

TELEVISION DIGEST®

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

With Consumer Electronics

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HOUSE TAKES AIM AT CHILDREN'S TV again in 2 Tex. hearings on minimum program requirements, 'program-length commercials.' (P. 7)

TAKEOVER TALK AGAIN SWIRLING AROUND CBS: New players entered renewed Wall St. rumor game of possible takeover attempts of CBS last week, with Manhattan real estate firm Fisher Bros. in forefront and reportedly buying large blocks of shares. One report, later denied, said Fisher (of Body by Fisher family) planned tender offer of \$150 per share. Wall St. reports also had GE going after CBS (GE had no comment) and arbitrageur Irwin Jacobs buying CBS stock.

CBS Chmn. Thomas Wyman gave first interview -- since criticism of his stewardship of company became popular subject in media -- to Wall St. Journal last week. He claimed that he has "unqualified support" of CBS board and that rumors that ex-Chmn. William Paley -- who handpicked Wyman as his successor 4 years ago -- is behind move to unseat him is "a crazy idea."

Consumer Electronics

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COMPACT DISC DEMAND seen at 30 million this year by Sony's Schulhof, new CD plant head. Du Pont cites 30-40 million shortage. (P. 15)

CBS stock closed Nov. 1 at 123-1/4, up 4-3/4 for day and 12-5/8 for week; at close Oct. 29, it had dropped to 108-3/4. Stock was very active at end of week, with relatively high 994,700 shares traded Nov. 1. CBS Corporate Vp Anne Luzzatto said: "There is nothing coming out of [CBS] which would explain the stock activity." CBS insider predicted that company's 3rd-quarter report (already more than 2 weeks late) will be way below year ago: "It's going to be a shocker and start the rumors all over again." CBS official countered: "Whoever said that doesn't know what he's talking about." CBS wouldn't say whether earnings report will be released this week.

Wyman said company plans "no surprises" and "no dramatic news" for rest of year or 1986. He said that all assets that will be spun off to reduce debt in fighting off Turner Bestg. takeover attempt have been identified publicly and that he feels "very comfortable about what's happening" at CBS. He said agreement with Loews Inc. and its Chmn. Laurence Tisch to acquire 25% of CBS "gives us the capacity to run our business without looking over our shoulders" for corporate raiders.

One element fueling takeover rumors is fact that CBS didn't require Tisch to sign "standstill" agreement limiting his stake in company to 25%, level approved by SEC last week. Speculation is spreading on Wall St. that through Loews, Tisch actually intends to take over CBS, and most see Fisher (close friend of Tisch, with both heavily in real estate business) as ally in that endeavor. (Fisher didn't return our calls.) Wyman said he told CBS board that standstill pact wasn't necessary, might be taken as sign of vulnerability. Fisher was partner with Saul Steinberg in latter's unsuccessful attempt to acquire Walt Disney Productions.

In Wall St. Journal interview, Wyman said recent layoff of 74 CBS News employees was handled with "clumsiness" and was "thoughtless." He denied that top CBS management is putting budget considerations ahead of newsgathering, said that Bestg. Group Exec. Vp Van Gordon Sauter (to whom News Div. reports) and CBS News Pres. Edward Joyce will stay in their posts. He said he didn't expect any more group firings, and future personnel reductions will mostly be accomplished by eliminating unfilled positions.

CBS insider quoted above said problem for News Div. exists "right at the top... The people around Wyman are not personally committed to news the way Paley and [ex-Pres. Frank] Stanton were... It's become just another piece of the puzzle." He specifically excluded Best. Group Pres. Gene Jankowski from his criticism, did include by name Sauter and Joyce as "not having that dedication" to news.

MURDOCH-METROMEDIA WILL HAVE TO WAIT: In very brief announcement Oct. 29, FCC said that agenda item proposing to approve Rupert Murdoch's \$1.55 billion purchase of 6 Metromedia independent TV stations had been pulled from consideration at Oct. 31 open meeting. Commission said only that item was removed at request of Chmn. Fowler's office. However, there was strong speculation that FCC was deferring to pressures from Hill, where there has been major opposition to Murdoch's request for 2-year waiver to sell newspapers in markets where he's acquiring TV stations -- N.Y. and L.A.

Fowler legal aide Thomas Herwitz told us action was taken because of "time crunch... A lot of paper is coming in on the case and we wanted time to look at the filings carefully. I don't know if any new issues were raised, but we didn't want to do it on the fly." Another view from outside FCC: "Murdoch was pulled because of the Commission's bureaucratic inability to deal with the paper filed at the last minute." Murdoch spokesman saw action as "part of the process. We don't expect any major problems."

Oct. 25, day after item was placed on agenda, Media Access Project (MAP) asked Commission to delete it because Murdoch hadn't proved his financial qualifications (TVD Oct. 28 p1). On Oct. 28, filing for 8 other parties, MAP asked Commission to hold en bane hearing on Murdoch's proposed acquisition.

Commission officials were unusually tight-lipped about situation last week, probably since issue has raised much opposition from public interest groups and on Hill. "This is another case of the FCC caving in to Hill pressure," congressional official told us. MAP Exec. Dir. Andrew Schwartzman said: "I'm pleasantly surprised... I'm sure the technical and substantive issues we raised caused [Commission] to pause."

Pressure came from across Hill, included letter to Fowler from Sen. Eagleton (D-Mo.), who earlier had protested fast Commission action on CBS-Turner takeover petition. Eagleton urged FCC to delay final decision on Murdoch waivers until evidentiary hearings could be held, said he believed it was "preposterous for any public agency to consider an application of such significance" when "complete financial certification" hasn't been made to FCC and application is "incomplete." Senator also assailed Commission for giving what he said appears to be special treatment to applicant "who has never been licensed by this country... The Commission needs to do more homework."

There also was pressure from House, including from Telecom Subcommittee Chmn. Wirth (D-Colo.) and panel member Rep. Bryant (D-Tex.), both of whom wrote FCC urging it to move slowly on granting waivers. They commended FCC for pulling item from agenda, with Bryant telling us action will "give responsible members of the community a chance to finish their petitions and their filings" so that Commission "doesn't back-door this." He said that moving ahead on waiver request would have been abrogation of Commission's responsibility to serve public and that public interest wouldn't be served by FCC's allowing "a foreigner who became a citizen purely to enhance his profit to create a 4th network without a full, public review," aide quoted Bryant as commenting.

Wirth aide said chmn. also considers delay appropriate because he believes FCC shouldn't grant waivers unless important public policy goal, such as increased program diversity, would be truly fostered. "In the absence of some strong countervailing policy justification, there is simply no basis for the grant of a waiver from the cross-ownership rules," aide said, repeating bottom-line argument from chmn.'s recent letter to FCC.

Later in week, Bryant wrote Fowler charging FCC acceptance of Murdoch's application in June when he wasn't U.S. citizen represents "double standard." Pointing to 1982 case in which FCC dismissed TV station application of resident alien planning to apply for TV station in Laredo, Tex., and whose citizenship request was pending, Bryant said Murdoch case wasn't any different. Yet, he said, Murdoch seemed to receive preferential treatment since Commission accepted his application to buy Metromedia stations before he had applied for citizenship. Australian since has become U.S. citizen.

Bryant included copy of 1982 FCC letter to Tex. applicant, whose name he withheld. Letter said Commission was dismissing application under Sec. 310 of Communications Act, which prohibits broadcast station licenses from being "granted to or held by any alien... Although your application for citizenship may be pending, you are not yet a citizen and thus, you are statutorily barred from holding a broadcast license."

Bryant noted that Murdoch's application was accepted in late June -- more than 2 months before he received citizenship Sept. 4. "In light of the FCC's summary dismissal of [1982] application, can you explain why a similar letter of dismissal was not sent to Mr. Murdoch?" he asked. Bryant, who said earlier Oct. 2 letter to FCC still hasn't been answered, demanded immediate reply. Aide said Bryant is particularly concerned about Murdoch application because he's apparently retaining dual citizenship with U.K. or Australia, where he owns other media properties. Bryant is worried about giving him control over so many U.S. media when, even though he's U.S. citizen, he has remained outsider, aide said: "It's a question of fairness."

Comsat wants FCC to let it install 160-w Harris portable transmitters at its 160 NBC affiliate receive-only earth stations. So-called "flyaway" transmitters would allow stations to send feeds to network of emergency or unscheduled news events

"on an interim temporary basis, as needed." Flyaways are designed to connect to existing feedhorns easily and on short notice. Comsat wants FCC approval to modify all existing receive-only licenses before capacity is needed.

PAY-PER-VIEW NETWORK SET: Reiss Media Enterprises has persuaded 7 major Hollywood studios and 2 independents to offer their films on pay-per-view network set to launch Nov. 28, company announced Oct. 29. Satellite-delivered network, formerly known as The Exchange, will be marketed to consumers as Request TV, looks to become first and maybe only PPV network to debut in 1985. Columbia, Lorimar Motion Pictures, MGM/UA Entertainment, New World, Paramount, 20th Century-Fox, Universal, Walt Disney and Warner Bros. have signed multiyear contracts for air time on planned 20-hour-a-day service.

Program is sold out, since Reiss had 10 so-called "units" available, sold 9 to studios, kept one for itself for resale to independent producers, according to Chmn. Jeffrey Reiss. Schedule will have every week of year split between 2 of 10 programmers, with each getting 5 weeks of satellite time over course of year. Viewers will be offered 2-4 titles a week, depending on decisions by individual studios. Each studio probably will put up 10-20 films a year; RTV expects to run 120-150 annually.

Programming planned for first 10 weeks shows most studios will be aggressive in offering films near or just after home video release, certainly far in advance of pay-TV windows for titles that aren't coming out of studio libraries. Move by studios to schedule PPV before home video will come when PPV "throws off enough money to induce them to early release," Reiss said, predicting start in 3-6 years. Films will cost \$4-\$5 each at retail, but pricing isn't fixed.

Next hurdle is persuading cable systems to sign up. Reiss said affiliate sales effort began after Sept. 30 deadline for studios to sign and RTV's addressable universe has reached 110,000 homes in systems owned by Centel Cable TV, Cablevision Service Co., Daniels & Assoc., Gill Cable TV in San Jose, Heritage and Telescripps Cable. Gill is notable because it runs major stand-alone PPV service; Daniels is investor in RTV. Within year, Reiss expects network to reach million homes. He declined to give revenue or profit projections, said company could reach profitability in year. He also declined to say how much studios pay for time on RTV.

First investors in venture include Bill Daniels, chmn. of Daniels & Assoc.; Norman Lear, TV producer; Jerry Maglio, Daniels; Jay Ricks, attorney; Robert Rosencrans, Columbia International; John Saeman, Daniels; Thomas Wheeler, pres., Media Enterprises Corp., former pres. of NCTA.

Group W Satellite Communications will handle uplinking of PPV feed to Galaxy 1. Feed will be scrambled from outset using M/A-Com VideoCipher II. Reiss expects to do business in SMATV, hotel-motel and TVRO markets.

CONVENTION PROFITABLE FOR NAB: Profit to NAB from April convention in Las Vegas will be about \$3.1 million, some \$200,000 more than budgeted. That was good word Secy.-Treas. Michael Harwood gave NAB Exec. Committee last week although he said final figure hasn't been tallied. Amount represents 27% of NAB's total expected \$11.3 million income for year ending March 31.

At end of July, NAB had favorable variance over net income of \$375,231 and favorable surplus remained at end of Aug. However, Harwood said, number of "extraordinary items" still are upcoming "which will approximate the amount of the favorable variance." At Oct. 1 meeting, he was asked to report monthly on extraordinary expenses, such as unbudgeted legal expenses, legislative seminar at Jan. board meeting, upcoming President's Newsletter (budgeted at \$15,000), unbudgeted continuation of committees and task forces and meetings planned for remainder of fiscal year.

Because of budget considerations, NAB postponed planned workshop for all its committee chmn. in Washington at estimated cost of \$30,000. Also, after "thorough discussion" at Oct. 1 meeting, Exec. Committee turned down request by Henry Geller that NAB provide financial support to Citizens Communications Center on grounds "more prudent expenditure of association funds can be made for other needs of the industry." NAB will raise TV station dues, effective April 1, based on growth of number of TV households per market.

Meeting of NAB Exec. Committee with Canadian and Mexican counterparts has been rescheduled for Nov. 12 in Oaxaca, Mexico. Scheduled meeting in late Sept. was postponed following Mexican earthquake. NAB Chmn. Ted Snider and Pres. Edward Fritts will meet Nov. 14 with Mexican President de la Madrid.

Meanwhile, NAB will play host to 11 members of Congress (and spouses in most cases) for "legislative sessions" Jan. 10-12 on St. Maarten Island, just ahead of Jan. 13-17 NAB board and committee meetings. Congressional delegation: Sen. Stevens (R-Alaska) and Reps. Bliley (R-Va.), Boucher (D-Va.), Coats (R-Ind.), Frank (D-Mass.), Hyde (R-Ill.), Luken (D-O.), Moorhead (R-Cal.), Rinaldo (R-N.J.), Swift (D-Wash.), Tauke (R-Ia.).

In concession to parental groups led by wives of congressmen and Administration officials concerned about lewd lyrics, Recording Industry Assn. of America and 22 of its 44 member companies have agreed to print message "Explicit Lyrics -- Parental Advisory" on covers of future recordings when warranted. Record companies will determine what's explicit and agreement doesn't cover singers whose contracts give them control over album cover design. Alternative is to print lyrics on album covers. Cassettes will carry message referring to lyrics printed on counterpart album covers.

U.S.-JAPANESE HDTV PLAN ADVANCES: While strong European concerns remain, proposed U.S.-Japanese standard for high-definition TV (HDTV) was adopted unanimously by Study Group 11 of International Radio Consultative Committee (CCIR) during meetings in Geneva that ended Nov. 1. Technical experts had given lower level endorsement of U.S.-Japan standard -- NHK system -- last month (TVD Oct 7 p5).

Final consideration of proposed HDTV standard for studio production will come in May during plenary sessions of CCIR, body representing more than 50 countries and broadcast organizations that recommends international communications technical standards. It's last chance for establishing international HDTV standard until 1990, next time CCIR plenary session will be held.

Still to be resolved are concerns of several nations that U.S.-Japanese NHK system parameters of 1,125 lines, 60 Hz field rate, 16:9 aspect ratio and 2:1 interlace won't fit their HDTV broadcast plans. Field rate issue is big stumbling block because European systems operate on 625-line, 50-Hz field rate and countries such as U.K. and France are concerned about signal degradation in converting 60-Hz NHK signal to fit their 50-Hz systems. Testing and study will continue on technical concerns until plenary session, according to U.S. Advanced TV Systems Committee (ATSC), broadcast industry group that has coordinated U.S. effort on HDTV.

Unanimous CCIR approval came after failure of bid by French and Dutch manufacturing interests to solicit support from countries planning to use various forms of MAC broadcast transmission system. But that strategy wilted, ATSC said, as belief intensified among delegates that one worldwide HDTV production standard warranted final consideration in May. Last month, U.K. representative Charles Sandbank took reservation on lower level decision, saying more time was needed to study standards and that British didn't want single standard imposed.

ATSC said there has been successful demonstration of conversion to 50 Hz. ATSC Chmn. William Henry, former FCC chmn., said unanimous adoption by CCIR delegates was "very gratifying." He added: "The successful conclusion of this CCIR meeting is an outstanding example of the benefits of international cooperation in the telecommunications field." Cooperation came after delegates spent several days and nights producing preliminary agreement and had "shown the necessary spirit of cooperation," according to Jacques Sabatier, dir. of French broadcasting research at National Center for Telecommunications Research.

NBC picks up its 4th TV affiliate since spring when KIEM-TV Eureka, Cal., switches primary affiliation from CBS Dec. 28; other 3 all had been one-time NBC affiliates that had switched to ABC when that network was prime-time leader.

CABLE SIGNALS POLICY SET: Administration and enforcement of signal quality standards for cable TV was shifted to local level from federal purview Oct. 31 in unanimous FCC vote. Action will give local authorities option to consider any or all standards downgraded by FCC to "guidelines" instead of rules when assessing franchisee's performance at renewal. Local authorities won't be empowered to consider additional quality standards, however.

Commission at first considered deleting signal regulations but softened stance in face of strong opposition by some cities, spearheaded by National League of Cities. City opposition, including 2 weeks' lobbying lawmakers to intervene with FCC, was prompted partly by concerns that elimination of standards would lead to "consumer backlash" by subscribers with no outlet for signal complaints (TVD Oct 28 p3). Opponents also argued deletion of regulations would give cable companies incentive to downgrade signal quality of systems they didn't have advertising stake in.

"We know [cable companies] do better than" FCC signal standards, said Wendell Bailey, NCTA vp-science and technology who has resigned to return to FTC. Stressing NCTA didn't yet have definitive reaction to FCC move, Bailey said standards "are kind of obsolete, but they serve as a useful benchmark to indicate a floor" of acceptable signal quality.

FCC standards guidelines, which will remain unchanged from rules preceding them, apply only to Class One signals, are expected to become effective by mid-Dec. Mass Media Bureau Chief James McKinney stressed before Commission that local authorities won't be allowed to waive signal leakage rules because of "critical" aviation and other safety concerns.

"Ambiguous" was how attorney Nicholas Miller, who represented several large cities on issue, characterized Commission's action. "The key question... is whether the Commission is [now] willing to update [the signals standards] rules to reflect the state-of-the art," he said. "I think there is good reason to think that is the intention of the action." McKinney noted that "many" had argued for strengthened signal standards, but said docket acted on Oct. 31 "was not the appropriate forum for that discussion."

Telecommunications Research & Action Center was to announce resignation today (Nov. 4) of Pres. Samuel Simon, who plans to "pursue new career opportunities in the telecommunications field." Simon has been CEO of TRAC since 1978 (when name was changed from National Citizens Committee for Bestg.), has focused on consumer problems in telephone industry, writing 2 books on subject. He will remain TRAC board member and adviser; TRAC Treas. Everett Parker heads search committee for successor to Simon.

SCRAMBLING HEARINGS SET IN HOUSE: Bowing to pressure, House Telecom Subcommittee Chmn. Wirth (D-Colo.) announced Oct. 29 that panel would hold hearings early next year on signal scrambling controversy. Wirth conceded that possible "proliferation" of decoders and scrambling standards would be disservice to consumers and needed closer examination. In disappointment to backyard dish manufacturers and users, Wirth avoided taking sides in their dispute with programmers over scrambling plans that users want stalled.

Dish users want fair treatment in accessing satellite TV signals, are seeking legislation to halt scrambling plans temporarily until decoders become widely available to guard against discriminatory or anticompetitive program distribution, particularly by cable system operators who are likely to hold local marketing rights for programs and descramblers. They're behind legislation to delay fulltime scrambling and prohibit discriminatory scrambling practices. Wirth isn't cosponsor of either.

Wirth announced hearing to delighted crowd gathered in Washington for Satellite Earth Station Day, demonstration organized by SPACE, trade group for earth station industry, to celebrate first anniversary of Cable Act legalizing dish reception. Dish makers and users used event to lobby lawmakers, said they had 200 such appointments. Event drew about 2,000 persons from 46 states and 200 dishes, which were erected on Mall.

Key industry ally, Rep. Tauzin (D-La.), criticized networks' plans to scramble affiliate feeds. He said Subcommittee will want assurances that decoders will be widely available at fair price, as parties maintain. Panel also will insist on "fair" subscription price, which Tauzin defined as sum comparable to fees cable systems charge, rather than to what systems are charged by programmers. Lawmakers also can be expected to consider antitrust implications of industry consortium plan to coordinate scrambling, he said.

NCTA Pres. James Mooney reacted to Tauzin comments and hearing announcement by sending letter to legislators Nov. 1 relaying industry sentiment that "it is politically and otherwise impossible simply to 'make the skies go dark' by scrambling signals." Noting there now are more than one million backyard dishes in place, Mooney declared: "We have no intention of depriving dish owners of access to these signals, and anyone who suggests the contrary is simply wrong."

"The economics of the business will strongly favor a single scrambling technology," Mooney said, "meaning that backyard dish owners will have to purchase only one decoder box to descramble all of the programming services they purchase." If market for decoders "proves large, the decoder mechanism will likely be built into the next generation of receiver dishes as an integral component of the dish itself," he wrote. Prices charged to backyard dish

owners are not likely to "be significantly different from those charged to cable subscribers" because of programmer incentive to "attract the greatest number of purchasers," Mooney said.

Mooney seemed to hint that NCTA-sponsored scrambling consortium idea may be dead: "Most but not all satellite-delivered cable programming services are likely to be scrambled over the next 18 months, but it will be done "individually and not all at once." Status of plan won't be decided until Assn. board meets in Phoenix Nov. 17-19, but its future now appears dim.

Steering group looking at idea of co-op controlled by operators held special meeting in Chicago Oct. 28 and members reportedly were focusing next on creating neutral facility -- possibly provided by M/A-Com in San Diego -- where signals could be scrambled and individual pricing arrangements for programming to home earth station owners could be made. Second M/A-Com facility might be located in N.Y. state because of easy access to multiple uplinks.

In related development, advisory committee formed by NCTA has concluded that 6 of 8 scrambling technologies presented would be acceptable for use by proposed consortium. Committee didn't rank systems, but evaluated each as to technical and nontechnical criteria.

Scratch name of Walter Threadgill, Washington vp for Storer, from list of those seeking to replace Henry Rivera as FCC member (TVD Oct 7 p6). After what he called "very good interview" with White House Personnel Office, Threadgill withdrew from consideration "because of a commitment to my company of the things remaining to be done here." Prominent Washington Republican told us that both FCC Chmn. Fowler and Administration aren't in any hurry to bring Commission back to full strength of 5 members, and that likelihood is very small that any name mentioned so far will be appointed. Major problem is fact that just 20 months remain in Rivera's term, and to date White House hasn't been willing to offer 2nd term.

Because ABC theatrical movies didn't achieve "our financial expectations," Pres. Frederick Pierce said company is getting out of that business. ABC will continue to make movies for TV, however. Firm has produced 6 theatrical movies, 4 of which made money, has 7th in production for release next summer. ABC announcement came just days after CBS said it was selling its 25.5% interest in Tri-Star Pictures.

KAAL-TV (Ch. 6) Austin, Minn., has been sold to Wooster (O.) Republican Printing Co. for \$13.3 million by News-Press & Gazette, St. Joseph, Mo. Wooster Republican also owns KFBB, Great Falls, Mont., and cable systems in Gouverneur, N.Y., and Woodland Park, Conn., in addition to newspapers and radio stations.

CHILDREN'S TV FARE HIT AT HEARINGS: FCC was blamed for inadequacy of children's TV fare by lawmakers and some witnesses at Oct. 25 and 28 hearings by House Telecom Subcommittee in Dallas and Houston. Some of harshest criticism came from Rep. Bryant (D-Tex.), who said FCC's refusal to implement "hard and fast guidelines" has produced Sat. morning cartoon "ghetto."

Bryant decried FCC's 1983 decision to end rulemaking on issue because of growing number of alternative children's programming sources: "The logic of this escapes me. For many families struggling on a budget, the luxury of cable television or a videotape machine is far beyond their means. How are the needs of their children supposed to be met, or don't they count?"

Belo Bestg. Dir. of Programming Lee Armstrong said Dallas stations aired 36 hours of noncartoon, educational children's shows that week (most of programs Armstrong cited proved to be by noncommercial KERA-TV). Sandra Pastoor, vp-program mgr., WTTG Washington, who represented INTV, said independents are providing "very substantial quantity" of children's shows, cited recent 19-station survey in 7 major markets that found kidvid accounts for 13% of total billings, is 3rd behind movies and situation comedies. She admitted much of fare is entertainment.

ACT Pres. Peggy Charren repeated charges that commercial kidvid is little more than program-length commercials, said FCC was villain for being "industry mascot." She provided 7 pages of "evidence" -- quotes from toy company executives, cartoon producers and others on ad orientation of children's TV. One sample from Newsday quoted Tonka Toys official: "We believe that in order to keep the category exciting, in order to keep kids buying BoBots, we needed to do a TV series." (Later last week, Charren was on Capitol Hill to praise new monthly afternoon NBC News show for children, Main Street.)

TIO Dir. Roy Danish said TV programs related to merchandise aren't violation of FCC policy on unfair ads, described 3 kidvid elements that dispute charges: Multiplicity of sponsors, frequency of competitive products; clear audio and visual separation of commercials from program content; absence of commercials within or adjacent to program with same characters or products.

Only economically rational reason for scheduling children's programs is to provide "wholesome entertainment" that will attract largest young audience and not "antagonize" parents, Danish concluded.

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Renewal of WKHK(FM) N.Y without hearing has been remanded to FCC by U.S. Appeals Court, D.C., on question of whether Viacom International misrepresented its planned format to Commission. Viacom bought station in 1978, indicated to FCC that it intended to retain jazz format but changed to country and western. Citizens for Jazz challenged renewal application in 1981, charging Viacom planned format change even before it took over station. As evidence, Citizens submitted affidavit from former WKHK employee that she was told before takeover that Viacom would switch to country. This was denied by Viacom and seller Sonderling Bestg. Criterion for ordering hearing is whether questioned evidence presented "substantial and material question of fact," not evidence that was "clear, precise and indubitable," as Court said FCC had ruled in WKHK case. "The [Communications Act] in effect says that the Commission must look into the possible existence of a fire only when it is shown a good deal of smoke," Court said. "The Commission has said that it will look into the possible existence of a fire only when it is shown the existence of a fire."

RAB board expressed its "collective ire" against Arbitron plan to increase frequency of radio ratings in top 75 markets. RAB said "unilateral action" has potential to change "the way radio stations in the top 75 markets do business." Board said its position reflects "general sentiment in the industry." NAB Pres. Edward Fritts expressed "surprise" at Arbitron plan to launch 12-week surveys in top markets, which he said would result in "substantially increased costs to radio station subscribers." He said action was taken "with little or no consultation" with industry. "Arbitron has failed to provide any evidence of the need for continuous measurement in these markets, but more important, Arbitron has failed to evaluate the substantial economic impact this action will have on radio stations."

Senate Rules Committee last week approved measure permitting test of live radio coverage of floor proceedings, plus closed-circuit TV, for indefinite period. Vote came after debate on whether to move bill which also contained changes in Senate debate rules. Sen. Gore (D-Tenn.) offered compromise deleting rules change for separate action. Majority Leader Dole (R-Kan.) voted against Gore plan because of deletion of changes in rules, making vote 8-1 for broadcast experiment. He told reporters bill wasn't on his "must list" for action, wouldn't reach Senate floor until next session.

Freedom Newspapers is buying WRGB (Ch. 6) Schenectady-Albany-Troy, N.Y., from UniCom Inc., unit of Forstmann Little, for \$57 million. Station is CBS affiliate, was purchased by UniCom in 1983. It's one of nation's first stations -- started in 1939. Freedom also owns WLNE Providence, R.I.-New Bedford, Mass.; KTVL Medford, Ore.; WTVC Chattanooga; KFDM-TV Beaumont-Port Arthur.

PR Newswire has bought InterMedia Group and its regional wire services in Washington, D.C., Mich., O., Ga. Terms weren't disclosed.

Personals

FCC calendar -- Nov. 5: Comr. **Patrick** speaks at Mo. Bcstrs. fall meeting, Lake of the Ozarks. Nov. 6: **Janice Obuchowski**, asst. to Chmn. **Fowler**, testifies at joint hearing of Senate Communications and Space Subcommittees addressing WARC on use of geostationary satellite orbit, Rm. 253 Russell, 2 p.m. Nov. 7: **Obuchowski** speaks to Telocator board, Washington Marriott Hotel, 1 p.m. Nov. 8: **James McKinney**, Mass Media Bureau chief, addresses Ariz. Bcstrs. fall convention, Sunburst Hotel, Scottsdale. Nov. 9: Common Carrier Bureau Chief **Albert Halpin** speaks at Executive Roundtable on vision for information age, Palm Desert Resort, Palm Springs.

Dudley Taft, Taft Bcst., elected chmn., TV Operators Caucus, succeeding **Joseph Daugherty**, Capital Cities; **Joel Chaseman**, Post-Newsweek Stations, reelected secy.-treas... **William Faber**, Media General, elected chmn., BMI, succeeding **Robert Pratt**, Midwest Bcstg.; **George Willoughby**, King Bcstg., elected vice chmn.; new board members are Willoughby, **Joseph Carriere**, KBIM-TV Roswell, N.M., and **Harold Crump**, KPRC-TV Houston; **Edward Cramer**, who was dropped from board, was reelected pres.-CEO.

Raymond Strassburger, special counsel to FCC Chmn. **Fowler** for congressional affairs, resigns to become asst. vp, attorney/federal relations, U S West, is succeeded by **John Kamp**, legal asst. to Mass Media Bureau Chief James McKinney; **David Donovan**, ex-Policy & Rules Div., succeeds Kamp.

John Miller, NBC Entertainment vp-ads and promotion, given full responsibility for ads and promotion, succeeding **Steve Sohmer**, who was NBC Entertainment exec. vp before becoming Columbia Pictures pres.-COO; **Warren Littlefield** advanced to NBC senior vp-series, specials and variety programs... **Sen. Kasten** (R-Wis.), Acting FTC Chmn. **Terry Calvani** and Food & Drug Administration Deputy Comr. **John Norris** are keynote speakers at AAF Law & Public Policy conference Dec. 3, Loews L'Enfant Plaza Hotel, Washington... **Sandy Kish**, ex-WLTF(FM) Cleveland, named PR dir., WOIO Shaker Hts., O... **Diane Weingart** advanced to affiliate mktg. dir., USA Network.

Stephan Buck advanced to CEO, AgB TV Research Inc.; **Joseph Philport** promoted to pres., succeeding **Norman Hecht**, resigned, who remains consultant... **Michael Zucker**, ex-Lorimar, appointed mktg. vp, Embassy TV, new post... **Diran Demirjian**, ex-KDFW-TV Dallas-Ft. Worth, named Southwest Div. mgr., King World, new post.

Michael Eskridge, who left NBC in Sept. 1984 for parent RCA, returns to NBC as exec. vp-Olympics; **Phyllis Vinson** advanced to vp-children's and family programs, NBC Entertainment; **Winfred White** promoted to vp-family programs... **Carol McMillan** advanced to vp-creative ads, creative dir., Universal Pictures...

L.K. Abbott advanced to exec. asst. to pres., Bonneville International; **William Murdoch** advanced to gen. mgr., Bonneville's KSL-TV Salt Lake City... **Richard Larsen**, ex-reporter for Kansas City Star, joins NAB as editor of new membership newsletter to replace weekly Highlights.

Barry Stagg advanced to publicity and promotion vp, Embassy TV... **Joseph Pedri** promoted to gen. sales mgr., KXTV Sacramento, succeeding **Michael Fiorile**, named gen. mgr., WDAU-TV Scranton-Wilkes-Barre; **William Gonzales** promoted to local sales mgr., succeeding **John Rizzuti**, who advances to Belo Bcstg. sister WFAA-TV Dallas-Ft. Worth... **William Sheehan**, onetime ABC News pres. now with Executive TV Workshop, reelected chmn., WTVS Detroit... **Maria Krusinski** promoted to business mgr., WUAB Lorain-Cleveland... **Dale Ouzts**, gen. mgr., WOSU-TV-FM-AM Columbus, O., elected pres., Public Radio In Mid-America.

Jerry Shaw, ex-Warner Amex Cable Communications, appointed Cablevision controller... **Harvey Solomon**, consultant, appointed exec. editor, CableTV Guide Network, succeeding **Lisa Lovenheim**, who resigns to write novel... **Daniel Huertas** promoted to central region dir., GalaVision... **David Black** promoted to mkt. development mgr., Conrac Alston Div.; **Judy Taylor**, ex-Executone, named midwest region sales mgr., Alston Div... **Robert Grutkowski** appointed pres., Madison Sq. Garden Network.

Michael Wheeler promoted to national accounts vp, Showtime/Movie Channel... **George Carpenter**, ex-Palmer Communications, named exec. dir., Ia. Public TV network, succeeding **Larry Patten**, resigned... **Linda Townsend**, ex-Occupational Safety & Health Administration, named NTIA chief counsel, succeeding **Richard Firestone**, who had been acting chief counsel and now becomes deputy chief counsel.

Another fairness doctrine case is before U.S. Appeals Court, D.C. FCC refused Oct. 28 to reconsider -- Comr. Dawson dissenting -- ruling last year that WTVH Syracuse violated doctrine in favorable coverage of proposed nuclear energy plant. When WTVH sought reconsideration, parent Meredith said it would "pursue all legal remedies" to overturn action, called decision "veritable loaded gun" (TVD April 15 p9). Meredith claimed issue didn't become controversial until broadcasts in question had been aired (July-Sept. 1982). FCC said in ruling that WTVH now is in compliance and no corrective action is necessary. Meredith filed notice of appeal of FCC ruling with Court Oct. 31.

Obituary

James B. Sheridan, 70, former FCC Best. Bureau Chief, died of cancer and heart attack Oct. 22 in Bethany Beach, Del. He joined FCC in 1941, became deputy chief, Economics Div., also served as special asst. to Chmn. Ford, Minow and Henry. He retired in 1971. Survivors include widow, 3 sons, daughter.

• Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Oct. and 1985's first 42 weeks:

	OCT. 12-18	1984 WEEK	% CHANGE	OCT. 5-11	42 WEEKS 1985	42 WEEKS 1984	% CHANGE
TOTAL TV.....	493,360	514,960	- 4.2	439,676	15,131,753	15,566,632	- 2.8
TOTAL COLOR...	378,212*	374,868	+ 0.9	376,375*	12,548,447*	12,053,770	+ 4.1
DIRECT-VIEW..	372,004*	370,021	+ 0.5	370,668*	12,747,087*	12,287,105	+ 3.7
PROJECTION..	6,208*	4,847	+28.1	5,707*	179,572*	141,533	+26.9
MONOCHROME....	115,148	140,092	-17.8	63,301	2,698,454	3,652,954	-26.1
TV EXCL. PROJEC.	487,152	510,113	- 4.5	433,969	15,445,541	15,940,059	- 3.1
HOME VCR#.....	248,138*	182,430	+36.0	275,707*	8,257,798#	5,287,396	+56.2
COLOR CAMERAS#..	5,446	9,031	-39.7	7,389	326,048	358,937*	- 9.2

Color TV (direct-view) 5-week moving average: 1985--396,572*; 1984--358,690 (up 10.6%).

Home VCR 5-week moving average: 1985--267,111**; 1984--189,596 (up 40.9%).

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

Exceeds full-year record.

21 OF 25 CABLE OPERATORS GOING MTS STEREO: Vast majority of largest cable TV group operators are currently passing on broadcast MTS stereo to at least some of their subscribers. With half of responses tabulated, first results of telephone survey of chief engineers for all of top 50 multiple system operators found that 21 out of 25 definitely plan to offer their subscribers MTS stereo signals and 2 others are considering it.

Survey was conducted by Paul Perez, mktg. dir. of Recoton, developer of "FRED" universal stereo TV decoder that went on sale last week at \$130 (FRED stands for "friendly Recoton entertainment decoder"). First 25 responses covered multiple system operators with total of 18.2 million subscribers. All said they're carrying FM simulcast stereo from such satellite sources as MTV. Of those, 21 (with 15.4 million circulation) said at least some of their systems also are carrying MTS stereo from broadcast sources as well. Remaining 4 have 2.8 million subscribers, of which 2 million were represented by Group W, which proposes to convert all MTS to FM, sell subscribers \$100 simulcast converters (TVD Oct 28 p13). We found no others planning to do this.

