

alternatives and Time's proposed merger transaction with Warner Communications Inc. ("Warner"). We have also acted as financial advisor to Time in connection with the Tender Offer for Time announced by Paramount Communications Inc. ("Paramount"). I have personally participated in the matters discussed in this affidavit.

2. I have reviewed the Affidavit of Mack F. Rossoff submitted in connection with Paramount's motion for a preliminary injunction. I agree in all respects with Mr. Rossoff's testimony.

3. Shearson Lehman opined that the original merger agreement between Time and Warner was fair to Time's shareholders from a financial point of view. (A copy of our opinion is attached hereto as Exhibit A.) Shearson Lehman also opined that Time's tender offer to acquire Warner at \$70 per share is fair to Time shareholders from a financial point of view. (A copy of our opinion is attached hereto as Exhibit B.) Shearson Lehman also opined that Paramount's

offer for Time at \$175 and its revised offer for Time at \$200 per share is inadequate. (Copies of our opinions are attached hereto as Exhibits C and D.)

Frederic M. Seegal

Sworn to before me this
day of July, 1989.

Notary Public

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May 16, 1989

The Board of Directors
Time Incorporated
Rockefeller Center
New York, New York 10020

Dear Sirs:

You have asked our opinion as to the fairness, from a financial point of view, to Time Incorporated (the "Company") and its stockholders of the terms of the proposed acquisition by the Company of Warner Communications Inc. ("WCI"). We understand that the acquisition will be effected through the merger (the "Merger") of TW Sub Inc., a wholly-owned subsidiary of the Company ("TW Sub"), with and into WCI in accordance with the terms set forth in the draft Agreement and Plan of Merger, as amended and restated and as presented to the Board of Directors of the Company on today's date (the "Agreement"), among the Company, TW Sub and WCI. The terms of the Agreement provide that in the Merger: (i) each outstanding share of common stock of WCI not owned directly or through a wholly-owned subsidiary by the Company or WCI will be converted into the right to receive 0.465 of a share of common stock of the Company (the "Exchange Ratio"), except that if WCI's ownership interest in BHC, Inc. is distributed (whether before or after the Merger) to WCI's stockholders of record prior to the Merger, the Exchange Ratio will be adjusted downward to no less than 0.439 of a share of common stock of the Company; and (ii) each outstanding share of Series B Variable Rate Cumulative Convertible Preferred Stock of WCI not owned directly or through a wholly-owned subsidiary by the Company or WCI will be converted into the right to receive one share of Series BB Variable Rate Cumulative Convertible Preferred Stock of the Company. The foregoing clauses (i) and (ii) are referred to in this letter as the "financial terms of the Merger."

In arriving at our opinion, we have reviewed the publicly available consolidated financial statements of the Company and WCI for recent years and interim periods to date and certain other relevant financial and operating data of the Company and WCI made available to us from published sources and from the internal records of the Company and WCI. We have reviewed certain internal financial and operating information, including certain projections relating to the Company and WCI and their respective principal operating subsidiaries. We have also reviewed materials prepared and delivered to the Board of Directors of WCI by Lazard Freres & Co. in connection with WCI's recent acquisition of Lorimar Telepictures Corporation ("LTC"). In addition, we have had discussions with the senior managements of the Company and WCI concerning their respective companies' businesses, operations, assets, financial condition and future prospects.

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We have considered certain financial and stock market data of the Company and WCI and their operating subsidiaries and have compared that information from a financial point of view to similar data for other publicly held companies in businesses similar to those of the Company and WCI and have considered the financial terms, to the extent publicly available, of certain business combination transactions. In addition, we have reviewed the Agreement, the forms of proposed employment agreements with senior management of the Company and WCI and the terms of executive succession following the Merger, in each case in the forms presented to the Board of Directors of the Company. We have also considered such other information, financial studies, analyses and investigations and financial, economic, and market data which we deemed relevant.

In connection with our review, we have not independently verified any of the information concerning the Company or WCI which is publicly available or which has been provided by the Company or WCI, and have assumed and relied on its being complete and accurate in all material respects. With respect to the financial forecasts and projections, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of the respective companies. In addition, we have not made an independent evaluation or appraisal of the assets of the Company or WCI, nor have we been furnished with any such appraisals. Our opinion is necessarily based upon market, economic, financial and other conditions as they exist and can be evaluated as of the date of this letter.

