

securities valued at \$90.* I submit this affidavit in support of QVC's motion for preliminary injunction.

QVC's Tender Offer Financing

2. QVC raised the price being offered to Paramount stockholders to \$90 from \$80 late in the day on Friday, November 12, 1993. QVC was able to raise its bid by securing \$1.5 billion in additional equity financing from BellSouth Corporation, the largest of the regional Bell operating companies. Now that BellSouth is a "co-bidder" with QVC, QVC has \$3 billion in equity committed to its tender offer/merger transaction -- \$1.5 billion from BellSouth, \$500 million from Comcast, \$500 million from Cox Enterprises and \$500 million from Advance Publications.

3. In addition to the equity financing, QVC is currently lining up bank financing for the remaining cash needed for the \$5.5 billion cash portion of its bid. QVC expects to obtain bank financing in the amount of \$3 billion from the same consortium of banks (led by Chemical Bank) that earlier committed to finance QVC's \$80 per share merger proposal.

4. Allen has had extensive experience in raising money to finance corporate mergers and acquisitions, especially those in the entertainment and communications industry. Allen is highly

* Attached hereto as Exhibit A is QVC's Supplement to its Offer to Purchase dated November 12, 1993.

confident, and has so advised the directors of QVC, that financing can be obtained on terms acceptable to QVC for the cash portion of QVC's current tender offer. Allen has also advised the directors, through the board's chairman, Mr. Barry Diller, that such bank financing can be obtained prior to November 26, 1993, the date on which QVC's tender offer is set to close.

5. I understand that Paramount's counsel claims that QVC's \$90 Offer is "a classic 1980s financial play", that its financing and that of QVC's partners is predicated upon acquiring Paramount and then "leveraging Paramount's assets". In fact, the acquisition financing for a QVC tender offer has a substantially greater equity component than does Viacom's and, because QVC has no pre-existing debt whereas Viacom has approximately \$2.4 billion of such debt, leverage would be far greater in a Viacom/Paramount combination.

6. As set forth in Viacom's amended Offer to Purchase, the total amount of funds required to consummate its Tender Offer and pay expenses -- at the \$85 level -- is approximately \$5.3 billion consisting of: (a) \$600 million from the issuance of 24 million shares of Viacom Series A Cumulative Convertible Preferred stock to Blockbuster Entertainment Corp.; (b) \$1.2 billion from the issuance and sale to NYNEX Corporation of a new series of cumulative convertible preferred stock; and (c) a \$3.5 billion 364-day revolving credit facility and \$1 billion term loan (to

finance part of the cash portion of the Offer in the event the closing of the NYNEX investment has not occurred prior to consummation of the Offer). All amounts outstanding under the Revolving Facility will become due and owing 364 days after execution and delivery of definitive loan documentation, and the term loan becomes due and payable on the earlier of February 28, 1994 and the closing of the NYNEX investment:

Tender Offer Financing for \$85 Viacom Offer
(in billions)

\$5.185	to purchase 61 million shares
- <u>1.800</u>	preferred equity from NYNEX and Blockbuster
\$3.385	acquisition debt
+ <u>2.397</u>	pre-existing debt
\$5.782	total Viacom debt, post-acquisition

To match QVC's \$90 Offer, Viacom would need an additional \$300 million; if paid in cash, and assuming Viacom cannot find another equity partner, Viacom would be left with debt, post-acquisition, of \$6.082 billion. Viacom's resulting heavy debt-to-capital ratio would place significant negative pressure on Viacom's stock.

7. QVC, on the other hand, has a significantly greater proportion of equity in its higher-priced \$90 Offer -- and no pre-existing debt -- and consequently would be bringing to a consummated transaction far less leverage:

Tender Offer Financing for \$90 QVC Offer
(in billions)

\$5.490	to purchase 61 million shares
- 1.250	preferred equity from investors
- 1.750	common stock from investors
<u>.073</u>	pre-existing debt
\$2.563	total QVC debt

Thus, the total QVC debt "leverage" is substantially less than one-half that of Viacom.

8. Moreover, a combined Viacom/Paramount would be substantially more leveraged than a combined QVC/Paramount. A combined QVC/Paramount at QVC's \$90 offer price would have \$3.1 billion in debt and approximately \$370 million in cash; \$2.2 billion in preferred equity; and \$6.6 billion in common stock, with a total debt to common equity ratio of 47%. A combined Viacom/Paramount (at Viacom's lower \$85 offer price) would have \$6.2 billion in debt and \$400 million in cash; \$2.7 billion in preferred equity; and \$4.5 billion in common stock, with a total debt to common equity ratio of 138%. Thus, QVC's capital structure after a QVC/Paramount combination will reflect a far more substantial percentage of equity than a combined Viacom/Paramount. In addition, the QVC preferred stock is a better and more solid security. While the QVC preferred sold to investors has a 15-year term, the \$1.8 billion Viacom preferred sold to Blockbuster and NYNEX has only a 5-year term.

9. In addition, the terms of the Viacom revolving loan call for it to be fully repaid within one year. Its \$1 billion term loan to cover NYNEX's investment becomes due and payable on February 28, 1994 if NYNEX does not close. Given Viacom's leverage, there is no assurance that it will be able to refinance this debt and, at a minimum, the banks will have a good deal of leverage in dictating terms to Viacom when it is under pressure to get its refinancing done.

10. On the other hand, QVC will face no such refinancing pressure. QVC's bank financing consists of (a) a term loan facility (the "Term Loan") of up to \$2.5 billion and (b) a revolving credit facility to be used to finance QVC's general corporate and working capital requirements. The Term Loan matures on December 31, 2000 and will be subject to scheduled quarterly amortization payments commencing on March 31, 1994 with a final payment due on December 31, 2000, in amounts yet to be determined. Amounts borrowed under the revolving credit facility will also mature on December 31, 2000. In addition, if the BellSouth investment initially must be made in the form of a loan (due to the same regulatory restrictions applicable to the NYNEX investment in Viacom), that loan will be automatically extended following one year, and will not become due until six months after the QVC bank debt becomes due -- or in the year 2001.

Valuation of QVC

11. The truest test of the value of a publicly-traded security is the value at which it trades freely in a liquid, fully-informed market. During the period between September 20, 1993 (when QVC originally announced its proposal to acquire Paramount) and November 11, 1993 (the last trading day before QVC announced its \$90 offer), QVC's common stock has traded in a range of \$51-3/4 per share to \$61-3/4 per share. Throughout this period, the marketplace has been fully informed as to developments in the battle for control of Paramount as they may affect the value of QVC stock. Based on the November 11 closing price, the consideration to be offered in QVC's second-step merger has a value of \$90 per share.

12. The market price of QVC common stock is the product not only of a fully-informed market but one that is highly liquid. This is signified by the active trading in QVC stock. During the period since September 20, 1993, 27 million shares of QVC common stock have been traded in the over-the-counter market, almost four times the number of Viacom shares that have traded in the same period.

13. The market price of QVC stock reflects not just the market's perceptions of the developments with Paramount, but the view that QVC is a solid, steadily growing company. QVC's revenues, earnings and, most importantly, free cash flow, have all

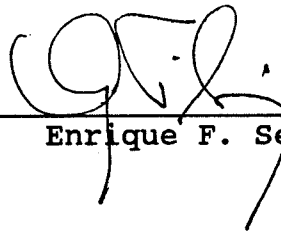
expanded substantially over the past five years. While the marketplace has clearly embraced Mr. Barry Diller's arrival on the QVC scene with great enthusiasm, QVC's performance has been impressive since well before Mr. Diller became the chief executive. QVC now has approximately \$200 million in operating cash flow, and substantially no long-term debt. Its prospects, even without Paramount, are bright. Indeed, QVC is about to launch another home shopping channel, Q2, which Telecommunications, Inc. has agreed to carry on its cable systems and which therefore will be an asset of substantial value to QVC.

14. The soundness of QVC's business and prospects has attracted significant interest on the part of major companies in the communications industry. QVC's shareholders have always included a number of the major cable companies in the United States, including Liberty Media, Comcast and Time-Warner. Since the announcement of its interest in Paramount, QVC has attracted as major equity investors Cox Enterprises, Advance Publications and BellSouth. Along with Comcast, these new investors have committed a total of \$3 billion of equity to QVC in the event of a successful acquisition of Paramount. The common stock component of these investments is being acquired at a price of \$60 per share, which is above the current market. But these new investors are not limiting their QVC interest to a combined QVC/Paramount. To the contrary, each of them has acquired an option to buy QVC

stock from QVC at the same \$60 price in the event that the Paramount transaction does not close. This suggests a very high level of confidence on the part of these highly-sophisticated investors in QVC and its future prospects.

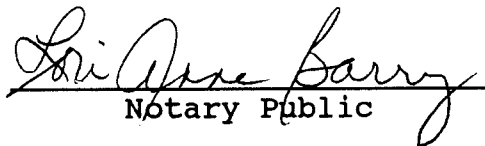
15. I further understand from QVC's counsel that Paramount has argued to the Court that the securities of the combined Paramount/QVC company would have to trade at stratospheric price earnings multiples, if the QVC back-end is to have its stated value of \$90 per share. This comment rests on the assumption that media and communications companies trade in relation to their reported earnings. This is simply wrong. Media and cable companies such as QVC, which has been experiencing 30%-50% growth per year and is active in the development of new products and technologies, trade based on multiples of operating cash flow, adjusted for various factors including their debt and growth expectations. Viacom also trades based on multiples of cash flow, adjusted for debt growth and expectations. And analysts' reports that develop a value for Paramount (e.g., Paul Kagan, Lisbeth Barron) do so on the basis of multiples of cash flow as well. In addition, media companies such as Time-Warner, TCI, Comcast, Turner Broadcasting and others have shown losses or small earnings during the last few years, but have typically traded at prices based on multiples of cash flow. A combined QVC/Paramount would certainly trade on the basis of cash

flow multiples and what the market will view as its potential upside over the next few years.



Enrique F. Senior

Sworn to before me this 15th
day of November 1993.



