

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D1/A

Tender offer statement. [amend]

Filing Date: **1994-01-04**
SEC Accession No. **0000950123-94-000013**

([HTML Version](#) on secdatabase.com)

SUBJECT COMPANY

PARAMOUNT COMMUNICATIONS INC /DE/

CIK: **44482** | IRS No.: **741330475** | State of Incorporation: **DE** | Fiscal Year End: **0430**
Type: **SC 14D1/A** | Act: **34** | File No.: **005-10760** | Film No.: **94500328**
SIC: **7812** Motion picture & video tape production

Business Address
*15 COLUMBUS CIRCLE
NEW YORK NY 10023-7780
2123738000*

FILED BY

QVC NETWORK INC

CIK: **797565** | IRS No.: **232414041** | State of Incorporation: **DE** | Fiscal Year End: **0131**
Type: **SC 14D1/A**
SIC: **5961** Catalog & mail-order houses

Business Address
*GOSHEN CORPORATE PARK
WEST CHESTER PA 19380
2154301000*

 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

SCHEDULE 14D-1

(TENDER OFFER STATEMENT PURSUANT TO
 SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934)

(AMENDMENT NO. 24)

PARAMOUNT COMMUNICATIONS INC.
 (Name of Subject Company)

QVC NETWORK, INC.
 COMCAST CORPORATION
 BELL SOUTH CORPORATION
 (Bidders)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE
 (INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)
 (Title of Class of Securities)

699216 10 7
 (CUSIP Number of Class of Securities)

<TABLE>

<S> Neal S. Grabell QVC Network, Inc. Goshen Corporate Park West Chester, PA 19380 (215) 430-1000	<C> Stanley L. Wang Comcast Corporation 1234 Market Street Philadelphia, PA 19107 (215) 981-7510	<C> Walter H. Alford BellSouth Corporation 1155 Peachtree Street, N.E. Atlanta, GA 30367 (404) 249-2050
--	---	--

</TABLE>

(Names, Addresses and Telephone Numbers of Persons Authorized
 to Receive Notices and Communications on Behalf of Bidders)

Copy to:

<TABLE>

<S> Pamela S. Seymon Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019 (212) 403-1000	<C> Dennis S. Hersch Davis Polk & Wardwell 450 Lexington Avenue New York, NY 10017 (212) 450-4000	<C> Alan C. Stephenson Cravath, Swaine & Moore One Worldwide Plaza 825 Eighth Avenue New York, NY 10019 (212) 474-1000
--	--	--

</TABLE>

 This Statement amends and supplements the Tender Offer Statement on
 Schedule 14D-1 filed with the Securities and Exchange Commission (the
 "Commission") on October 27, 1993, as previously amended and supplemented (the
 "Schedule 14D-1"), by QVC Network, Inc., a Delaware corporation ("QVC"),
 Comcast Corporation, a Pennsylvania corporation, and BellSouth Corporation, a
 Georgia corporation, and relates to a tender offer to purchase 61,607,894 of
 the outstanding shares of Common Stock, par value \$1.00 per share (the
 "Shares"), of Paramount Communications Inc., a Delaware corporation

("Paramount"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, and the associated Rights, at a price of \$92.00 per Share (and associated Right), net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 27, 1993 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 12, 1993 (the "First Supplement"), the Second Supplement thereto, dated December 23, 1993 (the "Second Supplement"), and the related Letters of Transmittal, which were annexed to and filed with the Schedule 14D-1 as Exhibits (a)(1), (a)(17), (a)(46), (a)(2), (a)(18) and (a)(47), respectively, and the amendments thereto (which together constitute the "Offer"). Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer and the Schedule 14D-1.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

By an agreement (the "Letter Agreement") dated as of December 20, 1993, entered into by and among QVC, Comcast, Cox, Advance and BellSouth, the parties thereto acknowledged having consented to the making of the December 20 Proposal and agreed to certain matters related thereto. A copy of the Letter Agreement is attached hereto as Exhibit (c)(27), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) -- Offer to Purchase, dated October 27, 1993.*

- -----
* Previously filed.

