., speaks on First Amendment issues at N.Y.U. Dept. of Journalism. Oct. 23: **Peter Pitsch**, Office of Plans & Policy chief, addresses AT&T Communications on deregulation, Hyatt Regency Hotel, Chicago. Oct. 24: **Janice Obuchowski**, legal asst. to chmn., is on panel discussing capital recovery at Touche Ross conference, Madison Hotel, Washington.

Kris Ostrowski, WJLA-TV Washington news dir., resigns, is succeeded by **Tom Doerr**, of Albritton Communications' co-owned KTUL-TV Tulsa, who gets title of exec. news dir... **Norma Phillips**, head of Mothers Against Drunk Driving San Diego chapter, is new national pres. of MADD, replacing founder **Candy Lightner**, who remains consultant; **FBI Dir. William Webster**, replaces Lightner as MADD spokesman in NAB-produced spots against use of drugs... **Stuart Chiron**, head of FCC International Policy Div., detailed as temporary common carrier asst. to Comr. **Dawson**.

NBC News Pres. **Lawrence Grossman** speaks at Oct. 22 lunch of Washington Metropolitan Cable Club, Mayflower Hotel... **Marc McCarthy**, ex-Survival Anglia Ltd., named southeast region accounts mgr., Bonneville Telecommunications/Satellite Systems Div... **Thomas Mathai**, ex-Western Union, named vp-sales and mktg., C-COR... **Sharon Browne**, ex-Harmony Gold, named Filmation international sales dir... Producer **Stuart Sucherman** named pres., Jack Hilton Productions... **Diane Von Gal**, ex-NBC, appointed dir.-domestic sales administration, Worldvision... **James Wood** promoted to head of JVC Service & Engineering Div.

Robert Jones advanced to exec. vp-COO, Malarkey-Taylor Assoc.; **Laura Flieger** advanced to asst. controller... **Gerard Johnson** advanced to finance vp-chief financial officer, General Instrument, succeeding **Paul Meyer**, resigned... **Janet Kennedy** promoted to vp-western region services, AAF... **Al Simon**, ex-ABC, appointed vp-live and tape production, Columbia Pictures TV... **Robert Friedman**, WNEW-TV N.Y. programming dir., also named vp... **Gail Miyasaki**, ex-Reading Rainbow public TV series, named corporate relations mgr., Children's TV Workshop, new post.

William Lynn, Coca-Cola (parent of Columbia Pictures) media dir., named a vp... **Ann Hayward**, ex-Kartes Video Communications, appointed mgr., PBS program business affairs... **Jack Mitchell**, station mgr., WHA(AM)-WERN(FM) Madison, elected NPR chmn., succeeding **Donald Mullally**, gen. mgr., WILL-TV-AM-FM Champaign-Urbana; **Ward**



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Chamberlin, WETA-TV-FM Washington pres., elected vice chmn... **James Argetsinger**, gen. counsel of govt. volunteer agency Action, was confirmed last week by Senate to 7-year term on Copyright Royalty Tribunal; 2 vacancies remain.

In effort to settle long-standing question, FCC has begun rulemaking to reclassify DBS as a nonbroadcast service. Adoption would exempt DBS from content regulation, conforming to Commission's general push toward deregulation. Decision will affect DBS and other subscription services such as STV. Issue also had been brought to head by recent U.S. Dist. Court, D.C., ruling that, since FCC had been regulating STV as broadcast service, other subscription programming services such as DBS had to be dealt with similarly. If DBS licensee is leasing channels as common carrier, Court said, then its client programmers must be broadcasters. Ruling meant Commission had to reclassify STV as nonbroadcast service if it wanted to regulate subscription DBS that way.

CPB Dir. Sharon Rockefeller, former Fla. Gov. Leroy Collins, one-time NAB pres., and Theodore Clevenger, dean of communications at Fla. State U., have scheduled news conference Oct. 24 in Tallahassee to inveigh against proposed channel swap by noncommercial WEDU Ch. 3 Tampa/St. Petersburg and Hubbard Bestg. WTOG Ch. 44 St. Petersburg/Tampa.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of Oct. and 1985's first 3 quarters:

	SEPT. 28- OCT. 4	1984 WEEK	% CHANGE	SEPT. 21-27	40 WEEKS 1985	40 WEEKS 1984	% CHANGE
TOTAL TV.....	430,129	338,705	+27.0	625,614	14,692,077	15,149,043	- 3.0
TOTAL COLOR...	366,989*	271,352	+35.2	509,567	12,172,072*	11,741,742	+ 3.7
DIRECT-VIEW..	361,240*	266,728	+35.4	501,018	12,004,415*	11,610,436	+ 3.4
PROJECTION..	5,749*	4,624	+24.3	8,549**	167,657*	131,306	+27.7
MONOCHROME....	63,140	67,353	- 6.3	126,047	2,520,005	3,407,301	-26.0
TV EXCL. PROJEC.	424,380	334,081	+27.0	627,065	14,524,420	15,017,737	- 3.3
HOME VCR#.....	216,901*	155,844	+39.2	350,935**	7,733,953##	4,953,316	+56.1
COLOR CAMERAS#..	6,052	10,099*	-40.1	11,236	313,213	342,641*	- 8.6

Color TV (direct-view) 5-week moving average: 1985--371,590*; 1984--341,033 (up 9.0%).

Home VCR 5-week moving average: 1985--238,701*; 1984--175,171 (up 36.3%).

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

Exceeds full-year record.

GE TO END COLOR PRODUCTION NEXT AUG.: GE had said it might be several months, but it took only 2 weeks to make final decision to switch from maker to buyer of color TVs following our report company was negotiating to have sets produced for it by Japan's Matsushita Electric Industrial (MEI) (TVD Oct 7 p10).

Under agreement in principle announced last week, MEI will begin turning out GE's big-screen color sets early next year, will be handling all production by Aug., when GE will complete phaseout of in-house manufacturing at Portsmouth, Va., plant. GE discontinued small-screen color set production earlier this year, now buys its 13" from Gold Star, arrangement that is expected to continue.

End of set production will come at cost of some 630 hourly and 160 salaried jobs. Some displaced workers will be relocated within GE. Those dismissed will get severance payments averaging \$12,000 each, be eligible for training allowance of up to \$3,000 and receive other benefits, depending on length of company service. About 2,000 also will be laid off at plants in Singapore and Malaysia, where GE produces color TV circuit boards, components and subassemblies.

Still open question is exactly where MEI will assemble all those GE sets. MEI is expected to provide GE with only about 250,000 color sets next year, but based on current market and GE's estimated share, will be supplying more than 500,000 sets annually starting in 1987. That would appear to be well beyond capabilities of MEI's sole U.S. plant in Franklin Park, Ill., understood to be operating near capacity already to meet needs of subsidiaries Panasonic and Quasar. Matsushita spokesman told us Franklin Park plant would be used in spring when company expects to begin making 25", 26" and 27" models for GE, but "we haven't decided what the other sources" would be. He acknowledged that construction of new plant was possibility but indicated takeover of Portsmouth facility wasn't in cards.

Although it's dropping out of color sets, GE is staying in color tubes, according to Consumer Electronics Business Operations Vp-Gen. Mgr. Jacques Robinson. Most GE sets built

MEI will be using GE-made picture tubes. GE has been supplying tubes to Franklin Park on OEM basis, and while guarantee of increased tube purchases is not part of set-making agreement, "we intend to be a more important supplier to them by being competitively priced with competitive quality," Robinson said.

Underscoring tube business commitment, Robinson said GE's Syracuse, N.Y., plant is being equipped to handle production of new square-cornered 20" and 26" tubes. GE now has 26" sets in line but uses tubes sourced from RCA. It has no 20" models.

Arrangement with MEI "will maintain a quality product supply," for GE, Robinson told us. "It should give us a better cost position by being able to leverage our marketing, sales, design and product planning strength with Matsushita's worldwide technology and manufacturing position." He said deal "can give us the competitive product line we need at a cost that will enable us to sustain ourselves."

Reiterating statement made in earlier interview with us, Robinson said problem with color TV manufacturing "has been the difference for us between profit and loss." On other side of operation, "by all the analysis I've done, our distribution is the best of all in the industry in terms of cost efficiency." So, he feels GE can be profitable as marketer-only in color arena. First look at some of GE sets to be sourced from MEI will come at Winter CES in Jan. where company will have prototypes on exhibit, Robinson said.

Negotiations leading to agreement were between officers of GE Portsmouth and MEI of Japan, and it's understood they were essentially finalized at start of this month. In announcing deal in Japan, MEI made point of noting that talks were initiated by GE, presumably in hope that agreement won't result in any further strain on U.S.-Japan trade relations.

* * * *

"I think it's just a phase they're going through on the way out," commented Hitachi Exec. Vp Robert O'Neil. "I don't see how they can get any equity out of their product" having it made by someone else -- "but they have some responsibility to their dealers, to give them time to get rid of their investment" in GE TV sets, said O'Neil, who had forecast GE's shakeout in Jan. 1984 interview (TVD Feb 6/84 p14).

Among GE's problems has been inability to sell high-end product, according to O'Neil -- largely "because of its successful reputation as a white goods manufacturer," GE being a kitchen name that "never made it on a TV in the living room in terms of price points." He also doubted GE could make a go of it as picture tube manufacturer because of low volume compared with RCA, Sylvania and Zenith, and suggested that "low end" GE line could create problems for Matsushita, now "trying to position Panasonic and Quasar as high-end lines."

GE's decision doesn't faze Zenith, according to Chmn. Jerry Pearlman, who told us: "I don't think we're faced with the same problem." Zenith, he said, "is a low-cost producer for the American market and GE is a high-cost producer." GE's belief that it can save money by "buying sets from Matsushita made in Franklin Park with cabinets bought on the outside shows that we are not approaching this business from the same direction."

"The question is how you exist in an environment where you can do nothing about price except watch the Koreans lower it," Pearlman said, adding that Zenith feels it "can do quite a bit more on cost." Recent restructuring and job cutback "is worth \$20 million annually," and company expects its new 600,000-sq.-ft. cabinet plant in Juarez, Mexico, to make "real contribution from a cost standpoint."

GE's action "represents unfortunate confirmation of the extreme competition facing the American manufacturers remaining in the color TV business," said RCA Group Vp Jack Sauter. "With nearly 40 foreign brands competing in the U.S. marketplace, the competition for market share and profitability is unrelenting."

Sauter joined Pearlman in criticizing tariff interpretation that lets picture tubes enter country at 5% rather than 15% duty if they're part of kits (see report below). This practice has increased rate of tube imports by 32% to 800,000 in 1985, Sauter said, and he revealed -- without elaborating -- that RCA has been forced to do same thing.

VCR IMPORT SURGE RESUMED IN AUG: Respite from VCR import surge that started in July when incoming shipments totaled just 1.13 million (TVD Sept 23 p11) ended abruptly in Aug. when imports set new all-time monthly high, pushing 8-month cumulative total past 1984's full-year import record, Commerce Dept. figures show.

Aug. VCR shipments totaled 1.67 million, up 72.4% from same month last year and beating by 3% previous high of 1.64 million set last April. Month's results put 8-month total at just under 10.8 million, up 86.1%, topping 9.38 million imported in full 12 months last year. Koreans may be picking up some VCR export steam. While 1.57 million of Aug. shipments came from Japan, Koreans supplied 94,300, their monthly high. For 8 months, some 336,000 VCRs came from Korea, 3.1% of total VCR imports for period.

In other video equipment imports: Total camera shipments of 83,500 were down 6.5%, as color fell 19.4% to 64,600 and b&w jumped 106.3% to just under 19,000. For 8 months, total camera imports were up 20.4% to 596,000, with color up 9.8% to 463,900, b&w up 81.7% to 132,100. Videodisc players were down 27.3% for month to 3,600, for 8-month total of 75,900, down 3.4%. Videotape players were off 11.7% to 8,100 for month, up 184.6% to 70,100 for 8 months. Imports of projection TVs edged up 5.3% in Aug. to 4,100, were off 2.3% for full period to 39,300.

In TV, month's total shipments of 1.41 million were down 15.5%, as 4.7% rise in color to 959,100 was more than offset by 40.1% drop in b&w to 449,400. For year through Aug., total TV imports rose 11.7% to 11.7 million, with color up 23.9% to 7.4 million, b&w off 4.4% to 4.3 million. In color, month's imports of complete sets dropped 16.8% to 449,300 to put 8-month total at 3.33 million, off 10.2%. Chassis and kit shipments gained 35.5% in month to 509,800, ended full period at 4.07 million, up 79.8%.

In b&w, only small-screen noncombinations posted improved performance for month, rising 13.2% to 180,500. Minicombos fell 29.2% to 98,800, sets 11"-&-over dropped 62.2% to 169,300. For 8 months, minicombos jumped 86.4% to 1.2 million, other tinyvisions were up 10.2% to 1.09 million and larger sizes were down 29.7% to 2.02 million.

RCA, ZENITH CAUGHT IN VIDEO PROFIT SQUEEZE: Pointing to intense price competition, RCA once again had lower profits from consumer electronics in 3rd quarter, while Zenith reported \$14.8 million loss (see financial table).

RCA said earnings decline came despite new 3rd-quarter record for unit sales of color TV and sales of more than million VCRs, blaming "pricing pressures from a large number of competitive brands." In other areas, RCA said decline in earnings from records operations was partially offset by increased profit from its joint home video software distribution venture with Columbia Pictures, while Solid State Div. continued to feel impact of weak demand. On corporate basis, RCA had \$57.2 million operating loss for period after \$140 million pretax charge for closing semiconductor plant in West Palm Beach, exiting broadcast equipment business and other previously announced restructuring moves (TVD Oct 7 p1).

Zenith's 3rd-quarter loss, which came on 17.1% drop in sales, was steep enough to put company in red for first 9 months. Sales for full period were down 7.5%. Quarter's deficit was after inclusion of \$14.8 million restructuring charge, partially offset by \$5.7 million pretax gain on sale of land, and \$14.3 million tax credit. Restructuring, Zenith said, involved cost of some inventory writeoffs and elimination of 600 jobs -- of which 40% were unfilled positions.

Officers and key management members also have taken salary cuts. Zenith said it expected moves would save it about \$20 million on annualized basis.

Consumer electronics sales declined 13.1% to \$238 million for quarter, were essentially flat at \$744 million for 9 months. Zenith said revenue decline stemmed principally from "large price reductions for both color TVs and VCRs" in period. Even with cuts, Zenith said, its color volume "declined slightly, particularly in leader-model categories, because of aggressive price reductions by Korean and Taiwanese companies as well as many Japanese companies. However, Zenith said demand still is strong for high-end sets, reported it is backordered on 27" models, as well as on MTS stereo 20" and 25" sets. VCR unit shipments were lower than in same 1984 quarter, but Zenith pointed out that year ago it had just completed switch from Beta to VHS and was shipping heavily to fill distribution pipeline. Zenith said it believed its unit retail sales held even.

On pricing specifics, Zenith said "cumulative [color TV] price cuts since the 3rd quarter of 1984 reduced operating results by \$12 million in the 3rd quarter of 1985." While "predatory pricing by Far East companies" centered on low-end models, it "also has pulled down prices for higher-featured and larger-screen color TV models," and Korean makers were price leaders. Zenith's VCR "prices have been reduced by more than 20% in the 9 months, with the bulk of the reductions occurring in the 2nd and 3rd quarters." Pricing in U.S., Zenith said, "has been led downward to a large extent by 2 Japanese companies who started selling VHS-format VCRs in the U.S. for the first time in late 1984." Only 2 sizable newcomers to VHS camp in 1984 were Sanyo subsidiary Fisher and NEC. Toshiba's move to VHS didn't come until 2nd quarter this year.