As for plans, only 2 -- Group W included -- said they had no intention of being "MTS stereo compatible" (2 were "considering"). Among others, several indicated they planned to switch from simulcast system to MTS for such satellite-originated programs as MTV when equipment is available, although most seemed to be planning to offer both kinds of stereo.

Early fears that cable TV was hopelessly incompatible with MTS stereo haven't materialized. Twenty operators said their systems were MTS compatible up to set-top converters. Of these, 10 said they were completely compatible through converters to subscribers' TV sets, 9 indicated some or most of their systems were compatible through converters, 4 said most systems weren't compatible and 2 said none of their systems were compatible.

Many operators hedged their estimates of when they would be completely MTS compatible by stating "as demand warrants," or "as programs become available." Many also said they would

replace or modify incompatible converters gradually, on request, or add A-B switch to shunt converter out of circuit, usually for one-time fee.

There was less agreement about SAP channel. Only 5 operators said their systems were SAP compatible, 8 said theirs weren't, 6 said some were and 6 didn't know. Asked about plans, 11 said they eventually would pass along SAP broadcast; remainder were vague or noncommittal. Survey illustrates that cable TV operators are keenly aware of public's interest in MTS stereo and that they plan to accommodate it.

* * * *

Our list of stereo-equipped stations now totals 189, including 2 in Canada, and we believe possibly 15-20 more aren't on list. Our list contains 60 NBC, 28 PBS, 27 ABC and 23 CBS affiliates plus 49 independents in U.S. There are now MTS-equipped stations in 44 of top 50 markets. Five service areas have 4 stereo stations each -- Boston, Cincinnati, Hartford, Miami, Seattle. Among cities added to our list in last couple of weeks are Albuquerque (2 stations), Birmingham, Charleston and Columbia, S.C., Kansas City (2), Little Rock (2), Louisville, Montgomery, Orlando, Pittsburgh, Shreveport (2), Toledo (3), W. Palm Beach, Wilmington, Del. (2).

HOW MANY COLOR KIT IMPORTS? Any beneficial effect on health of U.S. color industry from enforcement of 1984 finding that color TVs from Korea and Taiwan are being dumped here is being significantly eroded by flood of kit imports exempt from dumping duty, according to Zenith (TVD Oct 21 p12).

Kit imports actually are covered by dumping finding, and if determined to be undervalued they're subject to penalty tariff. Catch, according to Zenith, is that for kits to be included under dumping umbrella they must meet Tariff Schedule definition that says they have to include essentially all parts necessary to assemble complete receiver. If one or 2 key parts are entered separately, then those various shipments are considered components or subassemblies and are excluded from dumping determination.

Commerce Dept.'s import figures show that in 18 months through June this year, 1.1 million color kits were imported. While Zenith takes no exception to that figure as such, it argues that it excludes what amounts to effective imports of kits -- that is, those kits brought in as individual shipments of circuit boards with chassis frames, tuners, picture tubes, etc. Based on increases in imports of such parts from individual countries, Zenith has come up with estimate that some 1.7 million additional color kits were imported over that 18-month period, to put total at 2.8 million.

Mexico is far and away biggest source country for kit imports, according to Commerce, with nearly 300,000 shipped in from there in first half of 1985. Most of those are understood to come from Matsushita's plant in Tijuana, which weds chassis it produces there with tubes brought from Japan. Japan is distant 2nd with 57,700, Singapore 3rd with 37,500. Imports from Taiwan are small, but that could pick up as result of RCA's shipping 13" kits from there. Although Korea is credited with only 12,800 official kit imports, Zenith says effective kit imports from there were up by 400,000 in first half this year, which would mean kit total exceeded imports of 407,600 complete color TVs from Korea in that period.

While normally it benefits foreign manufacturer to import complete kits, that doesn't necessarily hold true when TVs are covered by dumping finding. Kits, including tube, are dutiable at 5% of value, while 15% is levied on separate color picture tube imports. But when dumping is involved, extra penalty duty assessed on value of complete kits easily could more than offset saving on tube duty. Tradeoff would be close for company such as Korea's Goldstar that currently is being assessed average 7.47% dumping duty penalty on its color TV imports, but kit imports would be losing proposition for Korea's Samsung, assigned average margin of 14.88%.

Zenith says it has started push to have International Trade Administration expand scope of dumping finding to cover color sets it considers "snapped together" in U.S. assembly plants. Separately, it's backing bills pending in Congress that would impose full 15% duty on tubes imported as part of color kits.

Here's picture of recent history of color TV kit imports as offered in Commerce figures, compared with the way Zenith sees situation:

COLOR TV KIT IMPORTS

Period	Commerce Total	Zenith Estimate
1982.....	162,000	800,000
1983.....	540,000	1,200,000
1984.....	644,000	1,400,000
Jan.-June 1984...	313,000	600,000
Jan.-June 1985...	459,000	1,400,000

PHILIPS, DU PONT POOL OPTICAL DISC INTERESTS: Major venture to become "world's preeminent supplier of all types of optical discs -- audio, video, data and combinations of the 3 -- was announced last week at simultaneous news conferences in N.Y. and London by Du Pont and N.V. Philips of Netherlands. Worldwide venture, as yet unnamed, is expected to have annual sales of about \$1 billion within 5 years, partners said.

Philips will contribute its Polygram International with big CD factory in Hannover, Germany, as well as its Laservision videodisc and data disc operation at Blackburn, England, and its development facility at Eindhoven, Netherlands. Du Pont will throw in its computer mainframe optical data disc development operation in Wilmington, Del., and cash to be negotiated to become equal partner with Dutch firm in new venture, which will have assets of \$150 million when formed Jan. 1. By 1990, it has target of capital investment of more than \$500 million, annual R&D budget of \$60 million, 3,500 employes worldwide. Announcement last week confirms our report last month that discussions were under way (TVD Oct 14 p14).

As starter, partners have optioned 160,000-sq.-ft. building and 95 acres at Kings Mountain, N.C., near Charlotte, for digital audio Compact Disc plant with capacity of 50-60 million discs annually in 1988. They're already soliciting custom pressing orders, plan to start delivering late in 1986, have 25 million capacity in 1987, about time Sony's Terre Haute plant is scheduled to reach same capacity (see report elsewhere in this issue). At same time, Polygram Hannover plant is being expanded to more than double capacity to at least 50 million. By 1990, according to Du Pont Vice Chmn. Edgar Woolard, venture is expected to add plants to provide worldwide capacity of about 200 million CDs.

All optical disc software combined will represent \$4 billion market by 1990, Woolard estimated, indicating new venture expects to capture about 25% of that. By 1990, he said, data discs should emerge as the major information storage medium and represent principal thrust of R&D. Venture plans to develop and manufacture CD-ROM (nonrecordable), CD-PROM (disc that can be written once by user) and erasable optical discs. Woolard noted that Philips is working on magneto-optical and phase-change technologies for erasable discs, while Du Pont is exploring approaches based on organic materials.

Venture also will market Laservision system, and officials of both partners were careful to stress that future probably will be in instructional and educational markets. Big boost for optical disc players in that market should come from Army Training Corps program, which according to North American Philips Vp John Messerschmitt will involve 50,000-60,000 players. "The venture is not predicated on the success of video [disc] in the consumer market," Du Pont's

Michael Hartnagel made clear. Hans Gout, Polygram senior dir. for CDs, envisioned future "Omni Player," combining functions of audio, video and data CDs, 8" and 12" LV discs and interaction through built-in computer.

Philips-Du Pont project will have sales of about \$120 million in first year of operation, largely from audio CD market, according to forecast by N.V. Philips Systems & Peripherals Group Managing Dir. Lo Rinck. Philips and Du Pont also are involved in another joint venture, PD Magnetics, manufacturer of recording tape. Du Pont says it's one of 40 largest electronics companies in U.S., with \$1 billion electronics sales in 1984 (circuit boards, materials, microelectronic components, information storage media, electronic chemicals).

One of purposes of partnership obviously is to seize optical software initiative from Japanese. Not mentioned at conference was name of Philips's co-proprietor of CD system -- Sony. But then, Sony doesn't mention Philips at its CD news conferences, either. Sony recently took over CBS/Sony's interest in Digital Audio Disc Corp. (DADC) Terre Haute CD plant. For plans and views of new DADC Pres. Michael Schulhof, opinions and forecasts of CD market, see report elsewhere in this issue.

EMERSON NET DIPS: Even fast growth provides no protection from impact of intense competition in consumer electronics, as evidenced by Emerson's 9% decline in earnings for 1st fiscal quarter to Sept. 30, although volume jumped 50%. In first half, earnings gain was held to 8.9% on 55.7% sales rise (see financial table). Emerson said net from consumer electronics slipped 9% in quarter to \$4.3 million but was up 6.8% to \$7.8 million for full period.

Pres. Stephen Lane attributed earnings sag to price erosion, expects 3rd-quarter profits to be "significantly lower than last year," when net was \$4.85 million, even though company is outperforming industry. "However," he said, "with the weakening of the dollar overseas, we are looking forward in the March quarter to an easing of the price-cutting pressures that have been impacting our gross margins."

Lane said Emerson is increasing efforts to boost non-U.S. volume by establishing sales subsidiary in Canada and adding personnel to sell in Latin America. Commenting on Emerson purchase of hi-fi marketer H.H. Scott (TVD Oct. 28 p15), Lane expects sales of new unit to reach \$150 million annually in 3-5 years. Emerson also declared 10% stock dividend, payable Dec. 4 to holders Nov. 12.

TDK cited weakness in videotape pricing among factors contributing to sales and earnings decline in fiscal 3rd quarter to Aug. 31. TDK said tape sales were off 8.4% in quarter to \$197.6 million, sales off 2% to \$583.3 million for 9 months. Company said videotape unit volume was up 30% for quarter, with gains recorded in both own-brand sales and shipments to duplicators, but prices declined. Audio tape sales were down in both value and volume in quarter, TDK said, noting that 1984 quarter benefited from stronger sales promotion and introduction of new tape grade.

Bush Industries had 14.4% earnings rise to \$524,000 on 14.7% sales gain to \$10.9 million in 3rd

quarter. For 9 months, electronic furniture maker reported earnings up 14% to \$1.25 million on 3.9% sales increase to \$29.6 million. Bush said full-period earnings are after \$89,000 charge for costs of move to new 376,000-sq.-ft. hq-manufacturing facility in Jamestown, N.Y.

Texas Instruments posted \$82.8 million 3rd-quarter loss after effect of \$63.8 million charge for plant closings and layoffs, and \$30.9 million gain from tax credit. TI said charge will cover costs of closing semiconductor plant in El Salvador and computer facility in College Station, Tex. TI said it plans to dismiss 2,200 workers, bringing to 7,000 number laid off worldwide this year, and scheduled 2nd-quarter 1986 raises for remaining 8,000 employees are being deferred indefinitely. Even savings stemming from those moves "won't return the company to profitability in the short term" because of continued depression in semiconductor market, TI said.

Newmark & Lewis says its earnings should rise 52% to \$3.8 million for fiscal year ending next Jan. 31 from \$2.5 million in fiscal 1985. Retailer expects sales for period to rise 25% to \$140 million from \$112.4 million last year.

Price increases next year are virtually inevitable, Pres. William Byron of Sanyo Consumer Electronics Div. indicated last week in commenting on Sony's intention to raise prices 5-12% Jan. 1 (TVD Oct. 28 p10). Said Byron: "There is undoubtedly heavy pressure on pricing created by the recent movement of the dollar vs. the yen. It will be amazing to me if any company can hold its pricing through the first half of 1986. Since Sony's proposed pricing changes won't go into effect until January, it will be very interesting to observe what will actually happen. Changes in pricing can wreak havoc with any product line. Certainly, everyone involved in the industry will have cause for both speculation & concern."

TAPE TAX HEARING: Music industry earnings, and impact of home taping, drew attention of last week's Senate Copyright Subcommittee hearing on bill sponsored by Chmn. Mathias (R-Md.) to levy tax on blank tape and recorders to compensate copyright holders. Taxes would be 1¢ per min. on tape, 5% of factory price on recorders (25% for dual-deck models), exempt voice-only grade tapes and recorders and, if music industry comes up with system, recorders that would refuse to copy encoded discs and tapes. Similar measure is pending in House.

Mathias said music industry is losing about \$1.5 billion in annual sales to home taping, blamed that for 50% drop in current volume of new releases vs. 6 years ago. Bill "takes a balanced approach" to problem, and wouldn't be "precursor of similar legislation on videotaping," he said.

Key question Congress must answer is whether compensation is necessary to encourage continued creation and wide dissemination of creative works, according to new U.S. Register of Copyrights, Ralph Oman. In his first appearance before panel as Register (Oman was Subcommittee chief counsel until recently), he said legislative solution would be only answer if Congress considers compensation appropriate because industry has failed to strike own compromise.

RIAA Pres. Stanley Gortikov said boom in tape sales and sophistication of recorders threatens his industry, and slump is being felt already. Pointing to rising number of dual-deck recorders, he asked whether his industry should let itself be strangled by newer generations of "copyright killer machines." RIAA consultant Alan Greenspan, former chmn. of President's Council of Economic Advisers, said tapers save 75% of record cost by copying instead of buying. He contended roughly half of taping involved rerecording borrowed records and tapes and that 40% of all home copying was in lieu of purchases of prerecorded records or tapes. This sales displacement, he said, depressed record prices by at least 5%, or \$200 million, last year.

Opponents, led by ex-FCC Chmn. Charles Ferris and Carol Foreman of Audio Recording Rights Coalition, and composed mostly of consumer groups, challenged sales depression claims, noted major music companies had improved, even record, sales last year. Memtek Gen. Mgr. Jack Battaglia said home copying is problem only "to a small degree," argued that most tapes sold aren't used for music recording and that tax "would almost double price" of some tapes, creating hardships for businesses and consumers. On technical front, consultant Leonard Feldman questioned practicality of grading tapes by type of application, pointed out that industry is moving toward use of "identical recording systems" for audio, video and computer applications.

Add Creative Computing to still-growing list of home computer magazine casualties. Ziff-Davis say CC will fold after Dec. issue.

3M SHIFTS SALES SIGHTS: Blank videocassette pricing appears to have bottomed out and trick now is to get revenue as well as volume growth, according to Robert Burnett, Scotch consumer tape mktg. dir., who told us 3M is trying to accomplish that by broadening its retail distribution.

Relative handful of major dealers did 63% of industry's business year ago, should do 50% this year, and they "go for gross margin dollars not gross margins." So 3M now is emphasizing sales through supermarkets, photo dealers and other outlets that will push higher priced premium tape grades, Burnett said.

3M estimates industry will sell 182 million videocassettes through dealers this year, up from 122 million in 1984, put 1985 market value at \$1.18 billion, up from \$818 million. Allowing for price decline of only couple of dollars per tape over last several years, "look what we've left on the table," Burnett complained. He said 3M sees market topping \$2 billion annually by 1990, when tape volume will approach 340 million.

Tape industry expansion of last several years has ground to halt, Burnett said. 3M estimates world's manufacturers are operating now at 89-91% of capacity and there's no indication any majors are planning sizable new investment. Burnett said 3M is set to handle expected market growth through 1988, "so we see an opportunity for us."

Scotch is still runaway videocassette retail sales brand leader, according to first-quarter survey by IMR. It gives Scotch 18.1% share, comfortably ahead of 13.9% by 2nd-place Sony. Among other leaders: TDK 11.3%, Memorex 9.8%, Maxell 8.7%, Polaroid 7.1%, Kodak 6.8%, Fuji 5.2%, JVC 4.1%, BASF 4%, RCA 3%.

Meanwhile, 3M has started delivering about 20,000 copies of Freeviews, 64-min. cassette previewing offerings of 2 studios, Paramount and MGM/UA, and 9 independents. For most part, promos highlight secondary titles rather than major movies and programs that are adequately promoted at retail.

Cassette lists for \$10 and 3M expects users to treat it as blank and record over promotions. According to New Business Opportunities Mgr. Robert Kline, 2nd edition is set for Jan.-Feb. release, but plans won't be finalized until results for current one are assessed.

Scripps Howard will enter video business with purchase of Kartes Video Communications, recorded videocassette firm with more than 400 titles, under terms of agreement announced Nov. 1. Terms weren't disclosed.

Strike ended Oct. 29 at Sanyo Mfg. Co. Forrest City, Ark. plant (TVD Oct 21 p13) after 3 weeks, following IUE local's vote on compromise plans on seniority policy and medical insurance. About 1,800 production workers were involved.

GRANADA CHANGES APPROACH: Granada TV Rental is switching from retail store to telemarketing approach for TV and VCR rentals and improving its results. U.K.-based company merged U.S. and part of Canadian operations July 1, began cutting back on retail showrooms from 32 to 22, emphasized marketing by phone, according to Pres. Pierre Delerive. Result has been 30% increase in revenues in recent weeks vs. same period year ago. Delerive told us telephone sales, geared to local 800 numbers, now account for 90% of transactions, up from 65% previously.

Granada strategy now is to limit showrooms to one per city unless there's strong justification otherwise, leading to phaseout of 2 locations in N.Y. and 2 in Philadelphia. Remaining stores exist to present hardware largely to walk-in shoppers, provide space for telemarketing team that fields calls from customers already familiar with VCRs.

Big surprise, since Granada made switch, has been upsurge in TV business, now at steady 50% of total, led by Sony 20" stereo model, "renting like hotcakes." Delerive says he doesn't know why VCR traffic isn't as heavy as expected. TV rentals are less expensive at \$9.95-\$32.95 a month on 12-month lease than VCRs at \$12.95-\$52.95. TV, VCR and stands are available in 3 combinations, most expensive being \$36.95, or \$42.95 a month if customer doesn't have credit card. Combos have moved well, Delerive says.

New approach is working everywhere except Detroit, one of 3 cities (others are Chicago and Seattle) added during corporate reorganization, Delerive told us. Main reason appears to be strength of rent-to-own retailers, taking root in most urban markets except N.Y. Granada expects customer base to increase from 70,000 to 100,000 by end of fiscal year next June 30. As for showroom expansion, it's "not in this budget year."

Only sore point has been effort to rent recorded cassettes. Granada had deal with franchiser Video Connections to cross-promote tapes and VCRs but "after a year of agony" Delerive says he cancelled it. Company found VC management couldn't get local stores to participate at same level everywhere. "The degree of involvement varied enormously. It was very disappointing indeed... [Now] every time we consider [software], I vote against it."

* * * *

Rent-A-Center, only publicly traded rent-to-own chain, now has 188 company-owned stores and 40 franchised outlets, up from 27 stores in July 1980, according to prospectus for sale of \$25 million in convertible debentures. Proceeds are to be used to finance expansion through store openings or acquisitions. Company plans to have 200 stores and 70 franchised outlets by July 1986, prospectus said. Offering proceeds also will be used to reduce debt under RAC's revolving credit agreements. Typical RAC store has average annual volume of \$800,000, has been open 18 months, contains 2,000-3,500 sq. ft.

of space. RAC currently rents TVs made by Emerson, GE, Philco, RCA, Sampo and Zenith. Losses from unreturned merchandise totalled 1.9% of rental income and fees in year ended July 31.

Flood of low-priced mobile cellular phones from Japan has caused severe price depression, and as result Motorola lost "hundreds of millions of dollars," attorney Harvey Applebaum told International Trade Commission at hearing last week. ITC is investigating whether dumped Japanese phones have injured domestic producers. Applebaum said 137,214 cellular units were imported from Japan in 1984, when there were only 77,000 U.S. subscribers. He implied that dumping forced GE out of cellular market, said E.F. Johnson, only other major producer, may soon follow. Differing view came from importer-backed Cellular Telecommunications Industry Assn. (CTIA). Exec. Dir. Robert Maher said U.S. industry "is neither materially injured, nor is it threatened with material injury by reason of imports." He said market is just starting, and price cuts "have benefited the industry, including Motorola, by accelerating demand."

FCC's crackdown on illegal video transmitters -- gadgets designed to distribute VCR signals in homes by wireless (TVD Oct 21 p14) -- will start immediately, with cooperation of agency's field offices, according to John Reed of Office of Science & Technology. "We're asking the field offices to come down hard," Reed told us, adding that there will be no warnings or citations, but "our agents will go directly to dealers and fine them" for violations. He said FCC knows of 7 different brands of such transmitters on market, said importers from Far East are seeking distribution here. As result of notice of crackdown, he said, "one distributor is now trying to call in all accounts due." He called video transmitter "replacement for the CB linear amplifier" as most annoying illegal radiation device. FCC announced consumers using the illegal transmitters are as liable for \$10,000 fine, jail term and equipment seizure as are companies that make and market them.

Undercover Chinese venture has been launched by South Korea's Daewoo, according to report in U.K.'s Financial Times. Venture in Fujian Province, to assemble color TVs and refrigerators from kits supplied by Daewoo, is disguised to conceal Daewoo's involvement because the 2 govts. officially don't recognize each other, and to avoid problems with China's ally N. Korea. Report says record shows \$257,000 venture, named Kingwood, is between Hong Kong company and Chinese interests. Kingwood is 50% owned by Sovereign Industries, U.S. company that operates out of Daewoo's N.Y. office and has Daewoo Chmn. W.C. Kim as board member.

Correcting announcement made by state, Pioneer said plant it's slated to open in Ohio next year will be for car stereo, not home audio systems (TVD Oct 28 p18). Pioneer said it expects start-up production of 10,000 sets monthly.

CD DEMAND—30 MILLION: Demand for digital Compact Discs is holding at about 30 per player in U.S., with base of nearly million players in use. Next year will see sales of over million more players here, more than doubling demand for discs. Estimates are those of Michael Schulhof, pres. of Sony Industries, now also pres. of Digital Audio Disc Corp. (DADC), Terre Haute, just purchased from CBS/Sony by Sony America (TVD Oct 14 p14, Oct 21 p13).

DADC currently is only CD plant in U.S.; CBS/Sony joint venture still owns Japanese CD plant. Among other major plants is Polygram facility in W. Germany, and there are 9 others -- 6 more in Japan (including Denon and JVC), 2 small ones in Europe. Schulhof thinks all of these facilities together won't be able to catch up with demand in foreseeable future.

DADC plans to increase capacity from present 12 million to 25 million annually by 4th quarter 1986. Some of new capacity will be phased in during first quarter next year, Schulhof said. He noted that CD player growth has been faster than that of color TV or VCR, with 750-800,000 to be sold this year, well over million in 1986.

Oct. will be first million-disc month for DADC, Schulhof said. He declined to give yield, but said CBS/Sony plant's yield in Japan was "well over 90%," and at Terre Haute is improving faster than it did in Japan at same stage. DADC has shipped primarily to CBS, with most other record companies going to Japan and Europe for discs.

With sale of company, "other arrangements" are being made with CBS and "we'll start to open up to others," said Schulhof. "CBS will still get a large quantity of discs to satisfy most of their requirements," will continue to be treated as "our largest customer." Once DADC meets its contractual obligations, however, CBS is free to go elsewhere. Most of CBS's international needs will continue to be filled by CBS/Sony in Japan.

"We have been contacted already by almost every record company," Schulhof said: "We have more than enough demand to take care of the output of the factory for the next several years. It looks as if we'll never catch up."

Production of CD-ROM computer discs is in planning stages, he said. "We're optimistic about it, but it requires cooperation between software and hardware interests, takes time to start up." As for video applications of CDs, such as new CV proposals (TVD Aug 5 p13), Schulhof said developments are being watched, but "the next several years is the time to build up market penetration [for CD audio discs], not to develop alternative standards. We don't want to muddy the waters. We don't want to get record companies concerned that now they have to put video on CDs. They're still grappling with music 'ideos."

* * * *

At Philips-Du Pont news conference in N.Y. announcing big optical disc joint venture (see report

elsewhere this issue), there was general agreement there's serious shortage of compact discs. Du Pont Vice Chmn. Edgar Woolard estimated industry could sell 50-100% more discs than are available now, "perhaps 30-40 million."

By year's end, according to North American Philips Vp John Messerschmitt, there will be worldwide manufacturing capacity for 10 million CD players. At end of 1984, said Polygram Senior Dir. Hans Gout, million CD players were in use worldwide, of which 270,000 were in U.S. He forecast 1985 sales of 2.5 million, 1/3 in U.S., with industry sales of more than 50 million discs, 8,000 titles by year's end. Sales have been tripling each year, he said.

Polygram's research indicates average CD player owner buys 25 discs in first year, less than Sony's estimate for U.S. Both figures are surprising in view of fact that average household adds 3-4 LPs per year. In U.S., classical music represents 70% of CD business, in Europe 45%.

Woolard cited RIAA estimates that CDs are expected to capture about 50% of recorded audio entertainment market by 1990, up from 4% today, with records at 20%, cassettes 30% in 5 years.

ITA's annual Update Seminar, Nov. 19 at Sheraton Centre Hotel in N.Y., will feature presentations on aspects of markets for audio, video and magnetic media. Speakers include Robert Burnett, 3M, blank audio and video tape; Nicholas Santrizos, Thorn EMI/HBO Video, recorded videocassettes; Edward Boschetti, RCA Distributor and Special Products Div., VCRs and accessories; David Rubenstein, VCA/Technicolor, video duplication; James Roe, WEA Mfg., audio duplication; Howard Street, Du Pont, base film; Alan Lindquist, Pfizer, oxides and pigments. Attendance is limited to ITA member companies and invited guests. Details: ITA, 10 Columbus Circle, N.Y. 10019.

Recorded music shipments by U.S. manufacturers slipped 4.3% to 299.2 million tapes and discs in first half this year, but value, at suggested retail list, edged up 0.1% to \$1.93 billion, RIAA reports. Cassette was only established medium to show increase, with units up 5.3% to 151.1 million, value up 5.4% to \$1.06 billion, to account for more than half of industry's business. Figures show explosive growth for newest music star, digital CD, with units up 391% to 7.5 million, value up 314% to \$126.6 million. Results for other formats: LP and EP discs, 78.3 million (down 21%) at \$595.2 million (down 19.1%); singles 60.5 million (down 6.7%) at \$139.3 million (down 1.3%); 8-track tapes 1.8 million (down 48.2%) at \$12.7 million (down 32.9%).

Coping with gray market imports is subject of day-long seminar for corporate executives, marketers and attorneys sponsored by N.Y. Chamber of Commerce at Viacom Conference Center in N.Y.C. Nov. 14. Speakers will discuss steps taken to fight problem. Details: C. of C., 212-561-2031.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Activision			
1985-6 mo. to Sept. 28	6,669,000	(2,963,000)	--
1984-6 mo. to Sept. 29	13,770,000	(8,807,000)	--
1985-qtr. to Sept. 28	3,578,000	(727,000)	--
1984-qtr. to Sept. 29	7,555,000	(5,184,000)	--
Dynascan			
1985-9 mo. to Sept. 30	93,422,000	(1,155,000)	--
1984-9 mo. to Sept. 30	95,243,000	(10,588,000)	--
1985-qtr. to Sept. 30	31,687,000	660,000	.15
1984-qtr. to Sept. 30	36,535,000	(245,000)	--
Emerson Radio			
1985-6 mo. to Sept. 30	248,587,000	6,702,000	.42
1984-6 mo. to Sept. 30	159,670,000	6,153,000	.39*
1985-qtr. to Sept. 30	147,707,000	3,735,000	.23
1984-qtr. to Sept. 30	98,220,000	4,105,000	.26*
NEC*			
1985-6 mo. to Sept. 30	4,378,400,000	149,400,000	--
1984-6 mo. to Sept. 30	4,081,700,000	107,200,000	--
Reeves Communications			
1985-qtr. to Sept. 30	11,684,000	446,000	.04
1984-qtr. to Sept. 30	13,824,000	(2,878,000)	--*
TDK*			
1985-9 mo. to Aug. 31	1,323,700,000	99,498,000	.83*
1984-9 mo. to Aug. 31	1,275,384,000	95,705,000	.80*
1985-3 mo. to Aug. 31	429,873,000	29,857,000	.50*
1984-3 mo. to Aug. 31	452,709,000	32,169,000	.53*
Texas Instruments			
1985-9 mo. to Sept. 30	3,715,700,000	(77,600,000)	--*
1984-9 mo. to Sept. 30	4,225,800,000	251,500,000	10.43
1985-qtr. to Sept. 30	1,191,200,000	(82,800,000)	--*
1984-qtr. to Sept. 30	1,422,700,000	85,800,000	3.54
Viacom			
1985-9 mo. to Sept. 30	261,454,000	28,747,000	1.86'
1984-9 mo. to Sept. 30	231,189,000	20,794,000	1.55
1985-qtr. to Sept. 30	88,501,000	13,090,000	.81'
1984-qtr. to Sept. 30	78,482,000	6,808,000	.50

Notes: *Adjusted. *At yen's current rate. **Restated.

*Per ADR. **After special charge. *Includes special credit.

Consumer Electronics Personals

Gary Marenzi resigns as national sales dir., Warner Home Video, to join Samuel Goldwyn Co... **James Fifield**, ex-General Mills group exec. vp, named pres., CBS/Fox Video, succeeding **Lawrence Hilford**; **Pat Swinehart** promoted to administration dir... **Richard Matuszak** appointed mktg. dir. of antecopy system marketer Macrovision; **David Reader** named design engineer.

Ken Kurahashi, pres. of Panasonic Industrial Co., returns to Japan Nov. 21 to post with parent Matsushita's Industrial Sales Div.; Matsushita Electric Corp. of America (MECA) Pres. **Kiyoshi Seki** adds title of PIC pres... **Jack MacSwan**, ex-Arcturus (professional projection TV), named professional products sales mgr., Kloss Video... **Bill Wildman** joins Sony Video Communications as northwest region key accts. mgr.; **Geren Mortensen** named for mid-Atlantic region... **Ray Connelly**,



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ex-Fortel, appointed JVC Pro Video Div. district sales mgr.

Ed Hart, former rep and onetime Phase Linear chmn. and Fedders vp, named exec. dir. of Group IV, new buying group formed by 4 dealers who split from NATM (TVD July 15 p16) Highland Appliances Chmn. **David Mondry** is chmn. Other group members are Circuit City, Silo and Audio-Video Affiliates... **Steve Caldero**, ex-JBL, joins Yamaha as west region home audio sales mgr.; **Phil Grieves** named product mdsg. mgr., new post.

Rebecca Dragiff promoted at RCA/Columbia Pictures Home Video to business development and planning vp; **Fritz Friedman** named sender mktg. mgr., **Dawn Holding** product services mgr., **Robert Knight** music mktg. mgr., **Christine Steinhage** ad mgr.; **Mallory Tarcher** joins as northeast sales mgr... **Tom Mooney**, ex-CBS/Fox Video, named sales and mktg. dir., **Magnum Entertainment**... **Rana Arons**, ex-US magazine, joins Active Home Video as operations vp; **Danielle Charney**, ex-Karl-Lorimar Home Video, appointed program development vp... **Sharon Popp** advanced at Video Assoc. from creative dir. to mktg. vp... **Daryl O'Connor**, ex-CBS/Fox Video, joins Vestron International as Australian sales mgr.

ITT has started production of VCRs in West Germany under VHS license from JVC to its Standard Elektrik Lorenz subsidiary, according to reports in Japan. SEL also plans joint venture with Italian govt.-operated firm to produce VCRs in Italy starting next Jan.

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NOVEMBER 11, 1985

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Broadcast - Cable

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HDTV FUTURE STILL UNCERTAIN: Five countries including U.K. and W. Germany, undecided. U.S. plans stepped up information campaign, sees Soviet Union as key. (P. 5)

INTV DRAWS BIG NAMES TO L.A. for Jan. 4-8 convention. Murdoch, Patrick, McKinney, Joyce speak. Major studies to be unveiled. (P. 5)

VIACOM SEEKS DEAL WITH TBS to own 50% of Home Entertainment Group. Half of S/MC is valued at \$184 million. (P. 6)

CABLE OPERATORS DISAGREE on whether ads will ever be primary means of support. Major change in networks seen in 2-5 years. (P. 7)

TIME, CBS SHIFT ON NEW VENTURES: Gateway Videotext, Extravision have 'disappointing' first years, producing changes. (P. 8)

FCC TO ISSUE NEW MUST-CARRY RULEMAKING: FCC is expected to issue notice of inquiry and proposed rulemaking at Nov. 14 meeting that "could lead to new cable must-carry rules" being put in place without necessity of further comments, according to Commission source. Proposal, sought by broadcasters, will attempt to satisfy court suggestion that agency could adopt new must-carry requirements that wouldn't run afoul of First Amendment -- as U.S. Appeals Court, D.C., ruled that old rules did (TVD July 22 p1). If successful, aide to Rep. Bryant (D-Tex.) told us lawmaker "probably" won't introduce promised must-carry legislation (TVD Oct 28 p2).

Also on FCC agenda this week will be proposed rulemaking to adopt EEO rules for TV and radio stations. They generally will follow EEO rules for cable which Commission adopted in Sept. (TVD Sept 30 p6) to carry out mandate of 1984 Cable Act.

Consumer Electronics

POLAROID DROPS 8mm camcorder after market test in Fla., but says it will continue to sell videocassettes. (P. 10)

PRICE INCREASES planned by Zenith, NAP, Sharp. Others weigh possibilities. Some express hope for end of price declines. (P. 10)

JAPAN'S VCR EXPORTS to U.S. up 40% in Sept. to new monthly record of 1.73 million. Color shipments set year's high. (P. 11)

COLOR INVENTORIES DOWN on record Oct. sales, lower 10-month supply. Over million VCRs sold in month. Another projection record. (P. 12)

JONES INTERCABLE enters retailing. Cable operator to offer subscribers 2 GE VCRs in pre-Christmas promotion. (P. 13)

N.V. PHILIPS EXPANDING color TV production muscle in Singapore in wake of set sale and manufacturing agreement with China. (P. 13)

AUG. COLOR TV IMPORT rise came from chassis & kits, Commerce figures show. Complete sets show decline. (P. 14)

NAPCE DISMISSES ad agency, seeks new one to help upgrade Magnavox image. (P. 14)

Must-carry rulemaking will seek comments on mandatory cable coverage rules sought by INTV and public broadcasters, plus NAB petition for rulemaking that didn't include specific proposed rules. Public stations want mandatory carriage of noncommercial outlets within Grade B contour (TVD Oct 21 p6). INTV asked FCC to adopt rule 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" (TVD Oct 7 p4) -- described by many as within 50 miles of cable headend.

Late last month, NAB and TV Operators Caucus approached NCTA with must-carry proposal (TVD Oct 28 p2) to: (1) Exempt systems with 12 channels or fewer from any must-carry. (2) Require carriage of stations within 50 miles of cable 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 from station for carrying its signal. NCTA board is expected to reject broadcasters' proposal when it meets next week in Phoenix.