-1-

3

<TABLE>
<S> <C> <C>
(a)(2) -- Letter of Transmittal.*
(a)(3) -- Notice of Guaranteed Delivery.*
(a)(4) -- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
(a)(5) -- Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
(a)(6) -- Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.*
(a)(7) -- Press release issued by QVC on October 21, 1993.*
(a)(8) -- Form of Summary Advertisement, dated October 27, 1993.*
(a)(9) -- Text of Letter from QVC to Paramount, dated October 29, 1993.*
(a)(10) -- Press release issued by QVC on October 29, 1993.*
(a)(11) -- Form of Letter to Participants in the Dividend Reinvestment Plan of Paramount Communications Inc.*
(a)(12) -- Text of Letter from Paramount to QVC, dated October 29, 1993.*
(a)(13) -- Text of Letter from Paramount to QVC advisor, dated November 1, 1993.*
(a)(14) -- Text of Letter from QVC advisor to Paramount, dated November 2, 1993.*
(a)(15) -- Press release issued by QVC on November 5, 1993.*
(a)(16) -- Press release issued by QVC on November 5, 1993.*
</TABLE>

- -----
* Previously filed.

<S>	<C>	<C>
(a) (17)	--	Supplement to the Offer to Purchase, dated November 12, 1993.*
(a) (18)	--	Revised Letter of Transmittal.*
(a) (19)	--	Revised Notice of Guaranteed Delivery.*
(a) (20)	--	Revised Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
(a) (21)	--	Revised Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
(a) (22)	--	Press release issued by QVC on November 11, 1993.*
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(a) (25)	--	Press release issued by QVC on November 16, 1993.*
(a) (26)	--	Amended Complaint in Viacom International Inc. v. Tele-Communications, Inc., et al., dated November 9, 1993, and filed in the United States District Court for the Southern District of New York.*
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* Previously filed.

<S>	<C>	<C>
(a) (32)	--	Press release issued by QVC on November 24, 1993.*
(a) (33)	--	Press release issued by QVC on December 1, 1993.*
(a) (34)	--	Press release issued by QVC on December 9, 1993.*
(a) (35)	--	Press release issued by QVC on December 10, 1993.*
(a) (36)	--	Press release issued by QVC on December 14, 1993.*
(a) (37)	--	Text of letter from Paramount advisor to QVC, dated December 14, 1993.*
(a) (38)	--	Text of letter from QVC advisor to Paramount advisor, dated December 14, 1993.*
(a) (39)	--	Press release issued by QVC on December 15, 1993.*
(a) (40)	--	Press release issued by QVC on December 16, 1993.*
(a) (41)	--	Text of letter from Paramount advisor to QVC advisor, dated December 17, 1993.*
(a) (42)	--	Text of letter from QVC advisor to Viacom advisor, dated December 17, 1993.*
(a) (43)	--	Text of letter from QVC to Paramount, dated December 20, 1993.*
(a) (44)	--	Press release issued by QVC on December 20, 1993.*

- (a) (45) -- Press release issued by QVC on December 20, 1993.*
- (a) (46) -- Second Supplement to the Offer to Purchase, dated December 23, 1993.*
- (a) (47) -- Second Revised Letter of Transmittal.*

</TABLE>

* Previously filed.

-4-

6

- <TABLE>
<S> <C> <C>
- (a) (48) -- Second Revised Notice of Guaranteed Delivery.*
 - (a) (49) -- Second Revised Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
 - (a) (50) -- Second Revised Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
 - (a) (51) -- Second Revised Form of Letter to Participants in the Dividend Reinvestment Plan of Paramount Communications Inc.*
 - (a) (52) -- Press release issued by QVC on December 22, 1993.*
 - (a) (53) -- Press release issued by QVC on December 27, 1993.*
 - (b) (1) -- Commitment Letters, dated September 30, 1993, by and between QVC and certain banks.*
 - (b) (2) -- Commitment Letters, dated November 19, 1993, by and between QVC and certain banks.*
 - (c) (1) -- Commitment Letter, dated October 15, 1993, by and among QVC and certain investors named therein.*
 - (c) (2) -- Stockholders Agreement, dated July 16, 1993, among Liberty Media Corporation, Comcast Corporation, Arrow Investments, L.P. and certain affiliates and subsidiaries of such parties.*
 - (c) (3) -- Agreement Among Stockholders, dated October 15, 1993.*
 - (c) (4) -- Proposed form of merger agreement delivered by QVC to Paramount.*
 - (c) (5) -- First Amended and Supplemental Complaint in QVC Network, Inc. v. Paramount Communications Inc. filed October 28, 1993 in the Delaware Chancery Court.*

</TABLE>

* Previously filed.