In interview, Zenith Chmn. Jerry Pearlman said industry is getting little price pressure relief in color TV from dumping finding against Koreans because Koreans work around it by importing kits "for snap-together assembly here." A Korean facility in U.S. that can plug together "2 million sets a year is a warehouse, not an assembly plant," he said. He said Zenith estimates 1.4 million such kits were imported in first half this year, 400,000 from Korea alone, and none are subject to dumping penalties "because U.S. Customs doesn't know how to find dumping on pieces."

There's a move in Commerce Dept. to change situation through regulation. "Most other countries of the world can assess dumping penalties against kits," Pearlman said. Also, he said, he expects Congress to act this year to change import duty rules to require that full 15% tariff be paid on color tubes imported as part of TV kits. There were nearly 500,000 such tubes imported in first half, "and those are [tube sales] that should be split up" among U.S. tube makers, instead of coming from foreign plants. Zenith, he said, "is taking a lot of down time on our tube plant," which has been operating on 4-day week for last 2 quarters. Will such measures help? "Any action will give us more relief than we've got now. We're not going to roll over and play dead. We feel we're getting beat up unfairly and we are going to keep fighting it," Pearlman said.

Strike against Sanyo Mfg. Co. in Forrest City, Ark., is entering 3rd week. Some 1,750-1,800 IUE members walked out Oct. 7 after failure to agree on management demands for new seniority system and medical insurance plans. Union contract expired Oct. 4. Plant was closed for 3 days, then reopened on limited basis with 400 hourly employees manning couple of lines. At week's end, talks had broken off. Company spokesman said factory still had "plenty of product" in warehouse.

PR appointments: Sony names bernathy/MacGregor Group for Beta and 8mm VCRs... VCA/Technicolor appoints HWH Enterprises... Kloss Video appoints Borman Assoc.

Discwasher is moving from Columbia, Mo., into Schiller Park, Ill., hq of parent International Jensen, which in turn is subsidiary of Beatrice Cos. Beatrice has said Jensen is one of units it has put up for sale, but status was clouded last week with announcement that Beatrice itself now is target of takeover bid by group led by former officers of Esmark. Esmark is former Jensen parent acquired by Beatrice last year.

Sony will double CD disc production to 25 million annually by 4th quarter 1986, increasing employment to 500 from 300, at Terre Haute pressing plant it recently acquired from CBS/Sony (TVD Oct 14 p15).

PIONEER MERGES AUDIO & VIDEO: Literal marriage of audio and video is being accomplished in U.S. by Japan's Pioneer, which is merging its 2 consumer electronics subsidiaries, Pioneer Video and Pioneer Electronics, effective Jan. 1.

Pioneer Electronics will be survivor, with capitalization of \$86.5 million, and HQ will be in PE's existing facility in Long Beach, Cal. In reorganization, John Doyle will retain post of PE chmn. New pres.-CEO is Ryuichi Noda, now Planning and Coordination Dept. gen. mgr. in parent's International Div. Current presidents of PE and PV, Shoichi Yamada and Takeshi (Ken) Kai become exec. vps of new company.

Kai told us he will have responsibility for home video and audio products, indicating Yamada will be in charge of car and portable audio. PV operations, including software arm Pioneer Artists, will move from N.J. to Cal., he said. Shift should be complete by March, after 2 companies match up computer systems, but Kai will be in place sooner -- he already spends 2 weeks a month in Cal.

In statement issued in Japan, Pioneer said merger will help it meet "the change in the market environment and the emergence of audio-video products," and strengthen total marketing operations through "unification of brand image strategy centering around optical and digital technology product lines."

Merger had been subject of speculation since last summer when PE first added video products, creating overlap with PV's line. It's not first such move for company -- present PE was formed in 1982 when Pioneer merged formerly separate U.S. home and car audio marketing subsidiaries.

New alignment will greatly increase exposure of Laservision players, according to Kai, who claims retail accounts could jump from under 2,000 to more than 6,000. Big mover of late, at least temporarily eclipsing combination LV-CD disc unit, has been \$299 model, accounting for about 50% of sales in Sept. Kai says price has attracted Sears, which is about to begin first LV test in 17 stores in Dallas and Minneapolis. LV-CD player, which had been 60% of unit volume lately, continues to perk along with estimated 15,000-20,000 sold in all brands. Market acceptance has sparked development of new 12" CLV discs that include full-movement music videos and audio and still frames for \$16.95 suggested retail. Pioneer is expected to announce titles soon.

World Series in stereo sound will be offered by ABC to its affiliates, as network increases its involvement with multichannel TV sound. It's understood virtually all affiliates will be connected by satellite by first quarter 1986, enabling stereo signal to reach them. After Series and through first quarter, it's said stereo decisions will depend on "competitive pressure."

FCC CRACKS DOWN: FCC has shot down a favorite idea of video inventors, serving notice that it won't approve wireless VCR attachments that operate on TV band but will crack down on manufacturers, importers, distributors and retailers selling them.

Wireless video attachments -- to relay VCR output, for example, to all TV sets in home -- have been demonstrated, advertised and marketed frequently, all without FCC approval.

In notice titled "Illegal Video Transmitters," Commission said its regulations "do not permit this type of operation" and all such gadgets are illegal, violating both FCC regulations and Communications Act. It said it occasionally receives petitions to allow them, but to date nobody has been able to prove they wouldn't interfere and FCC has no plans to change rules to permit them.

Commission said latest requests turned down were from RF Power Labs to allow operation on UHF and Robert C. Greene for VHF frequencies. Notice pointed out that first-offense penalties for selling such devices could be as high as \$10,000 fine and year in jail.

One such home video transmitter being advertised (Oct. Video Review) is TV Genie by Raytech, Vancouver, B.C., \$79.50. Ad says system operates on UHF band, can "conveniently transmit T signals to remote TV locations within a 200-ft. range."

We phoned toll-free 800 number listed in ad and spoke with man who identified himself as office manager. He said Raytech had request with FCC for approval of transmitter, which operates on "very low power." He said Raytech wasn't affiliated with either party identified in FCC notice. He declined to give further information but promised "a principal" of company would call us this week. When we asked name of principal, he said "Chris." Chris didn't return call.

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New portable CD player, Sony's "Discman," billed as world's smallest (TVD Oct 14 p14), will go on sale in U.S. in Jan. at \$300 (including rechargeable battery), same price as larger predecessor. Sony says it has size reduction of nearly 40%, with 20% fewer parts. Joining CD portable parade next month in Japan will be Hitachi. As already reported here, Philips companies also will be introducing combination portable-car CD player soon. Sony plans to spend \$3 million in U.S. promoting CD players this year, will have joint promotion with Bose loudspeakers.

"Handycam" is new worldwide name for palm-held 8mm camcorder introduced by Sony here as "Mini 8," as we forecast last month (TVD Sept 9 p10). Move is reminiscent of Sony's 1980 decision to use "Walkman" as worldwide name for product introduced here in 1979 as "Soundaround."

NIELSEN COUNTS VCRs: How do big city folks differ from their smaller town cousins? According to data collected by Nielsen Home Video Index, households in top 10 designated market areas (DMAs) are almost twice as likely to own VCRs (30.3% penetration) as those in DMAs ranked below 100 (17.7%). Overall U.S. VCR penetration was given as 23.1%.

Tables turn with cable. Best penetration for cable is 54.8% in markets below 100. That drops as market size increases, hits low of 37.3% in top 10. Ratio of pay to basic cable is highest in 10 largest markets, declines from there. As size of market grows, consumers are less likely to buy cable but more likely to subscribe to pay-TV if they do. Figures for all DMAs confirm earlier surveys showing VCR penetration is higher among cable and pay-cable subscribers than in TV universe as a whole.

Data were collected by Nielsen in Feb., May and July this year. As usual, they show that Las Vegas, city without clocks, is biggest time-shifter -- or at least has highest VCR penetration by far -- at 45% of TV homes. It's followed by San Francisco-Oakland with 39%; Sacramento-Stockton, 37%; L.A.-Palm Springs and Washington, 36%; Baltimore and Reno, 35%; Fresno and Monterey-Salinas, 34%; Chicago and Lafayette, La., 32%; N.Y.C. and San Diego, 31%; Bakersfield, 30%; Seattle-Tacoma, Portland, Ore. and Salt Lake City, 29%

Philadelphia, Santa Barbara and Beaumont-Pt. Arthur had 28% VCR penetration; Dallas-Ft. Worth, Tucson and Chico, Cal., 27%; Houston, Phoenix and Lubbock, Texas, 26%; Minneapolis-St. Paul, Denver, Rockford, Ill., Yakima, Wash., and Lake Charles, La., all 25%; St. Louis and Idaho Falls, 24%

Among areas with less than the 23.1% national penetration: Miami-Ft. Lauderdale, Atlanta, Indianapolis, Austin, Baton Rouge, Colo. Springs, Bangor, Medford-Klamath Falls and Victoria, Tex., all 23%; 7 cities had 21%, including Boston, Detroit and Milwaukee; 7 had 20%, including Cleveland and Nashville; 15 had 19%, including Tampa-St. Petersburg and San Antonio; 12 had 18%, including Memphis, Tulsa, Omaha. At bottom of VCR ladder were 4 areas with 10% each.

* * * *

VCR owners are using their VCRs more and apparently adding significantly to audience of TV shows, according to Nielsen sample. Pollster said combined record and play time among owners was up 19% over last year in June, 43% in July. In July, VCR households played back almost twice as much as they recorded -- average 2 hours 14 min. recording and 4 hours 18 min. play time per week.

Some 60% of recordings were made when TV set was off, usually when people weren't home or were involved in other activities, Nielsen said, while 30% occurred while same program was being viewed, 10% when different channel was being watched. In July, 33% of all recordings were made in daytime

(Mon.-Fri. 10 a.m.-4:30 p.m.), but prime time has accounted for most recording during 9 of last 12 months, Nielsen said. More than 50% of all recorded material was network programming, 18% independent stations, 14% pay services.

AD LEADERS: Only 2 consumer electronics marketers made Ad Age's annual roster of nation's top 100 advertisers -- RCA, which placed 33rd with 1984 outlay of \$239.4 million, and GE, 37th with \$202.4 million. Sony, in 70th place in 1983 with spending of \$97.2 million, is missing from new list.

As usual, price of admission was up significantly. Procter & Gamble repeated as national leader, spending \$872 million, up from \$773.6 million; 100th ranked Van Munching & Co., had just under \$59 million. In 1983 list, ABC was at bottom of list, spending just \$49.2 million. Totals include actual ad spending in measured media, estimates for other expenses.

RCA's total ad spending was up 14% in 1984. Product with largest budget was color TV at \$16.1 million, more than double \$7.08 million it spent in 1983. However, 1983 budget also included \$9.3 million for CED videodisc system, discontinued in April 1984. RCA also spent \$512,000 on Dimensia integrated audio-video system it introduced at end of last year.

GE's overall ad costs were up 3% from 1983. Color TV jumped to \$6.7 million from just \$406,000 and rechargeable battery line 14.3% to \$3.2 million. GE spent \$5.8 million on home telephones. Spending for general consumer products campaign was down 17.7% to \$6.5 million.

In 38th place, just behind GE, was retailer Tandy with budget of \$190 million, up 21.1%. Kodak, ranked 24th with total outlay of \$923 million, had measured media spending of \$7.5 million on blank videocassettes and \$1.2 million on 8mm video camcorder.

Three home computer companies made list -- IBM 18th at \$376 million, Warner Communications 40th at \$181.7 million and Apple 77th at \$100 million. IBM's spending on PCs climbed 160% last year to \$62.6 million, but most of that was for now-discontinued PCjr, on which it spent \$32.5 million in measured media alone. Warner's outlay included \$67 million in measured media for Atari, sold in mid-1984 to Jack Tramiel. Coleco and TI, which made 1983 list on strength of ads for now-discontinued computer lines, weren't included in 1984 rankings.

Union Carbide placed 78th with \$93 million, including about \$28 million on Eveready battery line. Dart & Kraft, 29th at \$269 million, matched UC by spending about \$28 million on Duracell batteries.

VIDEODISC PROGRESS: While videodisc developments in Japan aim at consumer market (see report elsewhere in this issue), in U.S. the medium is finding important niche in interactive marketing and instruction. At recent U. of Neb. videodisc symposium there were these developments:

There was considerable talk about massive computerized military training and simulation project, EIDS (Electronic Information Delivery System), and manufacturers were preparing equipment to meet specs for system. Fastest developing U.S. videodisc market, however, is expected to be in point-of-purchase systems. Videodisc-equipped kiosks are being tested by Sears, Montgomery Ward and AT&T retail outlets, and Compuserve expects to have 3,000 video shopping systems in outlets such as 7-11 and Safeway markets by year's end, 10,000 by end of 1986.

Real estate dealers have embraced disc concept, and symposium heard forecasts that 20,000 players will be used in visual real estate listing market before 1990. Advanced Touch Systems, San Diego, is delivering sophisticated on-line customer service systems for Budget Rent-A-Car, Sheraton and Hilton at rate of 30 kiosks monthly.

Sony is becoming increasingly active in industrial and commercial fields but still says it has no plans to enter consumer disc player market in U.S. Sony demonstrated its VIEW system (Video Information Enhanced Workstation), graphics-oriented PC compatible system that stores up to 220 Mb of digital data in addition to visual material on videodisc itself, can both store and interpret digital information on disc. Sony is setting up VIEW system organization with 12 salespersons and service organization, 25 programmers developing interactive software. It has added 90 dealers to existing 250, including 40 exclusive VIEW dealers.

Seminar was held in shadow of "little sister CD," which is leading "big brother LV," and there was some feeling of loss of enthusiasm for videodisc by traditional big players. However, there were several innovations. Philips introduced 2 features: (1) "Interleaving" function, whereby user can jump between several parallel lines of event without losing pictures or sound. This was demonstrated with jazz concert in which viewer could cut among 3 different camera angles without a glitch -- all 3 stored in continual 10-frame segments. (2) Inexpensive built-in character generating feature (subtitles, etc.), using same chip as is used to generate chapter and frame numbers.

Pioneer demonstrated portable 8" videodisc player that is scheduled for marketing in first quarter. Notable by its absence was JVC's VHD system, originally scheduled for presentation. Nebraska seminars remain very sharply focused LV-oriented affairs, without distractions provided by such upstarts as CD and VHD.

M.E. TAPE STALLED: Although specifications for 8mm Video format include use of metal evaporated (ME) as well as metal particle (MP) tape, ME still has formidable problems that must be solved before it can come into general use, according to tape suppliers.

Eastman Kodak freely handed out samples of ME tape for evaluation last year with its 8mm camcorder, actually carried ME tape on its price list (55-65% higher to dealers than MP for same lengths), but so far as we know never actually marketed it in any quantity. Our own tests in Aug. 1984 showed ME tape inferior to MP despite higher price (TVD Aug. 27/84 p14). "It still has problems in mass production," Kodak official told us. Kodak's ME supplier was Matsushita, believed to be most advanced in such tape; its MP tape supplier is TDK.

TDK, meanwhile, displayed developmental ME tape plant -- subject of report here last spring (TVD April 8 p17) -- to British technical journalists visiting Japan. Hideki Hutsuki, gen. mgr. of R&D at TDK Technical Center, said durability and runability still are problems. With current 8mm hardware, he added, "it may be all right up to 500 or even 1,000 times, but then there may be damage." Following 2 years of development work, TDK said, engineering on ME plant is complete. However, it said no optimized hardware is available for it.

