

# TELEVISION DIGEST®

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With Consumer Electronics

IN THIS ISSUE: Television Digest's List of Top 100 Cable Operators

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### Broadcast - Cable

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**GROUP W CABLE DECISION DUE SOON:** Four groups believed to have met bidding deadline for 140-system operation. Decision on buyer expected by year-end. (P. 6)

**MPAA, NCTA EYE CABLE ACCORD:** Talks to get serious after Western Cable Show; hope is 2 sides can agree within week on copyright fee levels. Legislation still needed. (P. 6)

**ANOTHER PPV LAUNCHED:** Showtime/Movie Channel service, Viewer's Choice, gets one-day head start on Request TV. Service, expected in 500,000 homes next year, will run one movie per week. (P. 7)

**WESTERN CABLE SHOW GIRD FOR 'CHALLENGE':** Somewhat larger crowds, but fewer exhibitors, are expected when 17th Annual Western Cable Show kicks off in Anaheim Dec. 4. Planners project slightly more convention-goers for 3-day affair than nearly 8,000 who attended 1984 edition, but 192 pre-signed exhibitors is considerably below the 220 who had registered in advance last year (TVD Dec 3/84 p1). Nevertheless, exhibitors are still expected to take up more than 100,000 sq. ft. of Convention Center.

Given deregulation and string of favorable court verdicts -- such as ruling declaring current must-carry rules unconstitutional (TVD July 22 p1) -- convention interest is likely to shift to consumer issues, said 2nd-year show Chmn. Richard Maul, although must-carry and,

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**MITSUBISHI CANADA OPENING** owned color TV plant in Waterloo in Jan. Production will be halted at Electrohome facility. (P. 8)

**DEALERS SEE STEREO** as 'important' sales tool. Survey shows majority promoting it, but consumer awareness still far from complete. (P. 8)

**RISE IN JAPAN'S VCR EXPORTS** to U.S. held to 9.7% in Sept., but 1.49 million total was 3rd highest for any month. Color shipments up. (P. 10)

**MONTGOMERY WARD'S LAST CATALOG** has heavy emphasis on electronics, listing 16 audio and video brands. Own-brand VHS VCR starts at \$260. (P. 11)

**PIONEER POSTS LOSS** of \$12.2 million in fiscal 1985. Laservision inventory writedown, deficit of U.S. sales subsidiary cited. (P. 11)

**CELLULAR PHONE DUMPING** injured domestic industry, ITC says in ruling that clears way for imposition of penalty duties. (P. 12)

**VIDEO EQUIPMENT PACED SALES** growth for Radio Shack in last fiscal year. (P. 12)

**5 USES FOR SAP EXPLORED** by Hartford TV station -- bilingual, unedited dialog, surround sound, program guide and commercials. (P. 13)

especially, scrambling and compulsory license issues will also undoubtedly attract considerable attention. Cable "is in a very good, solid, growth-oriented environment," says Maul, Western Communications' vp-market development. "We can plan and capitalize on becoming extremely consumer-oriented."

Convention, themed "Meeting the Challenge," will kick off with keynote session Dec. 4 featuring NCTA Pres. James Mooney, Turner Bstg. Chmn. Ted Turner, Comcast Chmn.-CEO Robert Clasen and Gary Nardino, pres., Gary Nardino Productions. Opening session, to be moderated by Falcon Pres. Marc Nathanson, is expected to touch on scrambling, pay-per-view and future programming and sources of revenue. Show, sponsored jointly by Cal. and Ariz. cable associations, is expected to conclude on lively, if not disputatious, note Dec. 6 when representatives of Turner, NCTA, INTV and National Assn. of Public TV Stations debate "Must Carry -- The Big Picture." In between, 32 breakout and roundtable discussion sessions, including 6 technical seminars coordinated with Society of Cable TV Engineers, will address topics ranging from rate regulation and pole attachments to advertising, leased access and EEO.

Comr. Patrick will talk about "Cable's Brave New World" at Dec. 5 luncheon at adjacent Marriott Hotel, while House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.) will address \$60-plate CablePac breakfast meeting next morning. Contingent of Cal. congressmen, representing House Copyright and Telecom Subcommittees -- Reps. Bates (D), Berman (D), Moorhead (R) and Waxman (D) -- will join Kastenmeier later that morning for legislative outlook session, "A View From the Hill." While Patrick is only commissioner scheduled to attend show, FCC participants also will include Gen. Counsel Jack Smith and Chmn. Fowler's legal asst. Thomas Herwitz.

Some of most interesting activity will undoubtedly take place off convention floor in form of "suite talk," with NBC Cable News, among others, set to hold forth from nearby hotel meeting rooms (NBC's at Hilton). In change from previous years, off-site merchandisers, which also include MCI, Packet Technologies, Provident National Bank and C.O.M.B., a direct marketing firm, will be recognized in convention program. In another shift, greater emphasis is being placed on exclusive exhibit viewing time, with Dec. 6 luncheon moved to convention hall as part of effort.

American Cable Publishers Institute, non-profit group formed to promote status of operators as publishers entitled to full First Amendment protection, will hold its first board meeting at show Dec. 4. It has been rumored that HBO will announce plans for new sanitized pay service at show, while prospective competitors, American Movie Classics and The Nostalgia Channel, have already scheduled announcements for event.

**TOP 100 CABLE OPERATORS UP 11%:** Top 100 cable system operators improved growth rate from year ago, rising 11% each in total basic subscribers and in pay units. Last year, basics grew about 7% from 1983 while pay units rose 6%. As of Oct. 1, top 100 had 32,700,810 basics vs. 29,366,875 year ago; pay units rose to 29,200,130 from 26,265,270.

Top 100 owners now pass 57,071,861 TV homes -- 67% of all U.S. TV homes -- and their franchised areas include 65,555,686 homes, 77% of nation's TV homes. Their penetration of basic subscribers to TV homes passed is 57%.

Here are top 10: TCI, ATC, Group W, Storer, Cox, Warner, Continental, Newhouse, United Cable, Times Mirror. Here is complete tabulation:

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Homes in Franchised Areas	Miles of Plant	Miles to be added in 12 months
1.	Tele-Communications Inc.*	3,900,000	3,000,000	6,100,000	7,000,000	65,000	N.A.
2.	American TV & Communications Corp.*	2,600,000	2,400,000	4,600,000	5,600,000	41,700	3,000 <sup>b</sup>
3.	Group W Cable Inc.	2,081,000	1,521,000	3,877,000	4,600,000	38,950 <sup>c</sup>	N.A.

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Homes in Franchised Areas	Miles of Plant	Miles to be added in 12 months
4.	Storer Cable Communications	1,521,000	1,379,000	2,684,000	3,096,000	32,891	700 <sup>d</sup>
5.	Cox Cable Communications Inc.	1,450,000	1,410,000	2,580,000	2,730,000	25,810	450
6.	Warner Amex Cable Communications Inc.	1,158,805	802,076	2,291,514	2,452,270	21,469	338
7.	Continental Cablevision Inc.	1,093,000	1,252,000	1,970,000	2,150,000	21,900	2,000
8.	Newhouse Bcstg.	935,858	959,652	1,513,005	1,544,176 <sup>c</sup>	19,767	600
9.	United Cable TV Corp. <sup>f</sup>	930,717	798,660	1,535,820	1,580,858	14,992	840
10.	Times Mirror Cable TV	864,853	688,248	1,667,822	2,311,000 <sup>s</sup>	16,700	449 <sup>d</sup>
11.	Viacom Communications <sup>a</sup>	810,000	675,000	1,500,000	1,700,000	12,800	200 <sup>d</sup>
12.	United Artists Cablesystems Corp.	715,000	574,000	1,201,000	1,225,000 <sup>d</sup>	13,000	400 <sup>b</sup>
13.	Sammons Communications Inc.	683,000	626,000	1,093,000	1,093,000	9,800	N.A.
14.	Heritage Communications Inc.	599,067	494,495	1,200,081	1,414,845	14,045	N.A.
15.	Cablevision Systems Development Corp.	592,000	1,733,400	1,189,800	1,229,800	11,176 <sup>d</sup>	2,000 <sup>d</sup>
16.	Jones Intercable Inc.	573,086	417,059	905,084	1,091,178	12,606	N.A.
17.	Rogers Cablesystems Inc.	568,000	688,000	1,203,000	1,301,500	10,000	150
18.	Comcast Corp. <sup>i</sup>	509,992	523,997	899,900	1,152,600	9,649	400 <sup>b</sup>
19.	TeleCable Corp.	459,072	472,095 <sup>d</sup>	766,104	741,859 <sup>d</sup>	9,443.9	N.A.
20.	McCaw Communications Co. Inc.	380,379	244,541 <sup>i</sup>	615,000 <sup>d</sup>	800,000 <sup>d</sup>	7,100 <sup>d</sup>	N.A.
21.	Capital Cities Communications Inc. <sup>k</sup>	374,577	250,789	579,122	587,587	7,206 <sup>b</sup>	180 <sup>b</sup>
22.	Prime Cable Corp.	350,626	392,384	719,386	750,000	7,677.12	100
23.	Century Communications Corp.	322,500	248,800	570,000	624,000 <sup>d</sup>	8,250	200
24.	American Cablesystems Corp.	310,900	410,700	554,000	613,700	5,850	800 <sup>d</sup>
25.	Wometco Cable TV Inc.	310,194	233,602	588,505	690,000 <sup>d</sup>	12,700	889 <sup>d</sup>
26.	Centel Cable TV Co.	304,929	234,860	487,308	530,857 <sup>d</sup>	7,806	346
27.	Cablevision Industries Inc.	295,900	203,000	350,000	412,500	5,428	1,500
28.	Daniels & Assoc. Inc.	283,989	354,930 <sup>i</sup>	585,809	1,096,000 <sup>i</sup>	6,808.94	N.A.
29.	TCA Cable TV Inc.	277,633	102,990	369,000	375,000	5,500	50
30.	Multimedia Cablevision Inc.	269,933	262,905	517,036	517,036	5,550	100
31.	Falcon Cable TV	250,000	260,000	410,000	460,000	4,300	300
32.	Scripps Howard	234,584	287,188	464,741	470,000 <sup>a</sup>	4,000 <sup>a</sup>	N.A.
33.	Maclean Hunter Cable TV Ltd.	228,742	299,657	453,541	467,000	3,384.51	18
34.	Tribune Cable Communications Inc.	224,226	223,232	501,165	769,864	4,832	750
35.	Colony Communications Inc.	220,273	229,592	410,974	470,800	3,615	537
36.	Service Electric Cable TV	220,000	55,000	285,000 <sup>d</sup>	375,000 <sup>d</sup>	4,612 <sup>d</sup>	225 <sup>d</sup>
37.	Adelphia Communications Corp.	202,960	190,707	296,529	341,723 <sup>b</sup>	3,800 <sup>d</sup>	525 <sup>d</sup>
38.	Rollins Inc.	199,500	162,600	318,300	429,700 <sup>m</sup>	4,075	700
39.	Western Communications Inc.	174,000	92,000	241,000	210,000 <sup>d</sup>	2,250	50 <sup>d</sup>
40.	Cablentertainment Inc.	166,000	83,334	220,000 <sup>b</sup>	220,000 <sup>b</sup>	2,408 <sup>d</sup>	45
41.	Sutton Capital Group	162,252	171,427	299,957	315,000 <sup>b</sup>	3,649	25 <sup>b</sup>
42.	Communications Services Inc.	158,556	110,714	237,339	277,000 <sup>c</sup>	3,716	125
43.	Adams-Russell Co. Inc.	147,096	138,643	254,098	304,003	3,356	55
44.	Harte-Hanks Communications Inc.	140,895	120,764	305,070	354,873	3,637	N.A.
45.	Rifkin & Associates	136,675	90,532	232,408	240,000 <sup>a</sup>	4,172	215
46.	NYT Cable TV	126,500	125,700	233,300	250,000	2,900	80
47.	Toledo Blade Co.	125,000	61,400	277,000	280,000	1,820	40
48.	Televents Inc.	124,180	71,032	158,778	178,000	2,109	50 <sup>c</sup>
49.	Palmer Communications Corp.	122,000	52,000	164,000	149,000 <sup>d</sup>	2,200	150
50.	Harris Cable Corp.	119,600	96,500	219,000	325,000	1,935	75

**Total—Top 50** ..... 29,009,049 26,276,205 50,694,496 57,897,729 548,345.47 19,657

51.	Lenfest Group	117,262	106,335	243,953	284,718	2,661	70
52.	Greater Media Inc.	115,367	111,538	198,962	215,000	2,602	270
53.	Armstrong Utilities Inc.	113,638	75,770	156,633	150,000 <sup>a</sup>	2,265.3	116
54.	Harron Communications Corp.	113,575	84,069	180,244	207,131	2,898	305
55.	Gill Cable Inc.	108,000	152,000	211,000	250,000	1,500	100
56.	Multi-Channel TV Cable Co.	104,323	46,855	133,057	125,000	1,765	30
57.	Summit Communications Inc.	103,168	82,648	163,858	185,000	3,118	258
58.	McDonald Group	102,820	87,028 <sup>a</sup>	225,000 <sup>d</sup>	225,000 <sup>d</sup>	2,500 <sup>a</sup>	600 <sup>a</sup>
59.	US Cable Corporation	101,000	127,000	200,000	230,000	3,250	150
60.	Cencom Cable Associates Inc.	95,364	72,414	169,552	186,000 <sup>d</sup>	3,000	100
61.	Simmons Communications Inc.	89,000	92,000	203,000	215,000	1,000 <sup>d</sup>	200 <sup>d</sup>
62.	The Essex Group	85,424	46,319	127,557	131,384	2,582	30
63.	McClatchy Newspapers/Cable Div.	85,248	87,792	205,123	250,000 <sup>b</sup>	1,200 <sup>b</sup>	0
64.	Media General	85,220	144,951	172,796	273,104	1,826	1,005
65.	Perry Cable TV Corp.	85,134	58,341	144,655	250,000	1,651.52	150

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Homes in Franchised Areas	Miles of Plant	Miles to be added in 12 months
66.	King Videocable Co.	82,945	53,059	130,294	130,000 <sup>b</sup>	1,700 <sup>b</sup>	100 <sup>d</sup>
67.	Booth American Co.	82,500	51,900	129,606	126,000 <sup>b</sup>	2,221	50
68.	WEHCO Video Inc.	81,504	48,321	128,000	130,000	1,850	20
69.	Marcus Communications Inc.	80,604	35,245	104,179	110,000 <sup>b</sup>	1,310	N.A.
70.	Cable Management Assoc. Inc.	79,009	32,192 <sup>i</sup>	100,703	101,000 <sup>b</sup>	2,000	100
71.	Cablevision of Baton Rouge	76,024	87,740	126,962	135,000	1,414	40
72.	Tribune Publishing Co.	74,887	79,742	130,987	170,000	1,657	100
73.	Scott Cable Communications Inc.	74,578	58,859 <sup>i</sup>	112,505	150,000 <sup>b</sup>	1,500 <sup>b</sup>	70 <sup>d</sup>
74.	Sonic Cable Television	74,200	35,400	101,600	105,000	1,057	45
75.	Midcontinent Cable Systems Co.	73,653	31,867	100,332	100,332	N.A.	N.A.
76.	Americable Assoc. <sup>d</sup>	73,600	97,800	235,000	320,000	1,800	200
77.	Pencor Services Inc.	73,309	27,950 <sup>i</sup>	81,340	83,325 <sup>d</sup>	2,098	75
78.	Susquehanna Bctg. Co. <sup>i</sup>	71,171	58,583	112,662	116,000 <sup>b</sup>	1,234	60
79.	Omega Communications Inc.	70,000 <sup>d</sup>	13,033 <sup>i</sup>	90,000 <sup>a</sup>	95,000 <sup>a</sup>	1,500 <sup>d</sup>	50 <sup>d</sup>
80.	Selkirk Communications Inc. <sup>d</sup>	59,000	65,000	120,000	135,000	600	0
81.	Omni Cable TV Corporation <sup>i</sup>	58,500	32,000 <sup>d</sup>	99,000 <sup>d</sup>	110,000 <sup>d</sup>	2,316 <sup>d</sup>	175 <sup>d</sup>
82.	Coaxial Communications Inc.	57,000	55,900	104,000	110,000	850	50
83.	Marsh Media Inc.	56,500	37,000	94,000	96,000	1,370	110
84.	National Telecommunications	56,138	35,725	80,000 <sup>d</sup>	186,000 <sup>b</sup>	948 <sup>d</sup>	128 <sup>d</sup>
85.	Dickinson Communications Ltd.	56,048	69,626	149,100	225,000	1,450	300
86.	The Daily Press Inc.	56,000	55,000	98,000	98,000	1,700	50
86.	The Adam Corporation/Group	56,000	32,500	88,000	88,000	1,450	N.A.
88.	Twin County Cable TV	55,000	12,000	100,000	120,000	1,700	250
88.	Helicon Corp.	55,000	27,102	76,000	88,000	1,386	20
90.	Mountain Cable Co.	53,850	29,930	67,500	90,000 <sup>b</sup>	880	40
91.	Acton Corp.	52,484	47,194	130,026	425,000 <sup>b</sup>	2,676 <sup>b</sup>	100 <sup>b</sup>
92.	Masada Corp.	52,209	47,808	120,853	199,500	2,065.7	440
93.	Northland Communications Corp.	51,500	31,000	76,000	79,000	2,000 <sup>d</sup>	50 <sup>d</sup>
94.	Lawrence Flinn	51,000 <sup>d</sup>	52,219 <sup>d</sup>	80,899 <sup>d</sup>	75,000 <sup>b</sup>	1,200 <sup>d</sup>	300 <sup>d</sup>
95.	Cardinal Communications Inc.	50,583	27,495	71,945	74,000	938	25
96.	First Carolina Communications Inc.	49,612	41,351	91,583	93,983	1,439	400 <sup>c</sup>
97.	Verto Cable TV	48,719	16,692	84,803	84,790	518	N.A.
98.	Rockford/Park Cablevision Inc.	48,566	25,223 <sup>i</sup>	86,058	87,000	820	25 <sup>b</sup>
99.	Wisconsin Cablevision & Radio Co. Inc.	48,125	31,861	76,738	76,738	739.78	15
100.	George I. Reynolds	47,400	64,548	63,300	67,952	735	60
<b>Total—Second 50</b>		<b>3,691,761</b>	<b>2,923,925</b>	<b>6,377,365</b>	<b>7,657,957</b>	<b>82,941.3</b>	<b>6,832</b>
<b>GRAND TOTAL—Top 100</b>		<b>32,700,810</b>	<b>29,200,130</b>	<b>57,071,861</b>	<b>65,555,686</b>	<b>631,286.77</b>	<b>26,489</b>

\*Television Digest estimate. <sup>b</sup>As of April 1, 1984. <sup>c</sup>As of Jan. 1, 1984. <sup>d</sup>As of April 1, 1985. <sup>e</sup>Vision Cable Communications Inc.'s figure as of April 1, 1985. <sup>f</sup>Some figures include Hartford, CT acquisition. <sup>g</sup>As of May 1983. <sup>h</sup>Estimate. <sup>i</sup>Does not include recently purchased Ellisville, MS system or pending acquisition of Citizens Cable Communications Inc. <sup>j</sup>Pay subscribers. <sup>k</sup>Sale to The Washington Post Co. pends. <sup>l</sup>As of Sept. 1, 1982. <sup>m</sup>Does not include newly awarded Philadelphia (Area 3), PA franchise with 150,000 homes. <sup>n</sup>As of Sept. 1, 1983. <sup>o</sup>As of June 1, 1983. <sup>p</sup>Figures do not include 15,816 basic subscribers in Lewiston, Lock Haven & Tyrone, PA which are expected to be acquired from Cox Cable Communications Inc. on Dec. 31, 1985. <sup>q</sup>As of Feb. 29, 1984. <sup>r</sup>Sale to Rifkin & Associates pends. <sup>s</sup>Includes Hillsborough County, FL new build.

**NBC will put off** until Jan. 31 decision whether to launch 24-hour cable news network after previously setting deadline for New Year's Eve. In related matters, letters were sent out last week soliciting firm commitments from top MSOs to join venture as affiliates, said NBC spokesman William McAndrew. Former Turner Bctg. executive Reese Shoenfeld, who helped launch CNN, is NBC consultant on project. Ex-Cox Cable Pres. David Van Valkenberg also is rumored to be participating in venture, which McAndrew denied. NBC denied published report that it's negotiating with Reuters or Gannett to acquire interest in proposed network, saying internal memo on which report was based is "dated in substantial respects." NBC "is not considering any partnership arrangement for its proposed cable news venture," it said.

**NAB is gearing up** for Dec. 2 Senate debate on new "equal time" requirement for political ads on TV-radio with grassroots effort by local broadcasters to contact their senators urging opposition to proposal that Sen. Boren (D-Okla.) is expected to offer on floor. He wants to require stations to provide free time to candidates to respond to independent political group ads. Under proposal, candidates would qualify for response time if station airs unauthorized endorsement or attack by independent group. NAB opposes proposal, saying it's meant to stop broadcasters from carrying paid opinions of certain political groups. Source said NAB would be compelled to take proposal to court if it passes Congress, as many expect. NAB also wants Senate to go through regular hearing process before bill is moved to floor.

**FCC APPROVES STORER TRANSFER:** FCC last week unanimously approved \$2.5 billion buyout of 4th largest MSO, Storer Communications, including 7 TV stations, by subsidiary of Kohlberg, Kravis, Roberts (KKR). Approval Nov. 25, which was also extended by N.J. Board of Public Utilities next day, will require Storer to divest WTVG Toledo and some cable systems within 18 months. Storer's common stock will be convertible to \$91 cash and warrant for common share of SCI, under merger agreement approved by Storer stockholders Nov. 22 (TVD Nov 25 p4).

KKR subsidiary, SCI Holdings, had asked FCC for option to sell either WTVG or WJBK-TV Detroit, whose Grade B contours overlap, but Commission cited overlap of 128,000 residents between WJKW-TV Cleveland and Toledo station in requiring divestiture of latter. Detroit and Cleveland stations have overlap of only about 1,500 persons. Overlap decision raised questions from Comr. Quello who with Comr. Dawson, voted for merger while saying they did so "reluctantly, but only" because they favored giving Storer more of what it wanted.

"I agree, of course," said Quello, "with the majority's determination that the degree of overlap between [the Detroit and Cleveland stations is minimal, but I think it is a close question whether the overlap between the Toledo and Cleveland stations should not also be treated as" minimal. Quello said he thought it was time for someone to petition for rulemaking to change Commission's 1964 duopoly rule, under which joint ownership of all 3 stations was precluded.

Restrictions on Storer were seen by some as FCC effort to appease congressional critics in light of controversial cross-ownership waivers granted by Commission Nov. 14 in approving Capital Cities-ABC merger (TVD Nov 18 p1). Key aide to House Telecom Subcommittee Chmn. Wirth (D-Colo.) reacted: "The Commission is beginning to get the message that liberal, unwarranted and unsubstantiated waivers to the cross-ownership rules will not be tolerated" by Congress.

After Commission action, Mass Media Bureau Chief James McKinney said lesson drawn from comparison of CapCities and KKR case appears to be that Commission has "reluctance to grant waivers solely on the basis of a separation of markets." FCC approved CapCities acquisition on basis that company's plans to increase VHF service in N.J. and Del. outweighed any detriment that cross-ownership of WPVI-TV Philadelphia and WABC-TV N.Y., with overlap of 2.2 million residents, might pose.

FCC action allows KKR 18 months to divest cable systems in northern N.J. and Atlanta and Miami areas which company will own in tandem with TV stations. But Storer said day after Commission vote it "will not be required to sell" all its cable systems in Conn. and northern N.J. to meet additional divestiture requirements set by FCC. Requirements for divestiture within 18 months "will not be resolved

by sale" of Storer systems in those areas, company said, presumably leaving it up to KKR to divest WWHT Newark and WSNL-TV Smithtown, N.Y. to comply with Commission's duopoly rules. Regarding Atlanta and Miami area divestments also mandated by FCC, Storer said only that those sales would be handled under terms "mutually acceptable" to parties. Storer owns WAGA-TV Atlanta while KKR Assoc., through purchase of Wometco Enterprises, controls WTVJ Miami. Additional stations to be acquired from Storer under merger anticipated for consummation by mid-Dec. are WITI-TV Milwaukee, KCST-TV San Diego, WSBK-TV Boston.

**Tribune-United Cable** is slated to be served by today (Dec. 2) with formal revocation notice by Montgomery County (Md.) in wake of Nov. 20 order by U.S. Appeals Court, Baltimore Judge Harrison Winter in allowing hearing to proceed. Winter, however, blocked county's attempt to withdraw company's \$5 million letter of credit and impose \$9,000-a-day penalties pending hearing before 3-judge Appeals Court panel tentatively set for Jan. 6. Case is first to test whether 1984 Cable Act bars locality from imposing financial sanctions and otherwise enforcing terms of franchise agreement before acting on franchisee request to modify its contract. Tribune-United has asked for modifications including reduction of promised 120 channels to 70 presently operating. County is claiming company is in default, citing suspension of new construction which Tribune-United says is due to equipment supply problems it's having with sole supplier, Texscan. Scheduling status of proceeding on modification request remains uncertain, with one attorney associated with case saying there's "50-50 chance" request will be heard by examiner in conjunction with revocation hearing. Meanwhile, Tribune-United has put county system, with about 18,000 subscribers, up for sale. Company is expected to introduce leading potential buyer to county this week.

**Recent meeting** between Time Inc. Pres. Richard Munro and Gannett Chmn. Allen Neuharth restarted merger rumors on Wall St. -- but Munro said: "We are not interested in merging with Gannett." As recent keynoter at Society of Professional Journalists convention in Phoenix, Neuharth offered his company as "white knight" to protect other communications companies against unfriendly takeovers (TVD Nov 18 p7) and session with Munro reportedly was sought by Neuharth. Said Time's Chief Financial Officer Thayer Bigelow: "We're not looking for a white knight; we're not circling the wagons." Analysts believe Time is likely target for takeover because its stock (trading at just under \$60) is considered low.

**Texscan Corp.**, Phoenix, has filed for bankruptcy under Chapter 11. Bankruptcy proceeding will relieve company of obligation to pay \$1.7 million interest due Dec. 15 and enable it to reorganize, partly by disposing of some assets. Rating of company, which reported losses of \$50.9 million on sales of \$75.6 million for fiscal 1985, was recently downgraded to Ca from Caa by Moody's.

**GROUP W CABLE DECISION DUE SOON:** Decision on buyer of Group W Cable is expected by year end, spokesman for parent Westinghouse said Nov. 27, with drafting of short list of candidates before that likely. Four groups are said to have met Nov. 22 deadline for bidding on 140-system operation, which was put on sales block late last summer (TVD Sept 2 p1). Analysts believe company, nation's 3rd largest MSO with 2.1 million subscribers, could fetch about \$2 billion.

"We think the process is on track," said Westinghouse spokesman Paul Jones. "We are pleased with the way things are going. By and large, the bids have been responsive." One group of bidders is led by E.M. Warburg Pincus & Co. and includes Hallmark Cards, Bass brothers of Ft. Worth, and Burton Staniar, ex-pres. of Group W Cable. GTE is said to be involved in negotiations to join foregoing group, while Viacom, although not direct bidder, has agreed to buy some systems from consortium if it's victor. Other 3 groups are believed to include Wesray, venture capital firm headed by former Treasury Secy. William Simon; Community Equity Assoc.-led aggregate, and TeleCommunications Inc. and Comcast Corp. Daniels & Assoc. is reportedly in league with last group as part-buyer, part-broker. Heritage is believed to have dropped out of TCI/Comecast group.

Potential price tag of \$2 billion was characterized by one analyst as "reasonable." (Group W didn't set floor on bids.) "It could be a very reasonable figure," agreed one of bidders, depending on warranties assumed in deal. "As much as dollars are significant," bidder said, they "are not the only issue to be discussed." Difficulty gaining access to some Group W systems has been cited by at least one bidder, which claimed company didn't approve visits to certain sites.

Responding to allegation, Group W's Jones would say only that company was "cooperating fully with all serious bidders." Under stock purchase format selected by Group W to sell assets, purchaser will assume all liabilities related to systems. Westinghouse has said it would use half of purchase price not expected to be expended on taxes, debt payments and other expenses, to buy back some outstanding stock as part of major restructuring.

Meanwhile, acquisition by Group W of radio stations KMEO-AM-FM Phoenix from Scripps Howard Bestg. closed Nov. 26, price undisclosed. Sale of stations was required by FCC when Scripps Howard purchased KNXV-TV Phoenix last Jan.

**FCC proposed** eliminating restrictions on duplication of programming by AM and FM stations co-owned in same area. Rules now provide that FM station in combination markets with population exceeding 25,000 can't devote more than 25% of average week to duplicated programming. FCC said that FM is fully competitive now, eliminating need to foster separate FM programming.

**CABLE COPYRIGHT ACCORD SEEN:** Cable and motion picture interests expect to "get the velocity up" in talks looking toward reaching agreement on copyright fees systems should pay into Copyright Royalty Tribunal kitty for distant signals. MPAA Pres. Jack Valenti says discussions -- being conducted on staff level -- with NCTA are going "amiably" and 2 sides are expected to decide next week if agreement is possible.

Cable official told us "everybody agrees" that compromise would be advantageous for both sides, that "problem is the mechanism" of how to carry it out once agreement is reached. "Two or 3 sticky issues" are said to remain between NCTA and MPAA, among them: How and when to adjust new fees once they're in effect; what to base new fees on; how to handle systems that don't carry distant signals.

Under cable copyright law, systems now pay flat 3.75% of gross revenues for post-Malrite distant signals into kitty, whose distribution is then set by CRT to owners of programming rights. Each year's distribution to date has been preceded by protracted legal arguments, and oral argument on proposed distribution of \$95 million kitty for 1983 is scheduled before CRT Jan. 24.

If agreement is reached by MPAA and NCTA, it will take legislation by Congress to put it in force -- and NAB could be major stumbling block there. MPAA and other claimants -- except for NAB -- are seeking distribution of 50% of 1984 cable royalty fees on Feb. 27, 1986 "or as soon thereafter as practicable" upon distribution of 1983 fees. NAB, which each year has unsuccessfully fought for much larger slice of pie for commercial TV stations, is opposed to any early distribution until it's determined by CRT what percentage each party will get. Proposal before CRT for distribution (still in dispute) of 1984 fees (rounded off): MPAA 68%, sports 14.8%, public TV 5.2%, commercial TV 4.45%, music 4.2%, religious 1%, Canadian programmers 0.7%, public radio 0.2%. Despite efforts of NAB, commercial radio stations have never been cut in on copyright royalty disbursements.

**Ex-CBS News anchor** Walter Cronkite and his successor, Dan Rather, are trying to halt showing of HBO film entitled *Murrow*, which they believe to be anti-CBS, at Jan. 9 fund-raiser for Reporters Committee for Freedom of the Press (RCFP) at National Press Club, Washington. Cronkite and Rather are members of RCFP, and Cronkite said he won't attend fund-raiser due to scheduling conflict; Rather isn't sure. Cronkite said film, which is supposed to be film biography of Edward Murrow, severely maligns Frank Stanton, former CBS pres., who Cronkite said is "bulwark of broadcast journalism freedoms." Rather said he objects to film's showing on grounds that Time Inc. would use committee to legitimize and publicize film and that controversy over film will hamper more serious functions of RCFP. Time Inc. and RCFP officials downplayed controversy.

**SHOWTIME PPV GETS JUMP:** In move to pre-empt Request TV's launch Nov. 28, Showtime/Movie Channel (S/MC) began satellite feeds day before of its long awaited pay-per-view (PPV) movie service, Viewer's Choice. Name chosen is actually one used by PPV option offered in Warner Amex Cable systems for past 7 years. Move means there are 2 operating PPV networks for industry to consider at Western Cable Show this week.

VC's hurried start allowed S/MC to ballyhoo it as "nation's first broad-based national satellite-delivered" PPV network. One day edge over Request, founded by Jeffrey Reiss (TVD Nov 4 p4), is ironic in that Reiss was once Showtime pres. Plans for network were first announced by S/MC at NCTA convention last June, when company predicted Aug.-Sept launch (TVD June 10 p6). Deadline slipped by with S/MC officials claiming they weren't going to start network until all elements were in place. People's Choice, other service with announced plans, has set Jan. 3 as startup date.

In past, S/MC has said it wanted to provide affiliates with solution to knotty order entry problem. However, it had none to discuss at Nov. 26 news conference. S/MC PPV Exec. Vp-Gen. Mgr. Scott Kurnit noted "our objective is to be very involved in the order taking process" but admitted "it's impossible today to have the ultimate order taking system in place." Service is participating in separate tests with Pacific Bell, Pioneer Communications and Cable Data.

First satellite feed of VC, on Satcom 3-R, scrambled using M/A-Com Videocipher II hardware, went out to several Viacom systems, to be followed by affiliates of Warner Amex, Western Communications, Heritage Cablevision, Sutton Capital, American Cablesystems. That will put service in 500,000 homes sometime next year. Those not taking feed will continue to get cassettes for PPV exhibition. VC has licensing agreements with Columbia Pictures, Paramount Pictures, 20th-Century Fox, Warner Bros., New World. In addition, Kurnit said, MGM/UA Entertainment will provide some titles on agent basis but has yet to sign licensing pact. He expects to land Tri-Star, has talked to MCA, which has policy against dealing with middlemen in PPV business. Operators are expected to charge \$3.95-\$4.95 per viewing, keep 40% of that. Product exhibited on VC simultaneous with or ahead of home video distribution will be 40-45% of total.

VC's schedule is probably simplest of 3 PPV networks with announced programming plans. Just one title will be offered for entire week, running all day every day. Kurnit said Warner Amex PPV efforts prove this is best method because it delivers titles greatest number of people want. It has side benefit, he explained, in that it doesn't force all titles through PPV window, preserving value of regular pay services. Kurnit reiterated his conviction that PPV will not cannibalize regular services. Effect on pay is "moving target" because of VCRs and unknown impact of PPV on consumer attitudes, so it must be monitored, he added. In middle of 1986, Kurnit said,

S/MC will probably launch 2nd PPV channel offering 2nd tier titles and repeats from first service.

Other PPV developments: (1) Event TV now has 850,000 cable subscribers committed to Feb.-March start. Cox Cable has signed letter of intent. (2) Choice Channel continues restructuring as company tries to develop PPV event, rather than network. CC will still seek investment capital.

## Personals

NCTA Pres. **James Mooney** makes "major" address on must-carry at Dec. 11 luncheon meeting of Washington Metropolitan Cable Club, Washington Marriott Hotel... FCC calendar -- Dec. 5: Mass Media Bureau Chief **James McKinney** gives luncheon speech to NAB Regulatory Review Committee, NAB McCollough Room, Washington. **James Harmeyer** promoted to pres., Blair Bestg. of Okla. and KOKH-TV Oklahoma City gen. mgr.; **Tim Cowden** advanced to vp-station mgr... **Donald Keough**, Coca-Cola pres.-COO, delivers keynote speech to RAB managing sales conference, Feb. 4, Amfac Hotel, Dallas-Ft. Worth Airport... **Norman Hecht**, Information & Analysis Inc. pres., resigns; **Peter Roslow** promoted to vp-gen. mgr... **Richard Jones** advanced to local sales mgr., KBHK-TV San Francisco... **Gene Gawthrop** promoted to exec. vp-chief financial officer, Communications Equity Assoc., new post.

**Don Hewitt**, CBS News 60 Minutes exec. producer, named recipient of National Press Foundation 1985 Sol Taishoff Award, to be presented Feb. 25 in Washington... **Frank Cruz**, ex-KNBC-TV L.A., named vp, KVEA L.A.... **Joanna Bistany** promoted to public affairs vp, ABC News... **Carmelita Fitzgerald-Mills**, Walter Kaitz Foundation exec. vp, resigns... **Jack Maze** advanced to mgr. of Anixter Bros. new Jessup, Md. wire and cable sales and distribution facility; **John Pryor** promoted to mgr.-Wilmington, Mass. wire and cable sales facility.

**Karen Rosenfelt**, ex-Jerry Weintraub Productions, appointed vp and special asst. to **Jerry Weintraub**, now chmn. of United Artists... **Colin Keefer** resigns as pres. of Electronics, Missiles & Communications, low-power TV transmitter and translator manufacturer; **Leonard Teven**, ex-Advertising Unlimited, named exec. vp... **Carol Emery** promoted to assoc. administrator, NTIA Office of Policy Analysis & Development.

**WKBS-TV (Ch. 47) Altoona, Pa.** has gone on air as satellite of WPVB-TV Greensburg-Pittsburgh, raising operating U.S. TV stations to 1,232 -- 916 commercial, 316 non-commercial.

## Obituary

**E. Blake Blair Jr.**, 82, co-founder of John Blair & Co. with his brother in 1935, died Nov. 21 at his Chicago home following long illness. He was treas. of Blair from its start until his retirement in 1966, often pledged personal assets as collateral for bank loans in early days.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Nov. and 1985's first 46 weeks:

	NOV. 9-15	1984 WEEK	\$ CHANGE	NOV. 2-8	46 WEEKS 1985	46 WEEKS 1984	\$ CHANGE
TOTAL TV.....	555,024	499,651	+11.1	418,168	17,683,714	18,289,146	- 3.3
TOTAL COLOR...	441,809*	376,956	+17.2	347,096*	14,627,648*	14,019,229	+ 4.3
DIRECT-VIEW.	433,205*	372,067	+16.4	340,426*	14,415,815*	13,858,149	+ 4.0
PROJECTION..	8,604*	4,889	+76.0	6,670*	211,833##	161,080	+31.5
MONOCHROME....	113,215	122,695	- 7.7	71,072	3,056,066	4,269,917	-28.4
TV EXCL. PROJEC.	546,420	494,762	+10.4	411,498	17,471,881	18,128,066	- 3.6
HOME VCR#.....	334,889*	182,682	+83.3	255,658*	9,502,026##	6,066,131	+56.6
COLOR CAMERAS#..	6,264	10,441	-40.0	3,994	352,287	401,481*	-12.3

Color TV (direct-view) 5-week moving average: 1985--408,146\*; 1984--388,213 (up 5.1%).

Home VCR 5-week moving average: 1985--298,473\*\*; 1984--192,933 (up 54.7%).

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

**MITSUBISHI CANADA ADDS COLOR TV PLANT:** Canada gets new color TV manufacturer, but loses old one, in Jan., when Mitsubishi begins assembling own and Electrohome brand sets in new 105,000 sq. ft. plant, office and warehouse facility in Waterloo, Ont. Startup will mean end to color operations in Electrohome plant, which Mitsubishi has been running for 2 years under agreement which also gave it international consumer electronic rights to Electrohome brand (TVD Jan 17/83 p5).

Plant represents investment of about \$5 million, will eventually employ about 115, begin turning out 19" table models on first production line by end of Jan., according to Exec. Vp Sydney Goldstein. Next, he said, will come production of 25" table models and consoles, and 2nd line is to be added. Plant is also designed to handle production of other suitable consumer electronics, he stated.

Company intends to keep Canadian content of sets as high as possible, Goldstein told us. While chassis will come from parent in Japan, tubes will be purchased from Canadian plant Mitsubishi acquired from RCA for about \$24 million in mid-1983, and cabinets are to be sourced from Electrohome and other local suppliers. Later in year, Goldstein said, 20" and 26" color models also will be turned out. Tube plant, he said, is now in process of preparing for production of square cornered tubes in those sizes.

Production capacity wasn't disclosed, but Goldstein indicated that after both color lines are running, planned output would be under 20,000 monthly. "The Canadian market isn't big enough to absorb that," he pointed out. For present, all set output will be marketed in Canada under Mitsubishi controlled brands, but company does have eye on potential for export to U.S. It may be used as console source by Mitsubishi's U.S. marketing arm, and there's long range consideration of trying to reintroduce Electrohome brand here. "We do have the rights, and it's something we have looked at, but we have to start producing first," Goldstein said.

**DEALERS SEE STEREO AS 'IMPORTANT' SALES TOOL:** Majority of dealers are promoting multichannel TV stereo sound and see it as important selling point -- and they expect it to

increase in importance next year as stereo broadcasting and consumer awareness increase. While enthusiastic about stereo, some are expressing concern about scarcity of manufacturer promotions of the feature and about cable systems' inability or reluctance to pass stereo signal along to MTS set owners.

That sums up results of survey of our Early Warning Report retail panel -- group of dealers with total of about 800 individual outlets, varying in size from big superretailers to single-store entrepreneurs -- who report sales and market trends monthly to our Early Warning Report subscribers.

Of retailers responding to our survey, 71.4% had stores in areas with stereo TV stations, while 28.6% said their areas had no stereo broadcasting. Responses showed, understandably, that dealers were considerably more enthusiastic in areas with stereocasting than in mono areas. Of those dealers in stereo areas, 86.6% considered stereo "very important" or "somewhat important" selling point with their customers now, while no dealers in nonstereo areas considered it very important and only 33% thought it was somewhat important.

Further breakdown of importance of stereo as selling point: In stereo broadcasting areas -- 33.3% "very important," 53.3% "somewhat important," 13.3% "relatively unimportant." In nonstereo areas -- none "very important," 1/3 "somewhat important," 2/3 "relatively unimportant."

For next year, however, stereocasting haves and have-nots seemed to agree MTS will be major feature. Of those in broadcast areas, 53.3% saw it as very important selling point with their customers in 1986, while remaining 46.6% said it would be somewhat important. In nonstereo areas, 33% said it would be very important, 50% somewhat important, 17% relatively unimportant.

In stereo areas, 73.3% of dealers on panel said they had run promotions on stereo sets, while in nonstereo areas 2/3 hadn't. In stereo areas, 46.7% had promotions jointly with manufacturer or distributor, 6.7% had promotions jointly with both supplier and TV station, 20% held promotions on their own, 26.7% had no special promotions. Two-thirds of those in nonstereo areas had no stereo TV promotions.

Consumer awareness of stereo still is far from complete. In stereocasting areas, 13% said 50-75% of their customers were aware of stereo, 40% put awareness at 25-50%, 47% said fewer than 25% of their customers were aware. In nonstereo areas, 83% said fewer than 25% of customers were aware of stereo and remaining 17% said figure was 25-50%.

Stereo TV is selling. We asked dealers what percentage of their large-screen sales (25" and above) in Oct. had built-in MTS, and median for stereo areas came out to 50%, for nonstereo areas 25%. In stereo areas, percentage varied from 3% to 100% and in nonstereo markets from none to 32%.

In individual comments, some dealers were critical of manufacturers for failing to have adequate promotions. Examples: "There is a lack of manufacturer support for MTS stereo, with the exception of Fisher whose TV line is entirely stereo." "Manufacturers' participation in promotions -- very weak!"

There also was considerable criticism of cable systems for not passing along stereo programming in form that could be tuned by MTS sets. One dealer, in area with a Group W system, was particularly bitter about that company's plans to adopt different stereo system and charge subscribers \$100 for converter (TVD Oct 28 p13), stating that customers had complained already.

Dealers expressed widespread recognition of need for stereo programming to help sell sets. Sample comments: "As the new fall shows feature stereo sound, consumer awareness is

increasing as well as unit and dollar sales." "NBC is helping a great deal with their stereo programming. Customers are starting to ask what that term means." "Manufacturers must pressure the broadcast industry to convert to stereo to enhance their own self-preservation. Keep it up, NBC!" As for what stereo is doing for promoting dealers, one said: "The higher end models in our lineup of TVs are the better sellers."

\* \* \* \*

NBC will start promoting stereo in next couple of weeks, but because not all affiliates are equipped, advertising will be pinpointed to stereo areas and in cooperation with local affiliates, plus nationwide trade advertising. New animated stereo logo, peacock in TV screen surrounded by headset (TVD Nov 18 p15), will bow in next weeks or so on stereo programs, and network will make insignia available to affiliates who can substitute own logos for peacock. Symbol also will be used in ads promoting stereo programs.

Network's print advertising, as well as ad mats for affiliates, will use such themes as "NBC-TV Is Setting TV on Its Ear," "Now You Can Watch NBC-TV with Both Ears" and "NBC-TV Is Breaking the Sound Barrier" (in each case, station call letters can be substituted for NBC). Ad copy says that "NBC, the first network to broadcast entirely in color and entirely by satellite, is now the first network to spearhead this breakthrough and broadcast in stereo." After plugs for various shows, ad says stereo will do for TV sound what color did for picture, concludes: "We're proud to be one of the pioneers in this technological revolution. We think it's going to set broadcasting on its ears. And change forever the way you listen to television."

NBC plans to transmit stereo sampler of programs to affiliates by satellite. Stations are free to tape it in stereo for retailers to play back in their stores on stereo VCRs as promotion for stereo TV, although network plans no tie-in promotion with manufacturers or retailers.

**JAPAN'S VCR EXPORTS ROSE SLIGHTLY IN OCT.**: Japanese VCR exporters got off to slow start in 4th quarter, posting lowest increase in 3 years in shipments to U.S., according to Finance Ministry figures, which also show continued sharp rise in complete color and b&w shipments.

