

October 14, 1993

TO: Senator Dole
FROM: David Wilson
SUBJECT: Briefing material for Bob Magness breakfast

WHO THE PLAYERS ARE IN BELL ATLANTIC-TCI MERGER

BELL ATLANTIC

Third-largest Baby Bell according to revenues, but it has the most access lines. As a result, it is in the strongest position to grow. It had 1992 revenues of \$12.6 billion and net income of \$1.3 billion.

RAY SMITH is the Chairman and CEO and will head-up the merged company. He is 56 years old and lives in Potomac, Maryland. Although he worked his way up in MaBell, he has strived to distance himself from its sluggish practices and has moved quickly into developing new technologies. He has also been instrumental in Bell Atlantic's heavy investment in Mexico -- just this week it announced it would spend \$1 billion to expand the Mexican cellular market.

TELECOMMUNICATIONS, INC (TCI)

With 10.4 million subscribers and 1992 revenues of \$3.57 billion and net income of \$49 million, TCI is the world's biggest cable tv operator. As you know, it didn't become number one without stepping on any toes. Some would say that TCI was the catalyst that brought us the cable tv rereg bill.

BOB MAGNESS, 68 or 69, is TCI's chairman and founder. It is estimated that this sale will personally net him \$1.4 billion. He brought John Malone into TCI and groomed him to take over the business. Although Malone gets all the print, Magness has traditionally stayed in the background and cut the deals. However, it is rumored that he has more of an advisory role these days and spends more time on his ranch.

Magness and his late wife, BETSY, started in the cable business in the early 50's by stringing cable lines to bring tv to rural Texas. He then expanded into Montana and Colorado. He formed TCI in 1968. TCI's success seems to stem from the fact that it invested in less competitive markets while others slugged it out for more lucrative areas. Magness would then come in and acquire the winner.

DR. JOHN MALONE, 52, is TCI's President and CEO, not to mention the undisputed "King of Cable." He will be vice-chairman of the merged corporation. He spent much of the 80's not only increasing the number of subscribers but making a concerted effort to control programming (see attachment 1). His personal

take in this venture is just of shy of \$1 billion.

Malone is reported to be an introvert, which seems to conflict with his exploits in the business world. I point this out because there is disbelief that he is going to play second fiddle to Bell Atlantic's Ray Smith. Either Malone wants to spend more time with his family, or he is just taking time to study this new corporation and then take it over. As Magness is Malone's mentor he could probably shed some light on this issue. To truly understand how this new corporation would operate, it is important to know Malone's long term goals -- history would indicate that Malone would be more heavy handed than Ray Smith.

SUMMARY OF BELL ATLANTIC ACQUISITION OF TCI

Bell Atlantic intends to buy TCI, the world's largest cable company, for a stock deal estimated at \$23 billion and would assume TCI's \$10 billion debt. Although touted as the biggest merger of all time (net \$33 billion), it still does not surpass the formation of U.S. Steel at the turn of the century. The new company would have assets of \$60 billion and would rank #6 on the Fortune 500 list.

Proposed merger would be scrutinized by both the Justice Department and FCC. Although phone companies are restricted from providing video services in their own territory, you may recall that a federal judge in Alexandria recently ruled that the law was unconstitutional on grounds of violating First Amendment rights.

John Malone, TCI president, also started a subsidiary known as Liberty Media which is a 30% owner of QVC and 70% owner of the Homeshopping Network which will soon merge. As a result, it is only logical that TCI backs QVC in its hostile takeover bid for Paramount Communications. If TCI-QVC wins, Bell Atlantic would be the major benefactor because not only would it have the largest cable system, but would also own one of the major producers of television programming. In short, Bell Atlantic would be able to control services from start to finish and is only short a computer company to weave all this together.

POLICY CHANGE

Concept of competition must be rethought. If this type of merger trend continues, it would appear that competition will no longer be between telephone and cable companies, but between large conglomerates in the two industries. With so much media concentrated in the hands of so few players (some would call them monopolies), I would not be surprised if Hill hearings were held on this recent merger mania. However, it can be argued that restrictions on the communications industry has forced major players to merge in order to gain a competitive edge.