Two VHD innovations were introduced by JVC at Japan Electronics Show in Osaka last week. Compatible 3D system (TVD July 1 p12) was demonstrated in 2 different forms -- industrial projection system using polarized glasses and home version on standard TV set with liquid crystal 3D glasses using switching circuit synchronized to videodisc. System is compatible with existing VHD players and 3D discs can be viewed as standard flat images without glasses. JVC says it intends to integrate system into home audio-video systems in near future. Also displayed was "VHD digital videodisc," modification that combines principles of JVC's VHD and AHD systems to record both analog moving pictures and digital still pictures on same side of disc. Aiwa plans to start marketing VHD videodisc player in Japan starting next week, according to Japanese press reports. Player will be made by Sharp. Aiwa is 55% owned by Sony, which is marketing competitive LV optical videodisc players. It's indicated that Aiwa may also introduce LV player.

Controlling interest in AEG, German electronics maker, has been acquired by auto maker Daimler-Benz, which is following in footsteps of U.S. and Japanese counterparts by moving electronics production capability in-house. D-B acquired 55% interest from AEG itself and from bankers for about \$580 million, is expected to make tender offer for remaining shares. AEG is components and commercial electronics operation left free standing following 1983 purchase by France's Thomson Group of AEG's Telefunken consumer electronics business.

Consumer Electronics Personals

Tadaatsu Asanuma, former Pioneer Electronics (U.S.) products service vp, appointed pres. of new Pioneer Electronics Service & Engineering, formed to handle service for all video and audio products... **James Wood** named to head JVC Pro Video Service Div... **Richard Asher**, ex-Warner Records, joins Polygram (U.S.) as pres., succeeding **Guenter Hensler**, who will continue as Classics Div. pres. and work on development of new audiovisual entertainment business... **Al Teller** advanced to pres., Records Div. of CBS Records Group.

Bruce Carswell, GTE, named EIA chmn., effective Jan. 1, succeeding **Clem Arnold**, McDonnell-Douglas; **Robert Hostetler**, CTS, named vice chmn. New Consumer Electronics Group offices: **John McDonald**, Casio, chmn.; **Jack Pluckhan**, Quasar, vice chmn. Video Div.: **Jerry McCarthy**, Zenith, chmn.; **Paul Michie**, Toshiba, vice chmn. Audio Div.: **Frank Meyers**, Arvin, chmn.; **Sol Boucai**, H.H. Scott, vice chmn. Other new chmn.: **John Patterson**, Tandy, Computer Div.; **Reese Haggot**, Alpine, Mobile Consumer Electronics Subdiv.; **Ray Gates**, Panasonic, Telephone Subdiv.; **Robert Burnett**, 3M, Blank Media Subdiv. EIA award winners: **John Messerschmitt**, North American Philips, Distinguished Service; **William Rooney**, Panasonic, Marketing Services; **Frank Stein**, Delco, Engineering.

Leonard White, CBS/Fox Video, named a National Captioning Institute dir... New Academy of Home Video Arts and Sciences committee chmn.: **Richard Childs**, Embassy Home Entertainment, awards; **Jerry Sharell**, MCA, creative and production; **Bill Gallagher**, MGM/UA, membership; **Barry Collier**, Prism, finance; **Richard Ekstract**, Video Review, ads.

Edward Walsh advanced from exec. vp to pres., Magnum Entertainment, replacing **Bud Schaffer** who has resigned as chmn.-CEO and sold interest in company... **Bill Mechanic** named senior vp of Walt Disney Pictures' newly formed Video Div., including home video and pay TV production and distribution... **Steve Bornstein**, ex-Lion's Gate, joins Karl-Lorimar Home Video as feature film acquisitions vp; **Jeff Jenest**, ex-Kenyon & Eckhart, becomes mktg. vp... **Susan Senk** appointed publicity and promotion vp, Vestron Video, new post.

David Goldstein named CBS/Fox Video operations dir.; **Marie DiPerna** appointed sales administration mgr... **Arnie Orleans** joins International Video Entertainment as sales and mktg. vp of new General Release Div.; Vp **Wendy Moss** adds sales and mktg. responsibility for Children's Div., including Family Home Entertainment... **Ron Cushey** named controller and **Ron Signoretti** asst. controller, Embassy Home Entertainment.

Ronald Wysong, R.K. Drake pres., also named CEO; Vp **Merl Powell** promoted to product

development and mktg. senior vp; **Tom Gardner** advanced to senior vp-chief financial officer and treas... **David Kay** promoted at Kaypro from mktg. and product planning vp to pres., succeeding **Andrew Kay**, who continues as chmn.-CEO... **Deborah Coleman**, Apple worldwide mfg. operations dir., named vp... **Steven Lesser**, ex-TDK, joins JVC Magnetic Tape Div. as east coast region sales mgr... **Paul Stubblebine** advanced at Monster Cable to worldwide sales mgr.; **Karen O'Brien**, ex-Lechmere, joins as mktg. mgr... **Tony Weber** named Bang & Olufsen mkt. development mgr.

Portable projection TV with detachable 8mm VCR, measuring 5x5x16" and throwing 40" picture, has been designed by Display Sciences Inc., N.Y., as consumer product. Chmn. **Vincent Donohoe** told us he hopes to use same Matsushita-made 8mm VCR used by Eastman Kodak in its new models, along with DSI's proprietary single-tube projection system. DSI hopes to license design to manufacturer, he said. For industrial market, company has designed briefcase-type self-contained 13" rear-projection color TV (with 3.7" tube) with built-in VHS VCR. Company's first product was Lightbeam portable front-projection TV-VCR combination. DSI's current products are made under contract by Electronic Assoc., W. Long Branch, N.J. DSI is seeking site for development lab in Rochester, N.Y., area, selected because of abundance of optical engineers in area, according to Donohoe.

Coleco closed books on discontinued Adam home computer and Colecovision videogame systems last week by taking final inventory writeoff of \$20 million in 3rd quarter, raising writeoff total for this year to \$35 million. Most of loss for dropping Adam was included in 1984 financial results, so bulk of 1985 chargeoff is for Colecovision. Coleco said all Adam inventory has been sold, and \$18.3 million in receivables is last remaining related asset. It said most of Colecovision inventory was sold in 3rd quarter and it has orders for rest. It put current videogame asset value at \$12.9 million. Coleco said it expects no further charges in connection with either product.

Mostek is being closed by parent United Technologies, which took \$423.7 million after-tax charge to cover costs associated with shutdown of IC maker. UT acquired Mostek in 1980 for \$345 million, pumped in estimated additional \$500 million. Closing means loss of 2,500 jobs in U.S., 1,000 overseas; plants already have stopped operating. Mostek may return in new form, spokesman saying that management group is exploring ways to acquire assets and keep company in business.

VCR sales passed record for any full year in 40th week (through Oct. 4) of 1985. EIA figures on sales to dealers (see State of the Industry) show sales of 7,733,953 units for year to date, compared with 7,615,791 sold in record full year of 1984. Also in 40th week, color TV sales for 1985 passed 12 million, more than in any full year except 1983 and 1984.

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
American Bctg. Cos.			
1985-39 wk. to Sept. 28	2,360,878,000	121,342,000	4.20
1984-39 wk. to Sept. 29	2,774,780,000	142,947,000	4.91
1985-13 wk. to Sept. 28	706,819,000	28,859,000	1.02
1984-13 wk. to Sept. 29	1,084,064,000	46,659,000	1.61
AT&T			
1985-9 mo. to Sept. 30	25,789,000,000	1,193,000,000	1.05
1984-9 mo. to Sept. 30	24,777,000,000	1,000,000,000	.91*
1985-qtr. to Sept. 30	8,933,000,000	378,000,000	.33
1984-qtr. to Sept. 30	8,010,000,000	317,000,000	.28
Arvin Industries			
1985-39 wk. to Sept. 29	602,561,000	24,679,000	2.06
1984-39 wk. to Sept. 30	571,117,000	21,648,000	1.85*
1985-13 wk. to Sept. 29	203,963,000	8,732,000	.72
1984-13 wk. to Sept. 30	202,930,000	7,047,000	.61*
Bell & Howell			
1985-39 wk. to Sept. 28	559,707,000	23,734,000	2.26
1984-39 wk. to Sept. 29	524,689,000	25,339,000	2.31
1985-13 wk. to Sept. 28	205,041,000	10,551,000	1.00
1984-13 wk. to Sept. 29	182,627,000	12,616,000	1.18
Comsat			
1985-9 mo. to Sept. 30	361,906,000	44,648,000	2.45
1984-9 mo. to Sept. 30	304,786,000	36,826,000	2.04
1985-qtr. to Sept. 30	121,028,000	12,527,000	.68
1984-qtr. to Sept. 30	104,112,000	12,757,000	.71
Conrac			
1985-9 mo. to Sept. 30	112,791,000	4,983,000	.82
1984-9 mo. to Sept. 30	116,480,000	12,896,000	2.09*
1985-qtr. to Sept. 30	39,265,000	2,017,000	.33
1984-qtr. to Sept. 30	40,517,000	10,167,000	1.68*
Corning Glass			
1985-40 wk. to Oct. 6	1,292,400,000	103,900,000	2.45*
1984-40 wk. to Oct. 7	1,328,600,000	83,400,000	1.98*
1985-16 wk. to Oct. 6	474,500,000	10,600,000	.25*
1984-16 wk. to Oct. 7	500,100,000	17,600,000	.42*
Craig			
1985-qtr. to Sept. 30	5,588,000	634,000	.36*
1984-qtr. to Sept. 30	9,100,000	453,000	.26*
Gannett			
1985-39 wk. to Sept. 29	1,589,901,000	173,833,000	2.17
1984-39 wk. to Sept. 23	1,390,113,000	149,425,000	1.87
1985-13 wk. to Sept. 29	550,285,000	60,702,000	.76
1984-13 wk. to Sept. 23	473,227,000	54,903,000	.69
GTE			
1985-9 mo. to Sept. 30	11,483,998,000	847,834,000	3.95
1984-9 mo. to Sept. 30	10,654,490,000	881,837,000	4.40*
1985-qtr. to Sept. 30	3,926,212,000	289,621,000	1.33
1984-qtr. to Sept. 30	3,579,981,000	286,935,000	1.40
Jones Intercable			
1985-qtr. to Aug. 31	3,953,000	539,300	.06
1984-qtr. to Aug. 31	3,109,300	519,600	.06*
LIN Bctg.			
1985-9 mo. to Sept. 30	123,686,000	25,393,000	1.02*
1984-9 mo. to Sept. 30	105,582,000	19,785,000	.89*
1985-qtr. to Sept. 30	41,269,000	8,691,000	.32*
1984-qtr. to Sept. 30	36,064,000	7,427,000	.33*
Meredith			
1985-qtr. to Sept. 30	116,523,000	15,910,000	1.68*
1984-qtr. to Sept. 30	113,732,000	10,381,000	1.10
New York Times			
1985-9 mo. to Sept. 30	1,008,561,000	86,101,000	2.15*
1984-9 mo. to Sept. 30	893,009,000	72,605,000	1.83
1985-qtr. to Sept. 30	334,240,000	22,557,000	.56
1984-qtr. to Sept. 30	289,105,000	20,372,000	.51

Company & Period	Revenues	Net Earnings	Per Share
Park Communications			
1985-9 mo. to Sept. 30	81,583,000	9,988,000	.72
1984-9 mo. to Sept. 30	76,349,000	8,964,000	.65*
1985-qtr. to Sept. 30	27,648,000	3,168,000	.23
1984-qtr. to Sept. 30	25,669,000	2,945,000	.21*
RCA			
1985-9 mo. to Sept. 30	6,404,000,000	274,700,000	3.03
1984-9 mo. to Sept. 30	6,217,300,000	238,200,000	2.27*
1985-qtr. to Sept. 30	2,182,600,000	93,900,000	1.10
1984-qtr. to Sept. 30	2,069,000,000	78,000,000	.74*
Tandy			
1985-qtr. to Sept. 30	699,569,000	41,713,000	.47
1984-qtr. to Sept. 30	605,291,000	37,391,000	.41*
Time			
1985-9 mo. to Sept. 30	2,458,363,000	148,413,000	2.34
1984-9 mo. to Sept. 30	2,216,332,000	149,707,000	2.31
1985-qtr. to Sept. 30	846,881,000	44,157,000	.70
1984-qtr. to Sept. 30	751,027,000	46,033,000	.72
TRW			
1985-9 mo. to Sept. 30	4,434,900,000	21,700,000	.54*
1984-9 mo. to Sept. 30	3,965,600,000	207,200,000	5.55*
1985-qtr. to Sept. 30	1,457,700,000	(110,300,000)	--*
1984-qtr. to Sept. 30	1,340,600,000	78,400,000	2.10*
United Cable TV			
1985-qtr. to Aug. 31	44,668,000	2,331,000	.12
1984-qtr. to Aug. 31	39,749,000	2,101,000	.10*

Notes: *After special charge. ^aAdjusted ^bIncludes special credit. ^cRestated. ^dRestated; after special charge.

UPSCALE COMPUTER CUTS: Atari and Commodore, which many observers feel are staking futures on success of just-introduced semipro computer models, will face stiffer than anticipated competition in Christmas selling season in form of lower prices from more established upscale marketers.

IBM has budgeted \$30 million for extensive 4th-quarter ad campaign that will feature discounts up to \$300 on personal computer line, and temporary resurrection of discontinued PCjr, to be offered with color monitor for \$700. IBM also is expected to introduce new collection of consumer-oriented entertainment and utility software.

Apple is trimming price on entry-level model IIc by \$300, will offer it for just \$995 with monochrome monitor, \$1,295 with new color monitor. Step-up IIe has been trimmed \$200 to \$945, Macintosh is down \$3,000 to \$2,500.

Radio Shack parent Tandy has started promoting its IBM-compatible model 1000 at \$1,000, down \$200, has launched \$40 million TV and print campaign for that model and for new programs and accessories for its home Color Computer. Kaypro has introduced its first IBM-compatible desktop computer, with monochrome monitor and twin disc drives, at \$1,595, and cut \$500 from each of its 2 IBM-compatible portables, now listing at \$2,000 and \$2,700.

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OCTOBER 28, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC READY TO APPROVE MURDOCH purchase of Metromedia TV stations, will grant 2-year waiver to sell N.Y. and Chicago papers. MAP asks postponement in unusual pleading. (P. 1)

NAB, NCTA MEET ON MUST-CARRY: Breakfast meeting isn't negotiating session, although TOC presents proposal. (P. 2)

CABLE SIGNAL ACCORD LIKELY: Regulation would focus on franchise renewals. (P. 3)

FCC CIRCULATION POLICY QUESTIONED: Will fewer meetings for commissioners mean more work for lobbyists? (P. 4)

2 PUBLIC RADIO STATIONS FINED for ads, WNVC warned. Others being probed. (P. 4)

CCI GOING OUT OF BUSINESS, cites declining financial support from industry. (P. 5)

GROSSMAN SAYS SIGN-UPS 'CRITICAL' to NBC cable news venture. Odds of go-ahead are 50-50 or better, he indicates. (P. 5)

FCC GETS ADVICE ON TAKEOVERS: RCA-NBC say short-cut processing of applications would harm unwilling targets. Others have their say in FCC inquiry. (P. 6)

FCC READY TO GRANT MURDOCH WAIVER: Rupert Murdoch's \$1.55 billion purchase of 6 major-market independent TV stations from Metromedia is on agenda for FCC meeting Oct. 31 --- and, as order is drafted, it would grant Murdoch's controversial request for 2-year waiver to spin off N.Y. Post and Chicago Sun-Times. Staff originally proposed to give Murdoch 18 months (same time granted Tribune Co. to sell L.A.-area newspaper in approving purchase of KTLA L.A.), but length of proposed waiver was changed before Commission vote.