Japanese shipped 1.49 million VCRs to U.S. in month, up just 9.2% from same month last year. While that's 3rd highest monthly total in history, it's down 13.7% from record 1.67 million exported in Sept., and lowest percentage rise since Nov.-Dec. 1982, when shipments declined. Japanese also are having growth problems with Canada. Shipments in Oct. dropped 23.2% to just over 86,000, marking 6th consecutive monthly decline, and left 10-month total at 974,900, off 7%.

In TV, total Oct. shipments of 333,500 were up 66.8%, as color rose 11.4% to 194,300 and b&w jumped 444.2% to 139,300 to hit 7-year high. In year's first 10 months, total TV exports were up 8.4% to 2.35 million, with color up 2% to 1.71 million, b&w up 30.4% to 637,700. In color, shipments of complete sets climbed 64.9% in month to 161,700, to raise cumulative total to 1.32 million, up 28.6%. Chassis and kit exports were down 57.4% for month to 32,500, and were off 39.6% to 395,800 for full period.

\* \* \* \*

Japan's Finance Ministry last week indicated it planned to shift exchange rate gears and start working to keep value of dollar from falling too low against yen. That came following of dollar below 200 yen, lowest level since Jan. 1981. Comments from bankers and govt. officials reflected view that rate of just over 200 is all that's needed to correct current trade imbalance with U.S., and concern that further appreciation of yen might hamper Japan's world competitive position.

Meanwhile, U.S., Japan and Canada have agreed to eliminate tariffs on all computer parts. Pact will be effective as soon as Japanese and Canadian govt. take necessary legislative and executive actions -- measure has already cleared U.S. Congress. For U.S., agreement excludes

imports that use cathode ray tubes. But just how agreement will work is disturbing some trade officials. U.S. Tariff Schedule defines complete office product, including computers and peripherals, as one in housing and suitable for placing on desk or floor or hung on wall. Elimination of bottom plate or even rubber feet from finished product is enough to change classification for customs purposes to part or subassembly, and make import duty free. Concern is that some foreign producers or importers will do just that to save on duty payments.

**WARD'S LAST CATALOG:** Montgomery Ward Christmas book, scheduled to be its last catalog, is heavy on electronics (fall-winter catalog had no electronics), with 16 TV and audio brands shown, as well as Ward's own brand. Those ordering from book before Oct. 21 were given 15% reduction from listed prices, most of which are in effect through Jan. 2.

Ward undersells both Sears and J.C. Penney on leader VHS VCR at \$260 (down \$120) for 7-day front loader with scan and 8-function wired remote, with wireless version at \$290 (down \$140), and 4-head 108-channel with 14-day 3-program capability and 12-function remote at \$370 (down \$130).

Ward's own-brand color TVs start with 9" AC-DC at \$200 (down \$50); 13" is \$180; 14" flat square wireless remote is \$300 (down \$100); 19" leader portable is \$230 (down \$70), keypad remote \$300 (down \$80), stereo adaptable monitor receiver \$200 (down \$100); 20" flat square remote monitor receiver, which uses Sharp stereo decoder (at \$170), is \$390 (down \$110); lead 25" table model is \$400 (down \$100), stereo-adaptable 25" remote monitor receiver, also using Sharp decoder, is \$480 (down \$100), remote 25" table model using Magnavox stereo decoder (\$100) is \$500 (down \$100).

Ward consoles, all double-sided 25" models, start with stereo adaptable version at \$430 (down \$170), with keypad stepup at \$500 (down \$100); 2 remote models are \$600 (down \$200), stereo adaptable unit also \$600 (down \$100), top of line with built-in MTS \$750 (down \$150). Monochrome sets: 5" AC-DC with AM-FM stereo \$100; 12" AC-DC \$70 (down \$15).

Among brandname VCRs in Ward book are Sony Superbeta at \$600 (down \$150), Magnavox VCRs at \$400 and \$600 (down \$100 and \$150), Zenith models at \$500 and \$800 (both down \$150), GE portables at \$700 and \$1,000 (down \$100 and \$150), GE cameras at \$700 and \$900 (both down \$100).

In brandname color: Seiko 2" LCD is \$300 (down \$50); Quasar 10" Fashion Accent TVs \$250 (down \$50). Zenith 13" models are \$180 and \$350 (down \$60 and \$70), 19" remotes \$330, \$390 and \$430 (down \$70, \$90 and \$100), 25" table remote \$600 (down \$100), 27" console \$700 (down \$100). Sony 13" remote is \$370 (down \$50), 19" \$500, stereo version \$700 (both down \$100), 26" remote \$750 (down \$100), 26" stereo \$1,000 (down \$350). Magnavox 19" stereo is \$500, 25" stereo \$750 (both down \$100), 37" projection \$2,000 (down \$300).

In monochrome, Sony 4" Watchman is \$190 (down \$10); Quasar 5" telephone AM-FM is \$140 (down

\$40), Emerson 5" home entertainment center with cassette, AM-FM stereo, detachable speakers, \$180 (down \$40). Wide range of audio brands is featured. Commodore 64 and 128 computers and peripherals are advertised at \$20-\$40 off.

\* \* \* \*

**Sears** is adding its first rear projection TV system, 37" model made by North American Philips, featuring wide viewing angle, black matrix screen, MTS reception, 10-watt per channel stereo amplifier, liquid cooled tube, remote, 152 channels, at about \$2,000 in larger stores and 1986 spring catalog, due late in Dec.

Also new from Sears in upcoming catalog is 20" MTS stereo table model with elaborate 30-key remote, controlling tint, contrast, brightness, sound balance, bass and treble, in addition to normal functions, at about \$700.

**PIONEER POSTS LOSS:** Steep writeoff of Laservision videodisc player inventory, operating deficit of one U.S. subsidiary and sharp profit decline in Japan resulted in Pioneer's posting \$12.2 million consolidated operating loss in year to Sept. 30 on 6.5% sales rise.

Pioneer said results include charge of \$24.9 million for disc player inventory writedown and disposition, loss of \$34.8 million at one of its U.S. sales operations. Earnings of parent company in Japan were down 76.2% to \$10.6 million. Pioneer said consolidated sales of video equipment rose 31.8% to \$321 million as growth in Japan offset slow sales of disc players overseas. Car stereo volume was up about 5% to \$618 million, while sales of home audio and other products declined about 20% to some \$759 million.

It said total sales in Japan were up 15.6% to \$668 million, while overseas volume edged up 1.3% to \$1.03 billion. Pioneer said it expects inventory reduction and restructuring -- including merger of Pioneer Video into its U.S. car and home audio sales operation to form single operating subsidiary -- will result in return to profitability on consolidated basis in current fiscal year.

**Dying from success** is Compact Disc Group formed in 1984 by hardware and software makers to promote digital audio discs and players. Members feel that as CD has made it into market mainstream support group has served its purpose. CDG shuts down at year's end.

**CELLULAR DUMPING INJURY:** Cellular mobile phones and parts imported from Japan at unfairly low prices have injured domestic industry, International Trade Commission said last week in final determination. Ruling, by 4-1 vote, gave victory to Motorola and E.F. Johnson, co-complainants in year-old case.

In Oct., International Trade Administration issued final ruling that sales were being made here at less than fair value by all major exporters except Toshiba (TVD Oct 28 p14). So, barring challenge of either finding by Japanese in Court of International Trade, ITC determination clears way for imposition of penalty duties.

ITC vote count was same as last Dec. when agency issued positive tentative injury determination, and this time, too, Vice Chmn. Susan Liebeler constituted minority. No statement of her reasons is expected to be available for several weeks, when ITC is slated to put out public report. But last time she noted that domestic manufacturers were enjoying rapidly growing sales in expanding market and didn't appear to be suffering from import competition. In statement announcing decision, Chmn. Paula Stern said imports had captured 75% of U.S. market.

ITC staff report on cellular industry prepared in advance of decision indicates that though domestic producers of mobile cellular phones have been holding down output to match expected rate of market growth, imports -- including phones assembled here in foreign-owned plants -- continue to soar. Even so, factory inventory glut that threatened to swamp industry last year has eased somewhat.

Report shows domestic output of transceivers rose 68.1% in first half this year to 46,400, production of control heads 74.4% to 44,600. At same time, Japanese transceiver imports jumped 162.7% to 90,500, and head imports 100.5% to 86,200.

U.S. factory transceiver inventory at end of June stood at 15,900, about triple that of same time last year, but down from 16,500 at start of year. Head stockpile of 9,800 was double that of June 1984 but up only slightly from Dec. Comparable June 1985 figures for Japanese importers weren't available, but we understand they are higher than factory totals. Even if importer transceiver stocks were double those of domestics, as they were at end of Dec., resulting combined total inventory of 45,000 would represent decline of 5,000 from start of year.

Of course, those inventory figures exclude imports from other countries and any phones held at distributor or retail level, but do indicate marketers themselves aren't as overburdened as they were. Industry is estimated to have sold about 77,000 cellular phones last year, is looking for something over 150,000 this year. Key to sales, of course, is opening of new cellular systems. ITC says that as of Sept. 30, 76 systems were operating in 65 areas, with several more more building, and FCC is expected to issue construction permits for at least another 30 before year's end.

Demand may be rising and inventory pressures easing, but prices still are falling, ITC figures indicate. They show average value of domestic-made transceiver shipped in first half this year was \$1,032, down from \$1,535 in same period last year and \$1,377 for all of 1984. For heads, average was \$259, down from \$394 and \$357. For Japanese imports, including U.S.-assembled imports, first-half transceiver average was \$610, down from \$1,062 in same 1984 period and \$815 for all of 1984. For heads, average was \$214, up from \$194 and \$197.

Little noticed when ITA issued its final positive dumping determination was that scope of ruling includes phones assembled here from Japanese parts. In addition to transceivers and control heads, it also covers any subassemblies valued at \$5 or more. That ensures that importers seeking to work their way around dumping finding by manufacturing in U.S. have to do more here than simple final assembly.

**TANDY REPORTS:** Video paced sales growth for Tandy's Radio Shack operation in fiscal year to June 30, according to company's annual report. It shows radio, phonos and video produced largest product segment growth for year, rising 10.8% to \$240.5 million, and indication is that all of that stemmed from VCRs and color TVs.

Sales of segment including toys, security devices and calculators rose 8.1% to \$324.9 million, while sales of audio equipment and accessories were up 5.3% to \$473.3 million. Up 5% to \$145.8 million were sales of CBs, scanners and PA systems, while revenue from phones, intercoms and pagers edged up 0.4% to \$266 million. Declines were shown by computer equipment and accessories, off 5.3% to \$803.4 million, and electronic parts, down 0.3% to \$304.5 million.

Tandy said combined sales from outside operations, including Memtek, O'Sullivan and Scott-McDuff retail chain acquired last April, rose 12.8% to \$282.8 million, with \$12.3 million of that, or 38% of increase, coming from Scott-McDuff.

Japanese response to pending Jan. 1 hike in Europe's VCR duty rate to 14% from 8% (TVD Oct 28 p17) will be boost in production there. Japan will ship only about 1.75 million VCRs to EEC this year, well under 2.25 million quota. While quota is slated to expire and Japanese govt. has said it won't consider extension, that position has grown shaky in face of projections that VCR demand in Europe will continue softening. Japanese owned and venture plants in Europe will turn out estimated 1.75 million VCRs this year, should shoot past 2 million in 1986. Matsushita is planning to double 300,000 annual capacity at plant in Germany and hike to 200,000 yearly capacity from 100,000 is in works for Sharp's plant in U.K. Mitsubishi, which boosted production early this year by 33% to 160,000 annual rate, is expected to make similar jump in 1986.

**5 USES FOR SAP:** Pioneering MTS station WTIC-TV Hartford is one of 4 or 5 in U.S. transmitting SAP (separate audio program) in addition to stereo sound. And Pres. Arnold Chase thinks SAP will be extremely important TV feature in long run.

WTIC-TV is now using SAP in 5 different ways: (1) Bilingual -- it's airing 3 series with Spanish language on 2nd channel (TVD Feb 25 p15) and has established "profit center" in dubbing and synchronizing bilingual shows for other stations -- KTLA L.A., KCST San Diego and WCIX Miami are also broadcasting in Spanish and English. Chase says station has rights to at least 3 more bilingual series, in addition is dubbing WKRP, Benson and MASH, has rights to Spanish versions of films in Disney backlog. "All our new contracts have Spanish language rights," Chase told us.

(2) Unedited dialog. WTIC-TV now is airing some movies with 2 different English language soundtracks -- "edited for TV" version on main channel and original theater track on SAP, along with on-screen disclaimer at beginning, pointing out that SAP channel may employ riper language.

(3) Surround sound. Although he concedes that perhaps only "couple of people" are listening, Chase says he has put on some movies in surround sound, using SAP track for rear channel by processing original Dolby theatrical soundtrack. Although he notes that 2 MTS decoders are required to receive surround sound (one for stereo, one for rear channel), with availability of low-cost adaptors at \$100 or so, he points out that's cheaper than \$350 surround-sound processor.

(4) Program guide on SAP channel tells viewers of coming attractions. (5) Commercials -- WTIC-TV has aired aural SAP-only commercials for TV dealer. Chase said local TV dealers estimate that there are about 50,000 MTS sets in Hartford coverage area, including some 1,000 SAP-only nonstereo sets. Hartford-New Haven market has 810,700 TV households, according to Arbitron, giving it MTS penetration of about 6%.

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**Laserfilm videodisc system** developed in Japan by Sansui in joint project with McDonnell Douglas uses 12" transparent disc made of standard photo film to make recording single disc and replication an easy and inexpensive process. Disc can store 17 minutes of video (30,000 frames) or 40 hours of digital audio. Disc isn't reflective; in playback, beam from solid state laser goes through disc to sensor. McDonnell Douglas is slated to offer players for sale here next spring at \$3,600, production systems at \$1 million each.

**N.V. Philips** raised \$185 million through sale of secondary 10 million share stock issue in U.S. It was first such float here by Philips since 1962, and it increased number of outstanding shares to 225 million.

**Qualified opinion** of Commodore's financial statement for year to June 30 was issued by company's auditor, Arthur Andersen & Co., which cited uncertainties relating to accounting, taxes, credit and pending litigation. Annual report says Commodore paid \$31.7 million more than asset value to acquire computer designer Amiga last year and has asked SEC for opinion on decision to write excess off over next 4 years. If change is required, it could result in increased loss for Commodore in 1985. Report also says it isn't certain whether results of pending IRS investigation will materially affect company's financial position. In addition, Commodore Japan is expected to receive tax deficiency notice for 1982-84. Lawsuit is \$150 million contract breach action Atari filed against Amiga following Atari's purchase by Commodore founder Jack Tramiel (TVD Aug 27/84 p18), and, as previously reported, Commodore's fiscal 1985 loss left it in noncompliance with certain terms of its bank credit line.

**Hitachi** picked Okla. as site for 3rd new U.S. manufacturing operation, Hitachi Computer Products, to be located in Norman. Capitalized at \$9 million, HCP is slated to begin production of large disc drives in 65,000 sq. ft. plant with 100 employees by April 1987. Plan calls for doubling plant size by 1991 with investment increasing to \$45 million and workforce to 500. Last July, in describing program to help reduce Japan's surplus in trade with U.S., Hitachi officials said company would open 3 new plants here, stated 2 would be for IC wafer fabrication and automotive electronics, but withheld specifics on 3rd (TVD Aug 5 p13). Meanwhile, Japan's Toshiba said a recent purchasing mission placed orders for \$96 million of high-tech products and materials with U.S. suppliers. Toshiba has announced goal of doubling its worldwide imports to \$660 million by 1988.

**European and Japanese** consumer electronics leaders, representing 20 companies -- including top officials of Philips, Thorn EMI, Thomson, Matsushita, JVC, Sanyo, Sony and Toshiba -- sat down last week in London for 3rd annual business roundtable. After meeting, representatives of group said they decided on need to set up committee on standardization to avoid situation which occurred in VCR. Asked whether such a committee could work on digital audio tape (which already has 2 standards), reporters were told that was too specific, and standardization activities were more likely in such areas as DBS, HDTV and home automation. After meeting, Philips Chmn. Wisse Dekker said that "if this roundtable had existed 15 years ago," video standards problems never would have occurred. One reporter quipped that West had finally come to terms with Japanese idea of rule by committee.

**3M and Xerox** subsidiary Optimem have agreed to joint development of 5.25" record-erase optical disc system. Optimem will work on drives while 3M is slated to begin production of magneto-optic discs next month.

## Consumer Electronics Personals

**H. Matsuo**, former deputy gen. mgr. of Mitsubishi's Nagano, Japan color TV plant, named vp-gen. mgr. of firm's new color plant in Waterloo, Ont., Canada... **Michael Aguilar**, Panasonic Technics Div. gen. mgr., named vp... **Thomas McCormack**, ex-Montgomery Ward, joins Quasar TV Div. as mdsg. mgr.; **Robert Harmon** promoted to rental markets national mgr., succeeded as Houston branch mgr. by **Larry Sperduti**, former RCA Videodisc regional sales dir.; **Art Mishima** joins from Japanese parent Matsushita as corporate planning asst. gen. mgr., succeeding **Ted Ikeda**, now Audio Div. asst. gen. mgr.; **Matt Omoto**, ex-Matsushita, named TV Div. portable products mktg. mgr. Ikeda and Omoto respectively replace **Scott Shimizu** and **Keith Lori**, who have returned to Japan; **Dan Baxley** named Appliance Div. mktg. administrator.

**Gary Weissberg** rejoins Sanyo Consumer Electronics Div. as product development dir... **Joseph Greco**, ex-Canon, appointed Goldstar northeast sales mgr... **Michael Wiggins** resigns as Akai America sales dir., his responsibilities assumed on interim basis by Pres. **Frank Okuda**... **Robert Gordon** resigns as Casio Consumer Products Div. mktg. vp... **Richard den Broeder** joins Yorx Electronics as pres. of new Canadian subsidiary... **Stanley Rissetter** advanced at Fuji Magnetic Products Div. to southwest region sales mgr.

**Sig Schreyer**, ex-Atari, rejoins electronic typewriter marketer Silver Reed as vp-CEO, succeeding **Remo Ragionieri**, who along with Senior Vp **Martin Goldshine**, left company... **Frank Gilabert** advanced at Hattori Corp. from finance vp to pres. of new Hattori Seiko Computer Peripherals Div... **Dan Wilkie**, ex-IBM, named Tandon pres.-COO, succeeding founder **Sirjang Tandon**, who continues as chmn.-CEO... **Gene Shelley**, Raytheon senior vp, to become pres. June 1, succeeding **Brainerd Holmes**, retiring.

**Christopher Robbins** named Sony Video Software operations and finance vp. Among other appointments: **Andrew Schofer**, mktg. dir.; **Michael Rudick**, mdsg. mgr.; **Bruce Wilkinson**, operations dir.; **Robert Janeszek**, finance dir... **Scott Ryder**, ex-Disney, joins Video Products Distributors as sales mgr... **Denise Farley** advanced to creative service supervisor, Lightning Video.

Writable optical disc system for information storage and retrieval was announced by Sony. Write-once system uses 8" and 12" discs composed of 2 metallic elements sealed in polycarbonate plastic. Laser beam writes information on disc by turning elements into alloy with different reflective properties. Each disc can hold up to 3.2 gigabytes in CLV format or 2.1 gigabytes in CAV. Systems will be available either as single disc drives or 50-disc autochangers. Latter is being evaluated by National Archives. Quantity deliveries begin next spring.



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**Work at home market** is fueling new nonentertainment demand for personal computers, according to Future Computing, which estimates 3.2 million will be purchased for home use this year. That's down from 4.6 million last year, and off from FC's original 1985 sales estimate of 4.3 million. It sees volume rising to 4.9 million in 1986, then continuing on modest increase to 7.1 million by 1990.

**Microwave oven** manufacturers and importers started 4th quarter just as they finished 3rd -- badly. Oct. shipments of just over 1 million were off 0.2%, AHAM reports. That marked 2nd consecutive monthly decline. Shipments were down 3.9% to 852,500 in Sept. (TVD Oct 28 p16). In year's first 10 months, MW shipments were up 21.6% to 8.74 million.

## Obituary

**Milton Thalberg**, 76, who helped launch Sony Corp. of America in 1960, died of heart attack in Las Vegas Nov. 12. Thalberg was with Sony's agent Agrod, when SCA was established to handle own-brand marketing here, replacing Delmonico International. He joined SCA, aided in setting up national distribution and was exec. vp when he left to found consulting business. Most recently, he was involved in specialty construction business in Las Vegas. Son Gershon Thalberg, industry marketing veteran, and wife survive.

# TELEVISION DIGEST®

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With Consumer Electronics

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**SAUTER BACK IN AS CBS NEWS PRES.**: Other executive moves made by Jankowski. (P. 5)

**TELEVISION DIGEST SUES USTA** for \$3 million, alleging copyright violation. (P. 5)

**NAB PLANS \$12.3 MILLION BUDGET** for fiscal year starting April 1. Outgoing Radio Dir. Mapel hits NAB spending for board functions. (P. 6)

**VIACOM BUYS KMOX-TV** from CBS for \$122.5 million. JMB puts \$96.7 million in Viacom. (P. 6)

**TCI TO MARKET TO HOME DISH USERS**: Package includes most basic, pay programmers. (P. 7)

**ABC EYES SATELLITE NEWS NETWORK**: Board and affiliates approve mid-1986 start. (P. 7)

**NBC CABLE SIGNS SYSTEMS** with 'well over' 2 million of required 13.5 million subs. (P. 8)

**CAMPAIGN AD REFORMS DELAYED** by Senate. Free air time for candidate replies at issue. (P. 9)

**PATRICK SAYS COMPULSORY LICENSE MUST GO**: What comes next -- on legislation, programming, regulation and subscriber rates -- was general attitude of the 8,000 who attended Western Cable Show last week in Anaheim. Attendance matched that of 1984 show.

Pay-Per-View (PPV) (see separate story) was certainly boon to exhibit floor, probably accounted for fact that show had 192 exhibitors -- but that was down from 217 in 1984 (TVD Dec 2 pl). PPV booths, which roughly matched size of those of big pay programmers, also seemed to get lion's share of traffic. Hardware companies weren't doing so well. "Traffic for us has been lousy. We have to wait and look at the numbers for this show to see just how good it really is," said one exhibitor. One last-minute glitch: Show sponsors had to cancel session titled "A View from the Hill: A Congressional Perspective" that would have featured 4 House members because 3 of 4 stayed in Washington for major vote.

### Consumer Electronics

**RCA RAISES PRICES** of leader VCRs \$10-\$15 to distributors, new color sets. Hitachi VCRs go up 2-6% in Jan., more boosts due later. (P. 12)

**RUNAWAY NOV. VCR SALES** set all-time monthly peak, color has best 4-week month. 12 million VCRs, 17 million color seen in '85. (P. 13)

**NEW COLOR TV SUPPLY** drop 9.2% to 3.89 million in quarter as U.S. factories and importers work on trimming inventories. (P. 14)

**PHILIPS'S VCR PLANS**: First models in joint venture with Marantz could arrive in '86. (P. 16)

**JAPANESE IC MAKERS DUMPING** 64K RAMs in U.S. at margins of 5.8%-94%, ITA preliminary ruling finds. Japanese raise prices. (P. 16)

**COLOR TUBE IMPORTS** jump 96.2% in first 9 months, represent indicated 24.6% of U.S. TV OEM consumption, Commerce figures show. (P. 17)

**COLOR TV IMPORT** breakdown changes next year will provide better look at shipments of tinyvisions, sets with new tube sizes. (P. 17)

**CABLE & STEREO**: Group W 'reevaluates' ability to carry MTS signal. GE pitches cable systems to enter video hardware sales. (P. 18)

FCC Comr. Patrick, as Dec. 5 luncheon speaker, recounted many wins of cable industry in last year at Commission, courts and Congress, said it's time that compulsory licensing also is abolished: "This is a vestige of regulation remaining in a largely deregulated world. And, if it is not a necessary one to further the public interest, then it has no more legitimacy than the must-carry rules... Must-carry impedes editorial discretion and compulsory licensing obviates the need for carriage negotiations. In this sense, the 2 are undeniably linked."

Patrick said he didn't expect to convince cablers "today that you should prefer life without compulsory licensing," admitted local mechanism isn't yet in place to replace current system and agreed that "a system in which a cable operator is required to negotiate copyright liability with each program's owner would be neither practicable nor desirable." However, he said, without compulsory licensing, marketplace would respond by establishing systems such as BMI or ASCAP -- to which broadcasters pay copyright fees. "Compulsory licensing is a government version of the BMI/ASCAP system," he said. "But it's worse, because the government is setting the price and telling everyone to play... Since when is it cable's position that it just can't function without a federal big brother to cushion the marketplace?"

In light of all the deregulation of cable, "fairness compels a reexamination of compulsory licensing as well," Patrick said. While FCC doesn't have jurisdiction over issue, he noted that agency has asked for comments on communications policy implications of compulsory licenses in rulemaking on must-carry. "I also call on Congress [which established policy when it set up Copyright Royalty Tribunal] to give it a hard look," he said.

Patrick endorsed court decisions in: (1) "Preferred" case, which ruled that it's violation of First Amendment for cities to prohibit 2nd cable system to be built when there's room on utility poles. (2) "Quincy" decision, which declared FCC must-carry rules unconstitutional. Both are before U.S. Supreme Court, which has formally accepted Preferred case, still is considering taking must-carry. On Preferred case, Patrick asked cable industry: "Can you applaud deregulation for full First Amendment rights on the one hand, while seeking government protection from competition on the other?"

Patrick said must-carry rules "did not promote the public interest [because] they were oblivious to consumer preference." While he said he's open to being convinced new rules are necessary, fashioning such rules that meet court's mandate won't be easy: "We should not adopt new rules without a firm basis for concluding that material harm to local broadcasting would result without government intervention... I put you on notice, therefore, that this is one commissioner who will not vote to adopt a new must-carry rule simply because it results from an industry compromise."

Need for improved consumer service in wake of cable deregulation was dominant theme of keynote session Dec. 4. "Urban markets appear to have turned the corner" to financial stability, said Falcon Communications Pres. Marc Nathanson, moderator of opening panel. However, "we still do a lousy job of customer service."

Joining Nathanson at session were NCTA Pres. James Mooney, Turner Bestg. Chmn. Ted Turner, Comcast Chmn. Robert Clasen and Gary Nardino, pres. of own production company. Said Clasen: "We've been too busy buying each other. Some people know more about their neighbors' business than their own." Echoing convention theme, "Meeting the Challenge," he added: "The real challenge is simply to run our business better... We must secure our business now and then look away" to outside issues. Mooney agreed, saying deregulation offers industry "chance to put [added] resources in and increase consumer satisfaction. We are now in a much better position to determine our future." Future success, Clasen said, "will depend upon how effectively we build our subscriber base," partly through improved billings cycle and better record of answering phones.

Importance of consumer also was described as pivotal in discussion of rate deregulation at seminar later Dec. 4. Falcon Cable CEO Frank Intisco stressed need to "put the customer in

the driver's seat" when considering marketing plans. Intisco and Robert Hosfeldt, exec. vp.-gen. manager of Gill Cable, also noted need for operator "sundown" rules providing for resolution of customer complaints same day they're made. Given "level ballfield" rate deregulation has bestowed on operators, said Cox Cable San Diego Exec. Vp-Gen. Mgr. Robert McRann, "we have the responsibility to act more reasonably than ever before." Rate deregulation will begin nationally Dec. 29, 1986 -- 2 years after 1984 Cable Act providing for it took effect.

**PROGRAMMING ANNOUNCEMENTS HIGHLIGHT WESTERN SHOW:** Telstar Corp. plans March launch of pay-per-view (PPV) network, Telstar Channels, company revealed at Western Cable Show in Anaheim last week. World Video Library (WVL) also announced there that it has signed a cable affiliate for its PPV system, and Rainbow Program Enterprises reported it has been on buying binge, using \$50 million from MGM/UA Entertainment settlement of licensing dispute (TVD Oct 7 p7). Showtime/Movie Channel (S/MC) and Viacom Cable announced they were joining AT&T in 9-month test of PPV order entry system that could pave way for national system of 800 numbers for business.

Telstar Channels (TC) will be multichannel PPV offering consisting of 2 satellite-fed networks providing 4-6 top hits, 3rd playing older hits and specialty titles, 4th carrying trailers and other promotional announcements. All will run 24 hours a day, only way to produce high sales in PPV, according to Telstar. On TC 1 and 2, said National Sales Mgr. Tom Hunt, each of 4-6 hits carried will be offered 100 times a month. Telstar, which has supplied programming to hotels for several years, expects to have cable affiliates with 250,000-500,000 subscribers by time service launches but had no affiliates to announce. Entrance means PPV is starting to become crowded field. Request TV and Viewer's Choice have had PPV movie services on satellite since last week, while People's Choice plans to get its effort off ground Jan. 3 (TVD Dec 2 p7).

TC Exec. Vp Stephen Roberts expects to license films from all major studios, claims handshake agreements with 3. MCA may be poised to change policy against dealing with PPV middlemen, he said. TC will offer national toll-free number or special hardware if operators want to take orders locally. It's giving operator relatively standard 40% cut of PPV gross.

WVL, which made first PPV announcement at 1983 Western Show, has first cable affiliate for its Home Video Club, stand-alone PPV system that delivers multiple channels of PPV movies. United Cable will pick site for installation of service in 1986 first quarter, WVL Pres. John Ratliff said, adding that 2nd market will be chosen about 6 months later. Under agreement, United isn't committed to install Home Video Club in more than one system. Participating operator is offered 35% of PPV gross, which Ratliff insisted is really net profit figure for operator since WVL handles scheduling, marketing and many of management functions.

On order venture, Viacom's Cablevision of Milwaukee will offer Viewer's Choice, S/MC's PPV network, to its 36,000 subscribers in test beginning in June. To order films, customers will call toll-free 800 number; Automatic Number Identification (ANI) technology will identify caller's phone number and forward that information, with movie order, to cable system. CableData will provide billing for software and interface between billing computer and incoming ANI data. System can handle at least 200-300 calls per min., with potential for many times that once operation is a commercial service, said AT&T Service Concepts Mktg. Dir. Richard Snowden. He wouldn't predict when ANI service will be available nationally.

Rainbow, meanwhile, has begun spending \$50 million from MGM/UA settlement, said Pres. Mark Lustgarten, reporting deals with Warner Bros., New Century Films, ABC Video Enterprises. Some of funds also will be directed at major consumer and trade marketing campaigns. TCI, Capital Cities, Group W, Communicom and United Artists Cable have agreed to launch service, with Lustgarten expecting boost in subscribers from current 300,000 to

million by end of next year. He projected 4-5 million subscribers in 3-5 years, when service is expected to become profitable.

Studios were advised by cable operators at Western Show panel that they ought to spend more of their dollars on PPV and should be happy with 35% of PPV revenues. "Fifty percent is too high," said United Cable Programming & Development Vp Brian Owens of revenue splits sought by Hollywood. He presented financial projections that show operators' net profit margin from PPV jumps from 26% to 37.1% when studios reduce take to 35%. Bringing down cost of titles "is very important for growth" because operators won't make large investments in addressable cable hardware without 37-40% net. "We'll really see that we have a [PPV] industry if 3 things happen -- if we get better PPV windows... if we get better licensing fees and finally if our industry makes the investment in addressable technology," he said.

United's numbers also show it makes sense to go with satellite delivery of PPV programming, Owens said, despite fact United has agreed to install stand-alone PPV system designed by WVL. Use of direct-mail promotion and manual order taking both have strong negative impact on profitability of PPV movie services, he reported.

Cox Cable San Diego PPV Mgr. Marty Youngman projected \$3 million in PPV revenues in 1986 for system, up from \$2.3 million this year, when net profit margins from PPV movies have been in 33-35% range. Its Ghostbusters offering alone this year generated 8.5% penetration and 10,000 orders, he said. "I think the studios can use a little more of their marketing muscle" in PPV, he said, suggested use of co-op programs. Youngman called for release of films ahead of home video, plus 6-month lag before same films are given to pay services.

PPV can help operators attract new pay and basic subscribers, said Geri Duckworth, Monterey Peninsula Cable mktg. and ad sales dir. In 5-week period earlier this year, she said, Wrestlemania and Hagler-Hearns fight convinced almost 1,000 subscribers to order addressable boxes and add pay service.

Other PPV announcements at show: (1) Telecable, No. 18 MSO, becomes 7th partner in Event TV, bringing 455,000 basic subscribers to consortium and increasing total number of subscribers served by Event partners to 8.5 million. Million subscribers are now committed to movie service Event plans to launch in March. (2) Request TV has added 2 systems owned by Cencom Cable TV and one owned by UA-Columbia Cable to affiliate roster. Systems will launch PPV in first quarter. One Cencom system, formerly Warner, apparently is planning to drop Showtime/Movie Channel's Viewer's Choice service in favor of Request. (3) Nostalgia Channel is colorizing some of 8,500 films to which it has rights, is doing same for 1950s TV show Public Defender. Network has 250,000 subscribers, recently signed several major MSOs, including Telecable with 400,000 subscribers, expects to be in one million homes by end of 1986. (4) Disney Channel will colorize 1961 film Absent-Minded Professor, first time Disney has contracted to convert film from b&w. It expects 2.5 million subscribers by year's end, plans 2 national marketing campaigns in first quarter.

**National Review** held 30th anniversary celebration last week in N.Y. featuring President Reagan -- sans network TV cameras. Reason given by Warren Steibel, producer of William Buckley's (who also is publisher of National Review) Firing Line: There wasn't room in Plaza Hotel ballroom for 750 guests and network pool cameras. Networks rejected offer of delayed coverage provided by Firing Line camera. White House said it had nothing to do with decision to ban networks.

**Leveraged buyout** of Storer Communications by Kohlberg, Kravis, Roberts & Co. was completed Dec. 5, making Storer private firm and a unit of KKR's newly organized SCI Holdings.

**CBS is selling Holt** General Book, unit of CBS Educational and Professional Div., to W. German publisher Verlagsgruppe Georg von Holtzbrinck. Terms weren't announced. Unit publishes adult trade books, Owl paperbacks and children's titles. Sale is part of plan to sell off some assets to help reduce short-term debt, CBS said.

**WNTZ (Ch. 48) Natchez**, Miss., is now on air, raising operating TV stations in U.S. to 1,233 -- 917 commercial, 316 noncommercial. There also are 318 commercial construction permits outstanding, 45 noncommercial. Pres. William Atkins is 100% owner of WNTZ, Donald Wilburn gen. mgr., John Long engineering dir.

**SAUTER BACK AS CBS NEWS PRES.:** In action that came as surprise to no one, CBS Best. Group Pres. Gene Jankowski Dec. 5 replaced Edward Joyce as pres. of CBS News with Van Gordon Sauter -- same person who had headed CBS News for 22 months before being replaced by Joyce in 1983. Jankowski made several other top-level executive shifts that he attributed to early retirement of Senior Exec. Vp James Rosenfield, who won't be replaced; his responsibilities for finance and broadcast operations are being split among others and movie production arm dropped.

In other CBS Best. Group changes: (1) David Fuchs moves from senior vp-broadcast affairs (reporting to Jankowski) to senior vp of CBS News and asst. to Sauter. Fuchs has been at CBS 33 years, including 9 with News. High-level CBS exec. called change in Fuchs assignment "one of the key moves." Howard Stringer continues as News exec. vp. Sauter also will take over CBS Radio, called "a compatible fit" since radio is 90% news. (2) Joyce moves to Jankowski staff as senior vp in charge of CBS Worldwide Enterprises, which now is down to unit headed by John Eger, also a CBS senior vp. (3) Exec. Vp Neal Pilson will head CBS Sports, TV Stations Div. (formerly headed by Sauter) and CBS Operations & Engineering. (4) Exec. Vp Thomas Leahy will continue as head of TV Network Div. and CBS Entertainment.

Best. Group finance, which formerly reported to Rosenfield, now will report to Jankowski through Vp-Finance Tim Reynolds. Not announced by CBS was fact that Alan Levin, pres. of CBS Productions (theatrical movies) has resigned. He also reported to Rosenfield, and productions unit (based on west coast) will be abandoned.

Joyce (he was Sauter's chief assistant before moving up to pres.) has had turbulent 2 years as head of News, with staff and budget cutbacks and 2 major libel suits. In fact, CBS Chmn. Thomas Wyman said News Div. firing of 74 employees earlier this fall was handled "with clumsiness." Another CBS official told us Dec. 6 that "Van was being told, along with Fuchs, to go back to News and straighten that mess out... The rest was just cosmetics."

Said Jankowski of changes: "I believe this arrangement applies the experience of our senior management logically and combines unit functions efficiently. At the same time, it provides for innovation and expansion in new markets. It thus reflects both our confidence in the vitality of our continuing businesses as well as our keen interest in the many new opportunities that are developing... in the new communications environment."

John Blair & Co., which is in process of selling off some nonbroadcast properties, has purchased Torbert Radio rep firm and its Selcom Radio Div. for undisclosed price. Torbert and Selcom will be merged into Blair Radio, which will have staff of 270 in more than 40 locations.

**COPYRIGHT INFRINGEMENT ALLEGED:** Television Digest Inc. filed suit Dec. 2 seeking \$3 million in damages and penalties for copyright violations from U.S. Telephone Assn. (USTA) for alleged repeated and large-scale photocopying of Communications Daily (CD), sister publication to Television Digest with Consumer Electronics. Filed in U.S. Dist. Court, D.C., suit said that USTA, which had 2 subscriptions to CD, has since at least April 1, 1985, made 23 copies of newsletter each business day without permission and in direct violation of Television Digest's copyright.

USTA had no comment, spokesman Joseph Gagen said. Suit is believed to be one of few cases in which publisher has sued an entity for making photocopies of copyrighted newsletter.

Suit charges that USTA made photocopies to avoid paying for additional subscriptions. It says that USTA made copies despite repeated special notices in CD advising subscribers not to make illegal copies. Since March 1, 1982, 32 issues of CD have contained warnings that making copies of newsletter is illegal, suit said. And, since April 26, 1984, 10 issues of CD have contained notice offering \$500 reward to persons providing conclusive evidence of illegal photocopying. U.S. copyright law provides for statutory damages of not more than \$50,000 or less than \$250 for each violation. USTA represents more than 1,400 local exchange telephone companies in U.S., including all former Bell System companies.

**FCC will file petition** this week asking U.S. Supreme Court to overturn U.S. Appeals Court, D.C., ruling last month declaring FCC regulation of pole attachment fees unconstitutional. High court must hear case, said FCC Gen. Counsel Jack Smith, since Appeals ruling invalidated federal law. Hoping for favorable Supreme Court verdict, meanwhile, Commission is readying proposed rulemaking on FCC regulation of attachments. Proposal should be on Commission's agenda by late Jan. or early Feb., Smith said.

#### FCC DAILY DIGEST AND PRESS RELEASES AVAILABLE ELECTRONICALLY VIA NEWSNET

FCC Daily Digest and all press releases issued by Commission are now available electronically same day they're released. This service of Television Digest Inc. is provided via Newsnet.

FCC Daily Digest contains notification of news releases, public notices, texts, agendas and other FCC business. Digest and releases are available for those seeking latest information, will be archived electronically for those doing research. For further information, contact Paul Warren at Television Digest, 202-872-9200.

**NAB PLANS \$12.3 MILLION BUDGET:** Major item for consideration at Dec. 11-12 NAB Exec. Committee meeting will be proposed budget of about \$12.3 million for fiscal year starting April 1. Proposal anticipates \$400,000 surplus. Final presentation to Committee hasn't been firmed because salary increases for top executives haven't been settled. Budget approval will await Jan. meetings of NAB board on St. Maarten Island.

Current fiscal year income is expected to total \$11.2 million, with \$444,000 surplus. Of that, \$216,000 is earmarked for fixed asset reserve (improvements to building, upgrade of computer system, etc.) and \$228,000 will go to retained earnings. NAB has had several extraordinary expenses this year for such things as lobbying in Congress on must-carry and successful campaign against proposed prohibition of TV-radio alcohol ads.

Meanwhile, NAB board election process is under way and 2 incumbents aren't seeking reelection -- Dist. 20 Radio Dir. Roy Mapel, KIML(AM) Gillette, Wyo., and TV Dir. Wallace Dunlap, Group W Washington area senior vp. Dunlap is expected to retire and become consultant to Group W before his 2nd term would expire in 1988 and NAB bylaws require that board members be fulltime.

Mapel is quitting because he disagrees with way NAB handles radio membership and because he thinks Assn. wastes too much money on board functions. "We are spending a lot of money to entertain ourselves, which is uncalled for," he told us. Mapel said he wouldn't attend St. Maarten meeting at NAB expense because "I just felt guilty... If I were paying my own way, I would go."

TV nominating ballots were to go out Dec. 6, with top 12 to be placed on election ballots that will be due back at NAB Jan. 6, and results expected to be announced Jan. 9. Only 2 incumbents -- Harold Protter, WNOL-TV New Orleans, and Gregory Stone, WSOC-TV Charlotte -- are seeking reelection to TV board. Three other TV dirs. have served 4 consecutive years, aren't eligible for reelection: TV Chmn. William Turner, KCAU-TV Sioux City, William Bengston, KRCG-TV Jefferson City, Mo., and James Dowdle, Tribune Bestg.

On radio side, 7 incumbents are up for reelection: Dist. 2 -- William O'Shaughnessy, WVOX(AM)-WRTN(FM) New Rochelle, N.Y.; Dist. 4 -- William Poole, WFLS-AM-FM Fredericksburg, Va.; Dist. 6 -- William Rollins, Suburban Radio Group; Dist. 8 -- Ray Saadi, KHOM(AM)-KTIB(FM) Houma, La.; Dist. 12 -- John David, KFSB(AM) Joplin, Mo.; Dist. 16 -- Ray Lockhart, KOGA-AM-FM Ogallala, Neb.; Dist. 24 -- Robert Fox, KVEN(AM)-KHAY(FM) Ventura, Cal. Radio dirs. ineligible for reelection: Radio Chmn. John Dille, Federated Media, Paul Olson, KLEM(AM) LeMars, Ia., Richard Oppenheimer, KIXL(AM)-KHF1(FM) Austin, and Lee Shoblom, KFWJ(AM)-KBBC(FM) Lake Havasu City, Ariz. Shoblom also is pres. of Community Bestrs. Assn.

**VIACOM BUYS KMOX-TV ST. LOUIS:** Viacom International, which has been very active in acquisition arena of late, purchased KMOX-TV St. Louis Dec. 6 from CBS for \$122.5 million. CBS had announced in Oct. that it would sell station, among other assets, to help pay costs of Westmoreland libel trial and fighting off Turner Bestg. System takeover attempt.

St. Louis is nation's 18th TV market and KMOX-TV will become Viacom's 5th TV station -- joining WVIT Hartford-New Haven, WNYT Albany, KSLA-TV Shreveport, WHEC-TV Rochester. Viacom also owns 8 radio stations, Showtime/Movie Channel, MTV, and is 11th largest cable MSO with 810,000 basic subscribers.

Meanwhile, JMB Realty, Chicago real estate syndicator, disclosed that it was responsible for last week's active trading in Viacom through SPP Partners, general partnership it controls. SPP told SEC it has acquired 11.5% of Viacom International since mid-Sept., down from 13.45% share it held before Viacom's 2.9-million share public offering Dec. 3. JMB said stock buys are for investment purposes only and it wouldn't acquire any more or attempt takeover.

JMB announcement sent Viacom stock plummeting \$6.125 to \$57.375 Dec. 5, as chances for takeover diminished. JMB said it began acquiring Viacom stock Sept. 4, bought last 785,300 shares Dec. 3 at \$61.875-\$63; overall, SPP Partners acquired 1.7 million Viacom shares at average price of \$55.25, for \$96.7 million investment. It also has options to acquire 615,000 shares held by 2 separate groups -- 390,000 by investment management firm that's general partner in Coniston Partners, which had been rumored as likely candidate to seek control of Viacom, and 225,000 shares by Tweedy, Brown, investment firm. Coniston said it had held more shares in Viacom, didn't specify how many.

**Museum of Bestg.** will present series of 4 seminars featuring Walter Cronkite: Dec. 10 -- "The Early Days of TV News and Public Affairs Programming"; Dec. 11 -- "Coverage of Historical Events: Elections, The Assassinations, Space Program"; Dec. 12 -- "The Evening News: Managing Editor and Anchorman"; Dec. 13 -- "Television News: An Assessment." Final seminar is at 12:15, others start at 5:30 p.m. Tickets are \$5 for Museum members, \$7 for others, may be purchased in Museum lobby at 1 E. 53 St., N.Y. Information: 212-752-7684.

**FCC Chmn. Mark Fowler** receives Best. Pioneers Library's first Clarence Darrow Award for "championship of freedom of speech in broadcasting" at Dec. 11 ceremonies at Hartke Theater, Catholic U., Washington. Presentation will be made by Attorney Gen. Edwin Meese. President Reagan, lifetime Pioneers member, is patron of black-tie event. Following reception, actor Richard Figge performs in David Rintels's one-man presentation "Clarence Darrow." Proceeds go to Library. Details: Catharine Heinz, Library dir., 202-223-0088.

