

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 11, 1994

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

QVC, INC.
(Name of Subject Company)

QVC PROGRAMMING HOLDINGS, INC.

COMCAST CORPORATION
TELE-COMMUNICATIONS, INC.
(Bidders)

COMMON STOCK, \$.01 PAR VALUE PER SHARE
(Title of Class of Securities)

747262 10 3
(CUSIP Number of Class of Securities)

STANLEY L. WANG
COMCAST CORPORATION
1500 MARKET STREET
PHILADELPHIA, PA 19102
(215) 981-7510

STEPHEN M. BRETT
TELE-COMMUNICATIONS, INC.
5619 DTC PARKWAY
ENGLEWOOD, CO 80111
(303) 721-5400

(Name, Address and Telephone Number of Person Authorized to Receive Notices and
Communications on Behalf of Bidder)

Copies to:

DENNIS S. HERSCH
DAVIS POLK & WARDWELL
450 LEXINGTON AVENUE
NEW YORK, NY 10017
(212) 450-4000

FREDERICK H. MCGRATH
BAKER & BOTTS, L.L.P.
885 THIRD AVENUE
NEW YORK, NY 10022
(212) 705-5000

CALCULATION OF FILING FEE

TRANSACTION VALUATION

AMOUNT OF FILING FEE

\$1,497,046,264*

\$299,409.00

* For purposes of calculating the filing fee only. The Transaction Valuation amount assumes the purchase of all of the outstanding shares of Common Stock and Preferred Stock of QVC, Inc. at \$46.00 and \$460.00 per share, respectively (assuming the exercise of all vested options to purchase such shares but excluding certain such shares owned by subsidiaries of Comcast Corporation and Tele-Communications, Inc. that will not be tendered into the offer). The amount of the filing fee is 1/50th of one percent of the Transaction Valuation.

/ / Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: NOT APPLICABLE Filing Party: NOT APPLICABLE
Form or Registration No.: NOT APPLICABLE Date Filed: NOT APPLICABLE

** This Statement also constitutes Amendment No. 1 to the Schedule 13D filed by Tele-Communications, Inc. and Amendment No. 22 of the Schedule 13D filed by Comcast Corporation in each case with respect to the securities of the Subject Company.

CUSIP NO. 747262 10 3

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON QVC Programming Holdings, Inc. -- I.R.S. Identification No. -- Applied For	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) /X/ (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS* BK WC AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) OR 2(f)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 19,216,572	
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES* Excludes shares of Common Stock beneficially owned by the Executive Officers and Directors of TCI and Comcast. Excludes 294,944 shares which may be deemed to be beneficially owned by TCI by virtue of its ownership of equity securities in two entities which are the record owners of Company securities. Does not include any shares beneficially owned by Barry Diller.	/X/
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) 41.0%	
10	TYPE OF REPORTING PERSON* CO	

CUSIP NO. 747 262 10 3	

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS Comcast Corporation 23-1709202

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) /X/ (b) / /

3	SEC USE ONLY

4	SOURCE OF FUNDS* BK WC

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) OR 2(f) / /

6	CITIZENSHIP OR PLACE OF ORGANIZATION Pennsylvania

7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 23,216,572 Shares (consisting of 8,627,934 Shares held by Comcast directly, 4,000,000 Shares previously reported to be held by Barry Diller, 10,255,867 previously reported to be held by Liberty Media Corporation, a Delaware Corporation ("Liberty") and 332,771 Shares held by Tele-Communications, Inc., a Delaware corporation ("TCI") which may be deemed to be beneficially owned by Comcast as part of a group with Barry Diller, with Liberty and with TCI.

8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES* /X/ Excludes shares of Common Stock beneficially owned by the Executive Officers and Directors of Comcast. Comcast disclaims beneficial ownership of all such shares.

9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) 46.9%

10	TYPE OF REPORTING PERSON* CO

CUSIP NO. 747 262 10 3

1 NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
Tele-Communications, Inc. -- 84-0588868

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) /X/
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*
BK WC AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(e) OR 2(f)

/ /

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

7 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
19,216,572

8 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN
SHARES*

/X/

Excludes shares of Common Stock beneficially owned by the Executive Officers and Directors of TCI and Comcast. Excludes 294,944 shares which may be deemed to be beneficially owned by TCI by virtue of its ownership of equity securities in two entities which are the record owners of Company securities. Does not include any shares beneficially owned by Barry Diller.

9 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)
41.0%

10 TYPE OF REPORTING PERSON*
CO

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is QVC, Inc., a Delaware corporation (the "Company"), and the address of its principal executive offices is Goshen Corporate Park, 1365 Enterprise Drive, West Chester, Pennsylvania 19380.

(b) This Statement relates to the offer by QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation, and Liberty Media Corporation, a Delaware corporation (together the "Parent Purchasers"), and a wholly owned subsidiary of Tele-Communications, Inc. ("TCI"), a Delaware corporation, to purchase all outstanding shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock") and Series B Preferred Stock and Series C Preferred Stock, each \$.10 par value per share (together, the "Preferred Stock"), of the Company at \$46 per share of Common Stock and \$460 per share of Preferred Stock, 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 August 11, 1994 (the "Offer to Purchase") and in the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, (which are herein collectively referred to as the "Offer"). The Offer is being made pursuant to an Agreement and Plan of Merger dated as of August 4, 1994, which provides, among other things, that as promptly as practicable after the satisfaction or, if permissible, waiver of the conditions set forth therein, a wholly-owned subsidiary of the Purchaser will be merged with and into the Company, with the Company continuing as the surviving corporation, and outstanding Shares will be converted into rights to receive \$46 (in the case of shares of Common Stock) or \$460 (in the case of shares of Preferred Stock) in cash or any higher price that may be paid per share of Common Stock or Preferred Stock, as the case may be, in the Offer. The information set forth under "Introduction" in the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "The Tender Offer -- 5. Price Range of Shares; Dividends" in the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d) This Statement is filed by the Purchaser, Comcast and TCI. The information set forth under "Introduction", "The Tender Offer -- 7. Certain Information Concerning the Purchaser and the Joint Bidders" in, and in Schedule II ("Certain Information Regarding the Directors and Executive Officers of the Purchaser and the Joint Bidders") to the Offer to Purchase is incorporated herein by reference.

(e)-(f) None of the Purchaser, the Joint Bidders, or, to the best knowledge of the Purchaser and the Joint Bidders, any of the persons listed in Schedule II ("Certain Information Regarding the Directors and Executive Officers of the Purchaser and the Joint Bidders") to the Offer to Purchase, has during the last five years (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

(g) The information set forth in Schedule II ("Certain Information Regarding the Directors and Executive Officers of the Purchaser and the Joint Bidders") to the offer to Purchase is incorporated herein by reference.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a)-(b) The information set forth under "Introduction", "Special Factors -- Background of the Transaction", "-- Purpose of the Transaction", "-- Plans for the Company After the Merger", "-- Interests of Certain Persons in the Transaction" and "The Tender Offer -- 7. Certain Information Concerning the Purchaser and the Joint Bidders" in the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth under "Special Factors -- Financing of the Transaction" in the Offer to Purchase is incorporated herein by reference.

(c) Not applicable.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a)-(e) The information set forth under "Introduction", "Special Factors -- Background of the Transaction", "-- Purpose of the Transaction", "-- Plans for the Company After the Merger", "-- The Merger Agreement", "-- Financing of the Transaction" and "The Tender Offer -- 8. Dividends and Distributions" in the Offer to Purchase is incorporated herein by reference.

(f)-(g) The information set forth under "Special Factors -- Certain Effects of the Transaction" in the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a)-(b) The information set forth under "Introduction", "Special Factors -- Background of the Transaction", "-- Interests of Certain Persons in the Transaction" and "The Tender Offer -- 7. Certain Information Concerning the Purchaser and Parent Purchasers", in, and in Schedule II ("Certain Information Regarding the Directors and Executive Officers of the Purchase and the Joint Bidders") to, the Offer to Purchase is incorporated herein by reference.

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

The information set forth under "Introduction", "Special Factors -- Background of the Transaction", "-- Purpose of the Transaction", "-- Plans for the Company After the Merger", "-- The Merger Agreement" and "The Tender Offer -- 7. Certain Information Concerning the Purchaser and Parent Purchasers" in the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth under "The Tender Offer -- 12. Fees and Expenses" in the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth under "The Tender Offer -- 7. Certain Information Concerning the Purchaser and Parent Purchasers" in the Offer to Purchase is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

(a) None.

(b)-(c) The information set forth under "The Tender Offer -- 10. Certain Conditions of the Offer" and "-- 11. Certain Legal Matters; Regulatory Approvals" in the Offer to Purchase is incorporated herein by reference.

(d) The information set forth under "Special Factors -- Certain Effects of the Transaction" in the Offer to Purchase is incorporated herein by reference.

(e) The information set forth under "The Tender Offer -- 11. Certain Legal Matters: Regulatory Approvals" in the Offer to Purchase is incorporated herein by reference.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference in its entirety.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a)(1) -- Offer to Purchase, dated August 11, 1994.
- (a)(2) -- Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).
- (a)(3) -- Form of Notice of Guaranteed Delivery.
- (a)(4) -- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(5) -- Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(6) -- Text of press release issued by Comcast Corporation, Liberty Media Corporation and the Company dated August 4, 1994.
- (a)(7) -- Form of summary advertisement dated August 11, 1994.
- (a)(8) -- Accountants' consent relating to inclusion of certain financial statements of QVC, Inc. in Annex C to the Offer to Purchase.
- (c)(1) -- Joint Filing Agreement pursuant to Rule 13d-1(f), dated December 1, 1992 between Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 1 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation, in respect of Common Stock of the Company, dated December 1, 1992).
- (c)(2) -- Participation Agreement, dated as of December 1, 1992 among Comcast Corporation, Comcast Financial Corporation, Comcast Cable Communications, Inc., Comcast Cablevision of Maryland Limited Partnership, Comcast Cable Investors L.P., Comcast Cablevision of Indiana L.P., Liberty Media Corporation and Liberty Program Investments, Inc. (Incorporated by reference to Exhibit 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation, in respect of Common Stock of the Company, dated December 1, 1992).
- (c)(3) -- Joint Filing Agreement pursuant to Rule 13d-1(f), dated December 15, 1992, among Comcast Corporation, Liberty Media Corporation and Barry Diller (Incorporated by reference to Exhibit 3 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).
- (c)(4) -- Summary Term Sheet, dated December 9, 1992, agreed to in principle by Comcast Corporation, Liberty Media Corporation and Barry Diller (Incorporated by reference to Exhibit 7 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).
- (c)(5) -- Stock Purchase Agreement, dated December 9, 1992, between Barry Diller and Liberty Media Corporation (Incorporated by reference to Exhibit 8 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).
- (c)(6) -- Letter, dated December 23, 1992, from William F. Costello, Executive Vice President and Chief Financial Officer of the Company, to Peter R. Barton, President of Liberty Program Investments, Inc. (Incorporated by reference to Exhibit 9 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).

- (c)(7) -- Letter, dated December 23, 1992, from William F. Costello, Executive Vice President and Chief Financial Officer of the Company, to Peter R. Barton, President of Liberty Media Corporation (Incorporated by reference to Exhibit 10 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).
- (c)(8) -- Letter, dated December 28, 1992, from Neal S. Grabell, Senior Vice President and General Counsel of the Company, to Vivian Carr, Assistant Secretary of Liberty Media Corporation (Incorporated by reference to Exhibit 11 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).
- (c)(9) -- Letter, dated July 12, 1993, from Liberty Media Corporation to the Board of Directors of the Company (Incorporated by reference to Exhibit 14 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).
- (c)(10) -- Equity Compensation Agreement dated as of December 9, 1992 by and among the Company, Barry Diller and Arrow Investments, L.P. (Incorporated by reference to Exhibit 15 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).
- (c)(11) -- Stockholders Agreement, dated July 16, 1993, among Liberty Media Corporation, Comcast Corporation, Barry Diller and certain affiliates and subsidiaries of such parties (Incorporated by reference to Exhibit 16 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).
- (c)(12) -- Preliminary term sheet for Series E Cumulative Convertible Exchangeable Preferred Stock (Incorporated by reference to Exhibit 19 to Amendment No. 4 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 3 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated September 21, 1993).
- (c)(13) -- Letter agreement dated October 15, 1993, among QVC Network, Inc., Comcast Corporation, Liberty Media Corporation, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 20 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).

- (c)(14) -- Agreement dated October 15, 1993, among Comcast Corporation, Liberty Media Corporation, Barry Diller, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 21 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).
- (c)(15) -- Term Sheet for Convertible Exchangeable Preferred Stock of QVC Network, Inc. (Incorporated by reference to Exhibit 22 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).
- (c)(16) -- Letter dated November 11, 1993, from QVC Network, Inc. to Comcast Corporation, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 24 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(17) -- Agreement dated November 11, 1993, between QVC Network, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 25 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(18) -- Memorandum of Understanding dated November 11, 1993, between BellSouth Corporation and QVC Network, Inc. (Incorporated by reference to Exhibit 26 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(19) -- Understanding Among Stockholders dated November 11, 1993, among BellSouth Corporation, Comcast Corporation, Liberty Media Corporation and Arrow Investments, L.P. (Incorporated by reference to Exhibit 27 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(20) -- Agreement Among Stockholders dated November 11, 1993, among BellSouth Corporation, Comcast Corporation, Arrow Investments, L.P., Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 28 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(21) -- Agreement containing Consent Order dated November 11, 1993, among the Bureau of Competition of the Federal Trade Commission, Tele-Communications, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 33 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).
- (c)(22) -- Interim Agreement dated November 11, 1993, among the Federal Trade Commission, Tele-Communications, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 34 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).

- (c)(23) -- Voting Agreement dated December 22, 1993 by BellSouth Corporation, Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., and Arrow Investments, L.P. (Incorporated by reference to Exhibit 35 to Amendment No. 8 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 7 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 29, 1993).
- (c)(24) -- Letter Agreement dated as of December 20, 1993 among QVC Network, Inc., Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., and BellSouth Corporation (Incorporated by reference to Exhibit 36 to Amendment No. 8 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 7 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 29, 1993).
- (c)(25) -- Letter Agreement dated as of February 1, 1994, among Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., BellSouth Corporation and QVC Network, Inc. (Incorporated by reference to Exhibit 37 to Amendment No. 9 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 8 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated February 3, 1994).
- (c)(26) -- Stock Option Agreement dated as of February 15, 1994, among QVC Network, Inc., BellSouth Corporation, Cox Enterprises, Inc. and Advance Publications, Inc. (including exhibits) (Incorporated by reference to Exhibit 40 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).
- (c)(27) -- Acknowledgement and Agreement dated as of February 15, 1994, by Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 41 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).
- (c)(28) -- Letter Agreement dated as of February 15, 1994, among Comcast Corporation, BellSouth Corporation, Advance Publications, Inc., Arrow Investments, L.P., Cox Enterprises, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 42 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).
- (c)(29) -- Letter Agreement dated as of February 15, 1994, among BellSouth Corporation, Liberty Media Corporation, Comcast Corporation and Arrow Investments, L.P. (Incorporated by reference to Exhibit 43 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).
- (c)(30) -- Letter dated July 12, 1994 of Comcast Corporation to Barry Diller, Chairman and Chief Executive Officer of QVC, Inc. (Included in Exhibit (a)(1) hereto).
- (c)(31) -- Letter Agreement dated July 21, 1994 between Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 46 to Amendment No. 20 to the Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated July 22, 1994).

- (c)(32) -- Agreement and Plan of Merger, dated as of August 4, 1994, among QVC, Inc., Comcast Corporation, Liberty Media Corporation and Comcast QMerger, Inc.
- (c)(33) -- Letter Agreement, dated as of August 4, 1994, among Comcast Corporation, Liberty Media Corporation and Tele-Communications, Inc. (Incorporated by reference to Exhibit 48 to Amendment No. 21 to Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated August 8, 1994).
- (c)(34) -- Letter Agreement, dated as of August 4, 1994, among Comcast Corporation, Arrow Investments, L.P. and Barry Diller (Incorporated by reference to Exhibit 50 to Amendment No. 21 to Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated August 8, 1994).

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.

Dated: August 11, 1994

QVC PROGRAMMING HOLDINGS, INC.

By: /s/ JULIAN A. BRODSKY

.....
Name: Julian A. Brodsky
Title: Vice Chairman

COMCAST CORPORATION

By: /s/ JULIAN A. BRODSKY

.....
Name: Julian A. Brodsky
Title: Vice Chairman

TELE-COMMUNICATIONS, INC.

By: /s/ STEPHEN M. BRETT

.....
Name: Stephen M. Brett
Title: Executive Vice President

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(a)(1)	-- Offer to Purchase, dated August 11, 1994.	
(a)(2)	-- Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).	
(a)(3)	-- Form of Notice of Guaranteed Delivery.	
(a)(4)	-- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.	
(a)(5)	-- Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.	
(a)(6)	-- Text of press release issued by Comcast Corporation, Liberty Media Corporation and the Company dated August 4, 1994.	
(a)(7)	-- Form of summary advertisement dated August 11, 1994.	
(a)(8)	-- Accountants' consent relating to inclusion of certain financial statements of QVC, Inc. in Annex C to the Offer to Purchase.	
(c)(1)	-- Joint Filing Agreement pursuant to Rule 13d-1(f), dated December 1, 1992 between Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 1 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation, in respect of Common Stock of the Company, dated December 1, 1992).	
(c)(2)	-- Participation Agreement, dated as of December 1, 1992 among Comcast Corporation, Comcast Financial Corporation, Comcast Cable Communications, Inc., Comcast Cablevision of Maryland Limited Partnership, Comcast Cable Investors L.P., Comcast Cablevision of Indiana L.P., Liberty Media Corporation and Liberty Program Investments, Inc. (Incorporated by reference to Exhibit 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation, in respect of Common Stock of the Company, dated December 1, 1992).	
(c)(3)	-- Joint Filing Agreement pursuant to Rule 13d-1(f), dated December 15, 1992, among Comcast Corporation, Liberty Media Corporation and Barry Diller (Incorporated by reference to Exhibit 3 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).	
(c)(4)	-- Summary Term Sheet, dated December 9, 1992, agreed to in principle by Comcast Corporation, Liberty Media Corporation and Barry Diller (Incorporated by reference to Exhibit 7 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(c)(5)	-- Stock Purchase Agreement, dated December 9, 1992, between Barry Diller and Liberty Media Corporation (Incorporated by reference to Exhibit 8 to Amendment No. 1 to the Schedule 13D filed by Comcast Corporation, and Liberty Media Corporation and the original Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 15, 1992).	
(c)(6)	-- Letter, dated December 23, 1992, from William F. Costello, Executive Vice President and Chief Financial Officer of the Company, to Peter R. Barton, President of Liberty Program Investments, Inc. (Incorporated by reference to Exhibit 9 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).	
(c)(7)	-- Letter, dated December 23, 1992, from William F. Costello, Executive Vice President and Chief Financial Officer of the Company, to Peter R. Barton, President of Liberty Media Corporation (Incorporated by reference to Exhibit 10 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).	
(c)(8)	-- Letter, dated December 28, 1992, from Neal S. Grabell, Senior Vice President and General Counsel of the Company, to Vivian Carr, Assistant Secretary of Liberty Media Corporation (Incorporated by reference to Exhibit 11 to Amendment No. 2 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 1 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated January 7, 1993).	
(c)(9)	-- Letter, dated July 12, 1993, from Liberty Media Corporation to the Board of Directors of the Company (Incorporated by reference to Exhibit 14 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).	
(c)(10)	-- Equity Compensation Agreement dated as of December 9, 1992 by and among the Company, Barry Diller and Arrow Investments, L.P. (Incorporated by reference to Exhibit 15 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).	
(c)(11)	-- Stockholders Agreement, dated July 16, 1993, among Liberty Media Corporation, Comcast Corporation, Barry Diller and certain affiliates and subsidiaries of such parties (Incorporated by reference to Exhibit 16 to Amendment No. 3 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 2 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated July 19, 1993).	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(c)(12)	-- Preliminary term sheet for Series E Cumulative Convertible Exchangeable Preferred Stock (Incorporated by reference to Exhibit 19 to Amendment No. 4 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 3 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated September 21, 1993).	
(c)(13)	-- Letter agreement dated October 15, 1993, among QVC Network, Inc., Comcast Corporation, Liberty Media Corporation, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 20 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).	
(c)(14)	-- Agreement dated October 15, 1993, among Comcast Corporation, Liberty Media Corporation, Barry Diller, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 21 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).	
(c)(15)	-- Term Sheet for Convertible Exchangeable Preferred Stock of QVC Network, Inc. (Incorporated by reference to Exhibit 22 to Amendment No. 6 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 5 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated October 18, 1993).	
(c)(16)	-- Letter dated November 11, 1993, from QVC Network, Inc. to Comcast Corporation, Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 24 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(17)	-- Agreement dated November 11, 1993, between QVC Network, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 25 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(18)	-- Memorandum of Understanding dated November 11, 1993, between BellSouth Corporation and QVC Network, Inc. (Incorporated by reference to Exhibit 26 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(19)	-- Understanding Among Stockholders dated November 11, 1993, among BellSouth Corporation, Comcast Corporation, Liberty Media Corporation and Arrow Investments, L.P. (Incorporated by reference to Exhibit 27 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(c)(20)	-- Agreement Among Stockholders dated November 11, 1993, among BellSouth Corporation, Comcast Corporation, Arrow Investments, L.P., Advance Publications, Inc. and Cox Enterprises, Inc. (Incorporated by reference to Exhibit 28 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(21)	-- Agreement containing Consent Order dated November 11, 1993, among the Bureau of Competition of the Federal Trade Commission, Tele-Communications, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 33 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(22)	-- Interim Agreement dated November 11, 1993, among the Federal Trade Commission, Tele-Communications, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 34 to Amendment No. 7 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 6 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated November 16, 1993).	
(c)(23)	-- Voting Agreement dated December 22, 1993 by BellSouth Corporation, Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., and Arrow Investments, L.P. (Incorporated by reference to Exhibit 35 to Amendment No. 8 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 7 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 29, 1993).	
(c)(24)	-- Letter Agreement dated as of December 20, 1993 among QVC Network, Inc., Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., and BellSouth Corporation (Incorporated by reference to Exhibit 36 to Amendment No. 8 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 7 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated December 29, 1993).	
(c)(25)	-- Letter Agreement dated as of February 1, 1994, among Comcast Corporation, Cox Enterprises, Inc., Advance Publications, Inc., BellSouth Corporation and QVC Network, Inc. (Incorporated by reference to Exhibit 37 to Amendment No. 9 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 8 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated February 3, 1994).	
(c)(26)	-- Stock Option Agreement dated as of February 15, 1994, among QVC Network, Inc., BellSouth Corporation, Cox Enterprises, Inc. and Advance Publications, Inc. (including exhibits) (Incorporated by reference to Exhibit 40 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(c)(27)	-- Acknowledgement and Agreement dated as of February 15, 1994, by Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 41 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).	
(c)(28)	-- Letter Agreement dated as of February 15, 1994, among Comcast Corporation, BellSouth Corporation, Advance Publications, Inc., Arrow Investments, L.P., Cox Enterprises, Inc. and Liberty Media Corporation (Incorporated by reference to Exhibit 42 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).	
(c)(29)	-- Letter Agreement dated as of February 15, 1994, among BellSouth Corporation, Liberty Media Corporation, Comcast Corporation and Arrow Investments, L.P. (Incorporated by reference to Exhibit 43 to Amendment No. 11 to the Schedule 13D filed by Comcast Corporation and Liberty Media Corporation and Amendment No. 10 to the Schedule 13D filed by Barry Diller, in respect of Common Stock of the Company, dated April 28, 1994).	
(c)(30)	-- Letter dated July 12, 1994 of Comcast Corporation to Barry Diller, Chairman and Chief Executive Officer of QVC, Inc. (Included in Exhibit (a)(1) hereto).	
(c)(31)	-- Letter Agreement dated July 21, 1994 between Comcast Corporation and Liberty Media Corporation (Incorporated by reference to Exhibit 46 to Amendment No. 20 to the Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated July 22, 1994).	
(c)(32)	-- Agreement and Plan of Merger, dated as of August 4, 1994, among QVC, Inc., Comcast Corporation, Liberty Media Corporation and Comcast QMerger, Inc.	
(c)(33)	-- Letter Agreement, dated as of August 4, 1994, among Comcast Corporation, Liberty Media Corporation and Tele-Communications, Inc. (Incorporated by reference to Exhibit 48 to Amendment No. 21 to Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated August 8, 1994).	
(c)(34)	-- Letter Agreement, dated as of August 4, 1994, among Comcast Corporation, Arrow Investments, L.P. and Barry Diller (Incorporated by reference to Exhibit 50 to Amendment No. 21 to Schedule 13D filed by Comcast Corporation, in respect of Common Stock of the Company, dated August 8, 1994).	

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK,

SERIES B PREFERRED STOCK AND

SERIES C PREFERRED STOCK

OF

QVC, INC.
AT

\$46 NET PER SHARE OF COMMON STOCK AND

\$460 NET PER SHARE OF PREFERRED STOCK

BY

QVC PROGRAMMING HOLDINGS, INC.

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME,
ON THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (i) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE SHARES (THE "SHARES") OF COMMON STOCK, PAR VALUE \$.01 PER SHARE (THE "COMMON STOCK"), AND SERIES B PREFERRED STOCK AND SERIES C PREFERRED STOCK, EACH PAR VALUE \$.10 PER SHARE (TOGETHER, THE "PREFERRED STOCK") OF QVC, INC. (THE "COMPANY") WHICH, TOGETHER WITH THE 18,883,801 FULLY DILUTED SHARES AGREED TO BE CONTRIBUTED BY COMCAST CORPORATION ("COMCAST") AND LIBERTY MEDIA CORPORATION ("LIBERTY") (OR ANY WHOLLY-OWNED SUBSIDIARY THEREOF) TO QVC PROGRAMMING HOLDINGS, INC. (THE "PURCHASER"), PURSUANT TO THE JOINT BIDDING AGREEMENT (AS DEFINED HEREIN), REPRESENT AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF COMMON STOCK, CALCULATED ON A FULLY DILUTED BASIS AND (ii) THE PURCHASER HAVING OBTAINED SUFFICIENT FINANCING ON TERMS SATISFACTORY TO IT TO PURCHASE ALL OF THE OUTSTANDING SHARES PURSUANT TO THE OFFER, CONSUMMATE THE MERGER (AS DESCRIBED HEREIN) AND PAY RELATED FEES AND EXPENSES. SEE "THE TENDER OFFER -- 10. CERTAIN CONDITIONS OF THE OFFER".

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE BOARD OF DIRECTORS OF THE COMPANY (OTHER THAN DIRECTORS AFFILIATED WITH COMCAST) HAS UNANIMOUSLY DETERMINED THAT THE OFFER AND THE MERGER DESCRIBED HEREIN ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS (OTHER THAN COMCAST AND LIBERTY AND THEIR AFFILIATES) AND APPROVED THE OFFER AND THE MERGER, AND RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND APPROVE THE MERGER.

IMPORTANT

Any stockholder desiring to tender Shares should either (1) complete and sign the Letter of Transmittal (or facsimile thereof) in accordance with the instructions in the Letter of Transmittal and deliver it with the certificate(s) representing tendered Shares and all other required documents to the Depositary or tender such Shares pursuant to the procedures for book-entry transfer set forth in "The Tender Offer -- 3. Procedures for Tendering Shares" or (2) request his or her broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him or her. A stockholder having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such person if he or she desires to tender such Shares.

Any stockholder who desires to tender Shares and whose certificates representing such Shares are not immediately available or who cannot comply with the procedures for book-entry transfer on a timely basis may tender such Shares pursuant to the guaranteed delivery procedure set forth in "The Tender Offer -- 3. Procedures for Tendering Shares".

Questions and requests for assistance or additional copies of this Offer to Purchase and the Letter of Transmittal 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 Offer to Purchase. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may also be obtained from brokers, dealers, commercial banks or trust companies.

The Dealer Manager for the Offer is:

LAZARD FRERES & CO.

August 11, 1994

TABLE OF CONTENTS

SECTION	PAGE
INTRODUCTION.....	1
SPECIAL FACTORS.....	4
Background of the Transaction.....	4
Purpose of the Transaction.....	16
Fairness of the Transaction.....	16
Opinions and Reports of Financial Advisors.....	19
Plans for the Company After the Merger.....	25
Interests of Certain Persons in the Transaction.....	27
The Merger Agreement.....	31
Dissenters Rights.....	36
Certain Tax Consequences.....	39
Certain Effects of the Transaction.....	39
Financing of the Transaction.....	41
Certain Litigation.....	41
THE TENDER OFFER.....	42
1. Terms of the Offer.....	42
2. Acceptance for Payment and Payment.....	42
3. Procedure for Tendering Shares.....	43
4. Withdrawal Rights.....	45
5. Price Range of Shares; Dividends.....	46
6. Certain Information Concerning the Company.....	47
7. Certain Information Concerning the Purchaser and Parent Purchasers.....	49
8. Dividends and Distributions.....	53
9. Extension of Tender Period; Termination; Amendment.....	54
10. Certain Conditions of the Offer.....	55
11. Certain Legal Matters; Regulatory Approvals.....	56
12. Fees and Expenses.....	58
13. Miscellaneous.....	59
Schedule I -- Certain Information Regarding the Directors and Executive Officers of the Company	
Schedule II -- Certain Information Regarding the Directors and Executive Officers of the Purchaser and the Parent Purchasers	
Schedule III -- Certain Information Regarding the Purchaser Designees	
Annex A -- Opinion of Allen & Company Incorporated	
Annex B -- Section 262 of the Delaware General Corporation Law	
Annex C -- Certain Financial Statements of the Company	

To the Holders of Common Stock,
 Series B Preferred Stock and
 Series C Preferred Stock of
 QVC, Inc.:

INTRODUCTION

QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation ("Comcast"), and Liberty Media Corporation, a Delaware corporation ("Liberty" and, together with Comcast, the "Parent Purchasers") and a wholly-owned subsidiary of Tele-Communications, Inc., a Delaware corporation ("TCI"), hereby offers to purchase all outstanding shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each par value \$.10 per share (together, the "Preferred Stock") of QVC, Inc., a Delaware corporation (the "Company") at \$46 per share of Common Stock and \$460 per share of Preferred Stock, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"). Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares pursuant to the Offer. The Purchaser will pay all charges and expenses of Lazard Freres & Co. (in such capacity, the "Dealer Manager"), The Bank of New York (the "Depository") and D.F. King & Co., Inc. (the "Information Agent") incurred in connection with the Offer.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (i) THERE BEING VALIDLY TENDERED (AS HEREINAFTER DEFINED) AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE (AS DEFINED HEREIN) SHARES WHICH, TOGETHER WITH THE 18,883,801 FULLY DILUTED SHARES AGREED TO BE CONTRIBUTED BY THE PARENT PURCHASERS (OR ANY WHOLLY-OWNED SUBSIDIARY THEREOF) TO THE PURCHASER PURSUANT TO THE JOINT BIDDING AGREEMENT DESCRIBED BELOW, REPRESENT AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF COMMON STOCK, ON A FULLY DILUTED BASIS (THE "MINIMUM TENDER CONDITION") AND (ii) THE PURCHASER HAVING OBTAINED SUFFICIENT FINANCING ON TERMS SATISFACTORY TO IT TO PURCHASE ALL OF THE OUTSTANDING SHARES PURSUANT TO THE OFFER, CONSUMMATE THE MERGER AND PAY RELATED FEES AND EXPENSES (THE "FINANCING CONDITION"). SEE "THE TENDER OFFER -- 10. CERTAIN CONDITIONS OF THE OFFER".

THE BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD") (OTHER THAN DIRECTORS AFFILIATED WITH COMCAST) HAS UNANIMOUSLY DETERMINED THAT THE OFFER AND THE MERGER DESCRIBED HEREIN ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS (OTHER THAN THE PARENT PURCHASERS AND THEIR AFFILIATES) AND APPROVED THE OFFER AND THE MERGER AND RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND APPROVE THE MERGER.

ALLEN & COMPANY INCORPORATED ("ALLEN & COMPANY" OR "ALLEN"), FINANCIAL ADVISOR TO THE COMPANY, HAS DELIVERED AN OPINION TO THE BOARD TO THE EFFECT THAT THE CONSIDERATION TO BE RECEIVED BY THE STOCKHOLDERS (OTHER THAN THE PARENT PURCHASERS) OF THE COMPANY IN THE OFFER AND MERGER DESCRIBED HEREIN IS FAIR TO SUCH STOCKHOLDERS FROM A FINANCIAL POINT OF VIEW. SEE "SPECIAL FACTORS -- OPINIONS AND REPORTS OF FINANCIAL ADVISORS".

The Offer is being made pursuant to an Agreement and Plan of Merger dated as of August 4, 1994 (the "Merger Agreement") among the Company, the Parent Purchasers and the Purchaser. The Merger Agreement provides, among other things, that as promptly as practicable (but not before October 21, 1994) after the satisfaction or, if permissible, waiver of the conditions set forth therein, including the purchase of Shares pursuant to the Offer, a wholly owned subsidiary of the Purchaser ("MergerCo") will be merged with

and into the Company (the "Merger" and, together with the Offer, the "Transaction"), with the Company continuing as the surviving corporation (the "Surviving Corporation"). Pursuant to the Merger, each outstanding Share (other than Shares held in the treasury of the Company or any wholly-owned subsidiary thereof or owned by the Purchaser and MergerCo or any of its subsidiaries or Shares held by Remaining Stockholders (as defined below) exercising appraisal rights) will be converted into a right to receive \$46 (in the case of shares of Common Stock) or \$460 (in the case of shares of Preferred Stock) in cash or any higher price that may be paid per share of Common Stock or Preferred Stock, as the case may be, in the Offer, without interest. See "Special Factors -- The Merger Agreement".

Under the Delaware General Corporation Law (the "GCL"), if the Purchaser owns, following the contribution of 18,833,801 Fully Diluted Shares by the Parent Purchasers to the Purchaser pursuant to the Joint Bidding Agreement described below under "Special Factors -- Background" (the "Parent Contribution") and the consummation of the Offer (or through other purchases thereafter), at least 90% of the outstanding shares of each class of stock of the Company, the Purchaser would be able to (and pursuant to the Merger Agreement has agreed that it will) approve a merger of the Company without a vote of the Board or other stockholders. Otherwise, under the GCL and the Company's Certificate of Incorporation, a merger of the Company would require the approval of the Board and the holders of Shares representing a majority of the votes entitled to be cast. The Company's Board of Directors has approved the Merger. If the Purchaser owns, following the Parent Contribution and the consummation of the Offer or otherwise, Shares representing at least a majority of the total number of Fully Diluted Shares (as defined below), the Purchaser would have sufficient voting power to (and pursuant to the Merger Agreement has agreed that it will) approve a merger of the Company without the affirmative vote of any other stockholder of the Company. Such actions could, under the GCL and the Company's Certificate of Incorporation, be taken by written consent without a meeting and without a vote of the other stockholders of the Company. As used in this Offer to Purchase, the term "Fully Diluted Shares" means Shares of Common Stock assuming conversion of all securities convertible into Common Stock and exercise of all options or warrants to purchase Common Stock, but excludes options to purchase an aggregate of 14,294,600 shares of Common Stock held by Bellsouth Corporation ("Bellsouth"), Advance Publications, Inc. ("Advance") and Cox Enterprises, Inc. ("Cox") exercisable at \$60 per share.

According to the Company, as of June 30, 1994, there were outstanding 40,226,197 shares of Common Stock, employee stock options ("Options") to purchase 8,194,650 shares of Common Stock, warrants to purchase 1,700,000 shares of Common Stock and 558,673 shares of Preferred Stock. Each share of Preferred Stock is convertible into 10 shares of Common Stock and entitles the holder thereof to one vote per share, together with holders of Common Stock, on all matters requiring a vote of stockholders (other than the election of two directors elected by holders of Common Stock).

Based upon the foregoing, the Purchaser believes that as of June 30, 1994, there were outstanding approximately 55,707,577 Fully Diluted Shares. Subsequent to the Parent Contribution, the Purchaser will beneficially own 18,833,801 Fully Diluted Shares. Accordingly, the Purchaser believes that the Minimum Tender Condition will be satisfied if approximately 8,969,988 shares of Common Stock are validly tendered pursuant to the Offer and not withdrawn prior to Expiration Date.

According to the Company, as of July 31, 1994, all executive officers and directors of the Company as a group beneficially owned 1,126,838 shares of Common Stock and held Options that were exercisable presently or within the next 60 days to purchase 3,590,666 shares of Common Stock, together representing 8.5% of the Fully Diluted Shares. The Purchaser has been advised by the Company that, to the best of the Company's knowledge, all of the Company's executive officers and directors not affiliated with Comcast, other than those individuals, if any, for whom the tender of Shares would cause them to incur liability under the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), currently intend to tender all Shares owned by them pursuant to the Offer. See "Special Factors -- Interests of Certain Persons in the Transaction." In addition, pursuant to the Stockholder Letter Agreement described below under "Special Factors -- Background," Mr. Barry Diller, Chairman of the Board and Chief Executive Officer of the Company, has agreed, subject to certain conditions, to tender 1,000,000 shares of Common Stock owned by him pursuant to the Offer, and, if requested by Comcast and upon satisfaction of certain additional

conditions, to exercise Options to purchase 3,000,000 shares of Common Stock held by him and to tender such 3,000,000 shares pursuant to the Offer.

As of August 8, 1994, all executive officers and directors of Comcast and TCI (Comcast and TCI, together the "Joint Bidders") as a group beneficially owned 34,025 shares of Common Stock (and such executive officers and directors have advised the Purchaser that they will tender all Shares owned by them pursuant to the Offer). In addition, TCI beneficially owns 332,772 Fully Diluted Shares, or 0.6% of the Fully Diluted Shares, which Shares are in addition to the Shares Liberty has agreed to contribute to Purchaser in the Parent Contribution. TCI has advised the Purchaser that it will tender its Shares pursuant to the Offer or, if TCI, Liberty and Comcast mutually agree, to contribute a portion of such Shares to the Purchaser in lieu of the cash contribution required by Liberty pursuant to the Joint Bidding Agreement (as defined herein).

The total amount of funds required by the Purchaser to purchase all of the Fully Diluted Shares pursuant to the Offer and to pay related fees and expenses is estimated to be \$1.42 billion. See "Special Factors -- Financing the Transaction".

The information contained in this Offer to Purchase concerning the Company, including, without limitation, financial information and information about the deliberations of the Board in connection with the Transaction and the opinion of Allen & Company, the Company's financial advisor, was supplied by the Company. None of the Joint Bidders or any of their affiliates takes any responsibility for the accuracy of such information.

Stockholders are urged to read this Offer to Purchase and the related Letter of Transmittal carefully before deciding whether to tender their Shares.

SPECIAL FACTORS

BACKGROUND OF THE TRANSACTION

Prior to December 1, 1992, Comcast, which was a founding stockholder of the Company, and Liberty were two of the largest stockholders of the Company with each having two representatives on the Board.

On December 1, 1992, Comcast and Liberty formed a group (the "Comcast-Liberty Group") and entered into an agreement (the "Participation Agreement") setting forth their collective plans and proposals with respect to the Company. Following the formation of the Comcast-Liberty Group, Comcast and Liberty collectively owned approximately 53% of the outstanding Common Stock (assuming the exercise and/or conversion of certain warrants and Preferred Stock held by Liberty and Comcast). At such time, representatives of the Comcast-Liberty Group met with the Board to discuss its plans and presented to the Company its proposal to obtain majority representation on the Board in order to effectuate an orderly change of control. At its regularly scheduled meeting on December 7, 1992, the Board decided not to take any action with respect to such proposal other than to agree to continue its consideration.

The Participation Agreement provided, among other things, that Comcast and Liberty would seek to obtain majority representation on the Board through such methods as they would mutually agree. If necessary, each of Comcast and Liberty would, subject to the expiration of any applicable waiting periods and receipt of any necessary consents and approvals, convert such shares of Preferred Stock and exercise such warrants then owned by them as would be necessary to become the collective owners of a majority of the outstanding voting stock of the Company. Comcast and Liberty also agreed to take such additional steps as they would mutually agree in order to gain majority representation on the Board. Each of Comcast and Liberty agreed to vote all shares of voting stock of the Company beneficially owned by it in favor of the nominees to the Board proposed by the other person, so that Comcast and Liberty would obtain equal representation on the Board. In addition, the Participation Agreement required Comcast and Liberty to vote all shares of voting stock of the Company beneficially owned by each of them in such manner as they would agree in respect of matters, other than the election of directors, presented to the stockholders.

The Participation Agreement further provided that at such time as representatives of Comcast and Liberty constituted a majority of the Board (the "Control Time") and all required consents, approvals and other matters had been received, the member of the Comcast-Liberty Group (the "Greater Party") owning the greater number of the Common Stock, Preferred Stock and warrants to purchase shares of Common Stock (collectively, the "Company Securities") would be required to sell, and the member of the Comcast-Liberty Group (the "Lesser Party") owning the lesser number of the Company Securities would be required to purchase, at any time prior to December 15, 1993, such number of the Company Securities (the "Parity Securities") on a Common Stock equivalent basis as would be required to equalize the Lesser Party's equity ownership in the Company with that of the Greater Party on a Common Stock equivalent basis. In the event that the Lesser Party received all required consents, approvals and other matters, but the Control Time had not occurred by December 15, 1993, then during the period between December 15 and December 31, 1993 the Lesser Party would be entitled to require the Greater Party to sell the Parity Securities to it and the Greater Party would have the right to require the Lesser Party to purchase such Parity Securities from it. The purchase price of any Parity Securities would be \$22 per share of Common Stock equivalent (less any exercise price in the case of warrants), plus interest thereon at the "prime rate" as determined from time to time by The Bank of New York from the date of the Participation Agreement until the closing date of the purchase of the Parity Securities.

On December 9, 1992, representatives of the Comcast-Liberty Group met with members of the Executive Committee of the Board and discussed the terms of a proposed summary term sheet (the "Summary Term Sheet"), pursuant to which, among other things, (i) Barry Diller would purchase a significant equity position in the Company from Liberty, Mr. Joseph M. Segel and Mr. Segel's wife, and would replace Mr. Segel as Chairman of the Board and Chief Executive Officer of the Company, (ii) Comcast, Liberty and Mr. Diller (collectively, the "Group") would enter into a stockholders agreement pursuant to which Comcast, Liberty and Mr. Diller would agree to act together with respect to purchases, dispositions and

voting of the Company Securities and (iii) the Company would grant to Mr. Diller, subject to his entering into an employment arrangement with the Company, 160,000 shares of Common Stock and options to purchase an additional 6,000,000 shares of Common Stock. Later that day, each of the Executive Committee and the Compensation Committee of the Board, as well as the Board, unanimously approved the terms of the Summary Term Sheet applicable to the Company as well as the formation of the Group by Comcast, Liberty and Barry Diller.

The members of the Group agreed in principle to the terms outlined in the Summary Term Sheet for the purpose of effecting an orderly change in control of the Company and believed that by obtaining majority representation on the Board, coupled with Mr. Diller's leadership in the roles of Chairman of the Board and Chief Executive Officer of the Company, the Group would be able to control the future direction of the Company and the scope of its business in such a way as to maximize the value of the Company for the benefit of all of its stockholders. At that time, the members of the Group believed that their objectives of expanding the Company's existing lines of business, exploring new lines of business, taking fuller advantage of emerging new technologies in the cable television industry, and exploring the possibility of increasing the Company's leverage in order to provide additional funds to improve and expand present services, for the possible acquisition of other programming businesses in the cable television industry and in order to effect a possible recapitalization of the Company, would enhance the value of the Company to its stockholders.

In the Summary Term Sheet the parties agreed in principle that all voting securities of the Company held by the Group would be voted for the election of directors approved by each member of the Group (with each such member being entitled to designate an equal number of persons to the Board) and otherwise in the manner agreed to by at least two of the three members of the Group. In addition, the Summary Term Sheet provided that, at any time between December 9, 1994 and December 9, 1997, but following the exercise of certain of his options, Mr. Diller would be entitled to purchase shares of Common Stock from each of Comcast and Liberty required to equalize his ownership of Common Stock on a fully diluted basis with that of each of Comcast and Liberty at a price per Share equal to the then current exercise price for certain of his options which had exercise prices which increased over time (options for such shares being referred to as the "Scaled Options"). As described below, the Summary Term Sheet was later superseded by the Compensation Agreement (as defined herein) and the Stockholders Agreement (as defined herein).

Pursuant to agreements entered into on December 9, 1992, Mr. Diller purchased an aggregate of 420,000 shares of Common Stock from Mr. Segel and his wife for an aggregate purchase price of \$12.6 million in cash and, following expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") applicable to such purchase, on January 15, 1993, he purchased, through Arrow Investments, L.P., a limited partnership indirectly controlled by Mr. Diller through Arrow Investments, Inc. ("Arrow"), an additional 420,000 shares of Common Stock from Liberty for \$12.6 million in cash.

On December 23, 1992, the Company extended an offer to all of the holders (the "Warrantholders") of warrants (the "Warrants") to purchase Common Shares to convert any or all of the Company's 9,479,913 outstanding Warrants into Shares. Pursuant to the terms of such offer, the Company offered, at the Warrantholder's election, (i) to issue to the Warrantholder, in exchange for the Warrantholder's Warrants, Common Shares with an aggregate value (each share being valued at \$37.75 per share, representing a market based average stock price at such time (the "Conversion Price")) equal to the difference between the Conversion Price and the price at which the Warrants were exercisable (the "Exercise Price"), multiplied by the number of Common Shares into which the Warrants were exercisable, or (ii) if the Warrantholder elected to exercise its Warrants by making payment of the Exercise Price in cash and delivery of the Warrant certificate, to issue the number of Common Shares into which such Warrants were exercisable and to repurchase from the Warrantholder, at the Conversion Price, all of the Common Shares that could be purchased using all of the proceeds of the payment by the Warrantholder of the Exercise Price. In connection with an election described in (ii) above, the Company also offered to accept payment of the Exercise Price in Common Shares valued at the Conversion Price. As a result of acceptance of such offer by Liberty Media and its affiliates, the Company issued 2,475,434 Common Shares to Liberty Media and its affiliates upon the exercise or exchange of Warrants to purchase 3,903,764 Common Shares.]

As contemplated by the Summary Term Sheet, on January 18, 1993, Mr. Diller became Chairman of the Board and Chief Executive Officer of the Company. In connection with Mr. Diller's serving in these positions, the Company entered into an Equity Compensation Agreement, dated as of December 9, 1992 (the "Compensation Agreement"), with Mr. Diller and Arrow, under which Mr. Diller was granted 160,000 shares of Common Stock and options to purchase an additional 6,000,000 shares of Common Stock. One-half of the options became exercisable on December 9, 1993, and the remaining options will become exercisable on December 9, 1994. The exercisability of the options can be accelerated in the event of (1) the termination of Mr. Diller's employment with the Company as a result of death or disability, (2) the termination of Mr. Diller's employment with the Company other than for Cause (as defined in the Compensation Agreement) or (3) Mr. Diller's voluntary termination of employment with the Company for Good Reason (as defined in the Compensation Agreement). All of the options, whether or not currently exercisable, will expire and cease to be exercisable upon the termination of Mr. Diller's employment for Cause, or upon his voluntary termination of employment with the Company other than for Good Reason. All of the options have a maximum term of five years from the date of grant.

In connection with its acquisition of a controlling interest in Home Shopping Network, Inc. ("HSN"), the Company's principal television-shopping competitor, on December 7, 1992, Liberty filed a Premerger Notification and Report Form with the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC"). Liberty subsequently received a Request for Additional Information from the DOJ on January 6, 1993. Following compliance with such request, the DOJ granted early termination of the waiting period under the HSR Act on February 11, 1993. Upon closing such acquisition, Liberty also delivered a merger proposal to the Board of Directors of HSN. This merger proposal was withdrawn on April 9, 1993 because of the uncertainties concerning the proposed merger. On April 19, 1993, Liberty announced its intention to commence a cash tender offer to purchase up to 15,000,000 shares of the common stock of HSN at a price of \$7 per share. On May 20, 1993, Liberty accepted for purchase and purchased 16,296,602 shares of the common stock of HSN tendered to it in the tender offer. Following consummation of such tender offer, Liberty beneficially owned approximately 40% of the outstanding equity securities of HSN, which shares represented in excess of 70% of the outstanding voting power of HSN.

On July 12, 1993, the Company made a proposal to HSN to combine HSN and the Company in a stock-for-stock transaction (the "HSN Proposal"). In connection with the proposed combination of HSN and the Company, the Company filed a Premerger Notification and Report Form with the DOJ and the FTC. On September 8, 1993, the FTC issued Requests for Additional Information regarding the proposed combination. In connection with the HSN Proposal, Liberty indicated that it would support the Company's proposed transaction with HSN.

As contemplated by the Summary Term Sheet, Comcast, Liberty, Arrow and certain affiliates and subsidiaries of such parties (the "Parties") entered into a Stockholders Agreement, dated as of July 16, 1993 (the "Stockholders Agreement"), which superseded, with limited exceptions, specified therein, the Participation Agreement and the Summary Term Sheet. The Stockholders Agreement provided that all securities of the Company (or, if the HSN Proposal were consummated, all HSN securities) held by the Parties would be subject to the Stockholders Agreement, which would govern the manner of all dispositions, acquisitions and voting of Company Securities by the Parties. Such agreement provided, among other things, that (i) the Parties would have to hold certain minimum amounts of the outstanding voting stock (as defined therein) in order to maintain certain rights under the Stockholders Agreement (which provision would not apply to Mr. Diller so long as he was Chairman of the Board and Chief Executive Officer of the Company), (ii) all voting stock held by the Parties would be voted for the election of a slate of directors approved by the Parties (with each Party entitled to designate an equal number of directors (such directors being referred to as the "Stockholder Designees")) and (iii) each Party would use such Party's reasonable best efforts to come to agreement with the other Parties as to the voting of all voting stock on all matters presented to the Company's stockholders and to vote or to use its reasonable best efforts to cause each Stockholder Designee to cast his vote on all matters presented to the Board in accordance with such agreement, subject, with respect to director action, to director's fiduciary duties to the Company's stockholders; otherwise each Party would vote in the manner agreed to by at least two of the three Parties; provided, however, that (i) if there were only two

Eligible Stockholders (as defined therein) and they could not reach a unanimous decision, each Party would be entitled to vote in the manner it chose and (ii) if there was only one Eligible Stockholder, all Parties would be bound to vote all Company Securities as instructed by such Eligible Stockholder.

Following an announcement of the entering into a merger agreement by Viacom Inc. ("Viacom") and Paramount Communications, Inc., then a publicly-held Delaware corporation ("Paramount"), on September 20, 1993 the Company delivered a proposal to Paramount to combine the Company and Paramount (the "Paramount Combination") in a merger in which each share of Paramount's outstanding common stock would be converted into the right to receive \$30 in cash and .893 shares of the Company's Common Stock. The Paramount Combination was subject to the negotiation and execution of a definitive merger agreement between the Company and Paramount, the approval of the stockholders of the Company and Paramount and the receipt of all necessary regulatory and other approvals.

In light of the proposed Paramount Combination, the Company requested the Independent Committee of HSN's Board of Directors formed to evaluate the HSN Proposal to expand the scope of its evaluation to take into account the Paramount Combination.

On October 27, 1993, following unsuccessful efforts to negotiate with Paramount regarding the Paramount Combination, the Company made a cash tender offer (with Comcast and Liberty as co-bidders with the Company) (the "Paramount Offer") at \$80 per share for 50.1% of the outstanding common shares of Paramount. This tender offer was amended several times during the pendency of a competing tender offer by Viacom for Paramount in connection with their previous merger agreement. In the last round of the bidding, on February 1, 1994, the Company amended the Paramount Offer to increase the cash price per share proposed to be paid in the Paramount Offer to \$104. Under the terms of the Company's final amendment to the Paramount Offer, the Company offered approximately \$6.4 billion in cash for 61.7 million Paramount common shares with the balance of the Paramount securities to be acquired with a combination of the Company's securities. The Paramount Offer was to have been funded through a \$3.25 billion bank loan commitment and purchases of the Company's securities for \$1.5 billion by BellSouth and \$0.5 billion by each of Advance, Cox and Comcast. In accordance with the bidding procedure agreed to by Paramount, the Company and Viacom on February 15, 1994, the then current expiration date of the Paramount Offer and Viacom's offer, the Company learned that Viacom had received tenders for a majority of the Paramount shares in satisfaction of the minimum condition in its tender offer. Accordingly, on such date the Company terminated the Paramount Offer. The costs incurred by the Company in connection with the Paramount Combination and the Paramount Offer, comprised principally of bank fees and legal and advisory fees, totaled \$34.8 million which were expenses in the fourth quarter of 1993. The \$3.25 billion bank loan commitment expired on February 15, 1994 upon the termination of the Paramount Offer.

On November 5, 1993, the Company announced that HSN and the Company had agreed to terminate negotiations on the proposed merger of HSN and the Company. On that day, the Company withdrew its Premerger Notification and Report Form with respect to the proposed merger with HSN, without having complied with the Request for Additional Information which has been issued by the FTC on September 8, 1993.

In connection with the contemplated financing of the Company's proposed acquisition of Paramount, the Company and BellSouth entered into a Memorandum of Understanding, dated as of November 11, 1993 (the "Memorandum of Understanding"), pursuant to which, among other things, if the Company's efforts to acquire Paramount were terminated or abandoned, BellSouth would have an option to purchase directly from the Company, during the six-month period following such termination or abandonment, 8,627,934 shares of Common Stock at \$60 per share, for an aggregate purchase price of \$517,676,040. The Company also entered into a Commitment Letter, dated November 11, 1993 (the "Commitment Letter"), with Comcast, Cox and Advance, pursuant to which, among other things, each of Cox and Advance would be entitled to purchase 2,833,333 shares of Common Stock at \$60 per share, for an aggregate purchase price of \$170,000,000 which right was exercisable at any time until six months after the Company terminated or abandoned its interest in pursuing the acquisition of Paramount.

In connection with the Paramount Offer, each of Liberty, Comcast, Arrow, Cox, Advance and BellSouth entered into an Agreement Among Stockholders dated as of November 11, 1993 (the "Agreement Among Stockholders"), pursuant to which each agreed to vote all shares of Company voting securities held, if any, in favor of the issuance of Company securities as contemplated by the Commitment Letter and the Memorandum of Understanding and in favor of a merger with Paramount as contemplated by the Paramount Offer.

In connection with the Paramount Offer, on October 22, 1993 the Company filed a Premerger Notification and Report Form with the DOJ and the FTC. On November 5, 1993, the FTC, pursuant to the HSR Act, issued Requests for Additional Information, relevant to the proposed purchase of Paramount shares pursuant to the Paramount Offer to each of the Company and five directors of the Company, namely Barry Diller, John C. Malone (an officer and director of Liberty), Peter R. Barton (also an officer and director of Liberty), Ralph J. Roberts and Brian L. Roberts (each an officer and director of Comcast). Following certain discussions between representatives of the Company, Liberty, and TCI, and the staff of the FTC, 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. Pursuant to the Interim Agreement, on November 15, 1993, the waiting period under the HSR Act was terminated.

The Consent Order contemplated that, if the Company consummated the Paramount acquisition, Liberty and TCI would divest all of their ownership interests in the Company within eighteen months of the date the Consent Order became final. Pursuant to the Consent Order, Liberty and TCI agreed that if the Paramount acquisition were consummated they would not, until such divestiture was completed, enter into any agreements with the Company or Paramount that grant Liberty or TCI any exclusive rights to exhibit recently released theatrical motion pictures after Paramount's then current contract with Time Warner Inc. or Home Box Office, Inc. terminates.

Pursuant to the Consent Order, if the Paramount acquisition had been consummated, for a period beginning on the date the Consent Order became final and ending three years after such divestiture of Liberty's and TCI's interests in the Company was completed, Liberty and TCI would not have been permitted to acquire, without prior FTC approval, any equity interest in, or assets in excess of specified values of, the Company, Paramount or certain other entities. Because the Company later terminated its efforts to acquire Paramount, Liberty and TCI generally were not obligated to comply with the terms of the Consent Order.

The Interim Agreement provided that until certain events specified therein occurred, TCI would not (a) exercise direction of or control over, directly or indirectly, the operations or management of the Company or Paramount, (b) exercise any voting rights or agreements, directly or indirectly, pursuant to Liberty's ownership in the Company or (c) participate in any change in the composition of the management of the Company or Paramount; provided, however, that Liberty and TCI could vote their ownership interests in the Company in favor of the acquisition of Paramount and the transactions providing financing by entities other than Liberty and TCI for such acquisition. Liberty and TCI also agreed that (a) the officers, directors or employees of Liberty or TCI who were then members of the boards of directors of the Company or Paramount would resign such membership, and (b) no officer, director, or employee of Liberty or TCI would serve on such boards until the first to occur of the specified events described in the previous sentence. Effective November 11, 1993, Liberty's representatives on the Board, John Malone and Peter Barton, resigned their positions.

On November 11, 1993, Liberty and the Company entered into an agreement, acknowledged and agreed to by TCI (the "Liberty-QVC Agreement"), pursuant to which, if the Paramount acquisition had been consummated, Liberty would have had the right to require the Company to purchase up to the equivalent of all Company Securities held by Liberty (the "Current Shares") and any Liberty Related Entity (as defined in the Liberty-QVC Agreement) that so elected (other than shares to be sold to Comcast and Arrow pursuant to their parity rights under the Stockholders Agreement and the Liberty-QVC Agreement) for \$60 per share of Common Stock equivalent in cash. The Company had the option, in lieu of paying \$60 per share, to require Liberty to sell the shares to a third party in a manner reasonably acceptable to each of Liberty and the Company, in which case the Company would have been obligated to reimburse Liberty in cash to the extent

that Liberty received aggregate net proceeds in such sale averaging less than \$60 per share of Common Stock equivalent.

Pursuant to the Liberty-QVC Agreement, Liberty no longer had any rights or obligations under or was otherwise subject to any of the terms of the Stockholders Agreement, except with respect to the parity rights of Comcast and Arrow Investments as were provided in the Liberty-QVC Agreement and the Stockholders Agreement. In connection with the Company's termination of the Paramount Offer on February 15, 1994 and withdrawal of the HSR filing with respect thereto, under the Liberty-QVC Agreement, Liberty had the right, exercisable within ninety days of the termination, to be reinstated as a party to the Stockholders Agreement, subject to and in accordance with the terms thereof as in effect on November 11, 1993 and as altered by the Agreement Among Stockholders and Understanding Among Stockholders (as defined below) and the Memorandum of Understanding.

In accordance with the Liberty-QVC Agreement, Comcast purchased from Liberty 1,690,041 shares of Common Stock at an average price per share of \$18.615, in settlement of its rights to purchase Parity Securities under the Participation Agreement and the Stockholders Agreement.

In accordance with the Memorandum of Understanding and the Commitment Letter, the Company, BellSouth, Advance and Cox entered into a Stock Option Agreement, dated as of February 15, 1994 (the "Stock Option Agreement"), pursuant to which the Company granted to BellSouth, Cox and Advance the above-described options to purchase shares of Common Stock. These options became exercisable on the date of the Company's public announcement of termination of the tender offer for Paramount (February 15, 1994) and will terminate, if not exercised, on August 15, 1994.