Media Access Project and several other groups want item pulled from agenda, made request to FCC in unusual filing Oct. 25 that argued Murdoch hasn't shown he's financially qualified. Thus, MAP claims, Commission doesn't have sufficient information to act. "We don't regard this thing as over," MAP Exec. Dir. Andrew Schwartzman told us. Murdoch "is asking for more relief than ever granted before and with fewer restrictions."

Consumer Electronics

SONY RAISING PRICES 5-12% across board Jan. 1 because of yen-dollar relationship. Industry reactions vary from praise to skepticism. (P. 10)

NAPCE IN TURNAROUND effort under Philips exec. Einar Kloster, who says global approach should produce results in 3 years. (P. 11)

CABLE INDUSTRY SPLITS on MTS stereo. Group W pushes for its own incompatible system, but others say cable can handle signals. (P. 13)

GE CUTTING BACK on Far East operations because of end to U.S. color production, but is boosting investment there. (P. 14)

MATSUSHITA, JVC, HITACHI results show impact of slowdown in VCR sales growth. Lloyd's, Wells-Gardner post losses. (P. 15)

EMERSON BUYS H.H. SCOTT, will move hi-fi brand into video arena next fall. Gemini acquired. (P. 15)

ITA VIDEOCASSETTE GRADE standardization effort put on hold to give companies time to formalize positions, proposals. (P. 16)

JAPAN SAYS IT WON'T extend quota on VCR exports to Europe beyond Dec. 31. Decision could respark trade conflict with EEC. (P. 17)

Some surprise had been expressed that Commission is considering Murdoch case ahead of Capital Cities' acquisition of ABC. Reason: CapCities is seeking permanent waiver to retain WABC-TV N.Y. and WPVI-TV Philadelphia -- whose Grade B contour overlap is in violation of FCC rules. Commission hasn't decided how to handle request and we were told last week that "it'll be a very close thing." Surprising to some, too, is fact that public interest groups aren't opposing ABC deal. CapCities points to CBS's grandfathered ownership of Philadelphia and N.Y. stations, also has promised to upgrade its news and public affairs coverage of N.J. and Del. in return for waiver.

Commission also doesn't propose to put any conditions on Murdoch -- such as regular reports on progress of sales efforts, as Tribune is doing voluntarily. "That's amazing," said Schwartzman. Murdoch is buying WNEW-TV N.Y., KTTV L.A., WFLD-TV Chicago, WTTG Washington, KRLD-TV Dallas and KRIV-TV Houston. Metromedia's only network affiliate, WCVB-TV Boston, is being spun off to Hearst Corp. for \$450 million.

Murdoch purchase has drawn 8 petitions to deny and strong opposition from Congress -- including House Telecom Subcommittee Chmn. Wirth (D-Colo.) -- much of it because of 2-year waiver request. Aide said Wirth is "extremely displeased" that FCC is moving ahead when Commission still hasn't developed comprehensive policy on cross-ownership. Absence of "close scrutiny" for request, lack of "coherent" general policy and failure to set conditions on Murdoch shows that FCC "is running amok," aide said, warning that Commission can expect backlash from Congress. "The FCC at the very least should impose conditions on that waiver to make some effort to protect the public."

Schwartzman charged that item has been "pushed up" after protesters were told it wouldn't be on agenda this week. MAP claims that Murdoch doesn't need 2 years to sell papers, that he has received \$80 million offer for Sun-Times and that several prospective buyers have expressed interest in N.Y. Post.

BROADCASTERS EXPLORE MUST-CARRY POSITIONS WITH NCTA: Historic meeting of sorts took place at breakfast in Washington Oct. 22 when 3 TV broadcast groups sat down with NCTA officials (at NCTA hq) to explain their positions on must-carry -- now that FCC rules have been found unconstitutional on First Amendment grounds (TVD July 22 p1). While it wasn't "negotiating" session, with NCTA Pres. James Mooney telling broadcasters he didn't have authority to negotiate, TV Operators Caucus (major market TV stations) put proposal on table.

In general terms, TOC proposal would: (1) Exempt systems with 12 channels or fewer from any must-carry. (2) Require carriage of stations within 50 miles of cable system headend. (3) Under 2, wouldn't require duplication of networks or public stations. (4) Put 40% cap on systems' channels that must be devoted to must-carry signals. (5) Prohibit systems from charging fee for carrying specific station and prohibit stations from charging cable systems.

NAB said it was in full agreement with Caucus position; INTV was noncommittal, said "it's really their thing." Mooney also was noncommittal, reportedly told group that he didn't know what he could do about it but that he would discuss it with NCTA hierarchy. Broadcasters said Caucus plan was presented only "as a starting point" but they hope for response soon. NCTA board meets week of Nov. 11 in Phoenix but broadcaster at meeting said they wanted indication from cable interests before then.

Session had been sought by broadcasters, was intended to allow parties "to get to know each other and talk face-to-face rather than have comments filtered through the trade press," we're told. Cable official welcomed session because "it's the first time we've heard from broadcasters face-to-face" since Court threw out FCC must-carry rules. "It gave us a feel of what the broadcasters want... We now have a sense of what their bottom line is." He pointed out that NCTA faces problems -- political (within industry) and legal (because of First

Amendment issue) -- in any attempt to reach accommodation with broadcasters. He noted that each broadcast group is "coming from a different angle and we now know where each group is coming from... It leads to an environment where a compromise of some kind could be possible."

We understand that at one point during meeting broadcasters were asked if they would withdraw court challenge and their attempts to get legislation if compromise with NCTA is reached. Broadcast groups said they couldn't answer that. However, participant told us that NCTA knows NAB and broadcasters "have enough muscle" to stop any legislation that might arise from current negotiations on copyright fees between NCTA and MPAA (TVD Sept 23 p4). If such legislation does go to Congress, NAB is convinced it can attach must-carry provision in return for continuance of blanket licenses.

Another proposal being floated (but not discussed at meeting) is that several large MSOs -- particularly those owned by broadcast groups -- put in their own voluntary must-carry provisions along lines of those proposed by Caucus. "That would be a marketplace solution to the problem," advocate told us.

INTV continues to push own must-carry solution in Congress, expects Rep. Bryant (D-Tex.) to introduce bill early this week with similar bill expected to follow shortly in Senate. NAB Pres. Edward Fritts responded "absolutely" when asked if Assn. would support INTV effort in Congress.

Meanwhile, CATA and NCTA took differing stands in recent filings at FCC on whether and how must-carry rules should be reconciled with definition of "basic cable service" in wake of Court ruling. CATA urged deletion of must-carry requirement to retain "only that core service which can be subject to regulation in noncompetitive cable markets." However, NCTA urged FCC "to preserve the substance" of its decision on what constituted basic service (before Court ruling) providing for mandatory carriage, "neither expanding nor reducing the quantum of rate regulation" permitted local franchising authorities. Should FCC elect to change basic service definition, however, NCTA said it would "not object" to modification that would allow local franchising authorities to require "that any local broadcast television signals actually carried by the system be carried as part of the lowest-priced tier of service made available to all subscribers."

CABLE SIGNAL RULES ACCORD SEEN: Under pressure from cities, groundwork appears to be emerging for city-FCC compromise on proposal to allow cities to retain regulation of cable TV signal quality. Issue, on agenda for meeting Oct. 31, was reopened Sept. 30 when FCC Mass Media Bureau Chief James McKinney told National Assn. of Telecom Officers & Advisers in St. Louis speech that technical regulation of cable is federal question (TVD Oct 7 p6).

Commissioners now are coalescing around compromise that would allow cities to consider signal standards when considering renewal of cable franchises but apply only in localities where effective competition doesn't exist, according to Mass Media Bureau Deputy Chief William Johnson.

Cities, which lobbied Congress hard against FCC proposal, are predicting consumer backlash if standards are discarded altogether. "Consumers will not accept the answer that government has determined they have no regulatory recourse" to correct poor signal quality, said attorney Nicholas Miller, who has represented St. Louis, Dallas, Sacramento and Montgomery County, Md., on standards issue. Signal complaints represent more than half of service complaints to cable companies nationwide, he said.

FCC reportedly would establish standards, after consultation with city representatives, that localities could apply when considering franchise renewals. Whether standards would be voluntary or mandatory, however, apparently hasn't been decided.

EIA Consumer Electronics Group will sponsor 6 TV specials in stereo over 300 PBS stations starting next fall. It currently is seeking co-underwriter for concerts from Wolf Trap, near Washington (see story in Consumer Electronics section). CEG officials last week declined to estimate cost but said project will be similar in scope to its underwriting of PBS's New Tech Times last season. PBS had asked CEG for grant to help equip all its affiliates for stereocasting but CEG spokesman called sponsorship more realistic approach to encouraging stereo. CEG also plans to promote digital CD system by underwriting daily drive-time program on NPR.

Board of Times Fiber Communications has rejected takeover offer of \$15.25 per share (about \$145 million) by LPL Investment Group. Times Fiber directors reportedly objected to some terms of offer, including proposed ouster of members of management, particularly CEO Colin O'Brien. LPL is owned by group of investors headed by Lawrence DeGeorge, Times Fiber ex-chmn.

FCC ITEM CIRCULATIONS QUESTIONED: FCC has scheduled only 3 more meetings for rest of year -- on Oct. 31, Nov. 14 and Dec. 10 -- with large majority of items being acted on by circulation to commissioners without public notice. Less frequent meeting schedule is part of plan, spearheaded by Jerald Fritz, Chmn. Fowler's chief of staff, to make Commission operations more efficient.

Action has generated wide range of reactions among Washington company representatives and attorneys -- from serious concerns that, as one put it, Commission is "closing a shroud" around itself, to others who aren't worried by new policies. Most remarks on procedure were made on condition that commenters not be identified because they didn't want to risk alienating commissioners or staff.

Fritz told us Commission efficiency will improve with fewer meetings by speeding process and that most items on circulation are "noncontroversial." He claimed there won't necessarily be more items on circulation than when there were more frequent meetings: "We've always had circulation." He added that Commission is "trying to be more sensitive to statements" that it's "trying to blow through things and hold up the release of items to the general public." To make more information available, Fritz said, FCC is considering weekly press briefings on items being approved by circulation. He also is instituting computerized electronic mail process to distribute text among commissioners' offices.

Outside of FCC, attorneys and company representatives we contacted hold mixed views on new "efficiency" policy. Common reaction, particularly among ex-FCC staff members now working in private sector, was "whatever facilitates their administrative process and gets decisions out helps us." Company representative called FCC trend "a good move," particularly on noncontroversial items. "I haven't noticed major items on circulation when there would be a lot of controversy."

Lack of enthusiasm for public meetings takes another form as well, with some saying they liked them because of public involvement. One commenter suggested FCC may be "closing a shroud around itself... to [get] away from the maddening crowd" and that "things were decided in meetings... [Now] it's almost pro forma." Others said they valued meetings. One company representative said meetings are chance to "see what's on the mind of the commissioners" or see how staff has influenced decisions.

Lobbyist commented that current FCC policies are "irritating because you never know what's circulating. You're waiting for an item and then read in releases that it's been adopted." Attorney in private practice took different view: "I find it easy to track things over there. I think if you have the relationships there and senior people to make inquiry of, there's no problem at all."

PUBLIC STATIONS FINED, WARNED FCC has fined 2 noncommercial radio stations and warned WNVC Fairfax, Va., for allegedly airing paid promotional announcements on behalf of for-profit entities, a violation of Commission rules. Investigations are continuing into similar charges against other noncommercial stations; more fines and warnings could follow as publicity on cases grows, FCC official said.

Commission guidelines allow crediting donors with messages that may include logos or slogans that identify but don't promote entity, location, "value-neutral" description of product line or service, brand or trade names, product or service listings. These guidelines were liberalized last year to include trade and brand names as way to allow noncommercial stations to gain more revenue through underwriting.

Largest fine was \$5,000 levied on WVRM(FM) Hazlet, N.J., for alleged violations of FCC broadcast guidelines Aug. 24, 27 and 28, 1984, based on monitoring by FCC N.Y. office. Station also had violated rules in 1981, FCC said. In letter to station Oct. 25, Commission said documents supplied by WVRM "clearly establish" that announcements were aired in return for consideration. Station Pres. Mickey Caruso said he felt FCC was prohibiting him from accepting grants from for-profit entities.

WGMC(FM) Greece, N.Y., licensed to local school board, was fined \$2,500 for Aug. 13 broadcast of Rochester Red Wings baseball game that aired promotional announcements for Anheuser-Busch, Genesee Brewing, Kodak and other companies. First violation against station was on Aug. 23, 1984, broadcast of Red Wings game that contained Miller Lite beer ad. Most recent complaints include ad by local health care plan that said it "gives you more coverage."

WNVC, only public TV station not a PBS member, was warned by Commission for 3 announcements aired Oct. 8 during broadcast of Redskins Magazine program. Commission warning also specifically included station's foreign language programming. Gen. Mgr. Daniel Ward called guidelines too vague, said he hadn't expected to receive warning. However, he said, station has changed underwriting policy and will have executive staff view messages before they air. He estimated underwriting provides about 10% of station's annual operating budget of nearly \$1 million.

Carl Hirsch, ex-pres. of Malrite Communications, has formed Regency Bestg. to buy KJOI(FM) L.A. from Noble Bestg. for \$44 million. Price is record for radio station. Highly rated station has easy listening format, which Hirsch said would be continued.

Warner Amex is purchasing \$4.5 million in equipment from C-COR for cable system to be built in Queens, N.Y.

CCI VOTES ITSELF OUT OF BUSINESS: Council for Cable Information was voted out of existence Oct. 23 by its board, which cited declining financial support from cable industry. Directors followed recommendation of Pres. Kathryn Creech, set shutdown of image-building organization within 30 days. CCI statement said board "reluctantly concluded that without full industry participation, CCI's national media buy [on TV stations to promote cable] was no longer cost-effective or equitable for those supporting the effort."

No. 1 MSO TCI, which previously had contributed to CCI, decided not to provide further support, opening big hole in planned budget. CCI Chmn. Douglas Dittrick, chmn.-CEO of Tribune Cable, wouldn't identify other companies declining to contribute. He did note Council, which included MSOs and pay and basic programmers, began life handicapped because 4 of top 20 MSOs declined to join.

Much of CCI's \$12.5 million budget for 1986 was to go for national TV ads, 3 creative approaches for which have been prepared by CCI's ad agency. Creech said she considered other, more limited routes CCI might take, such as becoming cable version of TIO. But PR effort or some other scaled-down approach wouldn't have been acceptable to industry, she said.

Leftover portion of CCI budget has been allocated tentatively to NCTA, CTAM and Cable Ad Bureau to support image-building efforts. CCI's radio commercials from last summer, along with other marketing materials, will be offered for use by companies in industry. Formation of CCI was announced at 1983 NCTA convention. Organization has 8 fulltime staffers. First TV ads ran last winter and, according to consumer research, did change some viewers' attitudes favorably toward cable.

"Really, the problem is that you have a very large and diverse industry," said Group W Bestg. and Cable Chmn. Daniel Ritchie of CCI's demise. Ritchie had announced formation of CCI with much fanfare at 1983 NCTA Convention (TVD June 20/83 p7). High hopes at time had ad campaign boosting nationwide cable penetration by 5-10%.

