

SECURITIES AND EXCHANGE COMMISSION

FORM 424B3

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FILER

BLOCKBUSTER ENTERTAINMENT CORP

CIK: **710979** | IRS No.: **751849418** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **424B3** | Act: **33** | File No.: **033-51751** | Film No.: **94501521**
SIC: **7841** Video tape rental

Mailing Address
901 E LAS OLAS BLVD
FT LAUDERDALE FL 33301

Business Address
ONE BLOCKBUSTER PLZ
FT LAUDERDALE FL 33301
3058323000

2,400,000 SHARES

BLOCKBUSTER ENTERTAINMENT
CORPORATION

Common Stock

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE
SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES
COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION
OR ANY STATE SECURITIES COMMISSION PASSED UPON THE
ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY
REPRESENTATION TO THE CONTRARY IS
A CRIMINAL OFFENSE.

Up to 2,400,000 of the shares of common stock, \$.10 par value per share (the "Common Stock"), of Blockbuster Entertainment Corporation (the "Company") covered by this Prospectus may be offered from time to time by certain shareholders (collectively, the "Sellers") of Speed 3882 Ltd., a United Kingdom limited liability company ("Speed"), or their permitted transferees to which such shares are transferred (the Sellers and such transferees are collectively referred to as the "Holders"). The Sellers acquired 1,108,403 of such shares (the "Issued Shares") in connection with the acquisition by the Company of 19.9% of the outstanding ordinary shares, Pounds Sterling.0.008 par value per share (the "Ordinary Shares") of Speed. The Sellers may acquire additional Common Stock (the "Additional Shares") upon exercise of certain options held by the Company. See "Securities Covered by this Prospectus." The Issued Shares and some or all of the Additional Shares, if and when issued by the Company, are collectively referred to herein as the "Shares."

The Common Stock is listed on the New York Stock Exchange under the symbol "BV." The Common Stock is also listed on the London Stock Exchange. On January 12, 1994, the closing price for the Common Stock, as reported on the New York Stock Exchange Composite Tape, was \$28 5/8.

The Shares may be sold by the Holders directly to other purchasers, to or through underwriters or through agents, or through a combination of these methods of sale. Sales by means of this Prospectus may be made from time to time privately at prices to be individually negotiated with the purchasers, or publicly through transactions on the New York Stock Exchange (which may involve crosses and block transactions), other exchanges or in the over-the-counter market, at prices reasonably related to market prices at the time of sale or at negotiated prices.

The date of this Prospectus is January 13, 1994.

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No person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer of any securities other than the registered securities to which it relates or an offer to any person in any jurisdiction where such offer would be unlawful. The delivery of this Prospectus or any sale of shares of Common Stock offered hereby does not imply that there has been no change in the Company's affairs since the date hereof.

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy and information statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy and information statements and other information can be inspected and copied at the offices of the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the Commission's regional offices at Seven World Trade Center, New York, New York 10048, and 500 West Madison Street, Room 1400, Chicago, Illinois 60661. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed on the New York Stock Exchange, 20 Broad Street, New York, New York 10005 and the London Stock Exchange, Old Broad Street, London, England EC2N 1HP, and reports, proxy and information statements and other information concerning the Company can be inspected at such exchanges.

This Prospectus constitutes a part of a registration statement (the "Registration Statement") filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the shares offered hereby. Any statements contained herein concerning the provisions of any document are

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not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents heretofore filed by the Company with the Commission are incorporated herein by reference:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1992.
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993.
3. The Company's Current Reports on Form 8-K dated November 20, 1992, February 1, 1993, March 7, 1993, March 31, 1993, August 12, 1993, September 10, 1993, September 29, 1993, October 6, 1993, October 22, 1993, November 1, 1993, November 5, 1993, November 19, 1993, December 22, 1993 and January 7, 1994.
4. The description of the Common Stock contained in the Company's Registration Statement on Form 8-A filed under Section 12 of the Exchange Act, dated April 3, 1989.

In addition, all documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act subsequent to the date of this Prospectus, and prior to the termination of this offering, shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

The Company will provide without charge to each person, including any beneficial owner, to whom this Prospectus is delivered,

upon written or oral request, a copy of any or all of the documents incorporated herein by reference, other than exhibits to such documents. Requests should be made to Blockbuster Entertainment Corporation, Attn: Thomas W. Hawkins, One Blockbuster Plaza, Ft. Lauderdale, Florida 33301 (telephone (305) 832-3000).