**TCI TO MARKET CABLE PROGRAMMING:** No. 1 MSO TCI will become first major company to market cable programming package to TVRO owners. TCI announced at Western Cable Show in Anaheim last week that it will begin to sell programming packages at \$12 a month and up to dish owners within its franchised and outlying areas. TCI, with 3.9 million subscribers in 43 states, expects to begin selling package in Jan. or Feb., according to Senior Vp John Sie.

"Basic" \$12 service would include 10-20 channels of cable's "more popular services." Half of \$12 goes to cover startup costs. Consumers also can pay \$6 basic fee, then order individual basic services a la carte, at "announced national retail rates" of various services.

First premium service would be available for \$10 monthly, with all additional premiums \$6.50 a month. Premium programmers that have signed nonexclusive distribution agreements with TCI are Disney Channel, HBO/Cinemax, Showtime/Movie Channel. Basic counterparts are Arts & Entertainment Network, Black Entertainment TV, CBN Cable Network, CNN, Headline News, Lifetime, MTV, Nashville Network, Nickelodeon, VH-1. Agreements are expected to be concluded soon with USA Network and ESPN, Sie said.

Said Sie: "TCI is a logical choice to distribute cable programming within its franchised area since it has in-place marketing and service organizations to serve this new market to the benefit of the consumers."

TVRO owners within one county of cable areas franchised to TCI will be offered package, Sie said. TCI has no intention of marketing in other cable companies' areas, said nonexclusive agreements mean programmers can deal with other packagers, who then could sell services in TCI franchise areas. TCI plan is expected to be copied by other cable operators, with Turner Bestg. Vp Terry McGuirk saying he's already talking with several major operators. Whether he'll license others besides cable operators to sell programming as well remains question. TCI didn't discuss rate it's paying for programming sold to dish owners, but TBS reportedly is offering CNN and Headline News together for wholesale rate of \$1 a month.

TCI will pay costs of installing decoders at system headends if programmers begin scrambling by end of 1986 with M/A-Com's Videocipher II system. Unit has been selected by all programmers to date who have announced scrambling plans, with Disney and USA Network latest additions. Option to lease decoder from company for \$6-\$8 monthly will be extended at first to TVRO subscribers by TCI, which won't sell units. TCI will service leased decoders, won't require that it be sole source for units. Disney said it will begin scrambling tests in March. Like other pay programmers, Disney is providing operators with headend decoders, gave no date for start of fulltime encryption.

**ABC PLANS SATELLITE NEWS FACILITY:** ABC and affiliates will establish mobile satellite newsgathering capability covering about 50 major cities when it starts in mid-1986, expanding later to include most or all of network's 214 primary affiliates. In addition, network plans to launch 7-day regional syndication news service for affiliates, also starting in mid-1986. Both actions were announced Dec. 5 following unanimous approval by network's TV affiliates board meeting in Phoenix.

Newsgathering project, to be known as ABSAT, at outset will use 50 mobile trucks with uplink capability to Ku-band satellites. Cost of each mobile unit will be shared between network and affiliate, but they'll be owned by and based at affiliate stations. ABC said new fleet of mobile trucks -- which resembles Hubbard Bestg.'s Conus satellite newsgathering operation -- will permit coverage of any breaking news or sports story to be transmitted live from scene, as well as satellite interviews for such programs as Nightline or Good Morning America.

ABC TV Pres. Mark Mandala hailed ABSAT as enhancing network news and representing "the important network-affiliate relationship to an extraordinary degree." Affiliates Board Chmn. Joe Jenkins, KVUE-TV Austin, called project "the type of network-affiliate innovation that will give us an edge over our competitors."

"ABC NewsOne" is syndication service to be started at midyear by ABC News, providing 4 separate regional feeds of news, sports and feature material, in addition to pilot southwestern regional service that has been operating since April. Regional material will be supplemented with international and national news stories and features. ABC said new service will more than triple amount of news material being distributed to affiliates.

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**FCC Mass Media Bureau Chief** James McKinney has been named chmn. of U.S. delegation to Regional Administrative Radio Conference (RARC) to be held next April in Geneva, settling dispute between FCC and State Dept. over who should head group. State Dept. was pushing Wallace Johnson, ex-chief of old FCC Best. Bureau, now consulting engineer. But FCC Chmn. Fowler was firm on McKinney so Johnson's key advocate, Diana Dougan, State's coordinator for international communications and information policy, yielded in conciliatory move. Three-week meeting beginning April 14 will be first of 2 at which Western Hemisphere countries will plan for use of new 100-kHz portion of AM band.

**Philadelphia Cable** Interconnect (PCI) has been formed by Comcast and Lenfest Group (Cable AdNet) to sell advertising on Philadelphia area systems and serve as clearinghouse for regional and national cable ads. PCI "will eliminate fragmentation in the marketplace," said Cable AdNet Pres. Wayne Bullock. "As the city is wired, the cable TV homes in this market will increase by at least 250,000 [from 750,000] and we intend to make 100% of all cable homes in the [area] available to advertisers."

**NBC GETTING CABLE COMMITMENTS:** NBC has received "firm" commitments from cable operators with "well over" 2 million subscribers to carry proposed cable news network, NBC News Pres. Lawrence Grossman said in meeting at Western Cable Show in Anaheim Dec. 5. Company is seeking signups from operators with 13.5 million subscribers by Jan. 31, with deadline date, extended recently by one month, "very firm" owing to planned summer 1986 launch.

In related development, board of RCA, NBC parent, voted Dec. 5 to create NBC cable entity to sign contracts with operators. Contracts, sent out to leading MSOs recently, call for 3-year carriage with 2-year option at monthly per-subscriber rates running 12-15-18¢ during first 3 years of operation. Grossman said startup of venture would cost about \$60 million and would require 20% increase in NBC News budget. Break-even period of 4 years was predicted.

Grossman repeated earlier statements that programming for prospective cable network will have "very strong component" of financial news with "very strong" sports and weather. He said coverage would be "hard news with lots of live coverage" -- in contrast to feature and "produced-kind of programming CNN now has." Cable venture would allow for "complementary" tie-ins with NBC News, Grossman said, mentioning "gavel-to-gavel" cable coverage of presidential nominating conventions, which could be excerpted for over-air broadcast use. And, NBC has cable and broadcast rights for 1988 Summer Olympics in Seoul, he noted. "Definite" cross-promotion possibilities also would exist between broadcast and cable operations.

Contracts offered operators would grant cable affiliates 2 specified minutes per hour for promotion or ads and 5-min. block for local news. NBC TV affiliates would be given first right to program news block should cable system elect not to program it. TV affiliates also would have excerpting rights to cable network, including right "to use intact, continuous coverage of major breaking news events."

#### Western Cable Show Notebooks...

**USA Network** has joined ranks of programmers planning to scramble signals using M/A-COM VideoCipher II system. Timetable was set for 4th quarter of 1986, when company expects sufficient decoders to be available and installed by affiliates. Programming will be made available on nonexclusive basis to operators, who then can retail network to TVRO owners. USA, which claims viewership of more than 30 million households, also said it was negotiating to use M/A-COM DBS Control Center in La Jolla, Cal., which is expected to become operational by Jan. 15 when 24-hour scrambling of HBO is planned to start.

**HBO took 25 ACE awards** at 7th annual show in Beverly Hills Dec. 3, leading runners-up Showtime and Arts & Entertainment with 9 and 7, respectively.

Of 53 awards presented then and at separate ceremony last month, 2 each were won by Cinemax, Disney, WTBS. Top winner at Cal. ceremony, presented for first time under auspices of National Academy of Cable Programming, was HBO's made-for-cable "Sakharov," which won for best movie, director, actress and writing.

**Falcon Cablevision** has acquired Topanga Canyon, Cal., cable system from Telesystems, terms undisclosed. Acquisition adds 3,000 subscribers to 5,500 already served by Falcon in adjacent Malibu.

**Materials handed out** to attendees at Western Cable Show included unorthodox addition -- "Briefcase Poetry of Yankee Jones," 96-page collection of poems by Jones Intercable Pres. Glenn Jones. Collection, which contains testimonials by Turner Bestg. Chmn. Ted Turner and C-SPAN Pres. Paul Fitzpatrick, includes such titles as "High Tech Blues," "Entrepreneur," and "Issuer Attending Underwriters Banquet."

**Mark Harrad**, HBO affiliate PR dir., has been named vp of Cable TV Public Affairs Assn. Joining Harrad on CTPAA board is Andy Holdgate, Storer PR dir.

**S/MC announced** it has brought its first signal piracy suit against an apartment complex -- Covered Bridge Condominium, Lake Worth, Fla. Suit, in U.S. Dist. Court, Miami, seeks preliminary and permanent injunctions plus damages for unauthorized reception of Showtime and Movie Channel.

There's "growing acknowledgment that AM radio is and has been in some trouble." That's message FCC Mass Media Bureau Chief James McKinney delivered Dec. 5 to NAB luncheon session on what's being done -- and planned -- to help AM. McKinney listed many steps already taken by Commission, said he's "very positive" that FCC will do away with its AM-FM nonduplication rules (rulemaking proposing that is pending). He said that most AM problems are "economically and technically based" and that 70% of AM audience has switched to FM in last 10 years. He urged AM stations to "take the plunge" into stereo, said many AM antenna systems need to be replaced. He joined NAB Pres. Edward Fritts in complaining about poor quality of AM receivers. McKinney said FCC has authority to require manufacturers to build more quality into sets -- "but whether it has the stomach is another matter." With goal of improving transmissions by stations, Fritts said NAB (with cooperation of others) will build AM transmitter in northern Va. to field test and evaluate at least 2 prototype new-technology AM antennas. New designs -- by engineers Richard Biby and Ogden Prestholdt -- offer separate controls over skywave and groundwave signals. "They exist [only] on paper and appear to perform as desired," NAB said. "A significant increase in AM service would result if these antennas are successful and are implemented by AM broadcasters... The designs are promising enough to justify NAB technical development." Test will take more than year.

**CABLERS WARNED ON HIGH RATES:** Cable industry could really hurt itself if it focuses too much on margins and not enough on sales volume, Viacom Entertainment Group Pres. Jules Haimovitz warned Dec. 6 during Western Show panel in Anahéim.

Some cable operators continue to raise pay and basic prices, always looking to match their previous revenues on fewer and fewer subscribers, he said. But, he added, large subscriber base is only thing that will fuel expansion of programming on networks. There will be nothing to drive cable business the way pay services once did, Haimovitz warned, adding that pay-per-view (PPV) might provide some help.

As possible defense against PPV, National Video (NV), largest franchise chain of video stores, is exploring pay-per-transaction system that would allow video stores to keep track of rentals and pay portion of each rental fee to studios, NV Exec. Vp Troy Cooper said. Idea is to win even earlier release dates for cassettes by giving studios cut of home video revenues they don't get now. Cooper said his job is to convince studios "a release for home video first will maximize their profits." Job of cable industry is to prove same benefit from release to PPV services. Hurdles for pay-per-transaction include getting stores computerized and, of course, winning distribution from studios. "It may be possible that our future and yours lie in the pay-per-view concept," he said.

Home video business at retail level is in for tough times in next 12-18 months, Cooper told cablers. He said drop in rental rates to \$2 a night means stores with 1,200-1,300 titles in inventory won't generate enough business to cover overhead and replace inventory. Business will move toward superstores plus convenience rental outlets stationed in other types of stores, including drugstores and food marts, to handle "impulse drive transactions."

Unfriendly takeovers, rather than unfriendly media competitors, was topic of another panel, with TCI Pres. John Malone warning cable companies they can become targets of takeover artists because their breakup value often is higher than market value. Reason is that Wall St. discounts cable stocks because they don't generate high net profits. To protect themselves, public companies need to be gigantic or have 2 classes of stock, with portion that represents voting control in friendly hands, Malone said. He noted that Charles Dolan is making public offering for his Cablevision Co. but is giving away only 2.4% of voting control.

Company with single class of stock can be vulnerable, agreed Heritage Communications Chmn. James Hoak, noting that shares in his company held by institutions have grown from 10% to 40% in recent years. While Heritage has fair-price amendment and several other defenses, he said he doesn't want to "do anything to hurt my equity." He was alluding to fact that strong antitakeover defenses can lower attractiveness and price of stock.

**SENATE SNUBS FCC AD RULE CHANGES:** Senate shied away from decision on what would have been most significant communications policy to move in Congress this year by failing to act last week on campaign spending reform measure by Sen. Boren (D-Okla.) that would have expanded FCC personal attack rules (TVD Dec 2 p4). It overwhelmingly rejected motion to table Boren proposal but didn't proceed to final vote on measure. Senators left door open to new bill, expected to be introduced in 1986 by Sen. Heinz (R-Pa.), that broadcasters are working to ensure doesn't include Boren proposal.

Boren's TV-radio proposal was takeoff from earlier bill by Commerce Committee Chmn. Danforth (R-Mo.) (TVD June 24 p8). It would have required TV-radio stations to provide air time free to federal candidates to respond to ad attacks or unauthorized endorsements by independent political action committees (PACs). Boren said it was meant to restore fairness to campaigns. Broadcasters aren't obligated now to carry paid ads of independent PACs, Boren said, and his legislation wouldn't have changed that. However, broadcasters would have had to automatically honor reply-time requests brought by candidates.

NAB and RTNDA were instrumental in blocking bill, used lobbying campaigns over Thanksgiving congressional recess. RTNDA was particularly concerned about proposal's impact on producers' and station managers' judgments on newscasts and news panel shows aired during campaign periods.

**House members** are being urged to support TV broadcasters' effort to eliminate so-called "blanket licensing" for music rights to syndicated shows with argument that pleasing station managers now on issue could prove important plus during next year's congressional elections. Not-so-subtle hint was penned at bottom of letters on issue last week to colleagues by Rep. Leath (D-Tex.). One such note urged member "to get on this, then call all your station managers and tell them -- it should help in your campaign." Leath is among 36 cosponsors of HR-3521, bill by Rep. Boucher (D-Va.) that would require package sales to stations of syndicated TV programs and their music performance rights. Under current system, ASCAP acts as licensing agent, charging stations separate fee for music rights. Latest Leath letter seeking support said producers and syndicators' "monopoly" hold over music rights could be "corrected" for stations by mandating that music rights be sold "up front, for a price, not through some arbitrary charge for a license to some third-party monopoly." All-Industry TV Station Music License Committee is leading drive for bill, has been joined by NAB. Opponents Reps. Downey (D-N.Y.) and Jeffords (R-Vt.) argued in recent letter to colleagues that change would undermine copyright system and hurt performers.

**ABC and PBS** will announce joint national campaign on adult illiteracy at 10 a.m. news conference Dec. 10 at Library of Congress.

**BUSY WEEK IN COURTS:** CBS won a personal attack lawsuit Dec. 6 in unanimous decision by U.S. Appeals Court, D.C., but found itself on defensive in separate personal attack complaint filed at FCC by ex-Labor Secy. Raymond Donovan. Network also was hit by jury in U.S. Dist. Court, Chicago, which assessed \$5 million damages Dec. 5 against network and Walter Jacobson, newscaster at CBS-owned WBBM-TV Chicago, stemming from libel suit won week earlier by Brown & Williamson, maker of Viceroy cigarettes.

Even in legal victory, CBS took some lumps. Appeals Court found fault with CBS News practices in segment on auto insurance fraud titled "It's No Accident" that was part of 60 Minutes broadcast in 1979 by then-correspondent Dan Rather. But Court upheld FCC denial of complaints filed by Carl Galloway, physician who was named in program as having signed bill for "accident victim" listing 19 nonexistent doctor's visits. "Victim" was insurance investigator sent by CBS to clinic suspected of participating in fraudulent schemes. Galloway said his name was forged and asked Commission to revoke licenses of CBS-owned stations, claiming network had violated FCC personal attack rule and FCC policy against deliberate news distortion.

In 14-page opinion written by Judge Skelly Wright for panel that also included Judges Abner Mikva and Daniel Friedman of U.S. Appeals Court, federal circuit, Court said CBS and Rather had staged interviews, substituted answer for one question with response to another and included "somewhat" misleading statements by Rather about one doctor mentioned in story. Court held that substitution of answers hadn't affected "basic accuracy" of replies, therefore wasn't "significant" enough to violate FCC rules.

On each point Galloway raised, Court said CBS was justified editorially or its practice didn't violate FCC rules "as currently applied." "Whatever one may think of the production techniques employed by 60 Minutes," especially in staging of interviews and substitution of answers, "these techniques are not violations of FCC rules," Wright wrote. As for Galloway personal attack claim, Court said that while there was no dispute that tying physician to insurance fraud scheme constituted an attack on his honesty and integrity, he failed to prove auto insurance fraud was controversial or of public importance. Case was argued Sept. 19.

Donovan also was angered by 60 Minutes. In complaint mailed to Commission Nov. 26 by Connell, Foley & Geiser law firm in N.J., Donovan said segment broadcast Nov. 3, titled "The Donovan File," constituted personal attack on him and on Schiavone Construction Co. (of which he's a principal owner) and may have prejudiced their chance of getting fair trial on charges of fraud and grand larceny in N.Y. next year. Mike Wallace was correspondent on segment. Donovan asked FCC to order CBS News to provide him and Schiavone Construction each a "reasonable opportunity" to respond during 60 Minutes.

In Chicago case, jury had found CBS and Jacobson had libeled Brown & Williamson in 1981 commentary in which newscaster said cigaret maker was trying to lure children to smoke with ads equating habit with alcohol, sex and drugs. Jury in later session assessed \$3 million in general damages against CBS and Jacobson plus punitive damages of \$2 million against CBS and \$50,000 against Jacobson. CBS said it will appeal.

In separate decision Dec. 6, U.S. Appeals Court, D.C., upheld FCC in its denial of request by North Texas Media Inc., black-owned applicant, of waiver of short-spacing rule for FM stations in Denton and Lake Dallas, Tex. North Texas Media lawyer Robert Thompson said: "We feel there are some misstatements of fact in this decision. We're really in shock because of the way the court sidestepped what we feel were the most important issues in the case." He was unsure as to next legal step.

In another news case, attorneys for Sen. Laxalt (R-Nev.) asked U.S. Dist. Court, Reno, Dec. 5 for assistance in plugging media leaks that, attorneys claim, is creating unfair publicity in Laxalt's \$250 million libel suit against McClatchy Newspapers. Laxalt sued over 1983 article that said IRS had evidence that skimming occurred at Carson City, Nev., casino while Laxalt family owned it in early 1970s. Copies of Laxalt deposition in case were obtained last week by some news organizations.

Broadcast groups, spearheaded by NAB, have asked U.S. Supreme Court to consider Quincy Cable (must-carry) and Preferred Communications "in tandem." Court has accepted Preferred, which ruled cities couldn't exclude 2nd cable system from competing with one already franchised if there's room for both on utility poles. NAB told Court cases are similar "in that they both involve the question whether cable is immune from regulation aimed at assuring that cable systems provide certain services... By hearing the cases in tandem, the Court will have the benefit of a full development of the considerations bearing on the broad constitutional issue" of First Amendment rights. Court hasn't yet accepted Quincy, which held FCC must-carry rules were unconstitutional, and FCC has asked Court to defer consideration of that case until it decides Preferred since agency has issued new rulemaking on must-carry.

**NBC inventory** of 25 min. of commercials for Jan. 26 Super Bowl is sold out at \$550,000 per 30-sec. spot -- earliest sellout in game's history. For 1985 Super Bowl, ABC set \$500,000 price, reportedly sold some spots last 2 days before Super Bowl for \$335,000. Robert Blakemore, head of NBC TV sales, said that 28 of 50 spots were sold to advertisers new to Super Bowl; he didn't identify them, said there was no domestic car manufacturer and only one beer maker. For their \$550,000, advertisers also get game tickets. In another sports-related announcement, Pepsi-Cola said it would be major sponsor of Goodwill Games from Moscow next summer. Turner Bestg. System has U.S. rights to Games.

**Personals**

FCC calendar -- Dec. 10: **Robert Foosaner**, Private Radio Bureau chief, attends land mobile satellite service meeting, Ottawa. Dec. 11: Chmn. **Fowler** receives Clarence Darrow Award from Best. Pioneers Library, Catholic U., 7 p.m. Dec. 12: **Fowler** presents gold and silver medal awards to employees for exceptional service, FCC hq, 10 a.m.; Comr. **Dawson** is luncheon speaker at Practising Law Institute conference on AT&T divestiture, Capital Hilton; **Peter Pitsch**, Office of Plans & Policy chief, addresses Institute on access charges, carrier equity and consumer welfare, 2-3:30 p.m.

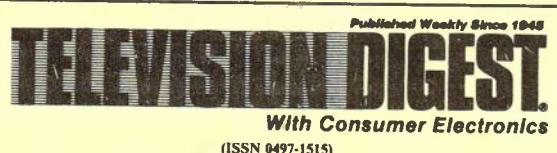
**Rev. Jesse Jackson** will be speaker at Jan. 14 lunch of FCBA, Washington Marriott Hotel... **Crawford Rice**, senior vp-Best. Services, Daniels & Assoc., resigns, plans unannounced... **David Fiske**, dir.-govt. and media relations, CBS Washington, resigns to "pursue government relations and PR options"... **Catherine Nierle** advanced to business affairs vp, Post-Newsweek Stations, succeeding **Leonade Jones**, promoted to asst. treas., parent Washington Post Co.

**Jack Adamson** promoted to pres., KSL-TV-AM Salt Lake City, remains a senior vp of parent Bonneville International; **Bruce Reese** named BI assoc. gen. counsel-secy.; **John Davenport** advanced to BI vp-research and analysis... **David Boylan** promoted to station mgr., WKYC-TV Cleveland.

**Rebecca Leet**, ex-ABC News information dir., forms Communications Consulting, Arlington, Va... **George Singleton**, ex-WSLA Selma, named gen. mgr., KTVE El Dorado, Ark.-Monroe, La., succeeding **Hugh Roche**, resigned... **Eleanor Devereux**, ex-TeleRep, appointed national sales mgr., KBHK-TV San Francisco... **Alfonso Araya**, ex-KSCI San Bernardino, named program dir., KVEA L.A.; **Rafaela Travesier**, ex-WADO(AM) N.Y., named eastern sales mgr.; **Alejandro Garcia-Ramon**, ex-WNJU-TV N.Y.-Newark, appointed mgr.-program acquisition and development; **Enrique Gratas**, ex-WXTV Paterson, N.J., joins KVEA as news dir... **Rita Wissman**, ex-WEWS Cleveland, named national sales mgr., WTOL-TV Toledo.

**Ken McNamee** promoted to corporate accounting mgr.-broadcasting, Scripps Howard, succeeding **Jeanne Penner**... **Sheila Feren**, ex-Rogers & Cowan, named dir.-TV Projects East, Stone/Hallinan Assoc... **Brad Gordon** advanced to vp-controller, Communications Equity Assoc... **Tom Williams**, ex-ITT, appointed southern region sales mgr., Conrac Alston Div... Changes at NBC Radio: **Stephen Soule** moves to sales vp, succeeded as vp-gen. mgr. by **Craig Simon**; **Kevin Cox** advanced to vp-mktg. & sales development, new post.

**Mike Conly** promoted to pres.-gen. mgr., Harte-Hanks' WFM-TV Greensboro-High Point and vp-gen. mgr., co-owned WTLV Jacksonville; **Frank Bennett**, WFM-TV gen. sales mgr., adds duties of acting station mgr.; **Jack Forehand** moves from

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WFM-TV station mgr. to same post at WTLV... **Linda Brooks** advanced to pres.-gen. mgr., KENS-TV San Antonio... **Edward Spray** moves from broadcasting dir., WBBM-TV Chicago, to same post at KCBS-TV L.A... **Michael Liff**, ex-KTVU Oakland, named gen. mgr., KNMZ-TV Santa Fe... **Dan Philips** advanced to operations mgr., WHOI Peoria.

Changes at ESPN: **Roger Werner** appointed exec. vp, succeeding **Scotty Connal**, named production vp; **Steve Bornstein** named programming exec. vp... **Don Caruso**, ex-ABC, rejoins KGO-TV San Francisco as local sales mgr... **Walter Vetter**, vp-technical services, Tvb, retires in April after 24 years with Tvb, 14 years with NBC.

"An unfettered free press scrutinizing government makes this country unique among all nations," NAB Pres. Edward Fritts told luncheon meeting of FCBA in Washington Dec. 4. And, he said, because broadcasters don't have same news freedoms that print media enjoy, "it has been, and will continue to be, the unwavering long-term goal of this Association to establish parity with the print media insofar as First Amendment rights are concerned." Fritts saw 1985 as "most unusual year for broadcasting. Wall Street discovered broadcasting in a big way as minnows began swallowing whales." Despite "unprecedented deregulation" by FCC, broadcasting legal activities haven't slowed down but "are expanding and ever-accelerating," Fritts said, and more broadcast legislative proposals are being made in Congress.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Nov. and 1985's first 11 months:

	NOV. 16-22	1984 WEEK	% CHANGE	NOV. 9-15	11 MONTHS 1985	11 MONTHS 1984	% CHANGE
TOTAL TV.....	599,353	509,653	+17.6	555,024	18,283,067	18,798,799	- 2.7
TOTAL COLOR...	467,706*	403,711	+15.9	441,809*	15,095,354*	14,422,940	+ 4.7
DIRECT-VIEW..	459,136*	397,902	+15.4	433,205*	14,874,951*	14,256,051	+ 4.3
PROJECTION..	8,570*	5,809	+47.5	8,604*	220,403#	166,889	+32.1
MONOCHROME....	131,647	105,942	+24.3	113,215	3,187,713	4,375,859	-27.2
TV EXCL. PROJEC.	590,783	503,844	+17.3	546,420	18,062,664	18,631,910	- 3.1
HOME VCR#.....	406,864**	256,287	+58.1	334,889*	9,908,890#	6,322,418	+56.7
COLOR CAMERAS#..	7,006	11,651	-39.9	6,264	359,293	413,132*	-13.0

Color TV (direct-view) 5-week moving average: 1985--425,573\*\*; 1984--393,789 (up 8.1%).

Home VCR 5-week moving average: 1985--330,218\*\*; 1984--207,004 (up 59.5%).

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

## Exceeds full-year record.

**RCA, HITACHI ANNOUNCE PRICE INCREASES:** Trend to price increases, started by Sony and Zenith, was joined last week by RCA and Hitachi, with indications that if these stick, there would be more to come.

RCA said it told distributor meeting in Miami at week's end that VCR leader models are being raised in price because of declining value of dollar against yen. "The high-volume table models," said RCA, "are being increased by \$10-\$15 to distributors." Company introduced 10 new color TV models (see below) that "have been raised in price to distributors," provided no suggested list prices. Company didn't disclose amounts, declined to elaborate on prepared statement, but clearly there was another shoe to be dropped later.

Earlier in week, Hitachi told dealers it was raising prices of VCRs to them by more modest 2-6% on most models Jan. 1, average increase being about 3%, and talked of possible boosts in color sets and other consumer electronics plus further VCR rises "as the model year progresses." Statement said that in view of strong VCR demand and modesty of increases, Hitachi felt they would have no effect on consumer buying. Company said VCR inventories were low and there were shortages "in many areas."

Earlier, Zenith raised suggested list prices by \$10 on some 19" sets, all 25" stereo consoles and all 27" consoles and indicated it planned to raise more color sets in Jan., VCRs in May (TVD Nov 25 p10). Sony plans to increase prices on all products 5-12% Jan. 1 to compensate for changes in yen-dollar relationships (TVD Oct 28 p10). NAP, Quasar, Sharp and others have indicated increases are in works.

\* \* \* \*

RCA introduced four 26" sets with built-in MTS, designed to sell at around \$800, making total of 52 models "either stereo-complete or stereo-adaptable," according to Mktg. Vp Stephen Stepnes, "representing over 70% of RCA's entire color line." Sets are Digital Command remote monitor receivers with cable tuning and contain automatic programming that presets tuner to stop only on occupied channels. RCA said it estimates one out of every 5 color sets sold by

industry in 1986 will have stereo or be adaptable to it, compared with one in 10 this year and one in 20 in 1984.

Also new from RCA are 2 remote 25" XL-100 consoles in \$550-\$580 range and four 13" sets, first of "M" or 1987 line -- 2 leaders, scan remote and keypad remote. Jan. 16-March 30 promotion will offer 5" b&w TV-AM-FM combo free with purchase of any current Colortrak 2000 console.

**RUNAWAY NOV. SALES OF VCRs, COLOR:** How many VCRs were sold to dealers in Nov.? Would you believe almost as many as in the full year of 1981? How about this one -- VCR sales in Nov. topped number of color set sales for each of 6 months this year. No matter how you put it, 1,349,909 video recorders were moved to dealers in 4-week month of Nov., highest of any month in history, 4-week or 5. And Nov. was capped by week that saw sales of 406,864 VCRs, 54,000 more than previous record week.

Lest you think that folks are only giving VCRs this Christmas, direct-view color sets enjoyed their best 4-week month in history, and projection sets chalked up record for any month. With surge of sales, inventories fell during month -- more than 15% for VCRs and more than 6% for color sets.

Some of dealer buying, especially in VCRs, obviously represented purchasing to beat widely touted price increases scheduled for Jan. as result of stronger yen-to-dollar relationship. Change in date of Thanksgiving this year will cause some aberration in Dec. figures -- but Dec. will be high this year because adjustment in EIA's calendar will give it 6 weeks instead of the normal 5.

VCR sales in year's 11th month were at seasonally adjusted annual rate of more than 12.5 million. For first 11 months of year they came to just below 11.8 million. But with field reports of continued hot sales in Dec., figure of 12 million sales for 53-week year now appears strong possibility.

In color, 17 million sales figure is within grasp. Nov. sales came out to annualized figure just below 17.6 million, while first 11 months ran 16.65 million. Color is picking up steam almost weekly, is ahead of last year by 4.3% (4.7% if projection sets are included) in first 11 months, largest year-to-date increment in 1985.

Several landmark numbers have been passed in last couple of weeks. Final week of Nov. saw total color sales (including projection) pass 15 million for year to date. In first Dec. week, cumulative 1985 VCR sales passed 10 million, and historical total sales since start of VCR marketing passed 27 million. Both color and VCR 5-week moving averages were at all-time records, VCR passing 300,000 point for first time (by more than 30,000 units).

Projection TV's gains were notable in Nov., increase of 58.1% over same 1984 month being highest month-to-month percentage gain this year -- highest, in fact, since June 1984's increase over 1983. Projection sales now appear to be headed for at least 260,000 this year, perhaps as high as 265,000, as compared with 195,194 in 1984.

Even black-&-white sales were caught up in fever of final Nov. week, showing rare gain (24.3%), first since early Sept., but still finished month well in red. Color camera sales were down sharply every week of month, for deficit of 32.5%, presumably victims of replacement by camcorders (counted as recorders, but not as cameras, in EIA statistics).

Inventories showed continued downtrend. At end of Nov., total color stocks (direct-view plus projection) at pipeline levels came to about 3,241,300, down 4.3% from year earlier and 10.7% from end of Oct. Factory inventories of 1,954,000 represented 11.2% decline for year and 4.6% for month, while distributor inventories came to 1,287,300, dipping 9.9% from year earlier and 3.9% from month earlier.

VCR inventories showed lowest annual increases in more than 6 years, rising only 53% at pipeline level to 1,715,600 and 77.7% at factory to 1,074,500, going up only 24.1% at distributors to 641,100. Even better news was sharp drop during month -- down 15.2% at pipeline, 18% at factory and 10% at distributor levels. Here are EIA's data on sales to dealers for Nov.:

Product	NOV. 1985	NOV. 1984	% change	NOV. 1983
Total TV.....	2,104,411	2,099,983	+ 0.2	2,003,022
Total color...	1,704,435*	1,561,299	+ 9.2	1,394,668
Direct-view.	1,672,304*	1,540,977	+ 8.5	1,378,380
Projection..	32,131**	20,322	+58.1	16,288
Monochrome....	399,976	538,684	-25.7	608,354
TV excl. projec.	2,072,280	2,079,661	- 0.4	1,986,734
Home VCR.....	1,349,909**	804,763	+67.7	434,070
Color cameras...	26,898	39,797	-32.5	40,694*

\* Record for any Nov. \*\* Record for any month.

**COLOR SUPPLY DOWN SHARPLY IN 3rd QUARTER:** In response to record demand in 3rd quarter, color TV marketers opted to reduce inventories rather than boost production (see report above) -- and as result total new color supply dropped significantly in period, and was down for full 9 months, analysis of EIA and Commerce data shows.

Unlike 2nd quarter, in which all of supply decline was traceable to import falloff (TVD Aug 26 p11), domestic factories joined in 3rd quarter hold-down with vengeance. U.S. production drop of 12% was steepest since 13.1% recorded in 3rd quarter 1982, and total output of 2.43 million also was 3-year quarterly low, down 17.3% from 2nd quarter this year.

EIA data indicate that industry's pipeline color TV inventory was trimmed back by some 430,000 during 3rd quarter, all of reduction coming at factory level. Output hold-down wasn't divided evenly among U.S. plants. For example, 3rd-quarter production at GoldStar's Huntsville plant was about double that of same period last year, and Samsung's N.J. facility was in start-up mode until 4th quarter last year. Also, some Japanese companies announced production increases. There's another, noninventory, reason for domestic production drop: By start of 3rd quarter, GE had discontinued production of 13" sets at Portsmouth, Va., plant, while RCA and Zenith were winding down U.S.-based production in that size.

Percentage decline for domestic output in quarter was nearly triple that of imports, and gave imports year's first gain in market share. On complete set basis, figures show imports accounted for 37.4% of new supply in quarter, up from 35.6% in same 1984 period, and 30.4% in 2nd quarter this year. For 9 months, share stood at 32.2%, down from 32.5%. But while complete color imports were down, incoming shipments of tube-inclusive color TV kits climbed 70.5% to 283,700 for quarter and 55.1% to 742,900 for 9 months. Shifting those away from domestic production shows that of new 3rd-quarter color supply, 38.4% were either imported or assembled in U.S. from kits, up from 36.2% in same period last year, and would give imports 44.8% share for 9 months, up from 39.4%. Here's total TV supply picture for 3rd quarter and 9 months:

#### 1985 9-MONTH U.S. TOTAL TV SUPPLY

	U.S.-Produced*	% Change	Imports	% Change	Total Supply	% Change
Total TV	1985....	8,265,000	- 4.3	8,818,000	- 4.8	17,083,000
	1984....	8,638,000		9,260,000		17,899,000

(continued next page)

		U.S.— Produced*	% Change	Imports	% Change	Total Supply	% Change
Color TV	1985....	8,265,000	- 4.3	3,942,000	- 5.3	12,207,000	- 4.7
	1984....	8,638,000		4,165,000		12,803,000	
B&W TV	1985....	--	--	4,876,000	- 4.3	4,876,000	- 4.3
	1984....	--		5,095,000		5,095,000	

### 1985 THIRD-QUARTER U.S. TOTAL TV SUPPLY

		U.S.— Produced*	% Change	Imports	% Change	Total Supply	% Change
Total TV	1985....	2,431,000	-12.0	2,797,000	-21.1	5,228,000	-17.1
	1984....	2,761,000		3,547,000		6,308,000	
Color TV	1985....	2,431,000	-12.0	1,455,000	- 4.5	3,886,000	- 9.2
	1984....	2,761,000		1,523,000		4,284,000	
B&W TV	1985....	--	--	1,342,000	-39.1	1,342,000	-33.7
	1984....	--		2,024,000		2,024,000	

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

Computer floppy disc market has undergone market share overhaul this year as result of strong price promotions by some manufacturers and introduction of discs in new sizes and with expanded storage capacity. Report by Ambler, Pa., market researcher IMS America shows Maxell retained top share in 3rd quarter with 22%, but slipped back from 24% share in 2nd quarter. Big gainer was Memorex, which jumped from 6th place to 2nd with share increase to 11% from 2%. Loser was 3M, which saw share fall to 10% from 20%, putting it into 3rd-place tie with Kodak's Verbatim, which had 2nd-quarter share of 6%. Sony moved up to 5th place from 7th, with share rise to 5% from 2%; Xidex retained 3% share but dropped to 6th place from 5th, while Dennison, marketer of Elephant brand discs, fell to 7th place from 3rd as share dropped to 2% from 6%. All other marketers continued to combine for 37% market share.

JVC and Thomson Group of France are talking about cooperating in production of hi-fi equipment. Object appears to be strengthening of Thomson's faltering plant in Moulins, launched in 1982 with help of \$25 million govt. investment, part of \$20 billion fund approved to help France become self-sufficient in advanced electronics areas by 1987 (TVD Aug 2/82 p11). Discussions, it's understood, don't involve JVC investment in plant, but could lead to its supplying know-how and components, perhaps having some items produced for it in France. It wouldn't be first such JVC-Thomson tie -- they're partners, with U.K.'s Thorn EMI, in J2T Holdings, which produces VHS VCRs in U.K. and Germany, and J2T buys VCR parts from plant Thomson owns in France.

**Video software notes:** First blockbuster title released in 8mm Video format will be *Beverly Hills Cop*, if expected joint announcement is made at upcoming Winter Consumer Electronics Show by Paramount and Sony. Release won't be until Feb., after Paramount halts distribution in VHS and Beta... **Disney** and **Karl-Lorimar** are penciled in as exhibitors at WCES, bringing number of studios and key independents to 5. Return of video software marketers to show is reflection of growing importance of mass merchants and other nonspecialty retailers as outlets for recorded cassettes... **Sony** Japan formed Sony Video Software International to coordinate 1/2" and 8mm programming acquisitions and marketing in all territories except U.S., where **Sony America** has own unit handling task.

**Room-to-room** remote control extender, introduced at \$90 by **Revox**, is designed primarily for use with high-end **Revox** audio components but can be used with almost any infrared remote video or audio product. It's similar in function to \$50 **Radio Shack** unit (TVD Sept 2 p14) in that it has receiver that accepts input from any handheld remote and sends signal down wire to repeater that emits signal to product being controlled. **Revox** model has 2 infrared diodes in repeater for broader output beam so it can control all products in rack system. When used with matching **Revox** audio receiver it also provides audio input selection and on-off control of main and remote speakers.

**Matsushita** donated \$1 million to Stanford Graduate School of Business to establish chair of international economics and policy analysis.

**PHILIPS'S VCR PLANS:** First VCRs from Philips' Japanese plant could arrive in U.S. next year, according to comments by Wilhelm Den Tuinder, company's worldwide VCR commercial dir., at London news conference last week. Production for NTSC markets at Philips VCR plant in Korea also is scheduled to start in 1986 (TVD July 29 p9).

Although news conference was devoted mainly to U.K. market, in answer to questions Den Tuinder did touch upon company's plans for NTSC areas. Philips plans to turn out about 100,000 VCRs annually at Philips-Marantz development plant in Japan, as already reported (TVD Sept 23 p9), to be sold first in Japan, then throughout Pacific Basin and eventually in U.S. They'll carry Marantz brand in Japan, NAP brand names in U.S. and Philips brand elsewhere.

Although 70%-owned Korean plant will supply tonnage to U.S. market, Philips' 50%-owned (with Marantz) venture in Japan will be source of more sophisticated high-end products, Den Tuinder indicated. He said Philips' world production target -- from its European plants in Austria and Germany and its Far East facilities -- is 3 million VCRs in 1986: "Compared to Matsushita, it's rather small... We're fighting an uphill battle." Matsushita produced 6.7 million VCRs last year, its affiliate JVC nearly 4.7 million. It's believed NAP's Magnavox, Sylvania and Philco brands will sell 800,000 VCRs this year.

Den Tuinder forecast that Philips' consumer electronics operations will move into profit position next year. He said development costs of ill-fated Video 2000 VCR format now have been amortized; production of system for European market has stopped, but he said machine is still being exported. He didn't give destination, but there are some indications it could be China.

He said Japanese camcorder market is about half 8mm and half VHS. VHS-C format there has "practically disappeared," he said, and forecast that same would happen in Europe because "people don't like adaptors." As for 8mm, he said he thought it wasn't general purpose home system but a camcorder system. However, ideal camcorder hasn't been developed yet, he said. As he sees it, it would be like Sony's "Handycam but with playback, and cheaper" -- about \$750, he suggested.

Den Tuinder said Philips has doubled its share of European VCR market since it adopted VHS format, now claims 12% of U.K. market, 2nd to Thorn EMI.

**World VCR population** will approach 100 million by year end, up 43% from start of year, according to estimate by U.K. newsletter Screen Digest. Among major countries, it says, Japan will have highest VCR penetration of TV homes with just over 60%, dropping U.K. into 2nd place with 46%. It puts U.S. at 33%. On VCR household basis, top 3 countries, including U.S. at 28.2 million, Japan at 18.4 million and U.K. at 8.7 million, will account for 56% of all VCRs in use.

**JAPAN IC DUMPING FOUND:** Japanese are dumping 64K dynamic RAM memory ICs in U.S. and average margins of undervaluation range from 8.93% to 94%, International Trade Administration (ITA) said in preliminary ruling last week. Dumping complaint was filed in June by Micron Technology, and International Trade Commission (ITC) last Aug. said there was reasonable indication domestic industry was being injured by imports (TVD Aug 12 p13).

Of companies specifically cited by ITA, Mitsubishi was assigned top dumping margin of 94%, followed by 18.49% for Hitachi, 12.52% for Oki and 8.93% for NEC. Margin for all other companies was set at 38.83%. Margins determine size of cash bonds importers now must post to cover penalty duties that may be assigned. ITA is scheduled to make final dumping determination by Feb. 14, and ITC has until March 31 to come up with final ruling on injury issue. Both have to be positive before dumping duties can be collected.

Case is one of 3 now pending against Japanese IC makers, and 4th is on way. Still in investigative hopper are unfair import competition complaint filed by Semiconductor Industry Assn. in June and dumping complaint on 256K erasable memories filed jointly by Intel and National Semiconductor in Oct. Due as early as this week is govt.-initiated dumping complaint on 256K RAMs. It will be Reagan Administration's first anti-import action on recommendation of special task force set up by President to pinpoint instances of unfair competition by foreign govts. and exporters (TVD Nov 18 p15).

In combined reaction to declining value of dollar against yen and trade complaints, Japanese semiconductor makers have started raising prices. In first announcement, last week, NEC said it was boosting 64K and 256K memory ICs exported to U.S. by up to 20%. Fujitsu and Oki made similar moves, Mitsubishi said it would announce price increase soon. Other manufacturers said hikes were under consideration.

Singer Bruce Springsteen has joined local union's effort to get 3M to reconsider plan to close professional video and audio tape plant in Freehold, N.J., next June. Freehold is Springsteen's home town and subject of his song *My Hometown*. Also involved is singer Willie Nelson. About 340 workers produce 3/4" U-matic videocassettes and reels of audio tape at plant that 3M says has outdated equipment and is too small for modernization and expansion. It plans to transfer production to plants in Minn. and N.D. Aid of show business personalities in antishutdown campaign was featured in newspaper ads in N.Y.-N.J. area last week by Oil, Chemical & Atomic Workers Union.

**Nostalgia** for early radio industry buffs: Biography, "E.H. Scott, the Dean of DX -- a History of Classic Radios," by Marvin Hobbs, former chief engineer of E.H. Scott Radio Labs, \$10.95 from Puett Electronics, Box 28572, Dallas 75228.

**PICTURE TUBE IMPORTS SOAR:** Color TV

picture tube imports, including those brought in as part of kits, soared in first 9 months, with growth centered on 13" and 19"-&-over sizes, Commerce figures show.

Imports of color tubes as individual components jumped 131.5% to 1.29 million, and with addition of tube-inclusive kits, total rises to 2.03 million, up 96.2%. Overall tube imports represented an indicated 24.6% of consumption by U.S. color TV factories, up from just 12% in same period last year.

By size, tube import growth leader was 13"; its 575.6% increase in unit shipments reflects windup of 13" tube production here by GE, Philips ECG and RCA, and cutback by Zenith. Prime source country for 13" tubes was Korea, which supplied 445,400, followed by Japan with 184,400.

In 19", Canada took laurels with shipment of 120,700, followed by Korea with 87,200, Japan at 37,300 and Taiwan at 21,400. In larger sizes, Japan was top source with 170,300, followed by Canada with 60,300 and Singapore at 14,300. Mitsubishi now is only color tube producer in Canada, sends most of its shipments to its TV assembly plant in Cal.

There's no way of identifying national source for tubes imported with kits. Top kit supplier was Mexico, and tubes could be coming from any other country. Japan and Singapore are other major suppliers of tube-inclusive color TV kits.

