

Wall Street Surges Ahead; 49 Showbiz Stox Advance

By TOM GIRARD

Forty-nine entertainment stocks rose yesterday as the stock market staged a big rally.

In the best performance in nearly five months, the Dow Jones Industrials backed on 74.68 to 2031.11.

Big Board volume was a hefty 247,610,000, the highest since Jan. 25. Standard & Poor's 500 stock index jumped 8.72 to 262.14.

Doing well on the day were such issues as: CBS (up 3 1/4), Disney (1 1/2), Gulf & Western (2 1/4), MCA (1 1/2), Time Inc. (1 1/2), Warner (1 1/2) and Lin Broadcasting (1 1/2).

Westwood One took a drubbing and gave up 5 1/2 to 14. The Dow Jones news service cited lower earnings estimates and ratings by two investment houses. The company said its board of directors has authorized a stock repurchase of up to 1,000,000 shares.

It had been anticipated on Friday that the Fed would increase the discount rate. However, the central bank's inaction was generally viewed as a sign that the outlook for inflation and interest rates might be overdue.

Some also pointed to several recent surveys of investor sentiment, which showed that the outlook for stock prices had become unusually downbeat. "People had become so convinced that the news was going to be negative that we almost had to go the other way," said Monte Gordon, research director at Dreyfus Corp.

Cannon Group Posts \$98 Mil Loss For Year

The Cannon Group Inc. suffered a staggering loss of \$98,305,000 during its fiscal year ending last Jan. 2.

Red ink amounted to a loss of \$11.15 per share. Cannon stock closed unchanged at 4 1/4 yesterday.

Disastrous results widely exceeded previous year's deficit of \$60.397,000 (\$8.23 per share).

Scope of the company's problems was evident in the 65% increase in selling general and administrative expenses to \$86,645,000. Cannon said the amount reflects "a reserve for the proposed securities litigation settlement and increase outside legal and accounting fees and operating expenses."

Heavy debt burden was reflected in a 39% increase in interest expense to \$50,453,000. Explanation of that cost included word that Cannon is unlikely to exceed net worth of \$37,500,000 (per lending covenants) and thus may have to make a penalty payment. More losses are expected for the first fiscal quarter.

In tallying its costs and expenses, Cannon said that film amortization — the largest expense category — had grown 25% to \$231,408,000.

On the revenue side, company reported that motion picture distribution rose to \$279,250,000 from \$254,461,000 while cinema operations climbed to \$138,839,000 from \$94,508,000.

Company pointed out that president Giancarlo Parretti and some associates have committed to "inject additional equity" of \$100,000,000 into the company over the next 12 months. They are also to help Cannon get a \$100,000,000 revolving credit line for the next 12 months of production and a \$50,000,000 line for prints and advertising after Sept. 1.

SHOWBIZ STOCK TRANSACTIONS

Tuesday, May 31, 1988

Dow Jones Industrials +74.68 to 2031.11
NEW YORK STOCK EXCHANGE COMPOSITE
Index +4.38 to 146.04 Volume 247,610,000