-5-

7

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<S> <C> <C>
- (c) (6) -- Voting Trust Agreement, dated as of October 28, 1993, between QVC and G. William Miller.*
 - (c) (7) -- Informational request from QVC to Paramount, dated November 1, 1993.*
 - (c) (8) -- Fair bidding procedures delivered by QVC to Paramount on November 1, 1993.*
 - (c) (9) -- Proposed form of merger agreement delivered by QVC to Paramount on November 1, 1993.*
 - (c) (10) -- Commitment Letter, dated November 11, 1993, by and among QVC and certain investors named therein.*
 - (c) (11) -- Memorandum of Understanding, dated November 11, 1993, by and between QVC and BellSouth.*
 - (c) (12) -- Liberty-QVC Agreement, dated November 11, 1993, by and between QVC and Liberty.*

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- (c) (14) -- Understanding Among Stockholders, dated November 11, 1993, among Arrow, BellSouth, Comcast and Liberty.*
- (c) (15) -- Agreement Containing Consent Order and Interim Agreement, dated November 12, 1993, among the FTC, Liberty, and TCI.*
- (c) (16) -- BellSouth Commitment Letter, dated November 19, 1993, by and between BellSouth and QVC.*
- (c) (17) -- Memorandum Opinion and Preliminary Injunction Order in QVC Network, Inc. v. Paramount Communications, Inc., C.A. No. 13208, both dated November 24, 1993, entered by Delaware Chancery Court.*
- (c) (18) -- Revised Memorandum Opinion, dated November 26, 1993, in QVC Network, Inc. v. Paramount Communications, Inc., C.A. No. 13208, entered by Delaware Chancery Court.*

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- <TABLE>
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- (c) (19) -- Order, dated December 9, 1993, in Paramount Communications Inc. v. QVC Network, Inc., C.A. No. 13208, entered by Delaware Supreme Court.*
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 - (c) (25) -- Voting Agreement, dated December 22, 1993, among BellSouth, Comcast, Cox, Advance and Arrow.*
 - (c) (26) -- First Amendment, dated as of December 27, 1993, to Agreement and Plan of Merger, between Paramount and QVC.*
 - (c) (27) -- Letter Agreement, dated as of December 20, 1993, by and among QVC, Comcast, Cox, Advance and BellSouth.

</TABLE>

- -----
 * Previously filed.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

<TABLE>
 <S> <C>

<C>
 QVC NETWORK, INC.

By:/s/ Neal S. Grabell

 Neal S. Grabell
 Senior Vice President,
 General Counsel and
 Corporate Secretary

10

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

<TABLE>
<S> <C>

<C>
COMCAST CORPORATION

By:/s/ Julian A. Brodsky

Julian A. Brodsky
Vice Chairman

Dated: January 4, 1994
</TABLE>

11

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

<TABLE>
<S> <C>

<C>
By:/s/ Charles C. Miller, III

Charles C. Miller, III
Vice President-
Strategic Planning and Corporate
Development

Dated: January 4, 1994
</TABLE>

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EXHIBIT INDEX

Exhibit No.	Description
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- (c) (8) -- Fair bidding procedures delivered by QVC to Paramount on November 1, 1993.*
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- -----
* Previously filed.

QVC Network, Inc.
Goshen Corporate Park
West Chester, PA 19380

LETTER AGREEMENT

As of December 20, 1993

Ladies and Gentlemen:

Reference is made to:

(a) the commitment letter (the "BellSouth Commitment Letter"), dated November 19, 1993, by and between QVC Network, Inc., ("QVC"), and BellSouth Corporation ("BellSouth"), pursuant to which BellSouth has agreed to purchase from QVC shares of QVC preferred stock and QVC common stock, on the terms and subject to the conditions contained therein, in connection with the proposed acquisition (the "Acquisition") of Paramount Communications Inc. ("Paramount") by QVC; and

(b) the commitment letter (the "New Equity Commitment Letter"), dated November 11, 1993, by and among QVC, Advance Publications, Inc. ("Advance"), Comcast Corporation ("Comcast") and Cox Enterprises, Inc. ("Cox"), pursuant to which each of Advance, Comcast and Cox have agreed to purchase from QVC shares of QVC preferred stock and QVC common stock, on the terms and subject to the conditions contained therein, in connection with the Acquisition.