Imports of tubes for projection TVs rose 24%, with Japan as major source, as incoming shipments of b&w tubes dropped 47% to 81,500. Here's breakdown of picture tube imports by size:

**U.S. 1985 9-MONTH PICTURE TUBE IMPORTS**

Type	Units	% Chg.	\$ Value	% Chg.
<b>Color</b>				
12" & under	17,913	-55.4	1,355,194	-38.0
13".....	641,404	+575.6	23,088,837	+477.1
14-15".....	107,356	- 2.7	5,674,603	+ 7.3
16-17".....	8,754	-56.0	570,157	-50.7
18-19".....	266,643	+69.0	15,141,252	+42.3
20" & over.	248,356	+84.9	17,537,533	+86.8
w/TV kits..	742,904	+55.1	n.a.	--

**Monochrome**

12-16"...	14,597	-77.0	211,481	-78.9
Other....	66,928	-25.9	1,484,297	-20.6

**For projection TV**

317,194	+24.0	14,139,966	+16.7
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Japan has set up \$500 million fund to provide low-interest loans to small exporters whose business has been hurt by rise in value of yen against dollar.

**NEW IMPORT BREAKOUTS:** Expanded screen size breakouts will be available for color TV imports next year. Beginning with report for Jan., Tariff Schedule changes will provide better look at incoming shipments of tinyvisions and sets with new square-cornered tubes, and were made by International Trade Commission at request of EIA, which will be making similar screen size modifications in its reports on industry color TV production and sales.

Current 10"-&-under import classification is being divided into 8"-&-under and 9-10". Unchanged will be 11-12" and 13", but 14" and 15" are to be split, reported individually. Also unchanged are 16-17" and 18-19"; present 20"-&-over will be separated into 20" and 21"-&-over.

In other modifications, imports of laser CD players will be separated out of turntables, and mobile and portable cellular telephones will be broken away from other types of radio transmission and reception apparatus.

Not included in list of changes being circulated by Customs are separate breakouts for 2 relatively new industry products, TV receivers with LCD screens and camcorders. They're currently buried in classifications that show value only for imports of unspecified electronics equipment. LCD sets don't qualify now for inclusion with other TVs because they don't contain picture tubes. Similarly, Tariff Schedules have no specific provision for imports of combination VCRs. Understanding is that such breakouts are under active consideration.

Meanwhile, EIA Mktg. Services Dept. said it successfully completed test of compiling monthly index of electronics business activity, plans to begin publishing it on monthly basis with report for next Jan., due out in Feb.

EIA is collecting data on shipments and orders from manufacturers in consumer electronics, components, information and telecommunications, govt. products and services segments, and using it to develop business index for each segment as well as for industry as whole (TVD July 29 p13). Still uncertain, we're told, is whether by-segment indexes will be issued from start.



**Anti-import provision** in alternative tax reform bill proposed by House Republicans would retain investment tax credit, due for repeal under Ways and Means Committee bill, but would cut it by half to 5% and restrict it to purchases of equipment made in U.S. Adoption could put serious crimp in sales here of foreign-made computers, typewriters, copiers and office automation equipment.

**Sanyo CES introductions:** Autofocus 8mm camcorder (made by Sony) at \$1,750, Superbeta VCRs at \$240 and \$280 and 5" AC-DC color monitor receiver at \$400. Company official said prices are subject to change.

**CABLE AND STEREO:** Group W Cable is "reevaluating" whether its systems have technical ability to carry broadcast stereo signals, Business Development Vp Kazie Metzger said at Western Cable Show panel last week in Anaheim. But she stuck to position that delivery of multichannel TV sound (MTS) poses problems for cable systems (TVD Oct 28 p13). Same panel session, on "consumer electronics," heard pitch from GE for cable operators to get into consumer hardware sales.

One of few major cable system operators considering not delivering MTS at all, Group W is experimenting with alternate delivery that lets consumers get stereo programming without purchase of MTS TV sets. Under this method, all stereo programming -- from cable networks and over-air stations -- is fed down cable in FM band, then tuned in at subscriber home through FM receiver (TVD April 22 p15). Group W is running stereo experiment in 4 markets, includes offer of special box consumer buys to tune audio signal through amplifier and speakers. Metzger admitted that Group W may have to buy back boxes at half price from consumers who decide to move out of cable franchise areas.

Metzger said Group W is looking for interference caused by MTS signals carried on cable systems, added that she expects in some cases MTS will cause problems, in other cases it won't. While in past Metzger had doubted claims by other operators that they were passing MTS signals, she told session she now thinks many are. However, she reiterated that company's goal is to deliver cable networks in stereo in consumer-friendly manner. That apparently means in FM band so subscribers can get stereo programming whether or not they have MTS sets. Feasibility of converting MTV and other cable networks from FM to MTS standard has yet to be proved, she said.

ATC R&D Vp Walt Ciciora agreed. He also said he's tried to buy MTS generators for his cable systems but can't get orders filled. He also criticized lack of MTS testing equipment for cable systems.

GE Consumer Electronics Cable Mktg. Mgr. Richard Freedman urged operators to get into consumer electronics sales. GE is tied in with Jones Intercable program that offers consumers VCR in tandem with monthly cable service. All manner of programs are available from GE, Freedman said, depending on how much inventory cable company wants to carry. Systems can hold VCR classes, sell from catalogs, offer service such as Jones or even go into fullscale retailing, he explained. But move by cable company into consumer electronics shouldn't be motivated by visions of big profits: "Believe me, the margins aren't that great." Real reason to get involved is to give consumers home entertainment options, he said.

\* \* \* \*

**Preliminary investigation** of complaints by cable subscribers about noncarriage of MTS stereo

has been started by N.Y. State Consumer Protection Board. Meanwhile, big Manhattan Cable, in answer to consumer telephone inquiries about stereo, is saying: "Not in the near future. We don't have the capacity for it right now and we are not investing any money in it."

But Manhattan Cable Engineering Vp Robert Tenton told us picture wasn't that bleak and customer reps would be properly informed. Company is in midst of moving headend and preparing to install addressable boxes, is working with equipment suppliers to determine proper way to move to stereo.

NBC added another prime-time show (Remington Steele) to its stereo schedule, bringing total to 18, plus 3 late-night shows.

**Kodak will get expedited hearing on appeal of U.S. Dist. Court, Boston, finding that its instant photo products infringed Polaroid patents. Still awaiting ruling by U.S. Appeals Court, D.C., is request for stay, pending appeal outcome, of lower court order banning Kodak sales of instant cameras and film after Jan. 9. If forced to pull out of instant photo market for any period of time, it might have to abandon it permanently, Kodak said in filing with court. Kodak also pointed out that it's only film source for consumers who own Kodak instant cameras. If left standing, injunction also would prevent market test of Kodak's \$700 video printer, which uses instant film to make hard copies of TV images (TVD Sept 23 p10). Appeals Court has scheduled Dec. 13-31 for filing of all briefs and replies, has indicated it will hear arguments and consider temporary lifting of Kodak sale injunction, on Jan. 6.**

**Canada's Electrohome** is still very much in video, even though its direct involvement in production of consumer color TVs will end next year when Mitsubishi opens own plant to handle output of Mitsubishi and Electrohome brand sets (TVD Dec 2 p8). Mitsubishi's production of color sets at Electrohome's Kitchner, Ont., plant represents less than 5% of business there, spokesman told us last week. Plant will continue production of Electrohome and OEM brand color and monochrome monitors, single-lens projection monitors -- including new high-resolution version for CAD/CAM applications -- satellite receivers, printed circuit boards and, as indicated in our report, cabinets for TVs and other electronic products.

**Financial notes:** Hitachi blamed falling prices of VCRs and semiconductors for 14.3% drop in consolidated net in fiscal first half to Sept. 30. It said overall sales of consumer products rose 5% to about \$2.8 billion... **Sinclair Research** posted loss of \$16.5 million in year to March 31, U.K. company said in delayed report for fiscal 1985, period that included \$33.9 million computer inventory writeoff... **Corning** boosted quarterly dividend 9% to 35¢ from 32¢, effective with payout due Jan. 1.

**SEPT. TV IMPORTS:** All major source countries, except Korea, shared in Sept. surge that saw new all-time monthly record of 613,100 set for complete color imports (TVD Nov 25 p11), Commerce figures show.

Rise was enough to put Taiwan over million mark for first 9 months as supplier of complete color sets, while for total TVs, cumulative imports from Korea passed 4 million and Japan edged past 3 million.

Following are TV import totals by country for Sept. and first 9 months of 1985. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

#### Total TV

	Month	% chg.	9 Months	% chg.
<b>Japan</b>				
total...	580,600	+178.2	3,171,100	+43.7
color...	500,700	+225.4	2,642,400	+62.5
b&w.....	79,900	+45.8	528,700	- 8.8
<b>Taiwan</b>				
total...	351,100	+19.8	2,951,600	+ 3.4
color...	189,400	+40.1	1,622,700	+30.8
b&w.....	161,700	+ 2.4	1,328,900	-17.7
<b>Korea</b>				
total...	469,200	-17.7	4,435,900	- 2.9
color...	169,800	-16.5	1,492,300	-13.9
b&w.....	299,300	-18.4	2,943,600	+ 3.8
<b>Singapore</b>				
color...	138,800	+160.9	860,900	+64.4
<b>Malaysia</b>				
color...	29,600	+ 2.5	266,500	+61.2
<b>Hong Kong</b>				
total...	29,800	+58.4	127,800	+15.9
color...	29,100	+103.0	102,300	+ 1.7
b&w.....	700	-83.8	25,600	+163.2
<b>Canada</b>				
color...	15,100	+ 3.3	134,700	+93.9
<b>Mexico</b>				
color...	156,500	+62.6	1,530,700	+28.1

#### Complete Color

<b>Japan....</b>	215,300	+82.6	1,250,900	+15.8
<b>Taiwan....</b>	150,800	+47.9	1,107,400	+ 3.0
<b>Korea....</b>	69,100	-57.8	600,400	-59.5
<b>Singapore</b>	67,500	+331.1	378,700	+118.7
<b>Malaysia.</b>	29,600	+ 2.5	250,000	+51.4
<b>Hong Kong</b>	29,100	+103.0	88,100	-11.8
<b>Mexico...</b>	25,600	*	78,500	*

#### Color Chassis & Kits

<b>Japan....</b>	285,400	+693.6	1,391,600	+154.9
<b>Taiwan....</b>	38,600	+16.2	515,200	+210.8
<b>Korea....</b>	100,800	+153.1	891,900	+256.4
<b>Singapore</b>	71,300	+89.9	482,300	+37.5
<b>Malaysia.</b>	--	--	16,500	*
<b>Hong Kong</b>	--	--	14,200	*
<b>Mexico...</b>	131,000	+36.0	1,452,100	+21.5

\*No significant shipments in 1984.

Note: Some totals may not add due to rounding.

**TV study mission** to Japan to review "new developments in TV technology" is being organized by Technology Transfer Institute, 17-year-old Tokyo management consulting firm. Participants will visit TV research labs on 2-week tour beginning Feb. 22. Mission, limited to 20, will be led by Mark Schubin, TV engineer and researcher. Cost is \$4,750 per person. Information: TTI, 1 Penn Plaza, Suite 1411, N.Y. 10019; 212-947-2648.

**Data storage** is new nonvideo application for VCRs. Adaptor board for IBM PCs and compatible models from other makers being offered for \$795 by Alpha Microsystems of Santa Ana, Cal., lets users store up to 80 million characters on standard videocassette. That would provide backup copy of data from 4 hard discs or more than 100 5.25" floppies. Sony also provides VCR backup adaptor for its hard disc systems.

**China's electronics output** is expected to total \$9 billion this year, up 180% from 1980, and representing average 22.8% annual growth over last 5 years, according to govt. news agency. In last several years, report said, China has spent \$1.37 billion to import electronics technology and equipment. It expects value of output to grow at 16.5% rate in next 5 years, approach \$20 billion by 1990.

**Trinitron name** is being used on non-Sony product for first time by Conrac on new line of ultra-high-resolution color monitors it's marketing for computer imaging. Use of Trinitron name in promotional material is under special nonexclusive agreement. Sony has been supplying Trinitron tubes to Conrac and other monitor OEMs for several years but hasn't allowed them to display name.

**Compact Disc player** production in Japan will top 3 million this year, perhaps going as high as 3.4 million, more than 4 times last year's output, according to Japan Economic Journal. Sony is top producer, making 150,000 monthly, followed by Yamaha (Nippon Gakki), Sanyo group, Matsushita and Pioneer, each making about 100,000 monthly.

**Cordless stereo system** invented by Stuart David Saunders, head of 5th Generation Audio, Houston, is subject of FCC rulemaking. Davis asked allocation of 72-76 MHz for portable cordless "Transtereo" system. Opposition to petition was filed by National Academy of Sciences and Assn. of Maximum Service Telecasters.

**Amperex** broadens involvement in replacement parts and accessories, Jan. 1, when it takes responsibility for Distributor & Special Markets Div. from Philips ECG. Both are units of North American Philips. Change leaves Philips ECG exclusively as producer and OEM marketer of color TV and display CRTs.

**Puerto Rico** will offer low-interest loans as incentive to attract manufacturing investment from Japan. Funding will come from float next year of \$100 million in yen-denominated bonds in Tokyo, first such issue made in Japan by U.S. governmental body.

## Consumer Electronics Personals

**Paul Van Orden**, GE exec. vp and former Consumer Products Sector head, appointed to new 4-man Corporate Exec. Office in restructuring that eliminates sector management system. Van Orden retains responsibility for consumer electronics and broadcasting operations, adds several others, including mobile telecommunications and corporate trading. Other CEO members are Chmn. **John Welch**, Vice Chmn. **Lawrence Bossidy** and **Edward Hood**... **Thomas Rattigan**, former pres. of Commodore N. American operations, advanced to pres.-COO of parent, Commodore International, succeeding **Marshall Smith**, who continues as CEO and becomes vice chmn., new post... **Elliot Goldman**, ex-Warner Communications, joins RCA/Ariola International as chmn.-CEO, succeeding **Robert Summer**, now pres. of RCA Records Red Seal label.

**Ted Williams** joins Portavideo as national sales mgr. of new Industrial Div., responsible for sales of videocassette players and player-monitor combos to businesses; **William Lazarus** appointed hotel operations dir. in charge of marketing players and library of MGM/UA titles to lodging industry... **Leon Kuby** promoted at Infinity Systems from international and military sales vp to senior vp, with expanded responsibilities in administrative and product development areas... **Raymond Reynolds**, former Schaak Electronics chief financial officer who holds proxies for shares owned by ex-Chmn. **Larry Welch**, elected chmn. of retailer now in bankruptcy reorganization proceedings; Reynolds succeeds **James Sullivan**, who continues as CEO... **Al Roderick** advanced at Kenwood Car Audio Div. to special markets mgr.; **Mark Endres** promoted to midwest region sales mgr., succeeding Roderick; **Dean Hutto** joins as national sales training mgr., replacing Endres.

**Paul Culberg** advanced to pres., New World Video... **Ted Schachter**, ex-HBO, appointed business affairs senior counsel, Sony Video Software; **Bonnie Resnick** promoted from ad mgr. to creative services mgr... **Gerald Harrison**, Random House Juvenile publisher and exec. vp, named to head RH's new Home Video Div... **George Spitzer**, dir. of Book-of-the-Month Club Audio Div., appointed dir. of new Video Div... **Robert Scherl** named sales and mktg. dir., Increase Video.

## Obituary

**J.E. (Ed) Brown**, 83, TV-radio engineering pioneer who retired in 1971 as Zenith senior vp, died Dec. 3 at his home in St. Francisville, La. He joined Zenith in 1937 after serving at FCC and its predecessors Federal Radio Commission and Commerce Dept. Radio Div. Named Zenith chief engineer in 1940, he contributed to development of color and monochrome TV, FM and FM stereo and subscription TV, having conducted pioneering work on picture tubes in 1930s. In 1939, under his leadership, Zenith built first all-electronic TV station in Midwest.

## 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
Gray Communication Systems 1985-qtr. to Sept. 30 1984-qtr. to Sept. 30	11,767,420 10,136,631	777,559 663,825	1.55 1.33
Hitachi* 1985-6 mo. to Sept. 30 1984-6 mo. to Sept. 30	12,550,000,000 12,160,000,000	426,900,000 497,800,000	1.45 <sup>b</sup> 1.71 <sup>b</sup>
Pioneer Electronic <sup>a</sup> 1985-year to Sept. 30 1984-year to Sept. 30	1,699,000,000 1,595,400,000	(12,200,000) 40,200,000	-- .62
Rogers Cablesystems <sup>c</sup> 1985-year to Aug. 31 1984-year to Aug. 31	354,165,000 294,779,000	(22,517,000) (34,588,000)	-- -- <sup>d</sup>

Notes: \*At yen's current rate. <sup>a</sup>Per ADR. <sup>c</sup>In Canadian dollars. <sup>d</sup>Restated; after special charge.

**Mergers and acquisitions:** Mura has been sold by TIE/Communications to Bartex Export, subsidiary of Adar Import & Distributing, terms undisclosed. TIE said it sold money-losing consumer telephone marketing operation as part of consolidation program aimed at cost reduction. TIE posted \$40.1 million loss in 2nd quarter after taking \$40 million charge for write-down of consumer phone inventory (TVD July 29 p13). Following completion of deal, Bartex changed its name to Mura. It said it would continue marketing entire Mura line... Luskin's expanded in Midwest through \$1.2 million cash acquisition of Sight & Sound retail chain with 11 outlets -- 5 in Indianapolis, others in Grand Rapids, Kalamazoo and Louisville. Luskin's estimates acquisition will add \$25 million to sales this year. Last year, Luskin's opened 2 stores in Md. and 2 Tokyo Shapiro outlets in Conn. and Ohio, which, with S&S, gives it 53 stores... Altec Lansing brand rights have been acquired by Sparkomatic under exclusive licensing agreement with Altec Lansing Corp., subsidiary of Gulton Industries. Sparkomatic, autosound marketer, says it will introduce line of car and home audio products under Altec Lansing brand at Summer Consumer Electronics Show in Chicago in June.

**Japan will accept** foreign test results on imported radio equipment as proof of compliance with performance regulations under agreement worked out by U.S. negotiators and Post and Telecommunications Ministry. Until now, acceptance tests had to be done by approved agencies in Japan, requirement that was considered major barrier to U.S. exports of telecommunications equipment.

**Home word processors**, although new to U.S., are growing increasingly common in Japan and prices are falling. Ricoh plans to market one-piece unit at about \$215, underselling previous lowest price model, from Canon at \$245.

# TELEVISION DIGEST®

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

With Consumer Electronics

DECEMBER 16, 1985

VOL. 25, NO. 50

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### Broadcast - Cable

**NBC IS 'JEWEL' FOR GE** in acquisition of RCA. GE Chmn. Welch pledges complete autonomy for NBC, says network or stations won't be spun off. Tinker 'delighted.' (P. 1)

**TRIBUNE SELLS 9 CABLE SYSTEMS** to Jones for \$237.5 million, L.A. Daily News to Cooke for \$176 million. Jones Intercable jumps to 16th-largest MSO, picks up 130,897 basic subscribers. (P. 3)

**MUST-CARRY CONTRACT SOLUTION** proposed by CATA's Effros. Broadcasters react with caution. NCTA officials find idea 'interesting.' FCC grants extensions for comments. (P. 4)

**CABLE TAX EXEMPTION UNDER ATTACK** from Mass. communities. Repeal would mean 15-fold hike in taxes of some nonurban franchisees. (P. 5)

**SELLER GETS FM STATION BACK** in Gloucester, Mass. FCC reverses 5-2 vote of 1982 following court remand. FCC acts on character rules. (P. 6)

**L.A. COUNTY SHERIFF WINS** Ch. 16 for public safety use. Ch. 19 ruled out because of interference threat to KSCI. (P. 7)

**FCC RECEIVES \$94.4 MILLION** under funding measure signed by President. BIB, CPB, FTC, NTIA, USIA also funded. (P. 8)

**NBC IS 'JEWEL' FOR GE IN ACQUISITION OF RCA:** NBC is "the crown jewel" of GE's planned \$6.28 billion acquisition of RCA, and new owner won't dispose of TV and radio networks or owned stations, according to GE Chmn. John Welch. He also promised that NBC will continue to have "complete autonomy," as it does under RCA ownership, and that GE won't interfere in any way. NBC Chmn. Grant Tinker said he's "delighted" with proposed new ownership.

"If I were analyzing this and looking at NBC... I would say what a marvelous opportunity with resources to grow in this development," Welch told tumultuous news conference in N.Y. Dec. 12. (Deal was announced night before after it had been widely leaked on Wall St. For more details, see separate story in Consumer Electronics section). Welch said there's potential for enormous growth in NBC's cash flow, continuing profit increases and its "virtual

### Consumer Electronics

**GE-RCA CONSUMER ELECTRONICS** future left up in air by merger plan. Companies say details of restructuring program aren't set yet. (P. 10)

**'DRAMATIC RESTRUCTURING'** of North American Philips unites it with worldwide organization. Philips brand due here in '87. (P. 12)

**PERFECTION IN PROJECTION** comes closer -- new Kloss system uses Faroudja image processing. Pioneer's 40" has 300 ft.-lambert brightness. (P. 13)

**OUT-OF-HOME VIDEO** could be next step, with Sony due to announce car audio-video system, Supra portable VCP-color monitor combos. (P. 14)

**PRICE HIKES FINALIZED** by Quasar are modest. Matsushita export prices up 5%. Hot sales cause spot shortages in color TV, VCR. (P. 15)

**DIGITAL HOME VCR** development race against Japanese launched in Europe by consortium of hardware and tape makers. (P. 15)

**DISH SALE DILEMMA:** Marketing of programming may -- or may not -- drive dish sales, says Channel Master's Berg, who sees 600,000 sold in 1986. (P. 16)

**NEW IC DUMPING CASE**, on 256K RAMs, filed against Japanese by Administration. (P. 16)

invulnerability" to foreign competition -- major problem for many of GE's products. "NBC is certainly a unique and great property [and] RCA has a lot of other outstanding properties... The combination [with GE] makes a stronger company."

Asked if NBC (which will retain its own board under GE ownership) had received assurances by GE that network will remain "unfettered," Tinker responded: "We fetter ourselves at NBC and that seems to be working okay, and as far as the parent is concerned, there should be no direct connection." He noted that NBC had reduced its employees and expenses couple of years ago, said he doesn't expect more to be ordered when GE takes over: "At NBC, given all those lean years we already had, we're a tight ship... Everybody who has a job is at work." Tinker said NBC will get "a stronger parent" from merger and "there are some things NBC will probably want to do, maybe in the area of station acquisitions, maybe cable news, could be all kinds of things and they take money, they take resources... RCA had a lot of money; I assume now we have more."

Welch was asked how takeover of RCA-NBC will affect NBC plans to launch 24-hour cable news network. RCA Chmn. Thornton Bradshaw responded: "I don't think it would be fair to ask Mr. Welch about that because he has not yet had any acquaintance whatever with the project. I think that in view of our timing that may be... one of the very first things he wants to shove his nose into."

Welch said he expects that GE takeover of RCA will be completed in 4th quarter 1986, that there "could be a problem" with merger in antitrust area -- with GE and RCA businesses overlapping in several nonbroadcast areas, most notably manufacture of TV sets -- but that "we don't envision any government problems that would stop this in any way." He said GE and RCA already have been contacting Washington officials, didn't give any names.

While little or no problem is expected at FCC or Justice Dept., strong opposition already is being expressed on Hill and in other Washington quarters. Sen. Metzenbaum (D-O.), member of Judiciary Committee, said: "On its face, the deal raises serious antitrust problems. If the deal isn't stopped, I will insist on full hearings by the Senate Judiciary Committee."

Rep. Dingell (D-Mich.), chmn. of House Commerce Committee, said it's "absolutely critical" that federal agencies with responsibility over GE acquisition "see to it that the law is followed to the letter... It will be my role to assure that these obligations are fulfilled... I intend to watch very closely to see to it that all the agencies carry out their responsibilities fully and fairly." He specifically cited FCC, FTC, Justice Dept., SEC.

FCC "has a special burden," he said, "given the fact that RCA owns NBC, since broadcasting is unlike other businesses... To have one of the nation's largest purchasers [GE] of TV advertising acquire a real ownership link with one of the 3 major TV networks raises interesting questions. Then, too, there might be a concern about news coverage on a network owned by a major corporation, one which does considerable business with the federal government and, of course, the Defense Dept." Dingell didn't mention that RCA also is major network TV advertiser and does "considerable business" with Defense Dept.

Hill source told us Dingell may raise concerns about GE's character qualifications to be licensee. In March, Defense Dept. banned company from bidding on defense contracts; in April all GE divisions again were given right to bid except for Space Systems. In May, GE paid \$1.04 million fine for improprieties in its defense contracts. Dingell's Investigations Subcommittee played role in case.

House Telecom Subcommittee Chmn. Wirth (D-Colo.) said transaction "involves a lot more than the acquisition of a television network... As to the communications issues involved, obviously who ultimately controls a network licensee is a very important question that the FCC will have to carefully review... We will certainly be keeping abreast of this proposed transfer."

NBC TV affiliates Chmn. James Lynagh, pres. of Multimedia Bestg., said "affiliates are perfectly satisfied as long as Grant [Tinker] is satisfied... It's very important to an affiliate who the owner of a network is. An affiliate needs to know that the owner is absolutely committed to broadcasting." He said some of that commitment wasn't there in 1970s (before Bradshaw took over), that NBC was neglected and that as result network and affiliates both suffered.

Ralph Nader charged takeover is "corporate empire building at its worst to enrich corporate executives... The acquisition of NBC is troubling. It creates another layer of corporate conglomerate bureaucracy over a major TV network, which may present an irresistible temptation for self-censorship by NBC. Will they dig into nuclear power, certain defense contracting crimes? Will they do stuff dealing with big business."

Robert Sarnoff, onetime chmn. and pres. of both NBC and RCA, didn't like deal either, but for another reason: "I think it's a tragedy that one of America's great and best-known international companies... will cease to exist."

GE is pioneer broadcaster, putting WRGB(TV) Schenectady on air in 1939, making it commercial Dec. 1, 1947. Company now owns only KCNC-TV Denver (NBC affiliate), having sold WRGB and WNGE (now WKRN-TV) Nashville and 8 radio stations it formerly owned. GE also was once cable MSO but sold all its systems.

KCNC-TV will become NBC's 6th owned TV station, raising network's total coverage of U.S. TV homes to 20.94% (25% is permitted under FCC rules without minority involvement). This compares with combined 24.62% for 8 stations under merged ABC-Capital Cities and 19.37% for CBS after sale of KMOX-TV to Viacom is consummated. NBC also owns radio stations in N.Y., Washington and Chicago that would have to be spun off under FCC rules prohibiting ownership of radio and TV in same market unless grandfathered (as is currently case with NBC ownership). GE and NBC indicated that waiver would be sought to permit continued radio ownership in those 3 markets.

**TRIBUNE SELLS NEWSPAPER, 9 CABLE SYSTEMS:** Preparing for takeover of KTLA L.A., Tribune Co. Dec. 10 announced sale of 9 cable systems to Jones Intercable for \$237.5 million and L.A. Daily News to Jack Cooke for \$176 million. FCC approved Tribune's \$510 million purchase of KTLA in Oct., gave it 18-month waiver to sell Daily News and 2 cable systems in station's coverage area. Tribune is expected to take over KTLA early in Jan.

Purchase adds 130,897 basic subscribers, 107,463 pay, to Jones count, jumps it from 16th to 13th on MSO list with 703,983 basic and 524,522 pay subscribers, according to latest compilation of Top 100 MSOs by TV & Cable Factbook. (Tribune Co. had ranked 34th.) Jones picks up systems in Lakewood and Palmdale, Cal. (whose sale was required by purchase of KTLA since they're within station's Grade B contour), Albuquerque, Tampa, Houghton, Mich., Glencoe and Owatonna, Minn., Milwaukie, Ore., and Alexandria, Va. Tribune also has its other 6 cable systems on market in Gaithersburg and Montgomery County, Md., Fredonia, Glens Falls and Oneida, N.Y., and Jackson, Tenn. Montgomery County system is embroiled in dispute with local govt. that wants to revoke franchise for contract violations involving construction delays.

Cooke owns Washington Redskins and was controlling stockholder in Teleprompter, which was sold 4 years ago to Group W. L.A. Daily News has 150,000 daily circulation, 169,000 Sun. Cooke built L.A. Forum, formerly owned L.A. Lakers (basketball) and Kings (hockey). He currently owns Chrysler and Kent Bldgs. in N.Y., Elmendorf thoroughbred farm in Ky., made losing attempt last summer to take over Multimedia.

**KBRR (Ch. 10)** Thief River Falls, Minn., has gone on air as satellite of KVRR Fargo, N.D., raising operating U.S. TV stations to 1,234 -- 918 commercial, 316 noncommercial. Jane Gensheimer is gen. mgr. of KBRR.

**U.S. Supreme Court** has refused to review FCC decision stripping Faith Center Inc. of licenses for KHO(FM) L.A. and KVOF-TV San Francisco. Nonprofit corporation lost licenses because it refused to comply with FCC requests for financial records.

**MUST-CARRY OPTION:** Must-carry problem could be alleviated by having cable operators give contractual guarantees of carriage, at nominal rates, "to all broadcasters they have decided to carry for a long term," CATA Pres. Steven Effros proposed to Assn.'s corporate members in letter Dec. 3.

Meanwhile, FCC last week granted 30-day comment and 5-day reply extension, to Jan. 29 and Feb. 18, respectively, in its combined inquiry and proposed rulemaking on must-carry. Extension was requested by NAB and supported by TV Operators Caucus (TOC) and NCTA, opposed by INTV.

Under CATA plan, operators (particularly larger groups) would execute long-term contracts with broadcasters, with terms ranging up to run-of-franchise, for nominal annual charge of \$1. Effros suggested such pacts, contingent on continuation of compulsory license, would benefit broadcasters "from the stability and reassurance a contract would provide them." He admitted solution wouldn't solve problems perceived by some small independent broadcasters. "To be sure," Effros wrote, "carriage of some unpopular TV stations and some duplicative network signals will be dropped."

TOC Chmn. William Schwartz said proposal might resolve "some temporary concerns of some broadcasters but is really fundamentally not the answer." However, NCTA spokesman said "it's one of the few noteworthy" suggestions that has been made for staunching must-carry controversy. NCTA Chmn. Edward Allen, speaking Dec. 6 at Western Cable Show, said guaranteed carriage might prove troublesome if programming of contracting station were altered considerably. Allen sounded downbeat note on possibility of must-carry accord with broadcasters. Nevertheless, "we are waiting for the broadcasters to bring a proposal to us that we can discuss," he said.

INTV Pres. Preston Padden said at session that U.S. Appeals Court ruling striking down must-carry rules "foreclosed [independent stations] from any negotiating position whatsoever" with operators. Peter Fannon, pres. of National Assn. of Public TV Stations, argued that dropping public stations, given their fund-raising basis, would result in "a community that has already paid for that service but doesn't have access to it."

However, Allen said cablers "need greater specificity" on how any must-carry solution proposed by broadcasters would play out and dismissed INTV and NAPTS proposals as "one-sentence" and "2-sentence" plans, respectively.

NCTA Pres. James Mooney told Washington Metropolitan Cable Club lunch Dec. 11 that "nobody has come up with a rationale for a new must-carry regime other than the raw political fact that the broadcasters want must-carry back." Calling INTV proposal "fatally transparent," Mooney nonetheless reiterated NCTA's willingness to talk: "The broadcasters don't appear to have anything to trade..."

I don't really believe that broadcasting can muster support in Congress for repeal of the compulsory license, as to do so would deprive millions of consumers all over the country of programming they have come to enjoy."

Mooney said issue is "intensely political" and "we're not about to become dogs in the political manger... We have a whole series of other economic interests to pursue, including pole attachments, telco line-of-business restrictions, federal tax matters and, yes, copyright. We recognize that almost all of these things are within the power of Congress to grant or withhold and that in order to maintain our position in these matters we must show ourselves to be sensitive to Congress's other concerns."

**Possibility that House** leaders would be able to revive stalled tax reform measure before Congress adjourned for year appeared dim at our deadline. Bill suffered setback Dec. 11 when Republicans successfully blocked House action on measure. HR-3838 contains tax changes that would specifically affect broadcast, cable and satellite industries, including last-minute addition of bill (HR-3770) by Rep. Vander Jagt (R-Mich.) to impose 10% excise tax on broadcast rights fees for Olympic Games effective with 1992 summer games (networks beat back his 1988 original effective date). For cablers, bill would lengthen depreciation period to 25 years from current 5-10 years for dedicated lines, curtail write-offs for limited partnerships. Proposed end to investment tax credits is significant development for satellite and other industries with developing technologies. Public broadcasters would be affected because bill proposes continuing full charitable deductions for persons who itemize, but only for gifts after first \$100. For first time, bill also proposes \$7,000 ceiling on total annual company and individual contributions to pension funds of nonprofit organizations or employe IRAs. Public broadcasters already face threat to annual contributions from pending proceeding in which IRS is considering tightening appraisal and valuation rules for charitable gifts of appreciated property, such as artwork. It's unclear how tax bill would handle question, but IRS wants to change amount that may be deducted to actual value of item rather than price it might fetch in, for example, fund-raising auction by PTV station. We're told that could have significant impact on public broadcasters; PTV stations raised \$21.9 million -- 3% of their annual income -- from auctions in FY 1984. For public radio stations, figure was \$676,000 or about 0.5% of total income.

**Multi-State Communications**, which in 1972 filed competing application for WOR-TV (Ch. 9) N.Y., asked U.S. Dist. Court, N.Y., Dec. 9 to declare unconstitutional 1982 amendment to Communications Act that guaranteed license renewal of RKO General station if it moved from N.Y. to N.J. Multi-State told Court that congressional action was "harsh and oppressive" and unfairly denied it opportunity to compete in FCC hearing for Ch. 9.

**CABLE TAX EXEMPTION UNDER ATTACK:** Mass. Municipal Assn. is asking state legislature to repeal tax exemption for cable companies for above-ground cable lines strung through public property. Request, filed last week and supported by Boston and other localities, comes in wake of Nov. 18 Mass. Supreme Judicial Court ruling overturning Appellate Tax Board decision 2 years earlier that upheld city of Everett's taxation of lines of Warner Amex. Joint hearing of Assn. request before legislature's taxation committees was set for Dec. 16.

Impact of last month's reaffirmation of exemption on lines is considered largely theoretical since only about 50 of state's 351 jurisdictions had begun to levy tax under 1983 authority, according to Assn. However, tax bills handed operators have increased as much as 15-fold in jurisdictions where lines have been assessed, according to New England Cable TV Assn. Vp-Gen. Counsel Thomas Steel.

In Lawrence, for example, tax bill rose from \$14,000 in 1984 to \$257,000; in Chicopee from \$12,000 to \$147,000. In Boston, tax bill of Cablevision is expected to decline more than 60% to \$650,000 from \$1.7 million next fiscal year because of high court ruling, according to Thomas Cohan, director of city's cable communications office. Proportional impact is generally less in urban localities, where lines often are underground and thus exempt.

Taxation question comes on heels of continued effort by Mass. localities to change formula for franchise fees, now some of lowest in nation, to a set share of franchisee's gross revenues from current levy of \$1.30 per subscriber. Outlook on proposed fee overhaul and exemption repeal request is uncertain since legislature is scheduled to adjourn at end of this week. Opponents of tax exemption are buoyed by high court ruling, which they say sets stage for repeal; they add that cable companies shouldn't get free ride on public lines. Cable Assn.'s Steel, however, said repeal proposal is unfair since exemption of telcos would be continued. Enactment of measure, he said, would impede ability of cablers to compete for relay of new technology such as data transmission.



**Gannett plans to sell** Evening News Assn.'s WWJ(AM)-WJO(IFM) Detroit to group of local businessmen headed by ex-RKO Radio Pres. Robert Williamson, plus Federal Enterprises Inc. of Mich., for \$39 million when FCC approves takeover of ENA. Gannett already owns WCZY-AM-FM Detroit, has asked Commission that it be allowed to retain combine until licenses expire in 1989. ENA shareholders meet Dec. 20 to vote on Gannett takeover; proxy statement said 60.3% of shares already had been committed in favor of sale. Statement also disclosed that if deal for all of ENA falls through, Gannett will be permitted to purchase ENA's WDVM-TV Washington for \$300 million, Detroit News for \$150 million.

**Reps. Frenzel (R-Minn.)** and Gregg (R-N.H.) apparently want to try to amend uniform poll closing bill (HR-3525) to death when it comes to House floor for vote. They reported to House leadership they have "at least" 40 amendments to offer on floor, including one to add requirement that TV networks reaffirm to Congress in writing every presidential election year that they won't project winners using exit polls in any state until all voting there has ended. Way was cleared for bill's progress in House when 3 commercial networks promised not to make early election projections (TVD Jan 21 p5). Bill is designed to ensure that TV coverage doesn't adversely affect voting outcome by having polls close simultaneously nationwide in presidential election years. While Frenzel's amendment is meant principally to delay vote, source said, he also wants to strengthen safeguards against possible adverse impact of TV election reporting. House held hour debate on bill Dec. 11, put off further action until it returns next year. Frenzel told bill sponsor, Rep. Swift (D-Wash.), he's likely to pull back many of amendments then, which would open way for speedy final consideration. But Frenzel continues to object to bill, believes that polling is state matter and that evidence is sketchy on impact network projections may have had on voter turnout. Amendments by others also are promised, notably one by Rep. Biaggi (D-N.Y.) to move presidential election to Sun.

**CBS has replaced ABC** as top billing TV network for first 9 months of 1985, according to TvB, and is expected to stretch lead in 4th quarter. In Jan.-Sept., CBS TV Network billed \$2.03 billion, up from \$1.94 billion for same period in 1984. ABC's billings were \$1.91 billion, down considerably from \$2.46 billion last year when sales were inflated by Summer Olympics. NBC 1985 billings for 9 months were \$1.87 billion, up from \$1.67 billion. Combined network 1985 billings through Sept. were \$5.82 billion, down 4%, with all of loss attributed to ABC. TvB Pres. Roger Rice said outlook for 1985 "is for continued strong growth in local and national spot and resumption of positive increases for network television." He predicted 1986 congressional campaigns will add \$170-\$200 million to TV station coffers. Meanwhile, TvB said it will sponsor 11 regional sales conferences next year, starting Feb. 26 in Tampa, ending April 18 in Washington.

**Washington Post's acquisition** of 53 cable systems from Capital Cities for \$350 million is expected to be completed in Jan. when CapCities merger with ABC takes place, Post Pres. Richard Simmons told security analysts in N.Y. Dec. 13. Company plans to spend about \$30 million upgrading systems. Post's 1985 earnings per share will be about 25% above \$6.11 recorded last year, excluding gain of 93¢ per share from sales of cellular telephone and other interests earlier this year, Simmons predicted. Post-Newsweek TV stations will report gain of more than 20% in operating income above \$50.1 million in 1984.

**SIMON GELLER GETS FM BACK:** Simon Geller, who has become somewhat of cause celebre in broadcast regulation, will regain his little FM station in Gloucester, Mass. Geller lost license for 3-kw WVCA(FM) to competing applicant Grandbanke Corp. because he played nothing but classical music, no news. He operates station from basement in his home, had no other employees. Vote in 1982 to strip Geller of license was 5-2; Dec. 10 vote to return it was unanimous, came after U.S. Appeals Court, D.C., remanded case in June 1984 with sharp rebuke to FCC.

Court rejected Commission decision that Geller didn't qualify for integration and diversity of ownership because of station's format of no news or public affairs. In 1982, FCC majority had ruled: "With no news, no editorializing and virtually no public affairs programming, Gloucester does not hear a separate information voice -- indeed, it hears no information at all." Countered Court: "Inherent in [FCC's] conclusion is a wholesale abandonment of the presumption that diversity of ownership is the litmus test for diversity of viewpoints. Ignoring this well-established presumption, the Commission assessed the diversity of views that each broadcaster would air."

Commissioners were happy for opportunity to reverse Geller vote. Chmn. Fowler and Comr. Dawson had said publicly that they would like to take back their votes against Geller; Comr. Patrick wasn't on FCC for 1982 vote. In action, FCC said Geller still isn't entitled to "a renewal expectancy," based on his past operation of WVCA, but gave him preferences for integration and diversification, while favoring Grandbanke on proposed programming, concluding that "on an overall basis Geller should be preferred."

Noting that he dissented (along with then Comr. Washburn) to original vote, Quello said: "I'm glad to see justice finally prevailing here." Dawson said she wished she had listened to Quello's advice in first vote. Fowler said Court had made right analysis of case "and we do stand corrected."

Reached at WVCA, where he's gen. mgr., chief engineer, sales mgr. and runs board from his wheelchair, Geller told us: "All I can say is, it's about time. It's been hanging since 1975 and I'd rather not have that kind of fame."

In another action, FCC voted unanimously to consider only 4 general "traits" not otherwise prohibited by Commission rule or policy when evaluating character of applicant for broadcast license. Criteria are: Adjudicated cases of fraudulent conduct before another govt. agency, criminal convictions involving fraud, certain felony convictions, adjudicated cases of broadcast-related antitrust or anticompetitive misconduct.

Commission also will consider misrepresentations or lack of candor and cases of

fraudulent programming. Also, FCC no longer will assess "demerits" for character defects in comparative proceedings, but still will consider character issues relating to applicant's basic qualifications.

Partnership to combat illiteracy in U.S. was announced Dec. 10 by ABC and PBS.

"Multimillion-dollar" 2-step project, called "PLUS" (Project Literacy U.S.), will involve stations helping organize community outreach groups nationwide and TV programs to stimulate interest in learning.

Joseph Jenkins, vp-gen. mgr. of KVUE-TV Austin and chmn. of ABC TV Network Affiliates board, said project is "unprecedented" because it's first such "sustained" collaboration between commercial and public TV stations. Outreach phase has begun, is being led by new Public TV Outreach Alliance that includes Ky. Educational TV, KCTS-TV Seattle, Neb. Educational TV Network and WQED Pittsburgh. Second phase of encouraging illiterates to seek help will kick off in Sept. with ABC news documentary followed by series produced by WQED on illiteracy. There also will be ABC After School Special, ABC Radio and NPR programs and public service announcements in 2nd phase that will run through 1986-87 broadcast season. Member PBS stations and ABC affiliates also are expected to produce own programs. ABC and PBS declined to disclose budgets. PLUS co-dirs. are Margot Woodwell, WQED vp-station mgr., and John Harr, vp-ABC Office of Communication. Project has endorsement of 44 public interest and business groups, including AAAA and ANPA.

**NAB wants unrestricted** scrambling of satellite feeds retained to protect property rights of TV stations and "integrity" of private feeds between broadcast networks and their affiliates. In letter to House and Senate Judiciary and Commerce Committees, NAB Exec. Committee noted that many manufacturers of home satellite dishes want Congress to change law to prevent broadcasters from scrambling their signals and to allow backyard interception of these signals. NAB said that if networks and other broadcast program suppliers scramble their distribution systems, only a few of 89 million TV households will be affected. Also, NAB letter said, effort to prohibit scrambling has more to do with availability and price of pay cable and other pay services than with traditional broadcast services. Unauthorized interception of private communications not intended for general use is prohibited by Communications Act, NAB added.

Transponder carrying Rupert Murdoch's SkyChannel is among 2 that are losing power on Eutelsat I F-1 satellite. "The situation is not yet dramatic," Eutelsat spokesman said, since PTTs can still offset degradation by increasing uplink power. He said organization doesn't expect to have to find new home for SkyChannel, that data so far indicate that power loss was temporary, despite "fancy rumors" in U.K. and elsewhere that satellite was in deep trouble.

**L.A. COUNTY SHERIFF PREVAILS:** FCC Dec. 10 reallocated UHF Ch. 16 in L.A. area to Public Safety Land Mobile Service and assigned it to L.A. County Sheriff's Dept. Commission also had considered assigning Ch. 19 instead but said that would have caused interference to KSCI San Bernardino.

At same time, Commission proposed to reassign Ch. 25 to Ventura, Cal., where 2 applicants -- Cal. Bestg. and Channel Islands TV -- are competing for Ch. 16. Commission said they could reapply for Ch. 25 without facing other competing applications. To fit Ch. 25 into Ventura, FCC proposed several other UHF allocation changes, said new Ventura assignment will result in short spacing of 26.2 miles with Ch. 40 KTBN-TV Santa Ana but existing service wouldn't be affected.

Concurring, Comr. Quello said that he had planned to dissent but that he was swung over by strong argument by Comr. Patrick. Patrick said FCC "thoroughly examined every alternative" and Ch. 16 became "only viable option." He stressed that action "does not portend a wholesale reallocation" of TV channels for public safety use, added that there are "unique circumstances" in L.A. county where 8,200 police officers are now without radio communications.

NAB, AMST and other broadcasters fought Ch. 16 reallocation to Sheriff's Dept. for some years, claiming, among other things, that Dept. doesn't make efficient use of space it has. NAB is likely to file court appeal. Spokesman for Sheriff's Dept. said that it will take 2 years to equip completely for new channel, but that some radios on Ch. 16 will be in use by summer.