This is a list
of Malone's (Magness)
media empire.

JOHN MALONE

His empire's wide reach

TCI

Investments

	Ownership
Turner Broadcasting	22%
Discovery Communications (owns Discovery and Learning channels)	49%
Liberty Media	5%
Reiss Media	41%
QVC	27%
Heritage Media	80%
Interactive Network	15%

Subsidiaries

Netlink USA (satellite TV)
Teleport Communications (telephone service)
Cable AdNet Partners

Partnerships/ventures

The Children's Channel (Europe)
Parliamentary Channel (U.K.)
TeleWest (U.K., with US West)
The Sega Channel (with Sega, Time Warner)
Viewer Controlled Cable Television (with US West, AT&T)

LIBERTY MEDIA

Cable Interests

	Ownership	Basic subscribers
Columbia Associates Mich., Nev., Va., Wash.	39.8%	173,825
Columbia Cable of Oregon	46%	65,293
Command Cable, Ill.	75%	7,693
Community Cable Television Colo., Mich., Texas	50%	34,519
Mile Hi Cablevision	39%	92,427
Intermedia Partners Aia., Ariz., Calif., Ga., Hawaii, N.C., S.C., Tenn.	6%	285,362
Kansas City Cable Partners Kan., Mo.	50%	184,312
Lenfest Communications Calif., N.J., Pa.	50%	495,850
Garden State Cable, N.J.	20%	188,474
Mark Twain Cable Colo., Minn., N.M., S.D.	24.7%	23,874
Sioux Falls Cable, S.D.	50%	35,256
TKR Cable, N.Y., N.J.	50%	329,128

TCI/TKR Limited Partnership Ala., Fla., Ga. Ky., Texas	15%	833,473
US Cable-Lake County Ga., Ill., S.C., Texas	50%	89,872
US Cable-Evangola, N.J.	50%	8,530
US Cable-N. Indiana Ill., Ind., Mich.	50%	73,203
US Cable-Paterson, N.J.	50.11%	22,870
US Cable-Tri-County, N.Y.	50%	8,569

Programming Interests

	Ownership	Subscribers
American Movie Classics	50%	44,241,755
Black Entertainment Television	17.5%	30,800,000
Court TV	33.3%	7,641,071
Encore	90%	3,624,728
The Family Channel	15.6%	51,000,000
Home Shopping Network	41.5%	57,227,000
QVC Network	21.8%	46,300,000
Southern Satellite	100%	54,305,518
Video Jukebox Network (The Box)	8.4%	12,760,903
X-Press	100%	1,806
Prime SportsChannel Network	33.9%	43,580,000

Regional sports

KBL Sports Network Md., N.Y., Ohio, Pa., W. Va.	100%	1,813,400
PSN-Intermountain West	100%	467,122
HSE Ark., La., N.M., Texas, Okla.	67.8%	3,414,215
PSN-Midwest	67.8%	279,802
Rocky Mountain PSN Colo., Kan., Neb., N.M., Wyo.	45.2%	1,244,077
PSN-Upper Midwest Iowa, Minn., N.D., S.D., Wis.	38.6%	304,717
Sunshine Network, Fla.	37.9%	3,084,418
HomeTeam Sports D.C., Del., Md., N.C., Pa., Va., W.Va.	20.5%	2,492,710
SportsCom	67.8%	NA
Satellite Sports Network	67.8%	664,280
Prime International	67.8%	188,500
SportsChannel Philadelphia Del., N.J., Pa.	22.6%	2,279,100
SportsChannel Pacific Calif., Nev.	50%	2,173,300
SportsChannel Chicago Iowa, Ill, Ind., Wis.	50%	2,101,500
Prime Sports Northwest Alaska, Idaho, Mont., Ore., Wash.	60%	1,881,755
SportSouth Network Ala., Ga., Miss., N.C., S.C., Tenn.	32.5%	3,448,472