Meanwhile, NTIA recommended abolition of compulsory licenses in favor of free market negotiations for cable retransmission of TV programs in report to FCC. Reliance on free market would require less governmental involvement as well as offer "best means" for assuring production of more broadcast programming, may "positively affect" capital costs and incentives of those seeking to enter or expand in program supply field, Executive Branch agency concluded in 37-page report: "A free market ensures that the development of cable, broadcasting, satellite-delivered cable networks, low-power TV and other services is determined by efficiency and marketplace forces, and is not distorted by uneconomic, artificial schemes."

Calling compulsory license a "costly impediment to achieving a freely competitive, more efficient video programming marketplace," NTIA argued that cable TV "has matured and no longer needs the preferential copyright status conferred by the compulsory license. Following repeal of syndicated exclusivity protection, distant signal limits, must-carry rules, exclusive franchise provisions, and basic rate regulation, little remains in the way of significant federal cable regulation. Yet cable, among all competing new video services, continues to enjoy the right to acquire its programming without the consent of the broadcast exhibitor."

Report is intended to accelerate public debate over how best to promote deregulation in cable programming market, said David Markey, departing NTIA dir. (TVD Oct 28 p8). "We hope that our report will lead to deregulatory action eliminating the compulsory license, or substantially moving in that direction." NTIA has supported abolition of compulsory license throughout Reagan Administration, also had called for its elimination in 1981 report.

NCTA Pres. James Mooney accused NTIA of "fundamental misunderstanding of the entire cable copyright system" in wake of agency's report calling for abolition of compulsory licenses in favor of free market negotiations for cable retransmission of TV programs. "Local broadcasters don't own retransmission rights," said Mooney in attacking NTIA's assertion that cable systems could bargain with broadcasters for rights. "If NTIA got what it wants," he said, "the cable operator and local broadcaster would have to go begging to Hollywood for retransmission permission, and the entire TV industry -- broadcast and cable -- would be thrown into a state of chaos." CATA Pres. Stephen Effros said report "indicates a basic misunderstanding of the cable compulsory" issue.

Deletion of FCC's must-carry rules would reduce income and squeeze program budgets for TV stations, NATPE concluded following survey of its members, with results sent to FCC Chmn. Fowler Nov. 5. Survey -- with responses from 519 of 1,200 members polled -- also elicited belief that deletion would harm public and religious broadcasters. Large majority of respondents -- 82% -- also said they saw "linkage" between must-carry and compulsory copyright license issues.

Cable EEO rules require systems with 6 or more employes to hire minorities and women at 50% of parity -- that is, percentage of such groups employed should correspond to at least half the percentage of their availability in area work force. Broadcasters currently operate under FCC guidelines (but no hard-and-fast rules) and stations with 5 or more employes must file annual EEO reports. Stations with more than 50 employes have EEO records reviewed at renewal time. FCC currently handles broadcast EEO on case-by-case basis and some stations have been placed on short-term renewals because of EEO deficiencies.

Among other questions, Commission will seek comments on whether agency should conduct on-site audits of EEO and whether broadcasters should be subject to cable rules. FCC official said agency would have problems with Office of Management & Budget if it has minority employment rules for cable only.

But Rep. Leland (D-Tex.), author of EEO section in Cable Act, objects to applying rules to broadcast industry, says they're substantially watered down from what he had intended in legislation. Leland dislikes kind of investigation process FCC envisions for cablers and fact that companies would get 30-day notice of periodic random audits of employment books. He also is angry that Commission put item on agenda without acknowledging his requests for advance notice and chance to consult with commissioners. He's threatening to ask House Telecom Subcommittee or parent panel to request reconsideration of cable rules, also may seek congressional oversight hearing, aide said.

GROUP W GETS KHJ-TV L.A. FOR \$313 MILLION IN 3-WAY DEAL: KHJ-TV L.A., owned by RKO General and involved in 20-year fight for license renewal, will end up in hands of Group W if 3-way agreement announced Nov. 5 is cleared by FCC. Under agreement, RKO will withdraw its renewal application in favor of competing applicant Fidelity TV Inc., which in turn will sell station to Group W for \$313 million. Of that amount, Fidelity will get \$95 million; RKO will get rest, plus working capital at closing. Two other major transactions -- Rupert Murdoch's purchase of 6 Metromedia TV stations and Capital Cities' acquisition of ABC -- are expected to be approved at Nov. 14 FCC meeting, along with waivers both are requesting. News about Murdoch prompted opponent, Rep. Bryant (D-Tex.), to draft bill mandating FCC hearings on waivers for introduction in House Nov. 12.

RKO also announced that it had hired Kidder, Peabody & Co. to "explore, with carefully selected potential buyers," sale of WOR-TV Secaucus, N.J. It's no secret that Group W would like to be bidder for that station also if Capital Cities is successful in getting waiver to own both Philadelphia and N.Y. TVs. Group W also owns KYW-TV Philadelphia and if it buys WOR-TV, will compare its proposed ownership of independent WOR-TV with fact that ABC and CBS as networks own affiliates in both markets.

RKO parent GenCorp. said it planned "significant stock repurchase program" after 2 TV stations are spun off. RKO will retain WHBQ-TV Memphis and 12 radio stations, which also are involved in protracted renewal proceedings at FCC. GenCorp said "several factors" prompted it to sell 2 TVs: "FCC proceedings... have been costly, have hampered the effective operation of the stations and constitute a risk to the economic value of the stations. After 20 years of contention, the company believes that its own interest and the public interest would best be served by a prompt settlement of the KHJ-TV case and the sale of WOR-TV." WOR-TV (formerly licensed in N.Y.) was renewed only after congressional legislation that guaranteed renewal to any VHF station agreeing to move to N.J.

Douglas Danforth, chmn. of Group W parent Westinghouse Electric, said acquisition of KHJ-TV "is part of a strategy of strengthening our position in selected high-growth businesses where we have demonstrated industry leadership." Company is selling its 140 cable systems with more than 2 million subscribers (3rd largest system owner), said it has "at least 3 serious bidders." Any deal has been held up because of prior negotiations and commitments to sell individual systems and Group W isn't sure just how many systems it has to sell. All 3 serious bidders are combines of other MSOs, which plan to divvy up Group W systems.

Noting that Tribune Co. paid \$510 million for KTLA L.A. last spring in deal recently approved by FCC, Wall St. analyst said it appeared Group W is getting KHJ-TV at very good price. He predicted WOR-TV will go for up to \$400 million. Both KHJ-TV and WOR-TV are lowest-rated VHF independents in their markets.

Fidelity, headed by L.A. lawyer William Simon (who retired in 1964 as chief of FBI field office in L.A.), filed against KHJ-TV's renewal of Ch. 9 in late 1960s, challenging station's programming record, and case has been on FCC docket ever since. Since then, RKO General has been embroiled in many other legal difficulties -- including admitting paying bribes overseas, making illegal political contributions and charging advertisers for commercials not run on its radio network -- causing competing applications to be filed for all its broadcast licenses.

Simon said Fidelity sold to Westinghouse Bctg.'s Group W because "Westinghouse is the most qualified broadcast entity to meet the public interest objectives which have been... the basic and initial reason for Fidelity's desires to operate a television station." He said Group W's "established broadcast record speaks for itself [and] the vast resources of Westinghouse would give Southern California residents the exemplary broadcasting for which Westinghouse is famous." Among Fidelity's 52 shareholders are several minorities, actress Donna Reed, producer Merwyn LeRoy, restaurateur Maude Chasen. Public interest groups said they will oppose Group W buyout on ground that seller RKO General isn't entitled to \$212 million it will receive because of KHJ-TV's renewal status.

Murdoch's acquisition of Metromedia stations and Metromedia Producers was pulled from FCC agenda for Oct. 31 by Chmn. Fowler (TVD Nov 4 p2). Murdoch is seeking -- and is expected to be granted -- 2-year waiver to sell Chicago Sun-Times and N.Y. Post to comply with cross-ownership rules since he's acquiring WFLD-TV Chicago and WNEW-TV N.Y. Capital Cities is asking for permanent waiver of overlap rules to own both WPVI-TV Philadelphia and WABC-TV N.Y., which it's acquiring from ABC.

Murdoch told FCC last week he may sell preferred shares in his News American TV Inc. (NATI) to help finance purchase of Metromedia stations. This would come about, he said, if bondholders of current Metromedia debt of \$1.4 billion don't subscribe to all of 1.25 million nonvoting preferred shares to be offered them to help finance acquisition. NATI also will issue 6 million common shares, all to be owned by Murdoch's Twentieth Holdings Corp. (THC).

While giving very few details, NATI claimed that it's "financially qualified" to handle \$1.55 billion purchase and that it has "reasonable assurance of the availability of the necessary capital." Public interest groups have questioned Murdoch's financial qualifications, asked FCC to hold en banc hearing on issue. Murdoch spokesman said new financial filing wasn't in response to request for hearing by Telecommunications Research & Action Center (TRAC) and other groups. NATI said fuller disclosure can't be made until SEC acts on its prospectus and solicitation statement, which was filed Oct. 23 and hasn't been made public. NATI said it expects to begin solicitation of Metromedia bondholders "within the next 45 to 60 days." Firm said bondholders "will be asked to consent to the removal of certain covenants," didn't explain, and to exchange bonds for cash and/or preferred stock.

Bryant said his bill is prompted by FCC's "apparent disdain" for congressional oversight. It would require Commission to hold hearings on every application, request for license or license transfer that includes cross-ownership waiver request. Bill wouldn't allow Commission to move on such applications until public gets chance to comment. It still was being drafted as we went to press, but aide said bill probably would be similar to mandatory evidentiary hearings measure (S-1312) by Sens. Eagleton (D-Mo.) and Pressler (R-S.D.)(TVD June 10 p4).

Other opponents of Murdoch acquisition have expressed concern about his announced plan to establish TV network through Metromedia TV stations and Metromedia Producers Corp., which THC is acquiring as part of transaction. However, THC told FCC that "plans for this

entertainment program distribution service are currently in the developmental stage; their initial implementation is not expected to begin before the end of 1986... It is not now contemplated that they will increase to such an extent as to reach the Commission's definition of a television network for some time, if at all."

NATI called TRAC request for hearing "wholly unwarranted," said it "represents nothing more than a thinly disguised effort to reargue matters" already presented to Commission. Real reason for hearing request is "TRAC's repeated and baseless attacks on [NATI's] principal, K. Rupert Murdoch," NATI said. "TRAC's persistent unsupported attacks upon the 'character' and 'track record' of [Murdoch] have all been raised and ventilated fully... They need no further forum for the FCC to discharge its duty... It is evident that TRAC's purpose... is simply to create and sustain delay." NATI also urges "that TRAC be admonished for its abusive disregard of the Commission's pleading rules."

HDTV STANDARDS STILL UNCERTAIN: Five or 6 countries are question marks in effort by U.S. and Japanese to gain adoption of high-definition TV (HDTV) standard for studio production by time of plenary sessions in May 1986 meeting of International Radio Consultative Committee (CCIR) in Dubrovnik. That's assessment last week by William Henry, who heads Advanced TV Systems Committee (ATSC), and Robert Hopkins, ATSC exec. dir.

In bid to achieve consensus -- defined as having at most 3 countries opting not to abide by standard -- Henry said stepped-up informational effort is under way to induce countries to accept U.S.-Japanese proposal, called NHK system. Holdouts are Australia, France, Netherlands, U.K., USSR and W. Germany, Henry said. In most recent sessions at study group and interim working levels of CCIR, 4 countries (not including U.K. or USSR) expressed strong reservations to U.S.-Japanese proposal for 1,125-line, 60-Hz field rate (TVD Nov 4 p5) in footnote that was added to recommendation for plenary session. CCIR proposal isn't binding, Henry said, but U.S. would prefer CCIR's dropping footnote.

Divisive issue is field rate. European systems operate on 50-Hz cycle and aren't convinced that 60-Hz rate of NHK system could be converted without signal degradation. NHK supporters include Canada, India, New Zealand, Norway, Sweden. USSR is a key player, partly because of its size -- \$2 billion-a-year operation that broadcasts in 11 time zones and dozens of languages. Soviets took early position urging adoption of 50-Hz standard but didn't push that view at later study group level, producing confusion as to what they will finally do. Henry said he has sense that USSR doesn't have same kinds of concerns with 60-Hz proposal as other countries cited. Whatever the outcome, Henry said, Japanese are expected to begin marketing NHK system after May 1986.

Long Beach, Cal., cable system has been purchased by Simmons Communications from partnership of Knight-Ridder and Times Mirror, terms undisclosed. System, serving 38,800 subscribers in Long Beach and Signal Hill, increases Simmons' total to 90,000.

INTV DRAWS BIG NAMES TO L.A. It appears that Rupert Murdoch will make his first appearance before industry group Jan. 5 at INTV convention in L.A. -- not at April NAB convention in Dallas, as NAB had hoped. NAB had thought it pulled coup when it got acceptance from reclusive Murdoch, who now will keynote INTV convention some 3 months earlier. (Murdoch's acquisition of Metromedia's 6 independent TV stations is expected to be approved by FCC this week -- see story elsewhere in this issue.)

Among other major speakers at Jan. 4-8 INTV convention will be FCC Comr. Patrick, Mass Media Bureau Chief James McKinney and NTIA Acting Dir. Rodney Joyce. Congressional speakers still are being lined up, according to INTV Pres. Preston Padden.

Convention Co-Chmn. Charles Edwards, KTVT Dallas-Ft. Worth, has written members warning that recent "policy developments in Washington threaten our very existence... Now, more than ever before, we contend with potentially ruinous developments." Among issues cited by INTV were must-carry, financial interest, cable copyright, impact of deregulation, "unending controversy" over beer and wine ads, children's programming and advertising and TV networks.

Other highlights of convention will be reports on major studies on barter and future of independent TV stations, latter to be produced by Frazier, Gross, Kadlec. Also, record number of program syndicators will be on hand screening their products. For first time, INTV won't have convention sessions Mon. and Tues. afternoons, so operators can view product.

On social side, Roy Clark will bring his Las Vegas Revue to Century Plaza to entertain, and Warner Bros. will host evening at studios in Burbank.

FCC has allotted new FM channels to 12 cities, deleted 5 and substituted 14, as result of petitions for reconsideration of decision assigning new FMs to 689 markets in Doc. 80-90. New assignments go to Albuquerque, Banner Elk, N.C., Cameron, Mo., Columbus, O., East Prairie, Mo., Graysville, Tenn., Indianapolis, Mt. Vernon, Ky., Omaha, Semora, N.C., Trion, Ga., Tucson.

VIACOM TAKES INTEREST IN MGM: In preliminary prospectus issued last week, Viacom confirmed it's in negotiations with Turner Bestg. System (TBS) to acquire half interest in MGM once TBS becomes studio's owner. Prospectus is for 2.5-million share offering that could raise \$125 million.

Talks with TBS involve "possible acquisition of a 50% interest in one or more of the assets and businesses of MGM, including the motion picture production studio and certain distribution rights," prospectus said. Viacom spokesman confirmed that specifically could include half of Home Entertainment Group and stake in movie distribution company that will be owned jointly by MGM and United Artists, being spun off to Kirk Kerkorian. Viacom reportedly is willing to pay TBS \$300 million.

Viacom is major player in broadcast syndication and cable programming but has only dabbled in home video. Deal obviously would move it into that market full bore, also could provide additional -- and possibly exclusive -- theatrical product for Showtime/Movie Channel (S/MC).

Viacom said it isn't interested in MGM Film Library, MGM Film Processing Lab or any businesses currently owned by TBS. That shoots down speculation Viacom might buy into CNN, share of which TBS has put on block. Not mentioned at all is future investment Viacom might make in MGM film production. Viacom spokesman had no comment on possible involvement on film side.

But TBS already has said that it won't be able to service debt from MGM acquisition without asset sales or refinancing and that it will need to rely on outside sources to fund film production. That announcement took on new significance last week when Long Island newspaper Newsday reported that NBC had arranged to buy 50% of TBS's CNN. Newspaper said NBC will pay \$200-\$250 million "for what is said to be an ironclad agreement for NBC News to have full editorial management control of the cable network." TBS denied report and NBC News Pres. Lawrence Grossman said "if that's true, it's news to me. There's nothing that's been signed, sealed, delivered or settled." TBS Chmn. Ted Turner declined comment.

Viacom also is involved with bid for Group W Cable systems. Prospectus notes company has enough money to buy either cable systems or stake in MGM -- but not both; that would require "substantial new financing." Funds from stock sale will go to reduce borrowings from \$1 billion line of credit Viacom will use for previously announced acquisition from Warner Communications of all of MTV Networks and half of S/MC it doesn't own.

Prospectus says Viacom is paying Warner \$184 million for half of S/MC and \$326 million for 66% of MTV Networks. Purchase of MTV Networks will be paid in short-term note. Viacom plans to close acquisition with Warner on Nov. 12, then buy MTV

Networks' publicly held shares by year end. Filing says S/MC has had 1% decline in subscribers to 8.4 million in nine months to Sept. 30.

Rehearing of case involving FCC's preferential award of TV-radio licenses to women applicants following comparative hearings (TVD Aug 26 p1) has been granted by full U.S. Appeals Court, D.C. Rehearing date hasn't been set, is expected to be announced shortly. Case involves 1984 license award to woman applicant, Dale Bell, over male competitor, James Steele (who appealed), for FM station on St. Simon's Island, Ga.. Three-judge Appeals Court panel ruled FCC was exceeding authority by giving preferential consideration to women applicants. FCC didn't appeal panel's ruling, but agency attorney Grey Pash, who argued case, said he would be "surprised if the Commission didn't defend its order" at en banc rehearing. AWRT and NOW's Legal Defense and Education Fund, in friend-of-court brief supporting rehearing, argued that Court decision, if affirmed, "will have a major, if not decisional, effect on most pending and future comparative broadcast proceedings" and will "limit severely the ability of the Commission to delineate and interpret criteria that in its expert judgment reflect the public interest."

NAB has called temporary truce with NRBA, agreed to cosponsor 3rd joint radio programming conference next year, Sept. 10-13, in New Orleans. Decision followed meeting of Executive Committees of 2 associations in Chicago, with joint statement saying they "have agreed to discuss and to seek areas of common interest which they can jointly pursue for the betterment of the radio industry." NAB threatened to pull out after last Sept. conference, also in New Orleans, when NRBA Pres. Bernard Mann attacked ad agencies as "snake-oil salesmen." Mann has since apologized and attempted to clarify what he meant.

Recent cable sales, terms not disclosed: Two Ky. systems were sold to partnership of Paradigm Communications and First Rock Financial Corp. by Cumberland Valley Cable TV. Systems, in Scott and Fentress Counties, serve 3,200 subscribers... Coast to Coast CATV, serving 1,100 in Marion County, Fla., area, has been sold to Cablevision Industries, Liberty, N.Y... Subsidiary of Tele-Media Corp. has bought Cablevision of Alabama serving 2,440 subscribers in 5 jurisdictions... Twin Cities Cable TV of Missouri has been sold to Cable World Inc., Junction City, Kan. System serves 550 Lutesville-area subscribers.

Former NCTA Pres. Thomas Wheeler, who formed U.S. branch of ill-fated NABU Network, has reemerged as a cofounder of Numedia, international brokerage and marketing firm for new technologies. Other cofounder is Arthur Esch, transaction software processing expert. Pair and 5 partners have offices in The Bayhouse, Leonardtown, Md. 20650, 301-475-3044, and European affiliate New Media Research Institute in Zurich. Charter clients include British Telecom, company said.

ADS ON CABLE DEBATED: Spirited debate on whether advertising ever will support cable, and warnings that TV networks must change or die, highlighted "2nd Age of TV" seminar, sponsored jointly by Columbia College and Channels magazine in Chicago last week.

"When cable penetration exceeds 2/3 of U.S. households, it will have attained economies of scale, and will be supported 2/3 by advertising and 1/3 by subscribers' fees," predicted John Sie, of largest MSO TCI. Idea that ads can support cable is "something that flew out of the trees," retorted Cablevision Systems Vp Reese Schonfeld. Networks are having trouble selling time, he said, and N.Y. stations are charging only 50¢ per 1,000 viewers in early-morning hours. "The dream that advertising is going to support cable programming has yet to be proven," said Schonfeld, who was first CNN pres.

Cable is in serious need of improvement, Sie indicated in answer to question about dissolution of Council for Cable Information (TVD Oct 28 p5). "Nothing is worse than advertising a bad product. We have to improve our reliability and service before we have a Madison Avenue campaign. Word of mouth is the most important advertising."

Several speakers agreed networks are in trouble, disagreeing only on length of time before they'll be obliged to change. "In homes where CNN Headline News is available, the 3 networks are now getting less than 50% share" of news viewers, said Schonfeld: "Five years from now, the networks will be completely changed. It's absurd to have the 3 networks doing the same thing... They will have to economize as ad revenues either drop or fail to grow."

"If the networks don't wake up, they're going to be left behind," said Stanley Hubbard, chmn.-pres. of KSTP-TV St. Paul-Minneapolis, who described use of satellites for cooperative multistation newsgathering. "The Ku-band satellite will change the world of TV," he said, permitting impromptu "networks" of independent stations to provide better news coverage and outbid organized networks. He said networks must cut costs and eventually "walk away from news, becoming nothing more than program distributors and station owners. In 2 years from today, you'll see a big change."

First MMDS system is ready to open in San Francisco, said Microband Pres. Mark Foster. He said appeal of MMDS is largely in large cities where cable is impractical or too expensive. Microband's system uses same set-top converter to let subscriber see all local VHF and UHF channels directly off air, plus as many as 33 MDS channels with digital stereo audio. He said capital cost of cable in big city traditionally is \$1,200-\$1,400 per subscriber vs. \$300 for MDS. Cost to subscribers will be about 20% less than cable.

CBS said it has received \$200 million European credit line through note issuance facility arranged by Barclays Merchant Bank Ltd. for 5 years.

Two stockholder groups -- both composed of descendants of founding Scripps family -- have filed suits in U.S. Dist. Court, Chicago, against pending sale of Evening News Assn. to Gannett Inc. for \$717 million -- \$1,583 per share. Members of both groups had sold their shares back to company last Dec. for \$250 each. In one suit, plaintiffs John Scripps, Douglas Booth and Stephen Booth claim ENA violated securities laws by misleading them about value of stock. Difference between what ENA paid for their shares and what Gannett is paying is \$42 million, they said. Reuben Waterman, Detroit lawyer representing plaintiffs, has asked court to designate case as class action suit to represent up to 50 present and former ENA stockholders. Court hasn't acted and ENA has asked for extension of time to respond. In 2nd suit, Barbara Craig and Sally Fitzgerald -- daughters of Warren Booth, ENA chmn. 1963-69 -- and relative of ENA founder James Scripps -- claim ENA cheated them when they sold their stock back to company. Craig and Fitzgerald said they received \$1.49 million -- \$7.97 million less than they would have got under Gannett offer. Suit alleges that ENA misled them by withholding information on profitability of its broadcast division. Another suit, by Peter Kizer, former head of ENA Best. Div. who was fired because he had talked to L.P. Media Inc. before that group made \$453 million offer for ENA, is in discovery stage. Kizer charged that Clark kept stockholders in dark about Detroit News losses, covered those deficits with profits from broadcast side.

For umpteenth time, FCC announced Nov. 6 that it's "not considering, nor has it ever considered, a petition by Madalyn Murray O'Hair or anyone else to ban religious programming on radio or television." FCC said that it issued statement because of "revival of rumors" about possible ban of religious broadcasting and that it had received more than 16 million pieces of mail on subject since 1975, when agency refused request to put "freeze" on acceptance of applications for religious TV-FM stations. "Despite all efforts to advise the public... the rumors still persist," FCC said. "The FCC is not empowered by any statute to prohibit radio and television stations from presenting religious programming."

Satellite TV Industry Assn. (SPACE) is building campaign war chest to carry anticrscrambling message to Congress and elsewhere, adopted plan at Oct. 31 board meeting to assess manufacturer members voluntary "contributions" for each TVRO component shipped, up to \$5 for complete system. Requested contributions: \$2 per antenna or receiver, \$1 per motor drive, 50¢ per LNA or feedhorn, and \$5 per complete system. Money will go into Space Fund that can be used for legislation, litigation, consumer awareness campaigns. Separate Viewer Rights Fund will be built with contributions from publishers of 6 program guides at 50¢ per subscriber.

Winegard has introduced TVRO system for under \$1,000. Company said 6-ft. dish and electronics can be carried home by consumer in 3 cartons, set up in under an hour with 2 wrenches. Winegard also introduced its first 2 block converters.

TIME, CBS SHIFT ON NEW VENTURES: CBS and Times Mirror have been forced by disappointing starts to shift way they operate new ventures in teletext and videotex, respectively. CBS is looking to make money from vertical blanking interval (VBI) with business use that would allow network to remain in current sluggish consumer teletext. It's testing financial data delivery via excess bandwidth in its Extravision teletext service, according to Albert Crane, CBS/Bcast. Group vp-cable and information enterprises. TM is trying to broaden its consumer audience by changing way service is charged. Both companies announced changes at last week's Information Industry Assn. convention in Washington.

CBS conceded that there's better chance of making money with business use but will retain consumer-oriented aspect of Extravision; so far, only 3 affiliates have agreed to provide local consumer-oriented teletext inserts in national Extravision. Financial service is being tested with "major" undisclosed financial services firm, according to CBS Extravision Managing Dir. Lynne Williams. She said delivery service would be rival to International MarketNet, IBM-Merrill Lynch venture using PBS VBI. If CBS agrees to deal, affiliate agreements will have to be amended to include added revenues. CBS also is: (1) Seeking special user groups for teletext service that would include headlines from our sister publication, Communications Daily. (2) Ready to issue request for proposals for broadcast teletext modem.

TM Gateway Videotex Service has attracted fewer than 2,000 paying subscribers in Orange County, Cal., including 500 who signed up in early Nov. after TM made service available to owners of in-home personal computers and changed rate structure from flat \$29.95 per month to \$3 per hour, James Holly, pres. of TM Videotex Service, said. TM will review changes in 6-months. Chief among problems has been high cost of marketing service because, Holly said, concept of videotex can't be conveyed by print media.

Gateway follows Knight-Ridder and Keyfax in changing operating procedures for consumer videotex services; Keyfax has given up on consumers while Viewtron is expanding its reach to personal computers nationally, opening branch in St. Paul-Minneapolis. Holly wasn't alone in offering sobering view on videotex. Haines Gaffner, pres. of consulting firm Link Resources, said for 3rd year in row Link has revised downward its 5-year prediction for number of in-home computers capable of color graphics. Prediction for 1988 was 2 million computers, dropped for 1989 to 200,000, will be revised lower for 1990.

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NAB Research & Planning Dept. has helped establish clearinghouse to share ideas and promote value of TV and radio station-based research. Depending on interest, special session to discuss role of research directors at stations may be held at April NAB convention in Dallas.

Appearance by Sen. Stevens (R-Alaska) in TV ad for Honeywell word processors has produced controversy in Congress over his ethics. Stevens sits on Communications Subcommittee and other panels that oversee spending for kinds of federal contracts Honeywell typically seeks. Common Cause Pres. Fred Wertheimer called Stevens' appearance in ad improper, said he will ask Senate Ethics Committee to investigate. Stevens denied impropriety, pointing out that he doesn't endorse Honeywell equipment in commercial. Stevens doesn't speak in ad, is shown conferring with aides, meeting with constituents and looking over shoulder of staffer using Honeywell word processor. His aides deny senator was picked because of his power to influence defense and space agency spending. Company said he was sought for ad to dramatize effectiveness of device by emphasizing distance between his Washington and home offices in Alaska. Stevens is donating his \$4,000 earnings from ad to Anchorage charity set up in memory of his first wife, according to spokesman for Quinn and Johnson/BBDO, Boston ad agency that produced 30-sec. spot.

"There never has been a time when more people were more interested in CBS, on the air and off. That's the main reason so much is being written about us," CBS Bcast. Group Pres. Gene Jankowski said in quarterly letter to employees. "You will continue to read about CBS because CBS is good copy," he wrote. "It always has been... You are likely to come across rumor, invention, partial facts and pure speculation about us in the outside world for some time to come. When you do, I hope you will feel free to ask your supervisors about them. The best response to them is facts."

Test radio broadcasts of Senate proceedings can be expected to start in 1986, Majority Leader Dole (R-Kan.) said last week. But he was less optimistic about future of proposals to televise Senate floor proceedings, suggesting that might not begin until 1987 at earliest -- and not at all if appropriate debate rules changes aren't made in concert with switch to TV broadcasts. Dole made clear he wants Senate to consider introducing TV permanently as part of general rules reform package, indicated he wasn't prepared to bring matter to floor until next year.

KMSS-TV (Ch. 33) Shreveport and KRRT (Ch. 35) Kerrville, Tex., have gone on air, raising operating U.S. TV stations to 1,231 -- 915 commercial, 316 noncommercial. Washington attorney Martin Firestone is pres. and 37% owner of KMSS, Vp George Mitchell and John Fergie each own 25%, Elliot Cole 12.5%; Paul Bankston is gen. mgr. KRRT (in San Antonio ADI) went on air Nov. 11, is owned by Raul Tapia 30%, Richard Bela and Roland Tapia 24.5% each, and Lawrence Behr 21%; Rick Lowe is station mgr.

Programmers from Canada, France, Italy Japan and U.K. have joined exhibitor hall line-up -- raising total to record 209 -- for Jan. 17-21 NATPE programming conference in New Orleans Superdome.

Personals

NAB Pres. **Edward Fritts** received President's Award Nov. 8 from National Federation of Parents for Drug-Free Youth for efforts against drug abuse... RKO Radio Pres. **Jerry Lyman** and Taft Exec. Vp **Carl Wagner** elected to NAB radio board to represent group owners in major markets.

Gene Mater, CBS veteran who has held several executive positions in Bctg. Group, has opted for early retirement, said "it's perfect time to make my last career move;" some 2,000 CBS employees are eligible for such retirement, must decide by Nov. 11... **Steven Scott** promoted to vp-trade service development mgr., Nielsen Mktg. Research Group USA... **Lee Salas** advanced to administrative services mgr., Group W Productions.

Richard Goldstein promoted to mktg. vp, CBS Sports, new post... **James Ewalt**, NCTA state govt. relations dir., resigns to become exec. vp, CATA... Elected RAB dirs.: **Martin Beck**, Beck-Ross Communications; **Herb McCord**, First Media; **Allen Shaw**, Beasley Bctg. Group; **Nicholas Verbitsky**, United Stations; **Susie Johnson** promoted to RAB vp-comptroller, **Charles Shepard** to vp-production dir.

Ken Page, Lorimar Worldwide Distribution pres., resigns at year's end following management reorganization in Lorimar-Telepictures merger; **Michael Solomon**, Telepictures chmn.-CEO, will head international distribution operations in N.Y.; **Dick Robertson**, Telepictures exec. vp, will head U.S. distribution in L.A.; **Bob Giovannettone** promoted to senior vp-corporate financial planning; **Mike Meltzer** advanced to senior vp-group controller; **Laura Valan**, ex-Peat, Marwick, appointed vp, corporate controller.

Paulette Morrison advanced to research operations mgr., MCA TV, new post... **Joseph Charles**, ex-TeleRep, named Midatlantic Div. sales mgr., Multimedia Entertainment; **Ami Witt**, ex-WW Entertainment, appointed Midwest Div. sales mgr... **Ed Weinberger**, ex-Paramount TV, named pres., Carson Productions... **Robert Annunziata** promoted to pres.-COO, Teleport Communications, succeeding **Gerald Ely**, advanced to chmn.-CEO, who also continues as chmn. of Merrill Lynch Telecommunications Inc... **Brian Lorenz**, ex-Gardner Adv., named ad dir., Satellite Technology Services... **George Schillinger** promoted to sales vp-network products and services, Anixter Bros.

Charles Horner, deputy asst. secy. of State for science and technology, appointed assoc. dir., USIA, succeeding **Charles Courtney**, now public affairs officer at U.S. Embassy in Paris... **Chris Taylor** advanced to affiliate relations vp, Financial News Network; **James Boyle**, ex-Cabletelevision Ad Bureau, appointed mgr., research and sales development... **Dennis Taylor** advanced to Cleveland sales mgr., Katz Independent TV; **Chuck Verrell**, ex-WXNE Boston, appointed Boston sales mgr... **Gregory Miller**, advanced from Taft Bestg.-owned



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WTAF-TV Philadelphia, to vp-TV and cable programming, succeeding **Lucie Salhany**, now pres., Paramount Domestic TV and Video Programming... **Eric Neuman**, ex-Buford TV, and **Bradford Bulkley**, InterFirst Bank Dallas, form Communications Partners Ltd. to assist established operators in buying and financing radio, TV and cable TV properties.

Susan Irwin, ex-Private Satellite Network, forms satellite consulting firm Irwin Communications, 2000 L St. NW, Suite 701, Washington 20036, 202-223-1016... **Joseph Boyle**, ex-Multichannel News, named communications vp, SPACE... Correction: **John Woodbury** has resigned as NCTA research vp to join FTC, not Wendell Bailey, NCTA vp-science and technology (TVD Nov 4 p5).

Robert Davis, MCA TV vp-research and sales development, retires at end of year... **Paul Krumins**, ex-Random House, appointed business affairs mgr., LBS Communications... **Robert Goldfarb**, ex-Ogilvy & Mather, named vp, original programming, planning and development, HBO; **Perry Schneider** advanced to vp, programming finance.

Phyllis Tritsch, AWRT exec. vp, retires... **Peter Tinkham**, ex-Showtime/Movie Channel, named sales and mktg. dir., Centel Cable TV of Ky... **Edgar Hirst** promoted to vp-west coast tape productions, ABC Entertainment... **Alejandro Avendano**, ex-SIN, appointed exec. asst. to pres.-gen. mgr., WNJU-TV N.Y.-Newark and NetSpan.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Oct. and 1985's first 10 months:

	OCT. 19-25	1984 WEEK	% CHANGE	OCT. 12-18	10 MONTHS 1985	10 MONTHS 1984	% CHANGE
TOTAL TV.....	553,543	617,224	-10.3	493,360	16,178,656	16,698,816	-3.1
TOTAL COLOR...	464,260*	433,003	+7.2	378,212*	13,390,919*	12,861,641	+4.1
DIRECT-VIEW..	455,560*	427,969	+6.4	372,004*	13,202,647*	12,715,074	+3.8
PROJECTION..	8,700**	5,034	+72.8	6,208*	188,272*	146,567	+28.5
MONOCHROME....	89,283	184,221	-51.5	115,148	2,787,737	3,837,175	-27.3
TV EXCL. PROJEC.	544,843	612,190	-11.0	487,152	15,990,384	16,552,249	-3.4
HOME VCR#.....	301,183*	230,259	+30.8	248,138*	8,558,981##	5,517,655	+55.1
COLOR CAMERAS#..	6,387	14,398*	-55.6	5,446	332,435	373,335*	-11.0

Color TV (direct-view) 5-week moving average: 1985--412,098**; 1984--378,851 (up 8.8%).

Home VCR 5-week moving average: 1985--278,573**; 1984--202,919 (up 37.3%).

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

Exceeds full-year record.

POLAROID DROPS 8mm CAMCORDER AFTER TEST: Polaroid learned something in just-completed market test of its 8mm Video camcorder in Tampa-St. Petersburg and Sarasota areas, and what it learned convinced it to cancel plans for nationwide marketing. Based on results, company spokesman told us, "we will not pursue expansion nationally with that model." At present, he said, company has no plans to market any camcorder, but this could change. Polaroid will continue to sell videocassettes, including 8mm, he said.