Nevertheless, Ritchie insisted "it's clear the idea worked." One important outgrowth of effort, he said, was development of "cross-promotional tune-in ads" for cable programming. He tried to deflect any criticism that might be aimed at TCI for council's demise. "In fairness to TCI, they were with us from the beginning," stayed with project for reasonable time, he said.

Seed money from CCI will "continue the original idea of the Council, where it was to promote the image of cable TV," said Dittrick. He noted that one of CCI's problems was debate within cable industry over whether ads should build image or drive sales. When it came down to it, "many operators" felt there

were "specific programs they could do," he said. Board members knew for a while that decision to fold up shop might have to be made: "It wasn't sudden."

Creech said her group's most important contribution was gaining acceptance for TV advertising and integrated marketing campaigns. Board members said decision was reluctant, complimented Creech and staff for efforts in dealing with more than 40 companies.

JUNE EYED FOR NBC CABLE START: Downplaying interest in acquiring minority share of Cable News Network, NBC News Pres. Lawrence Grossman said Oct. 22 network is interested in starting own 24-hour cable news network as early as June, provided "critical" carriage support can be lined up. Grossman told Washington Cable Club there's "absolutely no way" NBC would enter into CNN partnership "without... 100% journalistic and editorial operating control."

Grossman stressed importance of carriage fees to launch network before ultimate goal of "large" advertising support can be met. NBC is seeking commitments from cable operators with at least 13.5 million subscribers willing to pay 12-18¢ per subscriber for first 3 years. Network will send draft commitment letter this week soliciting operator feedback, with Dec. 16 as tentative date for go-no-go decision. In appearance before TV critics day earlier in N.Y., Grossman said odds are "almost 50-50 and maybe a lot better" network will elect to go ahead. NBC would be "willing to lose a substantial amount" during first year, wouldn't expect to be out of red for "at least 4 years, more likely 5," he said.

Tone of cable network would be "hard-nose" news, with "a lot more in-depth" coverage than CNN, in addition to weather and sports, Grossman said. NBC is talking to Reuters and Wall St. Journal on their helping with financial coverage, he added. Venture would take advantage of NBC's new satellite system, which will have capability of originating and transmitting signals from 50 cities by Aug. and will allow network to amortize "tremendous costs" of supplying news feeds to affiliates, Grossman said. Windows would be provided for affiliates to insert local news, he said.

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CBS has retained Morgan Stanley & Co. "for the divestiture" of KMOX-TV St. Louis. CBS said "action is being taken... in conjunction with its recent share repurchase" in warding off takeover attempt by Turner Bestg. "and the company's announcement that it intends to realize \$300 million from asset dispositions." St. Louis report said station was being sold to LIN Bestg. but there has been no confirmation. Later in week, CBS said that "it is considering disposal of its interest" -- 6.25 million shares (25.5%) -- in Tri-Star Pictures. Other principal owners, Columbia Pictures and HBO, will have first right of refusal.

RCA-NBC WARY OF SHORT FORM: Short-form review of media ownership transfers to interim voting trustees in tender offer situations is tantamount to direct transfer of control and accordingly requires formal FCC determination that transfer would be in public interest, RCA-NBC told Commission in agency's takeover inquiry (TVD Aug 5 p1). Short-form approach could "unduly and artificially favor the party seeking to acquire ownership" of an unwilling licensee in takeover bid, company said: "The Commission may not and should not attempt to circumvent these public procedures merely because they have the unintended result of thwarting the business goals of private parties."

"Heightened" FCC duty to act in public interest occurs in case of proposed network takeover, company argued. Current methods of financing such bids, including leveraging and "junk" bonds, "have the potential to leave the resulting entity in a precarious financial situation" and make it difficult "to generate pretax profits sufficient to service debt and, at the same time, maintain diverse, quality programming to supply the affiliates," RCA said.

Public interest groups agreed, said in filing that financial overextension could hurt financing for children's TV. They said FCC should be required to make finding of improved public service in decisions on trusteeship arrangements because "if all that is promised is a continuance of the practices of the former licensee, there is no public interest benefit and, in fact, there is a sufficient detriment in the whole process -- the instability thus generated in the broadcast industry." Filing was made jointly by ACT, National Organization for Women, United Church of Christ and individuals Henry Geller and Donna Lampert.

Expedited FCC consideration of long-form transfer applications was championed by CBS and Group W in separate filings. Citing popular view that effort to oust directors by proxy contest generally "must be started at least 3 months before stockholders' meeting," CBS argued "there is no reason" to assume that expedited long-form review "would interfere with this already protracted timetable or compel insurgents to commence the proxy solicitation earlier than they otherwise would."

Group W recommended that filing of transfer applications with FCC should be required simultaneously with initial SEC notification to ensure ample review time. SEC regulations require insurgents to submit solicitation materials to that agency at least 5 days before proposed stockholder mailing. NAB said FCC "rules of the road" are needed to restore certainty to broadcast marketplace. "The 'ad hoc-ness of some cases and the perceived 'give' in policy has kept the marketplace -- both players and potential players -- somewhat 'off center' and has encouraged attempts to manipulate and 'strategize'" process, NAB said.

SONY BROADCAST PLANS: Asked to look into future of broadcast equipment, Tony O'Connell, Sony Broadcast's new mktg. vp, sees videocassettes replacing open reel in digital age 10 years from now, and all VTR operations -- including editing -- designed for handling by unskilled personnel.

Noting that end of century is just 15 years off ("look what happened in the last 15 years"), he forecast major efforts would be concentrated on station automation, with camcorders in widespread use and "significant role for HDTV."

O'Connell pointed out that Sony is committed to introducing digital VTR within next 2 years in standard 19mm format (about 3/4"). Asked about effect of digital VTR on current broadcast standard, he replied that it wouldn't obsolete Type C 1" VCR, at least for some time. "We haven't finished the first decade of the C format." Instead, he saw first digital VTRs being used primarily where multigeneration tapes are needed, and forecast virtually all digital VTR operations in 10 years would be cassette-based.

O'Connell, who moved here from Sony Best. and Sony Video in U.K., said company would continue to build on its areas of strength. He called Betacam "de facto standard," with 4,000 in use in U.S., and it's now being used for teleproduction -- *Golden Girls* is shot entirely with Betacam, as is much of *Cosby Show*.

Since Feb., Sony has delivered 80 Betacart systems. Despite popularity of Betacam, O'Connell said U-matic format continues to sell, its popularity undiminished. Although Sony Consumer Products and Sony Video are pushing 8mm strongly, that new format obviously doesn't fit into Sony Broadcast's plans. O'Connell said Sony has absolutely no plans for any broadcast products using 8mm (although competitors may well be expected to introduce it in camcorder system).

Featured in Sony's display at SMPTE conference in L.A. this week are new TBC card for 1" VCR weighing only one lb. vs. 88 lb. for external TBC, drawing 10 w vs. 400, monitors that can be set up in 10 sec., both products hot sellers. Newest monitor, to be introduced, is 14" at less than \$4,000.

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Categorizing attempts "to create a responsible broadcast press by regulation" counterproductive, FCC Mass Media Bureau Chief James McKinney told Pa. Assn. of Bcstrs. recently that "freedom of the press is overdue in the electronic media newsstands." He said "the scarcity rationale is intellectually bankrupt" as reason for continuing strictures on broadcast press. However: "I have little respect for the chairman of the board who states with pride that he never interferes with the newsroom. That is his job. That is his responsibility... Broadcast operators who allow their newsrooms to operate on 'autopilot' are providing no leadership in their communities. They are avoiding their licensee responsibilities and their audience is the loser."

Some major changes could be in works in way BMI conducts its affairs, if group of new dirs. has its way. At annual shareholders meeting Oct. 29 in N.Y., 3 new dirs. are slated to be elected to join 4 others who aren't considered part of "old guard" of longtime dirs., which will drop to 5 after meeting. Coming aboard will be George Willoughby, King Bestg.; Harold Crump, KPRC-TV Houston; Joseph Carriere, KBIM-TV Roswell, N.M. and current chmn. of CBS affiliates board. Staying on board among "old guard": Chmn. Robert Pratt, KGFF(AM)-KQQF(FM) Coffeyville, Kan.; ex-FCC Comr. Robert Wells, Harris Enterprises; Clint Formby, Formby Stations; Clifford Kirtland, Cox Communications; Richard Stakes, Summit Communications. Other dirs. staying, who have been on board less than 4 years: David Henderson, Outlet Bestg.; James Yager, WSPA-TV Spartanburg, S.C.; Ramy Martin, KRON-TV San Francisco; William Faber, Media General. BMI Pres. Edward Cramer will be dropped from board, reducing membership to 12. Cramer has 3-year contract, isn't expected to face difficulty retaining job. Member of new board majority said that "innovative ideas" are in works to put BMI on level with ASCAP. Pratt said he wasn't candidate for reelection as chmn. but "I could probably be drafted." Willoughby is candidate, has support of new dirs.

Full-term (7 years) renewal of WYEN(FM) Des Plaines, Ill., was remanded to FCC Oct. 22 by unanimous U.S. Appeals Court, D.C., for explanation of why Commission deviated from its policy on considering post-term improvements in minority employment. Station had been in trouble with FCC since 1976 because of "licensee's cavalier failure to recruit aggressively from minority sources," Court said. Through first 8 years of operation (station went on air in 1971), WYEN had only one minority employee (of 19-22 fulltime), and that person stayed for less than year. In 1979 renewal application, station reported one minority person among 23, and in 1982 one among 21. WYEN said that its suburban Chicago location wasn't close to public transportation, making it hard to recruit minorities, and that it couldn't compete with salaries paid by Chicago stations. In June 1984, FCC granted WYEN full renewal (Comr. Rivera dissenting) without reporting requirements, noting station then had 3 fulltime black employees (all in top 4 categories) out of 21, 3 parttime minority employees out of 6. Renewal was appealed by National Black Media Coalition.

House Health Subcommittee voted Oct. 23 to ban TV-radio ads for snuff and chewing tobacco beginning Jan. 11, 1986. Ban is part of bill (HR-3510) that would require health warning labels on smokeless tobacco packages and in all print ads. NAB opposes proposal and will get help from Rep. Tauke (R-Ia.) in trying to get ban scrapped. Tauke opposes provision as First Amendment violation. He has promised to offer amendment when bill is considered by parent Commerce Committee that would require warnings, but no ban, in TV-radio ads. Bill sponsors hope to get measure before Committee early in Nov.

FCC cost-of-regulation fees cleared first hurdle Oct. 24, winning House passage as part of budget reconciliation bill (HR-3500). Proposal would require broadcast, cable and other communications industries making applications to FCC to pay fees for services (TVD Oct 14 p6). Fees are expected to raise \$30-\$40 million for U.S. treasury. Senate's version (S-1730) was pulled from floor agenda same day because of dispute over unrelated trade issue. FCC fees are noncontroversial part of S-1730 and are expected to pass. In good news for public broadcasters, Senate Budget Committee removed CPB and NTIA's Public Telecommunications Facilities Program funding from so-called "hit list" of "extraneous" items. Items put on such lists are more vulnerable to amendments stripping them from bill. Budget Committee was persuaded to take action by Communications Subcommittee Chmn. Goldwater (R-Ariz.), whose funding measure (S-1084) for both agencies now has 74 cosponsors in Senate.

Major study of barter syndication of TV programs has been commissioned by INTV and SRA. To be conducted by Butterfield Communications of Cambridge, Mass., it will focus on impact of barter at station level, with results to be reported at Jan. INTV convention in L.A. Since 1980, number of barter shows offered stations has tripled, and national ad dollars spent in barter have jumped from \$100 million to nearly \$500 million, INTV said. Study will examine prospect for continued growth of barter and its likely impact on stations. Petry TV and SRA Pres. David Allen said study also will cover: Demand for barter among advertisers, willingness of stations to take barter programming, profitability of barter for syndicators. Petry has issued its own study of 10 markets showing that independent stations carry average of 25.4 barter programming hours weekly -- 18% of total programming; affiliates average 12.7 hours -- 24% of hours not programmed by networks.

FCC, NCTA, Cox Cablevision and Group W will file separate requests today (Oct. 28) for en banc rehearing of Oct. 8 ruling by 11th U.S. Appeals Court, Atlanta, declaring unconstitutional the law that authorized FCC regulation of pole attachment fees (TVD Oct 14 p1). Court's decision on rehearing is expected within 2 weeks, with approval by 7 of 12 judges needed to win rehearing. If unsuccessful, appeal to U.S. Supreme Court is promised. Group W said it will contend that case doesn't involve "taking of property" in violation of 5th Amendment, as Court held, and is comparable with other methods of utility rate regulation. Company also will argue that it isn't unconstitutional for FCC to determine attachment fees since such decisions are subject to judicial review.

WFTX (Ch. 36) Cape Coral, Fla. (Ft. Myers area), went on air Oct. 14, raising operating U.S. TV stations to 1,229 -- 913 commercial, 316 noncommercial. Station is owned by Family TV Assoc.; Ed Dyer is gen. mgr., Deborah Abbott program and promotion dir., Walter Youmans chief engineer.

HDTV and improved NTSC demonstrations will highlight SMPTE convention Oct. 28-Nov. 1 in L.A., where theme is "New Directions in Technology... Difficult Decisions." Papers highlighting dispute over NTSC vs. MAC (TVD July 29 p3) will be given by RCA's Kerns Powers, M/A-Com's Ron Katzenelson and Scientific-Atlanta's Keith Lucas. Half-day session and panel discussion will be devoted to HDTV. Session on multichannel TV sound will feature NBC's Ron Estes, Peter Butt and Randy Hoffner, KTLA L.A.'s Ira Goldstone, Modulation Sciences' Eric Small, Satellite & TV Systems' H. Edward Gordon. Also on schedule is paper on TV in China by Telegen's Joseph Roizen and Donna Foster-Roizen. Possibility of still another ENG camcorder system is raised by Ampex paper on "potential of a modified 8mm format."

Group W Cable Pres.-COO Burton Staniar is taking immediate leave of absence "so that he may actively pursue his own bid to acquire Group W Cable" systems, Harry Murray, chmn.-CEO of No. 3 MSO, said Oct. 22. Staniar submitted bid "in association with" venture capital firm E.M. Warburg, Pincus and Co., Group W said. Westinghouse put cable operation on block at end of Aug., has at least 3 other bids so far, each from a combine representing several cable companies. Westinghouse "is now conducting follow-up discussions with selected bidders," company said.

Broadcast groups, spearheaded by RTNDA and CBS, filed expected notice of appeal of constitutionality of fairness doctrine Oct. 22 in U.S. Appeals Court, D.C. In addition to parties mentioned earlier (TVD Oct 21 p1), Freedom of Expression Foundation supported appeal. ABC and NBC were about only major broadcast groups that didn't join; NBC said it continues to favor repeal of doctrine, but "we expect a better [test case] in the near future and we would expect to support such an opportunity at that time."

NAB has published 2 booklets on financial performance of TV stations in 1984, getting 69% response from Assn. members. Financial Report (\$40 for members, \$80 for nonmembers) and Market Analysis (\$150 members, \$300 nonmembers) is only such report on TV station revenues and expenses since FCC stopped requiring annual reports in 1980. Financial Report lists revenues and expenses for "typical" TV station in various market and revenue categories; Market Analysis provides specific information for 97 markets. Call NAB Research & Planning Dept., 202-429-5380.