Attachment 2 -

TCI SYSTEMS IN KANSAS

Andover	Ogden
Arkansas City	Ottawa
Arma	Park City
Augusta	Peabody
Beattie	Pittsburg
Buhler	Pratt
Butler	Manhattan
Caney	Salina
Cheney	Sedgwick
Cherokee County	Topeka
Cherryvale	Rose Hill
Chetopa	Shawnee County
Chicopee	South Hutchinson
Coffeyville	Towanda
Crawford\Derby	Valley Center
Dodge City	Willowbrook
El Dorado	Wilson County
Erie	Winfield
Finney County	Yates Center
Ford County	
Franklin	
Fredonia	
Garden City	
Garnett	
Gas	
Goddard	
Grandview Plaza	
Green Leaf	
Halstead	
Hanover	
Harper	
Harvey County	
Haven	
Haysville	
Hesston	
Humboldt	
Hutchinson	
Inman	
Iola	
Junction City	
Kansas State	
Kingman	
Kinsley	
Linn	
Maize	
Manhattan	
Maple Hill	
Marshall	
Marysville	
Mulvane	
Neosho County	
Newton	
Nickerson	
North Newton	

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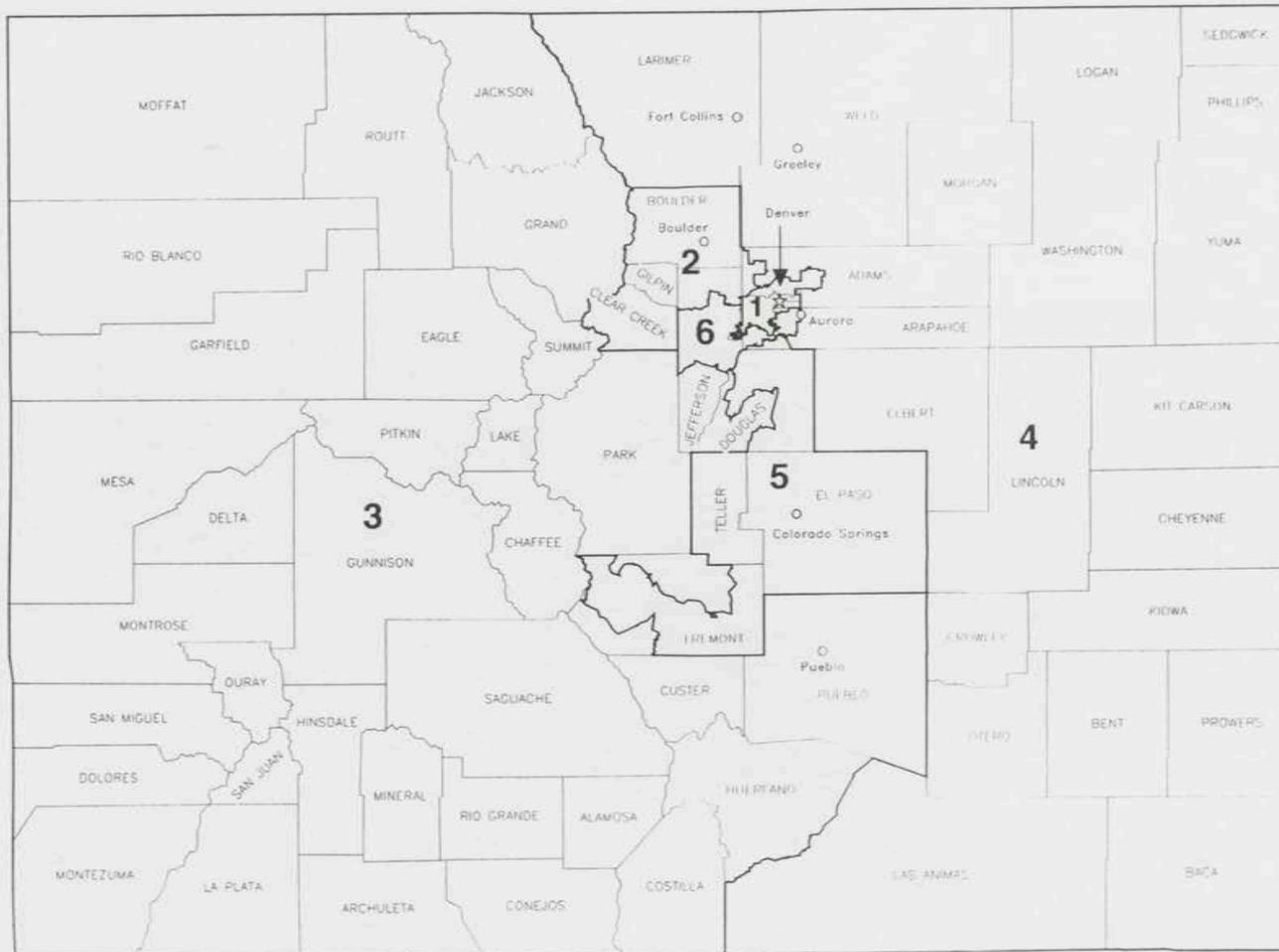
TO SENATOR DOLE