Camcorder test-marketed by Polaroid was built by Toshiba and, until introduction of Sony Handycam, was lightest on market, weighing less than 4 lb. It had CCD image sensor, through-lens optical viewfinder, came with separate playback adaptor (TVD May 21/84 p10). Polaroid first planned nationwide marketing in 1984, then switched to test market program in spring 1985 at suggested list of \$1,650, with goal of going nationwide in 2nd half of this year. At that time, it was emphasized that test would be of marketing approach, not of product itself.

"We learned a lot" in test, Polaroid spokesman said. Asked if door was still open, he replied: "At Polaroid, we never close the door."

ZENITH, NAP, OTHERS TALK PRICE INCREASE: Sony's announcement of 5-15% price increases across-board Jan. 1 as result of changing dollar-yen relationship (TVD Oct 28 p10, Nov 4 p12) has been followed by statements by other manufacturers -- some specific, some vague -- about necessity for upcoming boosts. While some public statements have been bold, there's undercurrent of feeling that best that can be hoped for is staunching of price declines.

Zenith will announce "selective color TV price increases" at Nov. 20 distributor meeting, followed by "general price increases on its VCR product line as well as color TV" in new line next May, Zenith Sales Co. Pres. Gerald McCarthy said in statement last week. After Nov. 20 hikes, he added, "Zenith will evaluate the potential for additional price increases after reviewing competitive conditions" following Jan. CES. "The need for industry price increases has been reinforced by announcements of unsatisfactory financial performance from many of the leading companies in the consumer electronics industry."

North American Philips will raise prices Jan. 1, NAP Consumer Electronics Pres. Donald Johnstone said last week. He pointed out to us that everybody is "reassessing," noting that annual 6-7% deterioration in color TV prices can't continue. "What Sony is saying is that they're not going to chase that volume-price situation. The yen went up about 15%, and this calls for reevaluation of VCR prices. We're looking to a total 25% deterioration [in VCR prices] this year, but anything further [in way of price cuts] won't happen. Anyone who's not reviewing the overall profitability situation is not doing his job."

To be realistic, Johnstone said, "nobody thinks 1986 will be much better than 1985, but we hope to see some stiffening. In dollars, we're not looking for more than this year. But even the retailers are pushing for increases, because they're losing money on their margin -- no one's keeping up. I really think what's happening now is going to change the curve of price deterioration, and may even halt it temporarily in the first half. But the real problem is overcapacity."

"If the situation continues, there must be some kind of increases after the first of the year," said spokesman for Matsushita Electric Corp. of America. "How much and what product lines depend on the how much of the increase can be absorbed by improving production, and so forth."

"We've got to have some level of relief," said William Smith, GE TV consumer electronics products gen. mgr. "Just look at the [financial] reports -- everybody has profit problems. Although it's not our policy to announce price changes in advance, the need is apparent -- particularly [at GE] where we have a difficult transition in prospect." Smith conceded, however, that "there clearly is nervousness on the part of all factors of the industry" about prospects for price increases.

"Perhaps we're beginning to see the demise of the endless price drop," ventured Mitsubishi Exec. Vp Steve Saake. "I think if nothing else comes out [of Sony move] except stabilization, we'd be delighted. Frankly, I admire Sony and applaud the move. I don't think the rest of the industry is aware how much profits are under assault at the manufacturer level. For the moment, we are just watching to see what others will do, but we have put aside some planned reductions... Even the [super] retailers who have driven prices are now finding their numbers a lot tougher at \$299 than at \$378. Overall, the best hope is to arrest the downward cycle."

Sharp, which 2 weeks ago told us "we will probably have to do something," now predicts all Japanese manufacturers will raise prices and "we will be no exception," but Chmn. Kazuo Kubo is quoted in Wall St. Journal as saying size of increases hasn't been determined yet. In previous issues, we have reported Hitachi, Quasar, RCA, Toshiba and Sanyo all studying price moves to varying degrees.

JAPAN VCR EXPORT RECORD SET IN SEPT.: Any VCR inventory respite here caused by slowdown of Japan's export growth in Aug. (TVD Oct 7 p11) was more than offset by record Sept. shipments. Finance Ministry figures also show shipments of both complete and incomplete color TVs hit monthly highs for year, while b&w exports were at 8-year peak.

Sept. VCR exports of 1.73 million were up 39.7% from same month last year, and well over previous record of 1.59 million hit last July. Japanese also set new quarterly record by shipping 4.52 million in July-Sept. quarter, up 31.9% from same 1984 period. In 1985's first 9 months, exports stood at 11.7 million, up 46.4% and less than 200,000 short of total for all of 1984.

Figures show value of Japan's 9-month VCR exports -- at predevaluation exchange rate of 237 yen to dollar -- was \$3.1 billion, up 28.4%. That would indicate average value of VCR exported in that period was \$263.95, down from \$301.01 in same months last year -- dollar amounts would be about 15% higher at current 205 exchange rate. Average value of VCR exported in 3rd quarter was just \$250.05, down from \$263.19 average for shipments in

April-June this year. VCR exports to Canada continued to decline, falling 8.9% in Sept. to 125,700, for 9-month total of 888,800, down 5.1%.

In TV, total exports jumped 55.8% in Sept. to 359,700, biggest monthly total since 411,100 of Sept. 1978, as color edged up 9.7% to 228,100, while b&w leaped nearly sixfold to 131,600. That put 9-month TV total at 2.02 million, up 2.5%, with color up 0.9% to 1.52 million, b&w up 7.6% to 498,500.

All color gain came in complete set shipments, were up 31.6% to 171,300 for month, up 24.8% to 1.16 million for full period. Chassis and kit exports dropped 26.9% in Sept. to 56,900, were down 37.2% for 9 months to 363,300.

Value of Japan's 9-month TV exports to U.S. rose 13.1% to \$394.1 million, on strength of 32.8% rise to \$30.2 million for complete color TVs. Value of incomplete color dropped 30.5% to \$54.4 million, while b&w value was off 11.9% to \$37.6 million. Rise in indicated average color pricing contributed to improvement. Average per-unit value for complete color for 9 months was \$261.51, up from \$245.68, while average for incompletes rose to \$149.66 from \$135.19. But b&w average dropped to \$75.42 from \$92.12.

COLOR INVENTORIES DOWN ON RECORD SALES: Color TV and VCR sales to dealers pushed out to new records for Oct. -- but from standpoint of industry trying to get price increases, even better news may be in inventory figures. Color TV pipeline inventories (factory plus distributor) at end of month showed first year-to-year decline in 21 months, to nearly 11% below figure of year earlier. VCR inventories were up less than 100% from year ago for first time in 1985.

A few more records were shattered in Oct. For direct-view and projection color TV and VCR, it was best 4-week month in history. VCR sales in Oct. went over million mark for first time in any 4-week month, only 3rd month ever. Final week of month was best in history for projection TV sales (8,700), up 72.8% from same week last year, and was 2nd best VCR week ever, and 2nd time weekly sales have exceeded 300,000. Five-week moving averages for both VCR and color pushed to new highs, color exceeding 400,000 for first time in history.

Oct. color sales were at seasonally adjusted rate of nearly 16.9 million, and for first 10 months cumulative sales ran at better than 16.5 million rate -- latter figure being highest of year to date. In Oct., VCR sales were at annualized rate of less than 10.6 million, but 10-month rate worked out to just under 11.7 million. Color sales still seem headed for 17 million, VCR 11.6 million or so, as we forecast a month ago (TVD Oct 14 p9). Our annual rates are computed on 52-week basis -- EIA's 1985 statistical year has 53 weeks, providing something of safety net under our predictions.

Color camera sales continued to deteriorate, down from year earlier for 4th consecutive month and running 11% behind in 1985's first 10 months. But year-to-date deficit is less than 40,000 units, presumably more than overcome by increase in sales of camcorders (included in EIA data with recorders, not cameras, and not broken out). Monochrome TV sales have all but collapsed, showing 21st consecutive monthly decline in Oct.

Color TV pipeline inventories -- direct-view plus projection -- dipped 10.8% to 3,338,000 at end of Oct. from 3,769,400 one year earlier, while factory inventories were down 8.6% to 2,048,700 and distributor stocks dropped 12.3% to 1,339,300. From end of Sept. to end of Oct., declines were 6.3%, 9.4% and 1.3%, respectively.

Declines presumably reflect drop in total supply -- production and imports -- as well as increase in sales. In 10-month period, total supply of direct-view color sets came to 13,579,300, down from 14,282,100 in same 1984 period. Pipeline inventories of direct-view color sets alone during period dropped to about 3,325,500 from 3,721,400, now constitute about 8 weeks' supply at current sales pace.

VCRs in pipelines at end of Oct. were up 79% from year earlier to 2,023,700. At factory, increase was 119.1% to 1,311,100, while distributors' inventories were up only 33.4% to 712,600. Unlike Sept., when inventories showed unusual decline during month, they were up in Oct., rising 4.1% from end of Sept. at pipeline level, 6.1% at factory and 0.7% at distributor. VCR pipeline inventories at end of Oct. represented about 7 weeks' supply.

Here are EIA's data on consumer video sales to dealers for Oct.:

Product	OCT. 1985	OCT. 1984	% change	OCT. 1983
Total TV.....	1,916,708	1,888,478	+ 1.5	1,949,869
Total color...	1,585,836*	1,391,251	+14.0	1,419,683
Direct-view.	1,559,472*	1,371,366	+13.7	1,402,951
Projection..	26,364*	19,885	+32.6	16,732
Monochrome....	330,872	497,227	-33.5	530,186
TV excl. projec.	1,890,344	1,868,593	+ 1.2	1,933,137
Home VCR.....	1,041,929*	720,183	+44.7	398,483
Color cameras...	25,274	40,793*	-38.0	39,778

* Record for any Oct.

CABLE FIRM INTO RETAILING: Multiple cable system operator Jones Intercable is moving into straight retailing through newly formed Electronic Pipeline marketing program. Last summer, JI offered subscribers in 4 test markets VCRs at discount, but only when bundled with package of premium services (TVD June 17 p15). In pre-Christmas promotion, JI will offer VCRs alone on no-money-down basis, first payments not due until Feb.

To be sold are pair of cable-ready GE remote models, 2-head (\$430 list) at \$369, 4-head (\$555 list) at \$430, after factory rebates of \$20 and \$30, respectively. Offer will be made in 20 JI system areas in Cal., Colo., Fla., N.C., Okla., Tex., Utah and Wis., containing 329,200 subscriber homes. If JI achieves same 0.5% acceptance rate it had in tests, it will move some 16,500 VCRs. Company plans to expand program to include other items that complement CATV, wants "subscribers to think of JI as an expert consultant on video electronics," according to Mktg. Vp Scott Campbell.

But JI may have fight on its hands. Its test offer was subject of suit threat by village of Grafton, Wis., where officials contended that even though offer involved only VCRs, it violated franchise terms banning sale of TVs by local cable system. Matter was dropped after test expired and sales stopped. News of JI's planned resumption of VCR sales came as surprise to local official we spoke with. He said village was under impression JI had abandoned sales program, hadn't been told of revival at recent meeting with local system operator. Feeling there, he said, still is that cable system shouldn't be allowed to compete with local merchants.

Some 65 million TV homes, or around 75% of viewers in continental U.S., are within areas covered by the 189 stations known to be equipped to broadcast stereo TV (TVD Nov 4 p10).

PHILIPS FAR EAST BUILDUP: Philips is investing \$40 million to strengthen automation at color TV plant in Singapore, in part to help it fill recently signed \$70 million contract to supply China with 300,000 sets over next 2 years.

Plant currently produces about 1.2 million color TVs for export annually, approximately half shipped in kit form. Employment there was recently hiked by 350 to 1,450. Agreement comes at time when China is cutting back on consumer electronics purchases from Japan to conserve foreign exchange.

Set purchase contract is understood to be part of larger deal calling for Philips, through its Singapore operation, to be partner in color TV manufacturing venture. Singapore plant will supply parts and knowhow for venture, which will have capacity for up to 600,000 sets annually when it starts operating in 1987.

Philips has become major challenger to Japan's effort to become dominant factor in development of China's consumer electronics industry. Over last 2 years, Philips has contracted for plant sale and production ventures in color TV, color tubes, videodisc players and home and portable audio, as well as telecommunications equipment, fiber optics and appliances.

U.K. electric car venture launched by inventor Clive Sinclair is being liquidated. TPD Ltd. has run up operating loss of about \$12 million, has \$1.1 million in unsecured debt, owes Sinclair about \$10 million. Production of cars, being handled on contract basis by Hoover, was halted in Aug. because of low sales. When \$565 car was introduced last Jan., Sinclair predicted 1985 sales of 100,000, but only 4,500 were sold and equal number are in factory inventory. Sinclair Research, which produces computers and small-screen b&w TVs, is totally separate company, isn't affected by TPD problems.

AUG. TV IMPORTS: Modest rise in total Aug. color TV imports was attributable entirely to gain in chassis and kit shipments, as imports of complete color TVs declined as result of significant drop in shipments from Korea and Taiwan, according to Commerce figures (TVD Oct 21 p12).

Color imports from Japan registered rise across board, putting them over million mark on cumulative 1985 basis for both complete and incomplete sets. In b&w, imports were down for all major source countries.

Following are TV import totals by country for Aug. and first 8 months of 1985. No color set vs. chassis and kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV

	Month	%chg.	8 Months	%chg.
Japan				
total...	405,500	+18.1	2,590,500	+29.7
color...	363,000	+40.6	2,141,700	+45.5
b&w.....	42,600	-50.2	448,800	-14.5
Taiwan				
total...	201,200	-51.3	2,600,500	+ 1.5
color...	128,000	-19.1	1,433,200	+29.7
b&w.....	73,200	-71.3	1,167,300	-19.9
Korea				
total...	508,800	-23.2	3,966,700	- 0.8
color...	183,400	-29.3	1,322,400	-13.6
b&w.....	325,400	-19.3	2,644,300	+ 7.1
Singapore				
color...	86,100	+57.0	722,100	+53.4
Malaysia				
color...	46,400	+68.4	236,900	+73.5
Hong Kong				
total...	15,300	-35.7	98,000	+ 7.2
color...	13,500	-27.7	73,200	-15.1
b&w.....	1,800	-65.0	24,800	+375.4
Canada				
color...	16,600	+63.3	119,600	+118.0
Mexico				
color...	120,600	- 4.5	1,374,200	+25.1

Complete Color

Japan....	141,300	+12.8	1,035,500	+ 7.6
Taiwan...	99,800	-24.7	956,600	- 1.7
Korea....	73,000	-64.5	531,300	-59.7
Singapore	33,600	+82.7	311,100	+97.6
Malaysia.	46,400	+69.3	220,500	+61.7
Hong Kong	13,400	-25.9	59,000	-31.0
Mexico...	23,800	*	53,000	*

Color Chassis & Kits

Japan....	221,700	+66.8	1,106,200	+117.0
Taiwan...	28,200	9.9	476,600	+259.6
Korea....	110,440	+104.6	791,100	+275.9
Singapore	52,500	+44.0	411,000	+31.3
Malaysia.	--	--	16,500	*
Hong Kong	200	-73.1	14,200	*
Mexico...	96,800	-23.4	1,321,200	+20.3

*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

CHANGES AT MAGNAVOX: NAP Consumer Electronics is moving to reposition its brands. First overt step is dismissal of Doyle Dane Bernbach as ad agency and start of search for new one that will "provide more strategic direction in plans for a complete revamping of the Magnavox image," according to Pres. Donald Johnstone.

"The change is just in line with what [North American Philips Exec. Vp Einar Kloster] told you about our strategy," of restoring Magnavox as premium brand, Johnstone said (TVD Oct 28 p12). "We're going to continue to push Philco and Sylvania as profit lines, but we're planning spectacular growth for Magnavox," he said, addition that will require significant ad budget increase. As for agency switch, "DDB is a fine agency and wins many prizes for its advertising," he said, but it was "felt a change was in order."

DDB was named Sylvania's agency in 1968 and retained business after NAPCE acquired Sylvania from GTE in 1974. It later was assigned Magnavox and Philco accounts.

In other ad activity: Luskin's has assigned \$10 million, 39-store retail account to Eisner & Assoc... CL 9, accessories marketer headed by Apple Computer cofounder Steven Wozniak, appoints Dancer Fitzgerald Sample to handle introduction of its first product. It's understood to be multiproduct remote control adaptor... Sony Industries appoints Marshalk for components... Polaroid is seeking new agency for consolidated \$30 million account to replace Ally & Gargano, resigned effective Feb. 28... Panasonic says it will spend \$18 million on pre-Christmas campaign, up 20% from last year... Kodak is offering book of coupons good for \$25 in savings on variety of Kodak and non-Kodak products to purchasers of 2 videocassettes before Jan. 31... VCR, consumer-oriented monthly home video magazine, bows in Jan. from FPSS, Ag. Publications of Lexington, Ky., which now has stable of brand-oriented computer magazines.

Kodak demonstrated 8mm duplication system at SMPTE conference in L.A., says limited production gets under way in first quarter 1986 as "convenience for small and midsized customers who might want to get into" new format. Kodak claims it has commitments for orders, won't reveal number. Price hasn't been set, company told us. System consists of microprocessor-based controller monitoring 10 slave units, described as "a little something to pique the interest" of duplicators eager to try 8mm "without a sizable investment." Shipments of Kodak's home deck begin in next couple of weeks.

Kloss Video will supply retrofit upgrade (priced under \$1,000) for current professional projection TV models to accept high-speed horizontal scanning for use with advanced computer graphics systems and HDTV applications. Professional Videobeam system (VB2000) is \$6,000 and up, delivers bright 3,300-character display, or 640 x 480 pixel color graphics.

CAPTIONING COST CUT: Upgraded, lower priced TV closed caption decoding adaptor, Telecaption II, was unveiled last week by National Captioning Institute. Decoder makes visible program captions for hearing impaired sent along with TV shows on Line 21 of vertical interval. System also is used by some stations to send farm reports and other nonprogram-related material.

Decoder, which replaces original version that contained VHF-UHF mechanical tuners and sold for \$280, has 181-channel electronic tuner with LED readout, on-set scan tuning, random access wireless remote, \$199.99 list. It has audio output jack, pair of video outputs, so shows can be taped either with or without captions. Decoder also has additional input-output capabilities that could expand its utility, but NCI is keeping mum on that.

Unit was developed over last 2 years by NCI at cost of \$250,000, and price of decoder is being subsidized by \$1.5 million grant from U.S. Dept. of Education. Sales start in Jan. through Sears, J.C. Penney and NCI network of 80 independent retailers. All will carry NCI logo, and only Sears will be adding store name. NCI acts as distributor, sells at cost.

New decoders, like original ones, are being assembled by Sanyo Mfg. Co. at Forrest City, Ark. plant. But Texas Instruments, which had supplied parts kits, isn't involved now. SMC is building decoders using modules supplied by Nuvatec, high-tech R&D firm and industrial electronics manufacturer launched about 10 years ago by group of former Admiral engineers and marketers. Nuvatec has been working on interactive videodisc-based point-of-purchase displays and electronic training systems.

Under terms of sourcing agreement, Nuvatec has module production exclusive until output hits 50,000, which NCI expects to come by this year's end. NCI estimates that about 100,000 homes, representing 400,000 viewers, now have adaptors. Current TV season, NCI says, will have 96 captioned hours of programming on 4 networks, plus 44 hours of captioned cable shows. In addition, unknown number of syndicated captioned programs will be shown on independent stations.

N.V. Philips reported 22% consolidated net income drop in first 9 months (see financial table), said decline stemmed largely from losses at U.S. semiconductor subsidiary Signetics. It said it had "sizable increase" in worldwide sales of home audio-video products but that operating loss from consumer electronics continued at about year-earlier level. Philips said it's increasing production of VHS VCRs, and while output of V2000 models has been suspended for full year, it hasn't decided yet whether to discontinue format formally. Philips also said it planned to make 8.6-million share offering in U.S. later this year. Philips ADRs are traded over counter in U.S.; at current price, offering would be valued at about \$150 million.

DUAL DECKS LEGAL IN U.K.: Sale of dual-deck audio cassette recorders in U.K. doesn't automatically make marketers contributors to copyright infringement by consumers who use them to duplicate tapes, but companies that run ads spotlighting that capability might be criminally liable for unlawful incitement to infringe, according to Court of Appeal in London.

Opinion came in ruling in which Court rejected audio marketer Amstrad's appeal of Dist. Court dismissal of its suit against British Phonograph Industry, U.K. equivalent of RIAA. BPI had complained to retailers and ad standard group over Amstrad's ads for dual-deck double-speed recorders, and in suit Amstrad charged BPI with false accusation (TVD July 1 p14).

Appeals Court said that even though Amstrad knew of recorder's infringement capability, selling such machines doesn't in itself constitute infringement, nor does it mean marketer supports or authorizes infringement by others. Recorders have noninfringing uses and Amstrad isn't responsible for whatever else is done with them, Court added.

However, it held, ads that said decks make it possible "to record from any source and make copies of the tapes in half the time" could amount to incitement to commit crime. Court offered no opinion on whether Amstrad's ads constituted such incitement, said settling that issue would require filing of criminal charges against Amstrad and holding separate trial.

* * * *

Europe-wide tax on blank audio and video cassettes has been proposed to EEC Commission by International Federation of Phonogram & Videogram Producers. EEC tax would replace those now being levied by several countries on individual basis, and funds generated would be used to compensate program copyright holders for income lost to home tapers. IFPVP claims such taping costs industry \$100 million in lost audio sales and \$700 million in video sales each year.

Mitsubishi disc drives don't infringe on Tandon patents, International Trade Commission administrative law judge ruled last week. Tandon is expected to appeal finding to full commission. Tandon last year filed unfair import competition complaint, plus companion civil suit, against Mitsubishi, as well as Teac and Sony (TVD Dec 17 p14). Teac and Sony actions were withdrawn when both agreed to settlement and became Tandon licensees.

Electronic sales by U.S. factories and importers rose 2.5% in first 9 months this year to \$129.6 billion, EIA reports. Consumer electronics volume rose 3.4% to \$13 billion, computer and industrial product sales were up 3.9% to \$38.1 billion and sales of communications equipment jumped 13.6% to \$38.1 billion. Components volume was down 12.3% to \$26.8 billion.

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
Blair, John 1985-9 mo. to Sept. 30	716,627,000	(23,872,000)	—
1984-9 mo. to Sept. 30	588,804,000	8,237,000	1.03
1985-qtr. to Sept. 30	239,580,000	(10,173,000)	—
1984-qtr. to Sept. 30	229,625,000	2,844,000	.36
Chyron 1985-qtr. to Sept. 30	7,968,000	474,000	.05
1984-qtr. to Sept. 30	5,337,000	922,000	.09
Electrohome ^b 1985-39 wk. to Sept. 27	108,300,000	1,600,000	.29
1984-39 wk. to Sept. 28	95,200,000	(1,100,000)	—
1985-13 wk. to Sept. 27	36,400,000	800,000	.14
1984-13 wk. to Sept. 28	29,800,000	(1,200,000)	—
ITT ^c 1985-9 mo. to Sept. 30	8,912,594,000	308,314,000	2.03
1984-9 mo. to Sept. 30	8,972,232,000	273,187,000	1.81
1985-qtr. to Sept. 30	2,872,612,000	77,018,000	.50
1984-qtr. to Sept. 30	2,902,320,000	115,595,000	.77
Kloss Video 1985-9 mo. to Sept. 30	15,254,696	(2,126,928)	—
1984-9 mo. to Sept. 30	14,247,686	(555,425)	—
1985-qtr. to Sept. 30	3,630,560	(1,123,574)	—
1984-qtr. to Sept. 30	5,287,268	(79,574)	—
Lee Enterprises 1985-year to Sept. 30	206,637,000	30,730,000	2.27
1984-year to Sept. 30	189,926,000	26,749,000	1.95
1985-qtr. to Sept. 30	52,324,000	12,032,000	.90
1984-qtr. to Sept. 30	48,106,000	10,653,000	.78
M/A-Com 1985-year to Sept. 28	844,140,000	39,375,000	.92
1984-year to Sept. 29	764,432,000	38,200,000	.90
1985-qtr. to Sept. 28	227,735,000	9,475,000	.22
1984-qtr. to Sept. 29	213,967,000	12,810,000	.30
MCA 1985-9 mo. to Sept. 30	1,474,659,000	98,221,000	1.33
1984-9 mo. to Sept. 30	1,154,291,000	76,353,000	1.05
1985-qtr. to Sept. 30	626,708,000	67,546,000	.91
1984-qtr. to Sept. 30	412,661,000	35,368,000	.49
MGM/UA Entertainment 1985-year to Sept. 30	655,170,000	(115,759,000)	—
1984-year to Sept. 30	706,902,000	34,697,000	.69
1985-qtr. to Sept. 30	177,215,000	(49,519,000)	—
1984-qtr. to Sept. 30	138,377,000	2,139,000	.04
MTV Networks 1985-9 mo. to Sept. 30	102,892,000	12,998,000	.84
1984-9 mo. to Sept. 30	75,028,000	7,365,000	.49
1985-qtr. to Sept. 30	38,309,000	5,848,000	.38
1984-qtr. to Sept. 30	28,777,000	3,023,000	.20
Multimedia 1985-9 mo. to Sept. 30	245,644,000	27,860,000	1.67
1984-9 mo. to Sept. 30	220,462,000	24,248,000	1.46
1985-qtr. to Sept. 30	83,276,000	7,406,000	.44
1984-qtr. to Sept. 30	75,401,000	6,479,000	.39
Phillips NV ^d 1985-9 mo. to Sept. 30	13,971,400,000	208,100,000	—
1984-9 mo. to Sept. 30	12,714,600,000	267,400,000	—
1985-qtr. to Sept. 30	4,652,600,000	59,600,000	—
1984-qtr. to Sept. 30	4,489,100,000	82,100,000	—

Notes: ^aAdjusted. ^bIn Canadian dollars. ^cIncludes special credit. ^dExcludes insurance & finance revenues.

^aRestated, includes special charge. ^bRestated. ^cAfter special charge. ^dPro forma. ^eAt guilder's current rate.

RCA received order for 4,000 commercial color TVs from Marriott. Sets are going into new Marquis hotels in Atlanta and N.Y.C.

Consumer Electronics Personals

Neil Vander Dussen promoted from Sony Consumer Products Pres. to Sony America pres.-COO, succeeding **Kenji Tamiya**, advanced to chmn.-CEO in reorganization that creates more product-related structure. Tamiya replaces **Norio Ohga**, who continues as pres. of parent in Japan. Named pres. of new product divs.: **Dick Komiya**, Consumer Display Products; **Osamu Naka**, Consumer Video; **John Briesch**, Consumer Audio; **Thomas Steckbeck**, Consumer Sales; **Philip Stack**, Video Communication Products; **Vern Jobson**, Information Products; **George Currie**, Professional Audio. **Kevin Finn** named vp-Component Products Div. Presidents of new mktg. organizations: **John Hollands**, Magnetic Products; **William Connolly**, Best. Products; **Hisashi Sakae**, Service... **Manfred Schmidt** promoted at Thomson Group Germany to dir. of mfg. and distribution for all German-brand product lines; **Dieter Kunkel** named export dir. for parent, Thomson Grand Public; **Bernard Gilliot** becomes TGP new-product dir.

William Levy, ex-Hitachi, joins Sharp Video Div. as northeast region sales mgr.; **Leonard Schwartz**, ex-Hitachi, named metro N.Y.-N.J. region sales mgr... **Stan Kulhower**, ex-Component Specialties, joins U.S. subsidiary of Korean tape marketer Sunkyong as head of new div. formed to market SKC line of car stereos and accessories... **Barbara McFarren** advanced at Ampex Magnetic Tape Div. to 1/2" videotape product mgr., succeeding **Chuck Pope**, named to same post for 3/4" video tape... **Robert Smith**, ex-3M, named sales mgr. of Videotape Distributors, subsidiary of Video Services Corp... **Joseph Boyle**, ex-Multichannel News, named SPACE communications vp.

Paul Foster resigns as pres., RKO Home Video; position won't be filled, with Mktg. Dir. **Ellen Wander** reporting directly to RKO Pictures Pres. **Mark Seiler**... **James Brown**, ex-Embassy Home Entertainment and CBS/Fox, named national sales mgr., Continental Video... **Robin Walton** advanced to contracts administration mgr., CBS/Fox Video... **Jane Palmese**, ex-Arista Records, joins Vestron as northeast sales dir... **Glenn Sagon**, ex-RCA/Columbia, appointed to new post of assoc. creative dir., Prism Entertainment... **John Reagan** named business affairs vp, Walt Disney TV Div., responsible for pay TV, home video and network specials... **Richard Sowa** promoted to Playboy Video pres., new post, with responsibility for Playboy Channel, home video, pay per view, and international and domestic syndication and films.

International Conference on Consumer Electronics (ICCE), annual technical event, June 4-6 at Westin Hotel-O'Hare, Rosemont, Ill., has issued call for papers on video technology, audio, home information systems, components, design & manufacturing and emerging technology. Information contacts: **David Lewis** (716-477-7558) and **Michael Ross** (609-734-2975).

TELEVISION DIGEST®

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NOVEMBER 18, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC OKAYS CAPCITIES/ABC, MURDOCH waivers, setting off congressional furor. Fowler and Wirth tangle over 'truthfulness.' (P. 1)

ASSET DISPOSAL PUTS CBS IN RED: \$114 million loss in 3rd quarter. ABC, CBS have major staff changes. (P. 3)

DOLAN MAY TAKE CABLEVISION PUBLIC in move that should benefit Rainbow Service. (P. 5)

BROADCAST EEO RULES PROPOSED: Commission looks to change forms and procedures for reporting on minority hiring. (P. 6)

C-SPAN FLAP RAISES 'credibility' issue at SPJ gathering. Cameras at fund-raiser roast produce controversy. (P. 7)

NCTA BOARD MEETING ADVANCE: Scrambling and must-carry on agenda. Budget cut to \$6.3 million expected. (P. 7)

3 GANNETT VHFs GO TO KNIGHT-RIDDER for \$160 million. Stations in Okla. City, Mobile and Tucson spun off. (P. 8)

HIGH COURT TO REVIEW PREFERRED cable case involving municipal authority to grant exclusive franchise. (P. 9)

FCC APPROVAL OF ABC, MURDOCH DEALS IGNITES MAELSTROM: FCC's unanimous approval last week of \$2 billion Murdoch-Metromedia and \$3.5 billion CapCities-ABC deals, along with all waivers of FCC rules sought (TVD Nov 11 p1), ignited fiery exchanges between FCC Chmn. Fowler and congressional and consumer group critics of his Commission's willingness to grant waivers. Exchanges found House Telecom Subcommittee Chmn. Wirth (D-Colo.) and Fowler questioning each other's veracity.

In preemptive strike Nov. 13, day before Commission meeting, Wirth and Subcommittee members Reps. Bryant (D-Tex.), Markey (D-Mass.), Scheuer (D-N.Y.) and Waxman (D-Cal.), warned FCC not to grant waivers of cross-ownership to applicants whose requests for special relief aren't well documented -- message delivered by Wirth in Oct. 3 letter (TVD Oct 7 p2) and seemingly embraced earlier by Fowler in July 10 appearance before Subcommittee. Lawmakers

Consumer Electronics

GE PREPARING FOR TRANSITION to role as color TV marketer only. Mitsubishi joins Matsushita and Goldstar as set supplier. (P. 11)

SANYO TO ADD VHS to own-brand VCR line in U.S. next year, ending Beta-only posture. Own production of 8mm VCRs due next spring. (P. 12)

SONY PRICE HIKE tied only to yen, top officials emphasize. 8mm line 'sold out,' million 8mm VCRs seen in use next year. (P. 13)

SEARS SHARPENS PRICES, Yule book offers its first VCR under \$200, Hitachi-made camcorder at \$1,290, 50" projection \$1,279. (P. 15)

JAPAN DUMPING IC memories here, Presidential study group claims. New trade bill to emerge. (P. 15)

GRUNDIG AND BLAUPUNKT in production swap deal. Former to sell color sets to Blaupunkt, buy radios. Other merger activities. (P. 16)

COMMODORE POSTS LOSS in opening quarter, sees profitability on way. CBS drops computer software. Parker's videogame losses. (P. 16)

DIGITAL IC ADAPTOR due from Multivision at \$399 adds dual-picture display and freeze to analog color receivers. CL 9 on hold. (P. 17)

threw Fowler testimony back at him in letter, quoting from hearing transcript his promise not to go ahead with waiver requests unless they're well documented and clearly in public interest. Fowler also is on record in March appearance before Senate Commerce Appropriations Subcommittee as saying he would "not be very receptive" to waiver requests from CapCities and didn't see any reason why rules should be relaxed (TVD April 1 p1).

Fowler reacted by branding criticism as "disingenuous," particularly congressional opposition to Murdoch deal, which he implied was rooted in personal dislike of Rupert Murdoch and his being "frank, outspoken entrepreneur with a well-known personal philosophy... If this is really what the din of congressional and 'consumer group' concern is all about, it's a vivid reaffirmation of the electronic press's need for First Amendment protection from the government." In remarks that congressional sources took as aimed at Wirth and Bryant, Fowler continued: "No matter how cleverly cloaked, a public official's distaste for the content of an applicant's speech must never be used to prevent the grant of a license if that applicant is qualified. It's precisely that type of misuse of government processes that the First Amendment was intended to prevent."

Fowler remarks, termed by one key congressional aide as "impolitic," stirred Wirth's anger after FCC meeting Nov. 14. Wirth said he found Fowler's remarks to be "an ideological response that evades substantive public policy issues of cross-ownership... The issue isn't Murdoch but the chairman of the FCC and his truthfulness and the reliability of his commitments to Congress. The public can be assured that when Mr. Fowler [next] testifies before this Subcommittee, he will be sworn in under oath so that commitments to Congress cannot be brazenly ignored in the future." That could be soon, because Wirth is considering holding hearing early next year on FCC's decisions, aide said.

Murdoch's News America TV Inc. (NATI) as expected received approval to buy 6 major-market independent TV stations from Metromedia and controversial 2-year waivers to sell N.Y. Post and Chicago Sun-Times (TVD Nov 11 p3). Murdoch said: "We are very gratified by the FCC approval and look forward to providing greater diversity in TV broadcasting, as we have always done in the print media." Waiver decision was defended by FCC as preventing "distress" sale of papers. Commission also said extended waivers wouldn't result in "undue concentration" of media in 2 cities in decision described by FCC as fostering diversity. "The purposes of diversity," Fowler said, "are not served by forcing quick sales of media properties which may well cut out all buyers except those with deep pockets and ready cash. With all the attempts the Commission has made to help expand the pool of those competing for media properties, it would be unwise here to reverse course and automatically exclude new entrants... who may need time to put together financing..."

Murdoch will buy WNEW-TV N.Y., KTTV L.A., WFLD-TV Chicago, WTTG Washington, KRLD-TV Dallas and KRIV-TV Houston. Metromedia's sole network affiliate, WCVB-TV Boston, is being spun off to Hearst Corp. for \$450 million in arrangement that permits NATI to acquire station should resale fall through. Murdoch has told FCC he may finance Metromedia purchase by selling preferred shares in NATI (TVD Nov 11 p3).