Clair McCollough, retired head of Steinman Stations, has donated \$200,000 to Millersville (Pa.) U. to build broadcasting center. University is committing additional \$250,000 to project, which will include 2 TV production studios with control rooms, radio production studios, offices and conference rooms for Communications Dept. McCollough was NAB chmn. 1961-62.

House of Seagram launched what it calls "public service campaign" Oct. 15 on several cable networks to air spots "on the facts about drinking and driving -- facts which could prevent highway accidents" that commercial TV networks have refused to carry as paid advertising. Spots focus on "alcohol equivalence -- the fact that the most common servings of beer (12 oz.), wine (5 oz.) and distilled spirits (1-1/4 oz.) are equal in alcohol content," Seagram said. Company has threatened to file complaint against networks at FCC but hasn't yet. NBC said that it had rejected spots after "careful consideration," that it believes they "implicitly promote" consumption of alcohol and that "long-standing NBC policy" prohibits this. Network also said commercials "so oversimplify the equivalency issue as to be misleading." Seagram said that spots also are to be aired by WNET N.Y. and that it's negotiating with other public TV stations. In one spot, "state trooper" asks viewers to share equivalency facts with others: "I'm asking you to help because the networks won't."

Rodney Joyce, 34, chief minority counsel to House Telecom Subcommittee, will become new dir. of NTIA when David Markey, current dir. and asst. secy. of parent Commerce Dept., steps down Nov. 9 to join BellSouth as vp for federal regulatory affairs. Markey's resignation was accepted by President Oct. 22. Joyce will start at NTIA today (Oct. 28) as deputy asst. secy., will be named acting dir. and asst. secy. when Markey resignation takes effect. Joyce still must undergo White House background check and Senate confirmation process. Joyce, Kan. native, worked at FCC in 1976-1979 and Washington law firm Kirkland & Ellis 1979-1981 before joining Subcommittee, where he played key role in drafting Cable Act.

TV networks have agreed to air PSA designed to help curb unintended pregnancies after reference to use of contraceptives was deleted from spot. Originally, all 3 networks refused to carry spot, produced by American College of Obstetricians & Gynecologists, but it has been on WTBS Atlanta since Sept. NBC took lead in getting contraceptive mention removed, and spot was redubbed free at NBC's WMAQ-TV Chicago.

More than 20 congressional wives, under auspices of NAB, taped public service spots in Washington recently in nationwide campaign against drug and alcohol abuse. NAB is sending spots to stations in congressional district of each member's wife involved. Spots are being made in cooperation with Congressional Families for Drug-Free Youth headed by Carolyn Mattingly, wife of Ga. GOP senator.

Nearly 25% of U.S. adults have appeared on TV, according to Roper Poll of 1,997 persons. Poll reported that in 1979, 17% of adults said they had been on TV; in 1985, 24%. Of respondents, 27% of males said they had been on TV, compared with 19% in 1979; of women, 22% had appeared, vs. 15% 6 years ago.

Personals

FCC calendar -- Oct. 28-31: Managing Dir. **Edward Minkel** attends National Safety Council session, New Orleans. Oct. 31: Comr. **Quello** is luncheon speaker at joint program of ABA Forum Committee on communications law and FCBA on broadcast takeovers, Hyatt Regency, Washington; **Thomas Herwitz**, legal asst. to Chmn. Fowler, speaks on broadcast ownership issues to editorial board of Worcester Telegram & Gazette, Worcester, Mass. Nov. 1: **Jack Smith**, gen. counsel, delivers keynote at Southwestern Bell Legal Conference, St. Louis; **Herwitz** speaks at Boston U. School of Communications symposium, Boston.

ABC Chmn. **Leonard Goldenson** named recipient of 1985 Directorate Award of International Council, NATAS; **Brendan Burke** advanced to ABC east coast personnel dir.-hq facilities... Changes at ATC: Exec. Vps **Thomas Binning**, **Gary Bryson** and **James Doolittle** named to newly formed Office of Pres., along with Chmn.-CEO **Trygve Myhren**; Exec. Vp **Kevin Rorke** appointed head of new policy group... **Jeffrey Marcus**, Marcus Communications, named a dir., Daniels & Assoc.

John Hartley promoted to Harris Best. Group pres.-CEO, succeeding **Joseph Boyd**, who remains chmn... **Karen Richard**, ex-Jubilee Publications, named national account mgr.-ad sales, CableTV Guide Network... **Merrill Brown**, Washington Post business development dir., resigns to become exec. editor, Channels of Communications magazine, new post, no successor named... **Robert Ewers** promoted to vp, Mktg. Research Group USA, Nielsen.

Morton Smith advanced to acting dir., VOA, succeeding **Eugene Pell**, now pres. of Radio Free Europe/Radio Liberty... NFL Comr. **Pete Rozelle** speaks at Nov. 26 luncheon of IRTS, Waldorf-Astoria, N.Y... **Marcia Spielholz**, ex-Washington law firm Weil, Gotshal & Manges, joins telecommunications practice of Pillsbury, Madison & Sutro in San Francisco... **Stuart Stringfellow** advanced to midwest division mgr., King World.

Frederick Abramson, Washington Bar Assn. pres., is FCBA luncheon speaker Oct. 30, Washington Marriott... **Susan Mathis** promoted to special asst. and media relations dir. at White House.

James Linen 4th, chmn. of Media General Best. Services, named exec. vp, Media General broadcast, magazine, newsprint and community newspaper operations; **Stewart Bryan**, publisher of Richmond Times-Dispatch & News Leader, named exec. vp-cable TV and daily newspapers... **James Williams** advanced to deputy sales dir., AP Best. Services, succeeding **Glenn Serafin**, who joins broker Communications Equity Assoc...

"**Winning: Marketing in the New Environment**" is theme of Nov. 20-22 Tvb convention in Dallas. Tvb is expecting more than 1,000 at Loew's Anatole Hotel. Emphasis will be on economics, motivation, "pinpointing areas of growth" and change, according to Tvb Pres. Roger Rice.



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Competition for first journalist to ride on space shuttle was announced Oct. 24 by NASA as 2nd in series of Communicators in Space program. Flight would be on mission in late 1986 or early 1987. Eligibility requirements still are being developed but candidate will have to be fulltime journalist with several years of experience. First slate of candidates will be screened by Assn. of Schools for Journalism & Mass Communications. Finalist and alternate will be chosen by NASA Administrator James Beggs, probably in late April or early May 1986.

Two more veteran CBS News officials -- Senior Vp-Administration Robert Chandler and Deputy Dir. of News Coverage Ernie Leiser -- have opted for early retirement under CBS offer to some 2,000 employees 55 or over who have been with network at least 10 years. Meanwhile, CBS has extended deadline for those who want to accept retirement from Nov. 1 to Nov. 11. As part of corporate-wide budget cutting, KCBS-TV L.A. announced it has cut 6 persons, none high level. Station said it's not trimming news operation or local program production.

TV Operators' Caucus board, which has been heavily involved in framing broadcasters' position on must-carry (see separate story), meets in Washington Oct. 29. Either Joel Chaseman, Post-Newsweek stations, or Dudley Taft, Taft Bestg., is expected to replace Joseph Dougherty, Capital Cities, as Caucus chmn. Also on agenda are budget and discussion of Washington presence, where Caucus has by design kept low profile.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Oct. and 1985's first 41 weeks:

	OCT. 5-11	1984 WEEK	% CHANGE	SEPT. 28- OCT. 4	41 WEEKS 1985	41 WEEKS 1984	% CHANGE
TOTAL TV.....	439,676	417,589	+ 5.3	430,129	15,131,753	15,566,632	- 2.8
TOTAL COLOR...	376,375*	312,028	+20.6	366,989*	12,548,447*	12,053,770	+ 4.1
DIRECT-VIEW..	370,668*	306,648	+20.9	361,240*	12,375,083*	11,917,084	+ 3.8
PROJECTION..	5,707*	5,380	+ 6.1	5,749*	173,364*	136,686	+26.8
MONOCHROME....	63,301	105,561	-40.0	63,140	2,583,306	3,512,862	-26.5
TV EXCL. PROJEC.	433,969	412,209	+ 5.3	424,380	14,958,389	15,429,946	- 3.1
HOME VCR#.....	275,707*	151,650	+81.8	216,901*	8,009,660##	5,104,966	+56.9
COLOR CAMERAS#..	7,389	7,265	+ 1.7	6,052	320,602	349,906*	- 8.4

Color TV (direct-view) 5-week moving average: 1985--383,595*; 1984--347,039 (up 10.5%).

Home VCR 5-week moving average: 1985--256,847*; 1984--181,136 (up 41.8%).

* Record for period. # Camcorders included in VCRs, not in cameras. ## Exceeds full-year record.

SONY RAISING PRICES 5-12% ACROSS BOARD JAN. 1: In first major repercussion of dollar devaluation, Sony is announcing that it will raise prices 5-12% next Jan. 1. Increases will involve all of Sony's U.S. marketing companies -- Consumer, Tape, Broadcast, Communications.

Neil Vander Dussen, pres. of Sony U.S. Marketing Group, gave us this statement: "With the change in the yen-dollar relationship, Sony Corp. of America has found it necessary to implement price increases effective Jan. 1, 1986. The amount of the increases will vary by product lines and individual products. However, generally the increases will be in the range of 5 to 12%." Difference in amount of increases is attributed primarily to "Sony's extensive manufacturing facilities in the U.S. where the yen-dollar differential will have less effect... Sony will try to limit price increases only to those areas where the declining value of the dollar makes it necessary."

Industry reaction ranged from praise to incredulous derision, and there was widespread skepticism that full 5-12% increase would stick. "I'm very pleased that someone has taken the initiative in this area," said Zenith Sales Co. Pres. Gerald McCarthy. "I hope that others may view it as an opportunity to review their position in the marketplace as well. There's little question that we'll be reviewing [pricing]. I wish it were occurring instantly instead of the first of the year... [Even though] Sony is a premium-priced brand, the fact that anybody at all is taking this stance bodes well for the industry."

"I think it's a very bold step," said Quasar Pres. Jack Pluckhan. "I'd like to look at it in more detail -- it's something we all are doing or contemplating because we've about reached the bottom of the barrel. The yen situation certainly is a justifiable determinant in many prices, and we're doing a lot of evaluating for January. The flip side is historically how many price increases have stuck. This clouds everybody's minds -- is it inevitable that it can't be done? Just today [Fri.], I was meeting with our distributor council on the subject of the pricing situation in January. Their margins are squeezed to the limit, everybody's strapped. I wish [Sony] luck, and I'd be wrong if I told you I didn't admire their guts in taking this move now."

Toshiba Exec. Vp Paul Michie put chances of Sony's sparking any general price movement "somewhere between slim and none." Although he said industry "is in desperate need of price stabilization," he called move "very, very optimistic," adding: "Every effort to raise prices has been somewhat less than successful. We are still faced with Korean and Taiwanese products, which exert a strong influence on the market. We [Toshiba] haven't yet done our January price sheet, and we're obviously very concerned about where the yen will settle, but we think that the scramble for market share is today's reality." Noting that Sony has announced that its emphasis next year will be on 27" sets (TVD Sept 30 p10), Michie commented that "they may be able to get away with it in that area, to some degree."

Said RCA Group Vp Jack Sauter: "Since there has been a needless erosion of the value of the industry's products in the marketplace, we welcome any factors that could help stem that erosion. To the point of the changed relationship of the dollar and yen specifically, we anticipate a combination of firmer and/or higher prices for VCR products early next year." Matsushita spokesman said Japanese firm "cannot help increasing export prices because of the high appreciation of the yen."

"They can take all the increases they want -- that makes my price-value relationship all the better," said Goldstar Mktg. Dir. Joseph Klein. He confessed that he was "flabbergasted" by Sony's move. "It's totally out of character for a company which has high prices and is notorious for predatory decreases but never announces them." He called 5-12% "precipitous, given the fact that the change in the yen is not that amount" and could be very different before year's end. He said move suggests Sony has "serious problems either in the U.S. or Japan."

"We have been studying the yen situation for some time," said Sharp Exec. Vp Charles Daigneault. "We probably will have to do something ourselves along that line, but still haven't decided on anything definite. That [magnitude of increase] would be great if we could do it, but I don't think that will survive in today's competitive picture."

"I'm pleased to see Sony make a move in that direction, but I question whether it will hold," said Hitachi Exec. Vp Robert O'Neil. "The issue is much more complex. If there are 2 or 3 guys of any consequence who don't raise their prices, in 2 to 3 months we'll be down again. We're seeing a situation where opportunists -- they can be manufacturers, marketers or retailers -- are making TV a commodity product and getting tonnage. When somebody with 3 to 4% of the market decides without any rationale to go for 7 to 8% by ridiculous low prices, people will be forced out and the market will stagnate. I don't think [Sony's move] signals any change in that respect."

Even before Sony's move, there was general expectation that VCR prices would start upward after Christmas. O'Neil told us earlier that yen situation probably would preclude any more reductions before Christmas, and industry will be "looking at how to raise price points subtly -- it can't continue to absorb a 10% increase in costs." However, he said, yen-dollar changes "will help Korea, eventually give them about 10% of the market."

Zenith Pres. Jerry Pearlman made similar comment: "I think the yen will clearly impact VCR pricing, but the first thing it will do is make the Koreans tougher... They have been very destructive in every market they've been in... The yen isn't strong enough yet. I would rather live in an era of strong yen than weak yen. Since most TV sets here have Japanese chassis, and therefore a lot of yen content, they'll be more expensive as well."

PHILIPS, KLOSTER CHART NEW COURSE FOR NAPCE: With GE now official color TV dropout, list of old-line U.S. domestic color TV makers is down to 3 -- Zenith, RCA and North American Philips Consumer Electronics. Some observers already have started countdown on NAPCE, which is understood to have operated at significant loss in each of first 3 quarters this year. But in doing so they're discounting new resolve of NAP's big brother, Dutch Philips, not only to survive but to lead in consumer electronics business in U.S.

In charge of directing turnaround effort is Einar Kloster, named NAP exec. vp for consumer products and components this summer, succeeding retiring Kenneth Meinken. Norwegian-born Kloster is seasoned Philips veteran with reputation as corporate world troubleshooter, has handled such problems as introducing Philips products in Japan and making profit at Philips Brazil where currency devaluations cut value of receivables on regular basis. He also put in stints in Kenya and Norway, as well as at Philips hq in Eindhoven.

Difficulties in U.S. are different, centering more on how to meet increasingly stiff competition from international companies. "My God, the bloodshed that's going on out there is something," Kloster told us in opening his first interview since taking post here. Answer is implementing global approach to product development and marketing, something Kloster says Philips is ready to do.

Kloster made it clear he's not concerned so much with who competition is as with how to meet and beat it. "I would like to deemphasize the focus on the Japanese. Now it's Japanese and the Koreans, tomorrow we will have somebody else -- it could be the Chinese, you'll always have somebody who can come up with tough competition." For future, "the name of the game is being a world player in the real sense of the word or you don't have a chance. The secret is the system, and Philips will be a strong player."

A major source of Kloster's confidence is changed attitude at Philips toward its approach to market and its view of NAP. Over last 4 years with new management, Philips has "a new set of priorities for exposing our strength. We have a sense of purpose today which is going through the organization." In past, Philips was source of "many major breakthroughs in consumer technology, but we failed to follow through" and reap benefits. But Philips is important factor in market for CD players and discs it developed "because we have become aware of the need to play things differently."