FROM: SUZANNE HELLMANN

RE: BRIEFING MATERIALS FOR COLORADO

Included is the following information:

- o GUBERNATORIAL RACE
- o ISSUES
- o COLORADO DEMOGRAPHIC INFORMATION
- o COLORADO GOP LEADERSHIP AND STATE DELEGATIONS TO THE 103RD CONGRESS



Colorado - Congressional Districts

1. GAY RIGHTS - On 10/12, a two-week trial began on the merits of Colorado's Amendment 2 which prevents individuals from seeking minority status, special rights or preferential hiring based on their sexual preference. The Republicans have not been identified with this battle and recommend ignoring it.

WASH. POST

10/13/93

Hearing Opens on Challenge To Colorado Gay Rights Ban

Trial May Become Forum on Status of U.S. Homosexuals

By Sue Anne Pressley
Washington Post Staff Writer

DENVER, Oct. 12—At one point today in the courtroom of state District Judge Jeffrey Bayless, a group of women calling themselves the Lesbian Avengers held high the green-and-white signs that have become such a powerful force here during the last year of controversy: "Boycott Colorado."

Bayless swiftly took control. "Put the signs down," he said, eyeing the group. "They're not going to help anybody, and they're liable to make me cranky."

The women complied, and spectators tittered at the judge's show of humor. On the opening day of a two-week trial on the merits of Colorado's much-debated Amendment 2, or the Anti-Gay Amendment, as critics call it, the scant display of courtroom hostilities seemed remarkable.

Since November, when 53 percent of voters decided to approve the state constitutional amendment banning protection for homosexuals, the image of Colorado as a scenic and largely tolerant haven for skiers and hikers has been eclipsed by a darker picture.

Homosexuals say they no longer feel welcome here, and an unpleasant national spotlight has been directed on a state that prefers to tout tourism. Terry Schleder, a leader of the boycott begun soon after the election, estimated that Amendment 2 may soon cost the state's tourism industry more than \$100 million.

That has happened even though Amendment 2 has not taken effect. Backed heavily by the Traditional Values Coalition of Colorado and other religious groups, the amendment is intended to ban state and local laws prohibiting discrimination based on sexual orientation. It also would cancel gay-rights ordinances enacted in Denver, Boulder and Aspen.

But before the law was scheduled to take effect Jan. 15, the three cities and a group of individuals filed a legal challenge to its constitutionality, and Bayless issued a temporary injunction. In May, the state Supreme Court upheld Bayless's decision, ruling that the amendment seems to violate the Constitution's guarantee of equal rights for any person.

What began to unfold today was a trial to determine whether Amendment 2 is constitutional. At the same time, it is shaping up to be an unprecedented forum on the

status of homosexuals in America in the 1990s and the searing debate that continues to rage about gay rights.

On one side is a team of lawyers assembled by the Colorado Legal Initiatives Project (CLIP), formed last year to "Undo 2," as its slogan goes. In his opening statement, attorney Greg Eurich said gay people are "a group especially vulnerable in society," and they require special protection because they have "suffered a long history of discrimination that continues to this very day."

"In our society, it is acceptable still to refer to 'fags' and 'queers' and 'dykes,' terms comparable to 'nigger,'" Eurich said. He charged that, with Amendment 2, Colorado is saying "that we just don't like gay people."