Media Access Project Exec. Dir. Andrew Schwartzman decried FCC's not requiring Murdoch to make financial showing that failure to gain waiver would require distress sale, said he would "seriously consider" appeal or lawsuit over decision. Calling FCC ruling "sad day" for media diversity, he said there were "wealth of important regulatory differences" between Murdoch waivers and those granted in previous cases. "Comingling" of broadcast and paper operations won't be allowed under transaction, FCC staff said.

Meanwhile, approval of friendly ABC sale came almost 8 months after March 18 announcement (TVD March 25 p1). Besides \$3.5 billion acquisition by CapCities, FCC approved permanent cross-ownership waiver for WPVI-TV Philadelphia and WABC-TV N.Y. overlap. About 2.2 million persons live in 2,831-square-mile area where Grade B contours of 2 stations overlap, Commission said. Resulting CapCities/ABC venture will own 8 TV stations covering

4.38% of country plus 5 AMs and 5 FMs. Only surprise was announcement by Mass Media Bureau Chief James McKinney in news conference after FCC meeting that Commission is investigating Silver Star Communications, prospective buyer of ABC's WRIF(FM) Detroit, for transaction involving WMJM(AM) Cordele, Ga., that may have some bearing on WRIF(FM) sale.

Commission also granted 18-month waivers of broadcast and cable/broadcast cross-ownership rules to allow CapCities time to settle plans for WABC(AM)/WPLJ(FM) N.Y., KGO(AM) San Francisco, WLS-AM-FM Chicago, KABC(AM)/KLOS(FM) L.A., as well as for selling 55 cable systems. FCC said local approval of cable franchise changes could take longer than 60 days before transfer could be consummated. Commission said its rationale for granting permanent waiver was that any detriment was outweighed by CapCities statement that it will significantly increase VHF service to Del. and southern N.J., area that Congress found to have minimum local TV presence under Communications Act. McKinney said CapCities proposes to open news bureaus in Atlantic City and Harrisburg, build "auxiliary" studios in Wilmington and Trenton and set up network operations facility in Philadelphia. Commission said N.Y. and Philadelphia are distinctly separate markets and that both stations are ABC affiliates, probably will provide identical programming.

This wasn't first time FCC had granted such a waiver of duopoly, said Roy Stewart, chief of Mass Media Video Services Div., in citing Dun & Bradstreet purchase of Corinthian Bestg. where waiver was granted in Ft. Wayne-Indianapolis overlap. Fowler stressed that granting waiver doesn't set precedent because of "unique circumstances." However, FCC can't require CapCities to improve services in Del. and southern N.J., is banking on well-respected company to live up to its representations. Comr. Quello, who worked for CapCities for 8 years, last 3 as a vp before retiring in 1972, said company had "made a good showing." Besides service improvements, Quello said, CapCities had offered minorities first crack at buying broadcast facilities it's spinning off, resulting in acquisition of minority group shares that exceed 50% in both WKBW-TV Buffalo, by Queen City Bestg. of N.Y., and WTNH-TV New Haven-Hartford, by Cook Inlet Communications. "It's paid its dues, it's done a lot right," Quello said of CapCities. Comr. Dawson said she supported granting of permanent waiver because of desire to see more service to Del.

CapCities/ABC will control following broadcast licenses after transfer: WPVI-TV, WABC-TV, KTRK-TV (Ch. 13) Houston, WTVD (Ch. 11) Durham-Raleigh, KFSN-TV (Ch. 30) Fresno, KABC-TV (Ch. 7) L.A., WLS-TV (Ch. 7) Chicago, KGO-TV (Ch. 7) San Francisco, WMAL(AM)/WRQX(FM) Washington, WJR(AM)/WHYT(FM) Detroit, WPRO-AM-FM Providence, WBAP(AM)/KSCS(FM) Ft. Worth, WPLO(AM) Atlanta, WKHX(FM) Marietta, O., and related broadcast auxiliary stations and common carrier authorizations. Besides TV stations in Buffalo and New Haven, CapCities/ABC is selling KTKS(FM) Denton, Tex., to Combined Communications Corp.; WKBW(AM) Buffalo to Empire State Bestg.; KLAC(AM)/KZLA-FM L.A. to Malrite Radio & TV; WPAT-AM-FM Paterson, N.J., to Park Radio of Greater N.Y.; WXYZ-TV Detroit and WFTS-TV Tampa to Scripps Howard Bestg.; KSRR(FM) Houston to Malrite of Wis. CapCities/ABC also is selling all 55 of its cable TV systems, newspapers in Toms River and Red Bank, N.J., and TV program production company. It's retaining newspapers in Kansas City, Ft. Worth, Pontiac, Belleville, O., Wilkes-Barre, Albany, Ore. and Ashland, Ore.

In approving transfer, FCC rejected petitions to deny filed by Television Research & Action Center, Anthony Martin-Trigona, Frederick Blake, Kenneth and James Collier, Alvin Chambliss and Marcus Wilcher. Commission staff said petitions offered nothing that provided a basis for review. Schwartzman said he won't oppose transfer because it was based on improving service to Del. and southern N.J. Henry Geller, dir. of Washington Center for Policy Study, had same reaction: "If they limit it to one case, then it's not the end of the world."

ASSET DISPOSAL PLAN PUTS CBS IN RED: Led by first phase of \$300 million asset disposal program announced in July (TVD July 8 p2), CBS Nov. 13 reported net loss of \$114.1 million for

3rd quarter ended Sept. 30 (-\$4.55 per share) vs. \$48.8 million profit (\$1.64) in same period in 1984. Revenues for company, which declared cash dividend of 75¢ on common stock, rose 4% to \$1.12 billion from \$1.08 billion, CBS said.

Announcement of poor quarterly report came on heels of news that Senior Exec. Vp James Rosenfield was among more than 500 company employes to choose early retirement under option that expired at midnight Nov. 11. Spokeswoman said at least 552 of about 2,000 eligible for early retirement -- about 28% -- chose option although some of more senior executives, whom she wouldn't name, may be asked back. Special program is intended to help reduce overhead \$20 million annually by 1987. CBS now expects cut in overhead to be met ahead of schedule in 1986.

CBS retirements came against backdrop of reorganization at highest levels of ABC same day, following resignation and immediate departure of Best. Group Pres. Anthony Thomopoulos. Group's operating divisions were shifted immediately under ABC Pres.-COO Frederick Pierce. ABC Motion Pictures Pres. Brandon Stoddard took over as ABC Entertainment pres., replacing Lewis Erlicht, named ABC Entertainment senior vp and ABC Circle Films pres. With network's slump into prime-time ratings cellar and acquisition by Capital Cities (see story elsewhere in this issue), ABC had been expected to make major management changes by year end.

Also, CBS announced "white squire" Loews Corp. Chmn.-CEO Laurence Tisch was elected to board, bringing it to 14 members. Tisch gained de facto control of CBS under network agreement increasing his ownership share to 25% as hedge against possible unfriendly future takeover bid (TVD Oct 21 p2).

CBS immediately announced steps it will take to blunt losses. In effort to "address businesses in which... performance has been most disappointing," Chmn.-CEO Thomas Wyman on same day told meeting of security analysts in N.Y. that network, as had been speculated, would discontinue theatrical film operations -- including selling its 25% share in Tri-Star Pictures -- as well as toy and home computer software divisions. It was announced Fri. that CBS' 6.3 million shares in Tri-Star had been sold to group of investors assembled by Allen & Co. in deal expected to net CBS \$53 million; in separate transaction, Columbia Pictures is expected to increase its 25% stake to 37.5-40%, becoming largest shareholder. Network's overall anticipated loss on theatrical film operations was projected at \$21.1 million net of taxes.

Wyman said CBS has "clearly focused [its] future efforts on... 3 base businesses -- broadcasting, recorded music and publishing." While saying current "less than optimum" operating results partly reflect "weakness in national advertising markets" and "slower growth in domestic recorded music sales," Wyman said he expected earnings of about \$1.75-\$2.00 per share for continuing operations in 4th quarter. CBS income from continuing operations was down 48% for 3rd quarter to \$29.1 million from \$56 million. Best. Group profits were down 28% to \$46.9 million from \$64.9 million, while revenues were up slightly to \$571.3 million from \$568.7 million.

Despite anticipated operating profits for 3 base businesses in 1986, Wyman said: "The overall results for the corporation... will be determined in large measure by the company's debt level and interest expense and the magnitude and timing of asset dispositions." Next phase of asset disposal, left unspecified in Nov. 13 announcement, "is expected to generate substantial additional cash" next year, he said.

Largest of operations to be disposed of is CBS Toys, which company expects to result in loss of \$114.6 million net of taxes. Company has reached agreement in principle under which Hasbro Inc. will buy selected assets. Discontinuance of software operation is expected to result in loss of \$7.5 million net of taxes, although 3-year-old unit will continue to sell and service inventory. Wyman said sale of toy division, Tri-Star, St. Louis station KMOX-TV and other assets would move CBS "comfortably beyond" \$300 million goal of first phase. CBS apparently won't be giving up its 50% share in CBS/Fox Video, although Wyman admitted it "has had more

than a few inquiries" from parties interested in stake in home video venture. He said eventual leveling off in VCR sales means prospects for home video will lessen, but "it remains a very interesting business" to CBS.

Rosenfield, No. 2 executive in CBS's broadcast group and 20-year veteran, said he will retire at end of Nov. to participate in unspecified broadcasting venture. His responsibilities, which include finance, broadcast operations and new business development, will be distributed among 3 remaining senior vice presidents. Other employes who chose early retirement are fairly "evenly spread" among broadcast, publishing and record divisions, according to spokeswoman, with "slightly higher" representation on corporate side. Savings expected from policy won't be known for another month, she said. CBS also recently fired 74 employes in network news and 40 in Records Div., and more dismissals in TV-entertainment side are expected before year end.

Thomopoulos said his resignation from ABC post "comes at a time when ABC will be entering a new era and I felt it was time for me to move on to other challenges in the entertainment industry." Under resulting reorganization, ABC News, ABC Entertainment, ABC Sports, ABC TV and ABC Radio will report directly to Pierce. Best. Group Exec. Vp Mark Cohen will "continue to coordinate the financial and day-to-day operating aspects" for group, also assumes responsibilities for L.A.-headquartered business affairs dept. Cohen, who reported to Thomopoulos, now reports to Pierce. End result is leaner reporting structure at top of ABC, which is more in keeping with operating style at CapCities.

ABC Video Enterprises Pres. Herbert Granath and ABC Publishing Pres. Robert Burton still report to Pierce, although some observers predict publishing operation will be folded into CapCities' publishing division after merger. After that, entire publishing operation would report to CapCities Pres.-COO Daniel Burke. Stoddard becomes ABC's chief scheduler and programmer after serving since 1979 as head of ABC unit that produces theatrical and TV movies, ABC Theater and ABC Novel for TV presentations. (ABC announced earlier that it was disbanding theatrical effort.) He reportedly had turned down previous offer of job he's now taking. Erlicht, in what can only be considered demotion following ABC's dismal prime-time ratings performance last season and at beginning of current season, exits as Entertainment pres. to head ABC Circle Films, in-house production unit responsible for series *Moonlighting*, one of ABC's few hits this season. Erlicht now reports to Stoddard.

CABLEVISION MAY GO PUBLIC: Major changes are in offing for cable ventures controlled by Charles Dolan. He plans public offering of stock in company that probably would consist of Cablevision Systems Development's systems in N.Y. and N.J., with proceeds to be used to build franchise in outer borough of N.Y.C. Dolan is general partner in Cablevision Systems.

Dolan would do little more than confirm offering in talk at N.Y. TV Academy luncheon last week, said he expected it would have "positive effect" on all ventures he's involved with, including Rainbow Service Co. (co-owned with CBS). In his first public comment on \$50 million Rainbow received from MGM/UA to settle film rights dispute (TVD Oct 21 p5), Dolan said his American Movie Classics (AMC) will use money to acquire titles from rights holders, including MGM.

Windfall will allow service to buy "much more important range of product than we could have had with just the MGM library," Dolan said. MGM deal was "cost efficient and not product efficient," he added, so now it's not as important that AMC be offered as basic service. AMC is expected to

announce major programming acquisitions during Western Cable Show Dec. 3-6.

Jonathan Sehring, programming dir. of Bravo -- also co-owned by Dolan and CBS -- said he hopes to get some of \$50 million, emphasized interest in English-language movies that will account for 70% of service next year. Sehring says 84% of programming doesn't appear on other pay networks. Dolan said Bravo eventually will adopt east and west coast feeds and stereo broadcasting, also move toward 24-hour-a-day schedule.

Sehring said boost in proportion of original productions -- now at 10-15% -- is tied to increase in subscribers, now at 360,000. By end of decade, Dolan predicted, service will serve 5-10 million homes, generate \$100 million in gross revenues as operators open up channel space by dropping must-carries and lower price of pay services to keep pace with deregulation of basic.

FCC will begin weekly press briefings on items being considered by Commission on circulation. Briefings will be held Thursdays at 10 a.m., beginning Nov. 21.

FCC EYES EEO RULES CHANGE: FCC has proposed easing way it governs hiring of minorities and women by TV-radio stations (TVD Nov 11 p1), relying upon recently adopted cable equal employment opportunity (EEO) provisions. Most significant change in proposed rulemaking calls for adopting equal employment rule similar to one just applied to cable industry that requires periodic hiring reports by entities with 6 employees rather than current 5. Proposals are described as "merely a fine tuning" by some, but comments on hiring quotas by Chmn. Fowler and Comr. Patrick are causing concern in Congress. FCC also voted to hold inquiry and rulemaking on cable must-carry (TVD Nov 11 p1).

Commission proposed: (1) Replacing 10-point and 5-point EEO program reports (Forms 396 and 396A, respectively) with new Form 396, titled Bcst. EEO Program Report, to be filed at license renewal time by stations having 6 or more employees rather than 5. Five-point report would be eliminated and 10-point report would be made "significantly less burdensome," FCC said. (2) Incorporating EEO guidelines and policies existing on old 396 and 396A into FCC rules. (3) Revising annual employment report by combining data for fulltime and parttime employees to conform to EEO-1 form of Equal Employment Opportunity Commission. New form would: (1) Contain questions requiring yes or no responses concerning station activities. (2) Request brief description of duties by employee category. (3) Request descriptive responses to questions concerning EEO practices. (4) Include labor force data. Fowler said changes in EEO reporting forms and procedures are required because Commission's permission from Office of Management & Budget to use current forms expires this month.

Proposal wouldn't change broadcasters' basic EEO obligations, FCC said. However, "reporting burdens" would be refocused to provide information "reflecting more closely licensees' overall EEO efforts," Commission said. Six-employee reporting criterion was criticized in Congress and by public interest groups as watered down from 1984 Cable Act provisions. Act also advises operators to hire minorities and women at 50% of parity -- that is, percentage of such groups employed should correspond roughly to at least half the percentage of their availability in area work force.

Broadcasters have been operating under arguably looser guidelines that advised stations with 50 or more employees to hire at 50% of parity and required FCC reviews of station EEO records at license renewal. Fowler called rulemaking "cautious step" seeking "minor change" in way FCC oversees rules that doesn't turn EEO scheme into illegal racial quota. He said: "The problem is that we are walking on eggshells, in constitutional terms, when we link broadcast employment practices and race and then draw hard-and-fast rules to include some and exclude others." Patrick, in concurring statement, expressed concern about "undesired effects" of FCC's incorporating so-called "processing" guidelines into

EEO evaluation process, said that "efforts rather than numbers" should be focus of compliance and that he was concerned about lumping fulltime and parttime employees together under program.

Rep. Leland (D-Tex.), who authored Cable Act's EEO language, was "discouraged" by Fowler and Patrick remarks, aide said, and with proposal to raise size of companies that must make reports to 6 from 5 staff members without any "concomitant benefit to minorities and women." His other concern was that staff report emphasized that changes were proposed to facilitate filing by broadcasters rather than to help improve employment situation of minorities and women. Aide to House Telecom Subcommittee Chmn. Wirth (D-Colo.) said: "Any attempt by the FCC to lessen the scrutiny it gives to broadcast licensees with respect to their EEO performance will be stiffly resisted by the House."

On must-carry, FCC provided 40-day comment, 20-day reply periods and incorporated formerly separate dockets on cable system saturation and carriage of significantly viewed stations. Proposal will attempt to walk fine line to satisfy U.S. Appeals Court, D.C., suggestion that FCC could adopt new must-carry rules that meet First Amendment tests. At heart of proposal are petitions for rule offered by NAB, INTV, CPB and other broadcasters (TVD Sept 30 p1). Commission also said it would examine "implications" of cable compulsory license, which NTIA in study urged be abolished in favor of free market negotiations (TVD Nov 11 p1). Rep. Bryant (D-Tex.) plans after all to introduce promised revised mandatory must-carry legislation reflecting broadcast industry -- particularly INTV -- comments on Nov. 19 (TVD Oct 28 p2).

FCC closed related cable proceedings: Doc. 21472, saturated cable systems; rulemaking RM-3745, carriage of significantly viewed signals; petition for inquiry on must-carry-related Secs. 76.55, 76.57, 76.59, and 76.61 of Commission rules. Incorporated into present inquiry were Doc. 21323/RM-2836, subcarrier frequencies in aural base bands; BC Doc. 81-741/RM-3826, teletext; Mass Media Doc. 84-168, vertical blanking intervals.

Request for en banc rehearing of Oct. 8 ruling declaring current FCC regulation of pole attachment fees unconstitutional (TVD Oct 14 p1) has been denied by full 11th U.S. Appeals Court, Atlanta. NCTA responded Nov. 14 that "we intend to pursue vigorously an appeal to the U.S. Supreme Court," while Group W attorney Gardner Gillespie said appeal by company was likely. "I remain confident the decisions [overturning current regulation] will be overturned," Gillespie added. Remaining parties requesting rehearing -- which court order handed down Nov. 12 reveals was not supported by any of court's 12 judges -- are FCC and Cox Cablevision. Potential impact of case -- Fla. Power vs. FCC -- is seen as great since it could substantially raise the \$4-\$8 annual per-attachment fees cable companies pay for up to 30,000 attachments.

C-SPAN IN FLAP WITH SPJ-SDX: More than 800 journalists and college students attended Society of Professional Journalists-Sigma Delta Chi annual convention in Phoenix last week where theme was "Case for Credibility," but group's own credibility came under question. Fund-raiser roast for SPJ's Legal Defense Fund featuring Walter Cronkite became focus of dispute after proposal to allow taped C-SPAN coverage produced objections from hosts. Roast eventually went as scheduled Nov. 14, but not before SPJ organizers had reversed themselves several times on C-SPAN cameras and dispute found its way into local newspapers and onto network TV.

Roastees Andy Rooney, Marlene Sanders and Burton Benjamin at last minute objected to C-SPAN coverage, saying they would have to alter their remarks drastically because of TV and that their contracts prohibit them from appearing on another network. As result, SPJ Pres. Frank Sutherland said Nov. 13 there would be no TV coverage, overturning what C-SPAN spokesman said was written commitment to cable network 6 weeks earlier. Next day Sutherland said there'd be "full coverage or no roast" and promised roastee substitutes if needed, including USA Today publisher John Siegenthaler.

Scheduled speakers ended up appearing after agreeing to C-SPAN coverage stipulated in Sutherland's reinvitations shortly before event. But they made clear their unhappiness, turning what were supposed to be barbs against guest Cronkite to C-SPAN. Said Rooney: "Well, as you all know I'm not particularly pleased to be here... I first heard about C-SPAN founder Brian Lamb when he worked for Richard Nixon and Spiro Agnew, those 2 great defenders of the free press." Cronkite took jab in story with punch line about a lady with "big boobs," adding: "How do you like that C-SPAN?"

Roast netted about \$25,000, including matching funds from Gannett Foundation, for Legal Fund, which is designed to help defend reporters on First Amendment issues. While flying to Phoenix Thurs. morning, Cronkite characterized flap as "making a mountain out of a molehill," said he was concerned about "one-paragraph stories" in newspapers that would blame him for trying to exclude C-SPAN. He also said there has been "ideological split" within CBS News between "the old and the young," that "a hard-hitting new management" has taken over with own ideas about how Div. should be run. He didn't mention names, but Van Gordon Sauter became pres. of CBS News after Cronkite was forced to retire and was replaced by Edward Joyce after Sauter (to whom Joyce reports) moved to exec. vp of CBS Best. Group.

As Cronkite controversy simmered down, new one erupted when SPJ objected to Tobacco Institute's dispensing free cigarettes. This is first year SPJ has tried to raise money by selling exhibit space, and because of cigaret controversy, it may be last, according to Exhibit Dir. Edward Barker, ex-pres. of RTNDA who has nurtured that group's highly profitable exhibits since they were instituted some

years ago. Barker, who is being blamed by SPJ for not enforcing rules against free gifts, said he won't be back next year even if SPJ again sells exhibits. Convention attracted only 6 exhibitors from more than 200 groups contacted. When informed it couldn't give away its products, Tobacco Institute immediately dismantled its exhibit.

In SPJ elections, Robert Lewis, Newhouse Newspapers Washington correspondent, succeeded Sutherland as pres. Robert Wells, Milwaukee Sentinel, became pres.-elect; James Plante of NBC News succeeded Wells as secy. and Paul Davis, WGN-TV-AM Chicago defeated Fred Wickman, Kansas City Star, 184-121 for treas., which puts Davis (ex-pres. of RTNDA) on ladder to become pres. of SPJ in 3 years.

NCTA CONFRONTS CONTROVERSIES: Scrambling, must-carry and copyright will be big issues when NCTA board assembles in Phoenix for 2-day quarterly meeting Nov. 18-19. Board, now expanding from 30 to 39 members, also is expected to adopt operating budget for next fiscal year somewhat under current \$6.3 million. NCTA had \$6.6 million budget for FY 1984, part of which went for successful effort to win passage of 1984 Cable Act.

Board approval of demise of Assn.'s proposed scrambling consortium is expected in wake of timetables set by pay programmers to begin individual scrambling efforts. HBO, Showtime/Movie Channel, Turner Bestg., ESPN and others already have set scrambling plans for 1986 and NCTA considers its work done in encouraging signal scrambling and marketing, Pres. James Mooney said. Industry source said independent solution to scrambling -- although process is expected to be routed through so-called "free trade zone," M/A-Com facility in La Hoya, Cal. -- would extricate NCTA from venture it didn't feel was appropriate for it to direct, while making moot Justice Dept. investigation into possible trade restraints consortium might pose (TVD Sept 30 p5).

Board also is expected to signal future direction on must-carry issue in light of FCC's Nov. 14 proposal to hold inquiry and rulemaking on rerafted rules (see story elsewhere in this issue). Assn. might consider compromise built around revision proposals by INTV or TV Operators Caucus, source suggested, although 40% cap on must-carry signals in both plans isn't likely to pass Assn. muster. Latest developments in negotiations with MPAA for flat copyright royalty fee for cable retransmissions of broadcast signals also will be discussed. Sides are "pretty closed" on new formula, said source, who held out possibility that accord could be reached in several months.

M/A-Com has increased its stake in International Relay, agreeing to become 9% owner, up from 7.7%, IRI Pres. Mauro Mecca said.

GANNETT SELLS 3 VHFs: Knight-Ridder Newspapers is paying \$160 million to buy 3 VHF TV stations from Gannett, companies announced Nov. 15. Gannett had acquired stations in \$717 million Evening News Assn. deal and had announced plans to sell them to satisfy FCC cross-ownership and duopoly rules.

Stations are KTVY (Ch. 4) Okla. City, WALA-TV (Ch. 10) Mobile, KOLD-TV (Ch. 13) Tucson. Okla. City station was sold because Gannett already owns KOCO-TV, ABC affiliate, in that market. Tucson and Mobile stations are in markets where Gannett has newspapers. Gannett said buyer for 2 radio stations in Detroit, also acquired as part of ENA deal, will be announced soon. Gannett also owns radio stations there.

Sales price is "15 to 16 times" stations' earnings, according to N.Y. station broker Howard Stark. "It looks like that is the going rate for network affiliates. Even some independents are going for that," he said. Gannett had said it wanted to reap \$200 million from sales of TV and radio outlets, Stark said, and with Detroit stations yet to go, it will "get pretty close to that." ENA radio stations WWJ(AM)-WJOI(FM) Detroit are "very profitable," he said, should command bid in \$35-\$40 million range.

Deal will have Knight-Ridder controlling 8 VHF TV stations covering 4.87% of U.S. TV households, 28 daily newspapers and other communications businesses including cable TV and consumer videotex. K-R already owns WJRT-TV (Ch. 12) Flint/Saginaw/Bay City, WTEN (Ch. 10) Albany, N.Y., WPRI-TV (Ch. 12) Providence, WKRN-TV (Ch. 2) Nashville, WTKR-TV (Ch. 3) Norfolk. After completion of ENA acquisition and spinoffs to K-R, Gannett is left with 8 TV stations, 90 newspapers, 15 radio stations, electronic information services and outdoor advertising firm. Gannett TV stations, covering 8.73% of country, are: KPNX-TV (Ch. 12) Phoenix/Mesa, KUSA-TV (Ch. 9) Denver, WXIA-TV, WLVI-TV (Ch. 56) Cambridge/Boston, WTCN-TV (Ch. 11) Minneapolis-St. Paul, KOCO-TV, KVUE-TV (Ch. 24) Austin, WDVM-TV. Gannett Chmn. Allen Neuhardt said more than 40 offers for TV stations were received.

Asked what criteria Gannett used in deciding which TV station to sell in Okla. City, Neuhardt told journalists' convention last week in Phoenix that it was "primarily the fact" that company already owned KOCO-TV there. In statement announcing sale, Neuhardt said: "It was important to us to find professional media owners interested in the longterm management of these stations. We believe Knight-Ridder will offer the same kind of enlightened leadership for the benefit of the employees and the public that has characterized ENA ownership."

Daniel Gold, K-R Bestg. pres., said stations will provide "further balance" by adding one CBS and 2 NBC affiliates to one CBS and 4 ABC affiliates it already owns: "Equally important, these 3

fast-growing markets will provide us with important geographical diversification." Pending FCC approval, agreement is expected to be completed in 1986 first quarter after Gannett completes its acquisition of ENA.

At same time, Gannett said it's moving Best. Div. hq to Washington from Atlanta, step that had been anticipated when it obtained WDVM-TV (Ch. 9) Washington. Company recently completed move of its newspaper hq to Washington suburbs. Div. head, Jeff Davidson, resigned to pursue undisclosed opportunities in Atlanta, will be succeeded as acting Div. pres. by Cecil Walker, pres.-gen. mgr. of WXIA-TV (Ch. 11) Atlanta, who retains titles with station.

FCC cost-of-regulation fees (TVD March 4 p3) and advance funding for CPB and NTIA's Public Telecommunications Facilities Program (PTFP) were approved Nov. 14 as part of budget reconciliation package (HR-3128) adopted by full Senate (TVD Oct 28 p7). Measure isn't out of woods yet; President hasn't backed down from threatened veto in dispute over unrelated matter. Another hurdle is conference committee must work out differences in House and Senate versions of bill. House version contains FCC fees proposal but doesn't address CPB/PTFP financing. Public broadcasting is popular issue among House Democrats and CPB/PTFP money isn't expected to pose problem for conference committee. Meanwhile, FCC's appropriation for FY 1986 (HR-2965) also has won Senate approval, as expected. Senate set spending at \$94.4 million, higher than Commission had sought. Also approved: \$65.5 million FY 1986 appropriation for FTC; \$13.7 million for NTIA and \$24 million for agency's Public Telecommunications Facilities Program; \$106.9 million for Board for International Bestg.; \$876.5 million for U.S. Information Agency. Separately, both chambers completed action on bill (HR-2942) containing \$156,000 to cover balance (30%) of Copyright Royalty Tribunal's FY 1986 budget not funded from proceeds of copyright royalties it collects.

Correction: Ownership of KMSS-TV (Ch. 33) Shreveport was reported incorrectly (TVD Nov 11 p8). Joe Waggoner is chmn., Gary Teehill, pres.; John Fergie, exec. vp, 9.62%; Paul Bankston, vp; Jean Drew, secy. 7.5%; Mary Teehill, dir., 7%; Robert Kemmerly, dir., 3.5%; Martin Firestone, 8.68%; Harmon Drew, 7.5%; Lyndon Abell, Carol Johnston and Charles Teehill, 7% each; George Mitchell, 5.78%; Samuel Messina, 5.755%; Tyler Abell and Morrill Ring, 4.33% each; David Kemmerly and Kelly Kemmerly, 4% each; Cynthia Hanna and Sue Kemmerly, 3.5% each.

Comprehensive one-day NAB seminar on telephone management and cost reduction will be held at Assn. hq Jan. 29. New report prepared for NAB's Research & Planning Dept. reviews changes in telecommunications field, offers advice on choosing long distance company. Orders for report: 800-368-5644.

HIGH COURT REVIEWS CATV CASE: In case with major potential impact on cable industry, U.S. Supreme Court agreed Nov. 12 to decide whether communities may legally grant exclusive cable franchises. Oral arguments in case -- City of L.A. vs. Preferred Communications -- are expected to be heard in April, with ruling expected by end of Court's current session in late June.

Case involves March 1 ruling by 9th U.S. Appeals Court, L.A., that city couldn't use franchising process to deny access to public rights of way to 2 brothers interested in building cable system (TVD March 4 p5). Ruling -- that denial of access to physically available space on utility poles violates cable operators' free-speech rights -- is seen as having implications for virtually all cable TV regulation. At issue is lower court's ruling prohibiting L.A. from awarding exclusive franchise on ground that as long as city could accommodate more than one cabler, it should. Key question before Supreme Court is whether constitutional rights to free speech limit power of cities to regulate cable operators.

Grant of review came as surprise to many observers since case hasn't been adjudicated further in lower courts on merits. "We would rather that this case have gone back for trial in the lower courts because the issues involved have never been argued on their merits," said NCTA Pres. James Mooney. "But if the Supreme Court wants to take a look at cable's First Amendment rights, then I think we have a good case to make."

L.A. deputy attorney Edward Perez, who filed Supreme Court appeal for city, said certiorari grant indicates justices think case involves "a very important issue. It would seem to me they wouldn't be taking the case just to affirm" Appeals Court. He said: "It seems possible they'll reverse either some or all of" that ruling. Cynthia Pols, gen. counsel for National League of Cities, agreed, saying review decision "bodes well for us. The Supreme Court does not generally grant cert to affirm" lower court rulings, she said, adding League would file friend-of-court brief supporting city.

"A lot of people thought the [Supreme Court] would wait for a case with a better record" to review, said Alan Plutzik, attorney with firm that has represented Preferred Communications. However, "anybody who suggests they know what the Court is doing is guessing." Sol Schildhouse, partner in Plutzik's firm, said he remains "supremely confident" about outcome.

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Superstation shakeout? United Video said Nov. 6 it might quit retransmitting WPIX N.Y., one of several superstations that has never made much headway gaining cable affiliates. Decision will come by end of Nov. UV is "sustaining heavy losses for a company our size," hopes charter affiliates will agree to rate increase. "However, if this does not improve the financial situation for our WPIX business, we'll be forced to discontinue delivery of WPIX in 1986."

TCA Cable TV is buying Tex. Community Antenna for 1,944,585 shares of stock, creating 25th largest cable company, firm said. TCA had managed Tex. Community Antenna for 4 years and the 2 firms have hq in Tyler, cable systems in Tex. and Ark. TCA owns 32 systems with 186,000 basic subscribers, Tex. Community Antenna has 12 systems, 54,000 basic subscribers. Deal is subject to ratification by Tex. Community shareholders and regulatory agencies. **Rogers Cable Systems** will sell 3 U.S. systems to Communications Services, Junction City, Kan., in cash transaction -- terms undisclosed. Systems are in McAlester, Okla., and Gainesville and E. Texas, Tex. **Comcast** has purchased cable systems serving Pontiac and Waterford Township, Mich., from Maclean Hunter Cable TV, price not disclosed. Systems have 565 miles of plant, 45 addressable channels, pass 46,000 homes, have 19,700 basic subscribers... **TDS Cable Communications** has retained Malarkey-Taylor Assoc. to sell its systems in Minneapolis-St. Paul and Knoxville areas and in southwestern S.C. Systems pass combined 54,000 homes.

Negative political campaign ads on TV will be addressed in resolution due before Senate Dec. 2, with vote scheduled Dec. 3. Senate has agreed to let Sen. Boren (D-Okla.) offer proposal that will be essentially 2nd half of Sen. Danforth's (R-Mo.) S-1310. Proposal will be debated as amendment to unrelated measure, with chances for passage considered good. It would require TV stations to provide candidates with opportunity to respond, particularly to unauthorized independent political group ads in which candidate is endorsed or opposed by name or clear implication. Legislation is aimed at reducing such ads, which critics contend are unfair and undermining integrity of U.S. political process.

Jury in Jefferson County (Ky.) Circuit Court has ruled that WLKY-TV Louisville defamed local businessman in 1981 telecasts, awarded H.W. Thompson \$2.8 million. After deliberating 11 hours, jury held plaintiff was libeled in stories about his efforts to store recycled sewage sludge. Station "failed to exercise the proper degree of care" and "portrayed the plaintiff in a false light," jury found. Station said it will ask court to set aside decision; failing that, it plans appeal.

RCA will remain exhibitor at NAB conventions even though it has dropped broadcast equipment business (TVD Oct 14 p4). That's word from Andrew Hilliard, mgr. of advertising and promotion. He said stress will be put on RCA Americom and New Products Div., both of which have been part of exhibit in past years. Hilliard said space to be occupied by RCA will be "considerably less" than 11,900 sq. ft. company paid for last April in Las Vegas.

C-SPAN is moving its primary feed to Galaxy 1, TR 13 on Nov. 25. Network had used Satcom 3R for main feed, duplicated on Galaxy, now will leave Satcom 3R altogether.

Personals

NBC Chmn.—CEO **Grant Tinker** selected by International Radio & TV Society as recipient of 1986 Gold Medal, will receive award March 5 at Waldorf-Astoria Hotel, N.Y.... Producer **Jerry Weintraub** named chmn.—CEO, United Artists, succeeding **Frank Rothman**, who resigned and who has said he expects to resign also as chmn.—CEO of MGM/UA. Rothman remains a UA dir.... **Lorna Bitensky** advanced to business affairs vp, Columbia Pictures TV; **Judi Schwam** promoted to senior vp—publicity, promotion and field operations.... **Eli Kaufman**, ex-CBS, appointed program sales dir., Trans World International.... **Henry Bachman**, Hazletine Corp., elected 1986 pres.—elect, Institute of Electrical & Electronics Engineers, becomes pres. in 1987; **Emerson Pugh**, IBM Watson Research Center, elected 1986 exec. vp.