We have acted as financial advisor to the Board of Directors of the Company in connection with this transaction and will receive a fee for our services. In the past we have provided financial advisory services for the Company, as well as for LTC, and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of the Company only and, without our prior written consent, is not to be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement, or in any other written document used in connection with the offering or sale of securities, nor shall this letter be used for any other purposes, other than in connection with the Joint Proxy Statement-Prospectus of the Company and WCI relating to the Merger and the Registration Statement of which such Proxy Statement-Prospectus forms a part. In addition, this letter may be delivered to WCI in accordance with Section 3.2(n) of the Agreement.

Based upon the foregoing and other matters which we consider pertinent, it is our opinion that, as of the date hereof, the financial terms of the Merger are fair to the Company and its stockholders from a financial point of view.

Very truly yours,

SHEARSON LEHMAN HUTTON INC.

■ S105305

June 16, 1989

The Board of Directors
Time Incorporated
Rockefeller Center
New York, New York 10020

Dear Sirs and Madam:

You have asked our opinion as to the fairness, from a financial point of view, to Time Incorporated (the "Company") and its stockholders of the terms of the proposed acquisition by the Company of Warner Communications Inc. ("WCI"). We understand that the acquisition (the "Acquisition") will be effected pursuant to the terms and conditions set forth in the Agreement and Plan of Merger, as amended and restated as of May 19, 1989 and June 16, 1989 (the "Merger Agreement"), among the Company, TW Sub Inc., a wholly-owned subsidiary of the Company ("TW Sub"), and WCI. The terms of the Agreement provide for the acquisition of WCI by the Company pursuant to a tender offer (the "Offer") by the Company for 100,000,000 shares of common stock of WCI at a price of \$70 per share in cash, subject to adjustment in certain events as set forth in the Merger Agreement, plus additional consideration equal to an interest factor of 9% per annum, payable in certain events, to be followed by a merger of TW Sub with WCI (the "Merger") pursuant to which (a) each then outstanding share of common stock of WCI (other than shares of common stock of WCI that are then held by WCI as treasury stock or by any majority-owned subsidiary of WCI and shares of common stock of WCI held by TW Sub or any of its affiliates, including the Company, all of which will be cancelled, and, if appraisal rights are available with respect to the shares of common stock of WCI, those shares of common stock of WCI held by holders who exercise and perfect appraisal rights under Delaware law) will be converted into the right to receive cash or debt or equity securities of the Company, or a combination thereof, the form of such consideration (the "Merger Consideration") to be agreed upon by the Company and WCI pursuant to procedures set forth in the Merger Agreement, having a value (in the case of any non-cash consideration to be paid in the Merger, on a fully distributed basis), per share equal, as nearly as practicable, in the opinion of two investment banking firms of national reputation, one selected by the Company and one selected by WCI, to the Merger Consideration Amount (as defined in the Merger Agreement), subject to adjustments in certain events as set forth in the Merger Agreement, plus additional consideration equal to an interest factor of 9% per annum, payable in certain events, and (b) each outstanding share of Series B Variable Rate Cumulative Convertible Preferred Stock of WCI (other than if appraisal rights are available with respect to the shares of Series B Variable Rate Cumulative Preferred Stock of WCI, those shares of Series B Variable Rate Cumulative Preferred Stock of WCI held by holders who exercise and perfect appraisal rights under Delaware law) will be converted into the right to receive one share of Series BB

Variable Rate Cumulative Convertible Preferred Stock of the Company. The Merger Agreement specifies the amount and the components of the Merger Consideration in the event of disagreements with respect thereto and the interest payable thereon in certain events. The terms set forth in the preceding two sentences are referred to in this letter as the "financial terms of the Acquisition."

In arriving at our opinion, we have reviewed the publicly available consolidated financial statements of the Company and WCI for recent years and interim periods to date and certain other relevant financial and operating data of the Company and WCI made available to us from published sources and from the internal records of the Company and WCI. We have reviewed certain internal financial and operating information, including certain projections, relating to the Company and WCI and their respective principal operating subsidiaries. We have also reviewed materials prepared and delivered to the Board of Directors of WCI by Lazard Freres & Co. in connection with WCI's recent acquisition of Lorimar Telepictures Corporation ("LTC"). In addition, we have had discussions with the senior managements of the Company and WCI concerning their respective companies' businesses, operations, assets, financial condition and future prospects.