President Reagan appeared via film clip to commend broadcasters and FCC Chmn. Fowler for efforts on behalf of freedom of speech. Occasion was presentation of Clarence Darrow award to Fowler by Best. Pioneers Library, by Attorney Gen. Meese. Also receiving an award was FCC Review Board Member Norman Blumenthal for activities on behalf of Library. Former FCC Chmn. Robert Lee, outgoing pres. of Library, MCed affair, which included one-man play on Darrow by actor Richard Figge. Some 400 attended black-tie event for benefit of Library.

**TVX Bcstg. Inc.**, which has just gone public and operates 5 UHF independent TV stations, is buying independent WNOL-TV (Ch. 38) New Orleans from Harold Protter, Thomas Seibert and others for \$13.7 million in cash, stock and assumption of liabilities. Protter, candidate for reelection to NAB TV board, will become executive of TVX and his wife Gail Brekke will remain gen. mgr. of WNOL-TV. TVX also is buying WFLF-TV Raleigh-Durham and is building stations in Little Rock and Buffalo.

**Hubbard Bcstg.** and its KOB(AM) Albuquerque will receive 1986 Golden Mike Award from Best. Pioneers Feb. 4 at banquet, Pierre Hotel, N.Y.

"**Examination and debate**" of must-carry issues will be a highlight of NATPE's annual conference Jan. 17-21, New Orleans Convention Center -- but NCTA Pres. James Mooney won't be there to debate issue, contrary to report in Dec. issue of NATPE magazine Programmer. After our Communications Daily Dec. 12 printed that Mooney would join panel with NAB Pres. Edward Fritts and INTV Pres. Preston Padden (information was taken from printed advance convention agenda in Programmer), Mooney sent telegram to NATPE saying he hadn't accepted invitation, didn't intend to. Writing in Dec. issue of Programmer, Padden said: "The current must-carry debacle is one example of the public policy being at odds with the public interest. Cable, once touted as the telecommunications horn-of-plenty, has become an impediment to the growth of diverse, local broadcast outlets." On Jan. 19 at NATPE, FCC Comrs. Patrick and Quello and Mass Media Bureau Chief James McKinney will give "A Report from Washington." Other highlights of convention include sessions on barter, music license fees, "Old-Time TV: How Good Was It Really?" with Hugh Downs, Sid Caesar, J.P. Miller, George Schaffer and Pat Weaver; Weaver conceived Today and Tonight shows while NBC pres. in early 1960s.

**Insilco** has signed definitive agreement to sell its 66.1% share of Times Fiber Communications (TFC) to LPL Investment Group for \$93.4 million (\$15.25 per share). LPL Investment is headed by Lawrence DeGeorge, a cofounder of Times Fiber, who sold company to Insilco in 1955 and retired as Times Fiber chmn. in April. Other aspects of deal, valued at about \$145 million, include: (1) LPL will make cash offer for remaining TFC shares, also at \$15.25 a share. (2) Insilco will make \$10 million cash buy of new convertible LPL stock and subordinated note for \$45 million; note will be due upon merger of LPL with TFC. (3) Insilco, upon merger, will buy additional \$10 million of preferred stock paying 7% annual dividend and convertible into common stock representing about 17% of surviving entity. Transaction is expected to be completed by year end. Meanwhile, Times Fiber has begun offer to purchase all its outstanding shares -- except those held by Insilco -- for \$15.25 cash per share. Offer expires Dec. 26.

**Contest for best promotion of AM stereo** is being conducted by NAB for radio members. Entries must be received by Jan. 31; 6 winners will be announced in Feb. 17 issue of NAB Radio Today. Each winner will receive \$500 and complimentary registration for April 1986 convention in Dallas. Contact: David Parnigoni, NAB senior vp for radio, 202-429-5420.

**Audiences for 3 TV networks** rose in Nov. sweep period, reversing trend of losses for last several sweeps. NBC won its first fall sweep since 1974 (it also won last May) with Nielsen rating of 17.8 and 28 audience share, up 11%. CBS was up 2% with 17.2 rating, 27 share; ABC up 5% with 15.2 rating, 24 share.

**FCC FUNDING APPROVED:** President signed measure Dec. 12 to provide FCC \$94.4 million for FY 1986. Commission's funding was part of regular appropriations bill that also contained \$13.4 million for NTIA and \$24 million for agency's Public Telecommunications Facilities Program (PTFP). Congress also appropriated \$872.4 million for USIA in FY 1986, \$102.7 million for Board for International Bestg., \$65.5 million for FTC. Same amounts also would be appropriated under emergency FY 1986 continuing budget resolution on which Congress put off decision until this week.

President a day later signed separate measure that appropriates \$214 million for CPB in FY 1988. CPB's FY 1987-1990 budget authorizations, which are contained in pending budget reconciliation package, also should see final action by this week. Lawmakers rejected effort last week by Rep. Oxley (R-O.) to freeze spending for CPB at \$200 million in FY 1987 and \$214 million each in FY 1988-1990, and for PTFP at \$24 million each in FY 1986-1988. House and Senate conferees working on final version of bill set levels for CPB at \$200 million in FY 1987, \$214 million in FY 1988, \$238 million in FY 1989, \$254 million in FY 1990. For PTFP, they set levels at \$24 million in FY 1986, \$28 million in FY 1987, \$32 million in FY 1988. Proposed FCC cost-of-regulation fees are noncontroversial part of bill.



**American Medical Assn.** has called for total ban on all forms of tobacco advertising, citing health risk of smoking. Tobacco companies spent \$882 million in print ads in 1984 (radio-TV advertising for cigarettes was banned by Congress in 1971). Publishing groups, Tobacco Institute and American Civil Liberties Union immediately attacked AMA proposal as violation of First Amendment. ACLU said it "believes that the First Amendment does not permit a prohibition on truthful advertising of products that may be lawfully distributed and sold." Critics also said there's no proof that elimination of advertising will cause reduction in number of people who smoke or number of cigarettes consumed.

"**Connections**," international telecommunications newsletter, has been sold to TV Editorial Corp. by The Economist, London, and Television Digest Inc., Washington. Purchaser is publisher of TV/Radio Age magazine, N.Y., and TV/Radio Age International Newsletter, London. Terms weren't disclosed. **Connections** is a biweekly, was owned 50% each by Economist and TVD. Pres. of TV Editorial Corp. is Sol Paul; managing director of its International Newsletter, in London, is Irwin Margolis.

**WJLA-TV Washington** is offering TV stations free satellite feed of Christmas Day services from Washington Cathedral. Hour-long telecast will be fed at 9 a.m., will be available to first station in each market to ask for it.

**Gannett** is "probably not" interested in acquiring interest in CNN, Chmn. Allen Neuharth said Dec. 10, would become interested only if offered editorial control. Impasse on control issue resulted in recent breakoff of NBC talks with Turner Bestg. over acquiring interest in CNN. Speaking at Gannett's year-end executive meeting in Washington, Neuharth reaffirmed company's desire to be "white knight," saying "our philosophy is if we have to force our way in... we're not likely to be happy about it later on." On acquisition, he said "we shall be ever more aggressive, but never the aggressor." Reputation for staying on sidelines and "not moving into play unless invited" resulted in Gannett newspaper purchases this year in Des Moines and Detroit, he said. Neuharth indicated Gannett would bid on more stations. Vice Chmn. Douglas McCorkindale said company, which has market value of around \$4.5 billion, probably is invulnerable to takeover bid because "to take over a company with such an amount of money isn't practical." Comment came several days before GE announced friendly purchase of RCA for \$6.28 billion.

**Group W Cable** has signed exclusive agreement with group headed by Time Inc., TCI and Comcast to negotiate for their purchase of 2.1-million subscriber MSO, executive of member of bidding group said. Bidding team, one of at least 4 submitting offers, also includes Daniels & Assoc. and Century Southwest Cable TV of New Canaan, Conn. Executive declined comment on specifics of negotiating pact, saying: "We're optimistic that we can reach an agreement within the terms of the exclusive arrangement." Spokesman for Group W parent Westinghouse declined comment. Systems are expected to bring more than \$2 billion, giving Group W profit of about \$1 billion for some 3 years' ownership.

**N.Y. State Supreme Court** has set Dec. 16 hearing on request by N.C. newspaper publisher Hoover Adams to require CBS to turn over its stockholder list. Adams is supporter of effort by Sen. Helms (R-N.C.) to take over CBS through stock purchases on open market. Adams owns 11 shares of CBS, told Court he wants list to aid Senator's campaign through Fairness In Media to have conservatives purchase shares. State Supreme Court Justice Elliott Wilk said he's reluctant to require CBS to turn over list because "I am left in doubt as to the intentions" of Adams.

**Showtime/Movie Channel** will begin test scrambling Jan. 13, with full implementation planned by May, company said. It will use M/A-Com Videocipher II decoders -- same unit to be used by HBO, Turner Bestg., others. Senior Vp Stephan Schulte said S/MC would use M/A-Com's DBS Control Center to ensure that subscribers will be able to decode with single unit. In related step, ESPN has mailed surveys to affiliates to determine whether operators are willing to incur cost of decoding equipment at headends.

## Personals

FCC Mass Media Bureau Chief **James McKinney** received 1985 Presidential Rank Award of Distinguished Senior Exec. at Dec. 13 in ceremony at Exec. Office Bldg.; award includes \$20,000 cash... **Stephen Weiswasser**, partner in Washington law firm Wilmer, Cutler & Pickering, named senior vp-gen. counsel, Capital Cities, effective Feb. 1; ABC Radio Div. Pres. **Ben Hoberman** will resign when ABC acquisition by CapCities is closed, now set for Jan. 3.

**Gene Jankowski**, CBS/Best. Group pres., speaks at IRTS luncheon Jan. 15, Waldorf-Astoria Hotel, N.Y... **Paul Jensen** promoted to pres.-gen. mgr., Gillett Bestg.; **James Ebel** advanced to Gillett Group consultant... **Allan Henderson** promoted to vp-asst. gen. mgr., KSL-TV Salt Lake City... **Elizabeth Board**, onetime NBC News, appointed by President Reagan as special asst., TV Office dir... **Jim Goodlad**, ex-WGNO-TV New Orleans, named local sales mgr., WVUE New Orleans.

**Art Kern**, KPIX San Francisco vp-gen. mgr., resigns to become chmn.-CEO, American Media, broadcasting company cofounded with **Alan Beck**, ex-WLIF(FM) Baltimore. **Carolyn Wean**, vp-gen. mgr. of Group W TV co-owned KDKA-TV Pittsburgh, named to succeed Kern, is succeeded at KDKA-TV by **Joseph Berwanger**, promoted from vp-sales & mktg.

FCC calendar -- Dec. 17-18: **Edward Minkel**, managing dir., tours AT&T Network Operations Center, Bedminster, N.J., and Bell Labs, Murray Hill, N.J. Dec. 18: **Janice Obuchowski**, legal asst. to Chmn. **Fowler**, addresses senior seminar of State Dept. Foreign Service Institute on FCC role in AT&T divestiture and deregulation.

**Spencer Moore**, international relations dir., Canadian Bestg. Corp., retires to become fulltime secy.-gen. of N. American National Bestrs. Assn., post he had held parttime... Promoted at Gannett: **Douglas McCorkindale** to vice chmn.-chief financial officer and chief administrative officer; **William Keating** to exec. vp-gen. counsel; **Maurice Hickey** to general corporate exec.; **Charles Overby** to vp-news & information; **Thomas Curley** to exec. vp-gen. mgr., USA Today; **Lawrence Fuller** to communications dir.

**Paul Schlegel** advanced to senior legislative asst., staff of Rep. Rinaldo (R-N.J.), ranking minority member, House Telecom Subcommittee... **Shawn Hanson**, ex-KGMI(AM) Bellingham, Wash., named press secy. to Rep. Swift (D-Wash.), member of House Telecom Subcommittee, succeeding **John O'Leary**, who resigns to do consulting work.

**Bruce Johansen** advanced to vp-international sales and west coast programming, Multimedia Entertainment, new post; **Janet Baser** promoted to research vp... **George Gates**, ex-Phalo Corp., named northeast sales vp, Anixter... **James Cottingham**, ATC senior vp, expands role in operational

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management of 11 of 23 ATC divisions... **Ellen Levine** promoted to vp-dramatic series development, Columbia Pictures TV.

**Prudence Eddy** advanced to production dir., Turner Program Services... **Tom Freston** promoted to senior vp-gen. mgr., MTV and VH-1/Video Hits One; **Geraldine Laybourne** named senior vp-gen. mgr., Nickelodeon and Nick At Nite... **James Sullivan**, ex-Warner Communications, appointed business development counsel, Showtime/Movie Channel, new post; **Ray Boller** advanced to field operations dir., new post... **Peri Nusbaum**, ex-Viacom Enterprises, appointed station relations supervisor, Bocass Communications.

**Gary Krisel** promoted to network TV pres., Walt Disney Pictures, new post; **Gary Barton** advanced to senior vp and head of Disney Sun. Movie for TV Div... **Phil Brassie**, ex-WBBJ-TV Jackson, Tenn., named vp-gen. mgr., KOAM-TV Pittsburgh, Kan... **Bill Thrash** promoted to station mgr., KTVY Oklahoma City... **Tim McKernan** advanced to local sales mgr., KPLR-TV St. Louis.

Added at NATPE: **Peter Lord**, ex-CBC, named European representative; **Andrew Duca**, ex-Video Corp. of America, named creative services dir... **Joseph Quasarano** advanced to dir.-sports & production, KTLA L.A... **Ronald Mires** promoted to asst. gen. mgr., KGT-TV San Diego... **Michael DeClue** promoted to operations mgr., KBSI Cape Girardeau, Mo.

WDH

# Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of Dec. and 1985's first 48 weeks:

	NOV. 23-29	1984 WEEK	\$ CHANGE	NOV. 16-22	48 WEEKS 1985	48 WEEKS 1984	\$ CHANGE
TOTAL TV.....	554,953	554,903	+ 0.0	599,353	18,838,020	19,353,702	- 2.6
TOTAL COLOR...	451,601*	402,983	+12.1	467,706*	15,546,955*	14,825,923	+ 4.9
DIRECT-VIEW.	442,748*	396,776	+11.6	459,136*	15,317,699*	14,652,827	+ 4.5
PROJECTION..	8,853**	6,207	+42.6	8,570*	229,256#	173,096	+32.4
MONOCHROME....	103,352	151,920	-32.0	131,647	3,291,065	4,527,779	-27.3
TV EXCL. PROJEC.	546,100	548,696	- 0.5	590,783	18,608,764	19,180,606	- 3.0
HOME VCR#.....	411,825**	248,969	+65.4	406,864*	10,320,715#	6,571,387	+57.1
COLOR CAMERAS#..	8,015	11,899	-32.6	7,006	367,308	425,031*	-13.6

Color TV (direct-view) 5-week moving average: 1985--423,010\*; 1984--387,551 (up 9.1%).

Home VCR 5-week moving average: 1985--352,347\*\*; 1984--210,746 (up 67.2%).

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

## Exceeds full-year record.

**TV FUTURE UNCERTAIN IN GE-RCA MERGER:** Only thing that's really sure at this point is that no one knows what consumer electronics organization changes will be made if GE's planned \$6.28 billion cash (\$66.50 per share) acquisition of RCA goes through. Merger deal was hammered out in just 7 days, according to GE Chmn. John Welch, and many nitty-gritty issues are still very much unresolved.

At briefing for media in N.Y. last week, Welch turned aside questions on combining semiconductor operations and research labs or whether GE was interested in retaining RCA's international record business. "I think it's premature to talk about that because we just don't know," Welch said.

As for consumer electronics, Welch said: "There are 2 strong brands -- we will try with [RCA Pres. Robert] Frederick's help to develop a strategy that makes the most sense over the next few months." Could RCA be dropped? "You'd hate to lose the RCA brand," it's "very important and quite valuable. In fact, the RCA brand in consumer electronics is a lot stronger than the GE brand."

Asked what effect merger might have on GE's plan to end own color production and source from Japan's Matsushita, Welch said: "GE has a good relationship with [Matsushita] and RCA has their own agreements. That's something several months down the road." That sentiment was echoed by Frederick, who said: "That's all part of our integration planning over the next several months."

In letter flashed to RCA distributors at week's end, RCA Group Vp Jack Sauter urged them to carry on as usual, and passed along promise from Welch that everything would work out fine. Merger, Sauter said, "will create a company capable of meeting the challenges every business must face in an increasingly global economy. RCA Consumer Electronics will benefit from our new enhanced capabilities." He pointed out merger will take time to consummate. "In the meantime, we in Indianapolis are pressing forward with RCA's very strong consumer electronics business." He called on distributors to continue to push hard "so we can build on an even

stronger base in the future." Letter ends with this message from Welch: "GE fully appreciates the way RCA has attained and maintained its market position. We will take no action that would weaken the RCA brand in the marketplace."

While GE and RCA generally make good organizational fit, they overlap heavily in consumer electronics and related areas. In video, merged company would hold about 24% share of color TV market, 21% of VCRs, and account for at least 50% of U.S. color picture tube production. Both are semiconductor manufacturers and have captive service organizations.

Video options range from leaving GE and RCA operations as separate entities through merging them into one single- or dual-brand organization to shutting down or selling off one or both. Hanging furthest out on limb right now is Matsushita. Company has been preparing to expand color manufacturing capacity here in preparation for scheduled Aug. takeover of all big-screen color production for GE. Now, GE certainly is giving thought to having sets produced instead in plants it will be acquiring from RCA. Time is short, so it's expected Matsushita will be pressuring GE soon for firm decision on long-range sourcing plans.

If many issues are still up in air, one thing Welch made perfectly clear at briefing is that GE is taking over, will be responsible for top management and keep hq in Fairfield, Conn. RCA Chmn. Thornton Bradshaw said he would retire and become GE consultant as soon as deal goes through. Seemingly odd-man-out is Frederick, who joined RCA from GE in 1982, just year after Welch assumed control. Frederick then was GE's International Sector exec. vp, and word was that he wouldn't be moving up under Welch. Asked about Frederick's future with GE, Welch said that hadn't been decided on, and added Frederick "has a big job ahead of him to make sure this company maintains the momentum it has established" while merger deal is under review. It also was indicated Frederick would be involved in consolidation effort.

Emerging as strongman is GE Exec. Vp Paul Van Orden, only sector chief moved up to company's new 4-man Corp. Exec. Office in recent restructuring (TVD Dec 9 p20). That means Frederick is likely to be reporting, in some areas at least, through Van Orden. Irony is that Frederick climbed GE ladder in consumer area and in 1974, when Frederick was Consumer Products vp-group exec., Van Orden was given his first management job in promotion to Audio Products Dept. gen. mgr.

Combining GE and RCA resources will create "a dynamite company" that will be able to meet foreign competition in both its home and foreign markets, said Welch. "I think American corporations have to compete in world markets," he said, adding that's "the only way we are going to have an increasing standard of living." He said "everyone is after us, every importer, whether it be the Japanese after this market, the Koreans after the Japanese. The Chinese are trying to get it from the Koreans. We see it in every market in the land, we need strong, viable U.S. corporations to win." In RCA, Welch said, GE gets some strong domestic businesses [broadcasting, communications, military and space electronics] free from import competition, and a solid foundation at home is needed for success internationally.

All home market fights can't be won outright, but there are alternatives, Welch said. In answer to question about VCRs, he said "we lost that battle some years ago," but by building a strong distribution network GE "has created 2,000 jobs that otherwise would be gone." While "the VCR battle is lost forever, in the major appliance battle we are investing millions of dollars to win, in the lighting battle we are investing millions of dollars to win... so we know how to win in some and source in others."

Although Welch claimed to have "all the confidence in the world" that acquisition of RCA "violates no guidelines and will in fact be approved in a speedy and effective manner," pressure already is on for intensive investigation, and probes have started into RCA stock trading.

Welch said: "We as a courtesy advised a number of people in Washington as to the merger. These people were in no position to comment pro or con on the merger other than to genuinely

feel this will make America stronger." He said he expected deal to be completed before end of 1986, and during meeting several references were made to 9-month timetable.

Strong objections were raised by Reps. Dingell (D-Mich.) and Wirth (D-Colo.) and Sen. Metzenbaum (D-O.) (see story beginning on page 1).

Meanwhile, NYSE and reportedly SEC are checking for "irregularities" -- read that insider trading -- in RCA trading Dec. 9-11. Over that time, more than 8.7 million shares were traded and stock price jumped \$16.25 to \$63.50, with most of action on last day -- following day traders opted to take profits and run after it had been revealed that merger wouldn't be consummated until 4th quarter 1986, price dropping by \$4.25 as nearly 10.9 million shares moved. Asked at briefing to comment on stock activity at time when merger was supposedly top secret, RCA's Bradshaw said stock went up because "the street was full of rumors, almost all of them wrong." He repeated that in later interview on NBC radio, and added that rumors linking RCA and GE didn't surface until late in day on Dec. 11.

Merger would reunite 2 companies that were divorced 53 years ago. RCA was formed in 1919 at request of Woodrow Wilson's Administration to establish American base in communications business, was owned jointly by GE, AT&T and Westinghouse and marketed consumer radios made by GE. Under FDR, RCA was split from GE in 1933 by federal court order.

Deal also would create corporate colossus with \$40 billion in annual sales, \$2.5 billion in income and assets -- if all were to be retained -- of about \$33 billion. And it's clear there will be some dispositions, either because they don't fit in with GE's emphasis on high-tech and services business -- such as RCA's Coronet Carpet subsidiary -- or to clear away any anticompetitive aspects.

For those top RCA executives who may be departing, there should be no problem making ends meet. RCA has provisions for good, though not overgenerous, severance benefits, and there also are accrued stock options, which can be cashed in at GE's buyout price. RCA's annual report shows managers participating in stock incentive program had 1.88 million options outstanding at start of this year, with exercise prices ranging from \$17 to \$37.88 per share. When those are cashed in, they will have something between \$53 million and \$93 million to divide up. Assuming they haven't yet cashed them in, as of Feb. 1, Bradshaw held options now worth \$6.82 million, Frederick \$4.49 million, Electronic Products & Technology Exec. Vp Roy Pollack \$2.08 million, Consumer Electronics & Entertainment Exec. Vp Richard Miller \$2.01 million.

(For significance of merger to broadcasting industry, see report in Broadcast section.)

**NAP REORGANIZATION--'WE AND PHILIPS ARE ONE':** "We are getting as close as we can get to Philips... We are going to operate as one organization." So said North American Philips Consumer Electronics Pres. Donald Johnstone in commenting on what NAPCE called "dramatic restructuring" last week. Reorganization puts into effect moves foreshadowed by new NAP Exec. Vp Einar Kloster toward true worldwide company (TVD Oct 28 pl1).

New NAPCE structure adopts Dutch Philips's "industrial base" concept, makes U.S. operation "worldwide center for NTSC products" (NTSC color system is used mainly in the Americas and Far East). For close coordination with Philips's worldwide hq in Eindhoven, Franz Bastiaanssen of N.V. Philips Consumer Electronics Div. becomes NAPCE operations vp Feb. 1, reporting to Johnstone and working closely with parent firm's Consumer Electronics Div. Bastiaanssen will replace Robert Luckingbeal, senior vp, operations.

"This is as much for Philips to learn how to win in the U.S. marketplace as for us to get help from them," said Johnstone. Coordinating relations will be senior policy committee of

Kloster, Johnstone and consumer electronics officials at Eindhoven. Reporting to Bastiaanssen and working closely with Eindhoven will be Engineering Vp Peter Bingham and Product Planning Vp Ronald Marsiglio. Bastiaanssen will serve as acting mfg. vp until appointment is announced.

Reorganization also represents "complete change from marketing point of view," according to Johnstone, as company moves from brand management to product management concept. Under new policy, brands will be "only sales organizations," while managers for various products -- color TV, VCR, portable audio, etc. -- will have full financial responsibilities.

In major marketing policy, NAPCE will: (1) Put heavy emphasis on Magnavox brand, as already reported here. (2) Introduce Philips brand in 1987. (3) Keep Sylvania and Philco as profit lines. Johnstone said new plan will result in "more differentiation, better utilization of brands." As for Philips brand, it "will be on a number of different categories -- perhaps color, audio, we don't know yet."

Posts and responsibilities are drastically changed, and position of Henry (Gary) Thorne as vp and Magnavox brand manager has been eliminated. Here are highlights of some of new posts: Marketing will be headed by Robert Beasley, most recently Norelco personal care group vp. Magnavox Sales Div., realigned under William Ulewicz, ex-video sales vp, aims specifically at such market segments as buying groups, dept. stores, mass merchants, private brands, Magnavox home entertainment centers (exclusive dealers). In charge of new Philips brand is Lou Slangen, currently audio-video equipment mktg. vp. Product services group will be under Enrico (Rick) Policicchio, who will continue to head Sylvania and Philco sales divs. Dane Kite is dir. of distribution services.

Reorganization will trim down company, make it easier to manage, Johnstone said. "We're changing our strategy, and it's about time. We're dedicated to winning, not to survival. We're going to stop playing for a tie and go for No. 1."

**TOWARD PERFECTION IN PROJECTION:** Projection TV took 2 big strides last week with introduction of significantly improved products by Kloss Video and Pioneer Video in 2 separate N.Y. showings same day.

Kloss introduced what will become new line of Novabeam projectors eventually replacing existing models. Chmn. Henry Kloss said new Novabeam 100 would "bring genuine theater quality video to the home." New projectors -- all 3-piece and to be available with 5-, 6.5- and 10-ft. images -- were developed jointly by Kloss and ITT's Standard Elektrik Lorenz in Germany, using German ITT chassis and new version of Novabeam tubes made in U.S. by Kloss. ITT sells Novabeam projection TV in Germany and has had joint project with Kloss for sale of projectors in China.

New model is first consumer product to employ image processing system by Yves Faroudja, developer of such circuits for broadcast and teleproduction use. Circuit is claimed to restore much of detail lost in recording or broadcast. New projectors have 9-MHz bandwidth capability, RGB inputs, complete infrared wireless remote that can be used for convergence as well as color functions. Projectors are monitors only, require separate tuners to receive TV. Kloss Pres. Samuel Tischler said new systems would be priced in range of current products -- or about \$3,500 for 6.5-ft. model. They can be adjusted in field to accommodate different-sized screens.

As demonstrated at N.Y. news conference, pictures were sharp, crisp and finely detailed, giving good feeling of depth -- unquestionably an advance in giant-screen 2-piece projection. Company officials said ITT digital receiver eventually could be incorporated in system. Projector's visual capabilities indicate Kloss is getting ready for upcoming digital high-resolution line-doubling systems.

Pioneer's first venture into projection TV was dazzling -- 40" rear-projection model completely Pioneer-designed, with new optical system, screen, electronics. Pioneer said system had brightness of more than 300 ft. lamberts -- exceeding direct-view TV -- and as we viewed it we couldn't argue. It has high contrast, sharp focus out to corners, claimed 450 lines of resolution using composite video input, wide viewing angle.

Pioneer is building projection set at rate of 3,000 monthly in new plant in Shizuoka, Japan. Set, mounted in reasonably compact cabinet, uses 7" projection tubes, unique black matrix "double" screen lenticular on both sides for best registration, completely new liquid-coupled liquid-cooled lens system with projection lenses using maximum bore of 160 mm, largest available for consumer market.

Projection system has 139-channel MTS tuner, remote control 12-w per channel stereo amplifier, speakers, at \$3,500. Projector with complete rack audio-video ensemble, including Laserdisc player, starts at \$7,100, depending on components chosen.

The 2 impressive new models come when projection TV sales are proceeding at record pace. EIA figures show sales of more than 8,000 units in 6 of last 10 reported weeks, 4 of last 5; until 10 weeks ago, 8,000 number had never been reached in any week.

Pioneer formally unveiled its first 8mm recorder, home deck with digital stereo audio, MTS decoder, at \$1,450, including remote control compatible with Pioneer A-V systems. Officials said that unit was made by Pioneer and that company wouldn't market camcorder in U.S. (it sells Sony-made camcorder in Japan). Pioneer also announced establishment of separate software company (see report elsewhere in this issue).

**OUT-OF-HOME VIDEO:** As VCR penetration hits 30% of U.S. homes, first stirrings can be detected in new out-of-home market -- campers and recreational vehicles, back seats of autos, boats, hotel rooms, picnic grounds, what-have-you. Some even suggest tiny portable 8mm videocassette player-monitors passengers can take on planes and buses along with pocketful of selected movies or music videos.

Sony is expected to announce car audio-video system this week as first in anticipated group of 8mm "combination" products. Meanwhile, importer Supra USA is introducing popularly priced (\$499) portable AC-DC combinations of 5" and 13" color monitors and VHS videocassette players (VCP), while HarJoy, marketer of Funai VCP, is adding 13" AC-only TV-player combo, also at \$499, and is expanding VCP-only line with 3-speed remote model at about \$220, both for March delivery.

Commenting on series of upcoming 8mm combinations in interview last month (TVD Nov 18 p14), Sony America Pres. Neil Vander Dussen said: "There's absolutely no doubt that the mechanism will come out as a part of systems in the years to come. We will be the leader in the introduction of those new products" based on small size of 8mm cassette and deck. It's generally anticipated that Sony will offer combination TV and 8mm VCR, and in past Sony officials have mentioned such items as video boombox.

Self-contained VHS players with color monitors will be introduced at CES Jan. 9-12 in Las Vegas by Supra USA, Long Island City, N.Y. Pres. Stuart

Kerzner said 5" unit will weigh 16 lb., operate from battery, AC or car battery, while 13" version weighs 24 lb., works from AC or car battery. Kerzner said combos are aimed at both entertainment and business use. HarJoy Pres. Harvey Urman, who will have new Funai VCPs on display during WCES at Desert Inn suite, said AC-DC version of 13" is due later in 1986.

Other VCR-color monitor combinations have been introduced in past, but all have been for industrial use and none has been in popular price area of \$499. One being advertised in Wall St. Journal -- Videomaster by Audiscan Products Co. -- has 4" screen, 4-head VHS VCR, at \$995. Similar unit has been sold to educational and industrial OEMs by Hitachi, was shown at Hitachi dealer convention in 1982 (TVD May 24/82 p8).

Is tiny carry-along Video Walkman in works? Only Sony knows for sure, and it's not telling.

GE, Westinghouse and Mitsubishi plan to form joint \$25.9 million discrete semiconductor manufacturing and marketing venture has been cleared by Justice Dept. If venture goes through, it will operate plants in U.S., Puerto Rico, France. GE and Westinghouse will hold 45% shares each, Mitsubishi remaining 10% (TVD Sept 16 p16).

**Television Engineering Handbook**, up-to-date data on all aspects of TV technology (1,478pp, 1,091 illus.), edited by Blair Benson with contributions by 70 specialists, has just been published by McGraw-Hill (\$89.50).

**PRICE HIKES & SHORTAGES:** Even as manufacturers work out price increases for 1986, spot shortages are erupting in VCRs and color TV, as pre-Christmas sales rampage beyond expectations.

Quasar delivered its promised price increases for Jan. 1 -- VCRs up from less than 1% to 8%, about half of color models up 1.2-7.4%. Projection TV prices are unchanged, some audio products have been decreased and b&w TV prices are down 9-11%. In Japan, Quasar's parent Matsushita will raise prices of all consumer electronic products exported to U.S. by 5% early next year.

Both color TV and VCR sales have been particularly strong in Dec., which almost certainly will be first 2 million unit month for color -- and could possibly even be first 2 million unit month for VCR. VCR sales in first Dec. week hit new all-time record of 411,825, breaking previous record set only one week earlier (see State of the Industry).

Since announcement of coming price increases (TVD Dec 9 p12), Hitachi is totally out of VCRs except for one or 2 high-end models, according to company official: "Dealers are fighting for them, and if they can't get what they want they take the next higher priced models." In color sales, Hitachi's hot seller is new 22" size, which is back-ordered. Company will add more 22" models at CES, including compact console.

"We've seen some shortages in low-end 19-inch and consoles in general in the 4th quarter, particularly in stereo 25- and 27-inch categories," said Zenith spokesman, "and demand has been far stronger than we anticipated. In VCR, the high-running rates of recent weeks have led to a shortage of some leader models. In certain markets, there are shortages of hi-fi models, and we are making adjustments in shipments."

Sony says 8mm and Superbeta VCRs are sold out for year and replacements are being flown in. "8mm has taken off faster than we anticipated," said spokesman. "Dealers sell out as fast as we can ship them. We are trying to boost [factory] capacity, but the same situation applies in the European and Japanese markets, so it's a catch-up situation." He said Sony will sell 100,000 8mm units in U.S. this year.

In color, Sony's 20" and 25" XBR sets, including top-end digital 25" Home Management Helper, are particularly hot, according to Sony representative, who said "we hope to catch up by some time in spring."

**U.S. VCR production** is planned by NEC at its Atlanta plant, which will be expanded to double current color TV capacity to 240,000 sets annually as well as 48,000 projection TVs a year by 1987. Company also plans to build personal computers at Atlanta facility. NEC said it plans to double production capacity of its VHS VCR plant in Japan to 120,000 monthly.

**EUROPEAN DIGITAL CHALLENGE:** Group of European consumer electronics and tape producers have launched 3-year, \$11.5 million, joint effort to beat Japanese to development of first practical all-digital VCR for consumer use.

Working on VCRs will be Dutch Philips, Grundig and Robert Bosch of Germany and France's Thomson-Brandt. Tape development will be responsibility of Germany's BASF and Agfa-Gevaert. Aim is to develop high-density recording system that provides quality video and audio using an acceptably small cassette that offers long playback time.

Three of partners are no strangers. Philips controls 31.6% of Grundig and handles management. Grundig and Bosch's subsidiary Blaupunkt recently signed cooperative manufacturing agreement under which Grundig will supply color TVs to, and buy car radios from, Blaupunkt -- and that deal could lead to Bosch's acquisition of 20% interest in Grundig (TVD Nov 18 p16). Involvement of Thomson is unusual, but no surprise. It's closely allied with JVC through joint European VCR marketing venture J2T Holdings, but joined with Philips in successful effort to get EC duty rate on VCR imports increased and has been active backer of moves to increase world competitive position of European industry through multicompany R&D efforts and production rationalization schemes.

Japanese, of course, haven't been standing still on digital VCRs. Hitachi, Matsushita, Sony and Toshiba all are known to have development projects in works, some using metal tape, others concentrating on high-density perpendicular recording technology. But little in way of progress reports have been issued.

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Another cooperative R&D effort, one between Philips and Siemens to come up with 1 megabit and 4 megabit RAMs, has received \$189 million in govt. backing. Netherlands is supporting Philips to tune of \$63 million, while Germany has given grants of \$96 million to Siemens and \$30 million to Philips subsidiary Valvo. Funds are to be provided over 3 years. Companies plan to set up 3 manufacturing plants, one in Netherlands, 2 in Germany, and have estimated total cost project, including R&D and plants, at about \$1.2 billion.

**Digital controlled VCRs** are being launched this month by ITT and Blaupunkt in Austria, Belgium, Denmark, Germany, Holland, Italy, Switzerland. VHS unit, named Digicontrol, is cooperative effort of the 2 companies, will sell for about \$780. Major advantages are said to be better picture quality because of digital contour processing and simplicity as result of elimination of up to 8 controls. Two buttons are used for most functions. Remote-controlled stereo TV is said to incorporate more than 20 new systems. ITT's SEL will produce about 100,000 next year, with Blaupunkt making subsystems. Mechanical parts are from Japan. SEL is producing VCRs under JVC license.

**DISH SALE DILEMMA** TVRO sales could go either way next year, according to Channel Master (CM) Vp Donald Berg. If marketing of scrambled cable networks comes off smoothly, sales could climb 50% in final months of 1986, driving industry to at least 600,000-unit year, up from 500,000 systems CM estimates were sold in 1985, Berg said at meeting in N.Y. last week.

Reason for Berg's optimism is scrambling itself. He thinks marketing muscle of companies such as HBO, Showtime/Movie Channel and Turner Bestg. will bring new customers into market, more than offsetting expected drop-off in sales to those who live inside cable franchise areas and buy only to get cable networks free. Rates on program packages TCI will offer to TVRO owners (TVD Dec 9 p7) are encouraging, Berg said, because they're lower than national fees set by HBO for direct sales to dish owners. But it will be "very, very serious situation" in industry if signal marketing isn't settled in right way at right time, he warned.

As it is, Berg said first 6 months of 1986 will be soft because of continued confusion over scrambling, predicting sales at annualized pace of 300,000 units through June. By summer, business will move up to 500,000 rate and, if all goes well with signal marketing, sales increase in 50% range could be in offing during fall months. End result would be 600,000-700,000 units sold in 1986. While view that programmer marketing will drive TVRO sales doesn't seem to jibe with hang-tough attitude of SPACE's lobbying against programmers, CM executive refused to criticize association's strategy. He did say CM is interested in selling TVROs to cable systems.

Berg's annual projections often are more conservative than others in over-hyped dish business. This year conservatism gave him reason to crow, as he pointed out at N.Y. news conference last week that his projection of 500,000-unit year for 1985 was much closer to mark than 600,000-1 million range suggested by others. One executive went as high as 1.2 million for 1985, Berg said: "We can't kid him about it, though, because he's no longer in business."

On decoder front, Berg said 200,000 units M/A-Com has promised by June will be adequate because demand will build very slowly after HBO and Cinemax become first fully scrambled networks in Jan. Of more concern to CM, he said, is getting stuck with expensive inventory of decoders that start arriving from M/A-Com next month. He described decoder purchasing program as costing "millions and millions" of dollars.

Berg said CM is promising dealers decoders for every satellite system they sell, and will move them at cost. He also revealed M/A-Com originally planned to set decoder list much higher than \$395, but held it down at behest of HBO. HBO apparently was opposed to price that would have been several hundred dollars greater, presumably feeling it would have drawn complaints from SPACE and even

Congress. Irony is that HBO has taken some of heat from critics who feel decoders are overpriced. HBO had no comment.

CM announced Porta-Mount, complete satellite TV system with 5-ft. perforated dish that will retail for \$895. System can be set up in 10-15 min., company said, but Berg noted it's designed primarily for reception of signals from Galaxy 1 satellite. Company also unveiled switchers for multiple satellite receivers and conventional home video systems.

**NEW JAPAN IC DUMPING CASE:** Expected dumping complaint against high-tech Japanese ICs has been filed with International Trade Administration and International Trade Commission by Reagan Administration through Commerce Dept. (TVD Dec 9 p16). But scope is broader than anticipated.

Although complaint deals specifically with 256K dynamic RAMs, Commerce said case would be widened to include megabit and larger capacity RAMs if Japanese start exporting those to U.S. Commerce Secy. Malcolm Baldrige said pricing on Japanese 256K RAMs in last 2 years has dropped to as low as \$2 each from \$20. Current prices, he said, may be less than cost of production and IC imports have caused losses to domestic industry of as much as \$1 billion and 5,000 jobs. If imports are unfairly priced, he said, dumping case "is the best way to remedy the situation."

ITC is slated to determine by Jan. 20 whether there's reasonable indication that sales of Japanese 256K RAMs here injured U.S. producers. Positive finding will trigger start of ITA's probe into pricing.

Filing was apparent reason why Japanese trade officials broke off talks with U.S. negotiators on settlement of IC unfair import competition complaint case filed last June by Semiconductor Industry Assn. Japanese had on table proposal to settle that case as well as pending dumping cases covering 256K erasable-programmable memories and 64K RAMs, by establishing minimum price for exports to U.S.

ITA report on its determination that Japanese are selling 64K RAMs here at less than fair value notes that 94% dumping margin assigned to Mitsubishi was based on information supplied by complainant Micron Technology. It said that pricing data supplied by Mitsubishi itself were incomplete and in wrong form, so couldn't be used. Although Japanese company is now stuck with high bonding requirement on new shipments, it will have opportunity to resubmit information to have margin lowered or eliminated.

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Taiwan approved Texas Instruments' application to spend \$15.7 million on expansion of production lines for ICs and other electronics products there.

**RCA BUYS INTO FLAT PANEL:** RCA has agreed to invest up to \$20 million of equity financing in Planar Systems Inc., only U.S. manufacturer known to be delivering electroluminescent (EL) flat panel displays. Agreement calls for startup investment of \$10 million, further investment over next few years and certain guarantees for capital equipment acquisitions, in addition to technology and operations exchange.

Joint announcement was made last week, before revelation of agreement for sale of RCA to GE.

Both companies declined to state how much ownership RCA would have in Planar, privately held Beaverton, Ore. company in which Tektronix Corp. also has financial stake. RCA Exec. Vp Richard Miller said investment "confirms RCA's commitment to the display marketplace and complements RCA's display monitor business." The 2 companies also have established technology and operations exchange.

Planar is outgrowth of former Tektronix EL lab, is believed to be one of 2 firms in world actually turning out EL displays on production basis (other is Japan's Sharp, with which RCA incidentally has \$200 million joint venture in microelectronics, presumably not involving EL). Planar's monochrome displays are 0.55" thick, with 5"x8" active matrix, 600 x 200 pixels. Gold-colored display has brightness of 25 ft.-lamberts at 60 Hz. Displays currently cost \$775 each, including associated circuitry, in small quantities. Company spokeswoman said Planar's ELs, used in Army tanks, provide high resolution video-like display, since each pixel is individually addressable.

Planar's goal is EL display at same price as high-resolution CRT in 1987. Company has contract to deliver color version to Army in last quarter of 1986. It believes version suitable to home TV display is 5-6 years off, barriers being color and price.

James Hurd is pres. of Planar, Christopher King exec. vp, Curt Stevens finance vp, Steve Hix mktg. and sales vp, John Laney mfr. dir. All except Stevens formerly were with Tektronix.

Home video software, largely but not entirely optical disc, is focus of new Pioneer subsidiary Laserdisc Corp. of America (LDCA). Venture includes Pioneer Artists, which licenses own music programming, and product acquired in buyback agreements with studios and independents. LDCA was formed by Pioneer Video, which merges Jan. 1 with Pioneer Electronics. LDCA will remain at PV hq in Montvale, N.J., after parent moves to Long Beach, Cal. LV videodisc player population in U.S. is now about 200,000, according to Pioneer, should grow to 250,000 next year, trailing more dramatic growth in Japan, where population is claimed to be 350,000-400,000. PV Pres. Ken Kai said combination LV-CD player accounts for 60% of present monthly sales, should hit 100,000 by end of 1986, or 40% of machine total.

**PANASONIC EYEING 8mm:** Panasonic is "now studying the possibility of introduction" of 8mm Video format VCR "as part of a total video product line," according to Kiyoshi Seki, pres. of parent organization Matsushita Electric Corp. of America. There's been no decision on timing, and any such launch would be "in the form of coexistence" with firm's 1/2" VHS line, which unquestionably "will remain as the mainstay of the video market in the U.S.," he said.

Statement came as part of response to queries regarding comment reportedly made in Japan by Matsushita Pres. Yamashita that company might have 8mm on market there by this summer. Report, he said, "indicates Matsushita is studying a marketing plan of the product in Japan judged by the current situation of the domestic Japanese market place." But, he added, company looks on 8mm as special application product, and "it is essential that a clear concept of positioning 8mm VTR must be established in which it will co-exist with current 1/2-inch VHS."

As for U.S., he said: "The market situation of this country is different from that of Japan; therefore, we need to establish our own positioning concept suited specifically for this country." In meantime, he said, Panasonic will be expanding its VHS line. Panasonic already manufactures 8mm decks for Eastman Kodak.

Compact Disc prices have been boosted about 11% by Warner's WEA and Capitol Records, citing impact of dollar's devaluation against yen. Both have been buying discs from Japanese suppliers. Meanwhile, Capitol, subsidiary of Thorn EMI, says it will be first record company in U.S. with own CD pressing capability. It plans to expand record plant in Jacksonville, Ill., start pressing CDs at 7 million annual rate late next year. RCA and WEA have indicated they're considering similar moves, either independently or in ventures with Japanese partners.

Casio is expected to show promised 12" LCD color TV at CES in Las Vegas next month (TVD June 10 p16). As announced in Japan, prototype measures less than 1.6" thick, has 230,400 picture cells (240 x 320 x 3 colors), can produce 16 color gradations. Company says final version, with goal of fall marketing, will be only 1.2" thick, weigh 2.2 lb., sell for less than \$500 in Japan. Company showed 6" LCD color set at last summer's CES that it plans to market within year for under \$300.

Japan's Clarion has acquired 20-acre site near Walton, Ky. for construction of \$3 million car stereo plant. It's slated to start production in Jan. 1987 with 70 workers, expand to 120 by 1990. Output is to be sold on OEM basis to U.S. car makers, primarily Clarion's parent company Nissan and Honda, both of which use Clarion radios in cars they make in Japan. Other Japanese makers now running or setting up car stereo plants here are Alps, Matsushita, Pioneer.