FCC calendar -- Nov. 18: **Thomas Herwitz**, legal asst. to Chmn. Fowler, speaks on American media regulation, Private Sector Organization of Jamaica, Kingston. Nov. 20: **Fowler** addresses Information & Technology Committee of Parliament, London. Nov. 21: Comr. **Quello** is luncheon speaker at Hofstra U. conference on TV, Hempstead, N.Y.; Comr. **Dawson** is on panel at Hofstra on domestic and international broadcasting; Mass Media Bureau Chief **James McKinney** addresses N.Y. Cable Club luncheon, HBO-15th Floor Terrace, N.Y.C.; **Janice Obuchowski**, asst. to Fowler on international communications, is panelist at Annenberg School of Communication conference on N. Atlantic Consultative Process, Madison Hotel, Washington. Nov. 22: Gen. Counsel **Jack Smith**, judges Region 3 Moot Court Competition of Young Lawyers Section of Washington, D.C. Bar Assn., 3rd & Constitution Ave. NW; **McKinney** gives 1985 Annual Awards Banquet Address at Radio Club of America, N.Y. Athletic Club; Private Radio Bureau Chief **Robert Foosaner** also participates.

Leonade Jones advanced to asst. treas., Washington Post Co.; **Ross Hamachek** promoted to vp—planning and development.... **Edwin Hilper** named pres.—CEO, Racial Communications.... **John Shreves** advanced to gen. mgr., Jefferson-Pilot Sports Enterprises.... **Steven Fadem**, ex-Warner Amex, appointed business affairs vp—gen. counsel, Multimedia Entertainment.... **Barbara Sanden**, ex-Fortune magazine, named sales strategy vp, Showtime/Movie Channel.... **Michael Brandman**, pres. of Playboy Programs, resigns, succeeded by **Edward Rissien**; **Richard Sowa** advanced to div. pres.... **Louis Ryan** advanced to gen. counsel, Landmark Communications and TeleCable Corp., succeeding late **Charles Kaufman**.... **Peter O'Reilly** promoted to mktg. dir., BizNet, U.S. Chamber of Commerce.

Anthony Dwyer, ex-Four Star International, and **Daniel Garzes**, ex-On The Air, named Central Div. mgrs., Group W Productions.... **Bob Moore**, ex-KCBS-TV L.A., named research dir., Embassy Telecommunications, new post.... **Peter Lord**, ex-CBS, appointed European representative, National Assn. of TV Program Execs.; **Andrew Duca**, ex-Video Corp. of



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America, named creative services dir.... **William Mockbee**, ex-WCVB-TV Boston, forms WLM Consultants, Box 353, Calais, Me. 04619, or 327 Mowat Drive, St. Andrews, New Brunswick, Canada E0G 2X0, 506-529-3847.

Susan Tanner, ex-Tanner Creative Communications, named ad and promotion mgr., Media General Cable of Fairfax... Elected officers of N.Y. State Bestrs. Assn.: Pres., **Lawrence Levite**, WBEN-FM-AM Buffalo; Vp, **Walter Maxwell**, WGHQ(AM)/WBPM(FM) Kingston; Secy., **James Champlin**, Beck-Ross Communications, Rockville Centre; Treas., **Ronald Pulera**, WTEN Albany... **Brad Von Holten**, Horizon, named a dir., SPACE... **Philip Sach** promoted to international affairs vp, RCA Globecom... **Xernona Clayton** advanced to public affairs vp, WTBS Atlanta; **Dolores Woods** promoted to TBS vp-asst. to pres.

Kevin Sweeney, ex-press secy. to House Telecom Subcommittee member, Rep. Markey (D-Mass.), named press secy. to Sen. Hart (D-Colo.), for whom he worked in 1984 Presidential campaign.... **Bonnie Busekrus**, ex-Cable Health Network, and **Sydney McQuoid** both promoted to affiliate relations senior mktg. mgrs., Lifetime... **Bob Jones** advanced to news editor, Mutual Radio Network... **Joel Yohalem**, ex-Western Union, joins Washington law firm Collier, Shannon, Rill & Scott... **Don Dunphy Jr.** advanced to ABC News vp-affiliate news services... **Lisa Lombardo**, ex-ARA Services, named licensing dir., King World Merchandising & Licensing unit.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of Nov. and 1985's first 44 weeks:

	OCT. 26- NOV. 1	1984 WEEK	\$ CHANGE	OCT. 19-25	44 WEEKS 1985	44 WEEKS 1984	\$ CHANGE
TOTAL TV.....	531,866	609,430	-12.7	553,543	16,710,562	17,308,245	-3.5
TOTAL COLOR...	447,824*	437,408	+2.4	464,260*	13,838,783*	13,299,048	+4.1
DIRECT-VIEW..	439,537*	432,325	+1.7	455,560*	13,642,184*	13,147,399	+3.8
PROJECTION..	8,287*	5,083	+63.1	8,700**	196,599##	151,649	+29.6
MONOCHROME....	84,042	172,022	-51.1	89,283	2,871,779	4,009,197	-28.4
TV EXCL. PROJEC.	523,579	604,347	-13.4	544,843	16,513,963	17,156,596	-3.7
HOME VCR#.....	352,498**	237,253	+48.6	301,183*	8,911,479##	5,754,908	+54.9
COLOR CAMERAS#..	9,594	11,170*	-14.1	6,387	342,029	384,505*	-11.0

Color TV (direct-view) 5-week moving average: 1985--399,802*; 1984--360,738 (up 10.8%).

Home VCR 5-week moving average: 1985--278,885**; 1984--191,407 (up 45.6%).

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

Exceeds full-year record.

GE EASING INTO ROLE AS TV MARKETER: Planning wheels are turning at GE as Consumer Electronics Business Operations works on next year's planned phaseout of color TV production and prepares to don new mantle as marketer only (TVD Oct 21 p10). "The biggest concern we have now is the logistics of that transition," said Vp-Gen. Mgr. Jacques Robinson. "There's the risk we may bobble the ball" as sets from outside suppliers replace those now being made in GE's Portsmouth, Va., plant, due to close in Aug.

"But from a competitive view we don't expect [change] will cost us anything at all," he said. That's in contrast to view of some industry observers who have been speculating that GE will have tough time competing against its suppliers and that some of its retail accounts will drop its line. There's no indication of that so far, Robinson contends: "We've talked to our dealers and their reaction ranged from neutral to positive -- there was no negative. A lot expressed relief that we have taken action, that it's over and we can get on with the business."

As for marketplace battle with suppliers, "we don't view ourselves in competition" with them, Robinson said. "We are bringing marketing skills, and products that meet customer needs," along with sales and distribution operation that's more efficient "than any of our competitors." Also, he pointed out, GE has been experimenting with new role since last spring when it discontinued small-screen TV production and started sourcing 13" color sets from Goldstar. "We've proved we can do it with small-screen product [which] provided a test case before we made the whole leap." As for results, he said GE has strengthened its 13" market position, had some market share improvement and more significant gain in earnings.

List of GE's supplier-competitors is growing from 2 to 3. In addition to Goldstar as source for 13" and Matsushita for 19"-&-over models, GE has agreed to purchase some color sets from Mitsubishi. They'll be small screen and on display at upcoming Winter CES in Las Vegas, Robinson said. Expectation is that they'll be upscale 13"-14" monitors using tubes with blue tinted faceplates. Such tubes are now made only by GE and Mitsubishi.

Touching on deal with Matsushita, Robinson confirmed that not all GE big-screen sets will be made in Franklin Park, Ill., plant acquired from Motorola in 1974 and now used to assemble color TVs for Matsushita subsidiaries Panasonic and Quasar. He also ruled out Matsushita's purchase of Portsmouth facility. Last week Matsushita said it had finalized its U.S. production expansion plans, declined to reveal specifics. Ill. plant is too small to handle all incoming GE business and it's understood Matsushita considered, then decided against, building new plant here. Speculation is that Matsushita instead will expand color chassis plant in Tijuana, Mexico, to handle all 19"-20" production, use Franklin Park for consoles. That would be in keeping with GE agreement to schedule that will have Matsushita start producing GE's bigger screen color this spring, not take full responsibility for smaller sizes until summer.

Robinson stressed that GE is retaining its design as well as distribution operations, both of which have operated profitably. Losses, he said, came from production because "our manufacturing arm had a small base by world standards." Change will mean end to GE's participation in private-label market -- "we would be an OEM's OEM" -- but company may offer design services to others. "We have been approached to provide such services by a 3rd party," Robinson told us.

GE is among marketers looking to boost prices next year and feels they could stick. "This is the first time I've seen an environment in which price increases may in fact take hold," Robinson said. Dollar devaluation against yen "is something akin to the oil price shock" of years back, "and price hikes will have to take place somewhere along the line by some of the players," particularly now that it appears exchange rate will drop below 200 yen to dollar (at week's end it was around 213). Koreans aren't affected by devaluation, "and their public posture creates a problem in the marketplace." But that may be temporary, Robinson said, predicting "the balance of payments is going to give them a problem, too." Another possible industry problem: "Nobody knows how to do a price increase."

General price boost, however, "is going to slow down sales," Robinson predicted. GE had been looking for flat year, now is revising forecast. Depth of market slide depends on price hike size and timing. He said he doesn't expect increases to be apparent at retail until first quarter next year, "and it's too soon to say how much."

Plans for transition year of 1986 center on "keeping our market basket as competitive on all fronts as we can -- we are not looking at any major new [product] categories," Robinson said. One area others are eyeing, but GE isn't, is home satellite gear. "Our analysis has always been that it's a dubious market," and GE questions "whether the fundamentals are there to support it. We decided to stay away, and to date it's been one of our better decisions."

GE's go-slow attitude should be reflected industrywide at CES, which Robinson said he feels "will be characterized by getting back to business and restoring profits. We've had too many Hail Mary passes, we need a little more blocking and tackling."

SANYO ADDING VHS UNDER OWN BRAND: With one foot already in VHS format through manufacturing subsidiary Tokyo Sanyo and marketing subsidiary Fisher, Sanyo Electric is putting in other foot -- this one with its own logo on it -- and will start marketing Sanyo brand VHS VCRs here late in first quarter or early in 2nd.

Addition of VHS to Sanyo's Beta line means one more major brand will be adding to competitive pressure that's been squeezing VCR profitability over last 2 years. Additional pinch is represented by introduction of VHS Hi-Fi VCR by Samsung, marking initial entry into hi-tech end of market by Korean manufacturer.

Sanyo's decision comes just 2 years after Pres. Kaoru Iue told us at company's Osaka hq that when it comes to 1/2" VCRs, "Sanyo only sells Beta" under Sanyo label, and that Tokyo Sanyo would not be permitted to offer VHS models to Sanyo's own-brand sales operation in U.S.

(TVD Dec 19/83 p16). Like others in Beta camp, Iue presumably has discovered that never is a long time.

"That time was that time," corporate spokesman told us, explaining that market conditions and customer demand have undergone changes since 1983. One important change, he acknowledged, is that VHS VCRs have dropped dramatically in price, with result that Sanyo, which was acknowledged Beta pricing leader, found its volume eroding. Last May Sanyo claimed 10.5% share of U.S. VCR market, indicated goal for 1985 was retention of at least 10% share (TVD May 13 p11). Demand for Beta now centers on high-end Superbeta Hi-Fi, something Sony said it was expecting when it announced discontinuance of low-end Beta models (TVD April 22 p11). U.S. Sanyo spokesman saw "nothing unusual about adding a couple of VHS models," despite previous strenuous protestations to contrary.

Another factor in decision may be failure of 8mm Video format backers to make concentrated market assault. In that earlier interview Iue indicated he was expecting 8mm to be launched on global scale by several major manufacturers. That hasn't happened yet, and with Beta market shrinking in U.S., Sanyo can't wait forever. Company hasn't given up on 8mm, of course, although it discontinued 2-piece portable it introduced at start of year. It will market Sony-made camcorder here in first quarter and is scheduled to start own camcorder production next spring.

For the moment Sanyo-brand VHS is for U.S. market only. While in U.S. Sanyo and Fisher have totally separate sales channels, in Japan Sanyo distributes Fisher line, including VHS VCRs, and most of its 6,000 retailers carry both brands. So Sanyo dealers there aren't forced to look outside family for VHS VCRs.

When Sanyo starts selling VHS here, it will leave Sony and affiliate Aiwa as sole Beta-only 1/2" VCR marketers. Of original Beta camp members, NEC, Toshiba, Radio Shack and Sears added VHS to their lines, while Fisher, Marantz, Teknika and Zenith all dropped Beta in favor of VHS.

As for expanded competition from Korea, Samsung says it will start delivering \$700 list 4-head (plus 2 for audio) Hi-Fi VCR in Dec. Wireless remote model has 16-position 139-channel tuner, 4-week 8-event timer, features on-screen display of both programming and operating instructions. Also moving into VHS stereo in Dec., but with Dolby linear rather than Hi-Fi model, is Korea's Gold Star. Remote unit carries \$570 list. Spokesman said Gold Star expects to offer VHS Hi-Fi VCRs next year but hasn't set introduction date. In Beta activity, Sears has under-\$200 model in its catalog for first time (see report elsewhere in this issue).

SONY PRICE HIKE TIED ONLY TO YEN: Although U.S.-owned competitors are welcoming Sony's announcement of general price increases as opportunity to boost margins and swing consumer electronics operations into profit column (TVD Oct 28 p10 et seq), top officials of Sony made clear last week that its own hikes would be confined to amount necessary to compensate for increase in value of yen against dollar.

Initial success of 8mm Video format and plans for software also were topics in interview with Sony America Chmn.-CEO Kenji Tamiya and Pres.-COO Neil Vander Dussen, whose appointment to highest posts was announced week ago (TVD Nov 11 p16).

"For us," said Vander Dussen, "it's a question entirely of the yen-dollar relationship. The increases will vary sharply across product lines. Some 75 to 80% of our color sets are made here, so the effect [on TV] will be minimal." Asked about increases to restore profit margins aside from foreign exchange problems, he replied that Sony, as premium line, already has "reasonable relationship" of cost to selling price.

"We have no alternative but to raise prices" on products with Japanese content, said Tamiya, adding that "many Japanese companies are seriously addressing the price situation."

He pointed out that in the month after Sept. 22, dollar's value depreciated more than 20%. "Initially there was some speculation that the dollar would drift back, but it hasn't and that speculation has ended. It may well continue to drop and could fall below the 200-yen mark." (At week's end it was in 213 range.)

Entire 8mm line -- camcorders and decks -- has been sold out to dealers, Vander Dussen said: "The momentum has started and it looks as if it will continue. We're also very encouraged by the interest in 24-hour audio capability." He forecast other hardware suppliers would adopt format. Industrywide, "many hundreds of thousands" of 8mm VCRs will be sold in U.S. by this year's end, he said, and number in use will pass million in 1986, making field attractive to software marketers.

Direct comparison with digital audio Compact Disc was made by Tamiya. After less than 3 years, he said, "every [audio] manufacturer is now in CD -- and we think we can create the same thing in 8mm within 3 years." Half-inch and 8mm "will continue in parallel for a number of years," said Vander Dussen, "but at some point 8mm will become the dominant format."

Quantity of recorded 8mm titles on market in 1986 should increase "manyfold" over this year's total of 2-3 dozen, Tamiya forecast. "We expect availability to accelerate," added Vander Dussen, who thinks sales of 8mm units will prompt software retailers to carry 3rd format, despite current reservations. Groundwork is being laid for massive software introduction. Vander Dussen told us Sony has adequate supply of duplicator machines and tape and that at least one major duplicator will buy and install large number of slave units, without Sony financial help. "Some in the business are equipped now," he said. Meanwhile, Sony Video Software reportedly is close to studio deal guaranteeing supply of features.

Asked about next 8mm product -- Sony people in past have casually mentioned possibility of video boombox, car video systems, TV-8mm combos -- Vander Dussen replied: "We're not ready to announce it, but there's absolutely no doubt that the [8mm] mechanism will come out as a part of systems in the years to come. We will be the leader in the introduction of those products... The smaller cassette has so many advantages."

In Beta, "our position continues strong," he said, adding that in fiscal year just ended, "our Beta sales were higher than the previous year." He conceded that "Beta presence in the low end could be somewhat less," even discounting Sanyo's move into VHS (see separate report). "A large segment of the market recognizes Beta's advantages" in features and performance.

Even as Sony and others rush to build new Compact Disc pressing plants, CD software shortage "could get worse" in next few years as hardware sales soar, increasing demand for discs, Tamiya said. As for U.S. entry of Sony's home computers or such specialties as consumer word processors, Tamiya called field "volatile," said "we'll stay close to it, watch it, but we have no immediate plans in this country."

Justice Dept. easing of antitrust guidelines to allow manufacturers to restrict wholesale and retail sales of their products has come under fire in Congress. House Judiciary Subcommittee last week approved nonbinding resolution contending that vertical sales arrangements that establish exclusive territories, and so limit transshipping, injure consumers by reducing price competition. Full Judiciary Committee is expected to endorse action, and similar resolution is pending in Senate.

Selecting, buying and using VCRs and associated gear are subjects of up-to-date new book, 1986 Buyer's Guide to Home Video Equipment, by Marjorie Costello and Michael Heiss (HP Books, Tucson, \$9.95).

Thomson and Nakamichi have agreed to joint development of optical disc players and recorders. Accord between French and Japanese firms covers video, audio and digital data discs, with production in 1988. Recordable discs use magneto-optic material developed by KDD, Japanese telecommunications company; Nakamichi demonstrated variable power laser recorder last year (TVD Oct 29/84 p14).

Ad notes: "Guess who outsells the 3 leading Japanese [color TV] competitors combined?" asks full-page ads in business papers last week. Answer: "It's RCA", which says in ads it has been best-selling color brand in U.S. "for the past 4 consecutive years."... **Royal** Consumer Business Systems appoints HWH for PR.

SEARS SHARPENS PRICES: VCR at \$199.95 and 50" remote projection TV at \$1,279 highlight bargains in Sears' Christmas book. Low-end VCR is only Beta in catalog, has scan, 3-day programming. First VHS, top-loading wired remote, is \$300 (down \$200 from previous catalog); front-load wireless remote model with 4-event program is \$360 (down \$130), VHS Hi-Fi is \$590 (down \$250); new Hitachi-made docking portable is \$740.

Autofocus VHS camcorder, made by Hitachi and similar to RCA unit, is \$1,290, including hard carrying case. Lightweight autofocus camera with f1.2 lens is \$690, and high-end version with VCR controls is \$790 (both down \$100).

Color TV line begins with 5" monitor receiver at \$270; 13" mechanically tuned leader is \$170, scan-tuned model \$200 (down \$60), ladder-tuned remote \$230 (down \$60), keypad remote monitor receiver \$270 (down \$70), high-resolution monitor with RGB \$340; 19" stereo TV \$370 (down \$120); 20" keypad remote, stereo adaptable \$370 (down \$170), with built-in MTS stereo \$490 (down \$100).

Console 25" color sets start at \$400, stereo adaptable scan remote is \$500, two stereo adaptable keypad remotes \$560 (down \$120); two 26" double-ended remote consoles with built-in MTS are \$880 (down \$300). One-piece pull-out 50" front projection set at \$1,279 is down \$700. Monochrome sets are 5" AC-DC at \$80, 9" AC at \$60, 12" monitor receiver at \$65. Featured computers are Commodore 64 and 128. CD player is \$200 (down \$50).

* * * *

New sets: Mitsubishi introduces audio-video system using single remote control for 26" TV, VHS Hi-Fi VCR, 50-w amplifier, tuner, cassette recorder and turntable, with on-screen display of TV and VCR functions. Price including cabinet is \$3,200. Same system may be used with Mitsubishi TVs and VCRs manufactured since 1983. Without TV and VCR, system is priced under \$1,400... Akai adds top-end 4-head VHS Hi-Fi VCR with 8-event 28-day on-screen programming, comb filter, white clip circuit, 139 channels, 32-function wireless remote at \$1,099... Marantz says VHS HQ picture-improving features will be incorporated into 2 models being introduced this month at \$750, VHS Hi-Fi at \$950... Yamaha expands video offerings with first monitor receiver. Unit is 25" with 134-channel remote, MTS stereo, has video and audio jacks in front as well as rear, lists at \$950... JVC adds audio-video remote control digital synthesizer receiver, 50 w per channel, at \$350. Also from JVC are 3 new CD players starting at \$300, with wireless remote units at \$450 and \$600... Samsung introduces first videocassette player, single-speed front-load model at \$200, promises 3-speed unit later.

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NBC logo to identify stereo TV programs, suggested in this publication last summer (TVD July 8 p15), has been adopted officially by network: Peacock wearing headphones.

U.S. TARGETS IC DUMPING: Govt.-initiated antidumping complaint on Japanese exports of advanced 256K memory ICs has been recommended to President Reagan by special strike force he set up 2 months ago to uncover instances of unfair international trade competition by foreign companies (TVD Sept 30 p9).

In report, strike force says it believes Japanese are selling ICs here at less than fair value. It urges speedup in handling of 2 existing Japanese IC dumping cases. In both -- one covering 64K random access memories, other on erasable memories -- International Trade Commission has found reasonable evidence of injury to domestic industry from dumping, and International Trade Administration has opened probes into unfair pricing allegations.

While unusual, initiation of dumping complaint by govt. rather than by representatives of impacted industry isn't without precedent. Most recent case involved steel industry. But regardless of how case is started, it still has to be investigated by ITC and ITA before any penalty duties can be levied, and process takes about year to complete.

Other provisions of President's trade proposals, including creation of \$300 million fund to aid U.S. exporters in selling to countries with subsidized industries, are included in Senate bill drafted by bipartisan trade task force. Measure, however, would restrict President's options in handling trade disputes by requiring retaliation when govt. probes uncover foreign unfair trade practices. It also would force President to grant protection to import-injured industries in cases where appropriate recovery plans are made and eliminate duty-free treatment for any imports from such industrialized less developed countries as Hong Kong, South Korea and Taiwan.

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State taxes on worldwide unitary earnings of multinational firms would be banned under legislation to be proposed to Congress by Reagan Administration. In response to complaints from businesses and foreign govts., U.S. has long been pressuring states to drop unitary taxes or sharply modify taxing scope, and last year threatened to take unilateral action to stop practice (TVD Aug 6/84 p14). In response, several states, including Fla. and Ind., discontinued them. But in Cal., bill to restrict corporate taxes to operations in U.S. failed to clear legislature. Measure is to be considered again next year, and if it passes, Administration spokesman said, need for federal regulation would be reconsidered.

Home TVRO system for \$600 was promised for next year by Vp Roy Mulhall of home satellite mass-market pioneer Uniden Corp. of America. "All the other consumer electronics companies in the world are going to join us" in home dish receivers next year, he said Nov. 2 at Chicago "2nd Age of TV" seminar sponsored by Columbia College and Channels magazine. He forecast that in 1986, TVRO "will no longer be a cottage industry" as it moves into "electronics superstores."

GRUNDIG, BLAUPUNKT LINK: Germany's Grundig and Blaupunkt, both of which have been operating at loss, have agreed to production rationalization scheme that includes Blaupunkt's eventual purchase of 20% interest in its consumer electronics competitor.

Under plan, Blaupunkt will halt own color TV production, source from Grundig; Grundig will buy car radios from Blaupunkt, end own output. Switch will eliminate 1,650 jobs at Blaupunkt color plant in Germany, but most will be reassigned, with only 300 actually dismissed. Grundig makes car radios in Portugal, already has set cutbacks there in restructuring. Pact is expected to mean \$100 million in new color sales for Grundig, \$40 million in car radios for Blaupunkt.

Blaupunkt's share purchase is expected to come from 25.9% interest in Grundig acquired from Grundig family last March by investment group that included banks and Dutch Philips (TVD April 2 p14). Philips, which has 22.9% Grundig stake, will retain management control.

In U.S., approximately \$6 billion acquisition of Beatrice Cos. by Kohlberg, Kravis, Roberts is likely to mean only temporary stay of Beatrice's effort to sell International Jensen, which Beatrice picked up when it acquired parent Esmark last year. After takeover is completed in Feb., top management posts will be assumed by former executives of Esmark, who had Jensen on block before negotiations with Beatrice began.

In other merger activity: France's Thomson has acquired U.S. IC maker Mostek from United Technologies for \$71 million. Deal includes nearly all Mostek assets, including assembly plant in Ireland. Thomson said it expects to keep about 1,000 workers, including Mostek Pres. James Fiebiger. As part of deal, Thomson Semiconductors will provide technical support to UT's Micro Electronic Centers for 5 years. Last month, UT announced it was closing financially troubled semiconductor maker, set up \$423.7 million 3rd-quarter reserve to cover losses involved (TVD Oct 21 p17).

BMC has agreed to sell group of subsidiaries producing circuit boards, ICs and stamped electronic parts to unidentified purchaser for \$40 million, said it also plans to sell circuit board equipment manufacturing units. Excluded from sale is Buckbee-Mears, color TV shadow-mask producing subsidiary... **Alps** of Japan has agreed to buy Apple Computer's keyboard and mouse manufacturing plant in Garden Grove, Cal. Apple closed plant, put it up for sale in restructuring earlier this year... **Dale Electronics** sale by Lionel to joint venture of Vishay Intertechnology and Mezzanine Capital Corp. was completed.



"**Unless used** in conjunction with a converter, a cable-ready set may not provide high-quality reception on all channels." -- Excerpt from subscriber bulletin by Manhattan Cable TV, N.Y.

COMMODORE POSTS LOSS: Commodore continued in red in opening fiscal quarter to Sept. 30, posted loss of \$39.2 million on 34.9% sales decline (see financial table).

Commenting on results, Chmn. Irving Gould said loss includes heavy introduction costs for Commodore's new Amiga and C128 computers that didn't begin shipping until late in period. He noted that inventory was down to \$306 million from \$315 million at end of June despite "sizable buildup for new products, particularly in the raw materials area."

Gould said initial Amiga sales to dealers exceeded target and sales rate of both new C128 and established C64 models "accelerated in North America" in quarter. He said Commodore expects return to profitability in 2nd quarter on sales about even with \$431 million reported for same period last year.

CBS's loss in 3rd quarter included \$7.5 million in operating losses and writeoffs at CBS Software, which is being discontinued in restructuring (see details in Broadcast section). Company said it was halting computer software development and production but would continue selling from inventory. Move completes CBS's exit from nonvideo electronic software field. At end of 1983 CBS folded its videogame marketing division, said that unit was primarily responsible for \$15.7 million loss shown by Columbia Group that year.

Parker Bros. made \$32.1 million on videogame software in fiscal 1983 to May 26, but lost \$10.1 million on business in 1984 and \$13.7 million in 1985, according to report to shareholders by parent General Mills in connection with its spinoff of toy business, Kenner Parker Toys, to holders. It notes that Parker officially discontinued videogames at end of fiscal 1985, incurred additional pretax loss of \$23 million on disposition.

Recoton cited "general slowdown in retail sales" in reporting lower 3rd-quarter sales and earnings. Company said it expects sales of recently introduced MTS TV stereo set-top decoder and "brisk current sales" of accessories to produce record revenues in 4th quarter.

General Instrument said it will set up \$80 million pretax reserve in 3rd quarter, to Dec. 1, to cover cost of restructuring to eliminate unprofitable business. Of that, \$40 million will be for closing Microelectronics Div. plants in Scotland and N.Y. and consolidating IC operation at Chandler, Ariz., plant, where development will center on high-density CMOS chips. Operations of RF/Satellite Div. also will be consolidated with Jerrold, and plants in Tucson and Delhi, Ont., are being closed.

Home word processor will be introduced this week by North American Philips at N.Y. news conference. As reported here last summer (TVD Sept 2 p13), it's first product of new Philips Interactive Systems, is expected to be first major device introduced in U.S. based on MSX operating system.

DIGITAL TRICKS FOR ANALOG TV: Black box adaptor that adds some performance features of digital TVs to existing color sets, as well as digital IC that lets set makers build those functions into analog models, is slated for introduction at Jan. Winter Consumer Electronics Show in Las Vegas by Multivision Products, Fremont, Cal., high-tech R&D and manufacturing firm.

Multifunction \$399 adaptor contains dual 139-channel MTS stereo wireless keypad remote tuners, digital IC that provides picture-in-picture display -- output of one tuner fills most of screen, other is inset that can be placed anywhere. Inset picture can be set to continuously scan available channels and either picture can be frozen on screen. Model designation is 3.1, for 3 functions -- dual tuner, remote, MTS -- plus one extra picture. Less advanced \$249 Model 2.0, also due for WCES unveiling, is MTS adaptor that comes with single 139-channel remote tuner.

MV1001 IC, being offered to TV OEMs, will permit addition of P-I-P, autosean and freeze frame to any conventional receiver, VCR or display monitor, makes possible such other features as combining video images with computer graphics and special effects generation. IC would add about \$100 to price of set at retail, according to Mktg. and Sales Vp David Pava.

He told us several U.S. and Far Eastern set makers have expressed interest in chip, indicated deal was close, but declined to reveal potential customer names. He said Multivision is making IC on its own, with delivery expected to start next month.

Pava said company will be taking dealer orders for its first 2 adaptors at WCES, indicated shipments would start at end of first quarter. Now planned for introduction at Summer CES in June is version 3.1 upgraded to accept additional video inputs for simultaneous on-screen display, Pava said.

* * * *

CL (for cloud) 9, consumer electronics accessory development and marketing firm launched earlier this year by Apple cofounder Steve Wozniak isn't going to meet target of having first products out before Christmas. Company is understood to have 2 gadgets in works, Tryon, \$20 attachment that boosts sensitivity of remote control sensor on TVs, VCRs and other products, and \$199 multiproduct hand-held remote control called IRS (for Infrared Servant). IRS is competitor to programmable remote that handles up to 4 different sets of codes now being marketed by GE for \$150. CL 9 will be showing products privately at Winter CES in Las Vegas, expects to start shipping in late spring.

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Polygram CD plant in Hannover, Germany, will be part of Philips's contribution to new Philips-Du Pont optical disc joint venture (TVD Nov 4 p11). Wording of our report last week made it appear new venture would take over Polygram itself, which remains a Philips subsidiary.

TROUBLES FOR DISH ADS: Three-year-old NAB legal advisory to TV stations could come back to haunt TVRO manufacturers and dealers trying to buy TV ad time. In one case, it already has.

In March 1982, NAB issued advisory on then-cloudy legal situation surrounding home reception of satellite signals. It suggested stations run following disclaimer with ads for TVROs: "For Authorized Reception of Satellite Video Programming." Advisory also said ads shouldn't describe by name particular types of satellite programming that can be received. Of course, 1984 Cable Act has since made clear that it's legal to receive signals -- as long as they're not scrambled or marketed.

But syndicator Lone Wolf TV encountered problem recently with station that referred back to NAB's old advisory. Lone Wolf Exec. Producer Steven Bass told us that show his company is syndicating, Alias Zachary Drake, contains barter ad from TVRO manufacturer Longview. On hearing about ad, executive at KTHT Houston, independent that goes on air Jan. 1, cited NAB advisory and warned Bass of problems he might encounter because of Longview spot. Bass said ad means \$350,000 a year in revenue to his company.

At NAB, Deputy General Counsel Barry Umansky agreed Cable Act has since clarified issue that was very unclear in 1982. Despite promise in advisory that NAB would "apprise stations of developments concerning federal legislation," Umansky admitted there's been no follow-up to original warning on TVRO ads.

* * * *

Winegard introduced complete satellite receiving system at \$995 list retail that company said can be assembled by consumers. Mini-Ceptor Satellite Antenna System includes 6-ft. antenna on portable stand, receiver, and switchable modulator, can be carried out of store in 3 boxes. Unit may not require professional installation, but in photo portable unit doesn't look all that permanent either. It apparently has to be physically moved by owner when reception from different satellite is desired.

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Tandy expects sales by its name-brand electronics stores to rise to \$350-\$400 million next year, up from \$225 million in current fiscal year, company told security analysts last week. To boost image and sales of Radio Shack, company is embarking on 5-year remodeling program covering all its stores.

Samsung is expected to be first Korean corporation to take advantage of new govt. regulations that permit direct foreign investment in domestic firms through overseas float of convertible bond issues. Rules allow issuance of bonds representing 15% of capital value of outstanding shares, put 3% limit on interest any one buyer may own, require bonds be held at least 18 months before conversion.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audiotronics			
1985-qtr. to Sept. 30	2,737,000	(302,000)	—
1984-qtr. to Sept. 30	4,961,000	68,000	.06
CBS			
1985-9 mo. to Sept. 30	3,408,300,000	(28,100,000)	— ^a
1984-9 mo. to Sept. 30	3,309,400,000	176,300,000	5.93 ^b
1985-qtr. to Sept. 30	1,117,700,000	(114,100,000)	— ^a
1984-qtr. to Sept. 30	1,075,800,000	48,800,000	1.64
Comcast			
1985-9 mo. to Sept. 30	86,700,000	7,305,000	.36
1984-9 mo. to Sept. 30	75,807,000	7,965,000	.42 ^c
1985-qtr. to Sept. 30	29,983,000	1,093,000	.05
1984-qtr. to Sept. 30	26,322,000	3,084,000	.16 ^c
Commodore International			
1985-qtr. to Sept. 30	159,200,000	(39,200,000)	—
1984-qtr. to Sept. 30	244,200,000	27,700,000	.90
Esquire Radio & Electronics			
1985-9 mo. to Sept. 30	1,640,500	(71,000)	—
1984-9 mo. to Sept. 30	10,368,100	719,100	1.49
1985-qtr. to Sept. 30	633,800	(109,500)	—
1984-qtr. to Sept. 30	193,800	163,900	.34
Marantz			
1985-9 mo. to Sept. 30	28,731,000	(2,584,000)	—
1984-9 mo. to Sept. 30	29,552,000	(1,597,000)	—
1985-qtr. to Sept. 30	14,216,000	95,000	.04
1984-qtr. to Sept. 30	11,697,000	24,000	.01
Movielab			
1985-39 wk. to Sept. 28	3,185,465	(2,224,878)	—
1984-39 wk. to Sept. 29	3,287,544	(4,323,487)	— ^d
1985-13 wk. to Sept. 28	970,867	(864,774)	—
1984-13 wk. to Sept. 29	1,047,283	(3,895,067)	— ^d
Oak Industries			
1985-9 mo. to Sept. 30	212,630,000	(24,169,000)	—
1984-9 mo. to Sept. 30	255,134,000	(29,462,000)	— ^d
1985-qtr. to Sept. 30	62,688,000	(11,151,000)	—
1984-qtr. to Sept. 30	77,475,000	(9,576,000)	— ^d
Recoton			
1985-9 mo. to Sept. 30	16,756,000	832,000	.31
1984-9 mo. to Sept. 30	18,332,000	1,208,000	.45
1985-qtr. to Sept. 30	5,416,000	297,000	.11
1984-qtr. to Sept. 30	6,182,000	404,000	.15
Satellite Syndicated Systems			
1985-9 mo. to Sept. 30	22,800,000	1,665,000	.29 ^a
1984-9 mo. to Sept. 30	19,300,000	3,622,000	.63 ^c
1985-qtr. to Sept. 30	7,900,000	100,000	.02 ^a
1984-qtr. to Sept. 30	6,400,000	1,256,000	.22 ^a
Storer Communications			
1985-9 mo. to Sept. 30	433,944,000	(19,177,000)	— ^a
1984-9 mo. to Sept. 30	389,232,000	(23,152,000)	— ^b
1985-qtr. to Sept. 30	142,881,000	5,568,000	.29 ^b
1984-qtr. to Sept. 30	133,290,000	(7,449,000)	— ^b
Telepictures			
1985-9 mo. to Sept. 30	102,488,000	7,759,200	.59
1984-9 mo. to Sept. 30	67,777,800	5,442,700	.52 ^c
1985-qtr. to Sept. 30	37,877,300	3,909,700	.27
1984-qtr. to Sept. 30	27,066,100	3,131,200	.27 ^c
Walt Disney Productions			
1985-year to Sept. 30	2,015,429,000	173,491,000	5.15
1984-year to Sept. 30	1,655,977,000	97,844,000	2.73 ^a
1985-qtr. to Sept. 30	590,521,000	53,770,000	1.60
1984-qtr. to Sept. 30	463,198,000	(64,007,000)	— ^a

Notes: ^aAfter special charge. ^bIncludes special credit.