Kloster acknowledged that in past NAP management's insistence on independence sometimes strained relations with Philips, "and at that time that may have been appropriate. But now we are in a different phase that requires a different set of tools," Kloster said. Now NAP and Philips are united -- "you won't find anyone on the barricade today who says 'we can do it alone,' there is pressure on both camps to help find solutions for the other and it's something everyone in the organization wants to happen." Even so, "I would say we should be very careful not to give away the uniqueness we have had in the U.S."

Among moves in works are establishment of NTSC standard VCR design and production facilities in Japan and Korea, development of simpler standard color TV chassis to take advantage of Philips's worldwide production and sourcing capabilities, and cooperative work on new products and technologies. Japanese, he said, succeeded because they were active in 2 homogeneous markets, U.S. and Japan, which represent 50-60% of world sales, and are receptive to new products. Philips "will very much close hands across the Atlantic and try to establish a stronghold nobody else has." Next step is link to Far East to create triad, "as we have to be strong in all 3 regions to live as a global player."

Kloster doesn't discount problems of manufacturing competitively in U.S., but feels there are answers. "I am very much in favor of having manufacturing and development inside key markets. Concern with low labor costs is important but should not blind you, you must look at what will be 5 years down the road, you must make decisions for the long term." Kloster said industry is approaching stage where labor is less important as cost factor, noted NAP has moved some production (appliances) back from Mexico to automated plants in U.S. "I don't think we have come to the end of the road for saving. It's volume related and technology related, so here again is the importance of being a world player."

His goal is for "Magnavox to be a lead brand in the U.S., a prestigious brand again, we would like to build it back up to become that." How soon will NAPCE's turnaround come? "I

think much must happen in the course of the next 3 years, perhaps in 2 years." New product strategy will help, and first in series of significant new products is due for introduction soon, Kloster said. NAP is expected to show dedicated home word processor in Dec.

Kloster's rescue plan is far from complete. "We have to put together an approach that has all the elements fitting together, and that takes time," and while Philips is changing its image "from the elephant to the lion," it accepts that. Philips and NAP will stick it out for long haul because in consumer electronics "we have a good future, we are in the industry of the future" and "we have a clear philosophy of wanting to be a winner," Kloster said.

STEREO ISSUE SPLITS CABLE OPERATORS: Carriage of broadcast stereo has split cable industry into 2 camps: One that says industry can and should carry MTS stereo and another -- primarily Group W Cable, 3rd largest cable operator, and parent Westinghouse -- that insists cable carriage of MTS should be abandoned in favor of alternate system. Since some 45% of U.S. homes get TV by cable, issue is extremely important for manufacturers and marketers offering MTS sets.

Group W is aggressively promoting system that gives subscribers stereo without need for MTS sets (TVD April 22 p15) but requires special attachment. System strips stereo off broadcast signal and converts it to FM. In consumer's home, adaptor automatically selects audio signal for channel that's being watched, feeds it through home amplifier. Method overcomes shortcoming of existing cable stereo systems -- need to tune in audio separately on FM set every time TV channel is changed. Company is rolling program out in 4 markets, where subscribers will pay \$100 for adapter built by W&S Systems, Westinghouse joint venture with Sanyo.

In most Group W markets, company also is starting broader information campaign that essentially warns consumers away from MTS sets. "There are some real compatibility problems with stereo sets and cable," says Group W Business Development Vp Kazie Metzger. In areas with high cable penetration, "retailers could be very unhappy if they stock a lot of stereo TV sets," she warns.

But Cox Cable, 4th biggest multisystem owner, is actively pursuing carriage of MTS whenever local stations switch to stereo broadcasting, also advises system managers to get together with TV dealers to find out how sets are selling and consider joint promotions. Most Cox systems that have MTS station in their market are delivering signal to subscribers, according to Staff Engineer Wes Hanemayer: "It's a very easy thing to do for virtually every cable system." Problems crop up, he admits, with some headend gear and in systems that have installed baseband converters in home; baseband manufacturers already are working on that problem.

Hanemayer warns of consumer "disgruntlement... if cable is the only source of programming that is not in stereo." He cites recent column in Atlanta newspaper that advised: "If you want to get the most out of your new stereo TV, you should cancel your cable subscription and get a home TVRO, VCR and off-air antenna."

Group W may be victim of extreme position NCTA took when it was fighting to keep FCC from making MTS a must-carry signal, suggests Scientific-Atlanta (S-A) Principal Engineer Alex Best, who headed NCTA's MTS study committee: "Possibly, we painted the picture so bleak that a lot of people proposed alternative delivery techniques." However, cable systems that use heterodyne signal processing at their headends and have RF converters will have little problem passing stereo -- and that represents 80-90% of all systems, he said.

Real problem for cable is consumer with MTS set who gets broadcast stations in stereo but doesn't get cable networks such as MTV, HBO or USA Network in stereo because they're delivered using FM method. Solution is MTS encoder at cable headend that converts cable

networks to standard BTSC broadcast stereo. S-A will have production quantities of \$2,000 MTS encoder available in 6 months, is using prototypes to fill heavy demand from systems that want to run tests. (Wegener Communications also plans to make encoder.) Best said he hopes TV manufacturers follow recent EIA technical recommendation that circuitry controlling stereo pilot light "only be sensitive to the nominal level of the pilot carrier" and 6 dB below that.

While there's dispute among those in cable who have looked at MTS, it's also clear many system operators have yet to consider issue. And Group W's position could easily change, given Westinghouse's decision to sell cable unit.

Cable companies and their hardware suppliers, meanwhile, are slowly finding new ways to deal with legions of subscribers who now are VCR owners. Viacom stresses compatibility of cable and VCRs in ads headlined: "Are last-minute trips to the video store driving you wild?" Ad describes "disadvantages" of renting tapes, assures that consumers taping off cable "is legal, free and most times you'll end up with movies and concerts that will never see the inside of a video store."

UA Columbia Cablevision of Westchester charges \$3.75 a month to provide 2nd converter for use with VCR. That's much better deal than alternative some systems offer -- consumer pays 2 full monthly subscriptions to get another converter. Two boxes are needed to let subscriber watch and tape all channels unimpeded without complex switching system.

Pioneer Industrial recently began marketing special VCR switcher that ties in with cable converter and allows unattended taping of different events on different channels. Unit originally was handled by consumer side of company through retail outlets but is being sold now to cable companies because consumer sales sagged. New converter from General Instrument's Toecom Div. has similar capabilities built in. So far, Harris Communications has placed \$15 million order for converters to be used in Dallas system acquired from Warner. But other cable executives said they're just beginning to look at new VCR-ready hardware. Boxes still have one drawback: Consumer is forced to set 2 timers -- VCR's and converter's.

GE'S FAR EAST SHUFFLE: GE will restructure Far East operations as result of decision to drop out of color TV manufacturing (TVD Oct 21 p10), will invest about \$29 million to modernize facilities in Singapore.

Of 2 plants in Singapore, one now producing TV parts will lose 1,300 jobs, most cuts coming at end of first half next year in preparation for scheduled Aug. end to TV manufacturing at Portsmouth, Va. plant. Singapore consumer electronics operations will be consolidated at other facility, which will lose 500 jobs. That will leave GE with about 5,000 workers there, down 2,700 from start of year. GE had sizable layoff in Singapore in dropping 13" color production this spring.

Although GE will continue producing radios, recorders, telephones, CATV products and Talaria projection TV systems in Singapore, most labor-intensive work now done there will be moved to plant in Malaysia. But job ax will fall there too, with some 700 scheduled for layoff.

New investment will go to expand Singapore's capabilities in new technologies, and facilities there will be producing products and components for other companies as well as GE. Outlay will raise GE's total investment in Singapore to about \$200 million.

Mobile cellular phones and subassemblies imported from Japan are being sold in U.S. at less than fair value, International Trade Administration said in final determination last week. Toshiba was ruled not to be dumping and excluded from finding, but agency said average dumping margins for other major suppliers ranged 3%-106.6%. Hit with peak margin was Matsushita, smallest was Hitachi. Margins for other companies: NEC 95.6%, Mitsubishi 87.8%, Oki 9.7%. Average of 57.8% was set as margin for new exporters and those not named specifically. Finding means importers now are required to post cash bonds equal to margins on incoming shipments to cover penalty duties that may be assessed. Actual assessments can't be made until International Trade Commission issues final ruling on whether dumped imports have injured domestic industry. ITC is slated to hold hearing this week, issue decision Dec. 9.

Financial CD ROM subscription service is planned by Disclosure, which provides clients with copies of stock registration statements and other corporate filings with SEC. It says it plans to release single disc containing all filings since 1980 of 10,400 publicly traded companies later this year, then issue updates, including all back filings, on quarterly basis. Company said annual subscription fee would be less than \$5,000.

MATSUSHITA NET UP: Matsushita experienced sales growth slowdown to just 5.6% in 3rd quarter to Aug. 20, and consolidated net for period edged up just 1.9%, company reported last week (see financial table). For 9 months, net gained 12.1% on 9.4% sales rise.

Company said total video product sales were up 9.2% for quarter to \$1.9 billion, led by increased exports of VCRs to U.S. and color TVs to China. For full period, video volume rose 16.6% to \$5.96 billion. It said total revenue from VCR products was up 14% for 9 months but just 2% in 3rd quarter. Audio product sales dropped 8.2% in quarter to \$457.1 million, were off 4.5% to \$1.4 billion for 9 months. Sales of electronic components were up 3.1% for full period to \$1.7 billion, but for quarter slipped 3.8% to \$562.9 million.

JVC, independently operated consolidated subsidiary of Matsushita, suffered 50% drop in earnings in fiscal first half to \$19 million as sales slipped 1.2% to \$1.29 billion in period ended Sept. 30. JVC said VCR sales fell 7% to \$785 million, with decline caused primarily by 20% drop in prices. Sales of audio- and computer-related equipment also were down. Adverse market conditions are expected to continue; to minimize impact, JVC said it was trimming capital spending plans and instituting other cost-cutting measures. It said that for full fiscal year it expects earnings to be down 47% to \$44 million, sales to be off 5.4% to \$2.59 billion.

Hitachi also cited declining sales and earnings from VCRs, as well as marginal profits from semiconductor business, in reporting parent-only net slipped 0.8% in first half to Sept. 30 to \$210 million on 3% sales rise to \$6.58 billion.

Lloyd's Electronics posted losses for both 3rd quarter and 9 months, although sales for those periods were up, according to parent Bacardi. Bacardi Chmn. Alfred O'Hara said Lloyd's results were affected by "intense market competition and high inventory levels in the industry," added "there are no indications of improved market conditions for this segment during the remainder of the year."

Wells-Gardner fell back into red in 3rd quarter although sales were up 45.2%. Deficit was 6th in last 7 quarters. Consecutive string was snapped in 2nd quarter this year when W-G recorded profit of \$79,000.

3M said 3rd-quarter profit decline stemmed from effect of strong U.S. dollar on overseas business and softness in electronics market that's expected to continue for rest of year. It said it didn't expect earnings for full 1985 to be up to record set last year.

Harris Corp. attributed lower fiscal first-quarter earnings, in part, to loss in semiconductor sector caused by combination of flat sales and intense price competition.

EMERSON BUYS H.H. SCOTT: Another old line hi-fi name will move into audio-video arena next year as result of Emerson's acquisition of H.H. Scott, once top audio brand that has been coasting since 1972 when it filed for bankruptcy and was acquired by interests headed by its Belgian licensee Syma International. Acquisition terms weren't disclosed.

Scott will be operated as independent subsidiary of Emerson, with Solomon Boucari continuing as pres. Emerson Senior Vp Saul Knazick will add duties as Scott chmn.-CEO.

Emerson's plan for Scott is to emulate Sanyo's success with Fisher, but on more selective level, Knazick told us last week. Line will be expanded to include color TV and VCR, but only high-end, and "with very limited distribution." Color sets "will all be high resolution, 380 lines and up," while most VCRs will be full-featured remote 4-head MTS HQ models, he said. Line also will include promotional audio components, audio-video rack systems and high-end portable products.

Knazick said he expects to have at least part of new Scott line on display at Summer Consumer Electronics Show in June. Fall introduction will be backed with major ad campaign to be expanded in 1987. "We plan to maintain high visibility" for Scott "and bring it back to where it should be in the market," he said.

In other merger activity: **Gemini Industries**, accessories marketer with annual sales of more than \$50 million, has been acquired by Wesray Capital, terms undisclosed. Management will be unchanged... **Hanimex**, Australian-owned company with consumer electronics import marketing subsidiary here, has acquired U.S. photo equipment importer Vivitar for \$18.6 million.

"**NEC** has been hit by the same price pressures as other companies" in VCRs "and we have reacted to them -- we haven't led them," said NEC Home Electronics Video Gen. Mgr. Gerald Tangney, commenting on statement by Zenith Pres. Jerry Pearlman that 2 Japanese newcomers to VHS camp were responsible for leading prices downward (TVD Oct 21 p13). NEC added VHS to its Beta line late in 1984.

Zenith introduces its first VCR featuring VHS Hi-Fi HQ system developed by JVC. Top-of-line model has remote-controlled on-screen tuning, 14-day 8-event timer, 178-channel tuning, MTS decoding, suggested list of \$1,100... **Marantz** says its upcoming line of VHS recorders will include HQ models... **Samsung** introduces VCR with 2-week 2-event timer, 11-function remote at \$500.

Sony will spend \$24 million in holiday season advertising for consumer products, a record, up 30% from last year. Featured products will be Handycam 8mm camcorder, Superbeta VCR, TV, CD, audio.

ITA VIDEOCASSETTE LABELING: ITA is moving with bureaucratic speed on proposed establishment of voluntary videocassette grade labeling standards (TVD Aug 12 p12). That is, after first meeting last week, issue was put on hold to give companies chance to develop uniform internal positions, according to Exec. Dir. Henry Brief.

Plan is far from dead, Brief said: "It was an interesting beginning, and though there isn't a lot to say at this point, it will be pursued further." What meeting did do, he indicated, is show that different companies, and different individuals within same companies, have different views on need for standards and, if needed, how they should be structured.

Object of proposal is to establish some minimum performance standards for commonly used tape grade labeling terms. Marketers now can call any quality tape high-grade, hi-fi or anything they choose. Voluntary standards, ITA feels, would help end consumer confusion. Unmentioned is possibility that if situation leads to enough consumer complaints, govt. will step in and impose standards.

At ITA meeting, "some looked at it from an engineering point of view, some from a marketing point of view," and attendees spent most of 5-hour meeting "acquainting each other with their attitudes on the question," Brief said. Upshot was that "a lot of companies were asked to go back for a lot of information, and the next get-together won't be for at least a couple of months."

One company opposed to whole concept is Tandy subsidiary Memtek, marketer of Memorex tapes. "We already have standards" -- basic performance requirements for Beta and VHS tapes set by Sony and JVC -- "and we think that's sufficient," said Gen. Mgr. Jack Battaglia. He called tape "technology-based industry," said standards setting would tend to limit advances. Had grade standards been set 2 years ago "there would be massive confusion today" as companies try to market new special tapes for Hi-Fi VCRs and camcorders "that didn't exist several years ago."

"There's the legality of it and the practicality of it," that present problems, Battaglia said. From legal standpoint, there's danger of running afoul of antitrust laws. As for standards being practical, "there are too many specifications companies can use to make claims for their products," but they don't do it "because it would be confusing for the customer." There are other ways to get quality grade message across through graphics and packaging that are more effective, he said. At bottom, "we have the strongest control that exists at the consumer level" -- consumers simply don't make repeat buys of premium tapes that don't deliver improved performance: "If you can't sell it to the consumer's eye or the consumer's mind, you can't sell it."