By their signatures below, the parties hereto (i) acknowledge having consented to the making of the proposal (the "December 20 Proposal") on December 20, 1993 to the Board of Directors of Paramount for the Acquisition on the terms contained in the letter attached hereto (and agree to any changes contained therein from any previous Acquisition proposals), (ii) agree that the Acquisition may be effected, subject to the terms of the December 20 Proposal, through the Tender Offer and Second-Step Merger described therein or through a direct merger of Paramount with and into QVC or its subsidiary or of QVC or its subsidiary with and into Paramount (each such transaction, an "Acquisition Transaction"), provided that the aggregate consideration (and the form of such consideration) to be offered

to Paramount stockholders in the Acquisition does not vary from the aggregate consideration (and the form of such consideration) as described in the December 20 Proposal and (iii) agree that the obligations contained in the BellSouth Commitment Letter and the New Equity Commitment Letter, to the extent applicable to such party, shall be applicable in connection with an Acquisition Transaction.

<TABLE>

<S>

<C>

Very truly yours,

QVC NETWORK, INC.

By: /s/ Neal S. Grabell
Name: Neal S. Grabell
Title: Senior Vice President
and General Counsel

</TABLE>

By their signatures below the parties hereby acknowledge this agreement and agree to the terms contained herein:

<TABLE>

<S>

COMCAST CORPORATION

<C>

ADVANCE PUBLICATIONS, INC.

By: /s/ Julian A. Brodsky
Name: Julian A. Brodsky
Title: Vice Chairman

By: /s/ Donald E. Newhouse
Name: Donald E. Newhouse
Title:

COX ENTERPRISES, INC.

BELLSOUTH CORPORATION

By: /s/ John R. Dillon
Name: John R. Dillon
Title: Senior Vice President

By: /s/ Walter H. Alford
Name: Walter H. Alford
Title: Executive Vice
President &
General Counsel

</TABLE>

December 20, 1993

The Board of Directors
Paramount Communications Inc.
c/o Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Attention: John Finley
26th Floor

Ladies and Gentlemen:

QVC Network, Inc. submits the following proposal for the acquisition of Paramount Communications Inc.:

1. The financial terms of our proposal are as follows:
\$92 cash per share in the Tender Offer for approximately 51% of the outstanding Paramount shares. The remaining Paramount shares will be converted in the Second-Step Merger into (a) 1.43 shares of QVC common stock, (b) .32 shares of a new series of 6% cumulative non-convertible exchangeable preferred stock, par value \$.10 per share, of QVC ("Merger Preferred Stock"), having

December 20, 1993
Page 2

the terms contained in the QVC Supplement to its Offer to Purchase dated November 12, 1993 except it will not be convertible and will have a 6% dividend rate and (c) .32 Warrants ("Warrants") to purchase one share of QVC Common Stock

per whole Warrant at a price of \$70.34 per share exercisable at the option of the holder at any time prior to the tenth anniversary of the merger. The Warrants will be exercisable with cash or using an equivalent amount of liquidation preference of Merger Preferred Stock or principal amount of Exchange Debentures. The Warrants will be callable at \$15 per Warrant on and after the fifth anniversary of the Second-Step Merger.

Enclosed herewith is a copy of the Proposed Merger Agreement, marked to show changes from the draft provided by Paramount to us on December 14, 1993, which QVC is prepared to execute. We have not responded to the marked pages of the Merger Agreement delivered last night by your legal advisors relating to the provisions contained in the Merger Agreement that are intended to implement the Exemption Agreement, because your legal advisors have yet to respond to the comments made yesterday afternoon by QVC's legal advisors and, accordingly,

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December 20, 1993

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there is no such agreement. Nevertheless, our legal advisors have been advised by your legal advisors that, notwithstanding the lack of a formal agreement, the bidding would be governed by the principles set forth in Richard Beattie's letter dated December 17, 1993 to Martin Lipton.

2. We note that your "Procedures for the Submission of Proposals" provide that the Paramount Board reserves the right "to negotiate further with you or other bidders after the receipt of your proposal." In the event that Viacom at any point submits a proposal that you believe provides better value than our proposal, we request an opportunity to negotiate with you. In the event that Paramount determines to negotiate further with Viacom after the receipt of our proposal, we request that the Board treat QVC in an evenhanded manner by negotiating with QVC as well. We are prepared to negotiate all aspects of our proposal. We and our advisors are prepared to meet with you and your advisors at any time. As you requested, the persons whom you should contact are: Martin Lipton, (212) 371-9200; and Herbert A. Allen, (212) 832-8000.