Notary Public

LORI ANNE BARRY
Notary Public, State of New York
No. 4773881
Qualified in Nassau County
Commission Expires June 30, 1993

Supplement to the Offer to Purchase Dated October 27, 1993

QVC Network, Inc.
Has Increased the Price of
Its Offer to Purchase for Cash
61,008,240 Shares of Common Stock
(Including the Associated Common Stock Purchase Rights)
of

Paramount Communications Inc.
to
\$90.00 Net Per Share

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT
12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 26, 1993,
UNLESS THE OFFER IS EXTENDED.**

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) AT LEAST 61,008,240 SHARES BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER, (2) THE VIACOM LOCKUPS GRANTED UNDER PREVIOUSLY ANNOUNCED AGREEMENTS BETWEEN PARAMOUNT AND VIACOM INC. HAVING BEEN AND REMAINING PRELIMINARILY ENJOINED OR QVC OTHERWISE BEING SATISFIED AS TO THE INVALIDITY OF THE VIACOM LOCKUPS, AND PARAMOUNT NOT HAVING ENTERED INTO OR EFFECTUATED ANY NEW OR AMENDED AGREEMENTS WITH VIACOM INC. OR ANY OTHER PERSON OR ENTITY HAVING THE EFFECT OF IMPAIRING QVC'S ABILITY TO ACQUIRE PARAMOUNT OR OTHERWISE DIMINISHING THE EXPECTED ECONOMIC VALUE TO QVC OF THE ACQUISITION OF PARAMOUNT, (3) QVC BEING SATISFIED, IN ITS SOLE DISCRETION, THAT, FOLLOWING CONSUMMATION OF THE OFFER, QVC WILL HAVE THE ABILITY TO EFFECTUATE A SECOND-STEP MERGER IN WHICH EACH SHARE NOT PURCHASED IN THE OFFER WILL BE CONVERTED INTO 1.43 SHARES OF QVC COMMON STOCK AND .32 SHARES OF QVC MERGER PREFERRED STOCK AND THAT ALL LEGAL IMPEDIMENTS THERETO SHALL BE REMOVED OR OTHERWISE SHALL NOT BE APPLICABLE, (4) QVC BEING SATISFIED, IN ITS SOLE DISCRETION, THAT QVC HAS OBTAINED SUFFICIENT FINANCING TO ENABLE IT TO CONSUMMATE THE OFFER AND (5) QVC BEING SATISFIED, IN ITS SOLE DISCRETION, THAT ALL MATERIAL FCC LICENSE TRANSFER APPROVALS HAVE BEEN OBTAINED ON TERMS SATISFACTORY TO QVC. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THE OFFER TO PURCHASE. SEE THE INTRODUCTION AND SECTIONS 1, 12, 14 AND 15 OF THE OFFER TO PURCHASE.

IMPORTANT

QVC intends to continue to seek to negotiate with Paramount with respect to the acquisition of Paramount by QVC. QVC reserves the right to amend the Offer (including amending the number of Shares to be purchased, the purchase price and the revised QVC second-step merger consideration) upon entry into a second-step merger agreement with Paramount or to negotiate a merger agreement with Paramount not involving a tender offer pursuant to which QVC would terminate the Offer and the Shares would, upon consummation of such merger, be converted into cash, QVC Common Stock and/or other securities in such amounts as are negotiated by QVC and Paramount.

Any stockholder desiring to tender all or any portion of his Shares (and the associated Rights) should either (a) complete and sign one of the Letters of Transmittal (or a facsimile thereof) accompanying the Offer to Purchase or this Supplement in accordance with the instructions in such Letter of Transmittal and mail or deliver it together with the certificate(s) representing tendered Shares and, if separate, the certificate(s) representing the associated Rights, and any other required documents, to the Depositary or tender such Shares (and the associated Rights) pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase or (b) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. A stockholder whose Shares and, if applicable, Rights are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if he desires to tender such Shares and, if applicable, Rights. Unless and until QVC declares that the Rights Condition is satisfied, stockholders will be required to tender one Right for each Share tendered in order to effect a valid tender of such Share.

A stockholder who desires to tender his Shares and, if applicable, Rights and whose certificates representing such Shares (and Rights, if applicable) are not immediately available or who cannot comply with the procedures for book-entry transfer on a timely basis may tender such Shares (and Rights, if applicable) by following the procedures for guaranteed delivery set forth in Section 3 of the Offer to Purchase.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Supplement. Additional copies of the Offer to Purchase, this Supplement, the revised Letter of Transmittal, the revised Notice of Guaranteed Delivery and other related materials may be obtained from the Information Agent or from brokers, dealers, commercial banks and trust companies.

The Dealer Manager for the Offer is:

ALLEN & COMPANY
INCORPORATED

November 12, 1993

*To: All Holders of Shares of Common Stock
(Including the Associated Common Stock
Purchase Rights) of Paramount Communications Inc.:*

INTRODUCTION

The following information amends and supplements the Offer to Purchase, dated October 27, 1993 (the "Offer to Purchase"), of QVC Network, Inc., a Delaware corporation ("QVC"). Pursuant to this Supplement, QVC is now offering to purchase 61,008,240 shares of Common Stock, par value \$1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation ("Paramount"), and (unless and until QVC declares that the Rights Condition (as defined in the Offer to Purchase) has been satisfied) the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of September 7, 1988, between Paramount and Chemical Bank, as Rights Agent, as amended (the "Rights Agreement"), at a price of \$90.00 per Share (and associated Right), net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by this Supplement, and in the related Letters of Transmittal (which, together with the Offer to Purchase and this Supplement, constitute the "Offer"). Unless the context requires otherwise, all references to Shares shall include the Rights, and all references to the Rights shall include all benefits that may inure to holders of the Rights pursuant to the Rights Agreement.

Except as otherwise set forth in this Supplement, the terms and conditions previously set forth in the Offer to Purchase remain applicable in all respects to the Offer, and this Supplement should be read in conjunction with the Offer to Purchase. Unless the context requires otherwise, all references in the Offer to Purchase to 60,437,000 Shares shall be deemed to refer to and be replaced by the Minimum Number of Shares (as defined in and amended by this Supplement). Unless the context requires otherwise, terms not defined herein have the meanings ascribed to them in the Offer to Purchase.

The Offer is conditioned on, among other things, QVC being satisfied, in its sole discretion, of the following conditions having been met: (i) there being validly tendered and not withdrawn prior to the Expiration Date at least 61,008,240 Shares (such number of Shares being referred to as the "Minimum Number of Shares" and such condition being referred to as the "Minimum Condition"), (ii) the Viacom Lockups having been and remaining preliminarily enjoined or QVC otherwise being satisfied as to the invalidity of the Viacom Lockups, and Paramount not having entered into or effectuated any new or amended agreements with Viacom or any other person or entity having the effect of impairing QVC's ability to acquire Paramount or otherwise diminishing the expected economic value to QVC of the acquisition of Paramount (the "Viacom Lockup Condition"), (iii) that, following consummation of the Offer, QVC or a direct or indirect wholly owned subsidiary of QVC will have the ability to effectuate a merger or similar business combination with Paramount (the "Revised QVC Second-Step Merger") pursuant to which each then outstanding Share (other than Shares owned by QVC or any of its wholly owned subsidiaries, Shares held in the treasury of Paramount, and, if stockholder appraisal rights are available with respect to Shares, Shares held by stockholders who perfect appraisal rights under the Delaware Law) would be converted into QVC Common Stock and Merger Preferred Stock (as defined in Section 5) (the "Merger Condition"), (iv) the Rights Condition, (v) the Supermajority Voting Condition, (vi) the Section 203 Condition, (vii) the Financing Condition and (viii) the FCC Approval Condition. See Section 14 of the Offer to Purchase, which sets forth in full the conditions of the Offer, and Section 15 of the Offer to Purchase and Section 8 of this Supplement, which discuss certain legal matters and regulatory approvals. Consummation of the Revised QVC Second-Step Merger would be subject to approval by QVC's and Paramount's stockholders. See Section 11 of the Offer to Purchase.

Viacom has stated in its Supplement, dated November 8, 1993, to the Viacom Offer that it has been advised by Paramount that as of November 4, 1993, there were approximately 119,624,000 Shares outstanding. Accordingly, 61,008,240 Shares equals approximately 51% of the Shares outstanding as of such date.

Procedures for tendering Shares are set forth in Section 3 of the Offer to Purchase. Tendering stockholders may use either the original (pink) Letter of Transmittal and the original (pink) Notice of Guaranteed Delivery for Shares accompanying the Offer to Purchase, or the revised (blue) Letter of Transmittal and the revised (blue) Notice of Guaranteed Delivery accompanying this Supplement. While the original Letter of Transmittal refers to the Offer to Purchase, stockholders using such document to tender their Shares (and associated Rights) will nevertheless receive \$90.00 per Share (and associated Right) for each Share (and associated Right) validly tendered and not withdrawn and accepted for payment pursuant to the Offer, subject to the conditions of the Offer. Stockholders who have previously validly tendered and not withdrawn their Shares (and associated Rights) pursuant to the Offer are not required to take any further action in order to receive, subject to the conditions of the Offer, the increased tender price of \$90.00 per Share (and associated Right), if the Shares (and associated Rights) are accepted for payment and paid for by QVC pursuant to the Offer, except as may be required by the guaranteed delivery procedure if such procedure was utilized. See Section 3 of the Offer to Purchase and Section 1 of this Supplement.

The Offer to Purchase and this Supplement contain important information which should be read before any decision is made with respect to the Offer.

1. **Amended Terms of the Offer.** The Offer is being made for 61,008,240 Shares (and associated Rights). The price per Share to be paid pursuant to the Offer has been increased from \$80.00 per Share (and associated Right) to \$90.00 per Share (and associated Right), net to the seller in cash and without interest thereon. All stockholders whose Shares (and associated Rights) are validly tendered and not withdrawn and accepted for payment pursuant to the Offer (including Shares (and associated Rights) tendered prior to the date of this Supplement) will receive the increased price. The Expiration Date has been extended to 12:00 midnight, New York City time, on Friday, November 26, 1993, unless and until QVC, in its sole discretion, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by QVC, shall expire.

This Supplement, the revised (blue) Letter of Transmittal and other relevant materials will be mailed by Paramount to record holders of Shares and Rights whose names appear on Paramount's stockholder list and the list of holders of Rights, if any, and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list and list of holders of Rights or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares and/or Rights.

2. **Certain Tax Consequences.** The discussion set forth in Section 5 of the Offer to Purchase is hereby amended and supplemented as follows:

As discussed in this Supplement, QVC currently intends to propose the Revised QVC Second-Step Merger. QVC has not made a final decision with respect to the actual form, timing or terms of the Revised QVC Second-Step Merger, except that it is currently intended that in the Revised QVC Second-Step Merger, each Share then outstanding (other than Shares owned by QVC or any of its wholly-owned subsidiaries, Shares held in the treasury of Paramount and, if stockholder appraisal rights are available with respect to Shares, Shares held by stockholders who perfect appraisal rights under the Delaware Law) would be converted into 1.43 shares of QVC Common Stock and .32 shares of Merger Preferred Stock. It is not possible to predict whether or not such transaction would be taxable for federal income tax purposes to stockholders of Paramount participating therein. If the Revised QVC Second-Step Merger should qualify as a tax-free reorganization for federal income tax purposes (as to which no view can be expressed at this time), a stockholder who does not sell any Shares pursuant to the Offer should not recognize gain or loss to the extent that he receives only QVC Common Stock and Merger Preferred Stock in the Revised QVC Second-Step Merger; a stockholder who sells some, but not all, of the Shares actually owned by him pursuant to the Offer and subsequently exchanges other Shares actually or constructively owned by him for QVC Common Stock and Merger Preferred Stock in the Revised QVC Second-Step Merger may be treated in certain circumstances as having received taxable dividend income in respect of the lesser of the cash received by the stockholder pursuant to the Offer, and the amount of gain realized (i.e., the amount by which the value of QVC Common Stock and Merger Preferred Stock received in the Revised QVC Second-Step Merger and the

cash received in the Offer exceeds his tax basis in all of his Shares), rather than recognizing capital gain or loss. If the Revised QVC Second-Step Merger does not qualify as a tax-free reorganization, a stockholder will recognize gain or loss equal to the difference between a stockholder's tax basis in the Shares surrendered and the QVC Common Stock and Merger Preferred Stock. Such gain or loss will be capital gain or loss (assuming the Shares are held as capital assets) and will be short-term or long-term as described above. Long-term capital gain is currently subject to a maximum marginal federal income tax rate of 28%; short-term capital gain and dividend income are subject to a maximum marginal federal income tax rate of 39.6%.