Additionally, under the Stock Option Agreement, BellSouth agreed that if it purchases shares of Common Stock pursuant thereto, it will become a party to the Stockholders Agreement in accordance with the terms of the Understanding Among Stockholders, dated as of November 11, 1993, among BellSouth, Liberty, Comcast and Arrow (the "Understanding Among Stockholders"). Pursuant to the Stock Option Agreement, the Company agreed that if BellSouth becomes a party to the Stockholders Agreement, so long as Comcast, Arrow or BellSouth remains an Eligible Stockholder (as defined in the Stockholders Agreement), the Company will not take any action to (i) block or prevent open market purchases by such Eligible Stockholder of shares of Common Stock so long as such entity's total fully diluted voting power of the Company does not exceed 35% of the fully diluted outstanding voting power of the Company or (ii) discriminate against such Eligible Stockholder or deprive BellSouth, Comcast or Arrow of full rights as a stockholder of the Company.

Contemporaneously with the execution of the Stock Option Agreement, Comcast and Liberty entered into an Acknowledgement and Agreement dated as of February 15, 1994, pursuant to which Comcast and Liberty acknowledged and agreed to the foregoing provisions of the Stock Option Agreement and further agreed that such provisions modified and replaced the \$500 million stock option provisions of the Memorandum of Understanding.

Comcast, Liberty, BellSouth, Advance, Arrow and Cox also entered into a Letter Agreement dated as of February 15, 1994, pursuant to which the parties agreed that the Agreement Among Stockholders (whereby each of them had agreed to vote all of their voting shares, if any, in favor of any merger with Paramount and the issuance of securities in connection therewith) was terminated except that (i) each of Comcast, Liberty and Arrow would be required to vote all of its equity voting securities of the Company in favor of the issuance of the shares of Common Stock pursuant to the Stock Option Agreement and (ii) each of Comcast, Liberty, Arrow and BellSouth would remain bound by the provision of the Agreement Among Stockholders acknowledging the Liberty-QVC Agreement.

Copies of the Participation Agreement, the Summary Term Sheet, the Compensation Agreement, the Stockholders Agreement, the Memorandum of Understanding, the Commitment Letter, the Agreement Among Stockholders, the Consent Order, the Interim Agreement, the Liberty-QVC Agreement, the Stock Option Agreement, the Understanding Among Stockholders and the Acknowledgement and Agreement have

been previously filed as exhibits to and described in reports on Schedule 13D relating to securities of the Company by Barry Diller, Comcast and/or Liberty.

On May 19, 1994, Liberty filed an amendment to its Report on Schedule 13D relating to its ownership of Common Stock of the Company stating, among other things, that it no longer may be deemed part of the Group with Comcast and Barry Diller for purposes of Rule 13d-5 under the Exchange Act as a result of the expiration of the 90-day period following the termination of the Paramount Offer, within which Liberty was entitled to elect to be reinstated as an Eligible Stockholder under the Stockholders Agreement. Except for Mr. Diller's options pursuant to the Liberty-QVC Agreement and the Stockholders Agreement to purchase from Liberty the equivalent of 1,627,934 shares of Common Stock, Liberty stated that it no longer has any contract, agreement or understanding with Comcast or Mr. Diller with respect to the disposition or voting of the outstanding equity securities of the Company.

In April 1994, Mr. Diller informed Ralph J. Roberts, Chairman of the Board of Directors of Comcast, and Brian L. Roberts, President of Comcast, that the Company was exploring the possibility of acquiring CBS, Inc. ("CBS"). Comcast retained Lazard Freres & Co. ("Lazard") to act as its financial advisor in connection with this matter. In late May, the Company, through its legal advisors, discussed with Comcast and its financial and legal advisors a proposal under which the Company would acquire CBS, CBS would place its Federal Communications Commission (the "FCC") regulated, broadcast activities and non-broadcast businesses into separate subsidiaries with Comcast having representation on the Board of Directors of the non-broadcast subsidiary. In addition, under this proposal certain activities of the broadcast subsidiary would have been subject to the approval of the Board of Directors of the non-broadcast subsidiary. After several weeks of discussions, the Company and Comcast were unable to reach any agreement or understanding with regard to the proposal referred to above, and Comcast advised the Company it was opposed to any transaction with CBS that would not provide an opportunity for Comcast to have a significant role in the future direction of the continuing entity.

On June 30, 1994, the Company and CBS announced that the companies were in discussions regarding a proposed combination and were close to reaching an agreement under which the Company would be merged into CBS with the shareholders of the Company receiving a combination of voting and non-voting securities of the combined entity (the "CBS Proposal").

In connection with the Proposed CBS Merger, Liberty and Time Warner Inc. ("Time Warner"), another significant stockholder of the Company, were asked to sign agreements obligating them to vote in favor of the Proposed CBS Merger. In addition, in order to comply with the Communications Act and the rules and regulations of the FCC, it was contemplated that Liberty would accept a proportionate amount of nonvoting securities of CBS greater than that proposed to be provided to other QVC stockholders in exchange for its QVC Stock. As part of the proposal, the Company was to relinquish certain rights to repurchase QVC Stock held by Liberty and its affiliates and Liberty and TCI were to grant Mr. Diller a proxy with respect to the voting of their stock in the combined entity for a period of 10 years or until such earlier time as they would be permitted to vote greater than 5% of the combined entity's securities under applicable law.

Subsequent to the announcement, Comcast met with its financial and legal advisors to review its position under the CBS Proposal and to discuss various alternatives. On July 9, 1994, Ralph J. and Brian L. Roberts received copies of the proposed merger agreement with CBS and other related agreements. Based on a review of the draft agreements and due to certain regulatory restrictions limiting Comcast's voting interests in the combined entity to 4.9%, and limiting Comcast's ability to have its representatives participate on the board of directors of the combined entity, Comcast concluded that the terms of the proposed merger would be adverse to its interests as one of the major shareholders of the Company.

On July 12, 1994, the Board of Directors of Comcast met in New York City and considered and authorized a proposal, pursuant to which Comcast would acquire the Company for \$44 per share, consisting of \$37 in cash and \$7 of a new class of Comcast convertible exchangeable preferred stock (the "Comcast Proposal"). Late that afternoon Messrs. Ralph J. and Brian L. Roberts delivered a letter to Mr. Diller, the text of which read as follows:

July 12, 1994

Mr. Barry Diller
Chairman of the Board and
Chief Executive Officer
QVC, Inc.
West Chester, PA 19380

Dear Barry:

As one of the founding shareholders of QVC, we have been strong supporters of your efforts to grow and expand the QVC's business as it represents an important element of our future diversification and programming strategy.

We feel that you have been a powerful and positive force at QVC and we have supported all the initiatives you have undertaken since you first joined QVC 18 months ago. Today, in fact, QVC is a proven franchise with an outstanding track record and a bright future.

However, as we have repeatedly expressed to you, the proposal to sell QVC to CBS is of great concern to us as it represents a fundamental departure from our strategic view of QVC's future. We do not believe that the CBS proposal is in the best interests of Comcast's shareholders.

Therefore, we are proposing an acquisition of QVC by Comcast on terms far more attractive to QVC's stockholders than the transaction proposed by CBS. For us, a combination of Comcast and QVC makes excellent strategic sense and helps fulfill our long-standing vision to build a strong programming capability.

Under our proposal, Comcast would acquire all of the outstanding shares of QVC for a combination of cash and Comcast securities having a combined value of \$44 per common share, which represents a 23% premium over the July 12, 1994 closing market price of QVC's common stock.

Each outstanding share of QVC's common stock (other than shares held by Comcast) would be converted into \$37 in cash and \$7 of a new series of Comcast 7.5% convertible exchangeable preferred stock, convertible into Comcast common stock (CMCSK) at \$21 per share. Comcast would have the right to substitute cash for all or any part of the convertible shares.

All outstanding shares of QVC's preferred stock (other than shares held by Comcast) would be treated in the merger as if such shares had been converted into QVC common stock prior to the merger. All QVC options would either be cashed out or rolled over into Comcast stock options on a basis that would preserve the in-the-money value of the options.

We have been advised by The Bank of New York that they are highly confident that they could obtain commitments from lenders for a senior credit facility in the amount of \$1,000,000,000. Comcast and its financial advisor, Lazard Freres & Co., believe that the balance of the cash requirements are readily obtainable.

The transaction we offer QVC shareholders would be subject only to execution of a definitive merger agreement and to our review of the same information as that which was provided to CBS. We are prepared to enter into a merger agreement substantially similar to the agreement proposed by CBS (including the same representations, warranties and financing condition) except that Comcast would not require that any breakup fees be paid to us if QVC receives a superior acquisition proposal.

As a matter of good corporate governance, we feel that consideration of the Comcast and CBS proposals should be deferred by the Board of Directors and that the proposals should be submitted to a special committee of independent QVC directors for their evaluation and recommendation. We believe that the committee should have its own independent financial advisors and legal counsel. We are prepared to move expeditiously to work with them and you to ensure that this is an orderly and fair process.

We are confident that you will recognize that our decision confirms our high regard for your leadership of QVC. Indeed, you have begun to build QVC into a recognizable "brand" and have assembled a highly talented senior management team. We would be pleased if you chose to remain as QVC's chief executive and work with us to develop QVC to its fullest.

We look forward to sitting down with you to discuss our proposal.

Respectfully submitted,

/s/ Ralph

/s/ Brian

Ralph J. Roberts
Chairman

Brian L. Roberts
President

On July 13, 1994, Ralph J. and Brian L. Roberts and their counsel attended a meeting of the Board of the Company in New York City and at such meeting discussed the Comcast proposal and the decision by CBS to terminate the CBS Proposal. Messrs. Ralph and Brian Roberts described the terms of the Comcast Proposal to the Board of Directors and stated that, in view of the decision by CBS not to pursue the CBS Proposal, they were withdrawing their request for the formation of a special committee of the Company's directors. After Messrs. Ralph and Brian Roberts left the meeting, the remaining directors met with the Company's legal and financial advisors to discuss the Comcast proposal and the procedures to be followed to maximize stockholder value. Following the conclusion of the meeting, the Company issued the following press release:

QVC, Inc. announced that in response to yesterday's merger proposal from Comcast Corporation, the QVC Board of Directors has authorized management, together with its advisors, to negotiate with Comcast and to explore alternatives in order to maximize shareholder value.

Upon review of the Comcast Proposal, Liberty determined that the Comcast Proposal would be a taxable transaction to Liberty which would result in Liberty incurring significant tax liability in connection with the acquisition of its Company Securities by Comcast in accordance with the Comcast Proposal. In addition to this potential tax liability, Liberty continued to consider the Company to be a valuable cable programming asset which was likely to increase in value over time because of anticipated future growth in the home shopping service area. Therefore, given the adverse tax consequences to Liberty if the Comcast Proposal were consummated and Liberty's view that the Company Securities were likely to continue to grow in value over time, Liberty determined that, although the Comcast Proposal would have provided it with an immediate cash return on its investment, the transactions contemplated by the Comcast Proposal may not be in the best interests of Liberty and its stockholders.

Following the making of the Comcast Proposal, Liberty and Comcast began discussions regarding various alternative transactions which would enable Liberty to maintain a direct or indirect interest in the Company in a transaction which would be tax-free to it or result in significantly less tax liability to it. Representatives of Comcast and Liberty met in New York City on July 18, 19 and 20 to negotiate the terms of a proposed joint acquisition of the Company. On July 21, 1994, the Parent Purchasers executed a joint bidding agreement (the "First Joint Bidding Agreement"). In the First Joint Bidding Agreement, Liberty and Comcast agreed that Liberty would participate in the Comcast Proposal as a joint bidder with Comcast and agree to contribute its equity interest in the Company to one or more entities formed for the transactions in exchange for a minority equity interest in the surviving corporation. As a result of Liberty's agreement to participate, the approximately \$390 million which Comcast would have been required to pay to Liberty in respect of the cash portion of the Purchase Price for its Company Securities pursuant to the Comcast Proposal would become available to finance the acquisition, and as a result Comcast and Liberty determined to revise the Comcast Proposal to provide for the purchase of all shares not owned by Comcast or Liberty at \$44 per share of Common Stock.

On July 19, 1994, Comcast delivered to the Company a form of proposed merger agreement.

On July 19, 1994 Comcast also met with its financial and legal advisors to discuss alternative all-cash transactions, one in which Time Warner, a significant stockholder of the Company, would retain a 10% interest in the Company and one in which Time Warner would sell its entire interest in the Company. Under the former structure, the equity interests in the Company would be represented by Comcast (51%), Liberty (39%) and Time Warner (10%) and under the latter structure the equity interests in the Company would be represented by Comcast (56%) and Liberty (44%). Following a discussion of such alternatives with Liberty, Comcast met with Time Warner to explore its interest in joining in or otherwise supporting an acquisition of the Company by Comcast, Liberty and Time Warner.

Pursuant to the First Joint Bidding Agreement, the Parent Purchasers agreed to jointly acquire all outstanding equity securities of the Company at a price of \$44 in cash per share, with financing to be arranged in the future. In connection with this offer, the Parent Purchasers agreed to make available shares of the Company's capital stock (or rights to acquire such shares) held by them to a mutually acceptable entity or entities for purposes of the offer. In addition, Comcast agreed to contribute to such entity or entities an amount of cash equal to (i) \$229 million plus (ii) the amount necessary to exercise all warrants to acquire shares of Common Stock held by Comcast (unless Comcast has exercised such warrants prior to such contribution) to finance the purchase of such securities. The First Joint Bidding Agreement contemplated that the Company would be the surviving corporation in the transaction and would be owned 57.4% by Comcast and 42.6% by Liberty.

On July 21, 1994, a representative of and legal and financial advisors for the Parent Purchasers met with the Company's legal and financial advisors to deliver the \$44 per share all cash offer. On July 22, 1994, Comcast delivered to the Company a revised draft of the proposed merger agreement reflecting, among other things, the proposed joint acquisition by means of a first step tender offer and a second step merger. From July 21, 1994 until August 3, 1994, the Company's legal and financial advisors held discussions with the Parent Purchasers' legal and financial advisors and indicated that the price proposed to be paid by the Parent Purchasers was insufficient and that, unless the Parent Purchasers offered to increase the price proposed to be paid, it was not prepared to enter into a merger agreement at \$44 per share.

On August 3, 1994, the Parent Purchasers advised the Company that they would consider a transaction involving an increase in the consideration to be paid to the Company's stockholders to \$46 in cash per share (on a common equivalent basis), provided, among other things, that the Company would agree to certain limitations regarding solicitation and negotiation of alternative transactions not involving the Parent Purchasers and would agree to pay a break-up fee under certain circumstances, and that Mr. Diller would agree to support the Comcast proposal and to terminate the Stockholders Agreement.

On August 4, 1994, representatives of Comcast, Liberty and TCI executed a revised letter agreement (the "Joint Bidding Agreement"), which superseded the First Joint Bidding Agreement in its entirety, and pursuant to the Joint Bidding Agreement, Comcast and Liberty agreed to amend their offer to raise the offer price from \$44 per share of Common Stock to \$46 per share of Common Stock and from \$440 per share of Preferred Stock to \$460 per share of Preferred Stock. In connection with this offer, the Parent Purchasers agreed to contribute to the Purchaser their respective Company securities, consisting of an aggregate of 18,883,801 Fully Diluted Shares. Comcast also agreed to contribute to the Purchaser an amount of cash approximately equal to (i) \$267 million plus (ii) the amount necessary to exercise all warrants to acquire shares of Common Stock that it agreed to simultaneously contribute to the Purchaser (approximately \$28 million). Liberty agreed to contribute approximately \$20 million in cash to the Purchaser. Following the Merger, Comcast and Liberty will own approximately 57.4% and 42.6%, respectively, of the Purchaser. In addition, the Parent Purchasers agreed to work together to arrange debt financing for the remaining cost of the acquisition and, in connection with the consummation of the Merger, to cause the Company to waive any remaining rights it may have pursuant to the Company Repurchase Rights (as defined in the Stockholders Agreement) under the Stockholders Agreement and certain affiliation agreements between each of Comcast and Liberty and the Company. The Parent Purchasers and TCI also agreed to vote all of their respective shares of Common Stock in favor of the Merger.

Also on August 4, 1994, Comcast, Liberty, the Purchaser and the Company executed the Merger Agreement.

In connection with the Offer and the Merger, Comcast, Mr. Diller and Arrow entered into a letter agreement, dated as of August 4, 1994 (the "Stockholder Letter Agreement"). Pursuant to the Stockholder Letter Agreement, Mr. Diller agreed to vote, as a director of the Company, in favor of the Merger Agreement and the transactions contemplated thereby, provided that there is not then a bona fide transaction proposed to the Company or its stockholders which would result in consideration to the Company's stockholders of more than \$46 per share of Common Stock (or such higher price then offered by Comcast and Liberty if they increase the \$46 per share of Common Stock price provided in the Merger Agreement) and further subject to Mr. Diller's fiduciary obligations as a member of the Board.

The Stockholder Letter Agreement further provides that, until the earlier of consummation of the Merger or termination of the Merger Agreement, Mr. Diller and certain of his affiliates (the "Arrow Group") will not (i) sell, transfer, pledge, assign or otherwise dispose of, or agree to sell, transfer, pledge, assign or otherwise dispose of, any equity securities of the Company or certain options therefor (the "Arrow Options", and together with such equity securities, the "QVC Securities") held by such parties except to tender Shares pursuant to the Offer (provided that the Arrow Group may dispose of such securities to the Company in order to effect a cashless exercise of options); (ii) deposit any QVC Securities owned by them into a voting trust or grant a proxy or enter into a voting agreement with respect to such QVC Securities; (iii) agree with any third party to exercise any voting rights with respect to such QVC Securities, except as described in the following two sentences; or (iv) seek or solicit any of the foregoing, other than as permitted (as a director of the Company) under the Merger Agreement. The Arrow Group also agreed to tender upon the request of Comcast, pursuant to and in accordance with the terms of the Offer, all shares of Common Stock owned by it. Upon the request of Comcast, Mr. Diller agreed to exercise all of the then exercisable options, provided that arrangements satisfactory to Mr. Diller for the financing of the exercise and the purchase of the Shares by Comcast will have been made.

Pursuant to the Stockholder Letter Agreement, unless each share of Common Stock owned by the Arrow Group has been tendered pursuant to the Offer, the Arrow Group will cause each Share that it then owns or has power to vote to be voted (i) at the Company stockholder meeting to approve the Merger, for the approval and adoption of the Merger Agreement and the Merger and (ii) against any recapitalization, merger, business combination, or similar transaction involving the Company unless Comcast or Liberty consents.

As provided in the Stockholder Letter Agreement, the provisions of the preceding two paragraphs will not apply (i) upon the first to occur of (A) the last day on which to tender into a tender or exchange offer which would result in consideration to stockholders of the Company greater than \$46 per share of Common Stock (or such higher price then offered by Comcast and Liberty if they increase the \$46 price per share of Common Stock provided in the Merger Agreement) (a "Superior Offer") (subject to the subsequent condition that such Superior Offer is consummated) and (B) the fifth business day after any person or entity has made a Superior Offer which has not been matched by Comcast and Liberty (subject to the subsequent condition that such Superior Offer is consummated) or (ii) to the extent it could result in any violation of or liability under the federal securities law.

Pursuant to the Stockholder Letter Agreement, until the earlier of consummation of the Merger or termination of the Merger Agreement, neither Mr. Diller nor Arrow will, directly or indirectly, initiate, solicit or encourage any person concerning the making of any proposal with respect to an Alternative Transaction (as defined in the Merger Agreement), other than as permitted (as a director of the Company) under the Merger Agreement.

Pursuant to the Stockholder Letter Agreement, Comcast agreed to cause the Company and the Surviving Corporation to fulfill and completely discharge all obligations under the Arrow Options. Comcast and Mr. Diller also agreed that (i) upon consummation of the Offer, unless otherwise agreed to by Mr. Diller, Mr. Diller's employment under his current compensation agreement will continue until at least December 12, 1994, (ii) Mr. Diller may perform such services to the Company as provided by such compensation agreement on a non-exclusive basis and without minimum time requirements but that he will be reasonably available to

facilitate the transition, (iii) the Company will continue to pay all expenses incurred by Mr. Diller at least through December 12, 1994, on a basis consistent with past practice, and (iv) upon termination of Mr. Diller's employment, Comcast will cause the Company to execute for the benefit of Mr. Diller and the Arrow Group, and, provided that Mr. Diller has been paid all amounts due in respect of the Arrow Options and his employment (including payment of Mr. Diller's expenses), Mr. Diller will execute for the benefit of the Company, general releases in a form mutually agreed to by the parties.

The Stockholder Letter Agreement provides that, subject to the absence or waiver of any inconsistent agreements, the Stockholders Agreement will terminate without any further obligation thereunder and to release each other from any claim of whatever nature arising out of or under the Stockholders Agreement, provided, that if the Merger Agreement is terminated, the Stockholders Agreement and such claims will be restored, and such termination will be of no effect, effective as of August 4, 1994.

The Stockholder Letter Agreement will terminate automatically and simultaneously with the Merger Agreement in accordance with its terms, except for the agreements described in the preceding paragraph which will survive any such termination if Comcast, together with any other Party, acquires control of a majority of the outstanding voting stock or a majority of the Board.

PURPOSE OF THE TRANSACTION

The purpose of the Offer is to acquire control of, and the entire equity interest in, the Company. The purpose of the Merger is to acquire all outstanding Shares not tendered and purchased pursuant to the Offer. The acquisition of the publicly-held Shares of the Company has been structured as a cash tender offer followed by a cash merger in order to provide a prompt and orderly transfer of ownership of the Company from the public stockholders to the Purchaser and to enable the unaffiliated stockholders to promptly receive the cash payments they are entitled to receive for all of their Shares.

FAIRNESS OF THE TRANSACTION

The Company. At a meeting held on August 4, 1994, the Board, other than Messrs. Ralph J. and Brian L. Roberts, who did not participate in the Board's deliberations and decisions in connection with the Offer, by a unanimous vote of such directors, approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and determined that the transactions contemplated by the Merger Agreement (the "Transactions"), including the Offer and the Merger, are fair to, and in the best interests of, the Company and its stockholders (other than Comcast, Liberty and their affiliates).

THE BOARD OF DIRECTORS OF THE COMPANY (OTHER THAN THOSE DIRECTORS WHO ARE REPRESENTATIVES OF COMCAST WHO EXPRESS NO OPINION AS TO THE FOLLOWING MATTERS) RECOMMENDS THAT STOCKHOLDERS APPROVE AND ADOPT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND THAT THE STOCKHOLDERS ACCEPT THE OFFER AND TENDER ALL OF THEIR SHARES PURSUANT TO THE OFFER.

Reasons for Recommendation.

Prior to reaching its conclusions, the Board received presentations from, and reviewed the Offer and the Merger with, management of the Company as well as the Company's financial advisor, Allen. In reaching its conclusions, the Board considered a number of factors, including, but not limited to, the following:

- (i) The Board's belief, based on its familiarity with the Company's business, its current financial condition and results of operations and its future prospects, and the current and anticipated developments in the Company's industry, that the consideration to be received by the Company's stockholders (other than Comcast, Liberty and their affiliates) in the Offer and Merger fairly reflects the Company's intrinsic value.
- (ii) The oral and written presentations made by the Company's management and Allen to the Board at the meeting held on August 4, 1994 as to various financial and other considerations deemed relevant to the Board's evaluation of the Offer and the Merger, including a review of
 - (A) trends in the cable programming and electronic retailing industries,
 - (B) the business prospects and financial

condition of the Company, (C) historical business information and financial results of the Company, (D) nonpublic financial and operating results of the Company, (E) financial projections and the 1994 budget prepared by the Company's management, (F) information obtained from meetings with senior management of the Company, (G) the trading range of the Common Shares, (H) public financial information of comparable companies in the cable programming and specialty retailing industries, (I) public financial and transaction information related to comparable mergers and acquisitions, and (J) the terms and conditions of the Merger Agreement and related documents.

(iii) The opinion of Allen that the consideration to be received by the Company's stockholders pursuant to the Merger Agreement, is fair to such stockholders (other than Comcast and Liberty) from a financial point of view. A copy of the written opinion of Allen to that effect, which sets forth the matters considered, assumptions made and limits of its review, is attached as Annex A hereto and is incorporated herein by reference. Stockholders are urged to read the opinion carefully. In the course of arriving at its opinion and presenting it to the Board, Allen analyzed the terms of the Offer and Merger, the Company's historical results, present condition and prospects, the trading history of the Common Stock related to selected public announcements regarding the Company, the trading history of the shares of Common Stock compared to that of comparable companies and other market indices, the stock price and market multiples of the shares of Common Stock compared to those of selected cable programmers and selected specialty retailers, the discounted cash flow value per share of the Common Stock based on managements' financial forecast and the premiums and multiples paid in comparable all cash and cash and stock transactions. In considering Allen's opinion, the Board was aware that Allen will become entitled to the fee described below in accordance with the terms of its engagement by the Company upon consummation of the Offer.

(iv) The limited number of conditions to the Purchaser's obligation to consummate the Offer. In this regard, the Board was aware of the fact that in the event the Purchaser is unable to consummate the Offer at any scheduled expiration thereof due to the fact that the waiting periods under the HSR Act applicable to the Offer and the Merger have not expired or been terminated, the Purchaser will not be entitled to terminate the Offer prior to December 31, 1994, and has agreed to extend the Offer until such time in such event. The Board also considered that the conditions to the consummation of the Offer may not be amended in any manner adverse to the holders of QVC Stock and no other conditions other than those specified in Annex I to the Merger Agreement may be imposed without the consent of the Company. The Board was also aware of the fact that the Offer is subject to financing.

(v) The possible alternatives to a sale of the Company, including a self tender offer for a portion of the QVC Stock or other possible restructuring alternatives.

(vi) The provisions of the Merger Agreement relating to Alternative Transactions (as defined therein and described under "-- The Merger Agreement"), including the following:

(A) Although the Company is not permitted to initiate, solicit or encourage any inquiries or the making of any proposal in connection with an Alternative Transaction, engage in any discussions or negotiations concerning, or provide information relating to it or its subsidiaries for the purposes of, or otherwise facilitate or encourage any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, a proposal to effect an Alternative Transaction, the Board of Directors of the Company may furnish information to, and participate in negotiations with, third parties making unsolicited requests or proposals regarding Alternative Transactions and, following receipt of a proposal for an Alternative Transaction, the Board may withdraw or modify its recommendation regarding the Offer and the Merger, to the extent it determines in good faith in accordance with, and based upon the advice of, outside counsel that such action is necessary or appropriate in order for the Board

of Directors to act in a manner that is consistent with its fiduciary obligations under applicable law.

- (B) The Company must advise Purchaser of, and communicate to Purchaser the terms of, any such proposal it may receive or any such inquiries that the Company receives which may be reasonably expected to lead to a proposal and the identity of the person making such proposal, and, thereafter, if the Company intends to participate in discussions or negotiations or provide information to any such person, the Company must give reasonable notice to Purchaser and consult with Purchaser and must thereafter keep Purchaser reasonably informed of the status and details of any such request, Alternative Transaction, inquiry or proposal (or any amendment to any proposal).
- (C) Each of the Company and the Purchaser has the right to terminate the Merger Agreement at any time if the Company's Board of Directors withdraws, modifies or changes its recommendation so that it is not in favor of the Merger Agreement, the Offer or the Merger or resolves to do so, or if the Company's Board of Directors recommends or resolves to recommend to stockholders an Alternative Transaction, and upon such termination the Company must pay the Purchaser \$55,000,000, which amount is inclusive of all expenses of the Purchaser and the Parent Purchasers.

The Board concluded that, as a result of these provisions, the Merger Agreement should not significantly deter an interested third party from proposing to the Company, and pursuing, an Alternative Transaction with the Company and that such provisions are reasonable in light of the benefits of the Offer and the Merger and the size of the payment in comparison to such fees in comparable transactions.

- (vii) The per share value of the consideration to be received for the shares of QVC Stock in the Comcast/Liberty Offer was substantially more certain than the consideration originally offered in the Comcast Proposal because it is an all cash offer, and is higher than the consideration offered in the Comcast Proposal and in the Comcast/Liberty Proposal.
- (viii) The Board considered the relationship between the consideration to be received by stockholders as a result of the Offer and the Merger and the historical market prices and recent trading activity of the shares of Common Stock, and the fact that the Offer and the Merger will enable the Company's stockholders to realize a substantial premium over the closing market price of the shares of Common Stock on June 29, 1994, immediately prior to press reports of the CBS Proposal. The Board was aware that the shares of Common Stock had traded as high as \$72.50 in 1993. The Board noted, however, that the price of Common Shares on June 29, 1994 represented, in Allen's opinion, a representative market price of the shares of Common Stock.
- (ix) The fact that no party other than the Parent Purchasers had indicated interest in pursuing, and the ability to effect, a business combination with the Company, even though the Comcast Proposal was publicly announced more than three weeks prior to the signing of the Merger Agreement at which time the Company also publicly announced that it would explore alternatives to maximize stockholder value and, in this regard, both Allen and the Company's management had contacted a substantial number of possible interested parties to seek proposals for a business combination. In view of the large percentage of [Fully Diluted Shares] held by Comcast, Liberty and their affiliates, the Board did not believe it was likely that further efforts or additional time would produce an alternative proposal involving consideration greater than that to be paid in the Offer and Merger.
- (x) The Board also recognized that, following consummation of the Offer and the Merger, the current stockholders of the Company will no longer be able to participate in any increases or decreases in the value of the Company's businesses and properties. The Board concluded, however, that this consideration did not justify foregoing the opportunity for stockholders to receive an immediate and substantial cash purchase price for their Shares.

The Board considered each of the factors listed above, in addition to the terms and conditions of the Merger Agreement, during the course of their deliberations prior to entering into the Merger Agreement in light of their knowledge of the business and operations of the Company and their business judgment. The Board believed that each of these factors supported the Board's conclusions. In view of the wide variety of factors considered, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors considered in making their determination.

Messrs. Ralph J. and Brian L. Roberts did not participate in the deliberations or decisions relating to the Merger Agreement and the engagement of Allen; therefore, the Board did not consider it necessary to retain an unaffiliated representative to act solely on behalf of the public shareholders of the Company for the purpose of negotiating the terms of the Merger Agreement or preparing a report concerning the fairness to such shareholders of the consideration to be received in the Offer and the Merger. The Merger Agreement was unanimously approved by the directors of the Company other than Messrs. Ralph J. and Brian L. Roberts.

The Board recognized that the Merger is not structured to require the approval of a majority of the unaffiliated stockholders of the Company. The Board further recognized that, given the ownership of Fully Diluted Shares by the Parent Purchasers, satisfaction of the Minimum Tender Condition will occur if only 8,969,988 Fully Diluted Shares (on a fully diluted basis) are tendered in the Offer (significantly less than a majority of the Common Shares (on a fully diluted basis) not held by TCI, the Parent Purchasers or their affiliates. As a result, the Purchaser, if it purchases such number of Shares, would have sufficient voting power to approve the Merger without the affirmative vote of any other stockholder of the Company.

Comcast and Liberty. Comcast and Liberty have each concluded that the Transaction is fair to the stockholders of the Company (other than the Purchaser and its affiliates) based upon the following factors: (i) the conclusions and recommendations of the Board; (ii) the written opinion of Allen & Company dated August 4, 1994 to the Board (and not for the benefit of the Parent Purchasers, their affiliates the stockholders of the Company or any other person) to the effect that the consideration to be received by the stockholders of the Company in the Transaction is fair to such stockholders, other than Comcast and Liberty from a financial point of view; (iii) the factors referred to above as having been taken into account by the Board; (iv) the premium represented by the offer price over the historical market prices of the Common Stock, both prior to the announcement of the CBS Proposal and prior to the announcement of the Proposed Transaction; (v) Comcast's and Liberty's respective valuations of the consideration offered by CBS in connection with the CBS Proposal; (vi) the various analyses of Lazard Freres & Co. described under "-- Opinions and Reports of Financial Advisors" and (vii) the fact that the offer price and the other terms of the Merger Agreement were the result of arm's-length negotiations with the Company and its advisors. Comcast and Liberty did not find it practicable to, and did not, quantify or otherwise attach relative weights to the specific factors considered by the Board. However, Comcast and Liberty each gave significant weight to all the factors discussed in (i) through (vii) above.

OPINIONS AND REPORTS OF FINANCIAL ADVISORS

Opinion of Allen & Company. On August 4, 1994, Allen delivered its written opinion to the Board to the effect that the consideration to be received by the holders of QVC Stock and certain of the Company's stock options pursuant to the Merger Agreement is fair to such holders, other than Comcast and Liberty, from a financial point of view. A copy of Allen's opinion is attached hereto as Annex A. The summary of the opinion set forth herein is qualified in its entirety by Annex A which is incorporated herein by reference. Stockholders are urged to read this opinion in its entirety for a description of the assumptions made, matters considered and procedures followed by Allen. The consideration to be paid pursuant to the Offer and Merger was determined by negotiations on behalf of the Company and the Parent Purchasers and was not determined by Allen. In arriving at its opinion, Allen reviewed, among other things, certain publicly available business and financial information related to the Company. Allen also reviewed certain other information provided to it by the Company, including financial forecasts of the Company, and met with the management of the Company to discuss its business and prospects. Allen also considered, among other things, such other information, financial studies, analyses and investigations and financial, economic and market criteria as it deemed relevant. No limitations were imposed by the Board upon Allen with respect to the investigations made or the procedures

followed by Allen in rendering its opinion, and the Company and the members of management cooperated fully with Allen in connection with its investigation. Allen actively sought third parties who might be interested in acquiring the Company in the course of its engagement and assisted the Company in evaluating other alternative transactions.

In delivering its opinion and making its presentation to the Board, Allen discussed certain financial and comparative analyses and other matters it deemed relevant. Among various financial analyses that Allen discussed were:

- (i) Multiple of Sales Comparison. Allen prepared a market multiple comparison comparing the Company's ratio of total market capitalization (defined as market value of the Company's equity plus net debt) to its latest twelve months sales (the "LTM Sales Ratio") to the average LTM Sales Ratio for groups of publicly traded cable programming companies (included in such group were Gaylord Entertainment Company, International Family Entertainment, Inc. and Turner Broadcasting System, Inc. (the "Cable Programming Companies")) and publicly traded specialty retailing companies (included in such group were Blockbuster Entertainment Corporation, The Home Depot, Inc., Lowe's Companies, Inc., Melville Corporation, Price/Costco, Inc. and Toys 'R' Us, Inc. (the "Specialty Retailing Companies")). The comparisons were made as of June 29, 1994; July 12, 1994; and August 2, 1994 (collectively, the "Comparison Dates") (assuming for the Company on August 2, 1994, that the common equivalent equity value of the Shares was \$46 per share). The analysis showed that the LTM Sales Ratio for the Company, the Cable Programming Companies (on average) and the Specialty Retailing Companies (on average), respectively, were: (a) as of June 29, 1994: 1.26, 3.22, and 1.24; (b) as of July 12, 1994: 1.40, 3.17 and 1.27; and (c) as of August 2, 1994: 1.79, 3.18 and 1.24.
- (ii) Multiple of Operating Cash Flow Comparison. Allen prepared a market multiple comparison comparing the Company's ratio of total market capitalization to its latest twelve months earnings before interest, taxes, depreciation and amortization (the "Cash Flow Ratio") to the average Cash Flow Ratio for the Cable Programming Companies and the Specialty Retailing Companies as of the Comparison Dates (assuming for the Company on August 2, 1994, that the common equivalent equity value of the Shares was \$46 per share). The analysis showed that the Cash Flow Ratio for the Company, the Cable Programming Companies (on average) and the Specialty Retailing Companies (on average), respectively, were: (a) as of June 29, 1994: 8.0, 19.3 and 10.5; (b) as of July 12, 1994: 8.9, 19.1 and 10.8; and (c) as of August 2, 1994: 11.4, 19.2 and 10.7.
- (iii) Multiple of Earnings Per Share Comparison. Allen prepared a market multiple comparison comparing the Company's ratio of the market value of its equity to its latest twelve months earnings per share (the "EPS Ratio") to the average EPS Ratio for the Cable Programming Companies and the Specialty Retailing Companies as of the Comparison Dates (assuming for the Company on August 2, 1994, that the common equivalent equity value of the Shares was \$46 per share). The analysis showed that the EPS Ratio for the Company, the Cable Programming Companies (on average) and the Specialty Retailing Companies (on average), respectively, were: (a) as of June 29, 1994: 21.3, 38.5 and 23.1; (b) as of July 12, 1994: 23.6, 38.0 and 23.6; and (c) as of August 2, 1994: 30.2, 37.4 and 24.0.
- (iv) Multiple of 1994 Estimated Earnings Per Share Comparison. Allen prepared a market multiple comparison comparing the Company's ratio of the market value of its equity to its estimated 1994 earnings per share (the "1994 Estimated EPS Ratio") to the average 1994 Estimated EPS Ratio for the Cable Programming Companies and the Specialty Retailing Companies as of the Comparison Dates (assuming for the Company on August 2, 1994, that the common equivalent equity value of the Shares was \$46 per share). The analysis showed that the 1994 Estimated EPS Ratio for the Company, the Cable Programming Companies (on average) and the Specialty Retailing Companies (on average), respectively, were: (a) as of June 29, 1994: 20.2, 19.7 and 18.3; (b) as of July 12, 1994: 22.4, 19.3 and 18.7; and (c) as of August 2, 1994: 28.7, 19.0 and 19.0. The foregoing excluded the Company's startup costs with respect to its Q2 project. Including such

startup costs, the Company's 1994 Estimated EPS Ratio on each of the Comparison Dates, in chronological order, would have been: 24.2, 26.9 and 34.3, respectively.

With respect to the foregoing four comparative analyses, Allen's analysis stated that, for the Comparison Dates, the Company traded at multiples closely related to the Specialty Retailing Companies, that as of June 29, 1994, the Company traded at an LTM Sales Ratio, a Cash Flow Ratio, an EPS Ratio and a 1994 Estimated EPS Ratio (collectively, the "Comparison Ratios") within the range of the Specialty Retailing Companies (although the 1994 Estimated EPS Ratio exceeded the average for both Specialty Retailing Companies and Cable Programming Companies), and that as of July 12, 1994 and August 2, 1994, based on the comparisons described above, the Company's share prices traded at Comparison Ratios that were higher (except in one case) than the range for Specialty Retailing Companies.

(v) Discounted Cash Flow Analysis. Allen analyzed the net present value of the future unleveraged free cash flows of the Company based on financial projections prepared, and capital structure assumptions provided, by the management of the Company. Allen added to the present value of the free cash flows the terminal value of the Company based on multiples of the projected 1999 earnings before interest, taxes, depreciation and amortization ("EBITDA"), discounted at the same rates as were applied to discount the free cash flows. Discount rates ranging from 15% to 25% and multiples of EBITDA ranging from 7.0 to 9.0 were applied. Allen's analysis reflected that a price of \$46 per share was in line with its discounted cash flow analysis for the Company.

(vi) Other Factors Considered. Allen reviewed recent trends in the shares of Common Stock prices and trading volume in the shares of Common Stock. Allen also (a) compared the recent trend in shares of Common Stock prices versus various market indices, (b) compared market reaction in the price of the shares of Common Stock relating to selected public announcements, (c) studied the above analyses and determined relevant dates for purposes of determining a representative value of the shares of Common Stock, (d) compared the premium of the price offered in the Offer and the Merger over various recent market prices for the shares of Common Stock, as well as a comparison of the premium to be paid in the Offer to premiums paid in selected cash merger transactions, and (d) the multiples to sales, EBITDA, net income and book value offered to the Company in the Offer compared to those multiples in selected merger transactions involving companies in generally comparable industries.

Some of the foregoing analyses used projections provided by management of the Company, which Allen assumed to be reasonably prepared on a basis reflecting the best currently available judgments of the management of the Company as to the future financial performance of the Company. Allen did not make or seek to obtain appraisals of the Company's assets in connection with its analysis of the valuation of the Company.

A copy of Allen's written presentation to the Board has been filed as an exhibit to the Rule 13e-3 Transaction Statement on Schedule 13E-3 filed by the Company, the Parent Purchasers and the Purchaser (the "Schedule 13E-3") with the Commission. Copies will be made available for inspection and copying at the principal executive offices of the Company during regular business hours by any interested stockholder of the Company, or his representative who has been so designated in writing. The summary set forth above does not purport to be a complete description of either Allen's analyses, including those set forth as exhibits to the Schedule 13E-3, or Allen's presentations to the Board. Allen believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all factors and analyses, could create an incomplete view of the processes underlying its opinion. The preparation of a fairness opinion is a complex process and not necessarily susceptible to partial analyses or summary description. In its analyses, Allen made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the Company's control. Any estimates contained therein are not necessarily indicative of actual values, which may be significantly more or less favorable than as set forth therein. Estimates of value of companies do not purport to be appraisals or necessarily reflect the prices at which companies may actually be sold. Because such estimates are inherently

subject to uncertainty, none of the Company, the Purchaser, Allen or any other person assumes responsibility for their accuracy.

The Company has retained Allen as the Company's financial advisor in connection with the Merger, the Offer and other matters arising in connection therewith pursuant to an engagement letter dated August 4, 1994 (the "Engagement Letter") between the Company and Allen. The Engagement Letter provides, among other things, that upon the earlier to occur of the consummation of the Offer or such earlier time as Allen and the Company may agree, the Company will pay to Allen a fee equal to \$10.3 million. In addition, the Company has agreed to reimburse Allen for its reasonable out-of-pocket expenses, including reasonable travel and legal expenses, and to indemnify Allen against certain liabilities. In the event of the consummation of an alternative transaction to that contemplated by the Merger Agreement, the Company has agreed to pay Allen a fee in an amount to be agreed upon by Allen and the Company.

The Board selected Allen as its financial advisor because Allen is an internationally recognized investment banking firm and regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions. Allen has particular expertise and experience in the cable and media industries. Allen also represented the Company as its financial advisor in connection with the Company's attempted acquisition of Paramount Communications Inc. and provided financial advisory services to the Company in connection with its consideration of a possible business combination with CBS. Paul A. Gould, a managing director of Allen, has served as a director of Liberty since December 1991. Mr. Gould remains a director of Liberty following the business combination in which Liberty became a wholly owned subsidiary of TCI. Allen acted as dealer manager for a tender offer made by Liberty for HSN in 1993. In addition, as a part of its investment banking and securities trading business, Allen holds positions in and trades in the securities of the Company, Comcast and TCI from time to time, and has previously held positions in and traded the securities of Liberty.

Neither the Company nor any person acting on its behalf has retained any other person to make solicitations or recommendations to stockholders on its behalf concerning the Offer.

Opinions and Report of Lazard. Lazard has delivered its written opinion (the "August 4 Lazard Opinion") dated August 4, 1994 addressed to the Board of Directors of Comcast that, as of such date, based upon the procedures and subject to the assumptions described therein, the consideration to be paid by Comcast in the Transaction is fair, from a financial point of view, to Comcast. In addition, Lazard has delivered its written opinion (the "July 12 Lazard Opinion", and, together with the August 4 Lazard Opinion, the "Lazard Opinions") dated July 12, 1994 addressed to the Board of Directors of Comcast that, as of such date, based upon the procedures and subject to the assumptions described therein, the consideration to be paid by Comcast in the Proposed Transaction is fair, from a financial point of view, to Comcast.

The Board of Directors of Comcast has not requested or received any opinion from Lazard as to the fairness, from a financial point of view, of the consideration to be paid in the Transaction or the Proposed Transaction to the stockholders of the Company. THE LAZARD OPINIONS ARE DIRECTED ONLY TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, TO COMCAST OF THE TRANSACTION AND THE PROPOSED TRANSACTION, RESPECTIVELY, AND DO NOT GO TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, OF THE CONSIDERATION TO BE RECEIVED BY THE STOCKHOLDERS OF THE COMPANY IN THE TRANSACTION OR PROPOSED TRANSACTION, RESPECTIVELY, OR CONSTITUTE RECOMMENDATIONS TO ANY STOCKHOLDER OF THE COMPANY TO TENDER ITS SHARES. The Lazard Opinions were delivered solely for the benefit of the Board of Directors of Comcast and were not on behalf of, and were not intended to confer rights or remedies upon, the Company or Liberty, or any stockholders of Comcast, the Company or Liberty, or any other person other than the Board of Directors of Comcast. Lazard was not requested to pass upon the fairness of the terms of the Merger Agreement or any terms of any proposed financing of the Transaction or the Proposed Transaction. Consideration of these terms was not necessary by Lazard to an evaluation of the fairness to Comcast of the consideration to be paid. Lazard was not requested to and did not recommend to the Board of Directors of Comcast the form or amount of the consideration to be paid to stockholders of the Company in the Transaction or the Proposed Transaction, which (in the case of the Transaction) were determined through negotiations between Comcast, Liberty and the Company and their respective advisors.

The full text of the Lazard Opinions, which set forth assumptions made, matters considered and limits on the review undertaken, are available for inspection and copying at the principal executive office of Comcast during its regular business hours by any interested equity security holder of the Company or his or her representative who has been so designated in writing. In addition, copies of the Lazard Opinions have been filed with the Securities and Exchange Commission (the "Commission") as exhibits to the Schedule 13E-3 (as defined under "The Tender Offer -- 13. Miscellaneous") and may be inspected, copied and obtained in the manner specified in "The Tender Offer -- 6. Certain Information Concerning the Company." The summaries of the Lazard Opinions set forth herein are qualified in their entirety by reference to the full texts thereof.

August 4 Lazard Opinion. In rendering the August 4 Lazard Opinion, Lazard among other things: (i) reviewed the Merger Agreement and the financial terms of the Transaction set forth therein; (ii) reviewed certain publicly available historical business and financial information relating to Comcast and the Company; (iii) held discussions with the senior management of Comcast concerning Comcast's objectives in pursuing the Transaction, its intended method of financing the Transaction and certain other matters; (iv) reviewed certain publicly available information with respect to certain other companies in lines of business they believe to be comparable to those of Comcast and the Company; (v) reviewed the financial terms of certain recent business combinations involving companies in lines of business they believe to be comparable to those of Comcast, and the Company, and in other industries generally; (vi) analyzed the pro forma financial impact of the Transaction on Comcast; (vii) reviewed the historical stock prices and trading volumes of Comcast's common stock and the Common Stock; and (viii) conducted such other financial studies, analyses and investigations as they deemed appropriate.

July 12 Lazard Opinion. In rendering the July 12 Lazard Opinion, Lazard among other things: (i) reviewed the proposed terms of the Proposed Transaction as outlined in the offer letter dated July 12, 1994 from Comcast to the Company (see "-- Background of the Transaction"); (ii) reviewed certain publicly available historical business and financial information relating to Comcast and the Company; (iii) held discussions with the senior management of Comcast concerning Comcast's objectives in pursuing the Proposed Transaction, its intended method of financing the Proposed Transaction and certain other matters; (iv) reviewed certain publicly available information with respect to certain other companies in lines of businesses they believe to be comparable to the businesses of Comcast and the Company; (v) reviewed the financial terms of certain recent business combinations involving companies in lines of businesses they believe to be comparable to those of Comcast and the Company, and in other industries generally; (vi) analyzed the pro forma financial impact of the Proposed Transaction on Comcast; (vii) reviewed the historical stock prices and trading volumes of Comcast's common stock and the Common Stock; and (viii) conducted such other financial studies, analyses and investigations as they deemed appropriate.

The Lazard Report. In connection with the delivery of the July 12 Lazard Opinion, Lazard prepared a report, dated July 12, 1994 (the "Lazard Report"). The Lazard Report included an outline of a proposed transaction structure whereby Comcast would acquire the Company, an analysis of the structure of the CBS Proposal (see "-- Background of the Transaction"), a valuation of the CBS Proposal and a valuation of the Company. Certain of the analyses included in the Lazard Report were based in part on financial projections provided by Comcast.

The Lazard Report was prepared solely for internal use and not with a view to public disclosure or compliance with the published guidelines of the Commission or the American Institute of Certified Public Accountants regarding projections, and were not prepared with the assistance of, or reviewed by, independent accountants. The information contained in the Lazard Report is included in this Offer to Purchase solely because such report was furnished by Lazard to Comcast. While presented with numerical specificity, such reports, and the analyses included therein (including the projections provided to Lazard contained therein), are based upon a variety of assumptions relating to the businesses of the Company, industry performance, general business and economic conditions and other matters and are subject to significant uncertainties and contingencies, many of which are beyond the Company's control, and, therefore, such report and analyses are inherently imprecise and there can be no assurance that any valuations therein could be realized. None of the

Purchaser, the Parent Purchasers, the Company or Lazard assumes any responsibility for the validity, reasonableness, accuracy or completeness of any of the Lazard Report.

No limitations were placed by Comcast with respect to the investigations made or the procedures followed by Lazard. Lazard is an internationally recognized investment banking firm and regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions. Lazard has from time to time provided financial advice and services to Comcast, but in selecting Lazard, Comcast considered primarily Lazard's general reputation and expertise. See "The Tender Offer -- 12. Fees and Other Expenses" for a description of the terms of Lazard's engagement by Comcast.

The summary of the Lazard Report set forth below does not purport to be a complete description of the Lazard Report or the analyses performed, or the matters considered by Lazard in arriving at the Lazard Opinions, and is qualified in full by reference to the full text of the Lazard Report. Lazard believes that its reports must be considered as a whole and that selecting portions of its report and of the factors considered by it could create an incomplete view as to the results of the Lazard Report and the Lazard Opinions. The full text of the Lazard Report is available for inspection and copying at the principal executive office of Comcast during its regular business hours by any interested equity security holder of the Company or his or her representative who has been so designated in writing. In addition, a copy of the Lazard Report has been filed as an exhibit to the Schedule 13E-3 and may be inspected, copied and obtained in the manner specified in "The Tender Offer -- 6. Certain Information Concerning the Company".

The Lazard Report outlined a transaction structure for Comcast to acquire all the outstanding shares of Common Stock the Company not already owned by Comcast for a consideration of \$45.00 per share consisting of \$38.00 per share in cash and \$7.00 per share in a newly-formed class of convertible exchangeable preferred stock of Comcast. The convertible exchangeable preferred stock was proposed to have a 7.5% annual dividend and to be convertible into Comcast's Class A Special Common Stock at a conversion price of \$21.00 per share. The Lazard Report proposed potential sources and uses of funds in the transaction. The Lazard Report also contained an overview of the CBS Proposal, including estimated proceeds to stockholders of both CBS and the Company, a blended multiple analysis and stock trading history. In addition, the report included a valuation of the Company. Lazard outlined the Company's present general operations and certain projects to be launched in 1994. Lazard incorporated projections of the Company's revenues, expenses, capital expenditures and cash flows through 1999 as provided by Comcast. The report also included a range of discounted cash flow values and internal rates of return based upon varying assumptions, an analysis of the implied trading multiples at various stock prices, the Company's stock trading history, a summary of market statistics for comparable public companies and summaries of recent research reports on the Company prepared by other parties. The following describes Lazard's analysis as delivered to the Board of Directors of Comcast on June 12, 1994.

Summary Valuation Results. Lazard prepared summary valuation results indicating unlevered discounted cash flow values per share at earnings before interest, taxes, depreciation and amortization ("EBITDA") exit multiples of 8.0x and 9.0x, at discount rates of 14.0% and 15.0% and with revenue growth rates of 10.0%, 12.5% and 15.0% (the "Respective Revenue Growth Rates"). At an EBITDA exit multiple of 8.0x, the discounted cash flow values per share (i) at a discount rate of 14% were \$38.60, \$47.54, and \$57.07, and (ii) at a discount rate of 15% were \$37.09, \$45.66, and \$54.82, at the Respective Revenue Growth Rates. At an EBITDA exit multiple of 9.0x, the discounted cash flow values per share (i) at a discount rate of 14% were \$42.25, \$52.07, and \$62.63, and (ii) at a discount rate of 15% was \$40.58, \$50.02, and \$60.14, at the Respective Revenue Growth Rates.

Lazard also indicated the leveraged pre-tax internal rate of return, assuming a \$1.1 billion equity investment including the value of the Company's Shares already owned by Comcast, at EBITDA exit multiples of 8.0x, 9.0x, 10.0x and 11.0x (the "Respective EBITDA Exit Multiples") and at purchase prices per share ranging from \$40.00 to \$55.00. At \$40.00 per share, the leveraged pre-tax internal rate of return ranged from 27.8% to 37.8% at the Respective EBITDA Exit Multiples. At \$45.00 per share, the leveraged pre-tax internal rate of return ranged from 20.8% to 30.3% at the Respective EBITDA Exit Multiples. At \$50.00 per share, the leveraged pre-tax internal rate of return ranged from 15.7% to 24.8% at the Respective

EBITDA Exit Multiples. At \$55.00 per share, the leveraged pre-tax internal rate of return ranged from 11.6% to 20.4% at the Respective EBITDA Exit Multiples.

Analysis at Various Stock Prices ("AVP"). Lazard prepared an analysis of the relationship of various hypothetical share prices for the Shares ranging from \$35.00 to \$55.00 to (i) the price on June 27, 1994, (ii) the high price during the 52 week period prior to the date of the report and (iii) the low price during the 52 week period prior to the date of the report, and an analysis of the implied multiples of such share price.

At a per share price of \$45.00, the AVP reflected market capitalization as a multiple of revenues of 1.7x for the latest twelve months, of 1.5x for projected 1994 results, and of 1.4x for projected 1995 results.

At a per share price of \$45.00, the AVP reflected market capitalization as a multiple of EBITDA of 10.9x for the latest twelve months, of 11.1x for projected 1994 results, and of 9.4x for projected 1995 results.

At a per share price of \$45.00, the AVP reflected market capitalization as a multiple of earnings before interest and taxes ("EBIT") of 14.0x for the latest twelve months, of 14.4 for projected 1994 results, and of 11.8x for projected 1995 results.

At a per share price of \$45.00, the AVP reflected adjusted market value as a multiple of net income of 44.7x for the latest twelve months and 32.0x for projected 1994 results.

Stock Price and Trading Volume Analysis. Lazard examined the history of the daily trading prices of the Shares for the one year period from July 2, 1993 to July 11, 1994 and for the five year period from July 7, 1989 to July 11, 1994.

Comparable Companies Analysis. Using publicly available information, Lazard prepared an analysis of selected financial data for companies in businesses which Lazard believes to be comparable to the Company's. Although such companies are similar to the Company in some respects, none of such companies possess characteristics identical to those of the Company. Financial data reviewed for these companies included, but was not limited to, revenues, EBITDA, EBIT and net income, for the periods of the latest twelve months, projected 1994 results and projected 1995 results.

Based on projected 1994 results, the market capitalization of the comparable companies to: (a) revenues ranged from 0.9x to 3.5x, (b) EBITDA ranged from 9.3x to 15.0x, (c) EBIT ranged from 11.7x to 17.7x. The price-to-earnings multiples of the comparable companies on projected 1994 results ranged from 17.6x to 27.2x.

Other Opinions. In the course of determining the fairness of the TCI/Liberty Merger to the respective stockholders of each of Liberty and [Old TCI] during the first and second quarter of 1994, CS First Boston and Merrill Lynch each estimated the value of the two companies' respective component assets and businesses. In assigning values to publicly traded, non-control investments held by the two companies (or, in the case of non-publicly traded securities which are convertible into or exercisable or exchangeable for publicly traded securities, to the equivalent publicly traded security basis), such as Liberty's minority equity interest in the Company, such investment advisors principally relied on the market price of such publicly traded securities as of particular dates, and did not prepare any specific report, opinion or appraisal as to the value of the Company or the underlying Common Stock.

PLANS FOR THE COMPANY AFTER THE MERGER

In connection with its consideration of the Offer, the Purchaser has made a preliminary review, and will continue to review, on the basis of available information, various possible business strategies that it might consider upon completion of the Transaction. Upon completion of the Offer, the Purchaser intends to conduct a detailed review of the Company and its assets, businesses, operations, properties, policies (including dividend policies), corporate structure, capitalization and the responsibilities and qualifications of the Company's management and personnel and consider what, if any, changes the Purchaser deems desirable in light of the circumstances which then exist.

Pursuant to the Joint Bidding Agreement, the equity interests in the Surviving Corporation will be owned 57.4% by Comcast and 42.6% by Liberty. The management committee of the board of directors of the

Surviving Corporation will be comprised of three representatives appointed by Comcast who shall be reasonably acceptable to Liberty and two representatives appointed by Liberty who shall be reasonably acceptable to Comcast. The day-to-day operations of the Surviving Corporation will be managed by Comcast. However, neither the Surviving Corporation nor the Company will, subject to certain exceptions, engage in certain transactions or take certain actions unless approved in advance by Liberty, including: (i) any action which would result in the Surviving Corporation, conducting, participating in or making certain investments in a business other than the marketing of goods or services among electronic media and activities ancillary thereto or vertically integrated therewith; (ii) transactions not in the ordinary course of business; (iii) the disposition, by the Surviving Corporation not in its ordinary course of business, of a material amount of its assets; (iv) the merger or consolidation or the dissolution or liquidation of the Surviving Corporation or the Company; (v) amendments to the Surviving Corporation's Certificate of Incorporation or By-Laws; (vi) the issuance or purchase of any shares of the capital stock or other equity securities of the Surviving Corporation or the Company; (vii) the amendment or modification of any outstanding options, warrants or rights to acquire shares of capital stock or other securities of the Surviving Corporation; (viii) the filing by the Surviving Corporation of a petition under the Bankruptcy Act or any other insolvency law, or the admission in writing of its bankruptcy, insolvency or general inability to pay its debts; (ix) the commencement or settlement of litigation or arbitration which is material to the Surviving Corporation other than in the ordinary course of business; (x) entering into by the Surviving Corporation of material contracts not connected with carrying on its principal business; and (xi) certain transactions between the Surviving Corporation and Comcast. Upon consummation of the Merger, Comcast and TCI have agreed to cooperate in good faith to cause the Surviving Corporation and HSN to pursue jointly business opportunities outside the United States and Canada. Following consummation of the Merger, neither Comcast nor Liberty (nor the directors, officers, members of the Management Committee, employees or agents of the Surviving Corporation or any subsidiary who are also directors, officers, employees or agents of either Comcast or Liberty) will be obligated to present any corporate opportunity to the Surviving Corporation or its subsidiaries.

Following the Merger, each of Comcast and Liberty will have the right to three demand registrations to have their shares of the Surviving Corporation registered under the Securities Act of 1933, as amended (the "Securities Act"). Such demand registration rights will be subject to the right of first refusal of the other party, at a price to be determined by three investment bankers based upon a projected initial secondary public offering price of the Surviving Corporation's common stock. Any other transfers will be subject to the other party's right of first refusal except that a change in control of Liberty, Comcast or certain affiliates thereof will not trigger such rights of first refusal.

Unless Liberty, through the exercise of its demand registration rights, shall have been the party which first caused the Surviving Corporation's common stock to be registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), then Liberty may at any time during the 60-day period following the fifth anniversary of the Merger (or if not previously exercised, at any time during the 60-day period following each of the sixth, seventh, eighth, and ninth anniversary of the Merger) exercise its exit rights as described below and in the Joint Bidding Agreement.

Liberty may exercise its exit rights by delivering written notice to Comcast, whereupon Liberty and Comcast will seek to agree upon the fair market value of the Surviving Corporation on a going concern or a liquidation basis, whichever is higher. If they are unable to agree upon a fair market value, then each of Liberty and Comcast will appoint an independent appraiser to determine such value. If the amount of the higher of the two appraisers is greater than 110% of the lower, then a third independent appraiser designated by the first two appraisers will be retained and deliver its appraisal. The final appraisal will be the average of the closest two appraisals.

Comcast shall have the right to purchase all of the common stock of the Surviving Corporation held by Liberty at a price equal to the fraction of the fair market value of the Surviving Corporation represented by such common stock as a percentage of the fully diluted common stock of the Surviving Corporation. Comcast may pay Liberty for such shares in cash, a Comcast promissory note maturing not more than three years after issuance, or Comcast equity securities. In certain circumstances, Comcast may be required to pay Liberty in Comcast equity securities

If Comcast fails to purchase the shares of the Surviving Corporation held by Liberty in accordance with the terms of The Joint Bidding Agreement, then Liberty shall have the right to purchase the shares of the Surviving Corporation held by Comcast on the same terms on which Liberty's shares of the Surviving Corporation were offered to Comcast.