3. Our proposed form of merger agreement contains no lock-ups, termination fees, no-shops, expense reimbursements or other impediments (or delays) to any other tender offer. We strongly urge you not to enter into any such

December 20, 1993

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agreements, which can operate to foreclose or depress future bids. We reserve the right to withdraw or modify our proposal, and to challenge any such impediments, if you do so. Our proposal is necessarily conditioned on your not having entered into any such agreements. In this connection we note that the present bidding levels for Paramount -- billions of dollars higher for the Paramount shareholders than the level of the original Viacom bid -- are the product solely of the bids by QVC for which QVC has received no fees, options or reimbursement agreements whatsoever. Since we have been unable to enter into an acceptable Exemption Agreement, our proposal also is conditioned on the auction being governed strictly in accordance with the principles and conditions set forth in Mr. Beattie's letter to Mr. Lipton dated December 17, 1993. We also believe that, in order to provide for a level playing field, it must be a condition to Paramount's consideration of any Viacom bid that Viacom formally renounce any claim to the previous stock option and break-up fee, which were determined by the Delaware Supreme Court to be a product of a breach of fiduciary duties.

4. Since following consummation of the QVC/Paramount merger, (a) there will be no majority or controlling shareholders (or group) and (b) well in excess of a majority of the outstanding QVC voting stock will be held by

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public shareholders, paragraph (ii) of your "Procedures" is not applicable to QVC.

5. With respect to the request for "Additional Information" enclosed with the "Procedures," we respond as follows:

"(i) What corporate, shareholder or regulatory approvals are required, if any, to consummate either the Tender Offer or the Current Second Step Merger."

There are no material corporate, shareholder or regulatory approvals required to consummate the Tender Offer and the Current Second Step Merger, except that the Current Second Step Merger will require long-form FCC approval and the relevant board and shareholder

approvals on behalf of each of Paramount and QVC. We note that following consummation of the Tender Offer, QVC will own sufficient Paramount shares to insure Paramount shareholder approval of the merger, and that QVC stockholders owning approximately 41% of QVC's voting securities, in the aggregate, have agreed to vote their shares in favor of the QVC/Paramount merger.

"(ii) What conditions, if any, must be fulfilled to consummate the Tender Offer."

The only remaining material condition to consummation of the Tender Offer is the Minimum Condition. The Tender Offer is also conditioned on approval under Section 203 of the Delaware General Corporation Law and exemption from Article XI of Paramount's charter and Paramount's rights plan, each of which can be satisfied by the Paramount Board of Directors as provided for in the enclosed form of merger agreement.

"(iii) The terms and present status of all financing arrangements, including copies of all commitment agreements and securities purchase agreements which have been obtained and the forms of all commitment agreements and securities purchase agreements anticipated to be obtained."

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Binding commitments previously have been signed with respect to all necessary debt and equity financings. Copies of such commitments previously have been delivered to Paramount and its counsel.

"(iv) In addition, to the extent that any element of the consideration to be offered to Paramount's shareholders is not cash, any information or opinions which will assist the Board and its advisors in valuing such consideration."

Information compiled by QVC and its financial advisors has previously been provided to Paramount and its financial advisors. Our financial advisors have advised us that increasing the dividend rate of the Merger Preferred and separating the Merger Preferred into non-convertible preferred stock and warrants significantly enhances the value of the Second-Step Merger consideration.

"(v) Any information QVC, its affiliates and advisors may have relating to purchases or sales of its securities (including the dates and times of such transactions) or any other factors that may have had an effect on the

recent market prices of QVC common stock, including advice from your advisors that any such transactions are, to their knowledge, consistent with applicable laws and have created no material contingent liabilities for QVC."

We have no information with respect to any such purchases or sales of QVC securities. Information relating to arrangements entered into on November 11, 1993 between Liberty Media Corporation and each of Comcast Corporation and Arrow Investments, L.P. has been filed publicly with the Securities and Exchange Commission. As to QVC, we believe that there is no basis to question whether any transactions in QVC securities have been consistent with applicable laws or created contingent liabilities for QVC.

Very truly yours,

/s/ Barry Diller