During the non-jury trial, Eurich said his witnesses will include a psychiatry professor from the University of California at Los Angeles who will testify that sexual orientation is "an immutable characteristic" established at childhood, an AIDS expert from San Francisco who will testify that society's animosity toward homosexuals has interfered with the battle against the disease and a City University of New York professor who will contend that homosexuals are a "politically powerless minority."

On the other side of the issue is state Attorney General Gale Norton, who must defend the decision of a majority of voters. In her opening statement, Norton countered that Amendment 2 does not take away rights guaranteed by the Constitution, but is "simply a withdrawal of government involvement from the divisive issue of sexual orientation."

Norton disputed the contention that "our case is based on the idea of hatred. That is absolutely not the case. Amendment 2 is simply to say that government will not force social change." Norton and her team said homosexuals do not qualify as a distinct and separate group requiring special protection under law.

As lawyers for the two sides spoke, spectators from very different worlds listened. Barbara Sheldon, who chairs the Tradition Values Coalition of Colorado, said the amendment "is vitally important to our families and our children."

But Peter Gross, a Denver resident who is a homosexual, described Amendment 2 as a threat to anyone who is different.

"To me," he said, "it's a judgment that gays and lesbians and bisexuals are not fit to be members of society. And, watch out, that idea can extend to other groups too."

2. SEN. BROWN AND MONFORT INC. - Sen. Brown has asked AG Janet Reno to intervene in a federal labor investigation targeting Monfort Inc. where he used to work. The National Relations Board is investigating Monfort's compliance with a 1992 order by the 10th U.S. Circuit Court of Appeals that told company officials to stop harassing pro-union employees.

HOTLINE 9/7/93

COLORADO: BROWN STEPS INTO LABOR DISPUTE, CONTROVERSY

Sen. Hank Brown (R) has asked AG Janet Reno "to intervene in a federal labor investigation targeting Greeley-based Monfort Inc., his former employer and a big campaign contributor." Brown's "move has sparked outrage" from some of the meatpacker's workers and union officials who say Brown is "improperly meddling" in the probe which is being conducted by the National Labor Relations Board. "Hundreds" of workers have "signed a letter to Brown protesting his action." In a letter to Reno, Rep. Pat Schroeder (D-01) called Brown's request "nothing less than an attempt to obtain for the company via political intervention what it has been unable to obtain in a court of law." The NRLB has been investigating Monfort's "compliance with a 1992 order by the 10th U.S. Circuit Court of Appeals that told company officials to stop harassing pro-union employees." Brown has "accused" the NRLB "of misconduct for deciding Monfort officials were guilty before interviewing them." Brown received "at least \$7,500 in contributions for his 1990 Senate campaign from Ken Monfort and family members." Brown also received \$10,000 from the ConAgra PAC (Brinkley, ROCKY MOUNTAIN NEWS, 9/4). Brown: "My concern is with the actions of the NLRB and I had not made judgements or intervened with regard to the allegations of either the union or the management. This (labor dispute) is obviously a hot potato that I could have ducked but if any citizen had had an agency draft decisions before it heard the evidence I would have gone to battle for them. To not do so for Monfort seemed to me to be shirking my responsibility" (DENVER POST, 9/5). Brown said he had "informed" the Senate Ethics cmte. that he had worked for Monfort in the past before he asked Reno to intervene. Brown says "he saw nothing improper in helping Monfort just because he was an executive there" 12 years ago. Brown: "It does seem to me it's relevant (that) I made it public myself, and after I reviewed the situation with the Ethics Committee." NRLB pres. William Wynn writes in a letter to Brown: "You claim you handled this matter for Monfort just as you would a like matter for any constituent. Why is it, then, that your office has refused the request of our local union -- which represents some 22,000 Colorado citizens -- for so much as a copy of your letters to the Attorney General and Inspector General and has not shown us even the courtesy of return phone calls?" (Simpson, ROLL CALL, 9/6).

3. CRIME - Gov. Romer (D) recently signed into law during a special session, HB 1001 which prohibits juvenile possession of handguns. Also, the law contains a mandatory minimum five-day incarceration for violation of the law which makes Colorado one of the toughest statutes of its type in the nation.