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THE COMPANY

Blockbuster Entertainment Corporation is an international entertainment company with businesses operating in the home video, music retailing and filmed entertainment industries. The Company also has investments in other entertainment businesses. As used in this Prospectus, the term "Company" refers to Blockbuster Entertainment Corporation and its subsidiaries, unless the context otherwise requires. The principal executive offices of the Company are located at One Blockbuster Plaza, Ft. Lauderdale, Florida 33301 (telephone (305) 832-3000).

HOME VIDEO RETAILING

The Company owns, operates and franchises Blockbuster Video videocassette rental and sales Superstores. The Company believes that Blockbuster Video Superstores are generally larger than most videocassette rental and sales stores, ranging in size from approximately 3,800 to 10,000 square feet. These Superstores generally carry a comprehensive selection of 7,000 to 13,000 prerecorded videocassettes, consisting of more than 5,000 titles. The Company believes, based on industry trade publications and its informal inspection of competitors, that these Superstores generally include a greater number of copies of the more popular titles, have greater selection, stay open for longer hours and have faster and more convenient computerized check-in/check-out procedures than most of its competitors. The proprietary computer software used in each Superstore has been designed and developed by the Company, and is available only to Company-owned and franchise-owned Superstores and to other video stores which are to be converted to the Blockbuster Video format. The Company presently does not sell video hardware at retail, although video hardware is typically included in store equipment sold at wholesale to franchise owners. According to a survey published in the December 1992 issue of Video Store Magazine, the Company's and its franchise owners' systemwide revenue from the rental and sale of prerecorded videocassettes is greater than that of any other home video rental chain in the United States.

Since February 1992, the Company has operated video stores under the trade name "Ritz" in the United Kingdom and Austria through Cityvision plc, a subsidiary of the Company. These stores average 1,100 square feet in size with, on average, approximately 3,000 videocassettes available for rental and sale.

As of September 30, 1993, there were 3,316 video stores operating in the Company's system, of which 2,486 were Company-owned and 830 were franchise-owned. Company-owned video stores at September 30, 1993 included 775 stores operating under the "Ritz" trade name in the United Kingdom and Austria. The Blockbuster Video system operates in 48 states in the United States and in nine foreign countries.

As a result of its acquisition of Super Club Retail Entertainment Corporation ("Super Club") on November 19, 1993, the Company also owns and operates 160 video stores under various trade names including "Video Towne" and "Movies at Home."

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MUSIC RETAILING

The Company has been engaged in the music retailing business since November 1992, when it acquired Sound Warehouse, Inc. and Show Industries,

Inc., making it one of the largest specialty retailers of prerecorded music in the United States, with 235 stores operating in 40 metropolitan areas as of September 30, 1993. In December 1992, the Company entered into an international joint venture with Virgin Retail Group Limited ("Virgin") to develop music "Megastores" in Continental Europe, Australia and the United States. The joint venture currently owns interests in and operates 20 "Megastores."

As a result of its acquisition of Super Club, the Company also owns and operates 270 music stores under various trade names including "Record Bar," "Tracks," "Turtles" and "Rhythm and Views."

FILMED ENTERTAINMENT

In April 1993, the Company expanded into the production, programming and distribution areas of the filmed entertainment industry through the acquisition of a majority of the common stock of Spelling Entertainment Group Inc. ("Spelling Entertainment"). The operations of Spelling Entertainment encompass a broad range of businesses in the filmed entertainment industry, supported by an extensive library of television series, feature films, television movies, mini-series and specials. At November 5, 1993, the Company owned 45,658,640 shares, or approximately 70.5%, of Spelling Entertainment's outstanding common stock.

The Company owns 2,550,000 shares, and warrants to acquire an additional 810,000 shares, of the common stock of Republic Pictures Corporation ("Republic Pictures"). At October 19, 1993, the Company's investment in Republic Pictures represented approximately 39% of Republic Pictures' outstanding common stock, including shares subject to such warrants. Republic Pictures is engaged in the development and production of television programming and the distribution of this programming and its extensive library of feature films, television movies, mini-series and specials.

On December 8, 1993, Spelling Entertainment and Republic Pictures entered into an agreement and plan of merger pursuant to which a wholly-owned subsidiary of Spelling Entertainment would merge with Republic Pictures (the "Merger"), and, as a result of the Merger, Republic Pictures will become a wholly-owned subsidiary of Spelling Entertainment. The Agreement and plan of merger provides that Spelling Entertainment will exchange \$13.00 cash for each share of common stock of Republic Pictures issued and outstanding immediately prior to the Merger. Consummation of the Merger, which is currently anticipated to occur early in 1994, is subject, among other things, to approval of the stockholders of Republic Pictures and certain other customary conditions and approvals. Certain of such stockholders have commenced actions seeking to enjoin the Merger. In the opinion of management of the Company, such actions are not anticipated to have a material adverse effect on the Company.