3. Price Range of Shares; Dividends. The discussion set forth in Section 6 of the Offer to Purchase is hereby supplemented as follows:

According to publicly available sources, Paramount has paid no cash dividends on the Shares since the date of the Offer to Purchase. The high and low sales prices per Share on the NYSE as reported by the Dow Jones News Service for the second quarter ended October 31, 1993 were \$81 and \$51, respectively, and for the current quarter through November 11, 1993, were \$82½ and \$77½, respectively. On November 11, 1993, the closing price per Share reported on the NYSE was \$82½. Stockholders are urged to obtain current market quotations for the Shares.

4. Certain Information Concerning QVC, Comcast and BellSouth. The discussion set forth in Section 9 of the Offer to Purchase is hereby amended and supplemented as follows:

BellSouth Corporation ("BellSouth"), a Georgia corporation with its principal executive offices at 1155 Peachtree Street, N.E., Atlanta, Georgia 30367, is a holding company. BellSouth's wholly-owned operating telephone company subsidiary, BellSouth Telecommunications, Inc. ("BellSouth Telecommunications"), serves, in the aggregate, 67% of the population and 48% of the territory within Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. BellSouth Telecommunications primarily provides local exchange and toll communications services within 38 court-defined geographic areas, called Local Access and Transport Areas (LATAs), and network access services to enable interLATA communications using the long-distance facilities of interexchange carriers. BellSouth Enterprises, Inc., another wholly-owned subsidiary, operates businesses providing domestic wireless and international communications services and advertising and publishing services and products.

Prior to January 1, 1992, the majority of the operations of BellSouth Telecommunications was conducted through South Central Bell Telephone Company ("South Central Bell") and Southern Bell Telephone and Telegraph Company ("Southern Bell"). Effective December 31, 1991, South Central Bell merged with and into Southern Bell and Southern Bell's name was changed to BellSouth Telecommunications.

The name, business address, citizenship, present principal occupation and employment history of each of the directors and executive officers of BellSouth are set forth in Schedule I to this Supplement, which amends and supplements the Schedule I which was included in the Offer to Purchase.

BellSouth is subject to the information and reporting requirements of the Exchange Act and in accordance therewith is required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Certain information, as of particular dates, concerning BellSouth's business, principal physical properties, capital structure, material pending legal proceedings, operating results, financial condition, directors and officers (including their remuneration and stock options granted to them), the principal holders of their respective securities, any material interests of such persons in transactions with such company and other matters are required to be disclosed in proxy statements and annual reports distributed to BellSouth's stockholders and filed with the Commission. Such reports, proxy statements and other information may be inspected and copied at the Commission's public reference facilities in the same manner as set forth with respect to Paramount in Section 8 of the Offer to Purchase.

Information contained herein with respect to any of QVC, Comcast, Sural, Liberty and BellSouth and their respective executive officers, directors and controlling persons (including Sural with respect to Comcast), is given solely by such person, and no other person has responsibility for the accuracy or completeness of information supplied by such other persons.

Because Liberty (i) has agreed not to vote the Current Shares (except with respect to the QVC Revised Second-Step Merger and certain related matters), (ii) is no longer providing financing to QVC in connection with the Offer, and (iii) will not have any representative on the QVC Board of Directors, Liberty believes it cannot be deemed a co-bidder with respect to the Offer for purposes of Section 14(d) of the Exchange Act. As a result, Liberty has executed the amendment to the Schedule 14D-1 relating to the Supplement merely to terminate its filing on Schedule 14D-1 with respect to the Offer, and accordingly, this constitutes Liberty's final amendment with respect to the Schedule 14D-1.

Except as set forth elsewhere in this Supplement: (i) neither BellSouth nor, to the knowledge of BellSouth, any of the persons listed in Schedule I hereto or any associate or majority-owned subsidiary of BellSouth or any of the persons so listed, beneficially owns or has a right to acquire any Shares or any other equity securities of Paramount; (ii) neither BellSouth nor, to the knowledge of BellSouth, any of the persons or entities referred to in clause (i) above or any of their executive officers, directors or subsidiaries has effected any transaction in the Shares or any other equity securities of Paramount during the past 60 days; (iii) neither BellSouth nor, to the knowledge of BellSouth, any of the persons listed in Schedule I hereto, has any contract, arrangement, understanding or relationship with any other person with respect to any securities of Paramount, including, but not limited to, the transfer or voting thereof, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations; (iv) since May 1, 1990, there have been no transactions which would require reporting under the rules and regulations of the Commission between BellSouth or any of its subsidiaries or, to the knowledge of BellSouth, any of the persons listed in Schedule I hereto, on the one hand, and Paramount or any of its executive officers, directors or affiliates, on the other hand; and (v) since May 1, 1990, there have been no contacts, negotiations or transactions between BellSouth or any of its subsidiaries or, to the knowledge of BellSouth, any of the persons listed in Schedule I hereto, on the one hand, and Paramount or its subsidiaries or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets of Paramount.

On November 5, 1993, QVC announced that Home Shopping Network, Inc. ("HSN") and QVC agreed to terminate negotiations on QVC's merger proposal to HSN. A copy of the QVC press release relating to the foregoing matter was filed as Exhibit (a) (16) to the Schedule 14D-1 and is incorporated herein by reference, and the foregoing summary description is qualified in its entirety by reference to such exhibit. On November 5, 1993, QVC withdrew the Premerger Notification and Report Form it had previously filed with the Antitrust Division and the FTC pursuant to the HSR Act with respect to the proposed merger with HSN.

Liberty-QVC Agreement. On November 11, 1993, Liberty and QVC entered into an agreement (the "Liberty-QVC Agreement"), acknowledged and agreed to by TCI, setting forth the understanding of the parties thereto regarding Liberty's holdings of QVC Common Stock and QVC Series C Preferred Stock (such holdings, the "Current Shares"). Pursuant to the terms of the Liberty-QVC Agreement (a) the Directors of QVC designated by Liberty have resigned from the QVC Board of Directors, and, accordingly, Messrs. Barton and Malone are hereby deleted from Schedule I to the Offer to Purchase as directors of QVC, (b) Liberty was released from all rights and obligations under the Stockholders Agreement, except as otherwise provided in the Liberty-QVC Agreement, and (c) if the Paramount acquisition is consummated, QVC will waive any rights it may have with respect to the Current Shares pursuant to the Company Repurchase Rights (as defined in the Stockholders Agreement) or any QVC shares held by TCI pursuant to similar rights and further agreed that all of the Current Shares or QVC shares held by TCI would be vested and no longer subject to repurchase. Except as described above, QVC did not affect or limit its rights under the affiliation agreements between QVC and Liberty or TCI or any of their respective affiliates, including, without limitation, the right to specific performance thereunder.

Under the Liberty-QVC Agreement, if the Paramount acquisition is consummated, Liberty will have the right to require QVC to purchase up to the equivalent of all of the Current Shares (less any shares remaining subject to the parity provisions discussed below) plus all QVC Stock held by any Liberty Related Entity (as defined in the Liberty-QVC Agreement) that so elects for \$60 per share of QVC Common Stock equivalent, in cash or immediately available funds, such right to be exercisable only once during the three-month period

ending one month prior to the last day of the eighteen-month period (such period, from the date of the delivery to QVC of notice of such election until the end of such eighteen-month period, the "Sale Period") within which Liberty must divest its ownership interest in QVC pursuant to the Consent Order (as defined in Section 8 of this Supplement). At the option of QVC, in lieu of paying \$60 per share as provided above, QVC may require Liberty to sell such QVC shares to a third party in a manner reasonably acceptable to QVC and Liberty (including in the open market) which enables Liberty to sell such shares within the Sale Period and QVC will reimburse Liberty in cash within the Sale Period to the extent Liberty receives aggregate net proceeds averaging less than \$60 per share of QVC Common Stock equivalent in such sales (limited to sales occurring during the Sale Period), after the payment of any underwriting discounts and commissions and all reasonable expenses incurred in connection with such sale.

Concurrently with the execution of the QVC-Liberty Agreement, Liberty entered into the Consent Order. The Liberty-QVC Agreement will become effective upon the acceptance for public comment by the FTC of the Consent Order. Liberty also represented and covenanted to QVC that it would comply with the provisions of the Consent Order that relate to QVC and to Liberty's ownership and voting of the Current Shares.

Under the Liberty-QVC Agreement, Liberty agreed not to sell, assign or transfer the Current Shares or any interests therein prior to consummation, termination or abandonment of the Paramount acquisition other than to a Liberty Related Entity or to a signatory (including acknowledging parties) to the Liberty-QVC Agreement or to BellSouth; provided, however, that Liberty may sell, assign or transfer any such shares then held by it after six months from the date of the Liberty-QVC Agreement, which six-month period may be extended by mutual agreement of the parties to the Liberty-QVC Agreement. Any sale referred to in the immediately preceding sentence that is subject to the HSR Act, will be subject to expiration or termination of all applicable waiting periods under the HSR Act. Notwithstanding the foregoing, Liberty (a) may convert any of the Current Shares to QVC Common Stock and (b) may pledge or create a security interest in any and all of the Current Shares (other than any shares subject to Comcast's and Arrow's parity rights pursuant to the Liberty-QVC Agreement) so long as the terms of the Liberty-QVC Agreement have been fully disclosed to the pledgee of such shares or to the holder of such security interest in such shares.

Under the Liberty-QVC Agreement, in the event that QVC terminates or abandons the Paramount acquisition and withdraws any HSR Act filing with respect thereto, which QVC agreed to do promptly upon terminating or abandoning the Paramount acquisition, Liberty (and its group members, as applicable) may, at the option of Liberty, exercised within the 90-day period following Liberty's receipt of written notice of (or public disclosure of) such termination or abandonment by QVC, be reinstated as an Eligible Stockholder and the Liberty Group (as both such terms are defined in the Stockholders Agreement) under the Stockholders Agreement, subject to and in accordance with the terms thereof as in effect on the date of the Liberty-QVC Agreement and as altered by the Agreement Among Stockholders, Understanding Among Stockholders, Memorandum of Understanding and as described below, all related to the financing of the Paramount acquisition and dated as of the date of the Liberty-QVC Agreement. If Liberty elects to be so reinstated, the parties to the Stockholders Agreement (including those who may be added in the future) and QVC agree that Liberty will be reinstated in a manner that will allow Liberty to enjoy all the rights and benefits under the Stockholders Agreement that Liberty would have enjoyed if Liberty had not withdrawn as a party to the Stockholders Agreement but instead had remained as a party thereto continuously from the date of withdrawal through the date of reinstatement. For purposes of determining any of Liberty's rights and obligations under the Agreement Among Stockholders, Understanding Among Stockholders and Memorandum of Understanding upon its exercise of the foregoing option, Liberty will be entitled, from and after the date of reinstatement, to receive such rights, and will agree to become subject to such obligations, as are in addition to and co-extensive with those granted to and assumed by Comcast (or its successor) pursuant to such agreements (as provided in such agreements on the date of the Liberty-QVC Agreement), other than those additional rights and obligations relating solely and directly to the purchase of equity securities of QVC in connection with the financing of the Paramount acquisition.