## Consumer Electronics Personals

**Steve Asada** advanced at Panasonic from vp to senior vp, mdsg. Div. gen. mgrs. named vps: **Stan Hametz**, Consumer Video; **Richard Lovisolo**, Portable Audio-Home Entertainment Systems; **David Kurpit**, Personnel; **Ken Mitsuda**, Finance. Group gen. mgrs. named vps: **Matt Brozovich**, Midwest; **Mark Ross**, Northeast; **Jerry Wollner**, Mid-Atlantic... **David Dunlap**, ex-Panasonic, joins Toshiba as video products national mktg. mgr... **Chris Byrne** resigns as Pioneer Electronics mktg. vp to join Akai as sales and mktg. vp... **William Dixon** resigns as GTE mktg. services vp after 25 years with company, including post of mktg. dir. for GTE Sylvania before sale of Sylvania assets and name to NAP.

**Hans Wedin**, Lloyd's senior vp-purchasing, promoted to chief operating officer, succeeding **Willy Rosell**, who resigned as pres. and moved to other duties with parent Bacardi Corp... **David Walton** promoted at JVC America from national product mgr. to new product mktg. mgr.; **Juan Martinez** advanced at Professional Video Communications Div. to product engineering mgr... **Phillip Westfall**, International Jensen national accts. sales mgr., named vp... **Gari Vicari**, ex-RCA Distributing, appointed electronics products mgr., Olympus Consumer Products Group; **Joel Samberg**, ex-Bozell & Jacobs, named PR mgr.

**Drew Davis** promoted at 3M from Data Recording Products Div. vp to vp of new Magnetic Media Div. formed within Memory Technologies Group through merger of video, audio and computer tape and disc manufacturing and marketing operations; **Ennio Fatuzzo**, former Electronic & Information Technologies Sector R&D vp named to same post with MTG; **Edoardo Pieruzzi**, vp of former Magnetic Audio/Video Products Div., has been named region vp with 3M Europe in Brussels... **George Saddler** has left post of national mktg. mgr., Magnetic Media Div. of trading company Sunkyong International; MMD was discontinued in wake of opening of own U.S. sales operation for SKC brand video and audio tape by Korean manufacturer Sunkyong Chemical... **Robert McNabb** named Pacific sales mgr., Agfa-Gevaert's Magnetic Tape Div.

**Lawrence Hilford**, ex-CBS/Fox Video pres., named chmn.-CEO, Orion Home Entertainment... **Yasuo Aomi**, pres. of Pioneer software subsidiary Laserdisc Corp. (Tokyo), adds same post with new Laserdisc Corp. of America. Other appointments: **Mike Inoue** gen. mgr.-senior vp, **John Talbot** mktg. vp; **Ron Rich** Pioneer Artists vp, **Daihei Shiohama** program development mgr... **Douglas Hester** named mktg. dir. and **Karen Fox** business affairs and administration mgr., Mirisch Video... **Pam Tourneau**, ex-Media Home Entertainment, joins Embassy Home Entertainment as PR-publicity mgr... **Arden Thompson**, ex-VCA/Technicolor, joins Cayre Industries, Goodtimes Home Entertainment as mfg. vp... **Robert Jeffers** promoted to national

sales mgr., Video Assoc... **Molly Kronberg** named west coast field sales rep, Vestron Video.

**Andrew Procassini**, veteran semiconductor industry exec., most recently mktg. vp for now closed U.S. IC operation of Korea's Hyundai, appointed Semiconductor Industry Assn. pres., succeeding **Thomas Hinkelmann**, who has held post since SIA's formation in 1977 and retires Jan. 1... **Jerry Fischette** joins Satellite TV Industry Assn. as dealer and industry relations mgr... **Lola Valenciano**, ex-Fairchild Publications, joins Random House Electronic Publishing Div. as east region mktg. mgr.

**James McDonald**, Gould pres.-COO, adds duties as CEO in April, succeeding **William Ylvisaker**, who will continue as chmn. and become exec. committee chmn... **Harold Mattice**, ex-Durango Systems, joins ITT as Qume mfg. operations vp responsible for printer and computer peripheral plants in Puerto Rico and Taiwan and purchasing of terminals from outside suppliers... **Helmut Schwab**, Siemens Components pres.-CEO, assumes additional duties as acting gen. mgr. of new Siemens Semiconductor Group, formed through merger of IC, Optoelectronic and Colo. Components Divs.; **Daniel Rendino**, former IC Div. national sales mgr., promoted to same post with group; **Heinz Wilke** named finance vp.

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**Sharp's next addition** to products manufactured at Memphis plant is expected to be electronic typewriters. Company assembles color TVs and microwave ovens there. Similar addition is planned for Sharp's VCR plant in U.K., where it also plans to start assembling microwave ovens. Expansion in U.S. is part of program to broaden manufacturing operation here and help reduce exports. Sharp said it now exports 30,000 typewriters monthly each to U.S. and Europe, eventually to be replaced by local production. U.K. move was prompted in large part by imposition last June of dumping duties of up to 35% on electronic typewriters from Japan. European Court of Justice has rejected request of 5 Japanese producers for suspension of dumping duty collection while court considers their bid to overturn finding of sales at less than fair value. Court isn't expected to rule until 1987.

**Quasar** received order for 15,000 19" commercial color TVs from Motel 6 in first of what's expected to be series of contracts.

## Obituary

**John Vassos**, 87, who designed RCA's first TV set and first color TV camera during his 38 years as design consultant to RCA, died Dec. 6 at his home in Norwalk, Conn. Before World War II, he designed all of RCA's consumer products and after war turned to broadcast equipment. He also was illustrator and artist, during war helped organize Greek underground for U.S. Army. One brother survives.

# TELEVISION DIGEST®

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DECEMBER 23, 1985

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**TALKS ON FOR NAB-NRBA MERGER:** Agreement expected to be set in time for NAB board action in Jan., although some sticking points remain. (P. 1)

**TURNER, VIACOM TABLE TALKS:** All of MGM may be sold by TBS except film library. Viacom acquires rest of MTV. (P. 2)

**RADIO RECORDKEEPING RULES** remanded 2nd time by Appeals Court. (P. 3)

**MATURING OF INDEPENDENT TVs** chronicled in study. Nonaffiliated stations said attracting 21% of viewers, \$2.5 billion in revenue. (P. 4)

**DINGELL, DNC ASK COURT DISMISSAL** of fairness appeal, arguing FCC hasn't changed doctrine. (P. 4)

**FCC REBUKED ON WAIVERS POLICY** in report by Congress. CPB phaseout threatened. (P. 5)

**JOYCE APPOINTMENT TO NTIA DIR.** threatened. Mo. GOP radio broadcaster being considered. (P. 6)

**EXIT POLLS SAID UNCONSTITUTIONAL** by Appeals Court in Wash. (P. 7)

**TOC, ABC AFFILIATES DIFFER** on must-carry plan. INTV voted 'reluctantly' to back TOC plan, Padden tells Jenkins. (P. 7)

**NAB-NRBA MERGER PLAN EXPECTED IN TIME FOR NAB JAN. OKAY:** "Things are ongoing at this point... I'm optimistic." That was word from NAB Chmn. Ted Snider Dec. 20 on talks looking toward merger of NRBA into NAB. Another source privy to talks said: "We've been dealing in mostly perceptions, language and cosmetics." Although some "sticking points" remain, we're told both sides hope to have agreement on table in time for action during NAB board meetings Jan. 13-17 on St. Maarten Island in Caribbean. Plan then would be for NRBA to ratify agreement at its board meeting in Feb.

Talks on merger actually began at joint meeting of associations' Exec. Committees Nov. 4 in Chicago when they decided to go ahead with 3rd joint radio conference next summer. Several negotiating sessions have been held, latest Dec. 19 in Washington. Sessions have been kept secret at insistence of NRBA. Talks have been led on NAB side by Radio Chmn. John Dille

### Consumer Electronics

**GE WANTS TO RETAIN** own and RCA's consumer electronics businesses, company says on merger terms. Other news on \$6.28 billion acquisition of RCA. (Pp. 9 & 13)

**HITACHI VCR ASSEMBLY** set for Cal. TV plant. Mitsubishi opening TV plant in Ga. MITI to guide Japan's VCR exports to EEC. (P. 10)

**VCR IMPORTS JUMPED 50%** in Oct. to 1.5 million, while imports of complete TVs and color cameras fell, Commerce reports. (P. 11)

**CES INTRODUCTIONS** include Mitsubishi 50" projector and camcorder, more Korean VCRs. (P. 12)

**GM RANKS AMONG LARGEST** consumer electronics marketers, according to report offering first look at Delco operations. (P. 13)

**CONGRESSIONAL PANELS** on tape tax and trade and IEEE meeting are conference newcomers set for Winter CES in Las Vegas Jan. 9-12. (P. 14)

**SONY NET UP** as color TV and audio equipment sales improve. Other results. (P. 15)

**PROJECTION TV** faces sharp loss of big-screen TV market to giant direct-view TVs and coming sets using panel displays, study says. (P. 15)

III, joined by Snider, Radio Vice Chmn. Bev Brown and immediate past Chmn. Gert Schmidt. Representing NRBA have been Chmn. William Clark and Pres. Bernard Mann.

Among "sticking points" still remaining, we're told, are number of seats on NAB radio board to be allotted to NRBA, staffing of merged associations and seniority of those staffers, and relationship of NAB TV and radio boards. On latter, NAB is expected to develop policy statement delineating that relationship clearly for first time. Major force that led to formation of NRBA was complaint by many radio broadcasters that NAB is dominated by TV, charge that major association repeatedly goes out of its way to try to refute.

NRBA, whose announced goal has been "super radio-only association," said it has 1,950 station members. NAB, which absorbed Daytime Bstrs. Assn. earlier this year when it outbid NRBA by agreeing to pay daytimers' outstanding debts, has added about 500 new radio members this year, now has 4,540 stations.

Without NRBA, NAB is projecting \$12.3 million budget with \$400,000 surplus for fiscal year beginning April 1, up from \$11.2 million for current year (TVD Dec 9 p6). Because of "budgetary restrictions," several planned expenditures have been dropped or postponed this year, including proposed new President's Newsletter at cost of \$15,000. Another is workshop of all NAB committee chmn. in Washington, at expected cost of \$30,000. Both items are expected to be in next year's budget. In recent months, NAB has added several expenditures, mostly for outside legal expenses and research into must-carry (see separate story elsewhere in this issue). However, NAB turned down request by Citizens Communications Center for financial support, with Exec. Committee deciding "more prudent expenditure of... funds can be made for other needs of the industry."

Theme for NAB's April 12-16 convention in Dallas will be "Tuning in America," will focus "on broadcasters' unique relationship with their local communities," Assn. said. Included will be major research projects -- for radio, "MegaRate\$: Getting Top Dollar for Your Spots;" for TV, "Great Expectations: Making It Happen," which will review major changes in TV since 1980, project expected changes, mostly related to internal station matters.

**MGM/UA ASSETS UP IN AIR:** Future of MGM/UA Home Entertainment Group -- along with that of theatrical production and distribution operations -- was up in air again last week, following Turner Bestg. announcement that Viacom wouldn't be joint venture partner, at least right now. Viacom was looking to pay about \$300 million for 50% share of MGM/UA assets, and TBS earlier had delayed SEC filings covering studio acquisition so deal could be completed. Talks were suspended to ensure SEC processing in time for MGM/UA stockholders' vote Jan. 21. As result, TBS said "we have not irrevocably terminated negotiations." Viacom had no comment.

Turner said it's now putting all MGM assets except movie library on block, will talk with parties interested in buying or entering joint ventures. "Everything but the library is negotiable," said TBS. Should sales be consummated, Turner's acquisition of MGM/UA could become most expensive licensing deal in cable's history. TBS did say it will continue to operate MGM businesses if buyer isn't found. United Artists portion of company is being sold back to Kirk Kerkorian, 51% owner of MGM/UA, following completion of MGM/UA transaction.

Day after announcement of suspension of talks with Viacom, TBS filed amendments updating original financing plan for merger, has been advised by Drexel Burnham Lambert that investment house will proceed with financing for \$1.5 billion deal "notwithstanding the outcome of the Viacom discussions." TBS has admitted its cash flow won't cover debt payments without some form of refinancing or asset sales.

Meanwhile, Viacom said it has reached agreement to complete merger with MTV Networks. Viacom, which already owns 67% of MTV stock, will vote shares to approve merger,

then notify public stockholders who hold 33% of company how they can collect \$33.50 a share for their holdings. MTV named Exec. Vp Robert Pittman as pres., wouldn't comment on future of Pres. David Horowitz, who has option of becoming chmn. in July or taking one-day-a-month consultancy.

Viacom ownership also is signified by increased syndication activity at music network, which announced last week it's selling MTV Top 20 Video Countdown to broadcasters as hour weekly show. MTV handles program production and ad sales while Viacom takes care of station clearances. Move follows successful syndication of annual awards show for last 2 years, will test syndication waters for other regular programming, according to Business Development Vp Mayo Stuntz.

Also in MTV's future may be return to home video. Company didn't fare well first time with Radio Shack compilation tape bearing MTV label. Stuntz said MTV sees home video "as a natural extension" of current business, while declining to talk about distribution or programming plans. Pittman has expressed interest in theatrical projects that could produce cassette programming.

**RADIO RULES VACATED:** FCC recordkeeping rules for radio were vacated and remanded to Commission for 2nd time in ruling Dec. 20 by unanimous 3-judge panel of U.S. Appeals Court, D.C. Order, by Judges Skelly Wright, Abner Mikva and Ruth Ginsburg on petition filed in June 1984 by United Church of Christ, instructed FCC to develop alternative to current rule under which stations are required to keep quarterly listings of "at least 5 to 10 community issues" addressed by programming during period.

FCC would have to dismiss challenges to license renewal under format of new rules, Court said: "[To] make a *prima facie* case a petitioner to deny must file affidavits alleging specific facts which, if established, would show that the 'overall' programming efforts of the applicant failed to include adequate treatment of those issues of public concern chosen by the applicant itself. But if the petitioner were to base its challenge solely on the FCC's revised issues list, any licensee would be free to respond by stating that conclusions drawn on the basis of admittedly 'illustrative' lists do not have a substantial bearing on the applicant's overall programming efforts... The petitioner would be unable to dispute that claim."

Court ordered Commission to consider alternatives to current rules, including format under which broadcasters would be required first to certify programs they felt had provided "'significant treatment' of issues of community concern." That method was suggested by ABC during 1983 FCC notice and comment period held after same court first remanded recordkeeping issue to Commission.

Ad growth rate will fall slightly next year, McCann-Erickson Worldwide Senior Vp Robert Coen predicted, because broadcast and print media are likely to make smaller price increases. Increase in ad spending by 8% to \$102.7 billion from \$95.1 billion is projected for 1986 after 8.3% growth this year. Ad rates have jumped 45% since 1981, Coen said, compared with 18% rise in CPI.

**Negotiations** between NCTA and MPAA for new flat-fee copyright system are continuing "on track," according to individual familiar with process, with agreement hoped for early in 1986. Parties, which met Dec. 18, are said to be closer to agreement on flat fee for large operators based on number of subscribers and imported signals and adjusted by preset formula every 3-5 years. Current 3-tiered system, under which largest operators are assessed 3.75% of gross revenues for post-Malrite distant signals, is adjusted every 5 years. Prospective formula agreed to by parties would be taken before other fee recipients -- notably sports leagues, commercial and public TV -- before legislation embodying it would be sought. NAB is seen as possible stumbling block.

**CBS News** is \$10.8 million over its budget of \$267.4 million for 1985, according to report in Jan. issue of *Manhattan, inc.* Magazine, quoting from monthly in-house budget report called "Flash Book," said this year's news budget is down \$16 million from election year 1984. Hard news was allocated \$188.7 million for 1985 (is \$10.6 million over budget), public affairs (including *60 Minutes*) and documentaries \$35.6 million, unscheduled events \$7.1 million, political coverage \$4.1 million, worldwide distribution of shows \$10.9 million, with \$30.9 million for executives and news staffers not employed by specific programs. Said CBS official: "We just don't comment on internal documents."

**NBC Chmn. Grant Tinker** said GE acquisition of parent RCA is "a nonproblem" for him. Responding to published reports that he couldn't get along with GE Chmn. John Welch and would resign, Tinker said that "I'm very happy doing what I'm doing" and that when he decides to resign GE "will have a zero factor" in that decision. NBC executive said GE takeover of RCA isn't major topic of conversation among NBC employes and officials, since network always has been a subsidiary, which isn't case with RCA employes (see separate stories in Consumer Electronics section).

**STUDY FINDS INDIES MATURING:** Number of operating independent TV stations has grown from 120 in 1980 to 283 today, attracting 21% of TV viewers (35% in top 10 markets) and \$2.5 billion in revenues. These are among findings in study by Frazier Gross & Kadlec conducted for INTV. Full study, which was previewed for reporters Dec. 18 in Washington, will be released at Jan. 5-9 INTV convention in L.A.

Rapid growth of independents started in 1976, during INTV's 4th year of existence, when TV ad revenues jumped 30%, according to FGK, and by 1990 nonaffiliated stations will bill more than \$5 billion -- 30% of TV industry total. In 1984, independent VHFs had average revenue of \$35 million, with 35% operating profit; UHF independents averaged \$7 million, 25% margin. New independents can be expected to break even in 2nd year of operation and reach "operating maturity" by 4th year, FGK study said. Effect of broadcast deregulation is reflected in station sales: 75% of UHF stations sold in last 2 years were owned by seller for 3 years or less; before FCC did away with 3-year rule, average UHF independent was owned for 8 years before being sold, VHF independent for 15 years.

While "health of independent television is excellent," study sees several "formidable near-term challenges": (1) Escalating program costs -- "the largest single operating expense of a broadcast station, composing more than half of an independent TV station's expenses." In 1980s to date, program costs for all TV stations have increased 15-20%, for independents 25%. "The resultant profit squeeze on stations, however, will encourage development of new sources of programming which may... provide sufficient alternatives to stabilize prices."

(2) Possible slowdown in ad growth rate from "historic double-digit" figure in response to continued inflation rate of 5% or less, which could result in "significant revenue shortfalls." (3) Repeal of FCC must-carry rules, which particularly can hurt new stations and place their "revenue objectives in substantial jeopardy." FGK said many industry observers feel undercapitalized new stations and marginal stations "will be unable to meet their commitments to their investors."

INTV Pres. Preston Padden predicted report will become major reference piece and business planning tool. Study will be free for all INTV members attending convention, will sell for \$40 at convention and at price to be determined after that.

Evening News Assn. shareholders Dec. 20 approved \$717 million acquisition by Gannett. However, 2 dissident stockholder suits protesting sale have been filed in Detroit court. ENA Chmn. Peter Clark said target for closing with Gannett is Feb. 15. Gannett Chmn. Allen Neuhardt said Gannett made bid for ENA only after being asked. "We will use our resources to build on what you have developed," he told shareholders.

**FAIRNESS APPEAL DISMISSAL SOUGHT:** House Commerce Committee Chmn. Dingell (D-Mich.) has joined Democratic National Committee in asking U.S. Appeals Court, D.C., to dismiss constitutional challenge to fairness doctrine filed by more than dozen broadcast groups. Democrats argued that case "is not ripe for review" since FCC Aug. 7 policy statement "did not propose specific changes in the fairness doctrine, nor any other action by the Commission with respect to the doctrine." Petition noted that statement was sent to Congress for possible action by that body and thus Court should defer to Congress under separation of powers doctrine.

With RTNDA in forefront, and CBS supplying most of money, broadcast groups used FCC statement as basis for appeal, asking Appeals Court to declare doctrine unconstitutional (TVD Oct. 21 pl.). However, Dingell and DNC (in petition filed by ex-FCC Chmn. Ferris) countered that Commission inquiry into doctrine that resulted in statement sent to Congress had as its "sole purpose... to gather information."

Thus, FCC statement and recommendations to Congress "in no way altered the obligations imposed by the fairness doctrine and did not otherwise affect petitioners or anyone else. As such, it lacks the concrete effects necessary to constitute a reviewable order... and does not give rise to a ripe justiciable dispute..."

Several public interest groups also have asked Court to dismiss broadcasters' appeal, using many of same arguments as those of Dingell and DNC. In its policy statement, FCC said it believed doctrine was unconstitutional but hadn't yet decided whether it would join in broadcasters' appeal. NBC stayed on sidelines (as did ABC, which has never opposed doctrine), said policy statement isn't best case upon which to base appeal of constitutionality of doctrine. Meredith Bestg. believes it has such a case in appealing Commission ruling that WTVH Syracuse violated doctrine when it aired statements in favor of nuclear power plant in area without carrying any against building plant.

Western Cable Show attendance was down 5% this year to about 7,600 from 1984's 8,000 -- decline that Cal. Cable TV Assn. attributed to falloff in number of exhibitors from 217 to 192. Nevertheless, 17th annual show in Anaheim was profitable, although it's too early to know how much. Of some 130 exhibitors who returned evaluation forms, most seem fairly happy with business, spokesman Gerald Yanowitz said: "People seem moderately happy, but not extremely happy, with the floor traffic."

FCC has extended to 24 months time for grantees to build new TV stations and to 18 months for radio stations. Former deadlines were 18 and 12 months, respectively. At same time, Commission set stricter rules for granting construction permit holders extensions of time to build.

**CONGRESS RAPS FCC:** There's slap on wrist for FCC in report on budget reconciliation bill that stalled in Congress last week. FCC is rebuked for cross-ownership waivers policy, which lawmakers claimed hasn't been enforced properly. They indicated their worries are rooted in recent waiver approval for Rupert Murdoch and that fears extend to proposed GE-RCA merger.

At same time, report expresses strong support for public broadcasting funding in statement that comes as Administration is planning to propose sharp cuts and eventual phaseout of federal funding for CPB, we've learned. Republicans differed with report on both counts.

Rebuke is succinct: "The conferees are concerned with Commission enforcement of the local cross-ownership rules... The Commission's purpose in granting any waiver to the cross-ownership rules should be to further the public interest; furtherance of the private interest of any applicant or licensee must be subservient to this purpose. The conferees expect the Commission to review such requests with great scrutiny and not grant a waiver unless the applicant meets the burden of clearly demonstrating why such a waiver should be granted. Any temporary waiver granted should be limited in duration to the minimum amount of time necessary." GOP, led by Rep. Rinaldo (R-N.J.), disagreed with Democrat-dominated report writers, said such an expectation amounts to new requirement on FCC that hasn't gone through proper rulemaking channels.

Report's sentiment mirrors policy goals laid out in recent letters to FCC by House Telecom Subcommittee Chmn. Wirth (D-Colo.)(TVD Nov 18 p1) and others. We're told tough stance in report was pressed by Rep. Bryant (D-Tex.). He wanted Commission to move cautiously on Murdoch waiver request, believes he was rudely rebuffed by FCC. Bryant plans to step up pressure next year for action on his mandatory FCC hearings bill (HR-3807).

Fate of bill -- and, therefore, report -- was left hanging in balance by Congress. Two chambers adjourned Dec. 20 unable to reach agreement on final form for bill. Indecision could prove costly for FCC and CPB provisions, according to Hill watchers. FCC fees were noncontroversial part of bill but without HR-3128's passage, they can't be enacted until lawmakers find new vehicle in which to move them. Bill also was supposed to lay groundwork of cost-savings steps for Gramm-Rudman balanced-budget law that takes effect next year. Without HR-3128, Congress will be forced to make more draconian cuts, and sources said CPB will be among victims.

President already has decided to propose sharp cuts for CPB appropriations in coming years, will include recommendations of OMB in budget message to Congress next year, sources said. President will propose: FY 1988, \$44 million rescission to \$170 million from \$214 million that Reagan signed into law only week ago; FY 1989, \$130 million, down from

\$246 million proposed as budget ceiling in Feb. 1985 budget message; FY 1990, \$90 million, down from \$283 million also proposed by President in Feb. 1985; FY 1991, \$60 million; FY 1992, phaseout. HR-3128 would have set higher ceilings, easing CPB's chances at larger share of federal pie. Without HR-3128, CPB's chances for increased funding will be dim, sources said.

HR-3128 report would have put Congress on record as supporting more money for CPB; it included strong vote of confidence in public broadcasting, including NTIA's Public Telecommunications Facilitated Program that President has tried repeatedly to kill.

**CBS expects 5-6% growth** in network TV ads in 1986, according to CBS Vp-Research David Poltrack. He predicted first half of year will be "essentially flat," with "greatest growth" in 4th quarter 1986. CBS's record: 1983 -- 12-13% growth predicted, 12.9% actual; 1984 -- 15-16% growth predicted, 19.7% actual, with figure inflated by national elections and Summer Olympics; 1985 -- 2% growth predicted, loss of 3% actual. For 1985, Poltrack said industry was "overly optimistic" about national economy for 2nd half. "We recognized that the third quarter would not match the Olympics-inflated 1984 performance, but we expected a strong fourth quarter. That quarter has not materialized. The economic cloud cover persists and the prospect and time of its clearing is uncertain." He pointed out that other ad media haven't had strong 1985 and "TV alternatives, new and old, are not faring well either. The new cable TV alternatives and barter syndication markets are not meeting their projections, and national spot TV performance of the second half is weak as well. Only radio seems to be holding up." Poltrack made predictions at Paine Webber Mitchell Hutchins seminar in N.Y.

**Hauser Communications** is conditional buyer, for \$40 million, of Montgomery County, Md., cable systems, current joint franchisee Tribune Co. confirmed. Transaction, expected to close in first half of 1986, is subject to granting of controversial proposed contract modifications, including reduction in number of required channels, must be approved by county officials and Tribune board. If approved, purchase would cost Hauser \$1,700 per current subscriber, but current subscriber base of 23,500 is expected to at least quadruple once system is completed. Hearing has been set for Jan. 6 before panel of 3 judges from 4th U.S. Appeals Court, Richmond, sitting in Baltimore, on Montgomery's request for sanctions against Tribune-United for alleged contract failures. Public hearings on company's request for contract modification are scheduled for Jan. 13 and 22.

**Tribune Co.** has closed on its record \$510 million purchase of KTLA L.A. from Kohlberg, Kravis, Roberts & Co. KTLA is Tribune's 6th independent TV station, gives it coverage of about 19% of U.S. TV homes.

**JOYCE'S JOB SEEN ON LINE:** New candidate has cropped up to challenge Rodney Joyce for Commerce Dept. asst. secy. and dir. of NTIA, sources confirmed. White House is considering Mo. radio broadcaster Alfred Sikes, 46, for post, interviewed him twice this year when he was considered for FTC chmn., and is said to be inclined to give Sikes NTIA job as soon as new post for Joyce can be worked out.

Nothing is firm, sources said, and Joyce allies, including Rep. Broyhill (R-N.C.) and House Republican leaders, were seeking what one insider called "amicable" solution that would let Joyce remain at NTIA while finding Sikes another Administration job of similar rank. White House wasn't commenting.

Sikes is prominent Republican fund-raiser from Mo. who's also long-time friend of Senate Commerce Committee Chmn. Danforth (R-Mo.), for whom he worked as asst. attorney gen. when Danforth was Mo. attorney gen., he told us in interview. Sikes graduated from Westminster College in Fulton, Mo., has law degree from U. of Mo. He owns Sikes & Assoc. in Springfield, Mo., broadcast management company, and is principal officer in several separately owned radio stations in state: KGBX(AM) Springfield, KRMS(AM)-KYLC(FM) Osage Beach, KJAS(AM) Jackson, KJAQ(FM) Gordonsville.

New candidate comes as surprise since Joyce appointment was thought to be sealed deal (TVD Oct 28 p8). Joyce, 34, ex-chief minority counsel to House Telecom Subcommittee, was recommended by outgoing NTIA Dir. David Markey and claimed support of Commerce Secy. Malcolm Baldrige, FCC Chmn. Fowler, many others. Joyce's name hasn't been sent to Senate yet for confirmation, although he already is in job in acting capacity. Committee Democrats promised tough reception for Joyce at confirmation hearing because of his past opposition to increased federal funding for CPB and continuing NTIA's Public Telecommunications Facilities Program, but were going to support him nonetheless, sources said.

In answer to inquiries, Baldrige's office has been emphasizing that Joyce's official title at NTIA is deputy asst. secy. and he's serving as acting asst. secy. and acting dir. only because he's highest-ranking official at agency. Implication is that Joyce may get to remain at NTIA in No. 2 job. Sikes said he has been interviewed by Baldrige and spoken to White House about "alternate" job but he didn't comment on whether NTIA post had been offered to him. His emergence for NTIA was surprise even to Danforth, sources said; senator didn't suggest him for post, we're told.

Meanwhile, congressional sources told us part of reason it's taking so long for White House to fill ex-Comr. Rivera's vacant slot on FCC is that Senate Communications Subcommittee Chmn. Goldwater (R-Ariz.) is sticking to his choice for post, SPACE counsel Derrick Humphries. Also problem is fact

that panel's Democrats are pushing hard for change in length of FCC terms, want them shortened from 7 years to 5 with Fowler's (up next year) and Rivera's shortened to 3-4 years so that seats will be open at start of term to give next President (regardless of party, they say) chance to put own people into jobs. Gilbert Hardy, 35, attorney with O'Connor & Hannan, Washington law firm, has emerged as newest candidate for seat.

Legislation to allow TV-radio coverage of Senate (S. Res. 28) will be "priority" next year, Senate Majority Leader Dole (R-Kan.) promised last week. Announcement dashed still lingering hopes that measure would see action before adjournment but signaled that interest in proposal continues. Author Sen. Byrd (D-W. Va.) had pleaded with Senate Dec. 5 to bring bill up as "filler" to keep chamber busy between debates on major legislation but was rebuffed by Dole. Byrd said he was willing to have it called up under whatever debate restrictions leadership wanted, including most risky of approaches -- short debate with no amendments. Majority of Senate has indicated support for proposal in C-SPAN survey, and Byrd has said he believes it will pass.

FCC has been asked for "expedited declaratory ruling" that federal agency has preempted all Colo. state regulations pertaining to cable TV facilities "that are capable of originating or terminating interstate communications." Petition is result of proposal before Colo. PUC that raises question whether certain services provided by cable systems make them "public utilities" subject to PUC jurisdiction. Joint petition was filed by 4 companies with systems in Colo. -- ATC, Cablevision of Colo., Jones Tri-City Intercable, Mile Hi Cablevision. Issues are similar to precedent-setting Cox Cable petition, which pertained to Omaha. Comments on Colo. case are due Jan. 6, replies Jan. 20.

**President Reagan** reaches 13-14 million radio listeners via \$6 million worth of free radio air time he receives for Sat. radio program and subsequent weekend news coverage, according to RAB. Live address is equivalent to commercial radio time valued at \$3-\$4 million and, assuming that excerpts and news reports from Sat. broadcasts were bought as 30-sec. commercials through rest of weekend, about \$1-\$2 million more would be added in value, RAB said. Responding to information request from MacNeil/Lehrer NewsHour, RAB said audience for live and secondary broadcasts represents about 30% of weekend radio listeners.

**NBC Chmn. Grant Tinker** and Turner Bestg. Chmn. Ted Turner are among speakers at ANA TV and media workshop Feb. 25-26, Plaza Hotel, N.Y. Sessions are planned on "zapping, people meters and other developments," effectiveness of 15-sec. commercials, media trends and strategy, humor in advertising, programming trends, media buying services and "cable TV and all other television."

**EXIT POLL BAN REVERSED:** In reversal of 1984 decision with national implications, Wash. state ban on exit polling was reversed by same federal judge who last year upheld law (TVD Nov 12/84 p5). Judge Jack Tanner in U.S. Dist. Court, Tacoma, changed his mind after 3-day trial, said law was effort by politicians to prevent post-election projections of voting results.

Law was challenged by 3 TV networks, N.Y. Times and Washington Post-owned Everett, Wash., Herald, which contended it violated First Amendment. Suit was watched closely by other states that have enacted restrictions on exit polling. Committee for Study of American Electorate said 7 states restrict exit polling, 3 others have laws restricting news media activities at polls, 6 are considering such legislation, 22 others have general prohibitions on electioneering that have been interpreted to include exit polling.

Ruling was "disappointing," said Rep. Swift (D-Wash.), sponsor of uniform poll-closing bill (HR-3525) pending on House floor (TVD Dec 16 p5): "States have precious few weapons with which to defend themselves" against election projections broadcast before polls close. Tanner reversal "has put greater urgency" on need to deal with issue at national level. Spokesmen for networks said ruling reaffirms guarantee of free press and free speech and network contention that exit polling isn't disruptive to voting process.

State officials had said law was enacted to keep order at voting places. But Tanner said he found no evidence that pollsters had disrupted voting. As for how close they may get to voting places, Tanner said he couldn't set specific distance, but he did rule they must be excluded from polling booths and from rooms where votes are cast.

Tanner said "smoking gun" was letter from Wash. Secy. of State Ralph Munro to then-Gov. John Spellman urging governor not to veto law. Munro admitted in testimony that letter reflected state's concern about effect of projections locally. He was only state official to testify as Tanner ruled that others were "irrelevant." That action narrowed issues in case and excluded state's bid to show law was aimed solely at preventing disruption and intimidation of voters.

Balanced 1986 budget of \$1.4 million has been approved by board of RTNDA. In other actions, board: (1) Raised dues, with highest fee for active members 25 or over going from \$165 to \$200 annually; lowest rate for students increased from \$15 to \$30. (2) Approved San Diego as site of Dec. 6-9, 1988, convention (1986 sessions in Sept. will be in Salt Lake City, 1987 in Orlando). (3) Set joint meeting with NAB for gen. mgrs. and news dirs., March 12-15, Innisbrook, Fla. (4) Adopted resolution condemning S. Africa for restrictions imposed on news media.

**MUST-CARRY DIVERGENCE:** Divisiveness in broadcaster ranks on must-carry surfaced last week, with ABC TV Affiliates Assn. Chmn. Joseph Jerkins saying group was "deeply troubled" by proposed exemption of duplicated network signals from mandatory carriage in INTV and TV Operators Caucus (TOC) plans. INTV Pres. Preston Padden responded in letter Dec. 20 that "INTV has never advocated and does not now advocate the deletion by cable systems of duplicating network signals."

"In terms of simple fairness," said Jerkins in letter to NAB Pres. Edward Fritts Dec. 16, "it would seem both illogical and inappropriate to confer a mandatory carriage right on local and syndicated programming carried by an independent station while denying it for a local network station. It is apparent that this exemption would benefit independent stations at the expense of network affiliates and in the long run penalize stations for affiliating with a national network."

"We were not the architects of that proposal," Padden wrote Jerkins, saying INTV board voted "reluctantly" to go along with TOC compromise proposal to NCTA (TVD Oct 28 p2) that wouldn't require duplication of network or public stations. INTV proposal, which would condition compulsory license on carriage of all local signals (TVD Oct 7 p4), "does not contemplate the deletion of any network signals," said Padden. "On the contrary, our proposed rule covers all local stations."

Exchange comes while talks with cable industry on must-carry are on hold. FCC last week granted extension sought by NAB and TOC to file comments and replies in its combined inquiry and proposed rulemaking on must-carry (TVD Dec 16 p4). In related development, NAB has approved 3 research projects to submit to FCC in rulemaking: (1) \$20,000 for study of cable installations and whether off-air antennas are disconnected by installers. (2) \$10,000 to compare viewership of stations dropped by cable systems on before and after basis. (3) \$15,000 for economic analysis of how cable and broadcasting are competitive and whether it's "in the best interests" of cable to "impede or deny" carriage of TV stations.

**Family-owned Freedom Newspapers**, which has been in long fight over control of company, again has rejected bid by Harry Hoiles, this time for \$670 million (\$108 per share) for 2/3 of company. Freedom had rejected 2 previous bids by Hoiles, descendant of founder Raymond Hoiles, said it would fight his threat to sell his 1/3 to public. Company owns 4 TV stations, 29 newspapers.

**Group W has sold 7 W. Va. cable franchises to Wometco**, terms undisclosed. Sale of systems, which serve 24,900 basics in Clarksburg, Fairmont, Anmoore, Bridgeport, Stonewood, Nuttertfort and Barrackville, isn't related to planned sale of Group W's whole cable operation, according to broker of W. Va. transaction, Community Equity Assoc.

## Personals

**Daniel Oliver**, Agriculture Dept. gen. counsel and onetime editor of National Review, will be appointed FTC chmn. by President Reagan, succeeding **James Miller**, now OMB dir... **Everett Erlick**, ABC exec. vp-gen. counsel who retires at end of year, becomes of counsel to Arnold & Porter law firm with offices in N.Y. and Washington, specializing in communications. He will remain consultant to Capital Cities, which is acquiring ABC... FCC Law Judge **John Conlin** retires Jan. 3 after 30 years with Commission; at one time, he was legal aide to Chmn. **Frederick Ford**.

Reassigned at CBS/Best. Group in wake of move of **David Fuchs** to CBS News: **Jack Blessington**, broadcast relations vp, adds Religious & Cultural Best. Unit, joins board of International Radio & TV Foundation; **George Schweitzer**, vp-communications and information, adds Educational & Community Services Dept., joins NAB TV Information Committee; **Donald Wear**, policy vp, adds new business ventures, including CBS Extravision teletext operation and Cable Interconnection, becomes a dir., N. American Bestrs. Assn.

**John Severino**, one-time ABC TV pres., currently Owned Stations Div. senior vp, named vp-gen. mgr. of ABC-owned KABC-TV L.A. (post he formerly held), succeeding **Thomas Van Amburg**, leaving to pursue other interests... **Joseph Warnecke**, ex-Petry TV, named national sales mgr., WGNO-TV New Orleans; **Fran Perdisatt** moves to local sales mgr... **James Major**, ex-Petry TV, appointed gen. mgr., WFTS Tampa-St. Petersburg, on completion of sale to Scripps Howard by CapCities; Scripps Howard advanced **Gilles Champagne** to corporate development vp, **Michael Callaghan** to cable vp.

**Arthur Brodsky** promoted to senior editor, Television Digest Inc... **Lockwood Doty** promoted to pres., Washington Best. News, succeeding **Richard Conn**, resigned... **Oscar Wilson**, ex-Shoreline Ltd., named Cal. region vp, Ikegami Electronics (USA).

**Charles Boush** advanced to national sales mgr., WDBJ Roanoke, **George Bassett** to local sales mgr... **Lee Zeldin**, ex-MMT Sales, named national/regional sales mgr., KXTV Sacramento... **Nadine Tekula**, ex-Seltel, appointed research mgr., ad-supported sales, MCA TV; **Thomas Russo**, ex-MMT Sales, named research mgr., off-network sales.

**Joseph Levinsohn** advanced to mktg. dir., ABC Sports Worldwide Sales... **Marc Maehl**, ex-KSTW Tacoma-Seattle, named Petry TV sales mgr.-Seattle... **Claudia Brooks**, ex-Katz TV, appointed national sales mgr., WXEX-TV Richmond-Petersburg... **Chuck Conrad** promoted to asst. gen. sales mgr., WGNX Atlanta, succeeded as local sales mgr. by **Jack Crumpler**.

**Jack Clements**, Mutual Radio Network pres., and **Art Kriemelman**, mktg. vp, Westwood One, radio

syndicator that bought Mutual, appointed to newly created Office of Pres.; Clements retains position of pres. in charge of network operations... **Mari-Aala Massakas**, ex-KTTV L.A., named research dir., KVEA L.A... **Greg Bendin** promoted to sales dir., WKYC-TV Cleveland... **Henry Schleiff**, HBO senior vp-administration, adds responsibility for HBO Enterprises, formerly headed by **Fred Cohen**, resigned.

**Jeffrey Cokin** advanced to vp-negotiations, NBC Sports... **Michael Hudson** promoted to vp-controller, Group W Productions... **Elizabeth Flanigan**, ex-John Blair & Co., appointed national account representative, RAB; **Arnie Semsky**, BBDO, named chmn., RAB Media Directors Advisory Council... **Joseph Canty** advanced to vp-sales mgr., N.Y. office of Independent TV Sales.

**Patrick Maher** promoted to mgr., Anixter Bros. Mich. wire and cable sales/distribution facility... **William Scott** appointed dir.-systems development engineering, American Satellite... **Lawrence Murphy**, ex-Marriott Corp., named strategic planning vp, Walt Disney Productions... **Anna Fountas** promoted to vp-advertiser/agency TV sales, Arbitron... **Carroll Watkins**, ex-Blair Radio, appointed national sales mgr., KTZZ-TV Seattle... **Alexander Aksyonov**, Soviet ambassador to Poland, named chmn. of Soviet State Committee for TV & Radio Bestg., succeeding **Sergei Lapin**, retired.

**Bertram Zeldin** promoted to vp-Olympic sales, NBC... **Maynell Thomas** appointed exec. vp, Carson Productions... **Joseph Abrams** promoted to dir., first-run syndication and pay cable development, Columbia Pictures TV Group... **Anthony Fasolino** advanced to pres., Torbet Radio, recently acquired by John Blair & Co. from Selkirk.

**Bruce Thomas** promoted to mgr., Anixter Bros. Minn. wire and cable sales/distribution facility... **John Gault**, pres. of Manhattan Cable, adds corporate exec. vp title at parent ATC... **Rick Mossing**, ex-WNDH(FM) Napoleon, O., named AP broadcast exec. for Ia., Neb. and S.D., succeeding **John Seidel**, who gets same title for Pa., N.J., Del... **Bruce Johnson**, ex-BFJ Companies, named exec. vp, Fries Entertainment Best. Div... **Gary Stevens**, ex-Doubleday Bestg., appointed a first vp, Wertheim & Co., Wall St. underwriter... **Mark Hattendorf** advanced to senior vp-controller, 20th Century-Fox Film, succeeding **John Meehan**, who is appointed senior vp-banking and tax matters.

**WMCF-TV (Ch. 45)** Montgomery, Ala., has gone on air, raising operating U.S. TV stations to 1,235 -- 919 commercial, 316 noncommercial. WMCF-TV is owned by Life Anew Ministries, permittee of WLCN Madisonville, Ky. John Stall is pres., Marcus Lamb gen. mgr.

**KVIQ-TV Eureka**, Cal., switches primary affiliation Jan. 4 from ABC to CBS; ex-CBS primary KIEM-TV Eureka goes to NBC, leaving ABC without affiliate in 2-commercial-station market.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Dec. and 1985's first 49 weeks:

	NOV. 30- DEC. 6	1984 WEEK	% CHANGE	NOV. 23-29	49 WEEKS 1985	49 WEEKS 1984	% CHANGE
TOTAL TV.....	439,478	490,616	-10.4	554,953	19,277,498	19,844,318	- 2.9
TOTAL COLOR...	339,951	388,931*	-12.6	451,601*	15,886,906*	15,214,854	+ 4.4
DIRECT-VIEW..	332,109	383,297*	-13.4	442,748*	15,649,808*	15,036,124	+ 4.1
PROJECTION..	7,842*	5,634	+39.2	8,853**	237,098##	178,730	+32.7
MONOCHROME....	99,527	101,685	-2.1	103,352	3,390,592	4,629,464	-26.8
TV EXCL. PROJEC.	431,636	484,982	-11.0	546,100	19,040,400	19,665,588	- 3.2
HOME VCR#.....	277,886*	240,805	+15.4	411,825**	10,598,601##	6,812,192	+55.6
COLOR CAMERAS##..	5,495	11,427	-51.9	8,015	372,803	436,458*	-14.6

Color TV (direct-view) 5-week moving average: 1985--401,525\*; 1984--377,745 (up 6.3%).

Home VCR 5-week moving average: 1985--337,424\*; 1984--211,457 (up 59.6%).

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

## Exceeds full-year record.

**GE AIMS TO KEEP 2 CONSUMER VIDEO UNITS:** GE "has not entered the RCA merger agreement with any intention of selling the RCA Consumer Electronics Corp.," company said in statement issued last week in bid to quell speculation it's more than ready to sell that unit to head off any antitrust barrier to its planned \$6.28 billion acquisition of RCA (TVD Dec 16 p6). RCA "is the leading brand in the U.S. consumer electronics marketplace and GE has every intention of keeping it that way," GE said.

Comment came following release of document detailing merger terms. Agreement says companies will be willing, if necessary to meet antitrust or other objections raised by govt. regulatory agencies, to divest most overlapping businesses. But it indicates GE and RCA could drop deal if required to take sell-off action that would materially injure: (1) NBC and subsidiaries. (2) GE's Aerospace Group. (3) GE and its subsidiaries as a whole. (4) RCA's Electronics Segment "other than Consumer Products and Services." Other major RCA businesses, such as Communications Segment and RCA Records, aren't specifically cited as noncandidates for divestiture -- actually, there was no need to because GE isn't active in those areas.

GE spokesman told us it would be incorrect to interpret legal language intended to show last-ditch fallback position to mean company has any interest in selling RCA Consumer Electronics and RCA Service Co. GE believes it could get around antitrust issue by setting up separate, independent subsidiary, possibly in form of trust, to house those units, he said. Although it would seem more logical for agreement to call for GE to keep RCA's market-leading consumer electronics business and shut down its own -- it's halfway there already, having announced plan to close TV plant in Portsmouth, Va., and source GE brand sets from Japan's Matsushita -- that move wouldn't meet Justice Dept. guidelines, antitrust expert tells us. (For more on GE-RCA merger see reports elsewhere in this issue).