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OTHER ENTERTAINMENT

On October 22, 1993, the Company purchased from Viacom Inc. ("Viacom") \$600 million of cumulative convertible preferred stock of Viacom which provides for dividends at an annual rate of five percent. This stock is convertible into shares of Viacom's Class B non-voting common stock at a conversion price of \$70 per share. The agreement relating to such purchase includes a provision whereby either the Company or Viacom may reduce the Company's investment by \$300 million if Viacom has not acquired a majority of the outstanding voting capital stock of Paramount Communications Inc. ("PCI") by August 31, 1994 or upon the earlier acquisition by a third party of a majority of the voting capital stock of PCI.

At September 30, 1993, the Company owned 7,153,750 shares of the common stock, or approximately 19.6%, of the outstanding common stock of Discovery Zone, Inc. ("Discovery Zone"). Discovery Zone owns, operates and franchises indoor recreational facilities for children. The Company currently operates 29 Discovery Zone facilities and has franchise rights to develop an additional 71 Discovery Zone facilities. The Company has also entered into a joint venture agreement with Discovery Zone pursuant to which the joint venture has been granted the right to develop an additional 10 Discovery Zone facilities in the United Kingdom.

SECURITIES COVERED BY THIS PROSPECTUS

The Company and the Sellers are parties to an Option Agreement dated November 9, 1993, as amended December 3, 1993 (the "Option Agreement") pursuant to which the Company issued the Issued Shares to the Sellers in connection with the acquisition by the Company of 19.9% of the outstanding Ordinary Shares of Speed. Each of the Sellers is a foreign trust and holds the Initial Shares as follows:

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Name of Trust -----	Number of Issued Shares Held -----
<S>	<C>
Aquarius	112,459
Aries	112,669
Capricorn	112,459
Pisces	116,238
Saturn	90,468
Virgo	111,428
Libra	111,428
Jupiter	112,459
Mars	116,815
Venus	111,982

</TABLE>

The Company and certain shareholders of Speed including the Sellers have entered into a shareholders agreement pursuant to which they undertake to use their best efforts to effect a

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public offering of between 20% and 25% of the Ordinary Shares (or American Depository Shares representing such Ordinary Shares) in the United States as soon as possible and in any event not later than June 1994 and in connection therewith to list such securities on the New York Stock Exchange or NASDAQ (the "Initial Public Offering").

Pursuant to the Option Agreement, the Sellers collectively have granted the Company an option (the "Listing Option") to purchase from the Sellers such number of Ordinary Shares as in the aggregate represents 12.9471% of the fully diluted share capital of Speed immediately following the Initial Public Offering. The Listing Option is exercisable at a price per Ordinary Share equal to 92% of the price at which the Ordinary Shares are offered to the public in the Initial Public Offering (subject to a cap of US\$23.00 per Ordinary Share) and is exercisable by the Company within five business days of the Initial Public Offering or such other time as may be agreed between the Company and the Sellers. The exercise price for the Listing Option is payable in cash or in shares of Common Stock, valued at the average closing sale price of the Common Stock on the New York Stock Exchange composite tape for the five trading days immediately prior to the next to last business day prior to the closing. The Additional Shares include Common Stock which may be issued to the Sellers upon exercise of the Listing Option.

In addition to the Listing Option, the Sellers collectively have granted the Company an option (the "Equalization Option") pursuant to the Option Agreement to purchase from the Sellers such number of Ordinary Shares as when aggregated with the Ordinary Shares acquired by the Company in its initial investment in Speed and pursuant to the Listing Option equals the number of Ordinary Shares held by the Sellers (and any of their associates) immediately following the Initial Public Offering. The Equalization Option is exercisable contemporaneously with the Listing Option at a price per Ordinary Share equal to the price at which the Ordinary Shares are offered to the public in the Initial Public Offering less the underwriter's discount, payable in cash or in shares of Common Stock, valued on the same basis as in the case of the Listing Option. The Additional Shares include Common Stock which may be issued to the Sellers upon exercise of the Equalization Option.