Under the Liberty-QVC Agreement, the parity rights referred to in the Stockholders Agreement remain in full force and effect as provided therein as if Liberty remained a party thereto. In satisfaction of its parity

(c) Each of the parties to the Agreement Among Stockholders and Liberty agrees to vote all of its QVC equity securities (to the extent such securities are entitled to vote with respect thereto) in favor of issuing all of the equity securities QVC has agreed to issue under the New Equity Commitment Letter and the Memorandum of Understanding and in favor of any merger with Paramount in connection with the Paramount acquisition.

(d) All rights and obligations of BellSouth under the Agreement Among Stockholders will terminate if BellSouth does not purchase QVC equity securities as contemplated by the Memorandum of Understanding.

Understanding Among Stockholders. On November 11, 1993, Arrow, BellSouth, Comcast and Liberty entered into an understanding among stockholders (the "Understanding Among Stockholders") setting forth the understanding of the parties with respect to certain agreements to be entered into by the parties thereto. The understandings therein are conditioned upon the acceptance for public comment by the FTC of the Consent Order. The Understanding Among Stockholders provides that:

(a) if BellSouth purchases equity securities of QVC (as contemplated below) in connection with the Paramount acquisition, BellSouth will be substituted for Liberty as a party to the Stockholders Agreement (resulting in BellSouth becoming subject to the rights and obligations of Liberty (excluding Liberty's parity obligations) under the Stockholders Agreement);

(b) if BellSouth purchases equity securities of QVC in connection with the Paramount acquisition, BellSouth will be given the right to designate three members of the QVC Board of Directors (or, in any event, one more director than each of the other Eligible Stockholders (as defined in the Stockholders Agreement) will be entitled to designate) which directors will be subject to the voting provisions of the Stockholders Agreement; provided, that such right will continue only so long as BellSouth beneficially owns at least 80% of its original investment. In the event that BellSouth owns less than 80% of its original investment, BellSouth's right to designate directors will be subject to the terms and limitations set forth in the Stockholders Agreement generally applicable to the parties thereto;

(c) if BellSouth purchases equity securities in connection with the Paramount acquisition, the Stockholders Agreement will be amended to (i) eliminate the participation rights under the Stockholders Agreement (set forth in Sections 4 and 4B thereof) and (ii) provide that if and when any Group (as defined in the Stockholders Agreement) beneficially owns QVC securities representing 35% of the outstanding fully-diluted QVC voting power, such Group, for a period of six months from the first date of such 35% ownership, may not acquire, commit or propose to acquire any additional QVC voting securities (or securities convertible into voting securities); it being understood that any other Group may purchase QVC voting securities (or securities convertible into QVC voting securities) during such six-month period up to an amount that would result in such Group beneficially owning QVC voting securities representing 35% of the fully-diluted outstanding QVC voting power. The foregoing restrictions on acquisitions of QVC securities will be subject to appropriate provisions in the Stockholders Agreement permitting Eligible Stockholders to compete with any bid to acquire control of QVC; and

(d) if BellSouth purchases equity securities pursuant to the Option (as defined below), (i) BellSouth will become a party to the Stockholders Agreement and (ii) if Liberty is a party to the Stockholders Agreement under the circumstances permitted by the Liberty-QVC Agreement, the voting provisions of the Stockholders Agreement will provide that (x) so long as there exist four Eligible Stockholders (as defined in the Stockholders Agreement), voting will be determined by agreement of a majority of the Eligible Stockholders, provided that if no such agreement is reached concerning a particular matter, each Eligible Stockholder (and its designated directors) will be entitled to vote on such matter in its sole discretion and (y) if the Arrow Group (as defined in the Stockholders Agreement) is no longer an Eligible Stockholder, each Eligible Stockholder (and its designated directors) will be entitled to vote in respect of all matters in its sole discretion.

The Understanding Among Stockholders also provides that:

(a) until the earliest of (i) the expiration of the Option, (ii) the closing of BellSouth's equity investment in QVC and (iii) the abandonment of the efforts by QVC and BellSouth to permit it to make the investment contemplated by the Memorandum of Understanding, in connection with the operations of QVC, (x) the parties to the Stockholders Agreement will not vote to expand the number of QVC directors beyond 11 and (y) with respect to any action considered by the parties to the Stockholders Agreement, the agreement reached with respect to such action under the Stockholders Agreement will be determined by assuming that (1) BellSouth is an Eligible Stockholder, (2) any amendments to the Stockholders Agreement that would result from BellSouth becoming an Eligible Stockholder were in effect and (3) unless BellSouth has otherwise consented in writing to such action, BellSouth has disagreed with the proposed action. The parties to the Stockholders Agreement agreed to and agreed, subject to fiduciary obligations, to cause their designated directors to, vote according to the agreement reached as determined above.

(b) if BellSouth becomes a party to the Stockholders Agreement, the Stockholders Agreement will provide that (i) the number of QVC directors will not exceed 11 (or, if the Paramount acquisition has been consummated, 13) without the prior written consent of all the parties to the Stockholders Agreement and (ii) each of the independent directors will be approved by each of the parties to the Stockholders Agreement, which approval will not be unreasonably withheld.

(c) the immediately preceding paragraphs (a) and (b) will not apply to the designation, appointment or election of directors prior to BellSouth's making an equity investment in QVC.

The Understanding Among Stockholders further provides that until the earlier of the time BellSouth is added as a party to the Stockholders Agreement or the Option expires in accordance with the Memorandum of Understanding, the parties to the Stockholders Agreement (other than BellSouth) will not amend the Stockholders Agreement in any manner adverse to BellSouth without BellSouth's prior written consent.

The foregoing descriptions of the Liberty-QVC Agreement, the Agreement Among Stockholders, and the Understanding Among Stockholders are qualified in their entirety by reference to the texts thereof filed as exhibits to the Schedule 14D-1, copies of which may be obtained from the offices of the Commission in the manner set forth in Section 8 of the Offer to Purchase (except that such information will not be available at the regional offices of the Commission).

5. Background of the Offer Since October 27, 1993; Contacts with Paramount. The discussion set forth in Section 10 of the Offer to Purchase is hereby amended and supplemented as follows:

Before announcement of the proposed merger of Paramount and Viacom, representatives of BellSouth (including John L. Clendenin (Chairman of the Board and Chief Executive Officer of BellSouth) and Charles C. Miller, III (Vice President-Strategic Planning and Development of BellSouth)) had various contacts and discussions with officers and directors of Paramount relating to possible business transactions with Paramount, including various proposed joint ventures between BellSouth and Paramount. BellSouth has advised QVC that such discussions were undertaken by its representatives (including Messrs. Clendenin and Miller) in their roles as officers or representatives of BellSouth and that none of such contacts or discussions related to a business transaction involving both Paramount and QVC or resulted in the formation of any specific plans or proposals regarding a merger, consolidation or acquisition, acquisition of securities, the election of directors and/or a transfer of material assets between Paramount and BellSouth.

Following announcement of the Viacom transaction, Mr. Clendenin contacted Mr. Davis to indicate BellSouth's possible interest in providing an alternative for Paramount's stockholders. Mr. Davis responded by proposing a meeting including Viacom. On October 4, 1993, Mr. Clendenin and Mr. Miller met with Mr. Redstone of Viacom and Mr. Davis of Paramount. At that meeting, Messrs. Clendenin, Miller, Redstone and Davis discussed BellSouth's possible participation in Viacom's proposed acquisition of Paramount. This meeting was inconclusive and discussions of this possibility ended when it became clear that BellSouth and Viacom could not reach a mutually satisfactory understanding concerning the nature of BellSouth's investment and the extent of BellSouth's role in the combined entity.

On November 1, 1993, advisors to QVC met with a representative of and advisors to Paramount. The meeting was scheduled on October 29, 1993 as a result of a letter from Paramount to QVC delivered on that date in response to the October 28, 1993 letter from QVC to the Paramount Board of Directors requesting the immediate commencement of negotiations between QVC and Paramount. At the meeting on November 1, 1993, the QVC advisors requested certain information from Paramount and delivered a revised form of merger agreement that would be acceptable to QVC. In addition, at the meeting, the QVC advisors stated that Paramount should not assume that QVC had made its best bid and requested that Paramount establish a fair bidding process so that QVC, Viacom and any interested third parties could submit their best offers. In that connection, QVC submitted a written list of fair bidding procedures which it requested Paramount agree to use. At this meeting, Paramount did not indicate any response to QVC's requests. A copy of the October 28, 1993 letter from QVC to Paramount, the Paramount October 29, 1993 letter to QVC, the informational request, the fair bidding procedures and the proposed merger agreement delivered to Paramount at the November 1, 1993 meeting were filed as Exhibits (a)(9), (a)(12), (c)(7), (c)(8) and (c)(9) to the Schedule 14D-1, respectively, and are incorporated herein by reference, and the foregoing description of such documents is qualified in its entirety by reference to such exhibits. Paramount has not responded to QVC's informational request.

On November 1, 1993, following the meeting, Paramount sent a letter to a QVC advisor refusing to adopt the written list of fair bidding procedures QVC had requested Paramount agree to use at the meeting held earlier that day between advisors to QVC and a representative of and advisors to Paramount. QVC's advisor responded to this letter in a letter to Paramount dated November 2, 1993 requesting a response as to whether the Paramount refusal was the decision of Paramount management alone or the decision of the Paramount Board of Directors. Paramount has not so responded. Copies of the November 1, 1993 Paramount letter and the letter responding were filed as Exhibits (a)(13) and (a)(14) to the Schedule 14D-1, respectively, and are incorporated herein by reference, and the foregoing description of such documents is qualified in its entirety by reference to such exhibits.

By an amended complaint dated November 9, 1993 and filed in the United States District Court for the Southern District of New York, Viacom International Inc., a subsidiary of Viacom, named Comcast as a defendant and alleged that Viacom's \$85 amended bid was the result of QVC's Offer of October 27, 1993.

Revised QVC Second-Step Merger Proposal. On November 12, 1993, QVC announced that the Offer Price would be increased to \$90.00 per Share (and associated Right) and that, in the Revised QVC Second-Step Merger, each then outstanding Share (other than Shares owned by QVC or any of its wholly owned subsidiaries, Shares held in the treasury of Paramount, and, if stockholder appraisal rights are available with respect to Shares, Shares held by stockholders who perfect appraisal rights under the Delaware Law) would be converted into 1.43 shares of QVC Common Stock and .32 shares of a new series of cumulative convertible exchangeable preferred stock, par value \$.10 per share ("Merger Preferred Stock"), of QVC. The number of shares of QVC Common Stock proposed to be delivered pursuant to the Revised QVC Second-Step Merger is based on the closing price of \$51 $\frac{1}{4}$ per share of QVC Common Stock on November 11, 1993. Since October 27, 1993, the reported last sale price per share of QVC Common Stock on NASDAQ has ranged from a low of \$51 $\frac{1}{4}$ to a high of \$58 $\frac{1}{4}$. The reported last sale price of QVC Common Stock on the NASDAQ on November 11, 1993 was \$51 $\frac{1}{4}$ per share. Stockholders are urged to obtain a current market quotation for QVC Common Stock.