If Liberty fails to purchase the shares of the Surviving Corporation held by Comcast by the time agreed, then Liberty and Comcast will use their best efforts to sell the Surviving Corporation in a sale in which Liberty, Comcast or any of their respective affiliates may be purchasers.

Liberty and Comcast have also agreed to use all reasonable efforts to consummate any purchase and sale in the most tax efficient method available.

Except as described above or elsewhere in this Offer to Purchase, the Purchaser has no present plans or proposals that would relate to or result in an extraordinary corporate transaction involving the Company or any of its subsidiaries (such as a merger, reorganization, liquidation, relocation of any operations or sale or other transfer of a material amount of assets), any change in the Company's Board of Directors or management, any material change in the Company's capitalization or dividend policy or any other material change in the Company's corporate structure or business.

INTERESTS OF CERTAIN PERSONS IN THE TRANSACTION

In considering the recommendations of the Board, stockholders of the Company should be aware that certain members of the Board have certain interests that present actual or potential conflicts of interest in connection with the Transaction. The Board was aware of these actual or potential conflicts of interest and considered them along with other matters described under "-- Fairness of the Transaction".

The Joint Bidders and their affiliates beneficially own approximately 34.5% of the Fully Diluted Shares, and as result of such ownership the Joint Bidders may be deemed to control the Company. Of the 18,883,801 Fully Diluted Shares beneficially owned by the Parent Purchasers, 8,627,934 are held by Comcast (6,207,434 shares of Common Stock, 72,050 shares of Preferred Stock and warrants to purchase 1,700,000 of Common Stock, or 15.5% of the Fully Diluted Shares) and 10,255,867 are held by Liberty (6,527,207 shares of Common Stock and 372,866 shares of Preferred Stock, or 18.4% of the Fully Diluted Shares). In addition, Old TCI (as defined under "The Tender Offer -- 7. Certain Information Concerning the Purchaser and the Parent Purchasers") beneficially owns 332,772 Fully Diluted Shares (153,552 shares of Common Stock and 17,922 shares of Preferred Stock, or 0.6% of the Fully Diluted Shares).

Brian L. Roberts, the President and a director of Comcast, has served as a director of the Company since October 1987 and Ralph J. Roberts, the Chairman of the Board of Comcast, has served as a director of the Company since June 1991. Peter Barton, the President and a director of Liberty and Executive Vice President of TCI, served as a director of the Company from December 1989 to November 1993 and John Malone, the President and a director of TCI, served as a director of the Company from June 1991 to November 1993.

Paul A. Gould, a managing director of Allen, has served as a director of Liberty since December 1991. Mr. Gould remains a director of Liberty following the business combination transaction in which Liberty became a wholly owned subsidiary of TCI. Allen acted as dealer manager for a tender offer made by Liberty for HSN in 1993. In addition, as a part of its investment banking and securities trading business, Allen holds positions in and trades in the securities of the Company, Comcast, and TCI from time to time, and has previously held positions in and traded in the securities of Liberty.

J. Bruce Llewellyn, a director of the Company, is Chairman of the Board and Chief Executive Officer of Garden State Cablevision, Inc., the general partners and owner of approximately 20% of the equity of Garden State Cablevision, L.P. ("Garden State"). A subsidiary of Comcast is a limited partner of Garden State and owns approximately 40% of the equity of Garden State.

In connection with the merger of the Company with CVN Companies, Inc. ("CVN"), Satellite Services, Inc. ("SSI"), a wholly owned subsidiary of TCI, entered into an Equity Participation Agreement (the "TCI Equity Participation Agreement") and an Addendum to CVN Affiliation Agreement (the "TCI Adden-

dum"), both dated October 27, 1987, with the Company. The TCI Addendum extends the original term of an affiliation agreement (the "TCI Affiliation Agreement") between CVN and SSI from July 1, 1994 to June 30, 2004 and requires TCI, its subsidiaries and certain of its affiliates, (the "TCI Affiliates") to distribute the QVC service to a minimum of 4,519,435 cable television subscribers for the remainder of the term. The TCI Affiliation Agreement provides for the payment of a 5% commission to the TCI Affiliates on net sales of the Company's merchandise sold in the zip code areas served by the TCI Affiliates. The remedy for failure to meet the carriage requirements under the TCI Addendum is a pro rata repurchase by the Company, at \$1.00 per share, of up to 372,866 shares of Preferred Stock issued to the TCI Affiliates pursuant to the TCI Equity Participation Agreement and other similar agreements between certain subsidiaries and affiliates of TCI and the Company.

On July 26, 1993, Liberty and the Company entered into a letter agreement (the "Q2 Agreement") pursuant to which Liberty agreed to use its reasonable best efforts to cause the TCI Affiliates to carry the Q2 service to a minimum of 10,000,000 cable television subscribers by July 26, 1996, such carriage to continue for seven years from commencement. The terms of the Q2 Agreement also require the TCI Affiliates to transmit the QVC service to an additional 701,000 cable television subscribers by July 26, 1995. The remedy for failure to meet the carriage requirements under the Q2 Agreement is the pro rata repurchase by the Company from Liberty of up to 571,480 shares of Common Stock at \$1.00 per share.

Cable systems operated by TCI subsidiaries and of its affiliates representing approximately 10.5 million of approximately 14 million of the cable subscribers served by all of such systems distribute the QVC service to approximately 8.8 million cable television subscribers and the Q2 service to approximately 290,000 cable television subscribers. During the calendar year 1993 and the seven month period from January 1 to July 31, 1994, respectively, such systems received an aggregate of approximately \$12 million and \$8.5 million in commissions for sales of the Company's merchandise.

In connection with Equity Participation Agreements dated June 26, 1987 and October 26, 1989 respectively, Comcast entered into an Affiliation Agreement with the Company dated June 26, 1987 (the "Comcast Affiliation Agreement") and an Addendum to the Comcast Affiliation Agreement dated October 26, 1989 (the "Addendum"). The Comcast Affiliation Agreement provides for the payment of a 5% commission to Comcast on net sales of the Company's merchandise sold in the zip code areas served by Comcast. The Addendum extends the term of the Comcast Affiliation Agreement from June 26, 1994 through June 26, 2004 and requires Comcast to distribute the QVC service to a minimum of 1,441,000 cable subscribers for the remainder of the term. In connection with the Comcast Affiliation Agreement, the Company paid to Comcast and its subsidiaries approximately \$3.2 million in respect of the fiscal year ended January 31, 1993, \$3.5 million in respect of the fiscal year ended January 31, 1994 and \$1.3 million in respect of the period from February 1, 1994 through July 31, 1994.

In addition to the Comcast Affiliation Agreement and the Addendum, Comcast and the Company executed a Charter Affiliation Agreement dated May 1, 1994 (the "CAA") governing Comcast's carriage of the Q2 service. Under the CAA, Comcast has agreed to distribute both the QVC and the Q2 service to a minimum of 85% of its subscriber base by December 31, 1998 (the "Minimum Carriage Commitment") in exchange for Q2 launch incentives totalling approximately \$10 million. The remedy for failure to meet the Minimum Carriage Commitment by December 31, 1998 is a pro rata return of the launch incentives. The CAA further provides that once a system commences carriage of QVC and/or Q2 that system must continue to carry the service in question through the remainder of the term. The remedy for failure to continue carriage of a service once launched in a system is specific performance.

In addition, in the Joint Bidding Agreement Comcast and Liberty have agreed, in connection with the consummation of the Merger, to cause the Company to waive any remaining rights it may have pursuant to the Company Repurchase Rights (or any similar contingent right of the Company to reacquire shares of its capital stock) with respect to all shares of capital stock of the Company (or rights to acquire such shares) currently held by Liberty, TCI or Comcast (or any of their respective direct and indirect subsidiaries and affiliates).

Comcast currently distributes the QVC service to 2,670,259 subscribers and the Q2 service to 428,662 subscribers.

According to the Company, as of July 31, 1994, all executive officers and directors of the Company as a group beneficially owned 1,126,838 shares of Common Stock and held Options to purchase an aggregate of 7,385,000 shares of Common Stock. If the Transaction is consummated, such persons will receive an aggregate of \$51,834,548 in cash for their shares of Common Stock and, in addition, an aggregate of \$88,788,500 in respect of the cash-out of their Options, assuming all Options are actually cashed out and assuming 3,000,000 scaled price options held by Mr. Diller are cashed out as of December 9, 1994, the first date on which the last 1,500,000 of such Options become exercisable. See "-- The Merger Agreement" for a discussion of the treatment of Options in the Merger.

According to the Company, the following table sets forth, as of July 31, 1994, the number of shares of Common Stock and Options owned by, the percentage of Fully Diluted Shares beneficially owned by, and the aggregate amounts to be received in connection with the Transaction (in the case of Options, net of the exercise price) by, each executive officer and director of the Company who owns any Common Stock or Options and all executive officers and directors of the Company as a group. Other than the individuals named below, no executive officer or director of the Company owns any Shares or Options.

NAME OF DIRECTOR OR EXECUTIVE OFFICER OF THE COMPANY	SHARES OF COMMON STOCK	OPTIONS	PERCENT OF CLASS BENEFICIALLY OWNED	TOTAL CASH AMOUNT TO BE RECEIVED IN THE TRANSACTION
-----	-----	-----	-----	-----
Douglas Briggs.....	20,888	387,500	1.01%	\$ 6,253,348
Candice Carpenter.....	0	50,000	0.12	0
William Costello.....	0	361,250	0.89	6,141,250
Thomas Downs.....	0	153,750	0.38	2,489,250
Barry Diller(1).....	1,000,000	6,000,000	15.14	114,130,000
Neal Grabell.....	200	160,000	0.40	2,699,700
James Held.....	0	10,000	0.02	0
John Link.....	0	152,500	0.38	2,438,000
Brian L. Roberts.....	750	0	0.002	34,500
Ralph J. Roberts.....	5,000	0	0.01	230,000
William Schereck.....	0	10,000	0.02	50,000
Joseph Segel.....	100,000	100,000	0.50	6,157,000
	-----	-----	-----	-----
	1,126,838	7,385,000	17.88%	\$ 140,623,048

(1) The calculation of the cash amount to be received by Barry Diller assumes the exercise of his 3,000,000 scaled options on 12/9/94.

On July 11, 1994, Thomas Downs exercised options to purchase 3,750 shares of Common Stock at an exercise price of \$5 per share and sold those shares on such date at a price of \$35.75 per share.

As of August 8, 1994, all executive officers and directors of the Joint Bidders as a group beneficially owned an aggregate of 34,025 shares of Common Stock. If the Transaction is consummated, such persons will receive an aggregate of \$1,505,150 in cash for such shares.

The following table sets forth, as of August 8, 1994, the number of shares of Common Stock and the percentage of Fully Diluted Shares owned by, and the aggregate amounts to be received by, each executive officer and director of the Joint Bidders who owns any Common Stock and all executive officers and directors of the Joint Bidders as a group pursuant to the Transaction. Other than the individuals named below, no executive officer or director of the Joint Bidders owns any Shares.

NAME OF DIRECTOR OR EXECUTIVE OFFICER OF THE JOINT BIDDERS	SHARES OF COMMON STOCK	PERCENT OF CLASS BENEFICIALLY OWNED	TOTAL CASH AMOUNT TO BE RECEIVED
Peter R. Barton.....	2,975	0.007%	\$ 136,850
Bob Magness.....	3,750	0.009	172,500
Fred A. Vierra.....	50	0.000	2,300
Ralph J. Roberts.....	5,000	0.01	230,000
Brian L. Roberts.....	750	0.002	34,500
Daniel Aaron.....	1,500	0.004	69,000
Irving A. Wechsler.....	12,000	0.03	552,000
Sheldon M. Bonovitz.....	1,500	0.004	69,000
Suzanne F. Roberts.....	5,000	0.01	230,000
Anne Wexler.....	500	0.001	2,300
Robert B. Clasen.....	1,000	0.002	46,000
	=====	=====	=====
	34,025	0.08%	\$1,565,150

In June 1992, the Company repurchased 1,970 shares of Common Stock at a repurchase price of \$0.38 per share, for a total repurchase amount of \$752.30. In July 1992, the Company repurchased 310 shares of Common Stock at a repurchase price of \$1.00 per share, for a total repurchase amount of \$310.00. The total amount of shares of Common Stock repurchased by the Company during the second quarter of fiscal year ending January 31, 1993, was 2,280 at an average price of \$0.47 per share, for a total repurchase amount of \$1,062.30.

In October 1992, Comcast converted a \$30 million convertible note of the Company (which had been called by the Company) into 1,704,546 shares of Common Stock at an average price of \$17.60 per share. Such conversion was the only transaction in the Common Stock by the Company, the Purchaser or its affiliates during the third quarter of the fiscal year ending January 31, 1993.

In January 1993, the Company repurchased 290 shares of Common Stock at a repurchase price of \$1.00 per share, for a total repurchase amount of \$290.00. Also in January 1993, the Company repurchased 800 shares of Common Stock at a repurchase price of \$38.125 per share, for a total repurchase amount of \$30,500.00. The total amount of shares repurchased by the Company during the fourth quarter of fiscal year ending January 31, 1993 was 1,090 at an average price of \$28.25 per share, for a total repurchase amount of \$30,790.00.

On November 15, 1993 Comcast purchased 1,690,041 shares of Common Stock from Liberty at an average price per share of \$18.615 per share.

In December 1993, the Company repurchased 380 shares of Common Stock at a repurchase price of \$1.00 per share, for a total repurchase amount of \$380.00. In January 1994, the Company repurchased 350 shares of Common Stock at a repurchase price of \$1.00 per share, for a total repurchase amount of \$350.00. The total amount of shares purchased by the Company, the Purchaser or its affiliates during the fourth quarter of fiscal year ending January 31, 1994 was 1,690,041 at an average price of \$18.607 per share.

On April 29, 1994, Comcast exercised warrants to purchase 310,000 shares of Common Stock at an average price of \$10.00 per share. Such exercise was the only transaction in the Common Stock by the Company, the Purchaser or its affiliates during the first quarter of the fiscal year ending January 31, 1995.

In July 1994, the Company repurchased 310 shares of Common Stock at a repurchase price of \$1.00 per share, for a total repurchase price of \$310.00 per share. Such repurchase was the only transaction in the Common Stock by the Company, the Purchaser or its affiliates during the second quarter of the fiscal year ending January 31, 1995 to date.

In July 1994 the Company paid Comcast approximately \$2.1 million in connection with Comcast beginning to carry certain of the Company's secondary programs to certain of its cable television subscribers.

In addition, from time to time holders of shares of Preferred Stock have converted such shares into Common Stock. In July 1994, 128 shares of Preferred Stock were converted into 1,280 shares of Common Stock.

In April 1994, Comcast exercised warrants to purchase 310,000 Common Shares for \$10.00 per share.

On December 23, 1992, the Company extended an offer to all of the holders (the "Warrantholders") of warrants (the "Warrants") to purchase Common Shares to convert any or all of the Company's 9,479,913 outstanding Warrants into Shares. Pursuant to the terms of such offer, the Company offered, at the Warrantholder's election, (i) to issue to the Warrantholder, in exchange for the Warrantholder's Warrants, Common Shares with an aggregate value (each share being valued at \$37.75 per share, representing a market based average stock price at such time (the "Conversion Price")) equal to the difference between the Conversion Price and the price at which the Warrants were exercisable (the "Exercise Price"), multiplied by the number of Common Shares into which the Warrants were exercisable, or (ii) if the Warrantholder elected to exercise its Warrants by making payment of the Exercise Price in cash and delivery of the Warrant certificate, to issue the number of Common Shares into which such Warrants were exercisable and to repurchase from the Warrantholder, at the Conversion Price, all of the Common Shares that could be purchased using all of the proceeds of the payment by the Warrantholder of the Exercise Price. In connection with an election described in (ii) above, the Company also offered to accept payment of the Exercise Price in Common Shares valued at the Conversion Price. As a result of acceptance of such offer by Liberty Media and its affiliates, the Company issued 2,475,434 Common Shares to Liberty Media and its affiliates upon the exercise or exchange of Warrants to purchase 3,903,764 Common Shares.

THE MERGER AGREEMENT

The following is a summary of the Merger Agreement, a copy of which is filed as an Exhibit to the Schedule 14D-1. Such summary is qualified in its entirety by reference to the Merger Agreement.

The Offer. The Merger Agreement provides that the obligation of the Purchaser to consummate the Offer and to accept for payment and purchase the Shares tendered pursuant to the Offer shall be subject only to the conditions set forth in the Merger Agreement, which are described under "The Tender Offer -- 10. Certain Conditions of the Offer". Comcast, Liberty and the Purchaser have agreed in the Merger Agreement that, without the prior written consent of the Company, the Purchaser will not make any change in the terms or conditions of the Offer that is adverse to the holders of the Shares, change the form of consideration to be paid in the Offer, decrease the price per Share payable in the Offer or the number of Shares sought in the Offer, waive the Minimum Condition or impose conditions to the Offer in addition to those set forth in the Merger Agreement, add additional conditions to the Offer, or make any other change in the terms or conditions of the Offer which is adverse to the holders of Shares.

The Merger. The Merger Agreement provides that, upon the terms and subject to the conditions thereof, at the time at which the Company and the Purchaser file articles of merger with the Secretary of State of the State of Delaware and make all other filings or recordings required by the GCL in connection with the Merger, the Purchaser will cause MergerCo to be merged with and into the Company in accordance with the GCL. The Merger shall become effective at such time (but not prior to October 21, 1994) as the Certificates of Merger are duly filed with the Secretary of State of the State of Delaware or at such later time as is specified in the Certificates of Merger (the "Effective Time"). As a result of the Merger, the separate corporate existence of MergerCo will cease and the Company will be the Surviving Corporation.

At the Effective Time, (i) each issued and outstanding Share held in the treasury of the Company, or held by any wholly owned subsidiary thereof, or owned by the Purchaser and MergerCo or any of its subsidiaries shall be canceled, and no payment shall be made with respect thereto; (ii) each Share outstanding immediately prior to the Effective Time shall, other than as provided in (i) above and other than any Dissenting Shares (as defined below), be converted into the right to receive \$46 (in the case of shares of

Common Stock) or \$460 (in the case of shares of Preferred Stock) in cash or any higher price per share of Common Stock or Preferred Stock, as the case may be, that may be paid pursuant to the Offer, without interest (the "Merger Consideration"); (iii) each share of common stock of MergerCo then outstanding shall be converted into and become one share of common stock of the Surviving Corporation; and (iv) each outstanding Option, whether or not exercisable, shall be canceled and the holder thereof shall be entitled to receive, and shall receive, cash in an amount equal to the difference between \$46 and the per share exercise price thereof, multiplied by the number of shares issuable pursuant to such Option, provided, that if such Option was not issued pursuant to an employee benefit plan meeting the requirements described in Rule 16b-3 of the Exchange Act, and is held by a person subject to the short swing profit recovery provisions of Section 16(b) of the Exchange Act, such Option shall not be canceled at the Effective Time and shall remain an obligation of the Surviving Corporation and shall remain enforceable in accordance with the terms thereof.

The Merger Agreement provides that Shares that are outstanding immediately prior to the Effective Time and which are held by stockholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall be entitled to and shall have demanded properly in writing appraisal for such shares in accordance with Section 262 of the GCL and who shall not have withdrawn such demand or otherwise have forfeited appraisal rights (collectively, the "Dissenting Shares") shall not be converted into or represent the right to receive the Merger Consideration. Such stockholders shall be entitled to receive payment of the appraised value of such Shares held by them in accordance with the provisions of the GCL, except that all Dissenting Shares held by stockholders who shall have failed to perfect or who effectively shall have withdrawn, forfeited or lost their rights to appraisal of such Shares under the GCL shall thereupon be deemed to have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive, without any interest thereon, the Merger Consideration, upon surrender of the certificate or certificates that formerly evidenced such Shares.

The Merger Agreement provides that, at the Effective Time, the certificate of incorporation of MergerCo will be the certificate of incorporation of the Surviving Corporation, except that the name of the Surviving Corporation shall be "QVC, Inc." and except for certain changes that may be necessary or appropriate for the Merger and the transactions contemplated by the Merger Agreement to qualify as a reclassification under the GCL. The bylaws of the Surviving Corporation will be the bylaws of MergerCo until such time as they are amended in accordance with applicable law.

Agreements of the Purchaser and the Company. The Merger Agreement provides that effective upon acceptance for payment of any Shares by Purchaser, the Purchaser shall be entitled to designate the number of directors, rounded up to the next whole number, on the Company's Board that equals the product of (i) the total number of directors on the Board of Directors of the Company (giving effect to the election of any additional directors [described in] this paragraph) and (ii) the percentage that the number of Shares owned by the Purchaser, the Parent Purchasers or any of their respective wholly owned subsidiaries (including Shares accepted for payment) bears to the total number of Shares outstanding, and the Company [has agreed to] take all action necessary to cause the Purchaser's designees (the "Purchaser Designees") to be elected or appointed to the Board of Directors of the Company, including, without limitation, increasing the number of directors or seeking and accepting resignations of its incumbent directors. Notwithstanding the foregoing, until such time as the Purchaser acquires a majority of the outstanding Common Shares on a fully diluted basis, the Company will use its reasonable best efforts to ensure that all of the members of the Board of Directors and such boards and committees of the Company and each of the Company's subsidiaries as of August 4, 1994 who are not employees of the Company shall remain members of the Board of Directors of the Company and such boards and committees until the Effective Time. Following the election or appointment of the Purchaser Designees and prior to the Effective Time, any amendment or termination of the Merger Agreement (see "-- Termination" and "-- Amendment"), grant of extension or waiver by the Company will require the concurrence of a majority of the Company's directors then in office who are directors on the date of the Merger Agreement, or are directors (other than the Purchaser Designees) designated by such persons to fill any vacancy.

The Purchaser has advised the Company that it currently intends to designate one or more of the executive officers listed in Schedule II hereto and the person listed in Schedule III hereto to serve as directors

of the Company (but with respect to any executive officers of TCI, any such designations shall only be until the Merger is consummated). All of such persons have consented to act as directors of the Company. The foregoing information and certain other information contained in this Offer to Purchase and Schedules II and III hereto and in the Company's Solicitation/Recommendation Statement on Schedule 14D-9 being mailed to stockholders herewith is being provided in accordance with the requirements of Section 14(f) of the Exchange Act and Rule 14f-1 thereunder.

Pursuant to the Merger Agreement, if required by applicable law to consummate the Merger, the Company will cause a meeting of its stockholders (the "Company Stockholder Meeting") to be duly called and held as soon as practicable after consummation of the Offer for the purpose of voting on the adoption of the Merger Agreement and approval of the Merger. The Merger Agreement provides that the Company will, as promptly as practicable after consummation of the Offer, prepare and file (if necessary) with the Commission under the Exchange Act a proxy statement relating to the Company Stockholder Meeting (the "Proxy Statement"). The Company has agreed, subject to the fiduciary duties of its Board of Directors on the basis of advice of independent counsel, to use its best efforts to obtain the necessary approvals by its stockholders of the Merger Agreement and the Merger. The Purchaser and the Parent Purchasers have agreed to vote all Shares acquired in the Offer, or heretofore owned, in favor of the Merger. The Purchaser and the Parent Purchasers have agreed to vote all Shares acquired in the Offer, or heretofore owned, in favor of the Merger. Notwithstanding anything in the foregoing to the contrary, in the event that the Purchaser, the Parent Purchasers, MergerCo and/or any direct or indirect wholly-owned subsidiaries thereof acquire at least 90% of the outstanding shares of each class of capital stock of the Company, the Parent Purchasers and the Company have agreed to take all necessary and appropriate action to cause the Merger to become effective as promptly as practicable after the expiration of the Offer and the satisfaction or waiver of the conditions set forth under "The Tender Offer -- 10. Certain Conditions of the Offer," without a meeting of the Company's Stockholders, in accordance with Section 253 of the GCL.

Certain Covenants of the Company, the Parent Purchasers and the Purchaser. The Company has agreed that, prior to the Effective Time, unless the Purchaser consents in writing, which consent shall not be unreasonably withheld, the Company will not amend or otherwise change its Certificate of Incorporation or Bylaws; in addition, the Company has agreed that, prior to the Effective Time unless the Purchaser consents in writing, which consent shall not be unreasonably withheld, each of the Company and its respective subsidiaries (each, a "Subsidiary") will not (a) conduct its business in any manner other than in the ordinary course of business consistent with past practice; (b) except as disclosed in the Company's disclosure schedule to the Merger Agreement, issue, grant, sell, pledge, redeem or acquire for value (i) any of its securities, including options thereon (other than the issuance of equity securities upon the conversion of outstanding convertible securities or in connection with a dividend reinvestment plan or by an employee benefit plan of the Company or the exercise of options or warrants outstanding as of the date of the Merger Agreement) or (ii) any material assets, except for sales of assets in the ordinary course of business; (c) declare, set aside, make or pay any dividend or other distribution with respect to any of its capital stock, except dividends declared and paid by a subsidiary of the Company only to the Company, or subdivide, re-classify, recapitalize, split, combine or exchange any of its shares of capital stock (other than in connection with the exercise of currently outstanding options or warrants); (d) incur any material amount of indebtedness for borrowed money or make any loans or advances, except borrowings under existing bank lines of credit in the ordinary course of business; (e) increase the compensation payable or to become payable to its executive officers or employees, except for increases in the ordinary course of business in accordance with past practices, or grant any severance or termination pay to, or enter into any employment or severance agreement with any director or executive officer of it or any of its subsidiaries, or establish, adopt, enter into or amend in any material respect or take action to accelerate any rights or benefits under any collective bargaining agreement or any employee benefit plan, agreement or policy; (f) take any action, other than reasonable and usual actions in the ordinary course of business and consistent with past practice, with respect to accounting policies or procedures (including tax accounting policies and procedures); (g) acquire by merger or consolidation, or by purchase of assets, or by any other manner, any material business; (h) mortgage or otherwise encumber or subject to any lien any of its properties or assets that are material to the Company and its subsidiaries taken as a whole, except for liens in connection with

indebtedness incurred in connection with the Merger as permitted by clause (d) above; or (i) authorize any of, or commit or agree to take any of, the foregoing actions.

Pursuant to the Merger Agreement, the Company has agreed that it will not, and will not permit any of its subsidiaries, or its subsidiaries' officers, directors, employees, agents or representatives (including, without limitation, any investment banker, attorney or accountant retained by it) to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making of any proposal with respect to an Alternative Transaction (as defined below), engage in any discussions or negotiations concerning, or provide to any other person any information or data relating to the Company or its subsidiaries for the purposes of, or otherwise cooperate in any way with or assist or participate in, facilitate or encourage, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, a proposal to seek or effect an Alternative Transaction, or agree to or endorse any Alternative Transaction; provided that the Company or its Board of Directors will not be prohibited from (i) taking and disclosing to its stockholders a position contemplated by Rule 14e-2 under the Exchange Act or (ii) making any disclosure to its stockholders that, in the judgment of its Board of Directors in accordance with, and based upon the advice of, outside counsel, is required under applicable law; and provided further that (x) the Board of Directors of the Company on behalf of the Company may upon the unsolicited request of a third party furnish information or data (including, without limitation, confidential information or data) relating to the Company for the purposes of an Alternative Transaction and participate in negotiations with a person making an unsolicited proposal regarding an Alternative Transaction and (y) following receipt of a proposal for an Alternative Transaction, the Board of Directors of the Company may withdraw or modify its recommendation relating to the Offer or the Merger to the extent that it determines in good faith in accordance with, and based upon the advice of, outside counsel that such action is necessary or appropriate in order for the Board of Directors of the Company to act in a manner that is consistent with its fiduciary obligations under applicable law. The Company has agreed to promptly advise the Purchaser of, and communicate the terms of, any proposal it may receive, or any inquiries it receives which may reasonably be expected to lead to a proposal, and the identity of the person making it; prior to taking any such action, if the Company intends to participate in any such discussion or negotiation or provide any such information to any such third party, it shall give reasonable notice to the Purchaser and shall consult, and thereafter shall continue to consult, with the Purchaser. If the Company is required by this provision to give notice of a request, Alternative Transaction proposal or inquiry, it shall keep the Purchaser reasonably informed of the status and details of any such request, Alternative Transaction, [inquiry or proposal it shall keep the Purchaser reasonably informed of the status and details of any such request, Alternative Transaction, inquiry or proposal] (or any amendment to any proposal). "Alternative Transaction" means a transaction or series of related transactions (other than the Transactions) resulting in (a) any change of control of the Company, (b) any merger or consolidation of the Company in which another person acquires 25% or more of the aggregate voting power of all voting securities of the Company or the surviving corporation, as the case may be, (c) any tender offer or exchange offer for, or any acquisitions of, any securities of the Company which, if consummated, would result in another person owning 25% or more of the aggregate voting power of all voting securities of the Company or (d) any sale or other disposition of assets of the Company or any of its subsidiaries if the Fair Market Value of such assets exceeds 25% of the aggregate Fair Market Value of the assets of the Company and its subsidiaries taken as a whole before giving effect to such sale or other disposition. "Fair Market Value" of any assets or securities means the fair market value of such assets or securities, as determined by the Board of Directors of the Company in good faith.

The Parent Purchasers, the Purchaser and the Company have each agreed that from and after the Effective Time, the Surviving Corporation will indemnify, defend and hold harmless the present and former officers and directors of the Company (collectively, the "Indemnified Parties") against all losses, expenses, claims, damages, liabilities or amounts that are paid in settlement of, with the approval of the Surviving Corporation (which approval shall not unreasonably be withheld), or otherwise in connection with any claim, action, suit, proceeding or investigation based in whole or in part on the fact that such person is or was a director or officer of the Company and arising out of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by the Merger Agreement), in each case to the full extent permitted under the GCL (and shall pay any expenses in advance of the final disposition of any such action or proceeding to each Indemnified Party to the fullest extent permitted under the GCL), upon

receipt from the Indemnified Party to whom expenses are advanced of any undertaking to repay such advances required under the GCL. In addition, for three years after the Effective Time, the Surviving Corporation will provide officers' and directors' liability insurance in respect of facts or events occurring prior to the Effective Time covering each such person currently covered by the Company's officers' and directors' liability insurance policy of at least the same coverage and amount on terms and conditions no less advantageous than those of such policy in effect on the date of the Merger Agreement. The Surviving Corporation will not be obligated to pay premiums in excess of 200% of the amount per annum that the Company currently pays for such insurance.

For a period of two years after the Effective Time, the Purchaser and the Parent Purchasers will cause the Surviving Corporation to maintain employee compensation and benefit plans, programs and policies and fringe benefits (including post-employment welfare benefits) that, in the aggregate, are no less favorable than those provided to employees of the Company and its subsidiaries, as applicable, as in effect on the date of the Merger Agreement, and will cause the Surviving Corporation to provide severance pay and benefits no less favorable than those provided by the Company and its subsidiaries as of the date of the Merger Agreement. Immediately prior to consummation of the Offer, the Purchaser has agreed to establish with a trustee satisfactory to the Company and the Purchaser, a "Rabbi" trust, in a form reasonably acceptable to the Company and shall deposit in such trust cash in an amount sufficient to satisfy all obligations under the Options. Comcast and Liberty have agreed to cause the Purchaser and the surviving corporation to perform their respective obligations under the Merger Agreement and to be jointly and severally liable for any breach of any representation, warranty, covenant or agreement of the Purchaser and for any breach of the covenant described in this sentence [by the Purchaser].

Representations and Warranties. The Merger Agreement contains customary representations and warranties of the parties thereto, including representations by the Company as to the absence of certain changes or events concerning its respective business, compliance with law, employee benefit plans, taxes and other matters.

Conditions to Certain Obligations. The obligations of the Company, the Parent Purchasers and the Purchaser to consummate the Merger are subject to the satisfaction at or prior to the Effective Time of the following conditions: (i) if required by the GCL, the Merger Agreement and the Merger shall have been approved and adopted by the requisite vote of the stockholders of the Company; (ii) no governmental entity or federal or state court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Merger or any transaction contemplated by the Merger Agreement, provided, however, that the parties will use their reasonable efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted, (iii) other than the filing of merger documents in accordance with the GCL, all authorizations, consents, waivers, orders or approvals required to be obtained, and all filings, notices or declarations required to be made prior to the consummation of the Merger and the transactions contemplated by the Merger Agreement shall have been obtained and made, except for such authorizations, consents, waivers, orders, approvals, filings, notices or declarations the failure to obtain or make which would not have a material adverse effect, at or after the Effective Time, on the business, results of operations or financial condition (as existing immediately prior to the consummation of the Merger) of the Company and its subsidiaries, taken as a whole; and (iv) the Purchaser shall have purchased Shares pursuant to the Offer.

Termination. The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Merger Agreement and the Merger by the stockholders of the Company, (i) by mutual consent of the Company and the Purchaser; (ii) prior to the purchase of Shares pursuant to the Offer, (A) by either the Company or the Purchaser upon termination of the Offer by reason of the non-occurrence of a condition described under "The Tender Offer - -- 10. Certain Conditions to the Offer", (B) by the Purchaser if the Company shall breach any covenant or agreement on its part which has not been cured or if any representation or warranty of the Company shall have become untrue, in either case such that such breach or untruth is incapable of being cured by February 28, 1995, or (C) by the Company in the event of a breach of any representation, warranty, agreement or covenant on the part of the Purchaser or the Parent

Purchasers which has not been cured (and cannot reasonably be expected to be cured before February 28, 1995) and will prevent or delay consummation of the Merger by or beyond February 28, 1995 (other than the covenant relating to the establishment of a "Rabbi" trust described above); or (iii) by either the Company or the Purchaser if (A) the Merger or the Offer has not been consummated before February 28, 1995, unless, in the case of termination by the Purchaser, the Purchaser shall not have purchased Shares pursuant to the Offer by reason of any failure of the Purchaser or the Parent Purchasers to fulfill its obligations under the Merger Agreement, (B) if any permanent injunction or action by any governmental entity preventing the consummation of the Merger shall have become final and nonappealable, or (C) the Board of Directors of the Company shall withdraw, modify or change its recommendation so that it is not in favor of the Merger Agreement, the Offer or the Merger or shall have resolved to do any of the foregoing or the Board of Directors of the Company shall have recommended or resolved to recommend to its stockholders an Alternative Transaction, provided, that in the case of any such termination by the Company or the Purchaser pursuant to the provisions described in this clause (C), with such termination it pays to the Purchaser an amount of \$55,000,000, which amount is inclusive of all expenses of the Purchaser and the Parent Purchasers.

Fees and Expenses. The Merger Agreement provides that the Company, the Parent Purchasers and the Purchaser shall each bear all expenses incurred by it in connection with the Merger Agreement and the transactions contemplated thereby except that all costs and expenses relating to printing and mailing the Proxy Statement will be borne equally by the Company and the Purchaser.

Amendment and Waivers. Any provision of the Merger Agreement may be amended or waived prior to the Effective Time if, and only if, such amendment or waiver is in writing and signed, (i) in the case of an amendment, by the Company, the Parent Purchasers and the Purchaser or (ii) in the case of a waiver, by the party or parties to be bound thereby. After the adoption of the Merger Agreement by the stockholders of the Company, no amendment, which under applicable law may not be made without the approval of the stockholders of the Company, will be made without such approval.

DISSENTERS RIGHTS

Under Section 262 of the GCL, any holder of Shares at the Effective Time (a "Remaining Stockholder") who does not wish to accept the per Share cash consideration pursuant to the Merger has the right to seek an appraisal and be paid the "fair value" of its Shares at the Effective Time (exclusive of any element of value arising from the accomplishment or expectation of the Merger) judicially determined and paid to them in cash provided that such holder complies with the provisions of such Section 262 of the GCL.

The following is a brief summary of the statutory procedures to be followed by a Remaining Stockholder in order to dissent from the Merger and perfect appraisal rights under Delaware law. THIS SUMMARY IS NOT INTENDED TO BE COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SECTION 262 OF THE GCL, THE TEXT OF WHICH IS SET FORTH IN ANNEX B HERETO. ANY REMAINING STOCKHOLDER CONSIDERING DEMANDING APPRAISAL IS ADVISED TO CONSULT LEGAL COUNSEL. APPRAISAL RIGHTS WILL NOT BE AVAILABLE UNLESS AND UNTIL THE MERGER (OR A SIMILAR BUSINESS COMBINATION) IS CONSUMMATED.

Remaining Stockholders of record who desire to exercise their appraisal rights must fully satisfy all of the following conditions. A written demand for appraisal of Shares must be delivered to the Secretary of the Company (x) before the taking of the vote on the approval and adoption of the Merger Agreement if the Merger is not being effected as a "short-form" merger but, rather, is being consummated following approval thereof at a meeting of the Company's stockholders (a "long-form merger") or (y) within 20 days after the date that the Surviving Corporation mails to the Remaining Stockholders a notice (the "Notice of Merger") to the effect that the Merger is effective and that appraisal rights are available (and includes in such notice a copy of Section 262 of the GCL and any other information required thereby) if the Merger is being effected as a "short-form" merger without a vote or meeting of the Company's stockholders. If the Merger is effected as a "long-form" merger, this written demand for appraisal of Shares must be in addition to and separate from any proxy or vote abstaining from or against the approval and adoption of the Merger Agreement and, neither voting against, abstaining from voting, nor failing to vote on the Merger Agreement will constitute a demand for appraisal within the meaning of Section 262 of the GCL. In the case of a "long-form" merger, any

stockholder seeking appraisal rights must hold the Shares for which appraisal is sought on the date of the making of the demand, continuously hold such Shares through the Effective Time, and otherwise comply with the provisions of Section 262 of the GCL.

In the case of both a "short-form" and a "long-form" merger, a demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder's name appears on the stock certificates. If Shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If Shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that in exercising the demand, he is acting as agent for the record owner.

A record owner, such as a broker, who holds Shares as a nominee for others, may exercise appraisal rights with respect to the Shares held for all or less than all beneficial owners of Shares as to which the holder is the record owner. In such case the written demand must set forth the number of Shares covered by such demand. Where the number of Shares is not expressly stated, the demand will be presumed to cover all Shares outstanding in the name of such record owner. Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the exercise of appraisal rights before the date of any meeting of stockholders of the Company called to approve the Merger in the case of a "long-form" merger and within 20 days following the mailing of the Notice of Merger in the case of a "short-form" merger.

Remaining stockholders who elect to exercise appraisal rights must mail or deliver their written demands to: Secretary, QVC, Inc., Goshen Corporate Park, West Chester, Pennsylvania 19380. The written demand for appraisal should specify the stockholder's name and mailing address, the number of Shares covered by the demand and that the stockholder is thereby demanding appraisal of such Shares. In the case of a "long-form" merger, the Company must, within ten days after the Effective Time, provide notice of the Effective Time to all stockholders who have complied with Section 262 of the GCL and have not voted for approval and adoption of the Merger Agreement.

In the case of a "long-form" merger, Remaining Stockholders electing to exercise their appraisal rights under Section 262 must not vote for the approval and adoption of the Merger Agreement or consent thereto in writing. Voting in favor of the approval and adoption of the Merger Agreement, or delivering a proxy in connection with the stockholders meeting called to approve the Merger Agreement (unless the proxy votes against, or expressly abstains from the vote on, the approval and adoption of the Merger Agreement), will constitute a waiver of the stockholder's right of appraisal and will nullify any written demand for appraisal submitted by the stockholder.

Regardless of whether the Merger is effected as a "long-form" merger or a "short-form" merger, within 120 days after the Effective Time, either the Company or any stockholder who has complied with the required conditions of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the Shares of the dissenting stockholders. If a petition for an appraisal is timely filed, after a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the Shares owned by such stockholders, determining the fair value of such Shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc., et al.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered and that "[f]air price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court stated that in making this determination of fair value the court must consider "market value, asset value, dividends, earning prospects, the nature of the enterprise and any other facts which were known or which could be

ascertained as of the date of merger which throw any light on future prospects of the merged corporation..." The Delaware Supreme Court has construed Section 262 of the GCL to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered." However, the court noted that Section 262 provides that fair value is to be determined "exclusive of any element of value arising from the accomplishment or expectation of the merger."

Remaining Stockholders who in the future consider seeking appraisal should have in mind that the fair value of their Shares determined under Section 262 could be more than, the same as, or less than the per Share cash consideration pursuant to the Merger if they do seek appraisal of their Shares, and that opinions of investment banking firms as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262 of the GCL. Moreover, the Parent Purchasers intend to cause the Surviving Corporation to argue in any appraisal proceeding that, for purposes thereof, the "fair value" of the Shares is less than that paid in the Offer. The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. Upon application of a dissenting stockholder, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all Shares entitled to appraisal. In the absence of such determination or assessment, each party bears its own expenses.

Any Remaining Stockholder who has duly demanded appraisal in compliance with Section 262 of the GCL will not, after the Effective Time, be entitled to vote for any purpose the Shares subject to such demand or to receive payment of dividends or other distributions on such Shares, except for dividends or other distributions payable to stockholders of record at a date prior to the Effective Time.

At any time within 60 days after the Effective Time, any former holder of Shares shall have the right to withdraw his or her demand for appraisal and to accept the per Share cash consideration pursuant to the Merger. After this period, such holder may withdraw his or her demand for appraisal only with the consent of the Surviving Corporation. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the Effective Time, stockholders' rights to appraisal shall cease and all stockholders shall be entitled to receive the per Share cash consideration pursuant to the Merger. Inasmuch as the Company has no obligation to file such a petition, and the Parent Purchasers have no present intention to cause or permit the Surviving Corporation to do so, any stockholder who desires such a petition to be filed is advised to file it on a timely basis. However, no petition timely filed in the Delaware Court of Chancery demanding appraisal shall be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just.

Failure to take any required step in connection with the exercise of appraisal rights may result in the termination or waiver of such rights.

APPRAISAL RIGHTS CANNOT BE EXERCISED AT THIS TIME. THE INFORMATION SET FORTH ABOVE IS FOR INFORMATIONAL PURPOSES ONLY WITH RESPECT TO ALTERNATIVES AVAILABLE TO STOCKHOLDERS IF THE MERGER (OR ANY SIMILAR BUSINESS COMBINATION) IS CONSUMMATED. STOCKHOLDERS WHO WILL BE ENTITLED TO APPRAISAL RIGHTS IN CONNECTION WITH THE MERGER (OR SIMILAR BUSINESS COMBINATION) WILL RECEIVE ADDITIONAL INFORMATION CONCERNING APPRAISAL RIGHTS AND THE PROCEDURES TO BE FOLLOWED IN CONNECTION THEREWITH BEFORE SUCH STOCKHOLDERS HAVE TO TAKE ANY ACTION RELATING THERETO.

STOCKHOLDERS WHO SELL SHARES IN THE OFFER WILL NOT BE ENTITLED TO EXERCISE APPRAISAL RIGHTS WITH RESPECT THERETO BUT, RATHER, WILL RECEIVE THE PRICE PAID IN THE OFFER THEREFOR.

In addition, the Merger will have to comply with other applicable procedural and substantive requirements of Delaware law, including any duties to other stockholders imposed upon a controlling or, if applicable,

majority stockholder. Several recent decisions by the Delaware courts, which may or may not apply to the Merger, have held that a controlling stockholder of a company involved in a merger has a fiduciary duty to other stockholders which requires that the merger be "entirely fair" to such other stockholders. In determining whether a merger is fair to minority stockholders, Delaware courts have considered, among other things, the type and amount of the consideration to be received by the stockholders and whether there was fair dealing among the parties. The Delaware Supreme Court stated in *Weinberger* that, although the remedy ordinarily available in a merger that is found not to be "fair" to minority stockholders is the right to appraisal described above, such appraisal remedy may not be adequate "in certain cases, particularly where fraud, misrepresentation, self-dealing, deliberate waste of corporate assets, or gross and palpable overreaching are involved", and that in such cases the Delaware Chancery Court would be free to fashion any form of appropriate relief.

CERTAIN TAX CONSEQUENCES

Sales of Common Stock by stockholders of the Company pursuant to the Offer and the receipt of cash in exchange for Common Stock pursuant to the Merger will be taxable transactions for federal income tax purposes and may also be taxable transactions under applicable state and local and other tax laws.

In general, a stockholder will recognize gain or loss equal to the difference between the adjusted tax basis of his or her Common Stock and the amount of cash received in exchange therefor. Such gain or loss will be capital gain or loss if the Common Stock is a capital asset in the hands of the stockholder and will be long-term gain or loss if the holding period for the Common Stock is more than one year as of the date of the sale of such Common Stock, which would be the date the Offer is consummated or the Effective Time, as the case may be.

The foregoing discussion may not apply to (i) Shares acquired pursuant to the exercise of employee stock options or other compensation arrangements with the Company, (ii) the sale or exchange of Preferred Stock or (iii) to stockholders who are not citizens or residents of the United States or who are otherwise subject to special tax treatment under the Internal Revenue Code of 1986, as amended (the "Code").

To the extent that the Company or its subsidiaries owns or leases real property in New York State, New York City or other jurisdictions having similar real property transfer taxes, the New York State Real Property Gains Tax, the New York State Real Estate Transfer Tax, the New York City Real Property Transfer Tax or other similar transfer taxes may apply to the sale or exchange of Shares by a stockholder pursuant to the Offer or the Merger. Although the Purchaser has agreed to pay any such taxes on behalf of the stockholders, such payment may be treated as additional consideration paid for the Shares. In such case, the amount of such additional consideration would be offset by treatment of the taxes as additional selling expenses incurred by the stockholder. Accordingly, the payment of such taxes by the Purchaser should have no effect on the amount of gain or loss recognized by a stockholder.

The tax discussion set forth above is included for general information only. Due to the individual nature of tax consequences, stockholders are urged to consult their tax advisors as to the specific tax consequences to them of the Offer and the Merger, including the effects of applicable state, local or other tax laws.

CERTAIN EFFECTS OF THE TRANSACTION

Consummation of the Transaction will terminate the equity interest of the Company's stockholders other than the Purchaser and its affiliates. Following the Merger, the interest of the Parent Purchasers in the Company's net book value and net income will increase to 100%. The Parent Purchasers, as the sole indirect stockholders of the Company, will thereafter benefit from any increases in the value of the Company and also bear the risk of any decreases in the value of the Company's operations.

Stockholders of the Company whose Shares are tendered and purchased will receive cash for all their Shares at the Offer price and will avoid brokerage and similar commissions. However, such stockholders will sustain the detriment of foregoing any participation in any possible increase in the value of the Shares. See "The Tender Offer -- 6. Certain Information Concerning the Company -- Certain Projections" for a discussion of certain projections of the Company's future financial performance.

The purchase of Shares pursuant to the Offer will reduce the number of shares of Common Stock that might otherwise trade publicly and may reduce the number of holders of Common Stock, which could adversely affect the liquidity and market value of the remaining Common Stock held by stockholders other than the Purchaser. The Purchaser cannot predict whether the reduction in the number of shares of Common Stock that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Common Stock or whether it would cause future market prices to be greater or less than the Offer price. There is currently no established trading market for the Preferred Stock. See "The Tender Offer -- 5. Price Range of Shares; Dividends".

Depending upon the number of shares of Common Stock purchased pursuant to the Offer, the Common Stock may no longer meet the standards for continued inclusion in the National Association of Securities Dealers, Inc. Automated Quotation System/National Market System (the "NASDAQ NMS"). If, as a result of the purchase of Common Stock pursuant to the Offer, the Common Stock no longer meets the criteria for continuing inclusion in the NASDAQ NMS, the market for the Common Stock could be adversely affected. According to the published guidelines of the NASDAQ NMS, the Common Stock would not meet the criteria for continued inclusion in the NASDAQ NMS if, among other things, the number of publicly-held shares of Common Stock were less than 200,000, the aggregate market value of the publicly-held shares of Common Stock were less than \$2,000,000 or there were less than two market makers for the shares of Common Stock. If these standards were not met, quotations might continue to be published in the over-the-counter "additional list" or one of the "local lists" unless, as set forth in the published guidelines of the NASDAQ NMS, the number of publicly-held shares of Common Stock (excluding shares of Common Stock held by officers, directors and beneficial owners of more than 10% of the shares of Common Stock) were less than 100,000, there were fewer than 300 holders in total, or there were not at least one market maker for the Common Stock. If the Common Stock is no longer eligible for NASDAQ NMS quotation, quotations might still be available from other sources.

The extent of the public market for the Common Stock and availability of such quotations would, however, depend upon such factors as the number of holders and/or the aggregate market value of the publicly-held shares of Common Stock at such time, the interest in maintaining a market in the Common Stock on the part of securities firms, the possible termination of registration of the Common Stock under the Exchange Act, and other factors.

The shares of Common Stock are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of such shares. Depending upon factors similar to those described above regarding listing and market quotations, the shares of Common Stock might no longer constitute "margin securities" for the purposes of the Federal Reserve Board's margin regulations and, therefore, could no longer be used as collateral for loans made by brokers.

The Common Stock is currently registered under the Exchange Act. Such registration may be terminated upon application of the Company to the Commission if the Common Stock is not listed on a national securities exchange and there are less than 300 holders of record. Termination of the registration of the Common Stock under the Exchange Act would substantially reduce the information required to be furnished by the Company to holders of Common Stock and to the Commission and would make certain of the provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy or information statement in connection with stockholder action and the related requirement of an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable with respect to the Common Stock. Furthermore, "affiliates" of the Company and persons holding "restricted securities" of the Company may be deprived of the ability to dispose of shares of Common Stock pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). If registration of the Shares under the Exchange Act were terminated, the Common Stock would no longer be included on the Federal Reserve Board's list of "margin securities" or eligible for listing or NASDAQ NMS reporting. The Purchaser intends to seek to cause the Company to terminate registration of the Common Stock under the Exchange Act as soon

after consummation of the Offer as the requirements for termination of registration of the Common Stock are met.

FINANCING OF THE TRANSACTION

The total amount of funds required by the Purchaser to purchase all of the Fully Diluted Shares pursuant to the Offer and to pay related fees and expenses is estimated to be approximately \$1.42 billion. The Purchaser expects that it will obtain such funds from capital contributions to the Purchaser by Comcast and Liberty, and borrowings from various commercial banks and the issuance of subordinated debt securities. Pursuant to the Joint Bidding Agreement, Comcast has agreed to contribute to the Purchaser an amount of cash equal to (i) \$267 million plus (ii) \$29 million, which represents the amount necessary to exercise all warrants to acquire shares of Common Stock held by Comcast (unless Comcast has exercised such warrants prior to such contribution) to finance the purchase of Shares and Liberty has agreed to contribute to the Purchaser \$20 million in cash.

Comcast has received a letter dated July 12, 1994 from The Bank of New York ("BNY") indicating that BNY is highly confident that it could obtain commitments from lenders for a senior secured debt facility of up to \$1 billion to be made available to finance a portion of the payment obligations arising out of the Transaction. Comcast and Liberty are in discussions with a group of banks including The Bank of New York concerning the financing required to consummate the Transaction.

The Offer is conditioned upon, among other things, satisfaction of the Financing Condition. See "The Tender Offer -- 10. Certain Conditions of the Offer."

It is anticipated that the borrowings described above will be refinanced or repaid from funds generated internally by the Purchaser (including, after consummation of the Merger, funds generated by the Company).

CERTAIN LITIGATION

In July 1994, after the announcement that the Parent Purchasers would make a joint offer to purchase all of the outstanding Shares of the Company, 8 putative class action lawsuits were filed by certain shareholders of the Company in the Delaware Court of Chancery on behalf of a purported class consisting of all public shareholders of the Company. These actions were consolidated under the caption *In Re QVC, Inc. Shareholders Litigation, Consolidated Civil Action No. 13590* (Court of Chancery, New Castle County, State of Delaware) (the "Consolidated Action"). The defendants in the Consolidated Action include the Company and directors of the Company. Plaintiffs allege, among other things, that the defendants breached their fiduciary duties when considering the Comcast offer in that they failed to take all possible steps to seek out and encourage the best offer for the Company. Plaintiffs sought, among other things, an injunction ordering the defendants to auction the Company and an award of unspecified compensatory damages to the members of the plaintiff class. On August 5, 1994, counsel for plaintiffs, defendants, Comcast and Liberty reached an agreement-in-principle providing for the settlement and dismissal with prejudice of the Consolidated Action. The agreement-in-principle provides, among other things, that an affiliate of the Parent Purchasers will commence a tender offer to purchase all of the outstanding shares of Common Stock for \$46 per share in cash, to be followed by a merger in which the remaining holders of Common Stock will receive \$46 per share in cash. Further, any fees and expenses awarded to plaintiffs' counsel will be paid by the Company on behalf of all defendants in the event that the offer and merger are consummated.

THE TENDER OFFER

1. Terms of the Offer. Upon the terms and subject to the conditions set forth in the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the Purchaser will accept for payment and pay for all Shares that are validly tendered and not withdrawn by the Expiration Date as provided under "-- 4. Withdrawal Rights". The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Thursday, September 8, 1994, unless the Purchaser, in its sole discretion (subject to the terms of the Merger Agreement), 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 the Purchaser, shall expire. Pursuant to the Merger Agreement, the Purchaser will extend the Offer in the event that the waiting periods under the HSR Act described below shall not have expired or been terminated at the Expiration Date, provided that the Purchaser is not obligated to extend the Offer beyond December 31, 1994. For purposes of this Offer to Purchase, "Common Shares" means the shares of Common Stock and "Preferred Shares" means the shares of Preferred Stock.

The Offer is subject to certain conditions set forth under "-- 10. Certain Conditions of the Offer", including satisfaction of the Minimum Tender Condition, satisfaction of the Financing Condition and expiration or termination of the waiting periods under the HSR Act applicable to the Purchaser's acquisition of Shares pursuant to the Offer, the acquisition by the Parent Purchasers of the shares of Purchaser and the Parent Contribution. If any such condition is not satisfied, the Purchaser may (subject to the terms of the Merger Agreement) (i) terminate the Offer and return all tendered Shares to tendering stockholders, (ii) extend the Offer and, subject to withdrawal rights as set forth under "-- 4. Withdrawal Rights", retain all such Shares until the expiration of the Offer as so extended, (iii) waive such condition and, subject to any requirement to extend the period of time during which the Offer is open, purchase all Shares validly tendered by the Expiration Date and not withdrawn (provided, that pursuant to the Merger Agreement, the Purchaser has agreed that it will not, without the prior written consent of the Company, waive the Minimum Condition or make any change in the terms or conditions of the Offer that is adverse to the holders of Shares (see "Special Factors -- The Merger Agreement -- The Offer")) or (iv) delay acceptance for payment or payment for Shares, subject to applicable law, until satisfaction or waiver of the conditions to the Offer. For a description of the Purchaser's right to extend the period of time during which the Offer is open and to amend, delay or terminate the Offer, see "-- 9. Extension of Tender Period; Termination; Amendment".

The Company has provided the Purchaser with the Company's stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. Acceptance for Payment and Payment. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the Purchaser will accept for payment and pay for all Shares validly tendered and not withdrawn by the Expiration Date as soon as practicable after the later of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth under "-- 10. Certain Conditions of the Offer". In addition, the Purchaser reserves the right, in its sole discretion and subject to applicable law (including applicable rules of the Commission), to delay the acceptance for payment or payment for Shares in order to comply in whole or in part with any applicable law. For a description of the Purchaser's right to terminate the Offer and not accept for payment or pay for Shares or to delay acceptance for payment or payment for Shares, see "-- 9. Extension of Tender Period; Termination; Amendment".

For purposes of the Offer, the Purchaser shall be deemed to have accepted for payment tendered Shares if, as and when the Purchaser gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. Payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for the tendering stockholders for the purpose of receiving payments from the Purchaser and transmitting such payments to tendering

stockholders. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares or, in the case of Common Shares, of a confirmation of a book-entry transfer of such Common Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined under "-- 3. Procedure for Tendering Shares"), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other required documents. For a description of the procedure for tendering Shares pursuant to the Offer, see "-- 3. Procedure for Tendering Shares". Accordingly, payment may be made to tendering stockholders at different times if delivery of the Shares and other required documents occur at different times. Under no circumstances will interest be paid by the Purchaser on the consideration paid for Shares pursuant to the Offer, regardless of any delay in making such payment.

If the Purchaser increases the consideration to be paid for shares of Common Stock or Preferred Stock pursuant to the Offer, the Purchaser will pay such increased consideration for all shares of Common Stock or Preferred Stock, as the case may be, purchased pursuant to the Offer.

The Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates the right to purchase Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer or prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment.

If any tendered Shares are not purchased pursuant to the Offer for any reason, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased or untendered Shares will be returned (or, in the case of Common Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the Offer, see "-- 3. Procedure for Tendering Shares," such Common Shares will be credited to an account maintained at such Book-Entry Transfer Facility), without expense to the tendering stockholder, as promptly as practicable following the expiration or termination of the Offer.

3. Procedure for Tendering Shares. To tender Shares pursuant to the Offer, either (a) a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal (including, if applicable, any required signature guarantees) must be received by the Depositary by the Expiration Date at one of its addresses set forth on the back cover of this Offer to Purchase and either (i) certificates for the Shares to be tendered must be received by the Depositary at one of such addresses or (ii) in the case of Common Shares, such Common Shares must be delivered pursuant to the procedures for book-entry transfer described below (and a confirmation of such delivery received by the Depositary including an Agent's Message if the tendering stockholder has not delivered a Letter of Transmittal), in each case by the Expiration Date, or (b) the guaranteed delivery procedure described below must be complied with. The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility (as hereinafter defined) to and received by the Depositary and forming a part of a book-entry confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgement from the participant in such Book-Entry Transfer Facility tendering the Common Shares which are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the Letter of Transmittal and that the Company may enforce such agreement against such participant.

The Depositary will establish an account with respect to the Common Shares at The Depositary Trust Company, Midwest Securities Trust Company and Philadelphia Depositary Trust Company (collectively referred to as the "Book-Entry Transfer Facilities") for purposes of the Offer within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in the system of any Book-Entry Transfer Facility may make delivery of Common Shares by causing such Book-Entry Transfer Facility to transfer such Common Shares into the Depositary's account in accordance with the procedures of such Book-Entry Transfer Facility. However, although delivery of Common Shares may be effected through book-entry transfer, the Letter of Transmittal (or facsimile thereof) properly completed and duly executed together with any required signature guarantees or an Agent's Message and any other required documents must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase by the Expiration Date, or the guaranteed delivery procedure described below must be complied with. Delivery

of the Letter of Transmittal and any other required documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

THE PREFERRED SHARES ARE NOT ELIGIBLE FOR ADMISSION TO THE BOOK-ENTRY TRANSFER FACILITIES AND DELIVERY OF PREFERRED SHARES MAY NOT BE EFFECTED BY BOOK-ENTRY TRANSFER.

Except as otherwise provided below, all signatures on a Letter of Transmittal must be guaranteed by a firm which is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office or correspondent in the United States (an "Eligible Institution"). Signatures on a Letter of Transmittal need not be guaranteed (a) if the Letter of Transmittal is signed by the registered holder of the Shares tendered therewith and such holder has not completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on the Letter of Transmittal or (b) if such Shares are tendered for the account of an Eligible Institution. See Instructions 1 and 5 to the Letter of Transmittal. If the certificates are registered in the name of a person other than the signer of the Letter of Transmittal or if payment is to be made or certificates for Shares not accepted for payment or not tendered are to be returned to a person other than the registered holder, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appears on the certificates, with the signatures on the certificates or stock powers guaranteed as described above. See Instruction 5 to the Letter of Transmittal.

If certificates for Shares are forwarded separately to the Depositary, the Letter of Transmittal (or a facsimile thereof) properly completed and duly executed must accompany each such delivery.