HOTLINE 9/22/93

COLORADO: When Gov. Roy Romer (D) "signed HB 1001 into law last week, Colorado became the 19th state to prohibit juvenile possession of handguns this year. But the mandatory minimum five-day incarceration for violation of the law makes Colorado owner of one of the toughest statutes of its type in the nation" (Hilliard, AP/DENVER POST, 9/19).

4. ABORTION - Colorado was one of the first states to legalize abortion. But the Colorado legislature did vote against government-paid abortions. The Chairman of the GOP in Colorado, Don Bain, is trying to heal the wounds caused by this divisive issue.

**COLORADO
 DEMOGRAPHIC PROFILE**

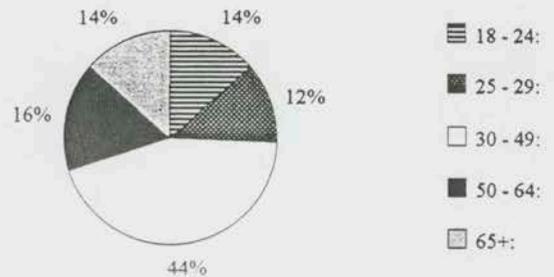
Population Data

1990 Total Population:	3,294,394
Total Voting Age Population:	2,433,128
% of Total Population Voting Age:	73.9%
Black Voting Age Population:	90,602
Nationwide Rank:	30
% Black Voting Age Population:	3.7%
Nationwide Rank:	32
Hispanic Voting Age Population:	271,631
Nationwide Rank:	9
% Hispanic Voting Age Population:	11.2%
Nationwide Rank:	7
Asian Voting Age Population:	41,697
Nationwide Rank:	18
% Asian Voting Age Population:	1.7%
Nationwide Rank:	16

Voting Age Population Data

18 - 24:	335,525
25 - 29:	289,598
30 - 49:	1,080,541
50 - 64:	398,021
65+:	329,443

Voting Age Population Distribution



1992 Party Registration

Republican:	668,051	33.3%
Democrat:	680,773	34.0%
Other:	654,551	32.7%
Total:	2,003,375	

Number of Counties: 63

COLORADO 1992 ELECTION SUMMARY

HISTORICAL PRESIDENTIAL PERFORMANCE

	REP. VOTE	REP %	DEM. VOTE	DEM %	OTH. VOTE	OTH %	TOTAL	REGISTRATION
1992 BUSH/CLINTON/PEROT:	562,850	36.1%	629,681	40.4%	366,010	23.5%	1,558,541	2,003,375
1988 BUSH/DUKAKIS:	728,177	53.1%	621,453	45.3%	22,765	1.7%	1,372,395	2,029,518
1984 REAGAN/MONDALE:	821,817	64.4%	454,975	35.6%	0	0.0%	1,276,792	1,621,306
1980 REAGAN/CARTER/ANDERSON:	652,264	56.7%	367,973	32.0%	130,633	11.4%	1,150,870	1,434,257
1976 FORD/CARTER:	584,367	54.6%	460,353	43.0%	26,107	2.4%	1,070,827	1,361,570
1972 NIXON/McGOVERN:	597,189	62.6%	329,980	34.6%	26,715	2.8%	953,884	1,219,591
1968 NIXON/HUMPHREY/WALLACE:	409,345	50.8%	335,174	41.6%	60,813	7.6%	805,332	966,700

STATEWIDE ELECTION RETURNS

	REP. VOTE	REP %	DEM. VOTE	DEM %	OTH. VOTE	OTH %	TOTAL
1992 SENATE:	662,893	45.2%	803,725	54.8%	0	0.0%	1,466,618
1990 GOVERNOR:	358,403	36.4%	626,032	63.6%	0	0.0%	984,435
1990 SENATE	569,048	57.2%	425,746	42.8%	0	0.0%	994,794
1986 GOVERNOR	434,420	41.0%	616,325	58.2%	8,183	0.8%	1,058,928