Terms of the Merger Preferred Stock. The Merger Preferred Stock will have a liquidation preference of \$50.00 per share and pay cumulative quarterly dividends at the rate of \$2.50 per annum per share. Holders of shares of Merger Preferred Stock will have the right to convert such shares (unless previously redeemed) into shares of QVC Common Stock at a conversion price of \$70.34 per share (equivalent to a conversion rate of approximately .7108 of a share of QVC Common Stock for each share of Merger Preferred Stock), subject to adjustment in certain events. The Merger Preferred Stock will be redeemable for cash, at QVC's option, in whole or in part, at any time after the fifth anniversary of the effective time of the Revised QVC Second-Step Merger, initially at a redemption price of \$52.50 per share of Merger Preferred Stock, and thereafter at prices declining to a price of \$50.00 per share of Merger Preferred Stock on and after the tenth anniversary of the effective time, plus in each case all accrued and unpaid dividends.

The Merger Preferred Stock will be exchangeable, at the option of QVC, in whole or in part, for debentures of QVC, on any dividend payment date beginning on the third anniversary of the effective time of the Revised QVC Second Step Merger, at the rate of \$50.00 principal amount of debentures for each share of Merger Preferred Stock. QVC may effect such exchange only if all accrued and unpaid dividends on the Merger Preferred Stock have been paid.

The Merger Preferred Stock will have no voting rights except (i) as otherwise required by law and (ii) the right to elect two additional directors to QVC's Board of Directors in the event of specified dividend arrearages.

Revised Paramount Agreements. As described in Amendment No. 2, dated November 2, 1993, to the Schedule 14D-1 filed by Viacom, Viacom corrected its prior disclosure to state that the Viacom Lockup Option Agreement was amended in connection with the Viacom Merger Agreement to provide that if (i) the Viacom Merger Agreement has been terminated; (ii) prior to such termination, a third party has commenced a tender offer or exchange offer for outstanding Shares; (iii) Viacom reasonably determines that, if it were to deliver a notice exercising the Viacom Lockup Option promptly following termination of the Viacom Merger Agreement, the closing of its purchase of the Viacom Option Shares would not occur prior to the consummation of such tender offer or exchange offer; and (iv) such tender offer or exchange offer is consummated, then the Put Payment with respect to the number of Viacom Option Shares as to which the Viacom Stock Option remains exercisable, multiplied by the percentage of Shares being tendered for under the tender offer or exchange offer, will be equal to the product of such number of Viacom Option Shares multiplied by the excess of the value of the consideration being offered in any such tender offer or exchange offer for each Share, over \$69.14. The above description updates and amends the information included in the Offer to Purchase. Reference is made to Amendment No. 2 to the Schedule 14D-1 filed by Viacom.

In addition, as reported by Paramount in its Form 8-A/A, dated November 5, 1993, Paramount has amended the Rights Agreement to provide that, in the absence of a Stock Acquisition Date (as such term is defined in the Rights Agreement), after the commencement of a tender offer or exchange offer for the Shares, the Rights will continue to be transferred with the Shares, and no Distribution Date will occur until a date fixed by the Board of Directors of Paramount.

6. Purpose of the Offer; Plans for Paramount. The discussion set forth in Section 11 of the Offer to Purchase is hereby amended and supplemented as follows:

Plans for Paramount. As set forth in the Memorandum of Understanding, if QVC acquires control of Paramount, and BellSouth continues to hold 50% of its investment in connection therewith, QVC and BellSouth have agreed that QVC and Paramount, on the one hand, and BellSouth, on the other hand, will form a substantial adequately funded 50/50 joint venture to develop a "gateway" and "navigation" system for delivering entertainment, shopping services and information to customers via interactive networks and to develop an interactive television service that will be marketed to customers. This joint venture will negotiate rights to offer movies, television shows, games, information and other content via this service; will itself create programming especially to be offered via this service; and will market this service on a national and international basis. Except for programming developed by or for the joint venture specifically for this interactive service, Paramount and QVC will be free to offer their programming through all channels, including competing interactive services.

In addition, the Liberty-QVC Agreement and the Memorandum of Understanding contain certain other plans and agreements with respect to Paramount. See Section 4 above and Section 7 below.

Except as described in this Supplement and the Offer to Purchase, BellSouth does not have any present plans or proposals that would result in (i) an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving Paramount or any of its subsidiaries, (ii) a sale or transfer of a material amount of assets involving Paramount or any of its subsidiaries, (iii) any change in the present board of directors or management of Paramount, (iv) any material change in Paramount's present capitalization or dividend policy, (v) any other material change in Paramount's corporate structure or business, (vi) causing a class of securities of Paramount to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association or (vii) a class of

equity securities of Paramount becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act.

7. Source and Amount of Funds. The discussion set forth in Section 12 of the Offer to Purchase is hereby amended and supplemented as follows:

QVC estimates that approximately \$5.5 billion will be required to acquire the Minimum Number of Shares pursuant to the Offer. The necessary funds are expected to be provided from the following sources: (i) up to (x) \$1.5 billion to be obtained from existing commitments to purchase from QVC newly issued shares of QVC Common Stock and QVC Preferred Stock and (y) \$1.5 billion to be obtained from BellSouth's purchase of newly issued shares of QVC Common Stock and QVC Preferred Stock; and (ii) up to \$3 billion in bank financing as described in the Offer to Purchase in the event that the commitments therefor are modified to permit the use of such funds in the Offer. As more fully described below under "Amended Equity Financing — Memorandum of Understanding," until the satisfaction of certain regulatory and other requirements, the funds otherwise to be provided by BellSouth's equity purchase will be provided by a bank bridge loan and then, to the extent necessary, debt financing provided by BellSouth or provided by a third party on behalf of BellSouth. BellSouth currently expects that the funds for its investment in QVC (debt or equity) will be provided through working capital and the issuance of commercial paper.

Amended Equity Financing.

New Equity Commitment Letter. On November 11, 1993, Advance, Comcast and Cox (the "Commitment Investors") entered into a letter agreement (the "New Equity Commitment Letter") with QVC which supersedes the Equity Commitment Agreement and the commitment, dated September 28, 1993, between QVC and each of Comcast and Liberty, to purchase QVC equity securities. The New Equity Commitment Letter will become effective upon the acceptance for public comment by the FTC of the Consent Order (as defined in Section 8) between Liberty, TCI and the FTC.

Pursuant to the New Equity Commitment Letter, each Commitment Investor agreed to purchase \$500 million of equity securities of QVC consisting of (i) two Preferred Stock Units, each consisting of \$125 million of QVC Preferred Stock for a purchase price of \$1,000 per share of QVC Preferred Stock, and (ii) two Common Stock Units, each consisting of \$125 million of QVC Common Stock, for a purchase price of \$60 per share of QVC Common Stock. The obligation of the Commitment Investors to purchase, and QVC's obligation to issue, such shares is conditioned on negotiation of the definitive terms of the purchase agreement and of related documentation, receipt of necessary regulatory approvals and consummation of the Paramount acquisition. If prior to the consummation of the sale of stock contemplated by the New Equity Commitment Letter, QVC intends (an "Other Offer") to sell additional equity securities (including additional QVC Preferred Stock or QVC Common Stock) in connection with financing the Paramount acquisition (other than those being offered to Paramount shareholders in the Paramount acquisition), other than pursuant to the Memorandum of Understanding, QVC will give each Commitment Investor notice of such Other Offer and each Commitment Investor may agree to (a) purchase, on the terms of such Other Offer, an aggregate dollar amount of such other equity securities equal to the aggregate amount so to be offered (such right to be pro rata among the Commitment Investors), including, if it so chooses, in lieu of purchasing the securities committed to under the New Equity Commitment Letter, or (b) not purchase any of such securities so offered (and if exercising its right under clause (b), if the Commitment Investor so desires, also terminate its commitment under the New Equity Commitment Letter). In addition, if the approval of QVC stockholders is not obtained with respect to the issuance to any Commitment Investor of equity securities under the New Equity Commitment Letter prior to the issuance of securities thereunder, QVC will issue to such Commitment Investor (other than the sale to Cox and Advance of one Preferred Stock Unit each if such entity has not exercised its option described below), in lieu of such equity securities, a new series of convertible exchangeable non-voting preferred stock (the "Non-Voting Preferred Stock") in an amount equal to the amount of equity securities committed to by such Commitment Investor under the New Equity Commitment Letter but not permitted to be sold due to the absence of QVC stockholder approval. QVC is obligated to call a meeting of QVC stockholders to approve the issuance of the securities purchased under the New Equity Commitment Letter promptly following the issuance of the Non-Voting Preferred Stock.

In addition, if, after the earlier of (a) the eight-month anniversary of the purchase of the Non-Voting Preferred Stock and (b) the date on which QVC stockholders approve a second-step merger with Paramount (the "Outside Date"), the QVC stockholders have not approved the issuance of stock to any Commitment Investor pursuant to the New Equity Commitment Letter, such Commitment Investor will have the option, exercisable within 20 business days following the Outside Date, to receive from QVC, within 20 business days following such exercise, in exchange for all, but not less than all, of the stock issued to such Commitment Investor pursuant to the New Equity Commitment Letter, the amount paid to QVC for such stock at the time of investment, plus interest from the date of investment at the rate of six percent per annum.

In addition, at any time following the date of the New Equity Commitment Letter, but not after the six-month anniversary following the termination or abandonment, if any, of QVC's interest in pursuing the Paramount acquisition each of Cox and Advance will be entitled to commit irrevocably to purchase an aggregate of \$170 million of QVC Common Stock, at a purchase price of \$60 per share, which amount will be credited against the common stock portion of the Common Stock Units committed to pursuant to the New Equity Commitment Letter by such Commitment Investor.

Memorandum of Understanding. On November 11, 1993, QVC and BellSouth entered into a memorandum of understanding (the "Memorandum of Understanding") with respect to BellSouth's proposed investment in QVC, which memorandum will become effective upon the acceptance for public comment by the FTC of the Consent Order. Any proposed investment (equity or debt) by BellSouth will be subject to certain necessary approvals and, except with respect to certain provisions, the Memorandum of Understanding is a nonbinding statement of intention and none of the parties thereto has any legal obligations thereunder. However, at the date of the Memorandum of Understanding it was BellSouth's present firm intention to consummate the transactions set forth in the immediately following paragraph.