In the event the Initial Public Offering has not occurred by June 30,

1994, the Sellers collectively have granted the Company an option (the "Non-Listing Option") pursuant to the Option Agreement to purchase from the Sellers such number of Ordinary Shares as when aggregated with the Ordinary Shares previously acquired by the Company from the Sellers equals the number of Ordinary Shares held by the Sellers (and any of their associates). The Non-Listing Option option is exercisable during the ninety day period commencing June 30, 1994 at a price of US\$18.00 per Ordinary Share, payable in cash or in shares of Common Stock, valued on the same basis as the Listing Option. The Additional Shares include Common Stock which may be issued to the Sellers upon exercise of the Non-Listing Option.

The Issued Shares and any Additional Shares issued upon exercise of the Listing Option, the Equalization Option or the Non-Listing Option (collectively, the "Options") may be offered from time to time by the Holders. None of the proceeds from any sale of the Shares by the Holders would be received by the Company. The Issued Shares and the Additional Shares which

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may be issued to the Sellers upon exercise of the Options constitute all of the Common Stock owned by the Sellers and represent less than one percent of the outstanding shares of Common Stock.

Speed is a recently incorporated company formed for the purpose of holding all the shares of Virgin Interactive Entertainment plc ("VIE") formerly held by Virgin Communications Limited ("VCL"). In addition to their direct and beneficial ownership interest in Speed, VIE and VCL, the Sellers are affiliates of Virgin. Except for the "Megastores" joint venture agreement between the Company and Virgin, there are no other material relationships between the Sellers and the Company. See "The Company - Music Retailing."

All of the information as to the Seller's ownership prior to this offering has been furnished by the Sellers.

The Company has agreed with the Sellers to use its reasonable best efforts to maintain the continuous effectiveness of the Registration Statement on behalf of the Holders until the earlier of three years after the date of final issuance of Shares to the Sellers or the date on which all the Shares have been resold.

The Company will pay all expenses of preparing and reproducing this Prospectus.

The Shares may be sold by the Holders directly to purchasers, to or through underwriters or through agents, or through a combination of these methods of sale. Sales by means of this Prospectus by the Holders may be made from time to time privately at prices to be individually negotiated with the purchasers or publicly through transactions on the New York Stock Exchange (which may involve crosses and block transactions), other exchanges or in the over-the-counter market, at prices reasonably related to market prices at the time of sale or at negotiated prices. Broker-dealers participating in such transactions may act as agent or as principal and may receive commissions from the purchasers as well as from the sellers. The Company may indemnify any broker-dealer participating in such transactions against certain liabilities, including liabilities under the Securities Act. Profit, commissions and discounts on sales by persons who may be deemed to be underwriters within the meaning of the Securities Act may be deemed underwriting compensation under the Securities Act.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Thomas W. Hawkins, Vice President, General Counsel and Secretary of the Company. As of December 27, 1993, Mr. Hawkins had an aggregate beneficial ownership of 25,543 shares of Common Stock and options to purchase 118,339 shares of Common Stock.

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EXPERTS

The Consolidated Financial Statements and Schedules, the Supplemental Consolidated Financial Statements and the Consolidated Financial Statements (Restated) and Schedules (Restated) of Blockbuster Entertainment Corporation and subsidiaries as of December 31, 1992 and 1991 and for the three years ended December 31, 1992 incorporated by reference in the Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen & Co., independent certified public accountants, as indicated in their reports with respect thereto and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

The consolidated financial statements at May 31, 1992 and 1991 and for each of the three years in the period ended May 31, 1992 of Sound Warehouse, Inc. and subsidiary and the financial statements at December 31, 1991 and 1990 and for each of the three years in the period ended December 31, 1991 of Show Industries, Inc. incorporated in this Prospectus by reference to the audited historical financial statements included in the Company's Current Report on Form 8-K dated November 20, 1992 have been so incorporated in reliance on the reports of Price Waterhouse, independent accountants, given on the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Spelling Entertainment Group Inc. incorporated by reference in this Prospectus and Registration Statement and included in Blockbuster Entertainment Corporation's Current Report on Form 8-K dated March 31, 1993, have been audited by Ernst & Young, Independent Auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Super Club Retail Entertainment Corporation and subsidiaries as of April 3, 1993, and for the fifty-two week period then ended, incorporated by reference in this Prospectus and included in Blockbuster Entertainment Corporation's Current Report on Form 8-K dated November 5, 1993, have been incorporated by reference herein in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The report of KPMG Peat Marwick refers to a change in the method of depreciating certain new release copies of video rental cassettes.