If a stockholder desires to tender Shares pursuant to the Offer and cannot deliver such Shares and all other required documents to the Depositary by the Expiration Date, or, in the case of Common Shares, such stockholder cannot complete the procedure for delivery by book-entry transfer on a timely basis, such Shares may nevertheless be tendered if all of the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser is received by the Depositary (as provided below) by the Expiration Date; and

(iii) the certificates for such tendered Shares (or, in the case of Common Shares, a confirmation of a book-entry transfer of such Common Shares into the Depositary's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantee or an Agent's Message and any other documents required by the Letter of Transmittal, are received by the Depositary within five trading days on the NASDAQ NMS after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depositary and must include a signature guarantee by an Eligible Institution in the form set forth in such Notice.

THE METHOD OF DELIVERY OF SHARES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING THROUGH BOOK-ENTRY TRANSFER FACILITIES, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF CERTIFICATES FOR SHARES ARE SENT BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Under the federal income tax laws, the Depositary may be required to withhold 31% of the amount of any payments made to certain stockholders pursuant to the Offer or the Merger unless the tendering stockholder, and, if applicable each other payee, provides the Depositary with such stockholder's or payee's correct taxpayer identification number and certifies that such stockholder or payee is not subject to backup federal income tax withholding by completing the Substitute Form W-9 included in the Letter of Transmittal. Please see Instruction 8 to the Letter of Transmittal for additional information regarding backup withholding.

In addition, the Depositary will withhold 10% of the amount of any payments made to foreign stockholders under Section 1445 of the Code unless the Depositary receives from the Company the documentation necessary to avoid the withholding tax applicable to transfers of interests in a "United States real property holding corporation" as defined in Section 897 of the Code. There can be no assurance that the necessary documentation will be obtained. Non-foreign stockholders who want to be assured of avoiding withholding under Section 1445 regardless of whether the necessary documentation is obtained from the Company must certify under penalties of perjury their non-foreign status by completing the Section 1445 Certification included in the Letter of Transmittal. Please see Instruction 9 to the Letter of Transmittal for additional information regarding withholding under Section 1445 of the Code.

By executing a Letter of Transmittal, a tendering stockholder irrevocably appoints designees of the Purchaser as such stockholder's proxy in the manner set forth in the Letter of Transmittal to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder and accepted for payment by the Purchaser (and any and all other Shares or other securities issued or issuable in respect of such Shares on or after August 4, 1994). All such proxies shall be irrevocable and coupled with an interest in the tendered Shares. Such appointment is effective only upon the acceptance for payment of such Shares by the Purchaser. Upon such acceptance for payment, all prior proxies and consents granted by such stockholder with respect to such Shares and other securities will, without further action, be revoked, and no subsequent proxies may be given nor subsequent written consents executed by such stockholder (and, if given or executed, will not be deemed to be effective). Such designees of the Purchaser will, with respect to such Shares and other securities, be empowered to exercise all voting and other rights of such stockholder as they, in their sole discretion, may deem proper at any annual, special or adjourned meeting of the Company's stockholders, by written consent or otherwise. The Purchaser reserves the right to require that, in order for Shares to be validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser is able to exercise full voting rights with respect to such Shares and other securities (including voting at any meeting of stockholders then scheduled or acting by written consent without a meeting).

The tender of Shares pursuant to any one of the procedures described above will constitute an agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Purchaser, in its sole discretion, which determination shall be final and binding. The Purchaser reserves the absolute right to reject any or all tenders of Shares determined by it not to be in proper form or the acceptance for payment of or payment for which may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right to waive any defect or irregularity in any tender of Shares. The Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto) will be final and binding. None of the Purchaser, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in tenders or incur any liability for failure to give any such notification.

4. Withdrawal Rights. Tenders of Shares made pursuant to the Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after October 9, 1994 unless theretofore accepted for payment as provided in this Offer to Purchase. If the Purchaser extends the period of time during which the Offer is open, is delayed in accepting for payment or paying for Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may, on behalf of the Purchaser, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided in this Section 4.

To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase and must specify the name of the person who tendered the Shares to be withdrawn. If certificates representing the Shares to be withdrawn have been delivered or otherwise identified to the Depositary, a signed notice of

withdrawal with (except in the case of Shares tendered by an Eligible Institution) signatures guaranteed by an Eligible Institution must be submitted prior to the release of such Shares. In addition, such notice must specify, in the case of Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering stockholder) and the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn or, in the case of Common Shares tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities to be credited with the withdrawn Common Shares.

Withdrawals may not be rescinded, and Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by again following one of the procedures described under "-- 3. Procedure for Tendering Shares" at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Purchaser, in its sole discretion, which determination shall be final and binding. None of the Purchaser, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

5. Price Range of Shares; Dividends. The Common Shares are traded in the over-the-counter market and are quoted on the NASDAQ NMS. The following table sets forth for the periods indicated the high and low sale prices per Common Share as reported on the NASDAQ NMS, as reported in the Company's Annual Report on Form 10-K for the year ended January 31, 1994 (the "Company 10-K") with respect to the fiscal years ended January 31, 1993 and 1994, and thereafter as reported in published financial sources. There is currently no established trading market for the Preferred Shares. The Company has not declared or paid any cash dividends with respect to any Shares for the periods indicated.

	PRICE PER COMMON SHARE	
	HIGH	LOW
Feb. 1, 1992 - April 30, 1992.....	\$20 1/2	\$16 1/2
May 1, 1992 - July 31, 1992.....	24 1/4	16 1/4
Aug. 1, 1992 - Oct. 30, 1992.....	24 1/4	16 1/4
Nov. 1, 1992 - Jan. 31, 1993.....	42 1/4	20 1/8
Feb. 1, 1993 - April 30, 1993.....	60 1/2	38 1/4
May 1, 1993 - July 31, 1993.....	73	51 3/4
Aug. 1, 1993 - Oct. 30, 1993.....	70 1/4	52 3/4
Nov. 1, 1993 - Jan. 31, 1994.....	58 3/4	37
Feb. 1, 1994 - April 30, 1994.....	52 3/4	34
May 1, 1994 - July 31, 1994.....	46 1/4	29 1/2
Aug. 1, 1994 - Aug. 10, 1994.....	45 1/4	44

On August 10, 1994, the last full day of trading prior to the commencement of the Offer, the last reported sales price per share of Common Stock on the NASDAQ NMS was \$44 7/8.

STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE COMMON STOCK.

According to the Company, as of July 31, 1994, there were 4,908 record holders of the Common Stock and 14 record holders of the Preferred Stock.

On October 1, 1991, the Company sold 3,250,000 shares of Common Stock to the public in an underwritten offering at a price of \$14 5/8 per share with aggregate proceeds to the Company of \$45,028,750, net of underwriting discounts. On October 10, 1991, the Company sold an additional 487,500 shares of Common Stock pursuant to overallotment arrangements with the underwriters at a price of \$14 5/8 per share with the aggregate proceeds to the Company of \$6,754,312.50, net of underwriting discounts.

6. Certain Information Concerning the Company. The Company was incorporated in 1986 under the laws of the State of Delaware. The principal office of the Company is located at 1365 Enterprise Drive, West Chester, Pennsylvania 19380.

The Company is a nationwide general merchandise retailer, operating as one of the leading televised shopping retailers in the United States. Through its merchandise-focused television program (the "QVC Service"), the Company sells a wide variety of products directly to consumers. The products are described and demonstrated live by program hosts, and orders are placed directly with the Company by viewers who call a toll-free "800" telephone number. The Company's television programming is produced at the Company's facilities and is broadcast nationally via satellite to affiliated local cable system operators who have entered into carriage agreements with the Company and who retransmit the Company's programming to their subscribers.

The QVC Service currently reaches approximately 80% of all cable television subscribers in the United States. The Company's main channel (the "Primary Channel"), as of January 31, 1994, is transmitted live on a 7-day-a-week, 24-hour-a-day basis, to approximately 44 million cable television homes and on a part-time basis to approximately 3 million additional cable television homes. In addition, the QVC Service can be received at any time by approximately 3 million home satellite dish users.

The following selected financial data relating to the Company and its subsidiaries has been taken or derived from the audited financial statements contained in the Company 10-K and the unaudited financial statements contained in the Company's Quarterly Reports on Form 10-Q for its fiscal quarters ended April 30, 1994 and 1993 (the "Company 10-Qs"). More comprehensive financial information is included in the Company 10-K and the Company 10-Qs and the other documents filed by the Company with the Commission, and the financial data set forth below is qualified in its entirety by reference to such reports and other documents including the financial statements contained therein. Such reports and other documents may be examined and copies may be obtained from the offices of the Commission in the manner set forth below. A copy of the financial statements set forth in the Company 10-K and the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended April 30, 1993 is reproduced as Annex C hereto.

QVC, INC.

SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND RATIOS)

	AT AND FOR THE THREE MONTHS ENDED APRIL 30,		AT AND FOR THE FISCAL YEAR ENDED JANUARY 31,		
	1994	1993	1994	1993	1992
	(UNAUDITED)				
Statement of Operations Data:					
Net revenue.....	\$296,441	\$273,232	\$1,222,104	\$1,070,587	\$921,804
Income before extraordinary item and cumulative effect of change in accounting principle.....	12,063	17,621	55,311	56,588	21,733
Net income.....	12,063	21,611	59,301	55,092	19,625
Income per common share:					
Primary:					
Income before extraordinary item and cumulative effect of change in accounting principle.....	.25	.36	1.10	1.32	.68
Net income.....	.25	.44	1.18	1.29	.61
Fully diluted:					
Income before extraordinary item.....	.25	.36	1.10	1.27	.67
Net income.....	.25	.44	1.18	1.24	.61
Cash dividends per common share.....	--	--	--	--	--
Balance Sheet Data:					
Total assets.....	871,970	736,574	878,160	699,695	714,539
Long-term debt, less current maturities.....	6,900	7,456	7,044	7,586	152,461
Supplementary Data:					
Ratio of earnings to fixed charges.....	21.96x	21.92x	23.45x	4.88x	1.99x
Book value per common share.....	\$ 12.57	\$ 11.42	\$ 12.32	\$ 10.34	\$ 8.96

The name, business address, principal occupation or employment, five year employment history and citizenship of each director and executive officer of the Company and certain other information are set forth in Schedule I hereto.

The information concerning the Company contained herein (including Schedule I hereto) has been taken from or is based upon reports and other documents on file with the Commission or otherwise publicly available. Although the Purchaser does not have any knowledge that would indicate that any statements contained herein based upon such reports and documents are untrue, the Purchaser does not take any responsibility for the accuracy or completeness of the information contained in such reports and other documents or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of any such information but that are unknown to the Purchaser.

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company. Such reports, proxy statements and other information may be inspected at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and should also be available for inspection and copying at the regional offices of the Commission in New York (Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New

York 10278) and Chicago (Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604). Copies of such material can also be obtained from the Public Reference Section of the Commission in Washington, D.C. 20549, at prescribed rates.

CERTAIN PROJECTIONS

The Company does not as a matter of course make public any forecasts as to its future financial performance.

The Company has provided the Parent Purchasers with certain information, including non-public information, concerning the Company and its subsidiaries. Such information included, among other things, the Company's projections of consolidated net revenues, net earnings before interest, taxes, depreciation and amortization ("EBITDA") and net income for the Company for the period fiscal year 1994 through fiscal year 1997.

The information provided to the Parent Purchasers by QVC the ("Projections") discloses, among other things, the following:

QVC, INC.

CONSOLIDATED STATEMENT OF OPERATIONS FORECAST FISCAL 1994-1997

(000'S)

	FORECAST FY '94	FORECAST FY '95	FORECAST FY '96	FORECAST FY '97
	-----	-----	-----	-----
Net Revenue.....	\$1,367,486	\$1,620,796	\$2,052,253	\$2,421,425
EBITDA.....	201,620	261,567	356,076	424,660
Net Income (Loss).....	\$ 65,244	\$ 96,121	\$ 153,558	\$ 188,995

The Projections reflect consolidated net revenue, EBITDA and net income on a stand-alone basis and without reflecting any synergies from the acquisition of the Company by the Parent Purchasers.

THE PROJECTIONS WERE PREPARED SOLELY FOR INTERNAL USE AND NOT WITH A VIEW TO PUBLIC DISCLOSURE OR COMPLIANCE WITH THE PUBLISHED GUIDELINES OF THE COMMISSION OR THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS REGARDING PROJECTIONS AND WERE NOT PREPARED WITH THE ASSISTANCE OF, OR REVIEWED BY, INDEPENDENT ACCOUNTANTS. SUCH PROJECTIONS ARE INCLUDED BY THE PURCHASER AND THE PARENT PURCHASERS IN THIS OFFER TO PURCHASE SOLELY BECAUSE SUCH INFORMATION WAS FURNISHED TO THE PURCHASER AND THE PARENT PURCHASERS. NONE OF THE PURCHASER, THE PARENT PURCHASERS, OR ANY PARTY TO WHOM THE PROJECTIONS WERE PROVIDED ASSUMES ANY RESPONSIBILITY FOR THE VALIDITY, REASONABLENESS, ACCURACY OR COMPLETENESS OF THE PROJECTIONS. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS RELATING TO THE BUSINESSES OF THE COMPANY, INDUSTRY PERFORMANCE, GENERAL BUSINESS AND ECONOMIC CONDITIONS AND OTHER MATTERS WHICH ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL, AND, THEREFORE, SUCH PROJECTIONS ARE INHERENTLY IMPRECISE AND THERE CAN BE NO ASSURANCE THAT THEY WILL BE REALIZED. ALSO, ACTUAL FUTURE RESULTS MAY VARY MATERIALLY FROM THOSE SHOWN IN THE PROJECTIONS. NONE OF THE PURCHASER, THE PARENT PURCHASERS OR THE COMPANY IS UNDER ANY OBLIGATION TO OR HAS ANY INTENTION TO UPDATE THE PROJECTIONS AT ANY FUTURE TIME.

7. Certain Information Concerning the Purchaser and Comcast, Liberty and TCI. The Purchaser is a Delaware corporation incorporated on July 18, 1994 and to date has engaged in no activities other than those incident to its formation, the execution and delivery of the Merger Agreement and the commencement of the Offer. The Purchaser will be owned jointly by the Parent Purchasers. The principal executive offices of the Purchaser are located at 1500 Market Street, Philadelphia, PA 19107.

Comcast Corporation and its subsidiaries are principally engaged in the development, management and operation of cable and cellular telephone communications systems. Comcast's consolidated and affiliated cable operations served more than 2,600,000 subscribers and passed approximately 4,200,000 homes as of

December 31, 1993. In addition, Comcast owns a 19.9% interest in Heritage Communications, Inc., a cable communications company serving approximately 1,000,000 subscribers and passing approximately 1,700,000 homes, a 40% interest in Garden State Cablevision L.P., a cable communications company serving approximately 192,000 subscribers and passing approximately 284,000 homes and cable television and telecommunications investments in the United Kingdom. Comcast provides cellular telephone communications services pursuant to licenses granted by the FCC in markets with a population of over 7,400,000, including the area in and around the city of Philadelphia, Pennsylvania, the State of Delaware and in a significant portion of the state of New Jersey. Comcast holds interests in, among other things, Nextel Communications, Inc., a specialized mobile radio licensee developing an enhanced service capability, the Company and Teleport Communications Group Inc. ("Teleport"), a company that provides fiber optic networks and point to point digital communication links between telecommunications-intensive business and long distance carriers. Comcast was organized in 1969 under the laws of the Commonwealth of Pennsylvania and has its principal executive offices at 1500 Market Street, Philadelphia, Pennsylvania 19107-3723. Sural Corporation ("Sural"), a Delaware corporation controlled by Ralph J. Roberts, Chairman of the Board of Directors of Comcast, with its principal offices located at 1105 N. Market Street, Wilmington, Delaware, 19801, is a holding company that owns shares of Comcast constituting approximately 78% of the voting power of Comcast.

On June 19, 1994, Comcast announced its agreement to purchase from Rogers Communications, Inc. ("RCI") the U.S. cable television and alternative access operations of Maclean Hunter Limited for approximately \$1.27 billion in cash, subject to certain purchase price adjustments. Maclean Hunter Limited's U.S. cable operations include systems in New Jersey, Michigan and Florida, and provide service to approximately 550,000 cable subscribers. The purchase is subject to certain governmental and other approvals.

On August 4, 1994, Liberty and Tele-Communications, Inc., a Delaware corporation now known as TCI Communications, Inc. ("Old TCI"), consummated a business combination transaction (the "TCI/Liberty Merger") in which each of Liberty and Old TCI became wholly-owned subsidiaries of a newly formed holding company, which subsequently changed its name to Tele-Communications, Inc. ("TCI"). Accordingly, the business currently conducted by TCI is the business previously conducted by its wholly-owned subsidiaries, Liberty and old TCI, prior to the TCI/Liberty Merger. TCI's principal executive offices are located at Terrace Tower II, 5619 DTC Parkway, Englewood, CO 80111.

Old TCI is a Delaware corporation organized in 1968. Old TCI and its predecessor companies have been principally engaged in the acquisition, development and operation of cable television systems since the early 1950's. TCI believes that, measured by the number of basic subscribers, TCI is the largest provider of basic cable television services in the United States. At December 31, 1993, Old TCI, through its subsidiaries and affiliates, operated cable television systems throughout the continental United States and Hawaii. Systems owned by Old TCI provided basic service to approximately 10.7 million subscribers and premium services to approximately 10.3 million subscribers at that date. A basic subscriber may subscribe to one or more premium services and the number of premium subscribers represents the total number of such subscriptions to premium services. The foregoing information does not include any subscriber data related to cable television systems in which Old TCI had at such date an investment accounted for by the equity method or the cost method.

On August 8, 1994, TCI and TeleCable Corporation ("TeleCable") announced that they had entered into a definitive merger agreement, whereby TeleCable will be merged into TCI. TeleCable's stockholders will receive 41,666,667 shares of TCI Class A Common Stock plus \$300,000,000 liquidation value of a TCI convertible preferred stock, paying a dividend of 5.5%, which is convertible at the option of its holders into 10,000,000 shares of TCI Class A Common Stock and is redeemable by TCI after five years. TeleCable, a privately held entity, operates cable systems in 15 states with approximately 740,000 subscribers.

Liberty was incorporated in Delaware in 1990 and became a public company in 1991 following the contribution by Old TCI of certain cable television programming interests and cable television systems pursuant to a restructuring plan and the completion of an exchange offer with its stockholders. Liberty, through its subsidiaries and affiliates, is an operator of cable television systems and a provider of satellite-delivered video entertainment, information and home shopping programming services to various video

distribution media including cable television systems, broadcast television stations and home satellite dish owners. Cable television systems in which Liberty has a direct or indirect ownership interest provided basic cable television services to approximately 3.2 million subscribers and premium services to approximately 2.6 million subscribers as of December 31, 1993, of which approximately 160,000 and 127,000 of such subscribers for basic cable television services and premium services, respectively, are attributable to systems which are held by consolidated subsidiaries of Liberty. Included in the foregoing numbers of subscribers to basic cable television services and premium services in which Liberty has a direct or indirect ownership interest are approximately 828,000 and 783,000 subscribers, respectively, which are also included in such subscriber numbers reported for Old TCI above. The various programming and programming related businesses in which Liberty has interests include two national and fourteen regional sports networks and national entertainment services such as Encore, Home Shopping Club, QVC, Black Entertainment Television, Court TV, The Family Channel, Starz! and X*PRESS.

On July 11, 1994, Rainbow Program Enterprises purchased a 49.9% general partnership interest in American Movie Classics Company ("AMC") from Liberty under the terms of a buy-sell provision contained in the AMC partnership agreement. Liberty received cash proceeds of \$180,429,000 in such transaction. Such transaction has been reflected in the accompanying condensed pro forma financial data of TCI set forth below.

The following selected financial data relating to Comcast and its subsidiaries has been taken or derived from the audited financial statements contained in Comcast's Annual Report on Form 10-K for the year ended December 31, 1993, and the unaudited financial statements contained in its Quarterly Report on Form 10-Q for the quarters ended March 31, 1994 and 1993. More comprehensive financial information is included in such Annual Reports and Quarterly Reports and the other documents filed by Comcast with the Commission, and the financial data set forth below is qualified in its entirety by reference to such reports and other documents including the financial statements contained therein. Such reports and other documents may be examined and copies may be obtained from the offices of the Commission in the same manner as set forth with respect to the Company under "-- 6. Certain Information Concerning the Company".

COMCAST CORPORATION
SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FOR THE THREE MONTHS ENDED MARCH 31,		FOR THE FISCAL YEAR ENDED DECEMBER 31,		
	1994(1)	1993(1)	1993(1)	1992(1)	1991(1)
	(UNAUDITED)				
Statement of Operations Data:					
Service income.....	\$ 328,703	\$ 325,225	\$1,338,228	\$ 900,345	\$ 721,000
Operating income.....	64,275	58,657	264,896	165,106	144,951
Equity in net losses of affiliates.....	(9,646)	(6,371)	(28,872)	(104,306)	(83,366)
Loss before extraordinary items and cumulative effect of accounting changes.....	(15,777)	(23,856)	(98,871)	(217,935)	(155,572)
Extraordinary items.....	(11,580)	--	(17,620)	(52,297)	--
Cumulative effect of accounting changes.....	--	(742,734)	(742,734)	--	--
Net loss.....	(27,357)	(766,590)	(859,225)	(270,232)	(155,572)
Loss per share before extraordinary items and cumulative effect of accounting changes(2).....	(.07)	(.12)	(.46)	(1.08)	(.87)
Extraordinary items per share(2)...	(.05)	--	(.08)	(.26)	--
Cumulative effect of accounting changes per share(2).....	--	(3.62)	(3.47)	--	--
Net loss per share(2).....	(.12)	(3.74)	(4.01)	(1.34)	(.87)
Cash dividends declared per share(2).....	.0233	.0233	.0933	.0933	.0933
Balance Sheet Data:					
Total assets.....	\$4,763,206	\$4,607,058	\$4,948,276	\$4,271,898	\$2,793,584
Working capital.....	138,573	218,889	182,005	36,886	381,183
Long-term debt.....	3,918,429	4,015,239	4,162,915	3,973,514	2,452,912
Stockholders' equity (deficiency).....	(701,902)	(818,944)	(870,531)	(181,641)	19,480
Supplementary Financial Data:					
Operating income before depreciation and amortization(3).....	141,520	146,330	606,396	397,153	309,250
Net cash provided by operating activities(4).....	62,192	87,069	345,892	252,297	176,228

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Comcast's Annual Report on Form 10-K for the year ended December 31, 1993 and in Comcast's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1994 for a discussion of events which affect the comparability of the information reflected in the above selected financial data.

(2) As adjusted for Comcast's three-for-two stock split effective February 2, 1994.

(3) Generally referred to in Comcast's businesses as "operating cash flow."

(4) Represents net cash provided by operating activities as presented in Comcast's Consolidated Statement of Cash Flows contained in Comcast's Annual Report on Form 10-K for the year ended December 31, 1993 and in Comcast's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1994.

The name, business address, principal occupation or employment, five year employment history and citizenship of each director and executive officer of the Purchaser and the Parent Purchasers and certain other information are set forth in Schedule II hereto.

Except as provided in the Merger Agreement and as otherwise described in this Offer to Purchase, none of the Joint Bidders or their affiliates nor, to the best knowledge of the Purchaser, any of the persons listed in Schedules I or II to this Offer to Purchase, has any material contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or voting of such securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees of profits, division of profits or loss or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, since January 1, 1991, none of the Joint Bidders or their affiliates nor, to the best knowledge of the Purchaser, any of the persons listed in Schedules I or II hereto, has had any material business relationship or transaction with the Company or any of its executive officers, directors, or affiliates that is required to be reported under the rules and regulations of the Commission applicable to the Offer. Except as set forth in this Offer to Purchase, since January 1, 1991, there have been no contracts, negotiations or transactions 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 between the Joint Bidders, any of their respective subsidiaries or, to the best knowledge of the Purchaser, any of the persons listed in Schedules I or II to this Offer to Purchase or any of the Company's affiliates other than the Joint Bidders, or any person not affiliated with the Company who would have a direct interest in such matters, on the one hand, and the Company or its affiliates, on the other hand.

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

Comcast and TCI are subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Each of Comcast and TCI is required to disclose in such proxy statements certain information, as of particular dates, concerning its directors and officers, their remuneration, stock options granted to them, the principal holders of its securities and any material interests of such persons in transactions with such person. Such reports, proxy statements and other information should be available for inspection and copying at the offices of the Commission and the library of the NYSE in the same manner as set forth with respect to the Company under "-- 6. Certain Information Concerning the Company".

8. Dividends and Distributions. If on or after August 4, 1994, the Company should (i) split, combine or otherwise change any of the Shares or its capitalization, (ii) acquire or otherwise cause a reduction in the number of outstanding Shares of any class or (iii) issue or sell any additional Shares (other than shares of Common Stock issued pursuant to and in accordance with the terms in effect on August 4, 1994 of employee stock options and convertible securities outstanding prior to such date), shares of any other class or series of capital stock, other voting securities or any securities convertible into, or options, rights, or warrants, conditional or otherwise, to acquire, any of the foregoing, then, without prejudice to the Purchaser's rights described under "-- 10. Certain Conditions of the Offer", the Purchaser may, in its sole discretion, make such adjustments in the purchase price and other terms of the Offer as it deems appropriate including the number or type of securities to be purchased.

If, on or after August 4, 1994, the Company should declare or pay (or set a record date with respect to the payment of) any dividend on any Shares or any distribution with respect to any Shares (including the issuance of additional Shares or other securities or rights to purchase of any securities) that is payable or distributable to stockholders of record on a date prior to the transfer to the name of the Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares purchased pursuant to the Offer, then, without prejudice to the Purchaser's rights as described under "-- 10. Certain Conditions of the Offer", (i) the purchase price per share of Common Stock or Preferred Stock, as the case may be, payable by the Purchaser pursuant to the Offer will be reduced to the extent of any such cash dividend or distribution and

(ii) the whole of any such non-cash dividend or distribution to be received by the tendering stockholders will (a) be received and held by the tendering stockholders for the account of the Purchaser and will be required to be promptly remitted and transferred by each tendering stockholder to the Depositary for the account of the Purchaser, accompanied by appropriate documentation of transfer, or (b) at the direction of the Purchaser, be exercised for the benefit of the Purchaser, in which case the proceeds of such exercise will promptly be remitted to the Purchaser. Pending such remittance and subject to applicable law, the Purchaser will be entitled to all rights and privileges as owner of any such non-cash dividend or distribution or proceeds thereof and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by the Purchaser in its sole discretion.

9. Extension of Tender Period; Termination; Amendment. The Purchaser reserves the right, at any time or from time to time, in its sole discretion and regardless of whether or not any of the conditions specified under "-- 10. Certain Conditions of the Offer" shall have been satisfied (but subject to the provisions of the Merger Agreement), (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares by giving oral or written notice of such extension to the Depositary and by making a public announcement of such extension or (ii) to amend the Offer in any respect by making a public announcement of such amendment. There can be no assurance that the Purchaser will exercise its right to extend or amend the Offer.

If the Purchaser decreases the number of Common Shares or Preferred Shares being sought or increases or decreases the consideration to be paid for any Shares pursuant to the Offer and the Offer is scheduled to expire at any time before the expiration of a period of 10 business days from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified below, the Offer will be extended until the expiration of such period of 10 business days. If the Purchaser makes a material change in the terms of the Offer (other than a change in price or percentage of securities sought) or in the information concerning the Offer, or waives a material condition of the Offer, the Purchaser will extend the Offer, if required by applicable law, for a period sufficient to allow stockholders to consider the amended terms of the Offer. In a published release, the Commission has stated that in its view an offer must remain open for a minimum period of time following a material change in the terms of such offer and that the waiver of a condition such as the Minimum Tender Condition is a material change in the terms of an offer. The release states that an offer should remain open for a minimum of five business days from the date the material change is first published, sent or given to securityholders, and that if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of 10 business days may be required to allow adequate dissemination and investor response. The term "business day" shall mean any day other than Saturday, Sunday or a federal holiday and shall consist of the time period from 12:01 A.M. through 12:00 Midnight, New York City time.

The Purchaser also reserves the right, in its sole discretion (but subject to the provisions of the Merger Agreement), in the event any of the conditions specified under "-- 10. Certain Conditions of the Offer" shall not have been satisfied and so long as Shares have not theretofore been accepted for payment, to delay (except as otherwise required by applicable law) acceptance for payment of or payment for Shares or to terminate the Offer and not accept for payment or pay for Shares.

If the Purchaser extends the period of time during which the Offer is open, is delayed in accepting for payment or paying for Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may, on behalf of the Purchaser, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided under "-- 4. Withdrawal Rights". The reservation by the Purchaser of the right to delay acceptance for payment of or payment for Shares is subject to applicable law, which requires that the Purchaser pay the consideration offered or return the Shares deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Offer.

Any extension, termination or amendment of the Offer will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which the Purchaser may choose to make any public announcement, the Purchaser will have no obligation (except as otherwise required by applicable law)

to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service. In the case of an extension of the Offer, the Purchaser will make a public announcement of such extension no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date.

10. Certain Conditions of the Offer. Notwithstanding any other provision of the Offer, the Purchaser shall not be required to accept for payment or pay for any Shares, and may terminate the Offer as provided in under "-- 9. Extension of Tender Period; Termination; Amendment", if prior to the acceptance for payment of any Shares (i) the Minimum Tender Condition shall not have been satisfied, (ii) the Financing Condition shall not have been satisfied, (iii) the waiting periods under the HSR Act applicable to the Purchaser's acquisition of Shares pursuant to the Offer, the acquisition by the Parent Purchasers of the shares of the Purchaser and the Parent Contribution shall not have expired or been terminated, provided that prior to December 31, 1994, the Purchaser shall not terminate the Offer by reason of nonsatisfaction of the condition in this clause (iii) and will extend the Offer in such event (it being understood that this provision shall not prohibit the Purchaser from terminating the Offer or failing to extend the Offer by reason of the nonsatisfaction of any other condition of the Offer), (iv) the Purchaser shall not be satisfied that it has received all consents as are required from the FCC for consent to the transfer of control of the FCC licenses listed in the QVC Disclosure Schedule to the Merger Agreement or (v) at any time on or after August 4, 1994, and prior to the acceptance for payment of Shares, any of the following conditions exist:

(a) there shall be, instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by the Purchaser or the consummation by the Purchaser of the Merger, seeking to obtain material damages or imposing any material adverse conditions in connection therewith or otherwise directly or indirectly relating to the transactions contemplated by the Offer or the Merger, (ii) seeking to restrain or prohibit the exercise of full rights of ownership or operation by the Purchaser or its affiliates of all or any portion of the business or assets of the Company and its subsidiaries, taken as a whole, or of the Purchaser or any of its affiliates, or to compel the Purchaser or any of its affiliates to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or of the Purchaser or any of its affiliates, (iii) seeking to impose limitations on the ability of the Purchaser or any of its affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by the Purchaser or any of its affiliates on all matters properly presented to the Company's stockholders or (iv) seeking to require divestiture by the Purchaser or any of its affiliates of any Shares; or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the Offer, the acceptance for payment of or payment for Shares or the Merger, by any court, government or governmental authority or agency, domestic, foreign or supranational, other than the application of the waiting period provisions of the HSR Act to the Offer or the Merger, that, in the reasonable judgment of the Purchaser, might directly or indirectly, result in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) the Company shall have breached or failed to perform in any material respect any of its covenants or agreements under the Merger Agreement which has not been cured, or any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true in any material respect when made or at any time prior to consummation of the Offer as if made at and as of such time, in each case and shall continue to be untrue; or

(d) the Merger Agreement shall have been terminated in accordance with its terms.

which, in the reasonable judgment of the Purchaser, in any such case, and regardless of the circumstances (including any action or omission by the Purchaser) giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of the Purchaser and may be asserted by the Purchaser in its sole discretion regardless of the circumstances (including any action or omission by the Purchaser) giving rise to any such conditions or may be waived by the Purchaser in its sole discretion in whole at any time or in part from time to time. The failure by the Purchaser at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts and circumstances, and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Purchaser concerning the events described in this Section will be final and binding upon all parties.

11. Certain Legal Matters; Regulatory Approvals.

(a) General. Based on its examination of publicly available information filed by the Company with the Commission and other publicly available information concerning the Company, except as described below the Purchaser is not aware of any governmental license or regulatory permit that appears to be material to the Company's business that might be adversely affected by the Purchaser's acquisition of Shares as contemplated herein or of any approval or other action by any government or governmental administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of Shares by the Purchaser as contemplated herein. Should any such approval or other action be required, the Purchaser currently contemplates that, except as described below under "State Takeover Statutes", such approval or other action will be sought. Except as described under "Antitrust" and "FCC Approvals", there is, however, no current intent to delay the purchase of Shares tendered pursuant to the Offer pending the outcome of any such matter. The Purchaser is unable to predict whether it may determine that it is required to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that if such approvals were not obtained or such other actions were not taken adverse consequences might not result to the Company's business or certain parts of the Company's business might not have to be disposed of, any of which could cause the Purchaser to elect to terminate the Offer without the purchase of Shares thereunder. The Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions. See "-- 10. Certain Conditions of the Offer".

(b) State Takeover Statutes. A number of states have adopted laws which purport, to varying degrees, to apply to attempts to acquire corporations that are incorporated in, or which have substantial assets, stockholders, principal executive offices or principal places of business or whose business operations otherwise have substantial economic effects in, such states. The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted such laws. Except as described herein, the Purchaser does not know whether any of these laws will, by their terms, apply to the Offer or any merger or other business combination between the Purchaser or any of its affiliates and the Company and has not complied with any such laws. To the extent that certain provisions of these laws purport to apply to the Offer or any such merger or other business combination, the Purchaser believes that there are reasonable bases for contesting such laws.

In 1982, in *Edgar v. MITE Corp.*, the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover Statute which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987 in *CTS Corp. v. Dynamics Corp. of America*, the Supreme Court held that the State of Indiana could, as a matter of corporate law, constitutionally disqualify a potential acquiror from voting shares of a target corporation without the prior approval of the remaining stockholders where, among other things, the corporation is incorporated in, and has a substantial number of stockholders in, the state.

If any government official or third party should seek to apply any state takeover law to the Offer or any merger or other business combination between the Purchaser or any of its affiliates and the Company, the Purchaser will take such action as then appears desirable, which action may include challenging the applicability or validity of such statute in appropriate court proceedings. In the event it is asserted that one or more state takeover statutes is applicable to the Offer or any such merger or other business combination and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer or any such merger or other business combination, the Purchaser might be required to file certain information with, or to receive approvals from, the relevant state authorities or holders of Shares, and the Purchaser might be unable to accept for payment or pay for Shares tendered pursuant to the Offer, or be delayed in continuing or consummating the Offer or any such merger or other business combination. In such case, the Purchaser may not be obligated to accept for payment or pay for any tendered Shares. See "-- 10. Certain Conditions of the Offer".

Notice will be filed with the Pennsylvania Securities Commission which will contain substantial additional information about the Offer, which notice will be available for inspection at the Commission's principal office at 1010 N. Seventh Street, 2nd Floor, Harrisburg, PA 17102, during business hours. The filing of the notice shall not be interpreted to imply that the Pennsylvania Takeover Disclosure Law applies to this transaction.

(c) Antitrust. Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission (the "FTC"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The purchase of Shares pursuant to the Offer, the acquisition by the Parent Purchasers of the shares of the Purchaser, and the Parent Contribution are subject to such requirements. Therefore, notwithstanding the expiration of the respective waiting periods under the HSR Act in respect of Liberty's prior filing to acquire up to 49.9% of the outstanding QVC securities and Comcast's prior filing to acquire up to 24.9% of such securities, Liberty and Comcast will not be permitted to consummate the offer until expiration of the waiting period of the HSR Act in respect of such transactions.

Pursuant to the requirements of the HSR Act, Comcast, Liberty and the Company filed the required Notification and Report Forms with the Antitrust Division and the FTC on August 9, 1994. As a result, the waiting period applicable to the purchase of Shares pursuant to the Offer is expected to expire at 11:59 P.M., New York City time, on Wednesday, August 24, 1994. However, the waiting periods applicable to the acquisition by the Parent Purchasers of the shares of the Purchaser, and the Parent Contribution are expected to expire at 11:59 P.M., New York City time, on Thursday, September 8, 1994. However, prior to such dates, the Antitrust Division or the FTC may extend the waiting periods by requesting additional information or documentary material relevant to the acquisitions. If such a request is made, the waiting period will be extended, in the case of the Offer, until 11:59 P.M., New York City time, on the tenth day after substantial compliance by the Purchaser with such request. In the case of the acquisition by the Parent Purchasers of the shares of the Purchaser, and the contribution of QVC Securities to the Purchaser, if such a request is made the waiting period will be extended until 11:59 P.M., New York City time, on the twentieth day after substantial compliance by each of the parties that receives such a request. Thereafter, such waiting periods can be extended only by court order.

A request is being made pursuant to the HSR Act for early termination of the applicable waiting periods. There can be no assurance, however, that the waiting periods will be terminated early. Shares will not be accepted for payment or paid for pursuant to the Offer until the expiration or earlier termination of the applicable waiting periods under the HSR Act. See "-- 10. Certain Conditions of the Offer". Any extension of the waiting periods will not give rise to any withdrawal rights not otherwise provided for by applicable law. See "-- 4. Withdrawal Rights". Subject to the rights described under "-- 4. Withdrawal Rights", any extension of the waiting periods will not give rise to any withdrawal rights not otherwise provided for by applicable law. If the Purchaser's acquisition of Shares is delayed pursuant to a request by the Antitrust Division or the FTC for additional information or documentary material pursuant to the HSR Act, the Offer may be extended.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions notified under the HSR Act. At any time before or after the consummation of any such transactions, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or seeking divestiture of the Shares so acquired or divestiture of substantial assets of the Purchaser or the Company. Private parties may also bring legal actions under the antitrust laws. The Purchaser does not believe that the consummation of the Offer will result in a violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made, or if such a challenge is made, what the result will be. See "-- 10. Certain Conditions of the Offer" for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

(d) FCC Approvals. The Company holds licenses issued by the FCC for the operation of communication facilities, including three satellite earth stations. The Communications Act and applicable FCC regulations require prior FCC approval for the transfer or deemed transfer of control of companies holding FCC licenses. Applications must be filed with the FCC seeking such approval. The Communications Act requires that the FCC find that the proposed transfer would serve the public interest, convenience and necessity as a prerequisite to granting its approval. The FCC may also require that the transferees demonstrate that it possesses the requisite legal, financial, technical and other qualifications to operate the licensed facilities in order for the transfer to be approved.

In order for the Purchaser to consummate the Offer and the Merger, prior FCC approval will be required. The Purchaser intends to file with the FCC, as soon as practicable, applications seeking FCC approval to take control of the Company. There can be no assurance that the FCC will grant such approval or that, if granted, such FCC approval will be on terms and conditions acceptable to the Purchaser.

The Purchaser also intends to file with the FCC a request for special temporary authority to permit the Offer and the Merger to be consummated prior to the receipt of FCC approvals of the transfer of control applications. Although in the past the FCC generally has expedited its consideration of such requests, the Purchaser cannot predict how long the FCC's consideration of the Purchaser's request will take.

The obligation of the Purchaser to consummate the Offer is conditioned upon, among other things, the Purchaser being satisfied that it has received all consents as are required from the FCC for consent to the transfer of control of certain of the Company's FCC licenses. See "The Merger Agreement -- Conditions of the Offer" in Item 3b(iii).

The Cable Television Consumer Protection and Competition Act of 1992 directed the FCC to "prescribe rules and regulations establishing reasonable limits on the number of channels on a cable system that can be occupied by a video programmer in which a cable operator has an attributable interest." 47 U.S.C. sec. 533(f)(1)(B). Accordingly, the FCC recently adopted "vertical ownership" restrictions which, effective January 10, 1994, prohibit (subject to certain exemptions) a cable system operator from holding attributable interests in video programmers collectively occupying more than 40% of the channel capacity of its cable systems. The restrictions on channel occupancy do not apply to channel capacity in excess of 75 channels. For purposes of calculating the 40% benchmark, the FCC defines "attributable interest" as it defines the term for purposes of applying its broadcast cross-ownership restrictions.

12. Fees and Expenses. Lazard is acting as financial advisor to Comcast and is acting as Dealer Manager in connection with the Offer. Comcast has agreed to pay Lazard as compensation for its services as financial advisor in connection with the Transaction and as Dealer Manager in connection with the Offer a fee of \$7,500,000. Comcast has agreed to pay Lazard \$1,000,000 of such fee upon the public announcement of any acquisition by Comcast (by merger or otherwise) of all or a substantial portion of the Company, and the balance of such fee, \$6,500,000, upon the acquisition by Comcast of at least a majority of Shares. Comcast has

agreed to indemnify Lazard and its affiliates against certain liabilities, including certain liabilities under the federal securities laws.

The Purchaser has retained D.F. King & Co., Inc. to act as the Information Agent and The Bank of New York to act as the Depositary in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telex, telegraph and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary each will receive reasonable and customary compensation for their respective services, will be reimbursed for certain [reasonable] out-of-pocket expenses and will be indemnified against certain liabilities in connection therewith, including certain liabilities under the federal securities laws.

The Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager, the Information Agent and the Depositary) for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by the Purchaser for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

It is estimated that the expenses incurred in connection with the Transaction will be approximately as set forth below:

Filing Fees.....	\$ 219,417
Dealer Manager/Financial Advisory Fees.....	18,000,000
Information Agent Fees.....	7,500
Depositary Fees.....	41,000
Legal Fees.....	2,600,000
Accounting Fees.....	5,000
Printing and Mailing Costs.....	200,000
Miscellaneous.....	50,000

Total.....	\$21,122,917
	=====

All costs and expenses incurred by Comcast, Liberty and TCI in connection with the Joint Bidding Agreement and the transactions contemplated thereby (other than costs and expenses related to the cash contribution agreed to be made by each of the Parent Purchasers to the Purchaser, which shall be paid by such Parent Purchaser) shall be paid or reimbursed by QVC following the Merger, or if the Merger is not consummated, then by the party incurring such expenses.

13. Miscellaneous. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Purchaser may, in its discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to holders of Shares in such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF THE PURCHASER NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

The Purchaser has filed with the Commission a Tender Offer Statement on Schedule 14D-1, together with exhibits (the "Schedule 14D-1") pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act (the "Exchange Act Rules"), and, together with the Company, a Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") pursuant to Rule 13e-3 of the Exchange Act Rules, each furnishing certain additional information with respect to the Transaction. By filing the Schedule 13E-3 none of the joint signatories thereto concedes that Rule 13E-3 is applicable to the Transaction. The Schedule 14D-1, the Schedule 13E-3 and any amendments thereto, including exhibits, may be examined and copies may be obtained from the offices of the Commission in the manner set forth under "-- 6. Certain Information Concerning the Company" (except that such information will not be available at the regional offices of the Commission).

SCHEDULE I

QVC, INC.

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 the Company. Except as otherwise noted, the business address of each such person is c/o QVC, Inc., 1365 Enterprise Drive, West Chester, PA 19380, and such person is a United States citizen. In addition, except as otherwise noted, each executive officer of the Company has been employed by the Company in the positions listed below during the last five years. This information has been taken from and is based upon reports and other documents on file with the Commission or otherwise publicly available.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS
Douglas Briggs	Executive Vice President and President of QVC Electronic Retailing	The Company	Mr. Briggs has been Executive Vice President and President of QVC Electronic Retailing since February 1994. From January 1993 to February 1994, he was Executive Vice President -- Electronic Retailing. From December 1987 until January 1993, Mr. Briggs was Executive Vice President -- Programming.
Candice M. Carpenter	President -- Q2, Inc.	The Company	Ms. Carpenter has been President of Q2, Inc., a wholly-owned subsidiary of the Company, since July 1993. Prior thereto, Ms. Carpenter was President of Time-Warner Video and Time-Life Television from 1989 to July 1993.
William F. Costello	Executive Vice President -- Finance and Chief Financial Officer of the Company	The Company	Mr. Costello has been Director, Executive Vice President -- Finance and Chief Financial Officer of the Company since December 1989. Mr. Costello was also Treasurer of the Company from December 1989 to September 1992. Prior thereto, he was an independent management and financial consultant from 1988 until December 1989.
Barry Diller	Chairman, Chief Executive Officer and Director of the Company	The Company	Mr. Diller has been Chairman of the Board, the Chief Executive Officer and a Director of the company since January 18, 1993. From 1984 to 1992, Mr. Diller was Chairman of the Board, a Director and Chief Executive Officer of Fox, Inc.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS
Thomas Downs	Executive Vice President -- Operations and Services of the Company	The Company	Mr. Downs has been Executive Vice President -- Operations and Services since February 1994. Prior thereto, Mr. Downs was Executive Vice President -- Customer Service from February 1991 to February 1994, Executive Vice President -- Fulfillment from December 1989 to January 1991 and Senior Vice President -- Fulfillment from 1987 to December 1989.
Neal S. Grabell	Senior Vice President, General Counsel and Secretary of the Company	The Company	Mr. Grabell has been Senior Vice President, General Counsel and Secretary of the Company since 1987. Mr. Grabell is of counsel to the law firm Bolger, Picker, Hankin & Tannenbaum.
James G. Held	Executive Vice-President of QVC Merchandising	The Company	Mr. Held has been Executive Vice President of QVC Merchandising since February 1994. Prior thereto, he was Senior Vice President of New Business Development of the Company from September 1993 to February 1994. Prior thereto, he served in a series of positions with Bloomingdale's from 1983 to September 1993.
John F. Link	Executive Vice President -- Information Systems and Telecommunications and Chief Information Officer of the Company	The Company	Mr. Link has been Executive Vice President -- Information Systems and Telecommunications and Chief Information Officer since February 1994. He was Executive Vice President of Information Systems and Telecommunications from August 1990 to February 1994 and Senior Vice President of Information Systems and Data Communications of the Company since 1989. From 1964 to 1989, Mr. Link held various positions with Sun Company, Inc.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS
J. Bruce Llewellyn	Chairman of the Board and Chief Executive Officer of The Philadelphia Coca-Cola Bottling Company Rubin, Baum, Levin, Constant & Friedman 30 Rockefeller Plaza 29th Floor New York, NY 10012	Soft drink bottler and distributor	Mr. Llewellyn has been a Director of the Company since June 1990. Mr. Llewellyn has been Chairman of the Board and Chief Executive Officer of the Philadelphia Coca-Cola Bottling Company for more than five years. Mr. Llewellyn also serves as Chairman of the Board and Chief Executive Officer of The Coca-Cola Bottling Company of Wilmington, Inc., Queen City Broadcasting, Inc. and Garden State Cablevision, Inc.
Robert J. Perkins	President of Q Direct	The Company	Mr. Perkins has served as President of Q Direct since March 1994. Mr. Perkins served as Senior Vice President of Marketing of Pizza Hut from March 1991 to March 1994. From 1985 to 1991, Mr. Perkins held a series of positions within the Chiat/Day advertising organization.
Bruce M. Ramer	Director, Principal of law firm of Gang, Tyre, Ramer & Brown, Inc. 6400 Sunset Building Los Angeles, CA 90028	Law Firm	Mr. Ramer has been a Director of the Company since May 1994. Mr. Ramer has been a principal of the law firm of Gang, Tyre, Ramer & Brown, Inc. for more than five years.
Ralph J. Roberts	Chairman of the Board of Directors and Director of Comcast 1500 Market Street Philadelphia, PA 19107	Comcast	Mr. Roberts has been a Director of the Company since June 1991. Mr. Roberts has been Chairman of the Board of Directors and a Director of Comcast for more than five years. Mr. Roberts has also been President and a Director of Sural for more than five years. Prior to February 7, 1990, Mr. Roberts was President of Comcast. Mr. Roberts is also a Director of Storer Communications, Inc.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS
Brian L. Roberts	President and Director of Comcast 1500 Market Street Philadelphia, PA 19107	Comcast	Mr. Roberts has been a Director of the Company since October 1987. Mr. Roberts has served as President of Comcast since February 1990. Prior thereto, Mr. Roberts was Executive Vice President of Comcast since June 1987 and a Vice President of Comcast since September 1986. Previously, he served in various capacities with Comcast Cable Communications, a division of Comcast which operates Comcast's cable communications business, for more than five years. Mr. Roberts also serves as Vice President and a Director of Sural. Mr. Roberts is also a Director of Turner Broadcasting System, Inc. and Storer Communications, Inc.
William J. Schereck	President -- International	The Company	Mr. Schereck served as Executive Vice President -- International of the Company from December 1993 to February 1994, when he was appointed to his current position of President - International. From 1990 to December 1993, Mr. Schereck served as Vice President, Cable Affiliates for Fox Broadcasting Company and from 1985 to 1990 he held a series of positions with WMSN, a television station in Madison, Wisconsin.
Joseph M. Segel	Director and Chairman Emeritus of the Company	The Company	Mr. Segel has been a Director of the Company since 1986 and Chairman Emeritus of the Company since January 1993. Mr. Segel was Chairman, Chief Executive Officer and a Director of the Company from June 1986 to January 1993. From June 1986 to November 1986 and from December 1987 to July 1989, Mr. Segel was President of the Company.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS
Linda J. Wachner	Chairman, President and Chief Executive Officer of Warnaco Inc. 90 Park Avenue New York, NY 10016	Apparel Company	Mrs. Wachner has been a Director of the Company since May 1994. She has been Chairman, President and Chief Executive Officer of Warnaco Inc., a publicly-owned apparel company, for more than five years. She is also Chairman and Chief Executive Officer of Authentic Fitness Corporation.

SCHEDULE II

COMCAST CORPORATION AND QVC PROGRAMMING HOLDINGS, INC.

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, executive officer and controlling person, and age of each executive officer, of Comcast, the Purchaser and Sural. Except as otherwise noted, the business address of each such person is c/o Comcast Corporation, 1500 Market Street, Philadelphia, PA 19107, and such person is a United States citizen. In addition, except as otherwise noted, each executive officer of Comcast, the Purchaser or Sural has been employed by Comcast, the Purchaser or Sural, respectively, in the positions listed below during the last five years.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Ralph J. Roberts	Chairman of Board of Directors and Director of Comcast; Chairman of Board of Directors and Director of the Purchaser; President and Director of Sural	Comcast	Mr. Roberts has served as Chairman of the Board of Directors and a Director of Comcast for more than five years. He has been the President and a Director of Sural for more than five years. Mr. Roberts is also a Director of the Company and Storer Communications, Inc. Age 73.
Julian A. Brodsky	Vice Chairman of Board of Directors and Director of Comcast; Vice Chairman of Board of Directors and Director, Assistant Secretary and Assistant Treasurer of the Purchaser; Treasurer and Director of Sural Corporation ("Sural"), a holding company that owns shares of Comcast constituting approximately 78% of the voting power of Comcast	Comcast	Mr. Brodsky has served as Vice Chairman of the Board of Directors and a Director of Comcast for more than five years. He has served as Treasurer and Director of Sural for more than five years. Mr. Brodsky is also a Director of Nextel, Inc., Storer Communications, Inc. and RBB Fund, Inc. Age 60.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Brian L. Roberts	President and Director of Comcast; President and Director of the Purchaser; Vice President and Director of Sural	Comcast	Mr. Roberts was elected to the Board of Directors in June 1988 and was elected President of Comcast in February 1990. Mr. Roberts had been Executive Vice President of Comcast since June 1987 and had been a Vice President of Comcast since September 1986. Previously, he served in various capacities with Comcast Cable Communications, a division of Comcast which operates Comcast's cable communications business for more than five years. Mr. Roberts serves as Vice President and a Director of Sural. Mr. Roberts is also a Director of Turner Broadcasting System, Inc., the Company and Storer Communications, Inc. Age 34.
John R. Alchin (citizen of Australia)	Senior Vice President and Treasurer of Comcast; Senior Vice President and Treasurer of the Purchaser	Comcast	Mr. Alchin joined Comcast in January 1990 as Vice President and Treasurer and in February 1990 was elected Senior Vice President. Prior to joining Comcast, Mr. Alchin held various executive positions with Toronto Dominion Bank for more than five years, including Managing Director, Merchant Banking Group. Age 45.
Thomas G. Baxter	Senior Vice President of Comcast and President of Comcast Cable Communications, Inc.	Comcast	Mr. Baxter was elected Senior Vice President of Comcast in February 1990. As of January 1, 1990, Mr. Baxter was named Vice President of Comcast and President of Comcast Cable Communications. Mr. Baxter had been a Vice President of Comcast Cable since 1985. Age 47.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Lawrence S. Smith	Senior Vice President -- Accounting and Administration of Comcast; Senior Vice President -- Accounting and Administration of the Purchaser	Comcast	Mr. Smith was elected Senior Vice President of Comcast in February 1990. In April 1988, Mr. Smith joined Comcast as Vice President -- Accounting and Administration. Mr. Smith is the Chief Accounting Officer of Comcast. Prior to joining Comcast, Mr. Smith served as Senior Vice President, Finance of Advanta Corp., a financial services holding company, from 1986. Previously, Mr. Smith was a partner with Arthur Andersen & Co. for more than five years. Age 46.
Stanley L. Wang	Senior Vice President, General Counsel and Secretary of Comcast; Director, Senior Vice President and Secretary of the Purchaser	Comcast	Mr. Wang was elected Senior Vice President of Comcast in February 1990. Previously, Mr. Wang served as Vice President and General Counsel of Comcast for more than five years. Mr. Wang was also named Secretary of Comcast in Spring 1989. Mr. Wang continues to serve as General Counsel. Mr. Wang is a Director of Storer Communications, Inc. Age 53.
C. Stephen Backstrom	Vice President -- Taxation of Comcast; Vice President -- Taxation of the Purchaser	Comcast	Mr. Backstrom has been Vice President -- Taxation of Comcast for more than the past five years. Age 50.
Robert B. Clasen	Senior Vice President of Comcast and Chairman of Comcast International Holdings, Inc.	Comcast	Mr. Clasen joined Comcast in January 1993 as Senior Vice President and Chairman of Comcast International, a division of Comcast which owns, develops and operates Comcast's international investments. From February to December 1992, Mr. Clasen was a consultant to Comcast International, and from February to November 1991, he was a Senior Vice President of McCaw Cellular Communications, Inc. and President of McCaw's western region. From 1984 to 1991, he served in various executive positions with Comcast, including Senior Vice President. Age 49.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Donald A. Harris	Senior Vice President of Comcast and President of Comcast Cellular Communications, Inc.	Comcast	Mr. Harris joined Comcast in March 1992 as Vice President of Comcast and President of Comcast Cellular Communications, a division of Comcast which operates Comcast's cellular telephone business. In February 1993, Mr. Harris was elected Senior Vice President. Prior to joining Comcast, Mr. Harris held various executive positions with PacTel Cellular for more than five years, including most recently General Manager of PacTel's Los Angeles, California cellular business. Mr. Harris is also a Director of Nextel, Inc. Age 41.
Daniel Aaron	Director of Comcast	Comcast	Mr. Aaron has served as a Director of Comcast for more than five years. He served as Vice Chairman of the Board of Directors for more than five years until his retirement in February 1991. He continues to serve as a consultant to Comcast.
Gustave G. Amsterdam	Director, Attorney 1845 Walnut Street Suite 2390 Philadelphia, PA 19103	Law Firm	Mr. Amsterdam has been a Director of Comcast for more than five years. Mr. Amsterdam was, for more than five years, Chairman of the Board of Bankers Securities Corporation, a mercantile, real estate management and operating company.
Sheldon M. Bonovitz	Director, Partner in law firm of Duane, Morris and Heckscher 4200 One Liberty Place Philadelphia, PA 19103	Law Firm	Mr. Bonovitz has been a Director of Comcast for more than five years. Mr. Bonovitz has been an attorney specializing in tax matters with the law firm of Duane, Morris & Heckscher, in which firm he is a partner, for more than five years. Mr. Bonovitz is also a Director of Castle Energy Corporation and Surgical Laser Technologies, Inc.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Joseph L. Castle, II	Director, President of Castle Energy Corp. One Valley Square Suite 101 Blue Bell, PA 19422	Independent oil and gas refining, exploration and production company, which also manages oil and gas limited partnerships	Mr. Castle has been a Director of Comcast for more than five years. Mr. Castle has been, for more than five years, a financial consultant and is the President, Chief Executive Officer and a Director of Castle Energy Corporation, an independent oil and gas refining, exploration and production company which also manages oil and gas limited partnerships. Mr. Castle is also a Director of Reading Company, Charming Shoppes, Inc. and Independence Capital Management, Inc., a subsidiary of Penn Mutual Life Insurance Company, Inc.
Bernard C. Watson	Director, President of William Penn Foundation One Valley Square Suite 101 12 Township Line Road, Blue Bell, PA 19422	Private Foundation	Dr. Watson has been a Director of Comcast for more than five years. Dr. Watson has been President and Chief Executive Officer of the William Penn Foundation for more than five years. Dr. Watson also serves as a Director of First Fidelity Bancorporation, First Fidelity Bank and Comcast Cablevision of Philadelphia, Inc.
Irving A. Wechsler	Director, Partner in Wechsler, Myers & Walsh, Certified Public Accountants One Oliver Plaza Pittsburgh, PA 15222	Accounting Firm	Mr. Wechsler has been a Director of Comcast for more than five years, a partner in the firm of Wechsler, Myers & Walsh, Certified Public Accountants, in Pittsburgh, Pennsylvania.
Anne Wexler	Director, Chairman of The Wexler Group 1317 F. Street N.W. Suite 600 Washington, DC 20004	Consulting firm specializing in government relations	Ms. Wexler has been a Director of Comcast since March 1991 and has been Chairman of the Wexler Group, a consulting firm specializing in government relations and public affairs, which is an operating unit of Hill and Knowlton Public Affairs Worldwide, for more than five years. Ms. Wexler is also a Director of American Cyanamid Company, the Continental Corporation and the New England Electric System.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Suzanne F. Roberts	Vice President and Director of Sural 1375 Fairview Road Coatesville, PA 19107	Holding Company	Ms. Roberts has been a Vice President and Director of Sural for more than five years.

TELE-COMMUNICATIONS, INC.