52 Weeks	High	Low	Sales (100's)	High	Low	Close Change	
27 1/2	10 1/2	Bally Mfg.	1052	18 1/2	15 1/2	+ 1/2	
6 1/4	1 1/4	Berkey Inc.	178	2	1 1/4	- 1/4	
226 1/4	140 1/2	CBS	686	154 1/2	151 1/4	+ 3 1/4	
35 1/2	10 1/2	Ceasar's World	966	23 1/2	23 1/2	+ 1/2	
6 1/2	2 1/2	Cannon Group	250	4 1/4	4 1/4	-	
450	287	Capital Cities/ABC	382	305	298 1/4	+ 3 1/4	
11 1/4	5 1/4	Caroco	3696	9 1/2	9 1/2	- 1/2	
20 1/2	10 1/4	Chne-Craft	1179	21 1/2	20 1/2	+ 1/4	
15 1/2	7 1/2	Cineplex Odeon Corp	303	8 1/2	8 1/2	+ 1/4	
59 1/2	29	Coca-Cola Co. (Col)	7518	38	38 1/2	+ 1/2	
18 1/2	8 1/4	Columbia Pic Ent. Inc.	2453	8 1/2	8 1/2	- 1/4	
32 1/2	22	Comsat	118	28	27 1/2	+ 1/2	
82 1/2	41 1/4	Walt Disney Co	3095	58	58	+ 1 1/4	
71 1/4	44 1/4	Dun & Bradstreet	3865	49 1/2	49 1/2	+ 2	
70 1/2	39 1/4	Eastman Kodak	11811	42	40 1/2	+ 1/2	
34 1/2	19 1/2	Foots, Cone, Belding	13	26 1/2	26 1/2	- 1/4	
38 1/2	18 1/2	Ganorco (RKO-Gen.)	720	18 1/2	18 1/2	+ 1/4	
31 1/4	15	General Cinema Corp	3959	19 1/2	18 1/2	+ 1/2	
86 1/2	38 1/2	General Electric (GEA)	1705	42 1/2	40 1/2	+ 2	
47 1/4	21 1/2	General Investment Corp.	3874	25 1/2	25 1/2	+ 1/2	
15 1/4	7 1/4	Globe Wings	213	14 1/2	13 1/4	+ 1/4	
48 1/2	20 1/2	Gulf & Western (Par)	4806	42	39 1/2	+ 2 1/4	
94 1/4	58	Hilton Hotels	365	90	87 1/2	90	+ 2 1/4
37	17	Hollister Corp	481	25 1/2	24 1/2	+ 1/2	
33 1/4	12	King World Ent.	387	16 1/2	16 1/2	+ 1/4	
64 1/4	30	MCA	1078	40 1/2	38 1/2	+ 1 1/4	
18	8 1/4	MGM/UA Comm.	787	18 1/2	18 1/2	- 1/2	
42 1/2	22	News Corp. (NWS)	252	26 1/2	26 1/2	+ 1/2	
39 1/2	18 1/2	News Corp. (NWS)	2086	18 1/2	18 1/2	+ 1/2	
1 1/2	3/4	Oak Ind.	348	1 1/4	1 1/4	+ 1/4	
18 1/2	8 1/2	Orion Pictures Corp.	334	13 1/2	13 1/2	+ 3/4	
12 1/2	5 1/4	Orion Pict C	11	9 1/2	9 1/2	+ 1/4	
18 1/2	10	Playboy	3	14	13 1/4	+ 1/4	
3 1/4	4	Paramount	1811	9 1/2	8 1/2	+ 1/4	
9	3 1/4	Sahara Casino Partners	1284	4 1/4	4 1/4	+ 1/4	
46 1/4	19 1/2	Sony Corp.	2049	9 1/2	8 1/2	+ 1 1/4	
11 1/2	6 1/2	Time Inc.	636	8 1/2	8 1/2	+ 1/4	
34 1/2	18	United Cable TV	86	33	33 1/4	+ 1/4	
8 1/2	2 1/4	Vestron Inc.	4006	34	32 1/4	+ 1 1/4	
59 1/4	17 1/2	Warner Comm. (WB)	478	10 1/2	10 1/2	+ 1/2	
25 1/2	8 1/4	Webb, Del.	4801	53 1/2	53 1/2	+ 2 1/4	
75	40	Westinghouse (Group W)	2622	24	23 1/4	+ 1/2	
33 1/2	10	Zenith	2622	24	23 1/4	+ 1/2	