Meanwhile, RCA Chmn. Thornton Bradshaw last week defended sale to GE, said it was "made solely on the objective determination" that it was in best interests of RCA shareholders.

Several analysts and investors have criticized deal, particularly speed with which it was consummated, saying RCA could have gotten as much as \$20 more per share than \$66.50 GE agreed to pay. Bradshaw also said he was determined to see that RCA subsidiaries weren't sold off to highest bidders, something GE has agreed not to do.

RCA disclosed that GE has agreed to provide severance pay to 60 top executives if they're cut after takeover is completed, and Bradshaw himself reportedly will realize more than \$7 million in pretax profits on deal. However, most RCA employes, some 60,000 in U.S., fear for their jobs because of overlap in RCA and GE businesses -- TV sets, picture tubes, defense, etc. RCA's unions, which also represent many GE employes, are concerned, weren't consulted in advance.

Meanwhile, SEC has joined N.Y. Stock Exchange in investigating frenzied trading in RCA stock in 2 days before GE takeover was announced. In addition to inside trading investigation, SEC will look into NYSE rule limiting halts on trading of individual company's stock to 30 min. Critics charge new rule puts competitive concerns ahead of public interest.

**HITACHI TO START VCR OUTPUT HERE IN JUNE:** Hitachi will spend \$1.5 million to convert portion of its color TV plant in Anaheim, Cal. for assembly of VHS VCRs. It thus becomes 4th Japanese manufacturer to come up with firm announcement of plan to produce consumer VCRs here, but tentative June start-up target is likely to make it first to begin actual operation.

First such announcement came from Matsushita last July (TVD July 22 p11), quickly followed by one from Sanyo (TVD Aug 5 p13). Both said they would build new plants to house VCR production facilities. They said they expected output to start here by end of 1986, promised that more detailed information, including site selection, would come by this year's end. Matsushita spokesman in U.S. said last week he had no knowledge of report in current Business Week that company would start producing VCRs at 600,000 annual rate in Ill. next Dec. Although company plans to begin output here next year, he said, official word still is that plant site hasn't been selected and that startup production would be at 50,000 annual rate. Earlier this month, NEC said it intended to add VCRs to video products now being turned out at plant it opened near Atlanta this fall, but didn't specify timetable. Sony already is assembling VCRs here at plant in Fla., but only U-matic models for commercial market. However, that operation is being viewed in some quarters as test for practicality of setting up facility for assembly of 8mm Video format VCRs in U.S.

Hitachi said U.S. VCR output would be limited at start to about 100,000 annual rate. Hitachi will sell estimated 2.6 million VCRs here under its own brand and through RCA, so its opening production will represent about 4% of requirements. But it said capacity could be increased to 500-600,000 annually over next 5 years.

In another U.S. expansion move, Mitsubishi said it's going ahead with previously announced plan for multiproduct plant in Braselton, Ga., just outside Atlanta (TVD June 24 p14). It said it purchased 77 acres, plus option on neighboring 33 acres, in industrial park there. Mitsubishi will spend \$10 million on 160,000-sq.-ft. factory and warehouse building where it will turn out direct-view and projection TVs, data monitors and cellular mobile phones. Production is expected to start late next year. Mitsubishi already assembles direct-view and projection TVs in Santa Ana, Cal., manufactures color TVs and color picture tubes in Canada.

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Japanese aren't going to keep formal lid on VCR exports to Europe, but won't be permitting manufacturers to boost shipments either. Ministry of International Trade & Industry said official quota on VCR exports to EC will be allowed to expire on schedule Jan. 1, but that VCRs will be added to list of sensitive products subject to official monitoring. Color TVs and color picture tubes are among items now on that list.

Under program, MITI keeps eye on quantity and price of monitored exports. If there's sign either is getting out of line, it meets with European Community officials to discuss need for corrective action. MITI officials indicated they felt appropriate range for Japanese VCR exports to EC in 1986 would be 1.5-1.7 million. That would be slightly below 1.8 million total expected for 1985, which is well below 3.1 million supplied in 1984 and 2.25 million established as quota for this year.

Steep export decline this year stemmed from soft market demand and increased VCR production by plants in Europe that Japanese own or hold investment in. Repeat of that combination next year, plus slated Jan. 1 hike in EC's VCR import duty to 14% from 8%, should further cut into need for complete VCR exports, so hold-down on exports won't be much of sacrifice for Japanese manufacturers.

**VCR IMPORTS UP 50% IN OCT.:** VCR imports bounced back strongly in Oct. from Sept. slowdown, while incoming shipments of complete color and b&w TVs and color cameras declined, according to Commerce figures.

Month's VCR shipments jumped 50.1% to just under 1.52 million, marked increase over 1.38 million imported in Sept., but still well below all-time monthly record of 1.67 million in Aug. Through 10 months, imports stood at 13.7 million, up 77%. Korea was source of 42,800 in month, 474,800 for full period. Most of rest came from Japan.

Total TV camera imports dropped 39.6% in Oct. to 49,900, as color models extended string of declining monthly shipments to 5, falling 51.3% to 34,700, while b&w rose 33.3% to 15,200. In first 10 months, total camera shipments were up 4.5%. Color, at 545,400, was off 5.7% for first-ever drop on cumulative basis. B&w cameras gained 16.4% to 161,200. In another cumulative first, imports of videotape players edged past those of videodisc players. Although month's tape player shipments fell 68% to 5,000 while disc players rose 23.7% to 3,200, tape players came out ahead for 10 months: 85,000 (up 89.9%) to 83,600 (down 4.4%) for disc players. Also in video, imports of projection TV rose 38.3% to 3,100 for month, but were down 5.7% to 47,400 for full period.

In TV, total imports of complete and incomplete receivers slipped 10.7% to 1.25 million, as color's 5% rise to 864,600 was more than offset by 33.1% drop in b&w to 386,500. Through 10 months, total TV imports stood at 14.9 million, up 12.8%, with color up 28% to 9.59 million, b&w down 7.3% to 5.27 million.

In color, Oct. imports of complete sets slipped 4.5% to 465,700, with Korea only major source country to show decline, while shipments of color chassis and kits rose 18.8% to 398,900. For full period, complete color imports stood at 4.4 million, down 5.3%, while incompletes, at 5.18 million, were up 82.4%. In b&w, 10"-&-under TV-only sets provided sole increase, rising scant 0.2% to 115,500, while tinyvision combos dropped 31.1% to 94,900 and sets 11"-&-over fell 45.8% to 176,000. For 10 months, small-screen combos were up 64% to 1.44 million, small-screen TV-only sets were up 11% to 1.4 million and larger models were down 31.4% to 2.42 million.

**Samsung will send delegation to U.K. next year** to explore possibility of setting up consumer electronics plant there. Company currently assembles 13" color TVs in Portugal, is understood to be interested in establishing European manufacturing base for larger screen color, VCRs and microwave ovens. Plant would be first of kind in U.K. owned by Korean. Many Japanese manufacturers assemble color TVs, VCRs and MW ovens there, and Taiwan's Tatung operates former Decca color TV plant.

**Casualty in floppy disc price war** is Dennison plant in Milford, Mass. Dennison, which entered field this year when it acquired Elephant line, said it will consolidate disc production at smaller facility in Ireland. Milford plant will be converted to production of stick-on labels, part of its standard stationary business. Dennison said it expects to show 4th-quarter loss after taking \$12 million after-tax charge to cover cost of plant closing and reserve for continuing patent infringement suit.

**CES INTRODUCTIONS:** Mitsubishi will debut 50" rear-projection TV that it calls first of that size with MTS and full-function remote control. Set has 150 ft.-lambert brightness, optically coupled 3-lens system, cable tuning, black matrix screen, integrated VCR-TV remote control, at \$3,600. Mitsubishi also will show 2 wireless remote VCRs at \$349 and \$500.

Diacam, Mitsubishi's entry into VHS camcorder field, apparently is made by Hitachi, as are RCA's and Sears' versions. Like them, it has f1.2 lens, autofocus, power zoom, auto white balance, weighs 6.2 lb., is rated at 7 lux, priced at \$1,550.

Mitsubishi also will debut CD player that includes 5-disc autochanger providing random programming of up to 30 selections from all 5 discs. Magazine is about same size as VHS cassette, differs from 6-disc changer introduced by Pioneer (TVD Oct. 7 p14). Price of Mitsubishi player-changer is \$450.

**GE** will offer its first small-screen color sets since discontinuing production, including 5.5" under-cabinet kitchen set with AM-FM at \$320, AC-DC 9" sets at \$200 and \$230 and 14" remote monitor receiver at \$400. GE will have new 4-head VCR with Dolby stereo at \$730.

**Magnavox** has introduced portable CD player shown by Philips at Berlin Audio-Video Fair last summer (TVD Sept 9 p15). It's priced at \$300; accessory pack containing battery pack, case, headphones is \$60. Shown in Berlin but not announced yet in U.S. was dockable auto dashboard panel to convert portable into car player.

**Sanyo** will show car CD players at CES, both with AM-FM, leader at \$600, version with built-in security system at \$700.

**Emerson** will expand video line with 19" remote at \$450, monitor receiver version at \$500, wireless remote VHS VCR with special effects at \$500, VHS Hi-Fi version with MTS at \$600.

**Samsung** will unveil 6 VCRs and VCPs, along with long line of new color TVs. VCPs will be in 2- and 3-speed models (prices not available). Three new basic models, all with 6-event programmability, will replace existing ones. VHS Hi-Fi wireless remote with on-screen programming will be \$700. Square-cornered 14" set will be featured among new color models.

**Goldstar** is adding 4-head wireless remote model to VCR line (price unavailable), as well as 13" and 19" color monitor receivers and 25" remote.

**Sampo** will have wireless remote 4-event VCR at \$370, remote 25" monitor receiver and remote 25" console, both at \$650.

**AOC** will introduce 19" wireless remote monitor receiver at \$360, first of planned monitor line including 13" and 25" models.

More video products from traditional audio brands will mark show. Included:

**Fisher** plans to debut 4 new remote color monitor receivers, all with MTS and cable tuning, starting with 19" at \$600, 20" at \$700, and 25" at \$850, topped by 26" with dual 3.5-w amplifier at \$950. New stereo VCRs are \$550 and \$650, VHS Hi-Fi MTS wireless remote 9-event model is \$850. Also new from Fisher will be 13 audio-video systems.

**Sansui** is introducing 26" monitor receiver with built-in MTS, 400 lines resolution, as replacement for its former 25". Alone, it's priced at \$999, also is featured in several audio-video systems. Also new from Sansui is VHS Hi-Fi HQ VCR with 178 channels, 8-event timer, wireless remote, also \$999. New video accessory is portable character generator.

**Akai** enters TV with its first monitor receivers -- 20" and 26" MTS remote units with comb filter, 142 channels -- along with group of audio-video systems.

**Vector Research** has added 2 VHS VCRs at \$449 and \$499. Also new are 2 HQ VHS Hi-Fi models, 5-head unit at \$750, one with 51-function remote and on-screen programming at \$1,000.

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**Combination video-audio-computer disc** player is to be first hardware offering from joint optical disc product development venture formed at end of Oct. by Dutch Philips and Du Pont (TVD Nov 4 p11). Player will be designed to standards that venture expects to set in cooperation with Japanese manufacturers, be able to handle current Laservision videodises, digital CD audio discs and CD-ROMs, have port for connection to computers. Production will be in plants being equipped in Belgium and Spain, and Philips said it's expected to retail for about \$530 when introduced in 1987. To give venture chance to establish competitive foothold in market, it was indicated, Philips plans to ask EEC ministers to double duty rate on such players to 19%, just as it successfully did with CD players in 1983.

**Import adjustment assistance** program has been extended 2 years, giving Administration and Congress more time to come up with substitute. Proposal to impose surcharge of up to 1% on imports to fund training for import-impacted workers was approved as amendment to one budget bill by Senate-House conferees, but bill itself didn't pass. That could come up again in next session, as could Administration plan for scrapping import adjustment program in favor of making it part of federally funded Job Training Partnership Act.

**Useful volume, How to Hook Up Your Video System**, with diagrams covering most possible situations, is now available in revised version from RCA Distributor & Special Products, Deptford, N.J. 08096. Suggested list price is \$1.95.

**INSIDE DELCO:** Who is largest consumer electronics marketer in U.S.? It could be General Motors, according to information in report sent to shareholders on pending merger with Hughes Aircraft. Report for first time gives look at business of Delco Electronics, which is to be broken away and combined with some Hughes electronics operations into new subsidiary.

It shows that in 1984 Delco's Electronics Div. had sales of \$2.05 billion and of that, 55%, or \$1.13 billion came from sales of car radios, radiocassette combos and comfort systems. Considering high prices GM puts on radios, it's reasonably safe guess that its wholesale revenue from radios alone approaches or even exceeds \$1 billion annually, which would put it in same consumer electronics sales class as RCA, Zenith, Panasonic, Sony.

Report says Delco manufactures its own radios, purchases tape decks, speakers semiconductors and other parts from outside suppliers, and 60% of such purchases are from single sources. While such limiting of vendors makes Delco vulnerable in event supplier can't ship, report says it gives company access to improved quality and technology.

Delco makes 150 different model radios, and about 98% of its electronics sales are to GM. Report says 90% of GM cars and trucks are sold with Delco radios installed, even though dealers are allowed to buy products elsewhere and install them.

Although Delco has lock on radio sales to GM's auto manufacturing divisions, it still feels competitive pressure from outside. Report says it's "subject to corporate pricing policies of GM," which limit prices to what "automotive divisions believe would be charged by an independent supplier." So, report says, Delco "generally matches competitive price quotations when such quotations are available." To help meet that competition, it has opened plants in Mexico and Singapore, where wages are low.

As next move, Delco is considering broadening sales horizons by lining up unaffiliated auto manufacturers as customers. By that, it presumably means Japanese, German and Korean auto assembly plants operating or being established in U.S. and Canada. In so doing, it will be going into competition with some of same Japanese manufacturers that have been trying to sell radios and tape players through GM car dealers. So far, Alps, Clarion, Matsushita and Pioneer have, or are setting up, plants to assemble equipment here for sale to auto OEMs.

**Excise tax of 2%** would be imposed on sale of TV sets to finance education of math and science teachers under bill (S-1932) introduced by Sen. Baucus (D-Mont.). He accused TV of reducing young people's interest in studies. As consequence, Baucus said, it was only fair TV importers and manufacturers pay to help improve U.S. educational system. Tax would raise estimated \$100 million a year to fund scholarships and fellowships.

**MORE ON GE-RCA MERGER:** It's only coincidence, says RCA, that it picked this year to seek termination of 53-year-old consent decree that otherwise would have kept GE from making takeover offer (TVD Dec 16 p10).

To settle antitrust case instituted by RCA itself, GE, along with Westinghouse, agreed to 1932 order that they sell holdings in RCA and never attempt to regain control. On petition from RCA filed early this year, and without objection from Justice Dept., U.S. Dist. Court, Wilmington, Del., terminated that order Nov. 12. Lifted at same time were 1918 decree banning trade restraint in phono industry by Victor Talking Machine Co., which later became RCA subsidiary, and 1958 order that RCA offer domestic manufacturers free licenses to its TV and radio patents (TVD June 17 p12).

Orders still were in force Nov. 6, when GE and RCA heads say they held first meeting to explore merger possibilities, but were terminated month before deal actually was struck.

Class action suit charging GE and RCA failed to make timely disclosure of their merger negotiations was filed in U.S. Dist. Court, N.Y., by disgruntled former RCA holder. It alleges he and others who sold their RCA shares in week before merger plan was announced missed out on sharp price rise, were injured financially.

IUE was completely surprised by merger agreement, according to Pres. William Bywater. Union's major concern is "job security of its 55,000 members at GE and RCA," and he's planning to meet with companies "to obtain assurance that existing jobs will be preserved." Improved job security terms and layoff benefits were included in new 3-year contracts IUE and other members of union coordinating group negotiated with companies this year.

RCA hq employees have been told their jobs are secure for at least 9 months, which is tentative target for completion of GE's takeover. Notice was to assure them there will be no sudden premerger cutbacks of type that thinned ranks of other entertainment companies acquired last year.

**Seiko went public** in N.Y. last week in battle against gray market imports. In radio ads, it warns consumers that Seiko brand watches being sold by Alexander's and Filene's Basement (which it names) may be models not imported, or intended for sale here, by Seiko, don't carry factory warranty. Ad asks consumers whether they want to chance giving such watches as gifts, and attempts to put cloud over discount issue by saying Seiko "could not validate prices before the sale."

**Panasonic again** is offering \$1 million bonus to pro golfer who sweeps Bob Hope Classic, AT&T and Panasonic Invitational pro-am tournaments next year.

**WCES CONFERENCE FIRSTS:** Two first-ever conference events are slated for Winter Consumer Electronics Show Jan. 9-12 in Las Vegas: (1) Two workshop sessions with members of Congress as panelists. (2) IEEE Consumer Electronics Society technical conference in conjunction with show.

First congressional workshop, on outlook for trade legislation, is set for Jan. 10 at 1 p.m., Hilton Hotel. Scheduled panelists include Reps. Brown (R-Colo.), Downey (D-N.Y.), Feighan (D-O.), Mazzoli (D-Ky.), Schulze (R-Pa.). Session on outlook for audio tape royalty taxes, Jan. 11 at 11 a.m., includes Sens. Mathias (R-Md.), McConnell (R-Ky.) and Specter (R-Pa.), plus Reps. Fish (R-N.Y.), Hughes (D-N.J.), Lungren (R-Cal.), Smith (D-Fla.).

Full-day IEEE meeting is to be held at Convention Center Jan. 11 starting at 9 a.m.. Morning will be devoted to papers on cable, afternoon will focus on HDTV, application of digital technology to TVs and status of industry effort to develop standard bus for controlling variety of products and functions in homes.

Regular schedule of conferences, all at Hilton Hotel, starts Jan. 9 at 2 p.m. with Outlook '86. Speakers: Ron Nessen (Mutual Radio Network) on economic outlook; William Boss (RCA) on industry's 1985 sales and forecast for 1986.

Jan. 10 audio conference at 9 a.m. will have Sol Boucari (H.H. Scott) as keynoter. Home audio panel: Robert Heiblim (Denon), Dan Peterson (Kenwood), Mark Friedman (Onkyo), John Briesch (Sony) and retailers Charles O'Meara (Absolute Sound) and Bjorn Dybdahl (Bjorn's Stereo Designs). On autosound panel: John Bishop (ADS), Charles Wendt (Blaupunkt), Jon Passini (Jensen), James Oblak (Sansui) and retailers Rick Greenberg (Car Tunes) and Bruce Bart (Mad Jack's Warehouse). Computer conference at 2 p.m. will have Tandy's John Patterson as keynoter. Panelists: James Levy (Activision), Michael Katz (Atari), Kenzi Sugihara (Bantam Books), Keith Schaefer (NEC) and distributor Modie Katz (SoftKat).

Zenith's Gerald McCarthy will keynote video conference Jan. 11, 9 a.m. Panelists for hardware session: John McDonald (Casio), Joseph Klein (Goldstar), Harry Elias (JVC), Jay Yancy (Toshiba) and retailers Richard Lewis (Newmark & Lewis) and Gary Tobey (Federated Group). On video software panel: John Ziembra (BASF), Robert DeLellis (CBS-Fox Video), Rand Bleimester (Embassy Home Entertainment), Court Shannon (Karl-Lorimar Home Video), Robin Montgomery (Prism Entertainment) and retailers Ron Berger (National Video) and Steve Savage (New Video). Keynoting 2 p.m. telephone conference will be Ray Gates, Panasonic. On panel: David Carter (AT&T), Dennis Burke (Cobra), Paul Newman (Code-A-Phone), James Caile (Motorola) and retailers Ron Rosberg (Phone Co.) and Harvey Stuart (Fone Booth).

Workshop sessions, at meeting rooms in Convention Center and Hilton, will run during most show hours on all 4 days. They will cover various aspects of marketing accessories, audio-video systems, blank tape, computers, digital audio CDs and players, security systems, satellite receivers, telephones, video software.

**Commerce Dept. will resist pressure from "the Japanese lobby" and proceed with investigation of Administration complaint that Japanese are dumping advanced IC memories here, according to Commerce Secy. Malcolm Baldridge. He was responding to news report White House was having 2nd thoughts about pushing case. In announcing investigation, Commerce's International Trade Administration said it estimates dumping margin of 33% may exist for Japanese large-scale RAMs exported to U.S. in June-Oct. this year. ITA's formal pricing probe won't start until after Jan. 31, which is deadline for International Trade Commission to issue decision on whether domestic producers appear to be injured by import competition. In Japan, Hitachi and NEC said they were planning to cut output of 256K RAMs, type of chips covered by dumping complaint. Reason, they said, was to avoid inventory buildup - that could result in price cutting.**

**Dedicated car video** components to be marketed next month to custom van and boat owners by Sony are in-dash 22-channel remote TV tuner-audio amplifier at \$265 and matching \$125 computerized controller that selects best incoming signal from up to 3 antennas. Tuner has inputs for feeding in signal from VCR. System works with any portable TV equipped with video input. Sony is featuring it with \$430, 4" tunerless color monitor, says it will have 8" version out this summer. In demonstration last week system provided steady pictures during drive on highway near Sony's N.J. hq, performed acceptably, but less well, in area populated by office buildings. Sony spokesman estimated custom installation, including components, 2 antennas and TV with optional mounting brackets, would run just over \$1,000, said company has conservative sales target of 500-700 monthly.

**More than 400,000 camcorders** will be sold in U.S. this year at more than \$500 million retail, according to RCA Mktg. Vp Stephen Stepnes. Sales of RCA's VHS version are running 45% ahead of earlier estimates, he said in forecasting that industry will sell 700,000 camcorders this year. Offer of free hard carrying case with camcorder has been extended to March 2, he said. RCA introduced new leader VCR model with linear stereo and wireless remote.

**TDK will boost** videocassette output at Atlanta plant by 40% to 2 million monthly next year to minimize impact of dollar devaluation against yen. TDK said production capacity increase will come through greater automation and improved efficiency, with no plant expansion planned.

**SONY NET UP:** Sony credited color TVs and audio equipment for improved consolidated sales in final quarter and year to Oct. 31, said intense price competition in world markets held down growth in earnings. Net for year rose 2.2% to \$344.4 million on 12.6% sales increase to \$6.78 billion. For quarter, Sony earnings of \$82.2 million were up 14.1% to \$1.87 billion.

Sony said sales of video equipment (VCRs, tape, cameras and accessories) edged up just 0.7% for year to \$2.43 billion as weak demand for Beta models offset effect of increased volume for 8mm Video VCRs and industrial equipment. It said total consumer VCR sales of \$1.1 billion was off slightly. In TV, total sales rose 22.8% to \$1.72 billion, helped by sharp rise in color exports to China. Biggest increase in TV was 60% to \$114 million for projection TVs, while component systems gained 44% to \$108 million, color set volume was up 19.7% to \$1.42 billion and b&w rose 14.8% to \$81 million.

Audio equipment sales climbed 24.6% to \$1.6 billion on strength of demand for CD and tape players. Sony said it sold 800,000 CD players in year, up from 150,000 in fiscal 1984, put current production at 150,000 monthly, with just under half accounted for by portables. Sales of other products were up 11.8% to \$953.2 million. Sony said overseas sales increased 15% to \$4.97 billion, while volume in Japan was up 6.2% to \$1.73 billion.

Sony said it expects rising yen, trade friction and uncertain China and U.S. market conditions to create difficult operating environment in current fiscal year. To counter that, company said it will increase overseas production, improve productivity, strengthen financial position, continue development of new high-tech products and "adjust prices in the light of competitiveness abroad." Asked for explanation of pricing intentions, spokesmen said it meant prices would be raised "where Sony has a competitive edge."

**Fuji Photo** said easing in downward pricing pressure on videocassettes contributed to 17.4% rise to \$326.5 million in consolidated net for year to Oct. 20.

**Micron Technology** had loss of \$10.5 million in opening quarter to Nov. 27 on sales of just \$5 million. In same period last year, IC maker earned \$11.6 million on sales of \$37.2 million. Last June, MT filed complaint that Japanese were dumping 64K RAMs here. Earlier this month International Trade Administration issued positive preliminary determination, saying it found dumping margins of 8.93% to 94% (TVD Dec 9 p16).

**Apple** said it expects to report record quarterly profit of about \$52 million in opening fiscal period to Dec. 27, up 13% from same fiscal 1985 quarter. It said earnings improvement stems primarily from cost-cutting effort, expects sales to exceed \$500 million, down from \$698.3 million.

**BIG-SCREEN TV OUTLOOK:** Projection-type large-screen color TVs face substantial market displacement in near future as consumer and industrial buyers switch to sets with giant direct-view tubes, and over long term will lose additional share to sets with large panel displays, according to study, *Large-Screen Display Markets*, by Venture Development Corp.

Report says projection TV will see share of giant-screen market shrink from current 100% to 64% by 1990, 36% by 1995. First impact will come as pricing of large direct-view sets becomes more directly competitive with comparably sized projection models. As for flat-panel displays, study says viable large wall-screen TVs should be on market by early 1990s and, if appropriate price-performance ratio improvements follow, could account for more than 50% of all consumer TV sales by 2000.

Also, report says, current international effort to come up with single world standard for high-definition TV transmission and reception system may turn out to be irrelevant. Use of digital technology to produce receivers capable of handling multiple signal systems could make agreement on universal standard unnecessary. Details: VDC, 6 Prowitt St., Norwalk, Conn. 06855.

Here's what VDC sees as outlook for big-screen TV displays:

**LARGE-SCREEN TV SALES**  
(in \$1,000)

	1985	1987	1990	1995
Total U.S.	750	933	1,095	1,370
Consumer	600	725	800	925
Industrial	150	208	295	445
Foreign	115	165	245	380
Total	865	1,098	1,340	1,750

**Color TV sales** to dealers plummeted in 49th week of year, dipping 12.6% below same 1985 week, while VCR sales showed lowest increase of year -- 15.4% (see *State of the Industry*). Major element was calendar technicality -- for many manufacturers, reporting period included Thanksgiving week this year but not last year -- thereby comparing 3-day work week in 1985 with 5-day one in 1984. Although period covered by latest EIA data nominally is Nov. 30-Dec. 6 week, most manufacturers' statistics actually are from slightly earlier periods -- some manufacturers, for example, using Wed.-Tues. as their reporting week.

**Reimposition of duty** on hearing aid imports is being considered by Office of Special Trade Representative at request of Beltone and Qualitone. U.S. producers contend elimination of hearing aid tariffs in 1982 led to increased imports and injured their businesses without giving consumers measurable benefit.

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## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audio/Video Affiliates 1985-9 mo. to Oct. 31	98,138,000	3,827,000	.45
1984-9 mo. to Oct. 31	68,104,000	2,737,000	.40*
1985-qtr. to Oct. 31	38,020,000	1,269,000	.15
1984-qtr. to Oct. 31	23,523,000	920,000	.12*
Cable TV Industries 1985-9 mo. to Oct. 31	25,175,000	14,000	--
1984-9 mo. to Oct. 31	24,733,000	532,000	.18
1985-qtr. to Oct. 31	9,648,000	73,000	.02
1984-qtr. to Oct. 31	9,403,000	297,000	.10
Tektronix 1985-25 wk. to Nov. 16	624,906,000	16,268,000	.79
1984-24 wk. to Nov. 10	643,176,000	36,281,000	1.79*
1985-12 wk. to Nov. 16	322,422,000	12,794,000	.62
1984-12 wk. to Nov. 10	336,156,000	20,039,000	.99*

Notes: \*Adjusted. \*Restated.

Steven Williams appointed Harman America mktg. mgr.; Mark Schoettmer named sales dir... Lawrence Reichenstein resigns as Webcor exec. vp, plans to establish new telephone and consumer electronics marketing company... Stanley Wulc named chmn. of Tandberg Audio in restructuring of Tandberg America; Roger Jensen named managing dir. of manufacturing operations in Norway... David Hertz, ex-Panor, one-time Marantz, joins Nikko Audio as national sales mgr.

William Hoard, former Pioneer Video national software mktg. mgr., named national sales mgr., Mirisch Video... John Levin, ex-MCA Home Video, joins Active Home Video as mktg. vp... James Keegan named controller, RCA/Columbia Pictures Home Video... Leanne Latimer appointed Norstar Video sales mgr... Troy Cooper promoted at National Video to exec. vp; David Davies named finance vp; Kim Cox appointed administration, planning and legal affairs vp... Stephanie Clark named co-op ad coordinator, Artec... Miriam Wirchin promoted at Fuji Photo from ad coordinator to meetings & exhibits supervisor for Magnetic Products and Computer Media Divs.

Consumers' color TV buying plans slipped in Nov., but still remained high, according to preliminary results of Conference Board survey. It showed 8.1% of those queried intended to buy new set within next 6 months. While that was down from 10.4% in Oct., it was well above 7.7% average of preceding 12 months.

Microwave oven shipments by domestic factories and importers jumped 28.6% in Nov. to 1.28 million, AHAM reports. That put 11-month total at just over 10 million, up 22.4% from same period last year, and 9.6% ahead of 1984's full-year record of 9.13 million.

## Consumer Electronics Personals

Kenji Tamiya, Sony America chmn., to be elected a dir. of Japanese parent at Jan. 30 annual meeting. Other nominees: Takao Kanaoka, pres. of VCR and color TV manufacturing subsidiary Sony Ichinomiya, and Yoshiyuki Kaneda, Magnetic Products Group senior gen. mgr... James Ambrose, ex-Quasar, joins Sharp Consumer Video Div. as national sales mgr. for direct sales operations; John Poto, ex-GE, one-time Magnavox, named national sales mgr. for distributor sales... Gary Weissberg rejoins Sanyo Consumer Electronics Div. as product development dir... Frank Leonardi promoted at Commodore from vp to senior vp for business products sales, retains responsibility for marketing Amiga computers to specialty retailers; John Widlicka, ex-Canon, joins as consumer products senior mktg. and sales vp.

Francis Scricco, former Commercial Electronics Products Div. gen. mgr. at GE Consumer Electronics Business Operations, named pres. of Proteon, telephone equipment producer... Jyrki Salminen appointed gen. mgr. of Salora-Luxor Satellite Div. of Nokia Group, Finnish parent of Luxor North America... Arthur Dojan, N. American Philips purchasing services dir., and John Rich, exec. staffing and management development dir., named staff vps.

# TELEVISION DIGEST®

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With Consumer Electronics

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**GROUP W CABLE FETCHES \$1.6 BILLION:** Plans for disposition of 135 systems among buying group haven't been finalized. (P. 1)

**WIRTH TO ANNOUNCE FOR SENATE JAN. 4** from Colo., when Hart declares he's stepping down. Markey wants Telecom chmn. job. (P. 2)

**CABLERS WANT FEE RULES RETURNED:** NCTA and operators say Cable Act didn't supersede FCC jurisdiction; seek ruling on earlier rate petitions. (P. 3)

**MPAA, NCTA BACK AT NEGOTIATING** table on cable copyright payments. Staffs meet Jan. 8, although deal reportedly isn't close. (P. 4)

**NEW CANDIDATE FOR FCC VACANCY:** Hispanic Paula Maes, KOB-TV public affairs dir. Decision expected by White House this week as some candidates are told they're out. (P. 4)

**CABLE INDUSTRY PROFITS OFF 2.8%** in 1980-84. Investment banking firm also finds revenue growth softening for cable but accelerating for broadcasting. (P. 5)

**HBO, RCA FORM JOINT VENTURE** to buy Ku-band satellite. Transponders will be resold to HBO, other programmers for cable delivery. (P. 6)

**GROUP W CABLE SALE TO TOP MSOs FETCHES \$1.6 BILLION:** Group W has reached definitive agreement to sell its 2.1-million subscriber cable operation for slightly more than \$1.6 billion to group consisting of Time Inc., TCI, Comcast, Daniels & Assoc. and Century Southwest Communications. Transaction, announced Dec. 24 by parent company Westinghouse and Time on behalf of bidding group, involves about 135 systems, doesn't include 2 Chicago franchises under construction and 19 smaller systems in at least 5 states. Closing of deal is anticipated by mid-1986, following FCC and local franchising approvals.

Plans for systems haven't been finalized, prospective buyers stressed, but privately it was deemed "pretty unlikely" that they wouldn't be parceled among individual companies. Analysts said buyers probably would select systems near franchises they already operate, with Time's ATC subsidiary, for example, choosing systems close to Cablevision franchise it holds in

### Consumer Electronics

**JAPAN'S VCR EXPORTS** to U.S. edged up just 4.1% to 1.4 million in Nov. Decline in average pricing nearly offset yen rise. (P. 8)

**INDUSTRY FORECASTS** for 1986 in our year-end survey: Prices will be firm, profits and sales up slightly. Color and VCR at plateau, projection and camcorders well ahead. (P. 9)

**VIDEO PRODUCT DEMAND** in U.S. will continue strong in next 4 years, but growth will be slow, international report says. (P. 11)

**RCA LABOR PACT** calls for issuing shares annually to workers. GE might seek change after merger. SMC in new contract. (P. 11)

**IMPORT DATA DELAY** of up to month being considered as cure for inaccuracy by Census Bureau. Outside views being sought as planned Jan. change delayed. (P. 12)

**DARTNALL END RUN SUCCEEDS** in acquisition of Thorn EMI Screen Entertainment. Midland International goes to Wesray Capital. (P. 12)

**AMERICAN EXPRESS EXPECTS** 2,000 mail orders for \$1,800 Sony Handycam system, puts 1985 electronics sales at \$125 million, about 1% of market. (P. 13)

Manhattan and TCI opting for operations near its suburban Chicago systems. TCI also would seem likely bidder for Group W's Chicago franchises should they be put on block. Companies "are interested in different parts" of Group W operations, said Adam Levy, associate at Donaldson, Lufkin & Jenrette. "It seems that, despite the fact they're competitors, they're doing this on an amicable basis."

Regardless of how systems are divvied, liquidation of No. 3 MSO Group W would substantially increase size of TCI and ATC, which already are No. 1 and 2, respectively. TCI and ATC each could add up to 650,000 subscribers through transaction. Comcast, which like TCI and ATC is expected to put up 20-30% of purchase price, is likely to double its 500,000-subscriber base, making it one of top 10 MSOs and a leading operator in South following expected addition of systems in Ala. and Fla. Daniels, which spokesman said expected to pick up more than 50,000 subscribers, and Century Southwest, have smaller stakes in deal.

Group W operations not involved in transaction include 7 W.Va. systems recently sold to Wometco and systems in Liberal, Kan., Trinidad, Colo., Bridgeton, Kirkwood and Baldwin, Mo., and Silver City, Tusca Mary, Portales and Lovington, N.M. Deal for 3 other "very small" Group W systems still is pending, according to Westinghouse spokeswoman.

Sale price is nearly 25% below the \$2.1 billion (\$1,000 per subscriber) some analysts believed Westinghouse would fetch. However, degree of debt assumed by purchasing companies effectively could raise price, with estimates ranging \$50-\$500 million. Westinghouse claimed "asset value" of sale was about \$2.1 billion, but spokesman for one of buyers differed, saying purchase price was somewhat above \$1.6 billion but would be reduced to that amount once liabilities were factored in.

Westinghouse will show after-tax gain of \$500 million on books for transaction after buying core of cable business from Teleprompter in 1981 for \$646 million (TVD Aug 3/81 p5). Westinghouse Chmn. Douglas Danforth said last week's sale, intentions for which were announced late last summer as part of major corporate restructuring (TVD Sept 2 p1), didn't mean any dampening of company's enthusiasm for broadcast business, noting it had signed tentative agreement recently to acquire independent KHJ-TV L.A. (Ch. 9) for \$313 million (TVD Nov 11 p3). Part of proceeds from cable sale will be used to retire short-term debt incurred in program to repurchase 25 million shares of common stock. About 21 million shares have been bought to date at average price of \$42.25.

**WIRTH TO DECLARE SENATE BID JAN. 4:** House Telecom Subcommittee Chmn. Wirth (D-Colo.) is expected to announce his candidacy for Senate Jan. 4 -- same day Sen. Hart (D-Colo.) plans to announce he won't seek reelection. Hart, who will hold reception that day for 300 guests in Denver suburb with news media excluded, is expected to run for President again.

Wirth, who has been busily raising money for months for Senate race (TVD Aug 26 p7) and who has taken extra pains to divorce himself from AT&T breakup decision -- which hurt him in 1984 reelection -- will "be handed the Democratic nomination on a platter," according to veteran Democratic observer of Colo. politics. Same person also said Wirth's "nose is a touch out of joint" because Hart has taken so long in making his plans known. Also, source said, if Wirth seeks reelection to House, he'll face tough fight from Boulder lawyer Mike Norton, whom Wirth defeated 54%-46% in 1984, much smaller margin of victory than all other Colo. incumbents in House.

There are 2 announced candidates for Senate on GOP side -- favorite Rep. Kramer (R-Colo.) and State Sen. Martha Ezzard, who many Coloradans believe would be tougher opponent for Wirth in general election. Also considering race for GOP nomination is Thomas Considine, Denver real estate investor and pres. of WDAU-TV Scranton-Wilkes-Barre. Sen. Armstrong (R-Colo.) reportedly is pushing Considine to run.

Rep. Markey (D-Mass.) is in line to take over Telecom Subcommittee and is campaigning actively among colleagues for job, although he has opposition -- reportedly including that of Commerce Committee Chmn. Dingell (D-Mich.). Telecom Subcommittee member told us Dingell wants to hand job to Rep. Swift (D-Wash.) and will expand number of Committee subcommittees to keep Markey from becoming Telecom chmn.

On another political front, Rep. Broyhill (R-N.C.), ranking minority member of House Commerce Committee, is favorite to win N.C. GOP nomination for Senate to succeed retiring Sen. East (R-N.C.). Managing his campaign is Eugene Bohi, former NAB TV board member and longtime gen. mgr. of WGHP-TV High Point. For last year, Bohi has been gen. mgr. of WDAU-TV, returned to N.C. to work in Broyhill campaign.

**NCTA SEEKS RETURN OF FEE RULES:** Cable Act didn't end FCC jurisdiction over franchise fee disputes, NCTA and 3 cable companies now are arguing in supporting brief filed Dec. 23 that asked U.S. Appeals Court, D.C., to reverse Commission's dismissal of related petitions. Request, joined by United Cable TV, Media General and Continental Cablevision, was started in Nov. by Yakima Valley Cablevision and Conn. Cable TV Assn., which asked Court to overturn FCC's year-old order in which Commission ruled Act superseded agency's regulatory powers in area. Court action also seeks hearing on 32 other rate petitions FCC dismissed.

"One of the principal purposes of the Cable Act was to establish a uniform and consistent national regulatory policy for cable TV, including issues pertaining to franchise fees," NCTA argues. "Consistent and uniform applications of the Cable Act will only be possible if the pertinent factual circumstances are initially interpreted by the FCC, the expert agency charged by Congress with regulating cable service under the Communications Act."

"Should resolution of these issues be left to local courts throughout the United States, uniform treatment of cable would be eviscerated," petitioners claim. "Deferring interpretation and execution of the Cable Act to a myriad of state and/or federal trial court judges will serve only to create endless confusion and a disparate rather than uniform cable policy."

Petitioners admit Act does "prescribe strict parameters" for FCC regulation of franchise fees by setting 5% cap but said "nothing in the express terms of the statute nor in its legislative history... suggests that the FCC has lost any of its authority to interpret and enforce the franchise fee limitations." That's something of new spin on argument for cablers, who during legislative battle for Cable Act pushed for freedom from such regulation (TVD Aug 6/84 p2).



**FCC has refused** to block merger of Capital Cities and ABC, now set for Jan. 3. Anthony Martin-Trigona asked Commission for stay until U.S. Appeals Court, D.C., acts on his appeal. FCC said Martin-Trigona failed to demonstrate that he would suffer "irreparable injury" if stay wasn't granted.

**Top FCC executive** service cash award of \$8,500 went to Robert Foosaner, chief of Private Radio Bureau. Awards were established under Civil Service Reform Act to encourage and recognize high-quality performance by federal officials. Other FCC winners and amounts: \$6,000 to Gerald Vaughan, chief, Accounting and Audits Div., Common Carrier Bureau; \$5,000 to Gen. Counsel Jack Smith, Assoc. Gen. Counsel Sheldon Guttman and Field Operations Bureau Chief Richard Smith; \$4,500 to Michael Fitch, deputy chief of Private Radio Bureau, William Johnson, deputy chief of Mass Media Bureau, and Roy Stewart, chief of Video Services Div.; \$3,500 to Joseph Knippenberg, assoc. managing dir., Alan McKie, deputy managing dir., William Ours, chief of Enforcement Div., Field Operations Bureau, and Thomas Stanley, acting chief scientist. As noncareer employes, 4 FCC bureau chiefs -- William Russell, Peter Pitsch, Albert Halprin and Edward Minkel -- aren't eligible for cash awards.

**Shaun Sheehan**, NAB senior vp for public affairs and communications since 1978, has resigned effective Feb. 1 to open Washington public affairs and govt. relations office for Tribune Bctg. "With our recent purchase of KTLA in L.A. [for record \$510 million] and our increasing commitments in programming and news, we felt it prudent to create this office," according to James Dowdle, pres. of Tribune Bctg. and an NAB TV dir. Sheehan's title will be vp-Washington, with specific responsibilities for govt. and media relations and liaison with broadcast industry and allied organizations. He is member of national board of Mothers Against Drunk Driving, has been in forefront of industry campaign against alcohol and drug abuse.

**Joint petition** from 9 broadcasters filed last week with FCC objected to 10.1% increase in AT&T TV service local channel rates, part of recent request for boosts in private line rates generally. Broadcasters said TV users haven't caused costs that rate adjustments are intended to recover, and even if users did cover costs, AT&T already is recovering them under existing tariffs. Comments said that for first time AT&T has aggregated TV service data with terrestrial audio, "rendering such information completely useless to television users." Broadcasters said costs AT&T wants to recover are "clearly nonrecurring in nature" and shouldn't be assessed against all customers on recurring basis.

**MPAA-NCTA BACK AT NEGOTIATING TABLE:**

While talks are resuming between MPAA and NCTA, agreement isn't as close as some had believed. Jan. 8 negotiating session is scheduled at staff level but Pres. James Mooney (NCTA) and Jack Valenti (MPAA) won't be there. Assns. hope to come up with copyright fee based on per-subscriber formula rather than current method whereby post-Malrite cable systems pay 3.75% of gross revenue for distribution by Copyright Royalty Tribunal to copyright owners.

"We'll go over a few points to see if we can narrow the differences," according to MPAA official. "No one is going to be talking about a firm deal for some time." Before that happens, he said, Mooney and Valenti will have to be brought into picture and boards of both associations must approve any agreement.

Negotiations have focused on 10¢-20¢ flat subscriber fee, sources said. Any agreement would have to be approved by Congress -- where concept already has picked up supporters in key Judiciary Committees but is sure to be opposed by NAB and perhaps professional team sports.

Professional sports interests said they generally have been kept apprised of talks but haven't been given any details. Spokesman for leagues said they always have been concerned about "unconsented use of our programs" by cable systems because it hurts local audiences. "I'm confident that all parties will be given a chance to have some input" before any legislation on agreement is sent to Congress, he told us.

Early on, NAB had sought to become involved in negotiations but to date has been kept in dark -- about which it has complained to Congress. However, we're told NAB will be "fully briefed" on any deal. NAB official said Assn. undoubtedly will oppose any agreement in Congress because "you can assume automatically" that it will create more distant signals for cable systems. Same issue concerns professional sports. Another problem for NAB is its contention that MPAA-NCTA copyright agreement will affect must-carry dispute because it involves compulsory licenses.

Changing royalty payments to flat fee per subscriber would be "revenue neutral," MPAA and NCTA have testified in Congress -- meaning that revenue going to CRT for distribution to copyright owners would remain about same (TVD Sept 23 p4). Available for distribution from 1984 payments, as of Sept. 30, was \$95.6 million; total will go up because of interest received before distribution at end of Feb. Payments for 1985 had reached \$52.8 million at end of June, will go well over \$100 million.



**United Cable** will wire Hartford in full by 1989 under agreement reached with city for acquiring system. Company reportedly will put up \$7 million for project; it's paying more than \$60 million for system, which includes 5 neighboring towns.

**Latest name to surface** for FCC vacancy is Paula Maes, public affairs dir. at KOB-TV Albuquerque, and she's considered strong possibility, according to Washington and N.M. sources. It's known White House has informed at least some of other candidates they won't be picked and has indicated choice is likely to be announced this week. Maes, who reportedly has support of entire N.M. congressional delegation, is 32, journalism graduate of U. of N.M. She first inquired about possibility of being appointed to Commission last Aug. with office of Rep. Lujan (R-N.M.), was encouraged to go ahead. She told us she has received several letters from White House saying she's still in running but hasn't yet been interviewed by personnel office. Maes is a cofounder of National Assn. of Hispanic Journalists, started working at KOB-TV while in college, spent 3 years as news producer at KOAT-TV Albuquerque before returning to KOB-TV. Her husband is attorney and they have 18-month-old son.