Pursuant to the Memorandum of Understanding, if the Paramount acquisition is consummated, BellSouth will purchase from QVC (i) \$500 million of QVC Preferred Stock for a purchase price of \$1,000 per share and (ii) \$1 billion of QVC Common Stock for a purchase price of \$60 per share. However, to the extent that BellSouth's equity investment would, in BellSouth's good faith judgment, based upon the written advice of counsel, result in a potential violation of the Modification of Final Judgment entered on August 24, 1982, by the United States District Court for the District of Columbia (the "MFJ"), or if the relevant waiting period under the HSR Act has not expired or been terminated with respect to BellSouth's equity investment, (a) QVC will use its reasonable efforts to obtain a bank bridge loan for as much of BellSouth's \$1.5 billion investment as possible and (b) to the extent necessary, BellSouth will provide (or arrange for a third party to provide) debt financing on terms to be negotiated for the balance of the \$1.5 billion, which will be due in 12 months and will bear interest at a market rate of interest. In connection with any bridge loan obtained by QVC or debt financing provided by or arranged by BellSouth, BellSouth has agreed, as applicable, with respect to the Interest Reimbursement Period (as defined in the Memorandum of Understanding), first, to reimburse QVC, and second, to reduce the amount owed to BellSouth as interest, by an amount equal to the excess of (i) the amount of interest payable on and fees payable in respect of such bridge loan or debt financing (and any increased interest and fees with respect to QVC's other financings demonstrably arising due to the existence of such bridge loan or debt financing), in each case, with respect to the Interest Reimbursement Period, over (ii) the amount of cash (but not stock) dividends that BellSouth actually would have received in respect of its equity investment had such investment been made on the date of such bridge loan or debt financing (and any decreased interest and fees with respect to QVC's other financings demonstrably arising due to the existence of such bridge loan or debt financing) with respect to the Interest Reimbursement Period. The definitive documentation relating to BellSouth's proposed investment will specify the steps that will be required to be taken by QVC to permit BellSouth to make the equity investment contemplated by the Memorandum of Understanding in compliance with the MFJ, and the 12-month term of any financing will be extended automatically if, at the end of such 12-month term, such steps have been taken by QVC and such equity investment still is not made available to QVC due to the MFJ (provided that the term will end, in any event, six months after the earlier of the original maturity of or the repayment (except pursuant to a refinancing) of the bank financing incurred in connection with the Paramount acquisition). If the term of any bridge loan or debt financing by or on behalf of BellSouth is extended beyond the initial

12-month term, QVC will use its best efforts to resolve any MFJ complications within its control so long as BellSouth has agreed to indemnify QVC on terms reasonably acceptable to QVC for the costs and expenses associated with such efforts and actions. Such best efforts obligation will not require any significant structural or operational changes in the business or assets of QVC or Paramount. The definitive documentation also will include covenants reasonably appropriate under the circumstances to protect BellSouth's interests during any such extension. QVC will repay any bridge loan or debt financing by or on behalf of BellSouth from the proceeds of BellSouth's equity investment after any required termination or expiration of the applicable waiting period under the HSR Act, or after receipt of any required approval, waiver or other resolution of such potential violation of the MFJ to BellSouth's reasonable satisfaction. In addition, upon closing of its equity investment or repayment of the BellSouth financing in cash, BellSouth will receive the stock (but not cash) dividends it would have been entitled to receive during the term of such financing (but only through the date of such closing or repayment) in respect of BellSouth's equity investment had such investment been made on the date of such financing (or, in the case of cash repayment, the cash equivalent of such stock dividends valued at the time of repayment). The investment provisions are not binding until definitive documentation with respect thereto is executed.

In connection with the foregoing and the Option, BellSouth will have the right to approve any material changes to the Liberty-QVC Agreement, which approval will not be unreasonably withheld.

If the Paramount acquisition is terminated or abandoned, unless BellSouth has breached its obligations under the definitive agreement relating to the Memorandum of Understanding, BellSouth will have an option (the "Option") to purchase directly from QVC, during the six-month period following such termination or abandonment of the Paramount acquisition (or, if later, the receipt of the QVC stockholder approval referred to below), 8,627,934 shares of QVC Common Stock for a price of \$60 per share. To the extent that the closing under the Option would, in BellSouth's good faith judgment, based upon the written advice of counsel, result in a potential violation of the MFJ, the closing under the Option (but not the time period during which the Option may be exercised) will be delayed until after receipt of any required approval or waiver or other resolution of such potential violation to BellSouth's reasonable satisfaction, but in no event later than two years after such termination or abandonment.

In connection with the Understanding Among Stockholders, following the consummation of the BellSouth investment in connection with the Paramount acquisition (debt or equity) (or, in the case of the following clause (a), equity investment only) and so long as BellSouth continues to hold 80% of its investment pursuant thereto, BellSouth and QVC will agree as follows:

(a) QVC will afford BellSouth the right to designate members of the QVC Board of Directors as provided in the Understanding Among Stockholders and subject to any limitations on such right pursuant to the Stockholders Agreement, and use reasonable best efforts to cause such designees to be elected to the QVC Board of Directors;

(b) (i) subject to certain provisions of the Memorandum of Understanding and other than transactions in the ordinary course of QVC's business, BellSouth will have a right of first negotiation in respect of any material business transactions with a telephone company, in which such telephone company provides QVC with services or products (other than carriage) required or to be used by QVC, so long as BellSouth provides such services or products and BellSouth's services or products are competitive, (ii) QVC will not form or invest in any joint venture with any telephone company (other than BellSouth) to develop an interactive television service that employs a "gateway" or "navigation" system for access to programming except for the venture described below, and (iii) QVC will not sell any material amount of QVC equity securities or equity equivalents to any telephone company (other than BellSouth); provided that (x) the prohibitions of clauses (i) and (iii) above will not apply to transactions between QVC and Comcast, Cox, Advance, Newhouse Broadcasting Corporation or Liberty (in the case of clause (iii) if it has become a party to the Stockholders Agreement pursuant to the QVC-Liberty Agreement) and (y) "telephone company" will mean (I) any Regional Bell Operating Company, GTE, AT&T, MCI, Sprint and any other entity at least \$5 billion of the revenues of which is derived from the

provision of telephone services and (II) any subsidiary or affiliate of any of the entities covered by clause (I); and

(c) without BellSouth's concurrence, QVC will not make any investment or acquisition or enter into any joint venture of any type if (i) the aggregate transaction size (in property, cash or securities and assumed debt) exceeds \$5 billion and (ii) QVC's equity interest therein exceeds 25% of the total equity interests therein.

Subject to BellSouth's maintaining a minimum percentage of its investment, BellSouth and QVC will agree that QVC will avoid engaging in new activities in a manner that would in BellSouth's good faith judgment, based upon the written advice of counsel (which may be internal corporate counsel), advance written notice of which has been provided to QVC, result in a potential violation of the MFJ, as applicable to BellSouth, subject to BellSouth's obligation to make all reasonable efforts to permit QVC to undertake an activity it wishes to pursue without any such violation. In connection with QVC's obligation to avoid conducting new activities in a manner that would result in a violation of the MFJ, such potentially violative activities may be conducted in a separate entity in which BellSouth owns no interest (or otherwise structured to BellSouth's reasonable satisfaction) so long as (a) BellSouth will have been given a reasonable opportunity (including obtaining QVC's reasonable cooperation) to take steps to conduct such potentially violative activities (or a portion thereof, to the extent reasonable) in QVC or Paramount in a manner or to the extent permitted by the MFJ and (b) QVC will have the right to reacquire such potentially violative activities from such other entity if such activities are no longer prohibited by the MFJ; provided that the reservation of such reacquisition right does not result in a material economic detriment to QVC.

If the Paramount acquisition is consummated, QVC agrees that if it offers any equity securities to any Group (as defined in the Stockholders Agreement) or any member of a Group, it will offer such securities to each Group under the Stockholders Agreement on a pro rata basis.

Following, and conditioned upon, the Paramount acquisition and the consummation of the BellSouth investment in connection therewith and so long as BellSouth continues to hold 50% of its investment pursuant thereto, QVC, Paramount and BellSouth will enter into a substantial adequately funded 50/50 joint venture to develop a "gateway" and "navigation" system for delivering entertainment, shopping services and information to customers via interactive networks and to develop an interactive television service that will be marketed to customers. The joint venture will negotiate rights to offer movies, television shows, games, information and other content via this service; will itself create programming especially to be offered via this service; and will market this service on a national and international basis. Except for programming developed by or for the joint venture specifically for this interactive service, Paramount and QVC will be free to offer their programming through all channels, including competing interactive services.

Subject to any obligations BellSouth may have if it becomes a party to the Stockholders Agreement, and conditioned upon it becoming a party to the Stockholders Agreement, QVC will not take any action to (a) block or prevent open market purchases by BellSouth, Comcast, Liberty (if it has become a party to the Stockholders Agreement pursuant to the Liberty-QVC Agreement) or Arrow of QVC Common Stock so long as such purchaser's total fully diluted voting power of QVC does not exceed 35% of the fully diluted outstanding voting power of QVC or (b) discriminate against BellSouth, Comcast, Liberty (if it has become a party to the Stockholders Agreement pursuant to the Liberty-QVC Agreement) or Arrow as a stockholder or deprive BellSouth, Comcast or Arrow of full rights as a stockholder of QVC.

If the Paramount acquisition is terminated or abandoned, for a period of 18 months following such termination or abandonment, if QVC proposes to invest in, acquire or form all or part of an originator, owner or other producer of programming or content (including, without limitation, a film studio, network, film library or television programming producer) in a transaction valued at greater than \$250 million, if the Option has not expired or has been exercised, QVC will give BellSouth, along with Comcast (and Liberty, if it has become a party to the Stockholders Agreement pursuant to the Liberty-QVC Agreement) and, if they will have purchased equity in QVC pursuant to the New Equity Commitment Letter, Cox and Advance, a preferential opportunity to participate meaningfully in any such transaction on an arm's-length basis and will negotiate in good faith concerning any such party's participation therein. In connection with the foregoing and subject to

the reasonable best efforts obligations discussed below, none of BellSouth, Comcast, Cox, Advance and Liberty will be entitled to any such preferential opportunity, to the extent it is not legally permitted to participate in the relevant transaction.

BellSouth will have the right to approve (a) all material changes in the material terms of the Paramount acquisition (including any change in the consideration to be paid in the Paramount acquisition) and (b) the material terms and provisions of the financing obtained in connection with the Paramount acquisition. QVC will keep BellSouth sufficiently informed and involved in the transactions and related negotiations to permit BellSouth to exercise such rights on an informed basis.

QVC and BellSouth will use their reasonable best efforts to permit BellSouth to make the investments contemplated by the Memorandum of Understanding without violating the MFJ.