AMERICAN STOCK EXCHANGE COMPOSITE
Index +3.88 to 204.10 Volume 8,450,000

52 Weeks	High	Low	Sales (100's)	High	Low	Close Change
12 1/2	3 1/4	AMC Ent. Inc.	22	4 1/2	4 1/2	+ 1/2
28 1/2	11 1/4	Action Corp.	3	13 1/2	13 1/4	+ 1/4
18 1/2	11 1/4	Color Sys. Tech Inc.	114	4 1/4	4	- 1/4
10 1/2	3 1/4	De Laurentiis Ent. Gp	45	7 1/2	7 1/2	- 1/4
8 1/2	3 1/4	De Laurentiis Ent. Gp Wts.	1	1/2	1/2	- 1/4
10 1/4	5 1/4	De Laurentiis Film Part.	1	1/2	1/2	- 1/4
20 1/2	18 1/2	Falcon Cable Sys.	40	18 1/2	18 1/2	+ 1/2
5 1/4	1 1/4	Fries Ent.	32	1 1/4	1 1/4	+ 1/4
9	2 1/4	Heritage Corp	103	2 1/2	2 1/2	+ 1/4
18 1/2	8 1/2	Lorimar Telepictures Corp.	5630	13 1/2	12 1/2	+ 1/2
2 1/2	1 1/4	Nelson Holdings Intl.	47	1 1/2	1 1/2	- 1/4
10 1/4	8	New Line Cinema	58	6	6	+ 1/4
13 1/2	1 1/4	New World Ent.	72	2	1 1/2	- 1/4
6 1/4	2 1/4	Prism Ent.	311	4 1/4	3 1/4	- 1/4
85 1/4	11 1/4	Resorts Int'l A	2179	33 1/4	33 1/4	+ 1 1/4
10 1/4	4 1/4	Aaron Spelling Prod. Inc	80	5 1/2	5 1/2	+ 1/4
8 1/2	4 1/4	Tempo TV	11	7 1/4	7 1/4	+ 1/4
14 1/2	7 1/2	Trans-Lux				No Trades
18 1/2	9 1/4	Turner Broadcasting A				No Trades
15 1/2	7 1/4	Turner Broadcasting B				No Trades
11 1/4	7 1/4	United Video	949	9 1/2	9 1/4	+ 1/4
28 1/2	10	Viacom Inc.	83	22 1/2	21 1/4	+ 1 1/2

OVER THE COUNTER
Index +3.88 to 370.34

Bid	Asked	Change	Bid	Asked	Change
AME Inc.	8 1/4	8 1/4	Marcus Corp	13 1/2	14 1/4
All American Television	1 1/4	2 1/4	Mercury Ent.	1 1/2	7 1/4
American Screen Co.	3 1/2	3 1/2	Multimedia	64 1/2	65 1/2
Andrews Group Inc.	4 1/2	5	National Lampoon	3 1/4	3 1/2
Barna Ind.	9 1/2	9 1/2	New Century Ent.	3 1/2	1 1/4
Burnup & Sims Inc.	13 1/4	14	New Star Ent. (Unit)	1 1/2	1 1/2
C.C.R. Video Corp	1 1/2	1 1/2	Odysey Ent.	1 1/2	1 1/2
Camera Platforms	1 1/2	1 1/2	Park Comm. Inc.	27 1/4	28 1/2
Int'l Inc.	5	5 1/2	Perigore Ent. Ltd.	1 1/2	1 1/2
Carmike Cinemas	7	7 1/2	Rank Organization	13	13 1/2
click clerk prods inc	4 1/2	5	Reeves Comm.	5 1/2	6
Eagle Ent. Inc.	1 1/2	1 1/2	Republic Pictures Corp.	5 1/4	6 1/4
Filmair Inc.	2 1/2	2 1/2	Sahara Resorts Inc.	16 1/4	17 1/4
Financial News Network	6 1/2	6 1/2	Scrpps Howard Brd	80	85
Great American Comm	11 1/4	11 1/4	Showscan Film Corp	3 1/2	4 1/2
HRI Group	3 1/4	4	Telco-Communications	A	2 1/2
Image Ent.	1 1/2	1 1/2	Today Home Ent.	2 1/2	3 1/4
Image Films Ent.	5 1/4	5 1/4	Todd-AO Corp	7 1/4	7 1/4
J Comm.	2	2 1/4	Trint (CF) Pict A	38 1/2	42
Josephson Int'l Inc.	13 1/4	13 1/4	UA Communications	27 1/2	28
Kings Road Ent.	1	1 1/4	Inc	27 1/2	28 1/2
Laurel Entertainment	1 1/4	1 1/4	Vista Org	15 1/2	15 1/2
Lin Broadcasting	80	80 1/4	Westwood One	14	14 1/4
Maine Comm Gp Inc	7 1/4	7 1/4			
Management Co.	1 1/4	2			

(Information on all securities available from Ronald E. Scott, vice president, Merrill, Lynch, Pierce, Fenner & Smith, (213) 468-8110, who provides the quotes.)

OPERATING COSTS UP

UACI Paying Price Of Growth

By JIM ROBBINS

New York, May 31 — Amplifying on the fiscal report unveiled last week for its first quarter, United Artists Communications Inc. filed a 10-Q with the Securities & Exchange Commission illustrating how the exhibition and cable giant takes the bitter results with the sweet as it aggressively pursues growth.