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 TCI. Except as otherwise noted, the business address of each such person is c/o Tele-Communications, Inc., 5619 DTC Parkway, Englewood, CO 80111, and such person is a United States citizen. In addition, except as otherwise noted, each executive officer of Liberty has been employed by Liberty in the positions listed below during the last five years.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Peter R. Barton	Executive Vice President of TCI	TCI	Mr. Barton has served as a Director and President of Liberty since 1990. Mr. Barton was Senior Vice President of TCI from 1988 until March 1991, and was President of Cable Value Network from 1986 to 1988, during which time he was also a consultant to TCI. Mr. Barton is also a Director of the Company and BET Holdings, Inc. Age 43.
Bob Magness	Chairman of the Board and Director of TCI	TCI	Mr. Magness has been a Director of Liberty since 1990. Mr. Magness has been Chairman of the Board and a Director of TCI since 1973. Mr. Magness is also a Director of TCI, Turner Broadcasting System, Inc. and Republic Pictures Corporation.
John C. Malone	President, Chief Executive Officer and Director of TCI	TCI	Dr. Malone has been Chairman of the Board and a Director of Liberty since 1990. Dr. Malone has also served as President of TCI since 1973. Dr. Malone is also a Director of TCI and Turner Broadcasting System, Inc., The Bank of New York Company, Inc., QVC and BET. Age 53.
Donne F. Fisher	Executive Vice President, Treasurer of Director of TCI	Acquisition, development and operation of cable television systems and cable television programming	Executive Vice President and Treasurer of TCI/Liberty since January 27, 1994; Executive Vice President of TCI since December of 1991; was previously Senior Vice President of TCI since 1982 and Treasurer since 1970; Vice President, Treasurer and a director of most of TCI's subsidiaries. Age 56.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
John W. Gallivan	Director of TCI Chairman of the Board Kearns-Tribune Corporation 400 Tribune Building Salt Lake City, UT 84111	Newspaper publishing	Chairman of the Board of Kearns-Tribune Corporation, a newspaper publishing company.
Anthony Lee Coelho	Director of TCI President and CEO of Wertheim Schroder Investment Services, Inc. 787 7th Avenue, 5th Floor New York, NY 10019	Investment Services	President and Chief Executive Officer of Wertheim Schroder Investment Services; Managing Director of Wertheim Schroder & Co., Incorporated; was formerly U.S. Representative from California from January 1979 through June 1989 and the Majority Whip of the U.S. House of Representatives from December 1986 through June 1989.
Kim Magness	Director of TCI Magness family business interests, principally in ranching and breeding Arabian horses; 1470 South Quebec Way, #148 Denver, CO 80231	Ranching and horse breeding	Manages family business interests, mostly in ranching and breeding Arabian horses, and is Chairman and President of a company developing liners for irrigation canals.
Robert A. Naify	Director of TCI President and CEO of Todd-AO Corporation 172 Golden Gate Avenue San Francisco, CA 94102	Motion Picture Industry	President of The Todd-AO Corporation.
Jerome H. Kern	Director of TCI; Senior Partner in Baker & Botts, L.L.P. 885 Third Avenue, Suite 1900 New York, NY 10022	Law	Senior partner of Baker & Botts, L.L.P., a law firm located in New York, New York, since September 1992. Mr. Kern was a senior partner of the Law Offices of Jerome H. Kern from January 1, 1992 to September 1, 1992 and prior to that, was a senior partner of the law firm of Shea & Gould from 1986 through December 31, 1991.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Stephen M. Brett	Executive Vice President, Secretary and General Counsel of TCI	Acquisition, development and operation of cable television systems and cable television programming	Executive Vice President and Secretary of TCI/Liberty since January 27, 1994. Senior Vice President and General Counsel of TCI since December of 1991. From August of 1988 through December of 1991, was Executive Vice President -- Legal and Secretary of United Artist Entertainment Company ("UAE") and its predecessor, United Artists Communications, Inc. ("UACI"). Age 53.
Brendan R. Clouston	Executive Vice President of TCI	Acquisition, development and operation of cable television systems and cable television programming	Executive Vice President of TCI/Liberty since January 27, 1994. Executive Vice President and Chief Operating Officer of TCI since March 1992. Previously Senior Vice President of TCI since December of 1991. From January of 1987 through December of 1991, held various executive positions with UAE and UACI, most recently Executive Vice President and Chief Financial Officer. Age 41.
Larry E. Romrell	Executive Vice President of TCI	Acquisition, development and operation of cable television systems and cable television programming	Executive Vice President of TCI/Liberty since January 27, 1994. Senior Vice President of TCI since 1991. From 1972 to the present held various executive positions with WestMarc Communications, Inc. ("WestMarc"), and is currently president and Chief Executive Officer of WestMarc, a wholly-owned subsidiary of TCI. Age 54.
J.C. Sparkman	Executive Vice President of TCI	Acquisition, development and operation of cable television systems and cable television programming	Executive Vice President of TCI/Liberty since January 27, 1994. Executive Vice President of TCI since 1987. Age 62.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
R.E. Turner	Director of TCI Chairman of the Board and President of Turner Broadcasting System, Inc. since 1970 One CNN Center, 14th Fl. North Atlanta, GA 30303	Cable television and entertainment programming.	Chairman of the Board and President of Turner Broadcasting System, Inc. since 1970.
Fred A. Vierra	Executive Vice President of TCI	Acquisition, development and operation of cable television systems and cable television programming.	Executive Vice President of TCI/Liberty since January 27, 1994. Executive Vice President of TCI since December of 1991. Was President and Chief Operating Officer of UAE from May of 1989 through December of 1991; President and Chief Operating Officer of United Cable Television Corporation from 1982 to May of 1989. Age 63.

SCHEDULE III

Set forth below is the name, business address and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years and age of Arthur R. Block. Mr. Block's business address is c/o Comcast Corporation, 1500 Market Street, Philadelphia, PA 19107, and is a United States citizen.

NAME	PRINCIPAL OCCUPATION AND BUSINESS ADDRESS	PRINCIPAL BUSINESS OR ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED	MATERIAL OCCUPATIONS, POSITIONS, OFFICES OR EMPLOYMENTS FOR THE PAST FIVE YEARS; AGE
Arthur R. Block	Vice President, General Counsel and Assistant Secretary of Comcast; Vice President, Assistant Secretary and Assistant Treasurer of the Purchaser	Comcast	Mr. Block has been Deputy General Counsel and Assistant Secretary of Comcast for more than five years, and Vice President of Comcast since December 1993. Age 39.

III-1

[ALLEN & COMPANY LETTERHEAD]

August 4, 1994

The Board of Directors
QVC, Inc.
Goshen Corporate Park
West Chester, PA 19380

Dear Members of the Board:

You have requested our opinion, as of this date, as to the fairness, from a financial point of view, to the holders of the outstanding shares of Common Stock, par value \$.01 per share (the "QVC Common Stock"), of QVC, Inc. (the "Company"), QVC Preferred Stock and QVC Options (as such terms are hereinafter defined), of the consideration to be received by such holders in connection with the proposed Offer and Merger hereinafter referred to.

Pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of August 4, 1994, among the Company, Comcast Corporation, a Pennsylvania corporation ("Comcast"), Liberty Media Corporation, a Delaware corporation ("Liberty"), and Comcast Qmerger, Inc., a Delaware corporation ("MergerCo"), the Company, and a wholly owned subsidiary of MergerCo will enter into a business combination transaction pursuant to which, on the terms and subject to the conditions contained in the Merger Agreement, MergerCo will commence a tender offer (the "Offer") to purchase for cash any and all shares of QVC Common Stock as well as the Company's Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, par value \$.10 per share (collectively the "QVC Preferred Stock" and together with the QVC Common Stock, the "QVC Stock"). Pursuant to the Offer, among other things, MergerCo will offer to pay net to the seller in cash and without interest, (i) \$46.00 per share of QVC Common Stock issued and outstanding and (ii) \$460.00 per share of QVC Preferred Stock. The Merger Agreement provides that following the completion of the Offer, a wholly owned subsidiary of MergerCo will be merged with and into the Company (the "Merger") in accordance with the applicable provisions of Delaware law and the terms of the Merger Agreement. Pursuant to the Merger Agreement, QVC Stock not tendered to MergerCo pursuant to the Offer that remains issued and outstanding immediately prior to the effective time of the Merger would be converted into the right to receive the consideration payable pursuant to the Offer for such QVC Stock.

In addition, in connection with the Merger, the Company's obligations with respect to each outstanding stock option granted pursuant to the Company's employee stock option plans and certain other stock options (collectively, the "QVC Options") will, except in certain circumstances, be satisfied by paying to holders of such options an amount in cash equal to \$46.00 for each share of QVC Common Stock underlying each such option, less the exercise price of each such option.

In arriving at our opinion, we have among other things:

- (i) reviewed the terms and conditions of the Merger Agreement and the agreements and instruments referred to therein;
- (ii) analyzed certain historical business and financial information relating to the Company, including the Annual Reports to Stockholders and Annual Reports on Form 10-K of the Company for each of the fiscal years ended January 31, 1990 through 1994, and the Quarterly Reports on Form 10-Q of the Company for the same fiscal years and for the quarter ended April 30, 1994;
- (iii) reviewed certain financial forecasts and other data provided to us by the Company relating to its business, earnings, assets and prospects;

- (iv) conducted discussions with members of the senior management of the Company with respect to the financial condition, business, operations, strategic objectives and prospects of the Company;
- (v) reviewed public information with respect to certain other companies in lines of businesses we believe to be comparable in whole or in part to the businesses of the Company;
- (vi) compared the financial terms of certain business combinations involving companies in lines of businesses comparable to the Company with the financial terms of the Merger Agreement;
- (vii) reviewed the trading history of QVC Common Stock, including its performance in comparison to market indices and to selected companies in comparable businesses;
- (viii) reviewed certain stock market data and financial information relating to selected public companies which we deemed generally comparable to the Company; and
- (ix) conducted such other financial analyses and investigations as we deemed necessary or appropriate for the purposes of the opinion expressed herein.

We have been advised that drafts of the Offer to Purchase and certain other documents that may be prepared for use in connection with the proposed Offer and the Merger Agreement are not yet available, and thus we have not been able to review such documents in connection with our opinion.

In rendering our opinion, we have assumed and relied upon the accuracy and completeness of the financial and other information provided by the Company to us and the representations contained in the Merger Agreement, and we have not undertaken any independent verification of such information or any independent valuation or appraisal of any of the assets of the Company. With respect to the financial forecasts referred to above, we have assumed that they have been reasonably prepared on a basis reflecting the best currently available judgments of the management of the Company as to the future financial performance of the Company. Furthermore, our opinions are based on economic, monetary and market conditions existing on this date.

We acted as financial advisor to the Company in connection with this transaction and will receive a fee for our services. We have also performed investment banking services for the Company in the past. Our opinion does not, however, constitute a recommendation of the Merger over any other alternative transactions which may be available to the Company. Paul A. Gould, a managing director of our firm, serves as a director of Liberty. As a part of our investment banking business, we hold positions in and trade in the securities of the Company, Comcast and Liberty from time to time.

Our engagement and the opinions expressed herein are solely for the benefit of the Company's Board of Directors and are not on behalf of, and are not intended to confer rights or remedies upon, either Comcast or Liberty, any stockholders of the Company or any other person other than the Company's Board of Directors. Furthermore, the opinion rendered herein does not constitute a recommendation by our firm that any stockholder of the Company vote to approve the Merger or accept the Offer.

Based on and subject to the foregoing and such other factors as we deemed relevant, we are of the opinion that, as of this date, the consideration to be received by the holders of QVC Stock and QVC Options pursuant to the Merger Agreement is fair to such holders, other than Comcast and Liberty, from a financial point of view.

Very truly yours,

ALLEN & COMPANY INCORPORATED

By: /s/ Enrique F. Senior

Enrique F. Senior
Managing Director

SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW

262. APPRAISAL RIGHTS.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to sec. 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of his shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effective pursuant to sec. 251, 252, 254, 257, 258, 263 or 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock which, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or (ii) held of record by more than 2,000 stockholders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in subsection (f) of sec. 251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to sec. sec. 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation;

b. Shares of stock of any other corporation which at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 stockholders;

c. Cash in lieu of fractional shares of the corporations described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock and cash in lieu of fractional shares described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under sec. 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a

provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting with respect to shares for which appraisal rights are available pursuant to subsections (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section. Each stockholder electing to demand the appraisal of his shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to sec. 228 or sec. 253 of this title, the surviving or resulting corporation, either before the effective date of the merger or consolidation or within 10 days thereafter, shall notify each of the stockholders entitled to appraisal rights of the effective date of the merger or consolidation and that appraisal rights are available for any or all of the shares of the constituent corporation, and shall include in such notice or a copy of this section. The notice shall be sent by certified or registered mail, return receipt requested, addressed to the stockholder at his address as it appears on the records of the corporation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of the notice, demand in writing from the surviving or resulting corporation the appraisal of his shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of his shares.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) hereof and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder shall have the right to withdraw his demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after his written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) hereof, whichever is later.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown

on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded a appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After determining the stockholders entitled to an appraisal, the Court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. In determining the fair rate of interest, the Court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have had to pay to borrow the money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the stockholder entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted his certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that he is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Interest may be simple or compound, as the Court may direct. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all of the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded his appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of his demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

QVC, INC. AND SUBSIDIARIES
SELECTED FINANCIAL INFORMATION
INDEX

	PAGE

Financial Information Extracted from 1994 Form 10-K Annual Report	
Independent Auditor's Report.....	C-2
Consolidated Balance Sheets at January 31, 1994 and 1993.....	C-3
Consolidated Statements of Operations of the years 1993, 1992 and 1991.....	C-4
Consolidated Statements of Cash Flows for the years 1993, 1992 and 1991.....	C-5
Consolidated Statements of Shareholders' Equity for years ended January 31, 1994, January 31, 1993 and January 31, 1992.....	C-6
Notes to Consolidated Financial Statements.....	C-7
Schedules II, VIII and X to the Consolidated Financial Statements.....	C-25
Management Discussion and Analysis of Financial Condition and Results of Operations.....	C-28
Interim Financial Information from Form 10-Q for the Quarter Ended April 30, 1994	
Consolidated Unaudited Balance Sheets, April 30, 1994 and January 31, 1994.....	C-35
Consolidated Statements of Operations (unaudited) for the three months ended April 30, 1994 and 1993.....	C-36
Consolidated Statements of Cash Flows (unaudited) for the three months ended April 30, 1994 and 1993.....	C-37
Consolidated Statement of Shareholders' Equity (unaudited) for the three months ended April 30, 1994.....	C-38
Notes to Consolidated Financial Statements (unaudited).....	C-39
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	C-43
Part II -- Other Information.....	C-49

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
QVC, INC.:

We have audited the consolidated financial statements of QVC, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedules as listed in the accompanying index. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of QVC, Inc. and subsidiaries as of January 31, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended January 31, 1994, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in notes 1 and 13 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993 to adopt the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

KPMG PEAT MARWICK

Philadelphia, Pennsylvania
March 4, 1994

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	JANUARY 31,	
	1994	1993
A S S E T S		
Current assets:		
Cash and cash equivalents.....	\$ 15,873	\$ 4,279
Accounts receivable, less allowance for doubtful accounts of \$52,759 in 1994 and \$21,316 in 1993 (Note 2).....	183,162	97,008
Inventories.....	148,208	118,712
Deferred taxes (Note 13).....	59,749	10,680
Prepaid expenses.....	5,536	3,716
Total current assets.....	412,528	234,395
Property, plant and equipment (Note 3).....	80,579	72,863
Cable television distribution rights (Note 4).....	99,579	115,248
Other assets (Note 5).....	33,664	9,028
Excess of cost over acquired net assets, less accumulated amortization of \$43,551 in 1994 and \$33,710 in 1993.....	251,810	268,161
Total assets.....	\$878,160	\$699,695
	=====	=====
L I A B I L I T I E S A N D S H A R E H O L D E R S ' E Q U I T Y		
Current liabilities:		
Current maturities of long-term debt (Note 7).....	\$ 3,114	\$ 24,073
Accounts payable-trade.....	81,594	51,622
Accrued liabilities (Note 6).....	225,989	151,358
Total current liabilities.....	310,697	227,053
Long-term debt, less current maturities (Note 7).....	7,044	7,586
Total liabilities.....	317,741	234,639
	-----	-----
Commitments and contingencies (Notes 8 and 14)		
Shareholders' equity (Notes 9 and 10):		
Convertible Preferred Stock, par value \$.10.....	56	93
Common Stock, par value \$.01.....	399	357
Additional paid-in capital.....	446,027	409,970
Retained earnings.....	113,937	54,636
Total shareholders' equity.....	560,419	465,056
Total liabilities and shareholders' equity.....	\$878,160	\$699,695
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FISCAL YEAR		
	1993	1992	1991
Net revenue.....	\$1,222,104	\$1,070,587	\$921,804
Cost of goods sold.....	723,175	621,840	534,650
Gross profit.....	498,929	448,747	387,154
Operating expenses:			
Variable costs.....	171,242	160,420	145,348
General and administrative.....	132,743	123,604	110,747
Depreciation.....	16,682	17,105	16,679
Amortization of intangible assets.....	26,019	29,420	29,983
	346,686	330,549	302,757
Operating income.....	152,243	118,198	84,397
Other income (expense):			
Costs of Paramount tender offer (Note 16).....	(34,800)	--	--
Losses from joint ventures (Note 5).....	(11,432)	--	--
Interest expense.....	(1,590)	(18,364)	(38,979)
Interest income.....	10,865	8,834	7,480
	(36,957)	(9,530)	(31,499)
Income before income taxes, extraordinary item and cumulative effect of a change in accounting principle.....	115,286	108,668	52,898
Income tax provision (Note 13).....	(59,975)	(52,080)	(31,165)
Income before extraordinary item and cumulative effect of a change in accounting principle.....	55,311	56,588	21,733
Extraordinary item--loss on extinguishment of debt, net of tax benefit (Note 5).....	--	(1,496)	(2,108)
Cumulative effect of a change in accounting for income taxes (Note 13).....	3,990	--	--
Net income.....	\$ 59,301	\$ 55,092	\$ 19,625
Income per share (Note 11):			
Primary:			
Income before extraordinary item and cumulative effect of a change in accounting principle.....	\$ 1.10	\$ 1.32	\$.68
Extraordinary item, net of tax benefit.....	--	(.03)	(.07)
Cumulative effect of a change in accounting for income taxes.....	.08	--	--
Net income.....	\$ 1.18	\$ 1.29	\$.61
Fully diluted:			
Income before extraordinary item and cumulative effect of a change in accounting principle.....	\$ 1.10	\$ 1.27	\$.67
Extraordinary item, net of tax benefit.....	--	(.03)	(.06)
Cumulative effect of a change in accounting for income taxes.....	.08	--	--
Net income.....	\$ 1.18	\$ 1.24	\$.61
Weighted average number of common and common equivalent shares used in computing income per share:			
Primary.....	50,062	43,890	31,959
Fully diluted.....	50,205	45,386	38,313

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR		
	1993	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	\$ 59,301	\$ 55,092	\$ 19,625
Adjustments for non-cash items included in net income:			
Cumulative effect of a change in accounting for income taxes.....	(3,990)	--	--
Loss on extinguishment of debt.....	--	2,720	3,838
Losses from joint ventures.....	11,432	--	--
Depreciation.....	16,682	17,105	16,679
Amortization of intangible assets.....	26,019	29,420	29,983
Grant of executive stock award.....	--	4,869	--
Provision for income taxes not requiring a cash outlay.....	3,366	20,275	15,800
Interest incurred but not paid.....	--	96	9,199
Issuance of Common Stock under Standby Equity Agreement.....	--	--	614
Losses on termination of capitalized lease and sales of fixed assets.....	190	90	464
Changes in other non-current assets.....	(3,458)	5,303	642
Effects of changes in working capital items (Note 15).....	(36,239)	(33,557)	40,107
Net cash provided by operating activities.....	73,303	101,413	136,951
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures.....	(24,588)	(21,137)	(11,870)
Investments in and advances to joint ventures.....	(22,626)	--	--
Proceeds from sales of property, plant and equipment.....	--	28	9,010
Adjustments to purchase price of CVN Companies, Inc.....	--	5	(230)
Changes in other non-current assets.....	(347)	(494)	330
Net cash used in investing activities.....	(47,561)	(21,598)	(2,760)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments under Senior term loan.....	(21,000)	(135,297)	(128,101)
Principal payments under capitalized leases, mortgages and other debt.....	(502)	(5,300)	(12,905)
Borrowings under revolving credit facilities.....	20,000	--	40,414
Payments against revolving credit facilities.....	(20,000)	--	(40,414)
Proceeds from exercise of stock options and other.....	1,169	16,687	891
Net proceeds from sale of Common Stock.....	--	--	51,082
Proceeds from exercise of warrants.....	6,185	11,570	--
Payment of unsecured note payable.....	--	--	(31,444)
Net cash used in financing activities.....	(14,148)	(112,340)	(120,477)
Net increase (decrease) in cash and cash equivalents.....	11,594	(32,525)	13,714
Cash and cash equivalents at beginning of year.....	4,279	36,804	23,090
Cash and cash equivalents at end of year.....	\$ 15,873	\$ 4,279	\$ 36,804

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

	CONVERTIBLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	TREASURY STOCK	TOTAL
	-----	-----	-----	-----	-----	-----
Balance January 31, 1991.....	\$ 125	\$176	\$228,628	\$(20,081)	\$ (68)	\$208,780
Net income for year.....	--	--	--	19,625	--	19,625
Income tax benefit resulting from certain capital stock transactions.....	--	--	11,500	--	--	11,500
Proceeds from the exercise of employee stock options.....	--	--	893	--	--	893
Issuance of Common Stock under Standby Equity Agreement.....	--	1	613	--	--	614
Excess of value assigned over amount received for Series B Convertible Preferred Stock.....	--	--	(239)	--	--	(239)
Issuance of shares of Common Stock and warrants in lieu of cash interest payments.....	--	2	2,998	--	--	3,000
Purchases of Treasury Stock.....	--	--	--	--	(2)	(2)
Net proceeds from public offering of Common Stock.....	--	37	51,045	--	--	51,082
Common Stock exchanged to retire unsecured note payable.....	--	23	31,422	--	--	31,445
Conversion of shares.....	(11)	11	--	--	--	--
Adjustments to warrants exchanged and Common Stock issued in connection with the CVN acquisition.....	--	--	(912)	--	--	(912)
	-----	-----	-----	-----	-----	-----
Balance January 31, 1992.....	114	250	325,948	(456)	(70)	325,786
	-----	-----	-----	-----	-----	-----
Net income for year.....	--	--	--	55,092	--	55,092
Income tax benefit resulting from capital stock transactions, exercise of stock options and net operating loss carryforward.....	--	--	22,312	--	--	22,312
Proceeds from the exercise of employee stock options.....	--	13	16,708	--	(31)	16,690
Proceeds from exercise of warrants.....	--	11	11,559	--	--	11,570
Grant of executive stock award.....	--	2	4,867	--	--	4,869
Convertible subordinated note exchanged for Common Stock, net of unamortized debt placement fees of \$1,260.....	--	17	28,723	--	--	28,740
Common Stock issued in warrant exchange offer (Note 10).....	--	68	91,394	--	(91,462)	--
Conversion of shares.....	(20)	20	--	--	--	--
Purchases of Treasury Stock.....	--	--	--	--	(3)	(3)
Retirement of Treasury Stock.....	(1)	(24)	(91,541)	--	91,566	--
	-----	-----	-----	-----	-----	-----
Balance January 31, 1993.....	93	357	409,970	54,636	--	465,056
	-----	-----	-----	-----	-----	-----
Net income for year.....	--	--	--	59,301	--	59,301
Income tax benefit resulting from cumulative effect of a change in accounting for income taxes.....	--	--	27,053	--	--	27,053
Income tax benefit resulting from exercise of stock options.....	--	--	1,655	--	--	1,655
Proceeds from the exercise of employee stock options.....	--	1	1,168	--	--	1,169
Proceeds from exercise of warrants.....	--	4	6,181	--	--	6,185
Conversion of shares.....	(37)	37	--	--	--	--
	-----	-----	-----	-----	-----	-----
Balance January 31, 1994.....	\$ 56	\$399	\$446,027	\$113,937	\$ --	\$560,419
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation.

The consolidated financial statements include the accounts of the Company and all subsidiaries. Investments in the Company's joint ventures (50% or less owned) are accounted for under the equity method. All significant intercompany accounts and transactions are eliminated in consolidation.

Fiscal Year.

The Company's fiscal year ends on January 31. Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences.

Cash and Cash Equivalents.

All highly-liquid debt instruments purchased with a maturity of three months or less are classified as cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents approximate the fair value of those assets.

Inventories.

Inventories, consisting primarily of products held for sale, are stated at the lower of cost or market. Cost is determined by the average cost method which approximates the first-in, first-out method.

Property, Plant and Equipment.

The cost of property, plant and equipment is capitalized and depreciated over their estimated useful lives using the straight-line method. When assets are sold or retired, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. The cost of maintenance and repairs is charged to expense as incurred.

Excess of Cost Over Acquired Net Assets.

The excess of cost over acquired net assets is amortized over thirty years using the straight-line method.

Translation of Foreign Currencies.

All balance sheet items for foreign operations are translated at the current exchange rate as of the balance sheet date, and income and expense items are translated at average currency exchange rates for the year. Exchange gains and losses resulting from foreign currency transactions are included in losses from joint ventures.

Net Sales and Returns.

Revenue is recognized at time of shipment to customers. The Company's policy is to allow customers to return merchandise for full credit up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21, 19, and 18 percent of sales in fiscal 1993, 1992 and 1991, respectively.

Capitalization of Start-Up Costs.

The Company capitalizes all direct incremental costs incurred prior to operations for new broadcast ventures. These costs are amortized over a period of eighteen months starting at the commencement of broadcast operations.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Income Taxes.

Effective February 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"). The cumulative effect of the change in the method of accounting for income taxes was included in the first quarter of 1993 Consolidated Statements of Operations and Shareholders' Equity. Prior years' financial statements were not restated. Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company previously used the asset and liability method under SFAS 96. Under the asset and liability method of SFAS 96, deferred tax assets and liabilities were recognized for all events that had been recognized in the financial statements. Under SFAS 96, the future tax consequences of recovering assets or settling liabilities at their financial statement carrying amounts were considered in calculating deferred taxes. Generally, SFAS 96 prohibited consideration of any other future events in calculating deferred taxes.

NOTE 2 -- ACCOUNTS RECEIVABLE

The Company has an agreement with an unrelated third party which provides for the sale and servicing of accounts receivable originating from the Company's revolving credit card. The Company sold accounts receivable at face value of \$418.2 million, \$392.7 million and \$290.4 million under this agreement in fiscal 1993, 1992 and 1991, respectively. The Company remains obligated to repurchase uncollectible accounts pursuant to the recourse provisions of the agreement and is required to maintain a specified percentage of all outstanding receivables transferred under the program as a deposit with the third party to secure its obligations under the agreement. The Company is required to pay certain finance and servicing fees which are offset by finance charges on customer account balances. The net amount of this finance charge income is included as interest income and is comprised of the following (in millions):

	FISCAL YEAR		
	1993	1992	1991
Finance charges on customer account balances.....	\$26.2	\$23.2	\$20.0
Funding fees.....	8.7	8.1	7.7
Service fees.....	10.5	9.5	9.4
	19.2	17.6	17.1
Net finance income.....	\$ 7.0	\$ 5.6	\$ 2.9
	=====	=====	=====

The uncollected balances of accounts receivable sold under this program are \$201.2 million and \$180.3 million at January 31, 1994 and 1993, respectively, of which \$170.1 million and \$71.5 million represent deposits under the agreement and are included in accounts receivable. The total reserve balances maintained for the repurchase of uncollectible accounts are \$55.7 million and \$42.6 million at January 31, 1994 and 1993, respectively. Approximately \$8.6 million and \$25.7 million of the reserve balances are included in accrued liabilities at January 31, 1994 and 1993, respectively; the remaining balances are included with allowance for doubtful accounts.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 2 -- ACCOUNTS RECEIVABLE -- (CONTINUED)

Receivables sold under this agreement are considered financial instruments with off-balance sheet risk as defined in Statement of Financial Accounting Standards No. 105.

NOTE 3 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	JANUARY 31,		ESTIMATED
	1994	1993	USEFUL
			LIFE
	(IN THOUSANDS)		
Land.....	\$ 3,977	\$ 3,228	--
Buildings and improvements.....	50,627	45,385	20 -- 30
Furniture and other equipment.....	33,866	30,246	years
Broadcast equipment.....	8,942	12,478	3 -- 8 years
Computer equipment and software.....	20,005	18,047	5 -- 7 years
Construction in progress.....	1,684	482	3 -- 5 years
	119,101	109,866	--
Less -- accumulated depreciation....	(38,522)	(37,003)	
Net property, plant and equipment....	\$ 80,579	\$ 72,863	

In July 1993, the Company completed construction of a 50,000 square foot telecommunications center in Chesapeake, Virginia for a total cost of approximately \$6.9 million. This new telecommunications center replaced a facility that was leased.

NOTE 4 -- CABLE TELEVISION DISTRIBUTION RIGHTS

Cable television distribution rights consist of the following:

	JANUARY 31,	
	1994	1993
	(IN THOUSANDS)	
Cable television distribution rights.....	\$162,142	\$166,082
Less -- accumulated amortization.....	(62,563)	(50,834)
Net cable television distribution rights.....	\$ 99,579	\$115,248

The amounts assigned to cable television distribution rights arose principally from excess fair values assigned, as determined by independent appraisals, to Convertible Preferred Stock issued to cable system operators in exchange for distribution agreements.

Cable television distribution rights are amortized by the straight-line method over the lives of the individual agreements. The remaining weighted average life for all cable television distribution rights is approximately 10 years at January 31, 1994.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 5 -- OTHER ASSETS

Other assets consist of the following:

	JANUARY 31,	
	1994	1993
	(IN THOUSANDS)	
Deferred taxes (Note 13).....	\$17,265	\$ 7,120
Investments in and advances to joint ventures, net of accumulated losses.....	11,194	--
Start-up costs.....	3,459	--
Satellite transponder rights.....	1,000	1,000
Debt placement fees.....	162	15,292
Other.....	1,072	1,475
	34,152	24,887
Less -- accumulated amortization.....	(488)	(15,859)
Net other assets.....	\$33,664	\$ 9,028
	=====	=====

During fiscal 1993, the Company established electronic retailing program service in England ("QVC -- The Shopping Channel") and Mexico ("CVC"), through joint venture agreements with British Sky Broadcasting Limited and Grupo Televisa, S.A. de C.V., respectively. The joint venture in England began broadcasting on October 1, 1993 and the joint venture in Mexico began broadcasting on November 15, 1993. The joint venture agreement in England requires, among other things, that the Company provide all funding to the joint venture until it is profitable. The Company will then recover all prior funding, before any profits are shared. Accordingly, for 1993, the Company has included 100% of the loss on operations of this venture in the Consolidated Statements of Operations. The operating results of the joint venture in Mexico are shared equally by the partners.

Summarized financial information for "QVC -- The Shopping Channel" and "CVC" on a 100% basis as of and for the period ended January 31, 1994 follows (unaudited -- in thousands):

	QVC -- THE SHOPPING CHANNEL	CVC
Current assets.....	\$ 5,608	\$ 9,687
Property, plant and equipment, net.....	1,645	1,665
Unamortized start-up costs.....	2,205	1,650
Current liabilities.....	4,181	9,507
Net revenue.....	2,994	2,316
Gross profit.....	514	248
Loss.....	(8,943)	(3,606)

In fiscal 1993, the Company also entered a joint venture with Tribune Entertainment Company and Regal Communications to form QRT Enterprises ("QRT"). QRT produces and syndicates "Can We Shop" with Joan Rivers, which commenced broadcasting January 17, 1994. "Can We Shop" is a one-hour, Monday through Friday television show through which merchandise is sold. The Company's one-third share of QRT's operating loss amounted to \$386,000 in 1993.

In fiscal 1993, the Company made a \$3.8 million investment in Friday Holdings, L.P., a limited partnership. The limited partnership's purpose is to establish or acquire businesses in the communications field and to develop information products. The Company's one-third share of Friday Holdings' operating loss amounted to \$300,000 in 1993.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 5 -- OTHER ASSETS -- (CONTINUED)

During the year, the Company also capitalized \$3.5 million in costs relating to Q2, a new televised shopping/programming service, scheduled to be launched in the spring of 1994 in the United States. The capitalized start-up costs will be amortized over eighteen months starting at the commencement of broadcast operations.

Debt placement fees on the Senior term loan arising out of the CVN acquisition have been amortized over the expected life of the debt using the effective interest rate method. On March 5, 1993, the Company retired the Senior term loan. Debt placement fees of \$15.1 million associated with the Senior term loan were fully amortized and the cost and accumulated amortization were removed from the accounts. During fiscal 1992, the Company prepaid \$86.3 million of the Senior term loan. As a result, the amortization of debt placement fees of \$2.7 million was accelerated and reported as an extraordinary loss of \$1.5 million, net of \$1.2 million income tax benefit. During fiscal 1991, the Company prepaid \$98.1 million of the Senior term loan, and the amortization of debt placement fees of \$3.8 million was accelerated and reported as an extraordinary loss of \$2.1 million, net of \$1.7 million income tax benefit.

NOTE 6 -- ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	JANUARY 31,	
	1994	1993
	(IN THOUSANDS)	
Income taxes (Note 13).....	\$ 80,879	\$ 25,889
Reserve for uncollectible accounts under revolving credit program (Note 2).....	8,636	25,699
Non-inventory accounts payable.....	35,452	26,418
Accrued compensation and benefits.....	13,996	13,035
Sales and other taxes.....	11,324	12,079
Allowance for sales returns.....	17,787	11,344
Other.....	57,915	36,894
	-----	-----
	\$225,989	\$151,358
	=====	=====

NOTE 7 -- LONG-TERM DEBT

Aggregate amounts of outstanding long-term debt consist of the following:

	JANUARY 31,	
	1994	1993
	(IN THOUSANDS)	
10.4% Mortgage notes payable in monthly installments until 1998...	\$10,158	\$10,659
Senior term loan.....	--	21,000
	-----	-----
	10,158	31,659
Less -- current portion.....	(3,114)	(24,073)
	-----	-----
	\$ 7,044	\$ 7,586
	=====	=====

The Company has a \$60.0 million bank revolving credit facility to finance operations as well as to fund letters of credit for merchandise purchases. Interest on outstanding amounts under this agreement is payable at the bank's prime rate or other interest rate options. A commitment fee of .25% is payable on the unused portion of the revolving credit facility. The credit agreement requires the Company to maintain certain ratios

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 7 -- LONG-TERM DEBT -- (CONTINUED)

for total liabilities to shareholders' equity and for coverage of fixed charges. The Company borrowed \$20.0 million under the facility in March 1993 and retired the remaining balance on the Senior term loan. All amounts borrowed under the facility were repaid from net cash provided by operating activities during the first quarter of 1993. Outstanding letters of credit totaled approximately \$7.8 million at January 31, 1994.

The interest rate on the outstanding balance of the Senior term loan was 4.4% at January 31, 1993.

Maturities of the 10.4% mortgage notes payable for the five years subsequent to January 31, 1994 are \$3,114,000 in 1994; \$601,000 in 1995; \$666,000 in 1996; \$739,000 in 1997 and \$5,038,000 in 1998.

NOTE 8 -- LEASES AND TRANSPONDER SERVICE AGREEMENTS

Future minimum payments under all non-cancellable operating leases and transponder service agreements with initial terms of one year or more at January 31, 1994 consist of the following (in thousands):

Fiscal Year	
1994.....	\$ 8,029
1995.....	6,405
1996.....	5,450
1997.....	5,173
1998.....	5,287
Thereafter.....	34,001

Total.....	\$64,345
	=====

Expense for operating leases, principally for data processing equipment and facilities, and for transponder service agreements amounted to \$11,280,000, \$12,895,000 and \$13,047,000 in fiscal years 1993, 1992 and 1991, respectively.

In November 1992, the Company started to transmit the QVC program on a protected, non-preemptible transponder on the C-4 Satellite at a monthly cost that averages \$224,000 over the term of the twelve-year agreement.

In December 1992, the Company started to transmit The QVC Fashion Channel on a protected non-preemptible transponder on the C-3 Satellite at a cost of \$205,000 per month over the term of the twelve-year agreement.

NOTE 9 -- CAPITAL STOCK

The Company has 175,000,000 shares of Common Stock authorized. There were 39,895,447 shares outstanding at January 31, 1994 and 35,734,062 shares outstanding at January 31, 1993. The reasons for the increase in the number of shares of Common Stock outstanding were the conversion of Convertible Preferred Stock (3,659,040), the exercise of warrants (408,908) and the exercise of employee stock options (93,437).

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 9 -- CAPITAL STOCK -- (CONTINUED)

The following table summarizes the convertible preferred shares at January 31, 1994 and 1993 (in thousands):

	SHARES AUTHORIZED	SHARES OUTSTANDING		PAR VALUE	
	-----	-----	-----	-----	-----
	1994 AND 1993	1994	1993	1994	1993
	-----	-----	-----	-----	-----
Series A.....	10	--	--	\$--	\$--
Series B.....	1,000	28	55	3	6
Series C.....	1,000	531	788	53	79
Series D.....	300	1	83	--	8
				-----	-----
				\$56	\$93
				=====	=====

The shares of Convertible Preferred Stock were issued to cable system operators in connection with their signing or extending cable television distribution agreements in prior years.

CONVERTIBILITY.

Each share of Series B, Series C and Series D Convertible Preferred Stock is convertible into ten shares of Common Stock.

VOTING RIGHTS.

The holders of the Common Stock are empowered to elect two directors of the Company as a class. The holders of each class of stock are entitled to cast one vote per share for the election of the remaining directors of the Company.

LIQUIDATION.

Upon the dissolution and liquidation of the Company, the assets remaining after the payment of all debts and liabilities of the Company shall be distributed first to the holders of the Series B Convertible Preferred Stock at \$10.00 per share. To the extent available, the holders of Series C Convertible Preferred Stock will then receive \$10.00 per share followed by Series D Convertible Preferred Stock holders at \$15.00 per share. The balance, if any, will be paid to the holders of the Common Stock share-for-share.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 -- STOCK OPTIONS, WARRANTS AND AWARDS

The following table summarizes shares of Common Stock reserved for issuance for outstanding stock options and warrants:

	JANUARY 31,		AVERAGE EXERCISE PRICE AT JANUARY 31,		EXPIRATION DATE
	1994	1993	1994	1993	
Qualified stock options.....	1,751,800	1,717,462	\$30.56	\$28.94	11/1996-01/2004
Non-qualified stock options.....	6,275,500	6,279,600	32.83	32.33	04/2000-07/2003
Warrants issued in connection with 1987 debt financing.....	310,000	310,000	10.00	10.00	04/1994
Warrants issued in connection with Convertible subordinated debt.....	1,600,000	1,600,000	17.49	17.49	10/1995
Warrants exchanged for CVN Series 2 Warrants.....	--	408,908	--	15.13	--
Warrants issued with Common Stock in lieu of cash interest expense.....	100,000	100,000	13.35	13.35	04/1996-10/1996
Total reserved shares.....	10,037,300	10,415,970			
	=====	=====			

The Company has Incentive Stock Option Plans ("ISO Plans") under which options may be granted to key managerial employees to purchase up to 10,300,000 shares of Common Stock. The ISO Plans are administered by the Executive Compensation Committee appointed by the Company's Board of Directors. The Committee has the authority to determine optionees, the number of shares to be covered by each option and certain other terms and conditions of the grant. The ISO Plans require that the exercise price of options be equal to or greater than the fair market value of the stock at the time of grant, and the term of any option cannot exceed ten years. Options issued under the 1990 Non-Qualified Stock Option Plan and the 1993 Qualified Stock Option Plan vest ratably over four years, commencing one year from the date of the grant of the option, and qualified and non-qualified options under all other ISO Plans, except where noted below, vest ratably over three years, commencing on the date of grant.

In connection with obtaining a portion of the proposed financing for the cash tender offer for Paramount Communications Inc. (Note 16), the Company granted BellSouth Corporation, Advance Publications, Inc. and Cox Enterprises, Inc. options to purchase an aggregate of 14.3 million shares of Common Stock at \$60.00 per share. The options were granted at the termination of the QVC/Paramount tender offer on February 15, 1994 and are exercisable until the later of August 15, 1994 or ten business days after stockholders of the Company vote with respect to such grant of options.

On December 9, 1992, the Company and two of its principal shareholders (Comcast Corporation and Liberty Media Corporation) announced an agreement pursuant to which Mr. Barry Diller would become Chairman of the Board and Chief Executive Officer. In connection with this agreement, the Company granted Mr. Diller 160,000 shares of Common Stock. The value of the shares on the date of grant (\$4.9 million) was charged to general and administrative expense in fiscal 1992. Also in connection with this agreement, the Company granted to Mr. Diller stock options covering 6,000,000 shares of Common Stock. All of the options have a five-year term. One-half of these options ("base options") has an exercise price of \$30.43; the other one-half ("scaled options") has an exercise price equal to \$30.43 per share increased by 13 percent per annum until December 9, 1994 and thereafter by 15 percent per annum compounded annually. The exercise price on any unexercised scaled options increases annually. One-half of the base options and one-half of the scaled options became exercisable December 9, 1993 and the balance become exercisable December 9, 1994. The exercise date can be accelerated upon certain events.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 -- STOCK OPTIONS, WARRANTS AND AWARDS -- (CONTINUED)

In August 1991, the Company granted to Mr. Joseph M. Segel, then Chairman and Chief Executive Officer, non-qualified stock options covering 600,000 shares of Common Stock at an exercise price of \$15.90. One-half of these options vested on the first anniversary of the date of grant and the balance was to vest on the second anniversary of the date of grant. On December 9, 1992, the Board of Directors and the Executive Compensation Committee approved the acceleration of the vesting of the second half of these options to December 1992, in order to allow Mr. Segel to realize their value in 1992. The Board and the Executive Compensation Committee also accelerated an additional 50,000 options under ISO Plans for Mr. Segel that were scheduled to vest in 1993 and 1994.

On December 9, 1992, the Board agreed to enter into a consulting and severance arrangement with Mr. Segel whereby he would serve as a consultant to the Company for a period of ten years after his retirement in January 1993 at an annual salary of \$240,000 and, as incentive to Mr. Segel to accept employment as a consultant, granted to Mr. Segel, pursuant to the 1992 Qualified Incentive Stock Option Plan, 100,000 options to purchase shares of Common Stock, exercisable at \$30.43 per share. These options vest ratably over a period of five years. The present value of the ten-year consulting and severance arrangement with Mr. Segel of \$2.2 million was expensed in fiscal 1992.

The Board also approved entering into three-year (five-year in the case of Michael C. Boyd, former President of the Company) employment agreements for nine senior Company executives, pursuant to which, among other things, the executives would be entitled to compensation at their current salaries and eligible for bonus and incentive compensation programs as may be maintained from time to time during the term of the agreement. As incentive to enter into the employment agreements, the Board granted to these executives, pursuant to the 1992 Stock Option Plan, an aggregate 1,450,000 options to purchase Common Stock exercisable at \$30.43 per share. Options granted under the 1992 Qualified Incentives Stock Option Plan vest ratably over three years (five years in the case of Mr. Boyd). In February 1994, Mr. Boyd retired from the Company and entered into a consulting agreement. Accordingly, the present value of his employment agreement of \$1.3 million was expensed in fiscal 1993.

A summary of changes in outstanding options under the ISO Plans is as follows:

	QUALIFIED OPTION SHARES		NON-QUALIFIED OPTION SHARES		PRICE RANGE
	OUTSTANDING	EXERCISABLE	OUTSTANDING	EXERCISABLE	
Balance at January 31, 1991.....	590,112	504,737	630,000	85,000	\$5.00 -- \$17.25
Granted.....	5,000	1,250	607,500	--	12.13 -- 15.90
Cancelled.....	(26,500)	(19,000)	(11,000)	(1,375)	5.00 -- 16.00
Became exercisable.....	--	49,625	--	144,875	5.00 -- 16.00
Exercised.....	(65,825)	(65,825)	(26,000)	(26,000)	5.00 -- 13.00
Balance at January 31, 1992.....	502,787	470,787	1,200,500	202,500	5.00 -- 17.25
Granted.....	1,582,000	351,167	6,010,000	--	19.00 -- 38.86
Cancelled.....	(1,750)	(1,750)	(11,000)	(3,500)	5.00 -- 16.00
Became exercisable.....	--	29,500	--	796,375	5.00 -- 16.00
Exercised.....	(365,575)	(365,575)	(919,900)	(919,900)	5.00 -- 17.25
Balance at January 31, 1993.....	1,717,462	484,129	6,279,600	75,475	5.00 -- 38.86
Granted.....	106,000	1,250	50,000	--	39.88 -- 70.75
Cancelled.....	(5,575)	(5,575)	(26,750)	(3,000)	5.00 -- 23.25
Became exercisable.....	--	370,416	--	3,095,250	5.00 -- 34.39
Exercised.....	(66,087)	(66,087)	(27,350)	(27,350)	5.00 -- 23.25
Balance at January 31, 1994.....	1,751,800	784,133	6,275,500	3,140,375	\$5.00 -- \$70.75

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 -- STOCK OPTIONS, WARRANTS AND AWARDS -- (CONTINUED)

In December, 1992, the Company offered to exchange warrants into shares of Common Stock equivalent in value to the difference between the warrant exercise price and the market price (\$37.75) at the time of the offer. Warrants that would have been exercisable for 7,061,005 shares were extinguished in this offer and the Company issued 4,367,690 net shares of Common Stock. The warrant holders were able to effect the exchange several ways. The net effect on the number of shares of Common Stock outstanding after the exchange was the same. A total of 3,893,962 warrants was exercised by delivering to the Company 1,424,404 previously issued shares of Common Stock valued at the market price (\$37.75). A total of 2,492,017 warrants were exercised for \$37,692,000, the proceeds of which were used to purchase from the warrant holders 998,457 shares of Common Stock at market. A total of 675,026 warrants was exchanged for 404,572 shares of Common Stock with an aggregate value equal to the difference between the market price and the exercise price. Warrant holders of an aggregate 2,418,908 shares declined the offer. Since this warrant exchange was treated as a non-cash financing transaction, it is not reflected on the Consolidated Statements of Cash Flows.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 11 -- INCOME PER SHARE

The Company computes income per share using the modified treasury stock method. The following table presents the information needed to compute net income per share for fiscal years 1993, 1992 and 1991 (in thousands, except per share data):

	1993		1992		1991	
	PRIMARY	FULLY DILUTED	PRIMARY	FULLY DILUTED	PRIMARY	FULLY DILUTED
INCOME:						
Income before extraordinary item and cumulative effect of a change in accounting principle.....	\$55,311	\$55,311	\$56,588	\$56,588	\$21,733	\$21,733
Add -- Imputed income from interest savings, net of tax, on assumed retirement of debt with remaining proceeds from assumed exercise of warrants and options.....	--	--	1,452	1,239	--	3,896
Adjusted income before extraordinary item and cumulative effect of a change in accounting principle.....	55,311	55,311	58,040	57,827	21,733	25,629
Extraordinary item -- loss on extinguishment of debt, net of tax benefit.....	--	--	(1,496)	(1,496)	(2,108)	(2,108)
Cumulative effect of a change in accounting for income taxes.....	3,990	3,990	--	--	--	--
Adjusted net income.....	\$59,301	\$59,301	\$56,544	\$56,331	\$19,625	\$23,521
SHARES:						
Weighted average number of common shares outstanding.....	37,845	37,845	27,885	27,885	19,750	19,750
Add -- Common equivalent shares assuming conversion of Series B, C and D Convertible Preferred Preferred Stock.....	7,387	7,387	10,340	10,340	12,209	12,209
Add -- Common equivalent shares assuming conversion of subordinated note at beginning of fiscal year.....	--	--	--	1,280	--	1,704
Add -- Common shares assumed to be outstanding from exercise of warrants and options.....	10,184	10,180	12,812	10,517	--	11,925
Less -- Assumed purchase of Common Stock from proceeds of exercise of warrants and options.....	(5,354)	(5,207)	(7,147)	(4,636)	--	(7,275)
	50,062	50,205	43,890	45,386	31,959	38,313
INCOME PER SHARE:						
Income before extraordinary item and cumulative effect of a change in accounting principle.....	\$ 1.10	\$ 1.10	\$ 1.32	\$ 1.27	\$.68	\$.67
Extraordinary item, net of tax benefit.....	--	--	(.03)	(.03)	(.07)	(.06)
Cumulative effect of a change in accounting for income taxes.....	.08	.08	--	--	--	--
Net income.....	\$ 1.18	\$ 1.18	\$ 1.29	\$ 1.24	\$.61	\$.61

PRO FORMA NET INCOME PER SHARE

On a pro forma basis, net income for fiscal 1991 would have been \$22.9 million, or \$.64 per share, assuming the Company's October 1991 public offering of Common Stock and the related retirement of long-term debt as well as the exchange of Common Stock with Liberty Media Corporation in satisfaction of one-

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 11 -- INCOME PER SHARE -- (CONTINUED)

half of the unsecured note payable occurred as of the beginning of the year. The pro forma computation assumes adjustments have been made to interest expense attributable to the reduction of the long-term debt, net of income tax effect. It also assumes that the shares issued in connection with the public offering and the exchange were outstanding from the beginning of the period.

NOTE 12 -- RETIREMENT AND SAVINGS PLANS

The Company has a defined contribution Employee Retirement Plan which covers substantially all of the Company's employees after completion of one year of service. The Company's contribution under the Plan is equal to 3.0% of eligible employees' salaries. The costs of this Plan charged to expenses were \$2,202,000, \$2,177,000, and \$1,664,000 in fiscal years 1993, 1992 and 1991, respectively.

In addition, the Company sponsors a 401(k) Savings Plan which permits employees to make contributions to the Savings Plan on a pre-tax salary reduction basis in accordance with the Internal Revenue Code. Substantially all full-time employees are eligible to participate after completion of one year of service. The Company matches a portion of the voluntary employee contributions. The costs of this Savings Plan charged to expenses were \$2,053,000, \$1,501,000, and \$812,000 in fiscal years 1993, 1992 and 1991, respectively.

NOTE 13 -- INCOME TAXES

Effective February 1, 1993, the Company changed its method of accounting for income taxes as required by SFAS 109. The cumulative effect of this change in accounting was to increase the net income of the first quarter of fiscal 1993 by approximately \$4.0 million, which is reported separately in the Consolidated Statements of Operations. Prior year's financial statements have not been restated to reflect the provisions of SFAS 109.

The provision for income taxes consists of the following (in thousands):

	FISCAL YEAR		
	1993	1992	1991
Current			
Federal.....	\$ 66,366	\$ 49,770	\$19,394
State.....	21,710	19,810	11,771
Total.....	88,076	69,580	31,165
Deferred Federal.....	(23,159)	(17,500)	--
State.....	(4,942)	--	--
Total.....	(28,101)	(17,500)	--
Total provision.....	\$ 59,975	\$ 52,080	\$31,165
	=====	=====	=====

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 13 -- INCOME TAXES -- (CONTINUED)

Total income tax expense differs from the amounts computed by applying the U.S. federal income tax rate of 35.0% for fiscal 1993 and 34.0% for fiscal 1992 and 1991 to income before income taxes and extraordinary item as follows:

	FISCAL YEAR		
	1993	1992	1991
	----	----	----
Provision at statutory rate.....	35.0%	34.0%	34.0%
State income taxes, net of federal tax benefit.....	14.5	12.0	14.7
Amortization of intangibles not deductible for tax purposes.....	3.0	3.2	6.7
Net operating loss carryforward.....	--	--	(1.2)
Other.....	(.5)	(1.3)	4.7
	----	----	----
Total income tax expense.....	52.0%	47.9%	58.9%
	=====	=====	=====

Deferred income taxes reflect the net effects of temporary differences between the value of assets and liabilities and their tax bases and the benefit of existing net operating loss carryforwards. Significant components of the net deferred tax assets as of January 31, 1994 and 1993 follow (in thousands):

	JANUARY 31,	
	1994	1993
	-----	-----
Deferred tax assets:		
Accounts receivable, principally due to the allowance for doubtful accounts and related reserves for uncollectible accounts under the Company's revolving credit program.....	\$ 25,715	\$ 15,985
Inventories, principally due to obsolescence reserves and additional costs of inventories for tax purposes pursuant to the Tax Reform Act of 1986.....	7,497	6,801
Allowance for sales returns.....	7,625	3,857
Executive stock award.....	--	1,655
Costs associated with the terminated Paramount tender offer.....	14,964	--
Costs associated with cable television distribution rights.....	26,619	2,813
Other.....	7,061	(363)
	-----	-----
Total gross deferred tax assets.....	89,481	30,748
Less: Valuation allowance.....	(12,467)	--
Less -- amounts not recognized due to SFAS 96 limitations on carrybacks of future net deductible amounts and carryforwards of alternative minimum tax credits.....	--	(12,948)
	-----	-----
Net deferred tax assets.....	\$ 77,014	\$ 17,800
	=====	=====

Of the total net additional deferred tax asset recorded at the time of the adoption of SFAS 109, approximately \$27.0 million was credited to additional paid-in capital and approximately \$6.5 million was credited to the excess of cost over acquired net assets. The net increase in the deferred tax asset during fiscal 1993 differs from the deferred benefit component of the current year's tax provision primarily due to the recognition of a portion of the net operating loss carryforwards.

Deferred tax assets were not recorded as of January 31, 1993 for state income tax purposes since the Company's income is principally allocable to states that do not permit carrybacks that would give rise to refundable taxes. In addition, no deferred tax assets were recorded for federal or state tax purposes in fiscal

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 13 -- INCOME TAXES -- (CONTINUED)

1991 since refundable taxes could not be generated from carrying back future net deductible amounts under the requirements of SFAS 96.

The increase in the deferred tax asset for fiscal 1992 differs from the deferred benefit component of the current year tax provision because portions of the deferred tax provision recorded were allocated to additional paid-in capital or the excess of cost over acquired net assets.

The valuation allowance for deferred tax assets as of February 1, 1993 was \$12.2 million. The net change in the valuation allowance for fiscal 1993 was an increase of \$255,000. Approximately \$6.0 million of the valuation allowance will result in a credit to additional paid-in capital when it becomes more likely than not that certain deductions associated with cable television distribution rights will be realizable.

The following table summarizes the nature of certain tax benefits realized that reduced taxes payable but were not credited to the tax provision (in thousands):

SOURCE OF TAX BENEFIT	ADDITIONAL PAID-IN CAPITAL		EXCESS OF COST OVER ACQUIRED NET ASSETS	
	1993	1992	1993	1992
Exercise of employee stock options.....	\$1,655	\$12,366	\$ --	\$ --
Net operating loss carryforward and other deductions arising from equity transactions.....	--	6,967	--	--
Realization of tax benefits associated with temporary differences in CVN acquisition.....	--	--	6,510	5,086
Alternative minimum tax credit carryforward generated from equity related deductions.....	--	2,979	--	--
	-----	-----	-----	-----
	\$1,655	\$22,312	\$6,510	\$5,086
	=====	=====	=====	=====

In 1993, the tax benefits realized from net operating loss carryforwards of \$6.6 million reduced taxes payable and were credited to deferred tax assets.

As of January 31, 1994, the Company has a net operating loss carryforward of \$634,000 available to reduce future federal taxable income. There are no other credits or loss carryforwards available as of the end of fiscal 1993.

NOTE 14 -- LITIGATION

In July 1993, Shop Television Network, Inc. ("STN"), J.C. Penney Company, Inc. ("JCP"), JCPenney Television Shopping Channel Inc. ("JCPTV"), Michael Rosen and the Company settled the litigation that STN had brought in the Superior Court of the State of California for the County of Los Angeles in 1991, in connection with the negotiation and execution of an agreement dated May 16, 1991, between the Company and JCPTV. The settlement requires dismissal of all pending litigation between the parties, payment of approximately \$8.8 million to STN, and repurchase by STN of all its shares held by JCP for an agreed price. JCPTV and the Company agreed to divide the settlement payment to STN between them, with the Company being responsible for the payment of approximately \$3.8 million of such settlement payment. This amount was included as a charge in general and administrative expenses in the second quarter of fiscal 1993.

In July 1993, the Company was joined as a defendant in actions filed in state and federal court in Delaware by certain shareholders of Home Shopping Network, Inc. ("HSN") against HSN, Liberty Media Corporation ("Liberty"), Liberty Program Investments, Inc., RMS Limited Partnership ("RMS"), and certain individual directors and officers of HSN. The actions challenge Liberty's purchase of HSN Class A

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 14 -- LITIGATION -- (CONTINUED)

and Class B Common Stock from RMS, Liberty's tender offer for 15.0 million shares of HSN Common Stock as well as the Company's July 12, 1993 letter proposal to HSN to combine HSN and the Company in a stock-for-stock transaction (the "Proposed HSN Merger"). The actions allege that the Company aided and abetted breaches of fiduciary duties in connection with the Proposed HSN Merger, as well as violations of certain regulations of the Securities Exchange Act. Plaintiffs seek class certification, declaratory and injunctive relief, compensatory damages, counsel fees, interest and costs. Management believes that the allegations against the Company in these shareholder lawsuits are unfounded and intends to defend against such actions vigorously. On November 5, 1993, the Company and HSN announced their mutual agreement to terminate negotiations on the Proposed HSN Merger. The Company's time to respond to the complaint in the state action was extended indefinitely. In March 1994, the Company filed a motion to dismiss the complaint in the federal action. The parties are currently engaged in settlement discussions.

In September 1993, Viacom International Inc. ("Viacom International"), a subsidiary of Viacom Inc. ("Viacom"), brought an action against the Company, Tele-Communications, Inc., Liberty, Satellite Services, Inc., Encore Media Corp., and Netlink USA, challenging the Company's September 20, 1993 proposal to Paramount Communications Inc. ("Paramount") to combine Paramount and the Company in a cash and stock-for-stock exchange. Viacom International amended its complaint in November, 1993, adding Comcast Corporation ("Comcast") as an additional defendant. The Company filed an answer to the amended complaint on November 19, 1993. Comcast was subsequently dismissed as a defendant. Management believes that the allegations against the Company in Viacom International's action are unfounded and intends to defend against such action vigorously. On February 15, 1994, the Company terminated its tender offer for 50.1% of Paramount Common Stock.

In October 1993, the Company commenced legal action in the Delaware Chancery Court against Viacom, Paramount and certain Paramount directors for breach of fiduciary duties in failing to give fair treatment to the Company's merger proposal while granting undue advantages to Viacom's merger proposal. The Company sought to compel Paramount's board to give the two merger proposals equal consideration and also sought to invalidate certain "lockup" agreements and share purchase options given by Paramount to Viacom. Following a hearing, the Court, on November 24, 1993, granted the Company's motion for a preliminary injunction against Paramount's poison pill rights plan and certain other anti-takeover mechanisms being used to preclude the Paramount shareholders from accepting the Company's cash tender offer for approximately 50.1% of Paramount's shares. On appeal by Paramount and Viacom, the Delaware Supreme court affirmed the injunction granted by the Delaware Chancery Court on December 9, 1993, and issued a formal opinion in support of its ruling on February 4, 1994. On December 21, 1993, Viacom filed a motion to dismiss the Company's complaint against it. On February 15, 1994, the Company terminated its tender offer for Paramount's Common Stock.

The Company has also been named as a defendant in various legal proceedings arising in the ordinary course of business. Although the outcome of these matters cannot be determined, in the opinion of management, disposition of these proceedings will not have a material effect on the Company's financial position.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 15 -- SUPPLEMENTAL INFORMATION ON CONSOLIDATED STATEMENTS OF CASH FLOWS

An analysis of changes in working capital items follows (in thousands):

	FISCAL YEAR		
	1993	1992	1991
Increase in accounts receivable.....	\$(86,154)	\$(29,029)	\$(6,006)
Increase in inventories.....	(29,496)	(9,784)	(8,428)
Increase in deferred taxes.....	(24,389)	(10,680)	--
Increase in prepaid expenses.....	(1,820)	(450)	(732)
Increase in accounts payable -- trade.....	29,972	11,312	7,245
Increase in accrued liabilities.....	75,648	5,074	48,028
	\$(36,239)	\$(33,557)	\$40,107
	=====	=====	=====
Supplemental cash flow information:			
Interest paid.....	\$ 1,369	\$ 20,512	\$30,397
Income taxes paid.....	31,841	37,944	1,351

In fiscal year 1993, the Company did not enter into any non-cash financing transactions. In fiscal years 1992 and 1991, the following non-cash financing transactions were entered into by the Company (dollars in thousands).

1992	
Issuance of 1,704,546 shares of Common Stock in prepayment of Convertible subordinated note, net of \$1,260 debt placement fees.....	\$28,740
Exercise of 3,893,962 warrants through deliverance of 1,424,404 shares of Common Stock at market value.....	53,771
Exercise of 2,492,017 warrants for \$37,692 with simultaneous repurchase of 998,457 shares of Common Stock at market value.....	37,692
Issuance of 404,572 shares of Common Stock in exchange for 675,026 warrants, representing the aggregate difference between the market price and the exercise price.....	15,273
Exercise of stock options through deliverance of 800 shares of Common Stock at market value.....	31
1991	
Issuance of an aggregate of 243,522 shares of Common Stock and 100,000 warrants to Comcast Financial Corporation in lieu of cash interest expense.....	\$ 3,000
Issuance of 75,075 shares of Common Stock to the Standby Investors in consideration for signing the Standby Equity Agreement.....	614
Issuance of 2,269,552 shares of Common Stock to Liberty Media Corporation in exchange for one-half of the outstanding balance of an unsecured note payable....	31,445
Adjustment to the number of shares of Common Stock assumed issued to holders of certain CVN Series 2 Warrants from 3,377,949 to 3,410,843 (at market value).....	526
Adjustment to the number of new QVC Warrants assumed exchanged for certain CVN Series 2 Warrants from 6,822,767 to 6,469,913 (value based on an independent appraisal).....	(1,438)

NOTE 16 -- PARAMOUNT TENDER OFFER

On October 27, 1993, the Company made an \$80.00 cash tender offer for 50.1 percent of the outstanding common shares of Paramount. This tender offer was amended several times during the bidding process against Viacom for Paramount. On February 1, 1994, the Company amended its cash tender offer to \$104 per share.