^cAdjusted. ^dRestated.

Consumer Electronics Personals

Herbert Schlosser retires Dec. 31 as RCA Entertainment Business Development exec. vp after 28 years with company, including stint as NBC pres. He'll join brokerage house Wertheim & Co. as entertainment and bestg. senior adviser; **Susan Beckett** named video operations senior counsel, RCA Law Dept... **David Arganbright**, ex-Kartes Video sales and mktg. vp, one-time RCA, joins Grolier Electronic Publishing as exec. vp-COO.

Robert Borish, ex-Paramount Pictures, named vp-controller, Video Assoc... **Sondra Berchin** appointed business affairs vp, MCA Home Entertainment Group... **James Fisher** named sales vp, Academy Home Entertainment... **Ken Chivers** appointed franchise mktg. dir. of Video Workshop, Ft. Lauderdale company establishing video editing and duplication centers.

Lou Filatreau advanced at Fuji Computer Media Div. to national field sales mgr... **George Nagle** promoted to Royal Consumer Business Products sales dir. from national sales mgr.; **Larry Kirlin** named national accts. mgr... **Joseph Rae**, ex-Scientific Atlanta, joins R.L. Drake as head of new Canadian sales office... **Meryl Lassig** appointed controller of Video Aid, independent marketer of extended service warranty contracts.

Alva Dalton, ex-Forstmann Little, rejoins ITT Jan. 1 as Telecom Business & Consumer Communications pres., succeeding **Richard Lindenmuth**, resigned... **Paul Gupta** advanced at GE Intersil from gen. mgr. to pres., succeeding **James Dykes**, who becomes chmn. and continues as GE Semiconductor Business Div. vp-gen. mgr... **Ichiro Hattori** named pres. of Seiko Epson, new Seiko Group unit formed in Japan through merger of Epson's computer and printer operation with Seiko's watch and electronic components group.

McCormick Place expansion funding bill passed Ill. legislature last week and was signed into law by governor. It authorizes \$54 million increase to \$259 million in bonds Chicago center can issue to pay for new exhibition building being erected just west of existing one. Passage means money will be available to complete new building in time for next June's Summer Consumer Electronics Show.

Projection TV sailed to all-time year's record in 1985's 44th week, ended Nov. 1, with 196,599 units sold to dealers so far this year, beating previous high of 195,194 for full-year 1984. VCR sales to dealers set new high for any week, 352,908, and VCR 5-week average also set high for any week (see State of the Industry).

U.S. Tech stores, consumer electronics franchise operation of U.S. Electronics Group, now has 32 outlets, having absorbed 6 stores formerly members of now defunct Team Central chain. Goal is 100 stores by year's end.

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NOVEMBER 25, 1985

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NCTA TO CONTINUE TALKS ON MUST-CARRY but compromise seen remote. Bryant introduces INTV must-carry bill in House. (P. 1)

TURNER REJECTS NBC OFFER, seeks MSOs as partners in CNN, is talking to Time, Murdoch. NBC begins solicitations this week. (P. 2)

RICE SEES NO THREAT TO TV FROM CABLE: TvB study predicts larger share will go to TV, declining share to other media. Bortz view different. (P. 4)

OMB HITS PERSONAL ATTACK RULES and FCC's political editorial requirements for TV-radio stations, recommends repeal. (P. 5)

HUBBARD LOSES SUPERSTATION CASE: Appeals Court sides with Southern Satellite. (P. 5)

DOES FIRST AMENDMENT APPLY IN SPACE? Answer could determine fate of efforts to use remote sensing satellites for news coverage. (P. 6)

SPJ SEEKS OPINION ON TV COVERAGE: Board decision follows flap over C-SPAN coverage of Cronkite roast. Convention gifts banned. (P. 7)

STEREO ISSUE SPLITS CABLE OPERATORS: Some support MTS stereo standard but are opposed by Group W. (P. 8)

MOVEMENT ON MUST-CARRY: NCTA board, meeting in Phoenix last week, authorized Pres. James Mooney to resume talks with broadcasters on must-carry issue but made it clear cablers aren't prepared to sacrifice any of their new-found freedoms under court decision declaring FCC must-carry rules violation of First Amendment (TVD July 22 pl).

Action came as independent broadcasters stepped up pressure for reinstatement of rules, won introduction Nov. 21 of bill by Rep. Bryant (D-Tex.) that would require cable operators to carry commercial and public TV signals within 50 miles of headend in order to keep compulsory license. Bill (HR-3807), cosponsored by fellow House Telecom Subcommittee member Rep. Swift (D-Wash.), largely reflects thinking of INTV.

While talks with broadcasters will continue, Mooney said at conclusion of Assn. meeting, "the board is frankly skeptical and, given the history of must-carry, it has every right to be."

Consumer Electronics

ZENITH RAISES most 19" and larger sets by \$10 at retail, hints more increases, warns it will come down if others don't go along. Competitors thought likely to follow suit. (P. 10)

COLOR TV IMPORTS hit record 1.24 million in Sept. VCR shipments up 49%, but down from Aug. peak. Color camera imports off for 4th consecutive month, drop 44.7%. (P. 11)

MAGNAVOX INTRODUCES VIDEOWRITER, first self-contained dedicated home word processor priced at \$800. (P. 12) Comparison with SCM's Personal Word Processor. (P. 14)

PENNEY'S YULE BOOK features large price reductions, new Matsushita-made VHS camcorder. Color sets down \$70-\$150. (P. 13)

SHARP DEBUTS VHS camcorder at \$1,900 list, along with high-styled color TV sets. VHS HQ debute near. (P. 13)

VCR SALES WILL FLATTEN next year, 3M and RCA spokesmen say at ITA seminar. Speakers offer outlooks for software, 8mm Video. (P. 15)

SANYO MFG. HAS \$1.3 MILLION 3rd-quarter loss. BMC says losses from discontinued lines put it in default to lenders. (P. 16)

NCTA "places great value on the cable operators' new freedom to respond to consumer viewing interests and to make sensible use of the cable industry's First Amendment rights," he said. "The board specifically rejects the notion that the broadcasting industry can transfer to cable the burden of justifying these interests merely by transmitting to us an alleged 'compromise' which satisfies broadcasting's lowest common denominator desires."

However, Mooney said NCTA believes "controversy should not be continued if it is legitimately avoidable." Concurring, CATA Pres. Stephen Effros said cablers would try to reach must-carry accord with broadcasters "to the degree we can." However, he said, "if they want something, they're going to have to define what it is." Mooney, while saying at briefing Nov. 21 that he wouldn't get in position of "flipping proposals back and forth" with broadcasters, suggested talks could resume if broadcasters put forth plan showing both "sensitivity" to cable's First Amendment status and accounting for "subscriber interest" in dropping signals that "no one wants to watch."

Bryant bill would: (1) Exempt cable systems with 12 or fewer channels from any must-carry. (2) Require cable carriage of commercial and public stations within 50 miles of system's headend. Operators could opt out, which would force them instead to negotiate individual program retransmission contracts, Bryant aide explained. (3) Exempt operator from carrying duplicate network affiliate signals. Operators of systems with 13 or more channels that fail to carry local TV signals on "nondiscriminatory" basis would lose compulsory license benefits.

Bill is similar to proposal advanced by TV Operators Caucus (TOC) at meeting in Oct. (TVD Oct 28 p2) with NCTA except that under bill: (1) Operators would be required to carry duplicate public TV signals, if any exist in local market as defined under bill. (2) There's no 40% cap on number of channels that operator would have to provide for must-carry. (3) Cable operators wouldn't be specifically prohibited from charging fees for carrying signals, nor would broadcasters be forbidden from charging cablers for programming. TOC's ideas weren't weighed against INTV's in drafting bill, Bryant aide said, because TOC didn't approach lawmaker to discuss them.

Mooney said INTV proposal, whose draft was praised for thoroughness by FCC Comr. Dawson when Commission began new must-carry inquiry and rulemaking Nov. 14, merely addresses cable concerns on signal duplication. However, he characterized as "interesting question" suggestion that lowering of plan's 40% cap on must-carry signals might heighten its acceptability to cablers. "But how low is low?" Mooney asked. As for rulemaking, he said only that NCTA would urge FCC "not to proceed with excessive speed."

Meanwhile, NCTA expects to end current fiscal year Jan. 1 with "slight surplus," first time that's happened in 5 years without special assessment on members. Expenses for year will be \$6.3 million, down from \$6.7 million budgeted. Expenses next year are expected to be \$6.6 million, with income about same. NCTA profit on 1985 convention in Las Vegas (where attendance and exhibitors were down) was \$600,000 -- compared with \$3.1 million for NAB's convention there last year (TVD Nov 4 p5). NCTA is projecting less than \$500,000 profit for 1986 convention in Dallas. Major reasons given by cable official for declines: Growth of MSOs, mergers of equipment manufacturers and other companies' going out of business. NCTA opened Phoenix meeting Nov. 18 with CablePAC fund-raiser for Rep. Schroeder (D-Colo.) that netted about \$20,000 for congresswoman.

NBC AND TURNER EYE SEPARATE CABLE NEWS PATHS: "First wave" of formal letters of commitment to NBC's proposed cable news network will be sent to top MSOs early this week in wake of failure of network to come to agreement with Turner Bstg. System (TBS) over purchase of large stake in CNN. Breakdown in negotiations Nov. 21 leaves NBC trying to gain carriage commitment from systems with 13.5 million subscribers by Dec. 31. TBS Chmn. Ted Turner has been negotiating with Time Inc. and Rupert Murdoch to sell part of CNN.

"It's really come down to the... strategic question of whether the cable industry thinks it's important to have 2 players," said Thomas Wolzien, NBC News vp-editorial services. He said formal commitments would be sought, first from 250 top MSOs, with midnight Dec. 31 set for go-no-go decision. Start of network is eyed for next summer. NBC will ask operators to pay progressive 12¢-15¢-18¢ per-subscriber fee over first 3 years of 24-hour cable network, with advertising expected to bring in increasing share of revenue thereafter. Network would be projected to break even after 5 years.

Meanwhile, Turner continues to negotiate with Time Inc. and Rupert Murdoch. Speaking to foreign news correspondents at N.Y. Foreign Press Center Nov. 22, Turner agreed with Time's assessment that talks are on "back burner," but said "they are ongoing." He added that Murdoch discussions are "under no press of time." Murdoch declined comment but TBS source in Washington said cabler understood his interest was "serious."

Turner was uncharacteristically downbeat in appearance previous day in assessing ability of CNN to survive against lower priced competition NBC would offer. Only reason he approached NBC about selling interest in CNN, he said, "is because of my concern that a sizable portion of the cable industry might go for their lower rate deal and make CNN economically unviable." At separate function later, he said: "There is a tremendous amount of news already on cable systems. The news market is fully saturated." However, NBC's Wolzien, confirming that its proposed operator rates are "substantially below" those offered by TBS, reiterated NBC News Pres. Larry Grossman's contention that there's room for 2 cable news networks: "I would think if you're careful and handle your costs, it's possible to do it."

Talks with NBC ended last week when Turner rejected network's final offer that would have given editorial control of CNN to NBC. Editorial control issue was key to Turner's rejection: "I just couldn't do that to the people at CNN unless I felt we had absolutely no other alternative." Turner had earlier indicated he might be willing to relinquish editorial control and issue was said to be sole one separating networks.

NBC already has received "good number" of commitments to venture from top MSOs even before formal contracts were sent out. Main issues network wants prospective affiliates to address are subscriber fee, operator willingness to serve as exclusive agents for venture and "insertability" of local and regional news spots. Tone of cable network would be "hard-nose" news, Grossman has said, with "a lot more in-depth" coverage than CNN. Network, which Wolzien said would be "very highly automated," would take advantage of NBC's new satellite system, which will have capability to originate and transmit signals live from 50 cities by Aug. Satellite system also would allow network to amortize "tremendous costs" of supplying news feeds to affiliates, according to Grossman. NBC News's foreign correspondents, but not stateside reporters, probably would appear on cable network.

Meanwhile, Turner revealed TBS considered special public offering on CNN only, but debt instruments involved with company's acquisition of MGM barred such move. Public offering, however, is something company might consider in future, he said. Talks between Murdoch and TBS have touched on what SkyChannel, Murdoch's European cable network, and European feed of CNN might be able to do together. Two services would benefit each other, Turner said, because European market will need more than one cable channel to convince people to install dishes and cables. But talks haven't got to details, he cautioned.

Turner has had little to say about MGM acquisition or Viacom's possible involvement with studio beyond that talks continue on latter's interest in investing in studio and distribution operation. Turner promised announcements soon on station clearances and "blue-chip advertisers" for Goodwill Games with Soviet Union, which he said will cost company \$30 million. Turner predicted several network affiliates might preempt network feed for 2 weeks to carry games next July.

TvB UPBEAT CONVENTION: TV revenues scored "relatively well" in 1985 compared with other American businesses, said Roger Rice, pres. of TvB at convention in Dallas last week. TV will finish 1985 with local spot up 13% and national spot up 8%, while network revenues will rise only 2%, he said: "That report could be bad news [since increase in revenues won't be as high as projected year ago] compared with the past, but in the new uncharted waters [of today] that's good news."

But TV "has been and is an underpriced medium," consultant Paul Bortz told meeting. He said predictors of gloom 5 years ago have been proved wrong, with TV revenues now at record levels, and "most credible analysts at the networks and on Wall St. and with consulting firms never bought the pessimism."

Rice said his report represents bad news for cable. He claimed subscribers for major pay cable services -- HBO and Showtime/Movie Channel -- have "plateaued, with HBO actually losing coverage," that of all "broadcasting available for advertising, 91% of the viewing is to us [over-air TV]. The remaining 9% is split among dozens of national cable networks and numerous local cable channels. After all the fear and shouting, it's a good 10 to one in our favor [because] cable has not lived up to its predictions." (Bortz, however, said TV's biggest competition would come from advertiser-supported cable networks, not from pay channels.)

Among problems facing TV, Rice said, are increased advertising inventory (15-sec. spots) created by networks, growth of barter/syndication and "drain of dollars to national satellite cable networks." He said stations that "want to control their own destiny must concentrate on local businesses" because national spot increases won't reach double digits again until 1990s. Stations must "concentrate on bringing in new dollars and new advertisers and not be satisfied with just negotiating a larger share of existing television dollars."

Rice said TvB predicts that in 1986, local spot advertising will increase 11-13%, national spot 8-10%, network 7-9%. In its presentation "Television: The Growth Media," TvB said established trend is larger share of advertising to TV and "declining share to other media... because television provides greater reach and frequency at a lower cost than any other major medium."

Bortz said basic cable has "positioned itself as a secondary medium." He said his firm's projections have remained unchanged since 1979: Cable still will reach barely 50% of TV households by 1990, with maximum of 46-47 million subscribers. He predicted over-air TV will continue healthy growth despite "stable or slightly declining" audiences. However, he sees threat to TV from home satellite receivers, said scrambling might not be solution because of attitudes "in Washington."

TvB Chmn. William Moll of Harte-Hanks said TV now is using its own airwaves as marketing tool -- "just as advertisers do" -- which has led to TV's increasing share (21%) of U.S. ad dollars while radio remains stable and print media continue to decline. TV, he said, has "an exceptional responsibility: If we were not in business, the majority of America's large consumer-oriented companies would no longer be in business either. We are often the most important ingredient in the products and services they sell."

Transfer of 7 TV stations owned by Storer to SCI Holdings, subsidiary of Kohlberg, Kravis, Roberts, as part of proposed merger will be considered by FCC at special meeting today. Holders of slightly more than 80% of Storer's 19 million outstanding shares voted Nov. 22 to approve \$2.5 billion merger under agreement that makes company's common stock convertible to \$91 cash and purchase warrant for common share of SCI. SCI, formed to effect merger, would become corporate parent of merged company. Stations are WAGA-TV Atlanta, WJBK-TV Detroit, WJKW-TV Cleveland, WTVG Toledo, WITI-TV Milwaukee, KCST-TV San Diego, WSBK-TV Boston. Commission will be asked to grant 18-month divestiture waiver for either Detroit or Toledo station, whose Grade B contours overlap, and to permit SCI to own one of those along with Cleveland station, which also overlaps. Company hasn't expressed preference for either.

"**Poison pill**" takeover defense got boost from Del. Supreme Court, which upheld mechanism adopted by Household International, parent of Household Finance Corp., over objections of dissident shareholder. Ruling led some lawyers to predict rush by company managements to adopt similar devices. In 1984, Household adopted technique that entitled shareholders to buy \$200 of an acquirer's stock for \$100 upon merger, with trigger point when hostile suitor acquired at least 20% of Household. Court said company's directors acted within so-called business judgment rule, which provides wide leeway to act in manner they feel is in best long-term interests of shareholders. Among companies to adopt versions of such defense recently is RCA.

Federal memorial to reporters and photographers killed while covering war or armed conflicts would be created by legislation proposed in House last week by Rep. Oakar (D-O)(H.J. Res. 463). Oakar invited news organizations to submit names of slain newsmen for possible inclusion on memorial while Congress considers proposal. Legislator already has collected names of about 100 killed since World War II, wants more by time she holds hearing of her House Task Force on federal libraries and memorials early in 1986.

Correction: Some of data provided by Haines Gaffner, Link Resources, to Information Industry Assn. were reported incorrectly (TVD Nov 11 p8). Gaffner projected that in 1990, 2 million U.S. households would be using videotex services and 8% (160,000) would use color and graphics-type services.

OMB HITS FCC EDITORIAL RULES: FCC political editorial and personal attack rule's requirements that TV-radio stations give 24-hour notice to individuals and political candidates who have been attacked or editorialized against on air, should be eliminated under terms of 1980 Paperwork Reduction Act, Office of Management & Budget (OMB) has told Commission. Rules "don't appear to have the practical utility that justifies the burden imposed" on stations, agency said. FCC responded Nov. 22 with promise to include reconsideration of station notifications in pending rulemaking (Doc. 83-484) and Commission source said that proceeding now was likely to be wrapped up "within weeks."

OMB recommendation came Oct. 15 when agency rejected FCC's request for 3-year extension of approval of Commission forms used in monitoring station compliance with political editorial and personal attack rules. FCC has been using forms to collect information from stations on when and how they notify individuals or candidates. Agency gave FCC approval to use forms only through April 1986 and suggested Commission open proceeding to review rules.

Commission believes Doc. 83-484 proceeding will satisfy OMB review request and emphasized in Nov. 22 statement that OMB's recommendation "would receive full consideration." FCC already has signalled interest in doing away with fairness doctrine, from which rules sprang, saying in Aug. statement that it's "constitutionally suspect" and not necessary since number of media outlets has grown substantially (TVD Aug 12 p1).

As independent federal agency, FCC could elect to ignore OMB notice, said Deputy Mass Media Bureau Chief William Johnson, but that's considered unlikely given latter's budget-setting authority. OMB questioned Commission's review of station notices to individuals, said notices were meant "for disclosure to other candidates, not to the FCC." Johnson explained that Commission reviews station notices only when specific question of fairness arises. Commission is continuing reviews pending outcome of proceeding, FCC source said. But in further hint of direction in which it may be heading, source emphasized that FCC takes Paperwork Reduction Act seriously and will "closely consider" OMB recommendation to eliminate notices. That's sure to anger public interest groups, which see notices as FCC's only way to ensure compliance with rules.

OMB recommendation was applauded by RTNDA Exec. Vp Ernest Schultz, who said notification rules are "onerous" and "unworkable." "We have perceived that some people run for office just to get on radio and TV" to espouse their causes, he said. Schultz reiterated RTNDA's support for abolition of fairness doctrine itself (TVD Oct 21 p1), adding: "We think we should be free to speak out just as newspapers do."

HUBBARD CASE DISMISSED: Hubbard Bestg. challenge of satellite transmission of WTBS Atlanta by Southern Satellite Systems (SSS) was dismissed by 8th U.S. Appeals Court, St. Louis, Nov. 13, in unanimous decision by 3-judge panel that upheld U.S. Dist. Court, St. Paul. Hubbard, which operates TV stations in St. Paul-Minneapolis, Albuquerque and St. Petersburg-Tampa, had charged that SSS and Turner Bestg. System (TBS) violated 1976 Copyright Act, which provides for compulsory copyright licensing for cable systems. Case is seen as similar to decision by 3rd U.S. Appeals Court in Eastern Microwave Inc. (EMI) vs. Doubleday Sports that allowed EMI to carry WOR-TV N.Y.

Hubbard raised nearly identical issues with appellate court as it had with district court, claiming that: (1) Act language that provides that copyright is infringed if a primary transmission isn't for public but is for limited reception places SSS activities outside scope of compulsory licensing program. (2) SSS didn't meet qualifications to be an exempted carrier under Act. (3) Compulsory licensing provisions of Act don't support compulsory license for cable systems carrying WTBS and, in fact, implicitly prohibit TBS's substituting national commercials for local ads in microwave feed to SSS headend.

Court relied upon basic goals of Act, said it looked "to the common sense of the statute... to its purpose [and] to the practical consequences of the suggested interpretations." Court said that there's no provision in Act under which SSS or TBS is liable for copyright infringement and that SSS deserves carrier exemption because it meets 5 requirements, including lack of control over content of WTBS transmission or over who receives secondary transmission. Ad substitution process, in which TBS replaces local ads carried on its UHF signal restricted to broadcast in Atlanta area with national ads on microwave transmission, doesn't adversely affect underlying policies of Act, Court added.

WTBS began microwave transmission in 1979 to provide SSS with better signal than UHF broadcast, and both signals are transmitted simultaneously to SSS headend, where WTBS-controlled "presence detector" chooses which signal -- microwave is first -- SSS is to feed to satellite transponder for national distribution.

Interference to feed by Eastern Microwave (EMI) of WOR-TV N.Y. and to Showtime/Movie Channel on Hughes Galaxy 1 last month "appears intentional," according to FCC engineer probing complaint. However, Charles Magin, satellite specialist at FCC's Laurel, Md. monitoring station, said it's "virtually impossible" to find perpetrator since little can be done to trace interference if it's not in progress.

Three groups of bidders are said to remain in running to buy Group W's 140 cable systems: (1) Warburg, Pincus, Burt Staniar and Bass Bros. (2) WesRay Capital Corp., Insight, Centel, Adams Corp. (3) Community Equity Corp.

REMOTE SENSING EYED AS NEWS TOOL: Potential new use for remote sensing satellites -- gathering of news photos from currently inaccessible locations -- is being pushed by RTNDA. Idea would provide major new commercial market for remote sensing in area (communications) that already is backbone of commercial space ventures. But industry observers say news media will face serious battle of national security concern versus First Amendment rights in space before concept is brought to fruition.

New high-resolution cameras that can obtain pictures of objects as small as 10 m could be means of obtaining photo coverage from now inaccessible areas, according to Mark Brender, chmn. of RTNDA's Media in Space Committee. For example, he said in interview, remote sensing satellites could send pictures of Iran's Kharg Island refinery in Persian Gulf. Despite reports of bombing, no photo coverage has been available. And although images from remote sensing satellites are still photos, computer-enhanced motion of series of frames would be possible, Brender said. Photos also would be useful to print media: "AP's very interested in this." Brender, on ABC staff in Washington, said RTNDA committee includes representatives of all media -- newspapers, TV, magazines, wire services.

Brender and others on committee have talked with Spot Image, French commercial remote sensing venture scheduled to launch first satellite in Jan., and with Eosat, U.S. firm that just took over U.S. Landsat operations. Spot satellite will provide 10-m resolution in black-&-white, 20-m in 3 color bands. Eosat now provides 30-m resolution but will offer 15-20-m when next satellite (Landsat 6) is launched in 1988. Any news organization can contact company such as Spot Image, Brender said, but no effort has been made to put together hardware system for systematic gathering because of First Amendment issues that must be addressed.

"It's the next logical frontier for us to cross," Brender said. "Technology will drive the policy." But some say security questions could prove barrier even to technology. "I don't think it's a security problem, it's a paranoia problem," said congressional source. Under U.S. law, primary consideration in issuing license for remote sensing operation is national security: "That would probably knock them [news media] out right there, rightly or wrongly." U.S. laws don't control foreign operations, but international agreements on use of satellites flying over countries would come into play, staffer said, and countries such as Soviet Union are likely to be even more paranoid than U.S.

Industry consultant agreed idea is technically feasible -- Defense Dept. is developing cameras capable of 1-m resolution. Use of remote sensing satellites such as Spot Image wouldn't be ideal solution because Spot satellite will follow polar orbit, won't necessarily be over area where coverage is needed at time events occur. (Spot Image official told us satellites could revisit any area within 2

days.) Larger problem would be vulnerability of newsgathering satellites to actions by hostile govt., such as Soviets, that would dampen enthusiasm of investment community to finance venture, he said.

CPB began easing controls on NPR, including close financial oversight, when board agreed Nov. 22 to give member stations direct payments of nearly all federal funding for public radio and to meet NPR request that it be in position of competing with other program producers for larger amount of money in hands of public stations. CPB also signalled its general approval, but delayed action until Jan., of making changes in way it guards against reemergence of financial problems at NPR and in limiting red tape stations must deal with in getting extra federal funds. NPR currently receives payments directly from CPB as part of production contracts for programs such as Morning Edition and All Things Considered. Counting 4 other contracts, total is \$11.3 million. Under new plan, nearly all money would go directly to radio stations -- \$42 million in FY 1987 -- and stations, in turn, would buy programs from NPR and other public producers. Public stations would be required to spend certain percentage (\$10 million in FY 1987) on national programming, but that would be only restriction on funds. Meanwhile, CPB Chmn. Sonia Landau said new pres. won't be named in Dec., as earlier thought. Gen. counsel also is sought. Landau said search committee has 3-4 more candidates to interview, will conduct sessions in early Jan. during meeting in L.A., already has interviewed about 10 candidates.

M/A-Com has revamped domestic marketing and sales into regional offices under direction of Michael Lubin, domestic sales vp, and Steven Salamoff, asst. domestic sales vp. New offices: Western -- Ken Cohen, regional sales dir., 3033 Science Park Rd., San Diego 92121, 619-457-2340; Southwestern -- Larry Basso, 14450 T.C. Jester Blvd., Suite 210, Houston 77014, 713-580-8053; Northeastern -- Peter Abitanto, 900 Route 9, Woodbridge, N.J. 07095, 201-636-8050; Southeastern -- Harry George, 11717 Exploration Lane, Germantown, Md. 20874, 301-428-7155. International sales will be under Senior Vp Andrew Werth, with offices in Australia, Italy, U.K., W. Germany.

Times Fiber board has approved agreement providing for company's acquisition by LPL Investment Group. Agreement, expected to be signed by today (Nov. 25), would convert all outstanding shares of Times Fiber common into \$15.25 per share cash. Insilco Corp., which owns 66% of Times Fiber's 10 million common, would receive same price, also would subscribe for \$20 million of newly issued preferred stock in merged company. LPL is headed by Lawrence DeGeorge, chmn. of Times Fiber board until his retirement last April.

TV Center with \$3 million in production equipment, claimed to be "most technically advanced" college installation in U.S., was inaugurated last week by St. John's U., Jamaica, N.Y.

SPJ EXPLORES SELF COVERAGE: In wake of recent flap over C-SPAN coverage of its annual convention (TVD Nov 18 p7), Society of Professional Journalists-Sigma Delta Chi (SPJ) board decreed: (1) Future conventions will be open to news coverage but legal opinion will be sought on gavel-to-gavel TV coverage. (2) Exhibits will continue (event this year in Phoenix was first at which SPJ solicited exhibits to raise money) but giving away "anything of value" will be prohibited.

TV coverage question arose when outgoing SPJ Pres. Frank Sutherland of Hattiesburg (Miss.) American banned C-SPAN coverage of group's roast for Walter Cronkite, later reversed his decision, much to consternation of roasters. Second issue arose day later when complaint was raised over Tobacco Institute's providing free beer, wine, coffee and cigarettes at its exhibit. American Heart Assn. also was giving away cookbooks, and Texaco flashlight keychains. (In first year of soliciting exhibitors, SPJ attracted only 6). SPJ, about half of whose members are PR practitioners and students, not "professional journalists" -- as name implies -- has code of ethics against reporters' accepting "anything of value."

SPJ delegates adopted 17 resolutions at convention, most dealing with First Amendment issues. One, on 5-year Project Watchdog effort to inform public on First Amendment, noted "many government officials... have sought to undermine [First Amendment] by making repeated attacks on press coverage and the free flow of information to the public." Another urged that reporters cover terrorists' activities "with utmost professionalism and restraint" and avoid being "manipulated." Reagan Administration was criticized for classifying "nearly 20 million pieces of government information" in 1984 -- 9% increase over 1983 -- "at a time when [govt.] agencies are under a mandate to reduce paperwork." On fairness doctrine, SPJ (which is party to suit challenging constitutionality of doctrine) adopted resolution urging "courts to relieve the FCC of the burden of enforcing a doctrine which it has concluded is unconstitutional."

At banquet, SPJ's highest honor, Wells Memorial Key Award, was presented to Ralph Izard, prof. at E.W. Scripps School of Journalism at Ohio U. Distinguished Teacher in Journalism Award went to Kan. U. Prof. John Bremmer.

Recommendation for international component digital TV tape recording format was approved unanimously by technical study groups of International Radio Consultative Committee (CCIR) in Oct. sessions. Recommendation will be considered by Plenary Assembly in May 1986.

Television Digest Inc. has announced 1986 conference schedule for Business of TV News, cosponsored with McHugh & Hoffman consulting firm, March 10-11, and Satellite Summit, April 7. Both will be held at Four Seasons Hotel, Washington. Details: 202-872-9200.

Ailing UPI acceptance of \$40 million purchase bid from Mexican newspaper owner Mario Vazquez-Rana and Houston developer Joseph Russo that could keep news service alive remains up in air. Chief opposition had been Financial News Network-led consortium of investors. Apparent winning bid includes \$21 million cash to free UPI from bankruptcy proceedings, commitment of \$15-\$30 million capital investment over next several years and agreement with creditors. But crack has appeared in what had appeared to be sealed deal. Porter Bibb, of Ladenburg Thalmann & Co., one of UPI's 2 court-appointment investment advisers, notified other advisers and creditors that he thought FNN bid was superior. Bibb insisted that recommendation be included in filings in bankruptcy court, which must approve transaction. Vazquez-Rana, whose personal wealth is said to exceed \$500 million, would be chmn., Russo vice chmn. Until Bibb spoke up, bankruptcy judge had been expected to clear deal because of apparent strong endorsement from other advisers and UPI officials. Bibb stance has split advisers, casting doubt on proposal's chances of success. Jules Teitlebaum, chmn. of committee representing UPI creditors, said bid from FNN consortium had unacceptable conditions and bid by Vazquez-Rana and Russo was bona fide offer that otherwise might have been withdrawn. FNN bid offered unsecured creditors about 51¢ cash on the dollar, plus stock, compared with Vazquez-Rana bid of more than 41¢, all cash.

Drug smugglers with ties to Colombian M-19 terrorist group had list of many sensitive govt. radio frequencies, including those used by Air Force One, military aircraft, presidential limousine and Secret Service in protecting President. N.Y. Times reported lists were among items found by law enforcement officials in raid on warehouse north of Miami Sept. 13. Govt. sources quoted by Times said they were surprised that data were in drug traffickers' possession and that, while secret frequencies are changed often, they were "current" at time they were seized. Data were released to press, with frequencies deleted, by Rep. English (D-Okla.), chmn. of Govt. Information Subcommittee, and Sen. DeConcini (D-Ariz.). They feared information was to be used in aiding possible terrorist activities and said in letter to President Reagan that they had "indisputable evidence" that criminals actively monitor numerous secret frequencies.

NBC plans to move from 53-year hq in parent company RCA Bldg. to site large enough to hold one million sq. ft., 3,000 employes. Company, whose current leases at Rockefeller Center expire between 1989 and 1997, is looking at locations in Manhattan and at least one in N.J. NBC decision is expected by Feb.

Newest contender to replace ex-Comr. Rivera on FCC is Russell Frisby Jr., of Washington law firm Weil, Gotshal & Manges. Frisby was asst. to ex-Comr. Fogarty, followed him to law firm.

STEREO ISSUE SPLITS CABLE OPERATORS: Cable industry has divided over carriage of broadcast stereo, with some arguing industry can and should carry MTS stereo and others -- notably Group W Cable, 3rd largest MSO, and parent Westinghouse -- insisting cable should abandon MTS in favor of alternate system. Since 45% of U.S. homes get TV by cable, issue is critical to manufacturers and marketers offering MTS sets.

Group W is aggressively promoting system that gives subscribers stereo without need for MTS sets but requires special attachment. System strips stereo off broadcast signal and converts it to FM. Adaptor in consumer's home 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 from W&S Systems (Westinghouse-Sanyo joint venture). In most Group W markets, company also is starting information campaign that warns consumers away from MTS sets because of "compatibility problems with stereo sets and cable," said Business Development Vp Kazie Metzger.

Cox Cable, 4th biggest MSO, is pushing MTS carriage whenever local stations switch to stereo broadcasting, also is advising 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 stations in their markets are delivering signal to subscribers, according to Staff Engineer Wes Hanemayer: "It's a very easy thing to do for virtually every cable system."

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 Principal Engineer Alex Best, who headed NCTA's MTS study group: "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 not cable networks such as MTV, HBO or USA Network 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.)

Cable companies and hardware suppliers, meanwhile, are slowly finding 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 consumers that 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 County, N.Y., charges \$3.75 a month to provide 2nd converter for use with VCR.

Pioneer Industrial has begun marketing special VCR switcher that ties in with cable converter and allows unattended taping of different events on different channels. Unit originally was sold retail, now is being made available to cable companies because of sag in consumer sales. New converter from General Instrument's Tocom Div. has similar capabilities built in. Harris Communications has placed \$15 million order for converters to be used in Dallas system acquired from Warner. Other cable executives said they're just beginning to look at new hardware. Boxes still have one drawback: Consumer is forced to set 2 timers -- VCR's and converter's.

Close allies of House Commerce Committee Chmn. Dingell (D-Mich.) have begun to talk openly of his considering running for Speaker next year, succeeding Rep. O'Neill (D-Mass.), retiring. Until now, Dingell bid had been only rumor, but associates are saying he's seeking advice and weighing chances against announced candidate Majority Leader Wright (D-Tex.), who claims more than 200 pledged supporters from the 253 Democrats in House. Associates are saying privately that Dingell can count on more than House Democrats from Mich. as backers -- he reportedly has formed alliance with Ways & Means Chmn. Rostenkowski (D-Ill.) in Speaker bid. Alliance is said to be product of their close work on trade legislation. Cal. Democrats -- largest state delegation in House -- also are expected to line up behind Dingell in hope of advancing prospects of Telecom Subcommittee member Rep. Waxman (D-Cal.) to Commerce Committee chmn. post that Dingell would leave. Casting doubt on Dingell bid are chmn.'s recent frequent appearances around country with Wright; our sources said it's more likely that Dingell will end up running for Majority Leader's seat that Wright would vacate for Speaker's post.