The joint venture between QVC and BellSouth referred to above may elect to offer its interactive television service and any programming developed by or for such service ("Joint Venture Programming") to such parties and on such terms (including on an exclusive basis) as it deems appropriate; provided, however, that Liberty will be entitled to the same rights and benefits, if any, that may be granted to any of the parties to the Agreement Among Stockholders (other than Liberty), or any affiliate of the foregoing, in each case, by virtue of its being a party to such agreement or the Stockholders Agreement (if applicable) or any successor agreements. Subject to the provisions discussed in the next succeeding sentence, Liberty will have the right to negotiate with respect to any programming of QVC, including its subsidiaries and affiliates (including Paramount and its subsidiaries and affiliates following the Paramount acquisition), other than Joint Venture Programming ("QVC/Paramount Programming"), that QVC intends to offer on an exclusive basis. Liberty will have the right to purchase, on terms no less favorable than those offered to any other cable operator of comparable size (subject to a customary materiality exception), QVC/Paramount network programming (whether or not offered exclusively) and any other QVC/Paramount Programming that is offered generally on a non-exclusive basis. The rights described above will be for the benefit of the cable properties owned by Liberty and TCI or any of their affiliates prior to any business combination between TCI and Bell Atlantic and will not be for the benefit of any cable properties owned by Bell Atlantic or any of its affiliates before or after any business combination between TCI and Bell Atlantic (other than any cable properties owned by Liberty, TCI or any of their affiliates prior to such business combination).

QVC's obligations to sell or issue any voting securities as contemplated by the Memorandum of Understanding will be subject to the approval of QVC's stockholders. QVC will call a stockholders meeting to approve the issuance of the voting securities to be issued hereunder as promptly as practicable following the issuance of the securities or the funding of the debt financing contemplated by the Memorandum of Understanding and will use its reasonable efforts to obtain such approval. The failure to obtain such approval on or before the earlier of (a) the eight-month anniversary of any debt financing by or on behalf of BellSouth pursuant to provisions described above and (b) the date on which the QVC stockholders approve a second-step merger with Paramount, will be a default under such debt financing.

The foregoing description of the New Equity Commitment Letter, the Memorandum of Understanding, the Liberty-QVC Agreement, the Agreement Among Stockholders and the Understanding Among Stockholders are qualified in their entirety by reference to the texts thereof filed as exhibits to the Schedule 14D-1, copies of which may be obtained from the offices of the Commission in the manner set forth in Section 8 of the Offer to Purchase (except that such information will not be available at the regional offices of the Commission).

8. Certain Legal Matters; Required Regulatory Approvals. The discussion set forth in Section 15 of the Offer to Purchase is hereby amended and supplemented as follows:

Delaware Litigation. On October 28, 1993, QVC filed a motion for leave to file its First Amended and Supplemental Complaint in the Delaware Court of Chancery with respect to the Delaware Litigation. The First Amended and Supplemental Complaint alleges, among other things, that the Viacom Merger Agreement and the tender offer made pursuant thereto violate the fiduciary duties of defendants as directors of Paramount. As relief, QVC seeks, among other things, preliminary and permanent injunctive relief against

consummation of the merger contemplated by the Viacom Merger Agreement and the Viacom Offer, and an order requiring the Paramount Board of Directors to remove all obstacles to the Offer, and to negotiate with QVC on a level playing field. A copy of the First Amended and Supplemental Complaint in such litigation was filed as Exhibit (c)(5) to the Schedule 14D-1 and is incorporated herein by reference, and the foregoing summary description of such action is qualified in its entirety by reference to such exhibit. A hearing on such motion is scheduled for 11:00 a.m. on November 16, 1993.

FCC Approvals. On October 29, 1993, QVC filed applications with the Federal Communications Commission for approval of a transfer of control of Paramount to QVC and for interim authority to transfer control of Paramount to G. William Miller as Voting Trustee under a Voting Trust Agreement, dated as of October 28, 1993, between G. William Miller and QVC. A copy of the Voting Trust Agreement was filed as Exhibit (c)(6) to the Schedule 14D-1 and is incorporated herein by reference, and the foregoing description of such agreement is qualified in its entirety by reference to such exhibit. A copy of the press release announcing the filing of the Voting Trust Agreement was filed as Exhibit (a)(10) to the Schedule 14D-1 and is incorporated herein by reference, and the foregoing description of such press release is qualified in its entirety by reference to such exhibit.

On November 8, 1993, Viacom, the National Association for Advancement of Colored People and the League of United Latin American Citizens filed with the FCC in opposition to QVC's short-form application.

Antitrust. In connection with the proposed purchase of Shares pursuant to the Offer, on October 22, 1993, QVC filed a Premerger Notification and Report Form with the Antitrust Division and the FTC. On November 5, 1993, the FTC, pursuant to the HSR Act, issued Requests for Additional Information relating to the proposed purchase of Shares pursuant to the Offer to each of QVC and five directors of QVC, namely, Barry Diller, John C. Malone, Peter R. Barton, Ralph J. Roberts and Brian L. Roberts. A copy of the QVC press release relating to the foregoing matters was filed as Exhibit (a)(15) to the Schedule 14D-1 and is incorporated herein by reference, and the foregoing description is qualified in its entirety by reference to such exhibit.

On November 11, 1993, Liberty and TCI entered into an Agreement Containing Consent Order (the "Consent Order") with the staff of the Bureau of Competition of the FTC and an Interim Agreement (the "Interim Agreement") relating thereto with the General Counsel of the FTC. The Consent Order will not become effective unless and until it is accepted for public comment by the FTC and approved by the FTC following a 60 day period of public notice. The Interim Agreement is effective upon acceptance by the FTC. The Interim Agreement provides that upon the acceptance of the Consent Order for public comment, early termination of the waiting period under the HSR Act applicable to the Offer will be granted.

The Consent Order contemplates that, if QVC consummates the Paramount acquisition, Liberty and TCI will divest all of their ownership in QVC within eighteen months of the date the Consent Order becomes final. Pursuant to the Consent Order, until the required divestitures and determinations are completed, Liberty and TCI have agreed not to enter into any agreements with QVC or Paramount that grant Liberty or TCI any exclusive rights to exhibit recently released theatrical motion pictures after Paramount's current contract with Time Warner Inc. or Home Box Office, Inc. terminates.

Pursuant to the Consent Order, for a period beginning on the date that the Consent Order becomes final and ending three years after all the divestitures and terminations are completed, Liberty and TCI have agreed to cease and desist from acquiring, directly or indirectly, through subsidiaries, partnerships, or otherwise, without prior FTC approval, (a) any equity or other ownership interest in, or the whole or any part of the stock or share capital of QVC, Paramount or USA Network, a joint venture between Paramount and MCA INC. ("USA Network"), (b) more than 10 percent of the market capitalization value of QVC or Paramount within a twelve-month period, or (c) any of the assets of USA Network or its successors and assigns.

Pursuant to the Interim Agreement, Liberty and TCI have agreed, among other things, that during the period the FTC is determining whether to approve the Consent Order or until the requirements of the Consent Order have been satisfied, they will not (a) exercise direction of or control over, directly or indirectly, the operations or management of QVC or Paramount, (b) exercise any voting rights or agreements, directly or

indirectly, pursuant to Liberty's ownership in QVC or (c) participate in any change in the composition of the management of QVC or Paramount; provided, however, that Liberty and TCI may vote their ownership interests in QVC in favor of the acquisition of Paramount and the transactions providing financing by entities other than Liberty and TCI for such acquisition. In addition, under the Interim Agreement, Liberty and TCI have also agreed that (a) the officers, directors or employees of Liberty or TCI who are present members of the Boards of Directors of QVC or Paramount will resign such membership, and (b) no officer, director, or employee of Liberty or TCI will serve on such boards.

Liberty and TCI are not obligated to comply with the terms of the Consent Order or Interim Agreement if QVC terminates or abandons the Paramount acquisition, or QVC does not acquire more than 10 percent of the Shares within twelve months from the date the Consent Order becomes final.

On November 1, 1993, the Premerger Notification and Report Forms filed by Cox and Advance with the Antitrust Division and the FTC in connection with the Equity Commitment Agreement became effective.

Competition Act (Canada). The applicable waiting period pursuant to the pre-merger notification requirements as described in this paragraph of the Offer to Purchase expired with respect to the Acquisition on November 5, 1993.

9. Certain Fees and Expenses. The discussion set forth in Section 16 of the Offer to Purchase is hereby amended and supplemented as follows:

In connection with the Offer to Purchase, QVC has agreed to pay D.F. King & Company, as Information Agent, \$25,000, plus \$1.90 per phone call with respect to certain matters relating to the Offer. QVC also has agreed to reimburse D.F. King & Company for certain out-of-pocket expenses incurred on QVC's behalf.

10. Miscellaneous. QVC, Comcast, Liberty and BellSouth, as applicable, have filed with the Commission amendments to the Schedule 14D-1 pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act furnishing certain additional information with respect to the Offer, and may file further amendments thereto. The Tender Offer Statement on Schedule 14D-1 and any and all amendments thereto, including exhibits, may be examined and copies may be obtained from the Commission in the same manner as described in Section 8 of the Offer to Purchase with respect to information concerning Paramount (except that the amendments will not be available at the regional offices of the Commission).

This document is issued by QVC, Comcast and BellSouth and has been approved by Botts & Company Limited, a Member of FIMBRA, for the purposes of Section 57 of the UK Financial Services Act 1986.

Except as modified by this Supplement, the terms and conditions set forth in the Offer to Purchase remain applicable in all respects to the Offer and this Supplement should be read in conjunction with the Offer to Purchase and the Letters of Transmittal.

QVC NETWORK, INC.

November 12, 1993

BELLSOUTH CORPORATION **DIRECTORS AND EXECUTIVE OFFICERS**

Set forth below are the name, business address and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of BellSouth. Except as otherwise noted, the business address of each such person is c/o BellSouth Corporation, 1155 Peachtree Street, N.E., Atlanta, GA 30367, and such person is a United States citizen. In addition, except as otherwise noted, each executive officer of BellSouth has been employed by BellSouth in the positions listed below during the last five years.

<u>Name</u>	<u>Principal Occupation and Business Address</u>	<u>Principal Business or Organization in Which Such Employment is Conducted</u>	<u>Material Occupation, Positions, Offices or Employment for the Past Five Years</u>
F. DUANE ACKERMAN	President and Chief Executive Officer of BellSouth Telecommunications and a Director of BellSouth	BellSouth Telecommunications	Mr. Ackerman has served as a Director of BellSouth since January 1993 and from February 1989 to April 1991. He is President and Chief Executive Officer of BellSouth Telecommunications. He served as President and Chief Operating Officer of BellSouth Telecommunications from December 1991 to October 1992; and Vice Chairman and Group President of BellSouth Telecommunications from March 1991 to November 1991. He served as Vice Chairman — Finance and Administration of BellSouth from April 1989 to February 1991. Mr. Ackerman served as Executive Vice President — Marketing, Network and Planning of BellSouth Services Incorporated from April 1985 to March 1989. He is also a director of American Heritage Life Insurance Company, American Business Products, Inc. and Wachovia Bank of Georgia, N.A.
WALTER H. ALFORD	Executive Vice President and General Counsel of BellSouth	BellSouth	Mr. Alford is Executive Vice President and General Counsel of BellSouth. He served as Senior Vice President, Regulatory and Pricing of BellSouth Services, Incorporated, from September 1986 to December 1987. He is also a director of Barnett Banks of Florida, Inc.
JOHN F. BEASLEY	Vice President and Associate General Counsel of BellSouth	BellSouth	Mr. Beasley is Vice President and Associate General Counsel of BellSouth. He served as Vice President and General Counsel of BellSouth Enterprises, Inc., from January 1986 to April 1993. He is also a director of KEH Camera Brokers, Inc.
ANDREW F. BRIMMER	President of Brimmer & Company, Inc. 4400 MacArthur Blvd. NW Suite 302 Washington, DC 20007	Brimmer & Company, Inc.	Mr. Brimmer has served as a Director of BellSouth since December 1984. He has served as the President of Brimmer & Company, Inc., an economic and financial consulting firm, for more than five years. He is also a director of BankAmerica Corporation and Bank of America; UAL Corporation; E.I. du Pont de Nemours & Co.; Gamett Co., Inc.; Navistar International Corp.; Connecticut Mutual Life Insurance Co.; BlackRock Investment Income Trust, Inc.; Mercedes-Benz of North America, Inc.; and PHH Corporation.
JOHN L. CLENDENIN	Chairman of the Board, President and Chief Executive Officer of BellSouth	BellSouth	Mr. Clendenin is Chairman of the Board, President and Chief Executive Officer of BellSouth. He has served as a Director of BellSouth since 1983. He served as Chairman of the Board for Southern Bell from November 1982 to December 1983. He was the President of Southern Bell from April 1981 through October 1982. He is also a director of