**Christine Craft** has appealed to U.S. Supreme Court decision by 8th U.S. Appeals Court, St. Louis, voiding \$325,000 jury award against her former employer, KMBC-TV Kansas City, in sex bias and fraud case filed in 1983. Along with appeal filed Dec. 17, Craft enclosed brief from NOW Legal Defense & Education Fund. Craft case began when she charged KMBC-TV with demoting her from news anchor for being too old, too unattractive and not deferential enough to men. She was awarded \$500,000 by federal jury in Kansas City in first trial, but judge threw out verdict and ordered new trial. Second jury ordered former station owner, Metromedia, to pay Craft \$325,000, award that was voided by Appeals Court. Meanwhile, Craft will start new job early in Jan. as coanchor of late-night news program at KRBK-TV Sacramento.

"**We will do our best to protect**" affiliate stations in seeking to devise new must-carry rules, NAB Pres. Edward Fritts responded Dec. 27 in letter to ABC TV Affiliates Assn. Chmn. Joseph Jerkins. Jerkins had expressed concern over proposed exemption from mandatory carriage of duplicated network signals in INTV and TV Operators Caucus must-carry plans (TVD Dec 23 p7). "There is a need for flexibility in the search for a must-carry resolution," Fritts wrote. "At the same time, there are matters of great concern to stations which need to be pursued as vigorously as possible... I also know that you are aware of limitations on what can be accomplished under the Appeals Court decision and the resultant voiding of the must-carry regulations."

**Significant viewing** status has been denied WPTF-TV (Ch. 28) Durham, N.C. Station, NBC affiliate, didn't meet FCC requirement of providing separate cable/noncable data for 3 years following technical improvements made in 1978. Status has been conferred on WZDX (Ch. 54) Huntsville; WRGT-TV (Ch. 45) Dayton; KBGT-TV (Ch. 8) Albion, Neb.; WNOL-TV (Ch. 38) New Orleans; WVAH-TV (Ch. 23) Charleston, W.Va.; WPTY-TV (Ch. 24) Memphis.

**BCST. PROFITS UP, CABLE DOWN:** Cable and pay TV profits suffered 2.8% drop in 1980-84 to 15.9% from 18.7% at start of decade, while broadcasting rose 0.5% to 18.5%, according to Communications Industry Report by N.Y. investment banking firm Veronis, Suhler & Assoc. (VS&A). Rate of 1984 revenue growth for cable and pay-TV industry was 24.4% vs. 54.6% 4 years earlier, for broadcasters 18.8%, report said.

But in cash flow, where study said depreciation and amortization of capital investments were added to operating income, cable ranks 10 percentage points higher than broadcasting -- 31.5% to 21.1%. "Cable more than any other segment is a cash-flow beast," said VS&A official David Lamb.

VS&A study used public information obtained from SEC and other company-issued data on 245 firms in 313 lines of business in 10 communications segments. Besides cable, pay TV and broadcasting, segments studied were business information services, newspapers, entertainment programming, advertising, business magazines, consumer magazines, books, recorded music.

Cable had poorest showing on profit margin, broadcasting was 6th best. Overall, cable, "faced with major erosion in revenue growth," maintained pretax operating income growth above 30% through "adept management of profit margins," study said on basis of reports from 39 cable and pay-TV companies. In comparison with other communications segments based on 5-year compound annual rates of growth, cable ranked first in revenue, 39.5% compounded annually; pretax operating income, 33.8% compounded; operating cash flow, 37.9% compounded; revenue for 1984, 24.4%. But cable ranked last in performance categories such as return on assets for 1984, 8.6%; 1980-84 margin change in cash flow, down 1.4%.

Individual leaders over 5-year period: MTV Network, compound annual revenue growth, 165.6%; Prime Cable, compound annual operating income growth, 154.6%, and cash flow compound annual growth, 99.4%. For growth in 1984, Harte-Hanks was highest in revenue -- 175%; Inflight Services led in operating income -- 222.2%. Scripps Howard Bestg. had highest rate of growth in operating cash flow -- 325%.

Broadcasters ranked consistently in top half of communications industries' segments studied with: (1) Cash flow at 15.6% compounded annual rate for 5-year period. (2) Revenue growth of 14.2%. (3) Operating income growth of 15%. (4) Five-year compound annual asset growth of 20.9%. Results are composites for segment, derived from data for 55 companies. Broadcasting ranked 2nd among communications segments in 1984 revenue growth with 18.8%, asset growth of 33.3%, pretax operating income margin of 18.5%. Contact: VS&A, 515 Madison Ave., N.Y. 10022, 212-935-4990; study price is \$500.

**FCC has ordered KOZN(FM) Imperial, Cal., to show cause why its license shouldn't be revoked for "alleged unauthorized operation by an alien licensee."** Agency said investigation disclosed that 90% owner Richard Green was born in Toronto in 1940 but his application for KOZN said he was born in Einberg, Pa., in 1937. In revocation order, FCC said Green had admitted he misrepresented his citizenship on several forms filed with agency. In separate case, Commission renewed licenses of KNIX-AM-FM Tempe, Ariz., subject to equal employment opportunity conditions. Stations, owned by country music singer Buck Owens, were admonished in 1980 for "inadequate EEO program."

**N.Y. Legislature** has approved and Gov. Cuomo has signed bill designed to curb unfriendly takeovers of companies with HQ in state. Measure, sought by Cuomo, prohibits new owners of 20% or more of company from merging with another firm or selling off any assets unless advance approval is obtained from company acquired. Aide to Cuomo said bill is intended to curb highly leveraged takeovers that depend on using assets of target company to finance deal. Bill replaces one passed last summer (and vetoed by Cuomo) by legislature at behest of CBS when Ted Turner was attempting takeover.

**Buckling** under Administration pressure, Federal Reserve Board has delayed implementing new rule aimed at stemming corporate takeover attempts by restricting use of low-quality "junk" bonds. Proposed rule would require corporate bidders that set up shell corporations with no tangible assets to put up collateral worth half the value of bonds floated to finance purchase of target company's stock. Reagan Administration has criticized rule, which was to take effect Jan. 1, saying it runs counter to President's free-market philosophy. Fed will take final action on rule at public meeting Jan. 8.

**Time Inc. talks** with Turner Bestg. over acquiring interest in CNN are on hold, Time spokesman Edward Adler said Dec. 26. "We're still interested, but they're on the back burner," said Adler, who wouldn't elaborate. Turner has been looking to sell minority interest in CNN to help finance \$1.5 billion takeover of MGM/UA.

**FCC will award** 46 low-power TV permits in Jan. 24 lottery. More than 20 mutually exclusive applicants are competing for some of grants, and no further applications will be accepted. Petitions to deny may not be filed before Jan. 24, may be filed against potential winners within 15 days after lottery.

**Cable systems** serving 50,000 subscribers in 5 states have been acquired by Narragansett First Fund from Omni Cable TV. Terms weren't disclosed, but Narragansett Capital Corp., parent of buyer, said it invested about \$19.2 million in transaction. Systems are in Ga., Ill., Mich., Va., W.Va.

**CBS will switch** affiliation in Huntington-Charleston, W.Va., from WCHS-TV to WOWK-TV, currently ABC affiliate. Change will take place by July.

**HBO TO BUY Ku-BAND SATELLITE:** HBO started migration of cable networks to Ku-band satellites in big way week ago, quite bluntly telling TVRO owners not to expect to follow along. It's establishing joint venture with RCA Communications that will purchase Satcom K-3 satellite from RCA Americom for undisclosed amount and resell 16 transponders, providing HBO with capability to transmit signals to affiliates in Ku-band. Time Inc. approved agreement in principle Dec. 18.

Move had been expected. HBO talks with RCA were rumored for months. Also reportedly interested in Ku-band capacity is largest MSO, TCI. K-3 isn't scheduled for launch until late 1988, when HBO picks up 2 channels each for east and west coast feeds of HBO and Cinemax.

Until then, same rules as outlined by HBO Pres. Joe Collins will apply to interim high-powered bird K-1, available early next year: "Unlike C-band transmissions, Ku-band transmissions of HBO and Cinemax will be scrambled from their onset and are intended to be received only by cable affiliates." However, since there's no installed base of home Ku-band receiving gear, HBO still plans to offer home service via "our previously announced C-band direct program." Cable operators also will be free to continue receiving C-band signals.

Deal apparently will put RCA Service in programming business, using 2 K-3 transponders to reach hotels and motels. Until K-3 is in orbit, RCA Service will lease K-1 transponder to offer lodging service. RCA Service learned something about Ku-band business when it handled installation and service chores for defunct United Satellite Communications. Biggest question and irony in announcement involves DBS market. Development reversed original function of high-power birds -- to provide direct-to-dish services. K-3 now is being organized to deliver cable services, with nothing for 3-ft. rooftop dishes.

DBS market still is open question, though. Other companies could put together Ku-band movie and other programming services for sale to dish purchasers. HBO had no comment on whether it would seek those rights from studios, also could change its mind about home market. Other long-term implication of K-3 deal is eventual loss of hotel-motel revenues to HBO, given fact that RCA will handle delivery.

**Broadcast employment rose 1.2% this year over 1984 to 166,524 for stations with 5 or more employees, according to FCC.** Number of women employed in 4 top categories rose nearly 4% to 40,349 (nearly 29% of total work force), while number of minorities increased by more than 5% to 19,094 (nearly 14%). Categories: Officials and managers, 1985 total 35,297, up 2%; professionals, 52,842, up less than 1%; technicians, 31,234, down less than 1%; sales workers, 21,914, up 3%; office/clerical, 25,237, up 1%. Details: Max Dalton, 202-632-7069.

**Growing pressure** in Congress for campaign reforms will produce yet another bill on political ads when it returns in Jan. Sens. Inouye (D-Hawaii) and Rudman (R-N.H.) are planning legislation that would require uniform TV-cable political ad format. Under proposal, sponsors of ads of 10 min. or less would have to speak directly into camera. Commercial also would have to identify speaker and person or group that bought air time. Proposal is part of reform effort begun this year by Senate Commerce Committee Chmn. Danforth (R-Mo.) that led to aborted attempt by Sen. Boren (R-Okla.) to expand FCC personal attack rules to require TV-radio stations to provide free air time for candidates to respond to ad attacks by independent political action committees (TVD Dec 9 p9).

**Health warnings** in TV-radio ads for chewing tobacco and snuff would be mandatory under bill (S-1574) awaiting vote in House when Congress returns next month. Senate passed measure Dec. 16 on voice vote, but it stalled in House when Rep. Bliley (R-Va.) objected to its being brought to floor Dec. 19. Its champion, House Health Subcommittee Chmn. Waxman (D-Cal.), was planning amendment to require flashier warning labels on packages that Bliley said he feared would end up applying to cigarettes as well. Also ahead in House is fight over whether it's appropriate under First Amendment to require commercials for smokeless tobacco to carry health warnings. Waxman earlier had proposed banning TV-radio ads for smokeless tobacco (HR-3510).

**Cuba is operating** new high-power AM stations on 710 kHz and 1160 kHz, both near Havana, FCC reported Dec. 26. Agency said station on 710 is operating fulltime in Spanish language; one on 1160 has been primarily daytimer, aired at night Nov. 19 and 24. Both have interfered with U.S. stations. Law establishing U.S.'s Radio Marti station also authorized partial compensation to U.S. AM stations to upgrade facilities to overcome Cuban interference. Inquiries on payment eligibility: Louis Stephens (202-632-7792) or Dennis Williams (202-632-6485). Commission's Cuban Standard Best. List may be purchased from International Transcription Services, 2100 M St. NW, Washington 20037.

**President Reagan** and Soviet leader Gorbachev will provide taped addresses to each other's countries for broadcast at 1 p.m. EST Jan. 1, 9 p.m. Moscow time. It's first for an American President since Nixon addressed Soviet Union on trip to Moscow. Five-min. talks result from Nov. summit meeting, U.S. official said, will be prerecorded and made available to embassies in respective countries.

**Of VCR owners**, 51% use device primarily to record TV programs, compared with 45% who mainly watch rented cassettes, according to year-long study by Committee on Nationwide TV Audience Measurement. Study of 1,350 VCR users also found that 63% of all programs taped at home included commercials, although 55% said they regularly used fast forward to skip them.

## Personals

**William Abrams**, ex-Wall St. Journal, will become asst. to CapCities Pres. **Daniel Burke** when Burke becomes pres. of merged CapCities/ABC next week... **Mimi Feller**, ex-Treasury Dept., named govt. relations vp, Gannett... **Richard Rambaldo**, gen. mgr., WUHF Rochester, N.Y., elected vp of parent Malrite Communications... **Robert Frierson**, ex-mgr. of WRET-TV Spartanburg, moves to parent S.C. Educational TV Network as senior vp-asst. gen. mgr.; he's succeeded at WRET-TV by **William Hart**, ex-WYES-TV New Orleans... **Hendrix Niemann** resigns as exec. dir.-gen. mgr., N.J. Public Bestg. Authority, effective Jan. 17.

**Kenneth Taishoff**, currently mgr. of KWTV Okla. City, will become pres.-gen. mgr., KPOM-TV Ft. Smith, Ark., when its sale to Griffin TV (owner of KWTV) by Raymond Schindler for \$6.24 million is approved... **Robert Steel**, KARK-TV Little Rock news dir., also named corporate vp... **Richard Story**, ex-KATV Little Rock, appointed gen. mgr., KRZB Hot Springs, Ark... **Albert Schottelkotte**, senior vp, Scripps Howard Bestg., and station dir., WCPO-TV Cincinnati, elected pres., Scripps Howard Foundation... **Robert Hamby** advanced at Multimedia to vp-finance; **Thomas Magaha** succeeds him as controller.

**George Brown**, retired RCA exec. vp, will receive NAB Engineering Achievement Award at April convention in Dallas; Brown retired in 1972, is holder of some 80 patents... **Jack Brandon**, ex-CBS, joins Fox/Lorber Assoc. as syndication sales mgr. for midwest and mid-Atlantic regions... **Raul Rodriguez**, ex-NTIA, elected partner in Washington law firm Leventhal & Senter.

**Robert N. Wold**, chmn.-pres., Robert Wold Co., also assumes title of pres. of subsidiary Wold Communications, succeeding **Gary Worth**, resigned; other Wold Communications appointments: **Robert E. Wold** to senior vp-sales and operations; **Richard Marsh** to vp-networking; **Craig Robin** to vp-facilities... **Joseph Szarmach**, ex-Encore Entertainment, named sales service mgr., TV Videotape Satellite Communications subsidiary of Group W... **Howard Miller**, ex-United TV, appointed dir.-network services, IDB Communications.

**Edwin Schafer**, senior attorney in Administrative Law Div., FCC Office of Gen. Counsel, retires after 25 years at Commission... **William Jones** appointed senior vp, corporate gen. counsel and secy., United Artists... **Neil Pugh**, WHIO-TV Dayton station mgr., adds Bestg. Div. vp, parent Cox Enterprises; **John Furman**, broadcast standards dir., and **Thomas McClendon**, research dir., named Bestg. Div. vps... **Fred Schmidt**, ex-KOBF Farmington, N.M., named gen. sales mgr., WNTZ Natchez, Miss.

**Edward Drake** advanced to senior vp-chief financial officer, Satellite Syndicated Systems, succeeding **Altus Wilder**, resigned "to pursue independent interests"... **Sanford Ungar**, ex-Carnegie

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Endowment for International Peace and onetime NPR, named dean of School of Communications, American U., succeeding **Glenn Harnden**, who will return to teaching.

**Don't expect proposal** in Congress to ban TV-radio beer and wine ads to go away in 1986. Rep. Brown (D-Cal.) was circulating letter to House colleagues shortly before Dec. 20 adjournment seeking support push next year for his bill (HR-2657) to end cost-of-business tax deductions for alcoholic beverage ads. Bill has 6 cosponsors. Brown also sought support for bill by Rep. Seiberling (D-O.) (HR-2526) to require mandatory health warning TV-radio-cable counterads to beer and wine commercials, which also has 6 (but not same) cosponsors.

## Obituary

**Cortland Anderson**, 50, former CPB exec. vp, died of throat cancer Dec. 24 in Columbus, O. He was dir. of Ohio U. School of Journalism, served at CPB 1977-79 and was acting pres. Sept. 1978-Jan. 1979, succeeding Henry Loomis and preceding Robben Fleming. A former reporter, Anderson began newspaper career in 1941, winning Pulitzer Gold Medal for Public Service while managing editor of St. Petersburg Times in 1964. In 1969, he became asst. vp for PR for N.Y. Telephone, post he held until joining CPB. After CPB, he became Washington Post vp-corporate affairs. Wife, 3 daughters survive.

WDB

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Dec. and 1985's first 50 weeks:

	DEC. 7-13	1984 WEEK	% CHANGE	NOV. 30- DEC. 6	50 WEEKS 1985	50 WEEKS 1984	% CHANGE
TOTAL TV.....	627,459	459,793	+36.5	439,478	19,904,957	20,304,111	-2.0
TOTAL COLOR...	464,919*	365,004	-12.6	339,951	16,351,825*	15,579,858	+5.0
DIRECT-VIEW..	456,239*	359,132	+27.0	332,109	16,106,047*	15,395,256	+4.6
PROJECTION..	8,680*	5,872	+47.8	7,842*	245,778##	184,602	+33.1
MONOCHROME....	162,540	94,789	+71.5	99,527	3,553,132	4,724,253	-24.8
TV EXCL. PROJEC.	618,779	453,921	+36.3	431,636	19,659,179	20,119,509	-2.3
HOME VCR#.....	397,576*	234,377	+69.6	277,886*	10,996,177##	7,046,569	+56.1
COLOR CAMERAS#..	9,861	15,598*	-36.8	5,495	382,664	452,056*	-15.4

Color TV (direct-view) 5-week moving average: 1985--424,687\*; 1984--381,836 (up 11.2%).

Home VCR 5-week moving average: 1985--337,424\*; 1984--211,457 (up 59.6%).

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

**JAPAN'S VCR EXPORTS EDGED UP IN NOV.:** As numbers get bigger they get harder to beat, as evidenced by Japanese VCR exporters coming up in Nov. with 2nd straight month of single-digit growth. That, along with continued sharp rise in complete color shipments, is shown in Finance Ministry figures.

Japan's Nov. VCR shipments edged up only 4.1% to just under 1.4 million, to put 11-month total at 14.6 million, up 36.3%. Growth rate was less than half 9.2% Japanese recorded in Oct., and that had been smallest such increase in 3 years (TVD Dec 2 p10).

As result of dollar devaluation, and Japanese exporter efforts to minimize its impact on their U.S.-bound shipments, prices are going up and down at same time. Figures show that in Sept., before revaluation, Japanese charged 57,262 yen for average VCR exported to U.S. In Nov., first full month of shipments under reality of new yen-dollar exchange rate, average price was cut 10.7% to 51,082 yen. But because dollar bought about 15% fewer yen, indicated price paid by U.S. importer was up 4.7% to \$252.88 from \$241.61. Of course major importers with long-term purchase contracts in which yen exchange rate was fixed early in year benefited from any yen price reductions.

Steepness of reduction is notable as it presumably came at time when marketers here were skewing inventory toward machines offering improved picture performance (VHS HQ and Superbeta) and stereo, in anticipation of Christmas demand for luxury models. That Japanese price cut reaction to revaluation came with such remarkable speed can be interpreted as signal of willingness to go more than halfway in working with marketers here to ensure that higher yen won't translate out into major competitive edge for Koreans.

As for TV exports, month's total shipments of 254,700 were up 38.4%, paced by 133.8% jump for b&w to 106,600, while color rose 6.9% to 148,100. Total exports for 11 months rose 10.8% to 2.61 million, with color up 2.4% to 1.86 million, b&w up 39.3% to 744,300. In color, all increases came from complete sets, up 53.7% to 130,900 for month, 30.5% to 1.45 million for

full period. Imports of color chassis and kits dropped 67.6% in Oct., were down 41.7% to 413,100 for 11 months.

\* \* \* \*

Japan's electronics manufacturers face tough year as result of higher yen value, according to Sony Chmn. Akio Morita. Speaking at recent news conference in Tokyo in role as EIA-Japan chmn., Morita said revaluation will "reduce exports of electronic goods next year by making them more expensive in the U.S." Japan's exporters will face difficulties, "but even if we feel pain we must make the yen strong," he said. Despite problems it will create for them, EIA-J members supported rate change as it will do more to reduce Japan's trade surplus than market-opening measures country is taking in response to demands from U.S. and Europe, Morita said.

Morita also used meeting to warn that continued production shift by U.S. manufacturers to low-wage countries is likely to lead to further decline for U.S. electronics industry and increase U.S.-Japan trade friction. He called on U.S. producers to work on technology development and productivity improvements and to stop trying to compete by exporting jobs. "Unless U.S. management changes its attitude" and returns production to U.S., "there is danger to both Japan and to U.S. industry," Morita said.

**INDUSTRY SEES PRICES FIRM, PROFITS UP IN 1986:** Biggest puzzlement of year ahead is prices -- at least according to our annual year-end survey of video equipment manufacturers and marketers. They were split on whether color TV and VCR tags would go up or down, and median result came out to a firm "no change" -- which is a lot better than downward escalation of last several years. And they see increase of about 5% in consumer electronics sales over 1985, resulting in slim 1.5% rise in industry profits.

Unit sales of color TV sets will be down slightly, VCRs and projection TV up moderately, according to consensus, but sales in new category of camcorders will double from 1985's estimated 300,000. Here are industry consensus unit sales figures as compared with our estimates of 53-week 1985 data and EIA's data for 52-week 1984:

Product	1986	1985	1986	1984	1985
	(forecast)	(estimated)	vs. 1985		vs. 1984
Total TV.....	20,250,000	21,140,500	- 4.2%	21,186,936**	- 0.2%
total color...	17,050,000	17,390,500**	- 2.0%	16,277,774	+ 6.8%
direct-view.	16,750,000	17,125,000**	- 2.2%	16,082,580	+ 6.5%
projection..	300,000*	265,500**	+13.0%	195,194	+36.1%
TV excl. proj..	19,950,000	20,875,000	- 4.4%	20,991,732**	- 0.6%
monochrome....	3,200,000	3,750,000	-14.7%	4,909,152	-23.6%
Home VCR#.....	12,500,000*	12,000,000**	+ 4.2%	7,615,791	+57.6%
camcorders....	600,000*	400,000**	+50.0%	100,000*	+300.0%
Color cameras#.	300,000	410,000	-26.8%	488,849**	-16.1%

\* Projected record. \*\* Record. # Camcorders included in VCRs, not in cameras. \* TV Digest estimate.

Industry traditionally is conservative in forecasts. In this space just year ago (TVD Dec 31/84 p10), consensus forecasts turned out too low on direct-view color sets by 6.6%, on projection TV by 16% and on VCR by 25% -- where consensus missed by 3 million (industry predicted sales of 9 million VCRs at that time). However, consensus was more than 20% too high on monochrome TV -- off about 750,000 units. Overestimate of b&w sets was about equal to underforecast for color; presumably industry was taken by surprise by way low prices helped switch would-be monochrome purchasers to color.

Will 1986 price increases stick? Results in '86 survey were mixed on both color TV and VCR, but in both cases median forecast (discounting difference in mix) came out at dead center

-- prices unchanged. In color, 45% thought prices would average higher than in 1985, only 25% thought they'd be lower, 30% saw no change. Those forecasting increase estimated 2-5% range (median 2.5%), while those who expected decrease predicted drop of 0.5-10% (median 5%). In VCR, 47.6% saw price increase, 38.1% decrease, 14.3% no change. Increases varied 2-12.5% (median 5%), decreases 0.2-17.5% (median 6%). In last year's survey, industry correctly forecast declines in prices of both color and VCR sets -- but not enough (medians were 2% and 10%). In specific product forecasts:

Color TV: Median figure of 16,750,000 color sets wasn't really strong consensus. Of respondents making estimates, 1/3 thought sales would be higher (up to 18 million) than this year's estimated 17.1 million, while 2/3 saw them coming in lower (but none below 16 million).

Imports may decline slightly in 1986, according to predominant feeling. Based on estimate that 1985's imported complete sets represent 28% of total color TV market (or about 4.8 million sets), respondents indicated they thought percentage would dip slightly to 26% (4.36 million) in '86. Forecasts covered 20%-35% range, but big 65% of respondents thought complete-set imports would drop.

Enrichment of features is definitely in works for color. Asked to forecast percentage of color sets sold in 1986 containing various step-up features, industry came up with these numbers:

Built-in MTS...	21.75%	Square tube.....	30.0%	Video jacks.....	25.0%
MTS adaptable..	27.5%	Cable tuning....	70.0%	Remote control..	60.0%

Industry sees nearly 50% of color sets containing either built-in MTS or stereo jacks, working out to some 7.83 million sets (3.64 million built-in, 4.19 million jacks). It should be noted that while respondents expected far more MTS devices would be sold -- adaptors, MTS-equipped VCRs, projection sets (of which we estimate nearly 100% will have MTS) -- they were very uncertain on spread of MTS -- estimates of percentage of sets with built-in MTS ranged from 8% to 80%, adaptability 1% to 75%.

Cable tuning will become routine run-of-line feature -- 95% of respondents saw it in majority of sets, bulk of responses ranging 60-90% of total color sets. One-quarter of sets will qualify as monitor receivers next year by presence of video jacks, according to consensus. Square-cornered tube result should be taken with grain of salt because responses were all over map. But in area of remote control, where more data are available, virtually all responses were between 50% and 70%.

As for projection TV, consensus was solid that increase would continue, 18 out of 20 respondents seeing gains over 1985, none forecasting declines. Consensus on monochrome sales was strongly centered at 3.2 million, 74% of replies being in 3-3.5 million range.

VCR: Sales are reaching plateau, with modest 4.2% growth seen in 1986, according to survey. In fact, 25% of respondents forecast sales decline. Half of replies were in 11.9-13 million range, with extremes at 10.8 and 14.6 million.

VHS format will win 85% market share in 1986, survey indicated, with Beta at 12%, 8mm Video at 3%. However, results showed strong difference of opinion as to success of 8mm -- 62% of respondents said either 1% or 5%, and median didn't represent any kind of consensus, but rather an arbitrary number representing average of high and low.

Camcorders will take over from cameras, as color camera sales decline by 26.8% while camcorders increase to 600,000 from an estimated 400,000. Thus, cameras plus camcorders in 1986 should total 900,000 units, up 11.1% from total of about 810,000 in 1985.

Nonrecording videocassette players (VCPs) will far surpass videodisc players in sales, survey respondents think -- 150,000 VCPs vs. 65,000 VDPs, compared with estimated 1985 consumer market sales of 75,000 VCPs and 50,000 VDPs.

**Prices, Profits and Challenges:** Some 90% thought total consumer electronics sales would rise in 1986, and half of those agreed on 5% as amount of increase. Other gains cited ranged 3-18%, and those forecasting declines were at 1% and 5%. Profitability still will be touch-and-go, but overall respondents saw 1.5% growth in industry profits. Some 60% thought profits would be up, 30% unchanged from 1985, 10% down. Forecasts of increase varied from 0.5% to 20%. Predictions were clouded by fact that nobody really knew what 1985 cumulative industry profit picture was, except that it was low.

Biggest challenge of new year? Traditionally, "profitability" is No. 1 in this write-in question -- but this year, it was eclipsed by "pricing" -- 10 mentions to 9 for profitability. On subject of pricing, several respondents specifically noted yen-dollar relationship. Other mentions as major challenges for 1986 were innovative new products to attract consumer spending, problems of stereo TV (particularly cable), more competitors in crowded industry, dealer inventories, satellite TV, AM stereo, hi-fi VCR and auto dealers' dominance of car audio market.

One marketer summed up industry's major dilemma in citing this challenge for 1986: "Justifying a change in the trend of lower prices each year... To have prices increase without substantial technological advances will be hard to explain to consumers." Total of 22 major manufacturers and marketers participated in this year's survey.

**UPBEAT 4-YEAR OUTLOOK:** Industry can expect continued strong demand for video products in U.S. in next 4 years, although growth will be quite modest, according to new 300-page annual analysis of international consumer electronics industry by International Competitive Assessments.

Report estimates value of TV, VCR and videodisc player factory sales next year at just over \$9 billion, up only 5.7%, but sees that rising 24.9% to \$10.7 billion by 1989. In color TV, it puts 1989 demand at 18.4 million sets, b&w at 6.1 million, VCRs and players at combined 17.8 million.

Helping achieve rise in average value of color set sales will be increased demand for models with sophisticated features, such as digital circuitry, improved resolution and new screen sizes and intended for use in both entertainment and information display.

But report cautions that manufacturers attempting "to solve all their profit problems" by shifting to large-screen, high-end, high-priced models may find themselves at serious competitive disadvantage. It notes color TV "remains a cost-bound, price-sensitive item," says market winners will be those maintaining balance through "tradeoffs among price, features and quality."

In addition to detailed outlook and strategic considerations for U.S., report covers developments in China, provides supply and sales forecasts for Europe and Japan, reviews relative competitive positions and manufacturing costs of U.S., Japanese and Korean industries. Details: ICA, 330 Pearl St., Suite 18, N.Y., N.Y. 10038.

**RCA, SANYO CONTRACTS:** If GE completes plan to swallow RCA, it may have hard time digesting part of 3-year labor contract RCA agreed to this month. According to details provided by IUE, union took posture similar to that adopted during earlier successful negotiations with GE, getting its members improved benefits and job security instead of major wage boost.

One new benefit that may well be subject of renegotiation should GE's \$6.28 billion acquisition of RCA go through, is creation of RCA Employee Stock Ownership Plan. Terms call for each worker to receive annually \$100 credit for shares held by plan. GE has no such plan for its employees. Major concession to RCA was elimination of cost-of-living adjustment. Instead, RCA workers are to get lump-sum cash payment of \$225 in first year, \$500 in 2nd, \$525 in 3rd. Actual wage increase was 8.5% spread over life of contract. Workers also won improved pension, medical and layoff benefits.

In another situation involving IUE, in compromise on 42-month contract that settled 3-week Oct. strike at Sanyo Mfg. Co. Forrest City, Ark. TV plant (TVD Nov 4 p13), company backed away from plan union says would have cut workers' seniority rights in layoff and recall situations and agreed not to eliminate cost-of-living adjustments, while union accepted reduction in health benefits.

Sony plans to more than triple 8mm Video VCR sales in fiscal year that ends in Nov. Company said it sold 400,000 in fiscal 1985, indicated it expects to move 1.5 million this year.

**FLAP OVER IMPORT DATA:** How do you want your import data -- timely but incomplete or more accurate but late? That's question Commerce's Census Bureau is wrestling with in attempt to resolve problems caused by marked deterioration in quality of monthly statistical reporting program. Figures have been subject of strong criticism in Congress and have drawn complaints from economists and market analysts.

Corrective action being considered, on suggestion of Customs which supplies raw numbers, is 4-week reporting delay. Under current schedule, first flash report on imports for given month is issued in 3rd or 4th week of following month, and complete statistical data are available to public in Commerce field offices about 2 weeks later. Change to new schedule would push all that back by month.

While accuracy of figures has been going downhill slowly for years, it didn't become public issue until last summer, when growing U.S. trade deficit was getting intense media coverage. Census was forced to acknowledge its monthly trade figures couldn't be used to project annual deficit rate accurately because 30-55% of imports shown for any given month represent delayed reporting of products actually entered month or 2 earlier.

Excessive month-to-month carryover has "led to some terrible problems" for those trying to use figures for forecasting and market planning, we're told by Census Foreign Trade Div. Chief Barry Cohen. "There are some very misleading swings" in import numbers, he said. Problem is aggravated further by product classification mistakes -- such as showing incorrect screen sizes for color TV imports or logging individual circuit board as complete TV chassis.

Customs deals with some 600,000 import entries monthly. Classification error rate is running at 5%, could jump soon to 10%, Cohen said. Reason, he said, is that growing import volume is overwhelming Customs' understaffed commercial section at time when agency is putting highest priority on drug enforcement.

Major argument in favor of lengthened reporting time, Cohen said, is assurance from Customs that it then could report imports with 90% accuracy. Balanced against that are needs of those who want import figures as fast as possible. Staffers at International Trade Administration responsible for monitoring import quotas on textiles and other products "could be swamped" as result of 2-month gap, Cohen said.

Change in reporting schedule is opposed by EIA Mktg. Services Dept. because of effect on sales and production figures. EIA's TV, VCR and color camera numbers represent actual results from reporting firms plus estimates for all others. Estimates, primarily for imports, are adjusted against actual figures. Additional month's delay in release of import data would hamper EIA's reconciliation

effort, could result in significant changes in industry's apparent seasonal selling pattern.

Cohn said Census had planned to change import data schedule starting with Jan. figures, now has put that on hold while it invites outside opinions. To express view on issue of fast vs. right, write: John Keane, Dir. Bureau of Census, Washington, D.C. 20233.

**Mergers & acquisitions:** Midland International parent Western Auto Supply has been acquired by private investment banker Wesray Capital from Beneficial. Terms weren't disclosed, but Beneficial said it received more than \$300 million in cash plus \$38 million in redeemable Wesray preferred shares... **Thorn EMI** Screen Entertainment is being acquired from parent Thorn EMI for \$157.8 million by group that includes TESE Chmn.-CEO Gary Dartnall. Before assuming current title in 1983, Dartnall headed now defunct partnership formed by GE, JVC and Thorn to handle aborted U.S. launch of VHD videodisc system. With backing of Australian businessman Alan Bond, who acquired 45% stake in new Screen Entertainment and Australian distribution rights to SE's films, Dartnall outflanked such other bidders as Rank Organization and group formed by Heron International and Cannon Group. Along with movie business, SE gets TESE's worldwide home video operations, including Thorn EMI/HBO Video, with estimated 1985 sales of \$100 million... **Drake** said its search for buyer turned up no acceptable offers, so home satellite receiver maker will remain family-controlled operation... **Omni-Corp.**, developer of MPU-based jewelery, computer devices and other gadgets (TVD Sept 30 p14), has been acquired by Penguin Group in stock swap.

**Videodiscs are outselling** recorded videocassettes in Japan, according to Japan Video Assn., but analysis of figures shows formats are playing in different ballparks. Value of videodisc sales in first half last year was \$144 million, at current exchange rates, against \$78.2 million for cassettes. But JVA data show 72% of disc revenue stemmed from music videos, understood to be primarily sing-along type popular in bars, while movies for in-home use were backbone of cassette market. JVA estimates Japan will have 16 million VCR homes by end of this year, up from 12 million at end of 1984, representing 43% penetration, up from 32%. It says disc player population will have doubled this year to 700,000, but said those now in homes totaled just 400,000, for 1% penetration.

**Japan's electronics** production is expected to rise 6.1% next year to \$93.4 billion, with all of gain provided by commercial equipment and components, according to EIA-Japan forecast. Consumer electronics output is seen declining 2.7% to \$23.8 billion. Falloff in consumer area is seen stemming from drop in sales of color TVs to China and 7% overall decline in demand for VCRs. Major growth products are expected to be video and CD digital audio disc players.

**DIRECT MAIL FOR HANDYCAM:** Sony's Handycam system is so handy that several thousand people don't mind ordering it by mail. American Express sent out large color brochure to million of its best buyers, so far has taken 1,600 orders for \$1,799 outfit that includes Handycam 8mm Video record-only camcorder and matching record-play deck. AE Mds. Vp Stan Krangel told us last week he's still getting 50 orders a day, so total sales on promotion could top 2,000 -- for total of \$3.6 million.

AE's success in selling expensive video hardware to cardholders already has been demonstrated (TVD Oct 15/84 p18), so latest results aren't surprising. But its joint effort with Sony is notable because it gives major push to new 8mm format. It also is one of few times AE has gone directly into market with new product without first running long series of test mailings. It said it was willing to jump right in this time so it could take full advantage of Sony's current big mainstream ad push for camcorder system. Krangel said there were concerns. With consumer confusion over video formats and VHS dominance, "we knew we were at risk with this particular promotion... In no way did I think we would be this successful with this product."

On smaller scale, AE did have full-featured Sony Video 8mm camcorder in its big holiday catalog, also was pleased with results there. Between catalog promotion and Handycam effort, Krangel estimates AE handled 1% of 1985's \$500 million in U.S. camcorder sales. He expects 8mm push to benefit entire industry because it puts information on new video format into hands of millions of consumers. Handycam brochure included picture of camera against silhouette of larger style VHS camcorder, focused on how easy machine is to use.

Recorded software still is low-priority item at AE direct-mail operation, Krangel said, simply because main attraction to its customers is ability to pay for high-ticket items over several months without down payment or finance charges: "We've become a very viable way of buying a very expensive product." Company would have to find some other sales vehicle for lower priced merchandise such as cassettes.

In other product areas, Krangel estimates AE handles about 7% of 100,000 A-V systems Japanese manufacturers say they sell in U.S., although he warns that total market figures are hard to come by. But systems are not be-all and end-all for industry: "You are sacrificing some of your standard audio business for it." Financial services company can become very important to single manufacturer as well as to single product category, as shown by Krangel's statement AE will sell \$10 million of Sansui hardware by end of year. Overall, AE will finish 1985 with \$125 million in consumer electronic sales, up 25% from 1984.

Just back from Far East buying trip, Krangel said he feels industry faces 2 major problems in

1986: (1) While CD players and camcorders will be strong sellers, he sees no mass-market product coming along to make up profits retailers are losing as result of VCR price cuts. He said retailers now have to sell twice as many VCRs to make same amount of money they did 2 years ago. (2) Yen-dollar relationship presents problems, particularly for mail merchandiser such as AE that has to commit "huge dollars" to products and lock in pricing 6-8 months before mailings. If effort at lowering value of dollar collapses by summer, he could be left with overvalued inventory. He voiced concern over getting some form of price protection from suppliers because of AE commitments so far in advance. Despite those problems, he said, AE's overall assessment for 1986 is guarded optimism.

**End to imbalance** in U.S.-Japan trade within 5 years was predicted by Seiko Epson Pres. Ichiro Hattori at recent L.A. Chamber of Commerce meeting. That will come, he said, through combination of rising yen value and greater Japanese investment in U.S. Increasing establishment of Japanese plants here will cut down sharply on imports, he said, noting that some products made in Japanese-owned U.S. plants are competing now with imports from foreign-based plants owned by U.S. manufacturers. Impact of changes on U.S. trade deficit won't be felt right away -- "give us 3 years for these factors to do their job," Hattori said.

**Physicians Video Guide** is new monthly magazine published by Visual Information Systems, Secaucus, N.J., successor to discontinued Physicians TV Guide. Publisher said in Oct. issue that more than 90% of PTG subscribers had VCRs. Publication carried features on new products, articles on earth stations and use of video to fight malpractice suits, cassette reviews (from Desperately Seeking Susan to Head & Neck Surgery), listings of satellite programs for doctors. All ads are by Hoffman-La Roche, listed as "sponsor" of free publication, claimed to go to 60,000 readers.

**Korea agreed** to eliminate minor but highly publicized source of trade friction by allowing U.S. movie studios to open offices for direct dealings with local distributors and theatres for marketing home video software and feature films. Such sales now must be done through govt.-authorized organizations that, studios claim, hold down imports and charge high fees.

**LCD TV output** is being boosted 150% by Citizen. Company said it intends to be producing at 50,000 monthly rate by March, with color models accounting for 10,000 a month. Citizen said it expects LCD TV sales of about \$50 million in next fiscal year, to April 1987, with U.S. accounting for about 80%.

**Birdview Satellite** said it trimmed 282, or 40%, of work force because of sales growth slowdown and introduction of new dish receiver system that requires less labor to produce. Company said staff reduction will help it improve profit margins.

## Consumer Electronics Personals

**Alfred Bok**, dir. of N.V. Philips Far East region office, named CEO of optical disc hardware-software venture formed by Philips and Du Pont. Appointed to venture's policy committee from Philips: Consumer Electronics Managing Dir. **Jan Jona**, Polygram Pres. **Jan Timmer**, optical products consultant **Lo Rinck**. From Du Pont: Connector Systems Dir. **James Donaghy**, Storage Products Dir. **Michael Hartnagel**, Electronic Products—Europe Managing Dir. **Gordon Jenkins**. Other officers: **Hans Gout**, consumer products mktg. dir., and **Frans Carpay**, technical dir., both from Philips; **Robert Spengler**, professional products mktg. dir., and **Vernon Huber**, finance dir., both from Du Pont... **Joseph Lemieux** advanced at Owens-Ill. from exec. vp to pres., succeeding **Robert Lanigan**, who continues as chmn.

**Joseph Greco**, former Canon national accts. sales mgr., joins Goldstar as northeast region sales mgr., succeeding **Jay Bergen**, resigned... **Evette Caceres**, ex-Proton, appointed Mitsubishi Electric Sales ad and PR mgr., succeeding **Michael Ross**, who resigned to join Sperry Corp... **Richard Lorbach**, Kodak Consumer Electronics Div. mktg. vp-gen. mgr., adds duties as chmn. of Softstrip International, Kodak-Cauzin Systems venture formed to market computer program loading system outside North America.

**Margaret Cleave** advanced at Embassy Home Entertainment to mktg. vp, with responsibility for EHE and Charter Entertainment titles; **Robin Olson** promoted from mktg. services mgr. to mktg. dir., succeeding Cleave; **Terri Kilroy** named mktg. brand mgr... **Mary Linthicum** International Video Entertainment General Release Div. national sales mgr., named asst. vp; **Lauri Chez** advanced to GRD midwest region sales dir.; **Laurie Turner** promoted from west region sales rep to national accts. mgr., new post... **Von Polk** resigns as vp-gen. mgr. of CBS/Fox Video's Management Products Div. to become pres. of Video Publishing House, formed from MPD acquisition; **Judy Rogers**, ex-CBS/Fox, named exec. vp of new venture.



**Ad notes:** Curtis Mathes assigns \$10 million account to BBDO subsidiary Tracy-Locke, replacing Stern Moore Adv... **Fuji Photo** is being sued by Goodyear over use of blimp in ads and promotional material. In actions filed in U.S. Dist Courts in Lincoln, Neb., and Ft. Lauderdale, Goodyear asks that Fuji be enjoined from using airship as corporate symbol. Tire firm says it has no objection to Fuji's operation of blimp but use of shape in ads erodes value of symbol associated with Goodyear for 74 years.

**Sharp Trading Co.** has been formed by Sharp Electronics to help boost importation of U.S.-made consumer products and parts into Japan. Company has set import goal at about \$130 million for 1986, \$160 million for 1987.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Circuit City Stores			
1985-9 mo. to Nov. 30	447,611,000	10,366,000	.93
1984-9 mo. to Nov. 30	339,546,000	11,379,000	1.11
1985-qtr. to Nov. 30	171,532,000	3,101,000	.28
1984-qtr. to Nov. 30	137,296,000	3,902,000	.38
General Instrument			
1985-39 wk. to Dec. 1	598,675,000	(71,815,000)	--
1984-39 wk. to Nov. 25	727,377,000	25,272,000	.80*
1985-13 wk. to Dec. 1	201,735,000	(64,635,000)	--
1984-13 wk. to Nov. 2	246,134,000	4,488,000	.14*
Sony*			
1985-year to Oct. 31	7,009,300,000	360,200,000	1.56*
1984-year to Oct. 31	6,223,700,000	352,400,000	1.52*
1985-qtr. to Oct. 31	1,931,400,000	86,000,000	.37*
1984-qtr. to Oct. 31	1,692,900,000	84,700,000	.37*

Notes: \*Restated. \*At yen's current rate. \*Per ADR.

**Philips and Olivetti** are among 6 European manufacturers investing collective \$25 million in return for 39% interest in European Silicon Structures. ESS is all-European venture to produce custom ICs launched earlier this year by group of former executives of U.S. semiconductor companies. ESS already had come up with \$20 million in backing from banks and other financial groups, is now within sight of \$65 million funding goal. ESS expects to build first plant in France, start production there in 1987, with plants in U.K. and Germany following. Until own facility is on stream, ESS will rent manufacturing time from other producers, expects to be shipping ICs in 2nd quarter next year. Head of management team is Jean-Luc Grande-Clement, former Motorola Semiconductor Europe vp. Other principals include Robb Wilmot, former Texas Instruments U.K. pres., and Robert Heikes, retired, ex-head of National Semiconductor's European operation.

**Sinclair Research** of U.K. is seeking some \$30 million in new financing to fund computer and IC development projects. About half will be earmarked for development of new portable computer and upgraded version of QL desk-top model now on market. Remainder would be used to help launch \$55 million wafer-scale IC manufacturing venture proposed by Chmn. Clive Sinclair early this year (TVD March 18 p16). In June, SR agreed to become 75%-owned subsidiary of Pergamon Press in return for \$15.4 million capital infusion (TVD June 24 p14), but deal was called off later.

**Easing antitrust rules** that restrict mergers, to improve competitive position of import-injured industries, will be called for in legislation to be proposed by Administration next year. Measure would permit President to allow what otherwise might be considered anticompetitive mergers when it appears such standard import relief remedies as quotas or higher duty rates won't be effective.