We have considered certain financial and stock market data of the Company and WCI and their operating subsidiaries and have compared that information from a financial point of view to similar data for other publicly held companies in businesses similar to those of the Company and WCI and have considered the financial terms, to the extent publicly available, of certain business combination transactions. In addition, we have reviewed the Agreement, the forms of proposed employment agreements with senior management of the Company and WCI and the terms of executive succession following the Acquisition, in each case in the forms presented to the Board of Directors of the Company. We also reviewed the Stipulation and Order of Final Judgment dated May 19, 1989 entered on behalf of Chris-Craft Industries, Inc., BHC, Inc., WCI, Time and TW Sub. We have also considered such other information, financial studies, analyses and investigations and financial, economic, and market data which we deemed relevant. We also reviewed the Tender Offer Statement on Schedule 14D-1 filed by KDS Acquisition Corp. and Paramount Communications Inc. with the Securities and Exchange Commission (the "Commission") on June 7, 1989.

In connection with our review, we have not independently verified any of the information concerning the Company or WCI which is publicly available or which has been provided by the Company or WCI, and have assumed and relied on its being complete and accurate in all material respects. With respect to the financial forecasts and projections, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of the Company and WCI as to the expected future financial performance of their respective companies. In addition, we have not made an independent evaluation or appraisal of the assets of the Company or WCI, nor have we been furnished with any such appraisals. Our opinion is necessarily based upon market, economic, financial and other conditions as they exist and can be evaluated as of the date of this letter.

We have acted as financial advisor to the Board of Directors of the Company in connection with this transaction and will receive a fee for our services. In the past we have provided financial advisory services for the Company, as well as for LTC, and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of the Company only and, without our prior consent, other than as required by law or judicial process, is not to be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement, or in any other written document used in connection with the offering or sale of securities, nor shall this letter be used for any other purposes, other than in connection with a proxy statement of the Company or WCI relating to the Acquisition and any Registration Statement with respect to the Merger Securities and the Tender Offer Statement on Schedule 14D-1 and any amendments thereto to be filed by the Company with the Commission in connection with the Acquisition. In addition, this letter may be delivered to WCI in accordance with Section 3.2(n) of the Agreement.

Based upon the foregoing and other matters which we consider pertinent, it is our opinion that, as of the date hereof, the financial terms of the Acquisition are fair to the Company and its stockholders from a financial point of view.

Very truly yours,

SHEARSON LEHMAN HUTTON INC.

June 16, 1989

The Board of Directors
Time Incorporated
Rockefeller Center
New York, NY 10020

Dear Sirs and Madam:

We understand that KDS Acquisition Corp. (the "Purchaser"), an indirect wholly owned subsidiary of Paramount Communications Inc. ("Paramount"), has commenced an offer (the "Offer") to purchase all of the outstanding shares of Common Stock (the "Common Stock") of Time Incorporated (the "Company"), including the associated Preferred Stock Purchase Rights, at \$175.00 per share in cash, subject to the terms and conditions set forth in its Offer to Purchase and the related Letter of Transmittal dated June 7, 1989. You have asked us to advise you as to the adequacy, from a financial point of view, of the terms of the Offer to the holders of the Common Stock (other than Paramount and its affiliates).

In arriving at our opinion, we have reviewed the publicly available consolidated financial statements of the Company for recent years and interim periods to date and certain other relevant financial and operating data of the Company made available to us from published sources and from the internal records of the Company. We have reviewed certain internal financial and operating information relating to the Company and its principal operating subsidiaries (including financial projections) prepared by the management of the Company, and have discussed the business and prospects of the Company and its operating subsidiaries with the senior management of the Company.

We have considered certain financial and stock market data of the Company and its principal operating subsidiaries and have compared that information from a financial point of view to similar data for other publicly held companies in businesses similar to those of the Company and have considered the financial terms, to the extent publicly available, of certain comparable business combinations and other transactions that have recently been effected. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant. In addition, we have reviewed the Tender Offer Statement on Schedule 14D-1 filed by the Purchaser and Paramount with the Securities and Exchange Commission (the "Commission") in connection with the Offer.