<u>Name</u>	<u>Principal Occupation and Business Address</u>	<u>Principal Business or Organization in Which Such Employment is Conducted</u>	<u>Material Occupation, Positions, Offices or Employment for the Past Five Years</u>
ARMANDO M. CODINA	Chairman of the Board and Chief Executive Officer of Codina Bush Group Penthouse II Two Alhambra Plaza Coral Gables, FL 33134	Codina Bush Group, Inc.	Equifax, Inc.; Capital Holding Corp.; National Service Industries, Inc.; Wachovia Corporation; The Kruger Co.; Coca-Cola Enterprises, Inc.; and Springs Industries, Inc. Mr. Codina has served as a Director of BellSouth since March 1992. He has served as Chairman of the Board and Chief Executive Officer of Codina Bush Group for more than five years. He is also a director of American Bankers Insurance Group, Inc., CSR America, Inc., and Winn-Dixie Stores, Inc.
MARSHALL M. CRISER	Chairman of Mahoney Adams & Criser, P.A. 3400 Barnett Center 50 North Laura Street Jacksonville, FL 32202	Mahoney Adams & Criser, P.A.	Mr. Criser has served as a Director of BellSouth since 1981. He has served as Chairman of Mahoney Adams & Criser, P.A., a law firm, for more than five years. He is President Emeritus, University of Florida and served as President from 1984 to 1989. He is also a director of Barnett Banks, Inc.; Barnett Bank of Jacksonville, N.A.; Barnett Banks Trust Co.; Fligler System, Inc.; FPL Group, Inc.; CSR America, Inc.; and Perini Corporation.
GORDON B. DAVIDSON	Chairman of Executive Committee of Wyatt, Tarrant & Combs Citizens Plaza, 28th Floor 500 West Jefferson Louisville, KY 40202	Wyatt, Tarrant & Combs	Mr. Davidson has served as a Director of BellSouth since 1988. He has served as Chairman of Executive Committee of Wyatt, Tarrant & Combs for more than five years. He is also a director of Hermitage Farm, Inc.; Alliant Health System, Inc.; and Duff & Phelps Utilities Income, Inc.
PHYLIS BURKE DAVIS	Retired Senior Vice President of Avon Products, Inc. 340 East 64th Street New York, NY 10021	Avon Products, Inc.	Ms. Davis has served as a Director of BellSouth since 1985. She served as a Senior Vice President of Avon Products, Inc. from 1990 to September 1991, when she retired. She served as an Executive Vice President of Avon Products from 1988 to 1990. She is also a director of Eaton Corporation and The TJX Companies, Inc.
RONALD M. DYKES	Vice President and Comptroller of BellSouth	BellSouth	Mr. Dykes is Vice President and Comptroller of BellSouth. He served as Vice President — Finance of BellSouth Enterprises, Inc., from September 1988 to March 1993. He is also a director of DataServ Group Limited.
MARK L. FEIDLER	Vice President — Corporate Development of BellSouth	BellSouth	Mr. Feidler is Vice President — Corporate Development of BellSouth. He served as Director-Strategic Transactions of BellSouth Enterprises, Inc. from January 1991 to June 1993. He served as a Principal at The Breckenridge Group, an investment banking firm, from April 1990 to December 1990. He served as Vice President, The Robinson Humphrey Co., an investment banking firm, from June 1986 to April 1990.
J. ROBERT FITZGERALD	Vice President and Associate General Counsel of BellSouth	BellSouth	Mr. Fitzgerald is Vice President and Associate General Counsel of BellSouth. He served as Vice President and General Counsel of Southern Bell Telephone & Telegraph Company from January 1984 to March 1993.
H. C. HENRY, JR.	Executive Vice President — Corporate Relations of BellSouth	BellSouth	Mr. Henry is Executive Vice President — Corporate Relations of BellSouth. He served as Executive Vice President — International and Business

<u>Name</u>	<u>Principal Occupation and Business Address</u>	<u>Principal Business or Organization in Which Such Employment is Conducted</u>	<u>Material Occupation, Positions, Offices or Employment for the Past Five Years</u>
DAVID J. MARKEY	Vice President — Government Affairs of BellSouth	BellSouth	Development of BellSouth Enterprises, Inc. from September 1990 to March 1993. He served as Vice President — Florida, Southern Bell Telephone & Telegraph Company from January 1986 to August 1990. Mr. Markey is Vice President — Government Affairs of BellSouth. He served as Vice President, Federal Regulatory Affairs, from February 1986 to March 1993.
EARLE MAULDIN	Executive Vice President — Chief Financial Officer of BellSouth	BellSouth	Mr. Mauldin has served as Executive Vice President — Chief Financial Officer of BellSouth since July 1993. He served as Group President — Mobile Systems of BellSouth Enterprises, Inc. from September 1988 until June 1993.
WILLIAM O. MCCOY	Vice Chairman of the Board of BellSouth	BellSouth	Mr. McCoy has served as a Director of BellSouth and a Vice Chairman of the Board since 1983. He served as President and Chief Executive Officer of BellSouth Enterprises from January 1986 to April 1993. He is also a director of First American Corp. and Liberty Corp.
JOHN G. MEDLIN, JR.	Chairman of the Board and Chief Executive Officer of Wachovia Corporation 301 North Main Street Winston-Salem, NC 27101	Wachovia Corporation	Mr. Medlin has served as a Director of BellSouth since 1986. He has served as Chairman of the Board and Chief Executive Officer of Wachovia Corporation and its predecessors for more than five years. He is also a director of National Service Industries, Inc.; RJR Nabisco, Inc.; and USAir Group, Inc.
CHARLES C. MILLER, III	Vice President — Strategic Planning and Development of BellSouth	BellSouth	Mr. Miller is Vice President — Strategic Planning and Development of BellSouth. He served as Vice President — Corporate Development of BellSouth Enterprises, Inc., from September 1990 to March 1993. He served as Director, Strategic Transactions, BellSouth Enterprises, Inc., from June 1987 to August 1990.
ROBERT W. O'NEILL	Vice President — Corporate Responsibility and Compliance of BellSouth	BellSouth	Mr. O'Neill is Vice President — Corporate Responsibility and Compliance of BellSouth. He served as Vice President and Associate General Counsel from September 1991 to March 1993. He served as Vice President and General Counsel of BellSouth Telecommunications, Inc. from March 1991 to August 1991. He served as Vice President and General Counsel of South Central Bell Telephone Company from November 1988 to February 1991.
WILLIAM F. REDDERSON	Senior Vice President — Broadband Strategies of BellSouth	BellSouth	Mr. Redderson is Senior Vice President — Broadband Strategies of BellSouth. He served as President of BellSouth Business Systems, Inc. from May 1991 to June 1993. He was Vice President — Marketing of BellSouth Services, Incorporated from September 1990 to April 1991. He was Vice President — Marketing & Technology, BellSouth Enterprises, Inc., from January 1990 to August 1990 and Vice President — Marketing, BellSouth Enterprises, Inc., from October 1987 to December 1989.

<u>Name</u>	<u>Principal Occupation and Business Address</u>	<u>Principal Business or Organization in Which Such Employment is Conducted</u>	<u>Material Occupation, Positions, Offices or Employment for the Past Five Years</u>
C. DIXON SPANGLER, JR.	President, University of North Carolina. University of North Carolina. Office of the President General Administration 910 Raleigh Road Chapel Hill, NC 27514	University of North Carolina	Mr. Spangler has served as a Director of BellSouth since 1987. He has served as President of the University of North Carolina for more than five years. He is also a director of C.D. Spangler Construction Co. and Golden Eagle Industries, Inc.
RONALD A. TERRY	Chairman of the Board and Chief Financial Executive Officer of First Tennessee Bank National Association First Tennessee National Corporation First Tennessee Bank National Association 165 Madison Avenue Memphis, TN 38103	First Tennessee Bank National Association	Mr. Terry has served as a Director of BellSouth since 1987. He has served as Chairman of the Board and Chief Financial Executive Officer of First Tennessee Bank National Association and its predecessors for more than five years. He is also a director of The Promus Companies Incorporated and St. Jude Children's Research Hospital.
THOMAS R. WILLIAMS	President, The Wales Group. One Ninety One Peachtree Tower 21st Floor 191 Peachtree Street, NE Atlanta, GA 30303	The Wales Group	Mr. Williams has served as a Director of BellSouth since 1983. He has been President of The Wales Group, Inc., a private investment company, for more than five years. He is the retired Chairman of the Board of First Wachovia Corporation. He is also a director of American Software, Inc.; AppleSouth, Inc.; Georgia Power Co.; National Life Insurance Co. of Vermont; and ConAgra, Inc.
J. TYLER WILSON	Retired Chairman of the Board and Chief Executive Officer of RJR Nabisco, Inc. Suite 2706, 301 West Bay Street Jacksonville, FL 32202-4425	RJR Nabisco, Inc.	Mr. Wilson has served as a Director of BellSouth since 1985. He is the Retired Chairman of the Board and Chief Executive Officer of RJR Nabisco, Inc. He is also a director of American Heritage Life Insurance Co. and Carolina Power and Light Company.
ARLEN G. YOKLEY	Vice President, Secretary and Treasurer of BellSouth	BellSouth	Mr. Yokley is Vice President, Secretary and Treasurer of BellSouth. He served as Vice President and Treasurer of BellSouth from January 1988 to May 1989.

CERTIFICATE OF SERVICE

I, Rachelle Silverberg, hereby state that I caused the foregoing documents to be served on the persons listed below by causing true copies thereof to be delivered at the addresses shown on November 15, 1993:

Barry R. Ostrager, Esq.
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017

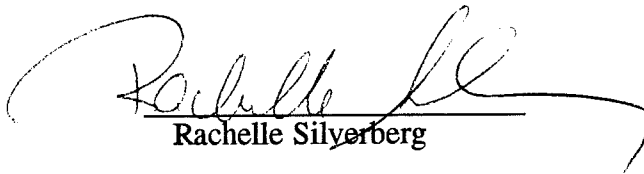
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Rachelle Silverberg