EIA Consumer Electronics Group too is antistandard, according to Vp Thomas Friel. He said

he questions whether grade lines could be differentiated adequately. Another objection stems from current bills in Congress to put copyright tax on music-quality audio cassettes. Grading standards, he feels, might make things easier for those who might make similar bid to tax videocassettes.

But grade standardization has supporters, with Konica, TDK and Sony among most vocal. Sony Tape Pres. John Hollands said he'd like to see standards because some suppliers "are calling all kinds of tape high grade," and it should be prevented. "I certainly support the issue, but it's very complex" and would take at least year to accomplish. "My gut feeling is we'll get some agreement on it" through ITA. But, he added, he would like to see EIA involved because it has own engineering staff, something ITA lacks.

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Battaglia will be among witnesses arguing against copyright tax on blank audio cassettes at Senate Copyright Subcommittee hearing this week. One side issue he told us he expects to mention: What would be done about consumers who use videocassettes in Hi-Fi VCRs for audio-only recording? Using proposed levy of 1¢ per minute of cassette recording time, he said, tax on Hi-Fi grade T-120 would be \$3.60 while owner of Sony dual-speed 8mm Video home deck with 6-track PCM audio recording capability would face \$14.40 tax per cassette.

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Pocket banking terminal developed by Matsushita as spinoff of its pocket computer and language translator will be offered in Atlanta in market test by Citicorp. Terminal hooks into phone lines, has calculator keyboard plus 12 function keys, 24-character single line LC display. It can be used to pay bills, call up account information, transfer funds between accounts, check interest rates. Terminals are being offered to Citibank Financial Account customers, who pay \$50 per year for that enhanced service. CFA customers with balances of at least \$2,500 will get terminals free, others will be charged \$5 a month.

Philips has spent \$247 million to upgrade its 10 picture tube plants worldwide for production of square-cornered tubes, company officials said in Britain, in connection with press tour of its Mullard factory in Durham. Company's plants currently produce 12 million picture tubes annually. Officials conceded that Toshiba's announcement of FST in early 1983 gave them big surprise and that at first they didn't believe tube could be made. In Europe, Philips's FST tubes have flat surface and square corners, similar to Toshiba's.

First monthly decline of year in microwave oven shipments by domestic producers and importers was recorded in Sept., according to AHAM, which put total at 852,500, off 3.9% from same month last year. As result of falloff, shipments for quarter were up just 6.8% to 2.42 million, putting 9-month total at 7.73 million, up 25.1%.

Consumer Electronics Personals

Iva Wilson promoted at Philips ECG from engineering vp to pres., effective Jan. 31, succeeding **John Torre**, retiring... **Samuel Tishler**, currently vp at Arthur D. Little, joins Kloss Video Nov. 1 as pres.-CEO, succeeding founder **Henry Kloss**, who continues as chmn. and retains responsibility for R&D; **Frank Reed**, Boston Acoustics pres. and KV board member, becomes mktg. consultant... **Carl Wegener**, ex-RCA, joins NAP Consumer Electronics as Sylvania merchandising and sales planning dir... **Judy Zeigler** resigns as GE Consumer Electronics Business Operations communications mgr. effective Jan. 1 to join family film production business.

George Korzeniewski, Sampo Industrial Sales vp, adds new post of consumer sales vp, reporting to **T. P. Wang**, recently named pres., who replaces **Felix Chen**, who has returned to parent in Taiwan as exec. vp; **Mike McCombs**, formerly asst. to pres., appointed consumer sales national sales mgr... **Stan Peters**, ex-Mollard Systems, one-time Imagic and Advent, joins dbx as mktg. and sales vp... **Young Chung** appointed mgr. of Starvision, Goldstar's western parts and service center, City of Commerce, Cal... **Jack O'Donnell** promoted at Stanton Magnetics from region sales mgr. to national sales mgr.

Richard Strabel, ex-Oak Communications, appointed asst. gen. mgr., Panasonic Industrial Video Communications Group responsible for satellite receiver, CATV equipment, videotex terminals and large screen color TV display systems... **David Masnica** named west coast region sales mgr., Mitsubishi Pro Audio Group... **Glen Zimmerman**, ex-International Video Entertainment, joins Best Film & Video as sales dir... **Melissa Hoffman**, ex-LBS Communications, named specialty programs dir., Vestron Video; **Kathy Bergin** advanced to mdsg. services mgr.

JAPAN KILLS VCR QUOTA EXTENSION: In what may be prelude to resumption of VCR trade conflict between European manufacturers and Japan, Tokyo govt. says it won't consider extending voluntary agreement restricting unit exports to EEC past scheduled Dec. 31 expiration. Reason is duty rate boost on VCR imports to 14% from current 8% approved by EEC ministers last summer that goes into effect Jan. 1.

Quota was agreed to 3 years ago by Japan to defuse tense trade situation and head off investigation of antidumping complaint filed by group of European companies headed by Dutch Philips. Japanese followed by setting up VCR assembly plants in France, Germany and U.K. Conflict flared up again last year when Europe's VCR market softened and Japanese countered by cutting back on previously agreed 1984 quota and sticking with lower level for 1985. Having made those concessions, Japanese were noticeably irked when EEC went along with request by Philips and France's Thomson for duty rate boost.

Tariff increase wasn't aimed at Japan alone. Koreans, so far frustrated in effort to make serious inroad in U.S. VCR market, are expected to start strong push for European exports next year.

Probability of new source of competition would be enough for Japanese to refuse to limit selling options by continuing quota. There's 3rd reason as well. Philips and Thomson, now both essentially integrated VCR producers, have complained that many VCRs assembled in Japanese-owned plants have little European content. They are pressing for adoption of high European value standard for products allowed to be shipped duty free within EEC.

Success in that effort would mean imposition of duty on intercountry shipments of nonqualifying Japanese VCRs assembled in European factories and would open possibility of making them, subject to antidumping penalties should that issue be revived again.

EIA PRIMES MTS PUMP: EIA Consumer Electronics Group will sponsor series of 6 TV specials in stereo over 300 PBS stations starting next fall. It currently is seeking co-underwriter for concerts from Wolf Trap, near Washington, that will appeal to variety of tastes. CEG officials last week declined to estimate cost but said project will be similar in scope to its underwriting of PBS's New Tech Times last season.

PBS had asked CEG for grant to help equip all its affiliates for stereocasting. CEG spokesman called sponsorship more realistic approach to encouraging stereo broadcasting. CEG also plans to promote digital CD system by underwriting daily drive-time program on National Public Radio.

The 90-plus-member CEG has established several new subdivisions -- including Mobile Electronics (formerly Car Audio), Specialty Audio, Blank Media (formerly Blank Tape), Furniture & Accessories, Satellite and Software. New CEG in-house research center next year will begin study on buying intentions of non-VCR owners.

N.Y. news conference last week heard CEG plans outlined by EIA Vice Chmn. William Boss of RCA, CEG Vp Tom Friel and others. Exhibit space at Winter Consumer Electronics Show Jan. 9-12 in Las Vegas is sold out, according to CES Vp Dennis Corcoran. He said space devoted to mobile communications including car audio, satellite earth stations and electronic photographic equipment will be expanded. "Many video software marketers are returning to the show," said Corcoran. "Hopefully, we'll have all of them back for the [summer] show."

Las Vegas event will have engineering adjunct for first time, as IEEE Winter Consumer Electronics Conference (formerly known as Chicago Fall Conference) is held Jan. 11 at Las Vegas Hilton. Usual conference sessions and workshops will occupy more than 40 hours, with overall Outlook '86 conference 2 p.m. Jan. 9, audio conference 9 a.m. Jan. 10, personal computers 2 p.m. Jan. 10, video 9 a.m. Jan. 11, telecommunications 2 p.m. Jan. 11.

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
Avnet			
1985-qtr. to Sept. 27	338,392,000	6,753,000	.19
1984-qtr. to Sept. 28	432,431,000	19,897,000	.56
A. H. Belo			
1985-9 mo. to Sept. 30	277,546,000	13,979,000	1.20
1984-9 mo. to Sept. 30	257,085,000	45,021,000	3.89*
1985-qtr. to Sept. 30	90,904,000	3,462,000	.30
1984-qtr. to Sept. 30	86,132,000	6,441,000	.56*
Capital Cities Communications			
1985-9 mo. to Sept. 30	749,388,000	102,410,000	7.83
1984-9 mo. to Sept. 30	680,213,000	104,599,000	8.04*
1985-qtr. to Sept. 30	248,218,000	33,444,000	2.55
1984-qtr. to Sept. 30	229,827,000	38,150,000	2.94*
C-COR			
1985-qtr. to Sept. 30	5,343,000	(798,000)	--
1984-qtr. to Sept. 30	6,894,000	202,000	.07
Chris-Craft Industries			
1985-9 mo. to Sept. 30	133,750,000	8,000,000	1.10
1984-9 mo. to Sept. 30	120,977,000	(14,286,000)	--
1985-qtr. to Sept. 30	44,177,000	4,147,000	.58
1984-qtr. to Sept. 30	40,356,000	1,471,000	.19
Cohu			
1985-9 mo. to Sept. 30	22,916,629	1,283,961	.72*
1984-9 mo. to Sept. 30	17,258,835	1,237,868	.71*
1985-qtr. to Sept. 30	7,680,571	443,456	.25*
1984-qtr. to Sept. 30	5,853,316	554,613	.32*
CTS			
1985-39 wk. to Sept. 29	238,089,000	11,276,000	1.96
1984-39 wk. to Sept. 30	248,750,000	(7,479,000)	--
1985-13 wk. to Sept. 29	72,846,000	1,639,000	.29
1984-13 wk. to Sept. 30	85,407,000	(15,553,000)	--
Heritage Communications			
1985-9 mo. to Sept. 30	110,850,000	5,947,000	.35
1984-9 mo. to Sept. 30	89,180,000	4,181,000	.27*
1985-qtr. to Sept. 30	35,841,000	1,598,000	.08
1984-qtr. to Sept. 30	32,560,000	1,303,000	.08*
Knight-Ridder Newspapers			
1985-9 mo. to Sept. 30	1,270,351,000	91,940,000	1.49
1984-9 mo. to Sept. 30	1,213,000,000	94,626,000	1.45
1985-qtr. to Sept. 30	403,222,000	26,179,000	.46
1984-qtr. to Sept. 30	402,934,000	30,082,000	.46
Matsushita Electric			
1985-9 mo. to Aug. 20	17,291,900,000	865,800,000	4.74*
1984-9 mo. to Aug. 20	15,805,000,000	772,100,000	4.39*
1985-qtr. to Aug. 20	5,741,700,000	273,400,000	1.49*
1984-qtr. to Aug. 20	5,438,500,000	268,200,000	1.50*
Media General			
1985-9 mo. to Sept. 30	426,304,000	23,572,000	3.31*
1984-9 mo. to Sept. 30	404,253,000	29,325,000	4.13*
1985-qtr. to Sept. 30	139,005,000	6,828,000	.95
1984-qtr. to Sept. 30	132,737,000	8,902,000	1.25
3M			
1985-9 mo. to Sept. 30	5,883,000,000	516,000,000	4.49
1984-9 mo. to Sept. 30	5,825,000,000	566,000,000	4.84
1985-qtr. to Sept. 30	2,023,000,000	173,000,000	1.52
1984-qtr. to Sept. 30	1,991,000,000	198,000,000	1.70
Regency Electronics			
1985-qtr. to Sept. 30	24,566,000	(795,000)	--
1984-qtr. to Sept. 30	27,665,000	1,382,000	.13
Rollins Communications			
1985-qtr. to Sept. 30	26,884,017	2,997,310	.21
1984-qtr. to Sept. 30	23,546,955	2,721,876	.18

Company & Period	Revenues	Net Earnings	Per Share
Scientific-Atlanta			
1985-qtr. to Sept. 30	105,032,000	3,177,000	.14
1984-qtr. to Sept. 30	106,919,000	3,329,000	.14
Scripps-Howard Bcstg.			
1985-9 mo. to Sept. 30	96,700,000	11,060,000	1.07
1984-9 mo. to Sept. 30	84,254,000	11,788,000	1.14
1985-qtr. to Sept. 30	31,236,000	3,902,000	.38
1984-qtr. to Sept. 30	27,141,000	3,667,000	.35
Taft Bcstg.			
1985-6 mo. to Sept. 30	228,298,000	26,733,000	2.91
1984-6 mo. to Sept. 30	202,415,000	28,810,000	3.09
1985-qtr. to Sept. 30	133,398,000	14,976,000	1.63
1984-qtr. to Sept. 30	113,649,000	13,999,000	1.50
Times Mirror			
1985-9 mo. to Sept. 29	2,155,809,000	178,920,000	2.59*
1984-9 mo. to Sept. 30	2,056,159,000	148,966,000	2.17
1985-qtr. to Sept. 29	714,037,000	64,131,000	.96*
1984-qtr. to Sept. 30	680,638,000	46,795,000	.68
United Television			
1985-9 mo. to Sept. 30	56,559,000	4,917,000	.45
1984-9 mo. to Sept. 30	54,347,000	(1,547,000)	--
1985-qtr. to Sept. 30	18,987,000	1,883,000	.17
1984-qtr. to Sept. 30	18,403,000	1,720,000	.16
Warner Communications			
1985-9 mo. to Sept. 30	1,590,847,000	84,068,000	1.22
1984-9 mo. to Sept. 30	1,488,142,000	(382,397,000)	--
1985-qtr. to Sept. 30	560,521,000	34,060,000	.50
1984-qtr. to Sept. 30	540,856,000	24,362,000	.36*
Washington Post			
1985-39 wk. to Sept. 29	787,269,000	80,715,000	6.06
1984-39 wk. to Sept. 30	700,694,000	51,266,000	3.64
1985-13 wk. to Sept. 29	259,377,000	21,692,000	1.69
1984-qtr. to Sept. 30	225,046,000	15,061,000	1.08
Wells-Gardner			
1985-9 mo. to Sept. 30	13,981,000	(404,000)	--
1984-9 mo. to Sept. 30	14,418,000	(509,000)	--
1985-qtr. to Sept. 30	4,341,000	(151,000)	--
1984-qtr. to Sept. 30	2,990,000	(291,000)	--
Western Union			
1985-9 mo. to Sept. 30	824,727,000	(31,487,000)	--
1984-9 mo. to Sept. 30	844,863,000	3,867,000	--
1985-qtr. to Sept. 30	261,929,000	(6,441,000)	--
1984-qtr. to Sept. 30	299,605,000	(15,490,000)	--
Zenith Electronics			
1985-9 mo. to Sept. 28	1,139,700,000	(11,300,000)	--
1984-9 mo. to Sept. 29	1,232,400,000	52,300,000	2.37
1985-qtr. to Sept. 28	360,900,000	(14,800,000)	--
1984-qtr. to Sept. 29	435,700,000	21,900,000	.99

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

Interim Standard No. 16, performance guideline for immunity of TV receivers and VCRs to direct radiation from radio transmissions below 30 MHz, is available for \$7 from Electronic Industries Assn., Standards Sales Office, 2001 Eye St. NW, Washington, D.C. 20006, 202-457-4981.

Japan's Pioneer has picked site near Springboro in southwest Ohio for \$8-million 68,000-sq.-ft. home audio plant expected to open next fall, according to office of Gov. Richard Celeste. Plant is to employ about 200.

VCR sales passed 8 million in year's 41st week, pushing cumulative sales since start of marketing in 1975 above 25 million. Sales for calendar 1984 totaled record 7.6 million.