ATC is buying 4,000 M/A-Com descramblers to market to home TVRO owners through its cable systems. M/A-Com, whose VideoCipher II descramblers also have been mass-purchased by HBO and Showtime to relay to affiliates, also is marketing units to home TVRO manufacturers and distributors. M/A-Com is likely to close sales agreements with "half a dozen" more cable programmers in "next 90 days," according to Larry Bowman, vp-business development. M/A-Com's La Jolla, Cal., DBS Control Center for relaying signals to authorized viewers is set to be operational by Jan. 15, when HBO will use it for 24-hour scrambling.

Personals

Anthony Thomopoulos, week after resigning as ABC Best. Group pres., named pres. of United Artists motion picture and TV groups and a dir.; **Sidney Sapsowitz** moves from MGM/UA Entertainment to become exec. vp, head of business operations and a dir... **Fred Cohen**, HBO senior vp, Time-Life Films pres., and HBO International pres., resigns effective Dec. 31 to "seek new opportunities and challenges," HBO said... HBO Senior Vp-Corporate Affairs **Susan Greene** resigns, remains a consultant; **David Pritchard** advanced to vp-corporate affairs; **Quentin Schaffer** promoted to vp-consumer and affiliate press information... **Arthur Taylor**, CBS ex-pres., named dean of Fordham U. Graduate School of Business Administration, will remain pres. of Arthur Taylor & Co. investment concern... **Joe Benton**, ex-ABC, named exec. producer of Conus Communications Washington Direct, satellite newsfeed service... **Patricia Milita**, ex-Comsat, named PR vp, Fleishman-Hilliard's new Washington office... **Rosie Oakley** promoted to AP Best. membership and sales dir., eastern U.S.

Edward Fritts, NAB pres., addresses Dec. 4 lunch of Federal Communications Bar Assn., Washington Marriott... **Barry Goldberg** promoted to southeastern regional vp, Showtime/Movie Channel... **Frank Fletcher**, 73, veteran Washington attorney, retires Jan. 1, moves to Raleigh; he joined FCC in 1934, began private practice in 1939... **Stuart Branch**, ex-State Dept., and **Richard DiNucci**, ex-Defense Communications Agency, form DiNucci, Branch & Assoc., Washington consulting firm specializing in communications and information systems technology... **Philip Jones**, KCTV Kansas City, named chmn., CBS TV Affiliates Board, succeeding **Joseph Carriere**, KBIM-TV Roswell, N.M.; **Ben Tucker**, KMST Monterey, succeeds Jones as secy.-treas.

Elected TvB officers: Chmn., **Blake Byrne**, LIN Bestg., succeeding **William Moll**, Harte-Hanks; Vp, **Robert Kunath**, Group W; Secy., **Ward Huey**, Belo Bestg.; Treas., **Walter Schwartz**, Blair TV. Newly elected dirs.: **James Babb**, Jefferson-Pilot; **Elizabeth Burns**, Evening Telegram (Superior, Wis.); **Kenneth Elkins**, Pulitzer; **Paul Hughes**, Viacom; **Thomas Oakley**, Quincy (Ill.) Bestg.; **Steve Herson**, Telerep; **Gary Lieberthal**, Embassy.

Stephen Peskin promoted to mktg. dir., KPIX San Francisco; **Cynthia King**, ex-San Francisco law firm Cooley, Godward, Castro, Huddleson & Tatum, named administrative asst. to vp-gen. mgr.; **Kennen Williams** shifts from co-owned WBZ-TV Boston to gen. sales mgr... **Erv Parthe** promoted to station operations dir., KCTV Kansas City; **Joan Kohn** advanced to program mgr.

Named Society of Professional Journalists Fellows: **Keith Fuller**, retired pres.-gen. mgr., AP; **A.M. Rosenthal**, N.Y. Times exec. editor; **Helen Thomas**, UPI White House Bureau chief... **Charles Gingold**, ex-KYW-TV Philadelphia, appointed

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Lifetime programming vp, succeeding **Mary Alice Dwyer-Dobbins**, who "will pursue outside interests" and continue as consultant; **Peter Brickman** promoted to exec. dir.-network production and operations, Lifetime, succeeding **Bruce Allen**, resigned... **David Van Valkenburg**, ex-pres., Cox Cable, resigned from NCTA board in Phoenix Nov. 18, replaced by **James Robbins**, who succeeded him in Cox post.

Richard Gilbert, ex-Register & Tribune, appointed pres.-COO, Park Communications... **Joseph Wallach** named pres.-COO, KVEA Corona-L.A.; **Paul Niedermeyer**, ex-KSCI San Bernardino, named gen. mgr.; **Giora Breil**, ex-Image Productions, appointed ad and promotion dir.; **Armando Corral**, ex-Caballero Spanish Media, named sales dir... **Francis Doherty**, ex-Nabisco, named administration vp, Cablevision, new post.

Susan Beckett moves from NBC Enterprises unit to video operations senior counsel, RCA... **Marshall Allen**, ex-Oklahoma State U., named vp-administration and development, Public Service Satellite Consortium... **Frank Bolger**, ex-CableVision of Bayonne, N.J., named program mktg. dir., National Captioning Institute... **Gary Marenzi**, ex-Warner Home Video, named vp-cable and specialized sales, Samuel Goldwyn Co., new post... **James Brown**, ex-White Consolidated, appointed satellite systems sales mgr., R.L. Drake Co., new post.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Nov. and 1985's first 45 weeks:

	NOV. 2-8	1984 WEEK	% CHANGE	OCT. 19-25	45 WEEKS 1985	45 WEEKS 1984	% CHANGE
TOTAL TV.....	418,168	481,257	-13.1	531,866	17,128,690	17,789,495	-3.7
TOTAL COLOR...	347,096*	343,232	+1.1	447,824*	14,185,839*	13,642,273	+4.0
DIRECT-VIEW.	340,426*	338,683	+0.5	439,537*	13,982,610*	13,486,082	+3.7
PROJECTION..	6,670*	4,549	+47.9	8,287*	203,229**	156,191	+30.1
MONOCHROME....	71,072	138,025	-48.5	84,042	2,942,851	4,147,222	-29.0
TV EXCL. PROJEC.	411,498	476,708	-13.7	523,579	16,925,461	17,633,304	-4.0
HOME VCR#.....	255,658*	128,541	+98.9	352,498**	9,167,137**	5,883,449	+55.8
COLOR CAMERAS#..	3,994	6,535	-38.9	9,594	346,023	391,040*	-11.5

Color TV (direct-view) 5-week moving average: 1985--395,639*; 1984--375,129 (up 5.5%).

Home VCR 5-week moving average: 1985--286,637**; 1984--186,027 (up 54.1%).

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

ZENITH RAISES MOST BIG-SCREEN SETS \$10: Zenith last week added about \$10 to suggested retail prices of some 19" sets, all 25" stereo consoles and all 27" consoles, indicated it would boost more prices in Jan., depending on what rest of industry does, and said it hopes to increase VCRs next May. At same time, it warned that it wouldn't hesitate to drop down to preserve its market share if competitors didn't go along.

"We will not permit other major players to take advantage of new Zenith prices at the expense of our current market position in either color TV or VCRs," said Zenith Sales Co. Pres. Gerald McCarthy. "The ball is now in the industry's court."

Much of rest of industry seemed to be preparing to return Zenith's serve at week's end, although most details still were lacking. North American Philips Consumer Electronics Pres. Donald Johnstone indicated his company was going along at least to extent of canceling planned reductions, and Pres. Jack Pluckhan said Quasar would announce increases effective Jan. 1 at company's Dec. 12 convention. From standpoint of Zenith -- and rest of domestic industry -- all-important question is what RCA does at its distributor meeting Dec. 6. RCA had no comment last week.

Zenith's McCarthy cited average industry color TV price declines in recent years -- 5% in 1983, another 6.5% in 1984, 6.2% in first 9 months of 1985. "The industry has reached the point where cost-reduction efforts are just not able to offset the significant price and mix erosion that have plagued it for years," he said, adding that increases effective last week represented "positive attempt to restore some sensibility to the color TV business."

Further increases will come "provided our analysis of competitive activities during the Winter Consumer Electronics Show [Jan. 9-12] verifies upward price movement on the part of a majority of the major players in this business." He reiterated Zenith plans for general VCR price increases with new line next May (TVD Nov 11 p10) as result of change in dollar-yen relationship, adding that "continued growth of VCRs requires sensible business planning that carefully blends price-volume tradeoffs with reasonable investment." List of specific models increased and new prices weren't available at press time.

Quasar's Pluckhan said company had decided to raise prices, still was working on exact amounts. He added that with so many of company's products coming from Japan -- in video, audio and microwaves -- increase will be across entire product line, "but with the heaviest emphasis on yen-related products." However, he added: "We're looking at everything. If there is a trend, we will be with it."

In effect, prices have firmed up already, said NAP's Johnstone, who noted that his company (and presumably others) already has forgone planned competitive decrease and has cancelled plans for further declines Jan. 1. He agreed with McCarthy that price cuts have outpaced cost-reduction efforts and reiterated his forecast of price stability (TVD Nov 11 p11).

Sansui last week announced it was raising prices on all audio and video products Jan. 1, but "only to offset the dollar/yen situation." Senior Vp Hiro Higashiomori indicated increases would vary by product class. "We would prefer not to raise prices in the competitive [U.S.] market," he said, but "we do not wish to penalize either our dealers or consumers by cheapening our product to make up the cost difference."

COLOR IMPORTS SET RECORDS IN SEPT.: Although VCR import growth eased modestly in Sept., any relief for video industry was offset by record high color TV shipments, according to Commerce figures, which also show continued decline in imports of color TV cameras.

Month's VCR shipments of 1.38 million, while up 49.2% from Sept. 1984, were down from record 1.67 million imported in Aug. July-Sept. imports rose 46.1% to new all-time quarterly high of 4.19 million, and for first 9 months shipments stood at 12.2 million, up 81.1%. VCR imports from Korea -- 96,000 -- were at monthly high for year, to put 9-month total at 432,000. Japan supplied 1.29 million for month, 11.7 million for full period.

In other video products, total camera imports dropped 38.6% to 60,700 as color cameras fell 44.7% to 46,800 while b&w slipped 2.2% to 13,900. It was 4th consecutive down month for color cameras, which helped turn July-Sept. into product's first declining quarter, with shipments off 38.6% to 142,700. Total camera imports closed out 9 months up 10.6% to 656,700, with color up just 0.7% to 510,700, b&w up 68% to 146,000.

Imports of videotape players jumped 125.4% in Sept. to 9,900, ahead 175.6% to 80,000 for 9 months. Videodisc player shipments declined 28.4% to 4,500 for month, were off 5.3% to 80,400 for full period. Also down were projection TV shipments, 35.4% to 5,100 for month and 7.7% to 44,400 for 9 months.

In TV, total imports of complete and incomplete receivers rose 40.4% in month to 1.81 million as color jumped 77.4% to record 1.24 million -- previous high of 1.06 million was set last April -- while b&w slipped 3.3% to 571,300. For 9 months, total imports gained 14.9% to 13.5 million, with color up 29.5% to 8.64 million (just short of full-year record of 8.66 million set in 1984), and b&w down 4.3% to 4.88 million.

In color, complete set imports rose 34.1% in Sept. to 613,100 to erase previous monthly record of 539,800 hit in Aug. last year, but that still left 9-month total down 5.3% to 3.94 million. Month's imports of color chassis and kits soared 158.9% to 628,900, and full-period shipments of 4.7 million were up 87.4%.

Color TV import breakdown by screen size for first 9 months shows biggest unit increases, and gains in terms of share of import mix, logged by 10"-&-under and 20"-&-over. Small screens represent import sizes generally not replaced by sets being assembled here in foreign-owned plants, while big-screen growth represents primarily imports of monitor-receivers from Japan and consoles from Canada. Steepness of slippage in 13" moderated to 11% in 3rd quarter when 616,500 entered, with total boosted by imports from Canada by RCA and Mexico by Zenith. Breakdown for b&w shows only tinyvision TV and combination models with meaningful performance improvements.

We remind you our TV import totals may not be same as those you see from other sources. Most such reports use what are called consumption figures, which reflect everything considered to be an import for duty collection purposes. We use different set of numbers, referred to as general imports, which exclude color sets "imported" from U.S. plants located inside duty-free foreign trade zones. Here's rundown on 9-month TV imports by screen size:

Color	Total	% change	% Share of Import Mix	
			1985	1984
Combinations.....	12,000	- 4.3	0.3	0.3
10"-&-under.....	562,700	+34.9	14.3	10.0
11-12".....	109,900	- 0.1	2.8	2.6
13".....	1,689,700	-14.8	42.9	47.6
14-15".....	151,200	+14.6	3.8	3.2
16-17".....	24,500	- 9.6	0.6	0.7
18-19".....	901,500	-26.0	22.9	29.2
20"-&-over.....	357,000	+34.5	9.0	6.4
Monitors*.....	133,600	--	3.4	--
Totals.....	3,942,100	- 5.3	100.0	100.0

Monochrome

6"-&-under.....	1,161,100	+20.2	23.8	19.0
6"-&-under, comb.	1,327,600	+83.0	27.2	14.2
7-8".....	1,700	-91.8	--	0.4
7"-&-over, comb..	18,500	+21.0	0.4	0.3
9-10".....	118,000	-24.1	2.4	3.1
11-12".....	2,062,600	-32.8	42.3	60.2
13-17".....	46,500	+85.2	1.0	0.5
18"-&-over.....	76,200	-34.8	1.6	2.3
Monitors*.....	63,900	--	1.3	--
Totals.....	4,876,300	- 4.3	100.0	100.0

*Monitors not reported separately in 1984.

MAGNAVOX'S VIDEOWRITER HOME WORD PROCESSOR: Magnavox, which launched home videogame and videodisc eras, last week inaugurated another new-generation product category -- video-based dedicated home word processor. This time, parent N. American Philips (NAP) expects Magnavox to play primary role, instead of ending up in market back seat as it did with last 2 pioneering efforts.

Videowriter, at \$800 suggested list, is being positioned as replacement for typewriter and aimed at students, writers, professionals, small businesses and general consumers who have more than average use for typewriters but find commercial word processors too expensive and computers too complicated. In size and design, it resembles portable computer and takes up about same desk space as full-sized typewriter. It consists of console with front-mounted 9"x4" amber CRT, slot for 3.5" disc memory, built-in top-mounted matrix thermal printer. Separate keyboard has standard layout, 17 special function keys plus 4 for cursor control. It's first product out of affiliate Philips Home Interactive Systems (PHIS) formed by NAP 18 months ago as R&D operation, and first resulting from resource pooling effort by NAP and parent N.V. Philips of Holland.

Videowriter is international composite, according to statement from NAP Exec. Vp Einar Kloster, read at unveiling for media held in N.Y. last week. Product, he said, was developed in U.S., is being manufactured overseas -- with parts coming from Far East and Europe and final

assembly in Philips plant in Austria -- and will be marketed worldwide, with Philips brand used outside U.S. "It is a symbol of our global strategy," he said.

Sales target is undetermined part of \$1.2 billion spent each year in U.S. on some 2.3 million typewriters and 500,000 home-use word processing computers, according to PHIS Pres. Louis Arpino, who told us Videowriter is result of intense market study that showed consumers want simple, single-function product. Hitting that product goal wasn't easy, Arpino told us -- during development phase "almost every day someone came up with another idea for adding in a function, but we turned them all down."

Adding on wouldn't be big problem. Computer innards could be modified to provide programmability and handle spreadsheets or other math functions, and since it has matrix head printer, it could turn out charts and other graphics. Such functions can be incorporated in future versions if that's what public wants, Arpino said. Because product concept is new and market reception uncertain, launch, which started at last week's end, is being limited to 9 markets (Columbus, Dayton, Grand Rapids, Indianapolis, Kansas City, Knoxville, Minneapolis, Portland, Ore., and Salt Lake City), 60 dealers with about 120 outlets. When national rollout comes next year, VW will be made available to all Magnavox dealers, will be handled as well by department, office supply and computer stores.

Videowriter isn't exactly first of its kind, having been beaten to market by about month by SCM's Personal Word Processor. But PWP is attachment, consisting of computer console and screen, designed to plug into any of SCM's compatible electronic typewriters, which then double as keyboard and printer, while Magnavox version is complete product. For operating and feature comparison see report elsewhere in this issue.

PENNEY'S YULE BOOK: J.C. Penney's Christmas catalog follows same sharp price reduction policy as Sears's book (TVD Nov 18 p15). New is Penney brand autofocus VHS camcorder, made by Matsushita, at \$1,300, which is \$10 more than Sears Hitachi-made version -- and latter comes with hard carrying case (for which Penney charges \$150 extra).

Penney's leader VHS recorder is front-load model with wired remote, 14-day 2-event timer at \$300 (down \$200), with 4-event wireless remote version at \$370 (down \$100), 3-head version at \$400 (down \$100), 4-head with better remote unit \$470 (down \$180); VHS Hi-Fi with keypad remote, MTS adaptable, is \$650 (down \$150), while cable-tuning MTS VHS Hi-Fi is \$1,000 (down \$300). Docking portable VCR and hand-held camera are \$800 each, but when bought in combination they're \$1,300, savings of \$300.

Catalog features color sets, starting with 9" AC-DC at \$230 (down \$70); mechanically tuned 13" at \$190 (down \$80), keypad remote \$250 (down \$100); 14" monitor receiver with keypad remote is \$350 (down \$120); 19" mechanical \$240 (down \$100); 20" remote MTS monitor receiver \$550 (down \$150); 25" remote MTS monitor receiver \$750, swivel base console \$600, double-sided MTS console \$800 (each down \$150). B&W sets -- 4.5" AC-DC with FM-AM and clock is \$100 (down \$50); 5" AC-DC \$80 (down \$50); 12" AC-DC \$60 (down \$30). Compact Disc player is \$250.

Samsung has purchased 7 acres in L.A. for 178,000-sq.-ft. west coast hq, warehouse and parts and service center.

SHARP DEBUTS CAMCORDER: Sharp's My Movie VHS camcorder (TVD Sept 16 p11) will be introduced to U.S. at Winter CES Jan. 9-12 in Las Vegas. Weighing 5.7 lb. excluding battery, autofocus unit has Newvicon tube, f1.4 lens, 10-lux sensitivity, search, still frame, on-tape dating capability. Suggested list is \$1,900.

Sharp also will introduce its first VHS HQ models at CES, most with automatic playback -- inserting recorded tape activates power-on and play; when tape is finished, rewind, reject and power-off are automatic.

Company's new color TVs are highlighted by fashion colors and styling. Series of desktop 3.5" sets in 3 different colors with audio and video inputs and outputs carries \$400 list, while 13" keypad remotes in 6 decorator colors are same price. Flat square-cornered tube is featured in wedge-shaped 26" monitor receiver with built-in MTS sound and keypad remote designed for placing directly on floor or on special platform.

Audio-video control center with 25-w per channel amplifier, graphic equalizer and video enhancer circuit will be available in Feb. at \$200. Sharp wireless remote CD player, also due in Feb., will have list of \$290.

VCR sales to dealers showed biggest year-to-year percentage increase in 2nd Nov. week since first week in June -- up 98.9% (see State of the Industry). In same week, cumulative sales for year passed 9 million and total U.S. home VCR sales since start of marketing in 1955 topped 26 million.

VIDEOWRITER VS. PWP: We've had opportunity of running both of industry's new home word processors, Videowriter (VW) from Magnavox and Personal Word Processor (PWP) from SCM, and while neither performs up to full standard of professional models, both have all necessary basic functions. They can be used right out of box without detailed instructions and can deliver letter quality, and letter perfect, documents.

Screen displays are comparable -- both show exactly what will appear on paper, have 80 characters per line. VW shows 18 lines on 9x4" high-resolution amber tube, PWP has 24 lines on 12" green hi-res tube, offers slightly larger and easier to read characters. But VW screen is several inches closer to operator.

VW console is 7" high, 14.5" wide, 13" deep, keyboard is 17" wide by 13" deep. PWP, with monitor sitting atop it, is 11.9" wide by 11.1" high by 10.9" deep, and sits behind required electronic typewriter, size of which varies according to model.

Pricing too is similar, VW at \$800, PWP at \$500 for processor plus \$300-\$500 for needed SCM electronic typewriter. Included in VW price is 50,000-word spelling checker. Similar feature is available in higher priced SCM typewriters, and while that will boost price of PWP, it permits automatic spelling check of every word in document, while VW will check only on word-by-word basis. Dictionary is recorded on VW's 3.5" disc memory, while SCM typewriters have electronic memory. Both will accept new words. VW's disc will store 72 pages, SCM's wafer tape memory holds 32. All VW functions are on keyboard. PWP uses keyboard for some functions, requires use of buttons on separate mouse-like box for others.

PWP is much faster when it comes to inserting, copying or moving words or lines because VW copies document to disc before performing such functions to ensure document isn't accidentally lost in process. But VW prints much faster, 50 cps in draft mode, 25 in letter quality, against 12 cps speed of SCM daisy wheel typewriter. But that's relative, and speed of either can seem to be painfully slow to someone accustomed to professional computer printer. VW also allows for expanded or compressed type, something daisy wheel can't do.

Because printer is integral part of VW, setting margins, spacing and tabs is done only once and on screen. While format is set on PWP screen, that's only for display purposes, and it also must be set manually on typewriter before printing. Both use any kind of paper, but because of thermal transfer system, VW gives best performance on quality bond stock. Also, both require that sheets or envelopes be fed one at a time. Printers automatically stop at end of each page for paper insertion.

One edge in PWP's favor is use of typewriter as printer. If PWP isn't turned on, typewriter is free for

regular use to turn out short notes, labels or envelopes. VW printer works only from screen and so is less convenient for casual use.

Note: We erred in our report last week that Videowriter uses MSX operating system.

Adjustment assistance program for import-injured workers officially expired Nov. 15, and replacement is subject of dispute between Administration and Congress. White House is said to favor training-only program that would eliminate cash benefits for workers who lose jobs to imports, with funding at \$100 million next year, about same as program cost this year. Question of extension beyond 1986 is left up in air. House and Senate have bills pending that would retain both benefits but require that workers agree to take training to be eligible for cash. House measure would extend program to cover workers who lose jobs when company moves production to foreign country. Controversial portion of Senate bill would impose surcharge of not more than 1% on all imports to cover program costs. That's opposed by Administration on ground import fee would have same effect as duty rate increase, therefore would be subject to GATT negotiation.

Sony is accepting orders, in minimum lots of 200, for custom-pressed CD-ROM discs. At start, pressing will be done in Japan in Sony-owned facility, not by CBS/Sony Records, joint venture in Japan that turns out standard music CDs. Sony says it will begin CD-ROM pressing at its Digital Audio Disc Corp. plant in Terre Haute in spring. Also last week, Sony was first to introduce CD-ROM drives on commercial basis. Drives are being offered now only to OEMs through Sony's Component Products Div. at prices ranging from \$300 for unit designed to mount in computer slot normally used for 5.25" floppy disc drive, to \$900 for high-end stand-alone version.

GE is revamping tube plant in Syracuse at cost of \$2.3 million for production of 3, possibly 4, new tube types, company informed workers. As we reported, plant will produce 20" and 26" full-square tube. GE says it also will be turning out 25" modified to meet Matsushita requirements, may receive contract for modified 19" for different, unspecified, customer. Matsushita, as announced, is taking over 19" and over color TV production for GE. Matsushita will be using GE tubes in most of those sets, and GE has said it's seeking to increase number of tubes it sells Matsushita for Panasonic and Quasar models.

Pioneer will make own 8mm deck "some time next year," has no plans to manufacture camcorder, officials of European affiliate said at news conference in Brussels, called to show Sony-made Pioneer 8mm equipment to European journalists (who had seen it all before under Sony brand). In answer to question, company said it currently has no plans to make combination CD-videodisc player for European market because PAL waveform doesn't have room for both dual digital and analog audio.

VCR SALES PLATEAU? After 4 years of unparalleled growth, VCR sales to consumers in U.S. will approach inevitable plateau in 1986, 3M Magnetic Audio/Video Products Div. Mktg. Dir. Robert Burnett said at ITA seminar in N.Y. last week. Company estimates sales will hit 10.6 million in 1985, edge up to 10.65 million next year, 10.71 million in 1987, 10.78 million in 1988, 10.9 million in 1989, 11 million in 1990.

View of growth slowdown apparently is shared by RCA. During presentation on hardware, Distributor and Special Products Div. Vp-Gen. Mgr. Edward Boschetti estimated that by end of this year VCRs would be in about 30% of TV homes (around 26 million), predicted total would top 50 million by 1988. That indicates expectation sales will average just over 12 million in each of next 2 years. On bright side, Boschetti noted that higher priced models with step-up features such as remote control are showing strong growth. He said units with stereo hi-fi doubled from 5% share of market in 1984 to 10% this year, should rise to at least 14% in 1986.

Portables, he said, represent about 6% of VCR market this year, down from 12%, with some of shortfall offset by sales of some 350,000 camcorders. Part of portable sales decline stemmed from publicity about 8mm Video models that "led to some hesitancy" in consumer buying, Boschetti said. Although 8mm was on market first, RCA is finding that "with the growing availability of attractive 1/2-inch camcorders, VHS camcorders will end the year as the dominant format."

RCA thinks 8mm has 2 major hurdles to top before it can become serious market challenger, Boschetti said: (1) Lack of software and (2) base of 20 million VHS VCRs already in homes. While 8mm "may yet win a place in the portable VCR business," consumers are likely to stick to format they have, and camcorder buyer "tends to already own a VCR," he said. At same time, RCA feels camcorders won't spell demise of standard 2-piece portable. As new, easy-to-use product, camcorders "will find a ready market this holiday season," Boschetti said. But he added that portable-oriented consumers who value off-air recording and long play time "will tend to support the established convertible type."

Pfizer Magnetic Technology Senior Consultant Alan Lindquist took stab at 8mm prediction, said worldwide machine population would grow from 800,000 in 1985 to 5.8 million next year and 17 million in 1987, with tape consumption advancing from 5 million to 35 million to 136 million units. In commenting on his prime marketing area, Boschetti said video accessories will be \$2 billion business at retail this year, including \$1.2 billion in tape, predicted that would grow to \$3.4 billion by 1988, with tape providing \$2 billion.

While VCR sales may be leveling off, software still is on strong upward track, according to other speakers. For recorded videocassettes, Thorn

EMI/HBO Pres. Nicholas Santrizos put this year's sales at 45-50 million units, reaching 70 million in 1986. He put wholesale value at \$1.5 billion, double 1984 mark. VCA/Technicolor Vp David Rubenstein estimated sales of 50-55 million for 1985, and matched Santrizos with 70 million forecast for 1986, not including public domain, adult and lesser specialized product.

Generating more software for 8mm will be subject of independent efforts by Sony and Kodak, 2 prime movers in hardware. Both are trying to organize approaches in time for Winter CES in Las Vegas Jan. 9-12. Sony is approaching 8mm software from 2 directions -- as licensee of titles for Sony Video Software label and as marketer of cassettes bought from other suppliers. But push is being hampered by industry duplication capacity that's tiny compared with 1/2", and there's no indication majors are ready to jump in yet. Rubenstein said his survey indicates no change in wait-and-see policies toward purchase of 8mm equipment by Bell & Howell/Columbia Pictures Video Services and CBS/Fox Video.

More competition to consumer electronics retailers is coming from cable TV systems, this time in home satellite receivers. Running sales test from one of its 1a. systems, offering gear from M/A-Com and Uniden, is Heritage Communications, nation's 19th largest MSO, while 4th-ranked Cox Cable is marketing M/A-Com equipment in Fla. Dishes are being offered to homes in and around franchise area that are not reached by cable. Both firms say they will broaden sales program if tests are successful, and performance is being watched closely by other cable companies. Cable operator so far most active in retailing is Jones Intercable, which has been marketing GE VCRs to its subscribers, says it's looking for other suitable products (TVD Nov 11 p13).

"Blue boxes" to defeat scrambling of pay cable programming are readily possible with digital TV sets that offer access to IM control bus via rear panel connector or remote control programming system, NCTA said in letter to set makers, urging them to "take the necessary steps to make it impossible to externally force" ITT chip to defeat sync suppression encoding. If this isn't done, NCTA warned, "blue boxes" to defeat pay cable scrambling could come on market. NCTA noted that "certain manufacturers such as Zenith... have already taken positive steps" to avoid problem.

Hitachi Foundation is being established in Washington by Japanese manufacturer to commemorate 75th anniversary and 25th anniversary of U.S. sales subsidiary. Endowed with \$20 million, foundation will fund cultural, scientific, educational and community programs in U.S.

Sima Products Corp., Chicago photo accessories firm, enters video products field with uniquely packaged Sound Catcher wireless remote microphone (\$135), Copy Kit telecine accessory (\$34) and Video Prop telescopic camera support (\$45).

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acton			
1985-9 mo. to Sept. 30	13,054,000	(6,645,000)	—
1984-9 mo. to Sept. 30	13,182,000	(5,476,000)	— ^b
1985-qtr. to Sept. 30	3,948,000	(1,917,000)	—
1984-qtr. to Sept. 30	4,552,000	(2,100,000)	— ^b
BMC Industries			
1985-9 mo. to Sept. 30	93,681,000	(59,420,000)	— ^b
1984-9 mo. to Sept. 30	89,312,000	2,639,000	.51 ^a
1985-qtr. to Sept. 30	29,679,000	(57,915,000)	— ^b
1984-qtr. to Sept. 30	27,910,000	(1,496,000)	— ^b
Malrite Communications			
1985-9 mo. to Sept. 30	60,014,000	7,195,000	.57 ^d
1984-9 mo. to Sept. 30	53,822,000	1,209,000	.10 ^d
1985-qtr. to Sept. 30	21,126,000	3,055,000	.24 ^d
1984-qtr. to Sept. 30	19,099,000	728,000	.06 ^d
Sanyo Mfg. Co.			
1985-9 mo. to Aug. 31	237,817,000	(1,691,000)	—
1984-9 mo. to Aug. 31	253,099,000	1,520,000	.18
1985-qtr. to Aug. 31	99,363,000	(1,325,000)	—
1984-qtr. to Aug. 31	94,167,000	273,000	.03
Turner Bctg.			
1985-9 mo. to Sept. 30	259,440,000	(5,001,000)	— ^b
1984-9 mo. to Sept. 30	210,645,000	8,088,000	.40 ^c
1985-qtr. to Sept. 30	92,718,000	2,407,000	.11 ^c
1984-qtr. to Sept. 30	77,669,000	5,298,000	.26 ^c
United Artists Communications ^c			
1985-year to Aug. 31	479,847,000	14,944,000	.73
1984-year to Aug. 31	407,970,000	15,750,000	.76 ^d
1985-qtr. to Aug. 31	142,196,000	7,203,000	.35
1984-qtr. to Aug. 31	128,078,000	7,997,000	.39 ^d

Notes: ^aRestated. ^bAfter special charge. ^cIncludes special credit. ^dAdjusted.

SMC POSTS LOSS: Although it had sales pickup in fiscal 3rd quarter to Aug. 31, Sanyo Mfg. Co. posted loss of just under \$1.33 million for period, company announced. SMC produces color TVs for sale under Sanyo, Fisher and Sears brands, as well as microwave ovens, at plant in Forrest City, Ark.

SMC said results were hampered by "very intense pricing competition" in color and ovens. Referring to strike that restricted plant operations for 3 weeks in Oct. (TVD Nov 4 p13), SMC said new contract contains work rule changes "that should enhance efficient operation" and economic improvements "that will help the company's competitive position."

BMC, parent of Buckbee-Mears, said it's in technical default on bank loan agreement following posting of \$57.9 million 3rd-quarter loss. Deficit includes \$1 million loss from continuing operations, \$56.9 million loss on discontinued operations, including reserve set up to cover cost of disposing of group of subsidiaries in circuit board and IC parts manufacturing (TVD Nov 18 p16).

ITA's 16th annual spring seminar, "Prospering in a Technology Driven Industry," will be March 12-15, Americana Canyon Hotel, Palm Springs. Sony Chmn. Akio Morita will keynote.

Consumer Electronics Personals

Michael Katz resigns as Epyx chmn.-CEO to join Atari as sales and mktg. exec. vp, succeeding **John Copland**, who left in Sept. to launch software firm. Katz also will head new Atari division being formed to market entertainment electronic products... **Joseph Loiacono**, GE exec. product programs mgr. and long active in EIA Service Committee, retires Jan. 1 after 44 years with company... **Martin Homlish**, ex-Mura, one-time JVC, joins Sony Consumer Audio Products Div. as Hi-Fi products dir... **Edmund Auer**, formerly pres. of now discontinued CBS Software, appointed pres. of successor organization, CBS Interactive Learning, to develop and market computer software and other interactive materials to education and medical markets. It also will handle closeout of CBS Software product... **David Alhart**, ex-Platt Music, joins Pacific Stereo as merchandising senior vp.

Jurgen Strube, former BASF America pres., named pres. of BASF Corp., new umbrella organization formed as parent for all BASF operations in US... **Dennis Clark**, ex-Revlon, appointed Certron mktg. dir... **Frank Bolger**, ex-Cablevision, joins National Captioning Institute as program mktg. dir. responsible for marketing NCI's closed-captioning service to home video, cable and broadcast industries.

Gordon Bricker, RCA, elected ITA chmn., succeeding **John Povolny**, 3M; **Philip Stack**, Sony, named pres., replacing Bricker; **Alfred Markin**, VCA/Technicolor, becomes senior vp, succeeding Stack. New vps: **Anthony Mirabelli**, Quasar, video; **Ken Kai**, Pioneer, laser media; **Maria Curry**, Agfa-Gevaert, audio; **George Ricci**, Amaray, planning. New board members: **Stan Bauer**, Fuji; **Donald Bogue**, Ampex; **Daniel Grynberg**, Egan Machinery; **Anthony Mirabelli**, Quasar; **Nicholas Santrizos**, Thorn EMI/HBO Video; **Howard Schwartz**, CBS Records; **Richard Stofan**, American Hoechst; **Terry Tsutsui**, TDK... **J.R. Iverson**, ex-Gould, named American Electronics Assn. pres., succeeding **E.E. Ferrey**, who retires but will continue as vice chmn. and consultant until end of 1987.

Patrick O'Brien, ex-United Satellite Communications, joins RCA/Columbia Pictures International Video as finance vp... **Tom Haworth**, ex-B. Dalton Booksellers, named video product dir., Ingram Video, division of Ingram Distribution Group; **Randall Chambers** appointed dir. of national accounts-east and **Greg Kinman** to video sales dir... **David Cline** named sales vp, Embassy Home Entertainment, succeeding **Tom Burnett**, now sales vp of Charter Entertainment, new EHE venture; **Tim Olson**, ex-Disney Home Video, joins Charter as national sales mgr.

Ad notes: TDK appoints Margeotes Fertitta & Weiss for new \$1 million corporate account... Ricoh moves \$3 million account to Edwin Bird Wilson.