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 16 -- PARAMOUNT TENDER OFFER -- (CONTINUED)

The Company offered approximately \$6.4 billion in cash for 61.7 million Paramount common shares. The proposed cash tender offer would have been funded through a \$3.25 billion bank loan commitment and proposed capital contributions to the Company of \$1.5 billion from BellSouth Corporation and \$0.5 billion each from Advance Publications, Cox Enterprises and Comcast Corporation. On February 15, 1994, Paramount notified the Company that Viacom received the minimum condition in its tender offer and had delivered to Paramount a completion certificate pursuant to the bidding procedures. Accordingly, the Company terminated its tender offer for 50.1 percent of the Common Stock of Paramount. The costs incurred on the tender offer, comprised principally of bank fees and legal and advisory fees, totaled \$34.8 million which were expensed in the fourth quarter of 1993. The \$3.25 billion bank loan commitment expired on February 15, 1994 upon the termination of the tender offer.

NOTE 17 -- QUARTERLY FINANCIAL INFORMATION (UNAUDITED)
(IN THOUSANDS, EXCEPT AS TO PER SHARE DATA)

	FISCAL 1993			
	FIRST	SECOND	THIRD	FOURTH
Net revenue.....	\$273,232	\$262,438	\$313,945	\$372,489
Gross profit.....	113,773	107,938	128,902	148,316
Income before income taxes and cumulative effect of a change in accounting principle(1).....	34,546	26,137	42,732	11,871
Income tax provision.....	(16,925)	(12,810)	(21,215)	(9,025)
Income before cumulative effect of a change in accounting principle.....	17,621	13,327	21,517	2,846
Cumulative effect of a change in accounting principle(2).....	3,990	--	--	--
Net income.....	21,611	13,327	21,517	2,846
Income per share(3):				
Primary				
Income before cumulative effect of a change in accounting principle.....	.36	.26	.42	.06
Net income.....	.44	.26	.42	.06

	FISCAL 1992			
	FIRST	SECOND	THIRD	FOURTH
Net revenue.....	\$233,168	\$221,253	\$274,332	\$341,834
Gross profit.....	100,354	94,259	115,501	138,633
Income before income taxes and extraordinary item...	22,917	15,905	31,468	38,378
Income tax provision.....	(11,425)	(7,190)	(15,105)	(18,360)
Income before extraordinary item.....	11,492	8,715	16,363	20,018
Extraordinary item, net of tax benefit (4).....	(348)	--	--	(1,148)
Net income.....	11,144	8,715	16,363	18,870
Income per share(5)(6):				
Primary				
Income before extraordinary item.....	.29	.22	.40	.44
Net income.....	.28	.22	.40	.42
Fully-diluted				
Income before extraordinary item.....	.29	.22	.40	.42
Net income.....	.28	.22	.40	.40

QVC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 17 -- QUARTERLY FINANCIAL INFORMATION (UNAUDITED) -- (CONTINUED)
(IN THOUSANDS, EXCEPT AS TO PER SHARE DATA)

- - - - -

- (1) Fourth quarter amount includes a charge of \$34.8 million related to the Paramount tender offer (Note 16).
- (2) Amount represents the cumulative effect of adopting SFAS 109.
- (3) Fully diluted earnings per share for all periods are not presented since they are the same as the primary earnings per share.
- (4) Amounts represent accelerated amortization of debt placement fees, net of income tax benefits, due to prepayments of the Senior term loan (Note 5).
- (5) The sum of the quarterly per share amounts does not equal the annual amount due to the substantial changes in the number of shares throughout the year.
- (6) In the fourth quarter of fiscal 1992, the modified treasury stock method of computing earnings per share resulted in a fully-diluted computation with a lower amount than the primary computation.
This is due primarily to using the year-end closing share price for the fully-diluted computation versus the average share price for the fourth quarter. The year-end closing price was \$40.50 versus a fourth quarter average of \$32.92.

SCHEDULE II

AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS,
PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES
(IN THOUSANDS)

NAME OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	DEDUCTIONS		BALANCE AT END OF PERIOD	
			AMOUNTS COLLECTED	AMOUNTS WRITTEN-OFF	CURRENT	NOT CURRENT
Year Ended January 31, 1992						
Peter Barton, unsecured 8% note receivable due on demand.....	\$ 98	\$ 6	\$ --	\$--	\$ 104	\$--
Year Ended January 31, 1993						
Peter Barton, unsecured 8% note receivable due on demand.....	\$ 104	\$ --	\$ 104	\$--	\$ --	\$--
Year ended January 31, 1994						
Candice Carpenter, unsecured, prime plus one percent note receivable due in installments until May 31, 1998.....	\$ --	\$ 257	\$ --	\$--	\$ 257	\$--

SCHEDULE VIII

VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	OTHER	BALANCE AT END OF PERIOD
Allowance for doubtful accounts:						
Year ended January 31, 1992.....	\$ 8,214	\$ 14,501	\$ --	\$ (7,260)(A)	\$ --	\$ 15,455
Year ended January 31, 1993.....	\$ 15,455	\$ 17,506	\$ 1,250(C)	\$ (12,895)(A)	\$ --	\$ 21,316
Year ended January 31, 1994.....	\$ 21,316	\$ 24,765	\$ --	\$ (7,971)(A)	\$ 14,649	\$ 52,759
Inventory obsolescence reserve:						
Year ended January 31, 1992.....	\$ 8,387	\$ 16,465	\$ --	\$ (12,141)(B)	\$ --	\$ 12,711
Year ended January 31, 1993.....	\$ 12,711	\$ 17,809	\$ --	\$ (14,312)(B)	\$ --	\$ 16,208
Year ended January 31, 1994.....	\$ 16,208	\$ 20,000	\$ --	\$ (21,186)(B)	\$ --	\$ 15,022
Reserve for uncollectible accounts under revolving credit program:						
Year ended January 31, 1992.....	\$ 11,769	\$ 14,175	\$ --	\$ (5,970)(A)	\$ --	\$ 19,974
Year ended January 31, 1993.....	\$ 19,974	\$ 10,159	\$ --	\$ (4,434)(A)	\$ --	\$ 25,699
Year ended January 31, 1994.....	\$ 25,699	\$ --	\$ --	\$ (2,414)(A)	\$ (14,649)(D)	\$ 8,636

(A) Accounts written-off as uncollectible, net of recoveries.

(B) Written-off as obsolete.

(C) Reserve for interest on note receivable transferred from accrued liabilities.

(D) Transfer to allowance for doubtful accounts

SCHEDULE X

SUPPLEMENTARY INCOME STATEMENT INFORMATION
(IN THOUSANDS)

	CHARGED TO ITEM COSTS AND EXPENSES -----
Advertising costs:	
Year ended January 31, 1992.....	\$ 35,407
Year ended January 31, 1993.....	\$ 33,419
Year ended January 31, 1994.....	\$ 28,172

C-27

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company is a retailer of a wide range of consumer products which are marketed and sold primarily by merchandise-focused televised-shopping programs. The average number of homes receiving the QVC Service was:

	FISCAL YEAR		
	1993	1992	1991
(IN MILLIONS, EXCEPT DOLLAR AMOUNTS)			
Cable homes -- 24 hours per day.....	43.3	40.4	36.4
Cable homes -- part-time.....	3.0	2.9	3.8
Satellite dish homes (estimated).....	3.0	3.0	3.0
Total.....	49.3	46.3	43.2
Full-time equivalent homes ("FTE").....	45.8	42.9	39.2
QVC net sales per FTE home.....	\$26.56	\$24.85	\$23.37

FTE homes equal the total number of cable homes receiving the QVC Service 24 hours per day plus one-third of the part-time cable homes plus one-half of the satellite dish homes. This calculation reflects the Company's estimate of the relative value to the Company of part-time homes and satellite dish homes compared to full-time homes. QVC net sales excludes non-merchandise revenue.

The increase in the number of homes receiving the QVC Service in fiscal 1993 is due to growth in the number of homes in existing cable systems. In fiscal 1992, the growth in the number of homes reflects the full year's effect of the homes obtained under a license agreement with JCPenney Television Shopping Channel, Inc. ("JCPTV") in 1991 and growth in the number of homes in existing cable systems.

Net revenue and operating income have increased since 1991 due to the increase in the number of homes receiving the QVC Service and, to a lesser extent, an increase in net sales to existing subscribers. It is unlikely that the number of homes receiving the QVC Service will continue to grow at rates comparable to prior periods, given that the QVC Service is already received by approximately 80% of all of the cable television homes in the United States. As relative growth in the number of homes declines, future growth in sales will depend increasingly on continued additions of new customers from homes already receiving the QVC Service and continued growth in repeat sales to existing customers.

Operating profit margins have improved since fiscal 1991 largely as a result of variable costs not growing in proportion to increases in revenue, general and administrative costs not increasing as much as the revenue increase, and the relatively fixed nature of depreciation and amortization.

RESULTS OF OPERATIONS

The following table sets forth the Company's Consolidated Statements of Operations expressed as a percentage of net revenue:

	FISCAL YEAR		
	1993	1992	1991
Net revenue.....	100.0%	100.0%	100.0%
Cost of goods sold.....	59.2	58.1	58.0
Gross profit.....	40.8	41.9	42.0
Operating expenses:			
Variable costs.....	14.0	15.0	15.8
General and administrative.....	10.9	11.5	12.0
Depreciation.....	1.4	1.6	1.8
Amortization of intangible assets.....	2.1	2.8	3.2
	28.4	30.9	32.8
Operating income.....	12.4	11.0	9.2
Other income (expense):			
Costs of Paramount tender offer.....	(2.8)	--	--
Losses from joint ventures.....	(0.9)	--	--
Interest expense.....	(0.1)	(1.7)	(4.2)
Interest income.....	0.9	0.8	0.8
	(2.9)	(0.9)	(3.4)
Income before income taxes, extraordinary item and cumulative effect of a change in accounting principle.....	9.5	10.1	5.8
Income tax provision.....	(4.9)	(4.9)	(3.4)
Income before extraordinary item and cumulative effect of a change in accounting principle.....	4.6	5.2	2.4
Extraordinary item, net of tax benefit.....	--	(0.1)	(0.3)
Cumulative effect of a change in accounting for income taxes.....	0.3	--	--
Net income.....	4.9%	5.1%	2.1%

NET REVENUE AND GROSS PROFIT

Net revenue in 1993 was \$1.22 billion, an increase of 14.2% over the net revenue in the prior year. Net revenue in 1992 of \$1.07 billion was 16.1% over the \$921.8 million in net revenue in 1991. In 1993, the sales increase was due to the 6.8% increase in the average number of homes receiving the QVC Service as well as the 6.9% increase in net sales per FTE home. The sales increase in 1992 was due to the 9.4% increase in the average number of homes receiving the QVC Service and the 6.3% increase in net sales per FTE home.

Net revenue in 1993 included \$26.2 million of net sales from The QVC Fashion Channel to 8.1 million FTE homes compared to \$29.7 million of net sales to 7.3 million FTE homes in 1992. In 1991, net revenue included \$7.9 million of net sales from the secondary channel to 8.1 million FTE homes.

The Company is starting a new shopping service, consisting of on Q and Q2, which is scheduled to be launched in the spring of 1994 to replace The QVC Fashion Channel. On Q will be QVC's new fashion service for younger adults and will broadcast weekdays. Q2 is being designed for the audience that has not yet purchased from traditional home-shopping formats and will broadcast on weekends.

The Company has two credit programs, the QVC Easy-Pay Plan and the QVC revolving credit card program. The Company offers customers the Easy-Pay Plan option only on selected items. The Easy-Pay Plan permits customers to pay for such selected items in several monthly installments. When the Easy-Pay Plan is

selected by the customer, the item purchased is shipped after the first payment is billed to the customer's credit card. The customer's credit card is subsequently billed up to four additional monthly installments until the total purchase price of the product has been received by the Company. QVC's revolving credit card program permits customers to charge purchases on the Company's own credit card. The accounts receivable from the revolving credit card program are purchased (with recourse) and serviced by an unrelated third party. Sales under these credit programs amounted to 40.8%, 40.3% and 39.7% of net revenue for 1993, 1992 and 1991, respectively. The loss provision for uncollectible accounts under these credit programs amounted to \$22.3 million, \$25.6 million and \$25.2 million in 1993, 1992 and 1991, respectively.

The sales mix for the past three years by product category as a percentage of net sales has been:

	FISCAL YEAR		
	1993	1992	1991
Jewelry.....	41.9%	43.0%	45.7%
Apparel and accessories.....	17.8	17.4	14.6
Housewares.....	12.0	12.3	14.2
Electronics.....	8.6	8.1	8.4
Collectibles.....	8.4	8.0	8.0
Other.....	11.3	11.2	9.1
	100.0%	100.0%	100.0%
	=====	=====	=====

Gross profit for 1993 was \$498.9 million, or 40.8% of net revenue, compared to \$448.7 million, or 41.9% of net revenue, in 1992 and \$387.2 million, or 42.0% of net revenue, in 1991. The principal reason for the increased amounts of gross profit was the increased sales volume. The decrease in the 1993 gross profit percentage was due to increased shipping and handling charges, higher gold prices and a higher return rate on sales.

VARIABLE COSTS

Variable costs totaled \$171.2 million, \$160.4 million and \$145.3 million for fiscal years 1993, 1992 and 1991, respectively. The major components of this expense classification are detailed below, expressed in amounts and as a percentage of net revenue (dollars in millions):

	FISCAL YEAR					
	1993		1992		1991	
	\$	%	\$	%	\$	%
Order processing and customer service.....	63.4	5.2	60.1	5.6	56.4	6.1
Commissions and license fees.....	65.4	5.4	57.7	5.4	46.8	5.1
Provision for doubtful accounts.....	24.8	2.0	27.7	2.6	28.7	3.1
Credit card processing fees.....	17.6	1.4	14.9	1.4	13.4	1.5
	171.2	14.0	160.4	15.0	145.3	15.8
	=====	=====	=====	=====	=====	=====

Order processing and customer service expenses decreased as a percentage of net revenue since 1991 due to greater utilization of the Company's automated ordering system, which gives customers the option to place orders by using their touchtone telephone instead of speaking to a telemarketing operator. Commissions and license fees increased as a percentage of net sales in 1992 as a result of fees paid for sales to the homes obtained under the license agreement with JCPTV. The provision for doubtful accounts as a percentage of net revenue decreased since 1991 due to continued improvement in the collection experience of QVC's revolving credit card program. Credit card processing fees as a percentage of net revenue have remained relatively stable over the three years.

GENERAL AND ADMINISTRATIVE

In 1993, general and administrative expenses totaled \$132.7 million, or 10.9% of net revenue, compared to \$123.6 million, or 11.5% of net revenue, in 1992 and \$110.7 million, or 12.0% of net revenue, in 1991. The major components of general and administrative expenses are detailed below, expressed in amounts and as a percentage of net revenue (dollars in millions):

	FISCAL YEAR					
	1993		1992		1993	
	\$	%	\$	%	\$	%
Administration.....	50.3	4.1	43.2	4.0	34.0	3.7
Advertising and marketing.....	28.2	2.3	33.4	3.1	35.4	3.8
Data processing.....	17.4	1.4	18.3	1.7	19.3	2.1
Broadcasting.....	20.3	1.7	15.3	1.4	10.8	1.2
Merchandising and programming.....	10.8	0.9	8.0	0.8	5.8	0.6
Occupancy costs.....	5.7	0.5	5.4	0.5	5.4	0.6
	-----	-----	-----	-----	-----	-----
	132.7	10.9	123.6	11.5	110.7	12.0
	=====	=====	=====	=====	=====	=====

The increase in administration expenses in 1993 is due principally to the \$3.8 million settlement of the STN litigation. The litigation arose out of the negotiation and execution of an agreement between the Company and JCPTV pursuant to which JCPTV granted the Company a renewable one-year license of JCPTV's right to use the cable channel time provided to JCPTV under affiliation agreements with its program carriers. The remaining increase in administration expenses can largely be attributed to higher personnel costs. In 1992, administration expenses also increased due to higher personnel costs, including \$4.9 million related to 160,000 shares of Common Stock granted as an executive stock award to Mr. Barry Diller, who became Chairman of the Board and Chief Executive Officer in January 1993. The 1992 personnel costs also include the \$2.2 million current value of the ten-year consulting agreement with Mr. Joseph Segel, former Chairman of the Board and Chief Executive Officer.

Advertising and marketing expenses decreased in 1993 due to a reduction in credits granted to customers and, to a lesser extent, fewer promotional mailings to cable subscribers. In 1992, these expenses decreased due to the discontinuation of the Company's mail order catalog as well as fewer promotional mailings to QVC customers. Data processing costs decreased in 1993 due to a reduction in outside consulting costs. The decrease in these expenses in 1992 was due to the purchase of mainframe computer equipment which was previously leased. Broadcasting costs increased in 1993 due to higher transponder fees to broadcast the QVC Service and The QVC Fashion Channel as well as higher costs to enhance the on-air presentation. In 1992, the increase in these expenses related to broadcasting The QVC Fashion Channel for a full year for sixteen hours a day versus four months for eight hours a day in 1991. Merchandising and programming expenses in 1993 increased due to additional personnel needed to sustain the Company's sales growth. In 1992, the increase was due to the full year broadcasting of The QVC Fashion Channel. Occupancy costs increased slightly in 1993 due to the additional maintenance required on the Company's new telecommunications facilities in Texas and Virginia.

DEPRECIATION AND AMORTIZATION

Depreciation expense has remained relatively constant since 1991. Amortization expense decreased in 1993 due to the reduction in amortization of debt placement fees as a result of the repayments of the Senior Term Loan during fiscal 1992 and the first quarter of fiscal 1993.

OPERATING INCOME

Operating income was \$152.2 million in fiscal 1993, \$118.2 million in fiscal 1992, and \$84.4 million in fiscal 1991. The increase in operating income is due primarily to the additional gross profit arising from higher revenue and the fixed nature of depreciation and amortization.

COSTS OF PARAMOUNT TENDER OFFER

On February 15, 1994, the Company terminated its cash tender offer for 50.1 percent of the Common Stock of Paramount Communications Inc. The costs incurred on the tender offer totaled \$34.8 million which were expensed in the fourth quarter of 1993. The majority of these expenses were bank fees. The Company had a \$3.25 billion loan commitment available from November 19, 1993 to February 15, 1994 to help fund the cash portion of the tender offer.

LOSSES FROM JOINT VENTURES

During 1993, the Company entered into four joint ventures which resulted in combined losses of \$11.4 million. The most significant joint ventures are those formed with BSKyB and Grupo Televisa. BSKyB and the Company formed a joint venture to bring electronic retailing to the United Kingdom. On October 1, 1993, BSKyB and the Company launched "QVC -- The Shopping Channel." A majority of consumers subscribing to BSKyB's service are now able to receive the new QVC service -- approximately 1.8 million homes. In addition, approximately .4 million cable homes receive the program. The agreement with BSKyB requires, among other things, that the Company provide all funding to the joint venture until it is profitable. The Company will then recover all prior funding before any profits are shared. During the four months of 1993, QVC -The Shopping Channel operations resulted in a \$8.9 million loss, which was recorded by the Company, including \$630,000 amortization of capitalized start-up costs.

On November 15, 1993, the Company and Grupo Televisa began broadcasting "CVC" in Mexico. CVC is distributed through broadcast television, cable television and satellite dishes to approximately 7.3 million FTE homes. The Company's 50% share of CVC's operations resulted in a \$1.8 million loss in 1993, including \$266,000 amortization of capitalized start-up costs.

The Company also entered a joint venture with Tribune Entertainment Company and Regal Communications to produce and distribute "Can We Shop" with Joan Rivers. "Can We Shop" first aired on January 17, 1994 and is a one-hour Monday through Friday television show through which merchandise is sold. The Company's share of the operating loss amounted to \$386,000 in 1993.

The Company made a one third investment in Friday Holdings, L.P. for the purpose of establishing or acquiring businesses in the communications field as well as developing information products. The Company recorded a \$300,000 loss in association with this partnership.

INTEREST EXPENSE

The major factor contributing to the reduced interest expense in 1993 and 1992 was \$13.8 million and \$13.2 million, respectively, of lower interest expense on the Senior term loan which was retired during the 1993 first quarter. The conversion in October 1992 of a \$30.0 million convertible subordinated note into 1.7 million shares of Common Stock also contributed to the lower interest expense.

INTEREST INCOME

The Company has experienced higher interest income since 1991 on its revolving charge card due to higher average account balances as well as an increase in the number of customer accounts. This increase, however, was offset by lower interest income on temporary cash investments.

INCOME TAX PROVISION

Effective February 1, 1993, the Company changed its method of accounting for income taxes as required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company previously used the asset and liability

method of SFAS 96. Under SFAS 96, the consideration of future events in calculating deferred taxes was not permitted. Under SFAS 109, the effect on the deferred tax assets and liabilities, because of the change in federal tax rates incorporated in the Revenue Reconciliation Act of 1993, was recognized in the third quarter of fiscal 1993, the period in which the enactment date falls. The cumulative effect of approximately \$4.0 million resulting from the change in the method of accounting for income taxes to SFAS 109 was included in the Consolidated Statements of Operations in the first quarter of 1993.

EXTRAORDINARY ITEM

During fiscal 1992 and 1991, the Company prepaid \$86.3 million and \$98.1 million, respectively, of its Senior term loan. As a result, amortization of debt placement fees was accelerated and reported as an extraordinary item, net of tax benefit, of \$1.5 million in fiscal 1992 and \$2.1 million in fiscal 1991.

NET INCOME

Net income for 1993 was \$59.3 million compared to \$55.1 million in 1992 and \$19.6 million in 1991. The changes in net income resulted from the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of working capital is internally-generated cash flow from operations. In fiscal 1993, net cash provided by operating activities totaled \$73.3 million compared to \$101.4 million and \$137.0 million in fiscal 1992 and 1991, respectively. Net cash provided by operations in 1993 and 1992 was reduced by a net increase in working capital items of \$36.2 million and \$33.6 million, respectively. The net change in working capital items in both years was due principally to an increase in accounts receivable representing deposits with a third party related to the Company's revolving credit card. In 1991, net cash provided by operations was increased by a net decrease in working capital items of \$40.1 million. The net decrease in working capital items was due principally to an increase in accrued liabilities of \$48.0 million principally from increases in accrued income taxes of \$13.0 million and in reserve for repurchase of uncollectible accounts under the Company's credit card program of \$8.2 million.

The Company's capital expenditures totaled \$24.6 million in 1993 compared to \$21.1 million in 1992 and \$11.9 million in 1991. In 1993, capital expenditures were principally for the construction of a new telecommunications facility in Chesapeake, Virginia, which replaced a leased facility, additions for computer equipment and software, and other equipment. Capital expenditures in 1992 were principally for computer equipment and software, and the construction and equipping of a telecommunications facility in San Antonio, Texas. In fiscal 1991, capital expenditures were principally for studio, computer and other equipment. The Company expects that annual capital expenditures for current operations will approximate the 1993 level for the next year.

The Company has an agreement with an unrelated third party which provides for the sale and servicing of accounts receivable originating from the Company's revolving credit card. The Company remains obligated to repurchase uncollectible accounts pursuant to the recourse provisions of the agreement and is required to maintain a specified percentage of all outstanding receivables transferred under the program as a deposit with the third party to secure its obligations under the agreement.

The Company has a \$60.0 million bank revolving credit facility to finance operations as well as to fund letters of credit for merchandise purchases. Interest on outstanding amounts under this agreement is payable at the bank's prime rate or other interest rate options. A commitment fee of .25% is payable on the unused portion of the revolving credit facility. The credit agreement requires the Company to maintain certain ratios for total liabilities to shareholders' equity and for coverage of fixed charges. The Company borrowed \$20.0 million under the facility in March 1993 and retired the remaining balance on its Senior term loan. All amounts borrowed under the facility were repaid from net cash provided by operating activities during the 1993 first quarter. Outstanding letters of credit totaled approximately \$7.8 million at January 31, 1994.

The Company had working capital at January 31, 1994 of \$101.8 million compared to \$7.3 million at January 31, 1993. The principal reason for the increase in working capital during 1993 was cash flows from operating activities as well as the increase in the current deferred tax asset of \$24.7 million arising from the adoption of SFAS 109. The current ratio was 1.3 at January 31, 1994 compared to 1.0 at January 31, 1993. Long-term debt to total capitalization was 1.2% at January 31, 1994, compared to 1.6% at the prior year end due to the increase in retained earnings from the current year's operating results.

During the first quarter of 1993, the Company filed a registration statement on Form S-3 for up to \$400.0 million of debt securities and up to 5.0 million shares of Common Stock. Substantially all of the net proceeds of any offering would be used for general corporate purposes, including investment in or development of activities in which the Company is not currently engaged. However, this registration statement was never declared effective by the Securities and Exchange Commission.

The Company believes that its present capital resources and future operations will result in adequate financial resources to fund all capital expenditures.

EFFECTS OF INFLATION

Inflation has not had a significant impact on the results of the Company's operations.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED UNAUDITED BALANCE SHEETS
(IN THOUSANDS)

	APRIL 30, 1994	JANUARY 31, 1994
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 20,105	\$ 15,873
Accounts receivable, less allowance for doubtful accounts of \$61,609 at April 30, 1994 and \$52,759 at January 31, 1994...	170,009	183,162
Inventories.....	156,602	148,208
Deferred taxes.....	58,815	59,749
Prepaid expenses.....	7,872	5,536
	-----	-----
Total current assets.....	413,403	412,528
Property, plant and equipment, at cost, less accumulated depreciation.....	79,098	80,579
Cable television distribution rights, net.....	95,911	99,579
Other assets, net.....	34,193	33,664
Excess of cost over acquired net assets.....	249,365	251,810
	-----	-----
Total assets.....	\$ 871,970	\$ 878,160
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt.....	\$ 3,128	\$ 3,114
Accounts payable-trade.....	69,667	81,594
Accrued liabilities.....	216,629	225,989
	-----	-----
Total current liabilities.....	289,424	310,697
Long-term debt, less current maturities.....	6,900	7,044
	-----	-----
Total liabilities.....	296,324	317,741
	=====	=====
Shareholders' equity:		
Convertible Preferred Stock, par value \$.10.....	56	56
Common Stock, par value \$.01.....	402	399
Additional paid-in capital.....	449,188	446,027
Retained earnings.....	126,000	113,937
	-----	-----
Total shareholders' equity.....	575,646	560,419
	-----	-----
Total liabilities and shareholders' equity.....	\$ 871,970	\$ 878,160
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED APRIL 30,	
	1994	1993
Net revenue.....	\$296,441	\$273,232
Cost of goods sold.....	180,812	159,459
Gross profit.....	115,629	113,773
Operating expenses:		
Variable costs.....	40,037	40,130
General and administrative.....	32,291	30,570
Depreciation.....	4,242	3,966
Amortization of intangible assets.....	6,205	6,680
	82,775	81,346
Operating income.....	32,854	32,427
Other income (expense):		
Losses from joint ventures.....	(10,013)	--
Interest expense.....	(358)	(544)
Interest income.....	3,900	2,663
	(6,471)	2,119
Income before income taxes and cumulative effect of a change in accounting principle.....	26,383	34,546
Income tax provision.....	(14,320)	(16,925)
Income before cumulative effect of a change in accounting principle....	12,063	17,621
Cumulative effect of a change in accounting for income taxes.....	--	3,990
Net income.....	\$ 12,063	\$ 21,611
Income per share:		
Income before cumulative effect of a change in accounting principle.....	\$.25	\$.36
Cumulative effect of a change in accounting for income taxes.....	--	.08
Net income.....	\$.25	\$.44
Weighted average number of common and common equivalent shares.....	48,627	49,556

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	THREE MONTHS ENDED APRIL 30,	
	1994	1993
Cash flows from operating activities:		
Net income.....	\$ 12,063	\$21,611
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in deferred taxes.....	(1,127)	1,523
Cumulative effect of a change in accounting for income taxes.....	--	(3,990)
Depreciation.....	4,242	3,966
Amortization of intangible assets.....	6,205	6,680
Losses from joint ventures.....	10,013	--
Changes in other non-current assets.....	(3,051)	1,017
Effects of changes in working capital items*.....	(17,930)	2,374
Net cash provided by operating activities.....	10,415	33,181
Cash flows from investing activities:		
Capital expenditures.....	(2,761)	(4,078)
Changes in other assets.....	(100)	--
Investments in and advances to joint ventures.....	(6,356)	--
Net cash used in investing activities.....	(9,217)	(4,078)
Cash flows from financing activities:		
Borrowings under revolving credit facilities.....	--	20,000
Payments against revolving credit facilities.....	--	(20,000)
Principal payments under capitalized leases and other debt.....	(130)	(130)
Payments under Senior term loan.....	--	(21,000)
Proceeds from exercise of stock options.....	64	560
Proceeds from exercise of warrants.....	3,100	--
Net cash provided by (used in) financing activities.....	3,034	(20,570)
Net increase in cash and cash equivalents.....	4,232	8,533
Cash and cash equivalents at beginning of period.....	15,873	4,279
Cash and cash equivalents at end of period.....	\$ 20,105	\$12,812
	=====	=====
*Analysis of effects of changes in working capital items:		
Decrease in accounts receivable.....	\$ 13,153	\$ 8,216
Increase in inventories.....	(8,394)	(10,272)
Decrease (increase) in deferred taxes.....	934	(3,215)
Increase in prepaid expenses.....	(2,336)	(1,140)
(Decrease) increase in accounts payable.....	(11,928)	2,725
(Decrease) increase in accrued liabilities.....	(9,359)	6,060
	\$(17,930)	\$ 2,374
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(IN THOUSANDS)

	CONVERTIBLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	-----	-----	-----	-----	-----
Balance January 31, 1994.....	\$56	\$399	\$ 446,027	\$113,937	\$560,419
Net income for period.....	--	--	--	12,063	12,063
Proceeds from exercise of warrants.....	--	3	3,097	--	3,100
Proceeds from the exercise of employee stock options.....	--	--	64	--	64
	---	-----	-----	-----	-----
Balance April 30, 1994.....	\$56	\$402	\$ 449,188	\$126,000	\$575,646
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

QVC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 -- BASIS OF PRESENTATION

The interim consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended January 31, 1994 and 1993.

In the opinion of QVC, Inc. (the "Company"), all adjustments necessary for a fair presentation of such consolidated financial statements have been included. Such adjustments principally consist of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The consolidated financial statements include the accounts of the Company and all subsidiaries. Investments in the Company's joint ventures (50% or less owned) are accounted for under the equity method. All significant intercompany accounts and transactions are eliminated in consolidation.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the QVC, Inc. Annual Report on Form 10-K for the fiscal year ended January 31, 1994.

NOTE 3 -- OTHER ASSETS

Other assets consist of the following:

	APRIL 30, 1994	JANUARY 31, 1994
	-----	-----
	(IN THOUSANDS)	
Deferred taxes (Note 5).....	\$ 18,392	\$17,265
Investments in and advances to joint ventures, net of accumulated losses.....	7,537	11,194
Start-up costs.....	6,510	3,459
Satellite transponder rights.....	1,000	1,000
Debt placement fees.....	162	162
Other.....	1,014	1,072
	-----	-----
	34,615	34,152
Less -- accumulated amortization.....	(422)	(488)
	-----	-----
Net other assets.....	\$ 34,193	\$33,664
	=====	=====

During fiscal 1993, the Company established electronic retailing program service in the United Kingdom ("QVC -- The Shopping Channel") and Mexico ("CVC") through joint venture agreements with British Sky Broadcasting Limited and Grupo Televisa, S.A. de C.V., respectively. The joint venture in the United Kingdom began broadcasting on October 1, 1993, and the joint venture in Mexico began broadcasting on November 15, 1993. The joint venture agreement in the United Kingdom requires, among other things, that the Company provide all funding to the joint venture until it is profitable. The Company will then recover all prior funding before any profits are shared. Accordingly, the Company has included 100% of the loss on operations of this venture in the Consolidated Statements of Operations. The operating results of the joint venture in Mexico are shared equally by the partners.

QVC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Summarized financial information for "QVC -- The Shopping Channel" and "CVC" on a 100% basis as of and for the quarter ended April 30, 1994 follows (in thousands):

	QVC THE SHOPPING CHANNEL -----	CVC -----
Current assets.....	\$ 7,087	\$ 7,718
Property, plant and equipment, net.....	1,945	1,783
Unamortized start-up costs.....	1,732	1,272
Current liabilities.....	6,773	8,540
Net revenue.....	3,069	4,689
Gross profit.....	634	809
Loss.....	(7,199)	(3,266)

In fiscal 1993, the Company also entered a joint venture with Tribune Entertainment Company and Regal Communications to form QRT Enterprises ("QRT"). QRT produces and syndicates "Can We Shop" with Joan Rivers, which commenced broadcasting January 17, 1994. "Can We Shop" is a one-hour, Monday through Friday television show through which merchandise is sold. The Company's one-third share of QRT's operating loss amounted to \$831,000 during the first quarter of fiscal 1994.

The Company has made a \$3.9 million investment in Friday Holdings, L.P., a limited partnership. The limited partnership's purpose is to establish or acquire businesses in the communications field and to develop information products. The Company's one-third share of Friday Holdings' operating loss amounted to \$350,000 in the first quarter of fiscal 1994.

The Company has capitalized \$6.5 million in costs relating to Q2, a new televised shopping/programming service, scheduled to be launched in the third quarter of fiscal 1994 in the United States. The capitalized start-up costs will be amortized over eighteen months starting at the commencement of broadcast operations.

NOTE 4 -- CAPITAL STOCK

The Company has 175,000,000 shares of Common Stock authorized. There were 40,214,097 shares outstanding at April 30, 1994 and 39,895,447 shares outstanding at January 31, 1994. The increase in the number of shares of Common Stock outstanding is the result of the exercise of warrants (310,000) and the exercise of employee stock options (8,650).

The following table summarizes the number of Convertible Preferred shares at April 30, 1994 and January 31, 1994 (in thousands):

	SHARES AUTHORIZED -----	OUTSTANDING -----	PAR VALUE -----
Series A.....	10	--	\$--
Series B.....	1,000	28	3
Series C.....	1,000	531	53
Series D.....	300	1	--

			\$56
			=====

NOTE 5 -- INCOME TAXES

The Company adopted the principles of Statement of Financial Accounting Standards No. 109 ("SFAS 109") to account for income taxes in the first quarter of fiscal 1993. The cumulative effect of adopting SFAS 109 was to increase net income by approximately \$4.0 million in the three-months ended April 30, 1993. The provisions for income taxes for the three months ended April 30, 1994 and 1993 are based

QVC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

on the estimated effective tax rate after considering the federal and state statutory rates, amortization of intangibles arising from the CVN acquisition, which is not deductible for tax purposes, and the fact that losses from foreign joint ventures provide no state income tax benefit.

During the three months ended April 30, 1994, the Company received notice that the Internal Revenue Service ("IRS") has completed its examinations of the Company's federal income tax returns through fiscal 1991. As a result of the examination, the IRS has proposed adjustments that relate primarily to the amortization of cable television distribution rights, that would result in a potential tax liability for those years in excess of \$56.0 million. The Company intends to vigorously contest these proposed adjustments. While it is not possible at this time to predict the outcome of these actions, it is the opinion of management, after reviewing the matter with outside counsel, that this matter will be resolved without having a material financial impact on the Company.

NOTE 6 -- INCOME PER SHARE

The Company computes income per share using the modified treasury stock method. Accordingly, primary earnings per share for the first quarter of fiscal 1994 were computed by dividing the net income by the 45,572,000 weighted average number of outstanding shares of Common Stock and Common shares assumed to be issued upon the conversion of the Convertible Preferred Stock plus the net 3,055,000 shares assumed to be outstanding from the exercise of options and warrants. Primary earnings per share for the three months ended April 30, 1993 were computed by dividing the net income by the 45,007,000 weighted average number of outstanding shares of Common Stock and Common shares assumed to be issued upon the conversion of the Convertible Preferred Stock plus the net 4,549,000 shares assumed to be outstanding from exercise of options and warrants. Fully-diluted earnings per share for both periods are not presented because they would not differ from the primary earnings per share.

NOTE 7 -- SUPPLEMENTAL INFORMATION ON CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED APRIL 30,	
	1994	1993
	(IN THOUSANDS)	
Supplemental cash flow information:		
Interest paid.....	\$321	\$ 561
Income taxes paid.....	20	4,393

NOTE 8 -- LITIGATION

As previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994 ("Form 10-K"), filed with the Securities and Exchange Commission on April 20, 1994, the Company has been named as a defendant in certain actions filed in state and federal courts in Delaware arising out of Liberty Media Corporation's ("Liberty") prior acquisitions of shares of Home Shopping Network, Inc. ("HSN") and the Company's July 1993 letter proposal to HSN to combine HSN and the Company in a stock-for-stock transaction (the "HSN Actions"). The plaintiffs and other defendants to the HSN Actions have executed a Memorandum of Understanding (the "MOU") dated as of December 31, 1993, and amended February 7, 1994, setting forth an agreement in principle for the settlement of the HSN Actions for a total consideration of \$13.0 million (plus \$200,000 to cover administrative expenses), all of which is to be funded by Liberty. In early May 1994, the Company joined in the proposed settlement of the HSN Actions by becoming a party to a revised MOU. Under the revised MOU, QVC is not required to pay any portion of the proposed settlement fund. The proposed settlement is subject to the parties' obtaining the approval of the Delaware courts.

QVC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In September 1993, Viacom International Inc. ("Viacom International"), a subsidiary of Viacom Inc. ("Viacom"), brought an action in New York federal court against the Company, Tele-Communications, Inc., Liberty, Satellite Services, Inc., Encore Media Corp., and Netlink USA, challenging the Company's September 1993 proposal to Paramount Communications Inc. ("Paramount") to combine Paramount and QVC in a cash and stock-for-stock exchange. Viacom International amended its complaint in November 1993 to add Comcast Corporation ("Comcast") as a defendant. Comcast was subsequently dismissed as a defendant. The Company filed an answer to the amended complaint in November 1993. On February 15, 1994, the Company terminated its tender offer for 50.1% of Paramount Common Stock. All claims against the Company were dismissed by court order filed on May 3, 1994.

In October 1993, the Company brought an action in Delaware Chancery Court against Viacom, Paramount and certain Paramount directors for breach of fiduciary duty in failing to give fair treatment to the Company's merger proposal while granting undue advantages to Viacom's merger proposal. The Company sought to compel Paramount's board to give the two merger proposals equal consideration and also sought to invalidate certain "lockup" agreements and share purchase options given by Paramount to Viacom. In November 1993, the court granted the Company's motion for a preliminary injunction against Paramount's poison pill rights plan and certain other anti-takeover mechanisms being used to preclude the Paramount shareholders from accepting the Company's cash tender offer for 50.1% of Paramount Common Stock. On appeal by Paramount and Viacom, the Delaware Supreme Court affirmed the lower court's injunction on December 9, 1993, and subsequently issued a formal opinion in support of its ruling. On December 21, 1993, Viacom filed a motion to dismiss the Company's complaint against it. Paramount's time to respond to the Company's complaint has been extended to June 27, 1994.

The Company has also been named as a defendant in various legal proceedings arising in the ordinary course of business. Although the outcome of these matters cannot be determined, in the opinion of management, disposition of these proceedings will not have a material effect on the Company's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company is a retailer of a wide range of consumer products which are marketed and sold by merchandise-focused televised-shopping programs. The average number of homes receiving the QVC Service was:

	APRIL 30,	
	1994	1993
	(IN MILLIONS, EXCEPT DOLLAR AMOUNTS)	
Cable homes -- 24 hours per day.....	44.5	42.5
Cable homes -- part-time.....	2.9	2.8
Satellite dish homes (estimated).....	3.0	3.0
Total.....	50.4	48.3
	=====	=====
Full-time equivalent homes ("FTE").....	47.0	44.9
	-----	-----
QVC net sales per FTE home.....	\$6.29	\$6.06
	=====	=====

FTE homes equal the total number of cable homes receiving the QVC Service 24 hours per day plus one-third of the part-time cable homes and one-half of the satellite dish homes. This calculation reflects the Company's estimate of the relative value to the Company of part-time homes and satellite dish homes compared to full-time homes. QVC net sales exclude non-merchandise revenue.

Net revenue increased in the first three months of fiscal 1994 due to the increase in the number of homes receiving the QVC Service as well as an increase in net sales to existing subscribers. It is unlikely that the number of homes receiving the QVC Service will continue to grow at rates comparable to prior periods, given that the QVC Service is already received by approximately 80% of all the cable television homes in the United States. As relative growth in the number of homes declines, future growth in sales will depend increasingly on continued additions of new customers from homes already receiving the QVC Service and continued growth in repeat sales to existing customers.

Operating profit increased slightly over the prior year's quarter as the increase in the gross profit resulting from the higher sales volume was partially offset by higher operating expenses.

RESULTS OF OPERATIONS

Three months ended April 30, 1994 compared to three months ended April 30, 1993.

The following table sets forth the Company's Consolidated Statements of Operations expressed as a percentage of net revenue:

	THREE MONTHS ENDED APRIL 30,	
	1994	1993
Net revenue.....	100.0%	100.0%
Cost of goods sold.....	61.0	58.4
Gross profit.....	39.0	41.6
Operating expenses:		
Variable costs.....	13.5	14.7
General and administrative.....	10.9	11.2
Depreciation.....	1.4	1.5
Amortization of intangible assets.....	2.1	2.4
	27.9	29.8
Operating income.....	11.1	11.8
Other income (expense):		
Losses from joint ventures.....	(3.4)	--
Interest expense.....	(0.1)	(0.2)
Interest income.....	1.3	1.0
	(2.2)	0.8
Income before income taxes and cumulative effect of a change in accounting principle.....	8.9	12.6
Income tax provision.....	(4.8)	(6.2)
Income before cumulative effect of a change in accounting principle.....	4.1	6.4
Cumulative effect of a change in accounting for income taxes.....	--	1.5
Net income.....	4.1%	7.9%

NET REVENUE AND GROSS PROFIT

Net revenue for the three months ended April 30, 1994 was \$296.4 million, an increase of 8.5% over the \$273.2 million net revenue in the prior year's quarter. The sales increase was due to the 4.7% increase in the average number of homes receiving the QVC Service as well as the 3.8% increase in net sales per FTE home.

Net revenue in the first quarter of 1994 includes \$2.8 million of net sales from The QVC Fashion Channel to 8.7 million homes compared to \$7.9 million of net sales to 7.5 million FTE homes in 1992. The Company is starting a new shopping service, consisting of onQ and Q2, which is going to replace The QVC Fashion Channel. onQ is QVC's new fashion service for younger adults and will broadcast weekdays. In May 1994, onQ started broadcasting sixteen hours of live programming on Monday and nine hours of live programming on Thursday. Q2 is being designed for the audience that has not yet purchased from traditional home-shopping formats and will broadcast weekends. The Company anticipates that onQ and Q2 will be fully operational, seven days a week, by the third quarter of fiscal 1994.

The Company has two credit programs, the QVC Easy-Pay Plan and the QVC revolving credit card program. The Company offers customers the Easy-Pay option only on selected items. The Easy-Pay Plan permits customers to pay for such selected items in several monthly installments. When the Easy-Pay Plan is selected by the customer, the item purchased is shipped after the first payment is billed to the customer's credit card. The customer's credit card is subsequently billed up to four additional monthly installments until the total purchase price of the product has been received by the Company. QVC's revolving credit card program permits customers to charge purchases on the Company's own credit card. The accounts receivable

from the revolving credit card program are purchased (with recourse) and serviced by an unrelated third party. Sales under these credit programs amounted to 42.9% and 38.3% of net revenue for the three months ended April 30, 1994 and 1993, respectively. Sales under these credit programs increased as a percentage of total sales in the current quarter because of more sales under the Easy-Pay Plan. The loss provision for uncollectible accounts under these credit programs amounted to \$5.2 million in the current period compared with \$6.0 million in the prior year.

The sales mix by product category as a percentage of net sales was as follows:

	THREE MONTHS ENDED APRIL 30,	
	1994	1993
Jewelry.....	38.9%	40.4%
Apparel and accessories.....	18.4	19.4
Housewares.....	14.4	12.2
Electronics.....	6.9	7.7
Collectibles.....	7.0	9.0
Other.....	14.4	11.3
	100.0%	100.0%
	=====	=====

Gross profit for the quarter ended April 30, 1994 was \$115.6 million, or 39.0% of net revenue, compared to \$113.8 million, or 41.6% of net revenue in the prior year. The principal reason for the increase in gross profit was the increased sales volume. The decrease in the gross profit percentage in 1994 was principally due to the effect of higher gold prices on jewelry product profit margins and, to a lesser extent, stronger sales of the Company's promotional Today's Special Value items which sell below our normal gross profit margins.

VARIABLE COSTS

Variable costs totaled \$40.0 million and \$40.1 million for the first quarter of 1994 and 1993, respectively. The major components of this expense classification are detailed below, expressed in amounts and as a percentage of net revenue (dollars in millions):

	THREE MONTHS ENDED APRIL 30,			
	1994		1993	
	\$	%	\$	%
Order processing and customer service.....	14.9	5.0	14.7	5.4
Commissions and license fees.....	15.3	5.2	14.7	5.4
Provision for doubtful accounts.....	5.6	1.9	6.8	2.5
Credit card processing fees.....	4.2	1.4	3.9	1.4
	40.0	13.5	40.1	14.7
	=====	=====	=====	=====

Order processing and customer service expenses increased as a result of the higher sales volume. These expenses decreased as a percentage of net revenue in 1994 due to greater utilization of the Company's automated ordering system which gives customers the option to place orders by using their touch-tone telephone instead of speaking to a telemarketing operator. In 1994, commissions and license fees increased in amount as a result of the higher sales volume and decreased as a percentage of net revenue as a result of a reduction of sales to homes obtained under the license agreement with JCPTV. The provision for doubtful accounts as a percentage of net revenue decreased in 1994 due to an improvement in collection experience of QVC's revolving credit card program. Credit card processing fees as a percentage of net revenue have remained stable.

GENERAL AND ADMINISTRATIVE

During the first quarter of 1994, general and administrative expenses totaled \$32.3 million, or 10.9% of net revenue compared to \$30.6 million, or 11.2% of net revenue, in the prior year. The major components of

general and administrative expenses are detailed below, expressed in amounts and as a percentage of net revenue (dollars in millions).

	THREE MONTHS ENDED APRIL 30,			
	-----		-----	
	1994		1993	
	-----	-----	-----	-----
	\$	%	\$	%
	----	----	----	----
Administration.....	10.7	3.6	10.7	3.9
Advertising and marketing.....	7.3	2.5	6.8	2.5
Data processing.....	4.1	1.4	4.3	1.6
Broadcasting.....	5.6	1.9	4.8	1.8
Merchandising and programming.....	3.2	1.0	2.6	0.9
Occupancy costs.....	1.4	0.5	1.4	0.5
	----	----	----	----
	32.3	10.9	30.6	11.2
	=====	=====	=====	=====

The increase in advertising and marketing expenses during the first quarter of 1994 reflects additional promotional mailings to QVC customers. Data processing costs decreased slightly due to the purchase of computer equipment that was previously leased by the Company. The increase in broadcasting expenses reflects the higher costs to enhance the on-air presentation. Merchandising and programming expenses increased due to additional personnel needed to sustain the Company's sales growth.

DEPRECIATION AND AMORTIZATION

Depreciation expense has remained constant in 1994 compared to the prior year. Amortization expense decreased due to the reduction in amortization of debt placement fees as a result of the repayment of the Senior term loan during the first quarter of 1993.

OPERATING INCOME

Operating income of \$32.9 million was slightly higher than last year's \$32.4 million as the higher gross profit resulting from the sales volume was partially offset by higher operating expenses.

LOSSES FROM JOINT VENTURE

During 1993, the Company entered into four joint ventures which resulted in combined losses of \$10.0 million during the first quarter of 1994. The most significant joint ventures are those formed with British Sky Broadcasting Limited ("BSkyB") and Grupo Televisa, S.A. de C.V. BSkyB and the Company formed a joint venture to bring electronic retailing to the United Kingdom. On October 1, 1993, BSkyB and the Company launched "QVC -- The Shopping Channel." A majority of all consumers subscribing to BSkyB's service are now able to receive the new QVC service -- approximately 2.0 million homes. In addition, approximately .5 million cable homes receive the program. The agreement with BSkyB requires, among other things, that the Company provide all funding to the joint venture until it is profitable. The Company will then recover all prior funding before any profits are shared. During the first quarter of 1994, QVC -- The Shopping Channel operations resulted in a \$7.2 million loss, which was recorded by the Company, including \$472,000 amortization of capitalized start-up costs.

On November 15, 1993, the Company and Grupo Televisa, S.A. de C.V. began broadcasting "CVC" in Mexico. CVC is distributed through broadcast television, cable television and satellite dishes to approximately 7.3 million FTE homes. The Company's 50% share of CVC's operations resulted in a \$1.6 million loss during the first quarter, including \$319,000 amortization of capitalized start-up costs.

The Company also entered a joint venture with Tribune Entertainment Company and Regal Communications to produce and distribute "Can We Shop" with Joan Rivers. "Can We Shop" first aired on January 17, 1994 and is a one-hour, Monday through Friday television show through which merchandise is sold. The Company's share of the operating loss amounted to \$831,000 during the 1994 first quarter.

The Company made a one-third investment in Friday Holdings, L.P. for the purpose of establishing or acquiring businesses in the communications field as well as developing information products. The Company recorded a \$350,000 loss in association with this partnership.

INTEREST EXPENSE

Interest expense has remained relatively constant.

INTEREST INCOME

The Company experienced higher interest income on its revolving charge card due to higher average account balances as well as an increase in the number of customer accounts. The Company also experienced higher interest income on its temporary cash investments.

INCOME TAX PROVISION

The Company adopted the principles of Statement of Financial Accounting Standards No. 109 ("SFAS 109") to account for income taxes in the first quarter of fiscal 1993. The provisions for income taxes for the three months ended April 30, 1994 and 1993 are based on the estimated effective tax rate after considering the federal and state statutory rates, amortization of intangibles arising from the CVN acquisition which is not deductible for tax purposes, and the fact that the foreign joint ventures provide no state income tax benefit.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective February 1, 1993, the Company changed its method of accounting for income taxes as required by SFAS 109, "Accounting for Income Taxes". This statement supersedes SFAS 96, which was adopted by the Company in fiscal 1988. The cumulative effect of adopting SFAS 109 was to increase net income by approximately \$4.0 million in the first quarter of fiscal 1993.

NET INCOME

Net income for the first quarter of 1994 was \$12.1 million compared to net income of \$21.6 million in the prior year. The changes in net income resulted from the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of working capital is internally-generated cash flow from operations. For the three months ended April 30, 1994, net cash provided by operating activities totaled \$10.4 million. Net cash provided by operations was decreased by the increase in working capital items of \$17.9 million in 1994.

The Company's capital expenditures during the first quarter of 1994 totaled \$2.8 million, principally for broadcast equipment and computer software.

The Company has an agreement with an unrelated third party which provides for the sale and servicing of accounts receivable originating from the Company's revolving credit card. The Company remains obligated to repurchase uncollectible accounts pursuant to the recourse provisions of the agreement and is required to maintain a specified percentage of all outstanding receivables transferred under the program as a deposit with the third party to secure its obligations under the agreement.

The Company has a \$60.0 million bank revolving credit facility to finance operations as well as to fund letters of credit for merchandise purchases. Interest on outstanding amounts under this agreement is payable at the bank's prime rate or other interest rate options. A commitment fee of .15% is currently payable on the unused portion of the revolving credit facility. The commitment fee was reduced from .25% on March 30, 1994. The credit agreement requires the Company to maintain certain ratios for total liabilities to shareholders' equity and for coverage of fixed charges. Outstanding letters of credit totaled \$9.2 million at April 30, 1994.

Working capital at April 30, 1994 was \$124.0 million compared to working capital of \$101.8 million at January 31, 1994. The current ratio was 1.4 at April 30, 1994 compared to 1.3 at January 31, 1994. Long-term debt to total capitalization was 1.2% at April 30, 1994.

During the first quarter of 1994, the Company entered into affiliation agreements with various cable system operators for carriage of the Company's new shopping service, Q2. The cable system operators will receive compensation from the Company which is dependent upon the number of additional subscribers and the launch date of Q2 on the cable system. The Company estimates that the cost of these cable television distribution rights will approximate \$40.0 million during the remainder of fiscal 1994, which will be funded from the Company's free cash flow.

The Company believes that its present capital resources and future operations will result in adequate financial resources to fund all future interest and debt payments as well as capital expenditures.

EFFECTS OF INFLATION

Inflation has not had a significant impact on the results of the Company's operations.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

As previously reported in the Annual Report on Form 10-K of QVC Network, Inc. (the "Company" or "QVC, Inc." or "QVC") for the fiscal year ended January 31, 1994 (the "Form 10-K"), filed with the Securities and Exchange Commission (the "Commission") on April 20, 1994, the Company has been named as a defendant in certain actions filed in the state and federal courts in Delaware arising out of Liberty Media Corporation's ("Liberty") prior acquisitions of shares of Home Shopping Network, Inc. ("HSN") and the Company's July 1993 letter proposal to HSN to combine HSN and the Company in a stock-for-stock transaction (the "HSN Actions"). As also previously reported in the Form 10-K, the plaintiffs and other defendants to the HSN Actions had previously executed a Memorandum of Understanding (the "MOU") setting forth an agreement in principle for the settlement of the HSN Actions for a total consideration of \$13 million (plus \$200,000 to cover administrative expenses), all of which is to be funded by Liberty. In early May 1994, the Company joined in the proposed settlement of the HSN Actions by becoming a party to a revised MOU. Under the revised MOU, QVC is not required to pay any portion of the proposed settlement fund. The parties are currently in the process of preparing formal settlement papers to submit to the Delaware courts for approval of the proposed settlement.

In September 1993, Viacom International Inc. ("Viacom International"), a subsidiary of Viacom Inc. ("Viacom"), brought an action in a New York federal court against the Company, Tele-Communications, Inc., Liberty, Satellite Services, Inc., Encore Media Corp., and Netlink USA, challenging the Company's September 1993 proposal to Paramount Communications Inc. ("Paramount") to combine Paramount and QVC in a cash and stock-for-stock exchange. Viacom International amended its complaint in November 1993 to add Comcast Corporation ("Comcast") as a defendant. Comcast was subsequently dismissed as a defendant. The Company filed an answer to the amended complaint in November 1993. On February 15, 1994, the Company terminated its efforts to acquire Paramount, and Viacom eventually acquired Paramount in a cash and stock-for-stock exchange. On April 21, 1994, plaintiffs filed a Stipulation and Order of Dismissal, dismissing all claims against QVC without prejudice. This Stipulation and Order of Dismissal was filed as a court order on May 3, 1994.

In October 1993, the Company brought an action in the Delaware Chancery Court against Viacom, Paramount and certain Paramount directors for breach of fiduciary duty in failing to give fair treatment to QVC's proposal to merge with Paramount while granting undue advantages to Viacom's merger proposal. The Company sought to compel Paramount's board of directors to give the two merger proposals equal consideration and also sought to invalidate certain "lockup" agreements and share purchase options given by Paramount to Viacom. In November 1993, the court granted the Company's motion for a preliminary injunction against Paramount's poison pill rights plan and certain other anti-takeover mechanisms being used to preclude the Paramount shareholders from accepting the Company's cash tender offer for Paramount shares. On appeal by Paramount and Viacom, the Delaware Supreme Court affirmed the lower court's injunction on December 9, 1993, and subsequently issued a formal opinion in support of its ruling. On December 21, 1993, Viacom filed a motion to dismiss the Company's complaint against it. Paramount's time to respond to the complaint has been extended to June 27, 1994.

The Company has also been named as a defendant in various legal proceedings arising in the ordinary course of business. Although the outcome of these matters cannot be determined, in the opinion of management, disposition of these proceedings will not have a material effect on the Company's financial position.

ITEM 5. OTHER INFORMATION.

As previously reported in the Form 10-K, under the Stock Option Agreement, dated as of February 15, 1994 (the "Stock Option Agreement"), among the Company, BellSouth Corporation ("BellSouth"), Advance Publications, Inc. ("Advance"), and Cox Enterprises, Inc. ("Cox"), BellSouth, Advance and Cox were granted certain options to purchase shares of QVC Common Stock. These options are currently

exercisable until the later of the date that is (i) August 15, 1994, or (ii) if approval of the stockholders of the Company of the issuance of these options is required, ten (10) business days after the stockholders vote with respect to such matter (whether or not such approval is received). By proxy materials mailed to its stockholders on or about May 31, 1994, the Company is seeking such approval at the annual meeting of stockholders which is scheduled to be held on June 27, 1994.

Additionally, under the Stock Option Agreement, BellSouth has agreed that if it purchases Common Stock pursuant thereto, it will become a party to the Stockholders Agreement dated as of July 16, 1993, among Comcast, Liberty, Arrow Investments, L.P. ("Arrow"), and certain affiliates and subsidiaries of such parties (the "Stockholders Agreement"), in accordance with the terms of the Understanding Among Stockholders dated as of November 11, 1993, among BellSouth, Liberty, Comcast and Arrow (the "Understanding Among Stockholders"). The Stock Option Agreement further provides that, after BellSouth becomes a party to the Stockholders Agreement, so long as Comcast, Arrow, Liberty or BellSouth remains an Eligible Stockholder (as defined in the Stockholders Agreement), the Company will not take any action to (i) block or prevent open market purchases by such Eligible Stockholder or Liberty (if it has become a party to the Stockholders Agreement under the terms of the Liberty-QVC Agreement, dated November 11, 1993, between QVC and Liberty (the "Liberty-QVC Agreement")) of Common Stock so long as such entity's total fully diluted voting power of the Company does not exceed 35% of the fully diluted outstanding voting power of the Company or (ii) discriminate against such Eligible Stockholder or Liberty (if it has become a party to the Stockholders Agreement pursuant to the Liberty-QVC Agreement) as a stockholder or deprive BellSouth, Comcast, Arrow or Liberty (if it has become a party to the Stockholders Agreement pursuant to the Liberty-QVC Agreement) of full rights as a stockholder of the Company.

Under the Stock Option Agreement, the Company, BellSouth, Cox and Advance also agreed that, for a period of 18 months from February 15, 1994, if the Company 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, and if the Stock Option Agreement has not terminated with respect to the applicable purchaser thereunder or such purchaser has acquired shares of Common Stock pursuant to the Stock Option Agreement, the Company will give such purchaser along with Comcast (and Liberty, if it has become a party to the Stockholders Agreement), to the extent the Company requires third party financing in connection with such transaction, a preferential opportunity, subject to applicable law, 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. None of BellSouth, Comcast and Liberty will be entitled to any such preferential opportunity, however, to the extent it is not legally permitted to participate in the relevant transaction.

The description herein of the Stock Option Agreement is qualified in its entirety by reference to such agreement, a copy of which is an Exhibit to the Proxy Statement on Schedule 14A of the Company filed with the Commission on May 31, 1994, which is incorporated by reference herein.