In connection with our review, we have not independently verified any of the information concerning the Company which is publicly available or which has been provided by the Company, and have relied on its being complete and accurate in all material respects. With respect to the financial forecasts, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the expected future financial performance of the Company. In addition, we have not made an independent evaluation or appraisal of the assets of the Company, nor have we been furnished with any such appraisals.

We have acted as financial advisor to the Board of Directors in connection with this transaction and will receive a fee for our services. In the past, we have provided financial advisory services for the Company and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors only and, without our prior consent, other than as required by law or judicial process, is not to be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement, or in any other written document used in connection with the offering or sale of securities, nor shall this letter be used for any other purposes, other than in connection with the Solicitation/Recommendation Statement on Schedule 14D-9 to be filed by the Company with the Commission in connection with the Offer, the Joint Proxy Statement-Prospectus of the Company and Warner Communications Inc. ("WCI") relating to the merger of TW Sub Inc. with and into WCI, and the Registration Statement of which such Proxy Statement-Prospectus forms a part.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, it is our opinion that the proposed consideration contained in the Offer is inadequate to the holders of the Common Stock (other than Paramount and its affiliates) from a financial point of view.

Very truly yours,

SHEARSON LEHMAN HUTTON INC.

Exhibit D

June 26, 1989

The Board of Directors
Time Incorporated
Rockefeller Center
New York, NY 10020

Dear Sirs and Madam:

We understand that KDS Acquisition Corp. (the "Purchaser"), an indirect wholly owned subsidiary of Paramount Communications Inc. ("Paramount"), has amended its offer (as amended, the "Offer") to purchase all of the outstanding shares of Common Stock (the "Common Stock") of Time Incorporated (the "Company"), including the associated Preferred Stock Purchase Rights, to increase the purchase price to \$200.00 per share in cash, subject to the terms and conditions set forth in the summary advertisement relating to the Offer published on June 26, 1989. You have asked us to advise you as to the adequacy, from a financial point of view, of the terms of the Offer to the holders of the Common Stock (other than Paramount and its affiliates).

In arriving at our opinion, we have reviewed the publicly available consolidated financial statements of the Company for recent years and interim periods to date and certain other relevant financial and operating data of the Company made available to us from published sources and from the internal records of the Company. We have reviewed certain internal financial and operating information relating to the Company and its principal operating subsidiaries (including financial projections) prepared by the management of the Company, and have discussed the business and prospects of the Company and its operating subsidiaries with the senior management of the Company.

We have considered certain financial and stock market data of the Company and its principal operating subsidiaries and have compared that information from a financial point of view to similar data for other publicly held companies in businesses similar to those of the Company and have considered the financial terms, to the extent publicly available, of certain comparable business combinations and other transactions that have recently been effected. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant. In addition, we have reviewed the Tender Offer Statement on Schedule 14D-1 filed by the Purchaser and Paramount with the Securities and Exchange Commission (the "Commission") in connection with the Offer, the letter dated June 23, 1989 to Mr. J. Richard Munro from Mr. Martin S. Davis and the summary advertisement relating to the Offer published on June 26, 1989.

In connection with our review, we have not independently verified any of the information concerning the Company which is publicly available or which has been provided by the Company, and have relied on its being complete and accurate in all material respects. With respect to the financial forecasts, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the expected future financial performance of the Company. In addition, we have not made an independent evaluation or appraisal of the assets of the Company, nor have we been furnished with any such appraisals.

We have acted as financial advisor to the Board of Directors in connection with this transaction and will receive a fee for our services. In the past, we have provided financial advisory services for the Company and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors only and, without our prior consent, other than as required by law or judicial process, is not to be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement, or in any other written document used in connection with the offering or sale of securities, nor shall this letter be used for any other purposes, other than in connection with the Solicitation/Recommendation Statement on Schedule 14D-9 filed by the Company with the Commission in connection with the Offer.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, it is our opinion that the proposed consideration contained in the Offer is inadequate to the holders of the Common Stock (other than Paramount and its affiliates) from a financial point of view.

Very truly yours,

SHEARSON LEHMAN HUTTON INC.