The acquisition and construction of new theaters as well as capital expenditures and additional subscribers in cable has led to boosts in revenues and assets for the Denver-based company.

On the other hand, UACI's operating costs and expenses also increased because of the enlarged theater and cable holdings (although in one area, concession production costs, UACI fares better so far this year).

Out of total revenues of \$184,105,000 for its first quarter ended March 31 (first such period now that UACI changed to calendar-year reporting), UACI saw theater admissions and other operating revenues increase 19% or \$14,727,000. Concession sales for the same period swelled 24%, or \$5,887,000, "as concession sales per patron increased circuitwide."

UACI's 10-Q said "slight" ticket price increases and a growth in attendance "resulting from a growth in the quantity and quality of (filmed) product" helped push up admissions revenues, but UACI counted acquisitions and construction as the primary revenues booster.

The 19% hike in cable revenues of \$9,422,000, UACI told the Securities & Exchange Commission, is because of a 12% improvement in average monthly revenue per subscriber plus a 6% increase in basic subscribers, and a 10% rise in pay service subscribers.

"These increases were the result of improved pricing, line extensions and higher penetration of homes passed by cable," UACI said.

Theater Buys

Theater pickups and builds also caused an increase of \$15,707,000 in theater operating costs and expenses, including corporate expenses. The corporate tab included "unsuccessful acquisition-related legal and other nonoperating costs of \$4,367,000."

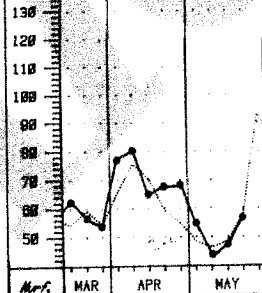
Theater operating expenses as a percentage of revenues were 79% for the first quarter, the company said, while direct theater costs as a percentage of theater admissions for the first quarter were lower.

Direct theater costs in the form of film rental and advertising amounted to \$45,930,000 for the three-month period ended March 31.

(Continued on Page 17, Column 1)

B.O. BAROMETER

(Dotted line = Expected)



New Line's Revolving Credit Line Boosted

New York, May 31 — New Line Cinema's revolving credit accord with Chemical Bank has been boosted from \$25,000,000 to \$35,000,000, and the indie film company will continue to use the coin for general corporate purposes, including production and distribution.

New Line CEO Robert Shaye unveiled the new credit setup with Chemical Bank — which also extended the maturity of the revolving credit from June 1989 to December 1989 at the company's annual stockholders meeting May 31.

The stockholders also voted to reelect the seven directors on New Line's board and okayed the appointment of Arthur Young & Co. as indie accountants for fiscal 1988.

Atlantic's, Prism's Boards OK Merger

(DJ) — Prism Entertainment Corp. said it executed a definitive agreement to merge with Atlantic Entertainment Group and that the pact was approved by the boards of both companies. Deal was initially disclosed last month (Daily Variety, May 16).

Under the agreement, Atlantic stockholders, as well as certain affiliated corporations, will receive 7,500,000 shares of Prism common stock, or about 77% of the then outstanding stock of the merged company.

Prism said that at closing it will effect a one-for-two reverse split of its common stock and pay a dividend of one share of Prism Class B common for each post-split share of Prism common stock outstanding at the closing.

Rights to the common stock and Class B common stock shall be identical, except that each holder of Class B common stock shall be entitled to 10 votes. If and when dividends on the common stock and Class B common are declared payable from time to time by the board, the holders of each class of common shall be entitled to equal dividends.

The holder of each outstanding share of Class B common shall have the right, at any time, to convert such share into one share of common stock.

Closing of the merger is subject to approval of Prism's stockholders, a fairness opinion from Prism's investment banker and the obtaining of \$17,500,000 of new financing for the merged company.

Thomas J. Coleman, chairman of Atlantic, will become chairman and chief executive of the merged company. Barry Collier, president and founder of Prism Entertainment, will become vice chairman and chief operating officer of the combined companies.

DAILY VARIETY DAILY

SUBSCRIPTION FORM

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 6 mos. \$70 One Year \$85

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