Contemporaneously with the execution of the Stock Option Agreement, Comcast and Liberty entered into an Acknowledgement and Agreement dated as of February 15, 1994, pursuant to which Comcast and Liberty acknowledged and agreed to the foregoing provisions of the Stock Option Agreement and further agreed that such provisions modified and replaced the \$500 million stock option provisions of the Memorandum of Understanding, dated as of November 11, 1993, between QVC and BellSouth.

Comcast, Liberty, BellSouth, Advance, Arrow and Cox have also entered into a Letter Agreement dated as of February 15, 1994, pursuant to which the parties agreed that the Agreement Among Stockholders (whereby each of them agreed to vote all of their shares of voting securities of the Company, if any, in favor of any merger with Paramount and the issuance of securities in connection therewith) was terminated except that (i) each of Comcast, Liberty and Arrow will be required to vote all of its equity securities of the Company (to the extent such securities are entitled to vote with respect thereto) in favor of the issuance of the shares of Common Stock pursuant to the Stock Option Agreement and (ii) each of Comcast, Liberty, Arrow and BellSouth remains bound by the provision of the Agreement Among Stockholders acknowledging the Liberty-QVC Agreement.

On May 19, 1994, Liberty filed a Schedule 13D (Amendment No. 25) with the Commission, in which it stated that it no longer may be deemed to constitute a "group" with Comcast and Barry Diller for purposes of Rule 13d-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the respective beneficial ownership of Liberty, Comcast and Mr. Diller of the Common Stock of QVC, as a result of the expiration of the 90-day period following the termination of the Company's bid for Paramount, within which Liberty was entitled to elect to be reinstated as an Eligible Stockholder under the Stockholders Agreement, and Liberty's decision not to be so reinstated. Except for Mr. Diller's options pursuant to the Liberty-QVC Agreement and the Stockholders Agreement to purchase from Liberty the equivalent of 1,627,934 shares of Common Stock of the Company, Liberty states that it no longer has any contract, agreement or understanding with Comcast or Mr. Diller with respect to the disposition or voting of the outstanding equity securities of the Company. As a result, except as noted in its Schedule 13D filing, Liberty states that it has sole voting and dispositive power with respect to all 10,255,867 shares of QVC Common Stock beneficially owned by it and no longer has any rights or obligations under the Stockholders Agreement.

The Company has entered into new employment agreements with Douglas S. Briggs and William F. Costello, each dated as of January 1, 1994 (collectively, the "Employment Agreements"), agreeing to employ them as President, QVC Electronic Retailing, and Executive Vice President and Chief Financial Officer, respectively. The Employment Agreements are similar to Mr. Briggs' and Mr. Costello's former employment agreements with the Company, dated as of December 9, 1992, except that Mr. Briggs and Mr. Costello have had the terms of their agreements extended to December 31, 1998, and December 31, 1996, respectively. Mr. Briggs' Employment Agreement provides for an annual base salary of \$350,000, subject to specific stated annual increases. Mr. Costello's Employment Agreement provides for an annual base salary of \$300,000, subject to annual upward review at the discretion of the Company. Mr. Briggs and Mr. Costello will continue to be eligible for and participate in such bonus and incentive compensation programs as are generally provided to other executive officers of the Company.

Facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for Shares and any other required documents should be sent to the Depositary at one of the addresses set forth below:

The Depositary:

THE BANK OF NEW YORK

(For Information Call (800) 507-9357)

By Mail:
Tender & Exchange Dept.
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

By Facsimile:
(212) 815-6213

Confirm by telephone
(800) 507-9357

By Hand or Overnight Courier:
Tender & Exchange Dept.
101 Barclay Street
Receive and Deliver Window
New York, NY 10286

Questions or requests for assistance or additional copies of this Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth below. Stockholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

The Information Agent is:

D.F. KING & CO., INC.

135 South LaSalle Street
Chicago, Illinois 60603
(312) 236-5881 (collect)

77 Water Street
New York, New York 10005
(212) 269-5550 (collect)

9841 Airport Boulevard
Los Angeles, California 90045
(213) 215-3860 (collect)

OR

CALL TOLL-FREE (800) 735-3591

The Dealer Manager for the Offer is:

LAZARD FRERES & CO.
One Rockefeller Plaza
New York, New York 10020
(212) 632-6000
(call collect)

August 11, 1994

LETTER OF TRANSMITTAL

TO TENDER SHARES
OF
COMMON STOCK,
SERIES B PREFERRED STOCK
AND
SERIES C PREFERRED STOCK
OF

QVC, INC.

PURSUANT TO THE OFFER TO PURCHASE
DATED AUGUST 11, 1994
OF

QVC PROGRAMMING HOLDINGS, INC.

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON
THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

To: The Bank of New York, DEPOSITARY

By Mail:
Tender & Exchange
Department
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

By Facsimile Transmission:
(212) 815-6213

Confirm by Telephone
(800) 507-9357

By Hand or Overnight Courier:
Tender & Exchange
Department
101 Barclay Street
Receive and Deliver Window
New York, NY 10286

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET
FORTH ABOVE OR TRANSMISSIONS OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A
NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ
CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used by stockholders if certificates
for Shares (as defined below) are to be forwarded herewith or, unless an Agent's
Message (as defined in the Offer to Purchase) is utilized, if delivery of Common
Shares is to be made by book-entry transfer to the Depositary's account at The
Depositary Trust Company, Midwest Securities Trust Company or Philadelphia
Depositary Trust Company (hereinafter collectively referred to as the "Book-
Entry Transfer Facilities") pursuant to the procedures set forth under "The
Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase
dated August 11, 1994. Stockholders who tender Common Shares by book-entry
transfer are referred to herein as "Book-Entry Stockholders."

Holders of Shares whose certificates for such Shares (the "Share
Certificates") are not immediately available or who cannot deliver their Share
Certificates and all other documents required hereby to the Depositary on or
prior to the Expiration Date (as defined in the Offer to Purchase) or who cannot
complete the procedures for book-entry transfer on a timely basis, must tender
their Shares pursuant to the guaranteed delivery procedure set forth under "The
Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase. See
Instruction 2.

```

/ / CHECK HERE IF TENDERED COMMON SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE
DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:
Name of Tendering Institution.....
Account No.....at
    / / The Depository Trust Company
    / / Midwest Securities Trust Company
    / / Philadelphia Depository Trust Company
Transaction Code No. ....
/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY
PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING. PLEASE ENCLOSE A PHOTOCOPY OF SUCH
NOTICE OF GUARANTEED DELIVERY:
Name(s) of Registered Stockholders.....
Window Ticket Number (if any): .....
Date of Execution of Notice of Guaranteed Delivery.....
Name of Institution which Guaranteed Delivery.....

```

Ladies and Gentlemen:

The undersigned hereby tenders to QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation ("Comcast") and Liberty Media Corporation, a Delaware corporation ("Liberty" and, together with Comcast, the "Parent Purchasers") and a wholly-owned subsidiary of Tele-Communications, Inc., the above-described shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each \$.10 par value per share (together, the "Preferred Stock"), of QVC, Inc., a Delaware corporation (the "Company"), pursuant to the Purchaser's offer to purchase all outstanding Shares at a price of \$46 per share of Common Stock and \$460 per share of Preferred Stock, 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 August 11, 1994, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer"). For purposes of this Letter of Transmittal, "Common Shares" means the Shares of Common Stock and "Preferred Shares" means the shares of Preferred Stock. The Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its subsidiaries or affiliates the right to purchase any or all Shares tendered pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of and payment for the Shares tendered herewith in accordance with the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers, to or upon the order of, the Purchaser all right, title and interest and any and all dividends thereon or distributions with respect thereto in and to all the Shares that are being tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after August 4, 1994) and irrevocably appoints the Depositary the true and lawful agent, attorney-in-fact and proxy of the undersigned to the full extent of the undersigned rights with respect to the Shares (and all such other Shares or securities), with full power of substitution (such power of attorney and proxy being deemed to be an irrevocable power coupled with an interest), to (a) in the case of Common Shares, deliver Share Certificates for such Common Shares (and all such other Common Shares and securities), or transfer ownership of such Common Shares (and all such other Shares or securities) on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser upon receipt by the Depositary, or as the undersigned's agent, of the purchase price, (b) present such Shares for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Brian L. Roberts, John R. Alchin and Stanley L. Wang and each of them, the attorneys-in-fact and proxies of the undersigned, each with full power of substitution, to exercise all voting and other rights of the undersigned in such manner as each such attorney and proxy or his substitute shall in his sole discretion deem proper, with respect to all of the Shares tendered hereby which have been accepted for payment by the Purchaser prior to the time of any vote or other action which the undersigned is entitled to vote of any meeting of stockholders (whether annual or special and whether or not an adjourned meeting), by written consent or otherwise. This power of attorney and proxy is coupled with an interest in the Company and in the Shares and is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall revoke, without further action, any other power of attorney or proxy granted by the undersigned at any time with respect to such Shares and no subsequent powers of attorneys or proxies will be given (and if given will be deemed not to be effective) with respect thereto by the undersigned. The undersigned understands that the Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser is able to exercise full voting rights with respect to such Shares and other securities, including voting at any meeting of stockholders.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and that when the same are accepted for payment by the Purchaser, the Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby. In addition, the undersigned will promptly remit and transfer to the Depositary for the account of the Purchaser any and all other distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer and, pending such remittance or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of any such distributions, and may withhold the entire purchase price or deduct from the purchase price of Shares tendered hereby, the amount or value thereof, as determined by the Purchaser in its sole discretion.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of

the procedures described under "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the purchase price and/or return any Share Certificates not tendered or accepted for payment in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any Share Certificates not tendered or accepted for payment (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature. In the event that both the "Special Delivery Instructions" and the "Special Payment Instructions" are completed, please issue the check for the purchase price and/or return any Share Certificates not tendered or accepted for payment in the name(s) of, and deliver said check and/or return certificates to, the person or persons so indicated. Stockholders tendering Common Shares by book-entry transfer may request that any Common Shares not accepted for payment be returned by crediting such account maintained at such Book-Entry Transfer Facility as such stockholder may designate by making an appropriate entry under "Special Payment Instructions." The undersigned recognizes that the Purchaser has no obligation pursuant to the "Special Payment Instructions" to transfer any Shares from the name of the registered holder thereof if the Purchaser does not accept for payment any of such Shares.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Shares Certificates not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Common Shares tendered by book-entry transfer that are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue check and/or certificates to:

Name.....
(Please Print)

Address.....
.....
(Zip Code)

.....
(Taxpayer Identification No. or Social Security No.)
(See Substitute Form W-9 below)

/ / Credit unpurchased Common Shares tendered by book-entry transfer to the account set forth below:

Name of Account Party.....

Account No. at

/ / The Depository Trust Company
/ / Midwest Securities Trust Company
/ / Philadelphia Depository Trust Company

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Shares Certificates not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail check and/or certificates to:

Name.....
(Please Print)

Address.....
.....
(Zip Code)

.....
(Taxpayer Identification No. or Social Security No.)

SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW)

.....
Signature(s) of Owner(s)

.....

Dated....., 1994

Name(s)
(Please Print)

.....

Capacity (full title)

Address
.....
.....
(Include Zip Code)

Area Code and Telephone No.

Tax Identification or Social Security No.
(See Substitute Form W-9 on Reverse Side)

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

Guarantee of Signature(s)
(If required -- See Instructions 1 and 5)

Name of Firm

Authorized Signature

Name

Address

Area Code and Telephone Number

Dated....., 1994

TO BE COMPLETED BY ALL TENDERING STOCKHOLDERS
(SEE INSTRUCTION 8)
PAYER'S NAME: THE BANK OF NEW YORK

SUBSTITUTE
FORM W-9
DEPARTMENT OF THE
TREASURY INTERNAL
REVENUE SERVICE
PAYER'S REQUEST FOR
TAXPAYER IDENTIFICATION
NUMBER (TIN)

PART I -- PLEASE PROVIDE YOUR
TIN IN THE BOX AT THE RIGHT AND
CERTIFY BY SIGNING AND DATING
BELOW.

Social Security Number
or

Employer Identification Number

PART II

CERTIFICATION -- Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct taxpayer identification number
(or I am waiting for a number to be issued to me);
- (2) I am not subject to backup withholding because (a) I am exempt from backup
withholding, or (b) I have not been notified by the Internal Revenue
Service ("IRS") that I am subject to backup withholding as a result of a
failure to report all interest or dividends, or (c) the IRS has notified
me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you
have been notified by the IRS that you are currently subject to backup
withholding because of underreporting interest or dividends on your tax
return. However, if after being notified by the IRS that you were subject
to backup withholding you received another notification from the IRS that
you are no longer subject to backup withholding, do not cross out such
item (2).

SIGNATURE _____ DATE _____, 1994/ PART III
Awaiting TIN / /

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING
OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW
THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF
SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number
has not been issued to me, and either (1) I have mailed or delivered an
application to receive a taxpayer identification number to the appropriate
Internal Revenue Service Center or Social Security Administration Office
or (2) I intend to mail or deliver an application in the near future. I
understand that if I do not provide a taxpayer identification number by
the time of payment, 31% of all reportable payments made to me will be
withheld, but that such amounts will be refunded to me if I then provide a
Taxpayer Identification Number within sixty (60) days.

Signature _____ Date _____

SECTION 1445 CERTIFICATION

A. FORM FOR INDIVIDUAL TRANSFERORS

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person. To inform the transferee (buyer) that withholding of tax is not required upon my disposition of a U.S. real property interest, I, _____, hereby certify the following:

1. I am not a nonresident alien for purposes of U.S. income taxation;
2. My U.S. taxpayer identifying number (Social Security number) is _____.

3. My home address is: _____

I understand that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement I have made here could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete.

SIGNATURE _____ DATE _____, 1994

B. FORM FOR ENTITY TRANSFERORS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____, the undersigned hereby certifies on its behalf the following information with respect to it:

1. It is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).
2. U.S. employer identification number: _____.
3. Office address: _____.

It is understood that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the aforementioned entity.

SIGNATURE _____ DATE _____, 1994

TITLE _____

NOTE: SEE INSTRUCTION 9 FOR INFORMATION REGARDING THIS FORM.

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm which is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office or correspondent in the United States (an "Eligible Institution"). Signatures on this Letter of Transmittal need not be guaranteed (a) if this Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, in the case of Common Shares and for purposes of this document, shall include any participant in one of the Book-Entry Transfer Facilities whose name appears on a security position listing as the owner of Common Shares) tendered herewith and such holder(s) have not completed the instruction entitled "Special Payment Instructions" on this Letter of Transmittal or (b) if such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Shares. This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or, unless an Agent's Message is utilized if delivery of Common Shares is to be made by book-entry transfer pursuant to the procedures set forth in "The Tender Offer -- 3. Procedures for Tendering Shares". Share Certificates, or a confirmation of a book-entry transfer into the Depository's account at one of the Book-Entry Transfer Facilities of all Common Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof), or an Agent's Message and any other documents required by this Letter of Transmittal, must be received by the Depository at one of its addresses set forth on the front page of this Letter of Transmittal by the Expiration Date. Stockholders whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other required documents to the Depository by the Expiration Date or who cannot complete the procedures for delivery by book-entry transfer on a timely basis must tender their Shares pursuant to the guaranteed delivery procedure set forth in "The Tender Offer -- 3. Procedures for Tendering Shares". Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser must be received by the Depository by the Expiration Date and (c) the Share Certificates or a confirmation of a book-entry transfer into the Depository's account at one of the Book-Entry Transfer Facilities of all Common Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) (or, in the case of a book-entry delivery, an Agent's Message) and any other documents required by this Letter of Transmittal, must be received by the Depository within five trading days on the National Association of Securities Dealers, Inc. Automatic Quotation System/National Market System after the date of execution of such Notice of Guaranteed Delivery, all as provided in "The Tender Offer -- 3. Procedures for Tendering Shares". If Shares are forwarded separately to the Depository, each must be accompanied by a duly executed Letter of Transmittal (or facsimile thereof).

THE PREFERRED SHARES ARE NOT ELIGIBLE FOR ADMISSION TO THE BOOK-ENTRY TRANSFER FACILITIES AND DELIVERY OF PREFERRED SHARES MAY NOT BE EFFECTED BY BOOK-ENTRY TRANSFER.

The method of delivery of Share Certificates, this Letter of Transmittal and all other required documents including in the case of Common Shares, through Book-Entry Transfer Facilities is at the option and sole risk of the tendering stockholder and the delivery will be deemed made only when actually received by the Depository. If delivery is by mail, registered mail with return receipt requested, properly issued, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted, and no fractional Shares will be purchased. By executing this Letter of Transmittal (or facsimile thereof), the tendering stockholder waives any right to receive any notice of the acceptance for payment of the Shares.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares and any other required information should be listed on a separate schedule attached hereto and separately signed on each page thereof in the same manner as this Letter of Transmittal is signed.

4. Partial Tenders (not applicable to stockholders who tender by book-entry transfer). If fewer than all the Shares represented by any certificate delivered to the Depository are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered". In such case, a new certificate for the remainder of the Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Offer. All Shares represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or Shares not

tendered or not purchased are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of the authority of such person so to act must be submitted.

6. Stock Transfer Taxes. Except as noted in this Instruction 6, the Purchaser will pay any stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or Shares not tendered or not purchased are to be returned in the name of, any person other than the registered holder(s), or if a transfer tax is imposed for any reason other than the sale or transfer of Shares to the Purchaser pursuant to the Offer, then the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted herewith.

Except as provided in this Instruction 6, it will not be necessary for Transfer Tax Stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. Special Payment and Delivery Instructions. If the check for the purchase price of any Shares purchased is to be issued, or any Shares not tendered or not purchased are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal or if the check or any certificates for Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Common Shares by book-entry transfer may request that Common Shares not purchased be credited to such account at any of the Book-Entry Transfer Facilities as such stockholder may designate under "Special Payment Instructions". If no such instructions are given, any such Common Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facilities designated above.

8. Substitute Form W-9. Under the federal income tax laws, the Depository will be required to withhold 31% of the amount of any payments made to certain stockholders pursuant to the Offer or the Merger. In order to avoid such backup withholding, each tendering stockholder, and, if applicable, each other payee, must provide the Depository with such stockholder's or payee's correct taxpayer identification number and certify that such stockholder or payee is not subject to such backup withholding by completing the Substitute Form W-9 set forth above. In general, if a stockholder or payee is an individual, the taxpayer identification number is the Social Security number of such individual. If the Depository is not provided with the correct taxpayer identification number, the stockholder or payee may be subject to a \$50 penalty imposed by the Internal Revenue Service. Certain stockholders or payees (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order to satisfy the Depository that a foreign individual qualifies as an exempt recipient, such stockholder or payee must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status. Such statements can be obtained from the Depository. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Shares are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Failure to complete the Substitute Form W-9 will not, by itself, cause Shares to be deemed invalidly tendered, but may require the Depository to withhold 31% of the amount of any payments made pursuant to the Offer. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the Internal Revenue Service.

NOTE: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

9. Withholding Under Section 1445. In addition to any applicable backup withholding, under Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), the Depository will withhold 10% of the amount of any payments made to foreign stockholders unless the Depository receives from the Company the documentation necessary to avoid the withholding tax applicable to transfers of

interest in a "United States real property holding corporation" as defined in Section 897 of the Code. There can be no assurance that the necessary documentation will be obtained. Non-foreign stockholders who want to be assured of avoiding withholding under Section 1445 regardless of whether the necessary documentation is obtained from the Company must certify, under penalties of perjury, their non-foreign status by completing the Section 1445 Certification included in this Letter of Transmittal. Individuals should complete Form A and entities should complete Form B of the Section 1445 Certification.

Failure to complete the Section 1445 Certification will not, by itself, cause Shares to be deemed invalidly tendered, but may require the Depositary to withhold 10% of the amount of any payments made pursuant to the offer. Any amounts

withheld under Section 1445 will be allowed as a credit against such stockholder's United States federal income tax liability and may entitle such stockholder to a refund, provided that the Internal Revenue Service determines that the Company is not a "United States real property holding corporation" and the required information is furnished to it.

10. Requests for Assistance or Additional Copies. Requests for assistance or additional copies of the Offer to Purchase and this Letter of Transmittal may be obtained from the Information Agent or Dealer Manager at their respective addresses or telephone numbers set forth below.

11. Lost, Destroyed or Stolen Certificates. If any certificate(s) representing Shares has been lost, destroyed or stolen, the stockholder should promptly notify the Depositary. Instructions will then be given as to what steps must be taken to obtain a replacement certificate(s). The Letter of Transmittal and related documents cannot be processed until the procedures for replacing such missing certificate(s) have been followed.

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates of Shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

The Depositary for the Offer is:

THE BANK OF NEW YORK

By Mail:
Tender & Exchange
Department
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

By Facsimile Transmission:
(212) 815-6213
Confirm by Telephone:
(800) 507-9357

By Hand or Overnight Courier:
Tender & Exchange
Department
101 Barclay Street
Receive and Deliver
Window
New York, New York 10286

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below, and will be furnished promptly at the Company's expense. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning this Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.
77 Water Street
New York, New York 10005
(212) 269-5550 (Collect)
(800) 735-3591 (Toll-Free)

The Dealer Manager for the Offer is:

LAZARD FRERES & CO.

One Rockefeller Plaza
New York, New York 10020
(Call Collect)
(212) 632-6000

GUIDELINES FOR CERTIFICATION OF TAXPAYER
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

IRS INSTRUCTIONS

(SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE.)

PURPOSE OF FORM. -- A person who is required to file an information return with the Internal Revenue Service (the IRS) must obtain your correct taxpayer identification number (TIN) to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an individual retirement account (IRA). Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN), and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

NOTE: IF A REQUESTER GIVES YOU A FORM OTHER THAN A W-9 TO REQUEST YOUR TIN, YOU MUST USE THE REQUESTER'S FORM.

HOW TO OBTAIN A TIN. -- If you do not have a TIN, apply for one immediately. To apply, get FORM SS-5, Application for a Social Security Card (SSN) (for individuals), from your local office of the Social Security Administration, or FORM SS-4, Application for Employer Identification Number (EIN) (for businesses and all other entities), from your local IRS office.

To complete Form W-9, if you do not have a TIN, check the box in Part 3 of the substitute Form W-9, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during the period.

NOTE: CHECKING THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9 MEANS THAT YOU HAVE ALREADY APPLIED FOR A TIN OR THAT YOU INTEND TO APPLY FOR ONE IN THE NEAR FUTURE.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date this form, and give it to the requester.

WHAT IS BACKUP WITHHOLDING? -- Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- (1) You do not furnish your TIN to the requester, or
- (2) The IRS notifies the requester that you furnished an incorrect TIN, or
- (3) You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- (4) You fail to certify to the requester that you are not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or
- (5) You fail to certify your TIN. This applies only to reportable interest, dividend, broker or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in (5) above, other reportable payments are subject to backup withholding only if (1) or (2) above applies. Certain payees and payments are exempt from backup withholding and information reporting. See PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING, below, and EXEMPT PAYEES AND PAYMENTS under SPECIFIC INSTRUCTIONS, on page 2, if you are an exempt payee.

PAYEEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING. -- The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in Items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

(1) A corporation.

(2) An organization exempt from tax under Section 501(a), or an IRA, or a custodial account under section 403(b)(7).

(3) The United States or any of its agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporation Secretaries, Inc., Nominee List.

(15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding also include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in trade or business in the U.S. and that have at least one nonresident partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

NOTE: YOU MAY BE SUBJECT TO BACKUP WITHHOLDING IF THIS INTEREST IS \$600 OR MORE AND IS PAID IN THE COURSE OF THE PAYER'S TRADE OR BUSINESS AND YOU HAVE NOT PROVIDED YOUR CORRECT TIN TO THE PAYER.

- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

PENALTIES

FAILURE TO FURNISH TIN. -- If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. -- If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

CRIMINAL PENALTY FOR FALSIFYING INFORMATION. -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

MISUSE OF TINS. -- If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

SPECIFIC INSTRUCTIONS

NAME. -- If you are an individual, you must generally provide the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name, the last name shown on your social security card and your new last name.

If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name. Enter your name(s) as shown on your social security card and/or as it was used to apply for your EIN on Form SS-4.

SIGNING THE CERTIFICATION. --

(1) INTEREST, DIVIDEND, AND BARTER EXCHANGE ACCOUNTS OPENED BEFORE 1984 AND BROKER ACCOUNTS CONSIDERED ACTIVE DURING 1983. -- You are required to furnish your correct TIN, but you are not required to sign the certification.

(2) INTEREST, DIVIDEND, BROKER AND BARTER EXCHANGE ACCOUNTS OPENED AFTER 1983 AND BROKER ACCOUNTS CONSIDERED INACTIVE DURING 1983. -- You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item (2) in the certification before signing the form.

(3) REAL ESTATE TRANSACTIONS. -- You must sign the certification. You may cross out item (2) of the certification.

(4) OTHER PAYMENTS. -- You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

(5) MORTGAGE INTEREST PAID BY YOU, ACQUISITION OR ABANDONMENT OF SECURED PROPERTY, OR IRA CONTRIBUTIONS. -- You are requested to furnish your correct TIN, but you are not required to sign the certification.

(6) EXEMPT PAYEES AND PAYMENTS. -- If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part 1, write "EXEMPT" in the block in Part 2, and sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, give the requester a completed Form W-8, Certificate of Foreign Status.

(7) "AWAITING TIN". -- Follow the instructions under HOW TO OBTAIN A TIN, on page 1, check the box in Part 3 of the Substitute Form W-9 and sign and date the form.

SIGNATURE. -- For a joint account, only the person whose TIN is shown in Part 1 should sign the form.

PRIVACY ACT NOTICE. -- Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividends, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

FOR THIS TYPE OF ACCOUNT:	GIVE THE NAME AND SOCIAL SECURITY NUMBER OF:

1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF:

6. Sole proprietorship	The owner(3)
7. A valid trust, estate or pension trust	Legal entity(4)
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

-
- (1) List first and circle the name of the person whose number you furnish.
 - (2) Circle the minor's name and furnish the minor's social security number.
 - (3) Show the individual's name. You may also enter your business name. You may use your SSN or EIN.
 - (4) List first and circle the name of the legal trust, estate, or pension trust.
(Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

NOTICE OF GUARANTEED DELIVERY

FOR

TENDER OF SHARES OF COMMON STOCK
AND PREFERRED STOCK

OF

QVC, INC.

This Notice of Guaranteed Delivery or one substantially equivalent hereto must be used to accept the Offer (as defined below) if certificates representing shares of Common Stock or Preferred Stock (each as defined below) of QVC, Inc., a Delaware corporation (the "Company") and all other documents required by the Letter of Transmittal are not immediately available or cannot be delivered to the Depositary on or prior to the Expiration Date (as defined in the Offer to Purchase), or in the case of Common Shares (as defined in the Letter of Transmittal) the procedures for delivery of book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission or mail to the Depositary. See "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase.

To: THE BANK OF NEW YORK, Depositary

By Mail:
Tender & Exchange Dept.
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

By Facsimile:
(212) 815-6213

Confirm by telephone
(800) 507-9357

By Hand or Overnight Courier:
Tender & Exchange Dept.
101 Barclay Street
Receive and Deliver Window
New York, NY 10286

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

Ladies and Gentlemen:

The undersigned hereby tenders to QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation, and Liberty Media Corporation, a Delaware corporation and a wholly-owned subsidiary of Tele-Communications, Inc., upon the terms and subject to the conditions set forth in the Offer to Purchase dated August 11, 1994 (the "Offer to Purchase") and the related Letter of Transmittal, receipt of which is hereby acknowledged, all shares indicated below (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), Series B Preferred Stock, \$.01 par value per share (the "Series B Preferred Stock"), and Series C Preferred Stock, \$.10 par value per share (the "Series C Preferred Stock"), of the Company pursuant to the guaranteed delivery procedure set forth under "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase.

Number of Shares of Common Stock:	SIGN HERE
Number of Shares of Series B Preferred Stock:	
Number of Shares of Series C Preferred Stock:	
Certificate Nos. (if available):	
.....	(Signature(s))
If Common Share(s) will be tendered by book-entry transfer:	(Name(s) of Record Holders) (Please Print)
Name of Tendering Institution:	(Address)
.....	(Zip Code)
.....	(Area Code and Telephone No.)
Account No.at	Date

/ / The Depositary Trust Company
/ / Midwest Securities Trust Company
/ / Philadelphia Depositary Trust Company

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member in good standing of a registered national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees to deliver to the Depositary, at one of its addresses set forth above, the certificates representing all tendered Shares, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry delivery of Common Shares, and any other documents required by the Letter of Transmittal within five trading days on the National Association of Securities Dealers, Inc. Automated Quotation System/National Market System after the date of execution of this Notice of Guaranteed Delivery.

.....
(Name of Firm)

.....
(Authorized Signature)

.....
(Name)

.....
(Title)

.....
(Address)

.....
(Zip Code)

.....
(Area Code and Telephone No.)

Dated:, 1994

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES FOR SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

LAZARD FRERES & CO.
ONE ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10020

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES
OF
COMMON STOCK,
SERIES B PREFERRED STOCK
AND
SERIES C PREFERRED STOCK
OF

QVC, INC.
AT
\$46 NET PER SHARE OF COMMON STOCK
\$460 NET PER SHARE OF PREFERRED STOCK
BY

QVC PROGRAMMING HOLDINGS, INC.

THE OFFER AND WITHDRAWAL RIGHTS
WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON
THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

August 11, 1994

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation ("Comcast"), and Liberty Media Corporation, a Delaware corporation ("Liberty" and, together with Comcast, the "Parent Purchasers") and a wholly-owned subsidiary of Tele-Communications, Inc., a Delaware corporation, to act as financial advisor and Dealer Manager in connection with its offer to purchase all outstanding shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each \$.10 par value per share (together, the "Preferred Stock"), of QVC, Inc., a Delaware corporation (the "Company"), at \$46 per share of Common Stock and \$460 per share of Preferred Stock, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase dated August 11, 1994 (the "Offer to Purchase") and the related Letter of Transmittal (which together constitute the "Offer").

Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

The Offer is subject to several conditions contained in the Offer to Purchase, including there being validly tendered and not withdrawn prior to the expiration date Shares which, together with the Shares agreed to be contributed by the Parent Purchasers to the Purchaser, represent at least a majority of the outstanding Shares of Common Stock on a fully diluted basis.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase dated August 11, 1994;

2. Letter of Transmittal to tender Shares for your use and for the information of your clients, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to backup federal income tax withholding (facsimile copies of the Letter of Transmittal may be used to tender Shares);

3. Notice of Guaranteed Delivery for Shares to be used to accept the Offer if the certificates for Shares and all other required documents are not immediately available or cannot be delivered to The Bank of New York (the "Depository") by the Expiration Date or if procedures for book-entry transfer cannot be completed by the Expiration Date (as defined in the Offer to Purchase);

4. A printed form of the letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer; and

5. A return envelope addressed to the Depository.

YOUR PROMPT ACTION IS REQUESTED, WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

In order to accept the Offer, a duly executed and properly completed Letter of Transmittal and any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry delivery of Common Shares (as defined in the Letter of Transmittal) and any other required documents should be sent to the Depository and either certificates representing the tendered Shares should be delivered to the Depository, or such Common Shares should be tendered by book-entry transfer into the Depository's account maintained at one of the Book Entry Transfer Facilities (as described in the Offer to Purchase), all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If holders of Shares wish to tender, but it is impracticable for them to forward their certificates or other required documents on or prior to the Expiration Date or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures specified in "The Tender Offer -- 3. Procedures for Tendering Shares" in the Offer to Purchase.

The Purchaser will not pay any fees or commissions to any broker or dealer or other person (other than the Dealer Manager, the Information Agent or the Depository as described in the Offer to Purchase) for soliciting tenders of Shares pursuant to the Offer. The Purchaser will, however, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers. The Purchaser will pay all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed materials may be obtained from, the Information Agent or the undersigned at the addresses and telephone numbers set forth on the back cover of the Offer to Purchase and the Letter of Transmittal.

Very truly yours,

LAZARD FRERES & CO.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF QVC PROGRAMMING HOLDINGS, INC. (OR ANY AFFILIATE THEREOF), THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES
OF
COMMON STOCK,
SERIES B PREFERRED STOCK
AND
SERIES C PREFERRED STOCK
OF

QVC, INC.
AT
\$46 NET PER SHARE OF COMMON STOCK
\$460 NET PER SHARE OF PREFERRED STOCK
BY

QVC PROGRAMMING HOLDINGS, INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY
TIME, ON THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

August 11, 1994

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated August 11, 1994 (the "Offer to Purchase") and the related Letter of Transmittal (which together constitute the "Offer") relating to the offer by QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation ("Comcast"), and Liberty Media Corporation, a Delaware corporation ("Liberty" and, together with Comcast, the "Parent Purchasers") and a wholly-owned subsidiary of Tele-Communications, Inc., a Delaware corporation, to purchase for cash all outstanding shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each \$.10 par value per share (together, the "Preferred Stock"), of QVC, Inc., a Delaware corporation (the "Company"), at a price of \$46 per share of Common Stock and \$460 per share of Preferred Stock, net to the seller in cash, without interest thereon, upon the terms and conditions set forth in the Offer. Holders of Shares whose certificates for such Shares (the "Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other required documents to the Depositary (as defined below) on or prior to the Expiration Date, or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Shares according to the guaranteed delivery procedures set forth in the Offer to Purchase. See "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase.

WE ARE THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish us to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is directed to the following:

1. The tender price is \$46 per share of Common Stock and \$460 per share of Preferred Stock, net to you in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer.

2. The Offer is being made for all outstanding shares of Common Stock and Preferred Stock.

3. The Offer and withdrawal rights expire at 12:00 Midnight, New York City time, on Thursday, September 8, 1994, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, (i) there being validly tendered and not withdrawn prior to the Expiration Date (as defined in the Offer) Shares which, together with the Shares agreed to be contributed by the Parent Purchasers (or any wholly-owned subsidiary thereof) to the Purchaser pursuant to the Joint Bidding Agreement (as defined in the Offer) represent at least a majority of the outstanding shares of Common Stock, calculated on a fully diluted basis and (ii) the Purchaser having obtained sufficient financing on terms satisfactory to it to purchase all of the outstanding Shares pursuant to the Offer, consummate the Merger (as defined in the Offer) and pay related fees and expenses.

5. Any brokerage fees, commissions or stock transfer taxes applicable to the sale of Shares to the Purchaser pursuant to the Offer will be paid by the Purchaser, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

6. Payment for Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by The Bank of New York (the "Depository") of (a) Share Certificates or timely confirmation of the book-entry transfer of Common Shares (as defined in the Letter of Transmittal) into the account maintained by the Depository at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in the Offer to Purchase, (b) the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees or an Agent's Message (as defined in the Offer to Purchase), in connection with a book-entry delivery, and (c) any other documents required by the Letter of Transmittal. See "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase. Accordingly, payment may not be made to all tendering stockholders at the same time depending upon when certificates for or confirmations of book-entry transfer of such Common Shares into the Depository's account at a Book-Entry Transfer Facility are actually received by the Depository.

7. The Board of Directors of the Company (other than directors affiliated with Comcast) has unanimously determined that the Offer and the Merger described in the Offer are fair to and in the best interests of the Company's stockholders (other than Comcast and Liberty and their affiliates) and approved the Offer and the Merger, and recommends that the Company's stockholders accept the Offer and approve the Merger.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form on the detachable part hereof. An envelope to return your instructions to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise specified on the detachable part hereof. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf by the expiration of the Offer.

The Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a reasonable good faith effort to comply with such state statute. If, after such reasonable good faith effort, the Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state.

In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on behalf of the Company by Lazard Freres & Co., the Dealer Manager for the Offer, or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO THE
 OFFER TO PURCHASE FOR CASH
 ALL OUTSTANDING SHARES
 OF
 COMMON STOCK,
 SERIES B PREFERRED STOCK
 AND
 SERIES C PREFERRED STOCK
 OF
 QVC, INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated August 11, 1994 and the related Letter of Transmittal, in connection with the offer by QVC Programming Holdings, Inc., a Delaware corporation, ("the Purchaser"), to purchase all outstanding shares (the "Shares") of Common Stock, \$.01 par value per share (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each \$.10 par value per share, of QVC, Inc., a Delaware corporation.

This will instruct you to tender to the Purchaser the Shares indicated below (or if no number is indicated below, all Shares) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

Shares to be Tendered:	SIGN HERE
.... shares of Common Stock	
.... shares of Series B Preferred	Signature(s)
Stock	
.... shares of Series C Preferred	Please print name(s) and address(es) here
Stock	
Dated:....., 1994	Area Code & Telephone Numbers
	
	Taxpayer Identification or
	Social Security Number(s)

COMCAST AND LIBERTY MEDIA
SIGN MERGER AGREEMENT WITH QVC

PRICE INCREASED TO \$46 PER SHARE

Philadelphia, Pennsylvania, Englewood, Colorado and West Chester, Pennsylvania
- -- August 5, 1994: Comcast Corporation, Liberty Media Corporation and QVC, Inc. jointly announced today that Comcast, Liberty and QVC have entered into a definitive merger agreement pursuant to which Comcast and Liberty will acquire QVC. QVC stockholders will receive \$46 in cash per share of QVC Common Stock and \$460 in cash per share of QVC Preferred Stock.

QVC's Board of Directors has received the opinion of Allen & Company Incorporated that the consideration to be received by QVC's shareholders (other than Comcast, Liberty and their affiliates) pursuant to the transaction is fair to such shareholders from a financial point of view.

In accordance with the merger agreement, Comcast and Liberty expect to commence on or prior to Thursday, August 11, 1994, a tender offer for all shares of stock of QVC at a net cash price of \$46 per share of QVC Common Stock and a net cash price of \$460 per share of QVC Preferred Stock. Lazard Freres & Co. will act as dealer manager for the tender offer.

Following expiration of the tender offer, a corporation controlled by both Comcast and Liberty will merge with QVC and any remaining shares of QVC will be converted into cash at the same price as offered in the tender offer.

The total cost of the acquisition of the remainder of QVC stock not currently owned by Comcast or Liberty will be approximately \$1.42 billion. Comcast and Liberty have agreed to fund approximately \$267 million and \$20 million respectively, of the acquisition with the balance to be provided through debt financing, which, after the merger, will be an obligation of QVC. Following the acquisition, Comcast and Liberty will own approximately 57% and 43%, respectively, of QVC and QVC will be managed by Comcast.

The transaction is conditioned upon Comcast and Liberty obtaining the requisite financing on satisfactory terms to purchase all of the outstanding shares of QVC, upon receipt of certain governmental approvals and other customary conditions.

Comcast, Liberty and Tele-Communications, Inc., who collectively currently own approximately 35% of QVC's outstanding voting shares on a fully diluted basis, have agreed to vote their shares of QVC in favor of the transaction. Barry Diller has also agreed among other things, to vote his QVC shares in favor of the transaction to the extent such shares are not tendered in the offer.

QVC has agreed that if the merger agreement is terminated in certain circumstances prior to consummation of the merger, QVC will pay an aggregate of \$55 million to Comcast and Liberty.

Comcast Corporation is principally engaged in the development, management and operation of cable communications networks. Comcast's consolidated and affiliated operations served approximately 3.0 million cable subscribers at March 31, 1994. After completion of the acquisition of Maclean Hunter's United States cable properties, Comcast's consolidated and pro-rated affiliated operations will serve approximately 3.5 million cable subscribers, making it the third largest cable operator in the country. Comcast provides cellular telephone services in the Northeast United States to markets encompassing a population in excess of 7.4 million. Comcast also has investments in cable programming, telecommunications systems, and international cable and telephony franchises.

Comcast's Class A and Class A Special Common Stock are traded on the Nasdaq Stock Market under the symbols CMCSA and CMCSK, respectively.

Liberty, its affiliates and companies in which it holds investments operate cable television systems serving an aggregate of approximately 3.2 million subscribers in 30 states. Liberty's programming interests include

BET, The Family Channel, Encore, Starz!, Home Shopping Club, QVC, Court TV, X*PRESS and regional and national sports networks.

On August 4, 1994, TCI and Liberty consummated a business combination transaction resulting in TCI and Liberty becoming wholly-owned subsidiaries of a newly formed holding company, which has been renamed Tele-Communications, Inc. Beginning August 5, 1994, the new TCI's Class A Common Stock, Class B Common Stock and Class E Preferred Stock will trade on the NASDAQ Stock Market under the symbols TCOMA, TCOMB and TCOMP, respectively. Liberty's Class A Common Stock, Class B Common Stock and Class E 6% Cumulative Redeemable Exchangeable Junior Preferred Stock discontinued trading on such market at the close of business on August 4, 1994.

QVC, Inc. is the world's largest electronic retailer, reaching more than 50 million homes across the United States and an additional 17 million households through joint ventures in the United Kingdom and Mexico. QVC is traded on the NASDAQ Stock Market under the symbol QVCN.

This announcement is not an offer to purchase or a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated August 11, 1994 and the related Letter of Transmittal and is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES
OF
COMMON STOCK,
SERIES B PREFERRED STOCK
AND
SERIES C PREFERRED STOCK
OF
QVC, INC.
AT
\$46 NET PER SHARE OF COMMON STOCK
AND
\$460 NET PER SHARE OF PREFERRED STOCK
BY
QVC PROGRAMMING HOLDINGS, INC.

QVC Programming Holdings, Inc., a Delaware corporation (the "Purchaser") to be wholly owned by Comcast Corporation, a Pennsylvania corporation ("Comcast"), and Liberty Media Corporation, a Delaware corporation ("Liberty" and, together with Comcast, the "Parent Purchasers") and a wholly-owned subsidiary of Tele-Communications, Inc., a Delaware corporation, is offering to purchase all outstanding shares (the "Shares") of Common Stock, \$.01 par value (the "Common Stock"), and Series B Preferred Stock and Series C Preferred Stock, each par value \$.10 per share (collectively, the "Preferred Stock"), of QVC, Inc., a Delaware corporation (the "Company"), at \$46 per share of Common Stock and \$460 per share of Preferred Stock, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated August 11, 1994 (the "Offer to Purchase") and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, SEPTEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE) SHARES WHICH, TOGETHER WITH THE 18,883,801 FULLY DILUTED SHARES (AS DEFINED IN THE OFFER TO PURCHASE) AGREED TO BE CONTRIBUTED BY THE PARENT PURCHASERS (OR ANY WHOLLY-OWNED SUBSIDIARY THEREOF) TO THE PURCHASER PURSUANT TO THE JOINT BIDDING AGREEMENT (AS DEFINED IN THE OFFER TO PURCHASE), REPRESENT AT LEAST A MAJORITY OF THE TOTAL NUMBER OF FULLY DILUTED SHARES AND (II) THE PURCHASER HAVING OBTAINED SUFFICIENT FINANCING ON TERMS SATISFACTORY TO IT TO PURCHASE ALL OF THE OUTSTANDING SHARES PURSUANT TO THE OFFER, CONSUMMATE THE MERGER AND PAY RELATED FEES AND EXPENSES.

The purpose of the Offer is to acquire control of, and the entire equity interest in, the Company. The Offer is being made pursuant to an Agreement and Plan of Merger dated as of August 4, 1994 (the "Merger Agreement") among the Company, the Parent Purchasers and the Purchaser. The Merger Agreement provides, among other things that as promptly as practicable after the satisfaction or, if permissible, waiver of the conditions set forth therein (but not prior to

October 21, 1994), a wholly-owned subsidiary of the Purchaser will be merged with and into the Company (the "Merger"), with the Company continuing as the surviving corporation. Pursuant to the Merger, each outstanding Share (other than Shares held by the Company or any wholly-owned subsidiary thereof, or Purchaser or the merger subsidiary or any of its subsidiaries, or Shares held by stockholders exercising appraisal rights) will be converted into a right to receive \$46 (in the case of shares of Common Stock) or \$460 (in the case of shares of Preferred Stock) in cash or any higher price that may be paid per share of Common Stock or Preferred Stock, as the case may be, in the Offer, without interest.

The Board of Directors of the Company (other than the directors affiliated with Comcast) has unanimously determined that the Offer and the Merger are fair to and in the best interests of the Company's stockholders (other than the Parent Purchasers and their affiliates) and approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and recommends that the Company's stockholders accept the Offer and approve and adopt the Merger Agreement and the Merger.

The Offer is subject to certain conditions set forth in the Offer to Purchase. If any such condition is not satisfied, the Purchaser may, subject to certain limitations set forth in the Merger Agreement and described in the Offer to Purchase, (i) terminate the Offer and return all tendered Shares to tendering stockholders, (ii) extend the Offer and, subject to withdrawal rights as set forth below, retain all such Shares until the expiration of the Offer as so extended, (iii) waive such condition and, subject to any requirement to extend the time during which the Offer is open, purchase all Shares validly tendered and not withdrawn prior to the Expiration Date or (iv) delay acceptance for payment or payment for shares, subject to applicable law, until satisfaction or waiver of the conditions to the Offer.

The Purchaser reserves the right, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to The Bank of New York (the "Depositary"). Any such extension will be followed as promptly as practicable by public announcement thereof.

For purposes of the Offer, the Purchaser shall be deemed to have accepted for payment tendered Shares when, as and if the Purchaser gives oral or written notice to the Depositary of its acceptance of the tenders of such Shares. Payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares (or in the case of Shares of Common Stock, a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase)), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other required documents.

Tenders of Shares made pursuant to the Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after October 9, 1994 unless theretofore accepted for payment as provided in this Offer to Purchase. To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth in the Offer to Purchase and must specify the name of the person who tendered the Shares to be withdrawn and the class, series and number of Shares to be withdrawn. If the Shares to be withdrawn have been delivered to the Depositary, a signed notice of withdrawal with (except in the case of Shares tendered by an Eligible Institution (as defined in the Offer to Purchase)) signatures guaranteed by an Eligible Institution must be submitted prior to the release of such Shares. In addition, such notice must specify, in the case of Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering stockholder) and the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn or, in the case of Shares tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities to be credited with the withdrawn Shares.

The information required to be disclosed by paragraph (e)(1)(vii) of Rule 14d-6 of the General Rules and Regulations under the Securities Exchange Act of 1934 is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided the Purchaser with the Company's stockholder lists and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares 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 or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Requests for copies of the Offer to Purchase and the related Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Purchaser's expense.

The Information Agent for the Offer is:

D.F. KING & CO., INC.

77 Water Street
New York, New York 10005
(212) 269-5550 (collect)
or
CALL TOLL FREE (800) 735-3591

The Dealer Manager for the Offer is:

LAZARD FRERES & CO.

One Rockefeller Plaza
New York, New York 10020
(212) 632-6000
(call collect)

August 11, 1994

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
QVC, Inc.:

We consent to the use of our report dated March 4, 1994, with respect to the consolidated balance sheets of QVC, Inc. and subsidiaries as of January 31, 1994 and 1993, and the related consolidated statements of operations, shareholders' equity, and cash flows and related schedules for each of the years in the three-year period ended January 31, 1994, which report appears in Annex C to the Offer to Purchase attached as exhibit (a)(1) to the Schedule 14D-1 of QVC Programming Holdings, Inc., Comcast Corporation and Tele-Communications, Inc. dated August 11, 1994.

Our report refers to a change in accounting for income taxes.

KPMG PEAT MARWICK

Philadelphia, Pennsylvania
August 11, 1994

AGREEMENT AND PLAN OF MERGER

AMONG

QVC, INC.,
COMCAST CORPORATION,
LIBERTY MEDIA CORPORATION

AND

COMCAST QMERGER, INC.

DATED AS OF AUGUST 4, 1994

TABLE OF CONTENTS

	PAGE

ARTICLE I	
THE OFFER AND THE MERGER	
SECTION 1.01. The Offer.....	1
SECTION 1.02. Company Action.....	2
SECTION 1.03. Directors.....	2
SECTION 1.04. The Merger.....	3
SECTION 1.05. Action by Stockholders.....	3
SECTION 1.06. Proxy Statement.....	3
SECTION 1.07. Closing.....	4
SECTION 1.08. Effective Time.....	4
SECTION 1.09. Effect of the Merger.....	4
SECTION 1.10. Certificate of Incorporation.....	4
SECTION 1.11. Bylaws.....	4
SECTION 1.12. Directors and Officers.....	4
ARTICLE II	
CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES	
SECTION 2.01. Conversion of Securities.....	5
SECTION 2.02. Exchange of Certificates and Cash.....	5
SECTION 2.03. Stock Transfer Books.....	6
SECTION 2.04. Stock Options; Payment Rights.....	6
SECTION 2.05. Dissenting Shares.....	6
ARTICLE III	
REPRESENTATIONS AND WARRANTIES OF QVC	
SECTION 3.01. Organization and Qualifications; Subsidiaries.....	7
SECTION 3.02. Certificate of Incorporation and Bylaws.....	7
SECTION 3.03. Capitalization.....	7
SECTION 3.04. Authority Relative to This Agreement.....	8
SECTION 3.05. No Conflict; Required Filings and Consents.....	8
SECTION 3.06. Compliance.....	9
SECTION 3.07. SEC Filings; Financial Statements.....	9
SECTION 3.08. Absence of Certain Changes and Events.....	10
SECTION 3.09. Employee Benefit Plans.....	10
SECTION 3.10. Opinion of Financial Advisor.....	10
SECTION 3.11. Brokers.....	10
SECTION 3.12. Taxes.....	11
ARTICLE IV	
REPRESENTATIONS AND WARRANTIES OF COMCAST, LIBERTY AND BUYER	
SECTION 4.01. Organization and Qualification.....	11
SECTION 4.02. Authority Relative to This Agreement.....	11
SECTION 4.03. No Conflict; Required Filings and Consents.....	11
SECTION 4.04. SEC Filings, Financial Statements.....	12
SECTION 4.05. Brokers.....	12

	PAGE

SECTION 4.06. Organization and Qualification.....	13
SECTION 4.07. Authority Relative to This Agreement.....	13
SECTION 4.08. No Conflict; Required Filings and Consents.....	13
SECTION 4.09. SEC Filings, Financial Statements.....	13
SECTION 4.10. Brokers.....	14
SECTION 4.11. Organization and Qualification.....	14
SECTION 4.12. Certificate of Incorporation and Bylaws.....	14
SECTION 4.13. Authority Relative to This Agreement.....	14
SECTION 4.14. No Conflict; Required Filings and Consents.....	15
SECTION 4.15. Brokers.....	15
ARTICLE V	
CONDUCT OF BUSINESS PENDING THE MERGER	
SECTION 5.01. Conduct of Business by QVC Pending the Merger.....	15
ARTICLE VI	
ADDITIONAL COVENANTS	
SECTION 6.01. Access to Information; Confidentiality.....	16
SECTION 6.02. No Solicitation.....	16
SECTION 6.03. Directors' and Officers' Indemnification and Insurance.....	17
SECTION 6.04. Notification of Certain Matters.....	18
SECTION 6.05. Further Action; Best Efforts.....	18
SECTION 6.06. Public Announcements.....	18
SECTION 6.07. Conveyance Taxes.....	18
SECTION 6.08. Gains Tax.....	18
SECTION 6.09. Obligations of Buyer.....	19
SECTION 6.10. Severance Policy; Employee Benefits.....	19
SECTION 6.11. FCC Approvals.....	19
SECTION 6.12. Tax Certification.....	19
ARTICLE VII	
CLOSING CONDITIONS	
SECTION 7.01. Condition to Obligations of Each Party to Effect the Merger.....	19
ARTICLE VIII	
TERMINATION, AMENDMENT AND WAIVER	
SECTION 8.01. Termination.....	20
SECTION 8.02. Effect of Termination.....	20
SECTION 8.03. Amendment.....	20
SECTION 8.04. Waiver.....	21
SECTION 8.05. Fees, Expenses and Other Payments.....	21
ARTICLE IX	
GENERAL PROVISIONS	
SECTION 9.01. Effectiveness of Representations, Warranties and Agreements.....	21
SECTION 9.02. Notices.....	21
SECTION 9.03. Certain Definitions.....	22
SECTION 9.04. Headings.....	23

	PAGE

SECTION 9.05. Severability.....	23
SECTION 9.06. Entire Agreement.....	23
SECTION 9.07. Assignment.....	23
SECTION 9.08. Parties in Interest.....	23
SECTION 9.09. Governing Law.....	23
SECTION 9.10. Enforcement of the Agreement.....	23
SECTION 9.11. Counterparts.....	23

INDEX OF DEFINED TERMS

TERM	SECTION
-----	-----
affiliate.....	9.03
Agreement.....	PREAMBLE
Alternative Transaction.....	6.02
Bidding Agreement.....	4.08
business day.....	9.03
Buyer.....	PREAMBLE
Buyer Material Adverse Effect.....	4.13
Certificates.....	2.02
Claim.....	6.03
Code.....	2.02
Comcast.....	PREAMBLE
Comcast Material Adverse Effect.....	4.01
Comcast SEC Reports.....	4.04
Common Merger Consideration.....	2.01
Common Shares.....	1.01
Confidentiality Agreements.....	6.01
control.....	9.03
Delaware Law.....	PREAMBLE
Dissenting Shares.....	2.05
Effective Time.....	1.08
ERISA.....	3.09
Exchange Act.....	3.05
Exchange Agent.....	2.02
Exchange Fund.....	2.02
Expenses.....	8.05
Fair Market Value.....	6.02
FCC.....	6.11
Gains Tax.....	6.08
Governmental Entity.....	3.05
HSR Act.....	3.05
Indemnified Parties.....	6.03
IRS.....	3.09
Liberty.....	PREAMBLE
Liberty Material Adverse Effect.....	4.06
Liberty SEC Reports.....	4.09
Material QVC Subsidiary.....	3.01
Merger.....	PREAMBLE
Merger Consideration.....	2.02
MergerCo.....	PREAMBLE
Minimum Condition.....	1.01
Offer Documents.....	1.01
Offer.....	PREAMBLE
Options.....	3.03
Preferred Shares.....	1.01
Preferred Merger Consideration.....	2.01
Proxy Statement.....	1.06

TERM	SECTION
-----	-----
QVC.....	PREAMBLE
QVC Common Stock.....	1.01
QVC Disclosure Schedule.....	3.03
QVC Material Adverse Effect.....	3.01
QVC Plans.....	3.09
QVC Preferred Stock.....	1.01
QVC SEC Reports.....	3.07
QVC Stock.....	1.01
QVC Stock Options.....	3.03
QVC Subsidiary.....	3.01
Respective Representatives.....	6.01
Restated Certificate of Incorporation.....	3.05
Schedule 14D-9.....	1.02
SEC.....	3.01
Securities Act.....	3.07
Shares.....	1.01
subsidiary.....	9.03
Surviving Corporation.....	1.04
taxes.....	3.12
Transactions.....	1.02
Transfer Taxes.....	6.08
Transmittal Documents.....	2.02

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of August 4, 1994 (the "Agreement"), among COMCAST CORPORATION, a Pennsylvania corporation ("Comcast"), LIBERTY MEDIA CORPORATION, a Delaware corporation ("Liberty"), COMCAST QMERGER, INC., a Delaware corporation ("Buyer"), and QVC, INC., a Delaware corporation ("QVC").

W I T N E S S E T H:

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Delaware ("Delaware Law"), Buyer will make the offer described in Section 1.01 below (the "Offer") and thereafter QVC and Buyer will enter into a business combination transaction pursuant to which a wholly owned subsidiary of Buyer ("MergerCo") will merge with and into QVC (the "Merger");

WHEREAS, the Board of Directors of QVC has determined that the Offer and the Merger are fair to, and in the best interests of, QVC and its stockholders and has approved and adopted this Agreement, has approved the Offer and the Merger and the other transactions contemplated hereby and has recommended approval and adoption of this Agreement and approval of the Merger by the stockholders of QVC; and

WHEREAS, the Board of Directors of each of Comcast, Liberty and Buyer have approved and adopted this Agreement and have approved the Offer and the Merger and the other transactions contemplated hereby;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

THE OFFER AND THE MERGER

SECTION 1.01. The Offer. (a) Provided that nothing shall have occurred that would result in a failure to satisfy any of the conditions set forth in paragraphs (a) through (d) of Annex I hereto, Buyer (or a subsidiary of Buyer) shall, as promptly as practicable after the date hereof, but in no event later than five business days following the public announcement of the terms of this Agreement, commence an offer to purchase (i) all of the outstanding shares (the "Common Shares") of Common Stock, par value \$.01 per share, of QVC (the "QVC Common Stock") at a price of \$46.00 per Common Share, and (ii) all of the outstanding shares (the "Preferred Shares") of QVC Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, par value \$.10 per share, (collectively, the "QVC Preferred Stock") at a price of \$460 per Preferred Share, in each case net to the seller in cash. For purposes of this Agreement, "Shares" means the Common Shares and the Preferred Shares and "QVC Stock" means the QVC Common Stock and the QVC Preferred Stock.

(b) The Offer shall be subject to the conditions set forth in Annex I hereto. Buyer shall not, without the prior written consent of QVC, make any change in the terms or conditions of the Offer that is adverse to the holders of QVC Stock, change the form of consideration to be paid in the Offer, decrease the price per Share payable in the Offer or the number of Shares sought in the Offer, waive the Minimum Condition (as defined in Annex I) or impose conditions to the Offer in addition to those set forth in Annex I.

(c) As soon as practicable on the date of commencement of the Offer, Comcast, Liberty and Buyer shall file with the SEC (as defined in Section 3.01) a Tender Offer Statement on Schedule 14D-1 and, together with QVC, a Rule 13E-3 Transaction Statement on Schedule 13E-3, with respect to the Offer which will contain the offer to purchase and form of the related letter of transmittal (together with any supplements or amendments thereto, collectively the "Offer Documents"). QVC agrees to provide Comcast, Liberty and Buyer with such information concerning QVC as any of such parties may reasonably request in connection with the preparation of the Schedule 13E-3. Each party hereto agrees promptly to supplement, update and correct any information provided by it for use in the Offer Documents if and to the extent that it is or shall

have become incomplete, false or misleading. Each of Comcast, Liberty and Buyer agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. QVC and its counsel shall be given an opportunity to review and comment on the Schedule 14D-1 prior to its being filed with the SEC.

SECTION 1.02. Company Action. (a) QVC hereby consents to the Offer and represents that its Board of Directors, at a meeting duly called and held, has unanimously (other than the directors affiliated with Comcast) (i) determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are fair to and in the best interest of QVC's stockholders (other than Comcast and Liberty and their affiliates), (ii) approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger, which approval satisfies in full the requirements of Delaware Law (including all approvals required under Section 203 of Delaware Law in connection with the consummation of the transactions contemplated hereby (the "Transactions") and the contribution by each of Comcast and Liberty of Shares and other QVC Securities to Buyer in connection with the consummation of the Offer) and (iii) subject to its fiduciary duties under applicable law, resolved to recommend acceptance of the Offer, and approval and adoption of this Agreement and the Merger, by its stockholders. QVC further represents that Allen & Company Incorporated has delivered to QVC's Board of Directors its written opinion dated the date hereof that the consideration to be paid in the Offer and the Merger is fair to the holders of Shares (other than Comcast and Liberty) from a financial point of view. To the best of QVC's knowledge, all of its directors (other than those directors affiliated with Comcast) and executive officers intend either to tender their Shares pursuant to the Offer or to vote in favor of the Merger. QVC will promptly furnish Buyer with a list of its stockholders, mailing labels and any available listing or computer file containing the names and addresses of all record holders of Shares and lists of securities positions of Shares held in stock depositories, in each case true and correct as of the most recent practicable date, and will provide to Buyer such additional information (including, without limitation, updated lists of stockholders, mailing labels and lists of securities positions) and such other assistance as Buyer may reasonably request in connection with the Offer.