STATE SENATE

YEAR	SEATS	DEM	REP	OTH	NET
1992	35	16	19	0	-4
1990	35	12	23	0	-1
1988	35	11	24	0	-1

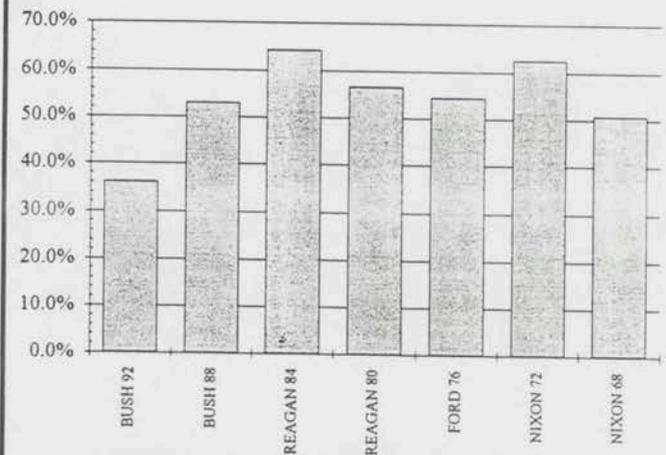
STATE HOUSE

YEAR	SEATS	DEM	REP	OTH	NET
1992	65	31	34	0	-4
1990	65	27	38	0	-1
1988	65	26	39	0	-1

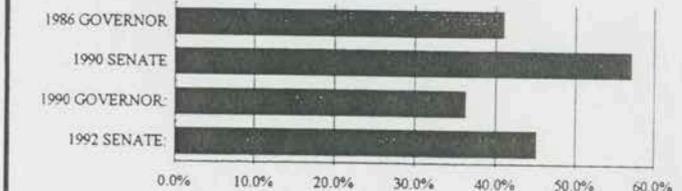
U.S. HOUSE OF REPRESENTATIVES

YEAR	SEATS	DEM	REP	OTH	NET
1992	6	2	4	0	1
1990	6	3	3	0	0
1988	6	3	3	0	0

REPUBLICAN PRESIDENTIAL PERFORMANCE



REPUBLICAN STATEWIDE PERFORMANCE



STATE GOP LEADERSHIP

Don Bain, State Chairman
Jim Nicholson, National Committeeman
Mary Dambman, National Committeewoman

STATE DELEGATIONS TO THE 103RD CONGRESS

Hank Brown (R)
Ben Nighthorse Campbell (D)
1. Patricia Schroeder (D)
2. David E. Skaggs (D)
3. Scott McInnis (R)
4. Wayne Allard (R)
5. Joel Hefley (R)
6. Dan Schaefer (R)

DOLE SECURE FIREARM ACCESS PROVISIONS

1). "BRADY-STYLE" TEMPORARY WAITING PERIOD /COMPUTER CHECK

- a). A two year federal, temporary waiting period of five days would be imposed on the purchase of handguns.
- b). During the two year period, Department of Justice would establish a nationwide computer system to conduct instant background checks on the purchase of firearms.
- c). After computer system is running, the federal waiting period and all state waiting periods are rescinded and a background check is conducted at point of sale.

2). YOUTH HANDGUN POSSESSION BAN

Currently, it is illegal for a dealer to sell a handgun to anyone under the age of eighteen. This provision would expand the definition to prohibit anyone from transferring a handgun to a juvenile except to engage in hunting or a sanctioned firearm competition. It would also ban the possession of handguns by juveniles except for above stated reasons.

3). MULTIPLE SALES

Currently, any dealer selling more than one handgun per month to a customer must submit a form containing that fact to the Bureau of Alcohol, Tobacco and Firearms. The problem is that ATF does not have the resources to do anything with that information and substantial handguns enter the street market through multiple sales. The provision would require notification to the local police as well as ATF.

4. FEDERAL FIREARMS LICENSE

Currently, FFL's allow interstate purchases of firearms, etc. The cost is \$15 for a three year license. ATF estimates the actual cost of the background check and paperwork at \$100 per license. The proposal increases the cost to \$150 to ensure only serious dealers and collectors apply for licenses.

5. SHIPMENT OF FIREARMS

Currently, firearms shipped in interstate transport must be in packages marked as containing firearms, resulting in substantial numbers of thefts. The proposal requires increased paper trails and elimination of external markings.