(b) As soon as practicable on the day that the Offer is commenced QVC will file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9") which shall reflect the recommendations of QVC's Board of Directors referred to above. Each party hereto agrees promptly to supplement, update and correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it is or shall have become incomplete, false, or misleading. QVC agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Buyer and its counsel shall be given an opportunity to review and comment on the Schedule 14D-9 prior to its being filed with the SEC.

SECTION 1.03. Directors. (a) Effective upon the acceptance for payment by Buyer of any Shares, Buyer shall be entitled to designate the number of directors, rounded up to the next whole number, on QVC's Board of Directors that equals the product of (i) the total number of directors on QVC's Board of Directors (giving effect to the election of any additional directors pursuant to this Section) and (ii) the percentage that the number of Shares owned by Buyer, Comcast, Liberty or any of their respective wholly owned subsidiaries (including Shares accepted for payment) bears to the total number of Shares outstanding, and QVC shall take all action necessary to cause Buyer's designees to be elected or appointed to QVC's Board of Directors, including, without limitation, increasing the number of directors or seeking and accepting resignations of incumbent directors. At such times, QVC will use its best efforts to cause individuals designated by Buyer to constitute the same percentage as such individuals represent on QVC's Board of Directors of (x) each committee of the Board (other than any committee of the Board established to take action under this Agreement), (y) each board of directors of each QVC Subsidiary (as defined in Section 3.01) and (z) each committee of each such board (in each case rounded up to the next whole number). Notwithstanding the foregoing, until such time as Buyer acquires a majority of the outstanding Common Shares on a fully-diluted basis, QVC shall use its reasonable best efforts to ensure that all of the members of the Board of Directors and

such boards and committees as of the date hereof who are not employees of QVC shall remain members of the Board of Directors and such boards and committees until the Effective Time (as defined in Section 1.06).

(b) QVC's obligations to appoint designees to the Board of Directors shall be subject to Section 14(f) of the Exchange Act (as defined in Section 3.05) and Rule 14f-1 promulgated thereunder and any other required material regulatory approvals. QVC shall promptly take all actions required pursuant to Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section and shall include in the Schedule 14D-9 such information with respect to QVC and its officers and directors (and to the extent required by law, those persons designated by Buyer) as is required under Section 14(f) and Rule 14f-1 to fulfill its obligations under this Section 1.03. Buyer will supply to QVC in writing and be solely responsible for any information with respect to itself and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

(c) Following the election or appointment of Buyer's designee(s) pursuant to this Section and prior to the Effective Time (defined in Section 1.08), any amendment or termination of this Agreement, grant by QVC of any extension for the performance or waiver of the obligations or other acts of Buyer, Comcast or Liberty or waiver of QVC's rights hereunder, or action with respect to any QVC (or Surviving Corporation) employee benefit plan or option agreement, including, without limitation, any equity compensation agreement, shall require the concurrence of a majority of QVC's directors then in office who are directors on the date hereof, or are directors (other than directors designated by Buyer in accordance with Section 1.03(a) and other than the directors affiliated with Comcast) designated by such persons to fill any vacancy.

SECTION 1.04. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with Delaware Law, at the Effective Time (as defined in Section 1.08), Buyer shall cause MergerCo to be merged with and into QVC. As a result of the Merger, the separate existence of MergerCo shall cease and QVC shall continue as the surviving corporation of the Merger (the "Surviving Corporation") under the name "QVC, Inc."

SECTION 1.05. Action by Stockholders. If required by applicable law to consummate the Merger, QVC, acting through its Board of Directors, shall, in accordance with applicable law, its Certificate of Incorporation and bylaws: (i) as soon as practicable after consummation of the Offer, duly call, give notice of, convene and hold a special meeting of stockholders for the purpose of adopting this Agreement and approving the Merger; (ii) subject to its fiduciary duties on the basis of advice of independent counsel, include in any proxy statement the determination and recommendation of the Board of Directors to the effect that the Board of Directors, having determined that this Agreement and the transactions contemplated hereby are in the best interests of QVC and its stockholders, has approved this Agreement and such transactions and recommends that the stockholders vote in favor of the approval and adoption of this Agreement and the Merger; and (iii) use its best efforts, subject to its fiduciary duties on the basis of advice of independent counsel, to obtain the necessary approval of this Agreement and the Merger by stockholders. Comcast, Liberty, MergerCo and Buyer shall vote all Shares acquired in the Offer, or heretofore owned, in favor of the Merger.

SECTION 1.06. Proxy Statement. (a) As promptly as practicable after consummation of the Offer, QVC shall prepare and file with the SEC (if necessary) a proxy statement relating to the meeting of QVC's stockholders to be held in connection with the Merger (together with any amendments thereof or supplements thereto, the "Proxy Statement"). Comcast, Liberty, MergerCo and Buyer shall furnish to QVC all information concerning Comcast, Liberty and Buyer as QVC may reasonably request in connection with the preparation of the Proxy Statement. As promptly as practicable after the Proxy Statement has been cleared by the SEC, QVC shall mail the Proxy Statement to its stockholders. The Proxy Statement shall include the recommendation of the Board of Directors of QVC in favor of the Merger, unless otherwise necessary due to the applicable fiduciary duties of the directors of QVC, as determined by such directors in good faith after consultation with, and based upon the advice of, outside counsel.

(b) The information supplied by each of Comcast, Liberty, MergerCo and Buyer for inclusion in the Proxy Statement shall not, at (i) the time the Proxy Statement (or any amendment thereof or supplement thereto) is first mailed to the stockholders of QVC, (ii) the time of the QVC stockholders' meeting contemplated by such Proxy Statement, and (iii) the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the

statements therein not misleading. If at any time prior to the Effective Time any event or circumstance relating to any party hereto, or their respective officers or directors, should be discovered by such party which should be set forth in an amendment or a supplement to the Proxy Statement, such party shall promptly inform QVC and Buyer thereof and take appropriate action in respect thereof.

(c) Notwithstanding anything in the foregoing to the contrary, in the event that Comcast, Liberty, MergerCo, Buyer and/or any other direct or indirect subsidiary thereof, shall acquire at least 90 percent of the outstanding shares of each class of capital stock of QVC, Comcast, Liberty and QVC hereby agree to take all necessary and appropriate action (subject to Section 1.07 hereof) to cause the Merger to become effective as promptly as practicable after the expiration of the Offer and the satisfaction or waiver of the conditions set forth in Article VII hereof, without a meeting of QVC's stockholders, in accordance with Section 253 of Delaware Law.

SECTION 1.07. Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 8.01 and subject to the satisfaction or, if permissible, waiver of the conditions set forth in Article VII, the closing of the Merger will take place as promptly as practicable (and in any event, subject to the proviso at the end of this sentence, within ten business days) after satisfaction or waiver of the conditions set forth in Article VII, at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York, unless another date, time or place is agreed to in writing by the parties hereto, provided that the Closing shall not occur prior to October 21, 1994.

SECTION 1.08. Effective Time. As promptly as practicable after the satisfaction or, if permissible, waiver of the conditions set forth in Article VII (but subject to Section 1.07 hereof), the parties hereto shall cause the Merger to be consummated by filing a certificate of merger with the Secretary of State of the State of Delaware and by making any related filings required under Delaware Law in connection with the Merger. The Merger shall become effective at such time (but not prior to October 21, 1994) as the certificate of merger is duly filed with the Secretary of State of the State of Delaware or at such later time as is specified in the certificate of merger (the "Effective Time").

SECTION 1.09. Effect of the Merger. From and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises and be subject to all of the restrictions, disabilities and duties of QVC and MergerCo, and the Merger shall otherwise have the effects, all as provided under Delaware Law.

SECTION 1.10. Certificate of Incorporation. The certificate of incorporation of MergerCo in effect at the Effective Time shall be the certificate of incorporation of the Surviving Corporation until amended in accordance with applicable law, except that the name of the Surviving Corporation shall be "QVC, Inc.", provided that (i) the par value of the common stock of the Surviving Corporation shall not be \$.01 per share, or (ii) there shall be such other changes made to the certificate of incorporation of the Surviving Corporation or otherwise as shall be reasonably acceptable to the parties hereto as shall be necessary or appropriate in order for the Merger and the Transactions to qualify as a reclassification under Delaware Law.

SECTION 1.11. Bylaws. The bylaws of MergerCo in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with applicable law.

SECTION 1.12. Directors and Officers. From and after the Effective Time, until successors are duly elected or appointed and qualified (or earlier resignation or removal) in accordance with applicable law, (i) the directors of MergerCo at the Effective Time shall be the directors of the Surviving Corporation and (ii) the officers of QVC at the Effective Time shall be the officers of the Surviving Corporation.

ARTICLE II

CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES

SECTION 2.01. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Buyer or MergerCo, QVC or the holders of any of the following securities:

(a) Each share of QVC Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of QVC Common Stock to be canceled pursuant to Section 2.01(b) and any Dissenting Shares (as defined in Section 2.05)) shall be converted into the right to receive \$46.00 in cash, without interest (the "Common Merger Consideration"). Each share of QVC Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any shares of QVC Preferred Stock to be canceled pursuant to Section 2.01(b) and any Dissenting Shares), shall be converted into the right to receive \$460.00 in cash, without interest (the "Preferred Merger Consideration"). At the Effective Time, all shares of QVC Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each certificate previously evidencing any such shares shall thereafter represent the right to receive, upon the surrender of such certificate in accordance with the provisions of Section 2.02, the Common Merger Consideration or the Preferred Merger Consideration, as the case may be. The holders of such certificates previously evidencing such shares of QVC Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of QVC Stock except as otherwise provided herein or by law.

(b) Each share of QVC Stock held in the treasury of QVC or by any wholly owned subsidiary thereof and each share of QVC Stock owned by Buyer and MergerCo or any of its subsidiaries, immediately prior to the Effective Time shall automatically be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

(c) Each share of common stock of MergerCo outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

SECTION 2.02. Exchange of Certificates and Cash. (a) Exchange Agent. Prior to the Effective Time, Buyer shall deposit, or shall cause to be deposited, with or for the account of a bank or trust company designated by Comcast, which shall be reasonably satisfactory to QVC (the "Exchange Agent"), for the benefit of the holders of shares of QVC Stock (other than Dissenting Shares), for exchange in accordance with this Article II, through the Exchange Agent, an amount in cash equal to the Common Merger Consideration and the Preferred Merger Consideration payable pursuant to Section 2.01(a) in exchange for all of the outstanding shares of QVC Stock (such cash funds are hereafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions, deliver the Merger Consideration (as defined in paragraph (b) below) to be paid and issued pursuant to Section 2.01(a) out of the Exchange Fund to holders of shares of QVC Stock. The Exchange Fund shall not be used for any other purpose. Any interest, dividends or other income earned on the investment of cash held in the Exchange Fund shall be for the account of Buyer.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, Buyer will instruct the Exchange Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time evidenced outstanding shares of QVC Stock (other than Dissenting Shares) (the "Certificates"), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Buyer may reasonably specify) and (ii) instructions to effect the surrender of the Certificates in exchange for cash. Upon surrender of a Certificate for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Buyer together with such letter of transmittal, duly executed, and such other customary documents as may be required pursuant to such instructions (collectively, the "Transmittal Documents"), the holder of such Certificate shall be entitled to receive in exchange therefor an amount in cash which such holder has the right to receive pursuant to

Section 2.01(a) (the "Merger Consideration"), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of QVC Stock which is not registered in the transfer records of QVC, the Merger Consideration may be issued and paid in accordance with this Article II to a transferee if the Certificate evidencing such shares of QVC Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. The Merger Consideration will be delivered by the Exchange Agent as promptly as practicable following surrender of a Certificate and the related Transmittal Documents, and cash payments may be made by check (unless otherwise required by a depository institution in connection with the book-entry delivery of securities). No interest will be payable on such Merger Consideration regardless of any delay in making payments. Until surrendered as contemplated by this Section 2.02, each Certificate shall be deemed at any time after the Effective Time to evidence only the right to receive, upon such surrender, the Merger Consideration, without interest.

(c) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of QVC Stock for six months after the Effective Time shall be delivered to Buyer, upon demand, and any holders of QVC Stock who have not theretofore complied with this Article II shall thereafter look only to Buyer for the Merger Consideration to which they are entitled pursuant to this Article II.

(d) No Liability. Neither Buyer, Comcast, Liberty, the Surviving Corporation nor QVC shall be liable to any holder of shares of QVC Stock for any cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(e) Withhold Rights. Buyer or the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of QVC Stock such amounts as Buyer or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the United States Internal Revenue Code of 1986, as amended (the "Code"), or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by Buyer or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of QVC Stock in respect of which such deduction and withholding was made by Buyer or the Exchange Agent.

SECTION 2.03. Stock Transfer Books. At the Effective Time, the stock transfer books of QVC shall be closed, and there shall be no further registration of transfers of shares of QVC Stock thereafter on the records of QVC. On or after the Effective Time, any Certificates presented to the Exchange Agent or the Surviving Corporation for any reason shall be converted into the Merger Consideration.

SECTION 2.04. Stock Options; Payment Rights. At the Effective Time, each outstanding QVC Stock Option (as defined in Section 3.03) to purchase shares of QVC Common Stock, whether or not then exercisable, shall be canceled and the holder thereof shall be entitled to receive, and shall receive, cash in an amount equal to the difference between \$46.00 and the per share exercise price thereof, multiplied by the number of shares issuable pursuant to such QVC Stock Option, provided, that if such QVC Stock Option was not issued pursuant to an employee benefit plan meeting the requirements described in Rule 16b-3 of the Exchange Act (as hereinafter defined), and is held by a person subject to the short swing profit recovery provisions of Section 16(b) of the Exchange Act, such QVC Stock Option shall not be canceled at the Effective Time and shall remain an obligation of the Surviving Corporation and shall remain enforceable in accordance with the terms thereof. The Surviving Corporation shall perform all of QVC's obligations under all QVC Stock Options and shall honor all rights with respect thereto, and the Surviving Corporation shall have no right of offset, counterclaim, reduction, recoupment or similar right with respect to any such QVC Stock Options or any Optionee's rights with respect thereto, on any basis whatsoever.

SECTION 2.05. Dissenting Shares. (a) Notwithstanding any other provision of this Agreement to the contrary, shares of QVC Stock that are outstanding immediately prior to the Effective Time and which are held by stockholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall be entitled to and shall have demanded properly in writing appraisal for such shares in accordance with Section 262 of Delaware Law and who shall not have withdrawn such demand or otherwise have forfeited appraisal rights (collectively, the "Dissenting Shares") shall not be converted into or represent the right to

receive the Merger Consideration. Such stockholders shall be entitled to receive payment of the appraised value of such shares of QVC Stock held by them in accordance with the provisions of Delaware Law, except that all Dissenting Shares held by stockholders who shall have failed to perfect or who effectively shall have withdrawn, forfeited or lost their rights to appraisal of such shares of QVC Stock under Delaware Law shall thereupon be deemed to have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive, without any interest thereon, the Merger Consideration, upon surrender, in the manner provided in Section 2.02, of the certificate or certificates that formerly evidenced such shares of QVC Stock.

(b) QVC shall give Buyer prompt notice of any demands for appraisal received by it, withdrawals of such demands, and any other instruments served pursuant to Delaware Law and received by QVC and relating thereto. QVC and Buyer shall jointly direct all negotiations and proceedings with respect to demands for appraisal under Delaware Law. Neither QVC nor Buyer shall, except with the prior written consent of the other, make any payment with respect to any demands for appraisal, or offer to settle, or settle, any such demands.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF QVC

QVC hereby represents and warrants to Comcast, Liberty and Buyer that:

SECTION 3.01. Organization and Qualifications; Subsidiaries. (a) Each of QVC and each Material QVC Subsidiary (as defined below) is a corporation, partnership or other legal entity duly incorporated or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a QVC Material Adverse Effect (as defined below). QVC and each Material QVC Subsidiary is duly qualified or licensed as a foreign corporation to transact business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing that would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of QVC and the QVC Subsidiaries, taken as a whole (a "QVC Material Adverse Effect").

(b) Each subsidiary of QVC (a "QVC Subsidiary") that constitutes a Significant Subsidiary of QVC within the meaning of Rule 1-02 of Regulation S-X of the Securities and Exchange Commission (the "SEC") is referred to herein as a "Material QVC Subsidiary."

SECTION 3.02. Certificate of Incorporation and Bylaws. QVC has heretofore made available to Buyer a complete and correct copy of the certificate of incorporation and the bylaws or equivalent organizational documents, each as amended to the date hereof, of QVC and each Material QVC Subsidiary. Such certificates of incorporation, bylaws and equivalent organizational documents are in full force and effect. Neither QVC nor any Material QVC Subsidiary is in violation of any provision of its certificate of incorporation, bylaws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a QVC Material Adverse Effect.

SECTION 3.03. Capitalization. The authorized capital stock of QVC consists of 175,000,000 shares of QVC Common Stock and 5,000,000 shares of QVC Preferred Stock. As of June 30, 1994, (i) (a) 40,226,197 shares of QVC Common Stock were issued and outstanding, all of which were validly issued, fully paid and nonassessable, (b) 5,586,730 shares of QVC Common Stock were reserved for issuance upon conversion of the QVC Preferred Stock, (c) 8,194,650 shares of QVC Common Stock were reserved for issuance upon the exercise of outstanding stock options granted pursuant to QVC's employee stock plans and certain other stock options not issued pursuant to employee stock plans ("QVC Stock Options"), (d) 1,700,000 shares of QVC Common Stock were reserved for issuance upon exercise of all outstanding warrants of QVC, (e) 730 shares of QVC Common Stock and no shares of QVC Preferred Stock were held in

the treasury of QVC, (f) no shares of QVC Common Stock or QVC Preferred Stock were held by QVC Subsidiaries, and (g) 553,713 shares of QVC Common Stock and 0 shares of QVC Preferred Stock were reserved for future issuance pursuant to QVC Stock Options to be granted; and (ii) 27,788 shares of QVC Series B Preferred Stock, 530,757 shares of QVC Series C Preferred Stock, and 128 shares of QVC Series D Preferred Stock were issued and outstanding, all of which were fully paid and nonassessable and no other shares of QVC Preferred Stock were issued or outstanding. Except as set forth above, as of June 30, 1994, no shares of capital stock or other voting securities of QVC were issued, reserved for issuance or outstanding. Except as set forth in this Section 3.03 or in Section 3.03 of the Disclosure Schedule previously delivered by QVC to Comcast (the "QVC Disclosure Schedule"), there are no options, stock appreciation rights, warrants or other rights, agreements, arrangements or commitments of any character (collectively, "Options") relating to the issued or unissued capital stock of QVC or any QVC Subsidiary, or obligating QVC or any QVC Subsidiary to issue, grant or sell any shares of capital stock of, or other equity interests in, or convertible into equity interests in, QVC or any QVC Subsidiary. Since June 30, 1994, QVC has not issued any shares of its capital stock or Options in respect thereof, except upon the conversion of the securities or the exercise of the options or warrants referred to above. All shares of QVC Common Stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in Section 3.03 of the QVC Disclosure Schedule, there are no outstanding contractual obligations of QVC or any QVC Subsidiary to repurchase, redeem or otherwise acquire any shares of QVC Common Stock or any capital stock of any Material QVC Subsidiary, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any QVC Subsidiary or any other person. Except as set forth in Section 3.03 of the QVC Disclosure Schedule, each outstanding share of capital stock of each Material QVC Subsidiary is duly authorized, validly issued, fully paid and nonassessable and is owned by QVC or another QVC Subsidiary free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on QVC's or such other QVC Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever.

SECTION 3.04. Authority Relative to This Agreement. QVC has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement by QVC and the consummation by QVC of the Transactions have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of QVC are necessary to authorize this Agreement or to consummate the Transactions (other than, with respect to the Merger, the approval and adoption of this Agreement by the holders of a majority of the then outstanding shares of QVC Common Stock and QVC Preferred Stock, voting together as a single class, and the filing and recordation of appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by QVC and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligation of QVC, enforceable against QVC in accordance with its terms. QVC has taken all appropriate actions so that the restrictions on business combinations contained in Section 203 of Delaware Law will not apply with respect to or as a result of the Transactions or the transactions contemplated by the Bidding Agreement (as defined in Section 4.08).

SECTION 3.05. No Conflict; Required Filings and Consents. (a) Except as set forth in Section 3.05 of the QVC Disclosure Schedule, the execution and delivery of this Agreement by QVC do not, and the performance of this Agreement and the consummation of the Transactions by QVC will not, (i) conflict with or violate the certificate of incorporation or by-laws or equivalent organizational documents of QVC or any Material QVC Subsidiary, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to QVC or any QVC Subsidiary or by which any property or asset of QVC or any QVC Subsidiary is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under, or give to others any right of termination, amendment, acceleration, increased payments or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of QVC or any QVC Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which QVC or any QVC Subsidiary is a party or by which QVC or any QVC

Subsidiary or any property or asset of QVC or any QVC subsidiary is bound or affected, except, in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent QVC from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a QVC Material Adverse Effect.

(b) The execution and delivery of this Agreement by QVC do not, and the performance of this Agreement and the consummation of the Transactions by QVC will not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, domestic or foreign (each a "Governmental Entity"), except (i) for (A) applicable requirements, if any, of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and state takeover laws, (B) the pre-merger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), and (C) filing and recordation of appropriate merger and similar documents and the restated certificate of incorporation (the "Restated Certificate of Incorporation") as required by Delaware Law and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent QVC from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a QVC Material Adverse Effect.

SECTION 3.06. Compliance. Except as set forth in Section 3.06 of the QVC Disclosure Schedule, neither QVC nor any QVC Subsidiary is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree applicable to QVC or any QVC Subsidiary or by which any property or asset of QVC or any QVC Subsidiary is bound or affected, or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which QVC or any QVC Subsidiary is a party or by which QVC or any QVC Subsidiary or any property or asset of QVC or any QVC Subsidiary is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a QVC Material Adverse Effect.

SECTION 3.07. SEC Filings; Financial Statements. (a) QVC has filed all forms, reports and documents required to be filed by it with the SEC since January 31, 1992, and has heretofore made available to Buyer, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the fiscal years ended January 31, 1992, 1993 and 1994, respectively, (ii) its Quarterly Report on Form 10-Q for the quarter ended April 30, 1994, (iii) all proxy statements relating to QVC's meetings of stockholders (whether annual or special) held since February 1, 1992, and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (iii) above and preliminary materials) filed by QVC with the SEC since January 31, 1992 (the forms, reports and other documents referred to in clauses (i), (ii), (iii) and (iv) above being referred to herein, collectively, as the "QVC SEC Reports"). The QVC SEC Reports and any forms, reports and other documents filed by QVC with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act of 1933, as amended (the "Securities Act") and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No QVC Subsidiary is required to file any form, report or other document with the SEC.

(b) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the QVC SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto), and each fairly presented the consolidated financial position, results of operations and cash flows of QVC and the consolidated QVC Subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount). Since January 31,

1994, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of QVC or any QVC Material subsidiary.

(c) Except (i) as set forth in Section 3.07 of the QVC Disclosure Schedule, (ii) as and to the extent set forth in the QVC SEC Reports filed with the SEC prior to the date of this Agreement, or (iii) since April 30, 1994, as incurred in the ordinary course of business, and not in violation of this Agreement (assuming this Agreement was in effect as of April 30, 1994), QVC and the QVC Subsidiaries do not have any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities and obligations which would not, individually or in the aggregate, have a QVC Material Adverse Effect.

SECTION 3.08. Absence of Certain Changes and Events. Except as set forth in Section 3.08 of the QVC Disclosure Schedule, contemplated by this Agreement or disclosed in any QVC SEC Report filed since April 30, 1994 and prior to the date of this Agreement, since April 30, 1994, (i) QVC and the QVC Subsidiaries have conducted their businesses only in the ordinary course and have not taken any of the actions set forth in paragraphs (a) through (j) of Section 5.01 and (ii) there has not been any material adverse change in the business, financial condition or results of operations of QVC and the QVC Subsidiaries, taken as a whole.

SECTION 3.09. Employee Benefit Plans. With respect to all the employee benefit plans, programs and arrangements maintained for the benefit of any current or former employee, officer or director of QVC or any QVC Subsidiary (the "QVC Plans"), except as set forth in Section 3.09 of the QVC Disclosure Schedule or the QVC SEC Reports filed prior to the date of this Agreement: (i) none of the QVC Plans is a multi-employer plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) none of the QVC Plans promises or provides retiree medical or life insurance benefits to any person, (iii) each QVC Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service (the "IRS") that it is so qualified and nothing has occurred since the date of such letter that could reasonably be expected to affect the qualified status of such QVC Plan other than occurrences that would not, individually or in the aggregate, have a QVC Material Adverse Effect; (iv) each QVC Plan has been operated in all material respects in accordance with its terms and the requirements of applicable law; (v) neither QVC nor any QVC Subsidiary has incurred any direct or indirect liability under, arising out of or by operation of Title IV of ERISA in connection with the termination of, or withdrawal from, any QVC Plan or other retirement plan or arrangement, and no fact or event exists that could reasonably be expected to give rise to any such liability, other than any liability that would not, individually or in the aggregate, have a QVC Material Adverse Effect; and (vi) QVC and the QVC Subsidiaries have not incurred any liability under, and have complied in all material respects with, the Worker Adjustment Retraining Notification Act, and no fact or event exists that could give rise to liability under such act, other than any liability that would not, individually or in the aggregate, have a QVC Material Adverse Effect. Except as set forth in Section 3.09 of the QVC Disclosure Schedule or the QVC SEC Reports, the aggregate accumulated benefit obligations of each QVC Plan subject to Title IV of ERISA (as of the date of the most recent actuarial valuation prepared for such QVC Plan) do not exceed the fair market value of the assets of such QVC Plan (as of the date of such valuation).

SECTION 3.10. Opinion of Financial Advisor. QVC's Board of Directors has received the opinion of Allen & Company Incorporated dated the date hereof, to the effect that, as of such date, the consideration to be received by the holders of the Shares (other than Comcast and Liberty) pursuant to the Offer and the Merger is fair to such holders from a financial point of view, a copy of which opinion has been delivered to Buyer.

SECTION 3.11. Brokers. No broker, finder or investment banker (other than Allen & Company Incorporated) is entitled to any brokerage, finder's or other fee or commission in connection with the proposed transaction with CBS Inc., the Offer, the Merger or the Transactions based upon arrangements made by or on behalf of QVC. QVC has heretofore furnished to Comcast a complete and correct copy of all agreements between QVC and Allen & Company Incorporated as of the date hereof pursuant to which such firm would be entitled to any payment relating to the Transactions or the proposed transaction with CBS Inc.

SECTION 3.12. Taxes. (a) Except as set forth in Section 3.12(a) of the QVC Disclosure Schedule, each of QVC and the QVC Subsidiaries has filed all tax returns and reports required to be filed by it or requests for extensions to file such returns or reports have been timely filed, granted and have not expired, except to the extent that such failures to file or to have extensions granted that remain in effect individually and in the aggregate would not have a QVC Material Adverse Effect. All returns filed by QVC and each of the QVC Subsidiaries are complete and accurate in all material respects. QVC and each of the QVC Subsidiaries has timely paid (or QVC has paid on its behalf) all taxes shown as due on such returns, and the most recent financial statements contained in the QVC SEC Reports reflect an adequate reserve for all taxes payable by QVC and the QVC Subsidiaries for all taxable periods and portions thereof accrued through the date of such financial statements. Except as set forth in Section 3.12(a) of the QVC Disclosure Schedule, no deficiencies for any taxes have been proposed, asserted or assessed against QVC or any QVC Subsidiary that are not adequately reserved for, except for deficiencies that individually or in the aggregate would not have a QVC Material Adverse Effect, and no requests for waivers of the time to assess any such taxes have been granted or are pending. QVC is not nor has it been within 5 years of the date hereof a "United States real property holding corporation" as defined in Section 897 of the Code.

(b) As used in this Section 3.12, "taxes" shall include all Federal, state, local and foreign income, franchise, alternative or add-on minimum tax, gross receipts, transfer, withholding on amounts paid to or by QVC or any QVC Subsidiary, payroll, employment, license, property, sales, use, excise and other taxes, tariffs or governmental charges of any nature whatsoever, together with any interest, penalty or addition to tax attributable to such taxes.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF COMCAST, LIBERTY AND BUYER

Comcast hereby makes to QVC the representations and warranties set forth below in Sections 4.01 through 4.06:

SECTION 4.01. Organization and Qualification. Comcast is a corporation duly incorporated, validly existing and in good standing under the laws of Pennsylvania and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so incorporated, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Comcast and its subsidiaries, taken as a whole (a "Comcast Material Adverse Effect"). Neither Comcast nor any of its subsidiaries is in violation of any provision of its certificate of incorporation, bylaws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Comcast Material Adverse Effect.

SECTION 4.02. Authority Relative to This Agreement. Comcast has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement by Comcast and the consummation by Comcast of the Transactions have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Comcast are necessary to authorize this Agreement or to consummate the Transactions (other than the filing and recordation of appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Comcast and, assuming the due authorization, execution and delivery by QVC and Liberty, constitutes the legal, valid and binding obligation of Comcast, enforceable against Comcast in accordance with its terms.

SECTION 4.03. No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Comcast do not, and the performance of the Transactions by Comcast will not, (i) conflict with or violate the certificate of incorporation or by-laws or equivalent organizational documents of Comcast, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Comcast or by

which any property or asset of Comcast is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under or give to others any right of termination, amendment, acceleration, increased payments or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Comcast pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or any other instrument or obligation to which Comcast is a party or by which Comcast or any property or asset of Comcast is bound or affected, except in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Comcast from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Comcast Material Adverse Effect.

(b) The execution and delivery of this Agreement by Comcast do not, and the performance of this Agreement and the consummation of the Transactions by Comcast will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for (A) applicable requirements, if any, of the Exchange Act and state takeover laws, (B) the pre-merger notification requirements of the HSR Act, and (C) filing and recordation of appropriate merger and similar documents as required by Delaware Law and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Comcast from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Comcast Material Adverse Effect.

SECTION 4.04. SEC Filings, Financial Statements. (a) Comcast has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1991, and has heretofore made available to QVC, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the fiscal years ended December 31, 1991, 1992 and 1993, respectively, (ii) its Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, (iii) all proxy statements relating to Comcast's meetings of stockholders (whether annual or special) held since January 1, 1992, and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and preliminary materials) filed by Comcast with the SEC since December 31, 1991 (the forms, reports and other documents referred to in clauses (i), (ii), (iii), and (iv) above being referred to herein, collectively, as the "Comcast SEC Reports"). The Comcast SEC Reports and any other forms, reports and other documents filed by Comcast with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the Comcast SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presented the consolidated financial position, results of operations and cash flows of Comcast and the consolidated Comcast subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount). Since December 31, 1993, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of Comcast.

SECTION 4.05. Brokers. No broker, finder or investment banker (other than Lazard Freres & Co.) is entitled to any brokerage, finder's or other fee or commission in connection with the Merger and the Transactions based upon arrangements made by or on behalf of Comcast.

Liberty hereby makes to QVC the representations and warranties set forth below in Sections 4.06 through 4.10:

SECTION 4.06. Organization and Qualification. Liberty is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so incorporated, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Liberty and its subsidiaries, taken as a whole (a "Liberty Material Adverse Effect"). Neither Liberty nor any of its subsidiaries is in violation of any provision of its certificate of incorporation, bylaws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Liberty Material Adverse Effect.

SECTION 4.07. Authority Relative to This Agreement. Liberty has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement by Liberty and the consummation by Liberty of the Transactions have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Liberty are necessary to authorize this Agreement or to consummate the Transactions (other than the filing and recordation of appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Liberty and, assuming the due authorization, execution and delivery by QVC and Comcast, constitutes the legal, valid and binding obligation of Liberty, enforceable against Liberty in accordance with its terms.

SECTION 4.08. No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Liberty do not, and the performance of the Transactions by Liberty will not, (i) conflict with or violate the certificate of incorporation or by-laws or equivalent organizational documents of Liberty, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Liberty or by which any property or asset of Liberty is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under or give to others any right of termination, amendment, acceleration, increased payments or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Liberty pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or any other instrument or obligation to which Liberty is a party or by which Liberty or any property or asset of Liberty is bound or affected, except in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Liberty from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Liberty Material Adverse Effect.

(b) The execution and delivery of this Agreement by Liberty do not, and the performance of this Agreement and the consummation of the Transactions by Liberty will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for (A) applicable requirements, if any, of the Exchange Act and state takeover laws, (B) the pre-merger notification requirements of the HSR Act applicable to the transactions contemplated by the letter agreement dated August 4, 1994 among Comcast, Liberty and TCI (the "Bidding Agreement") and (C) filing and recordation of appropriate merger and similar documents as required by Delaware Law and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Liberty from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Liberty Material Adverse Effect.

SECTION 4.09. SEC Filings, Financial Statements. (a) Liberty has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1991, and has heretofore made available to QVC, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the fiscal years ended December 31, 1991, 1992 and 1993, respectively, (ii) its Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, (iii) all proxy statements relating to Liberty's

meetings of stockholders (whether annual or special) held since January 1, 1992, and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and preliminary materials) filed by Liberty with the SEC since December 31, 1991 (the forms, reports and other documents referred to in clauses (i), (ii), (iii), and (iv) above being referred to herein, collectively, as the "Liberty SEC Reports"). The Liberty SEC Reports and any other forms, reports and other documents filed by Liberty with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the Liberty SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presented the consolidated financial position, results of operations and cash flows of Liberty and the consolidated Liberty subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount). Since December 31, 1993, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of Liberty, except in connection with the business combination transaction between Liberty and Tele-Communications, Inc.

SECTION 4.10. Brokers. No broker, finder or investment banker (other than Lazard Freres & Co.) is entitled to any brokerage, finder's or other fee or commission in connection with the Merger and the Transactions based upon arrangements made by or on behalf of Liberty.

Buyer, Comcast and Liberty each hereby makes to QVC the representations and warranties in respect of Buyer set forth below in Sections 4.11 through 4.15:

SECTION 4.11. Organization and Qualification. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so incorporated, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Buyer and its subsidiaries, taken as a whole (a "Buyer Material Adverse Effect"). Since the date of its incorporation, Buyer has not engaged in any activities other than in connection with or as contemplated by this Agreement or in connection with arranging any financing required to consummate Transactions. Buyer does not have any operating subsidiaries.

SECTION 4.12. Certificate of Incorporation and Bylaws. Buyer has heretofore made available to QVC a complete and correct copy of its certificate of incorporation and bylaws, each as amended to the date hereof. Such certificates of incorporation and bylaws are in full force and effect. Buyer is not in violation of its certificate of incorporation or bylaws.

SECTION 4.13. Authority Relative to This Agreement. Buyer has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the Transactions have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the Transactions (other than the filing and recordation of appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by QVC, constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

SECTION 4.14. No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Buyer do not, and the performance of the Transactions by Buyer will not, (i) conflict with or violate the certificate of incorporation or by-laws or equivalent organizational documents of Buyer, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Buyer or by which any property or asset of Buyer is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under or give to others any right of termination, amendment, acceleration, increased payments or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Buyer pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or any other instrument or obligation to which Buyer is a party or by which Buyer or any property or asset of Buyer is bound or affected, except in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Buyer from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Buyer Material Adverse Effect.

(b) The execution and delivery of this Agreement by Buyer do not, and the performance of this Agreement and the consummation of the Transactions by Buyer will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for (A) applicable requirements, if any, of the Exchange Act and state takeover laws, (B) the pre-merger notification requirements of the HSR Act and (C) filing and recordation of appropriate merger and similar documents as required by Delaware Law and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Buyer from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Buyer Material Adverse Effect.

SECTION 4.15. Brokers. No broker, finder or investment banker (other than Lazard Freres & Co.) is entitled to any brokerage, finder's or other fee or commission in connection with the Merger and the Transactions based upon arrangements made by or on behalf of Buyer.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.01. Conduct of Business by QVC Pending the Merger. QVC covenants and agrees that, between the date of this Agreement and the Effective Time, unless Buyer shall have consented in writing (such consent not to be unreasonably withheld), QVC and its respective subsidiaries shall not, except as set forth on Schedule 5.01 to the QVC Disclosure Schedule:

(a) conduct its business in any manner other than in the ordinary course of business consistent with past practice;

(b) amend or otherwise change the certificate of incorporation or by-laws of QVC;

(c) issue, grant, sell, pledge, redeem or acquire for value (i) any of its or their securities, including options thereon (other than the issuance of equity securities upon the conversion of outstanding convertible securities or in connection with any dividend reinvestment plan or by any QVC Plan with an employee stock fund or employee stock ownership plan feature, consistent with applicable securities laws, or the exercise of options or warrants outstanding as of the date of this Agreement and in accordance with the terms of such options or warrants in effect on the date of this Agreement) or (ii) any material assets, except for sales of assets in the ordinary course of business;

(d) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, except dividends declared and paid by a subsidiary of QVC only to QVC, or subdivide, reclassify, recapitalize, split, combine or exchange any of

its shares of capital stock (other than in connection with the exercise of currently outstanding options or warrants);

(e) incur any material amount of indebtedness for borrowed money or make any loans or advances, except borrowings under existing bank lines of credit in the ordinary course of business;

(f) increase the compensation payable or to become payable to its executive officers or employees, except for increases in the ordinary course of business in accordance with past practices, or grant any severance or termination pay to, or enter into any employment or severance agreement with any director or executive officer of it or any of its subsidiaries, or establish, adopt, enter into or amend in any material respect or take action to accelerate any rights or benefits under any collective bargaining agreement or any employee benefit plan, agreement or policy;

(g) take any action, other than reasonable and usual actions in the ordinary course of business and consistent with past practice, with respect to accounting policies or procedures (including tax accounting policies and procedures);

(h) acquire by merger or consolidation, or by purchase of assets, or by any other manner, any material business;

(i) mortgage or otherwise encumber or subject to any lien any of its properties or assets that are material to it and its subsidiaries taken as a whole, except for liens in connection with indebtedness incurred in connection with the Merger as permitted by clause (e) above; or

(j) authorize any of, or commit or agree to take any of, the foregoing actions.

ARTICLE VI

ADDITIONAL COVENANTS

SECTION 6.01. Access to Information; Confidentiality. (a) From the date hereof to the Effective Time, QVC shall (and shall cause its subsidiaries and officers, directors, employees, auditors and agents to) afford the officers, employees and agents of Comcast and Liberty (the "Respective Representatives") reasonable access at all reasonable times to its officers, employees, agents, properties, offices, plants and other facilities, books and records, and shall furnish such Respective Representatives with all financial, operating and other data and information as may be reasonably requested. All information obtained will be subject to the Confidentiality Agreement, dated as of July 13, 1994, between Comcast and QVC, and the Confidentiality Agreement, dated as of July 21, 1994, between Liberty and QVC (collectively, the "Confidentiality Agreements").

(b) No investigation pursuant to this Section 6.01 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

SECTION 6.02. No Solicitation. QVC shall not, nor shall it permit any of its subsidiaries, or its or its subsidiaries' officers, directors, employees, agents or representatives (including, without limitation, any investment banker, attorney or accountant retained by it) to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making of any proposal with respect to an Alternative Transaction (as defined below), engage in any discussions or negotiations concerning, or provide to any other person any information or data relating to it or its subsidiaries for the purposes of, or otherwise cooperate in any way with or assist or participate in, facilitate or encourage, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, a proposal to seek or effect an Alternative Transaction, or agree to or endorse any Alternative Transaction; provided, however, that nothing contained in this Section 6.02 shall prohibit QVC, or its Board of Directors from (i) taking and disclosing to its stockholders a position contemplated by Exchange Act Rule 14e-2 or (ii) making any disclosure to its stockholders that, in the judgment of its Board of Directors in accordance with, and based upon the advice of, outside counsel, is required under applicable law; and, provided, further, that (x) the QVC Board of Directors on behalf of QVC may upon the unsolicited request of a third party furnish information or data (including, without limitation,

confidential information or data) relating to QVC for the purposes of an Alternative Transaction and participate in negotiations with a person making an unsolicited proposal regarding an Alternative Transaction and (y) following receipt of a proposal for an Alternative Transaction, the QVC Board of Directors may withdraw or modify its recommendation relating to the Offer or the Merger to the extent that it determines in good faith in accordance with, and based upon the advice of, outside counsel that such action is necessary or appropriate in order for the QVC Board of Directors to act in a manner that is consistent with its fiduciary obligations under applicable law. QVC shall promptly advise Buyer of, and communicate the terms of, any proposal it may receive, or any inquiries it receives which may reasonably be expected to lead to a proposal, and the identity of the person making it; prior to taking any such action, if QVC intends to participate in any such discussion or negotiation or provide any such information to any such third party, it shall give reasonable notice to Buyer and shall consult, and thereafter shall continue to consult, with Buyer. If QVC is required by this Section 6.02 to give notice of a request, Alternative Transaction proposal or inquiry, it shall keep Buyer reasonably informed of the status and details of any such request, Alternative Transaction, inquiry or proposal (or any amendment to any proposal). Nothing in this Section 6.02 shall (x) permit QVC to enter into any agreement with respect to an Alternative Transaction during the term of this Agreement (it being agreed that during the term of this Agreement QVC shall not enter into any agreement with any person that provides for, or in any way facilitates, an Alternative Transaction, other than a confidentiality agreement in customary form) or (y) affect any other obligation of QVC under this Agreement. "Alternative Transaction" means a transaction or series of related transactions (other than the Transactions) resulting in (a) any change of control of QVC, (b) any merger or consolidation of QVC in which another person acquires 25% or more of the aggregate voting power of all voting securities of it or the surviving corporation, as the case may be, (c) any tender offer or exchange offer for, or any acquisitions of, any securities of QVC which, if consummated, would result in another person owning 25% or more of the aggregate voting power of all voting securities of it or (d) any sale or other disposition of assets of QVC or any of its subsidiaries if the Fair Market Value of such assets exceeds 25% of the aggregate Fair Market Value of the assets of QVC and its subsidiaries taken as a whole before giving effect to such sale or other disposition. "Fair Market Value" of any assets or securities means the fair market value of such assets or securities, as determined by the Board of Directors of QVC in good faith.

SECTION 6.03. Directors' and Officers' Indemnification and Insurance. (a) From and after the Effective Time, the Surviving Corporation shall indemnify, defend and hold harmless the present and former officers and directors of QVC (collectively, the "Indemnified Parties") against all losses, expenses, claims, damages, liabilities or amounts that are paid in settlement of, with the approval of the Surviving Corporation (which approval shall not unreasonably be withheld), or otherwise in connection with any claim, action, suit, proceeding or investigation (a "Claim"), based in whole or in part on the fact that such person is or was a director or officer of QVC and arising out of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), in each case to the full extent permitted under Delaware Law (and shall pay any expenses in advance of the final disposition of any such action or proceeding to each Indemnified Party to the fullest extent permitted under Delaware Law, upon receipt from the Indemnified Party to whom expenses are advanced of any undertaking to repay such advances required under Delaware Law).

(b) For a period of three years after the Effective Time, the Surviving Corporation shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by QVC (provided that the Surviving Corporation may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous to such officers and directors) with respect to claims arising from facts or events which occurred before the Effective Time; provided, however, that in no event shall the Surviving Corporation be required to expend pursuant to this Section 6.03(b) more than an amount equal to 200% of the current annual premiums paid by QVC for such insurance (which premiums QVC represents and warrants to be approximately \$700,000 in the aggregate on an annualized basis in addition to the remaining premium to be paid during the next twelve months in connection with a prior acquisition by QVC).

(c) This Section 6.03 is intended to be for the benefit of, and shall be enforceable by, the Indemnified Parties, their heirs and personal representatives and shall be binding on the Surviving Corporation and its respective successors and assigns.

SECTION 6.04. Notification of Certain Matters. QVC shall give prompt notice to Buyer, and Buyer shall give prompt notice to QVC, of (a) the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which would be likely to cause (i) any representation or warranty contained in this Agreement to be untrue or inaccurate or (ii) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied and (b) any failure of QVC or Buyer (or Comcast or Liberty), as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.04 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

SECTION 6.05. Further Action; Best Efforts. (a) Upon the terms and subject to the conditions hereof, each of the parties hereto shall (i) make promptly its respective filings, and thereafter make any other required submissions, under the HSR Act with respect to the Transactions, and (ii) use its best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations or otherwise to consummate and make effective the Transactions, including, without limitation, using its best efforts to obtain all financing necessary to consummate the Transactions as well as all licenses, permits, waivers, orders, consents, approvals, authorizations, qualifications and orders of Governmental Entities and parties to contracts with QVC and its subsidiaries as are necessary for the consummation of the Transactions. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall use their best efforts to take all such action.

(b) Each party shall use its best efforts not to take any action, or enter into any transaction, which would cause any of its representations or warranties contained in this Agreement to be untrue or result in a breach of any covenant made by it in this Agreement.

SECTION 6.06. Public Announcements. Buyer, Comcast, Liberty and QVC shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or any Transaction and shall not issue any such press release or make any such public statement without the prior consent of the other parties, which consent shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other parties, issue such press release or make such public statement as may be required by law or any listing agreement or arrangement to which Buyer, Comcast, Liberty or QVC is a party with a national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System if it has used all reasonable efforts to consult with the other parties and to obtain such parties' consent but has been unable to do so in a timely manner.

SECTION 6.07. Conveyance Taxes. Buyer and QVC shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications, or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees, and any similar taxes which become payable in connection with the Transactions that are required or permitted to be filed on or before the Effective Time.

SECTION 6.08. Gains Tax. Buyer shall pay any New York State Tax on Gains Derived from Certain Real Property Transfers (the "Gains Tax"), New York State Real Estate Transfer Tax and New York City Real Property Transfer Tax (the "Transfer Taxes") and any similar taxes in any other jurisdiction (and any penalties and interest with respect to such taxes), which become payable in connection with the Offer and the Merger, on behalf of the stockholders of QVC. Buyer and QVC shall cooperate in the preparation, execution and filing of any required returns with respect to such taxes (including returns on behalf of the stockholders of QVC) and in the determination of the portion of the consideration allocable to the real property of QVC and the QVC Subsidiaries in New York State and City (or in any other jurisdiction, if applicable). The terms of the Offer and Proxy Statement shall provide that the stockholders of QVC shall be deemed to have agreed to be bound by the allocation established pursuant to this Section 6.08 in the preparation of any return with respect to the Gains Tax and the Transfer Taxes and any similar taxes, if applicable.

SECTION 6.09. Obligations of Buyer. Comcast and Liberty each agree to take all action necessary to cause Buyer and the Surviving Corporation to perform their respective obligations under this Agreement and to consummate, and cause MergerCo to consummate, the Offer and the Merger on the terms and conditions set forth in this Agreement. Comcast and Liberty shall be jointly and severally liable for any breach of any representation, warranty, covenant or agreement of Buyer and for any breach of this covenant.

SECTION 6.10. Severance Policy; Employee Benefits. (a) Comcast, Liberty and Buyer will cause the Surviving Corporation to maintain for a period ending on the second anniversary of the Effective Time, without interruption, employee compensation and benefit plans, programs and policies and fringe benefits (including post-employment welfare benefits) that, in the aggregate, are no less favorable than those provided to such employees of QVC and its subsidiaries, as applicable, as in effect on the date hereof. Notwithstanding the foregoing, for a period ending on the second anniversary of the Effective Time, Comcast, Liberty and Buyer will cause the Surviving Corporation to provide to all employees of QVC and its subsidiaries severance pay and benefits which are no less favorable than under the applicable severance plans, programs and policies of QVC and its subsidiaries, as applicable, as in effect on the date hereof.

(b) Immediately prior to consummation of the Offer, Buyer shall establish with a trustee satisfactory to QVC and Buyer, a "Rabbi" trust, in a form reasonably acceptable to QVC, and shall deposit in such trust cash in an amount sufficient to satisfy all obligations under QVC Stock Options. The terms of such trust shall provide that payments shall be made to the holders of QVC Stock Options following the Effective Time, in accordance with the provisions of Section 2.04, upon delivery to the trustee by or on behalf of the option holder of a copy of the option agreement evidencing such QVC Stock Options (or other appropriate documentation) and certification by the option holder that such option holder is entitled to such payment under the terms of such option agreement and Section 2.04.

SECTION 6.11. FCC Approvals. If not already withdrawn, within five business days after the date hereof QVC will withdraw any applications pending with the Federal Communications Commission (the "FCC") relating to the transfer of control of any licenses or other permits issued by the FCC to QVC or any QVC Subsidiary. QVC will not make any applications to the FCC in respect of the Transactions without Buyer's prior approval.

SECTION 6.12. Tax Certification. At any time during the period beginning on the date hereof and ending on the Effective Time, QVC shall provide to Buyer, within two business days of a request by Buyer, a certificate signed by QVC to the effect that QVC is not, nor has it been within 5 years of the date thereof, a "United States real property holding corporation" as defined in Section 897 of the Code.

ARTICLE VII

CLOSING CONDITIONS

SECTION 7.01. Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger and the Transactions shall be subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived, in whole or in part, to the extent permitted by applicable law:

(a) Stockholder Approval. If required by Delaware Law, this Agreement and the Merger shall have been approved and adopted by the requisite vote of the stockholders of QVC.

(b) No Order. No Governmental Entity or federal or state court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Merger or any Transaction contemplated by this Agreement; provided, however, that the parties shall use their reasonable efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted.

(c) Other Approvals. Other than the filing of merger documents in accordance with Delaware Law, all authorizations, consents, waivers, orders or approvals required to be obtained, and all filings,

notices or declarations required to be made, by Comcast, Liberty or Buyer and QVC prior to the consummation of the Merger and the Transactions shall have been obtained from, and made with, all required Governmental Entities, except for such authorizations, consents, waivers, orders, approvals, filings, notices or declarations the failure to obtain or make which would not have a material adverse effect, at or after the Effective Time, on the business, results of operations or financial condition (as existing immediately prior to the consummation of the Merger) of QVC and the QVC Subsidiaries, taken as a whole.

(d) The Offer. Buyer shall have purchased shares pursuant to the Offer.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of this Agreement and the Merger by the stockholders of QVC:

(a) by mutual consent of QVC and Buyer;

(b) prior to the purchase of Shares pursuant to the Offer, (x) by Buyer or QVC upon termination of the Offer by Buyer pursuant to Annex I, (y) by Buyer upon a breach of any covenant or agreement on the part of QVC set forth in this Agreement which has not been cured, or if any representation or warranty of QVC shall have become untrue, in either case such that such breach or untruth is incapable of being cured by February 28, 1995 or (z) by QVC in the event of a breach of any representation, warranty, agreement or covenant of Comcast, Liberty or Buyer set forth in this Agreement, provided that such breach (other than the covenant contained in Section 6.10(b)) has not been cured (and cannot reasonably be expected to be cured before February 28, 1995) and will prevent or delay consummation of the Merger by or beyond February 28, 1995;

(c) by either Buyer or QVC, if any permanent injunction or action by any Governmental Entity preventing the consummation of the Merger shall have become final and nonappealable;

(d) by either Buyer or QVC, if the Offer shall not have been consummated before February 28, 1995, unless, in the case of termination by Buyer, Buyer shall not have purchased Shares pursuant to the Offer by reason of any failure by Buyer, Comcast or Liberty to fulfill its obligations hereunder; or

(e) by Buyer or QVC if (i) the Board of Directors of QVC shall withdraw, modify or change its recommendation so that it is not in favor of this Agreement, the Offer or the Merger or shall have resolved to do any of the foregoing or (ii) the Board of Directors of QVC shall have recommended or resolved to recommend to its stockholders an Alternative Transaction, provided that, in the case of any such termination by QVC, simultaneously with such termination it complies with Section 8.05(b) of this Agreement.

The right of any party hereto to terminate this Agreement pursuant to this Section 8.01 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any party hereto, any person controlling any such party or any of their respective officers or directors, whether prior to or after the execution of this Agreement.

SECTION 8.02. Effect of Termination. Except as provided in Section 8.05 or Section 9.01, in the event of the termination of this Agreement pursuant to Section 8.01, this Agreement shall forthwith become void, there shall be no liability on the part of any party hereto, or any of their respective officers or directors, to the other and all rights and obligations of any party hereto shall cease; provided, however, that nothing herein shall relieve any party from liability for the wilful breach of any of its representations, warranties, covenants or agreements set forth in this Agreement.

SECTION 8.03. Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time; provided, however, that, after approval of this Agreement and the Merger by the stockholders of QVC, no amendment,

which under applicable law may not be made without the approval of the stockholders of QVC, may be made without such approval. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 8.04. Waiver. At any time prior to the Effective Time, either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby.

SECTION 8.05. Fees, Expenses and Other Payments. (a) All costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred by the parties hereto shall be borne solely and entirely by the party which has incurred such costs and expenses (with respect to such party, its "Expenses"); provided, however, that all costs and expenses related to printing and mailing the Proxy Statement shall be borne equally by QVC and Buyer.

(b) Except to the extent earlier payment is required pursuant to Section 8.01(e), QVC agrees that if this Agreement shall be terminated by Buyer or QVC pursuant to Section 8.01(e), then QVC will pay to Buyer an amount equal to \$55,000,000, which amount is inclusive of all expenses of Buyer, Comcast and Liberty. Any payment required to be made pursuant to this paragraph (b) shall be made as promptly as practicable but not later than two business days after termination of this Agreement and, in any such case, shall be made by wire transfer of immediately available funds to an account designated by Buyer.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01. Effectiveness of Representations, Warranties and Agreements. (a) Except as set forth in Section 9.01(b), the representations, warranties and agreements of each party hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any other party hereto, any person controlling any such party or any of their respective officers or directors, whether prior to or after the execution of this Agreement.

(b) The representations, warranties and agreements in this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Article VIII, except that the agreements set forth in Articles I, II and IX, and Sections 6.03, 6.09, 6.10 and 6.11 shall survive the Effective Time and those set forth in the last sentence of Section 6.01(a) and Sections 8.02 and 8.05 and Article IX shall survive termination.

SECTION 9.02. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or transmitted, and shall be effective upon receipt, if delivered personally, mailed by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like changes of address) or sent by electronic transmission to the telecopier number specified below:

(a) If to Comcast or Buyer:

Comcast Corporation
1500 Market Street
Philadelphia, Pennsylvania 19102-4735

Attention: General Counsel

Telecopier No.: (215) 981-7794

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

Attention: Dennis S. Hersch

Telecopier No.: (212) 450-4800

(b) If to Liberty or Buyer:

Liberty Media Corporation
8101 East Prentice Avenue
Suite 500
Englewood, CO 80111

Attention: President

Telecopier No.: (303) 721-5415

with a copy to:

Baker & Botts
885 Third Avenue
New York, NY 10022

Attention: Jerome H. Kern

Telecopier No.: (212) 705-5125

(c) If to QVC:

QVC, Inc.
1365 Enterprise Drive
Goshen Corporate Park
West Chester, PA 19380

Attention: Corporate Secretary

Telecopier No.: (610) 430-2380

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019

Attention: Pamela S. Seymon

Telecopier No.: (212) 403-2000

SECTION 9.03. Certain Definitions. For purposes of this Agreement, the term:

(a) "affiliate" means a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person;

(b) "business day" means any day other than a day on which (i) banks in the State of New York are authorized or obligated to be closed or (ii) the SEC or NYSE is closed;

(c) "control" (including the terms "controlled," "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of stock or as trustee or executor, by contract or credit arrangement or otherwise; and

(d) "subsidiary" or "subsidiaries" of any person means any corporation, partnership, joint venture or other legal entity of which such person (either alone or through or together with any other subsidiary) owns, directly or indirectly, 50% or more of the stock or other equity interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

SECTION 9.04. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

SECTION 9.06. Entire Agreement. This Agreement (together with the Exhibits, the QVC Disclosure Schedule, the Confidentiality Agreements and the other documents delivered in connection herewith), constitutes the entire agreement of the parties and supersedes all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof.

SECTION 9.07. Assignment. This Agreement shall not be assigned by operation of law or otherwise and any purported assignment shall be null and void, provided that any of Comcast, Liberty or Buyer may assign its rights, but not its obligations, under this Agreement to any affiliate of Comcast, Liberty or Buyer.

SECTION 9.08. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied (other than the provisions of Section 6.03 and 6.10, which provisions are intended to benefit and may be enforced by the beneficiaries thereof), is intended to or shall confer upon any person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 9.09. Governing Law. Except to the extent that Delaware Law may be applicable to the Merger and the rights of the stockholders of QVC, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

SECTION 9.10. Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 9.11. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Comcast, Liberty, Buyer and QVC have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMCAST CORPORATION

By /s/ BRIAN L. ROBERTS

Name: Brian L. Roberts
Title: President

LIBERTY MEDIA CORPORATION

By /s/ PETER BARTON

Name: Peter Barton
Title: President

COMCAST QMERGER, INC.

By /s/ BRIAN L. ROBERTS

Name: Brian L. Roberts
Title: President

QVC, INC.

By /s/ NEAL S. GRABELL

Name: Neal S. Grabell
Title: General Counsel, Senior Vice
President and Secretary

Notwithstanding any other provision of the Offer, Buyer shall not be required to accept for payment or pay for any Shares, and may terminate the Offer, if (i) the Shares tendered pursuant to the Offer by the expiration of the Offer and not withdrawn, together with the Shares agreed to be contributed by Comcast and Liberty to Buyer pursuant to the Bidding Agreement (as in effect on the date hereof), represent, on a fully diluted basis less than a majority of the outstanding Common Shares, in each case calculated on a fully diluted basis (the "Minimum Condition"), (ii) Buyer has not obtained sufficient financing on terms satisfactory to it to purchase all of the outstanding Shares pursuant to the Offer, consummate the Merger and pay related fees and expenses, (iii) the waiting periods under the HSR Act applicable to the proposed Transactions and the transactions contemplated by the Bidding Agreement shall not have expired or been terminated, provided that prior to December 31, 1994, Buyer shall not terminate the Offer by reason of nonsatisfaction of the condition in this clause (iii) and will extend the Offer in such event (it being understood that this provision shall not prohibit Buyer from terminating the Offer or failing to extend the Offer by reason of the nonsatisfaction of any other condition of the Offer), (iv) Buyer shall not be satisfied that it has received all consents as are required from the FCC for consent to the transfer of control of the FCC licenses listed in the QVC Disclosure Schedule or (v) at any time prior to the acceptance for payment of Shares, any of the following conditions exist:

(a) there shall be instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by Buyer or the consummation by Buyer of the Merger, seeking to obtain material damages or imposing any material adverse conditions in connection therewith or otherwise directly or indirectly relating to the transactions contemplated by the Offer or the Merger, (ii) seeking to restrain or prohibit the exercise of full rights of ownership or operation by Buyer or its affiliates of all or any portion of the business or assets of QVC and its subsidiaries, taken as a whole, or of Buyer or any of its affiliates, or to compel Buyer or any of its affiliates to dispose of or hold separate all or any material portion of the business or assets of QVC and its subsidiaries, taken as a whole, or of Buyer or any of its affiliates, (iii) seeking to impose limitations on the ability of Buyer or any of its affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by Buyer or any of its affiliates on all matters properly presented to QVC's stockholders or (iv) seeking to require divestiture by Buyer or any of its affiliates of any Shares; or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the Offer, the acceptance for payment of or payment for any Shares or the Merger, by any court, government or governmental authority or agency, domestic, foreign or supranational, other than the application of the waiting period provisions of the HSR Act to the Offer or the Merger, that, in the reasonable judgment of Buyer, might, directly or indirectly, result in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) QVC shall have breached or failed to perform in any material respect any of its covenants or agreements under the Merger Agreement which has not been cured, or any of the representations and warranties of QVC set forth in the Merger Agreement shall not be true in any material respect when made or at any time prior to consummation of the Offer as if made at and as of such time, in each case and shall continue to be untrue; or

(d) the Merger Agreement shall have been terminated in accordance with its terms;

which, in the reasonable judgment of Buyer in any such case, and regardless of the circumstances giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.